



Interim Report  
For the 6 Months ended June 30, 2003

August 6, 2003

Genmab A/S  
Toldbodgade 33  
DK-1253 Copenhagen K  
CVR-no. 21 02 38 84

## Table of Contents

Highlights .....	3
Financial Review .....	4
Subsequent Events.....	5
Key Figures .....	6
Income Statement for the Second Quarter of 2003 .....	7
Income Statement for the 6 Months ended June 30, 2003 .....	8
Balance Sheet – Assets.....	9
Balance Sheet – Shareholders’ Equity and Liabilities .....	10
Statement of Cash Flow for the 6 Months ended June 30, 2003 .....	11
Statement of Shareholders’ Equity.....	12
Notes to the Financial Statements .....	13

Dear Shareholder,

During the first half of 2003, Genmab reported a net loss of DKK 89.2 million (approximately USD 13.7 million) compared to a net loss of DKK 185.6 million (approximately USD 28.5 million) for the similar period in 2002. At the end of the period, Genmab had cash and marketable securities of DKK 1.150 billion (approximately USD 176.8 million).

Genmab's research and development costs, which accounted for 83% of operating costs, were DKK 144.1 million (approximately USD 22.2 million) in the first half of 2003 compared to DKK 160.2 million (approximately USD 24.6 million) in the first half of 2002. General and administrative expenses decreased from DKK 43.3 million (approximately USD 6.7 million) to DKK 30.4 million (approximately USD 4.7 million) in the first half of 2003 compared to the corresponding period of 2002.

Genmab recognized revenues of DKK 65.0 million (approximately USD 10.0 million) in the first half of 2003 related to Amgen's exercise of a commercial option for products targeting the IL15 pathway.

Genmab is also revising its guidance to project a lower cash burn rate, operating loss, and net loss for the year. The company expects the full year operating loss to be in the range of DKK 360 to 380 million (approximately USD 55.4 to 58.4 million), a decrease of DKK 75 million (approximately USD 11.5 million) from the previous range of DKK 435 to 455 million (approximately USD 66.9 to 70.0 million). Net loss for the year is expected to be in the range of DKK 325 to 365 million (approximately USD 50.0 to 56.1 million), a decrease of DKK 65 million (approximately USD 10.0 million) from the previously reported range of DKK 390 to 430 million (approximately USD 60.0 to 66.1 million). Cash used in operations and investment activities is

also expected to decrease from previous projections of DKK 340 to 360 million (approximately USD 52.3 to 55.4 million) to a range of DKK 330 to 350 million (USD 50.8 to 53.8 million).

The net loss per share for the first half of 2003 was DKK 3.93 (approximately USD 0.60) compared to DKK 8.48 (approximately USD 1.30) in the same period of 2002.

## Highlights

Genmab continues to focus on a broad portfolio that includes three Phase II products, one in Phase I/II, and two being prepared for clinical trials. Genmab has had a number of business and scientific achievements in the second quarter of 2003, following the first milestone in the Roche collaboration, FDA approval to start Phase II studies using HuMax-CD4 to treat lymphoma, and new pre-clinical data on HuMax-CD20 and HuMax-EGFr in the first quarter of 2003, including:

- Amgen exercising its commercialization options for both the HuMax-IL15 antibody program and the IL15 receptor program ahead of schedule. At the time Genmab recognized the first milestone payment of USD 10 million for products targeting the IL15 pathway. Amgen also expanded its agreement with Genmab to include a new antibody program on an additional disease target.
- Filing a Clinical Trial Application in Europe to start a Phase I/II clinical trial for HuMax-EGFr to treat head and neck cancer.
- Presenting new pre-clinical data on HuMax-CD20 cancer antibody showing that the antibody depleted B-cells, the target in non-Hodgkins lymphoma, for longer than a marketed product, rituximab.

- Completing initial patient accrual in the HuMax-CD4 Phase IIb psoriasis study for interim analysis ahead of schedule.

## Financial Review

The company's financial statements are published in Danish Kroner (DKK). Solely for the convenience of the reader, this Interim Report contains a conversion of certain DKK amounts into US Dollars (USD) at specified rates. These converted amounts should not be construed as representations that the DKK amounts actually represent such USD amounts or could be converted into USD at the rates indicated or at any other rate.

Unless otherwise indicated, conversion herein of financial information into USD has been made using the Danish Central Bank's spot rate on June 30, 2003, which was USD 1.00 = DKK 6.5021.

### Operating Loss

The company's operating loss for the first half of 2003 is DKK 109.4 million, of which DKK 15.0 million relates to the second quarter.

Following Amgen's exercise of the commercial option for products targeting the IL15 pathway in the second quarter of 2003, Genmab recognized revenues of DKK 65.0 million.

The research and development costs of DKK 67.0 million in the second quarter of 2003 are 14% lower than the costs incurred in the corresponding period of 2002. This decrease reflects increased cost control efforts as well as the fact that Genmab has significantly lower manufacturing expenses in the second quarter of 2003 than in the corresponding period of 2002.

The general and administrative expenses of DKK 13.1 million in the second quarter of 2003 are 31% lower than the second quarter of 2002.

### Financial Income

As a result of the continued weakening of the USD against the DKK, the company recognized exchange rate losses during the second quarter, primarily related to our USD cash and marketable securities. However, our USD cash and marketable securities are a natural hedge for our projected USD cash expenses. During the second quarter of 2003, net exchange rate losses of DKK 2.8 million were recognized. However, due to the strong cash position, the income on cash and marketable securities has resulted in net financial income of DKK 11.3 million for the second quarter of 2003. This compares to DKK 10.9 million in the corresponding period of 2002.

### Net Loss

Net loss for the first half of 2003 is DKK 89.2 million compared to DKK 185.6 million in the first half of 2002.

The second quarter net loss decreased by DKK 82.4 million to DKK 3.7 million in 2003. The decrease is primarily attributable to the revenue recognized from achieving the IL15 milestone with Amgen combined with lower research and development expenditures in the second quarter of 2003 compared to the second quarter of 2002.

### Cash Flow

As of June 30, 2003, the balance sheet reflects cash, cash equivalents and short-term marketable securities of DKK 1.150 billion compared to DKK 1.369 billion as of December 31, 2002. This represents a net decrease of DKK 219 million, of which DKK 155 million was used in the first quarter and the remaining DKK 64 million was used in the second quarter.

The cash flow for the period is mainly driven by the operating activities. The cash usage from operating activities, which includes the payment of year-end liabilities, was DKK 201.1 million. The milestone payment from Amgen of DKK 65 million was received in July 2003 and, accordingly,

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

it has not affected the cash flow for the six months ended June 30, 2003.

The investing activities are mainly comprised of the buying and selling of marketable securities and capital expenditures.

#### **Balance Sheet**

As of June 30, 2003, total assets were DKK 1.423 billion compared to DKK 1.583 billion at the end of 2002.

Shareholders equity, as of June 30, 2003, was DKK 1.310 billion compared to DKK 1.399 billion at the end of 2002. On June 30, 2003, the company's equity ratio was 92.0% compared to 88.4% at the end of 2002.

#### **Outlook**

In the Annual Report for 2002, Genmab announced its expectations for 2003. At that time an operating loss of DKK 435 to 455 million was projected leading to an expected net loss of DKK 390 to 430 million, assuming that no further agreements were entered into during 2003 that could materially affect the results. The recent announcements combined with a revised forecast of our expenses, has resulted in a reduction of the expected operating loss for 2003 by DKK 75 million to be in the range of DKK 360 to 380 million. The range is subject to possible variation in costs derived from clinical activities and related expenses. The projected net loss for the year is in the range of DKK 325 to 365 million, which is a reduction of DKK 65 million from the previous projection.

The cash used in operations and investment activities was expected to reduce the company's cash, cash equivalents and short-term marketable securities by a range of approximately DKK 340 to 360 million in 2003. Based on the budget review, our revised estimate of the cash burn for the year is in the range of DKK 330 to 350 million.

#### **Subsequent Events**

On July 14, 2003, the company announced that it had in-licensed all rights to a human antibody from the administrator of Connex GmbH, and INSERM, to potentially treat Hepatitis C. Genmab will be solely responsible for the further research and development of the antibody. Payment for both parties consists of an up front payment of USD 1 million, plus milestone payments and later royalties on any eventual commercialization of this product.

On July 25, 2003, the company announced that it had increased the share capital by 246,914 new shares. All shares are subscribed at market price by GenPharm International, Inc., a wholly owned subsidiary of Medarex, Inc. The shares are issued pursuant to the Genomics agreement entered into in 2000, according to which Genmab is obligated to pay Medarex USD 2 million per year until 2004. Genmab has the option to pay such amounts either in cash or shares in Genmab A/S. Accordingly, Genmab has exercised its option to pay an amount of USD 2 million that would otherwise become payable in cash, through the issuance of shares to GenPharm International, Inc.

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Key Figures

	2nd quarter of 2003	2nd quarter of 2002	6 months ended June 30, 2003	6 months ended June 30, 2002	Full year 2002	2nd quarter of 2003	2nd quarter of 2002	6 months ended June 30, 2003	6 months ended June 30, 2002	Full year 2002
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Income Statement</b>										
Research and development costs	(66,990)	(77,821)	(144,064)	(160,150)	(396,234)	(10,303)	(11,969)	(22,157)	(24,631)	(60,939)
General and administrative expenses	(13,078)	(19,077)	(30,375)	(43,306)	(86,847)	(2,011)	(2,934)	(4,671)	(6,660)	(13,357)
Operating loss	(15,047)	(96,898)	(109,418)	(203,456)	(483,081)	(2,314)	(14,903)	(16,828)	(31,291)	(74,296)
Net financial income	11,343	10,927	20,227	18,354	46,985	1,744	1,681	3,111	2,823	7,226
Net loss	(3,704)	(86,142)	(89,191)	(185,570)	(479,329)	(570)	(13,248)	(13,717)	(28,540)	(73,719)
<b>Balance Sheet</b>										
Cash and marketable securities	1,149,807	1,556,623	1,149,807	1,556,623	1,368,735	176,836	239,403	176,836	239,403	210,506
Total assets	1,423,413	1,786,519	1,423,413	1,786,519	1,583,136	218,916	274,760	218,916	274,760	243,481
Shareholders' equity	1,309,859	1,690,802	1,309,859	1,690,802	1,399,169	201,452	260,040	201,452	260,040	215,188
Share capital	22,717	22,717	22,717	22,717	22,717	3,494	3,494	3,494	3,494	3,494
Investments in tangible fixed assets	9,135	25,675	18,535	55,357	111,038	1,405	3,949	2,851	8,514	17,077
<b>Cash Flow Statement</b>										
Cash flow from operating activities	(59,975)	(68,145)	(201,137)	(145,594)	(308,316)	(9,224)	(10,480)	(30,934)	(22,392)	(47,418)
Cash flow from investing activities	126,273	(5,627)	258,394	251,961	238,552	19,420	(865)	39,740	38,751	36,688
Cash flow from financing activities	(1,130)	155,939	(1,978)	157,294	156,849	(174)	23,983	(304)	24,191	24,123
Cash and cash equivalents	308,225	429,522	308,225	429,522	252,946	47,404	66,059	47,404	66,059	38,902
<b>Financial Ratios (in DKK / USD)</b>										
Basic and diluted net loss per share	(0.16)	(3.93)	(3.93)	(8.48)	(21.46)	(0.03)	(0.60)	(0.60)	(1.30)	(3.30)
Period-end share market price	42.94	139.68	42.94	139.68	24.33	6.60	21.48	6.60	21.48	3.74
Share market price / equity value	0.74	1.88	0.74	1.88	0.40	0.74	1.88	0.74	1.88	0.40
Shareholders' equity per share	57.66	74.43	57.66	74.43	61.59	8.87	11.45	8.87	11.45	9.47
Average number of employees	200	148	198	136	157	200	148	198	136	157
Number of employees at the end of the period	201	160	201	160	192	201	160	201	160	192

Additional information:

Tatiana Brask  
Director, Investor & Public Relations  
Telephone +45 70 20 27 28

*The forward-looking statements contained in this Interim Report are subject to risks and uncertainties, so that the actual results may differ materially from those anticipated by the*

*statements. These and certain other important factors affecting the business of Genmab A/S are described in the company's previously issued Annual Report and Offering Circular.*

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Income Statement for the Second Quarter of 2003

	Note	2nd quarter of 2003 DKK'000	2nd quarter of 2002 DKK'000	2nd quarter of 2003 USD'000	2nd quarter of 2002 USD'000
Revenue		65,021	-	10,000	-
Research and development costs	2	(66,990)	(77,821)	(10,303)	(11,969)
General and administrative expenses	2	(13,078)	(19,077)	(2,011)	(2,934)
<b>Operating loss</b>		<b>(15,047)</b>	<b>(96,898)</b>	<b>(2,314)</b>	<b>(14,903)</b>
Financial income		26,807	16,552	4,123	2,546
Financial expenses		(15,464)	(5,625)	(2,379)	(865)
<b>Loss before tax</b>		<b>(3,704)</b>	<b>(85,971)</b>	<b>(570)</b>	<b>(13,222)</b>
Corporate tax		-	(171)	-	(26)
<b>Net loss</b>		<b>(3,704)</b>	<b>(86,142)</b>	<b>(570)</b>	<b>(13,248)</b>
Basic and diluted net loss per share (in DKK / USD)		(0.16)	(3.93)	(0.03)	(0.60)
Weighted average number of ordinary shares outstanding during the period - basic and diluted		22,716,620	21,944,088	22,716,620	21,944,088

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Income Statement for the 6 Months ended June 30, 2003

	Note	6 months ended June 30, 2003 DKK'000	6 months ended June 30, 2002 DKK'000	6 months ended June 30, 2003 USD'000	6 months ended June 30, 2002 USD'000
Revenue		65,021	-	10,000	-
Research and development costs	2	(144,064)	(160,150)	(22,157)	(24,631)
General and administrative expenses	2	(30,375)	(43,306)	(4,671)	(6,660)
<b>Operating loss</b>		<b>(109,418)</b>	<b>(203,456)</b>	<b>(16,828)</b>	<b>(31,291)</b>
Financial income		49,328	38,465	7,586	5,916
Financial expenses		(29,101)	(20,111)	(4,475)	(3,093)
<b>Loss before tax</b>		<b>(89,191)</b>	<b>(185,102)</b>	<b>(13,717)</b>	<b>(28,468)</b>
Corporate tax		-	(468)	-	(72)
<b>Net loss</b>		<b>(89,191)</b>	<b>(185,570)</b>	<b>(13,717)</b>	<b>(28,540)</b>
Basic and diluted net loss per share (in DKK / USD)		(3.93)	(8.48)	(0.60)	(1.30)
Weighted average number of ordinary shares outstanding during the period - basic and diluted		22,716,620	21,886,493	22,716,620	21,886,493



Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Balance Sheet – Assets

	Note	June 30, 2003 DKK'000	December 31, 2002 DKK'000	June 30, 2002 DKK'000	June 30, 2003 USD'000	December 31, 2002 USD'000	June 30, 2002 USD'000
Licenses and rights	2	49,352	64,600	79,849	7,590	9,935	12,280
<b>Total intangible fixed assets</b>		<b>49,352</b>	<b>64,600</b>	<b>79,849</b>	<b>7,590</b>	<b>9,935</b>	<b>12,280</b>
Leasehold improvements	2	22,345	27,012	24,206	3,437	4,154	3,723
Equipment, furniture and fixtures	2	60,673	41,033	39,542	9,331	6,311	6,081
Fixed assets under construction	2	1,521	20,199	33,196	234	3,107	5,106
<b>Total tangible fixed assets</b>		<b>84,539</b>	<b>88,244</b>	<b>96,944</b>	<b>13,002</b>	<b>13,572</b>	<b>14,910</b>
Other securities and equity interests	3	10,251	11,670	11,308	1,577	1,795	1,739
<b>Total financial fixed assets</b>		<b>10,251</b>	<b>11,670</b>	<b>11,308</b>	<b>1,577</b>	<b>1,795</b>	<b>1,739</b>
<b>Total non-current assets</b>		<b>144,142</b>	<b>164,514</b>	<b>188,101</b>	<b>22,169</b>	<b>25,302</b>	<b>28,929</b>
<b>Antibody clinical trial material</b>		<b>26,808</b>	<b>34,607</b>	<b>-</b>	<b>4,123</b>	<b>5,322</b>	<b>-</b>
Other receivables		100,755	13,272	39,603	15,496	2,041	6,091
Prepayments		1,901	2,008	2,192	292	310	337
<b>Total receivables</b>		<b>102,656</b>	<b>15,280</b>	<b>41,795</b>	<b>15,788</b>	<b>2,351</b>	<b>6,428</b>
<b>Marketable securities</b>	4	<b>841,582</b>	<b>1,115,789</b>	<b>1,127,101</b>	<b>129,432</b>	<b>171,604</b>	<b>173,344</b>
<b>Cash and cash equivalents</b>		<b>308,225</b>	<b>252,946</b>	<b>429,522</b>	<b>47,404</b>	<b>38,902</b>	<b>66,059</b>
<b>Total current assets</b>		<b>1,279,271</b>	<b>1,418,622</b>	<b>1,598,418</b>	<b>196,747</b>	<b>218,179</b>	<b>245,831</b>
<b>Total assets</b>		<b>1,423,413</b>	<b>1,583,136</b>	<b>1,786,519</b>	<b>218,916</b>	<b>243,481</b>	<b>274,760</b>

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

**Balance Sheet – Shareholders' Equity and Liabilities**

Note	June 30, 2003	December 31, 2002	June 30, 2002	June 30, 2003	December 31, 2002	June 30, 2002
	DKK'000	DKK'000	DKK'000	USD'000	USD'000	USD'000
Share capital	22,717	22,717	22,717	3,494	3,494	3,494
Share premium	2,074,324	2,074,324	2,074,767	319,024	319,024	319,092
Revaluation surplus	4,288	4,407	1,838	659	678	283
Unearned compensation	-	-	-	-	-	-
Accumulated deficit	(791,470)	(702,279)	(408,520)	(121,725)	(108,008)	(62,829)
<b>Shareholders' equity</b>	<b>1,309,859</b>	<b>1,399,169</b>	<b>1,690,802</b>	<b>201,452</b>	<b>215,188</b>	<b>260,040</b>
Payable technology rights	12,203	12,942	27,197	1,877	1,990	4,183
Lease liability	14,684	10,625	-	2,258	1,634	-
<b>Total non-current liabilities</b>	<b>26,887</b>	<b>23,567</b>	<b>27,197</b>	<b>4,135</b>	<b>3,624</b>	<b>4,183</b>
Current portion of payable technology rights	12,894	13,650	14,770	1,983	2,099	2,272
Current portion of lease liability	4,248	3,150	-	653	484	-
Accounts payable	33,578	94,640	30,444	5,164	14,555	4,682
Other liabilities	35,947	48,960	23,306	5,529	7,531	3,583
<b>Total current liabilities</b>	<b>86,667</b>	<b>160,400</b>	<b>68,520</b>	<b>13,329</b>	<b>24,669</b>	<b>10,537</b>
<b>Total liabilities</b>	<b>113,554</b>	<b>183,967</b>	<b>95,717</b>	<b>17,464</b>	<b>28,293</b>	<b>14,720</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,423,413</b>	<b>1,583,136</b>	<b>1,786,519</b>	<b>218,916</b>	<b>243,481</b>	<b>274,760</b>

Warrants	5
Internal shareholders	6
Reconciliation from IFRS to US GAAP	7

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

**Statement of Cash Flow for the 6 Months ended June 30, 2003**

	6 months ended June 30, 2003 <u>DKK'000</u>	6 months ended June 30, 2002 <u>DKK'000</u>	6 months ended June 30, 2003 <u>USD'000</u>	6 months ended June 30, 2002 <u>USD'000</u>
<b>Loss before financial items</b>	<b>(109,418)</b>	<b>(203,456)</b>	<b>(16,828)</b>	<b>(31,291)</b>
Adjustments for non-cash transactions:				
Depreciation and amortization	29,200	22,052	4,491	3,392
Net gain on sale of equipment	(713)	-	(110)	-
Expensed value of warrants	-	5,315	-	817
Changes in current assets and liabilities:				
Antibody clinical trial material	7,799	-	1,199	-
Other receivables	(54,722)	5,418	(8,415)	833
Prepayments	107	3,646	16	561
Accounts payable and other liabilities	(74,559)	142	(11,467)	22
<b>Cash flow from operating activities before financial items</b>	<b>(202,306)</b>	<b>(166,883)</b>	<b>(31,114)</b>	<b>(25,666)</b>
Net financial receivables	1,169	21,759	180	3,346
Corporate taxes paid	-	(468)	-	(72)
<b>Cash flow from operating activities</b>	<b>(201,137)</b>	<b>(145,592)</b>	<b>(30,934)</b>	<b>(22,392)</b>
Purchase of tangible fixed assets	(17,162)	(52,996)	(2,639)	(8,150)
Sale of tangible fixed assets	1,047	-	161	-
Sale of equity interests	1,743	-	268	-
Marketable securities bought	(1,329,397)	(2,092,906)	(204,457)	(321,882)
Marketable securities sold	1,602,163	2,397,863	246,407	368,783
<b>Cash flow from investing activities</b>	<b>258,394</b>	<b>251,961</b>	<b>39,740</b>	<b>38,751</b>
Warrants exercised by employees	-	1,355	-	208
Shares issued for cash	-	158,417	-	24,364
Cost related to issuance of shares	-	(2,480)	-	(381)
Paid installments on lease liability	(1,978)	-	(304)	-
<b>Cash flow from financing activities</b>	<b>(1,978)</b>	<b>157,292</b>	<b>(304)</b>	<b>24,191</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>55,279</b>	<b>263,661</b>	<b>8,502</b>	<b>40,550</b>
Cash and cash equivalents at the beginning of the period	252,946	165,861	38,902	25,509
<b>Cash and cash equivalents at the end of the period</b>	<b>308,225</b>	<b>429,522</b>	<b>47,404</b>	<b>66,059</b>

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Statement of Shareholders' Equity

	Number of shares	Share capital	Share premium	Revaluation surplus	Unearned compensation	Accumulated deficit	Shareholders' equity	Shareholders' equity
		DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	USD'000
<b>December 31, 2001</b>	<b>21,812,020</b>	<b>21,812</b>	<b>1,926,127</b>	<b>2,098</b>	<b>(13,062)</b>	<b>(225,045)</b>	<b>1,711,930</b>	<b>263,290</b>
Exercise of warrants	24,500	25	1,330				1,355	208
Capital increase	880,100	880	157,537				158,417	24,364
Expenses related to capital increase			(2,480)				(2,480)	(381)
Reversal of unrealized gains and imputed interest on marketable securities				(2,095)		2,095	-	-
Adjustment of value of warrants granted			(7,747)		7,747		-	-
Expense recognized for warrants granted					5,315		5,315	817
Adjustment of foreign currency fluctuations on subsidiaries				1,835			1,835	282
Loss for the period						(185,570)	(185,570)	(28,540)
<b>June 30, 2002</b>	<b>22,716,620</b>	<b>22,717</b>	<b>2,074,767</b>	<b>1,838</b>	<b>0</b>	<b>(408,520)</b>	<b>1,690,802</b>	<b>260,040</b>
Expenses related to capital increase			(443)				(443)	(68)
Adjustment of foreign currency fluctuations on subsidiaries				2,569			2,569	395
Loss for the period						(293,759)	(293,759)	(45,180)
<b>December 31, 2002</b>	<b>22,716,620</b>	<b>22,717</b>	<b>2,074,324</b>	<b>4,407</b>	<b>0</b>	<b>(702,279)</b>	<b>1,399,169</b>	<b>215,187</b>
Adjustment of foreign currency fluctuations on subsidiaries				(119)			(119)	(18)
Loss for the period						(89,191)	(89,191)	(13,717)
<b>June 30, 2003</b>	<b>22,716,620</b>	<b>22,717</b>	<b>2,074,324</b>	<b>4,288</b>	<b>0</b>	<b>(791,470)</b>	<b>1,309,859</b>	<b>201,452</b>

## Notes to the Financial Statements

### 1. Accounting Policies

The Interim Report has been prepared in accordance with the Copenhagen Stock Exchange's financial reporting requirements for listed companies. The Interim Report is in compliance with International Accounting Standard No. 34 (IAS 34), "Interim Financial Reporting," which defines the minimum content of an interim financial report and identifies the accounting recognition and measurement principles that should be applied in an interim financial report.

The accounting policies used for the Interim Report are consistent with the accounting policies used in the company's latest Annual Report, which was prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the provisions of the Danish Financial Statements Act for listed companies in accounting class D, the Danish Accounting Standards, and the Copenhagen Stock Exchange's financial reporting requirements for listed companies.

The Interim Report has been prepared in Danish Kroner (DKK), which is the functional currency of the company and the group.

Solely for the convenience of the reader, the Interim Report contains a conversion of certain DKK amounts into US Dollars (USD) at specified rates. This conversion has been made at the exchange rate in effect at the balance sheet date. These converted amounts should not be construed as representations that the DKK amounts actually represent such USD amounts or could be converted into USD at the rates indicated or at any other rate.

The most significant items of the company's accounting policies are:

#### Consolidated Financial Statements

The consolidated financial statements include the parent company and subsidiaries in which the parent company directly or indirectly exercises a controlling interest through shareholding or otherwise. Accordingly, the consolidated financial statements include Genmab A/S, Genmab B.V., Genmab, Inc., and Genmab Ltd. (the Genmab Group).

#### Revenue

Revenue comprises milestone payments and other income from research- and development agreements. Revenue is recognized when it is probable that future economic benefits will flow to the company and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership to the goods or services included in the transaction have been transferred to the buyer.

#### Stock-Based Compensation

The company has granted warrants to employees, the board of directors, and non-employee consultants under various warrant programs. The company accounts for the compensation by use of the intrinsic value method for employees and the board of directors and the fair value method for non-employee consultants. For fixed warrant programs for employees and the board of directors, the compensation is expensed on a systematic basis over the vesting period. The estimated fair value of warrants granted to non-employee consultants is expensed when the services have been received.

## Notes to the Financial Statements

### 1. Accounting Policies (continued)

#### Antibody Clinical Trial Material

Antibody clinical trial material includes antibodies purchased from third parties for use in various projects. These antibodies are initially recognized in the balance sheet at cost and are expensed in the income statement when consumed in the clinical trials. On a regular basis, the carrying value of the assets is reviewed to ensure that no impairment has occurred and that the quantities do not exceed the planned consumption in the development activities.

#### Marketable Securities

Marketable securities consist of investments in securities with a maturity greater than three months at the time of purchase. The company invests its cash in deposits with major financial institutions in money market funds, corporate bonds and short-term notes issued by the Danish or US government. The securities can be readily purchased and sold using established markets. When sold, the cost of marketable securities is determined using the "first-in first-out" principle.

The company's portfolio of investments has been classified as "Available-for-sale" as no active trading is taking place except for the replacement of investments at maturity or to balance the portfolio.

Marketable securities are measured at fair value and realized and unrealized gains and losses (including unrealized foreign exchange rate gains and losses) are recognized in the income statement as financial items.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash, bank deposits and marketable securities with a maturity of three months or less on the date of acquisition. Cash and cash equivalents are measured at fair value. Balances in foreign currencies are translated to DKK at the exchange rate in effect at the balance sheet date.

#### Segment Reporting

The group is managed and operated as one business unit. The entire group is managed by a single management team reporting to the Chief Executive Officer. No separate lines of business or separate business entities have been identified with respect to any of the product candidates or geographical markets. Accordingly, the company's management has concluded that it is not relevant to disclose segment information on business segments or geographical markets.

#### Reconciliation from IFRS to US GAAP

Solely for the convenience of the reader, the Interim Report includes a reconciliation of the reported result under IFRS to the result under US GAAP.

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Notes to the Financial Statements

### 2. Intangible and Tangible Fixed Assets

	Licenses and rights	Leasehold improvements	Equipment, furniture and fixtures	Fixed assets under construction	Licenses and rights	Leasehold improvements	Equipment, furniture and fixtures	Fixed assets under construction
	DKK'000	DKK'000	DKK'000	DKK'000	USD'000	USD'000	USD'000	USD'000
Cost per January 1, 2003	152,484	32,778	51,652	62,369	23,452	5,041	7,944	9,592
Exchange rate adjustment	-	(1,148)	(656)	15	-	(176)	(102)	3
Additions for the period	-	39	16,975	1,521	-	6	2,611	234
Transfers between the groups	-	-	20,214	(20,214)	-	-	3,109	(3,109)
Disposals for the period	-	-46	(7,732)	-	-	-7	(1,189)	-
<b>Cost per June 30, 2003</b>	<b>152,484</b>	<b>31,623</b>	<b>80,453</b>	<b>43,691</b>	<b>23,452</b>	<b>4,864</b>	<b>12,373</b>	<b>6,720</b>
Accumulated depreciation per January 1, 2003	(87,884)	(5,766)	(10,619)	-	(13,517)	(887)	(1,633)	-
Exchange rate adjustment	-	187	157	-	-	29	24	-
Depreciation for the period	(15,248)	(3,699)	(10,253)	-	(2,345)	(569)	(1,577)	-
Accumulated depreciation on disposals for the period	-	-	935	-	-	-	144	-
<b>Accumulated depreciation per June 30, 2003</b>	<b>(103,132)</b>	<b>(9,278)</b>	<b>(19,780)</b>	<b>0</b>	<b>(15,862)</b>	<b>(1,427)</b>	<b>(3,042)</b>	<b>0</b>
Accumulated impairment loss per January 1, 2003	-	-	-	(42,170)	-	-	-	(6,486)
Exchange rate adjustment	-	-	-	-	-	-	-	-
Impairment loss for the period	-	-	-	-	-	-	-	-
<b>Accumulated impairment loss per June 30, 2003</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(42,170)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,486)</b>
<b>Net book value per June 30, 2003</b>	<b>49,352</b>	<b>22,345</b>	<b>60,673</b>	<b>1,521</b>	<b>7,590</b>	<b>3,437</b>	<b>9,331</b>	<b>234</b>
Net book value of assets under finance leases included above	-	-	18,362	-	-	-	2,824	-
<b>Depreciation and amortization are included in:</b>								
Research and development costs	15,248	1,723	8,585	-	2,345	265	1,320	-
General and administrative expenses	-	1,976	1,668	-	-	304	257	-
	<b>15,248</b>	<b>3,699</b>	<b>10,253</b>	<b>0</b>	<b>2,345</b>	<b>569</b>	<b>1,577</b>	<b>0</b>

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Notes to the Financial Statements

### 3. Other Securities and Equity Interests

	June 30, 2003 <u>DKK'000</u>	December 31, 2002 DKK'000 (full year)	June 30, 2002 <u>DKK'000</u>	June 30, 2003 <u>USD'000</u>	December 31, 2002 USD'000 (full year)	June 30, 2002 <u>USD'000</u>
Cost at the beginning of the period	31,755	29,916	29,916	4,884	4,601	4,601
Additions for the period	-	1,839	-	-	283	-
Disposals for the period	<u>(21,504)</u>	<u>-</u>	<u>-</u>	<u>(3,307)</u>	<u>-</u>	<u>-</u>
<b>Cost at the end of the period</b>	<b><u>10,251</u></b>	<b><u>31,755</u></b>	<b><u>29,916</u></b>	<b><u>1,577</u></b>	<b><u>4,884</u></b>	<b><u>4,601</u></b>
Adjustment to fair value at the beginning of the period	(20,085)	(14,227)	(14,227)	(3,089)	(2,188)	(2,188)
Adjustment to fair value for the period	<u>20,085</u>	<u>(5,858)</u>	<u>(4,381)</u>	<u>3,089</u>	<u>(901)</u>	<u>(674)</u>
<b>Adjustment to fair value at the end of the period</b>	<b><u>0</u></b>	<b><u>(20,085)</u></b>	<b><u>(18,608)</u></b>	<b><u>0</u></b>	<b><u>(3,089)</u></b>	<b><u>(2,862)</u></b>
<b>Net book value at the end of the period</b>	<b><u>10,251</u></b>	<b><u>11,670</u></b>	<b><u>11,308</u></b>	<b><u>1,577</u></b>	<b><u>1,795</u></b>	<b><u>1,739</u></b>

### 4. Marketable Securities

All marketable securities are deemed by management to be available-for-sale and are reported at fair value. The company's portfolio of marketable securities has an average effective duration of less than three years and no securities

have an effective duration of more than four years. The company has classified all investments as short-term since it has the intent and ability to sell to redeem them within the year.



## Notes to the Financial Statements

### 4. Marketable Securities (continued)

	June 30, 2003 <u>DKK'000</u>	December 31, 2002 <u>DKK'000</u> (full year)	June 30, 2002 <u>DKK'000</u>	June 30, 2003 <u>USD'000</u>	December 31, 2002 <u>USD'000</u> (full year)	June 30, 2002 <u>USD'000</u>
Cost at the beginning of the period	1,116,313	1,432,719	1,432,719	171,685	220,347	220,347
Additions for the period	1,329,397	5,037,176	2,092,906	204,457	774,700	321,882
Disposals for the period	<u>(1,601,146)</u>	<u>(5,353,582)</u>	<u>(2,394,184)</u>	<u>(246,251)</u>	<u>(823,362)</u>	<u>(368,217)</u>
<b>Cost at the end of the period</b>	<b><u>844,564</u></b>	<b><u>1,116,313</u></b>	<b><u>1,131,441</u></b>	<b><u>129,891</u></b>	<b><u>171,685</u></b>	<b><u>174,012</u></b>
Adjustment to fair value at the beginning of the period	(524)	655	655	(81)	101	101
Adjustment to fair value for the period	<u>(2,458)</u>	<u>(1,179)</u>	<u>(4,995)</u>	<u>(378)</u>	<u>(182)</u>	<u>(769)</u>
<b>Adjustment to fair value at the end of the period</b>	<b><u>(2,982)</u></b>	<b><u>(524)</u></b>	<b><u>(4,340)</u></b>	<b><u>(459)</u></b>	<b><u>(81)</u></b>	<b><u>(668)</u></b>
<b>Net book value at the end of the period</b>	<b><u>841,582</u></b>	<b><u>1,115,789</u></b>	<b><u>1,127,101</u></b>	<b><u>129,432</u></b>	<b><u>171,604</u></b>	<b><u>173,344</u></b>

### 5. Warrants

#### Warrant Scheme

Genmab A/S has a warrant scheme which has the primary objective of giving those who help build the company an opportunity to share in the value of the business that they are helping to create. The warrant scheme is meant to provide an incentive for all company employees, including those in the subsidiaries, members of the board of directors and members of the management as well as external consultants.

Warrants are granted by the board of directors in accordance with authorizations given to the board by the company's shareholders.

Under the terms of the existing warrant scheme, warrants are granted by the board of directors at their meetings at an exercise price equal to the share price on the date of the meeting. According to the company's Articles of Association, the

exercise price cannot be established at a price lower than the market price on the grant date.

Warrants granted under the existing warrant scheme cannot be exercised immediately. The terms of the scheme state that one-half of warrants granted can be exercised one year after the grant date with the other half exercisable two years after the grant date. The exercise period lasts for three years from the date when a warrant first becomes exercisable. If the warrants are not exercised within these periods, they lapse.

The exercise of warrants is not conditional upon continued employment or affiliation with Genmab. However, if the warrant holder exercises warrants, then upon cessation of employment or affiliation, except in the event of termination by the company without cause or cessation from the

## Notes to the Financial Statements

### 5. Warrants (continued)

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 in these instances is the warrant holder's original exercise price. Accordingly, the warrant holder will not be able to profit on shares sold back to the company.

The warrant scheme contains anti-dilution provisions if changes occur in the company's share capital prior to the exercise.

#### Warrant Activity

In February 1999 and in January, June and August 2000, the company's board of directors was authorized to grant a total of 4,271,263 warrants.

At the company's Annual General Meeting on April 24, 2003, the board of directors was authorized to grant further 500,000 warrants. Accordingly, the total authorization comprises 4,771,263 warrants.

In the second quarter of 2003, a total of 146,025 warrants were granted to employees. No warrants have been exercised during this period. Accordingly, as of June 30, 2003, a total of 4,382,600 warrants with a weighted average exercise price of DKK 105.13 were outstanding compared to a total of 3,821,650 warrants with a weighted average exercise price of DKK 115.49 as of June 30, 2002.

No compensation expense was recorded during the second quarter of 2003 or during the first half year of 2003. During the comparable period of 2002, DKK 3.3 million regarding warrants previously expensed was taken to income in the second quarter, leaving a total expensed charge of DKK 5.3 million for the first half year of 2002.

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Notes to the Financial Statements

### 6. Internal Shareholders

The following table sets forth certain information regarding the beneficial ownership of the issued share capital and the outstanding warrants by the

members of the board of directors and the management:

	<u>Number of ordinary shares owned</u>	<u>Number of warrants held</u>
<b>Board of directors</b>		
Lisa N. Drakeman	307,240	505,000
Ernst Schweizer	176,840	72,000
Irwin Lerner	-	60,000
Michael Widmer	-	50,000
Karsten Havkrog Pedersen	-	25,000
	<u><b>484,080</b></u>	<u><b>712,000</b></u>
<b>Management</b>		
Lisa N. Drakeman, see above	-	-
Jan van de Winkel	80,000	280,000
Claus Juan Møller-San Pedro	128,375	330,000
Michael Wolff Jensen	5,500	190,000
	<u><b>213,875</b></u>	<u><b>800,000</b></u>
<b>Total</b>	<u><b>697,955</b></u>	<u><b>1,512,000</b></u>

## Notes to the Financial Statements

### 7. Reconciliation from IFRS to US GAAP

The financial statements of the company are prepared in accordance with IFRS, which differ in certain aspects from US GAAP.

#### **Comprehensive income**

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

In accordance with IFRS, the company classifies such securities as marketable securities. Unrealized gains and losses (including exchange rate adjustments) are included in the income statement as financial items and in shareholders' equity as part of the accumulated deficit.

There are no quantifiable differences in shareholders' equity resulting from the accounting treatment applied by the company under IFRS compared to US GAAP.

Application of US GAAP would have affected net loss for the periods ended June 30, 2003 and 2002 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.

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Notes to the Financial Statements

### 7. Reconciliation from IFRS to US GAAP for the Second Quarter of 2003

	2nd quarter of 2003 <u>DKK'000</u>	2nd quarter of 2002 <u>DKK'000</u>	2nd quarter of 2003 <u>USD'000</u>	2nd quarter of 2002 <u>USD'000</u>
<b>Net loss according to IFRS</b>	<b>(3,704)</b>	<b>(86,142)</b>	<b>(570)</b>	<b>(13,248)</b>
Revaluation of marketable securities concerning measurement to market value	(2,467)	(4,800)	(379)	(738)
Reversed unrealized exchange rate gain on debt concerning technology rights	-	(4,129)	-	(635)
Reversed unrealized exchange rate (gain) / loss on marketable securities	<u>3,594</u>	<u>5,642</u>	<u>553</u>	<u>868</u>
<b>Net loss according to US GAAP</b>	<b><u>(2,577)</u></b>	<b><u>(89,429)</u></b>	<b><u>(396)</u></b>	<b><u>(13,753)</u></b>
Weighted average number of ordinary shares outstanding during the period - basic and diluted	<u>22,716,620</u>	<u>21,944,088</u>	<u>22,716,620</u>	<u>21,944,088</u>
Basic and diluted net loss per share according to US GAAP (in DKK / USD)	<u>(0.11)</u>	<u>(4.08)</u>	<u>(0.02)</u>	<u>(0.63)</u>
<b>Net loss according to US GAAP</b>	<b>(2,577)</b>	<b>(89,429)</b>	<b>(396)</b>	<b>(13,753)</b>
<b>Other Comprehensive income:</b>				
Unrealized gain / (loss) from marketable securities	2,467	4,800	379	738
Unrealized exchange rate gain on debt concerning technology rights	-	4,129	-	635
Adjustment of foreign currency fluctuations in subsidiaries	(120)	1,826	(18)	281
Unrealized exchange rate gain / (loss) on marketable securities	<u>(3,594)</u>	<u>(5,642)</u>	<u>(553)</u>	<u>(868)</u>
<b>Comprehensive income</b>	<b><u>(3,824)</u></b>	<b><u>(84,316)</u></b>	<b><u>(588)</u></b>	<b><u>(12,967)</u></b>

Interim Report  
6 Months ended June 30, 2003  
(August 6, 2003)

## Notes to the Financial Statements

### 7. Reconciliation from IFRS to US GAAP for the 6 months ended June 30, 2003

	6 months ended June 30, 2003 <u>DKK'000</u>	6 months ended June 30, 2002 <u>DKK'000</u>	6 months ended June 30, 2003 <u>USD'000</u>	6 months ended June 30, 2002 <u>USD'000</u>
<b>Net loss according to IFRS</b>	<b>(89,191)</b>	<b>(185,570)</b>	<b>(13,717)</b>	<b>(28,540)</b>
Revaluation of marketable securities concerning measurement to market value	(2,122)	1,323	(326)	203
Reversed unrealized exchange rate gain on debt concerning technology rights	-	(4,129)	-	(635)
Reversed unrealized exchange rate (gain) / loss on marketable securities	<u>6,527</u>	<u>5,395</u>	<u>1,004</u>	<u>830</u>
<b>Net loss according to US GAAP</b>	<b><u>(84,786)</u></b>	<b><u>(182,981)</u></b>	<b><u>(13,039)</u></b>	<b><u>(28,142)</u></b>
Weighted average number of ordinary shares outstanding during the period - basic and diluted	<u>22,716,620</u>	<u>21,886,493</u>	<u>22,716,620</u>	<u>21,886,493</u>
Basic and diluted net loss per share according to US GAAP (in DKK / USD)	<u>(3.73)</u>	<u>(8.36)</u>	<u>(0.57)</u>	<u>(1.29)</u>
<b>Net loss according to US GAAP</b>	<b>(84,786)</b>	<b>(182,981)</b>	<b>(13,039)</b>	<b>(28,142)</b>
<b>Other Comprehensive income:</b>				
Unrealized gain / (loss) from marketable securities	2,122	(1,323)	326	(203)
Unrealized exchange rate gain on debt concerning technology rights	-	4,129	-	635
Adjustment of foreign currency fluctuations in subsidiaries	(119)	1,835	(18)	282
Unrealized exchange rate gain / (loss) on marketable securities	<u>(6,527)</u>	<u>(5,395)</u>	<u>(1,004)</u>	<u>(830)</u>
<b>Comprehensive income</b>	<b><u>(89,310)</u></b>	<b><u>(183,735)</u></b>	<b><u>(13,735)</u></b>	<b><u>(28,258)</u></b>