

Annual Report Presentation  
March 2010

**EXIQON**  
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## 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.

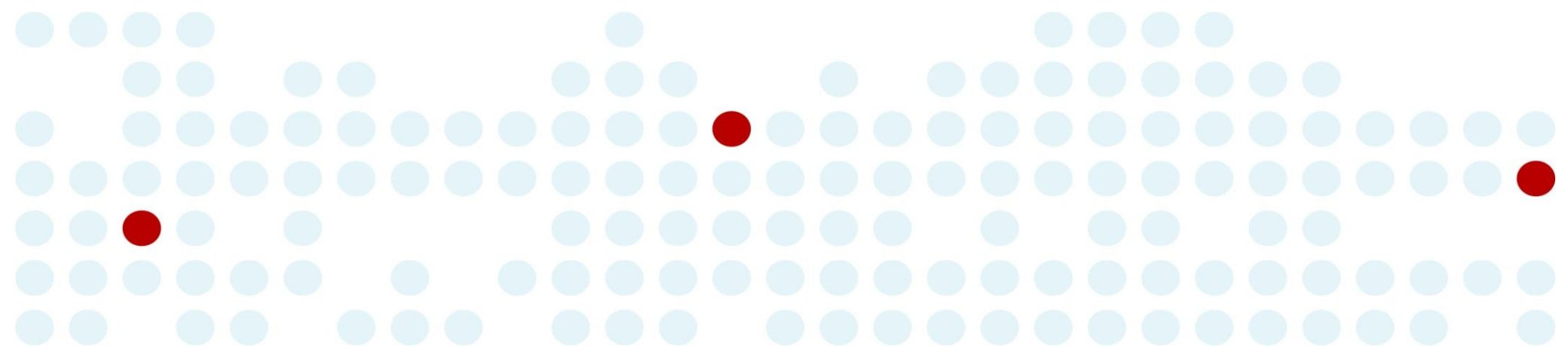
## Exiqon at a glance

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- Based on proprietary LNA™ detection technology
- Established one-stop shop for miRNA research products
- ~20% market share
- Double digit growth of product sales
- Promising diagnostic pipeline based on miRNA
- 114 issued patents cover products, pipeline and miRNA biomarkers
- Listed on NASDAQ OMX, Copenhagen ("EXQ")



- Exiqon facilities
- Distributors
- Facility being divested (Oncotech, Inc.)



- **2009 Highlights & Financials**
- Life Sciences
- Exiqon Diagnostics
- 2010 Outlook

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## 2009 Operational highlights

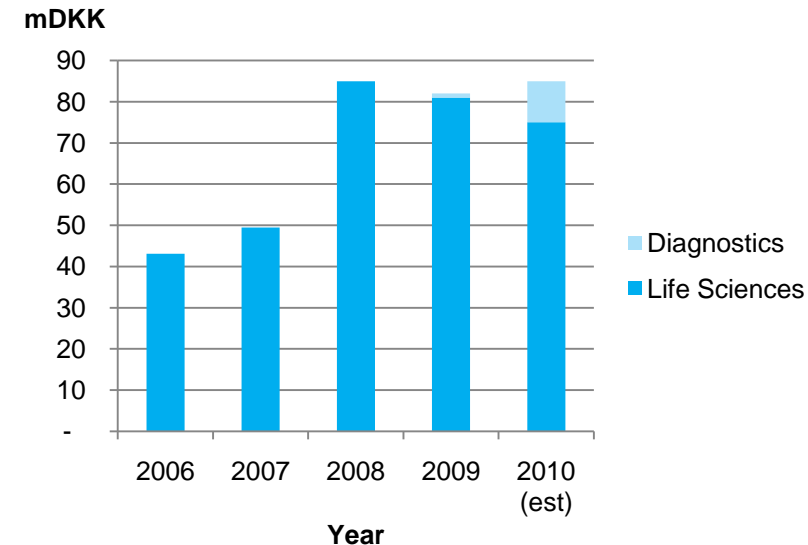
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- Completed our one-stop supplier strategy for miRNA research products
- Consolidated our position as a leading provider of miRNA research products
- Continued double digit growth of research products
- Manufacturing of Life Science products has successfully been outsourced to improve margins
- Launched a number of products incl. >700 pre-validated qPCR products for miRNA analysis and RUO product for clinical use
- Received grant (9 mUSD) with partners to identify miRNAs for early detection of colon cancer
- Published a collaboration with Pfizer on the use of Exiqon's technology in drug development
- Announced the intention to divest Oncotech

## 2009 Financial highlights

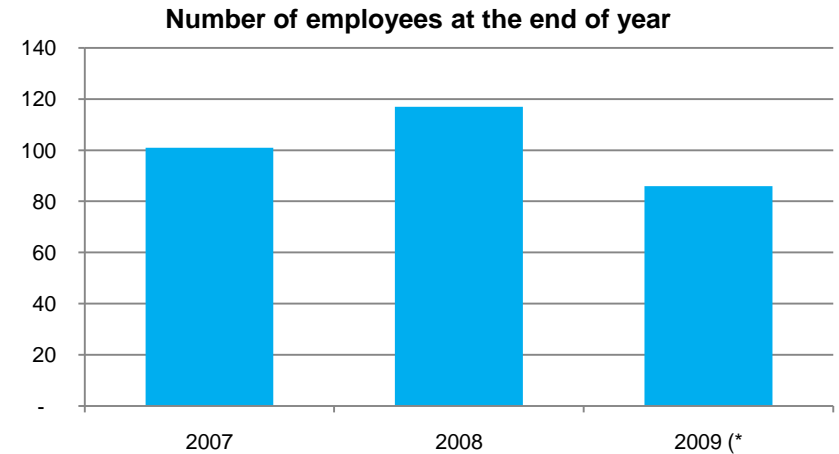
### Financial results 2009

- ✓ Revised financial guidance for 2009 was achieved;
  - Revenue of DKK 82m compared to an expected DKK 80m
  - Product sales increased 2% to DKK 56.2m
  - Product sales excluding one-time reagent sales in 2008 increased 12%
- ✓ Net result of DKK -338.8; cost of warrants DKK 4.9 million compared to an expected net result of DKK -335 million including costs of warrants of DKK 5 million

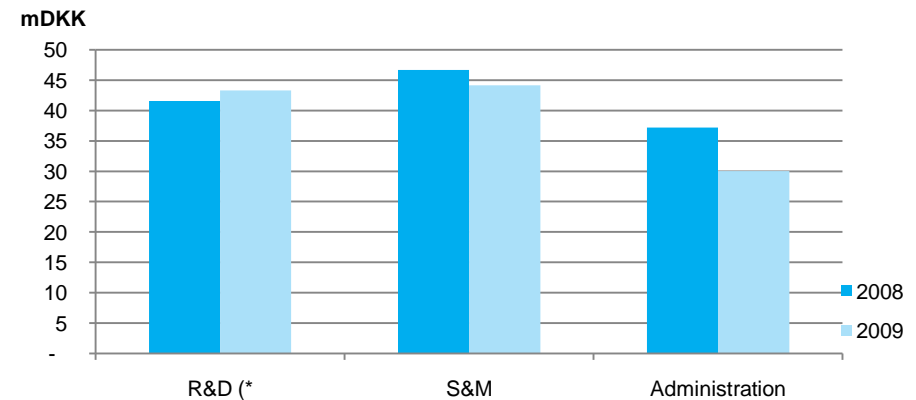


## 2009 Highlights – reduced cost base for continued business

- Total operating expenses increased 50% to DKK 188m due to non-cash impairment of good will;
  - Disregarding impairment cost total operating expenses decreased 6% to DKK 117m
  - R&D costs (net) increased 174% to DKK 114m (increase of 3% to DKK 43m when disregarding impairment cost )
  - Administrative costs (net) decreased 29% to DKK 26m
  - Sales and marketing costs (net) decreased 11% to DKK 44m
- COGS initiatives on-going:
  - Outsourcing of product-lines
  - Continued supply chain focus



(\*) Re-organization in 2009 will have full effect from Q2 2010

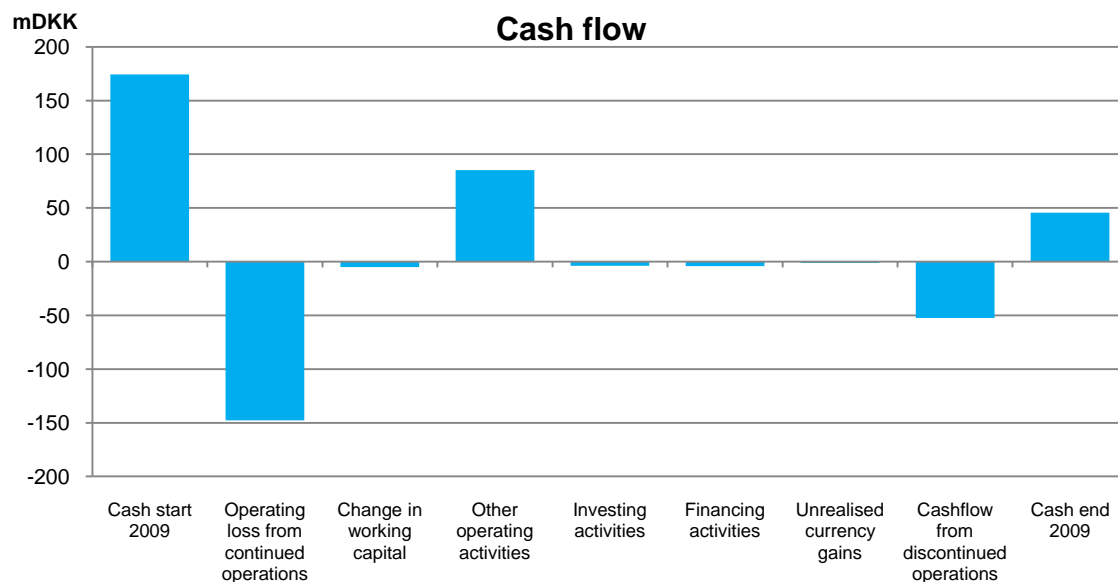


(\*) Excluding non-cash impairment cost

## 2009 Highlights – improved cash flow

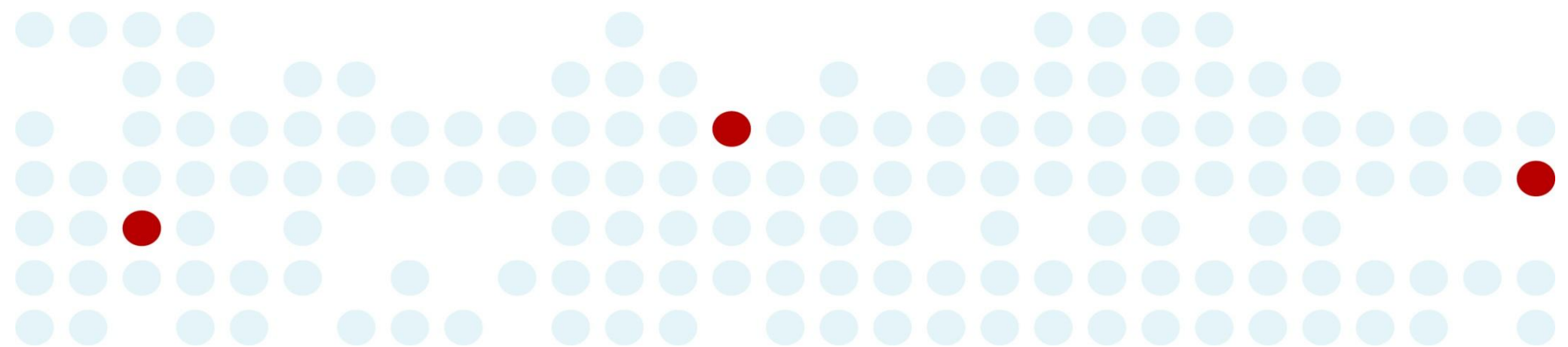
### Cash flow

- Continued investments in diagnostic product development
- Focus on cash situation forward going
- Divestment from Oncotech not included in guidance



mDKK






	2008	2009
Operating loss	-79	-148
Change in working capital	-13	-5
Other operating activities	26	85
Investing activities	-9	-4
Financing activities	-3	-4
Cashflow from discontinued operations	-81	-52
<b>Change in cash</b>	<b>-159</b>	<b>-128</b>
Cash at beginning of year	332	174
Unrealised currency gains	1	-1
<b>Cash at the end of year</b>	<b>174</b>	<b>45</b>



- 2009 Highlights & Financials
- **Exiqon Life Sciences**
- Exiqon Diagnostics
- 2010 Outlook

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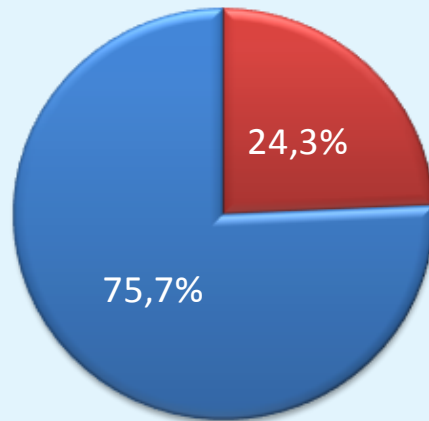
## Exiqon Life Sciences: Established one-stop shop for miRNA research products

Process	Isolation	Expression Analysis	Localisation	Functional Analysis	
Product	 <p>miRCURY™ sample isolation system</p>	 <p>miRCURY LNA™ miRNA Array System</p>	 <p>miRCURY LNA™ miRNA PCR System</p>	 <p>miRCURY LNA™ miRNA Detection Probes</p>	 <p>miRCURY LNA™ miRNA Knockdown System</p>
Launch	2009	2006	2 <sup>nd</sup> gen. 2009	2005 & 2009 (Home of LNA™)	2006 & 2009 (Home of LNA™)
Patents expire	2019	2018	2029	2018	2028

## Exiqon Life Sciences: A leader in the market for miRNA research products

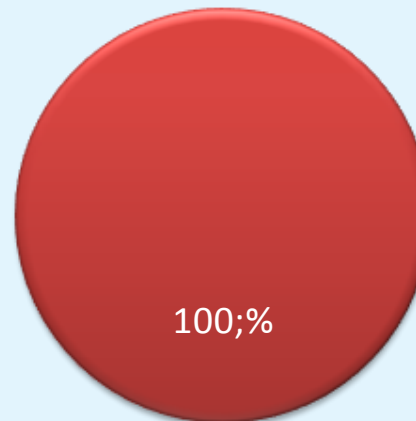
Based on miRNA peer reviewed scientific papers published October 2009 (n = 103)

LNA™ applied in miRNA papers (n=103)



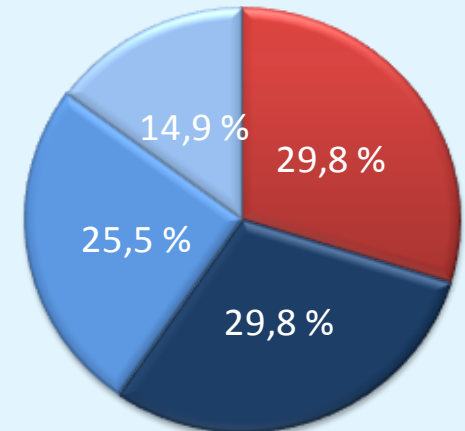
■ Exiqon ■ Alternative technology

Technology applied in miRNA *in situ* (n=8)











■ Exiqon

Technology applied in miRNA knock down (n= 47)





■ Exiqon  
■ Life Technologies  
■ Dharmacon  
■ Other

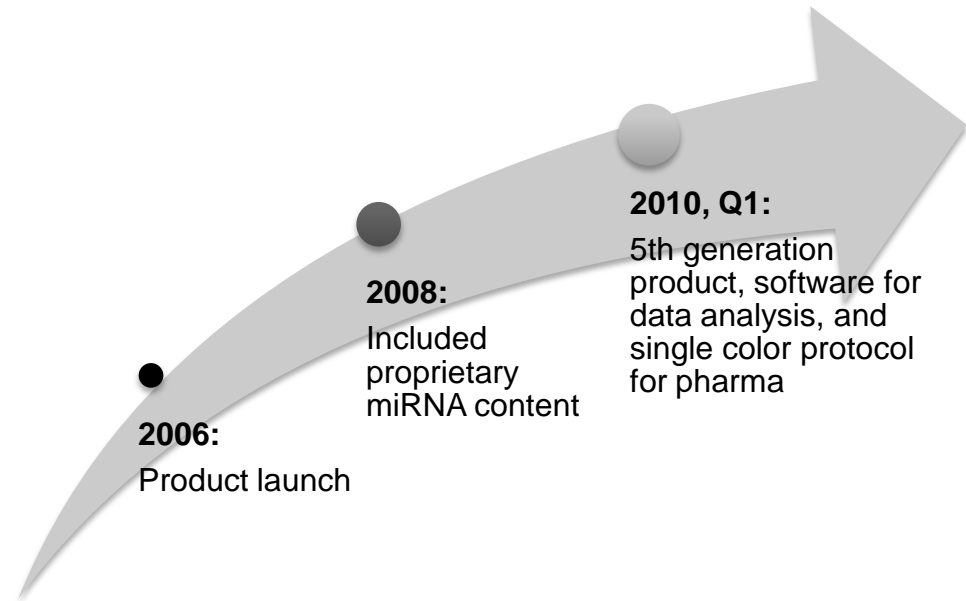
## Product offering & market landscape

Process	 <b>Expression Analysis</b>	 <b>Expression Analysis</b>	 <b>Localization</b>	 <b>Functional Analysis</b>
Product	 <p><b>miRCURY LNA™ miRNA Array System</b></p>	 <p><b>miRCURY LNA™ miRNA PCR System</b></p>	 <p><b>miRCURY LNA™ miRNA Detection Probes</b></p>	 <p><b>miRCURY LNA™ miRNA Knockdown System</b></p>
Market description	<p><b>Market size (est):</b></p> <ul style="list-style-type: none"> <li>• 15-20 mUSD</li> </ul> <p><b>Market status:</b></p> <ul style="list-style-type: none"> <li>• Consolidating</li> </ul> <p><b>Market segment:</b></p> <ul style="list-style-type: none"> <li>• Academic centers</li> </ul> <p><b>Main competitors:</b></p> <ul style="list-style-type: none"> <li>• Agilent</li> <li>• Affymetrix</li> </ul>	<p><b>Market size (est):</b></p> <ul style="list-style-type: none"> <li>• 20-40 mUSD</li> </ul> <p><b>Market status:</b></p> <ul style="list-style-type: none"> <li>• Fast growing</li> </ul> <p><b>Market segment:</b></p> <ul style="list-style-type: none"> <li>• Pharma</li> </ul> <p><b>Main competitors:</b></p> <ul style="list-style-type: none"> <li>• Life Technologies</li> <li>• Qiagen</li> </ul>	<p><b>Market size (est):</b></p> <ul style="list-style-type: none"> <li>• ~2-4 mUSD</li> </ul> <p><b>Market status:</b></p> <ul style="list-style-type: none"> <li>• Pharma in clinic</li> </ul> <p><b>Market segment:</b></p> <ul style="list-style-type: none"> <li>• Pharma &amp; academia</li> </ul> <p><b>Main competitors:</b></p> <ul style="list-style-type: none"> <li>• None, Exiqon is sole provider</li> </ul>	<p><b>Market size (est):</b></p> <ul style="list-style-type: none"> <li>• ~3-6 mUSD</li> </ul> <p><b>Market status:</b></p> <ul style="list-style-type: none"> <li>• Expanding</li> </ul> <p><b>Market segment:</b></p> <ul style="list-style-type: none"> <li>• Academic centers</li> </ul> <p><b>Main competitors:</b></p> <ul style="list-style-type: none"> <li>• Life Technologies</li> <li>• Thermo Fisher</li> </ul>



Market information is based on market reports by Frost & Sullivan , Select Biosciences and Exiqon's own market analyses

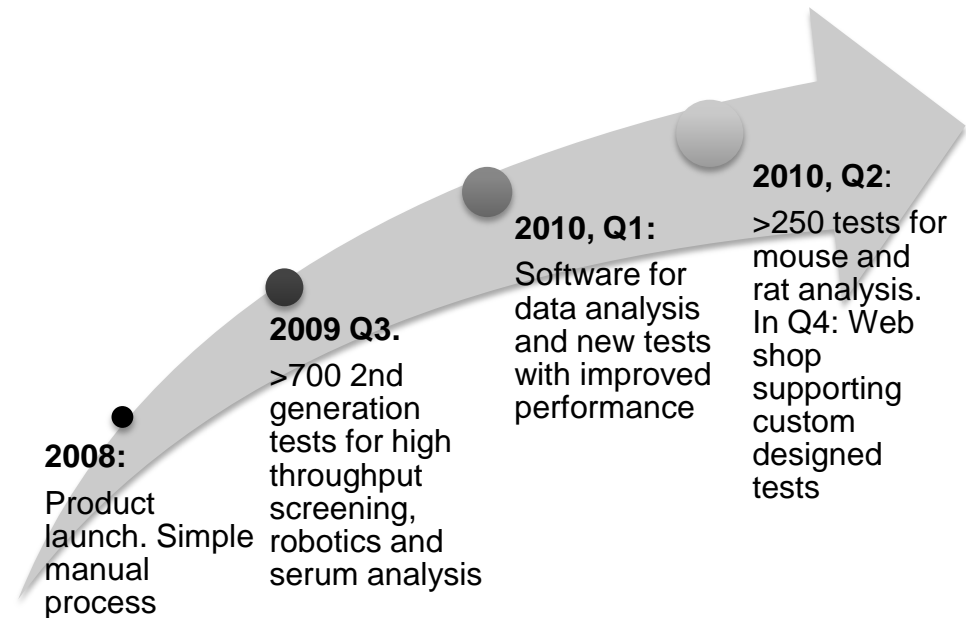
## miRNA array market: Consolidating but still with opportunities

Process	 <b>Expression Analysis (array)</b>
Product	 <p><b>miRCURY LNA™ miRNA Array System</b></p>
Market description	<p><b>Market size:</b></p> <ul style="list-style-type: none"> <li>• 15-20 mUSD</li> </ul> <p><b>Growth drivers:</b></p> <ul style="list-style-type: none"> <li>• Validated tests</li> <li>• Easy data analysis</li> <li>• High content (many miRNAs)</li> <li>• High specificity</li> <li>• Single color protocol (pharma needs that)</li> </ul>





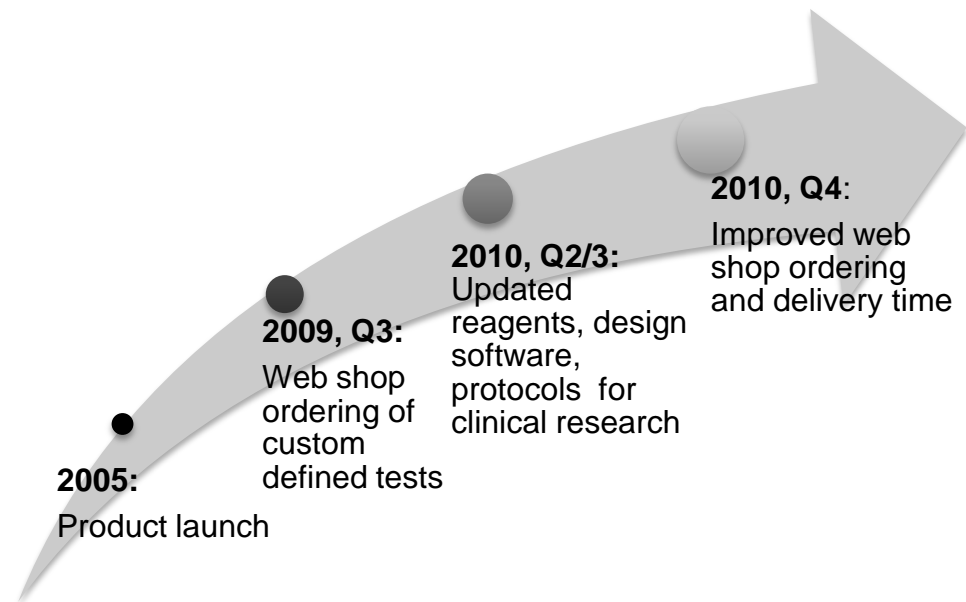
## miRNA PCR market: Biggest market with highest growth

Process	 <b>Expression Analysis (qPCR)</b>
Product	 <p>miRCURY LNA™ miRNA PCR System</p>
Market description	<p><b>Market size:</b></p> <ul style="list-style-type: none"> <li>• 20-40 mUSD</li> </ul> <p><b>Growth drivers:</b></p> <ul style="list-style-type: none"> <li>• Need for serum analysis (calls for high sensitivity)</li> <li>• Validated tests</li> <li>• Amenable to robotics</li> <li>• Easy data analysis</li> <li>• Custom developed tests</li> <li>• Delivery time</li> </ul>





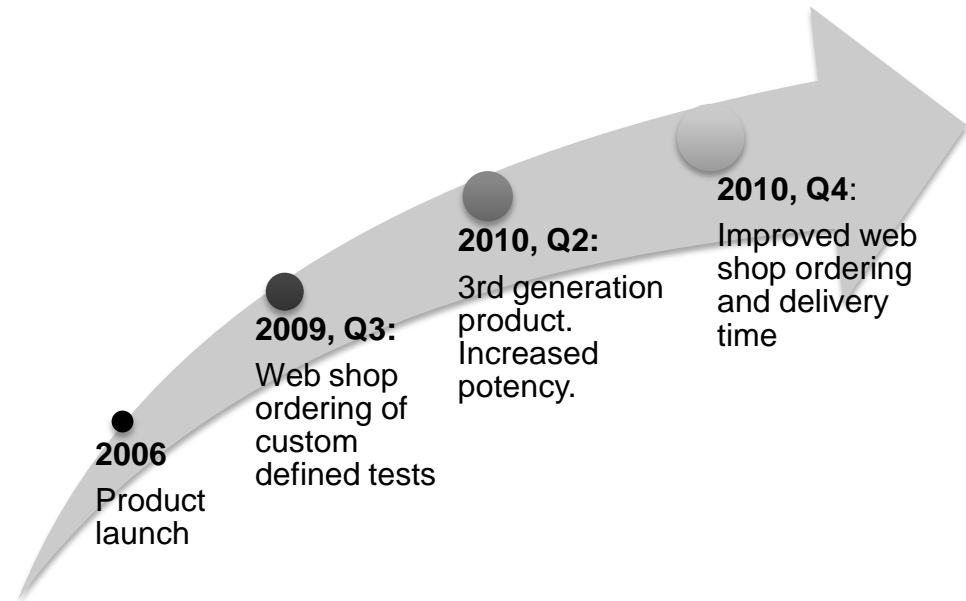
## miRNA localization market: Exiqon is the sole provider

Process	 <b>Localization</b>
Product	 <p>miRCURY LNA™ miRNA Detection System</p>
Market description	<p><b>Market size:</b></p> <ul style="list-style-type: none"> <li>• 2-4 mUSD</li> </ul> <p><b>Growth drivers:</b></p> <ul style="list-style-type: none"> <li>• Robust protocol</li> <li>• Non-toxic reagents</li> <li>• Validated tests</li> <li>• Custom designed tests</li> <li>• Delivery time</li> </ul>



## miRNA functional analysis market: Exiqon is the leading provider

Process	 <b>Functional analysis</b>
Product	 <p>miRCURY LNA™ miRNA Functional Analysis System</p>
Market description	<p><b>Market size:</b></p> <ul style="list-style-type: none"> <li>• 3-6 mUSD</li> </ul> <p><b>Growth drivers:</b></p> <ul style="list-style-type: none"> <li>• Robust protocol</li> <li>• Non-toxic reagents</li> <li>• Validated tests</li> <li>• Custom designed tests</li> <li>• Delivery time</li> </ul>



## Recent product offerings address clinical research market segment

### miRNA market segments

#### Basic research

- Market size: 50-60 mUSD
- Competitors: Agilent, Life Tech, Affymetrix and Qiagen
- Only Life Tech and Qiagen offer as broad product portfolio as Exiqon
- Market access through own sales force & distributors
- Year of market entrance: 2005

#### Clinical research

- Market size: Emerging/pharma
- Competitors: Life Tech and Qiagen
- Exiqon is the only company offering *in situ* and qPCR products
- Market access through own sales force & distributors
- Year of market entrance: 2010

#### Diagnostics

- Market size: miRNA based diagnostics is still in its infancy
- Competitors: Asuragen and Rosetta Genomics
- Exiqon holds the enabling technology for *in situ* based diagnostics
- To be marketed through partners
- Year of market entrance: 2010/11

Exiqon products

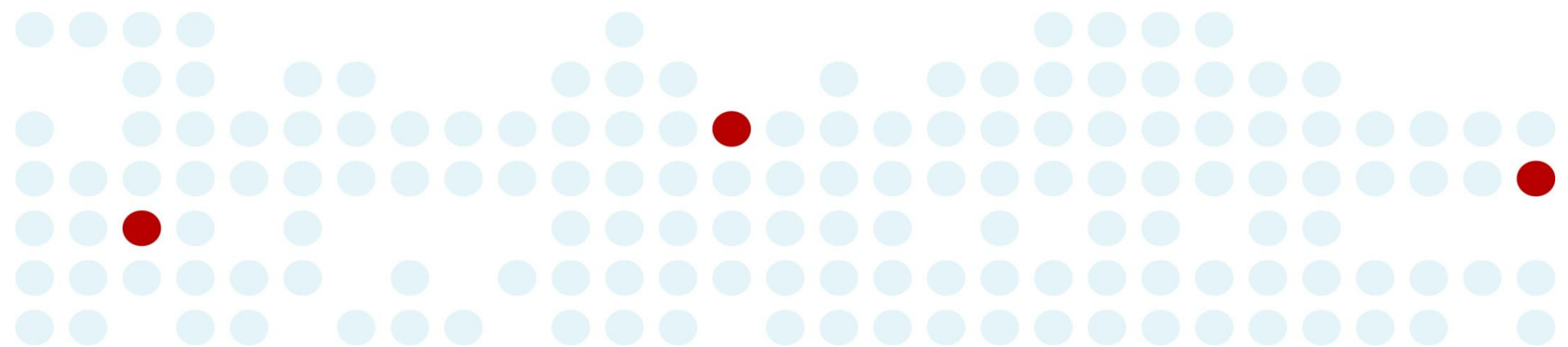
Array product offerings

KD product offerings

Custom oligonucleotides

*In situ* product offerings

qPCR product offerings



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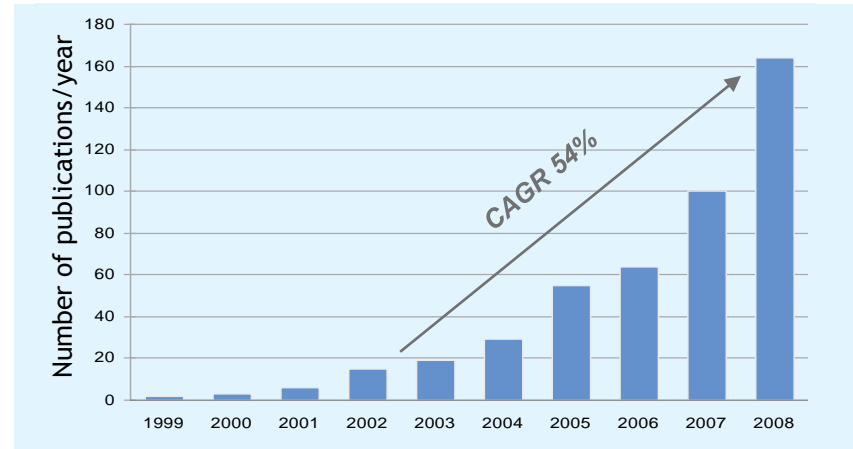
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## The combination of LNA™ and miRNA is ideal for molecular diagnostics

### LNA™ adds value to diagnostic tests:

- Increased sensitivity
- Increased specificity
- Enhances the robustness of tests
- Enables pathology tests based on miRNA biomarkers
- Preferred qPCR Dx technology is enhanced by LNA™
- LNA™ enhances miRNA detection in FFPE and serum

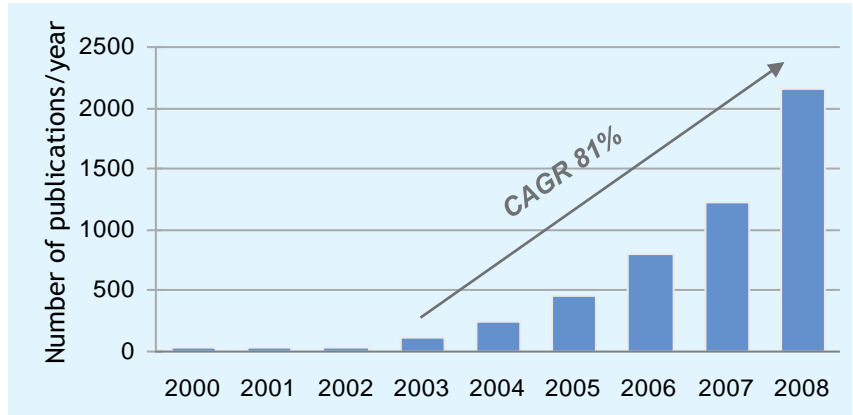
### Number of LNA™ publications (based on Highwire)



### Broad application of miRNAs:

- Early detection
- Prevention testing
- Diagnosis
- Therapy support (treatment selection and monitoring)
- miRNAs are stable in FFPE and serum
- miRNAs have been validated in >75 clinical studies

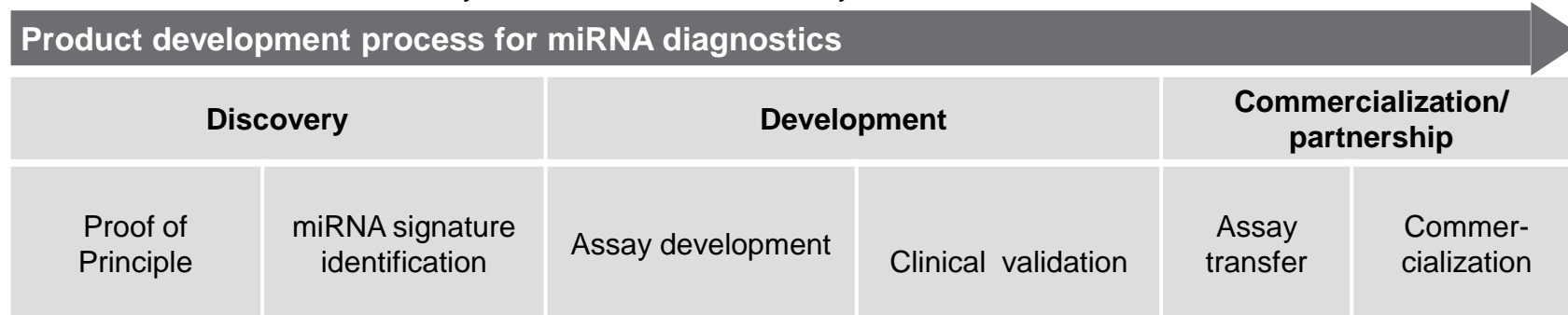
### Number of miRNA publications



## Exiqon Diagnostics: Pipeline based on miRNA addresses unmet clinical needs

Pipeline summary				
Cancer	Product	Status	Commercially available	Incidences in the U.S.
Cancer vs. non-cancer (colon)	miRSign RUO	On market. Being validated in various clinical applications	Yes (RUO) 2010/2011	
	Recurrence	Clinical validation/partner	2012	26,000
Colon	Diagnosis (early detection in blood)	Discovery	2012	Screening
	Tissue identifier	Clinical proof of concept	2011	80,000
Various specific applications being investigated		2010/2011		

CUP = Cancer of Unknown Primary; RUO = Research Use Only

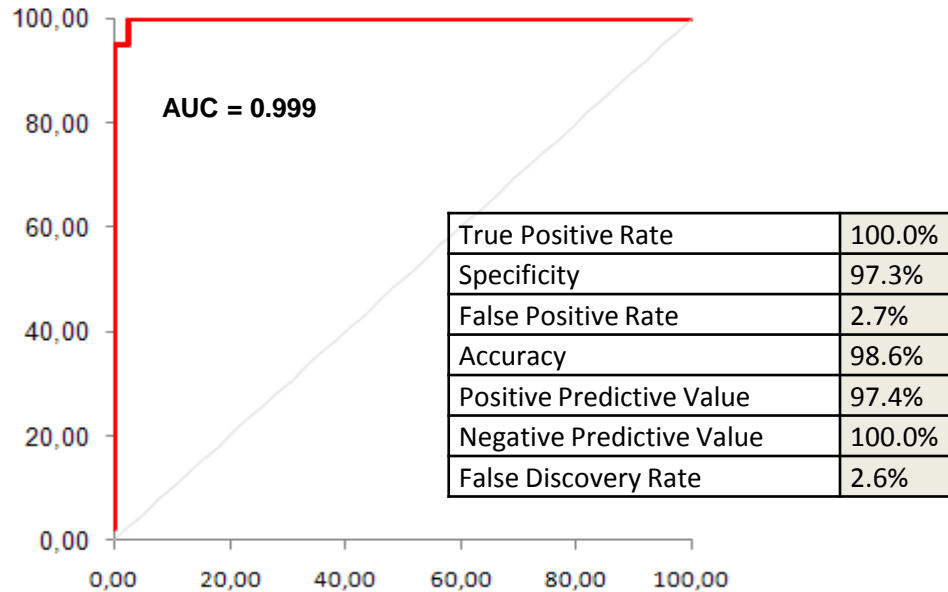


## miRSign (RUO); colon cancer screening product

Cancer	Product	Status	Commercially available	Incidences in the U.S.
Cancer vs. non-cancer	miRSign RUO	On market	Yes (RUO)	

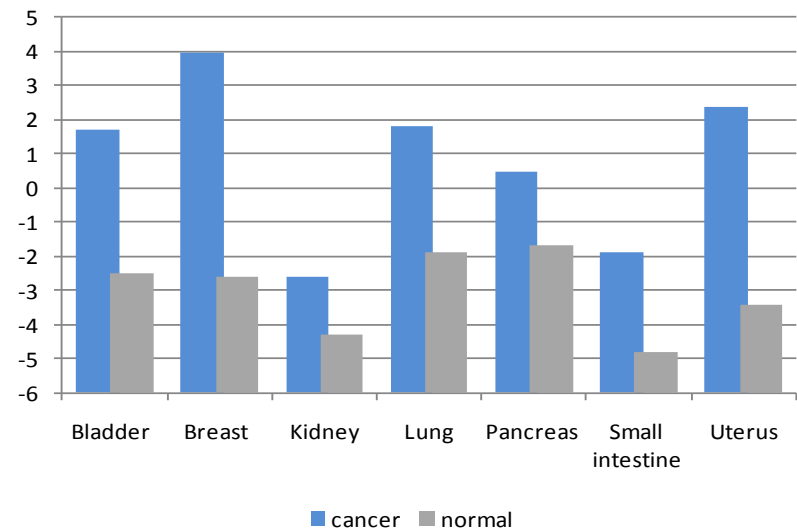
### High sensitivity and specificity

Normal vs. cancer in colon



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### Potential in other tumors



**Previously marketed through own CLIA laboratory**  
**New market strategy for 2010**

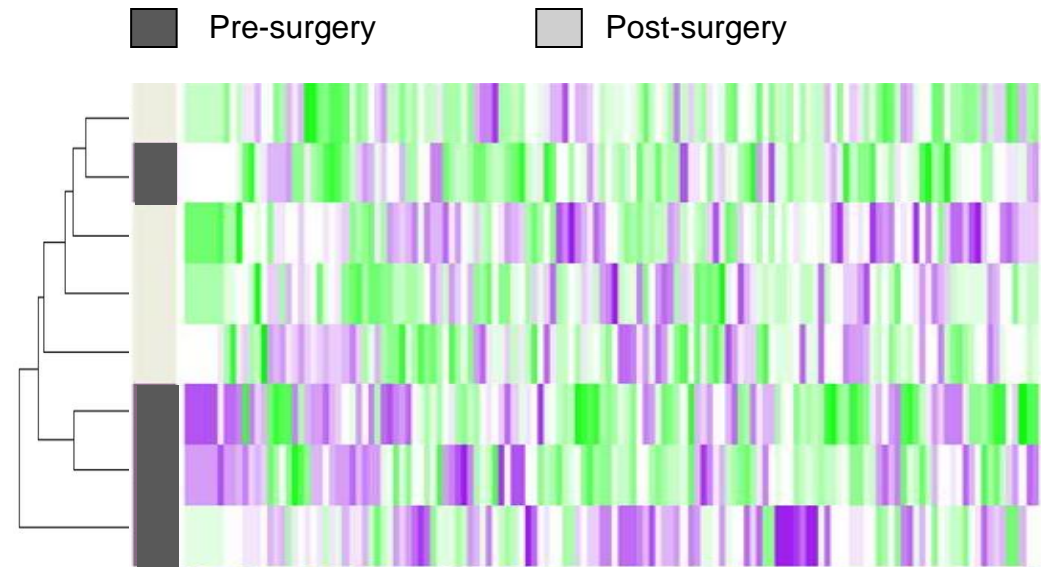
## Early detection of colon cancer based on circulating miRNAs

Cancer	Product	Status	Commercially available	Incidences in the U.S.
Colon	Recurrence	Signature identification	2012	26,000
	Diagnosis (early detection in blood)	Discovery	2012	Screening

### Product development

- Biomarker being developed with leading university hospitals
- 10,000 relevant blood samples available

### Clustering of patients pre and post colon cancer surgery (preliminary). Based on circulating miRNAs



## Exiqon's tissue profiles may lead to a number of products

Cancer	Product	Status	Commercially available	Incidences in the U.S.
CUP	Tissue identifier	Clinical proof of concept	2011	80,000
		Various specific applications being investigated	2010/2011	

Robust tissue classifier	Tissue*	Histology	% correct
<ul style="list-style-type: none"> <li>• 79% correct classification</li> <li>• Based on 387 tissues (53 metastases)</li> <li>• Based on FFPE samples</li> <li>• Potentially a number of “pathology tests” may derive from the tissue classifier</li> </ul>	<b>Adrenal gland</b>	Adrenal cortical carcinoma	75
	<b>Bile duct</b>	Adenocarcinoma, Cholangiocarcinoma	83
	<b>Colon/rectum</b>	Adenocarcinoma	88
	<b>GIST</b>	Gastrointestinal stromal tumor	80
	<b>Kidney</b>	Renal clear cell carcinoma	90
	<b>Lung</b>	NSCLC (adenocarcinoma)	85
	<b>Lymphoma</b>	B-cell lymphoma	92
	<b>Ovary</b>	Clear cell carcinoma	75
	<b>Ovary</b>	Mucinous carcinoma	83
	<b>Pancreas</b>	Adenocarcinoma	87
	<b>Prostate</b>	Adenocarcinoma	100
	<b>Stomach</b>	Adenocarcinoma	79
	<b>Testis</b>	Seminomas	86
	<b>Thyroid</b>	Follicular carcinoma	100
	<b>Urinary bladder</b>	Carcinoma of bladder	90
<b>Uterine cervix</b>	Adenocarcinoma	86	
<b>Uterine cervix</b>	Squamous	88	
<b>Uterine corpus</b>	Adenocarcinoma	89	

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\* Only selected tissues are shown

## Exiqon Diagnostics: Commercial strategy and growth drivers

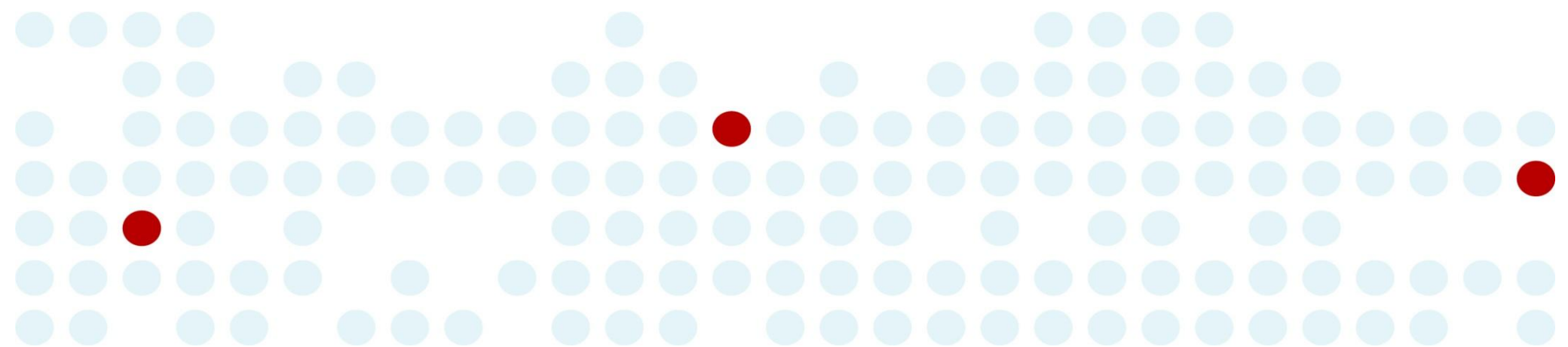
Est USD 380 mill MDx market in 2005 and is expected to grow at 24,6% CAGR to USD 2.2 billion in 2013<sup>1</sup>

### **Product development and commercial strategy:**

- Obtain co-financing for product development by grants (8 mUSD so far) and partnership
- Establish partnerships to commercialize miRNA based diagnostics

### **Growth drivers:**

- Strong presence in the clinical research market will pave the way for diagnostics based on Exiqon's technology
- Need for more efficient diagnosis (control of healthcare costs)
- New biomarkers enable new tests with new opportunities



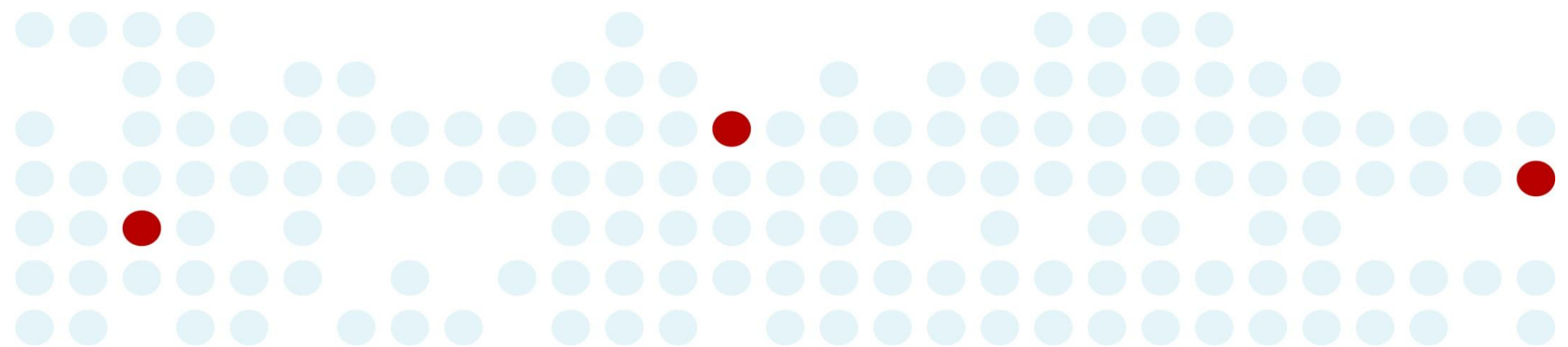
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## 2010 outlook; continued growth expected

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- Cash flow positive Life Sciences business projected for 2010
- New UniRT qPCR products important revenue driver (biggest market segment with significant growth)
- Double growth in product sales expected compared to 2009
- Recent product launches address market needs in clinical research → diagnostics
- Continued investment in diagnostic product development
- Partnership for diagnostic commercialization expected to be concluded in 2010
- First data from early colon cancer detection program expected towards end 2010
- Revenue of DKK 80-90 million in 2010
- Net loss of DKK 40 million (including DKK 15m non-cash; excluding discontinued business)



## APPENDIX

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## LNA™ is an enabling detection technology

### What is LNA™?

- LNA™ is a synthetic RNA molecule

### Why is LNA™ unique?

- Provides for more specific and sensitive molecular tests

### miRNA detection enabled by LNA™

LNA™



DNA



RNA



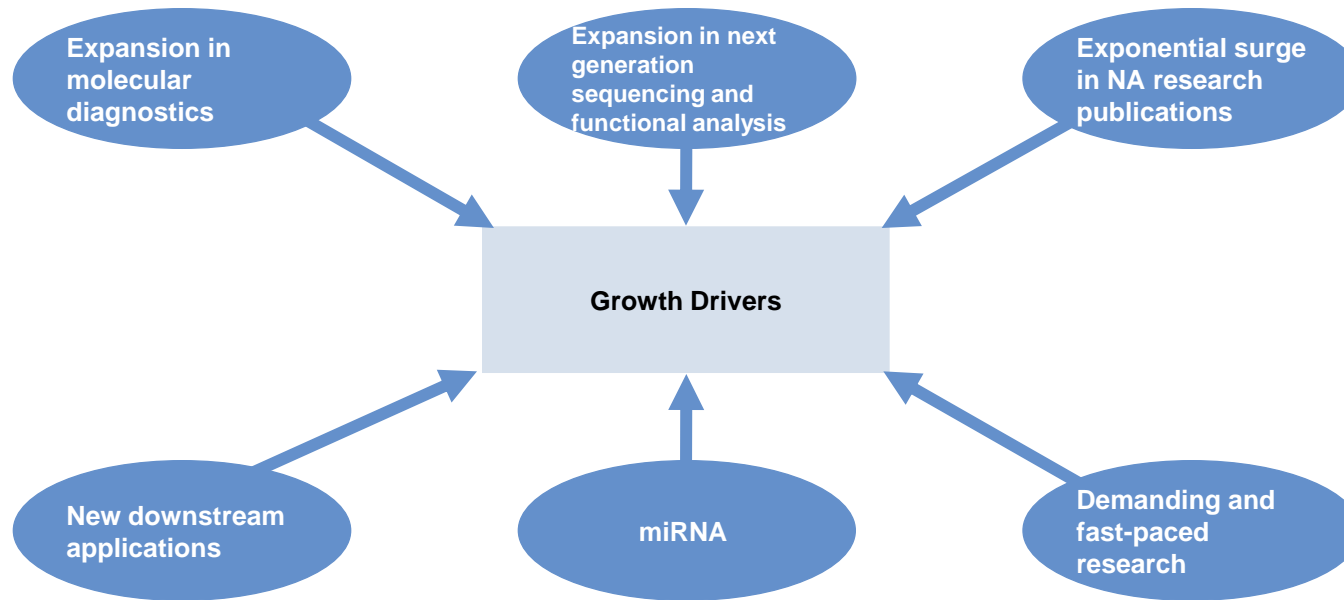
OME



Courtesy of Prof. Ronald Plasterk, Holland

## Nucleic acid research product market

There has been a growing need for nucleic acid analysis since the sequencing and cataloguing of the human genome was finalized in 2003



**Research field NAT market size is estimated to be: \$10bn<sup>1</sup>**