Genmab

Annual

2000

Report

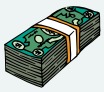
OUR MISSION

Genmab A/S is a biotechnology company that creates and develops fully human antibodies for the treatment of life-threatening and debilitating diseases. Currently, Genmab has four products in development to treat cancer, rheumatoid arthritis and other inflammatory conditions, and intends to assemble a broad portfolio of new therapeutic products arising from research into the human genome. Genmab's commercial opportunities are based upon research conducted by its partners at leading international companies as well as in its own laboratories. Genmab has assembled a top-notch scientific and clinical team to rapidly develop and test new therapeutic antibody products. Genmab is headquartered in Copenhagen, Denmark, and has offices in the Netherlands and the United States.

Genmab

2000 HIGHLIGHTS

Genmab obtains unlimited access to Medarex's fully human antibody technology.



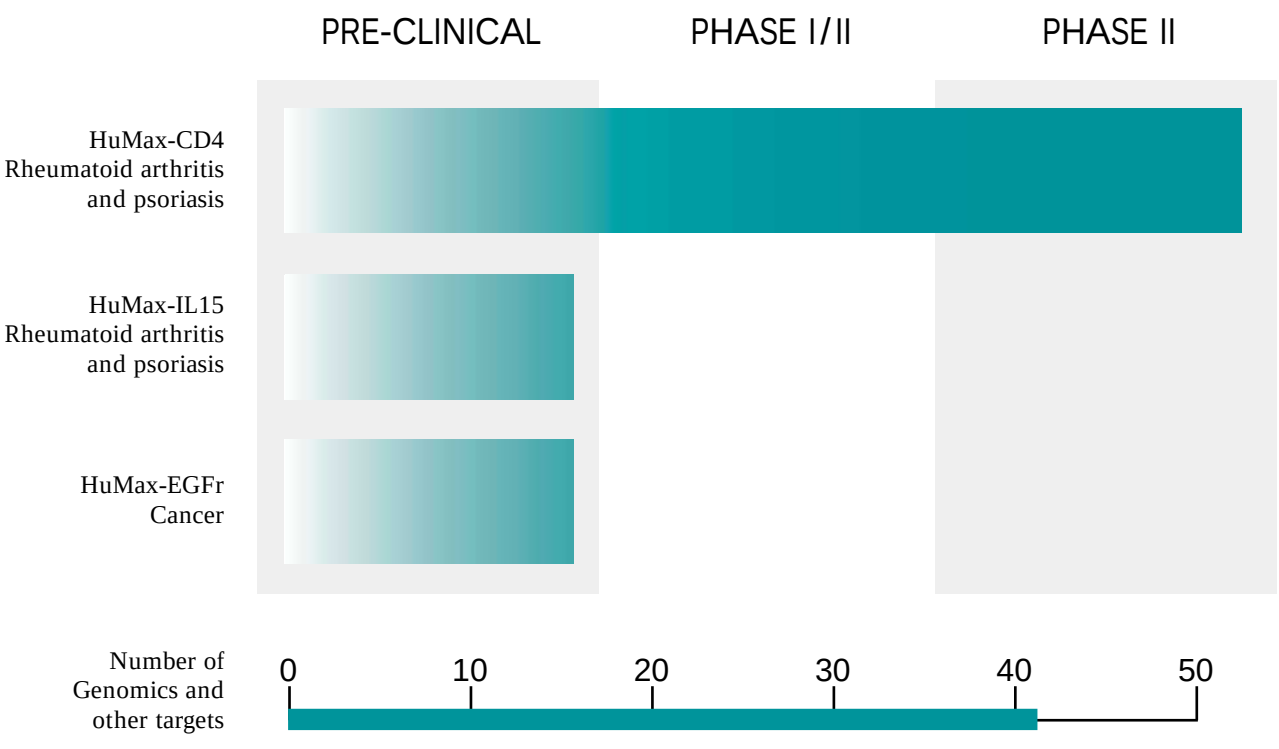
Genmab raises DKK 321 million (USD 40.5 million) in largest ever placement by a private European biotechnology company.

Initial Public Offering raises DKK 1.56 billion (EUR 209 million). Genmab becomes first company with dual listing on both the Copenhagen Stock Exchange and Frankfurt Stock Exchange Neuer Markt.

Positive Phase I/II results presented at American College of Rheumatology meeting for initial HuMax™-CD4 rheumatoid arthritis trial.

Gemini Genomics signs collaboration agreement to develop new human antibody therapeutics.

HuMax-CD4 enters Phase II human clinical trials for rheumatoid arthritis.



LETTER FROM THE CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDER,

2000 was an extraordinary year for Genmab. We moved our first product, HuMax™-CD4, into Phase II clinical trials, raised nearly two billion kroner – almost a quarter of a billion dollars, assembled a world-class scientific and clinical team, and formed or expanded corporate partnerships to deepen our product pipeline. Thanks to these efforts, we are poised to develop a broad portfolio of fully human antibody therapeutic products.

CLINICAL PROGRESS

Under the direction of Chief Operating Officer Claus Møller, M.D. Ph.D., who has more than ten years' experience running clinical trials in both the pharmaceutical and biotechnology industry, our experienced clinical group has established an extensive network of clinical investigators, particularly in Europe, to speed the progress of our clinical trials. As a result, we were able to rapidly complete the Phase I/II trial of HuMax-CD4, a human antibody for which we have the commercial rights in North and South America. In November, we were able to announce very promising results of that trial at the Annual Meeting of the American College of Rheumatology. These results set the stage for our Phase II trials in both rheumatoid arthritis and psoriasis, diseases affecting over seven million people in the United States alone.

During 2001, we expect to file IND's (Investigational New Drug applications) to allow us to initiate trials of HuMax-IL15, which we are developing in collaboration with Immunex Corporation, one of the world's largest biopharmaceutical companies, and HuMax-EGFr, which targets a critical receptor on many cancer cells.

SCIENTIFIC DEVELOPMENT

We have extensive pre-clinical development capabilities under the direction of Jan van de Winkel, Ph.D, Chief Scientific Officer, a leading antibody scientist and author of over 200 scientific publications. His team creates and characterises our novel human antibodies to ensure that the best possible candidate is selected to become a potential product. In addition, our extensive array of laboratory assays and animal disease models allows us to perform "functional biologics" work to learn more about the role genomics and other novel targets play in disease.

CORPORATE PARTNERING —LEVERAGING THE POWER OF OUR PLATFORM

Our partnering efforts have focused on areas that help us build a deep pipeline of new products. We expanded our collaboration with Medarex, Inc., in 2000 and now have the rights to make an unlimited number of human antibodies for an unlimited period of time. We will receive worldwide rights to products developed under that

Thanks to these efforts, we are poised to develop a broad portfolio of fully human antibody therapeutic products.

Lisa N. Drakeman, Ph.D.
Chief Executive Officer

license. In addition, we also received the rights to exclusively market the human antibody technology to certain target discovery companies in Europe for multi-target (more than five targets) partnerships. As part of this arrangement, we also gained access to new disease targets from Oxford GlycoSciences Plc and Eos Biotechnology, Inc. In addition, we also initiated a partnership with UK-based Gemini Genomics plc, a leading company pursuing diseases of the aging population.

ACCESSING CAPITAL

Due to the success of our record-setting private placement and Initial Public Offering, Genmab is in a strong financial position to move its antibody projects forward. As of December 31, 2000, we had more than DKK 1.75 billion (USD 220 million) in cash, making us one of the best-funded biotechnology companies in Europe. We now have the cash to move aggressively toward our goal of developing and commercialising a profitable portfolio of therapeutic products.

In summary, 2000 was the year in which Genmab put in place the full complement of resources necessary for us to build a major biopharmaceutical company. We look forward to working hard throughout 2001 to move our products forward as rapidly as possible.

Sincerely yours,

Lisa N. Drakeman, Ph. D.
Chief Executive Officer

USING ANTIBODIES TO FIGHT DISEASE

Antibodies are one of the body's most important natural defences against disease, directing the immune system to fight disease by seeking out and binding to disease targets, viruses and other organisms. Each antibody binds to a particular target and is specific to that target, like a key fitting into a lock. This specificity makes antibodies far less likely to cause toxic side effects than traditional drugs, like cancer chemotherapy, for example, which attacks both diseased and healthy parts of the body. Antibodies are useful in the treatment of many types of disease. However, our immune systems do not normally make antibodies to our own cells, like cancer cells. Consequently, there are diseases, like cancer, that require the creation of special antibodies to guide the immune system. In the case of autoimmune disease, where the body is attacking itself, we may need to create antibodies to slow down or interfere with an overactive immune system.

Genmab has powerful technologies that can create antibodies our own immune system does not make, antibodies that are specific for a disease target. We can then reproduce those antibodies in large quantities as needed. These special antibodies are called monoclonals. A monoclonal antibody is a type of antibody produced in the laboratory from a single cell known as a hybridoma. All antibodies produced by the hybridoma are identical and bind to the same specific target in the same way. The original technology for creating monoclonal antibodies involved the use of normal or "wild type" mice. Until recently, all antibody-based products have typically contained mouse proteins. Such antibodies have the potential to elicit allergic responses or other complications when introduced into human patients. To avoid these complications, some mouse antibodies have been re-engineered to remove the majority of their mouse protein sequences, creating chimeric or humanised monoclonal antibodies.

With our wide range of monoclonal antibody capabilities, Genmab is in a position to move rapidly from genomics and other novel targets to antibody products.

Jan G. J. van de Winkel, Ph.D.
Chief Scientific Officer

The time-consuming humanisation process can decrease the binding strength or affinity of the original antibody, and in the end, chimeric and humanised antibodies still retain mouse protein.

CREATING FULLY HUMAN ANTIBODIES

Genmab's products are produced through a method that uses "transgenic mice" to create fully human monoclonal antibodies. These transgenic mice have had the mouse genes for creating antibodies replaced by human genes and, as a result, make fully human antibodies. The transgenic mice are able to rapidly produce completely human antibodies when they are immunised, that is, exposed, to a particular disease target. The great advantage of creating antibodies in transgenic mice is that their immune systems do see human cells, like cancer, as foreign, so it is possible to make human antibodies to human disease targets. These antibodies have another special feature – they are unusually good at finding and binding to their disease targets, a property that is called high affinity. Antibodies from our technology are often 100 to 1000 times better at finding their disease targets than antibodies from wild type mice. Also, and perhaps more importantly, the antibodies generated are 100 per cent human, ready to be developed into products to treat disease. They do not require any further costly and time-consuming engineering.

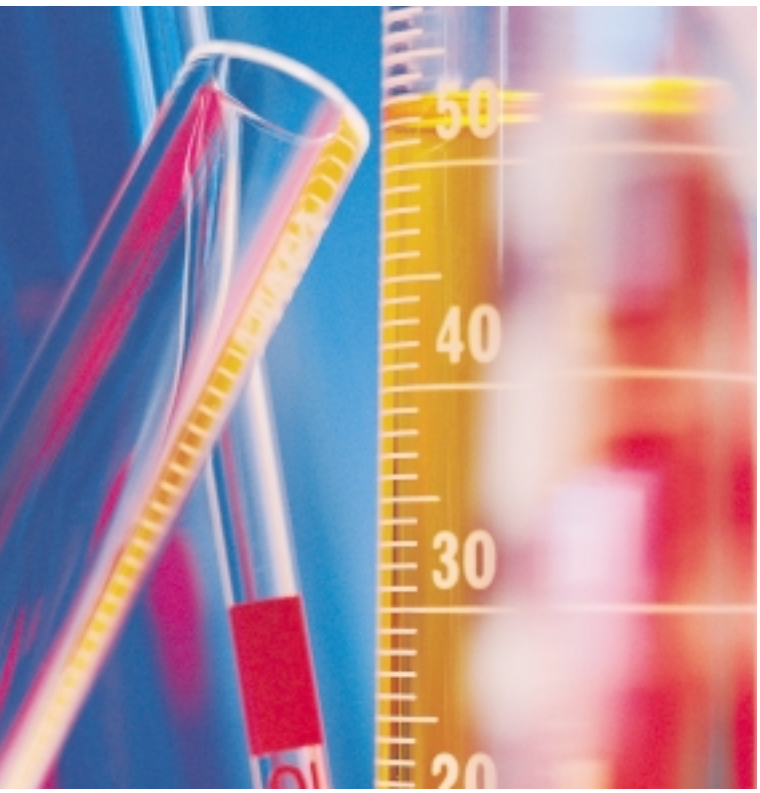
Genmab has licensed the rights to use the transgenic mouse technology including the HuMAb-Mouse® and the TC Mouse™ from Medarex, Inc., a leading antibody company based in the United States. This technology has received broad acceptance in the global biotechnology and pharmaceutical industry. Our alliance with Medarex includes the right to create as many antibody products as we wish for an unlimited period of time. Under this license, Genmab owns the worldwide development and commercialisation rights to its antibody products. Genmab received this license in exchange for equity, and Medarex owns approximately 33 per cent of our outstanding stock.

PARTNERING GENOMIC KNOWLEDGE INTO PRODUCTS

Genomics and other research techniques, such as proteomics, are leading to the discovery of an unprecedented number of potential targets for antibody products. With our wide range of monoclonal antibody capabilities, Genmab is in a position to capitalise on these discoveries and to move rapidly from genomics and other novel targets to antibody products. To maximise the value of our integrated human antibody development capabilities, Genmab is forming partnerships with other companies to co-develop antibody products to novel disease targets. Genmab already has access to targets from such genomics companies as Gemini Genomics plc, Oxford GlycoSciences Plc and Eos Biotechnology, Inc. Genmab also has an alliance with Immunex Corporation to develop an antibody to the novel target Interleukin-15.

BRINGING HUMAN ANTIBODIES INTO THE CLINIC

Genmab is building a deep pipeline of human antibody products to maximise our chances of success. First, we are acquiring access to novel disease targets by forming partnerships with genomics and other companies, as well as through our in-licensing efforts. Second, we are pursuing a strategy of creating "second generation" products. In this case, we look for disease targets where antibodies are working well already, a clinically validated target, and then use our advanced technology to create an improved product. Clinically validated targets are those where unrelated third parties have already concluded successful human clinical trials through at least Phase II studies with older mouse-based antibody products. For these validated targets, we are developing fully human antibody products that we anticipate will have better therapeutic activity than existing mouse-based antibodies.



We have three antibodies in this program, HuMax™-CD4, HuMax-EGFr, and HuMax-Anticancer.

TARGETING CANCER CELLS

Cancer is a severe progressive disease whereby normal cells mutate and proliferate in an uncontrolled manner causing severe damage to tissue and organs which leads to extreme pain and ultimately can be fatal. Due to their accelerated growth rate, cancer cells are susceptible to molecules that disrupt or interfere with the molecular pathways controlling growth.

HuMax-EGFr and HuMax-Anticancer - Our HuMax-EGFr is a fully human antibody that targets the Epidermal Growth Factor Receptor (EGFr), a molecule found in abundance on the surface of many cancer cells. Activation of EGFr promotes the growth of tumor cells. Preclinical studies and human clinical trials have demonstrated that blocking activation of EGFr using antibodies can be an effective treatment. We expect to begin a Phase I/II clinical trial using HuMax-EGFr in 2001. In addition, we are currently pursuing a second clinically validated cancer target to create HuMax-Anticancer using our fully human antibody technology.

BREAKING THE CYCLE OF AUTOIMMUNE DISEASES

Rheumatoid arthritis is a severe, progressive autoimmune disease that causes inflammation mainly in synovial tissues, such as joints and tendons. Immune system cells, mainly T-cells, infiltrate the joint membranes leading to inflammation and a harmful overproduction of naturally occurring synovial cells. T-cells, particularly those carrying the CD4 receptor, are thought to be responsible for initiating rheumatoid inflammation. As the inflammatory cascade continues, additional T-cells are recruited to the inflamed site by the cytokine IL-15.

Genmab is developing fully human antibody products which should be ideal for long term therapy.

Claus Juan Møller-San Pedro, M.D., Ph.D.
Chief Operating Officer

Psoriasis and atopic dermatitis are also autoimmune diseases characterised by chronic inflammation. The inflamed sites contain numerous activated T-cells. Invasion of the skin tissues by the T-cells is increased by the cytokine IL-15 and can lead to the development of psoriatic and atopic dermatitis lesions. Due to the important role T-cells play in these autoimmune diseases, we anticipate that inactivating these cells with a monoclonal antibody can prevent or minimise the cascade of events leading to inflammation and tissue destruction.

HuMax-CD4 - Our HuMax-CD4 is a high-affinity, fully human antibody that targets CD4 cells for the treatment of rheumatoid arthritis and psoriasis. We have completed a Phase I/II clinical trial with HuMax-CD4 in patients with rheumatoid arthritis. In this study, we treated severely diseased patients who had failed to respond to conventional therapy. HuMax-CD4 was well tolerated in the Phase I/II study. Furthermore, in the four highest dose cohorts, fifty per cent of the treated patients achieved favorable responses to the antibody, as measured by objective criteria defined by the American College of Rheumatology. Two Phase II clinical studies are currently underway, one in rheumatoid arthritis and one in psoriasis.

HuMax-IL15 - Our HuMax-IL15 is a fully human, high-affinity neutralising antibody against IL-15 for the treatment of rheumatoid arthritis and psoriasis. We have a collaboration with Immunex to develop this product. A program of laboratory and animal studies is underway, and clinical protocols are under development. We expect clinical trials with HuMax-IL15 to begin in 2001.

ANNUAL REPORT

Genmab is a European-based biotechnology company using transgenic mouse technology to create fully human monoclonal antibodies for the research, development and commercialisation of therapeutic products to treat a wide variety of life threatening and debilitating diseases.

The Company is in a development stage. Consequently, significant losses have been incurred since inception resulting in an accumulated deficit of DKK 63,085,661 as of 31 December 2000. As the Company continues to develop its business, additional losses are anticipated. It is also expected that the cash required to support the operating activities will increase as the Company's clinical resources are expanded and further complementary technologies are acquired.

Achievements of the year

During the year 2000 Genmab significantly expanded its access to technology and capital resources. The Company also developed a strategy of using its fully human antibody technology to generate a broad portfolio of genomics based human antibody products. Highlights of the year to date include:

- (February 2000) Gaining the ability to use the HuMAb-Mouse® and TC Mouse™ technologies to create an unlimited number of products for an unlimited period of time.
- (May 2000) Completing a European record setting private placement of USD 40.5 million.
- (August 2000) Gaining exclusive marketing rights to market the transgenic technologies for European multi-target genomics alliances.
- (October 2000) Completing a successful Initial Public Offering on 18 October 2000 raising a total of DKK 1.56 billion.
- (November 2000) Presenting positive Phase I/II results of the Company's HuMax-CD4 antibody of the American College of Rheumatology meeting.
- (December 2000) Initiating a Phase II study with our fully human antibody HuMax-CD4 to treat patients with rheumatoid arthritis
- (Second half 2000) Gaining access to novel antibody targets from Oxford GlycoSciences Plc, EOS Biotechnology Inc. and Gemini Genomics Plc.

Financial development

The deficit for the financial year 2000 of DKK 36,348,798 is in accordance with expectations. As of 29 November, 2000, the Copenhagen Stock Exchange and the Frankfurt Neuer Markt were informed that an increase in the operating loss of more than 300 per cent compared to 1999 was to be expected, due to increased business, research and development activities. The Company's operating loss for the year is DKK 77,665,547 and in 1999 it was DKK 18,880,673 and thus in line with expectations.

At the end of 2000 the Company employed thirty-five employees compared to four at the end of 1999. The increasing number of employees and the increasing deficit reflects the dramatic increase in research and development activities as well as the general and administrative activities. Genmab plans to continue recruiting new staff as business expands. At the end of 2001, the total number of employees is expected to exceed eighty.

Research and Development

Research and development costs increased by DKK 44,534,899, from DKK 16,690,787 for the fiscal year ended 31 December 1999 to DKK 61,225,686 for the fiscal year ended 31 December 2000. This corresponds to an increase of 267 per cent, which was principally due to increased pre-clinical and clinical trial activities, payment of license fees, higher personnel costs and supply expenses.

In October 2000, Genmab completed its Initial Public Offering and was listed on the Copenhagen Stock Exchange and Neuer Markt on the Frankfurt Stock Exchange.

Michael Wolff Jensen, L.L.M.
Chief Financial Officer and
Corporate Counsel

Research and development costs are expected to increase at an accelerating rate as the Company's antibody products continue to progress through clinical trials and the regulatory approval process.

General and administrative

General and administrative costs increased by DKK 14,249,975, from DKK 2,189,886 for the fiscal year ended 31 December 1999 to DKK 16,439,861 for the fiscal year ended 31 December 2000. This corresponds to an increase of 651%, which was primarily attributable to increased personnel costs incurred in connection with the expansion of our business activities.

Financial items

Financial income increased by DKK 61,661,600, from DKK 1,003,411 for the fiscal year ended 31 December 1999 to DKK 62,665,011 for the fiscal year ended 31 December 2000. This increase reflects interest earned on short-term marketable securities and higher average cash balances, as well as favourable foreign exchange rate fluctuations. Unrealised gains on short-term marketable securities, including an element of imputed interest on non-interest bearing securities, amounts to DKK 8,852,118 which is included in income and allocated as a non-distributable component of shareholders equity.

Financial expenses increased by DKK 24,959,972, from DKK 3,652 for the fiscal year ended 31 December 1999 to DKK 24,963,624 for the fiscal year ended 31 December 2000. The increase reflects mainly unrealised losses on foreign exchange rate fluctuations and a pro forma interest related to a calculation of net present value of a non-interest bearing debt.

Currencies

The Company's financial statements are published in Danish Kroner. Solely for the convenience of the reader, the financial statements contain translations of certain Danish Kroner amounts into U.S. Dollars (USD) at specified rates. These translations should not be construed as representations that the Danish Kroner amounts actually represent such USD amounts or could be converted into USD at the rates indicated or at any other rate.

Unless otherwise indicated, translations herein of financial information into USD have been made using the Danish Central Bank closing spot rate on 29 December 2000, which was USD 1.00 = DKK 8.0205.

Financial risks

The Company keeps certain amounts invested in USD in order to hedge expected expenses in USD during the next 12-18 months. Approximately 11% of cash, cash equivalents and short term marketable securities are invested in USD denominated securities. This may expose Genmab to a risk of foreign currency fluctuations. No actions, such as entering into options or futures contracts, have been taken to reduce such possible exposure to changes in foreign currency exchange rates as it is expected that an open position will be covered due to the fact that some of the Company's expenses are in USD.

The primary objective of Genmab's investment activities is to preserve capital while at the same time maximising the income derived from security investments without significantly increasing risk. Currently, a portfolio of cash, cash equivalents and short term marketable securities is maintained by investing in deposits with major financial institutions, money market funds, corporate bonds and DKK denominated notes issued by the Danish government as well as USD denominated notes issued by the U.S. government.

Some of the securities in which the Company has invested may bear interest rate risk. This means that a change in market derived interest rates may cause the fair value of the principal amount of the investment to fluctuate. To minimise future risks, the Company intends to maintain its investment portfolio in a variety of securities, including commercial papers, money markets funds, government and non-government debt securities. Due to the short-term nature of the current investments, no material exposure to interest rate risk arising from the investments is expected.

Expected development

Financial development

Genmab is a development stage Company which, since inception, has incurred significant losses amounting to an accumulated deficit of DKK 63,085,661 as of 31 December 2000. As the Company continues to develop its business, it expects to incur additional losses. Furthermore, the cash required to support the Company's operating activities is expected to increase as clinical resources are expanded and the need arises to acquire or gain access to further complementary technologies. An increase in Operating loss before Financial Items of more than 250% compared to the fiscal year 2000 is expected, assuming that no further agreements are entered into during 2001 that could materially affect the results.

Since inception, no revenues have been generated from the Company's operations. In the near-term it is expected that non-investment revenues will be derived principally from clinical research funding and milestone payments received from collaborations. For 2001 the Company does not expect any operating revenues. In the long term, the majority of revenues are expected to be derived from milestone payments, royalties on sales of products by partners of Genmab and/or revenues generated from own sales of products.

Non financial development

The Company expects the number of antibody products in preclinical development to increase during 2001. In addition the Company is preparing HuMax-IL15 and Humax-EGFr for Phase I/II clinical trials.

HuMax-IL15 is a human antibody to which Genmab has worldwide rights in collaboration with Immunex. This antibody targets a step that occurs early in the cascade of events that cause autoimmune disease. IL15 is expected to enter Phase I/II studies against rheumatoid arthritis.

Genmab's HuMax-EGFr antibody is expected to enter a Phase I/II study against cancers. EGFr is a validated target, which means that unrelated third parties have concluded trials through to Phase II or beyond, which have shown highly positive results and/or launched the antibody against such target with commercial success.

Further, the Company is working to develop additional collaboration agreements to expand Genmab' product pipeline.

Certain statements in this Annual Report consist of forward-looking statements that involve risks and uncertainties including, but not limited to, uncertainties regarding future clinical trial results, the progress of clinical development and commercialisation of products, the development of new technologies, the receipt of patent license fees and third party payments, and uncertainties regarding new business opportunities and the continuation of business partnerships. Actual results, events or performance may differ materially.

Subsequent events

After the balance sheet date no material events have occurred which are assessed to have a material impact on the assessment of the financial statements.

In January 2001, the Company initiated a Phase II clinical trial with its fully human antibody HuMax-CD4 to treat patients with severe psoriasis. The HuMax-CD4 antibody is also being tested in a Phase II study against rheumatoid arthritis.

Shareholders equity

Genmab finances its operations primarily through equity placements.

In February, May and August 2000, private placements were completed consisting of cash and contributions of license rights. The total issuance of shares for cash at the private placements equals DKK 357,400,344, whereas the total issuance of shares for license rights equals DKK 45,552,241. The total expenses associated with these placements amounts to DKK 3,716,720.

A group of founders of the Company have exercised 3,140 warrants, which gave the Company proceeds of DKK 1,022,698.

On 25 August, 2000, a conversion of all existing four classes of shares to one class of ordinary shares and a bonus share issuance of nine ordinary shares for each ordinary share was approved at a meeting of Genmab's shareholders. Following this issuance, the Company had 15,812,020 outstanding ordinary shares.

Initial Public Offering

In October 2000, Genmab completed its Initial Public Offering, and was listed on the Copenhagen Stock Exchange and Neuer Markt on the Frankfurt Stock Exchange. In connection with the offering, 6,000,000 new ordinary shares were issued at offer prices of DKK 260 and EUR 34.89, respectively. The issuance of new shares resulted in total proceeds to the Company equivalent to DKK 1,559,689,095 pre-expenses. In connection with the Initial Public Offering the expenses added up to DKK 138,603,873, which mainly consisted of bankers fee, legal services, audit, due diligence, setup and printing of prospectus etc. The net proceeds to the Company equaled DKK 1,421,085,222.

Use of proceeds

As described in the Offering Circular dated October 2000, Genmab intends to use the net proceeds of the offering:

- to fund future pre-clinical and clinical trials and current and new product development programmes;
- to fund the in-licensing of potential therapeutic targets and development of fully human antibody products utilising these targets;
- to fund expansion of the Company's human antibody partnering business;
- to fund expansion of operations and facilities;
- to fund the payment of licence fees connected to the continued development of the business; and
- For general corporate purposes including research and development expenses and other working capital requirements.

Pending the utilisation of the proceeds, Genmab has invested the funds in short-term, investment grade, interest-bearing securities and similar investments. All investments are made in accordance with an implemented low risk investment policy, which allows only investments in certain low-risk securities with a duration of less than three years. The investment management of the proceeds from the offering has currently resulted in a yield of 6.3% per annum.

Performance of Genmab's shares

The Company's shares have been traded on the Copenhagen Stock Exchange and the Neuer Markt since 18 October, 2000. The Copenhagen Stock Exchange, where the Company has been adopted into the KVX-index, has recorded the total trading volume for the period 18 October to 31 December, 2000 at DKK 703,733,513, which is an average of DKK 13,798,696 or 60,346 Ordinary shares per day. On the Neuer Markt, the shares are traded as Co-Ownership interests. According to Deutche Börse, 260,850 shares and 5,452,581 Co-Ownership interests have been traded in the period 18 October to 31 December 2000. This volume equals a total turnover of approximately DKK 1,357,448,564.

The market price of Genmab's shares fell from DKK 238 on 18 October 2000 (first day of trading) to DKK 181 on 31 December 2000. This equals a decline of approximately 24%. In the same period the KVX index decreased by approximately 35%. The mentioned share prices are all represented by the average share price of the current day. On 31 December 2000, the market capitalisation of the Company was approximately DKK 4 billion.

Consolidated key figures

The following financial ratios have been calculated in accordance with the guidelines of the Association of Danish Financial Analysts. The key figures include all years of operation.

	2000	2000	1999	1999
		USD		USD
		(Unaudited)		(Unaudited)
Income Statements				
Research and development costs	(61,225,686)	(7,633,650)	(16,690,787)	(2,081,016)
General and administrative expenses	(16,439,861)	(2,049,730)	(2,189,886)	(273,036)
Operating loss	(77,665,547)	(9,683,380)	(18,880,673)	(2,354,052)
Net loss	(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)
Balance sheets				
Net cash, cash equivalents and short term marketable securities	1,765,045,227	220,066,732	39,107,642	4,875,961
Total assets	1,946,065,711	242,636,458	83,295,994	10,385,387
Shareholders equity	1,867,586,768	232,851,664	80,865,928	10,082,405
Share Capital	21,812,020	2,719,534	671,692	83,747
Statements of cash flow				
Cash flow from operations	(8,707,147)	(1,085,612)	(9,458,740)	(1,179,320)
Cash used in investing activities	(1,767,951,405)	(220,429,076)	(784,460)	(97,807)
Cash flow from financing	1,775,791,544	221,406,589	49,225,500	6,137,460
Net cash and cash equivalents	38,240,634	4,767,862	39,107,642	4,875,961
Financial Ratios				
Basic and diluted net loss per share (EPS)	(2.6)	(0.3)	(3.3)*	(0.4)*
Year end stock market price	181.36	22.61	—	—
Stock market price/equity value	2.12	2.12	—	—
Shareholders equity per share	85.62	10.68	12.04*	1.50*
Average number of employees	16	16	2	2
Number of employees at the end of the year	35	35	4	4

* On 25 August 2000, the Company's shareholders approved a bonus share issue of nine ordinary shares for each ordinary share then outstanding. Per share data in the consolidated key figures have been retroactively restated giving effect to the bonus share issue.

Establishment of subsidiaries in The Netherlands and USA

In December 2000, the Company established a subsidiary in Utrecht, the Netherlands. The main objective of Genmab B.V. is to perform research and pre-clinical development of fully human monoclonal antibodies. As the subsidiary began operations on 28 December 2000, there were no employees in 2000. At the end of 2001 it is expected that there will be at least 20 employees in Genmab B.V.

At the same time, Genmab A/S also established Genmab, Inc. in the US. During 2001 we expect to establish a US based clinical trials team. The company is registered as a Delaware corporation, conducting business according to New Jersey law and as of the fourth quarter 2000 a lease agreement in New Jersey has been entered into and accordingly we plan to conduct our business from there.

Allocation of income

It is proposed that the year's loss of DKK 36,348,798, including the revaluation of short term marketable securities, is carried forward by transfer to accumulated deficit.

Ownership

On 31 December 2000 the number of registered shareholders totaled 6,445 shareholders holding 17,890,226 shares, which represented 82% of the share capital.

The following shareholders are listed in the register of shareholders as the owners of minimum 5% of the votes or minimum 5% of the share capital:

- Bankforeningernes Erhvervsudviklingsforening BankInvest Biomedicinsk Udvikling, Toldbodgade 33, DK-1022 Copenhagen K, Denmark
- Aktieselskabet BI Biomedicinsk Udvikling II, Toldbodgade 33, DK-1022 Copenhagen K, Denmark
- GenPharm International, Inc. 2350 Qume Drive, San Jose, CA 95131, USA

Approval of the Annual Report for 2000

Management and the Board of Directors have, as of today, reviewed and approved the Annual Report, Consolidated and Company financial statements for 2000.

The Consolidated and Company financial statements have been prepared in accordance with generally accepted accounting principals applicable to companies listed on the Copenhagen Stock Exchange and requirements of Danish law. We consider that the Company's accounting principals are appropriate for the Company. Furthermore, in order to comply with the requirements for a company listed on the Neuer Markt, the disclosure and presentation of information in the Company's financial statements has been aligned where possible with the requirements required by US generally accepted accounting principals. A reconciliation has been made between Danish and US generally accepted accounting principals as a note to the financial statements.

In our opinion, the financial statements present a true and fair view of the Group and the Company's financial position and the results of operations. We therefore submit the financial statements for approval by the Annual General Assembly.

Copenhagen 6 March, 2001

Board of Management

Lisa N. Drakeman

Claus Juan Møller-San Pedro

Jan van de Winkel

Michael Wolff Jensen

Board of Directors

Jesper Zeuthen (chairman)

Ernst Schweizer

Lisa N. Drakeman

Leif Helth Jensen

Neil Rimer

Irwin Lerner

AUDITORS REPORT

We have audited the Consolidated financial statements and the financial statements of Genmab A/S for the fiscal year ended 31 December 2000 as presented by the Board of Directors and the Management.

Basis of opinion

We have planned and conducted our audit in accordance with generally accepted auditing standards as applied in Denmark. Furthermore, we have performed such additional procedures so as to ensure that our audit is also in compliance with auditing standards and provisions as applied in the United States. Our audit has been conducted in order to obtain reasonable assurance that the financial statements are free from material errors or omissions. Based on an evaluation of materiality and risk, we have tested the basis and evidence supporting the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting policies selected and the estimates made by the Board of Directors and the Management. In addition, we have evaluated the overall adequacy of the information disclosed in the financial statements.

Emphasis of matter

Management and the Board of Directors have decided to present the financial statements in accordance with the presentation conventions as applied to a development stage company in the United States. Furthermore, the format of presentation and disclosure in the notes has been aligned to be in compliance with US GAAP.

Accounting principles generally accepted in Denmark vary in certain significant respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of net loss expressed in Danish Kroner for the fiscal year ended 31 December 2000 and 1999 and for the period from inception to 31 December 2000 to the extent summarised in Note 19 to the financial statements. With the exception of the matters described in note 19 to the financial statements, the financial statements have been prepared in accordance with US GAAP.

Management and the Board of Directors believe that the information provided complies with the accounting provisions of Danish legislation even though the presentation includes information from the Company's inception to the 31 December 2000. This form of presentation is not generally applied in Denmark.

We agree with Management and the Board in respect of the above.

Opinion

In our opinion, the Consolidated financial statements and the financial statements for Genmab A/S for the fiscal year ended 31 December 2000, have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the Group's and the Parent Company's assets and liabilities, the financial position and losses for the above mentioned periods.

Copenhagen, 6 March 2001

PricewaterhouseCoopers

Jens Røder
State Authorised Public Accountant

Grothen & Perregaard
Statsautoriseret Revisionsaktieselskab

Klaus Bech
State Authorised Public Accountant

GENMAB CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
		DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Research and development costs	2, 3	(61,225,686)	(7,633,650)	(16,690,787)	(2,081,016)	(77,916,473)
General and administrative expenses	2, 3	(16,439,861)	(2,049,730)	(2,189,886)	(273,036)	(18,633,747)
Operating loss		(77,665,547)	(9,683,380)	(18,880,673)	(2,354,052)	(96,550,220)
Revaluation of short term marketable securities excluding imputed interest on zero coupon-securities	10	3,615,362	450,765	0	0	3,615,362
Financial income	4	62,665,011	7,813,105	1,003,411	125,106	63,668,764
Financial expenses	5	(24,963,624)	(3,112,477)	(3,652)	(455)	(24,967,276)
Loss before tax		(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)	(54,233,370)
Tax on loss	6	0	0	0	0	0
Net loss		(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)	(54,233,370)
Basic and diluted net loss per share		(2.6)	(0.3)	(3.3)	(0.4)	
Weighted average number of ordinary shares outstanding during the period – basic and diluted		13,939,629	13,939,629	5,490,620	5,490,620	

See notes to financial statements

GENMAB CONSOLIDATED BALANCE SHEETS

Assets

	Note	31 December 2000	31 December 2000	31 December 1999	31 December 1999
		DKK	USD (Unaudited)	DKK	USD (Unaudited)
Licenses and rights	7	125,594,082	15,659,133	41,666,311	5,194,977
Deposits on leasehold		1,378,959	171,930	233,900	29,163
Total intangible assets		126,973,041	15,831,063	41,900,211	5,224,140
Plant and equipment	8	4,427,946	552,079	518,782	64,682
Other securities and equity interests		21,504,739	2,681,222	0	0
Total financial assets	9	21,504,739	2,681,222	0	0
Total long-term assets		152,905,726	19,064,364	42,418,993	5,288,822
Other receivables		26,538,210	3,308,797	1,013,896	126,413
Prepayments		1,576,548	196,565	755,463	94,191
Other current assets		28,114,758	3,505,362	1,769,359	220,604
Short term marketable securities	10	1,726,804,593	215,298,870	0	0
Cash and cash equivalents		38,240,634	4,767,862	39,107,642	4,875,961
Total current assets		1,793,159,985	223,572,094	40,877,001	5,096,565
Total assets		1,946,065,711	242,636,458	83,295,994	10,385,387

See notes to the financial statements

GENMAB CONSOLIDATED BALANCE SHEETS

Liabilities and shareholders' equity

	Note	31 December 2000	31 December 2000	31 December 1999	31 December 1999
		DKK	USD	DKK	USD
			(Unaudited)		(Unaudited)
Share capital	11	21,812,020	2,719,534	671,692	83,747
Share premium reserve		1,916,120,614	238,902,888	98,078,808	12,228,515
Revaluation surplus		8,852,118	1,103,687	0	0
Deficit accumulated during development stage		(63,085,661)	(7,865,552)	(17,884,572)	(2,229,857)
Unearned compensation		(16,112,323)	(2,008,893)	0	0
Shareholders' equity		1,867,586,768	232,851,664	80,865,928	10,082,405
Payable technology rights	12	40,780,334	5,084,513	0	0
Total long-term debt		40,780,334	5,084,513	0	0
Short term portion of payable technology rights	12	15,174,535	1,891,968	0	0
Accounts payable		13,769,536	1,716,793	2,096,634	261,409
Other liabilities		8,754,538	1,091,520	333,432	41,573
Total current liabilities		37,698,609	4,700,281	2,430,066	302,982
Total liabilities		78,478,943	9,784,794	2,430,066	302,982
Total liabilities and shareholders equity		1,946,065,711	242,636,458	83,295,994	10,385,387

Warrants in Note 13
Related party transactions in Note 14
Research and development agreements in Note 15
Commitments and contingencies in Note 16
Fee to auditors appointed by General Assembly in Note 17
Subsequent events in Note 18
Reconciliation from Danish to US GAAP in Note 19

See notes to the financial statements

GENMAB CONSOLIDATED STATEMENTS OF CASH FLOWS

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD	DKK	USD	DKK
		(Unaudited)		(Unaudited)	
Operating loss	(77,665,547)	(9,683,380)	(18,880,673)	(2,354,052)	(96,550,220)
Adjustments to reconcile operating loss to net cash used in operating activities before net financial items:					
Depreciation and amortisation	19,765,900	2,464,422	7,765,467	968,202	27,531,367
Expensed value of warrants granted to non-employee consultants	1,726,026	215,202	0	0	1,726,026
Changes in operating assets and liabilities:					
Other receivables	(14,593,769)	(1,819,559)	(488,509)	(60,908)	(15,082,278)
Prepayments	(821,085)	(102,373)	(755,463)	(94,192)	(1,576,548)
Accounts payable	19,028,999	2,372,545	2,426,066	302,485	21,459,065
Cash flow from operations before net financial items	(52,559,476)	(6,553,143)	(9,933,112)	(1,238,465)	(62,492,588)
Net financial receivables	43,852,329	5,467,531	474,372	59,145	44,327,043
Cash flow from operations	(8,707,147)	(1,085,612)	(9,458,740)	(1,179,320)	(18,165,545)
Deposits on leasehold	(1,145,059)	(142,766)	(233,900)	(29,163)	(1,378,959)
Purchase of fixed assets	(4,518,565)	(563,377)	(550,560)	(68,644)	(5,069,125)
Investment in equity interest	(21,504,739)	(2,681,222)	0	0	(21,504,739)
Short term marketable securities bought	(1,740,783,042)	(217,041,711)	0	0	(1,740,783,042)
Cash used in investing activities	(1,767,951,405)	(220,429,076)	(784,460)	(97,807)	(1,768,735,865)
Warrants exercised by shareholders	1,022,698	127,511	0	0	1,022,698
Shares issued for cash	1,917,089,439	239,023,682	49,400,000	6,159,217	1,966,614,439
Costs related to issuance of shares	(142,320,593)	(17,744,604)	(174,500)	(21,757)	(142,495,093)
Cash flow from financing	1,775,791,544	221,406,589	49,225,500	6,137,460	1,825,142,044
Increase / (decrease) in cash and cash equivalents	(867,008)	(108,099)	38,982,300	4,860,333	38,240,634
Cash and cash equivalents at the beginning of the period	39,107,642	4,875,961	125,342	15,628	0
Cash and cash equivalents at the end of the period	38,240,634	4,767,862	39,107,642	4,875,961	38,240,634
Supplemental schedule of non-cash transactions:					
Acquisition of licenses and rights	57,532,029	7,173,122	0	0	57,532,029
Shares issued for licenses and rights contributed	45,552,241	5,679,476	49,400,000	6,159,217	94,952,241

See notes to the financial statements

GENMAB A/S
STATEMENTS OF OPERATIONS

	Note	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
		DKK	USD	DKK	USD	DKK
			(Unaudited)		(Unaudited)	
Research and development costs	2, 3	(61,225,686)	(7,633,650)	(16,690,787)	(2,081,016)	(77,916,473)
General and administrative expenses	2, 3	(16,302,243)	(2,032,572)	(2,189,886)	(273,036)	(18,496,129)
Operating loss		(77,527,929)	(9,666,222)	(18,880,673)	(2,354,052)	(96,412,602)
Revaluation of short term marketable securities excluding imputed interest on zero coupon-securities	10	3,615,362	450,765	0	0	3,615,362
Financial income	4	62,674,680	7,814,311	1,003,411	125,106	63,678,433
Loss from subsidiary	9	(148,401)	(18,503)	0	0	(148,401)
Financial expenses	5	(24,962,510)	(3,112,338)	(3,652)	(455)	(24,966,162)
Loss before tax		(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)	(54,233,370)
Tax on loss	6	0	0	0	0	0
Net loss		(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)	(54,233,370)
Basic and diluted net loss per share		(2.6)	(0.3)	(3.3)	(0.4)	
Weighted average number of ordinary shares outstanding during the period – basic and diluted		13,939,629	13,939,629	5,490,620	5,490,620	

See notes to the financial statements

GENMAB A/S
BALANCE SHEETS

Assets

	Note	31 December 2000	31 December 2000	31 December 1999	31 December 1999
		DKK	USD (Unaudited)	DKK	USD (Unaudited)
Licenses and rights	7	125,594,082	15,659,133	41,666,311	5,194,977
Deposits on leasehold		1,378,959	171,930	233,900	29,163
Total intangible assets		126,973,041	15,831,063	41,900,211	5,224,140
Plant and equipment	8	3,968,652	494,813	518,782	64,682
Equity interests in subsidiaries		860	107	0	0
Other securities and equity interests		21,504,739	2,681,222	0	0
Total financial assets	9	21,505,599	2,681,329	0	0
Total long-term assets		152,447,292	19,007,205	42,418,993	5,288,822
Amount owed by subsidiaries		585,391	72,987	0	0
Other receivables		26,475,670	3,301,001	1,013,896	126,413
Prepayments		1,576,548	196,565	755,463	94,191
Other current assets		28,637,609	3,570,553	1,769,359	220,604
Short term marketable securities	10	1,726,804,593	215,298,870	0	0
Cash and cash equivalents		38,080,055	4,747,841	39,107,642	4,875,961
Total current assets		1,793,522,257	223,617,264	40,877,001	5,096,565
Total assets		1,945,969,549	242,624,469	83,295,994	10,385,387

See notes to the financial statements

GENMAB A/S
BALANCE SHEETS

Liabilities and shareholders' equity

	Note	31 December 2000	31 December 2000	31 December 1999	31 December 1999
		DKK	USD	DKK	USD
			(Unaudited)		(Unaudited)
Share capital	11	21,812,020	2,719,534	671,692	83,747
Share premium reserve		1,916,120,614	238,902,888	98,078,808	12,228,515
Revaluation surplus		8,852,118	1,103,687	0	0
Deficit accumulated during development stage		(63,085,661)	(7,865,552)	(17,884,572)	(2,229,857)
Unearned compensation		(16,112,323)	(2,008,893)	0	0
Shareholders' equity		1,867,586,768	232,851,664	80,865,928	10,082,405
Payable technology rights	12	40,780,334	5,084,513	0	0
Total long term debt		40,780,334	5,084,513	0	0
Short term portion of payable technology rights	12	15,174,535	1,891,968	0	0
Accounts payable		13,673,374	1,704,804	2,096,634	261,409
Other liabilities		8,754,538	1,091,520	333,432	41,573
Total current liabilities		37,602,447	4,688,292	2,430,066	302,982
Total liabilities		78,382,781	9,772,805	2,430,066	302,982
Total liabilities and shareholders equity		1,945,969,549	242,624,469	83,295,994	10,385,387

Warrants in Note 13
Related party transactions in Note 14
Research and development agreements in Note 15
Commitments and contingencies in Note 16
Fee to auditors appointed by General Assembly in Note 17
Subsequent events in Note 18
Reconciliation from Danish to US GAAP in Note 19

See notes to the financial statements

GENMAB A/S
STATEMENTS OF SHAREHOLDERS' EQUITY

January through December 2000

	Number of shares	Share Capital	Share Premium	Revaluation surplus	Deficit accumulated during development stage	Unearned Compensation	Shareholders equity	Shareholders equity
		DKK	DKK	DKK	DKK	DKK	DKK	USD
								(Unaudited)
31 December 1999	671,692	671,692	98,078,808	0	(17,884,572)	0	80,865,928	10,082,405
Issuance of shares for cash	742,120	742,120	356,658,224				357,400,344	44,560,856
Issuance of shares for licenses	164,250	164,250	45,387,991				45,552,241	5,679,476
Exercise of warrants	3,140	3,140	1,019,558				1,022,698	127,511
Expenses and foreign currency fluctuations related to share issues			(3,716,720)				(3,716,720)	(463,403)
Issuance of bonus shares	14,230,818	14,230,818	(14,230,818)				0	0
Issuance of shares at initial public offering	6,000,000	6,000,000	1,553,689,095				1,559,689,095	194,462,826
Expenses related to initial public offering			(138,603,873)				(138,603,873)	(17,281,201)
Unrealised gain and imputed interest on marketable securities				8,852,118	(8,852,118)		0	0
Value of warrants granted to non-employee consultants			17,838,349			(17,838,349)	0	0
Expensed value of warrants granted to non-employee consultants						1,726,026	1,726,026	215,202
Adjustment of foreign currency fluctuations on subsidiaries					(173)		(173)	(21)
Loss for the period					(36,348,798)		(36,348,798)	(4,531,987)
31 December 2000	21,812,020	21,812,020	1,916,120,614	8,852,118	(63,085,661)	(16,112,323)	1,867,586,768	232,851,664

See notes to financial statements

GENMAB A/S
STATEMENTS OF SHAREHOLDERS' EQUITY
CONTINUED

January through December 1999

	Number of shares	Share Capital	Share Premium	Deficit accumulated during development stage	Shareholders equity	Shareholders equity
		DKK	DKK	DKK	DKK	USD
						(Unaudited)
31 December 1998	125,000	125,000		(3,658)	121,342	15,129
Issuance of shares for cash	273,346	273,346	49,126,654		49,400,000	6,159,217
Issuance of shares for licenses	273,346	273,346	49,126,654		49,400,000	6,159,217
Expenses and foreign currency fluctuations related to share issues			(174,500)		(174,500)	(21,757)
Loss for the period				(17,880,914)	(17,880,914)	(2,229,401)
31 December 1999	671,692	671,692	98,078,808	(17,884,572)	80,865,928	10,082,405

See notes to financial statements

GENMAB A/S
STATEMENTS OF SHAREHOLDERS' EQUITY

CONTINUED

Inception (11 June 1998) through December 2000

	Number of shares	Share Capital	Share Premium	Revaluation surplus	Deficit accumulated during development stage	Unearned Compensation	Shareholders equity	Shareholders equity
		DKK	DKK	DKK	DKK	DKK	DKK	USD
								(Unaudited)
11 June 1998	125,000	125,000					125,000	15,585
Issuance of shares for cash	1,015,466	1,015,466	405,784,878				406,800,344	50,720,073
Issuance of shares for licenses	437,596	437,596	94,514,645				94,952,241	11,838,693
Exercise of warrants	3,140	3,140	1,019,558				1,022,698	127,511
Expenses and foreign currency fluctuations related to share issues			(3,891,220)				(3,891,220)	(485,159)
Issuance of bonus shares	14,230,818	14,230,818	(14,230,818)				0	0
Issuance of shares at initial public offering	6,000,000	6,000,000	1,553,689,095				1,559,689,095	194,462,826
Expenses related to initial public offering			(138,603,873)				(138,603,873)	(17,281,201)
Unrealised gain and imputed interest on marketable securities				8,852,118	(8,852,118)		0	0
Value of warrants granted to non-employee consultants			17,838,349			(17,838,349)	0	0
Expensed value of warrants granted to non-employee consultants						1,726,026	1,726,026	215,202
Adjustment of foreign currency fluctuations on subsidiaries					(173)		(173)	(21)
Loss for the period					(54,233,370)		(54,233,370)	(6,761,845)
31 December 2000	21,812,020	21,812,020	1,916,120,614	8,852,118	(63,085,661)	(16,112,323)	1,867,586,768	232,851,664

See notes to the financial statements

ACCOUNTING POLICIES

Basis of presentation

The financial statements are reported in Danish Kroner, the Company's functional currency, and are prepared in accordance with Danish accounting legislation and generally recognised accounting principles as applied in Denmark as well as Danish accounting recommendations. In addition, the accounting principles have been aligned where possible with accounting principles generally accepted in the United States (US GAAP). The Company has not previously applied US GAAP in the annual accounts. The notes of the financial statements have therefore been extended compared to the previously published financial statements for 1999 in order to fulfill the disclosure requirement of US GAAP. The accounting policies are unchanged from last year and have been consistently applied.

In connection with the preparation of the financial statements for the twelve month period ended December 1999 interest income amounting to kDKK 525 had not been accrued. This has been corrected in the comparative figures for 1999 financial statements presented in the following pages. The comparative figures for 1999 therefore do not agree with the previously published financial statements filed with the Danish Commerce and Companies Agency (Erhvervs- og Selskabsstyrelsen).

Group consolidated accounts

The consolidated accounts comprise the parent company, Genmab A/S, and subsidiaries in which Genmab A/S controls more than 50% of the voting rights or otherwise has a controlling interest. The Consolidated accounts consist of Genmab A/S, Genmab B.V. and Genmab, Inc., and they are prepared based on the parent company and subsidiaries' accounts by aggregation of similar financial statement items.

The financial statements used for the consolidation have been prepared using the accounting policies of the group. For the consolidation, intercompany income and expenses, intercompany accounts and gains and losses on transactions between the consolidated entities are eliminated. In Genmab Consolidated, the booked value of the Company's equity interest in the consolidated subsidiaries is eliminated with the parent company's share of the subsidiaries' equity.

Exchange differences arising from the translation of foreign subsidiaries' shareholders equity at the beginning of the year or inception to the exchange rate prevailing at the balance sheet date, are taken to shareholders equity.

In Genmab A/S, interests in subsidiaries are accounted for using the equity method of accounting in relation to the proportionate share of the shareholders' equity of the subsidiary. The subsidiary's pre tax profit/loss of the year is included in the parent company's financial income.

Foreign currency translation

The Company holds certain cash and cash equivalents as well as short-term investments denominated in foreign currencies, which are translated into Danish Kroner at the exchange rate prevailing on the balance sheet date. Receivables, debt and other items in foreign currency, which are not settled at the balance sheet date, are translated at the exchange rate prevailing at the balance sheet date. During the year, transactions in foreign currencies are translated at the applicable exchange rates on the date of transaction. The resulting realised and unrealised gains and losses are reported as financial gains or expenses in the statement of operations.

ACCOUNTING POLICIES

At the conversion of the financial statements of foreign subsidiaries, the income statements are converted at the average exchange rate of the year, while all items in the balance sheets are converted at the exchange rate prevailing of the balance sheet date, as the subsidiaries are regarded as independent foreign entities. Adjustment of foreign exchange rate fluctuations, arising from the conversion of the equity of foreign subsidiaries at the beginning of the year, and adjustments of foreign exchange rate fluctuations arising from the conversion of the income statements of foreign subsidiaries at the average exchange rate of the year, are posted directly on the equity.

Research and development costs

Research and development costs include salaries and related compensation expenses, license fees, production costs, amortisation of licenses and rights and depreciation. Costs are expensed in the period in which they are incurred.

General and administration costs

General and administration costs consists primarily of salaries and related compensation expenses, office facilities, travel and other expenses relating to general management, financial, administrative and business development activities including depreciation.

Financial items

Financial income and expenses include interest as well as unrealised and realised exchange adjustments. Realised and unrealised gains on short term marketable securities are included in the financial income. Realised and unrealised losses on short term marketable securities are included in the financial expenses. Imputed interest is calculated on zero coupon securities and deducted from unrealised gains. Unrealised gains, including imputed interest on short term marketable securities are taken to revaluation surplus in equity and are not available for distribution.

Stock-based compensation

The Company applies the intrinsic value method when accounting for stock-based compensation and in addition discloses the pro forma effects on net loss and net loss per share had the estimated fair value of the warrants granted to employees been expensed. The estimated fair value of warrants granted to non-employees is expensed.

Income taxes

Income taxes are accounted for using the liability method which requires the recognition of deferred tax assets or liabilities for the temporary differences between the financial reporting and tax bases of the Company's assets and liabilities and for tax carryforwards at enacted statutory rates in effect for the years in which the differences are expected to reverse. Deferred tax assets are evaluated and reduced to the amount expected to be realised. Deferred tax liabilities and assets are stated at the basis of the current tax rate of 30%.

Net loss per share

Basic net loss per share is computed using loss for the year and the weighted average number of ordinary shares outstanding. Diluted net loss per share is computed using the weighted-average number of ordinary shares and dilutive share equivalents outstanding during the period. On 25 August 2000, the Company's shareholders approved a bonus share issue of nine ordinary shares for each ordinary share then outstanding.

ACCOUNTING POLICIES

Per share data in the accompanying statements of operations have been retroactively restated giving effect to the bonus share issue (in a manner similar to a stock split) for comparative figures.

For the period 1 January to 31 December 2000 warrants to purchase 2,149,000 shares were granted to employees, management and members of the Company's Board of Directors. 140,000 warrants were granted to non-employee consultants in the same period. For the period 1 January to 31 December 1999, warrants to purchase 85,846 shares of ordinary shares were issued to existing shareholders. None of these warrants are included in the computation of diluted loss per share because their inclusion are anti-dilutive.

Licenses and rights

Licenses and rights, which includes technology licenses and licenses to targets, are recorded at cost, and net present value for any remaining payments. Net present value of the remaining payments is included in the liabilities, and allocated in short and long term payable technology rights. The licenses are being amortised using the straight-line method over an estimated useful life of five years.

Plant and equipment

Plant and equipment, includes office equipment, furniture, fixture and leasehold improvements, which is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, three to five years. Leasehold improvements are amortised using the straight-line method over the useful life of the asset or the related lease term, whichever is shorter.

Impairment of long-lived assets

In addition to applying amortisation on licenses and depreciation on plant and equipment management periodically review long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If factors indicate that an asset should be evaluated for possible impairment, management compares estimated undiscounted future operating cash flows from the related asset to the carrying amount of the asset. If the carrying amount of the asset were greater than undiscounted future operation cash flow, an impairment loss would be recognised. Any impairment loss would be computed as the excess of the carrying amount of the asset over the estimated fair value of the asset (calculated based on discounting estimated future operating cash flows).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used for, but not limited to, the accounting for depreciation and amortisation, taxes, and contingencies. Actual results could differ from these estimates.

Other securities and equity interests

Securities and equity interests, acquired for long term strategic holding, are considered fixed financial assets. These investments are stated at historic

ACCOUNTING POLICIES

cost less write downs, due to expected permanent impairment.

Short term marketable securities

Short term marketable securities consists of investments in securities with a maturity of greater than three months at the time of purchase. The Company invests its cash in deposits with major financial institutions, money market funds, corporate bonds and DKK denominated notes issued by the Danish government and USD denominated notes issued by the U.S. government. The investments can be readily purchased and sold using established markets.

The Company's investments are characterised as marketable securities, and carried at their market value, with realised and unrealised gains and losses (including unrealised exchange rate gains and losses) reported as financial income and expenses. Imputed interest is calculated on zero coupon securities and deducted from unrealised gains. Unrealised gains including imputed interest are taken to revaluation surplus in shareholders equity and are not available for distribution.

Cash and cash equivalents

Time deposits and notes with a maturity of three months or less at the date of deposit/investment are considered to be cash equivalents.

Cash flow statement

The cash flow statement is prepared according to the indirect method on the basis of the result for the year. The cash flow statement shows the cash flows for the year classified by operating, investing and financing activities and the effect of these on the cash and cash equivalents.

Cash flows from operating activities are stated as the net loss adjusted for non-cash operating items such as depreciation, provisions and change in the working capital, interest received and paid, payments concerning extraordinary items and corporation tax paid.

Cash flows from investing activities include cash flows from the purchase and sale of intangible, tangible and financial fixed assets.

Cash flows from financing activities include net cash flows from sales of shares and the raising and repayment of long-term debt.

Segment information

Genmab A/S is managed and operated as one business. The entire business is managed by a single management team that reports to the chief executive officer. Separate lines of business or separate business entities with respect to any of the product candidates are not recognised. Accordingly, the Company does not prepare discrete financial information with respect to separate product areas or by location and does not have separately reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

1. Organisation and business

Genmab A/S (the "Company") is a biotechnology company engaged primarily in the discovery and development of fully human monoclonal antibodies derived from the transgenic mouse technology for potential commercial applications. The Company has focused on developing several products to treat inflammatory conditions, such as rheumatoid arthritis and psoriasis, and antibodies to treat cancer. Its activities have consisted primarily of pre-clinical and clinical development of therapeutic antibody products.

The Company was founded in 1999 by GenPharm International Inc, a wholly owned subsidiary of Medarex Inc., through the purchase of a shell company which had been formed in June 1998, but had not conducted any business activities. Prior to the Company being capitalised and receiving its technology license the employees and directors purchased 50,000 of the Company's shares at the nominal value. Pursuant to the February 1999 shareholders' agreement, Medarex and Bankforeningernes Erhvervsudviklingsforening Biomedicinsk Udvikling and BI Asset Management Fondsmæglerselskab A/S, together with Lønmodtagernes Dyrtidsfond, A/S Dansk Erhvervsinvestering and Leif Helth Care A/S (the "BankInvest Group"), entered into an agreement in which the BankInvest Group invested approximately DKK 35.4 million of cash in exchange for approximately 45% equity interest in the Company. Concurrently, Medarex granted the Company a limited number of licenses to develop and commercialise a portfolio of fully human antibodies derived from its HuMAb-Mouse Technology and retained approximately 45% equity interest. The Company valued the license from Medarex at approximately DKK 35.4 million based on the same equity interest the BankInvest Group received for its cash investment.

In May 1999 and February 2000, Medarex and the BankInvest Group made additional contributions to the Company in proportion to their existing equity interests. The BankInvest Group invested approximately DKK 49 million of cash and Medarex granted the Company an additional number of fully paid licenses to make the total 16 and in addition they granted the Company an unlimited number of royalty bearing licenses to develop additional antibodies. The Company valued the licenses at approximately DKK 42.8 million based on the cash investment by BankInvest. After the February 2000 contributions, Medarex and the BankInvest Group each owned approximately 45 % of the Company's outstanding common shares. Employees and directors also purchased shares at the market price pursuant with these offerings.

In May 2000, the February 1999 shareholders' agreement was amended and restated as a new shareholders agreement between all of the shareholders of the Company. In connection with the amended and restated shareholders' agreement, the Company completed a private offering in which it received approximately DKK 117 million of cash from new investors plus cash contributions from Medarex and the BankInvest Group of approximately DKK 140 million and DKK 64 million, respectively. The total proceeds pre costs equals approximately DKK 321 million. After the private offering, Medarex and the BankInvest Group owned approximately 45% and 35 % respectively of the Company's outstanding common shares.

In August 2000, the Company entered into a genomics agreement with Medarex (the "Genomics Agreement"), pursuant to which it received the exclusive rights to market its transgenic mouse technologies for multi-target (five or more targets) European genomics partnerships.

1. Organisation and business, continued

In addition to these rights, Medarex has also granted the Company an option on up to four anti-cancer antibodies obtained through its agreement with Eos Biotechnology. See the footnote concerning related party transactions for further details about the genomics agreement.

In October 2000, Genmab completed a successful initial public offering with a dual listing on the Copenhagen Stock Exchange and the Neuer Markt of the Frankfurt Stock Exchange. The dual listing was the first of its kind in Denmark. The offer price for the global offering was set at DKK 260 (EUR 34.89) per ordinary share, giving Genmab a initial market capitalisation of approximately DKK 5,671 million. The global offering, which constituted approximately 28 per cent of the Company's issued share capital, consisted of a public offering in both Denmark and Germany and a concurrent international offer to institutional investors outside the United States and a private placement in the United States to qualified institutional buyers under Rule 144A. In connection with the global offering, the ammended and restated shareholder agreement of May 2000 was terminated.

In December 2000 Gemini Genomics plc and Genmab A/S entered into a collaboration to develop new antibody therapeutic products. The collaboration will utilise novel disease targets discovered by Gemini along with Genmab's technology to create and develop new products. The companies will focus on several therapeutic areas, including osteoporosis, cardiovascular disease, diabetes and obesity. This is a multi-target alliance and Gemini has already identified an initial group of disease targets using its unique genomics capabilities. This alliance combines Gemini's comprehensive clinical and genetic resources with its leading edge bioinformatics systems and Genmab's technologies to develop antibody based drugs and diagnostics. Genmab will use its fully human technology in combination with its broad antibody development capabilities, including a diverse array of biologic assays and animal disease models, to generate and test fully human antibodies to these novel disease targets.

As of 31 December 2000 the Company has not commenced commercial operations and accordingly is in the development stage. The Company has not generated any revenues nor is there any assurance of significant future revenues from its development activities. The research and development activities engaged in by the Company involve a high degree of risk and uncertainty. The ability of the Company to successfully develop, manufacture and market its proprietary products is dependent upon many factors. These factors could include, but are not limited to, the need for additional financing, the reliance on collaborative arrangements for research and development, marketing and product commercialisation and the ability to develop or obtain manufacturing, sales and marketing capabilities. Additional factors could include maintaining patents and proprietary technologies, technological change and risk of obsolescence, development of products, competition, government regulations and regulatory approval, and product liability exposure. As a result of the aforementioned factors and related uncertainties, there can be no assurance of the Company's future success.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect reporting in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Depreciation and amortisation

Genmab Consolidated

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Licenses	19,156,499	2,388,442	7,733,689	964,240	26,890,188
Plant and equipment	609,401	75,980	31,778	3,962	641,179
	19,765,900	2,464,422	7,765,467	968,202	27,531,367
Depreciation and amortisation for the periods is expensed as follows:					
Included in research and development costs	19,413,660	2,420,505	7,733,689	964,240	27,147,349
Included in general and administrative expenses	352,240	43,917	31,778	3,962	384,018
	19,765,900	2,464,422	7,765,467	968,202	27,531,367

Genmab A/S

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Licenses	19,156,499	2,388,442	7,733,689	964,240	26,890,188
Plant and equipment	586,772	73,159	31,778	3,962	618,550
	19,743,271	2,461,601	7,765,467	968,202	27,508,738
Depreciation and amortisation for the periods is expensed as follows:					
Included in research and development costs	19,413,660	2,420,505	7,733,689	964,240	27,147,349
Included in general and administrative expenses	329,611	41,096	31,778	3,962	361,389
	19,743,271	2,461,601	7,765,467	968,202	27,508,738

3. Staff

Genmab Consolidated and Genmab A/S

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Wages and salaries	11,345,678	1,414,585	1,630,393	203,279	12,976,071
Pension contributions and other social security expenses	33,259	4,147	8,689	1,083	41,948
	11,378,937	1,418,732	1,639,082	204,362	13,018,019
Wages and salaries are expensed as follows:					
Research and Development personnel	6,612,913	824,502	1,541,420	192,185	8,154,333
General and administrative personnel	4,766,024	594,230	97,662	12,177	4,863,686
	11,378,937	1,418,732	1,639,082	204,362	13,018,019
Total remuneration:					
Board of Management	5,255,321	655,236	1,189,200	148,270	6,444,521
Board of Directors	75,000	9,351	82,662	10,306	157,662
	5,330,321	664,587	1,271,862	158,576	6,602,183
The Company's average number of staff	16	16	2	2	7

4. Financial Income

Genmab Consolidated

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Other financial income	22,885,628	2,853,392	1,003,411	125,106	23,889,381
Imputed interest on zero coupon securities	5,236,756	652,921	0	0	5,236,756
Exchange rate adjustments	34,542,627	4,306,792	0	0	34,542,627
	62,665,011	7,813,105	1,003,411	125,106	63,668,764

4. Financial Income, continued

Genmab A/S

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Other financial income	22,885,628	2,853,392	1,003,411	125,106	23,889,381
Imputed interest on zero coupon securities	5,236,756	652,921	0	0	5,236,756
Interest on amount owed by subsidiary	9,669	1,206	0	0	9,669
Exchange rate adjustments	34,542,627	4,306,792	0	0	34,542,627
	62,674,680	7,814,311	1,003,411	125,106	63,678,433

5. Financial expenses

Genmab Consolidated

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Imputed interest related to technology right obligation	1,065,008	132,785	0	0	1,065,008
Exchange rate adjustments	23,898,616	2,979,692	3,652	455	23,902,268
	24,963,624	3,112,477	3,652	455	24,967,276

Genmab A/S

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Imputed interest related to technology right obligation	1,065,008	132,785	0	0	1,065,008
Exchange rate adjustments	23,897,502	2,979,553	3,652	455	23,901,154
	24,962,510	3,112,338	3,652	455	24,966,162

6. Income taxes

Genmab Consolidated

Calculated tax for the twelve month periods ended 31 December 2000 and 1999 is DKK 0 for all entities. No corporate taxes have been paid in the financial year. No tax was expensed in the statement of operations for any entities.

Genmab A/S

Calculated tax for the twelve month periods ended 31 December 2000 and 1999 is DKK 0. No corporate taxes have been paid in the financial year. Tax expensed in the statement of operations can be explained as follows:

Genmab A/S

	12 months ended 31 December 2000		12 months ended 31 December 2000	12 months ended 31 December 1999		12 months ended 31 December 1999
	DKK		USD (Unaudited)	DKK		USD (Unaudited)
Loss before taxes		36,348,798	4,531,987		17,880,914	2,229,401
Permanent adjustments		1,899,328	236,809		(49,726)	(6,200)
Adjustments		0	0		699,887	87,263
Deferred tax base at the beginning of the period	18,531,075			0		
Deferred tax base at the end of the period	56,779,201	(38,248,126)	(4,768,796)	18,531,075	(18,531,075)	(2,310,464)
		0	0		0	0

At 31 December 2000, the Company has net operating loss carry forwards of approximately DKK 32 million for income tax purposes that expire in years 2003 through 2005 and deductible temporary timing differences of approximately DKK 24 million. For financial reporting purposes the value of the net deferred tax assets has been reduced to zero due to uncertainties with respect to the Company's ability to generate taxable income in the future sufficient to realise the benefit of deferred income tax assets.

6. Income taxes , continued

Significant components of the Company's deferred income tax assets consist of the following at 31 December 2000 and 31 December 1999:

Genmab A/S

Deferred tax asset

	31 December 2000	31 December 2000	31 December 1999	31 December 1999
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Tax deductible losses	32,306,655	4,028,010	10,765,608	1,342,261
Licenses and rights	26,890,188	3,352,682	7,733,689	964,240
Plant and equipment	618,550	77,121	31,778	3,963
Other timing differences	(3,036,192)	(378,554)	0	0
Deferred tax base	56,779,201	7,079,259	18,531,075	2,310,464
Deferred tax assets calculated at 30 per cent (1999: 32 per cent)	17,033,760	2,123,778	5,929,944	739,348
Deferred tax asset write-down	(17,033,760)	(2,123,778)	(5,929,944)	(739,348)
	0	0	0	0

7. Licenses and rights

Genmab Consolidated and Genmab A/S

	31 December 2000	31 December 2000	31 December 1999	31 December 1999
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Total costs at the beginning of the period	49,400,000	6,159,217	0	0
Additions for the period	103,084,270	12,852,599	49,400,000	6,159,217
Cost at the end of the period	152,484,270	19,011,816	49,400,000	6,159,217
Total amortisation at the beginning of the period	7,733,689	964,241	0	0
Amortisation for the period	19,156,499	2,388,442	7,733,689	964,240
Accumulated amortisation at the end of the period	26,890,188	3,352,683	7,733,689	964,240
Net book value	125,594,082	15,659,133	41,666,311	5,194,977

8. Plant and equipment

Genmab Consolidated

	31 December 2000	31 December 2000	31 December 1999	31 December 1999
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Total costs at the beginning of the period	550,560	68,644	0	0
Additions for the period	4,518,565	563,377	550,560	68,644
Cost at the end of the period	5,069,125	632,021	550,560	68,644
Total depreciation at the beginning of the period	31,778	3,962	0	0
Depreciation for the period	609,401	75,980	31,778	3,962
Accumulated depreciation at the end of the period	641,179	79,942	31,778	3,962
Net book value	4,427,946	552,079	518,782	64,682

Genmab A/S

	31 December 2000	31 December 2000	31 December 1999	31 December 1999
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Total costs at the beginning of the period	550,560	68,644	0	0
Additions for the period	4,036,642	503,290	550,560	68,644
Cost at the end of the period	4,587,202	571,934	550,560	68,644
Total depreciation at the beginning of the period	31,778	3,962	0	0
Depreciation for the period	586,772	73,159	31,778	3,962
Accumulated depreciation at the end of the period	618,550	77,121	31,778	3,962
Net book value	3,968,652	494,813	518,782	64,682

9. Financial long term assets

Investments are specified as follows:

Genmab Consolidated and Genmab A/S

	Equity interests in subsidiaries 31 December 2000	Equity interests in subsidiaries 31 December 2000	Other securities and equity interests 31 December 2000	Other securities and equity interests 31 December 2000
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Total costs at the beginning of the period	0	0	0	0
Additions for the period	149,434	18,632	21,504,739	2,681,222
Cost at the end of the period	149,434	18,632	21,504,739	2,681,222
Total adjustments of value at the beginning of the period	0	0	0	0
Result from subsidiaries	(148,401)	(18,503)	0	0
Adjustments due to foreign exchange rate fluctuations	(173)	(22)	0	0
Accumulated adjustments at the end of the period	(148,574)	(18,525)	0	0
Net book value	860	107	21,504,739	2,681,222

Other securities and equity interest consists of listed shares with a market value of approximately DKK 16.8 million (USD 2.1 million) as of 31 December 2000. The Company considers the price fluctuations to be temporary, and therefore the booked value of DKK 21.5 million (USD 2.7 million) has not been written down.

Equity interests in subsidiaries are specified as follows:

Name	Domicile	Share Capital	Ownership & Votes
Genmab B.V.	Utrecht, The Netherlands	EUR 20,000	100%
Genmab Inc.	Delaware, USA	USD 0	100%

10. Short term marketable securities

All marketable securities are deemed by management to be available for sale and are reported at fair value. For fiscal year 2000 there has been no realised gains and losses on sold and matured securities, as no securities were sold or matured. Unrealised gains during the same period amounted to DKK 3,615,362.

The Company's portfolio of short term marketable securities has an average duration of less than twelve months and no securities have more than three years to maturity. The Company has classified all investments as short term since it has the intent and ability to redeem them within the year.

Genmab Consolidated and Genmab A/S

	31 December 2000	31 December 2000	31 December 1999	31 December 1999
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Total costs at the beginning of the period	0	0	0	0
Additions for the period	1,740,783,042	217,041,711	0	0
Cost at the end of the period	1,740,783,042	217,041,711	0	0
Total revaluation at the beginning of the period	0	0	0	0
Imputed interest on zero coupon-securities	5,236,756	652,921	0	0
Revaluation to market value	3,615,362	450,765	0	0
	8,852,118	1,103,686	0	0
Unrealised exchange rate adjustment	(22,830,567)	(2,846,527)	0	0
Total revaluation at the end of the period	(13,978,449)	(1,742,841)	0	0
Net book value	1,726,804,593	215,298,870	0	0

Specification of portfolios as of 31 December 2000

	Cost	Cost	Market Value	Market Value
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
Denmark Treasury bill	503,861,413	62,821,696	509,252,700	63,493,884
Kingdom of Denmark bond	870,224,133	108,499,985	872,288,675	108,757,394
Other Danish securities	147,470,430	18,386,688	148,162,160	18,472,933
	1,521,555,976	189,708,369	1,529,703,535	190,724,211
US Government Federal Agency Notes	169,011,098	21,072,389	151,150,451	18,845,514
Corporate Notes	50,215,968	6,260,953	45,950,607	5,729,145
	219,227,066	27,333,342	197,101,058	24,574,659
	1,740,783,042	217,041,711	1,726,804,593	215,298,870

10. Short term marketable securities, continued

Scheduled maturities

	Cost	Cost	Market Value	Market Value
	DKK	USD	DKK	USD
		(Unaudited)		(Unaudited)
Maturity less than one year	1,223,805,614	152,584,703	1,211,221,104	151,015,660
Maturity between one and three years	516,977,428	64,457,008	515,583,489	64,283,210
	1,740,783,042	217,041,711	1,726,804,593	215,298,870

11. Share capital

At the beginning of 2000, the Company had 671,692 outstanding shares divided into three classes of shares, A, B, and C. The shares had a nominal value of DKK 1 each.

In February and May 2000, the Company completed two private placements, and issued 301,748 class A, B and C shares and 576,646 new class D shares, respectively. The total gross proceeds to the Company equaled DKK 357,400,344 and in addition the Company received a license contribution valued at DKK 28,850,569.

In May 2000 a group of initial shareholders exercised 3,140 warrants, which led to issuance of 3,140 new shares and proceeds of DKK 1,022,698 to the Company.

In August 2000, the total number of outstanding shares equaled 1,553,226. Pursuant to a resolution of our shareholders on 25 August 2000, all class A, B, C and D shares were converted into Ordinary shares on a one-for-one basis, and a share bonus of nine Ordinary Shares for each issued ordinary share issued and outstanding was approved. Following this transaction the shareholders approved issuance of 279,760 Ordinary shares to Medarex in connection with the execution of the Genomics Agreement.

In October 2000, the Company completed its initial public offering, and was listed on the Copenhagen Stock Exchange and Frankfurt Neuer Markt. In connection with the offering, 6,000,000 new shares were issued at offer prices of DKK 260 and EUR 34,89 respectively. The issuance of new shares resulted in proceeds of DKK 1,559,689,095 pre-expenses to the Company. The expenses in connection with the initial public offering amounted to DKK 138,603,873, which consisted of bankers fee, legal services, audit and due diligence, setup and printing of prospectus etc. The net proceed to the Company amounted to DKK 1,421,085,222.

At 31 December 2000, the total number of outstanding ordinary shares was 21,812,020. Each share has a nominal value of DKK 1 and one vote.

12. Payable technology rights

In August 2000, the Company entered into a Genomics Agreement with Medarex, Inc., see related party footnote for additional details. The agreement requires the company to pay USD 2 million annually either in cash or shares for four consecutive years beginning at 26 August 2001. The Company has calculated the net present value of these payments using an interest rate of 5.71% per annum, and included this amount in the liabilities on the balance sheet. The Company has expensed an imputed interest on the remaining payments, even though the remaining payments themselves are not-interest bearing.

13. Warrants

In February 2000, the Board of Directors adopted a warrant plan. Under the February plan, the Board reserved 554,500 (55,450 before issuance of bonus shares) warrants. The reservation was later increased by 310,500 (31,050 before issuance of bonus shares) warrants, of which 15,000 (1,500 before issuance of bonus shares) relate to the authorisation given by the shareholders in May 2000 for grants to be allotted to Board members, employees and non-employee consultants at exercise prices equal to or greater than the fair value of the Company's ordinary shares on the respective grant dates. Warrants can be exercised on shares reserved for issuance under the warrant plan. The terms of the plan state that one-half of warrants granted can be exercised one year after the grant date with the other half exercisable two years after grant date. Exercise of the warrants is not conditional upon continued employment or affiliation with the Company.

The exercise period lasts for three years from the day when a warrant first becomes exercisable. If the warrant holder exercises warrants, upon cessation of employment or affiliation, except in the event of termination by the Company without cause or cessation from the Company's breach of the employment or affiliation contract, the holder is obligated to offer to sell a specified percentage of shares issued back to the Company according to the following schedule.

- 75% of shares if termination occurs in the second year after grant.
- 50% of shares if termination occurs in the third year after grant.
- 25% of shares if termination occurs in the fourth year after grant.

The repurchase price to be paid for the shares by the Company is the warrant holder's original exercise price plus 5% per annum, the latter of which is only payable if the market value of the shares is higher than the exercise price plus 5%.

The warrant plans also contain anti-dilution provisions if changes occur in the Company's share capital prior to the exercise.

In February, March and June 2000, the board issued all of the warrants in this program to the Company's employees, members of the board of directors and the scientific advisory board.

In July 2000, the Board of Directors adopted a second warrant plan. Under the July plan, the Board reserved 125,773 warrants for grants to Board members, employees and non-employee consultants at exercise prices equal to or greater than the fair value of the Company's ordinary shares on the respective grant dates. The conditions in the July warrant plan are approximately similar to the conditions of the February warrant plan. 1,100,500 warrants were granted to Board members, employees and non-employee consultants (110,050 before issuance of bonus shares).

In August, 2000 the Company's shareholders authorised the board of directors to issue 2,163,533 warrant for the subscription of 2,163,533 ordinary shares (on a post bonus shares issue basis) its our employees, members of the board of directors, the scientific advisory board and other consultants.

In December, 2000 the Board of Directors granted 308,500 new warrants to the Company's employees and members of the Board of Directors. At 31 December 2000 the total number of granted warrants equals 2,289,000, of which 2,149,000 were granted to employees and members of the Board of Directors. Members of the scientific advisory board and external non-employee consultants have been granted a total of 140,000 warrants.

13. Warrants, continued

A summary of warrant activity and related information for the Company's share based employee compensation plans is as follows:

	January through December 2000				
	Number of shares	Weighted average exercise price	Weighted average exercise price	Weighted average value	Weighted average value
		DKK	USD (Unaudited)	DKK	USD (Unaudited)
Outstanding at the beginning of the period	0	0	0	0	0
Granted	2,149,000	91.4	11.4	3.99	0.50
Exercised	0	0	0	0	0
Cancelled	0	0	0	0	0
Balance at the end of the period	2,149,000	91.4	11.4	3.99	0.50

Since the warrants were granted during 2000, no warrants have vested and therefore no warrants are exercisable at 31 December 2000. The warrants first granted will become exercisable in February 2001.

If the Company had elected to recognise compensation expenses based on the fair value of the options granted at the grant date, net loss and loss per share would have been increased to the pro forma amounts indicated in the table below.

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD (Unaudited)	DKK	USD (Unaudited)	DKK
Net loss	(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)	(54,233,370)
Net loss pro forma	(37,197,381)	(4,637,788)	(17,880,914)	(2,229,401)	(55,081,953)
Net loss per share	(2.6)	(0.3)	(3.3)	(0.4)	
Net loss per share pro forma	(2.7)	(0.3)	(3.3)	(0.4)	

13. Warrants, continued

The fair value of each warrant grant is estimated on the date of the grant using the Black Scholes pricing model with the following assumptions.

Expected dividend yield	0%
Expected stock price volatility	10.0%
Risk-free interest rate	5.07 - 5.83%
Expected life of warrants	2 years

The Company granted 140,000 warrants with a weighted average exercise price of DKK 59,7 and weighted average value of DKK 6,63 to non-employee consultants in 2000. Warrants granted to non-employee consultants are recorded at fair value at each reporting date. The Company recorded compensation expense in the amount of DKK 1,726,026 in 2000.

In May 1999, the Company granted 85,846 warrants to shareholders to purchase Class A, B and C common shares at DKK 325.7 in connection with additional capital contributions made by the shareholders. The shareholders received one warrant for each two shares issued to them for their respective contributions. In May 2000, 3,140 shares of Class C shares were issued upon exercise of warrants for approximately DKK 1 million of cash. All remaining unexercised warrants granted in May 1999 were then cancelled.

The issued and outstanding warrants to shareholders, board members, employees and non-employee consultants are summarised as follows:

	31 December 2000		31 December 1999	
	Number of shares	Weighted average remaining contractual life (in years)	Number of shares	Weighted average remaining contractual life (in years)
Exercise price				
DKK 32.6	0	0	85,846	0.42
DKK 48.9	554,500	3.62	0	0
DKK 59.7	1,426,000	4.08	0	0
DKK 300	308,500	4.43	0	0
	2,289,000	4.00	85,846	0.42

14. Related party transactions

At 31 December 2000, Medarex, Inc. (New Jersey, USA) owns approximately 33% of the outstanding shares of the Company through its fully owned subsidiary GenPharm International, Inc. Medarex has granted 16 fully paid up exclusive licenses to the Company to use its HuMAb-Mouse and Tc Mouse technology to produce fully human monoclonal antibodies for 16 antigens to be specified by the Company. In addition,

14. Related party transactions, continued

Medarex has granted the Company a non-exclusive license to use the HuMAb technology to produce fully human monoclonal antibodies for an unlimited number of antigens. At December 31, 2000, the Company has not exercised any rights to the non-exclusive royalty bearing licenses.

In January 2000 the Company and Medarex entered into a manufacturing agreement under which Medarex will produce antibodies to be used by the Company in the clinical testing phase of product development. Medarex is currently the Company's sole source for antibody production capacity.

In August 2000, the Company entered into a genomics agreement with Medarex (the "Genomics Agreement"), pursuant to which Medarex granted the Company the exclusive rights to market its transgenic mouse technologies for multi-target (five or more targets) European genomics partnerships. Genmab's territory includes companies with European headquarters, such as Oxford GlycoSciences, that have either developed or inlicenced genomics or other novel targets.

The Company also may conduct business with any company it may choose for non multi-target (less than five targets) products.

In exchange for the rights granted to Genmab by Medarex under the Genomics Agreement, the Company issued 279,760 (27,976 before issuance of bonus shares) Ordinary Shares to Medarex. Such amounts were assigned at a value of DKK 16,701,672, equal to USD 2 million, at the exchange rate prevailing at the date of issuance. Each year from 2001 to 2004, the Company will pay Medarex USD 2 million per year. The Company has the option to pay these amounts in either cash or Ordinary Shares. The Genomics Agreement has an initial term of five years with a right exercisable by the Company to extend the term for a further two years.

The partnering model entered into between Medarex and Genmab in the Genomics Agreement is based on collaboration, cost-sharing and shared commercial rights. In a typical collaboration, the target company will contribute five or more targets to the alliance. Genmab and Medarex will jointly contribute the antibody products to the targets. For each product to be developed, the target company will pay half the development costs and Genmab and Medarex together will pay equally the other half. Genmab and Medarex together may also make their full repertoire of antibody development capabilities available to the collaborations, including preclinical and clinical research and manufacturing capacity.

In addition to these rights, Medarex has also granted to Genmab, under the Genomics Agreement, an option on up to four anti-cancer antibodies obtained through its agreement with Eos Biotechnology. During the term of its agreement with Eos Biotechnology, which is for a multi-year term and which was signed in February 2000, Medarex may select the European rights for various antibody products which have been developed by Eos Biotechnology through phase IIa. If Genmab exercises its option, it will take over Medarex's rights to such a product and will be responsible for a post-Phase IIa development costs, milestones and royalties. In addition, the Company will owe additional milestone and royalty payments to both Eos Biotechnology and Medarex.

On September 2000 Genmab entered into an amended and restated Genomics Agreement with Medarex. Medarex agreed to assign to the Company 100 percent of Medarex's economic interest in each product Medarex jointly develops with Oxford GlycoSciences and sells in Europe, and 50 per cent of its economic interest in each product sold outside North America and Europe.

14. Related party transactions, continued

The Company has paid Medarex for manufacturing services and reimbursement of administrative expenses. For the twelve months period ended 31 December 2000 and 1999 the Company has expensed DKK 21,865,757 and 5,264,568 respectively in connection with these agreements. The Company has therefore expensed a total of DKK 27,130,325 for the period 11 June 1998 (date of inception) to 31 December 2000.

The Company has reimbursed to Medarex DKK 135,566 and 56,357 for the twelve month period ended 31 December 2000 and 1999, respectively. The company leases from Medarex a limited area of office space in Princeton, New Jersey, USA. At the end of 2000, the transactions is considered immaterial.

Licenses and rights contributed to Genmab in connection with its Genomics agreement with Medarex have been recorded at historic cost for the initial fee, and net present value for the remaining four years payments. Debt related to the net present value of the remaining payments is included in the liabilities, and allocated in short and long term payable technology rights. The amortisation is based on the straight-line method for net present value, using an estimated useful life of five years.

Other licenses previously contributed to Genmab by Medarex have been recorded at their value on the date of contribution, and are supported by independent expert reports of the valuations. These licenses are also being amortised using the straight-line method over an estimated useful life of five years.

The Company has identified other related parties as being GenPharm, Inc., its own subsidiaries and its officers and directors. No significant transactions have taken place with these other related parties.

15. Research and development agreements

The Company has entered into an agreement with Immunex Corporation (”Immunex”) for exclusive worldwide rights to Immunex's patent estate relating to antibodies to IL15. Immunex retains an option, exercisable after Phase II clinical trials have been completed, to commercialise the resulting product. Upon exercising the option, Immunex would pay the Company a license fee, milestone payments and profit-sharing amounts. Immunex would also be responsible for all future development costs.

In December 2000 the Company entered into an agreement with Gemini Genomics plc to develop new antibody therapeutic products. The collaboration will utilise novel disease targets discovered by Gemini. The companies will focus on several therapeutic areas, including osteoporosis, cardiovascular disease, diabetes and obesity. This is a multi-target alliance and Gemini has identified an initial group of disease targets using its unique genomics capabilities. The alliance combines Gemini's comprehensive clinical and genetic resources with its bioinformatics systems and Genmab's technologies to develop antibody based drugs and diagnostics.

16. Commitments and contingencies

Leases

The Company leases office space under an operating lease, which is not cancelable until 2003. At 31 December 2000, future minimum payments under the office leases were as follows:

	DKK
2001	676,726
2002	695,028
2003	679,312

In 2000 and 1999 the Company paid rent expenses of DKK 517,384 and DKK 162,386, respectively.

16. Commitments and contingencies, continued

License agreements

The Company is a party to a number of license agreements, which call for royalty to be paid by the Company if and when the Company commercialises products utilising the licensed technology.

17. Fee to auditors appointed by the General Assembly

Genmab A/S

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999
	DKK	USD (Unaudited)	DKK	USD (Unaudited)
PricewaterhouseCoopers				
Audit	150,000	18,702	0	0
Other services	3,565,279	444,521	0	0
Grothen & Perregaard				
Audit	50,000	6,234	0	0
Other services	254,500	31,731	0	0
Other				
Audit	0	0	43,000	5,361
Other services	103,350	12,886	192,000	23,939
	4,123,129	514,074	235,000	29,300

18. Subsequent events

In January 2001, the Company initiated a Phase II clinical trial with its fully human antibody HuMax-CD4 to treat patients with severe psoriasis. The HuMax-CD4 antibody is also being tested in a Phase II study against rheumatoid arthritis.

19. Reconciliation from Danish to US GAAP

Deferred income taxes

Under Danish GAAP deferred tax assets are only recognised to the extent that it is probable that such deferred tax asset will crystallise in the future. Under US GAAP deferred taxation is provided for on a full liability basis. However, a valuation allowance is established when it is considered more likely than not that the deferred tax asset will not be realised.

19. Reconciliation from Danish to US GAAP, continued

In the case of the Company, the valuation allowance equals the full value of the calculated deferred tax asset and reflects the risk that the deferred tax asset will not be realised over the five-year period that tax losses can be carried forward and offset against future taxable profits. There is therefore no quantifiable difference in earnings or in shareholders equity resulting from the accounting treatment applied by the Company under Danish GAAP as opposed to US GAAP.

Comprehensive income

SFAS 130 "Reporting Comprehensive Income" establishes guidelines for the reporting and display of comprehensive income and its components in financial statements in accordance with US GAAP. Comprehensive income includes all unrealised gains and losses (including exchange rate gains and losses) on debt and equity securities classified as available for sale and is included as a component of shareholders equity. Such securities would be classified as marketable securities in the financial statement under US GAAP and such unrealised gains and losses would be included in a separate statement in order to determine comprehensive income.

In the case of the Company such securities are classified according to Danish GAAP as marketable securities and unrealised gains and losses (including exchange rate gains and losses) on such securities are included in the statement of income and included as a non-distributable component of shareholders equity as regards unrealised gains.

There are no quantifiable differences in shareholders equity resulting from the accounting treatment applied by the Company under Danish GAAP as apposed to US GAAP.

Transactions entered into by a principal shareholder on the Company's behalf

Under US GAAP, certain transactions entered into by a principal shareholder on a company's behalf are required to be recognised in the Company's financial statements through the recognition of an asset or an expense and a corresponding credit to shareholders' equity. There is no such requirement under Danish GAAP. Under US GAAP, the Company would have recorded deferred compensation and an offsetting credit to shareholders' equity in connection with the sale by a principal shareholder in January 1999 of 50,000 of the Company's shares to a number of the Company's employees and directors for nominal value. Deferred compensation associated with this transaction should have been amortised as a charge against income over the four-year vesting period beginning in February 1999. As of 31 December 2000, the balance of deferred compensation relating to such transaction subject to amortisation in future periods would have been approximately DKK 3.1 million.

The audited financial statements of the Company are prepared in accordance with Danish GAAP, which differs in certain aspects from US GAAP. Application of US GAAP would have affected net loss for the fiscal year ended 31 December 2000 and 1999, and for the period from inception to 31 December 2000 to the extent described below. Application of US GAAP would not have affected shareholders' equity as of any date for which financial information is presented herein:

Genmab Consolidated and Genmab A/S

	12 months ended 31 December 2000	12 months ended 31 December 2000	12 months ended 31 December 1999	12 months ended 31 December 1999	Total since inception
	DKK	USD	DKK	USD	DKK
		(Unaudited)		(Unaudited)	
Net income according to Danish GAAP	(36,348,798)	(4,531,987)	(17,880,914)	(2,229,401)	(54,233,370)
Reversed revaluation of short term marketable securities concerning revaluation to market value	(3,615,362)	(450,765)	0	0	(3,615,362)
Reversed unrealised exchange rate loss on short term marketable securities	22,830,567	2,846,527	0	0	22,830,567
Transaction entered into by principal shareholder on Company's behalf	(1,417,500)	(176,735)	(1,181,250)	(147,279)	(2,598,750)
Net income according to US GAAP	(18,551,093)	(2,312,960)	(19,062,164)	(2,376,680)	(37,616,915)
Weighted average number of ordinary shares outstanding during the period - basic and diluted	13,939,629	13,939,629	5,490,620	5,490,620	
Basic and diluted loss per share according to US GAAP	(1.3)	(0.2)	(3.5)	(0.4)	
Other comprehensive income:					
Unrealised gain from short term marketable securities accumulated during the period	3,615,362	450,765	0	0	3,615,362
Unrealised exchange rate loss on short term marketable securities	(22,830,567)	(2,846,527)	0	0	(22,830,567)
Comprehensive income	(37,766,298)	(4,708,722)	(19,062,164)	(2,376,680)	(56,832,120)

GENMAB CORPORATE INFORMATION

Board of Directors and Officers

Prof. Jesper Zeuthen, D.Sc., - Chairman of the Board. Managing Director, BI Technology A/S and Aktieselskabet BI Biomedicinsk Udvikling II; Vice Chairman of the Board, Hemebiotech A/S.

Lisa N. Drakeman, Ph.D. - Chief Executive Officer and Member of the Board. Formerly, Senior Vice President, Head of Business Development, Medarex; Chairman of the Board, Cureon A/S.

Leif Helth Jensen, M.Sc. - Member of the Board. Co-Founder NeuroSearch A/S; Chief Executive Officer and Member of the Board, Cureon A/S; Member of the Board, Exiqon A/S and Zealand Pharmaceuticals A/S.

Michael Wolff Jensen, L.L.M. - Chief Financial Officer and Corporate Counsel. Formerly with Hjejle, Gersted & Mogensen and Kromann Reumert.

Irwin Lerner, M.B.A. - Member of the Board. Formerly, Chairman and Chief Executive Officer, Hoffmann-La Roche, Inc.

Claus Juan Møller-San Pedro, M.D., Ph.D. - Chief Operating Officer. Formerly, Chief Operating Officer, Oxigene, Inc.; Chairman of the Board, IPC-Nordic A/S; Member of the Board, Hemebiotech A/S.

Neil A. Rimer, M.B.A. - Member of the Board. Director and General Partner, Index Ventures.

Ernst Schweizer, Ph.D. - Member of the Board. President, Medarex Europe; Formerly, Deputy Director- Worldwide Licensing, Novartis.

Prof. Jan G.J. van de Winkel, Ph.D. - Chief Scientific Officer. Professor of Immunology, Utrecht University.

Investor Information

Legal Counsel

Satterlee Stephens Burke & Burke LLP
230 Park Avenue
New York, New York 10169

Kromann Reumert
Raadhuspladsen 14
DK-1550 Copenhagen V

Hjejle, Gersted & Mogensen
Amagertorv 24, 3
DK-1160 Copenhagen K

Bankers to the Company

Amagerbanken
Amagerbrogade 25
DK-2300 Copenhagen S

Merrill Lynch
800 Scudders Mill Road
Plainsboro, New Jersey 08536

Independent Auditors

PricewaterhouseCoopers
Strandvejen 44
DK-2900 Hellerup

Grothen & Perregaard
Statsautoriseret Revisionsaktieselskab
Stockholmsgade 45
DK-2100 Copenhagen Ø

Annual General Assembly

The Annual General Assembly of Genmab will be held on 22 March, 2001 at 3:00p.m. at the Radisson SAS Scandinavia Hotel
Amager Boulevard 70
DK-2300 Copenhagen S

Genmab A/S
Corporate Headquarters
Bredgade 23A, 3rd Floor
DK-1260 Copenhagen K
Denmark
+ 45 70 20 27 28
Fax: + 45 70 20 27 29
CVR No. 21 02 38 84

Genmab, Inc.
707 State Road, Suite 208
Princeton, NJ 08540
United States
+1 609 430 2481
Fax: +1 609 430 2482

Genmab B.V.
KC2-085.2, Lundlaan 6
3584 EA Utrecht
The Netherlands
+ 31 30 2504306
Fax: + 31 30 2504305

www.genmab.com

Designed by VanHove Graphic Communications, Inc. / www.vanhove.com

Genmab A/S
Bredgade 23A, 3rd Floor
DK-1260 Copenhagen K
Denmark
+ 45 70 20 27 28
Fax: + 45 70 20 27 29
CVR No. 21 02 38 84
www.genmab.com