Innovating antibodies, improving lives

Annual Report 2016

Genmab

Genmab A/S
CVR No. 21 02 38 84

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Genmab At-A-Glance

2 marketed products

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

9 products in clinical development by Genmab and its partners

Daratumumab & ofatumumab in late stage clinical development
Tisotumab vedotin & HuMax®-AXL-ADC in early stage clinical development

>20 pre-clinical projects

Extensive partnered & own pre-clinical pipeline

2 proprietary technologies

DuoBody® bispecific platform & HexaBody® technology

23 INDs

Investigational new drug applications filed by Genmab & partners in 17 years

2 categories of cancer

Generate products to treat both solid tumors & hematological cancers

3 office locations

Facilities in Denmark, the Netherlands & USA

205 FTE

Highly experienced & skilled employees

DKK 70.8 B

2016 year end market cap

DKK 1,816 M

2016 revenue
60% increase versus 2015

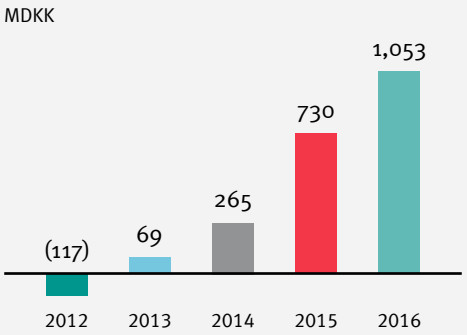
DKK 763 M

2016 operating expenses
32% increase versus 2015

DKK 3,922 M

2016 year end cash position

Operating Result



Our Vision

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

What is Genmab?

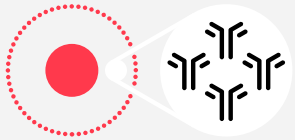
- An international, publicly traded biotechnology company
- Creates and develops differentiated antibody therapeutics focused on the treatment of cancer – innovation is at the core of the company
- Two marketed products – DARZALEX and Arzerra
- Clinical in-house and partnered product pipeline includes nine antibody products
- Pre-clinical pipeline includes over 20 programs, offers many opportunities for success
- Proprietary technologies include the DuoBody technology, which creates antibodies that can target two antigens at once (a bispecific technology), and the HexaBody technology, which allows for the creation of more potent antibodies
- Forms strategic collaborations with pharmaceutical and biotechnology companies to help fund our research and development activities, share knowledge, leverage capabilities, and bring products to the market
- Plans in place to achieve ultimate goal to take our own product to market (where we own at least 50% of the rights)
- Team of highly skilled and educated employees
- We are determined to make a difference and believe that our work developing new antibody treatments can transform the way cancer is treated

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



What are Antibodies?

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 human antibodies against antigens associated with diseased human cells for use in the treatment of human diseases such as cancer and autoimmune disease.

Our Focus is Cancer

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 including the bones, muscles and organs. Sarcomas and carcinomas are examples of solid tumors.

Hematological Cancer
Hematological cancer, also called blood cancer, begins 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)
DARZALEX is approved in the U.S. 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 and as a monotherapy for the treatment of patients with multiple myeloma who have received at least three prior lines of therapy, including a proteasome inhibitor (PI) and an immunomodulatory agent, or who are double-refractory to a PI and an immunomodulatory agent. DARZALEX is indicated in Europe for use as 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. DARZALEX is the first monoclonal antibody (mAb) to receive U.S. Food and Drug Administration (FDA) approval to treat multiple myeloma. DARZALEX is the second antibody created by Genmab to reach the market. DARZALEX is being developed, manufactured and commercialized by Janssen Biotech, Inc. (Janssen) under an exclusive worldwide license from Genmab.

Arzerra® (ofatumumab)
Arzerra is approved to treat chronic lymphocytic leukemia (CLL) patients who are refractory to fludarabine and alemtuzumab in the major markets. In the U.S. Arzerra is also approved in the following indications: in combination with chlorambucil to treat previously untreated patients with CLL for whom fludarabine-based therapy is considered inappropriate; for extended treatment of patients who are in complete or partial response after at least two lines of therapy for recurrent or progressive CLL; and in combination with fludarabine and cyclophosphamide (FC) for the treatment of patients with relapsed CLL. Arzerra is approved in Europe 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 in relapsed CLL. Arzerra is the first antibody created by Genmab to reach the market. Arzerra is marketed by Novartis under a license agreement between Genmab and Novartis.

Shareholder Letter

“As we carry out our daily work, we keep in mind that our goal is to transform cancer treatment and to improve the lives of cancer patients”

Dear Shareholder,

It was just six years ago that I became the CEO of Genmab. At that time, the company was struggling financially, the share price was down, employee morale was low, and the outlook for Genmab was uncertain. Building on our core strength of science-based innovation, we updated our business plan and together, the team at Genmab re-focused and persevered.

Through the challenges we found a renewed determination to succeed, to work harder to make a real difference for cancer patients. This fighting spirit embodied by all Genmab employees has allowed us to build on our core competencies and skills, and achieve significant success. During 2016, my colleagues continued to be passionate innovators, and in this year's annual report you will have the opportunity to meet a few of the many talented Genmab team members who have helped us to progress our product pipeline and technologies, enter new collaborations, ensure we meet our financial goals and prepare for commercial success in the future.

Changing the Face of Multiple Myeloma Treatment

2016 was another big year for DARZALEX (daratumumab). Following the U.S. FDA approval of DARZALEX as a monotherapy for relapsed/refractory multiple myeloma in late 2015, we received approval for DARZALEX in Europe as well in 2016. Our collaboration partner, Janssen, has done a remarkable job bringing DARZALEX on the market, leading to an incredible USD 572 million in sales in the first full year on the market. The initial approval of DARZALEX was followed by unprecedented data from two Phase III pivotal trials during 2016 – the CASTOR and POLLUX studies. These studies combined DARZALEX with other backbone therapies for multiple myeloma, and the results showed an improved effect when combining DARZALEX with other standard treatments. The U.S. FDA granted a second Breakthrough Therapy Designation for DARZALEX based on the results of these studies. Supplemental regulatory applications were submitted in the U.S. and Europe in August to add these combinations to the product label, and just three short months later and almost exactly a year following the initial approval, the U.S. FDA approved DARZALEX in its second indication. We now eagerly await the outcome of the regulatory review in Europe. The clinical development of daratumumab also continues to move ahead rapidly, with several new studies of daratumumab announced or started in multiple myeloma and various other blood cancers and solid tumors. The breadth and depth of the daratumumab development program is designed with a view to potentially establish this first-in-class antibody as a backbone therapy across all stages of multiple myeloma and to investigate its potential in a variety of other types of cancer as well.

Advances with Our Key Programs

Though much of the progress last year centered around DARZALEX, we also saw progress with our first antibody to market, Arzerra (ofatumumab), and with our first antibody-drug conjugate in development, tisotumab vedotin. Arzerra was approved for two new CLL indications in the U.S. in 2016, and one new indication in Europe. Our collaboration partner, Novartis, initiated two large Phase III studies of the subcutaneous formulation of ofatumumab for the autoimmune disease relapsing multiple sclerosis (MS) as well. We are excited about the potential of ofatumumab in multiple sclerosis and look forward to seeing results from the studies, which are anticipated in 2019. We also continued to advance clinical development of tisotumab vedotin in solid tumors, with two Phase I/II studies underway and encouraging early preliminary data presented at our Capital Markets Day in November. We have also started clinical development of a second antibody-drug conjugate, HuMax-AXL-ADC, now in a Phase I/II study for solid tumors.

Creating Future Value

In order to continue Genmab's success, we need to keep investing in early stage programs to establish our pipeline of the future. Throughout 2016 we continued to focus on a robust panel of pre-clinical projects and have identified two programs – DuoBody-CD3xCD20 and HexaBody-DR5/DR5 – that will move towards the clinic in 2017. While DuoBody programs entered Phase I development last year under our collaboration with Janssen, the DuoBody-CD3xCD20 program may be Genmab's first fully owned DuoBody molecule to enter the clinic, and we are optimistic about both this program and our first HexaBody program, HexaBody-DR5/DR5. Our earlier stage pre-clinical pipeline includes a number of other potential differentiated cancer products for the future. We also continue to seek collaborations for our proprietary technologies, and in 2016, we entered a new commercial agreement with Gilead Sciences, Inc. Gilead has an exclusive license and an option on a second license to use our DuoBody technology platform to develop bispecific antibodies targeting HIV, and we are enthusiastic about this program's potential. Our goal is to continue to create value for shareholders and patients alike through continually advancing our pre-clinical pipeline and our next generation antibody technologies.

Looking Ahead

We expect 2017 to be another exciting year for Genmab, with additional regulatory decisions and data readouts from clinical studies for DARZALEX, Phase III development in relapsing MS underway for ofatumumab and significant progress expected with our early stage pipeline. We are also looking ahead to our 2025 vision because we know that in order to fulfil our wish to market a product ourselves we have to prepare now. All across Genmab we are putting plans in place to ensure we will be able to participate in successfully commercializing our next winner. As we carry out our daily work, we keep in mind that our goal is to transform cancer treatment and to improve the lives of cancer patients. We have important and exciting work ahead of us, so I would like to take this opportunity to thank our talented employees for their passionate determination and dedication and our shareholders for their continued support.

Sincerely yours,

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

2016 Achievements

Business Progress

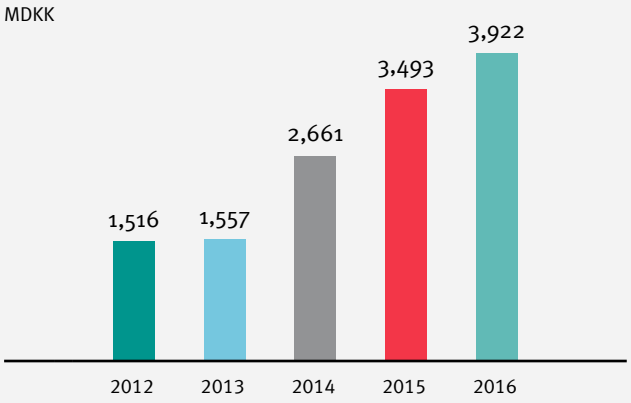
Priority	✓	Targeted Milestone
Maximize Daratumumab Progress	✓	• Launch DARZALEX in US and other approved territories
	✓	• CHMP decision on monotherapy application
	✓	• Phase III multiple myeloma (MM) interim efficacy analysis in relapsed / refractory MM settings [POLLUX and CASTOR trials]
	✓	• File for label in relapsed / refractory settings if results of interim analyses are favorable
	✓	• Start multiple clinical trials in MM and non-MM indications
	2017*	• Report initial clinical data non-MM indications
Optimize Ofatumumab Value	✓	• Start Phase III subcutaneous autoimmune trials
	✓	• Regulatory decision for CLL maintenance
	✓	• File for label in relapsed CLL
	2017+	• Phase III refractory follicular lymphoma (FL) interim efficacy data
Strengthen Differentiated Product Pipeline	✓	• Phase I/II tisotumab vedotin additional data
	✓	• IND for HuMax-AXL-ADC and start clinical trial
	✓	• Progress HexaBody-DR5/DR5 program
	✓	• Progress pre-clinical DuoBody & HexaBody projects
Broaden Partnership Portfolio with Next Generation Technologies	▲	• Sign new / expanded DuoBody & HexaBody collaborations
	✓	• Progress partnered programs
	✓	• New IND filings
Disciplined Financial Management	✓	• Selectively invest to progress and broaden differentiated product pipeline

* Clinical data from a non-MM indication for daratumumab is anticipated in 2017.
\+ Study continued at interim analysis. Full data expected 2017.
▲ Goal was to sign two or more commercial collaborations; partially achieved goal with one commercial agreement for DuoBody technology with Gilead Sciences.

Financial Performance

- Revenue was DKK 1,816 million in 2016 compared to DKK 1,133 million in 2015. The increase of DKK 683 million, or 60%, was mainly driven by higher milestone and royalty revenue under our daratumumab collaboration with Janssen, partly offset by a decrease in our deferred revenue.
- Operating expenses increased by DKK 184 million, or 32%, from DKK 579 million in 2015 to DKK 763 million in 2016 driven by the additional investment in our pipeline of products, including the advancement of tisotumab vedotin, HuMax-AXL-ADC, HexaBody-DR5/DR5, DuoBody-CD3xCD20, and our early stage pre-clinical programs.
- Operating income was DKK 1,053 million in 2016 compared to DKK 730 million in 2015. The improvement of DKK 323 million, or 44%, was driven by higher revenue, which was partly offset by increased operating expenses in 2016 and the one-time reversal of the ofatumumab funding liability of DKK 176 million in 2015.
- 2016 year end cash position of DKK 3,922 million, an increase of DKK 429 million, or 12%, from DKK 3,493 million as of December 31, 2015.

Cash Position



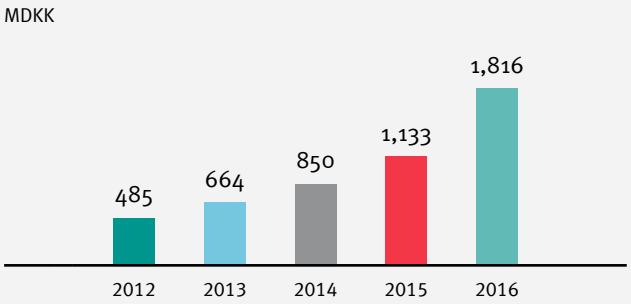
Consolidated Key Figures

	2012	2013	2014	2015	2016
Income Statement	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Revenue	484,636	663,570	850,385	1,133,041	1,816,122
Research and development expense	(536,702)	(527,576)	(505,679)	(487,656)	(660,876)
General and administrative expense	(64,613)	(66,741)	(79,529)	(91,224)	(102,413)
Operating expenses	(601,315)	(594,317)	(585,208)	(578,880)	(763,289)
Other income	–	–	–	176,218	–
Operating result	(116,679)	69,253	265,177	730,379	1,052,833
Net financial items	2,598	(3,851)	32,169	27,148	77,384
Net result for discontinued operation	(375,670)	42,207	–	–	–
Net result	(487,118)	112,362	301,296	763,513	1,187,075
Balance Sheet					
Cash position*	1,515,754	1,556,979	2,660,515	3,493,229	3,921,965
Non-current assets	39,076	38,544	100,327	234,659	340,597
Assets	1,692,886	1,731,527	2,866,681	3,902,548	5,238,236
Shareholders' equity	383,187	659,523	2,032,939	3,486,720	4,826,696
Share capital	50,308	51,756	56,967	59,531	60,350
Investments in intangible and tangible assets	8,998	11,078	75,442	135,389	33,109
Cash Flow Statement					
Cash flow from operating activities	70,919	(127,999)	132,671	311,449	327,719
Cash flow from investing activities	(416,343)	66,953	(1,010,656)	(480,883)	(1,014,539)
Cash flow from financing activities	357,814	151,663	1,035,352	643,092	91,188
Cash, cash equivalents and bank overdraft	78,997	168,135	359,087	873,986	307,023
Cash position increase/(decrease)	410,924	41,225	1,103,536	832,714	428,736
Financial Ratios					
Basic net result per share	(10.58)	2.20	5.35	13.05	19.83
Diluted net result per share	(10.58)	2.16	5.26	12.56	19.22
Year-end share market price	77.80	212.00	360.30	917.50	1,173.00
Price / book value	10.21	16.64	10.09	15.67	14.67
Shareholders' equity per share	7.62	12.74	35.69	58.57	79.98
Equity ratio	23%	38%	71%	89%	92%
Average number of employees (FTE)**	180	164	168	180	196
Number of employees (FTE) at year-end	179	157	173	186	205

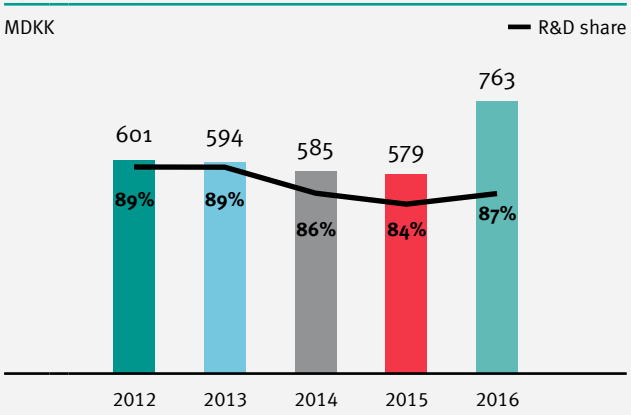
* Cash, cash equivalents, bank overdraft and marketable securities
** Full-time equivalent

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 (2015) and key figures in accordance with IFRS.

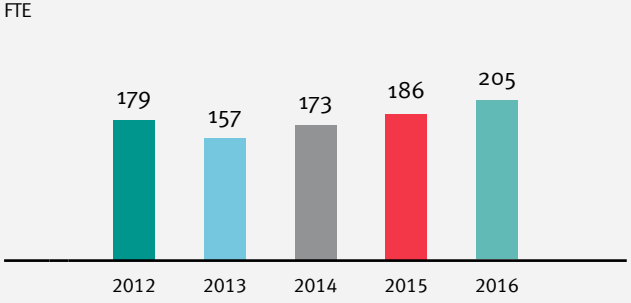
Revenue



Operating Expenses



FTE at Year End



2017 Outlook

MDKK	2017 Guidance	2016 Actual Result
Revenue	1,950 – 2,150	1,816
Operating expenses	(1,000) – (1,100)	(763)
Operating income	900 – 1,100	1,053
Cash position at end of year*	› 4,500	3,922

*Cash, cash equivalents, and marketable securities

Operating Result

We expect our 2017 revenue to be in the range of DKK 1,950 – 2,150 million, compared to DKK 1,816 million in 2016. Our projected revenue for 2017 consists primarily of DARZALEX royalties of DKK 930 – 1,100 million that are based on an estimated USD 1,100 – 1,300 million of DARZALEX net sales in 2017 and DARZALEX milestones of DKK 800 million. The remainder of the revenue mainly consists of Arzerra royalties, DuoBody milestones, and non-cash amortization of deferred revenue.

The increase in revenue compared to 2016 is primarily due to higher DARZALEX royalties which were partly offset by a decrease in DARZALEX milestones driven by timing.

We anticipate that our 2017 operating expenses will be in the range of DKK 1,000 – 1,100 million, compared to 2016 operating expenses of DKK 763 million. The increase is driven by the advancement and continued investment in our pipeline of products, including tisotumab vedotin, HuMax-AXL-ADC, HexaBody-DR5/DR5, DuoBody-CD3xCD20, and our early stage pre-clinical programs.

We expect the operating income for 2017 to be approximately DKK 900 – 1,100 million compared to DKK 1,053 million reported for 2016.

Cash Position

We are projecting our cash position at the end of 2017 to be greater than DKK 4,500 million compared to DKK 3,922 million as of December 31, 2016.

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; fluctuations in the value of our marketable securities; and currency exchange rates. The financial guidance does not include any potential proceeds from future warrant exercises and also assumes that no significant agreements are entered into during 2017 that could materially affect the results.

2017 Objectives

Our goals for 2017 are aligned with our three-pronged strategy: we focus on our core competence of antibody development, turn science into medicine by creating differentiated antibody therapeutics and aim to build a profitable and successful biotech by maintaining a capital efficient model, maximizing relationships with partners and retaining ownership of select products.

2017 Goals

Priority	Targeted Milestone	
Maximize Daratumumab Progress	• EMA decision & launch in 2nd line + multiple myeloma (MM) relapsed / refractory setting • FDA decision 3rd line MM setting (daratumumab + pomalidomide) • Phase III MM interim efficacy analysis in frontline (ALCYONE trial)	• Start Phase III subcutaneous trial • Start trials in solid tumors and non-MM blood cancers • Report non-MM clinical data
Optimize Ofatumumab Value	• Phase III refractory FL headline results	
Strengthen Differentiated Product Pipeline	• Phase I/II tisotumab vedotin data • Progress HuMax-AXL-ADC Phase I/II clinical trial • IND/CTA submission HexaBody-DR5/DR5	• IND/CTA submission DuoBody-CD3xCD20 • Progress pre-clinical pipeline
Strengthen Partnership Portfolio with Next Generation Technologies	• Enter new technology collaborations • Progress partnered programs	
Disciplined Financial Management	• Execute controlled company growth with selective investments in product pipeline	

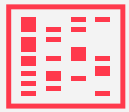
Research and Development Capabilities

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 employ 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, data management and regulatory submissions across Genmab's international operations. Our highly skilled and experienced employees work closely together to ensure that our pipeline is built of antibody products which are scientifically, clinically and commercially substantiated.

Antibody Discovery Process

1

Identification and purification of antibodies that bind to disease target



2

Analysis of the biochemical properties of the antibodies

3

Explore efficacy and mechanism of action in laboratory tests (in vitro)

4

Screen for efficacy in animal models (in vivo)

5

Test antibody binding to human and animal tissue and pre-clinical toxicity experiments

Clinical Development Process

1

Production of antibody for clinical development

2

Design protocol for first-in-human clinical study in consultation with key opinion leaders

3

Submission of protocol to regulatory authorities to begin testing in humans

4

Phase I/II development to explore safety

5

Phase II/III development to explore efficacy

6

Analyze results of Phase II/III trials and apply for marketing approval with regulatory authorities

Esther Breij

Associate Director Antibody Science
Antibody Science Department (ABS)
Joined Genmab from 2008-2009 and rejoined in 2011

As Associate Director Antibody Science, I am involved in pre-clinical research for our antibody product candidates, with a focus on antibody projects in the late discovery and early development phase. With scientists and research associates from the ABS department, we work on the functional characterization of our antibody products to get an understanding of the mechanism of action (how do they work?). In addition, we test our antibody products in disease-specific pre-clinical models, which contribute to the selection of cancer subtypes that are most likely to respond to treatment with our antibodies. By sharing our knowledge with Genmab colleagues from other departments in global project teams, we contribute to designing the optimal strategy for the introduction of new antibody therapeutics in the clinic.

After five years, I am still excited to be a part of the Genmab team. Our innovative antibody platforms allow us to choose the most optimal combination of antibody format and tumor target to generate differentiating therapeutic antibodies, with powerful anti-tumor activity. In the coming years, we will see a number of DuoBody and HexaBody based products enter the clinic. Very exciting!

Product Pipeline

Our own and partnered product pipeline includes nine antibodies in clinical development, including two marketed products, and over 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.

Marketed Products

DARZALEX — Approved Indications

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 the U.S.

As 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 U.S.

As 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 EU

Arzerra — Approved Indications

First-line CLL in combination with chlorambucil in the U.S.

First-line CLL in combination with chlorambucil or bendamustine in EU

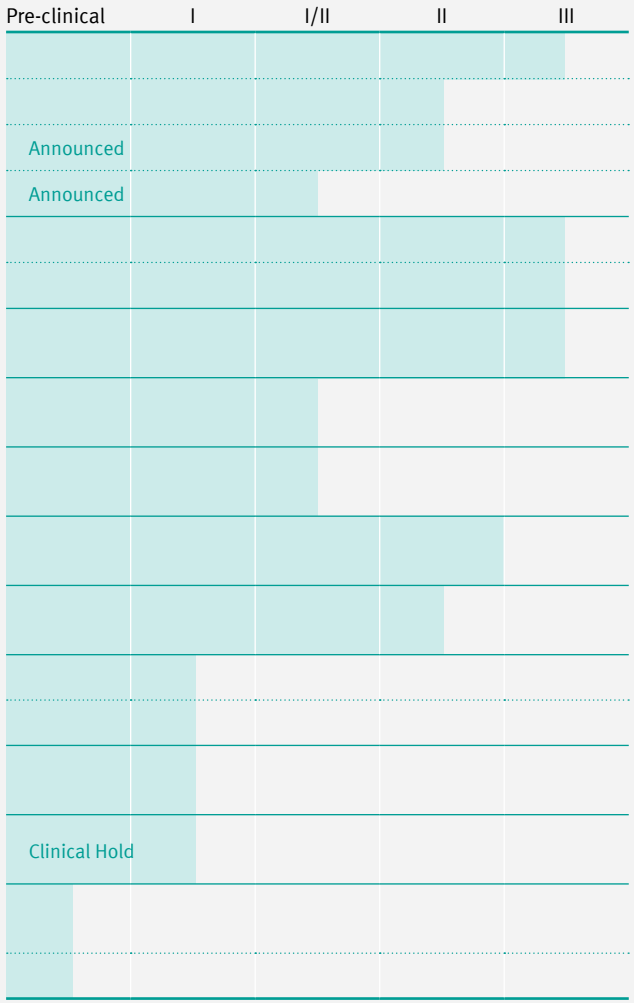
As monotherapy for extended treatment of patients who are in complete or partial response after at least two lines of therapy for recurrent or progressive CLL in the U.S.

Relapsed CLL in combination with FC in the U.S. and EU

As monotherapy for CLL refractory to fludarabine and alemtuzumab in the major markets

Products in Development

Product	Disease Indications	Development Phase
Daratumumab BTD (2) Target: CD38, Partner: Janssen	Multiple myeloma (MM)	
	Non-Hodgkin's lymphoma (NHL)	
	Natural Killer/T-Cell lymphoma (NKTCL), Nasal Type	Announced
	Solid tumors	Announced
Ofatumumab BTD Target: CD20, Indication: Cancer, Partner: Novartis	Chronic lymphocytic leukemia (CLL)	
	Follicular lymphoma (FL)	
Ofatumumab (OMB157) Target: CD20, Indication: AI, Partner: Novartis	Relapsing multiple sclerosis (RMS) (SubQ)	
Tisotumab vedotin Target: TF	Solid Cancers	
HuMax-AXL-ADC Target: AXL	Solid Cancers	
Teprotumumab (RV001) BTD Target: IGF-1R, Partner: River Vision	Graves' orbitopathy*	
AMG 714 Target: IL-15, Partner: Celimmune (sublicensed from Amgen)	Celiac Disease	
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)	Clinical Hold
› 20 Active Pre-clinical programs incl., HexaBody-DR5/DR5, DuoBody-CD3xCD20	Proprietary programs: HuMab, HuMab-ADC, DuoBody, DuoBody-ADC & HexaBody	
	Partnered programs: HuMab, DuoBody & HexaBody	



*Study completed, but listed on www.clinicaltrials.gov as Active, not recruiting
BTD = Breakthrough Therapy Designation

Ulf Forssmann

Senior Medical Director
Medical Department
Joined Genmab in 2015

In the global product teams, I am primarily responsible for providing input on the clinical development strategy of selected compounds. This means I align with my colleagues from the global product teams and provide the medical perspective to determine what research is needed for smooth development from the pre-clinical to clinical stage. This allows us to make informed data-driven decisions in early clinical development and beyond, maximizing the yield of our strong early stage pipeline. I am also responsible for providing the medical viewpoint and strategy for our clinical programs, from the initial studies in patients, up to pivotal global trials. In addition, I am responsible for the build-up and maintenance of world-class key thought leader networks to ensure that Genmab has access to external cutting edge clinical expertise.

Our early stage pipeline is exceptional for a biotech company since its foundation is based on a versatile and unique antibody technology platform. We have also attracted strong partners, often with complementary scientific and technological expertise, which further strengthens our early stage pipeline, allowing us to investigate multiple approaches to address relevant cancer targets. I feel this is what positions Genmab at the competitive edge to deliver novel first-in-class drugs providing relevant new treatment options to cancer patients.

Products and Technologies

Products
Daratumumab
Ofatumumab
Tisotumab vedotin
HuMax-AXL-ADC
Teprotumumab
AMG 714
ADCT-301 (HuMax-TAC-ADC)
HuMax-IL8
JNJ-61186372
JNJ-63709178
JNJ-61178104
Pre-clinical Programs

Technologies
Antibody Technologies
DuoBody Platform
HexaBody Technology

DARZALEX (daratumumab) A First-in-Class Antibody

At-A-Glance

- First-in-class CD38 antibody in development to treat cancer
- Approved in combination with other therapies in relapsed/refractory multiple myeloma and as monotherapy for heavily pretreated or double-refractory multiple myeloma in U.S.
- Approved in Europe for heavily pretreated or double-refractory multiple myeloma; regulatory application for combination with other therapies in relapsed/refractory multiple myeloma under review
- Three Phase III studies in front line multiple myeloma settings ongoing
- First study in three different types of NHL ongoing & first study in a solid tumor announced
- Collaboration with Janssen
- 2016 net sales of DARZALEX by Janssen were USD 572 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. It induces rapid tumor cell death through multiple diverse mechanisms of action. It is marketed and developed under a collaboration agreement with Janssen Biotech, Inc. DARZALEX is approved in certain territories for certain multiple myeloma indications as described below.

Positive data from two Phase III studies of daratumumab in combination with other therapies for relapsed or refractory multiple myeloma were reported in 2016 and regulatory applications were subsequently submitted and approved in the U.S. and submitted in Europe. Three additional Phase III clinical studies with daratumumab in multiple myeloma front line settings are currently ongoing, and an additional Phase III study of daratumumab in combination with carfilzomib for treatment of multiple myeloma is planned to start in 2017. Additional studies are ongoing or planned to assess its potential in other malignant and pre-malignant diseases on which CD38 is expressed, such as smoldering myeloma, non-Hodgkin's lymphoma, NKT-cell lymphoma, amyloidosis, lung cancer, and other solid tumors.

Genmab granted Janssen an exclusive worldwide license to develop, manufacture and commercialize daratumumab in 2012 (see Daratumumab Collaboration with Janssen Biotech, Inc. section for more information).

APPROVED AS MONOTHERAPY IN HEAVILY PRE-TREATED OR DOUBLE-REFRACTORY MULTIPLE MYELOMA

In November 2015, DARZALEX (daratumumab) injection for intravenous infusion was approved by the U.S. FDA for the treatment of patients with multiple myeloma who have received at least three prior lines of therapy, including a proteasome inhibitor (PI) and an immunomodulatory agent, or who are double-refractory to a PI and an immunomodulatory agent. In May 2016, the European Commission (EC) granted conditional marketing authorization for the use of DARZALEX 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.

The approvals were predominantly based on results from the pivotal Phase II MMY2002 (SIRIUS) study, which showed that treatment with single-agent DARZALEX resulted in an overall response rate (ORR) of 29.2% in patients who had received a median of five prior lines of therapy, including a PI and an immunomodulatory agent. Stringent complete response (sCR) was reported in 2.8% of patients, very good partial response (VGPR) was reported in 9.4% of patients, and partial response (PR) was reported in 17% of patients.

For responders, the median duration of response was 7.4 months. At baseline, 97% of patients were refractory to their last line of therapy, 95% were refractory to both a PI and an immunomodulatory agent, and 77% were refractory to alkylating agents. Additional efficacy data from the Phase I/II GEN501 monotherapy study also supported the approvals.

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%) were: fatigue, nausea, back pain, pyrexia, cough and upper respiratory tract infection.

In data from three pooled clinical studies including a total of 156 patients, 4% of patients discontinued treatment due to adverse reactions, none of which were considered drug-related. Infusion reactions were reported in approximately half of all patients treated with DARZALEX. Common (≥5%) symptoms of infusion reactions included nasal congestion, chills, cough, allergic rhinitis, throat irritation, dyspnea (shortness of breath) and nausea. Severe infusion reactions included bronchospasm, dyspnea, hypoxia and hypertension (<2% each).

APPROVED IN RELAPSED OR REFRACTORY MULTIPLE MYELOMA

In November 2016, DARZALEX was approved in the U.S. 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. The approval was based on data from two Phase III studies: the CASTOR study of daratumumab in combination with bortezomib and dexamethasone versus bortezomib and dexamethasone alone in patients with relapsed or refractory multiple myeloma, and the POLLUX study of daratumumab in combination with lenalidomide and dexamethasone versus lenalidomide and dexamethasone alone in patients with relapsed or refractory multiple myeloma.

The CASTOR study met the primary endpoint of improving progression free survival (PFS); Hazard Ratio (HR) = 0.39, 95% CI 0.28-0.53, p<0.0001. The median PFS for patients treated with daratumumab has not been reached, compared to median PFS of 7.2 months for patients who did not receive daratumumab. Daratumumab also significantly increased the ORR (79% vs 60%, p<0.0001), including doubling rates of CR or better (18% vs 9%) and rates of VGPR or better (57% vs 28%). The most common grade 3 or 4 adverse events in patients treated with daratumumab in combination with bortezomib and dexamethasone compared to those who only received bortezomib and dexamethasone were thrombocytopenia (47% vs 35%), anemia (13% vs 14%) and neutropenia (15% vs 5%). Daratumumab-associated infusion-related reactions were reported in 45% of patients, were mostly grade 1/2, and occurred predominantly during the first infusion. This is consistent with the reported safety profile of daratumumab monotherapy and background bortezomib/dexamethasone therapy.

The Phase III POLLUX study met the primary endpoint of improving PFS (HR = 0.37; 95% CI 0.27-0.52; p<0.0001) for patients treated with daratumumab versus patients who did not receive daratumumab. The median PFS for patients treated with daratumumab in combination with lenalidomide and dexamethasone has not been reached, compared to an estimated median PFS of 18.4 months for patients who received lenalidomide and dexamethasone alone. Additionally, daratumumab significantly increased ORR (91% vs 75%, p<0.0001), including doubling rates of CR or better (42% vs 19%), as well as rates of VGPR or better (75% vs 43%). The most common grade 3 or 4 adverse events in patients treated with daratumumab in combination with lenalidomide and dexamethasone versus those who received only lenalidomide and dexamethasone were neutropenia (53% vs 40%), thrombocytopenia (13% vs 15%), and anemia (13% vs 19%). Daratumumab-associated infusion-related reactions occurred in 48% of patients, were mostly grade 1/2, and occurred predominantly during the first infusion. Overall, the safety profile was consistent with known toxicities of daratumumab monotherapy and combination therapy of lenalidomide and dexamethasone.

Please consult the full U.S. Prescribing information for all the labeled safety information for DARZALEX.

Multiple Myeloma

Disease
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

Prevalence
3rd
Third most common blood cancer in the U.S.[1]

Survival
48.5%
5–year survival rate of 48.5% in the U.S.[2]

U.S. Incidence
30,330
In 2016, it was expected that approximately 30,330 people would be newly diagnosed with multiple myeloma and approximately 12,650 people would die from the disease in the U.S.[3]

Global Incidence
124,225
In 2015, it was expected that approximately 124,225 people worldwide would be diagnosed with multiple myeloma and 87,084 would die from the disease[4]

Market
12.8B
Global multiple myeloma market expected to increase from USD 12.8 billion in 2016 to USD 22.4 billion by 2023[5]

[1] National Cancer Institute. "A Snapshot of Myeloma." Available at www.cancer.gov/research/progress/snapshots/myeloma. Accessed December 16, 2016.
[2] Surveilance, Epidemiology and End Results Program (SEER). SEER Stat Fact Sheets: Myeloma. Available at http://seer.cancer.gov/statfacts/html/mulmy.html. Accessed December 16, 2016. [3] American Cancer Society. "What are the key statistics about multiple myeloma?" http://www.cancer.org/cancer/multiplemyeloma/detailedguide/multiple-myeloma-key-statistics. Accessed December 16, 2016. [4] GLOBOCAN 2012: Estimated Cancer Incidence, Mortality and Prevalence Worldwide: Number of New Cancers in 2015. Available at: http://globocan.iarc.fr/old/burden.asp?selection_pop=224900&Text-p=World&selection_cancer=17270&Text-c=Multiple+myeloma&pYear=3&type=0&window=1&submit=%C2%A0Execute. Accessed December 2016. [5] GlobalData. PharmaPoint: Multiple Myeloma - Global Drug Forecast and Market Analysis to 2023. Published November 2015.

FOURTH QUARTER UPDATE

December

- Enrollment was completed in the Phase III study (MMY3008 MAIA) of daratumumab in combination with lenalidomide and dexamethasone in previously untreated multiple myeloma.
- The sales of DARZALEX by Janssen exceeded USD 500 million in a calendar year, triggering the first sales volume milestone payment of USD 25 million. The achievement of the milestone was announced in January 2017.
- A New Drug Application for the use of DARZALEX for the treatment of adults with relapsed or refractory multiple myeloma was submitted to the Ministry of Health, Labor and Welfare (MHLW) in Japan. The submission triggered milestone payments totaling USD 10 million from Janssen.

November

- The FDA approved the use of DARZALEX 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. The approval triggered milestone payments of USD 35 million and USD 30 million from Janssen associated with the first commercial sale of daratumumab in combination with lenalidomide and dexamethasone and in combination with bortezomib and dexamethasone.
- Announced that daratumumab will be investigated in a Phase III clinical study in combination with carfilzomib (KYPROLIS®) and dexamethasone in patients with relapsed/refractory multiple myeloma.

October

- The FDA granted Priority Review for the use of daratumumab 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. The FDA assigned a Prescription Drug User Fee Act (PDUFA) target date of February 17, 2017 to take a decision on daratumumab in this indication and approval was granted in November 2016. In addition, the FDA granted a Standard Review period for the use of daratumumab in combination with pomalidomide and dexamethasone for the treatment of patients with relapsed or refractory multiple myeloma who have received at least two prior therapies, including a PI and an immunomodulatory agent. The PDUFA date for the combination of daratumumab with pomalidomide/dexamethasone is June 17, 2017.
- A Phase II study (NKT2001) of daratumumab in relapsed or refractory natural killer/T-cell lymphoma was published on www.clinicaltrials.gov.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

September

- A Phase II study (MMY2004) investigating daratumumab in combination with lenalidomide, bortezomib and dexamethasone versus lenalidomide, bortezomib and dexamethasone in front line multiple myeloma was published on www.clinicaltrials.gov.
- As published on www.clinicaltrials.gov, an existing Phase I study of Opdivo® (nivolumab) was amended to include a new treatment arm combining Opdivo with daratumumab to treat relapsed/refractory multiple myeloma. The study is recruiting patients.

August

- Regulatory submission in Europe for daratumumab in patients with multiple myeloma who have received at least one prior therapy. In addition, a regulatory application was submitted in the U.S. for the use of daratumumab in combination with lenalidomide and dexamethasone, or bortezomib and dexamethasone, for the treatment of patients with multiple myeloma who received at least one prior therapy. The submissions triggered milestone payments of USD 10 million and USD 15 million, respectively, to Genmab.
- The Phase II study of daratumumab in smoldering multiple myeloma (SMM2001 CENTAURUS) completed patient enrollment.

July

- The FDA granted Breakthrough Therapy Designation for DARZALEX injection 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. Breakthrough Therapy Designation is a 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.
- Enrollment was completed in the Phase III study (MMY3007 ALCYONE) of daratumumab in combination with bortezomib, melphalan and prednisone in newly diagnosed transplant ineligible multiple myeloma patients.

June

- Celgene announced that patient enrollment was expected to begin in a Phase II study of daratumumab in combination with durvalumab, an anti-PD-L1 antibody, in relapsed or refractory multiple myeloma. The study is ongoing.

May

- Achieved a USD 30 million milestone triggered by the first commercial sale of DARZALEX in Europe.
- Announced that the EC granted a conditional marketing authorization for DARZALEX for heavily pre-treated or double-refractory multiple myeloma. The approval followed a positive recommendation for DARZALEX from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) in April.
- Announced that the Phase III POLLUX study (MMY3003) of daratumumab in combination with lenalidomide and dexa-

May — Continued

methasone in patients with relapsed or refractory multiple myeloma met the primary endpoint at a pre-planned interim analysis (HR = 0.37 (95% CI 0.27-0.52), p<0.0001). Patients who received treatment with daratumumab in combination with lenalidomide and dexamethasone had a 63% reduction in risk of their disease progressing, compared to those who did not receive daratumumab. The median PFS for patients treated with daratumumab in combination with lenalidomide and dexamethasone has not been reached, compared to an estimated median PFS of 18.4 months for patients who received lenalidomide and dexamethasone alone. Based on the recommendation of the Independent Data Monitoring Committee (IDMC), the study was unblinded early. These data were presented at the 2016 European Hematology Association (EHA) Annual Meeting in June.

April

- Reported additional data from the Phase III CASTOR (MMY3004) study of daratumumab in combination with bortezomib and dexamethasone versus bortezomib and dexamethasone in patients with relapsed or refractory multiple myeloma. The study met the primary endpoint of improving PFS; Hazard Ratio (HR) = 0.39, p<0.0001. The median PFS for patients treated with daratumumab has not been reached, compared to median PFS of 7.2 months for patients who did not receive daratumumab. These data were presented at the 2016 American Society of Clinical Oncology (ASCO) Annual Meeting in June.
- Announced that 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. Subsequenty, MorphoSys was allowed to amend its complaint to include a second U.S. patent, U.S. patent no. 9,200,061, into the case. The trial date has been set for 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 intend to vigorously contest those allegations.

March

- Reported top-line data from the Phase III CASTOR study (MMY3004) of daratumumab in combination with bortezomib and dexamethasone versus bortezomib and dexamethasone in patients with relapsed or refractory multiple myeloma. Based on the recommendation of the IDMC, the study was stopped early.
- Announced that daratumumab will be investigated in Phase Ib clinical studies in combination with Tecentriq® (atezolizumab), an anti-PD-L1 antibody, in a solid tumor and multiple myeloma. The studies will be conducted under a clinical trial collaboration agreement between Janssen and Genentech, a member of the Roche Group.
- Achieved the second milestone in the ongoing Phase II study of daratumumab in NHL, triggering a USD 5 million payment from Janssen.

Read more

About daratumumab:
www.genmab.com/product-pipeline/products-in-development/daratumumab
About the collaboration with Janssen:
www.genmab.com/partnering/current-partnerships#tab2
For more information, visit www.DARZALEX.com

Daratumumab Collaboration with Janssen Biotech, Inc. (Janssen)

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 20% royalty tier will be payable on net sales above USD 3 billion in a calendar year. Janssen is fully responsible for all costs associated with developing and commercializing daratumumab.

Expansive Daratumumab Development Program – Selected Studies

Indication	Disease Stage	Therapy	No. Patients*		Development Phase
					I / I/II / II / III
Multiple Myeloma**	High Risk Smoldering	Mono	108	✓	SMM2001 (CENTAURUS)
	Front line (transplant & non-transplant)	Dara + VMP	700	✓	MMY3007 (ALCYONE)
		Dara + Rd	730	✓	MMY3008 (MAIA)
		Dara + VTd	1,080		MMY3006 (CASSIOPEIA)
		Dara + RVd	216		MMY2004
		Multi combo study (6 arms)	250		MMY1001 (EQUULEUS)
	Relapsed or Refractory	Dara + Rd	571	✓	MMY3003 (POLLUX)
		Dara + Vd	498	✓	MMY3004 (CASTOR)
		Dara + K + Dex	450		Announced
		Dara + Pom + Dex	155		H–35360
		Subcutaneous	128		MMY1004 (PAVO)
		Dara + Tecentriq	214		GO29695
		Dara + durvalumab	258		Fusion
		Dara + Opdivo	375		CA209–039
NHL (DLBCL/MCL/FL)	Relapsed or Refractory	Mono	210		LYM2001 (CARINA)
NKTCL	Nasal Type	Mono	32		NKT2001 Announced
Solid Tumor	Lung Cancer	Dara + Tecentriq	100		Announced

* Approx no. based on www.clinicaltrials.gov

** Maintenance integrated into some study protocols

Checkmark = Fully recruited, Dara = daratumumab, V = bortezomib, MP = melphalan-prednisone, T = thalidomide, d or Dex = dexamethasone, R = lenalidomide, K = Kyprolis, Pom = pomalidomide, mono = monotherapy

Arzerra (ofatumumab) Our First Marketed Product

At-A-Glance

- 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
- 2016 net sales of Arzerra by Novartis were USD 46 million

Arzerra (ofatumumab) is a human monoclonal antibody 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 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, Arzerra is also indicated as monotherapy for the treatment of patients with CLL who are refractory after prior treatment with fludarabine and alemtuzumab.

2016 REGULATORY APPROVALS

In August 2016, the U.S. FDA approved the use of Arzerra in combination with FC for the treatment of patients with relapsed CLL. In December 2016, the European Commission granted a marketing authorization for the use of Arzerra in combination with fludarabine and cyclophosphamide for the treatment of adult patients with relapsed CLL in the EU. The approvals were based on results from the 365 patient Phase III COMPLEMENT 2 study that evaluated Arzerra in combination with FC versus FC alone in patients with relapsed CLL. The study demonstrated that patients who received ofatumumab in combination with FC had a median PFS of 28.9 months compared to 18.8 months in patients who received FC alone (HR=0.67, p=0.0032).

In January 2016, the U.S. FDA approved the use of Arzerra for extended treatment of patients who are in complete or partial response after at least two lines of therapy for recurrent or progressive CLL. This approval was based on data from the Phase III study PROLONG (OMB114517), evaluating ofatumumab maintenance therapy versus no further treatment (observation) in patients with relapsed CLL who responded to induction treatment at relapse (N=474). Results from the study showed that patients who received ofatumumab maintenance treatment lived 14.2 months longer without their disease worsening than patients who received no further treatment. Median PFS as assessed by the investigators was 29.4 months for the ofatumumab treatment arm and 15.2 months for the observation arm (HR = 0.50; p<0.0001).

SAFETY INFORMATION FOR ARZERRA

The overall safety profile of Arzerra is based on exposure in clinical trials and the post-marketing setting. Arzerra has been used in more than 3,500 patients treated alone or in combination with other therapies in clinical trials. It is estimated that more than 9,000 patients have been exposed to Arzerra for at least one treatment course in 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 virus infection, urinary tract infection).

Please consult the full prescribing information, including the European Summary of Product Characteristics and full US Prescribing information, including Boxed Warning, for all the labeled safety information for Arzerra.

Multiple Sclerosis

Disease
MS
An inflammatory disease of the central nervous system

Ratio
85%
Relapsing remitting multiple sclerosis (RRMS) is characterized by unpredictable recurrent attacks and accounts for 85% of MS cases[1]

Prevalence
2.5M
Affects approximately 2.5 million people worldwide[2]

Incidence
37,718
Estimated number of new cases of MS in 2016 in the U.S. and 5 major EU markets[2]

Market
16.8B
MS market in the U.S. and 5 major EU markets was estimated at USD 16.8 billion in 2016 and USD 20.3 billion in 2023[3]

Sources: [1] Datamonitor. Multiple Sclerosis Treatment. Published August 2016. [2] GlobalData. EpiCast Report: Multiple Sclerosis - Epidemiology Forecast to 2024. Published September 2015. [3] Datamonitor. Multiple Sclerosis Forecast. Published January 2016.

Chronic Lymphocytic Leukemia

Disease
CLL
A cancer in which the bone marrow produces too many white blood cells called lymphocytes

Prevalence
Common
Most common form of leukemia in the western world[4] – no curative chemotherapy is available at present

Ratio
30%
Accounts for 30% of all adult leukemia and 25% of all non-Hodgkin's lymphoma[4]

Survival
64-83%
Relatively good prognosis with a 5-year survival rate of 64% to 83% in the U.S. & 5 major EU markets[4]

Incidence
40,035
Approximately 40,035 new cases of CLL forecast in the U.S. & 5 major EU markets in 2016, increasing to 45,683 new cases in 2023[4]

Market
3.0B
In 2016, branded sales for CLL in the U.S. and 5 EU were forecast to reach USD 3.0 billion, with anticipated growth to USD 3.6 billion in CLL by 2018[5]

Sources: [4] GlobalData. EpiCast Report: Chronic Lymphocytic Leukemia Epidemiology Forecast to 2023. Published May 2014. [5] GlobalData. OpportunityAnalyzer: Chronic Lymphocytic Leukemia - Opportunity Analysis and Forecasts to 2018. Published August 2014.

Follicular Lymphoma

Disease
FL
A slow growing cancer of the B-cells

Ratio
20%
Accounts for approximately 20% of all NHL and 70% of all indolent NHL[6]

Survival
62%
Median survival ranges from 8 to 15 years, with a 62% 10-year relative survival rate[6]

Incidence
29,126
Estimated number of new cases of FL in 2016 in the U.S. and 5 major EU markets, increasing to 33,756 in 2024[7]

Market
2.6B
In 2016 branded sales for indolent NHL, including FL and marginal zone lymphoma, were approximately USD 2.6 billion in the U.S. and 5 major EU markets, and anticipated to be USD 2.5 billion in 2024[6]

Sources: [6] GlobalData. Non-Hodgkin's B-Cell Lymphoma: Opportunity Analysis and Forecast to 2024. Published January 2016. [7] GlobalData. EpiCast Report: Non-Hodgkin's Lymphoma - Epidemiology Forecast to 2024. Published January 2016.

FOURTH QUARTER UPDATE

December

- Following a positive opinion from the CHMP of the EMA in November, the EC granted a marketing authorization for the use of Arzerra in combination with fludarabine and cyclophosphamide for the treatment of adult patients with relapsed CLL in the European Union.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

August

- The U.S. FDA approved Arzerra in combination with FC for the treatment of patients with relapsed CLL.

June

- Announced that the CHMP of the EMA issued a negative opinion on the use of Arzerra as maintenance therapy for patients with relapsed CLL.
- Announced that Novartis will start Phase III studies of the subcutaneous formulation of ofatumumab in relapsing MS with enrollment of patients starting in September 2016.

May

- Patient enrollment was completed in the Phase III study of ofatumumab in combination with bendamustine compared to bendamustine monotherapy in patients with indolent non-Hodgkin's lymphoma (iNHL) who did not respond to a rituximab-containing regimen during or within 6 months of the last treatment with rituximab.
- Announced that the U.S. FDA granted Priority Review to the sBLA for the use of Arzerra in combination with FC for the treatment of patients with relapsed CLL. The FDA assigned a PDUFA target action date of September 10, 2016 and approved Arzerra in this indication in August 2016.

March

- Announced that supplemental regulatory applications for the use of Arzerra in combination with fludarabine and cyclophosphamide for the treatment of patients with relapsed CLL were submitted in the U.S. and EU by Novartis.
- Announced an update on development plans for ofatumumab in autoimmune indications focusing on relapsing MS following the transfer of the rights to ofatumumab in this disease area from GSK to Novartis at the end of 2015. Phase III studies of the subcutaneous formulation of ofatumumab in relapsing MS were initiated by Novartis during the second half of 2016. The Phase III study of the subcutaneous formulation of ofatumumab in pemphigus vulgaris, which was started by GSK, was discontinued. The decision to discontinue the trial was not related to any safety or tolerability concerns.

February

- Following a planned interim analysis, an IDMC recommended continuing the Phase III study of ofatumumab in combination with bendamustine compared to bendamustine monotherapy in patients with iNHL who did not respond to a rituximab-containing regimen during or within 6 months of the last treatment with rituximab. Results from the study are expected to read out in 2017, however timelines are subject to change.

January

- The U.S. FDA approved a sBLA for the use of Arzerra for extended treatment of patients who are in complete or partial response after at least two lines of therapy for recurrent or progressive CLL.

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 subsequently 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.

Read more

About Arzerra:
www.genmab.com/product-pipeline/products-in-development/ofatumumab
About the ofatumumab collaboration:
www.genmab.com/partnering/current-partnerships#tab2

Tisotumab vedotin
A Next Generation Therapeutic

At-A-Glance

- Antibody-drug conjugate (ADC, antibody coupled to a cell-killing agent) in development to treat solid tumors
- Two Phase I/II clinical studies in solid tumors ongoing
- License and collaboration agreement with Seattle Genetics

Tisotumab vedotin, formerly called HuMax-TF-ADC, 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 Phase I/II clinical development for solid tumors. Genmab has a license and collaboration agreement for tisotumab vedotin with Seattle Genetics under which Seattle Genetics has the right to exercise a co-development option at the end of Phase I clinical development.

Read more

About tisotumab vedotin:
www.genmab.com/product-pipeline/products-in-development/humax-tf-adc
About the Seattle Genetics collaboration:
www.genmab.com/partnering/current-partnerships#tab3
About ADCs:
www.genmab.com/research-and-technology/genmab-technology#tab5

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 has rights to utilize Seattle Genetics' ADC technology with its HuMax-TF antibody. Seattle Genetics received an undisclosed upfront payment and has the right to exercise a co-development and co-commercialization option for any resulting ADC products at the end of Phase I clinical development.

Genmab is responsible for research, manufacturing, pre-clinical development and Phase I clinical evaluation of HuMax-ADC products. If Seattle Genetics opts into the HuMax-ADC product at the end of Phase I, the companies would co-develop and share all future costs and profits for the product on a 50:50 basis. If Seattle Genetics does not opt in to the HuMax-ADC product, Genmab would pay Seattle Genetics fees, milestones and mid-single digit royalties on worldwide net sales of the product.

John W. Keating

Vice President, Commercial Development
Commercial Department
Joined Genmab in 2014

My focus at Genmab is on achieving the 2025 vision of having our own product on the market, and enabling this vision by providing my commercial expertise. This expertise ranges from commercial evaluations of our current or potential products to establishing a plan for commercialization. I currently work as part of the steering committee governing our partnered and marketed brands as well as on the compound development teams advancing Genmab's pipeline. Further, I focus on identifying the needs, capabilities and timing to be successful as Genmab plans for commercial expansion. I am excited that the Commercial department will have such a prominent role as we continue on the journey to achieve our 2025 vision.

The commercialization of DARZALEX is a great success, offering more hope for patients with multiple myeloma to achieve remission. In the first year of launch, I was so excited to see DARZALEX surpass initial expectations in double refractory multiple myeloma. My excitement only grew when the clinical trials POLLUX and CASTOR were released at ASCO and EHA with unprecedented results. It is very inspirational to be part of a product that may be changing the standard of treatment and this inspiration carries over to our other pipeline products, as we are all eager to see what impact they will make on patients' lives. We are ready to achieve further success with our current pipeline.

HuMax-AXL-ADC

At-A-Glance

- ADC in development to treat solid tumors
- Phase I/II clinical study for 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 five different types of solid tumors. HuMax-AXL-ADC is fully owned by Genmab and the ADC technology used with HuMax-AXL-ADC was licensed from Seattle Genetics.

FOURTH QUARTER UPDATE

December

- The first patient was dosed in the Phase I/II study of HuMax-AXL-ADC in solid tumors.

October

- An Investigational New Drug application (IND) for HuMax-AXL-ADC was submitted for a Phase I/II first-in-human study in solid tumors.

Read more

About HuMax-AXL-ADC:
www.genmab.com/product-pipeline/products-in-development/humax-axl-adc
About the Seattle Genetics collaboration:
www.genmab.com/partnering/current-partnerships#tab3
About ADCs:
www.genmab.com/research-and-technology/genmab-technology#tab5

HuMax-AXL-ADC 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.

Teprotumumab

At-A-Glance

- In clinical development by River Vision
- Phase II clinical study for Graves' orbitopathy completed

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 River Vision Development Corporation, who licensed the product from Roche. Teprotumumab has been granted Fast Track designation, Orphan Drug designation and Breakthrough Therapy Designation for Graves' orbitopathy by the U.S. FDA.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

September

- The U.S. FDA granted Breakthrough Therapy Designation for teprotumumab for the treatment of active moderate to severe thyroid eye disease, also known as Graves' orbitopathy.
- The Phase I study of teprotumumab in diabetic macular edema was completed.

Q2

- The Phase II study of teprotumumab for the treatment of Graves' orbitopathy was completed. On www.clinicaltrials.gov the study status is recorded as Active, not recruiting.

Read more

About teprotumumab:
www.genmab.com/product-pipeline/products-in-development/teprotumumab
About the Roche collaboration:
www.genmab.com/partnering/current-partnerships#tab4

AMG 714

At-A-Glance

- In clinical development by Celimmune
- Two Phase II clinical studies for celiac disease ongoing

AMG 714 is a human monoclonal antibody that binds to Interleukin-15 (IL-15), a cytokine molecule appearing early in the cascade of events that ultimately leads to inflammatory disease. AMG 714 was created under a collaboration with Amgen. Amgen has sub-licensed AMG 714 to a private company, Celimmune, LLC. Celimmune is developing AMG 714 for the treatment of celiac disease.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

May

- Celimmune announced that the first patient was dosed in a Phase II study of AMG 714 in celiac disease.

March

- Two Phase II studies of AMG 714 to treat celiac disease run by Celimmune have been announced.

Read more

About AMG 714:
www.genmab.com/product-pipeline/products-in-development/AMG-714
About the Amgen collaboration:
www.genmab.com/partnering/current-partnerships#tab2

ADCT-301 (HuMax-TAC-ADC)

At-A-Glance

- ADC in development under a collaboration and license agreement with ADC Therapeutics
- Phase I clinical studies for lymphomas and leukemias ongoing

ADCT-301, also known as HuMax-TAC-ADC, is an ADC that combines Genmab's HuMax-TAC antibody and ADC Therapeutics' PBD-based warhead and linker technology. ADCT-301 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. ADCT-301 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 ADCT-301 to treat lymphomas and leukemias are ongoing.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

February

- The first patient was dosed in the Phase I study of ADCT-301 in relapsed or refractory AML or relapsed or refractory ALL.

Read more

About ADCT-301:
www.genmab.com/product-pipeline/products-in-development/humax-tac-adc
About the ADC Therapeutics collaboration:
www.genmab.com/partnering/current-partnerships#tab2

HuMax-IL8

At-A-Glance

- Fully human antibody in development under a collaboration with Bristol-Myers Squibb
- Phase Ib clinical study for metastatic solid tumors completed

HuMax-IL8 is a high affinity fully human antibody directed towards IL-8. IL-8 has recently been shown to be involved in several aspects of tumor development, including tumor spread (metastasis), cancer stem cell renewal and tumor immunosuppression. 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 solid tumors under an agreement with Bristol-Myers Squibb (BMS).

FOURTH QUARTER UPDATE

December

- The Phase Ib clinical study of HuMax-IL8 in metastatic solid tumors was completed.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

July

- HuMax-IL8 was being developed under an agreement with Cormorant Pharmaceuticals. Following the acquisition of Cormorant Pharmaceuticals by Bristol-Myers Squibb, the HuMax-IL8 agreement was transferred to BMS.

Read more

About HuMax-IL8:
www.genmab.com/product-pipeline/products-in-development/humax-il8
About the BMS collaboration:
www.genmab.com/partnering/current-partnerships#tab2

JNJ-61186372

At-A-Glance

- DuoBody product targeting EGFR and cMet
- Phase I study announced in NSCLC
- First DuoBody product tested in patients
- 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 to treat NSCLC.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

July

- A USD 2 million milestone payment from Janssen to Genmab was triggered by the dosing of the first patients in the Phase I study of JNJ-61186372.

June

- The first patient was dosed in the Phase I study of JNJ-61186372.

Read more

About JNJ-61186372: www.genmab.com/product-pipeline/products-in-development/JNJ-61186372 About the DuoBody technology collaboration with Janssen: www.genmab.com/partnering/current-partnerships#tab3

JNJ-63709178

At-A-Glance

- DuoBody product targeting CD3 and CD123
- Phase I study in relapsed or refractory AML on clinical hold
- 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 can redirect T-cells, resulting in T-cell mediated killing of CD123+ AML cells. JNJ-63709178 was created by Janssen using Genmab's DuoBody technology under the companies' collaboration. JNJ-63709178 is being investigated in a Phase I study in relapsed or refractory AML. The study has received a clinical hold.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

September

- The Phase I study of JNJ-36709178 in relapsed or refractory AML was placed on clinical hold due to a serious adverse event in one of the patients in the study.

July

- A USD 2 million milestone payment from Janssen to Genmab was triggered by the dosing of the first patients in the Phase I study of JNJ-63709178.

June

- The first patient was dosed in the Phase I study of JNJ-63709178.

March

- A Phase I clinical study of JNJ-63709178 to treat AML was announced via www.clinicaltrials.gov.

Read more

About JNJ-63709178: www.genmab.com/product-pipeline/products-in-development/JNJ-63709178 About the DuoBody technology collaboration with Janssen: www.genmab.com/partnering/current-partnerships#tab3

JNJ-61178104

At-A-Glance

- DuoBody product targeting inflammatory mediators
- Phase I study in autoimmune disease discontinued
- Developed by Janssen under the DuoBody technology collaboration

JNJ-61178104 is a bispecific antibody which is directed to two inflammatory disease targets. JNJ-61178104 was created under a collaboration between Genmab and Janssen using Genmab's DuoBody technology. Janssen was investigating JNJ-61178104 in a Phase I clinical study to treat an autoimmune disease but has now discontinued the program.

FOURTH QUARTER UPDATE

December

- Janssen discontinued development of JNJ-61178104 due to a less than optimal pharmacokinetic profile observed in the Phase I study.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

May

- The first participants were dosed in the Phase I study of JNJ-61178104, triggering a USD 2 million milestone payment from Janssen to Genmab.

Pre-clinical Programs

At-A-Glance

- Broad pre-clinical pipeline of over 20 programs including HexaBody-DR5/DR5 and DuoBody-CD3xCD20
- 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 over 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.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

February

- A EUR 1.5 million milestone was achieved for selection of a candidate for potential clinical development in one of the programs under the collaboration with Lundbeck.

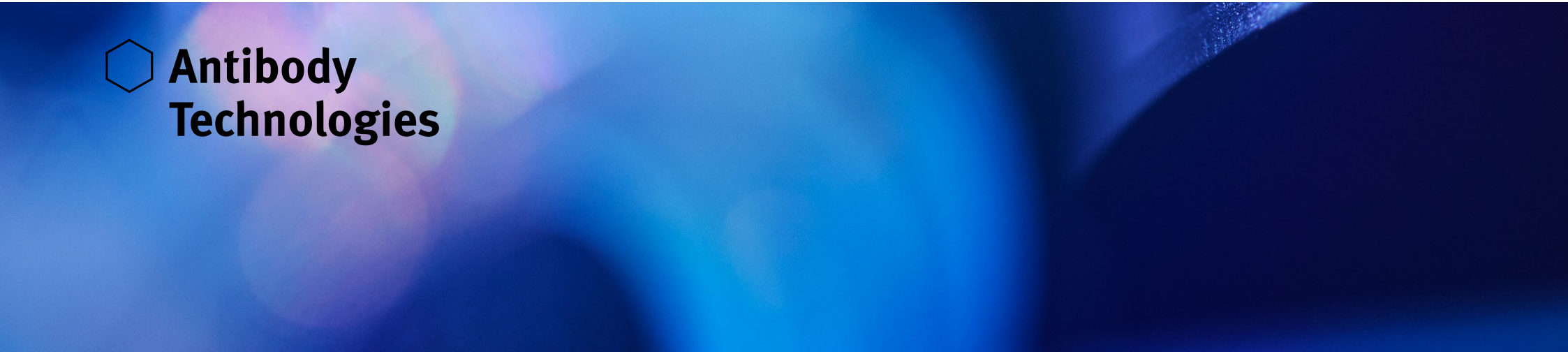
Read more

About our pre-clinical pipeline:
www.genmab.com/product-pipeline/products-in-development/pre-clinical
About our collaborations:
www.genmab.com/partnering/current-partnerships
About ADCs:
www.genmab.com/research-and-technology/genmab-technology#tab5
About the DuoBody platform:
www.genmab.com/research-and-technology/genmab-technology#tab3
About the HexaBody technology:
www.genmab.com/research-and-technology/genmab-technology#tab6

Protecting Our Pipeline Through Intellectual Property

Proprietary protection for our antibody products, processes, technologies and know-how are important to our business. We own and license patents, patent applications, and other proprietary rights relating to our antibody products and uses of these products in the treatment of diseases as well as antibody technologies and processes. Our policy is to file patent applications to protect inventions relating to antibody products, processes and technologies that we consider important to the development of our business.

Please refer to the “Risk Management” section and note 5.5 of the financial statements for further details.



Antibody Technologies

Genmab has developed proprietary antibody technologies including the DuoBody platform for the creation of bispecific antibodies and the HexaBody technology to increase the potency of antibodies. Information about these technologies can be found in the following sections and at www.genmabtech.com.

We also use several other technologies to increase the potency of some of our antibody therapeutics on a product-by-product basis. For example, we license an 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. In this way, malignant cells are killed while healthy cells are left intact.

Forming the basis of our antibody development are technologies for the generation of diverse libraries of high quality, functional antibodies that we license from other companies. These technologies include the clinically and commercially validated UltiMAb® transgenic mouse technology from Medarex, Inc., a wholly owned subsidiary of Bristol-Myers Squibb, the transgenic mouse and rat OmniAb® platforms from Open Monoclonal Technology, Inc. (OMT) (acquired by Ligand Pharmaceuticals Incorporated) and the rabbit antibody platform from MAB Discovery GmbH.

THE MAIN TECHNOLOGIES WE USE

DuoBody Platform

- Genmab's proprietary bispecific antibody technology
- Generates antibodies that bind to two targets
- Potential application in cancer, autoimmune, infectious, cardiovascular, and central nervous system diseases

Antibody-Drug Conjugates

- Antibodies with potent cytotoxic agents coupled to them
- Expanding development area for cancer immunotherapy

HexaBody Platform

- Genmab's proprietary technology designed to increase the potency of antibodies
- Potential application in cancer and infectious diseases

Antibody Generation Technology Platforms

- UltiMAb transgenic mouse technology
- OmniAb transgenic mouse and rat platforms
- MAB Discovery's rabbit antibody platform

The DuoBody Platform
Innovative Technology for Bispecific Antibody Therapeutics

At-A-Glance

- Bispecific antibody technology platform
- Potential in cancer, autoimmune, infectious, cardiovascular, and central nervous system diseases
- Commercial collaborations with, among others, Janssen, Gilead Sciences, Aduro Biotech Europe, 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. Bispecific antibodies generated with the DuoBody platform can be used for the development of therapeutics for cancer, autoimmune, infectious, cardiovascular, and central nervous system diseases. DuoBody molecules are unique in combining 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 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 collaborations with Janssen, Novartis, Novo Nordisk, Aduro Biotech Europe, BioNTech, and Gilead Sciences.

FOURTH QUARTER UPDATE

December

- Two pre-clinical milestones were achieved in the Janssen DuoBody technology collaboration, triggering total payments of USD 4 million to Genmab.

UPDATES FROM FIRST QUARTER TO THIRD QUARTER

August

- Announced that 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.

April/May

- Two pre-clinical milestones were achieved in the Janssen DuoBody technology collaboration, triggering total payments of USD 1.75 million to Genmab.

Read more

About our DuoBody collaborations:
www.genmab.com/partnering/current-partnerships#tab3
About the DuoBody platform:
www.duobody.com

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 the original July 2012 agreement, Janssen has 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 is entitled to work on up to 10 additional programs. Genmab received an initial payment of USD 2 million from Janssen. For each of the 10 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.

Novartis

In June 2012, Genmab entered into an agreement with Novartis to use our DuoBody platform to create and develop panels of bispecific antibodies to two disease target combinations identified by Novartis. All research work on the programs is fully funded by Novartis. Under the terms of the agreement, Genmab received an upfront payment of USD 2 million. If all milestones in the agreement are achieved, the total potential value of the agreement would be approximately USD 175 million, plus research funding and royalties. Novartis has terminated work on these two programs.

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 will contribute panels of antibodies for the creation of bispecific antibody products using our DuoBody platform. If the companies jointly select a product candidate for clinical development, development costs will be shared equally, with each party retaining a 50% share of the product rights. If one of the companies decides not to move a therapeutic candidate forward, the other company is entitled to continue developing the product at predefined licensing terms. The agreement also includes terms which allow the parties to opt out of joint development at key points in each product's clinical development.

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 has paid 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.

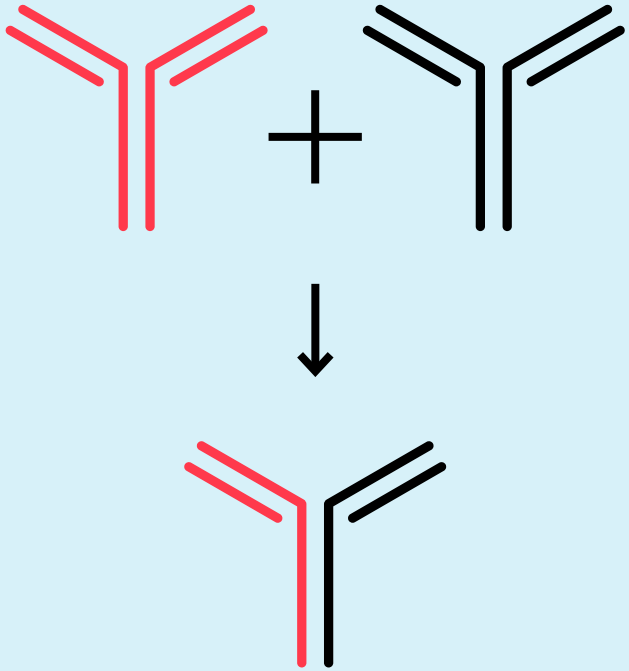
Novo Nordisk

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 the two target combinations, Novo Nordisk has an option to maintain exclusivity or take the licenses forward on a non-exclusive basis. Genmab is entitled to potential development, regulatory and sales milestones of up to approximately USD 250 million for each exclusive license, or approximately USD 200 million for each non-exclusive license. In addition, Genmab will be entitled to single-digit royalties on sales of any commercialized products.

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.

The DuoBody Platform



The DuoBody platform generates bispecific antibodies by a versatile, robust, and broadly applicable process which causes the binding arms of two distinct monoclonal antibodies to exchange – combining into one bispecific antibody.

Steve Bryant

Vice President & Head of Business Development
Business Development Department
Joined Genmab in 2001

My main responsibility within Genmab is to lead the Business Development function. My group is responsible for identifying, structuring, negotiating, and executing transactions with other companies that are designed to build value and achieve our overall vision. Selecting the right partner, working to build a relationship based on trust and mutual respect, navigating the tricky process of negotiation and shepherding the deal through our internal approval process - these are all key parts of the job. The deal-making effort within Genmab spans several key functions and effective alignment across this broader team is a key reason why we have been so remarkably successful in a way that belies our modest size.

My colleagues and I recognize that partnerships are absolutely pivotal to Genmab's ultimate success as a company, essential to building a strong product portfolio and financial base. Sometimes this is immediate and obvious, such as the deal with Janssen for rights to daratumumab, which exceeded all expectations and which drives much of our present value and cash position. Sometimes they take a little longer to deliver impact, such as our partnership with Seattle Genetics for antibody-drug conjugate technology, which has enabled us to break into a completely new product area. We have also leveraged our proprietary DuoBody technology in smart ways to spearhead our entry into the immuno-oncology space, via our partnerships with Aduro and BioNTech.

HexaBody Technology
Creating Differentiated Therapeutics

At-A-Glance

- Enhanced potency antibody technology platform
- Broadly applicable technology builds on natural antibody biology
- Pre-clinical proof-of-concept achieved

The HexaBody technology is Genmab's proprietary technology that is designed to increase the potency of antibodies. The HexaBody platform 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). The HexaBody platform builds on natural antibody biology and enhances direct or complement-mediated killing, allowing antibodies with limited or absent killing capacity to be transformed into potent, cytotoxic antibodies. 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 as well as other antibody technologies. The technology has the potential to enhance antibody therapeutics for a broad range of applications in cancer and infectious diseases. Genmab intends to use the HexaBody technology for our own antibody programs and the technology is also available for licensing. Genmab has entered multiple HexaBody research collaborations with other companies.

Read more

About our HexaBody collaborations:
www.genmab.com/partnering/current-partnerships#tab3
About the HexaBody technology:
www.hexabody.com

HexaBody Process

The HexaBody platform is an innovative approach to enhance the ordered clustering of antibodies into hexamers after they bind to their target on cells. This biological mechanism can be exploited to robustly enhance the killing of target cells by the antibody.

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 May 2013, revised by November 2014, (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. 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. 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 options granted to board members may only be in the form of RSUs.

- The Recommendations provide that share options should not be exercisable earlier than three years from the date of the grant. Warrants granted under Genmab's 2004 warrant scheme and 2012 warrant scheme vest over a period of four years from the date of the grant. The warrant holder may only exercise 25% of the warrants granted per full year of employment or affiliation with Genmab after the grant date. RSUs are subject to a cliff vesting period and become fully vested after three years from the date of grant and comply with the Recommendations. The Board of Directors is considering making future warrant grants subject to three years cliff vesting.

- The Recommendations provide that Genmab, in exceptional cases, should be able to reclaim variable components of remuneration. It is, however, Genmab's assessment that a claim to repayment, in whole or in part, of variable components of remuneration, which have been paid on the basis of information later proven incorrect, should be based on the general Danish legal principles.

Genmab publishes its statutory report on Corporate Governance for the financial year 2016 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 and a Nominating and Corporate Governance 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 for Incentive Programs for the Board of Directors and the Executive Management are considered and adopted at the company's annual general meeting and 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 and 2016.

All incentive payments have been carried out in accordance with Genmab's General Guidelines for Incentive Programs for the Board of Directors and the Executive Management.

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 & 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).

Read more

Corporate Governance reports:
http://ir.genmab.com/governance.cfm
Charters and guidelines: http://ir.genmab.com/charters.cfm
Articles of Association: http://ir.genmab.com/articles.cfm

Corporate Social Responsibility (CSR)

CSR Focus Areas

Genmab's commitment to CSR is anchored in our company's core purpose and our vision, which 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 take actions to 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 only conducts clinical 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's CSR report discloses the main highlights of our CSR initiatives but does not reflect all of our ongoing initiatives and procedures. As part of our commitment to CSR we monitor new developments and practices and have a process via which we consider implementing new initiatives that could further enhance our CSR activities.

Genmab publishes its statutory report on CSR for the financial year 2016 cf. Section 99 a of the Danish Financial Statements Act on the company's website, including additional information about policies, progress made during 2016 and expected activities for 2017. 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 2016. The statutory report on CSR can be found at http://ir.genmab.com/csr.cfm.

Read more
CSR reports:
http://ir.genmab.com/csr.cfm#tab3
Gender policy:
http://ir.genmab.com/csr.cfm#tab2
Target figure for women in the Board of Directors:
www.genmab.com/about-us/board-of-directors/target-figure

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.

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, particularly among the more senior personnel.

Read more
Gender policy:
http://ir.genmab.com/csr.cfm#tab2
Core purpose and values:
http://www.genmab.com/about-us/our-vision
Our culture:
http://www.genmab.com/careers/our-culture

Our Core Purpose	Core Values
To improve the lives of patients by creating and developing innovative antibody products	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

Key Employee Ratios	2016		2015	
	Male	Female	Male	Female
Genmab Group	46%	54%	44%	56%
Director level and above	53%	47%	54%	46%
Below director level	43%	57%	40%	60%

Other Key Employee Ratios	2016	2015
FTE at the end of the year	205	186
Research and development employees	86%	87%
Administrative employees	14%	13%
Average age of workforce	41 years	41 years
Number of nationalities	13	12
Employees holding an advanced degree (Ph.D., Doctoral or Master)	50%	47%
More than 5 years' experience in pharma/biotech industry	78%	90%
Seniority	7 years	7 years
Employee turnover[1]	8%	3%
Employee absence[2]	4%	2%

[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.

Jane Juel

Sr. Director, Operations & Resource Management
Administration and HR
Joined Genmab in 2001

My main responsibility is ensuring we sustain operational excellence to the benefit of both projects, people and processes by having the right resources and budgets in place with the most optimal employee group. This includes everything from facilities management, to onboarding new employees with Human Resources at Genmab in Copenhagen. This task requires a great team behind me that can support our development and help us reach our goals. I touch upon many areas in my daily work, which is very connected to the people and the organization, so I have the opportunity to influence a lot of both people and processes and that is a great joy for me.

The Genmab team is an outstanding group of people – no task is too big nor too small. I find that all employees give their best to our company to reach our prime goal of bringing medicine to patients in need. I believe each individual working at Genmab, whether our caretaker or our top medical expert, plays an important role and that working as a team linking all our capabilities together has created our current success.

Risk Management

Genmab has 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 the section 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.	=
	We face competition, including from biosimilars and rapid technology change, which may render our products non-competitive	Genmab attempts to control commercial risks by monitoring and evaluating current market conditions, competing products and new technologies. 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.	=
	Near-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.	★
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 related to	Risk areas	Mitigation	Risk trend
Regulation and legislation	Subject to extensive regulatory requirements both during clinical development and post-marketing approval, including healthcare laws and regulations	To ensure compliance with regulatory 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 healthcare laws and regulations regarding interactions with healthcare professionals and promotion of pharmaceuticals, Genmab has implemented global compliance guidelines for interactions with healthcare professionals and promotion of pharmaceuticals with mandatory training, as well as guidelines for company communications regarding products in development.	=
	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.	^
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.	v
	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.	=

Risk Level in Relation to Last Year: ★ New = Unchanged v Decreased ^ Increased

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 2016 (MDKK)	Latest Guidance	Actual
Revenue	1,790 – 1,840	1,816
Operating expenses	(750) – (800)	(763)
Operating income	1,015 – 1,065	1,053
Cash position at end of year*	3,850 – 3,950	3,922

*Cash, cash equivalents and marketable securities

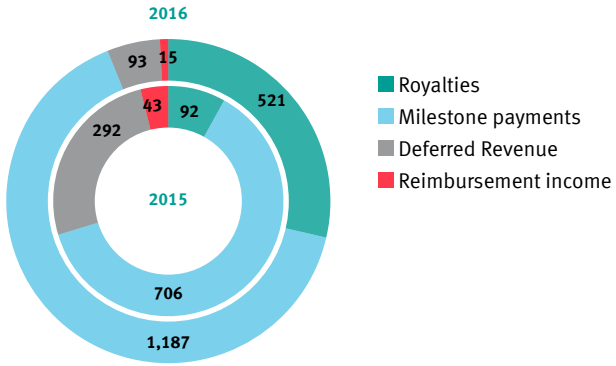
Overall, our financial performance is in line with the latest guidance published on February 6, 2017.

REVENUE

Genmab's revenue was DKK 1,816 million in 2016 compared to DKK 1,133 million in 2015. The increase of DKK 683 million, or 60%, was mainly driven by higher milestone and royalty revenue under our daratumumab collaboration with Janssen, partly offset by a decrease in our deferred revenue. Royalties and milestone payments were 94% of total revenue in 2016 compared to 70% in 2015.

Split of Revenue

MDKK



Royalties

Royalty income amounted to DKK 521 million in 2016 compared to DKK 92 million in 2015. The increase of DKK 429 million was driven by DARZALEX royalties, which were partly offset by lower Arzerra royalties.

Net sales of DARZALEX by Janssen were USD 572 million in 2016, resulting in royalty income of DKK 458 million. In 2015, net sales of DARZALEX by Janssen were USD 20 million, following FDA approval on November 16, 2015, resulting in royalty income of DKK 16 million to Genmab.

Novartis' net sales of Arzerra were USD 46 million in 2016 compared to USD 57 million in 2015, a decrease of 19%. Sales were negatively impacted by competition, primarily from Imbruvica® (ibrutinib).

The total royalty income on net sales of Arzerra for 2016 were DKK 63 million compared to DKK 76 million in 2015. The decrease in royalties of 17% is lower than the decrease in the underlying sales due to currency fluctuations between the USD and DKK.

Milestone Payments

Genmab achieved milestone payments totaling DKK 1,187 million in 2016 compared to DKK 706 million in 2015. The increase of DKK 481 million, or 68%, was mainly driven by the DARZALEX milestones for the first commercial sales in the second and third indications in the U.S. and net sales of DARZALEX reaching USD 500 million in a calendar year.

Deferred Revenue

During 2016, deferred revenue amounted to DKK 93 million compared to DKK 292 million in 2015. The decrease of DKK 199 million, or 68%, was driven by the deferred revenue related to the ofatumumab collaboration, which was fully amortized at the end of 2015. The deferred revenue is related to our collaboration agreements and is recognized in the income statement on a straight line basis over planned development periods. As of December 31, 2016, DKK 228 million was included as deferred income in the balance sheet.
Please refer to note 2.1 of the financial statements for further details about the accounting treatment of deferred revenue.

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 15 million in 2016 compared to DKK 43 million in 2015. The decrease of DKK 28 million, or 65%, was due to lower reimbursement income under our daratumumab collaboration, as Janssen is executing all clinical trials.

OPERATING EXPENSES

Total operating expenses increased by DKK 184 million, or 32%, from DKK 579 million in 2015 to DKK 763 million in 2016.

Research and Development Costs

Research and development costs amounted to DKK 661 million in 2016 compared to DKK 488 million in 2015. The increase of DKK 173 million, or 35%, was driven by the additional investment in our pipeline of products, including the advancement of tisotumab vedotin, HuMax-AXL-ADC, HexaBody-DR5/DR5, DuoBody-CD3xCD20, and our early stage pre-clinical programs.

Research and development costs accounted for 87% of the total operating expenses in 2016 compared to 84% in 2015.

General and Administrative Expenses

General and administrative expenses were DKK 102 million in 2016 compared to DKK 91 million in 2015. The increase of DKK 11 million, or 12%, was driven by higher non-cash share-based compensation mainly due to an increasing share price

and the increase in administrative support functions due to the expansion of our pipeline of products.

General and administrative expenses accounted for 13% of the total operating expenses in 2016 compared to 16% in 2015.

OTHER INCOME

In March 2015, the agreement to transfer the ofatumumab collaboration for oncology from GSK to Novartis became effective. As a result of the transfer, Genmab was not required to pay the existing deferred funding liability of DKK 176 million, which was reversed during the first quarter of 2015, and the corresponding gain was recognized in the income statement as other income.

OPERATING RESULT

Operating income was DKK 1,053 million in 2016 compared to DKK 730 million in 2015. The improvement of DKK 323 million, or 44%, was driven by higher revenue, which was partly offset by increased operating expenses in 2016 and the one-time reversal of the ofatumumab funding liability of DKK 176 million in 2015.

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 2016 were a net income of DKK 77 million compared to a net income of DKK 27 million in 2015. The main driver for the variance between the two periods is foreign exchange movements which positively impacted our USD denominated portfolio and cash holdings. The USD strengthened against the DKK during 2016, resulting in realized and unrealized exchange rate gains. Please refer to note 4.5 of the financial statements for further details about the net financial items.

CORPORATE TAX

Corporate tax consists of current tax and the adjustment of deferred taxes during the year. Corporate tax for 2016 was an income of DKK 57 million compared to an income of DKK 6 million in 2015. The higher corporate tax income in 2016 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 119 million, which more than offset current tax expense of DKK 62 million. In 2015, the tax income was mainly due to the Danish R&D tax credit. Please refer to note 2.4 of the financial statements for further details about the corporate tax and deferred tax assets including management's significant judgments and estimates.

NET RESULT

Net income for 2016 was DKK 1,187 million compared to a net income of DKK 764 million in 2015. The improvement of DKK 423 million, or 55%, was driven by the items described above.

Cash Position & Cash Flow

Cash Position MDKK	2016	2015
Cash and cash equivalents	307	874
Marketable securities	3,615	2,619
Cash position	**3,922**	**3,493**

Cash Flow MDKK	2016	2015
Cash provided by (used in) operating activities	328	312
Cash provided by (used in) investing activities	(1,015)	(481)
Cash provided by (used in) financing activities	91	643

As of December 31, 2016, Genmab's cash, cash equivalents, and marketable securities (cash position) amounted to DKK 3,922 million. This represents a net increase of DKK 429 million, or 12%, from the beginning of 2016.

Net cash provided by operating activities is primarily related to our operating result, working capital fluctuations, and changes in non-cash expenses, all of which may be highly variable period to period. There was no significant change in net cash provided by operating activities year over year despite the increased operating result of DKK 323 million. This was due to increased negative working capital adjustments related to milestones and royalties achieved in the fourth quarter of 2016 which remained outstanding as part of receivables at year end.

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 2016 and 2015 which has resulted in significant growth in the marketable securities portion of the cash position.

Net cash provided by financing activities is primarily related to the proceeds from the exercise of warrants and purchase of treasury shares. During 2016, proceeds from the exercise of warrants were DKK 209 million and the purchase of treasury shares were DKK 118 million. During 2015, there were no purchases of treasury shares and proceeds from the exercise of warrants were DKK 643 million.

Given the current market conditions, all future cash inflows and re-investments of proceeds from the disposal of marketable securities are invested in highly secure, liquid and conservative investments with short effective maturity. As of

December 31, 2016, 94% of our marketable securities had a triple A- rating, compared to 98% at December 31, 2015. The weighted average effective duration was approximately one and a half years, which is unchanged from December 31, 2015. Please refer to notes 4.2 and 4.4 for further details about our financial risks and marketable securities.

BALANCE SHEET

As of December 31, 2016, total assets were DKK 5,238 million, compared to DKK 3,903 million as of December 31, 2015. As of December 31, 2016, the assets were mainly comprised of the cash position of DKK 3,922 million and receivables of DKK 977 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 further information on receivables.

Shareholders' equity as of December 31, 2016 equaled DKK 4,827 million, compared to DKK 3,487 million at December 31, 2015. On December 31, 2016, Genmab's equity ratio was 92%, compared to 89% at the end of 2015. The increase was driven by our net income as well as proceeds from the exercise of warrants in 2016.

During the third quarter of 2016, Genmab acquired 100,000 of its own shares, approximately 0.2% of the share capital, to cover its future obligations under the Restricted Stock Unit (RSU) program. The total amount paid to acquire the shares, including directly attributable costs, was DKK 118 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, 2016. There were no acquisitions or holding of treasury shares in 2015.

Peter Ros

Sr. Director Finance & Accounting, R&D Operations
Finance Department
Joined Genmab in 2001

In my role, I am responsible for the Finance & Accounting of our R&D Operations with teams in Copenhagen and Utrecht. Our finance team works closely with the organization, gaining a broad understanding of the key drivers of our business and we provide support in a way where they can accelerate innovation and product development. By doing this, we are able to monitor our resources and make sure we maximize our value creation and success in a controlled way.

Our strong cash position gives us the opportunity to expand and accelerate the development of our products and technologies ourselves and together with our partners.

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. Since December 23, 2013, Genmab has been included in the OMXC20 index. As of December 31, 2016, the number of registered shareholders totaled 64,692 shareholders holding a total of 54,948,459 shares, which represented 91.05% of the total share capital of 60,350,056. No shareholders in Genmab hold a minimum of 5% of the votes or a minimum of 5% of the share capital.

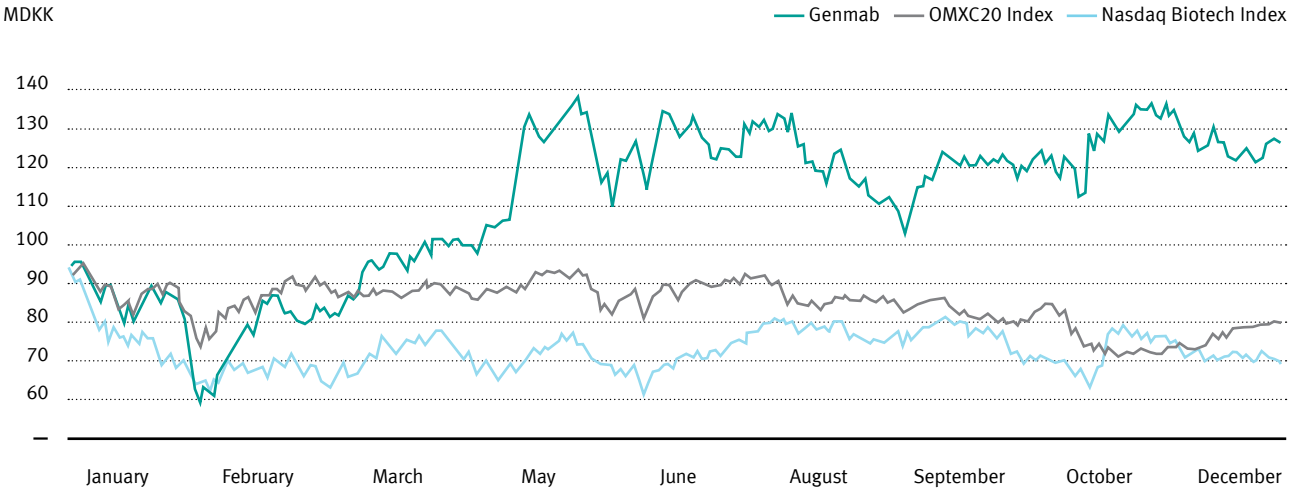
Shareholders registered in the company's shareholder registry may sign up for electronic shareholder communications via Genmab's investor portal. The investor portal can be accessed at Genmab's website www.genmab.com. Electronic shareholder communication enables Genmab to, among other things, quickly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

The following charts illustrate the performance of the Genmab share during 2016 and the geographical distribution of our shareholders. Please refer to note 4.7 for further details about Genmab's share capital.

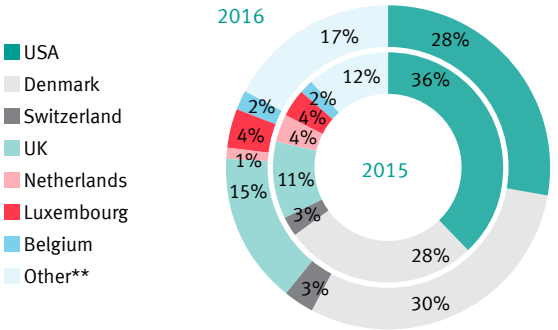
AMERICAN DEPOSITARY RECEIPT (ADR) PROGRAM

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. Two 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.

Stock Performance 2016 (Index 100 = stock price on January 1, 2016)



Geographical Shareholder Distribution*



* Based on figures from the internal shareholder register per December 31, 2015 and December 31, 2016

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

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.

As part of our Investor Relations activities we:

- Observe quiet periods before issuing financial reports
- Hold regular analyst and investor meetings to discuss financial reports or other important news events
- Provide annual financial guidance and update it as necessary
- Maintain an updated website, which includes corporate documents, financial reports, stock information and other information about the company, including our products and technology
- Have a dedicated IR contact person (Rachel Curtis Gravesen, r.gravesen@genmab.com)

Genmab is covered by a number of domestic and international financial analysts. A full list can be found at http://ir.genmab.com/analysts.cfm.

Corporate Information

Commercial Bankers
Danske Bank
Holmens Kanal 2-12
DK-1092 Copenhagen K

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V

Legal Counsel
Kromann Reumert
Sundkrogsgade 5
DK-2100 Copenhagen Ø

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
USA

Independent Auditors
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Annual Report
Copies of this annual report in English are available without charge upon request.

2016 Summary in Danish
A Danish language publication providing an overview of the year will be available on the company's website following the publication of the 2016 Annual Report.

Annual General Meeting
The annual general meeting will be held on March 28, 2017 at 2:00 PM local time at:

Tivoli Hotel & Congress Center
Arni Magnussons Gade 2 - 4
DK-1577 Copenhagen V

Financial Calendar for 2017

Annual General Meeting 2017	Tuesday, March 28, 2017
Publication of the Interim Report for the first quarter 2017	Wednesday, May 10, 2017
Publication of the Interim Report for the first half 2017	Wednesday, August 9, 2017
Publication of the Interim Report for the first nine months 2017	Wednesday, November 8, 2017

2016 Company Announcements

January

19 Genmab Announces U.S. FDA Approval of Arzerra® (ofatumumab) as Extended Treatment for Recurrent or Progressive CLL

February

17 Genmab 2015 Annual Report

23 Genmab A/S Summons Annual General Meeting

March

8 Genmab Provides Update on Ofatumumab Development in Autoimmune Indications

9 Genmab Announces European Regulatory Submission for Ofatumumab in Combination with Fludarabine and Cyclophosphamide for Relapsed CLL

9 Genmab Achieves Second Milestone in Daratumumab NHL Study Under Collaboration with Janssen

10 Genmab Announces Submission of Supplemental Biologics License Application to FDA for Ofatumumab in Combination with Fludarabine and Cyclophosphamide for Relapsed CLL

17 Passing of Genmab A/S' Annual General Meeting

17 Constitution of the Board of Directors in Genmab A/S and Grant of Warrants to Employees in Genmab

21 Genmab Announces Studies of Daratumumab in Combination with Atezolizumab in a Solid Tumor and Multiple Myeloma

30 Genmab Announces Positive Interim Result in Phase III Castor Study of Daratumumab in Relapsed or Refractory Multiple Myeloma

April

1 CHMP Issues Positive Opinion Recommending DARZALEX® (daratumumab) for Relapsed and Refractory Multiple Myeloma

4 Patent Infringement Lawsuit Filed Against Genmab and Janssen in the United States Regarding DARZALEX®

20 Genmab Updates Financial Guidance for 2016

20 Genmab Announces Daratumumab Data to be Presented at 2016 ASCO Annual Meeting

May

10 Genmab Announces Financial Results for the First Quarter of 2016

17 Ofatumumab in Combination with Fludarabine and Cyclophosphamide for Relapsed CLL accepted for priority review by FDA

18 Genmab Announces Positive Topline Result in Phase III POLLUX Study of Daratumumab in Relapsed or Refractory Multiple Myeloma

23 Genmab Announces European Conditional Marketing Authorization for DARZALEX® (daratumumab) for Multiple Myeloma

30 Genmab Achieves USD 30 Million Milestone in DARZALEX® (daratumumab) Collaboration with Janssen

June

2 Genmab Announces Phase III Studies of Ofatumumab in Relapsing Multiple Sclerosis

9 Grant of Warrants to Genmab Employees

23 Genmab Provides Update on Marketing Authorization Application for Arzerra® (ofatumumab) as Maintenance Therapy for Patients with Relapsed CLL

July

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February 24, May 18, August 17, September 27, November 9

Genmab's Total Number of Voting Rights and Total Share Capital
February 29, May 31, August 31

All of our company announcements are available at www.genmab.com. Interested parties are invited to subscribe to Genmab news alerts through the website to receive email notifications.

Board of Directors

Mats Pettersson, B.Sc.
Swedish, 71, Male

Board Chairman (Independent, elected by the General Meeting); Chairman of the Nominating & Corporate Governance Committee, Member of the Audit Committee and Compensation Committee
First elected 2013, current term expires 2017

Special Competences
Extensive experience from international research-based biotech and pharmaceutical companies. Founder and 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

Anders Gersel Pedersen, M.D., Ph.D.
Danish, 65, Male

Deputy Chairman (Non-independent, elected by the General Meeting); Chairman of the Compensation Committee and Member of the Nominating & Corporate Governance Committee
First elected 2003, current term expires 2017

Special Competences
Business and management experience in the pharmaceutical industry, including expertise in clinical research, development, regulatory affairs and product life cycle management.

Current Position, Including Managerial Positions
Executive Vice President, Research & Development at H. Lundbeck A/S

Current Board Positions
Member: ALK-Abelló A/S
Deputy Chairman: Bavarian Nordic A/S

Burton G. Malkiel, Ph.D.
American, 84*, Male

Board Member (Independent, elected by the General Meeting); Member of the Audit Committee
First elected 2007, current term expires 2017

Special Competences
Extensive expertise in economics and finance, particularly relating to securities valuation and corporate finance; significant board and audit committee experience.

Current Position, Including Managerial Positions
Chemical Bank Chairman's Professor Emeritus of Economics at Princeton University; Chief Investment Officer, Wealthfront, Inc.

Current Board Positions
Member: Theravance Biopharma, American Philosophical Society and Maldeb Foundation
Audit Committee Chairman: Theravance Biopharma
Investment Committee Member: American Philosophical Society, Maldeb Foundation

*According to the company's Articles of Association, no individual can be a member of the Board after the first Annual General Meeting in the calendar year in which such person reaches the age of 75 years. In connection with Burton Malkiel's re-election in 2010, 2013, 2014, 2015 and 2016 respectively, an exception was adopted by the shareholders at the Annual General Meeting.

Pernille Erenbjerg
Danish, 49, 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 2017

Special Competences
Senior executive management and broad business experience from the telecoms industry. Comprehensive all round background within finance including extensive exposure to stock markets, equity and debt investors. Certified Public Accountant background. Responsible for major transformation processes in complex organizations including M&A.

Current Position, Including Managerial Positions
Group CEO and President of TDC A/S

Current Board Positions
Member: DFDS A/S
Audit Committee Chairman: DFDS A/S

Paolo Paoletti, M.D.
Italian, 66, Male

Board Member (Independent, elected by the General Meeting); Member of the Compensation Committee
First elected 2015, current term expires 2017

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

Current Board Positions
Chairman: PsiOxus Therapeutics Limited
Member: FORMA Therapeutics, Inc. and NuCana BioMed Limited

Rick Hibbert, MBA, Ph.D.
British, 37, Male

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

Special Competences
15 years' experience in the life-sciences sector, with expertise in down-stream processing, biochemistry and structural biology.

Current Position, Including Managerial Positions
Senior Scientist at Genmab

Peter Storm Kristensen

Danish, 42, 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
Senior Legal Counsel at Genmab

Daniel J. Bruno

American, 37, 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
Corporate Controller at Genmab

Rolf Hoffmann

German, 57, Male

Board Observer (Independent, appointed by the Board of Directors)
First appointed 2016

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 Company and Amgen Inc.

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

Current Board Positions
Member: STADA Arzneimittel AG and Trigemina, Inc.

Senior Leadership

Jan G. J. van de Winkel, Ph.D.

Dutch, 55, 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
Member: ISA Pharmaceuticals, Celdara Medical, Forward Pharma
Chairman: Regenesance
Scientific Advisory Board: Thuja Capital Healthcare Fund
Advisory Board: Capricorn Health-tech Fund

David A. Eatwell

British, 56, 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.*

American, 59, 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.

Paul W.H.I. Parren, Ph.D.

Dutch, 53, Male

Senior Vice President & Scientific Director

Special Competences
In-depth knowledge of antibody research, drug discovery & development.

Birgitte Stephensen

Danish, 56, Female

Senior Vice President, IPR & Legal

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

*Dr. Klimovsky joined Genmab in February 2017

Michael K. Bauer, Ph.D.
German, 53, Male

Senior Vice President,
Clinical Development

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

Rachel Curtis Gravesen
British, 48, 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, 39, Male

Senior Vice President,
Global Finance

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, 46, Female

Senior Vice President
Strategic Initiatives

Special Competences
Extensive knowledge and experience in portfolio, project and alliance management, as well as business development operations related to corporate transactions and licensing.

Financial Statements

Introduction

The financial statements in the 2016 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. The statements of the parent company represent the stand alone financial statements of Genmab A/S. Unless specifically outlined in the related notes, the statements for the group and the parent company are identical.

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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Primary Statements

I/S Statement of Comprehensive Income

Income Statement	Note	Genmab Group 2016	Genmab Group 2015	Parent Company 2016	Parent Company 2015
		DKK'000	DKK'000	DKK'000	DKK'000
Revenue	2.1, 2.2	**1,816,122**	**1,133,041**	**1,890,133**	**1,136,370**
Research and development expenses	2.3, 3.1, 3.2	(660,876)	(487,656)	(585,939)	(414,694)
General and administrative expenses	2.3, 3.2	(102,413)	(91,224)	(104,199)	(93,619)
Operating expenses		**(763,289)**	**(578,880)**	**(690,138)**	**(508,313)**
Other income	1.1	–	176,218	–	176,218
Operating result		**1,052,833**	**730,379**	**1,199,995**	**804,275**
Financial income	4.5	86,609	56,706	88,318	56,287
Financial expenses	4.5	(9,225)	(29,558)	(9,155)	(29,059)
Net result before tax		**1,130,217**	**757,527**	**1,279,158**	**831,503**
Corporate tax	2.4	56,858	5,986	52,172	6,000
Net result		**1,187,075**	**763,513**	**1,331,330**	**837,503**
Basic net result per share	2.5	19.83	13.05	–	–
Diluted net result per share	2.5	19.22	12.56	–	–
Statement of Comprehensive Income					
Net result		**1,187,075**	**763,513**	**1,331,330**	**837,503**
Other comprehensive income:					
Amounts which will be re-classified to the income statement:					
Adjustment of foreign currency fluctuations on subsidiaries		4,235	10,375	–	–
Fair value adjustments of cash flow hedges:					
Fair value adjustments during the period		4,172	–	4,172	–
Total comprehensive income		**1,195,482**	**773,888**	**1,335,502**	**837,503**

DISTRIBUTION OF THE YEAR'S RESULT

The Board of Directors proposes that the parent company's 2016 net income of DKK 1,331 million (2015: net income of DKK 838 million) be carried forward to next year by transfer to accumulated deficit.

Primary Statements

B/S

Balance Sheet

Assets	Note	Genmab Group December 31, 2016 DKK'000	Genmab Group December 31, 2015 DKK'000	Parent Company December 31, 2016 DKK'000	Parent Company December 31, 2015 DKK'000
Intangible assets	2.2, 3.1	181,895	192,642	148,162	152,287
Property, plant and equipment	2.2, 3.2	32,194	28,812	766	982
Equity interests in subsidiaries	5.3	–	–	431,149	303,130
Receivables	3.3	1,473	6,863	1,473	1,311
Deferred tax assets	2.4	125,035	6,342	113,784	–
Total non-current assets		**340,597**	**234,659**	**695,334**	**457,710**
Receivables	3.3	975,674	174,660	1,025,692	155,614
Marketable securities	4.4	3,614,942	2,619,243	3,614,942	2,619,243
Cash and cash equivalents		307,023	873,986	282,728	856,279
Total current assets		**4,897,639**	**3,667,889**	**4,923,362**	**3,631,136**
Total assets		**5,238,236**	**3,902,548**	**5,618,696**	**4,088,846**

Shareholders' Equity and Liabilities	Note	Genmab Group December 31, 2016 DKK'000	Genmab Group December 31, 2015 DKK'000	Parent Company December 31, 2016 DKK'000	Parent Company December 31, 2015 DKK'000
Share capital	4.7	60,350	59,531	60,350	59,531
Share premium	4.7	7,769,577	7,560,991	7,769,577	7,560,991
Other reserves		102,883	94,476	4,172	–
Accumulated deficit		(3,106,114)	(4,228,278)	(2,707,961)	(3,974,380)
Total shareholders' equity		**4,826,696**	**3,486,720**	**5,126,138**	**3,646,142**
Provisions	3.4	–	1,433	–	1,433
Total non-current liabilities		**–**	**1,433**	**–**	**1,433**
Provisions	3.4	1,433	–	1,433	–
Lease liability	5.4	–	118	–	–
Deferred income	2.1	228,150	282,708	228,150	282,708
Corporate taxes payable	2.4	61,612	–	61,612	–
Other payables	3.5	120,345	131,569	201,363	158,563
Total current liabilities		**411,540**	**414,395**	**492,558**	**441,271**
Total liabilities		**411,540**	**415,828**	**492,558**	**442,704**
Total shareholders' equity and liabilities		**5,238,236**	**3,902,548**	**5,618,696**	**4,088,846**

Primary Statements
Statement of Cash Flows

Statement of Cash Flows		Genmab Group		Parent Company	
	Note	2016	2015	2016	2015
		DKK'000	DKK'000	DKK'000	DKK'000
Cash flows from operating activities:					
Net result before tax		**1,130,217**	**757,527**	**1,279,158**	**831,503**
Reversal of financial items, net	4.5	(77,384)	(27,148)	(79,163)	(27,228)
Adjustment for non-cash transactions	5.7	94,189	68,386	43,693	31,846
Change in working capital	5.7	(858,871)	(538,442)	(816,885)	(543,637)
Cash generated by operating activities before financial items		**288,151**	**260,323**	**426,803**	**292,484**
Financial interest received		33,920	45,257	33,712	45,012
Financial expenses paid		(213)	(117)	–	–
Corporate taxes received/(paid)		5,861	5,986	5,875	6,000
Net cash generated by operating activities		**327,719**	**311,449**	**466,390**	**343,496**
Cash flows from investing activities:					
Investment in intangible assets	3.1	(20,855)	(125,945)	(20,855)	(107,296)
Investment in tangible assets	3.2	(12,254)	(9,444)	(186)	(106)
Transactions with subsidiaries		–	–	(153,989)	(58,790)
Marketable securities bought	4.4	(3,008,484)	(2,075,458)	(3,008,484)	(2,075,458)
Marketable securities sold		2,027,054	1,729,964	2,027,054	1,729,964
Net cash used in investing activities		**(1,014,539)**	**(480,883)**	**(1,156,460)**	**(511,686)**
Cash flows from financing activities:					
Shares issued for cash		819	2,564	819	2,564
Purchase of treasury shares		(118,099)	–	(118,099)	–
Exercise of warrants		208,586	640,765	208,586	640,765
Paid installments on lease liabilities		(118)	(237)	–	–
Net cash from financing activities		**91,188**	**643,092**	**91,306**	**643,329**
Changes in cash and cash equivalents		**(595,632)**	**473,658**	**(598,764)**	**475,139**
Cash and cash equivalents at the beginning of the period		873,986	359,087	856,279	342,970
Exchange rate adjustments		28,669	41,241	25,213	38,170
Cash and cash equivalents at the end of the period		**307,023**	**873,986**	**282,728**	**856,279**
Cash and cash equivalents include:					
Bank deposits and petty cash		307,023	873,986	282,728	856,279
Short-term marketable securities	4.4	–	–	–	–
Cash and cash equivalents at the end of the period		**307,023**	**873,986**	**282,728**	**856,279**

Primary Statements
Statement of Changes in Equity

Genmab Group	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, 2014	**56,967,419**	**56,967**	**6,920,226**	**84,101**	**–**	**(5,028,355)**	**2,032,939**
Total comprehensive income	–	–	–	10,375	–	763,513	773,888
Transactions with owners:							
Exercise of warrants	2,563,844	2,564	640,765	–	–	–	643,329
Share-based compensation expenses	–	–	–	–	–	36,564	36,564
B/S **Balance at December 31, 2015**	**59,531,263**	**59,531**	**7,560,991**	**94,476**	**–**	**(4,228,278)**	**3,486,720**
Total comprehensive income	–	–	–	4,235	4,172	1,187,075	1,195,482
Transactions with owners:							
Exercise of warrants	818,793	819	208,586	–	–	–	209,405
Purchase of treasury shares	–	–	–	–	–	(118,099)	(118,099)
Share-based compensation expenses	–	–	–	–	–	53,188	53,188
B/S **Balance at December 31, 2016**	**60,350,056**	**60,350**	**7,769,577**	**98,711**	**4,172**	**(3,106,114)**	**4,826,696**

Parent Company	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, 2014	**56,967,419**	**56,967**	**6,920,226**	**–**	**–**	**(4,848,447)**	**2,128,746**
Total comprehensive income	–	–	–	–	–	837,503	837,503
Transactions with owners:							
Exercise of warrants	2,563,844	2,564	640,765	–	–	–	643,329
Share-based compensation expenses	–	–	–	–	–	36,564	36,564
B/S **Balance at December 31, 2015**	**59,531,263**	**59,531**	**7,560,991**	**–**	**–**	**(3,974,380)**	**3,646,142**
Total comprehensive income	–	–	–	–	4,172	1,331,330	1,335,502
Transactions with owners:							
Exercise of warrants	818,793	819	208,586	–	–	–	209,405
Purchase of treasury shares	–	–	–	–	–	(118,099)	(118,099)
Share-based compensation expenses	–	–	–	–	–	53,188	53,188
B/S **Balance at December 31, 2016**	**60,350,056**	**60,350**	**7,769,577**	**–**	**4,172**	**(2,707,961)**	**5,126,138**

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 are 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 2015.

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

§ Accounting Policies

Section 2 – Results for the Year

2.1 Revenue

2.2 Information about Geographical Areas

2.3 Staff Costs

2.4 Corporate and Deferred Tax

2.5 Result per Share

Section 3 – Operating Assets and Liabilities

3.1 Intangible Assets

3.2 Property, Plant and Equipment

3.3 Receivables

3.4 Provisions

3.5 Other Payables

Section 4 – Capital Structure, Financial Risk and Related Items

4.3 Financial Assets and Liabilities

4.4 Marketable Securities

4.5 Financial Income and Expenses

Section 5 – Other Disclosures

5.3 Equity Interests in Subsidiaries

5.4 Commitments

5.5 Contingent Assets, Contingent Liabilities and Subsequent Events

Defining 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 2016 and 2015.

The recorded value of the equity interests in the consolidated subsidiaries is eliminated with

1.1 Accounting Policies – Continued

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, 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 the administrative functions are also included. General and administrative expenses are recognized in the income statement in the period to which they relate.

Other Income

Other income is comprised of income that is secondary in nature in relation to the main activities of the group. In March 2015, the agreement to transfer the ofatumumab collaboration for oncology from GSK to Novartis became effective. As a result of the transfer, Genmab was not required to pay the existing deferred funding liability of DKK 176 million, which was reversed during the first quarter of 2015, and the corresponding gain was recognized as other income.

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, deferred income, 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. The parent company's transactions with subsidiaries are included separately in the cash flow statement of the parent company.

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. The group 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).

There were no hedges of currency exposure in subsidiaries in 2016 and 2015.

At the inception of a transaction, the group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group 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.

Fair Value Hedge
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.

Cash Flow Hedge
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.

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.

1.2 New Accounting Policies and Disclosures

NEW ACCOUNTING POLICIES AND DISCLOSURES FOR 2016
Genmab has, with effect from January 1, 2016, implemented the amendments to IAS 27, IAS 16, IAS 38, IFRS 11, IFRS 10, IAS 28, IAS 1 and the improvements to IFRSs 2012-2014 cycles. The implementation has not impacted the recognition and measurement of Genmab's assets and liabilities.

NEW ACCOUNTING POLICIES AND DISCLOSURES EFFECTIVE IN 2017 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, 2017 or later. Therefore, they are not incorporated in the consolidated financial statements. Only standards and interpretations issued before December 31, 2016, 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 15 *"Revenue from contracts with customers"*, with an effective date of January 1, 2018. It was endorsed by the EU in third quarter of 2016. Entities will apply a five step model to determine when, how and at what amount revenue is to be recognized depending on whether certain criteria are met. The IASB issued Clarifications to IFRS 15 *"Amendments to IFRS 15-Clarifications to IFRS 15 Revenue from Contracts with Customers"*, with an effective date of January 1, 2018. It currently awaits EU endorsement. The clarifications address how to identify the performance obligations in a contract, how to determine whether a party involved in a transaction is the principal or the agent, how to determine whether a license provides the customer with a right to access or a right to use the entity's intellectual property, and added practical expedients to the transition requirements of IFRS 15. Genmab is currently performing a detailed assessment of the potential impact of IFRS 15 and has identified the following areas that will be affected:

- Research and development, license, and collaboration arrangements – Genmab generates its revenue solely through a number of these arrangements. A typical arrangement includes multiple deliverables such as a license grant, R&D services, and other services/obligations during the term of the arrangement. Existing IFRS standards lack detailed guidance on how to account for multiple element arrangements and include the notion of the transfer of risk and rewards. IFRS 15 is based on the principle that revenue is recognized when control of the good or service is transferred to the customer (replacing the notion of risk and rewards) and includes specifc criteria for seperating multiple elements based on whether they are "distinct".
  A good or service is distinct if both:
  - the customer benefits from the item either on its own or together with readily available resources, and
  - it is separately identifiable

The subsequent allocation of arrangement consideration to individual performance obligations is based on their relative standalone selling prices. A typical arrangement

1.2 New Accounting Policies and Disclosures – Continued

includes multiple forms of consideration including an up-front payment, milestone payments, royalties, and cost reimbursement which will need to be evaluated for allocation to performance obligations.

Genmab is currently in the process of reviewing all of its research and development, license, and collaboration contracts to ascertain how IFRS 15 will impact the identification of distinct goods and services and the allocation of consideration to them. Based on work performed to date, IFRS 15 may result in the identification of separate performance obligations, which may impact the timing of revenue recognition. In particular, recognition of revenue allocated to the grant of a license as control is transferred at a point in time and the customer gains the right to use the intellectual property as it is exists at that point in time. However, as Genmab's assessment of all contracts, potential performance obligations, and potential allocation of revenue is not complete, Genmab is not able to give a reasonable estimate of the effect of IFRS 15 on the consolidated financial statements. Genmab plans to adopt IFRS 15 on the effective date.

The IASB has issued IFRS 9 *"Financial Instruments"*, with an effective date of January 1, 2018. It was endorsed by the EU in the fourth quarter of 2016. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The new hedging rules align hedge accounting more closely with Genmab's financial risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. Genmab is currently evaluating the guidance to determine the potential impact on the consolidated financial statements. Genmab plans to adopt IFRS 9 on the effective date.

The IASB has issued IFRS 16 *"Leasing"*, with an effective date of January 1, 2019. It currently awaits EU endorsement. The standard requires that all leases be recognized in the balance sheet with a corresponding lease liability, except for short term assets and minor assets. Leased assets are amortized over the lease term, and payments are allocated between installments on the lease obligation and interest expense, classified as financial items. Genmab is currently evaluating the guidance to determine the potential impact on the consolidated financial statements and thus far has identified the most significant impact will be the recognition of new assets and liabilities for its operating leases of office and research facilities. In addition, the nature of the expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right of use assets and interest expense on lease liabilities. The actual impact on Genmab's consolidated financial statements in 2019 is not known and cannot be reliably estimated because it will be dependent on the operating leases at that time which are subject to a number of factors, including continued success and growth of Genmab's pre-clinical and clinical pipeline. Genmab plans to adopt IFRS 16 on the effective date.

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 which 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
2.3 Share-based Compensation
2.4 Deferred Tax Assets
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 of the Management's Review.

Research and development costs are described in note 3.1.

2.1 Revenue

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Revenue:				
Royalties	521,075	92,381	521,075	92,381
Milestone payments	1,187,244	705,688	1,187,244	705,688
Deferred revenue	92,572	292,426	92,572	292,426
Reimbursement income	15,231	42,546	89,242	45,875
I/S **Total**	**1,816,122**	**1,133,041**	**1,890,133**	**1,136,370**
Revenue split by collaboration partner:				
Janssen (Daratumumab & DuoBody)	1,726,433	832,810	1,726,433	832,810
Novartis/GSK (Ofatumumab)	63,589	284,269	63,589	284,269
Other collaboration partners	26,100	15,962	100,111	19,291
I/S **Total**	**1,816,122**	**1,133,041**	**1,890,133**	**1,136,370**

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

§ Accounting Policies

Revenue is recognized when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably and is expected to be received. Further, revenue recognition requires that all significant risks and rewards in the transaction have been transferred to the buyer.

Revenue from research and development activities is considered as rendering of services.

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

Management's Judgments and Estimates

Evaluating the criteria for revenue recognition with respect to the group's research and development, license, and collaboration agreements requires management's judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue. In particular, such judgments are made with respect to determination of the nature of transactions, whether simultaneous transactions shall be considered as one or more revenue-generating transactions, allocation of the contractual price (upfront and milestone payments and obtained share premium to the market value on shares subscribed in connection with a collaboration agreement) to several elements included in an agreement, and the determination of whether the significant risks and rewards have been transferred to the buyer.

Collaboration agreements are reviewed carefully to understand the nature of risks and rewards of the arrangement. All of the group's revenue-generating transactions have been subject to such evaluation by management.

Upfront Payments and Deferred Income

Upfront payments that are deemed attributable to subsequent research and development work are initially recognized as deferred income and recognized and allocated as revenue over the planned development period. This judgment is made when entering the agreement and is based on development budgets and plans. The planned development period is assessed on an ongoing basis. If the expected development period is changed significantly, this will require a reassessment of the allocation period. The allocation periods have not been changed in 2016 and 2015 for any of our collaborations.

2.1 Revenue – Continued

During 2016, Genmab entered into a commercial license agreement with Gilead Sciences, Inc. granting use of the DuoBody technology platform. Genmab received an upfront payment of USD 5 million, which was deferred and amortized over the planned development period. During 2015, Genmab entered into a commercial license agreement with Novo Nordisk granting use of the DuoBody technology platform. Genmab received an upfront payment of USD 2 million, which was deferred and amortized over the planned development period. Under our DuoBody collaboration with Janssen, Genmab received one program reservation fee in 2016 compared to one program reservation fee and two exclusivity extension fees in 2015. The program reservation and exclusivity extension fees are amortized over a period of up to four years.

			2016	2015
			DKK'000	DKK'000
Deferred income split by collaboration partner:	**Amortization Period (months)**	**Amortization Ends (year)**		
Janssen (Daratumumab)	84	2019	165,883	228,090
Janssen (DuoBody)	Up to 60	2020	24,569	41,175
Gilead Sciences (DuoBody)	36	2019	28,904	–
Novo Nordisk (DuoBody)	48	2019	8,794	12,198
Other collaboration partners	Up to 48	2016	–	1,245
B/S **Total**			**228,150**	**282,708**
To be recognized in the income statement:				
2016			–	87,428
2017			89,880	77,605
2018			83,723	71,448
2019			54,151	46,227
2020			396	–
B/S **Total**			**228,150**	**282,708**

The group does have certain obligations under the collaboration agreements that need to be fulfilled to enable the upfront payments and any designated part of a share premium to be recognized as revenue. The deferred income does not represent cash owed to our collaboration partners.

Milestone Payments

Milestone payments related to reaching particular stages in product development are recognized immediately if a separate earnings process relative to the milestone payment has been completed and achieved. This determination is judgmental and assessments made by management include, among other items, consideration of the efforts made in achieving a milestone, e.g., the level, skill, and expertise of the personnel involved, as well as the costs incurred. The milestone events must have real substance and they must represent achievement of specific defined goals.

In addition, the associated risks related to the achievement of each milestone are evaluated and compared to all milestone payments designated under the collaboration agreement.

Royalties

Royalty income from licenses is based on third-party sales of licensed products and is recognized in accordance with contract terms when third-party results are available and are deemed to be reliable. Royalty estimates are made in advance of amounts collected using preliminary sales data received from the third party.

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 business activities are not organized on the basis of differences in related product and geographical areas.

	2016		2015	
	DKK'000	DKK'000	DKK'000	DKK'000
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Denmark	1,816,122	148,928	1,133,041	153,269
Netherlands	–	65,078	–	68,135
USA	–	83	–	50
I/S B/S **Total**	**1,816,122**	**214,089**	**1,133,041**	**221,454**

§ 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 counter party and operations. Non-current assets comprise intangible assets and property, plant and equipment.

2.3
Staff Costs

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	166,091	154,365	66,731	62,337
Share-based compensation	53,188	36,570	18,312	13,571
Defined contribution plans	15,177	14,001	4,556	4,033
Other social security costs	12,147	10,780	356	320
Government grants	(40,112)	(10,244)	–	–
Total	**206,491**	**205,472**	**89,955**	**80,261**
Staff costs are included in the income statement as follows:				
Research and development expenses	183,217	160,876	64,238	56,740
General and administrative expenses	63,386	54,840	25,717	23,521
Government grants related to research and development expenses	(40,112)	(10,244)	–	–
Total	**206,491**	**205,472**	**89,955**	**80,261**
Average number of FTE	**196**	**180**	**56**	**46**
Number of FTE at year end:				
Denmark	59	52	59	52
Netherlands	136	124	–	–
USA	10	10	–	–
Total	**205**	**186**	**59**	**52**

For information regarding the remuneration of the Board of Directors and Executive Management, please refer to note 5.1.

Government grants, which are a reduction of payroll taxes in the Netherlands, amounted to DKK 40 million in 2016 and DKK 10 million in 2015. These amounts are an offset to wages and salaries and research and development costs in the table above. The increase in 2016 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

The parent company 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.

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.

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.

2.3 Staff Costs – Continued

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 2016 and 2015

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

Weighted average	2016	2015
Fair value per warrant on grant date	362.47	259.01
Share price	1,100.22	789.60
Exercise price	1,100.22	789.60
Expected dividend yield	0%	0%
Expected stock price volatility	41.4%	40.6%
Risk-free interest rate	-0.2%	0.2%
Expected life of warrants	5 years	5 years

Based on a weighted average fair value per warrant of DKK 362.47 (2015: DKK 259.01) the total fair value of warrants granted amounted to DKK 54 million (2015: DKK 46 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 1,145.00 (2015: DKK 849.96) the total fair value of RSUs granted amounted to DKK 37 million (2015: DKK 24 million) on the grant date.

2.4 Corporate and Deferred Tax

Taxation — Income Statement	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Current tax on result	61,626	(5,778)	61,612	(5,875)
Adjustment to prior years	208	450	–	(125)
Adjustment to deferred tax	63,193	(254,961)	158,072	(103,368)
Adjustment to valuation allowance	(181,885)	254,303	(271,856)	103,368
I/S Total corporate tax for the period	**(56,858)**	**(5,986)**	**(52,172)**	**(6,000)**

Corporate tax consists of current tax and the adjustment of deferred taxes during the year. Corporate tax for 2016 was an income of DKK 57 million compared to an income of DKK 6 million in 2015. The higher corporate tax income in 2016 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 119 million, which more than offset the current tax expense of DKK 62 million. In addition, Genmab recorded a benefit from previously unrecognized tax losses and deductible temporary differences for DKK 94 million which partially offset current tax expense. In 2015, the tax income was mainly due to the Danish R&D tax credit.

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

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Net result before tax	1,130,217	757,527	1,279,158	831,503
Computed 22% (2015: 23.5%)	**248,648**	**178,019**	**281,415**	**195,403**
Tax effect of:				
Benefit from previously unrecognized tax losses to reduce current corporate tax expense	(94,158)	–	(94,158)	–
Recognition of previously unrecognized tax losses and deductible temporary differences	(118,692)	–	(113,784)	–
Non-deductible expenses/non-taxable income and other permanent differences, net	(91,197)	–	(73,924)	–
Deferred tax assets not capitalized and other changes in valuation allowance	(1,459)	(184,005)	(51,721)	(201,403)
Total tax effect	**(305,506)**	**(184,005)**	**(333,587)**	**(201,403)**
I/S Total corporate tax for the period	**(56,858)**	**(5,986)**	**(52,172)**	**(6,000)**

2.4 Corporate and Deferred Tax – Continued

Taxation – Balance Sheet

Significant components of the deferred tax asset are as follows:

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Tax deductible losses	1,470,245	1,565,591	557,648	671,318
Deferred income	41,073	49,657	41,073	49,657
Capitalized R&D costs	31,691	57,136	31,691	57,136
Other temporary differences	324,754	258,571	151,634	162,007
	1,867,763	**1,930,955**	**782,046**	**940,118**
Valuation allowance	(1,742,728)	(1,924,613)	(668,262)	(940,118)
B/S **Total deferred tax assets**	**125,035**	**6,342**	**113,784**	**–**

Genmab records a valuation allowance to reduce deferred tax assets to reflect the net amount that is more likely than not to be realized. Utilization 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, 2016, 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 recorded a discrete tax benefit of DKK 119 million during the fourth quarter of 2016. 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, 2016, the group had gross tax loss carry-forwards of DKK 5.0 billion (2015: DKK 5.5 billion) for income tax purposes, of which DKK 2.5 billion (2015: DKK 3.1 billion) can be carried forward without limitation. The remaining portion of DKK 2.5 billion (2015: DKK 2.4 billion) is primarily related to Genmab's U.S. subsidiary which can be carried forward to various periods up to 2036 with DKK 1.1 billion (2015: DKK1.1 billion) expiring in 2018. This amount relates to the capital loss on sale of Genmab's former manufacturing facility in 2013 which is limited to a 5 year carryforward period and can 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 to the extent that the tax is attributable to the net result for the year. Tax attributable to entries directly related to shareholders' equity is recognized in other comprehensive income.

Current tax liabilities include taxes payable based on the expected taxable income for the year and any adjustments to prior years' tax expense as recorded in the income statement.

Any prepaid taxes are recognized in receivables in the balance sheet. Please refer to note 3.3.

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.

Utilization 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, 2016 Genmab has recognized deferred tax assets for probable future taxable income which is mainly related to taxable income in 2017. Genmab intends to continue maintaining

a valuation allowance against a significant portion of its deferred tax assets until there is sufficient evidence to support the reversal of all or some additional portion of these allowances. A significant portion of the Genmab's future taxable income will be driven by milestone payments that are non-recurring and contingent upon future events that are highly susceptible to factors outside the control of the group including specific clinical outcomes, regulatory approval, and others. As a result, the majority of contingent future milestones are excluded when forecasting future taxable profits as they do not meet the probable/more likely than not threshold. However, considering the current assessment of the probability of earning future milestones, there is a reasonable possibility that, within the next year, additional positive evidence may become available to reach a conclusion that an additional portion of the valuation allowance will no longer be needed. As such, the Company may release an additional part of its valuation allowance against its deferred tax assets within the next twelve months. 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

	2016	2015
	DKK'000	DKK'000
I/S **Net result**	**1,187,075**	**763,513**

	2016	2015
	Shares'000	Shares'000
Average number of shares	59,915	58,521
Average number of treasury shares	(39)	–
Average number of shares excl. treasury shares	**59,876**	**58,521**
Average number of share-based instruments, dilution	1,890	2,253
Average number of shares, diluted	**61,766**	**60,774**
Basic net result per share	19.83	13.05
Diluted net result per share	19.22	12.56

In the calculation of the diluted net result per share for 2016, 16,800 warrants (of which none were vested) have been excluded as these share-based instruments are out of the money. These share based instruments could potentially have a future dilutive effect on the net result per share.

§ **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

Genmab Group	Licenses, Rights, and Patents	Total Intangible Assets
2016	DKK'000	DKK'000
Cost per January 1	371,222	371,222
Additions for the year	20,855	20,855
Disposals for the year	–	–
Exchange rate adjustment	(172)	(172)
Cost at December 31	**391,905**	**391,905**
Accumulated amortization and impairment per January 1	(178,580)	(178,580)
Amortization for the year	(31,449)	(31,449)
Disposals for the year	–	–
Exchange rate adjustment	19	19
Accumulated amortization and impairment per December 31	**(210,010)**	**(210,010)**
B/S **Carrying amount at December 31**	**181,895**	**181,895**
2015		
Cost per January 1	218,466	218,466
Additions for the year	152,756	152,756
Disposals for the year	–	–
Exchange rate adjustment	–	–
Cost at December 31	**371,222**	**371,222**
Accumulated amortization and impairment per January 1	(155,936)	(155,936)
Amortization for the year	(22,644)	(22,644)
Disposals for the year	–	–
Exchange rate adjustment	–	–
Accumulated amortization and impairment per December 31	**(178,580)**	**(178,580)**
B/S **Carrying amount at December 31**	**192,642**	**192,642**

Depreciation, amortization and impairments are included in the income statement as follows:	2016	2015
	DKK'000	DKK'000
Research and development expenses	31,449	22,644
General and administrative expenses	–	–
Total	**31,449**	**22,644**

§ Accounting Policies

Research and Development
– Genmab Group and Parent Company
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
– Genmab Group and Parent Company
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.

During 2016, the first patient was dosed in the Phase I/II study of HuMax-AXL-ADC in solid tumors which triggered a USD 3 million milestone payment to Seattle Genetics. This milestone payment was capitalized as part of the existing HuMax-AXL-ADC intangible asset and is being amortized over the remaining useful life.

During 2015, Genmab entered into agreements to purchase patents, know-how, and antibodies from iDD Biotech SAS for a fee of DKK 45 million and Bristol-Myers Squibb for an exclu-

3.1 Intangible Assets – Continued

Parent Company	Licenses, Rights, and Patents	Total Intangible Assets
2016	DKK'000	DKK'000
Cost per January 1	325,762	325,762
Additions for the year	20,854	20,854
Disposals for the year	–	–
Exchange rate adjustment	–	–
Cost at December 31	**346,616**	**346,616**
Accumulated amortization and impairment per January 1	(173,475)	(173,475)
Amortization for the year	(24,979)	(24,979)
Disposals for the year	–	–
Exchange rate adjustment	–	–
Accumulated amortization and impairment per December 31	**(198,454)**	**(198,454)**
B/S **Carrying amount at December 31**	**148,162**	**148,162**
2015		
Cost per January 1	218,466	218,466
Additions for the year	107,296	107,296
Disposals for the year	–	–
Exchange rate adjustment	–	–
Cost at December 31	**325,762**	**325,762**
Accumulated amortization and impairment per January 1	(155,936)	(155,936)
Amortization for the year	(17,539)	(17,539)
Disposals for the year	–	–
Exchange rate adjustment	–	–
Accumulated amortization and impairment per December 31	**(173,475)**	**(173,475)**
B/S **Carrying amount at December 31**	**152,287**	**152,287**

Depreciation, amortization and impairments are included in the income statement as follows:	2016	2015
	DKK'000	DKK'000
Research and development expenses	24,979	17,539
General and administrative expenses	–	–
Total	**24,979**	**17,539**

sive license to antibody panels for a one-time licensing fee of DKK 27 million. Genmab also entered into an agreement with BioNTech AG to jointly research, develop and commercialize bispecific antibody products within the field of immuno-oncology for an upfront fee of DKK 67 million and additional payments totaling DKK 13 million as certain BioNTech assets were selected for further development.

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 parent company and the group and contribute to our research and development activities.

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.

3.1 Intangible Assets – Continued

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 661 million in 2016, compared to DKK 488 million in 2015.

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 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 2016 and 2015, 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 Costs."

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 the 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 Seattle Genetics, BioNTech, and Aduro Biotech 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 both 2016 and 2015, there have been no products selected for joint clinical development under these collaborations agreements and no joint control exists over the relevant activities. Accordingly, the collaborations are not considered to be either a joint venture or joint operation as defined in IFRS 11, *"Joint Arrangements."* Expenses in connection with collaboration agreements are treated as described under "Research and Development Costs."

3.2
Property, Plant and Equipment

Genmab Group	Leasehold improvements	Equipment, furniture and fixtures	Assets under construction	Total property, plant and equipment
2016	DKK'000	DKK'000	DKK'000	DKK'000
Cost per January 1	9,618	147,128	981	157,727
Additions for the year	–	8,511	4,518	13,029
Disposals for the year	–	(6,394)	–	(6,394)
Exchange rate adjustment	(21)	(391)	(4)	(416)
Cost at December 31	**9,597**	**148,854**	**5,495**	**163,946**
Accumulated depreciation and impairment at January 1	(9,149)	(119,766)	–	(128,915)
Depreciation for the year	(243)	(9,264)	–	(9,507)
Disposals for the year	–	6,358	–	6,358
Exchange rate adjustment	21	291	–	312
Accumulated depreciation and impairment at December 31	**(9,371)**	**(122,381)**	**–**	**(131,752)**
B/S **Carrying amount at December 31**	**226**	**26,473**	**5,495**	**32,194**
Carrying amount of assets under finance leases included above	–	–	–	–
2015				
Cost at January 1	9,604	136,109	–	145,713
Additions for the year	–	11,251	981	12,232
Disposals for the year	–	(839)	–	(839)
Exchange rate adjustment	14	607	–	621
Cost at December 31	**9,618**	**147,128**	**981**	**157,727**
Accumulated depreciation and impairment at January 1	(8,849)	(111,180)	–	(120,029)
Depreciation for the year	(286)	(8,893)	–	(9,179)
Disposals for the year	–	839	–	839
Exchange rate adjustment	(14)	(532)	–	(546)
Accumulated depreciation and impairment at December 31	**(9,149)**	**(119,766)**	**–**	**(128,915)**
B/S **Carrying amount at December 31**	**469**	**27,362**	**981**	**28,812**
Carrying amount of assets under finance leases included above	–	99	–	99

	2016	2015
	DKK'000	DKK'000
Depreciation, amortization and impairments are included in the income statement as follows:		
Research and development expenses	9,348	8,929
General and administrative expenses	159	250
Total	**9,507**	**9,179**

§ 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.

3.2 Property, Plant and Equipment – Continued

Parent Company	Leasehold improvements	Equipment, furniture and fixtures	Total property, plant and equipment
2016	DKK'000	DKK'000	DKK'000
Cost at January 1	3,981	15,155	19,136
Additions for the year	–	187	187
Cost at December 31	**3,981**	**15,342**	**19,323**
Accumulated depreciation and impairment at January 1	(3,513)	(14,641)	(18,154)
Depreciation for the year	(242)	(161)	(403)
Accumulated depreciation and impairment at December 31	**(3,755)**	**(14,802)**	**(18,557)**
B/S **Carrying amount at December 31**	**226**	**540**	**766**
2015			
Cost at January 1	3,981	15,049	19,030
Additions for the year	–	106	106
Cost at December 31	**3,981**	**15,155**	**19,136**
Accumulated depreciation and impairment at January 1	(3,272)	(14,146)	(17,418)
Depreciation for the year	(241)	(495)	(736)
Accumulated depreciation and impairment at December 31	**(3,513)**	**(14,641)**	**(18,154)**
B/S **Carrying amount at December 31**	**468**	**514**	**982**

	2016	2015
	DKK'000	DKK'000
Depreciation, amortization and impairments are included in the income statement as follows:		
Research and development expenses	322	586
General and administrative expenses	81	150
Total	**403**	**736**

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

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Receivables related to collaboration agreements	924,718	130,934	924,718	130,934
Receivables from subsidiaries	–	–	71,707	–
Interest receivables	17,086	16,694	17,086	16,694
Derivatives (note 4.2)	4,172	–	4,172	–
Tax receivable	–	5,875	–	5,875
Other receivables	20,086	14,359	8,732	1,584
Prepayments	11,085	13,661	750	1,838
Total	**977,147**	**181,523**	**1,027,165**	**156,925**
B/S Non-current receivables	1,473	6,863	1,473	1,311
B/S Current receivables	975,674	174,660	1,025,692	155,614
Total	**977,147**	**181,523**	**1,027,165**	**156,925**

Genmab Group

During 2016 and 2015, past due receivables and losses related to receivables were negligible. The credit risk on receivables is considered to be limited. 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. For further information about the interest receivables and derivatives and related credit risk, please refer to note 4.2.

Parent Company

Please refer to note 5.2 for additional information regarding receivables from subsidiaries.

§ Accounting Policies

Receivables except derivatives are designated as loans and receivables and are initially measured at fair value and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less provision for bad debts.

The provision for bad debts is calculated on the basis of an individual assessment of each receivable including analysis of capacity to pay, creditworthiness, and historical information on payment patterns and doubtful debts.

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

3.4 Provisions

	2016	2015
	DKK'000	DKK'000
Provisions per January 1	1,433	1,433
Used during the year	–	–
Released during the year	–	–
Total at December 31	**1,433**	**1,433**
B/S Non-current provisions	–	1,433
B/S Current provisions	1,433	–
Total at December 31	**1,433**	**1,433**

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 the current provisions are expected to be settled in 2017.

§ 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.

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.

3.5
Other Payables

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Liabilities related to collaboration agreements	2,354	1,174	2,354	1,174
Staff cost liabilities	15,558	15,775	9,295	7,766
Other liabilities	80,162	82,631	63,090	30,345
Payable to subsidiaries (note 5.2)	–	–	111,148	101,334
Accounts payable	22,271	31,989	15,476	17,944
Total at December 31	**120,345**	**131,569**	**201,363**	**158,563**
B/S Non-current other payables	–	–	–	–
B/S Current other payables	120,345	131,569	201,363	158,563
Total at December 31	**120,345**	**131,569**	**201,363**	**158,563**

§ 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.

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 equity and 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 equity and partnership collaboration income and had, as of December 31, 2016, a cash position of DKK 3,922 million compared to DKK 3,493 million as of December 31, 2015. The cash position supports the advancement of our overall mission and strategy to maximize our chances for success.

The adequacy of our available funds will depend on many factors, including continued growth of DARZALEX sales, scientific 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 2016.

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

The Board of Directors believes Genmab will have sufficient cash to run operations for the next year. Therefore the Board of Directors has concluded that the financial statements have been prepared on a going concern basis.

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 securites 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.

4.2 Financial Risk – Continued

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 details on our 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.

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, 2016, 94% of our marketable securities had a triple A-rating from Moody's, S&P, or Fitch compared to 98% at December 31, 2015. The total value of marketable securities including interest receivables amounted to DKK 3,632 million at the end of 2016 compared to DKK 2,636 million at the end of 2015.

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 307 million as of December 31, 2016 compared to DKK 874 million at the end of 2015.

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 4 million at the end of 2016. There were no receivables related to derivative financial instruments at the end of 2015.

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 (26%), DKK (42%), USD (31%) and GBP (1%) denominated securities as of December 31, 2016, compared to 35%, 58%, 5%, and 2%, as of December 31, 2015. In addition, Genmab uses derivatives and 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, 2016, 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 Position	Receivables	Liabilities	Net Exposure	Percentage change in exchange rate*	Impact of change in exchange rate
2016						
EUR	1,014	89	(44)	**1,059**	1%	**10.6**
USD	1,300	912	(116)	**2,096**	10%	**209.6**
GBP	36	–	(24)	**12**	10%	**1.2**
2015						
EUR	1,220	11	(27)	**1,204**	1%	**12.0**
USD	703	116	(107)	**712**	10%	**71.2**
GBP	46	–	(12)	**34**	10%	**3.4**

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

4.2 Financial Risk – Continued

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 future royalty payments from sales of DARZALEX by Janssen. This foreign exchange hedging was carried out to minimize risks and thereby increase the predictablility of the group's financial results. The total fair value at the end of December is recognized directly in the statement of comprehensive income and will be recognized in the income statement when the royalties are realized.

() = debt or income — 2016

Derivative	Notional amount (MUSD)	Fair value (MDKK)	Changes recognized in the income statement (MDKK)	Changes recognized under other comprehensive income (MDKK)	Maturity period
Foreign Exchange Forward Contracts					
Protection: Genmab buys EUR at 1.0469	5	1	–	(1)	May 2017
Protection: Genmab buys EUR at 1.0520	10	1	–	(1)	August 2017
Protection: Genmab buys EUR at 1.0577	12	1	–	(1)	November 2017
Protection: Genmab buys EUR at 1.0640	15	1	–	(1)	February 2018
Total		**4**	**–**	**(4)**	

The foreign exchange forward contracts are due in the period from May 2017 to February 2018, which matches the anticipated timing of quarterly royalty payments from Janssen. Due to their lower cost and Denmark's fixed exchange rate policy against the euro, USD/EUR forward contracts were utilized instead of USD/DKK forward contracts.

As of December 31, 2015, Genmab did not have any outstanding derivative contracts and there were no derivative contracts included in other comprehensive income in 2015. During the first quarter of 2015, Genmab terminated the existing capped risk collar contract, resulting in a gain of DKK 5 million, which was included in the income statement as part of net financial items.

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

	2016			2015		
Impact of Change in Exchange Rate in MDKK	**-10%**	**Base**	**+10%**	**-10%**	**Base**	**+10%**
Fair value	34	4	(25)	–	–	–
Income statement	–	–	–	–	–	–
Statement of comprehensive income	(34)	(4)	25	–	–	–

4.2 Financial Risk – Continued

Interest Rate Risk

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

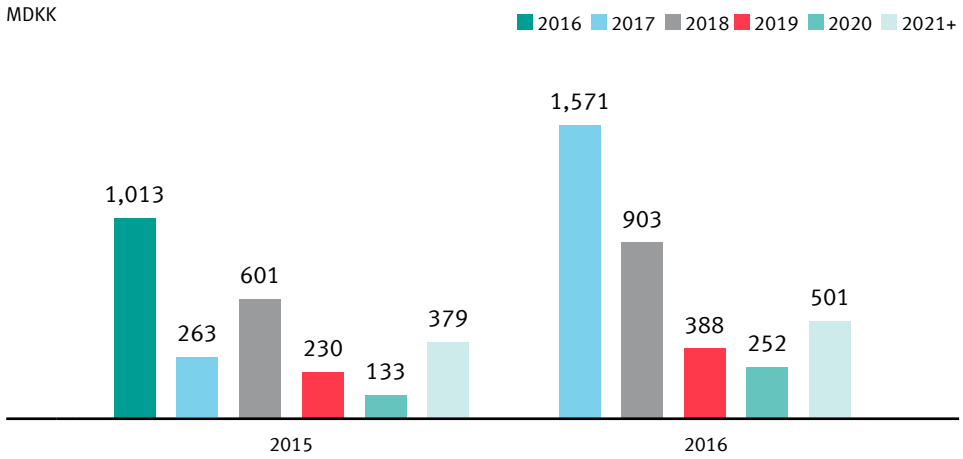
Marketable Securities

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, 2016, the portfolio has an average effective duration of approximately 1.4 years (2015: 1.7 years) and no securities have an effective duration of more than 9 years (2015: 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% (2015: 1.7%). 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.

Maturity Profile Marketable Securities



4.3 Financial Assets and Liabilities

Categories of Financial Assets and Liabilities

Category	Note	2016	2015
		DKK'000	DKK'000
Financial assets at fair value through the income statement			
Marketable securities	4.4	3,614,942	2,619,243
Financial assets designated as hedging instruments			
Derivatives designated as cash flow hedges	3.3	4,172	–
Loans and receivables			
Receivables ex. prepayments	3.3	966,062	167,862
Cash and cash equivalents		307,023	873,986
Financial liabilities measured at amortized cost:			
Lease liability	5.4	–	(118)
Other payables	3.5	(120,345)	(131,569)

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).

Finance Lease Commitments

Fair value is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date. The unobservable input is mainly related to the credit risk, which should be re-assessed if there are indications that Genmab's creditworthiness is changed (Level 3).

4.3 Financial Assets and Liabilities – Continued

	Note	2016 Level 1	2016 Level 2	2016 Level 3	2015 Level 1	2015 Level 2	2015 Level 3
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Assets Measured at Fair Value							
Marketable securities	4.4	3,614,942	–	–	2,619,243	–	–
Receivables – derivatives	3.3	–	4,172	–	–	–	–
Liabilities for which Fair Value is disclosed							
Finance lease commitments	5.4	–	–	–	–	–	(118)

§ Accounting Policies

Classification of Categories of Financial Assets and Liabilities

In accordance with IFRS, Genmab has divided its financial assets and liabilities in the categories shown in the above overview. The classification is based on the nature, characteristics and risks of the asset and liability. The classification is re-assessed at the end of each reporting period.

Financial assets are derecognized when the rights to receive cash flow from the financial assets have expired or been transferred and the risk and reward have been substantially transferred. Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

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. Also, fair values of financial instruments measured at amortized cost and assumptions used are disclosed. The management assessed that financial assets and liabilities measured as 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 2016 and 2015.

4.4 Marketable Securities

	2016	2015
	DKK'000	DKK'000
Cost at January 1	2,636,642	2,319,174
Additions for the year	3,008,484	2,075,458
Disposals for the year	(2,042,015)	(1,757,990)
Cost at December 31	**3,603,111**	**2,636,642**
Fair value adjustment at January 1	(17,399)	(17,746)
Fair value adjustment for the year	29,230	347
Fair value adjustment at December 31	**11,831**	**(17,399)**
B/S **Net book value at December 31**	**3,614,942**	**2,619,243**
Net book value in percentage of cost	**100%**	**99%**

	Market value 2016	Average effective duration	Share %	Market value 2015	Average effective duration	Share %
	DKK'000				DKK'000	
Kingdom of Denmark bonds and treasury bills	291,801	1.35	8%	282,738	1.51	11%
Danish mortgage-backed securities	1,245,702	1.78	34%	1,218,400	1.91	47%
DKK portfolio	**1,537,503**	**1.70**	**42%**	**1,501,138**	**1.84**	**58%**
EUR portfolio						
European government bonds and treasury bills	938,655	1.58	26%	941,384	1.69	35%
USD portfolio						
US government bonds and treasury bills	1,104,162	0.89	31%	135,669	0.44	5%
GBP portfolio						
UK government bonds and treasury bills	34,622	0.26	1%	41,052	0.74	2%
Total portfolio	**3,614,942**	**1.41**	**100%**	**2,619,243**	**1.69**	**100%**
B/S **Marketable securities**	**3,614,942**			**2,619,243**		

Yield

The portfolio generated a net yield of 0.7% in 2016 compared to 0.2% in 2015. The low yields are mainly driven by historically low market interest rates on short term highly liquid securities with high credit ratings. The higher yield in 2016 was due to positive fair value adjustments as a result of less volatility in the Danish covered bond market.

Total interest income amounted to DKK 33 million in 2016 compared to DKK 37 million in 2015. The decrease was due to the continued decline in market interest rates, especially in Europe.

Please refer to note 4.2 for additional details on 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. 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.

Genmab's portfolio of investments has been designated as financial assets at fair value

4.4 Marketable Securities – Continued

through profit or loss as the portfolio is managed and evaluated on a fair value basis in accordance with Genmab's investment guidelines and the information provided internally to management.

Marketable securities are initially and subsequently recognized at fair value, which equals the listed price. Realized and unrealized gains and losses (including unrealized foreign exchange rate gains and losses) are recognized in the income statement as financial items.

Transactions are recognized at trade date.

4.5 Financial Income and Expenses

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Financial income:				
Interest and other financial income	32,583	37,263	32,550	37,187
Interest from subsidiaries	–	–	2,115	236
Realized and unrealized gains on fair value hedges, net	–	5,345	–	5,345
Exchange rate gains, net	54,026	14,098	53,653	13,519
I/S **Total financial income**	**86,609**	**56,706**	**88,318**	**56,287**
Financial expenses:				
Interest and other financial expenses	213	118	143	51
Realized and unrealized losses on marketable securities (fair value through the income statement), net	9,012	29,440	9,012	29,008
I/S **Total financial expenses**	**9,225**	**29,558**	**9,155**	**29,059**
Net financial items	**77,384**	**27,148**	**79,163**	**27,228**
Interest and other financial income on financial assets measured at amortized cost	681	117	648	41
Interest and other financial expenses on financial liabilities measured at amortized cost	213	118	143	51

Realized losses on our marketable securities for 2016 amounted to DKK 15 million compared to DKK 28 million in 2015. These largely relate to the losses we incur when a security is purchased at a price above par and held to maturity. We are compensated for these realized losses with above market interest rates.

§ 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.

Exchange rate adjustments of balances with foreign subsidiaries, which are considered part of the total net investment in the subsidiary, are recognized in the income statement of the parent company.

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 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 a 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.

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 third quarter of 2016, Genmab acquired 100,000 of its own shares, approximately 0.2% of the share capital, to cover its current obligations under the RSU program. The total amount paid to acquire the shares, including directly attributable costs, was DKK 118 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, 2016. There were no acquisitions or holding of treasury shares in 2015.

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.

4.6 Share-Based Instruments – Continued

RSU Activity in 2016 and 2015

	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, 2015	**8,625**	**35,725**	**–**	**–**	**44,350**
Granted	9,465	19,080	–	–	28,545
Settled	–	–	–	–	–
Transferred	(1,150)	–	–	1,150	–
Cancelled	–	–	–	–	–
Outstanding at December 31, 2015	**16,940**	**54,805**	**–**	**1,150**	**72,895**
Outstanding at January 1, 2016	**16,940**	**54,805**	**–**	**1,150**	**72,895**
Granted*	5,004	9,453	18,291	–	32,748
Settled	–	–	–	–	–
Transferred	–	–	–	–	–
Cancelled	(3,256)	–	–	–	(3,256)
Outstanding at December 31, 2016	**18,688**	**64,258**	**18,291**	**1,150**	**102,387**

* 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 see note 5.1 for further information about the number of RSUs held by the Executive Management and the Board of Directors.

The weighted average fair value of RSUs granted was DKK 1,145.00 and DKK 849.96 in 2016 and 2015, 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 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 us 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

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.

4.6 Share-Based Instruments – Continued

Warrant Activity in 2016 and 2015

	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, 2015	**397,050**	**1,235,775**	**1,054,796**	**2,590,968**	**5,278,589**	**234.97**
Granted	–	–	175,900	–	175,900	789.60
Exercised	(67,250)	(225,000)	(414,451)	(1,857,143)	(2,563,844)	250.93
Expired	–	–	(1,375)	(2,503)	(3,878)	109.39
Cancelled	–	–	–	(10,250)	(10,250)	262.37
Transfers	(98,500)	–	(22,200)	120,700	–	–
Outstanding at December 31, 2015	**231,300**	**1,010,775**	**792,670**	**841,772**	**2,876,517**	**254.73**
Exercisable at year end	175,050	844,444	341,078	828,277	2,188,849	219.05
Exercisable warrants in the money at year end	175,050	844,444	341,078	828,277	2,188,849	219.05
Outstanding at January 1, 2016	**231,300**	**1,010,775**	**792,670**	**841,772**	**2,876,517**	**254.73**
Granted*	3,917	29,143	114,305	2,700	150,065	1,100.22
Exercised	(48,088)	(162,500)	(213,853)	(394,352)	(818,793)	255.75
Expired	–	–	–	(6,691)	(6,691)	175.48
Cancelled	–	–	(3,512)	(7,275)	(10,787)	440.61
Transfers	(57,387)	–	(45,513)	102,900	–	–
Outstanding at December 31, 2016	**129,742**	**877,418**	**644,097**	**539,054**	**2,190,311**	**311.52**
Exercisable at year end	98,125	788,388	260,047	527,859	1,674,419	212.05
Exercisable warrants in the money at year end	98,125	788,388	260,047	527,859	1,674,419	212.05

*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 see note 5.1 for further information about the number of warrants held by the Executive Management and the Board of Directors.

As of December 31, 2016, the Board of Directors has been authorized to grant a total of 13,571,263 (2015: 13,571,263) warrants since Genmab's inception. As of December 31, 2016, the 2,190,311 outstanding warrants amounted to 4% of the share capital (2015: 5%).

For exercised warrants in 2016 the weighted average share price at the exercise date amounted to DKK 1,050.02 (2015: DKK 588.28).

4.6 Share-Based Instruments – Continued

Weighted Average Outstanding Warrants at December 31, 2016

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	8,275	4.79	8,275
40.41	June 22, 2011	89,015	4.48	89,015
45.24	April 25, 2012	1,750	2.32	1,750
46.74	June 2, 2010	92,500	3.42	92,500
55.85	April 6, 2011	10,000	4.27	10,000
66.60	December 9, 2010	38,900	3.94	38,900
67.50	October 14, 2010	3,625	3.79	3,625
68.65	April 21, 2010	11,500	3.31	11,500
79.25	October 9, 2012	6,375	2.78	6,375
80.55	December 5, 2012	184,050	2.93	184,050
98.00	January 31, 2013	2,063	3.08	1,500
129.75	October 8, 2009	21,985	2.77	21,985
147.50	April 17, 2013	20,250	3.30	13,250
174.00	June 17, 2009	191,500	2.46	191,500
199.00	June 12, 2013	3,000	3.45	2,250
210.00	February 10, 2014	8,626	4.11	1,250
215.60	April 9, 2014	3,000	4.28	–
220.40	October 15, 2014	44,076	4.79	15,700
225.30	June 12, 2014	12,850	4.45	4,350
225.90	December 6, 2013	363,226	3.93	263,352
231.50	October 10, 2013	17,415	3.78	10,415
234.00	April 15, 2009	18,925	2.29	18,925
234.75	December 17, 2008	7,350	1.96	7,350
246.00	June 4, 2008	120,425	1.43	120,425
254.00	April 24, 2008	148,525	1.32	148,525
272.00	October 8, 2008	142,888	1.77	142,888
326.50	October 4, 2007	22,325	0.76	22,325
329.00	December 13, 2007	8,300	0.95	8,300
337.40	December 15, 2014	141,210	4.96	64,448
352.50	June 27, 2007	86,878	0.49	86,878
364.00	April 19, 2007	46,446	0.30	46,446
466.20	March 26, 2015	18,056	5.24	2,309
623.50	June 11, 2015	9,687	5.45	1,363
636.50	October 7, 2015	35,500	5.77	7,750
815.50	March 17, 2016	24,350	6.21	–
939.50	December 10, 2015	99,750	5.94	24,945
1,136.00	October 6, 2016	19,450	6.77	–
1,145.00	December 15, 2016	89,465	6.96	–
1,233.00	June 9, 2016	16,800	6.44	–
311.52		**2,190,311**	**3.38**	**1,674,419**

Weighted Average Outstanding Warrants at December 31, 2015

Exercise price	Grant Date	Number of warrants outstanding	Weighted average remaining contractual life (in years)	Number of warrants exercisable
DKK				
26.75	December 8, 2011	1,312	5.94	1,312
31.75	October 14, 2011	17,375	5.79	17,375
40.41	June 22, 2011	155,865	5.48	155,865
45.24	April 25, 2012	6,870	3.32	875
46.74	June 2, 2010	103,750	4.42	103,750
55.85	April 6, 2011	14,000	5.27	14,000
66.60	December 9, 2010	42,750	4.95	42,750
67.50	October 14, 2010	11,725	4.79	11,725
68.65	April 21, 2010	17,750	4.31	17,750
79.25	October 9, 2012	13,375	3.78	7,750
80.55	December 5, 2012	217,850	3.93	146,100
98.00	January 31, 2013	2,563	4.09	937
129.75	October 8, 2009	39,575	3.77	39,575
147.50	April 17, 2013	20,250	4.30	6,250
173.00	June 21, 2006	27,688	0.47	27,688
174.00	June 17, 2009	199,000	3.46	199,000
184.00	March 2, 2006	4,189	0.17	4,189
199.00	June 12, 2013	3,000	4.45	1,500
210.00	February 10, 2014	13,063	5.12	2,000
210.50	April 25, 2006	1,689	0.32	1,689
215.60	April 9, 2014	7,000	5.28	1,000
220.40	October 15, 2014	49,750	5.79	7,187
224.00	September 19, 2006	15,333	0.72	15,333
225.30	June 12, 2014	15,000	5.45	2,250
225.90	December 6, 2013	400,878	4.94	191,120
231.50	October 10, 2013	21,975	4.78	7,975
234.00	April 15, 2009	37,630	3.29	37,630
234.75	December 17, 2008	11,750	2.96	11,750
246.00	June 4, 2008	128,500	2.43	128,500
254.00	April 24, 2008	202,200	2.32	202,200
272.00	October 8, 2008	216,188	2.77	216,188
326.50	October 4, 2007	39,100	1.76	39,100
329.00	December 13, 2007	17,200	1.95	17,200
330.00	December 13, 2006	9,499	0.95	9,499
337.40	December 15, 2014	153,525	5.96	38,387
352.50	June 27, 2007	374,852	1.49	374,852
364.00	April 19, 2007	86,598	1.30	86,598
466.20	March 26, 2015	22,050	6.24	–
623.50	June 11, 2015	11,100	6.45	–
636.50	October 7, 2015	41,000	6.77	–
939.50	December 10, 2015	101,750	6.95	–
254.73		**2,876,517**	**3.73**	**2,188,849**

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, 2016, the share capital of Genmab A/S comprised 60,350,056 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 17, 2018, the Board of Directors is authorized to increase the nominal registered share capital on one or more occasions without pre-emption rights for the existing shareholders by up to nominally DKK 10,400,000 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. Within the authorizations to increase the share capital by nominally DKK 10,400,000 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.

By decision of the general meeting on April 25, 2012, 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 250,000. This authorization shall remain in force for a period ending on April 25, 2017. Further, 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 shall remain in force for a period ending on April 17, 2018. Moreover, 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.

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, 2016, a total of 250,000 warrants have been issued under the April 25, 2012 authorization, a total of 42,375 warrants have been reissued under the April 25, 2012 authorization, a total of 600,000 warrants have been issued under the April 17, 2013 authorization, a total of 15,250 warrants have been reissued under the April 17, 2013 authorization, a total of 404,190 warrants have been issued under the April 9, 2014 authorization and a total of 4,775 warrants have been reissued under the April 9, 2014 authorization. A total of 95,810 warrants remain available for issue and a total of 5,012 warrants remain available for reissue as of December 31, 2016.

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, 2016 a total of 100,000 shares, with a nominal value of DKK 100,000, have been repurchased under the March 17, 2016 authorization. A total of 400,000 shares, with a nominal value of DKK 400,000, remain available to repurchase as of December 31, 2016.

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 amount allocated to deferred income note 2.1 and external expenses directly attributable to the offerings. The share premium reserve can be distributed.

4.7 Share Capital – Continued

Changes in Share Capital during 2011 to 2016

	Number of shares	Share capital
		DKK'000
December 31, 2011	**44,907,142**	**44,907**
Shares issued for cash	5,400,000	5,400
Exercise of warrants	750	1
December 31, 2012	**50,307,892**	**50,308**
Exercise of warrants	1,447,830	1,448
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
B/S **December 31, 2015**	**59,531,263**	**59,531**
Exercise of warrants	818,793	819
B/S **December 31, 2016**	**60,350,056**	**60,350**

Treasury Shares

	Number of shares	Share capital	Proportion of share capital	Cost
		DKK'000	%	DKK'000
Shareholding at December 31, 2015	**–**	**–**	**–**	**–**
Purchase of treasury shares	100,000	100	0.2	118,099
Shares used for funding incentive programs	–	–	–	–
Shareholding at December 31, 2016	**100,000**	**100**	**0.2**	**118,099**

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.

During 2013, 1,447,830 new shares were subscribed at a price of DKK 26.75 to DKK 184.00 in connection with the exercise of warrants under Genmab's warrant program.

In October 2012, Genmab issued 5,400,000 new shares in connection with the global license and development agreement for daratumumab. Johnson & Johnson Development Corporation (JJDC) invested DKK 475 million of which DKK 366 million was recognized in equity. The remaining part was allocated to deferred income. Please refer to our accounting policies as outlined in note 2.1.

During 2016, Genmab acquired 100,000 of its own shares at a cost of DKK 118 million to cover its future obligations under the RSU program. There were no acquisitions or holding of treasury shares in 2015.

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. This section also includes various notes with information only related to financial statements of the Parent Company.

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:

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	25,632	21,820	6,570	5,670
Share-based compensation expenses	17,188	16,510	4,292	5,769
Defined contribution plans	966	938	–	–
Total	**43,786**	**39,268**	**10,862**	**11,439**

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 information about Genmab's share-based compensation programs.

5.1 Remuneration of the Board of Directors and Executive Management – Continued

Remuneration to the Board of Directors

	Purpose and link to strategy	Performance Metrics	Opportunity	Changes compared to 2015
Annual board base fee and fees for committee work	Ensure Genmab can attract qualified individuals to the Board of Directors	Any increase based on benchmarks for other similar international biotech companies	Basic board fee of DKK 375,000 – Deputy Chairman receives double and Chairman receives triple	Basic board fee increased by DKK 75,000
			Committee membership basic fee of up to DKK 75,000 with Chairman receiving up to DKK 150,000 plus a fee per meeting of DKK 9,000	None
Share-Based Compensation	Incentivize members of the Board of Directors 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	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, but in special circumstances (as determined by the Board of Directors) the value may be higher.	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 point two (1.2) times the fixed annual base fee (for the Chairman the value shall be of up to two point four (2.4) times the fixed annual base fee, and for the Deputy Chairman the value shall be of up to one point eight (1.8) times the fixed annual base fee) on an annual basis. Grants of RSUs may depend on the financial results of the year in question, the progress of the company's product pipeline as well as specific major important events.	Board of Directors RSU grant decreased from 1.5 times the fixed annual base fee to 1.2 times the annual base fee Chairman's RSU grant decreased from 3 times the fixed annual base fee to 2.4 times the annual base fee Deputy Chairman's RSU grant decreased from 2.25 times the fixed annual base fee to 1.8 times the annual base fee
			The share-based compensation expense for 2016 of DKK 3 million shown below includes the amortization of the non-cash share-based compensation expense relating to warrants and RSUs granted over several periods. Please refer to the "Number of RSUs held" and "Number of warrants held" overviews in note 4.6 for further details.	

5.1 Remuneration of the Board of Directors and Executive Management – Continued

	Base board fee	Committee fees	Share-based compensation expenses	2016	Base board fee	Committee fees	Share-based compesation expenses	2015
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Mats Pettersson	1,125	262	1,008	2,395	900	291	1,093	2,284
Anders Gersel Pedersen	750	161	609	1,520	600	178	563	1,341
Pernille Erenbjerg*	375	235	571	1,181	250	155	325	730
Paolo Paoletti*	375	63	571	1,009	250	73	325	648
Burton G. Malkiel	375	126	447	948	300	197	448	945
Hans Henrik Munch-Jensen**	–	–	–	–	75	37	926	1,038
Peter Storm Kristensen***	294	–	7	301	–	–	–	–
Rick Hibbert***	294	–	7	301	–	–	–	–
Daniel J. Bruno***	294	–	7	301	–	–	–	–
Tom Vink****	63	–	(184)	(121)	300	–	448	748
Nedjad Losic****	63	–	(184)	(121)	300	–	448	748
Total	**4,008**	**847**	**2,859**	**7,714**	**2,975**	**931**	**4,576**	**8,482**

* Elected by the Annual General Meeting in March 2015.
** Stepped down from the Board of Directors at the Annual General Meeting in March 2015.
*** Employee elected board member.
**** Stepped down from the Board of Directors at the Annual General Meeting in March 2016.

For further information about the Board of Directors please refer to the section “Board of Directors” in the Management's Review.

5.1 Remuneration of the Board of Directors and Executive Management – Continued

Remuneration to the Executive Management

	Purpose and link to strategy	Performance Metrics	Opportunity	Changes compared to 2015
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	Base salary increased by 25% for the CEO and 10% for the CFO in local currency (2015: 1.5% for CEO & CFO)
Pension and other benefits	Provide a framework to save for retirement Provide customary benefits including car and telephone allowance	None	Fixed amount or percentage of base salary	None
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. Extraordinary bonus of a maximum up to 15% of their annual gross salaries, based on the occurrence of certain special events or achievements. 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 2016, the current Executive Management team received a total cash bonus of DKK 11 million (2015: DKK 9 million).	None None Aggregate bonus increased by DKK 2 million Extraordinary bonus increased by DKK 0.5 million
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	On an annual basis Executive Management may be granted RSUs and/or warrants corresponding to a value (at the time of grant) of up to two (2) times the executive's annual base salary, calculated before any pension contribution and bonus payment, in the year of grant, primarily as an incentive to increase the future value of the company but also in recognition of past contributions and accomplishments. Furthermore, a new member of Executive Management may be granted RSUs and/or warrants upon engagement or promotion. The share-based compensation expense for 2016 of DKK 14 million shown below includes the amortization of the non-cash share-based compensation expense relating to warrants & RSUs granted over several periods. In 2016, 29,143 warrants and 9,453 RSUs were granted to the Executive Management, with a total fair value of DKK 22 million (2015: 19,080 RSUs, with a fair value of DKK 18 million). Please refer to the "Number of RSUs held" and "Number of warrants held" overviews in note 4.6 for further details.	None

5.1 Remuneration of the Board of Directors and Executive Management – Continued

2016	Base salary	Defined contribution plans	Other Benefits	Cash bonus	Share-based compensation expenses	Total Genmab Group	Parent Company*
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Jan van de Winkel	6,006	787	241	7,674	8,770	23,478	2,214
David A. Eatwell	3,747	179	165	2,944	5,559	12,594	934
Total	**9,753**	**966**	**406**	**10,618**	**14,329**	**36,072**	**3,148**
2015							
Jan van de Winkel	5,308	761	243	6,150	7,391	19,853	2,155
David A. Eatwell	3,539	177	–	2,674	4,543	10,933	803
Total	**8,847**	**938**	**243**	**8,824**	**11,934**	**30,786**	**2,958**

* Included base salary and other remuneration of DKK 1.7 million (2015: DKK 1.8 million) and share-based compensation expenses of DKK 1.4 million (2015: DKK 1.2 million).

For further information about the Executive Management, please refer to the section “Senior Leadership” in the Management's Review.

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 Executive Officer his existing salary for one or two years after the end of the one year notice period. 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 39 million as of December 31, 2016 (2015: DKK 32 million).

The severance payments follow the Recommendations which provide that termination payments should not amount to more than two years’ annual remuneration.

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

5.1 Remuneration of the Board of Directors and Executive Management – Continued

Number of Ordinary Shares Owned and Share-Based Instruments Held

Number of ordinary shares owned	December 31, 2015	Acquired	Sold	Transfers	December 31, 2016	Market value DKK'000*
Board of Directors						
Mats Pettersson	10,000	–	–	–	10,000	11,730
Anders Gersel Pedersen	–	9,000	(2,000)	–	7,000	8,211
Burton G. Malkiel	16,375	3,000	–	–	19,375	22,727
Pernille Erenbjerg	–	–	–	–	–	–
Paolo Paoletti	–	637	–	–	637	747
Peter Storm Kristensen	–	–	–	–	–	–
Rick Hibbert	–	–	–	–	–	–
Daniel J. Bruno	–	–	–	–	–	–
Tom Vink	–	–	–	–	–	–
Nedjad Losic	1,000	–	–	(1,000)	–	–
Total	**27,375**	**12,637**	**(2,000)**	**(1,000)**	**37,012**	**43,415**
Executive Management						
Jan van de Winkel	600,000	20,000	(17,500)	–	602,500	706,733
David A. Eatwell	–	2,500	–	–	2,500	2,933
	600,000	**22,500**	**(17,500)**	**–**	**605,000**	**709,666**
Total	**627,375**	**35,137**	**(19,500)**	**(1,000)**	**642,012**	**753,081**

*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.

5.1 Remuneration of the Board of Directors and Executive Management – Continued

Number of warrants held	December 31, 2015	Granted	Exercised	Expired	Transfers	December 31, 2016	Black - Scholes value warrants granted in 2016	Weighted average exercise price outstanding warrants
Board of Directors							DKK	DKK
Mats Pettersson	38,750	–	–	–	–	38,750	–	187.96
Anders Gersel Pedersen	90,000	–	(36,000)	–	–	54,000	–	110.05
Burton G. Malkiel	26,500	–	(12,000)	–	–	14,500	–	180.79
Pernille Erenbjerg	–	–	–	–	–	–	–	–
Paolo Paoletti	–	–	–	–	–	–	–	–
Peter Storm Kristensen*	–	354	–	–	1,563	1,917	131,486	548.39
Rick Hibbert*	–	200	(88)	–	1,850	1,962	74,286	355.96
Daniel J. Bruno*	–	3,363	–	–	15,250	18,613	1,249,119	641.79
Tom Vink	34,550	–	–	–	(34,550)	–	–	–
Nedjad Losic	41,500	–	–	–	(41,500)	–	–	–
	231,300	**3,917**	**(48,088)**	**–**	**(57,387)**	**129,742**	**1,454,891**	**227.70**
Executive Management								
Jan van de Winkel	494,900	17,941	(120,000)	–	–	392,841	6,663,826	261.02
David A. Eatwell	515,875	11,202	(42,500)	–	–	484,577	4,160,759	172.31
	1,010,775	**29,143**	**(162,500)**	**–**	**–**	**877,418**	**10,824,585**	**212.03**
Total	**1,242,075**	**33,060**	**(210,588)**	**–**	**(57,387)**	**1,007,160**	**12,279,476**	**214.05**

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

5.1 Remuneration of the Board of Directors and Executive Management – Continued

Number of RSUs held	December 31, 2015	Granted	Settled	Transfers	December 31, 2016	Fair value RSUs granted in 2016
Board of Directors						DKK
Mats Pettersson	3,257	786	–	–	4,043	899,970
Anders Gersel Pedersen	2,443	589	–	–	3,032	674,405
Burton G. Malkiel	1,628	393	–	–	2,021	449,985
Pernille Erenbjerg	3,178	393	–	–	3,571	449,985
Paolo Paoletti	3,178	393	–	–	3,571	449,985
Peter Storm Kristensen*	–	508	–	–	508	581,660
Rick Hibbert*	–	458	–	–	458	524,410
Daniel J. Bruno*	–	1,484	–	–	1,484	1,699,180
Tom Vink	1,628	–	–	(1,628)	–	–
Nedjad Losic	1,628	–	–	(1,628)	–	–
	16,940	**5,004**	**–**	**(3,256)**	**18,688**	**5,729,580**
Executive Management						
Jan van de Winkel	33,787	5,819	–	–	39,606	6,662,755
David A. Eatwell	21,018	3,634	–	–	24,652	4,160,930
	54,805	**9,453**	**–**	**–**	**64,258**	**10,823,685**
Total	**71,745**	**14,457**	**–**	**(3,256)**	**82,946**	**16,553,265**

*Each employee-elected Board Member was granted 393 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 March 17, 2016, the Board of Directors is comprised of four independent directors, one non-independent director, and three employee-elected directors. Mats Pettersson, Dr. Anders Gersel Pedersen, Dr. Burton G. Malkiel, Dr. Paolo Paoletti and Pernille Erenbjerg were re-elected to the Board of Directors for a one year period. Peter Storm Kristensen, Dr. Rick Hibbert and Daniel Bruno were elected to the Board of Directors by the employees for a three year period. Nedjad Losic and Dr. Tom Vink stepped down from the Board of Directors. The reclassification of the employee elected board members' shares and share-based instruments is shown in the transferred column of the tables above. The Board of Directors convened and constituted itself with Mr. Pettersson as Chairman and Dr. Pedersen as Deputy Chairman.

On August 3, 2016, Genmab A/S' Board of Directors appointed Rolf Hoffmann as a board observer. It is expected that after a period as a board observer, Mr. Hoffmann will stand for election to Genmab's Board of Directors at the Company's 2017 Annual General Meeting. As a board observer, Mr. Hoffmann will participate in board meetings but he will not be a member of the board and he will not be able to participate in any votes taken by the board.

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

The Parent Company's 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.

	Parent Company	
	2016	**2015**
Transactions with subsidiaries:	DKK'000	DKK'000
Income Statement:		
Service fee income	74,011	3,329
Service fee costs	(217,377)	(216,714)
Financial income	2,115	236
Balances with subsidiaries:		
Current receivables	71,707	–
Current payables	(111,148)	(101,334)

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.

The Group's 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 in 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 2016 and 2015.

5.3 Equity Interests in Subsidiaries

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

Name	Domicile	Ownership and votes 2016	Ownership and votes 2015
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%

*On March 10, 2015, Genmab created a new Dutch subsidiary, Genmab Holding B.V., and contributed all shares owned in Genmab B.V. in exchange for shares in Genmab Holding B.V. As a result, Genmab indirectly owns 100% of Genmab B.V. beginning on the effective date of March 10, 2015.

Investments in subsidiaries are subject to a yearly assessment by the group's management for impairment indications and, if necessary, an impairment test is carried out. In 2016 and 2015 there were no impairment indications noted.

	Parent Company	
	2016	2015
	DKK'000	DKK'000
Cost per January 1	2,231,898	2,156,663
Additions for the year	128,019	75,235
Cost per December 31	**2,359,917**	**2,231,898**
Impairment per January 1	(1,928,768)	(1,928,768)
Impairment for the year	–	–
Impairment per December 31	**(1,928,768)**	**(1,928,768)**
B/S **Carrying amount per December 31**	**431,149**	**303,130**

§ Accounting Policies

In the separate financial statements of the parent company Genmab A/S, equity interests in subsidiaries are recognized and measured at cost. Equity interests in foreign currencies are translated to the reporting currency by use of historical exchange rates prevailing at the time of investment. The cost is written down to the recoverable amount if this is lower.

Distributions from the investment are recognized as income when declared, if any. An impairment test is performed if a distribution exceeds the current period's comprehensive income or the subsidiary exceeds the carrying amount of the net assets of the subsidiary in the consolidated financial statements.

5.4 Commitments

Guarantees and Collaterals

The group has, through a bank deposit, established a bank guarantee of DKK 3 million (2015: DKK 3 million) relating to the lease of an office building. In the separate financial statements of the parent company, no such guarantees have been established.

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 2025.

Future minimum payments under our operating leases as of December 31, 2016, are as follows:

	Genmab Group		Parent Company	
	2016	2015	2016	2015
Payment due	DKK'000	DKK'000	DKK'000	DKK'000
Within 1 year	24,116	13,462	3,352	3,575
From 1 to 5 years	57,229	72,439	344	2,673
After 5 years	68,695	70,016	-	-
Total	**150,040**	**155,917**	**3,696**	**6,248**
Expenses recognized in the income statement	17,948	15,500	3,569	3,118

Finance Leases

The group has entered into finance lease contracts primarily with respect to laboratory equipment. Future minimum lease payments under such finance leases and the net present value are as follows:

	Genmab Group		Parent Company	
	2016	2015	2016	2015
Minimum lease payments	DKK'000	DKK'000	DKK'000	DKK'000
Within 1 year	–	118	–	–
From 1 to 5 years	–	–	–	–
	–	118	–	–
Future finance charges	–	–	–	–
Total	**–**	**118**	**–**	**–**
Net present value of future payments				
B/S Within 1 year	–	118	–	–
B/S From 1 to 5 years	–	–	–	–
Total	**–**	**118**	**–**	**–**

Other Purchase Obligations

The parent company and the group have 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 91 million (2015: DKK 133 million). In the parent company, the contractual obligations amounted to DKK 91 million (2015: DKK 133 million).

During 2015 the group entered into an operating lease agreement for a new research and office facility, which we expect to occupy in late 2017. Prior to occupying the new facility, we expect capital expenditure obligations for the purchase of leasehold improvements and equipment, furniture, and fixtures to total approximately DKK 61 million (2015: DKK 58 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 (2015: DKK 50 million). As of December 31, 2016 and 2015, 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 (2015: 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.

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. The trial date has been set for August 2018. Jury trial has been requested by MorphoSys. Genmab and Janssen disagree

5.5 Contingent Assets, Contingent Liabilities and Subsequent Events – Continued

with the allegations made by MorphoSys in its complaint for patent infringement and vigorously contest those allegations.

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 93 million as of December 31, 2016 (2015: DKK 76 million).

In addition, Genmab has entered into service agreements with 27 (2015: 23) 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 27 service agreements the total impact on our financial position is estimated to approximately DKK 69 million as of December 31, 2016 (2015: DKK 67 million).

With respect to change of control clauses related to share-based instruments granted to the Executive Management and employees, please refer to note 4.6. As of December 31, 2016, a change of control event and the termination of all impacted service agreements are, in relation to share-based instruments, not expected to have a significant impact on our financial position.

Subsequent Events

No events have occurred subsequent to the balance sheet date that could significantly affect the financial statements as of December 31, 2016.

§ 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

	Genmab Group		Parent Company	
	2016	2015	2016	2015
	DKK'000	DKK'000	DKK'000	DKK'000
PricewaterhouseCoopers				
Audit services	1,026	1,122	708	773
Audit-related services	146	135	146	135
Tax and VAT services	609	472	534	377
Other services	38	–	38	–
Total	**1,819**	**1,729**	**1,426**	**1,285**

5.7
Adjustments to Cash Flow Statement

		Genmab Group		Parent Company	
	Note	2016	2015	2016	2015
		DKK'000	DKK'000	DKK'000	DKK'000
Adjustments for non–cash transactions:					
Depreciation and amortization	3.1, 3.2	40,956	31,822	25,381	18,275
Net loss (gain) on sale of equipment		45	–	–	–
Share–based compensation expenses	2.3, 4.6	53,188	36,564	18,312	13,571
Total adjustments for non–cash transactions		**94,189**	**68,386**	**43,693**	**31,846**
Changes in working capital:					
Receivables		(794,935)	(89,954)	(796,400)	(86,342)
Deferred income		(54,558)	(267,535)	(54,558)	(267,535)
Reversal of GSK Liability		–	(176,217)	–	(176,217)
Other payables		(9,378)	(4,736)	34,073	(13,543)
Total changes in working capital		**(858,871)**	**(538,442)**	**(816,885)**	**(543,637)**

Directors' and Management's Statement on the Annual Report

Today the Board of Directors and Executive Management have discussed and approved the annual report of Genmab A/S for the financial year 1 January to 31 December 2016.

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 for listed companies.

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 2016 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 2016.

In our opinion the Management's Review includes a true and fair review about the development in the group's and the parent company's operations and financial matters, the results for the year and the parent company's financial position, and the position as a whole for the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the group and the parent company.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, February 22, 2017

Executive Management

Jan van de Winkel
(President & CEO)

David A. Eatwell
(Executive Vice President & CFO)

Board of Directors

Mats Pettersson
(Chairman)

Anders Gersel Pedersen
(Deputy Chairman)

Paolo Paoletti

Burton G. Malkiel

Pernille Erenbjerg

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 2016 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 2016 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

What we have Audited
Genmab A/S' Consolidated Financial Statements and Parent Company Financial Statements for the financial year 1 January to 31 December 2016 comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 2016. 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 Genmab recognizes revenue when it is probable that future economic benefits will flow to the group and these benefits can be measured reliably and is expected to be received. Further, revenue is recognized when all significant risks and rewards in the transaction have been transferred to the buyer. We focused on this area because timing of revenue recognition in the income statement has inherent complexities and requires significant judgement and estimation by management. Revenue recognition involves accounting for research and development and collaboration agreements including simultaneous transactions and multiple elements such as upfront payments, milestone payments, royalties and reimbursement of costs, of which the most significant are Janssen (Daratumumab). Reference is made to note 2.1.	We discussed revenue recognition principles with Management. Our audit procedures in regard of revenue recognition included testing of relevant controls. We read relevant agreements to assess whether the revenue recognition methodology was consistent with accounting standards, and had been applied consistently. We considered the reasonableness of the judgements made by Management in determining the relevant assumptions utilized in calculating recognized revenue. We tested a sample of transactions of revenue recognized in the income statement (revenue) and the balance sheet (deferred income) for accurate calculation and appropriately recognition based on agreements, recognition principles and Managements estimates and judgements.
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. We focused on this area because recognition of deferred tax assets requires significant judgement and estimation by Management. These mainly involve estimates based on certain assumptions in relation to future taxable income. Changes in future taxable income impact the utilization of deferred tax assets, recognized as well as and unrecognized deferred tax assets. 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 to evidence obtained, such as budgets and business plans. We critically assessed the assumptions and judgements 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 Responsibility 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.

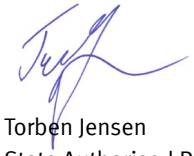
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, 22 February 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31



Torben Jensen
State Authorised Public Accountant

Allan Knudsen
State Authorised Public Accountant

Glossary

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

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

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

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.

BLA
Biologics License Application. 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.

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.

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.

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.

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

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.

PFS
Progression free survival. The length of time a patient lives without his/her disease worsening.

Refractory
Resistant to treatment.

Relapsed
Recurrence of disease symptoms after a period of improvement.

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.

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

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.

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 in relation to actual results, unless required by law.

Photographers
Tuala Hjarnø, Torkil Stavdal and Christian Hoyer

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, 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.

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