

QIAGEN Aarhus A/S


Silkeborgvej 2
DK-8000 Aarhus C

CVR No 28 30 50 87

Annual Report for 2017

13th financial year

The Annual Report was presented
and adopted at the Annual General
Meeting of the Company on /
2018.



Chairman

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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 QIAGEN Aarhus 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.

It is our opinion that 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 for the financial year 1 January – 31 December 2017.

In our opinion, the Management's review includes a fair review of the development in the Company's operations 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.


Aarhus, May 18th 2018

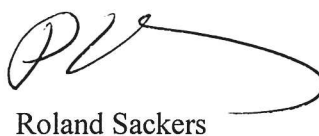
Executive Board

Jonathan Sheldon
CEO

Timothy Paul Grabham
CEO

Board of Directors


Peer Michael Schatz
Chairman


Roland Sackers


Dr. Philipp Sixt Lothar von Hugo

Jens-Uwe Appelt
Employee Representative

Martin Kofod Ludvigsen
Employee Representative

Independent auditor's report

To the shareholders of QIAGEN AARHUS A/S

Opinion

We have audited the financial statements of QIAGEN AARHUS A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity 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 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.

Independent auditor's report

- 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.

18 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98


Michael Stenskjog
State Authorised
Public Accountant
MNE no. 26819

Management's review

The Company

QIAGEN Aarhus A/S
Silkeborgvej 2
Prismet
DK-8000 Aarhus C

Telephone: +45 70 22 32 44

Facsimile: +45 70 22 55 19

Website: www.qiagenbioinformatics.com

CVR No: 28 30 50 87

Financial period: 1 January – 31 December 2017

Financial year: 13th financial year

Municipality of reg. office: Aarhus

Board of Directors

Peer Michael Schatz, Chairman
Roland Sackers
Dr. Philipp Sixt Lothar von Hugo
Jens-Uwe Appelt, Employee Representative
Martin Kofod Ludvigsen, Employee Representative

Executive Board

Jonathan Sheldon
Timothy Paul Grabham

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Bredskifte Alle 13
8210 Aarhus V

Bank

Nordea
Århus Erhvervsafdeling
Skt. Clemens Torv 2-6
DK-8100 Aarhus C

Management's review

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	2017	2016	2015	2014	2013
	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Gross profit	57,079	48,546	70,853	38,388	43,600
Operating profit/loss before financial income and expenses	-16,272	-78,131	15,820	-15,226	-8,033
Net financials	-5,240	-2,916	6,043	665	3,969
Profit/loss for the year	-12,525	-77,775	21,722	-14,561	-2,459
Balance sheet total	106,130	104,609	133,782	93,603	78,060
Investments in fixtures, fitting and IT hardware	372	1,160	3,027	816	1,797
Equity	13,869	-53,606	24,169	3,036	18,541
Financial ratios					
Solvency ratio	13%	-	18%	3%	24%

The ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". For further description refer to the description in the accounting policies.

Method for calculating financial ratios

Solvency ratio:
(Equity Year-end x 100 / Equity and liabilities)

Management's review

Operating

The annual report of QIAGEN Aarhus A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

Main activity

QIAGEN Aarhus A/S develops and sells software solutions and provides consultancy assistance and instruction services within bioinformatics.

QIAGEN Aarhus A/S is wholly owned by QIAGEN N.V. and please visit our website, www.qiagenbioinformatics.com or www.qiagen.com for further information about the company and the group.

Market overview

Development in the year

In 2017 we see a mixed pattern of sales with the Company's main product, Genomics Workbench, showing a decline in sales for the year, partially offset by newly released products since 2014 generating positive growth. Gross profit for 2017 increased over the prior year sure to a more stable environment since the reorganisation activities in 2016.

2017 saw an increasing focus on supporting related parties research and development work as a result of the Company's specialised skills sets. This underlines the Company's position as one of the leading organisations in the bioinformatics market.

With this we have reached a result significantly improved result over the prior year showing a loss before taxes of DKK 21,512 thousand and an equity value of DKK 13,869 thousand at 31 December 2017.

To ensure the Company's operations going forward we are financially supported by the Parent company QIAGEN N.V. through 2018.

We have fulfilled our expectations from last year and we have reached a better result for 2017 as indicated in the review from 2016.

Outlook next year

We will in the coming year continue our efforts in the research and development field, and keep focus on saving efforts in order to reach a better result for the next year.

Product development

Our main strategic focus area continues to be product development, sale and marketing of software to support DNA data generated by the new high-throughput DNA sequencing tech-

Management's review

nologies, referred to as Next Generation Sequencing (NGS), as the market is growing rapidly and as QIAGEN Aarhus A/S has strong competencies in this area.

We continued our investments in our products and bioinformatics solutions, and furthermore we have ensured our organisation is strategically aligned with planned development activities throughout the year.

Our research and development investments have resulted in several new releases, primarily focused on our CLC Genomics Workbench and CLC Biomedical Workbench, as well as having provided key development features into the QIAGEN group Sample-to-Insight product portfolio. One of our key achievements during 2017 was the continuing support and development of the QIAGEN GeneReader NGS workflow, and the development of support for QIAseq panels.

Our software solutions are based on a platform which makes it possible for external enterprises to develop plug-ins and modules which are fully integrated with the software of CLC bio and thus create a stronger and more integrated solution than the software products possess individually.

Financial risks

The management is aware of the potential risk for losing receivables from doubtful debtors with balances more than 2 years old. We are facing currency issues at a high risk considering significant receivables and payables to related parties in foreign currencies.

Knowledge resources

Our most important asset is without doubt our talented employees. Our staff is composed of a high ratio of experts, where the vast majority has an educational background of PhD and / or a master's degree. We have ongoing focus on retaining and developing our employees.

Uncertainty relating to recognition and measurement

The Annual Report is not subject to any uncertainty relating to recognition and measurement.

Unusual events

The Company's financial position at 31 December 2017 and the results of the Company's activities for 2017 have not been affected by any other unusual events.

Subsequent events

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

QIAGEN Aarhus A/S has received a letter of support from QIAGEN N.V. covering 12 months from the signing of the financial statements for 2017, ensuring the going concern assumption for QIAGEN Aarhus A/S.

Financial Statements 1 January – 31 December

Income Statement

	Note	2017	2016
		DKK '000	DKK '000
Gross profit		57,079	48,546
Staff costs	3	-45,877	-104,049
Depreciation and amortisation		-27,474	-22,628
Operating profit/loss before financial income and expenses		-16,272	-78,131
Loss from equity investments in Subsidiaries		0	-1,315
Financial income	4	74	623
Financial expenses	5	-5,314	-2,224
Profit/loss before tax		-21,512	-81,047
Tax on the profit/loss for the year	6	8,987	3,272
Profit/loss for the year	7	-12,525	-77,775

Financial Statements 1 January – 31 December

Balance Sheet at 31 December

Assets

	Note	2017	2016
		DKK '000	DKK '000
Finished development projects		50,805	54,473
Software licences and trademarks		57	199
Intangible assets	8	50,862	54,672
Fixtures, fittings and IT hardware		2,779	3,607
Fixtures, fittings and IT hardware	9	2,779	3,607
Investments in subsidiaries	10	0	0
Deposits		1,606	1,576
Fixed asset investments		1,606	1,576
Fixed assets		55,247	59,855
Trade receivables		9,339	4,146
Receivables from group enterprises		16,825	22,021
Deferred tax asset	11	2,775	2,134
Receivable tax	12	14,458	5,414
Other receivables		494	642
Prepayments	13	430	205
Receivables		44,321	34,562
Cash at bank and in hand		6,562	10,192
Current assets		50,883	44,754
Assets		106,130	104,609

Financial Statements 1 January – 31 December

Balance Sheet at 31 December

Equity and liabilities

	Note	2017	2016
		DKK '000	DKK '000
Share capital		86,332	6,332
Reserved development costs		31,633	23,291
Retained earnings		-104,096	-83,229
Equity	14	13,869	-53,606
Short-term part of long-term liabilities	15	0	187
Payables to group enterprises		68,586	126,509
Trade payables		657	524
Other payables		12,424	17,749
Deferred income	16	10,594	13,246
Current liabilities other than provisions		92,261	158,215
Total liabilities other than provisions		92,261	158,215
Equity and liabilities		106,130	104,609
Contingent liabilities	17		
Related parties	19		

Financial Statements 1 January – 31 December

Statement of Changes in Equity

	Share capital	Reserved capital, develop- ment costs	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 31 December 2016	6,332	23,291	-83,229	-53,606
Capital increase	80,000	0	0	80,000
Net profit/loss for the year, net of tax	0	17,530	-30,055	-12,525
Release of reserved capital, net of tax	0	-9,188	9,188	0
Equity at 31 December 2017	86,332	31,633	-104,096	13,869

Financial Statements 1 January – 31 December

Notes to the Annual Report

1 Accounting policies

Basis of Preparation

The Annual Report of QIAGEN Aarhus A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. Minor reclassifications are made in comparative figures to comply with current year's presentation.

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Gross Profit

Revenue and other external costs are aggregated in gross profit in accordance with section 32 in the Danish Financial Statements Act.

Revenue

Revenue from the sale of software and services, including maintenance and support, is recognised in the income statement when the sale has been affected. Revenue from maintenance and support is recognized upon delivery, which is calculated as a straight line over the term of the maintenance and support period. Revenue is recognised net of VAT and with deduction of any discounts granted in connection with the sale.

Other external costs

Other external costs consist of costs related to the distribution, sale, administration, office spaces, loss on debtors etc.

Financial Statements 1 January – 31 December

Notes to the Annual Report

1 Accounting policies

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Share-based incentive programs

Share-based incentive programs for the Company's Management and employees with the option to subscribe for shares in the Parent Company (share options) are considered a matter of the shareholders. The programmes are measured at the fair value of the equity instruments at the grant date and are recognised in the income statement as staff costs over the period when the employees become unconditionally entitled to the share options.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and interest expense, costs relating to finance leases, realised and unrealised gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Financial Statements 1 January – 31 December

Notes to the Annual Report

1 Accounting Policies

Balance Sheet

Intangible assets

Development projects are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

Costs of development projects comprise salaries that are directly attributable to the software development activities with addition of a proportionate share of overheads.

Own developed software is amortised over 3 - 5 years commencing at the time of release for sale of software. Subsequent costs relating to extension and enhancement of the software are accumulated for three months at a time after which amortisation are commenced.

Trademark rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use. Trademark rights and software licences are amortised over 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.

Fixtures, fitting and IT hardware

Fixtures, fitting and IT hardware are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are 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.

Financial Statements 1 January – 31 December

Notes to the Annual Report

1 Accounting Policies

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method. The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. Profits are set off against losses and any negative value is set off against intercompany receivables. Subsidiaries with a negative net asset value are recognised at DKK 0.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment as well as equity investments in group entities are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount, ie the higher of the net selling price and value in use of the asset, is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised.

Financial Statements 1 January – 31 December

Notes to the Annual Report

1 Accounting Policies

Prepayments

Prepayment comprises payments of costs incurred relating to subsequent financial year.

Reserve for development costs

An amount corresponding to the capitalised development costs will be tied to the "Reserve for development costs" in equity. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Liabilities other than provisions

Fixed-interest loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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.

Financial Statements 1 January – 31 December

Notes to the Annual Report

2 Financing of QIAGEN Aarhus A/S

QIAGEN Aarhus A/S has received a letter of support from QIAGEN N.V. covering 12 months from the signing of the financial statements for 2017, ensuring the going concern assumption for QIAGEN Aarhus A/S.

	2017	2016
	DKK '000	DKK '000
3 Staff costs		
Wages and salaries	50,431	60,162
Pensions	7,562	6,359
Other expenses for social security	530	628
	58,523	67,149
Including capitalized as development costs	-22,474	-27,236
Compensation QIAGEN N.V. stock units	9,828	64,136
Recognised in staff costs	45,877	104,049
Average number of employees	93	100

The total staff costs for the Executive Board and Board of Directors in the financial year 2017 amounts to DKK 714 thousand (2016: DKK 9,324 thousand) of which DKK 80 thousand (2016: DKK 80 thousand) were to the Board of Directors.

Incentive schemes

Some key employees are part of a long-term incentive program of 5 years. They have been granted with shares issued from the parent company QIAGEN N.V. There are two programs one with Restricted Stock Units (RSU) and one with Performance-based Restricted Stock Units (PSU). The first part of shares was granted in 2013 with first vesting in 2016. The maximum number of shares granted from 2013-2017 was 490 thousand units (377 thousand RSUs and 113 thousand PSUs) of this 2.000 PSU units and 17 thousand RSU units vested in 2017 at an average stock price of \$33 per unit (2016: 157 thousand RSUs and 7 thousand PSUs vested at an average stock price of \$25 per unit).

4 Financial income

Interest income	28	1
Realised and unrealised exchange gains	46	622
	74	623

Financial Statements 1 January – 31 December

Notes to the Annual Report

	2017	2016
	<u>DKK '000</u>	<u>DKK '000</u>
5 Financial expenses		
Interest, bank debt	41	18
Interest, group enterprises	2,977	2,137
Realised and unrealised exchange losses	2,255	12
Bank charges etc.	41	57
	<u>5,314</u>	<u>2,224</u>
6 Tax on profit/loss for the year		
Current tax for the year	5,126	0
Deferred tax for the year	641	3,272
Tax prior years	3,220	0
Total tax for the year	<u>8,987</u>	<u>3,272</u>
7 Distribution of profit/loss		
Profit/loss for the year is distributed as follows:		
Retained earnings	-30,055	-105,011
Reserved development costs	17,530	27,236
Profit/loss for the year	<u><u>-12,525</u></u>	<u><u>-77,775</u></u>

Financial Statements 1 January – 31 December

Notes to the Annual Report

8 Intangible assets

	Finished de- velopment projects	Software li- censes and trademarks
	DKK '000	DKK '000
Cost at 1 January 2017	150,491	3,312
Additions for the year	22,474	0
Cost at 31 December 2017	<u>172,965</u>	<u>3,312</u>
Amortisation and impairment losses at 1 January 2017	96,018	3,113
Amortisation and impairment losses for the year	26,142	142
Amortisation and impairment losses at 31 December 2017	<u>122,160</u>	<u>3,255</u>
Carrying amount at 31 December 2017	<u>50,805</u>	<u>57</u>
Amortised over	<u>3-5 years</u>	<u>3-5 years</u>

As at 31 December 2017, management tested intangible assets for impairment and no impairment loss was identified. Value in use was calculated based on the estimated future cash flows, discounted to their present value.

The key assumptions used in the estimation of the recoverable amount are set out below:

WACC – 7.1%;

Terminal value growth rate of 3% after 2022;

2018-2022 expected revenue will increase by 6-18% each year and will almost double by 2022.

Financial Statements 1 January – 31 December

Notes to the Annual Report

9 Fixtures, fittings and IT hardware

	Fixtures, fitting and IT hard- ware
	<u>DKK '000</u>
Cost at 1 January 2017	9,976
Additions for the year	372
Disposals for the year	<u>11</u>
Cost at 31 December 2017	<u>10,337</u>
Depreciation at 1 January 2017	6,369
Depreciation for the year	<u>1,189</u>
Depreciation at 31 December 2017	<u>7,558</u>
Carrying amount at 31 December 2017	<u>2,779</u>
Including leased assets	<u>0</u>
Depreciated over	<u>3-5 years</u>

Financial Statements 1 January – 31 December

Notes to the Annual Report

10 Investments in subsidiaries

In 2016 the former subsidiaries CLC bio LLC, Boston, USA and CLC bio Inc., Tokyo, Japan were liquidated and the former subsidiary CLC bio PVT LTD, Hyderabad, India was released to QIAGEN India Pvt Ltd. In this regard we have revaluated our investment to 0.

11 Deferred tax asset

	<u>DKK '000</u>
Carrying amount at 1 January	2,134
Correction prior years	275
Tax on profit/loss for the year	<u>366</u>
Carrying amount at 31 December	<u>2,775</u>

As at 31 December 2017 the Company has unrecognised deferred tax assets on tax losses amounting to DKK 7,225 thousand. Deferred tax assets on tax losses was not recognised as there are some uncertainties regarding utilisatio0n.

12 Receivable tax

The balance represents by utilized tax losses by jointly tax companies during current and prior years.

Financial Statements 1 January – 31 December

Notes to the Annual Report

13 Prepayments

Prepayments comprise prepaid expenses relating to insurance premiums, subscriptions and fees.

14 Equity

The share capital is distributed on 86,331,501 shares of DKK 1 and multiples hereof. No shares carry any special rights. The share capital has been increased in 2017 with 80 mill DKK.

15 Short-term part of long-term liabilities

	2017	2016
	<u>DKK '000</u>	<u>DKK '000</u>
Falling due between 1 and 5 years	0	0
Falling due within 1 year	<u>0</u>	<u>187</u>
	<u>0</u>	<u>187</u>

16 Deferred income

Deferred income comprises payments received relating to income in subsequent years.

Financial Statements 1 January – 31 December

Notes to the Annual Report

17 Contingent liabilities

Rental obligations constitute rent for 64 months corresponding to DKK 17,757 thousand.

Car leasing obligations per 31st of December 2017 for 17 months corresponding to DKK 123 thousand.

Danish group entities are jointly and separately liable for tax on Danish consolidated taxable income etc. Danish group entities are also liable jointly and separately for Danish withholding taxes in the form of dividend tax, royalty tax and withholding tax. Any subsequent correction to corporate taxes and withholding taxes may lead to a higher liability for the company.

In the beginning of 2016 The Danish tax authorities overruled included deductions in the Company's tax returns for 2013 for a total of DKK 5.4 million. The company disagree on the tax authorities' conclusion and have appealed the decision, with the expectation of unwinding denied deductions for DKK 5.0 million.

18 Foreign currency risks

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. Most of the transactions with related parties are denominated in US dollars.

The company is not using hedging instrument to secure the foreign currency risk.

19 Related parties

QIAGEN Aarhus A/S' related parties comprise of the following:

Control:

QIAGEN N.V.
Sporstraat 50
NL-5911 KJ Venlo

Largest and smallest group:

QIAGEN N.V.
Sporstraat 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:

<https://www.qiagen.com/dk/about-us/investors/financial-information/financial-reports/>

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19 Related parties (continued)

	2017	2016
	<u>DKK '000</u>	<u>DKK '000</u>
Related party transactions		
Revenue from other related parties	67,310	56,880
Royalties to related parties	-3,555	-3,282
IT and Software license fee	-1,464	-2,203
Management fee expenses	-2,124	-2,345
Compensation through Options to QIAGEN N.V.	-9,828	-64,136
Sale of equity investment in subsidiary to QIAGEN India	0	1,378
Financial expenses, interest to QIAGEN N.V	-2,977	-2,137
	<u>47,362</u>	<u>-15,845</u>
Related party balances		
Account receivables from related parties	<u>16,825</u>	<u>22,021</u>
	<u>16,825</u>	<u>22,021</u>
Account payables to related parties	<u>-68,586</u>	<u>-126,509</u>
	<u>-68,586</u>	<u>-126,509</u>