

To NASDAQ Copenhagen

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INTERIM REPORT FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2014 (UNAUDITED)

Third quarter highlights include record services sales and record quarterly revenue.

Exiqon A/S (NASDAQ Copenhagen: "EXQ") today announced results for the first nine months of 2014:

In summary (DKK million)	Q3 2014	Q3 2013	Q3 YTD 2014	Q3 YTD 2013	Outlook 2014
Revenue	34.8	29.8	98.0	94.9	~ 135
Gross profit	20.8	19.6	63.1	59.1	
EBITDA	2.5	0.1	4.2	-1.5	~ 5
EBIT	0.8	-1.0	-0.2	-5.1	
Net profit	1.3	-1.7	0.9	-7.4	
Cash flows from operating activities	0.0	2.3	-1.0	-1.1	
EPS	0.04	-0.05	0.02	-0.20	

Financial highlights

- In the third quarter of 2014 revenue increased 17% to a record DKK 34.8 million (DKK 29.8 million), and year to date 3% to DKK 98.0 million (DKK 94.9 million).
- Research product sales and services (excluding OEM sales) increased 7% to DKK 26.1 million (DKK 24.3 million) and services sales increased 127% to a record high DKK 7.1 million (DKK 3.1 million) in the third quarter. Year to date research product sales and services (excluding OEM sales) has increased 1% to DKK 75.8 million (DKK 74.8 million), and OEM sales decreased 20% to DKK 8.0 million (DKK 10.0 million).
- In the third quarter of 2014 the gross profit increased 6% to DKK 20.8 million (DKK 19.6 million). Year to date gross profit has increased 7% to DKK 63.1 million (DKK 59.1 million).
- Total operating expenses decreased 3% to DKK 20.0 million (DKK 20.7 million) in the third quarter of 2014 and year to date has decreased 1% to DKK 63.3 million (DKK 64.2 million).
- In the third quarter of 2014 EBITDA improved to DKK 2.5 million (DKK 0.1 million) and year to date EBITDA has improved to DKK 4.2 million (DKK -1.5 million) including higher non-cash costs of share-based payment of DKK 2.9 million (DKK 2.2 million).
- Net result improved to DKK 1.3 million (DKK -1.7 million) in the third quarter of 2014. Year to date net results has improved to DKK 0.9 million (DKK -7.4 million) and EPS amounts to DKK 0.02 (DKK -0.20).
- In the first nine months of 2014 Cash flow from operating activities improved to DKK -1.0 million (DKK -1.1 million).
- The financial outlook for 2014 is maintained.

Operational highlights

- On 9 September Exiqon launched version 4 of its proprietary miRCURY LNA™ Universal RT microRNA PCR platform with significantly improved performance.
- 12 September 2014 Exiqon announced the publication of data from a population based study of 554 patients with stage II colon cancer, using the company's proprietary miRCURY LNA™ Universal RT microRNA PCR platform to validate the prognostic value of microRNA-21 based on tissue sections from formalin fixed paraffin embedded tumour blocks.
- Today, Exiqon announces new strategic initiatives for new markets.

In a comment CEO Lars Kongsbak said: "We saw a strong third quarter driven by services. Our recent growth initiatives now begin to take effect, and I'm optimistic that the new markets we address will allow us to capture double digit growth in our products and services sales."

Key figures for the Exiqon Group (unaudited)

(DKK'000 except key figures)	1 Jul. - 30 Sep. 2014	1. Jul. - 30 Sep. 2013	1 Jan. - 30 Sep. 2014	1 Jan. - 30 Sep. 2013	1 Jan. - 31 Dec. 2013
Income statement					
Revenue	34,825	29,800	98,018	94,856	123,584
Production costs	-14,009	-10,163	-34,939	-35,743	-48,132
Gross profit	20,816	19,637	63,079	59,113	75,452
Research and development costs	-5,977	-7,014	-19,115	-19,351	-24,253
Sales and marketing costs	-9,991	-9,551	-30,892	-30,955	-41,261
Administrative expenses	-4,025	-4,091	-13,305	-13,899	-18,718
EBITDA *)	2,522	84	4,230	-1,504	-4,100
Operating profit/(loss) (EBIT)	823	-1,019	-233	-5,092	-8,780
Profit/(loss) for the period	1,312	-1,699	862	-7,447	-10,682
Total Comprehensive profit/(loss) for the period	1,742	-1,997	1,338	-7,689	-10,997
Balance sheet					
Assets					
Intangible assets			60,836	59,920	61,139
Property, plant and equipment			12,684	2,978	4,361
Non-current assets			76,812	66,532	69,037
Cash and cash equivalents			21,955	28,450	29,190
Current assets			60,786	62,440	58,973
Total assets			137,598	128,972	128,010
Equity and liabilities					
Equity			80,436	78,849	76,219
Non-current liabilities			18,736	15,000	15,258
Current liabilities			38,426	35,123	36,533
Total liabilities			57,162	50,123	51,791
Total equity and liabilities			137,598	128,972	128,010
Cash flow statement					
Depreciation, amortization and impairment			4,468	3,580	4,670
Cash flows from operating activities			-966	-1,079	3,228
Acquisition of intangible assets and property, plant and equipment			-4,322	-1,559	-4,638
Cash flows from investing activities			-4,322	-1,359	-4,438
Cash flows from financing activities			-2,669	13,415	12,992
Cash and cash equivalents at the end of period			21,955	28,450	29,190
Key figures					
Number of shares, average			36,874,082	36,874,082	36,874,082
Basic EPS (DKK)	0.04	-0.05	0.02	-0.20	-0.29
Diluted EPS (DKK)	0.04	-0.05	0.02	-0.20	-0.29
Gross margin	59.8%	65.9%	64.4%	62.3%	61.1%
Assets/Equity (gearing)			1.71	1.64	1.68
Average number of employees			86	78	80
Market price per share (DKK)			4.7	8.4	8.2
Market capitalisation (DKK million)			171.5	307.9	300.5
Price / net asset value			2.13	3.90	3.94
Net interest bearing debt / Equity			0.12	-0.04	-0.05
Net interest bearing debt / EBITDA			2.19	1.95	0.86
Interest coverage			2.61	-1.77	0.38

Basic and diluted EPS have been calculated in accordance with IAS 33 "Earnings per share". Other ratios have been calculated in accordance with "Recommendations & Financial Ratios 2010" issued by the Danish Society of Financial Analysts, dated June 2010.

(*) EBITDA (defined as Earnings Before Special Items, Interest, Tax, Depreciation and Amortization) includes non-cash costs of share-based payment in the first nine months of 2014 with tDKK 2,879.

FINANCIAL REVIEW

Reported figures are for the full reporting period. Figures for the comparable reporting period last year are stated in parenthesis. The average USD/DKK exchange rate applied to translate revenue and expenses was DKK 5.53 for the first nine months of 2014 (DKK 5.66).

Revenue

In the third quarter of 2014 total revenue increased 17% to a record DKK 34.8 million (DKK 29.8 million). Research product sales and services (excluding OEM sales) increased 7% to DKK 26.1 million (DKK 24.3 million) driven by services that increased 127% to a record DKK 7.1 million (DKK 3.1 million) as a result of the new Next Generation Sequencing Services that were first marketed in January 2014 to compensate for declining sales of the miRCURY LNA™ microRNA Array system.

In the first nine months of 2014 total revenue increased 3% DKK 98.0 million (DKK 94.9 million). Research product sales and services (excluding OEM sales) have increased 1% to DKK 75.8 million (DKK 74.8 million). In Europe, research product sales and services (excluding OEM sales) increased 9% to DKK 38.1 million (DKK 34.9 million). In North America, research product sales and services (excluding OEM sales) decreased 5% to DKK 27.8 million (DKK 29.3 million). In Rest of World research product sales and services (excluding OEM sales) decreased 6% to DKK 9.9 million (DKK 10.6 million). OEM sales to licensing partners have decreased 20% to DKK 8.0 million (DKK 10.0 million). Services sales are characterized by periodic variations and have increased 23% to DKK 14.7 million (DKK 12.0 million) year to date. Year to date royalty and license income totalled DKK 7.3 million (DKK 6.0 million), and contract research income from consortium grants amounted to DKK 5.1 million (DKK 2.4 million).

Gross profit and margins

In the third quarter of 2014 gross profit was DKK 20.8 million (DKK 19.6 million) and gross margins on product sales and services excluding license income and contract research was negatively affected by scrapping of discontinued products amounting to DKK 2.1 million, causing a periodic decrease of margins to 52.9% (63.7%). However, in the first nine months of 2014 gross profit has increased 7% to DKK 63.1 million (DKK 59.1 million) due to gross margins on product sales and services excluding license income and contract research that have improved to 59.2% (58.7%).

Operating costs

In the third quarter of 2014 total operating costs, excluding production costs, decreased 3% to DKK 20.0 million (DKK 20.7 million) due to continued cost control. Total operating costs, excluding production costs, decreased 1% to DKK 63.3 million (DKK 64.2 million) in the first nine months of 2014 despite the new initiatives.

EBITDA and EBIT

In the third quarter of 2014 EBITDA improved to DKK 2.5 million (DKK 0.1 million) and EBIT totalled DKK 0.8 million (DKK -1.0 million), affected by scrapping, and higher non-cash costs of share-based payment of DKK 2.9 million (DKK 2.2 million). In the first nine months of 2014 EBITDA improved to DKK 4.2 million (DKK -1.5 million) and EBIT totalled DKK -0.2 million (DKK -5.1 million).

Cash flow

Cash flow from operating activities was DKK -1.0 million (DKK -1.1 million) primarily reflective of cash flow from primary activities of DKK -1.9 million and net interest and value gains of DKK 0.9 million.

Summarized first nine months' financial numbers compared to full year outlook

In the table below, the company's realized performance for the first nine months of 2014 has been summarized and compared to the outlook for the full year; including an adjustment of the realized numbers to the exchange rate (USD/DKK 5.50) used as basis for the full year outlook:

(DKK million)	Realized 2014		
	Realized 2014 (USD/DKK 5.53)	adjusted to USD/DKK 5.50	Outlook 2014 (USD/DKK 5.50)
Revenue	98.0	97.6	~ 135
EBITDA	4.2	4.0	~ 5

NEW STRAGIC INITIATIVES

Today Exiqon serves an addressable market for miRNA analysis of 60-70 mUSD with our proprietary LNA™ technology platform. Earlier this year Exiqon announced the launch of Next Generation Sequencing services to address the need in basic research to reveal known as well as unknown microRNAs and other RNAs. During the coming years, Exiqon Life Sciences will significantly expand its current product offering to capture additional high growth markets with our proprietary technologies. New products are planned for RNA sequencing addressing a double digit growing market opportunity in excess of \$200 million. Additional new products are planned for RNA functional analysis targeting a market opportunity of more than \$100 million.

The new products address the same customer base as currently addressed and can be sold by the existing sales force.

The new products will be supported by new advanced bioinformatics tools for mobile devices and cloud computing. DNA & RNA information is currently doubling every 6-8 month and efficient information retrieval is critically important for scientists in genomics. In May 2014 Exiqon launched the first of a series of new bioinformatics tools, the XploreRNA™ app for advanced cross-database searches, easy interpretation of database content as well as seamless planning of experiments and ordering of products. More apps are planned for launch already later this year.

Following expected completion by 2015 of our current diagnostic program for early detection of colorectal cancer, Exiqon Diagnostics will increasingly focus on improved molecular diagnostics for prostate cancer.

The financial objectives of the company remain unchanged. Exiqon aims for annual double digit growth in its products and services sales, gross profit of 65-70%, R&D costs ~15% of revenues and SG&A costs ~30% of revenues. We are dedicated to reach profitability with our current share capital.

In 2015, we expect double digit growth in sales, positive cash flow from operations, positive EBITDA and marginally negative EBIT due to investments. By 2016, EBIT will expectedly be positive, driven by continued double digit growth in sales of new products for RNA sequencing and RNA functional analysis and we anticipate first capitalization of our tax asset. During 2017 we expect sales to continue growing at double digits, with revenues from both operating segments, and we expect to meet the financial objectives of the company.

FINANCIAL OUTLOOK 2014

Exiqon expects revenues around DKK 135 million and EBITDA around DKK 5 million in 2014.

The outlook for 2014 is based on an average USD/DKK exchange rate of DKK 5.50.

Exiqon continues to pursue license and partnering opportunities during 2014. No significant one-time costs are included in the outlook for 2014, nor are any expected. Any costs related to new warrant grants are not included in the guidance for 2014.

Directors' and Management's statement on the interim report

The Board of Directors and the Executive Management have today considered and approved the interim report of Exiqon A/S for the period 1 January – 30 September 2014.

The interim report has been prepared in accordance with IAS 34 and additional Danish disclosure requirements for the presentation of financial statements by listed companies. The interim report is unaudited.

We consider the accounting policies to be appropriate, the accounting estimates made to be reasonable and the overall presentation of the interim report to be adequate, so that the interim report, in our opinion, gives a true and fair view of the assets, liabilities, financial position and results of operations and cash flows of the group for the period 1 January – 30 September 2014. We consider the Management's statement to give a true and fair description of the development in the Group's activities and economic situation, the results of operations and the Group's financial position as a whole and a description of the significant risks and uncertainty factors, which the Group faces.

Vedbaek, 27 October 2014

Executive Management

Lars Kongsbak, CEO

Hans Henrik Chrois Christensen, CFO

Board of Directors

Thorleif Krarup, Chairman

Erik Walldén, Deputy Chairman

Michael Nobel

Per Wold-Olsen

Additional information

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Hans Henrik Chrois Christensen, CFO, phone +45 4566 0888 (cell: +45 4090 2131)

Forward-looking statements

Certain parts of this release contain forward-looking information with respect to the plans, projections and future performance of the company, each of which involves significant uncertainties. The company's actual results may differ materially from the information set forth in these statements. Timelines relating to collaborative diagnostic programs should be considered approximate.

Consolidated statement of comprehensive income (unaudited)

(DKK'000)	Note	1 Jul. - 30 Sep. 2014	1. Jul. - 30 Sep. 2013	1 Jan. - 30 Sep. 2014	1 Jan. - 30 Sep. 2013	1 Jan. - 31 Dec. 2013
Revenue	2,3	34,825	29,800	98,018	94,856	123,584
Production costs		-14,009	-10,163	-34,939	-35,743	-48,132
Gross profit		20,816	19,637	63,079	59,113	75,452
Research and development costs		-5,977	-7,014	-19,115	-19,351	-24,253
Sales and marketing costs		-9,991	-9,551	-30,892	-30,955	-41,261
Administrative expenses		-4,025	-4,091	-13,305	-13,899	-18,718
Operating profit/(loss) (EBIT)		823	-1,019	-233	-5,092	-8,780
Financial income		1,031	2,188	1,683	3,593	5,085
Financial expenses		-1,398	-2,757	-3,234	-5,572	-7,813
Profit/(loss) before tax		456	-1,588	-1,784	-7,071	-11,508
Tax on profit/(loss) for the period		856	-111	2,646	-376	826
Profit/(loss) for the period		1,312	-1,699	862	-7,447	-10,682
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange adjustments relating to foreign subsidiaries		430	-298	476	-242	-315
Total comprehensive income and expenses for the period		1,742	-1,997	1,338	-7,689	-10,997
Earnings per share						
Basic EPS		0.04	-0.05	0.02	-0.20	-0.29
Diluted EPS		0.04	-0.05	0.02	-0.20	-0.29

Consolidated statement of financial position (unaudited)

(DKK'000)	Note	30 Sep. 2014	30 Sep. 2013	31 Dec. 2013
Goodwill		49,368	49,368	49,368
Acquired patent rights		5,149	6,198	5,936
Acquired software licenses		6,015	4,262	4,187
Intangible assets under construction		304	92	1,648
Intangible assets		60,836	59,920	61,139
Leasehold improvements		677	190	586
Production and laboratory equipment		10,043	2,201	3,163
Fixtures and fittings, tools and equipment		1,884	522	591
Tangible assets under construction		80	65	21
Property, plant and equipment		12,684	2,978	4,361
Deferred tax assets		1,563	1,924	1,876
Deposits		1,729	1,710	1,661
Financial assets		3,292	3,634	3,537
Non-current assets		76,812	66,532	69,037
Inventories		13,463	13,407	12,771
Trade receivables		18,335	17,105	13,197
Other receivables		1,589	433	1,216
Refund from Tax Authorities		4,250	1,250	1,250
Prepayments		1,194	1,795	1,349
Receivables		25,368	20,583	17,012
Cash and cash equivalents		21,955	28,450	29,190
Current assets		60,786	62,440	58,973
Total assets		137,598	128,972	128,010
Share capital		36,874	36,874	36,874
Reserves		43,562	41,975	39,345
Equity		80,436	78,849	76,219
Corporate Bonds		15,000	15,000	15,000
Financial lease liabilities		3,736	0	258
Non-current liabilities		18,736	15,000	15,258
Financial lease liabilities		2,495	535	403
Trade payables		10,788	12,228	11,881
Short term bank loan		9,978	9,982	10,013
Other payables		6,852	6,957	7,712
Deferred revenue		8,313	5,421	6,524
Current liabilities		38,426	35,123	36,533
Total liabilities		57,162	50,123	51,791
Total equity and liabilities		137,598	128,972	128,010

Consolidated statement of cash flow (unaudited)

(DKK'000)	1 Jan. – 30 Sep. 2014	1 Jan. – 30 Sep. 2013	1 Jan. – 31 Dec. 2013
Operating profit (EBIT)	-233	-5,092	-8,780
Depreciation and amortization	4,468	3,580	4,670
Non-cash adjustments (warrants)	2,879	2,221	2,899
Change in working capital	-9,028	541	6,152
Profit on sale of assets	0	-200	-200
Cash flows from primary activities	-1,914	1,050	4,741
Net interest and value gains	-2,006	-2,082	-2,716
Current tax	2,954	-47	1,203
Cash flows from operating activities	-966	-1,079	3,228
Acquisition of intangible assets	-1,998	-638	-2,616
Acquisition of property, plant and equipment	-2,324	-921	-2,022
Sale of assets	0	200	200
Cash flows from investing activities	-4,322	-1,359	-4,438
Repayment of lease debt	-2,577	-1,523	-2,022
Proceeds from corporate bonds	0	15,000	15,000
Repayment of deposit and loans	-57	34	79
Short term bank loan	-35	-96	-65
Cash flows from financing activities	-2,669	13,415	12,992
Change in cash and cash equivalents	-7,957	10,977	11,782
Unrealised currency gain/(loss)	722	-20	-85
Cash and cash equivalents at the beginning of the period	29,190	17,493	17,493
Cash and cash equivalents at the end of the period	21,955	28,450	29,190

Consolidated statement of changes in equity (unaudited)

	Number of shares No.	Share capital (DKK'000)	Other reserves			Total (DKK'000)
			Reserve for exchange adjustments (DKK'000)	Share- based payment (DKK'000)	Retained profit (DKK'000)	
Consolidated						
Equity at 1 January 2014	36,874,082	36,874	-624	16,341	23,628	76,219
Profit/(loss) for the period					862	862
Exchange adjustments relating to foreign subsidiaries			476			476
Total comprehensive income		0	476	0	862	1,338
Share-based payment				2,879		2,879
Other transactions	0	0	0	2,879	0	2,879
Equity at 30 September 2014	36,874,082	36,874	-148	19,220	24,490	80,436
Equity at 1 January 2013	36,874,082	36,874	-309	13,442	34,310	84,317
Profit/(loss) for the period					-7,447	-7,447
Exchange adjustments relating to foreign subsidiaries			-242			-242
Total comprehensive income		0	-242	0	-7,447	-7,689
Share-based payment				2,221		2,221
Other transactions	0	0	0	2,221	0	2,221
Equity at 30 September 2013	36,874,082	36,874	-551	15,663	26,863	78,849

Notes to the interim financial statements

Note 1 Accounting policies

The interim report of the Exiqon Group for the period 1 January – 30 September 2014 is presented in accordance with IAS 34 and additional Danish disclosure requirements for the presentation of financial statements by listed companies. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year that ended 31 December 2013, except for the adoption of the new standards IFRS 10-12 effective as of 1 January 2014. The nature and the impact of the new standards/amendments are described below:

IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its return.

IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for.

IFRS 12 is a new disclosure standard and is applicable to entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

The implementation of the new and revised Standards and Interpretations have not affected the recognition or measurement.

The Management has not made new significant accounting estimates and assumptions besides the ones listed in the annual report for 2013.

Note 2 Revenue

(DKK'000)	1 Jul. - 30 Sep. 2014	1. Jul. - 30 Sep. 2013	1 Jan. – 30 Sep. 2014	1 Jan. – 30 Sep. 2013	1 Jan. – 31 Dec. 2013
Product sales	22,594	24,824	70,904	74,486	96,633
Services	7,132	3,142	14,709	11,956	15,489
License income	3,623	1,028	7,292	5,975	7,652
Contract research *)	1,476	806	5,113	2,439	3,810
	34,825	29,800	98,018	94,856	123,584

*) third party financing of product development.

Note 3 Segment information

Exiqon's Management has organized the reporting in two reportable operating segments: Exiqon Life Sciences and Exiqon Diagnostics.

Exiqon Life Sciences includes the sale of research products for microRNA analysis and services. Life Sciences product sales and services based on the same products are considered to have similar financial characteristics. For reporting purposes these are considered as one segment.

Exiqon Diagnostics includes research and development of a variety of diagnostic tests not yet ready for sale. Exiqon Diagnostics is presented as a reporting segment in accordance with the quantitative thresholds guidance in IFRS 8.

The Group divides its revenue into three geographies: North America, Europe and Rest of World. The split is based on the registered offices of the customers.

Management monitors the operating results of its business segments separately to decide the resource allocation and performance assessments. Segment performance is monitored on operating results (EBITDA/EBIT) as presented in the table below. Financial items and taxes are managed on a corporate level and not allocated to the operating segments.

30 September 2014

(DKK'000)	Life Sciences	Diagnostics	Other ¹⁾	Consolidated
Revenue:				
External customers	95,397	2,621		98,018
Internal customers	1,116	0	-1,116	0
Total revenue	96,513	2,621	-1,116	98,018
EBITDA	15,409	-11,179		4,230
Operating profit/(loss) (EBIT)	11,579	-11,812		-233
Net non-operating cost			-1,551	-1,551
Profit (loss) before tax	11,579	-11,812	-1,551	-1,784
Assets	57,563	53,799	26,205	137,567

1) The item 'Other' includes Group eliminations, adjustments and net non-operating items.

Geography

Revenue of the Exiqon Group is distributed on geographical segments as follows:

(DKK'000)	1 Jul. - 30 Sep. 2014	1. Jul. - 30 Sep. 2013	1 Jan. - 30 Sep. 2014	1 Jan. - 30 Sep. 2013	1 Jan. - 31 Dec. 2013
North America	12,052	12,725	33,683	34,276	42,355
Europe	19,583	13,483	53,404	49,044	66,102
Rest of World	3,190	3,592	10,931	11,536	15,127
	34,825	29,800	98,018	94,856	123,584

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