

EXIQON A/S

Company description
in connection with admission to trading at First North Bond Market
Issue of DKK 40,000,000 senior secured notes

1.1 The liability statement of the Board of Directors

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

1.2 First North disclaimer

First North Bond Market is an alternative marketplace operated by an exchange within the NASDAQ OMX group. Issuers on First North Bond Market are not subject to the same rules as Issuers on the regulated main market. Instead they are subject to a less extensive set of rules and regulations. The risk in investing in an Issuer on First North Bond Market may therefore be higher than investing in an Issuer on the main market. At least during the application process Issuers - except for Issuers whose securities are already admitted to trading on a regulated market or a First North market - applying for admission to trading of fixed income instruments on First North Bond Market shall have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

1.3 Notice to Prospective Investors

This company description (the "Company Description") has been prepared by Exiqon A/S (the "Issuer", "Exiqon" or the "Company") for the admission to trading on First North Bond Market of the DKK 40,000,000 Senior Secured Notes due 26 November 2018 issued by the Issuer on 26 November 2015 (together referred to as the "Notes").

The Company Description has been prepared on the basis that any offer of Notes in any member state of the European Economic Area which has implemented Directive 2003/71/EC and amendments thereto (the "Prospectus Directive" and each such member state, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or Carnegie Investment Bank AB (publ) as arranger, issuing and paying agent to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither

the Issuer nor Carnegie Investment Bank AB (publ) have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Carnegie Investment Bank AB (publ) to publish or supplement a prospectus for such offer.

No person has been authorised by the Issuer or Carnegie Investment Bank AB (publ) to give any information or to make any representation other than those contained in this Company Description in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or Carnegie Investment Bank AB (publ).

The distribution of this Company Description and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Company Description comes are required by the Issuer and Carnegie Investment Bank AB (publ) to inform themselves about and to observe any such restriction.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

There are no legal restrictions on the transferability of the Notes in accordance with the procedures of VP Securities A/S, the minimum denominations described in this Company Description and applicable laws

This Company Description does not constitute an offer of, or an invitation by or on behalf of the Issuer, Carnegie Investment Bank AB (publ) or any of them to subscribe for or purchase, any Notes.

The Notes have not been assigned a rating by a rating agency

2 DESCRIPTION OF THE ISSUER

2.1 Company data

Exiqon A/S

Skelstedet 16, Trørød
2950 Vedbæk
CVR-nr.: 18 98 44 31

Revision

KPMG P/S
Dampfærgevej 28
2100 København Ø

2.2 Business description

Exiqon operates in two business areas:

Exiqon Life Sciences is a leading provider of flexible solutions for RNA analysis used by academia, biotech and pharmaceutical companies around the world to make groundbreaking discoveries about the correlation between gene activity and the development of cancer and other diseases.

Exiqon Diagnostics develops novel molecular diagnostic tests for early detection of cancer and treatment selection for patients based on gene activity analysis, using the tools developed by Exiqon Life Sciences.

Exiqon's business is based on its proprietary LNA™ detection technology that allows for products with higher specificity and sensitivity, enabling a more precise identification of target molecules than alternative chemistries.

We combine our proprietary LNA™ technology with unique and proprietary bioinformatics tools to provide an exceptional value proposition for our customers. The markets for our products vary in size and dynamics depending on biology and technology. Exiqon has initially focused on gaining a leading position as a one-stop supplier in the emerging market for miRNA analysis. From this position we have expanded our products and services to include analysis of other RNAs.

We plan to expand our current product offering to capture additional high growth markets with our proprietary technologies and bioinformatics tools. New products are planned for RNA sequencing analysis and RNA functional analysis that will quintuple our current addressable markets.

Exiqon has formed strong alliances throughout the world with top suppliers, distributors and service providers to achieve our goal of becoming the leading provider of flexible solutions for RNA analysis to academic groups and pharmaceutical companies.

In collaboration with principal hospitals, we use our proprietary technologies and bioinformatics tools to develop groundbreaking diagnostic tests that address large unmet needs.

Exiqon is listed on NASDAQ Copenhagen.

2.3 **Business model**

Exiqon pursues a highly synergistic and scalable business model.

Our two operating segments are both based on Exiqon's proprietary LNA™ technology, and both benefit from the same know-how and bioinformatics tools that are used across the segments.

Exiqon Life Sciences generates revenue through the sale of products and services worldwide.

Exiqon Diagnostics pursues biomarker discovery using Exiqon Life Sciences' products as the platform for development of novel molecular diagnostic tests in collaboration with principal hospitals. The publication of results promotes the use of miRNAs and other RNAs as biological markers, which, in turn, supports the demand for Exiqon Life Sciences' products and services.

Exiqon Services offers customers ease-of-use in their discovery work and the benefit of Exiqon's vast experience with RNA profiling. Exiqon Services utilizes the skilled resources of Exiqon Diagnostics that synergistically benefits from the know-how developed in service collaborations with our customers.

2.4 **Risk factors**

An investment in the Notes involves a high degree of risk and the holders of Notes (the "Noteholders") may lose their entire investment. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes (credit risks). Factors which the Issuer

believes may be material for the purpose of assessing the market risks associated with the Notes are also described below (market risks).

All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Additional risk factors not presently known to the Issuer, or that the Issuer currently deems immaterial, may also render the Issuer unable to pay interest, principal or other amounts on or in connection with the Notes.

The factors described below are not presented in any order of priority. It is not possible to quantify the significance of each individual risk factor, as each risk described below may materialise to a greater or lesser degree, or may have unforeseen consequences.

This Company Description also contains forward-looking statements that involve risks and uncertainties. The Issuer's actual results could differ materially from those indicated in these forward-looking statements as a result of certain factors, including but not limited to the risks described below and elsewhere in this Company Description.

Prospective investors should also read the detailed information regarding the Issuer, its business and the Issuer's industry in general as set out elsewhere in this Company Description, in the Issuer's annual report and otherwise available to the investors in order to reach their own views prior to making any investment decision with respect to the Notes.

2.5 Historical Financial information

The 2013 and 2014 annual reports of the Company which include the audited consolidated financial statements of the Group for the years ending 2013 and 2014 and the audit reports thereof have previously been published on the Issuer's website and shall by reference be incorporated in, and form part of, this Company Description.

The annual reports have been prepared in accordance with the International Financial Reporting Standards.

For ease of reference the documents incorporated by reference into this Company Description can be found on the following pages of the 2013 and 2014 annual reports of the Company respectively:

2014 Annual Report

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Balance Sheet	page 36
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2013 Annual Report

Income Statement	page 35
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Five-Year Key Figures and Ratios

(DKK'000 except key figures)	2014	2013	2012	2011	2010
Income statement					
Revenue	132,392	123,584	117,400	111,458	93,510
Production costs	-47,193	-48,132	-50,186	-49,296	-45,424
Gross profit	85,199	75,452	67,214	62,162	48,086
Research and development costs	-26,283	-24,253	-22,259	-22,954	-30,204
Sales and marketing costs	-43,087	-41,261	-37,894	-34,043	-35,801
Administrative expenses	-18,911	-18,718	-18,838	-19,435	-22,297
EBITDA *	3,107	-4,100	-4,371	-5,081	-30,216
Special items	0	0	0	-14,200	0
Operating profit/(loss) (EBIT)	-3,082	-8,780	-11,777	-28,470	-40,216
Net financial income and expenses	-2,901	-2,728	-1,888	-792	-1,876
Profit/(loss) from continued operations	-2,780	-10,682	-14,595	-24,894	-42,115
Profit/(loss) from discontinued operations	0	0	0	0	-1,427
Profit/(loss) for the year	-2,780	-10,682	-14,595	-24,894	-43,542
Total comprehensive profit/(loss) for the year	-2,058	-10,997	-13,905	-25,626	-57,605
Balance sheet					
Assets					
Intangible assets	60,433	61,139	61,576	63,633	64,643
Property, plant and equipment	12,023	4,361	3,142	6,492	11,299
Total non-current assets	75,211	69,037	68,719	76,591	78,181
Cash and cash equivalents	20,084	29,190	17,493	12,151	18,184
Current assets	62,451	58,973	53,470	45,910	51,216
Total assets	137,662	128,010	122,189	122,501	129,397
Equity and liabilities					
Equity	78,015	76,219	84,317	80,158	84,667
Non-current liabilities	18,155	15,258	83	1,725	3,631
Current liabilities	41,492	36,533	37,789	40,618	41,098
Total liabilities	59,647	51,791	37,872	42,343	44,730
Total equity and liabilities	137,662	128,010	122,189	122,501	129,397
Cash flow and Investments					
Depreciation, amortization and impairment	6,197	4,670	7,402	9,267	10,000
Cash flows from operating activities	-2,434	3,228	-5,411	-30,509	-22,453
Acquisition of intangible assets and property, plant and equipment	-4,977	-4,638	-1,604	-2,098	-3,801
Cash flows from investing activities	-4,831	-4,438	-1,601	-1,697	-3,801
Cash flows from financing activities	-2,859	12,992	12,590	24,575	14,291
Cash flows from discontinued operations	0	0	0	0	-16,986
Cash and cash equivalents at 31 December	20,084	29,190	17,493	12,151	18,184
Key figures					
Number of shares, average	36,874,082	36,874,082	35,991,281	34,193,409	31,841,002
Basic EPS continued operations (DKK)	-0.08	-0.29	-0.41	-0.73	-1.32
Diluted EPS continued operations (DKK)	-0.08	-0.29	-0.41	-0.71	-1.28
Gross margin	64.4%	61.1%	57.3%	55.8%	51.4%
Assets / Equity	1.76	1.68	1.45	1.53	1.53
Average number of employees	87	80	73	71	76
Market price per share (DKK)	7.0	8.2	8.3	9.6	9.5
Market capitalization (DKK million)	258.1	300.5	291.1	336.7	316.7
Price / net asset value	3.31	3.94	3.45	4.20	3.74
Net interest bearing debt / Equity	0.13	-0.05	-0.07	0.03	-0.13
Net interest bearing debt / EBITDA	3.39	0.86	1.27	-0.12	0.36
Interest coverage	1.44	0.38	-0.04	-4.36	-29.34

* EBITDA (defined as Earnings Before Special Items, Interest, Tax, Depreciation and Amortization) includes non-cash cost of share-based payment in 2014 with tDKK 3,854.

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 2011" issued by the Danish Society of Financial Analysts, dated June 2011.

Exiqon A/S' most recent quarterly report

Exiqon A/S' most recent quarterly report of 26 October 2015 has been published on the Issuer's website and shall by reference be incorporated in, and form part of, this Company Description.

Reasons for application for admission to trading

Proceeds from the Note will be used to further develop the company's recently launched cloud platform for life science researchers: XploreRNA™, and to accelerate growth by expanding the company's product offering within RNA analysis, in addition to general corporate purposes, including refinancing of current debt.

Description of the board of directors and management

2.6 Board of directors

Erik Walldén, Chairman (Swedish citizen, elected May 2007).

Erik Walldén, Chairman and President of WalldenAssociates (Erik Wallden AB) and Chairman of the Board at AroCell AB, has a record of achievement in the biotech industry for over 30 years. He has held senior management positions in companies such as Pharmacia LKB Biotechnology and PerSeptive Biosystems Inc. Erik Walldén was formerly the CEO of Pyrosequencing AB, Biacore International AB, Affibody Holding AB and Gyros AB.

Current directorships and managerial positions:

AroCell AB (Chairman)

CellSeed Sweden AB (member)

Shareholding: 44,500

No warrants.

Thorleif Krarup, Deputy Chairman (Danish citizen, elected May 2007).

Thorleif Krarup holds a number of directorships and is Senior Advisor to a number of international financial institutions. During the period 1985-2003, Thorleif Krarup served as Managing Director/Group CEO in Nykredit (1985-1992), Unibank (1992-2000) and Nordea (2000-2003).

Current directorships and managerial positions:

Brøndby IF

The Crown Prince Frederik Fund (board member)

Una Invest ApS

Shareholding: 288,642

No warrants.

Michael Nobel, Board member (Danish citizen, elected January 1996).

Michael Nobel was trained and employed with A.P.Møller between 1978 and 1983, after which time he became Export Manager with E. Nobel Cigar og Tobaksfabrikker A/S and Skandinavisk Tobakskompagni A/S.

Current directorships and managerial positions:

Investcom A/S (chairman)
Ejendomsselskabet Vestergade A/S (board member and CEO)
H.J. Nobel 1 ApS
H.J. Nobel 2 ApS
MT Trading ApS
Health Media ApS

Shareholding: 77,345

No warrants.

Per Wold-Olsen, Board member (Norwegian citizen, elected April 2008).

Per Wold-Olsen, MBA was CEO of MSD Norway from 1976 to 1986 when he was appointed regional Director and VP of MSD Scandinavia. In 1991, Per Wold-Olsen was appointed Senior Vice President for Worldwide Human Health Marketing of Merck & Co., Inc., U.S., and in 1994 he was appointed President for Human Health Europe Merck & Co., Inc., U.S. In 1997, his responsibilities for Human Health Europe were extended to include Eastern Europe, the Middle East and Africa, and Worldwide Human Health Marketing. In 2005, his field of responsibility was extended to include Latin America and Canada as President for Human Health Intercontinental Region, Merck & Co., Inc. From 1994 to 2006, Per Wold-Olsen was a member of Merck's Management Committee.

Current directorships and managerial positions:

GN Store Nord A/S (chairman) and 2 subsidiaries
Novo A/S (board member)
Gilead Sciences, Inc. (board member)
Medicines for Malaria Venture (Chairman)

Shareholding: 159,739

No warrants.

Rodney Weldon Turner, Board member (U.S. citizen, elected March 2015).

Rodney Turner is former Vice President, Corporate Business Development, at Life Technologies Corporation (2006 – 2014) and has previously held positions in RTK Group, Inc. (2002 – 2006), Fluidigm Corporation (2001 – 2002) and EVOTEC OAI AG and academia. Rodney Turner holds a BA in Biochemistry and Molecular Biology from Rice University 1983, U.S.A.

Current directorships and managerial positions:

AYOXXA Biosystems GmbH.

Shareholding: None

No warrants.

2.7 Management

Lars Kongsbak, Chief Executive Officer

Lars Kongsbak joined Exiqon in 2000 as head of the EURAY division, later of R&D and finally was in charge of Business Development, before he was appointed as CEO in 2003. Before joining Exiqon, Lars Kongsbak served as Senior Scientist with Novozymes, Novo Nordisk and Bioimage, respectively. For several years, Lars Kongsbak was a Post Doc in the United States, Australia and Denmark. Lars Kongsbak is the inventor of several patents and the author of more than 40 scientific publications. Lars earned his M.Sc. in Biology from the University of Copenhagen (1988) and his Ph.D. in Molecular Biology from the Technical University of Denmark (1990).

Current directorships and managerial positions:

Virogates A/S (Chairman)

Shareholding: 143,389

Warrants: 2,681,306

Hans Henrik Chrois Christensen, Chief Financial Officer *

Hans Henrik Chrois Christensen joined Exiqon as CFO in January 2007 from a corresponding position with Pharmexa A/S. Hans Henrik Chrois Christensen has a background as a group general counsel with Danisco A/S (1998-2002) where he completed an in-house management training programme, and as an attorney at-law with the law firm Dragsted & Helmer Nielsen (now Bech-Bruun), Copenhagen. Hans Henrik earned his Master of Laws from the University of Copenhagen (1990) and became an authorized attorney-at-law in 1993 with a right to appear before the Danish High Court.

Shareholding: 100,000

Warrants: 1,340,653

Business risks

Like any business, Exiqon must manage a variety of risks, including operational, financial and capital market risks.

An investment in Exiqon involves a high degree of risk.

In Exiqon Life Sciences we primarily face risks of a business nature. Exiqon Life Sciences' products and services target new markets and most products are based on new technologies or new approaches. Future demand is inherently uncertain.

The life science markets are dynamic and intensely competitive. Our products consequently risk becoming obsolete or subject to unfavourable price competition. We seek to mitigate these commercial risks by highlighting the superior qualities of our products instead of competing on price.

In recent years, we have had limited capital available to retain a high level of innovation and launch new products. We seek to mitigate risks originating from our limited capital resources through corporate bond financing and by focusing resources on developing products at minimum cost, prioritizing use of existing technologies for new markets and applications that require little or no investment. We also rely on extensive use of bioinformatics to optimize product development.

In Exiqon Diagnostics we predominantly face biological risks which are inherently associated with the development of novel diagnostic tests based on RNA because the underlying biology is still widely unknown. We seek to mitigate the risks associated with the development of novel diagnostic tests by limiting our efforts to programs which are third-party financed, typically through grants to consortiums in which Exiqon participates. All programs undergo a competitive independent third-party selection process which ensures that only programs that are scientifically sound and offer an attractive solution to large unmet market needs are pursued.

Independent members of a consortium bring valuable knowhow to specific programs and this helps maximize chances of success. The participation of hospitals in the consortiums also ensures end-user buy-in to the tests being developed, thereby paving the way for commercial adoption of successfully developed tests.

Exiqon Diagnostics, however, also depends on partners to commercialize its diagnostic tests. Partnering allows Exiqon to share the risk and cost of development and commercialization of new tests with reputable commercial partners. These partners have insight into and an understanding of how to successfully develop, market and sell new diagnostic products into specific markets.

Risk management

Exiqon is dedicated to best practices in all aspects of our business. We seek to manage risks by using IT to support operations whenever possible by focusing on standardized processes and procedures in everything we do and by selecting the best people possible.'

Our risk management begins with providing relevant information in a timely manner to the people who need it to minimize risks. At Exiqon, real-time information is available to all decision-makers across the entire value chain of the company through integrated IT based on a Microsoft Office SharePoint® Server, a Microsoft data warehouse solution and Microsoft SQL Server® Reporting Services.

The combination of highly integrated IT systems and extensive use of business process documentation enables automated reporting of live data, early warnings to company decision-makers and a decentralized approach to risk management. Those parts of the organization that have the most knowledge of risks specific to any area of our business also have the best possibility to adequately address these without undue delay.

Shares and dividend policy

Exiqon A/S is a listed company on the Copenhagen Stock Exchange. First day of trading in the shares was May 29, 2007.

ISIN/Securities identification codes: Existing shares: DK0060077758 Trading symbol at the Copenhagen Stock Exchange: "EXQ"

Exiqon's share capital totals DKK 36.874.082 divided into shares of DKK 1.00 each. The shares are not divided into classes, nor are any special rights attached to any shares. Exiqon has not previously paid dividends and is not planning to do so in the foreseeable future.

Related Parties Transactions

No third party has control over Exiqon A/S.

Related parties exercising significant influence comprise Exiqon A/S' Management and Supervisory Board including their families. Other related parties comprise the subsidiary Exiqon, Inc.

Other related party transactions in 2014

Transactions with group companies comprised invoicing of contract work in the total amount of DKK 24,290 thousand and purchase of goods of DKK 141 thousands.

Other related party transactions in 2013

Transactions with group companies comprised invoicing of contract work in the total amount of DKK 21,001 thousand and purchase of goods of DKK 398 thousands.

Significant contracts

The company has a well-diversified customer and supplier portfolio.

Litigation

The company is not currently involved in any court or arbitration case, which it deems to be significant.