

# Company Presentation

Q3 2011 – 36% organic growth in own product sales

By CEO Lars Kongsbak and  
CFO Hans Henrik Chrois Christensen, Nov. 2011

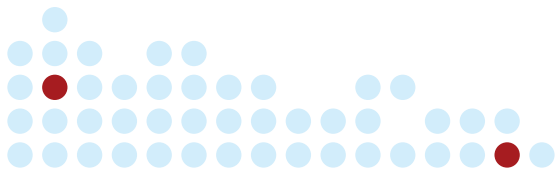


Exiqon operates in two business segments: Exiqon Life Sciences has established a position for itself as one of the market's leading providers of research products for microRNA analysis. Exiqon Diagnostics develops novel molecular diagnostic tests for stratification of patients, for clinical trials, early detection of diseases and to help physicians make treatment decisions based on microRNA profiling.

## Safe harbor

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*This presentation contains forward looking statements. The words “believe”, “expect”, “anticipate”, “intend”, “will”, “may”, “would”, “could” and “plan” and similar expressions identify forward looking statements. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. The important factors that could cause our actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, risks associated with product development and commercialization, the unenforceability or lack of protection of our patents and proprietary rights, uncertainties related to product manufacturing and supply chain, the lack of market acceptance of our products, our ability to manage growth, the competitive environment in relation to our business area and markets, our ability to attract and retain suitably qualified personnel, our relationships with third parties, changes and developments in technology and third party’s intellectual property rights which our products may become dependant upon, and other factors. Further, certain forward looking statements are based upon assumptions of future events which may not prove to be accurate. The forward looking statements in this document speak only as at the date of this presentation.*



# Agenda

- **Executive summary**
- Investment case
- 2011 outlook
- Financial results Q3 2011
- Investor information

# Executive summary

## Highlights Q3 2011

### Exiqon Life Sciences

- Focus microRNA PCR Panels for microRNAs in serum/plasma and in cancer samples launched
- LNA™ products for the research and clinical development of RNA targeted medicine launched

### Exiqon Diagnostics

- Exiqon validates blood plasma-based miRNA PCR test for early detection of colorectal cancer  
82% sensitivity for detection of cancer at 89% specificity (area under the ROC curve: 0.87)

### Other

- Litigation against Santaris Pharma a/s completed
- Established credit facility of DKK 10 million valid until 2013.

mDKK	Q3 (11)	Q3 (10)	2011 Adj.	2010
Revenue	27	21	~110	94
EBITDA	-9	-8	~0*	-30

\* Excluding one-time litigation costs of DKK 14.2 million

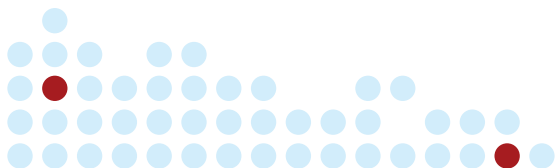
- 36% growth in own life science research product sales
- YTD sales on track for FY revenue guidance
- EBITDA for Q3 affected by one-time litigation costs (DKK 7.8 million)
- EBITDA for Q3 excl. one-time litigation costs improved 82% to DKK -1.5 million (incl. DKK 0.6 million non-cash cost of warrants)
- Total litigation costs (all included YTD): DKK 14.2 million

### Expected news flow during 2011

- Additional CoE-agreements (addressing clinical market)
- Validation data on diagnostic test for risk of colon recurrence (Q4 2011)

### Success criteria in 2011

- Profitability measured on EBITDA
- Validation of diagnostic programs based on profiling of miRNA in serum
- New alliances and license agreements



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## Investment case – outline

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**Proprietary  
LNA™  
technology**

Exiqon's proprietary LNA™ technology enables high performance products that are sold at premium prices for gene expression analysis. These products help identify novel biological markers (miRNA) in serum and tissue for use in the stratification of patients and molecular diagnostic tests.

**Life Sciences  
provides  
high growth  
short term**

Exiqon has gained a leading market position in the emerging fast growing niche market for miRNA analysis based on a scalable one-stop-shop approach.

Exiqon's current business delivers high organic growth and there is further significant upside from several drivers, in particular from expansion of the addressable market to include other biological markers through new products with no additional capex being required.

**Diagnostics  
provides big  
opportunities  
mid term**

Exiqon's research products for qPCR analysis serve as technological platform for novel diagnostic products based on miRNA expression in serum.

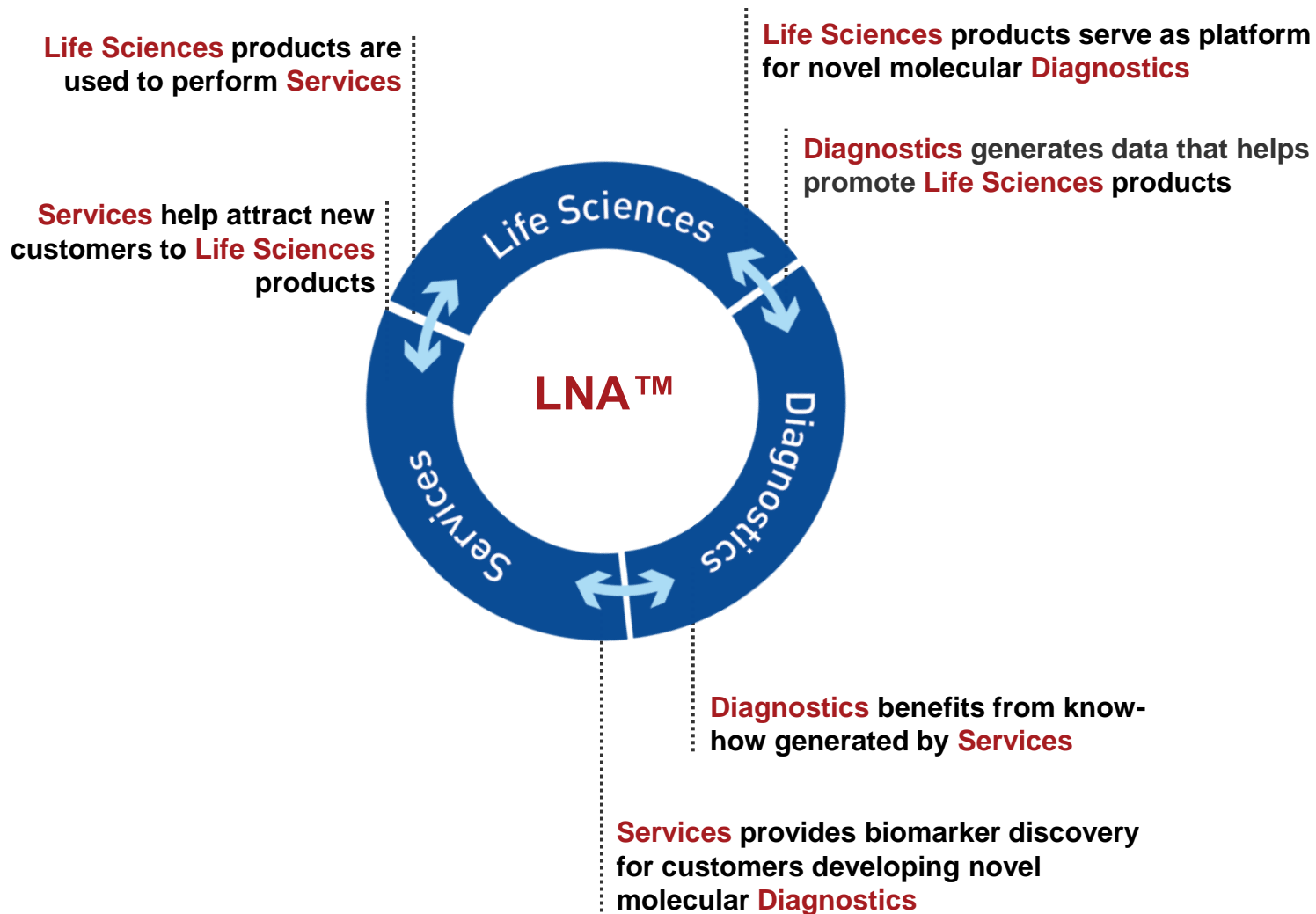
Exiqon has a proprietary pipeline of novel molecular diagnostic tests based on miRNA profiling addressing large unmet needs representing a big opportunity at low risk (externally funded).

**Synergies  
provide  
attractive  
business model  
long term**

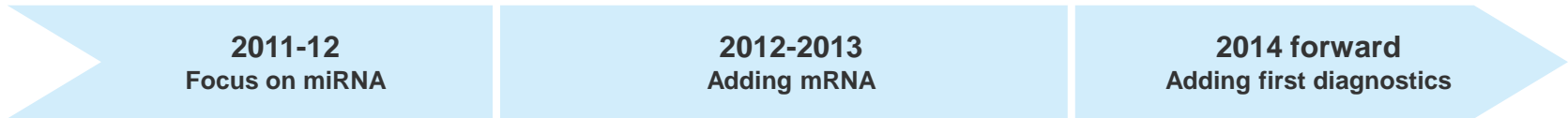
Data generated through Exiqon's proprietary pipeline of novel molecular diagnostic tests help promote the sale of Exiqon's research products for qPCR analysis and attract partnerships.

Service capacity increasingly used to support partnership.

# Investment case – business model with synergies



# Investment case – strong growth drivers

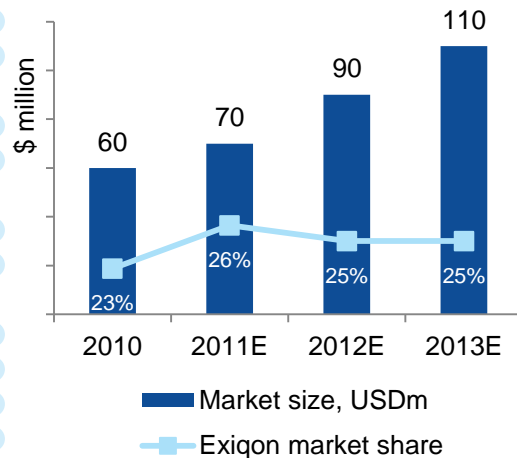


- Market size: ~ \$ 60-70 million (2011E)
- Market growth: ~ 25% (2011-13 CAGR)
- Exiqon market share: ~25%
- Exiqon expects stable or growing share of miRNA market

- Market size: ~ \$ 1-1,5 billion
- Market growth: Mature market
- First revenue in 2012
- Exiqon will seek to leverage existing customer account through competitive new products

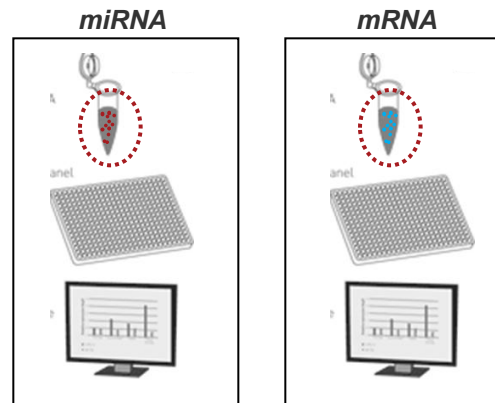
- Market size: \$ 600 million
- Market growth: N/A
- First revenues from product sales in diagnostics segment in 2014 (est.)
- Partnering opportunities before then

### Est. miRNA market development



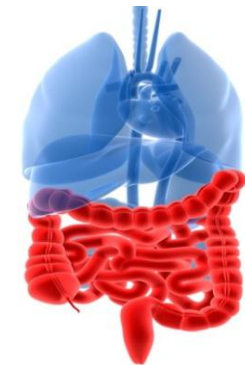
**Strong market growth provides strong basis for growth**

### Business platform scalability



**Leveraging technologies, customers and infrastructure to address new large markets**

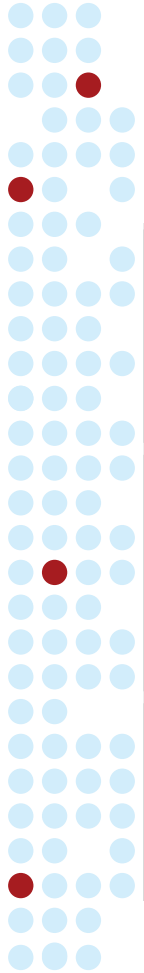
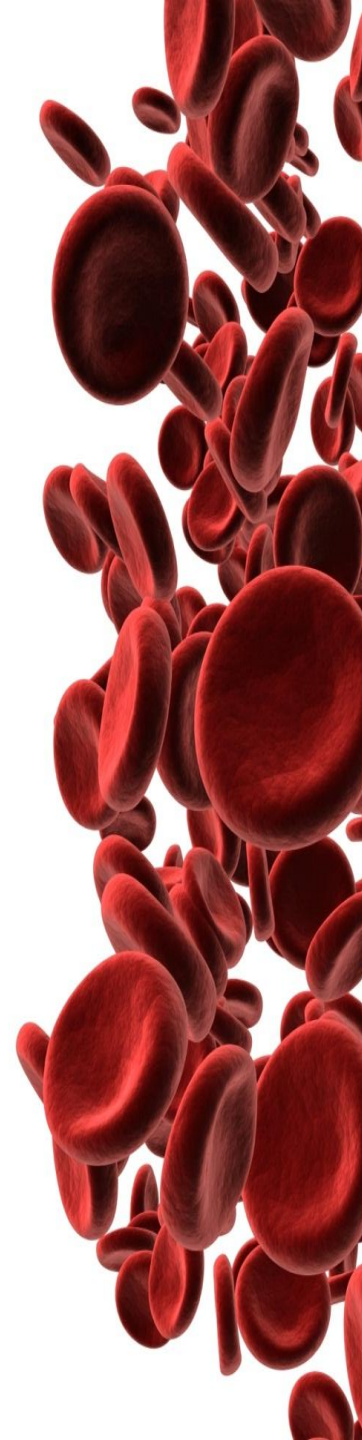
### Business model synergies



**Applying technologies for novel proprietary miRNA diagnostics**

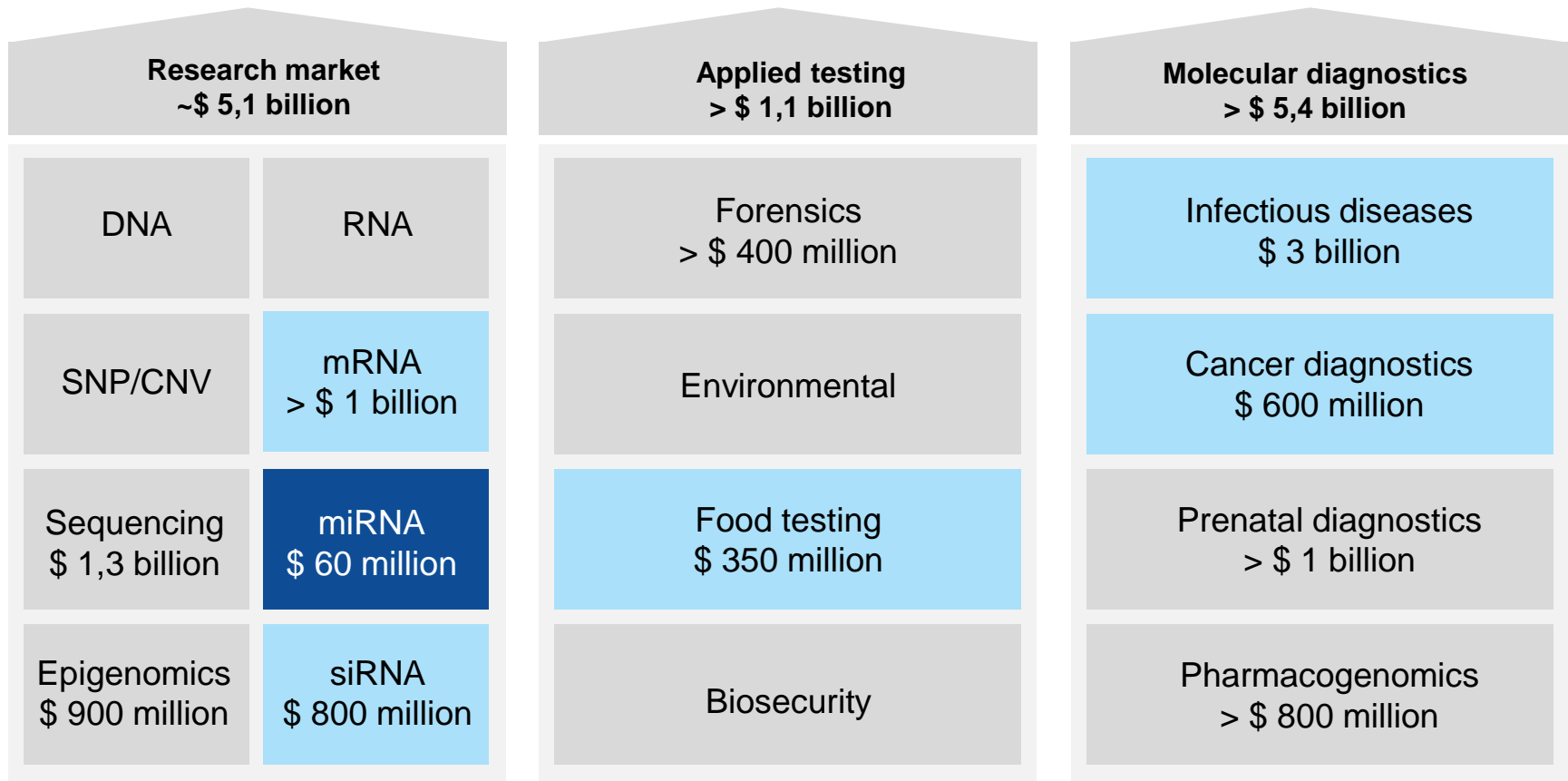
# Investment case – competitive advantages

Competitive advantage		Exiqon's LNA™ technology	Competing technologies on the market	Comment
<b>Sensitivity</b>	Quantative measurement of individual miRNAs	✓✓✓	✓	Allows for analysis of small amounts of miRNA in sample type e.g. serum/plasma based analysis
<b>Specificity</b>	Accurate measurement of miRNAs	✓✓✓	✓	Allows for accurate and robust results, necessary in clinical research and diagnostics
<b>Coverage</b>	Number of miRNAs covered by products	✓✓	✓	Allows for complete analysis - a thorough analysis of known miRNAs



# Addressing attractive markets

## Nucleic Acid Testing market worth > \$ 11 billion



Exiqon direct

Not yet addressed by LNA™

Addressed through partners/licenseses  
(e.g. Roche, Becton Dickinson, Life Technologies)

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# Financial outlook and calendar for 2011

## Financial outlook for 2011

Exiqon's financial outlook for 2011 did not include any potential one-time (net) cost of litigation and payments from new license agreements or otherwise\*:

Revenue from 3 sources in 2 segments:

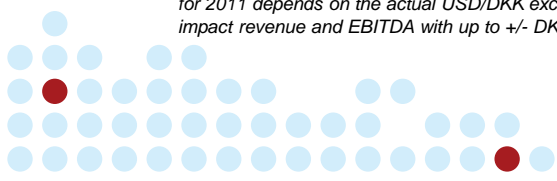
	Life Sciences	Diagnostics
<b>Products incl. Services</b>	√	>2013
<b>Contract Research</b>	N/A	√
<b>Royalties and upfront</b>	√	√

<b>MDKK</b>	<b>2011</b>	<b>2011 adjusted</b>
<b>Revenue</b>	105-115	~110
<b>EBITDA</b>	0 (+/- 5)	~ -14**

*\*The outlook for 2011 is based on an average USD/DKK exchange rate of DKK 5.25. The outlook for 2011 depends on the actual USD/DKK exchange rate for 2011; a variation of DKK 0.25 can impact revenue and EBITDA with up to +/- DKK 5m \*\* Including litigation costs of DKK 14.2' million*

## Financial calendar for 2011

Deadline for shareholders' proposal to the annual general meeting:	16 February 2011
Announcement of full-year results 2010:	24 February 2011
The annual general meeting is scheduled to be held on:	31 March 2011
Interim report for the period 1 January 2011 to 31 March 2011:	19 May 2011
Interim report for the period 1 January 2011 to 30 June 2011:	11 August 2011
Interim report for the period 1 January 2011 to 30 September 2011:	10 November 2011

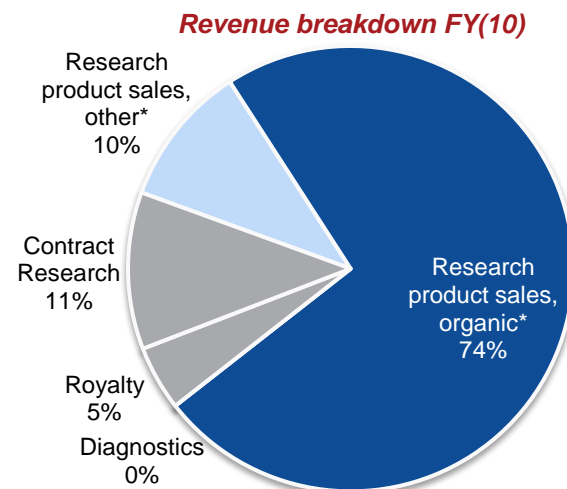
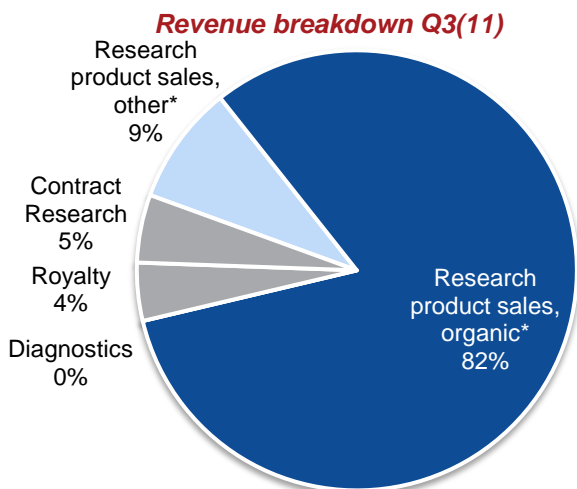
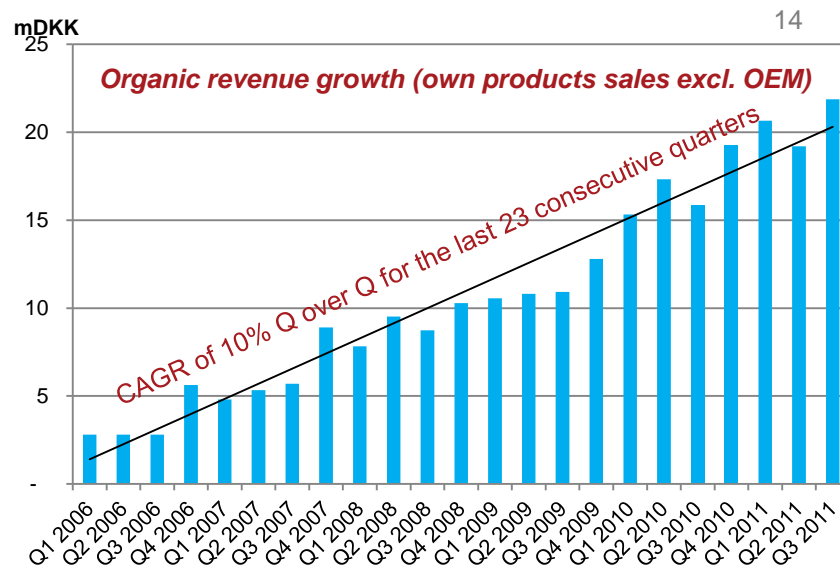


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# Growth: Continued strong sales performance

- YTD revenue increased 24% to DKK 81.3 million (DKK 65.7 million)
- Q3(11) revenue of DKK 27.1 million - 30% above Q3(10)
- YTD organic growth in research product sales was 27% when excluding OEM sales and reagent sales associated with license agreements
- 36% organic growth in own product sales in Q3 (11)

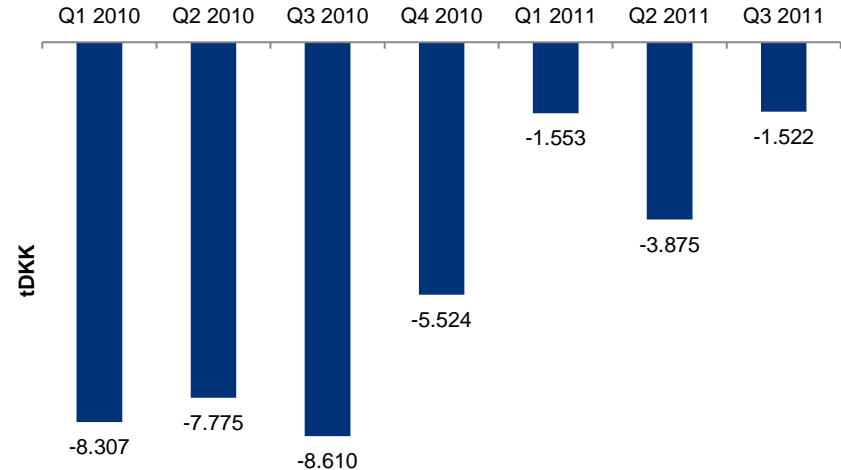


\*Organic growth is based on research product sales incl. services but excluding OEM sales and reagent sales associated with license agreements. Other research product sales includes OEM sales and reagent sales associated with license agreements

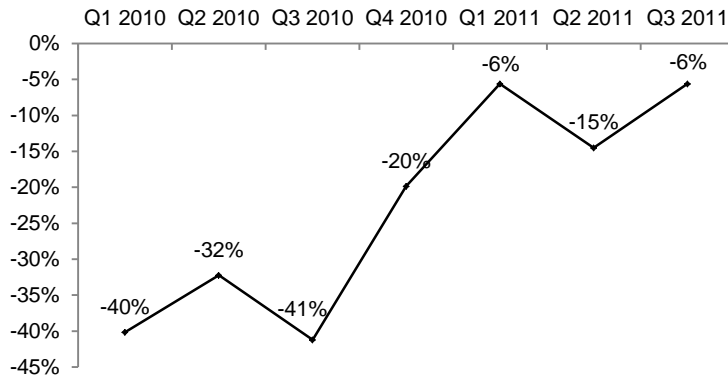
# Profitability: On track towards positive EBITDA

- YTD EBITDA improved 13% to DKK -21.2 million (DKK -24.4 million) affected by one-time litigation costs (DKK -14.2 million)
- Q3(11) EBITDA improved 82% to DKK -1.5 million when excluding one-time litigation costs of -7.8 million (litigation completed – all costs included)
- Q3(11) Gross profit on product sales improved 56% to DKK 14.3 million – a 47.8% margin compared to 36.8% in the same period last year
- Q3(11) total operating costs decreased 9% when excluding one-time litigation costs

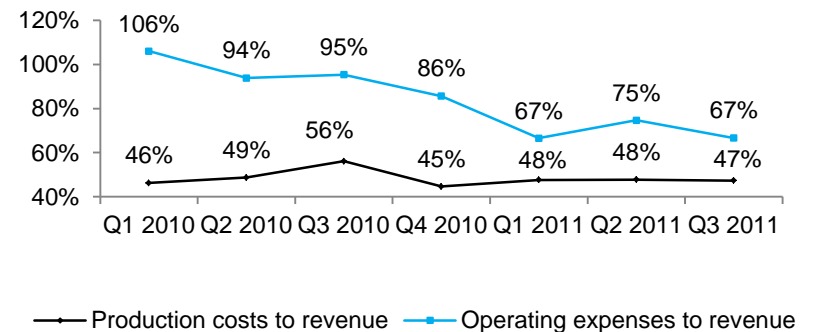
**EBITDA adjusted for one-time litigation costs**



**EBITDA margin adjusted for one-time litigation costs**



**Production costs and operating expenses adjusted for one-time litigation costs relative to revenue**



## Cash: Improved cash flow

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- Reduced cash-burn YTD 2011 compared to YTD 2010 despite significant one-time litigation costs
- Balance sheet may be strengthened through licensing and partnerships
- Established credit facility of DKK 10 million valid until 2013
- As of 30 September 2011, the total outstanding number of warrants is 2,659,759
- As of 30 September 2011, Exiqon has capitalized the tax asset of DKK 3.1 million in the wholly owned subsidiary Exiqon, Inc.
- Diagnostic product development is financed by grants or through partnerships from end year 2010
- Working capital requirements managed to current cash and cash equivalents

### Capital resources overview

mDKK	YTD Q3 10	YTD Q3 11
Operating profit	-32	-28
Change in working capital	5	-2
Other operating activities	10	8
Investing activities	-3	-2
Financing activities	15	24
Cash flow from discontinued operations	-17	0
<b>Change in cash</b>	<b>-21</b>	<b>1</b>
Cash at the beginning of year	45	18
Unrealised currency gains	1	1
<b>Cash at the end of period</b>	<b>25</b>	<b>19</b>
Credit facility		
<b>Capital resources end of period</b>	<b>25</b>	<b>19</b>

### Consolidated statement of financial position

mDKK	30 Sep. 2010	30 Sep. 2011
<b>Total non-current assets</b>	<b>80</b>	<b>77</b>
Inventories	10	19
Receivables	14	16
Cash and cash equivalents	25	19
<b>Total current assets</b>	<b>49</b>	<b>54</b>
<b>Total assets</b>	<b>129</b>	<b>131</b>
<b>Equity</b>	<b>92</b>	<b>79</b>
Non-current liabilities	5	2
Current liabilities	32	50
<b>Total liabilities</b>	<b>37</b>	<b>52</b>
<b>Equity and liabilities</b>	<b>129</b>	<b>131</b>

# Investor information

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## Shareholders as of 30 September 2011

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### Major shareholders:

- ATP >10%
- Danske Invest >10%
- Danske Bank >10%
- Tekno Invest >5%
- Nobel group >5%

### Executive Management:

- 171,889 shares (0.5%)

### Supervisory Board:

- 448,378 shares (1.3%)

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## Share information and organization

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**Listing:** NASDAQ OMX Copenhagen

**Share capital:** DKK 35,002,026 (DKK 1 per share)

**Bloomberg ticker:** EXQ DC Equity

**ISIN code:** DK0060077758

**Reuters code:** EXQ.CO

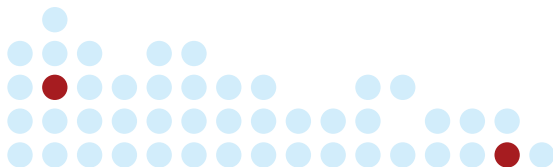
**GICS sector:** Life Sciences Tools & Services (35203010)

### Supervisory Board

- Thorleif Krarup (chairman)
- Erik Walldén (vice chairman)
- Per Wold Olsen
- Michael Nobel

### Executive Management

- Lars Kongsbak (CEO)
- Hans Henrik Chrois Christensen (CFO)



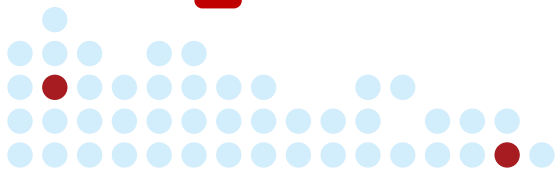
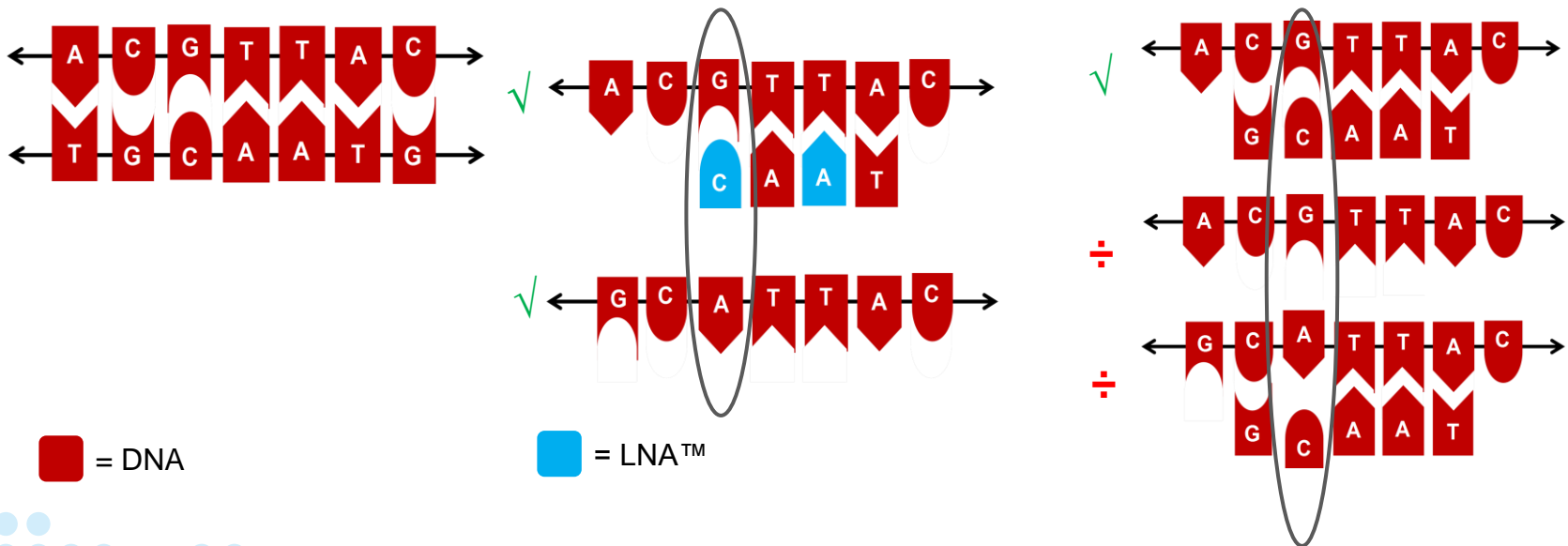
# Appendices

- LNA™
- miRNA
- qPCR
- Intellectual Property Rights

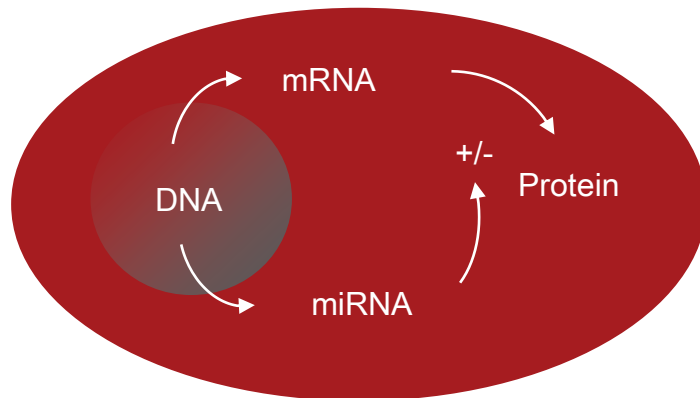
# LNA™ - Exiqon's competitive edge

LNA™	DNA	RNA	LNA™ for detection of miRNA:
			<ul style="list-style-type: none"> <li>LNA™ allows for accurate detection of small molecules like miRNA</li> <li>LNA™ allows detection of miRNA directly in tissue and blood</li> <li>LNA™ discriminates between highly homologous miRNAs – often needed</li> </ul>

DNA composition	LNA™ identification	Competitors identification
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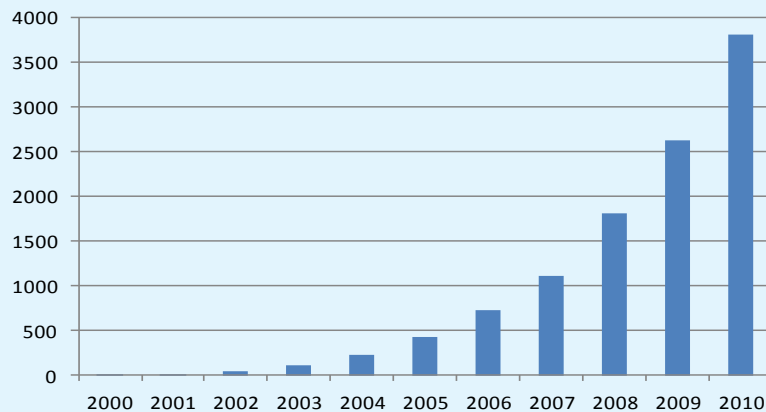
## miRNA - “fits the bill” for use as biomarker



### miRNA characteristics

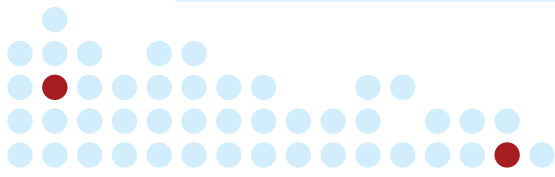
- miRNA is biologically stable in blood & tissue samples
- miRNA is linked to disease and disease progression
- miRNA has been extensively validated in the clinic

### Increasing number of publications on miRNA



### Clinical applications

- Early detection
- Prognosis/recurrence
- Drug resistance/sensitivity
- Treatment response
- Therapy

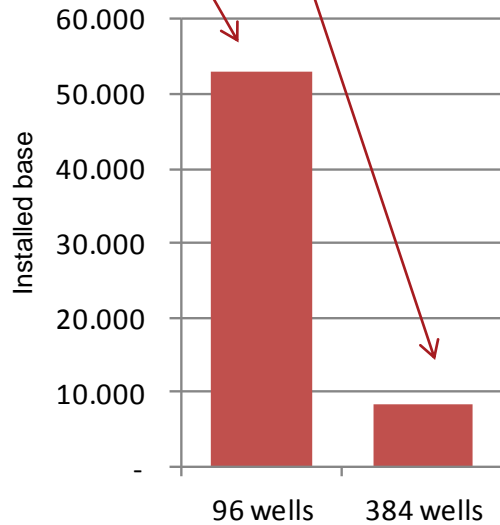


# qPCR detection - Exiqon's preferred method of detection

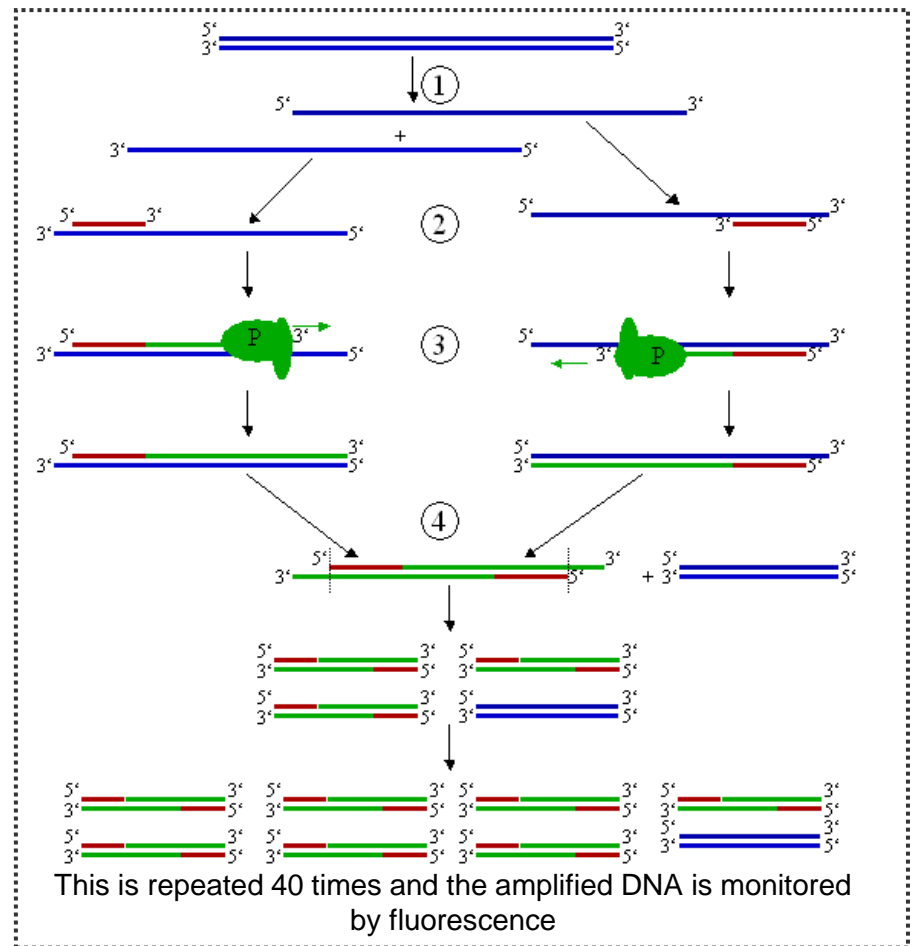
## Market



qPCR instrument from Roche



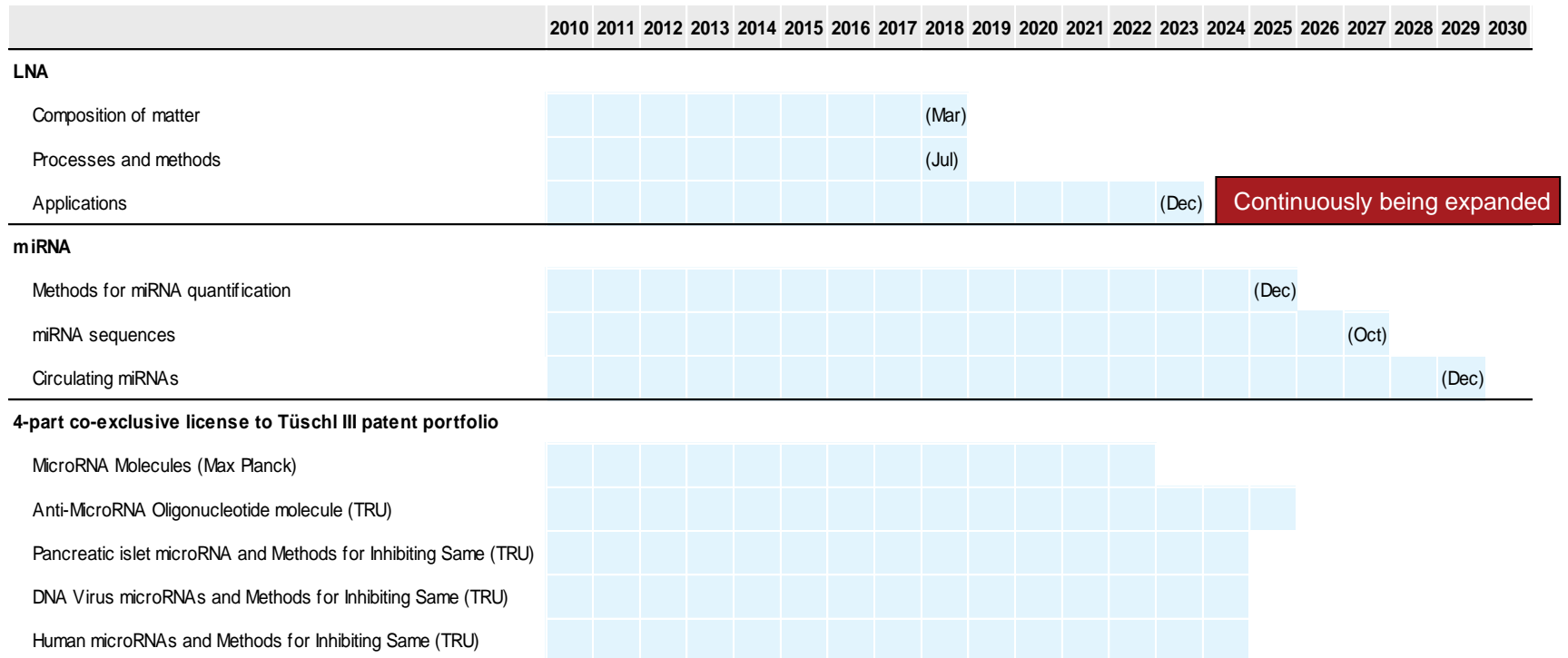
## The qPCR process: Xeroxing DNA and RNA



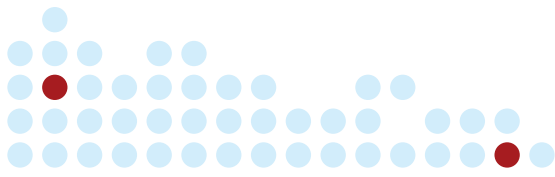
# Intellectual Property Rights - Exiqon's proprietary business

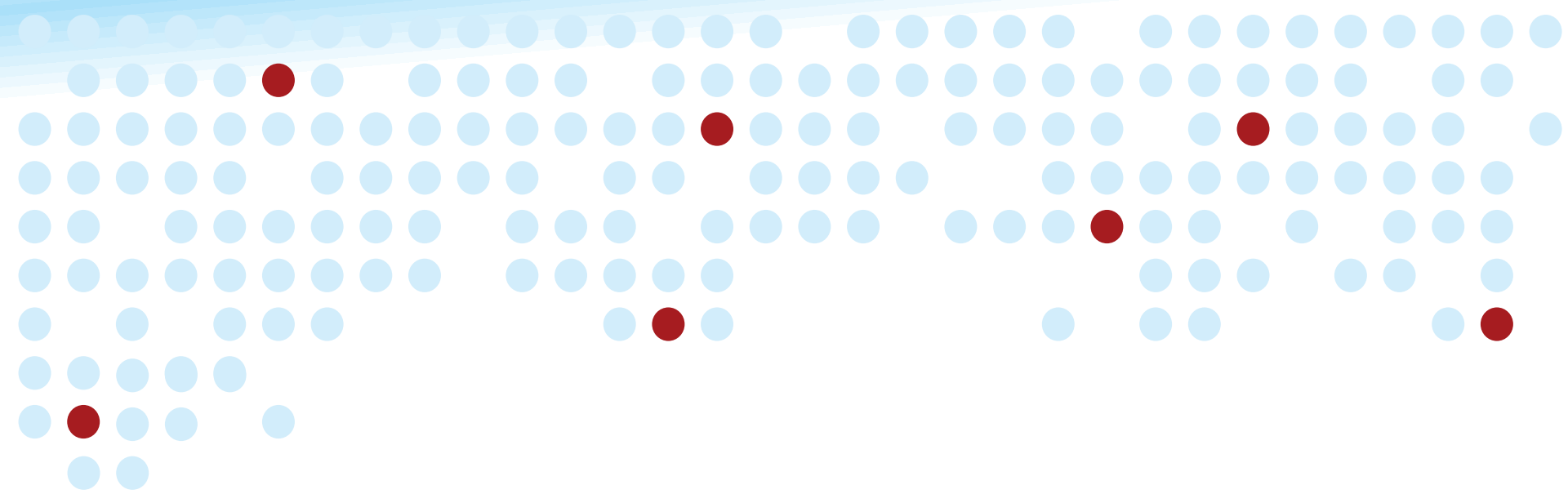
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## Unique IP Package (including 104 issued patents)



Note: TRU = The Rockefeller University





# Thank you

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