

# Annual Report 2008

Presentation, March 2009  
Lars Kongsbak, CEO  
Hans Henrik Chrois Christensen, CFO





## Agenda

- Business highlights and update
- Financial highlights
- Outlook 2009
- Q&A session

## Forward looking statements

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

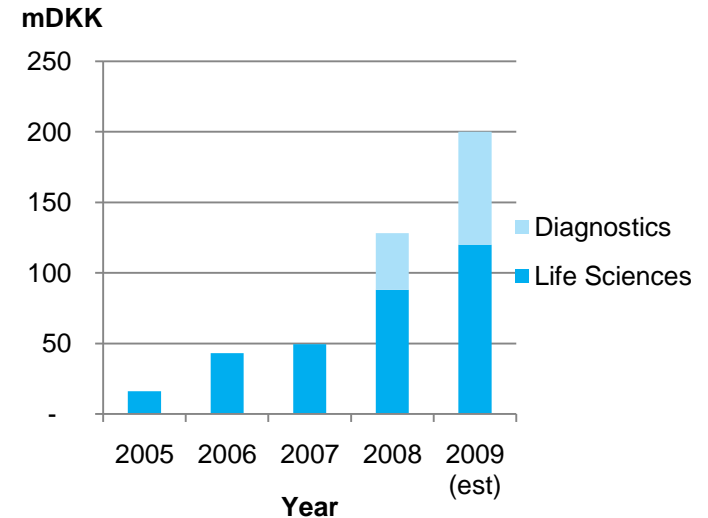
- Business highlights and update
- Financial highlights
- Outlook 2009

## Business highlights 2008

- Transforming year for Exiqon;
  - ✓ Completed acquisition of Oncotech, Inc.
  - ✓ Established collaborations with M.D. Anderson and Rigshospitalet
  - ✓ Awarded DKK 14 million grant to clinically validate CUP test
  - ✓ Granted LNA™ license to Roche Diagnostics for RealTime qPCR
  - ✓ Published clinical data from EORTC trial showing predictive power of Oncotech EDR Assay
  - ✓ Completed development of first prognostic miRNA test for stage II colon cancer
  - ✓ Launched qPCR product portfolio for research use
- Financial guidance for 2008 was achieved;
- Continued strong growth expected

## Business highlights 2008

- Transforming year for Exiqon;
- Financial guidance for 2008 was achieved;
  - ✓ Revenue of DKK 128 million;  
159% increase over 2007
    - Life Sciences revenue of DKK 88 million; 71% organic growth
    - Diagnostics revenue of DKK 40 million (10 months of 2008)
  - ✓ Net result of DKK -115.4; cost of warrants DKK 7.4 million
- Continued strong growth expected



## Business highlights 2008

- Transforming year for Exiqon;
- Financial guidance for 2008 was achieved;
- Continued strong growth expected
  - ✓ Revenue of DKK 175-200 million in 2009
  - ✓ Continued investment in product development and S&M
  - ✓ Net result of DKK -120-135 million
  - ✓ Limited impact expected from current macroeconomic situation

## Strong synergies between Diagnostics and Life Sciences segments

Exiqon was transformed to one company; with two business segments:

- Exiqon Life Sciences, including services to Pharma
- Exiqon Diagnostics

### EXIQON DIAGNOSTICS

Personalized medicine

Treatment selection strategy:

- Drug resistance
- Prognostics
- Drug metabolism

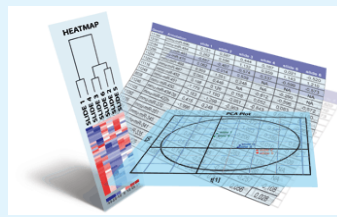


### EXIQON PHARMA SERVICES

Services to pharma

Companion diagnostic strategy:

- Biomarker analysis
- Biobank (>150,000)
- Drug resistance



### EXIQON LIFE SCIENCES

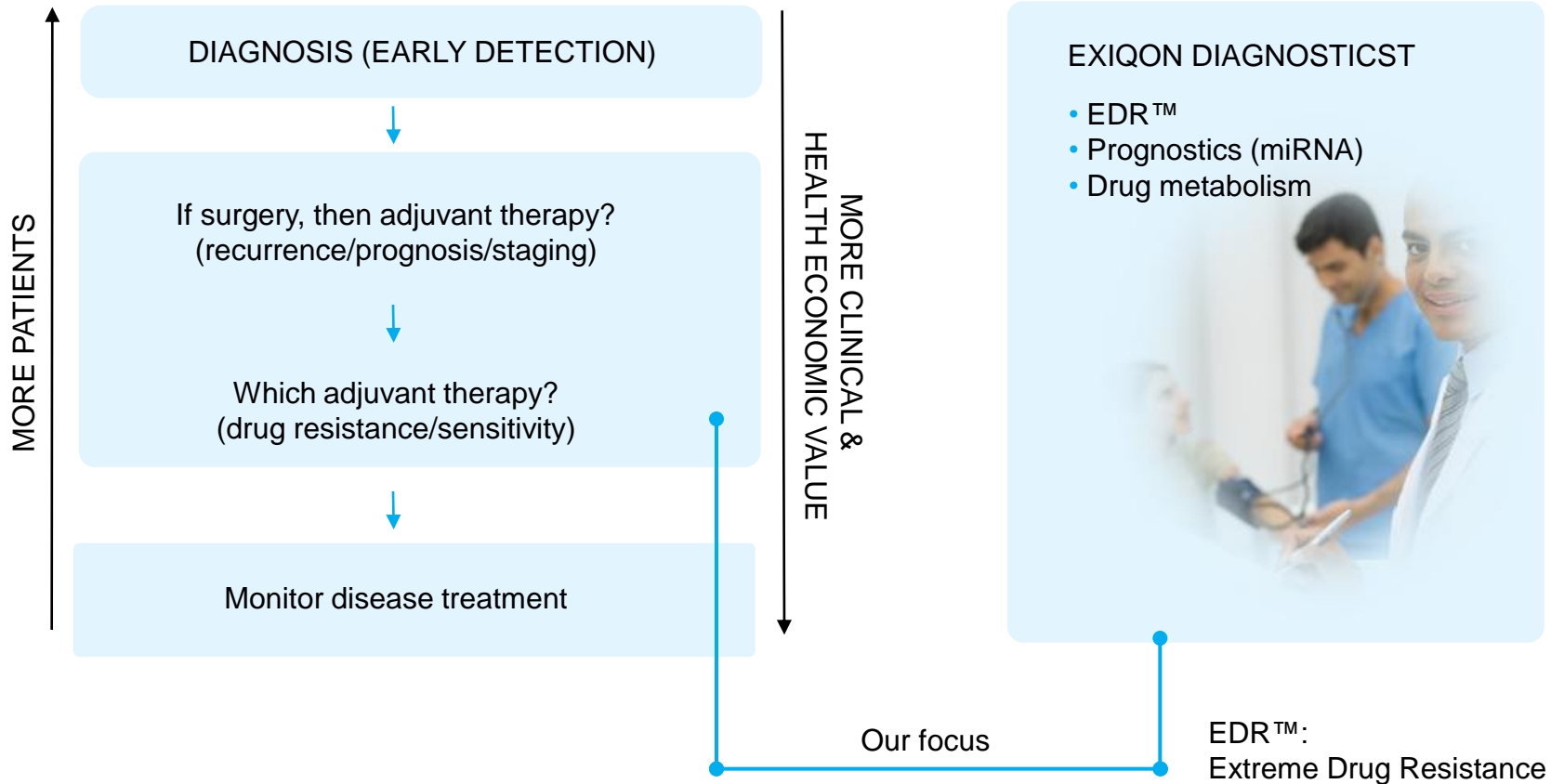
Research products

One-stop supplier strategy:

- miRNA
- Gene expression
- Functional analysis



## Focus is on cancer treatment selection (personalized medicine)

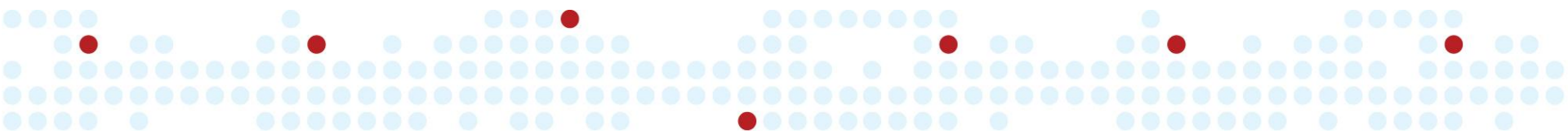


## Market leader with current products and market driven pipeline

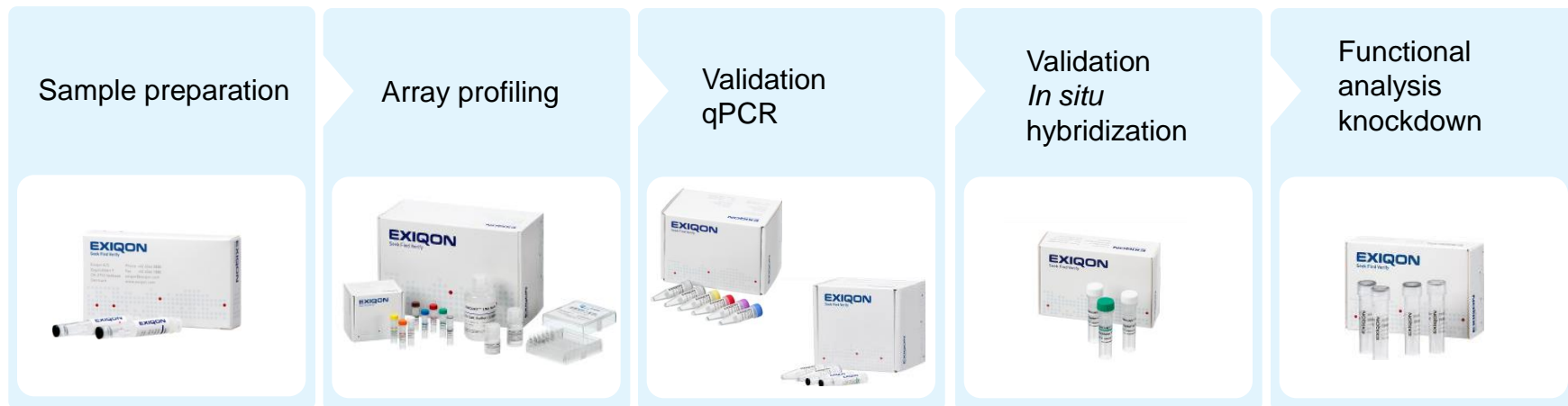
TARGET	PRODUCT	STAGE	COMMERCIALY AVAILABLE	INCIDENCES IN THE U.S.
COLON (RECTAL)	EDR™	III & IV	√	42,000
	Recurrence	II	Q1 2009	26,000
LUNG	EDR™	II, III & IV	√	143,000
	Recurrence	I	In development	14,000
OVARIAN	EDR™	III & IV	√	16,000
ENDOMETRIAL	EDR™	III & IV	√	10,000
	Recurrence	I & II	In development	28,000
CUP	Tissue identifier		2010	80,000

EDR™: Extreme Drug Resistance

CUP: Cancer of Unknown Primary



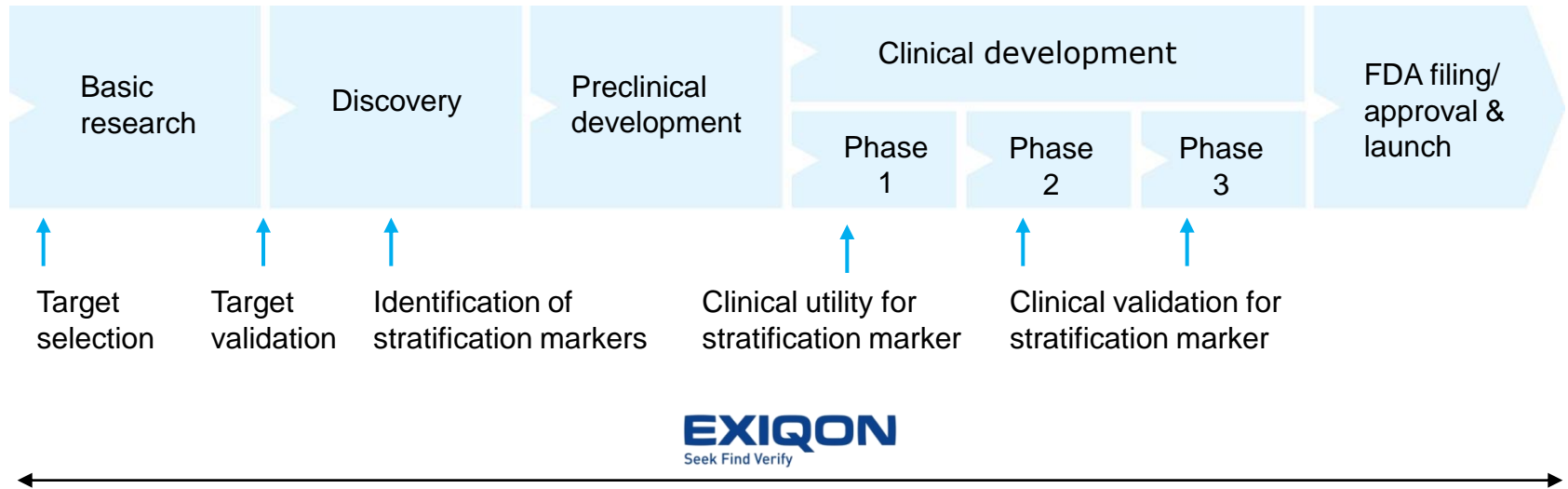
## “One stop supplier” for miRNA research products



Product offering supports the work-flow for miRNA analysis:

- miRCURY™ sample isolation system, launched Jan 2009
- miRCURY LNA™ microRNA Array System, launched 2006
- miRCURY LNA™ microRNA PCR System, launched Dec 2007 & significantly expanded Sep 2008
- miRCURY LNA™ microRNA Detection Probes, launched 2005
- miRCURY LNA™ microRNA Knockdown System, launched 2006

## Big pharma is supported in personalized medicine trend



- Business unit "Pharma Services" to accommodate market needs
- Exiqon offers access to miRNA biomarkers and biobank (150,000 tumor samples)
- Exiqon is the only company to offer this including CLIA lab based services



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- **Financial highlights**
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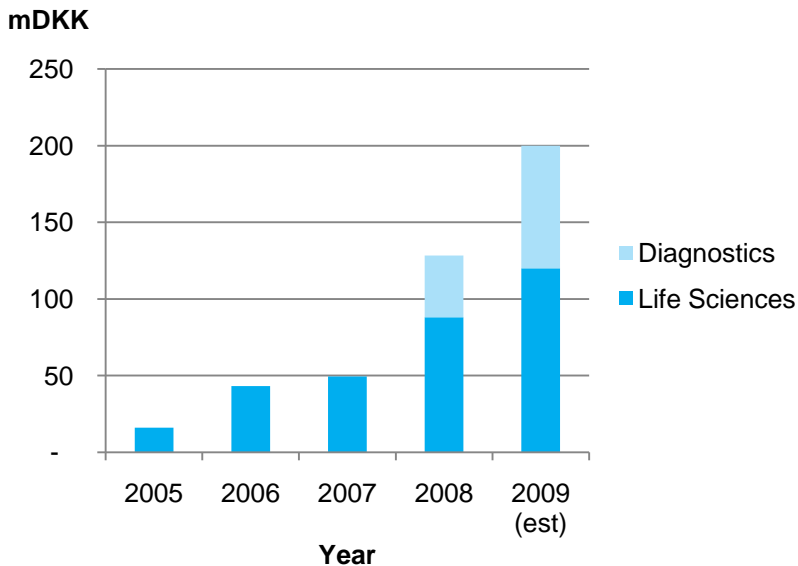
## Financial highlights

- Financial guidance for 2008 was achieved;
  - ✓ Revenue of DKK 128 million; 159% increase (DKK 49.5 million in 2007)
  - ✓ compared to expected revenue of DKK 120-130 million (revised from DKK 140-150 million)
    - Life Sciences revenue amounted to DKK 88million; 71% organic growth
    - Diagnostics revenue of DKK 40 million (10 months of 2008)
- Net result of DKK -115.4; costs of warrants DKK 7.4 million (DKK -67.8 million in 2007)
- Compared to an expected net result of DKK -115-125 million including costs of warrants of DKK 6 million (revised from DKK -110 -115 million)
- EPS amounted to DKK -3.94 per share (DKK -3.35 per share in 2007)

## Continued strong revenue growth

Revenue increased 159% to DKK 128.3 million (DKK 49.5 million in 2007)

- Life Sciences revenue of DKK 88 million;
- Diagnostics revenue of DKK 40 million (10 months)



	2007	2008	2009 (est)
Product sales	39	99	
License income	7	27	
Contract research	4	3	
<b>Total</b>	<b>49</b>	<b>128</b>	<b>200</b>
North America	28	71	
Europe	19	54	
Rest of World	2	3	
<b>Total</b>	<b>49</b>	<b>128</b>	
Life Sciences	49	88	120
Diagnostics	-	40	80

## Financial highlights for the Life Sciences segment

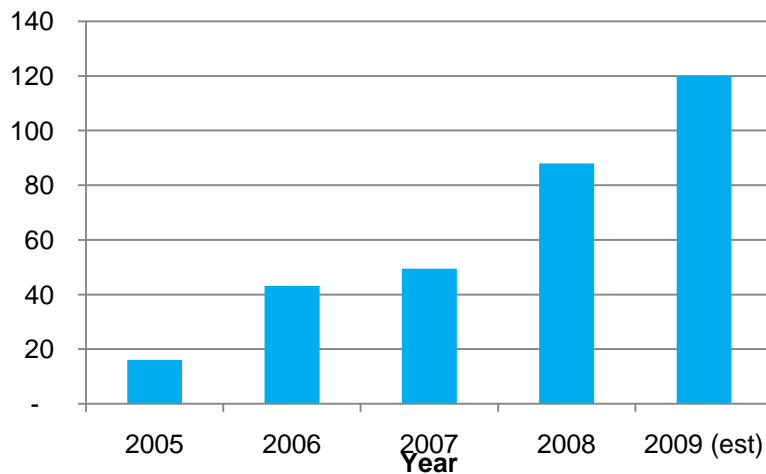
### Revenue of DKK 88.0 million (DKK 49.5 million in 2007)

- Organic growth in revenue growth of 71%
- Organic growth in product sales of 43%
- Continued strong growth expected in 2009; 19-36%

mDKK

	2007	2008	2009 (est)
Life Sciences	49	88	120

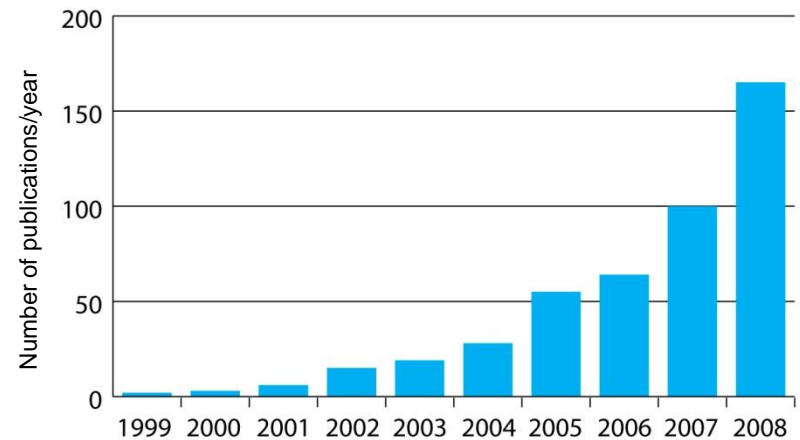
mDKK



LNA™ paper citations analyzed by HighWire\*

The increase in LNA™ citations documents the market impact

mDKK



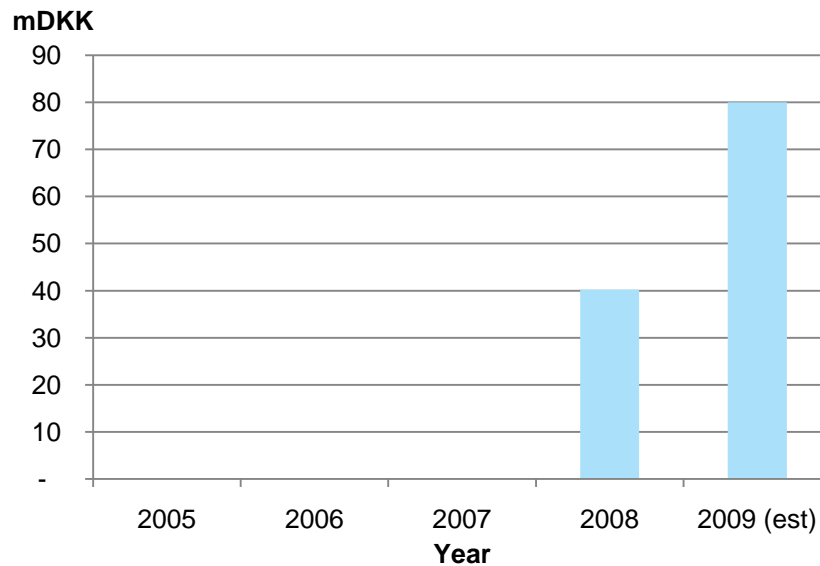
\*The actual usage of LNA™ is higher as many papers do not cite LNA™ anymore and the figure therefore represents the trend

March 30, 2009

## Financial highlights for the Diagnostics segment

### Revenue from Diagnostics amounted to DKK 40.2 million (10 months)

- First year Exiqon has realized Diagnostics revenue from Oncotech acquisition
- Expected growth in 2009 is 74-99% (calculated on a full year basis)



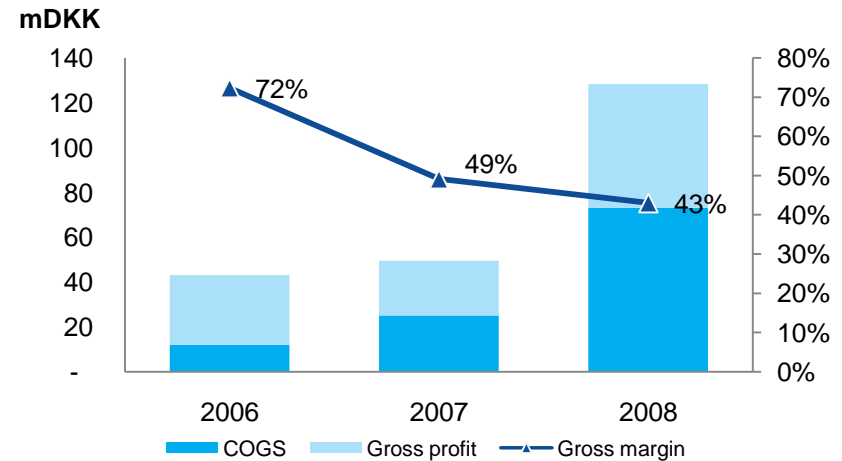
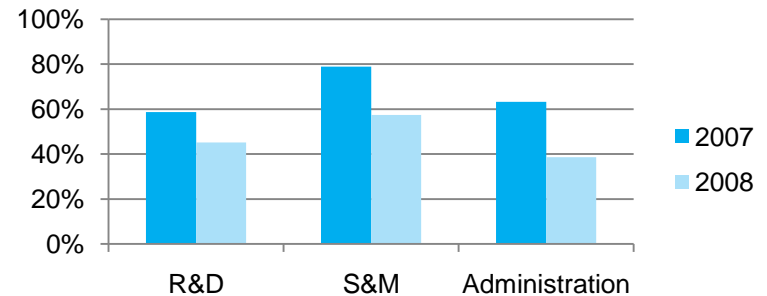
mDKK

Diagnostics  
CAGR

	2007	2008	2009 (est)
Diagnostics	-	40	80
CAGR	0%	0%	99%

## Financial highlights

- R&D costs (net) increased 100% to DKK 58 million
- Administrative costs (net) increased 95% to DKK 43.6 million
- S&M costs (net) increased 92% to DKK 73 million
- COGS improvements necessary  
Life Sciences initiatives planned to include:
  - ✓ Consolidation of manufacturing in Denmark
  - ✓ Continued supply chain focus
- Diagnostics initiatives planned to include:
  - ✓ Improvements to Oncotech EDR test
  - ✓ Complementary non-proprietary product offering



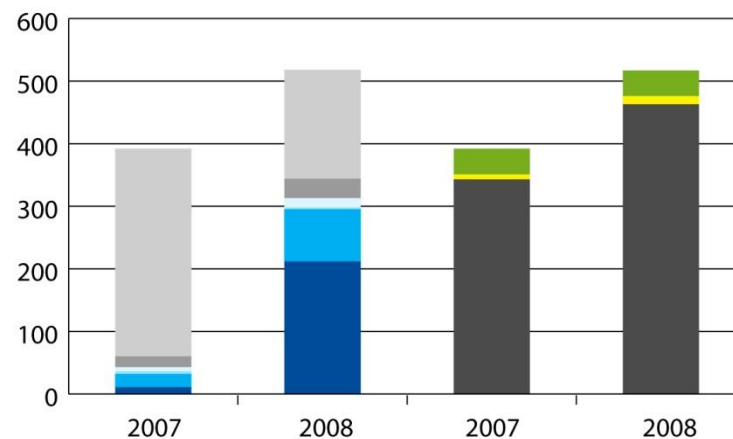
## Financial highlights

- Solid Balance Sheet
- Strong cash position

### mDKK

	2007	2008
Non-current assets	36	297
Cash and cash equivalents	332	174
Other current assets	24	46
<b>Assets</b>	<b>392</b>	<b>517</b>
Equity	343	463
Non-current liabilities	8	13
Current liabilities	41	41
<b>Equity and liabilities</b>	<b>392</b>	<b>517</b>

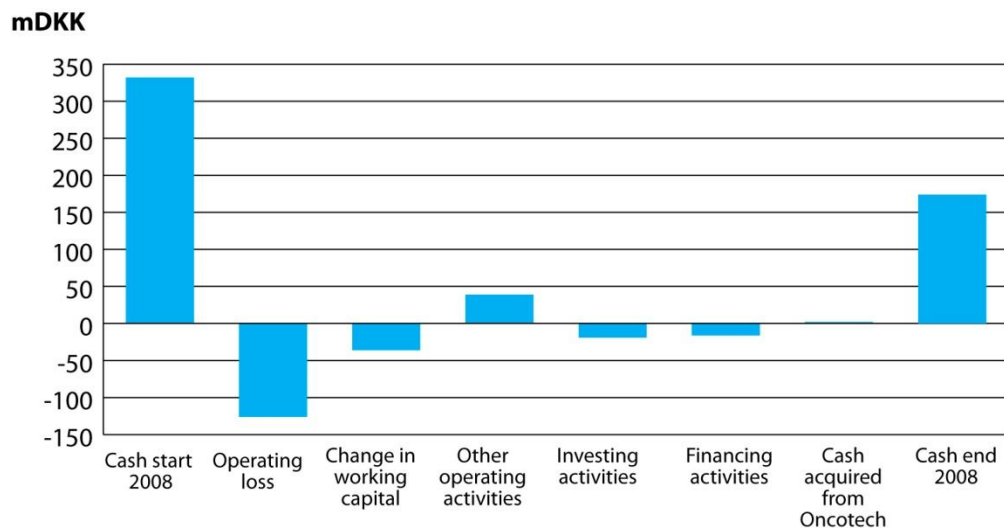
### mDKK



- Intangible assets
- Financial assets
- Receivables
- Equity
- Current liabilities
- Property, plant and equipment
- Inventories
- Receivables
- Non-current liabilities

## Financial highlights

- Negative cash flow from operations of DKK 126m
  - ✓ Investments in product development and S&M



mDKK

	2007	2008
Operating loss	-75	-126
Change in working capital	14	-36
Other operating activities	22	39
Investing activities	-16	-19
Financing activities	366	-16
<b>Change in cash</b>	<b>311</b>	<b>-158</b>
Cash at beginning of year	20	332
Cash acquired from Oncotech	-	1
<b>Cash at the end of year</b>	<b>332</b>	<b>174</b>



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## Outlook 2009 – Key value drivers

### Exiqon Life Sciences

- Newly launched qPCR product series with strong potential (September 2009)
- Most recent miRCURY™ RNA Isolation kit launch (January 2009)
- Launch of high throughput qPCR platform in the third quarter of 2009
- Synergistic sales from accomplished one-stop-supplier strategy
- Strategic collaborations through Exiqon Pharma services

### Exiqon Diagnostics

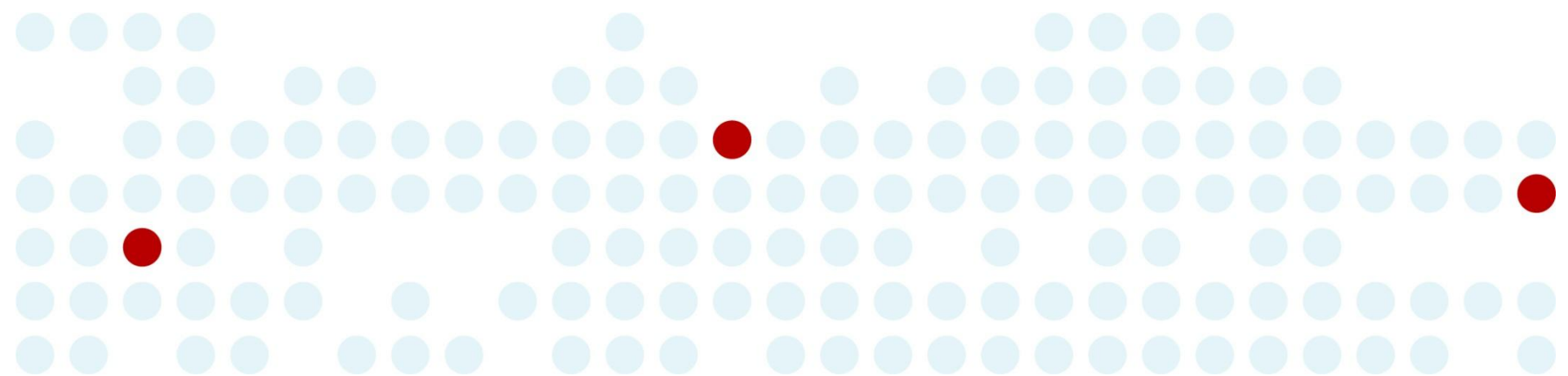
- Launch of next generation Oncotech EDR® Assay (Q3)
- Expanded product offering through complementary non-proprietary tests
- New marketing initiatives
- First miRNA test launch

## Outlook 2009 – Financial expectations

- **For 2009 a Revenue of DKK 175-200 million is expected (USD/DKK 6.00)**
  - ✓ Life Sciences is expected to contribute DKK 105-120 million
  - ✓ Diagnostics is expected to contribute DKK 70-80 million
- **Continued investments in product development and Sales & Marketing**
- **For 2009 a Net result of DKK -120-135 million is expected (USD/DKK 6.00)**
- **Long-term ambitions intact:**
  - ✓ Profitability by 2011 with current capital
  - ✓ Improved COGS during 2009
  - ✓ Cash flow positive Life Sciences business by end of 2009
  - ✓ Margins expected to align with industry standards over time: 65-70%
  - ✓ R&D costs expected to align with industry standards over time: 15% of revenue
  - ✓ SG&A costs expected to align with industry standards over time: 30% of revenue.

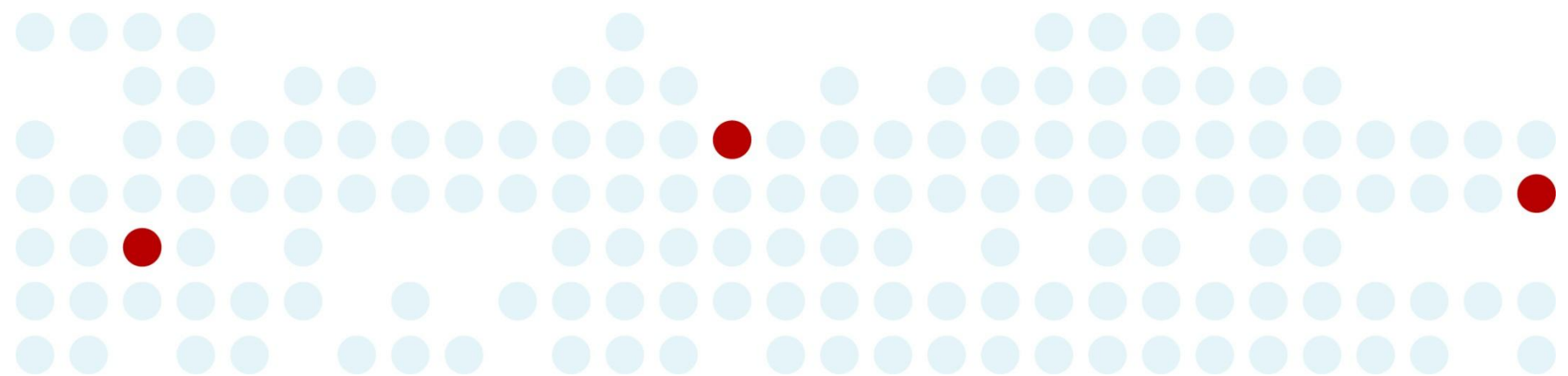
## Outlook 2009 – Risks

- Limited exposure to the current economic slowdown, however;
- Risks associated with our outlook for 2009 is higher than in previous years
- Risks associated with operations include:
  - Discovery risks in relation to R&D
  - Supply chain risks
  - Product liability risks
  - Product approval risks
  - Reimbursement risks
  - Financial risks



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[WWW.EXIQON.COM](http://WWW.EXIQON.COM)

## CONTACT INFORMATION

CEO Lars Kongsbak  
(Mobile: +45 40902101)  
lk@exiqon.com

CFO Hans Henrik Chrois Christensen  
(Mobile: +45 40902131)  
hhc@exiqon.com

**EXIQON**  
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