

Initial Public Offering **2007**



Investor Presentation
May 2007

EXIQON

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TRANSACTION SUMMARY

Issuer	Exiqon A/S
Type of Offering	Public offering in Denmark and private placement in Europe
Offer Size	Approximately 8.7 million shares
Price per Share	DKK 32-42
Overallotment Option	Up to 15% of base deal size
Offer Structure	100% primary placement (new shares)
Listing	Copenhagen Stock Exchange (main list)
Lock-ups	Major shareholders 12 months Company 12 months Executive management 12 months Key employees 6 months
Subscription period	22 - 29 May

PRESENT FROM EXIQON



Lars Kongsbak
President & CEO

Born 1961
Joined Exiqon in 2000



Hans Henrik Chrois Christensen
CFO

Born 1965
Joined Exiqon in 2007



Michael Kallelis
General Manager, Exiqon Inc.

Born 1958
Joined Exiqon in 2006

CONTENTS

1. Overview
2. Products & markets
3. Value creation & next steps
4. Biomarkers in clinical trials & diagnostics
5. Financials
6. The company
7. Concluding remarks



INVESTMENT CASE

Current business: Products for research applications

- Product sales has grown 100% annually for four consecutive years
- Total revenue amounts to DKK 43m in 2006 – 169% up from 2005
- Exiqon develops, manufactures and sells research products for gene activity analysis
- Products are based on proprietary LNA (Locked Nucleic Acid) technology. First patent to expire 2018.

Future business: Products for molecular diagnostics

- Exiqon is expanding into molecular cancer diagnostics based on LNA products which offer significant synergies
- Future business is protected by 4-party co-exclusive biomarker license (miRNA)

USE OF PROCEEDS

Net proceeds of DKK 300m

Activities within research products (current business): DKK 100-150m

- Strengthening sales and marketing
- Product development
- Increase in production capacity

Activities within diagnostic products (future business): DKK 150-200m

- Licenses and patents (biomarkers)
- Clinical trials of future *in vitro* diagnostic products
- Approval of products
- Strengthening sales and marketing

PRODUCTS FOR RESEARCH APPLICATIONS

Market	<ul style="list-style-type: none">• Exiqon's products address DKK 6bn market: 15-100% growth rate depending on segment• Customers in pharma, biotech and academic research institutions
Products	<ul style="list-style-type: none">• Strong value proposition with high margins: 65-70%• Short time to market (currently approx. 6 months)• Own manufacturing in Denmark and soon also in the US• ISO 9001 certified• High customer loyalty
Distribution	<ul style="list-style-type: none">• Own sales force (strong presence in the US market; European sales force being developed)• Distributors (South East Asia covered as of February 2007)

Product sales expected to double also in 2007

EXPANDING INTO MOLECULAR DIAGNOSTICS

Market

- Molecular diagnostics is a DKK 22bn expanding market – target market (cancer): DKK 2.4bn
- Customers are pharma, biotech, clinical institutions and hospitals

Products

- First products based on biomarkers:
 - Optimized clinical trials through biomarker stratification
 - Improved cancer diagnostics through tissue analyses
- Diagnostic product characteristics:
 - Same value proposition as the research products
 - Significant synergies (same technology – new applications)
 - Higher margins

First revenue expected in 2008

SIGNIFICANT OPPORTUNITIES WITHIN RNA ANALYSIS

Market segments	mRNA	miRNA	Molecular diagnostics
Market size (DKKm)	6,000	120	22,000/2,400*
Market growth	15-20%	100%	48%*
Business	Current (research products)	Current (research products)	Future

**for the cancer segment*

Research products

- Are being applied in drug discovery, lead optimization, target validation, biomarker identification, basic research, genomics etc.

Products within molecular diagnostics

- Stratification of clinical trials, treatment selection, prognosis, and early detection of cancer



RNA MOLECULES ARE KEY CELLULAR COMPONENTS

RNA is involved in:

- Disease development
- Cellular differentiation

Scientists want to know:

- Where is RNA present
- When is RNA present
- Which RNA's are present
- How much is present

The challenges are:

- Analyses lack specificity
- Analyses lack sensitivity

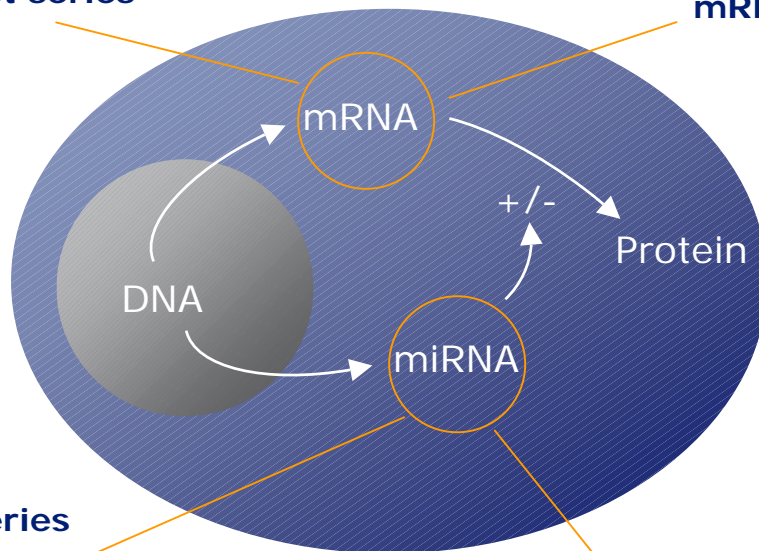


Exiqon's products solve this

ProbeLibrary™ product series

- DKK 6,000m market
- 15-20% growth

mRNA encodes protein



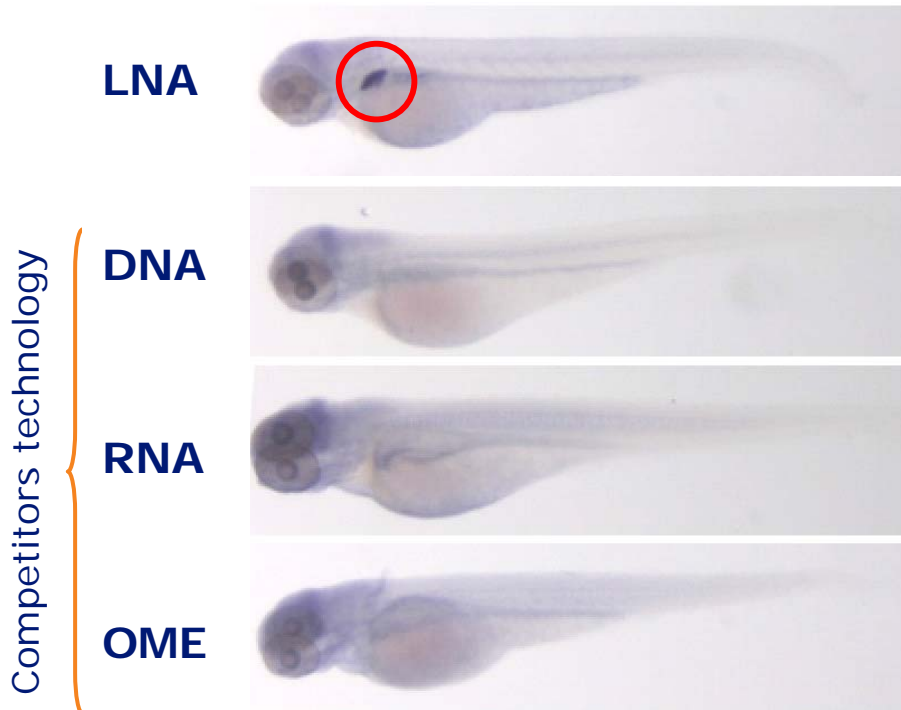
miRCURY™ product series

- DKK 120m market
- 100% growth

miRNA regulates expression of protein

LNA: A TECHNOLOGY WITH UNPRECEDENTED CAPABILITIES

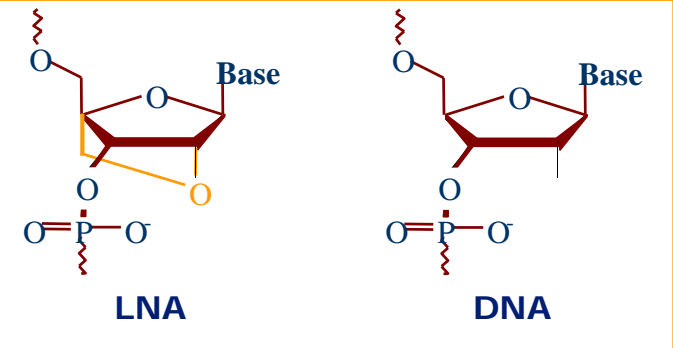
Detection of miRNA 122a in liver



Liver specific miRNA expression measured by miRCURY™
LNA Detection (Provided by Prof. Ronald Plasterk, Holland)

What is LNA

- A synthetic DNA
- Identifies DNA/RNA more accurately
- Binds DNA/RNA more strongly
- Fully compatible with standard manufacturing equipment





PRODUCTS & MARKETS

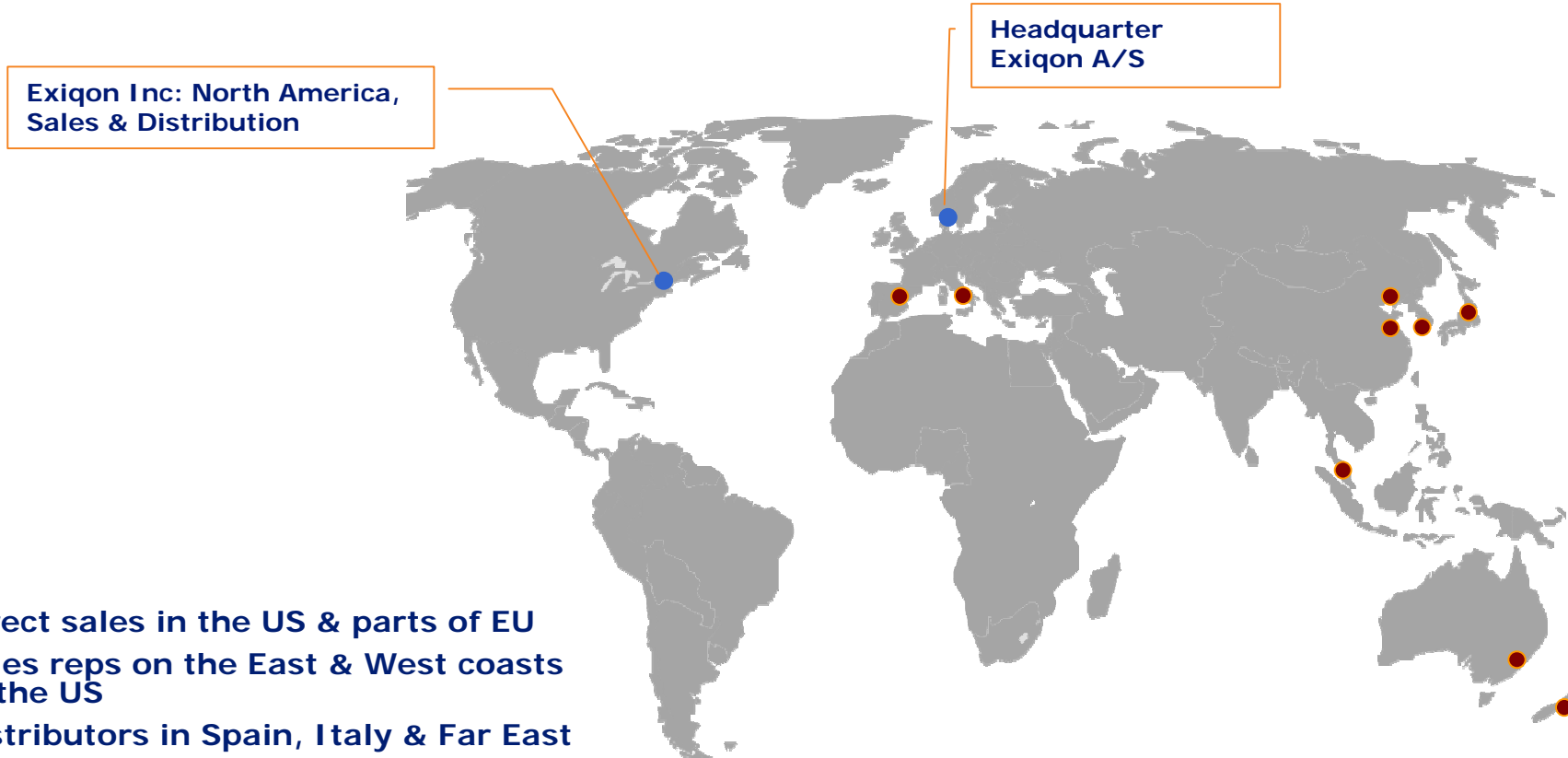
- The products
- Exiqon's sales & distribution network
- Sales & marketing strategy

WIDE PRODUCT OFFERING FOR RESEARCH USE



Product category	Products	Applications
miRCURY™ LNA Detection	miRNA analysis in tissues etc.	For detection of miRNA in tissue
miRCURY™ LNA Array	miRNA microarray products: <ul style="list-style-type: none"> • Arrays • Labeling system • Buffer systems • Ready to spot probes 	For highly multiplex miRNA analysis in microarray format
miRCURY™ LNA Knockdown	Products for deactivation of miRNA molecules	For functional analysis of miRNA
Universal ProbeLibrary™ (UPL)	mRNA analysis by qPCR: <ul style="list-style-type: none"> • UPL Human set • UPL Mouse set • UPL Rat set • UPL Extension set • UPL Control set 	For qPCR analysis of mRNA in various organisms. Comes with a very advanced web-site for assay design (www.universalprobelibrary.com)
FlexmiR	System for bead-based miRNA analysis: <ul style="list-style-type: none"> • FlexmiR Human • FlexmiR Extension set • FlexmiR Control kit • FlexmiR Labeling 	For bead based assays of miRNA in medium multiplex format
LNA oligonucleotides	Special products	Customer defined LNA containing oligonucleotides
Reagents	LNA amidites AQ-Link™ reagents	For home-brew assay development

EXIQON COVERS ALL MAJOR MARKETS



- Direct sales in the US & parts of EU
- Sales reps on the East & West coasts of the US
- Distributors in Spain, Italy & Far East
- Technical support out of Boston & Denmark
- E-commerce is an important selling tool
- Two groups of customers:
 - Academia (often early adaptors)
 - Large key accounts (pharma)

● Distributors

EFFICIENT MARKETING STRATEGY

Combined push/pull strategy

- Opinion leaders have successfully been recruited
- Case stories have been published in leading journals
- The first key accounts in place



MARKETING EXECUTION

Working with ambassadors:

August 2006

- A leading mid-west researcher signs DKK 120,000 pilot service order

January 2007

- Large order (DKK 420,000)

Working with early adaptors:

July 2006

- Leading cancer research institution discuss research program

November 2006

- Oral presentation – 75 people attended

March 2007

- Meeting with site Director
- Exiqon offered to participate in four projects – 750,000 samples of which many are to be analyzed for miRNA. Each sample may be analyzed for 25 miRNAs at a cost of maybe USD 25 per sample

A large mass market opportunity:

November 2006

- Major pharma
- A DKK 540,000 order is placed

March 2007

- Discussing broad scope projects – IP & FTO issues
- Decision makers were present. Planning a large screening project



VALUE CREATION AND NEXT STEPS

- Partnerships
- Status & next steps

VALUE CREATION THROUGH PARTNERSHIPS



Partnerships within product development:

Universal ProbeLibrary™

- Exiqon: manufactures, develops and maintains bioinformatics offering



FlexmiR™

- Exiqon: manufactures, develops and maintains software and sells

Partnerships within diagnostic product development:



Breast cancer focus

- Access to samples



EU program on miRNA (EUR 12m)

- Collaboration with top-scientists in the EU



miRNA and cancer

- Access to samples & technology

STATUS & WHAT'S NEXT

Status

- Competitive research products on the market
- Sales force in the US and Denmark
- Distributors in other main markets
- Business protected by strong patent portfolio

What's next

- Strengthen market presence with research products & services
- Expand product portfolio
- Shorten time to market – most innovative products
- Continue to attract highly skilled employees and expand organisations in the US and Denmark
- Move into molecular diagnostics: miRNA as biomarker



BIOMARKERS IN CLINICAL TRIALS & DIAGNOSTICS

- Market description
- Use of biomarkers
- *In vitro* diagnostics pipeline

BIOMARKERS ARE BECOMING INCREASINGLY IMPORTANT – PHARMA BUYS IN! – miRNA THE NEW KEY BIOMARKER

March 14, 2007



"One can say that, except for the very rare instance, Novartis' approach is that [unless] there is a drug with a really solid biomarker attached to it, we don't develop it," Robert Schmourer, executive director of translational medicine at Novartis, said at a Cambridge Healthtech Institute conference on translational medicine, held here last week.

Novartis peers Bristol-Myers Squibb, Wyeth, and Roche, among others, have similarly changed their R&D strategies and pharmacogenomic outlook.

Novartis is not alone in incorporating biomarkers into drug development and embracing the learn-and-confirm model. Encouraged by a willingness at the FDA to accept adaptive clinical trial designs, Novartis is following a larger shift within pharma toward more predictive drug-development strategies.

For instance, Bristol-Myers Squibb uses biomarkers and pharmacogenomics to expand the indications for existing oncologics [see [PGx Reporter 01-10-07](#)].

Also, Wyeth instated a learn-and-confirm model of its own last year, hoping that in two years the strategy will enable 75 percent of its drug program to have some kind of pharmacogenomic component.

Key players

Access to key biomarker IP!
Exiqon is one of four co-exclusivity parties to the Max Planck & The Rockefeller University miRNAs

The other parties are:

- Agilent
- Asuragen
- Rosetta Genomics

Together with Exiqon's proprietary LNA technology and proprietary miRNAs this deal gives Exiqon a unique position

MARKET DESCRIPTION

Treatment selection (theranostics):

- Fewer samples
- DKK 14-19,000 per multivariate test*

* Charged by Genomic Health & Agendia

Early detection:

- Many samples
- DKK 1,800 per triplex test*

* Charged by NorDiag ASA for a colon cancer test

Cancer indication, cases per year in the US:

Breast	180,500
Colon	120,300
Lung	213,400
Prostate	219,000
Unknown primary	80,000

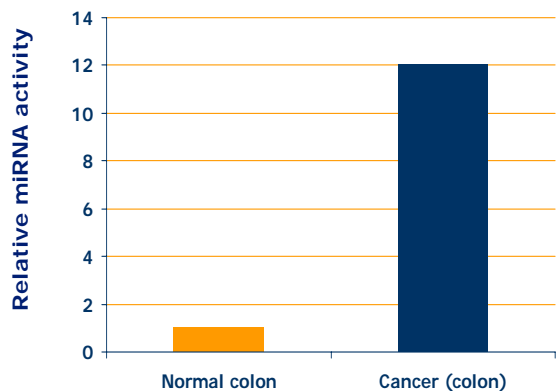
Facts:

Such products are applied in screening for the presence of diseases. Many population groups may be screened. High product volume at lower price than multivariate tests.

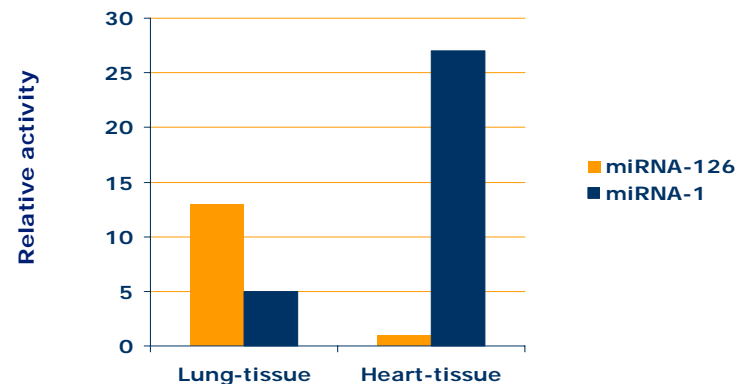
CANCER PATIENTS BENEFIT FROM DIAGNOSTIC USE OF BIOMARKERS

- Approx. 1.5m new cancer patients in the US per year
 - Market need for improved diagnosis and treatment selection
-
- miRNA biomarkers to be applied in:
 - Stratifications of patients in clinical trials
 - Early diagnoses
 - Prognoses
 - Treatment selection
 - Diagnosis of cancer of unknown primary

Human miRNA biomarkers distinguish normal from cancer & origin of cancer

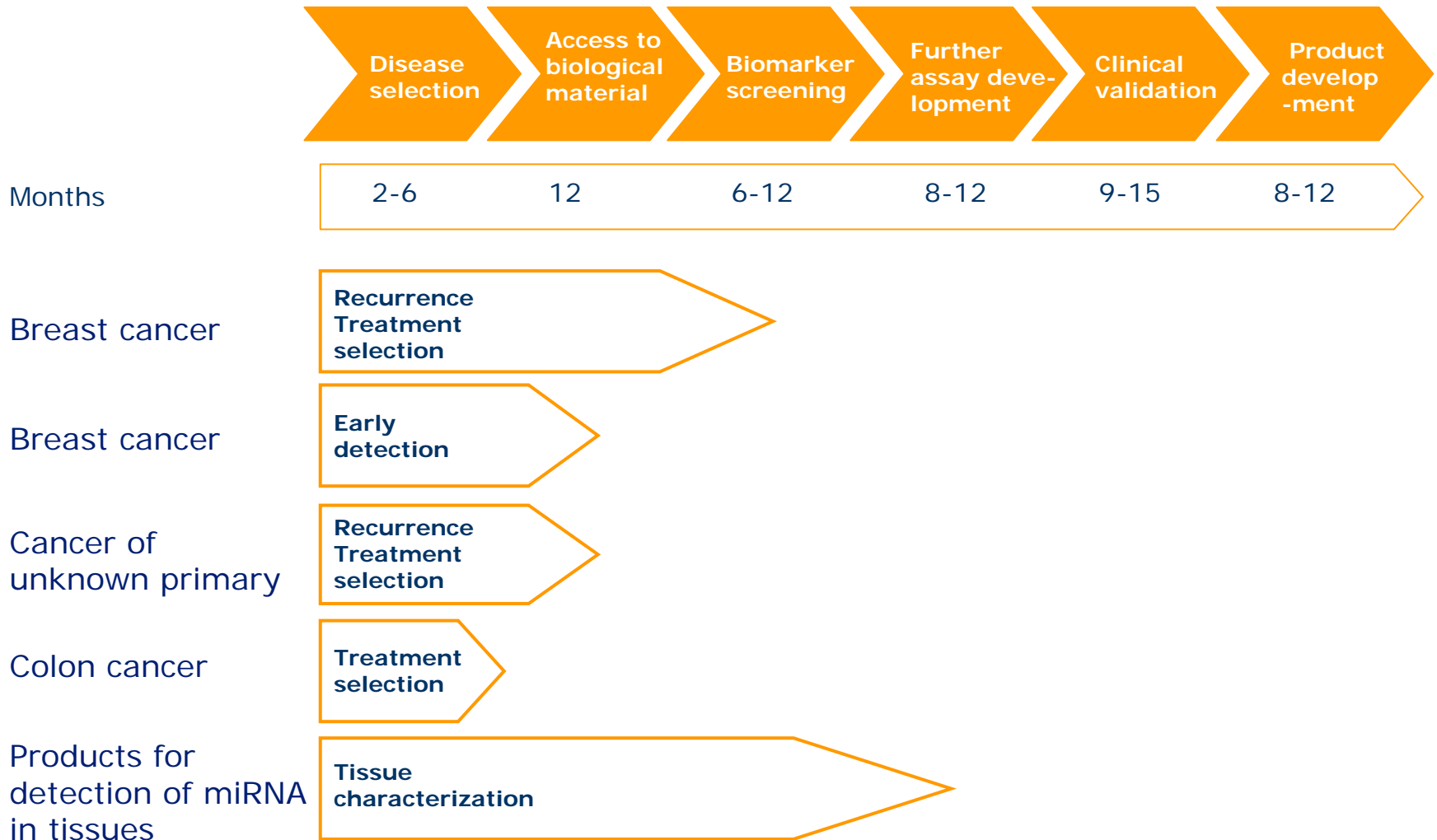


miRNA activity distinguish normal from cancer



Tissue specific miRNA activity

PIPELINE OF IN VITRO DIAGNOSTICS PRODUCTS





FINANCIALS

- Attractive revenue model
- Revenue split
- Financials
- Future value drivers
- Financial outlook

ATTRACTIVE REVENUE MODEL (1/2)

Research products (current business)

- Product sales has doubled every year for four consecutive years
- Expected to double again in 2007
- Short time to market
 - Universal ProbeLibrary™ 52 weeks (2003/4)
 - miRCURY™ LNA Array 40 weeks (2004/05)
 - FlexmiR™ 28 weeks (2006)
- High margin products: 65-70%

ATTRACTIVE REVENUE MODEL (2/2)

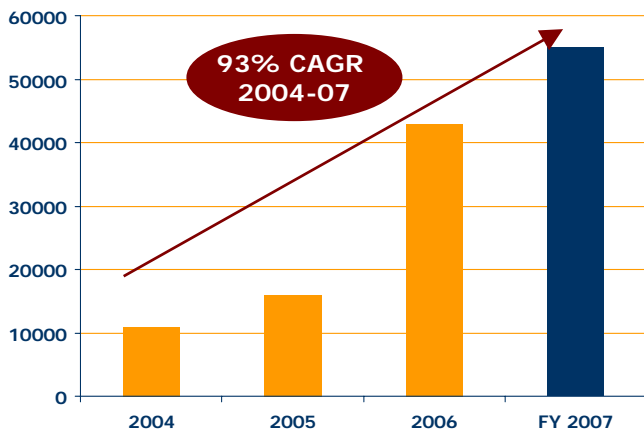
Diagnostic products (future business)

- Same technology – new applications
 - Offering strong synergies
 - High margins
- Two revenue streams
 - Optimized clinical trials through biomarker stratification (revenue already from 2008)
 - Approved *in vitro* diagnostic products (e.g. companion products) (product sales from 2011)

REVENUE SPLIT

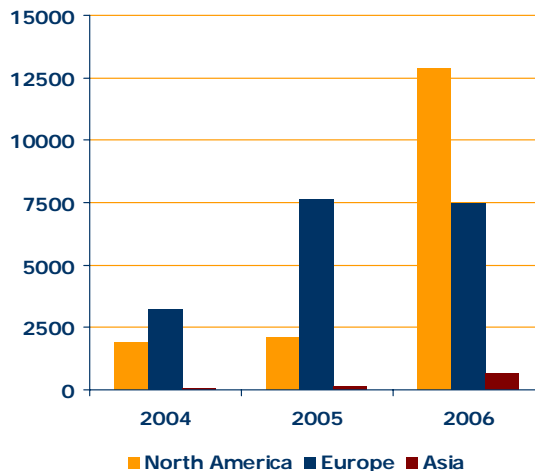
Total Revenue

DKK '000



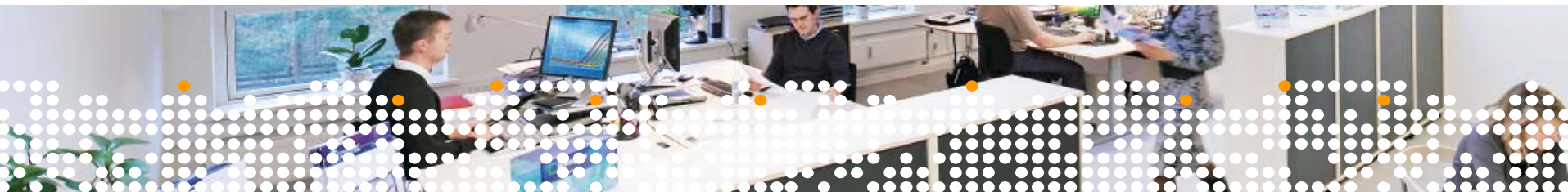
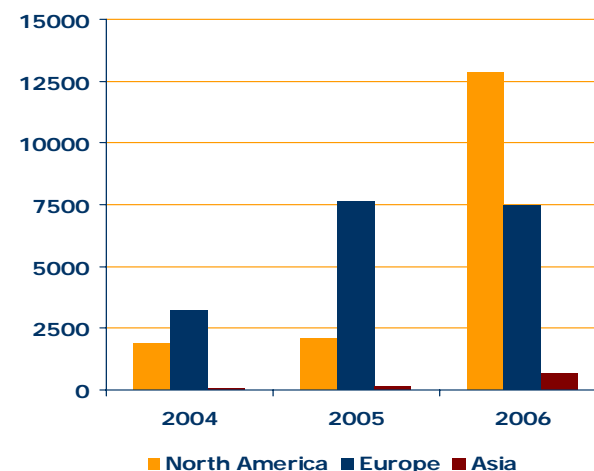
Product split of revenue

DKK '000



Geographical split of revenue

DKK '000



FINANCIALS 2004-06, KEY FIGURES (1/2)

Profit & loss account

DKK '000	2004	2005	2006
Revenue	10,306	16,001	43,096
Production cost	(4,744)	(5,427)	(11,936)
R&D costs	(16,969)	(14,194)	(27,624)
Sales & marketing costs	(4,168)	(9,620)	(19,425)
Administrative costs	(5,995)	(6,778)	(9,616)
Operating profit (EBIT)	(21,570)	(20,018)	(25,505)
Net financial items	(7,179)	(3,249)	587
Profit for the year	(28,749)	(23,267)	(24,918)

Planned investments: DKK 16m in total capital investments

FINANCIALS 2004-06, KEY FIGURES (2/2)

Balance sheet

DKK '000	2004	2005	2006
Fixed assets	5,988	8,915	19,719
Inventories	1,303	2,351	4,637
Receivables	961	2,311	22,233
Cash	1,681	40,199	20,396
Assets	9,933	53,776	66,985
Equity	(43,888)	27,986	33,973
Provisions	1,500	2,771	5,275
Short term liabilities	52,321	23,019	27,737
Equity & liabilities	9,933	53,776	66,985

GUIDANCE FOR 2007

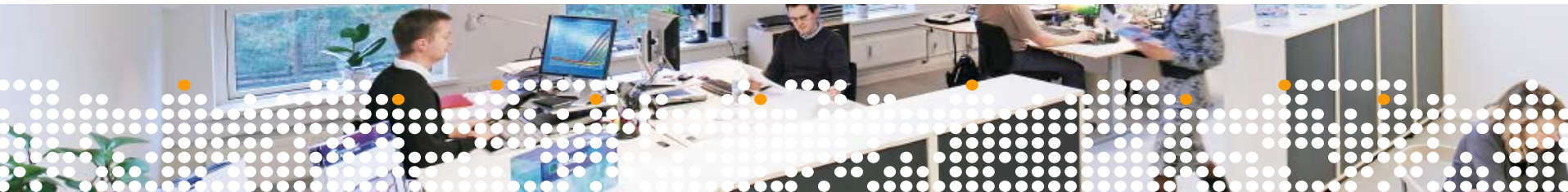
Profit & loss account for Q1 2006/7

DKK '000	Q1 2006	Q1 2007
Revenue	5,1	9,4
Production cost	-1,5	-3,4
R&D costs	-5,5	-4,9
Sales & marketing costs	-3,0	-6,7
Administrative costs	-1,5	-5,6
Operating profit (EBIT)	-6,4	-11,2
Net financial items	0,0	0,0
Profit for Q1	-6,4	-11,2

- Revenue expected to amount to DKK 55m
- Product sales expected to amount to DKK 45m
- Operating loss of DKK 60m
- Profit forecast for the year is minus DKK 50m

FINANCIAL OUTLOOK LONGTERM

- Expected break even: cash positive by 2011
- Current business expected to be cash positive before then
- Economies of scale: COGS expected to improve over time, particularly during 2008-09
- Margins expected to align with industry standards: 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



FUTURE VALUE DRIVERS

Business area	Developments				Value drivers
	2007	2008-11			
Existing research business	Revenue: DKK 55m	Revenue growth driven by ongoing product launches			New products Short time to market Expand sales force US manufacturing Economies of scale
	Service facility in place US manufacturing in place	Expand services business Expand sales force in EU and the US Clinical certified laboratories			
Future diagnostic business	2007	2008	2009	2010-11	Access to biological samples IP on biomarkers Pharma partnering
	Expand access to biological samples	First revenue: biomarker based stratification Partnering agreement with pharma	Increased service revenue	First <i>In vitro</i> products by 2011	



THE COMPANY

- The organisation
- Board & shareholders

THE ORGANISATION



President & CEO
Lars Kongsbak

Finance & Administration
CFO, Hans Henrik C. Christensen

- Finance
- IT
- HR
- Legal
- Purchasing

Business Development
VP, Søren Morgenthaler

- Patents
- Licenses
- Partnerships

Project management & process control
VP, Mette Flansmose

- Project management
- Process control
- Quality control
- Education

R & D
CSO, Søren Møller

- Product development
- Bioinformatics
- Chemistry
- Biomarker discovery
- Expression profiling

S & M
VP, Henrik Pfundheller

- Sales Europe & Asia
- Marketing
- Technical support

Exiqon Inc
GM, Michael Kallelis

- Sales North America
- Technical support
- Distribution i North America

Manufacturing
VP, Peter Stein Nielsen

- Oligo manufacturing
- Supply chain
- Kit-packaging
- Logistics

Molecular Diagnostics

BOARD & SHAREHOLDER STRUCTURE

Board of directors

Thorleif Krarup, chairman
 Henrik Lawaetz, deputy chairman
 Steinar Engelsen
 Michael Nobel
 Erik Walldén

Pre-IPO shareholder structure

Teknoinvest	26.1%
The Nobel family	18.4%
Lønmodtagernes Dyrtidsfond (LD)	17.8%
Scandinavian Life Science	16.4%
BioFund	9.5%
Danske Bank	4.4%
Minority shareholders	7.4%



CONCLUDING REMARKS

- Objectives and events
- Investment case

MAIN OBJECTIVES AND EVENTS THE NEXT 12 MONTHS

2nd half 2007

- Sign collaboration agreement with world leading cancer research institution
- Open manufacturing in the US (Boston)
- Launch products for quantitative miRNA detection

1st half 2008

- Sign agreement with major tool provider on new LNA products
- Provide service out of Boston facility
- Sign agreement with pharma/biotech company on using miRCURY™ for stratification
- Complete first breast cancer biomarker screening

INVESTMENT CASE

- Products for gene activity analysis
- 100% product sales growth for four consecutive years
- Revenue in 2006 up 169% from 2005
- Expanding into molecular diagnostics
- Significant synergies between current and future business
- Superior and proprietary technology





Contact information

Exiqon A/S

Bygstubben 9

DK-2950 Vedbæk

Tel: +45 45 66 08 88

www.exiqon.com

Further information:

Lars Kongsbak, President & CEO

Mobile: +45 40902101 or lk@exiqon.com

Hans Henrik Chrois Christensen, CFO

Mobile: +45 40902131 or hhc@exiqon.com