Exiqon A/S

Skelstedet 16, DK-2950 Vedbæk

CVR no. 18984431

Annual report 2017

The annual report was presented and approved at the Company's annual general meeting on 11. April 2018.

Roland Sackers

Dirigent of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Exiqon A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Vedbaek, 11 April 2018
Executive Board:

Kim Sørensen
General Manager

Thomas Schweins
General Manager

Board of Directors:

Peer Michael Schatz
Chairman

Roland Sackers
Deputy Chairman

Axel Backheuer

Independent auditor's report

To the shareholders of Exiqon A/S

Opinion

We have audited the financial statements of Exiqon A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 11 April 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Kyhnauv
State Authorised
Public Accountant
MNE no. 40028

Management's review

Financial highlights

DKK'000	2017	2016	2015	2014	2013
Gross profit	80.487	91.319	83.798	69.718	59.959
Operating gain	635.149	-44.209	2.221	-3.908	-9.720
Gain for the year	569.469	-55.010	5.256	-3.327	-11.186
Total assets	704.390	105.285	133.339	89.677	86.131
Property, plant and equipment	790	11.459	11.674	11.830	4.140
Equity	531.691	-37.778	38.954	32.573	32.047
Current ratio	567%	185%	166%	130%	138%

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

Management's review

Operating review

Main activity

Exiqon's products and services are used by researchers in academia, biotech and pharmaceutical companies around the world to make groundbreaking discoveries about the correlation between gene activity and the development of disease. Exiqon´s proprietary LNA™ technology offer superior specificity and sensitivity for analysis of microRNA, mRNA and long non-coding RNA. Exiqon's products and services encompass the entire workflow from sample preparation to expression analysis (NGS and qPCR), detection and functional analysis both in vitro and in vivo. Exiqon Services offers expertise in RNA Next Generation Sequencing, microRNA profiling and biomarker discovery from clinical samples.

In October 2017, Exiqon and QIAGEN officially joined forces when Exiqon products and services became fully integrated with QIAGEN, and available for purchase only through QIAGEN. Exiqon will continue to support research with a team of specialist within sales, marketing and R&D.

Exiqon A/S is wholly owned by QIAGEN N.V. please refer to our website, www.exiqon.com or www.qiagen.com for further information about the company or the group.

Market overview

Development in the year

Except a few pending issues the post-merger integration process was finalized in Q4 2017. Following the completed post-merger integration process, Exiqon´s portfolio was fully integrated into QIAGEN´s portfolio and going forward only accessible through QIAGEN´s global sales channels. Furtmore, a number of activities were transferred to the QIAGEN group including manufacturing, services and IP.

In Q4 the activity level dropped significantly affected by transfer of activities and assets to the QIAGEN group and consequently impacting the full year gross profit negativly by -12% to DKK 80,487 thousand (DKK 91,319 thousand). Income (DKK 653 million) from the inter company assets transfer agreements were recognized as other income. In 2017 profit before tax DKK 628 million (DKK -52 million) have been effected by the above-mentioned assets transfers. In 2017, the equity was re-established through profit of the year.

Outlook next year

In 2018 the post-merger integration process is expected to be finalized. Following the completed integration Exiqon A/S expects to merge with the Danish sister company QIAGEN Aarhus A/S.

The past year

Product development

In 2017 Exiqon focused on aligning and transfering the legacy Exiqon portfolio into QIAGENs portfolio. Effective 1 October 2017, Exiqon products and services are fully integrated with QIAGEN, and available for purchase only through QIAGEN.

The miRCURY™ LNA™ microRNA PCR System has been updated with new reagents.

The knowledge and proprietary workflows of manufacturing and service laboratories have been transferred to sites in Hilden, Germany and Frederick USA.

All contract research activity has gradually been closed down during the year.

Unusual circumstances

Exiqon´s financial position at 31 December 2017 and the result of the Exiqon´s activities for 2017 have been affected by QIAGEN´s post-merger integration process. This has resulted in a number of integration related transactions e.g. asset transfers, retention bonuses, vacating costs, legal advisers.

Events after the balance sheet date

No events affecting the assessment of Exiqon´s financial position at 31 December 2017 have occurred after the balance sheet date.

Risk management

As a standalone company, 1 January – 30 September 2017, Exiqon was dedicated to best practices in all aspects of its business. Risk was managed by using IT to support operations whenever possible, by focusing on standardized processes and procedures in everything Exiqon carried out. Exiqon's risk management began with providing relevant information in a timely manner to the people who needed it. At Exiqon, real-time information was available to all decision makers across the entire value chain of the company through integrated IT based on a Microsoft Office SharePoint® Server, a Microsoft data warehouse solution and Microsoft SQL Server® Reporting Services.

Effective 1 October 2017, with a few minor exceptions, key assets were transferred in full to QIAGEN i.e. Operations, Manufacturing, R&D and Genomic Services. On the same date the Exiqon products and services were fully integrated into QIAGEN, and available for purchase only through QIAGEN.

Environmental matters

Exiqon was aware of the potential environmental impact of its activities and was continuously evaluating ways to improve the performance by preventing, reducing or remedying any damage to the environment. Exiqon have the necessary permissions for its industrial production and the services. The discharge into the air, soil and water was limited. Various chemicals and small quantities of radioactive trace elements was used in the production of products and services. These chemicals and radioactive materials was stored and disposed of in compliance with applicable guidelines and instructions, including those issued by the Danish National Institute of Radiation Hygiene. During the second half of 2017 all manufacturing and services activities were transferred out of Exiqon. The remaining activities are all office based and are considered to have little environmental impact.

Research and development activities

The focus of research and development activities is to increase the range of products and thus expand the customer base which supports future growth in the sale of products and services.

In 2017 Exiqon´s diagnostics programs combined resources and experience in a focused effort to develop novel diagnostic tests based on RNA profiling of standard blood, urine and tissue samples. The objective was to leverage the diagnostic potential of Exiqon´s technologies to help physicians make early diagnoses and the most appropriate treatment decisions.

Exiqon´s diagnostic programs were primarily based on Exiqon Life Sciences' highly specific and sensitive miRCURY LNA™ Universal RT PCR system. Implementation of a new technological platform, Next Generation Sequencing allowed to expand the diagnostic abilities.

Exiqon's diagnostic programs were primarily third-party financed, typically through grants to consortia in which Exiqon participates. In second half of 2017, after mutual agreement with the other participants Exiqon pulled out of all diagnostic programs. The remaining research and development team is focused on developing proprietary bioinformatics tools to accelerate new product development.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Gross profit		80.487	91.319
Research and development costs	2	-31.186	-32.749
Sales and marketing costs	2	-31.951	-32.821
Administrative expenses	2+3	-35.572	-69.958
Other income		653.371	0
Operating profit/loss		635.149	-44.209
Financial income	4	14.878	23.383
Financial expenses	5	-22.085	-30.771
Profit before tax		627.942	-51.597
Tax on profit/loss for the year	6	-58.473	-3.413
Profit/loss for the year	7	569.469	-55.010

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Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	8		
Software licenses		0	5.165
Intangible assets in progress		0	19
		0	5.184
Property, plant and equipment	9		
Leasehold improvements		58	943
Production and laboratory equipment		195	8.585
Fixtures and fittings, tools and equipment		537	1.931
		790	11.459
Investments			
Other receivables		261.348	0
Deposits		291	1.313
		261.639	1.313
Total fixed assets		262.429	17.956
Current assets			
Inventories			
Raw materials and consumables		0	5.522
Finished goods and goods for resale		0	7.838
		0	13.360
Receivables			
Trade receivables		6.229	17.095
Receivables from group entities		420.832	25.477
Other receivables		1.186	948
Tax receivable		0	2.337
Prepayments	11	2	582
		428.249	46.439
Cash at bank and in hand		13.711	27.530
Total current assets		441.961	87.329
TOTAL ASSETS		704.390	105.285

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Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital	12	36.874	36.874
Retained earnings		494.817	-74.652
Total equity		531.691	-37.778
Provisions			
Deferred tax liability		21.158	0
		21.158	0
Liabilities other than provisions			
Non-current liabilities other than provisions	13		
Payables to group entities		94.400	94.400
Financial lease liabilities		353	1.339
		94.753	95.739
Current liabilities other than provisions			
Financial lease liabilities		655	1.280
Trade payables		3.231	9.542
Payables to group entities		5.677	0
Other payables, including taxes payable		13.169	29.705
Tax payable		33.685	0
Deferred income	14	371	6.797
		56.788	47.324
Total liabilities other than provisions		172.698	143.063
TOTAL EQUITY AND LIABILITIES		704.390	105.285

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Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total equity
Equity at 1 January 2016	36.874	2.080	38.954
Transfer at the beginning of the year	0	-55.010	-55.010
Value adjustment of financial instruments:			
Value adjustment for the year	0	-21.722	-21.722
Equity at 1 January 2017	36.874	-74.652	-37.778
Transferred over the profit for the year	0	569.469	569.469
Equity at 31 December 2017	36.874	494.817	531.691

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Cash flow statement

DKK'000	Note	2017	2016
Profit/loss for the year		635.149	-44.209
Depreciation, amortisation and impairment losses		9.620	7.373
Other adjustments of non-cash operating items		0	-162
Cash generated from operations before changes in working capital		644.769	-36.998
Changes in working capital	15	-659.715	-11.760
Cash generated from operations		-14.946	-48.758
Net Interest income		-7.206	-8.268
Corporation tax paid		2.288	964
Cash flows from operating activities		-19.864	-56.062
Acquisition of intangible assets	8	-1.240	-2.345
Acquisition of property, plant and equipment	9	-65	-4.266
Disposal of property, plant and equipment		6.213	34
Disposal of Intangible assets		1.292	4.411
Disposal of financial assets		0	15.051
Cash flows from investing activities		6.200	12.885
External financing:			
Lease debt		-1.611	-2.003
Proceeds from corporate bonds		0	-53.046
Deposits		1.022	-89
Proceeds from capital increase		0	-21.569
I/C loan		0	94.400
Cash flows from financing activities		-589	17.693
Cash flows for the year		-14.253	-25.484
Cash and cash equivalents at the beginning of the year		27.530	52.980
Unrealised value adjustments for the year		434	34
Cash and cash equivalents at year end	16	13.711	27.530

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Exiqon A/S for 2017 has been present in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Exiqon A/S is included in the consolidated financial statements of QIAGEN N.V., Spoorstraat 50, NL-5911 KJ Venlo, CVR no. NL804803778B01.

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1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

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1 **Accounting policies (continued)**

Income statement

Gross profit

Revenue and production costs are aggregated in gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

Product sales

Revenue from product sales comprises the sale of goods and is recognized in the statement of profit or loss and other comprehensive income when delivery and transfer of risk to the purchaser have taken place and it is probable that future economic benefits will flow to the group and these benefits can be measured reliably. If all risks and rewards have not been transferred, the revenue is recognized as deferred income until all components of the transaction have been completed

Revenue from the sale of goods where delivery has been postponed upon the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the relative current cost approach. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Notes

1 Accounting policies (continued)

Service sales

Revenue from service agreements comprises profiling of customer's biological samples and is recognized by reference to the stage of completion. A service contract can be divided into a numbers of separate identifiable value-adding processes. Stage of completion is measured by reference to processes completion to date as a percentage of the overall process and other relevant measures for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

License income

Revenue from licenses comprises royalty and one time payments from licenses and is recognized on accrual basis when it is probable those future economic benefits will flow to the company and that these can be measured reliably. Income from one time payments in the form of license fees and commercial milestones are recognized when the requirements are fulfilled.

Contract research & grants income

Revenue from contract and grant income comprises third party financed product development and is recognized when there is a reasonable assurance that Exiqon comply with the conditions attached to the contracted research and grants and payment will be received.

Production costs

Production costs comprise costs incurred to generate the product sales including services. Costs for raw materials, consumables, production staff, rent and leasing as well as maintenance and depreciation, amortization and impairment of property, plant and equipment and intangible assets used in production are recognized in production costs.

Research and development costs

Research and development costs include salaries and costs directly attributable to the company´s research and development projects. Furthermore salaries and costs supporting direct research and development, including costs of ongoing maintenance of patents, rent, leasing and depreciation attributable to the laboratories and external scientific consultancy services, are recognized under development costs.

All research costs are expensed in the year which they are incurred.

Notes

1 Accounting policies (continued)

Sales and marketing costs

Sales and marketing costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, acquisition costs, office premises, office expenses and depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from equity investments in group entities and associates measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

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1 **Accounting policies (continued)**

Balance sheet

Intangible assets

Patents, licences and trademarks

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period.

Development costs are recognised in the income statement in the acquisition year.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	5 years
Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, research and development costs, sales and marketing costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as production costs, research and development costs, sales and marketing costs and administration costs.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Investments

Equity investments in group entities and associates are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

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1 Accounting policies (continued)

Impairment of Intangible and Fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists

Inventories

Inventories are measured at the lower of costs computed in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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1 Accounting policies (continued)

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Securities and equity investments

Other securities and equity investments included in investment comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office

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1 Accounting policies (continued)

buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. At each statement of financial position date, it is assessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments and deferred income

Deferred income comprises payments received regarding income in subsequent years.

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1 **Accounting policies (continued)**

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of intercompany loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

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DKK'000	2017	2016
2 Staff costs and incentive schemes		
Wages and salaries	50.699	90.121
Pensions	680	880
Other social security costs	4.701	8.302
	56.079	99.303
Average number of full-time employees	65	80

Staff costs include remuneration of the Company's Executive Board, DKK 0 thousand (2016: DKK 62.128 thousand), pensions DKK 0 thousand (2016: DKK 103 thousand), and remuneration of the Company's Board of Directors, DKK 0 thousand (2016: DKK 750 thousand).

3 Administrative expenses

In 2017 administrative expenses included transaction related costs of DKK 31 million (2016: DKK 53 million) including bonuses, warrants and legal advice.

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	DKK'000	2017	2016
4	**Financial income**		
	Foreign exchange gains	14.753	20.095
	Capital gain on subsidiaries	93	3.286
	Other interest income	32	2
		14.878	23.383
5	**Financial expenses**		
	Interest expense to group entities	0	86
	Foreign exchange losses	18.996	19.911
	Other interest expense	2.806	10.774
		22.085	30.771
6	**Tax on profit/loss for the year**		
	Current tax for the year	56.089	-1.835
	Compesation in joint taxation	3.581	0
	Prior year adjustment current tax	49	0
	Deferred tax adjustment for the year	-1.246	5.248
		58.473	3.413
7	**Proposed appropriation/distribution of profit/loss**		
	Retained earnings	569.469	-55.010
		569.469	-55.010

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8 Intangible assets

DKK'000	Patents, Licences and Trade-marks	Software	Intangible assets under construc-tion	Total
Cost at 1 January 2017	764	14.753	19	15.536
Additions	0	1.240	0	1.240
Transferred	0	0	0	0
Disposals	-764	-15.993	-19	-16.776
Cost at 31 December 2017	0	0	0	0
Amortisation and impairment losses at 1 January 2017	-764	-9.588	0	-10.352
Amortisation	0	-1.241	0	-1.241
Reversed amortisation and impairment losses	764	10.829	0	11.593
Amortisation and impairment losses at 31 December 2017	0	0	0	0
Carrying amount at 31 December 2017	0	0	0	0

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9 Property, plant and equipment

DKK'000	Leasehold improvements	Production and laboratory equipment	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2017	10.454	51.588	9.334	0	71.376
Additions	0	0	65	0	65
Transferred	0	0	0	0	0
Disposals	-9.617	-51.209	-4.964	0	-65.790
Cost at 31 December 2017	837	379	4.435	0	5.651
Depreciation and impairment losses at 1 January 2017	-9.511	-43.003	-7.403	0	-59.917
Depreciation	-246	-1.915	-1.108	0	-3.269
Reversed depreciation and impairment losses	8.978	44.733	4.613	0	58.324
Depreciation and impairment losses at 31 December 2017	-779	-184	-3.898	0	-4.861
Carrying amount at 31 December 2017	58	195	537	0	790
Assets held under finance leases	0	0	358	0	358

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	DKK'000	2017	2016
10	**Deferred tax**		
	Deferred tax at 1 January	0	5.248
	Deferred tax adjustment for the year in the income statement	-21.158	-5.248
		-21.158	0
11	**Prepayments**		
	Periodic	0	542
	Prepayments	2	24
	IT-Inventory equipment	0	16
		2	582

12 Share capital

The share capital is distributed on 36.874.082 shares of DKK 1 and multiples hereof. All shares rank equally. The Share capital is unchanged during the last 5 years.

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DKK'000	2017	2016

13 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

Group entities:		
0-1 years	0	0
1-5 years	94.400	94.400
>5 years	0	0
Lease obligations:		
0-1 years	0	0
1-5 years	353	1.339
>5 years	0	0
Total non-current liabilities other than provisions	94.753	95.739

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14 Deferred income

Deferred income of DKK 371 thousand (2016: DKK 6.797 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

DKK'000	2017	2016
15 Changes in working capital		
Change in inventories	11.735	-377
Change in receivables	-231.803	-14.436
Change in trade and other payables	-28.052	11.476
Change in receivables/payables from Group Companies	-411.596	-8.423
	-659.715	-11.760
16 Cash and cash equivalents		
Cash and cash equivalents at 31 December comprise:		
Cash at bank and in hand	13.711	27.530
Cash and cash equivalents at 31 December	13.711	27.530

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17 Related party disclosures

Exiqon A/S related parties comprise the following:

Control
QIAGEN N.V
Spoorstraat 50
NL-5911 KJ Venlo

Largest and smallest group:
QIAGEN N.V
Spoorstraat 50
NL-5911 KJ Venlo

The consolidated financial statements of QIAGEN N.V can be obtained by contacting the Company or at the following website: qiagen.com

Related party transactions
The Company has chosen only to disclose transactions that are not carried out on an arm´s length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

As part of the closure of the operations in Vedbaek, the company has sold the majority of intangible and tangible assets to QIAGEN GmbH and QIAGEN Sciences Ltd USA. The total consideration amounts to DKK 653.371 thousand. The intangible and tangible assets value is assessed by a third party to 653.371 thousand.