

Initiating Coverage

BUY

Target price: EUR 2.68

| | |
|-------------------|--------------------------------------------------------|
| Industry: | Biotechnology |
| Country | Germany |
| ISIN: | DE0006577109] |
| Reuters: | NN6G.H |
| Bloomberg: | NN6:GR |
| Website: | www.nanorepro.de |

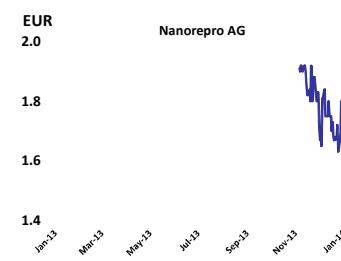
| Last price | Low | High |
|----------------------|------|------|
| 1.60 | | |
| Price 52 weeks: | 1.60 | 2.00 |
| Market cap (EURm) | | 4.66 |
| Number of shares (m) | | 2.91 |

Shareholder structure

| | |
|------------------|--------|
| Dr. Olaf Stiller | 9.20% |
| AME Project GmbH | 9.20% |
| Nicolas Combé | 4.50% |
| Michael Tillmann | 2.00% |
| Free float | 75.10% |

Performance

| | |
|----------|---------|
| 4 weeks | -11.96% |
| 13 weeks | -22.92% |
| 26 weeks | n.a. |
| 52 weeks | n.a. |
| YTD | -15.43% |



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NanoRepro AG**A successful business model driven by high market potential**

- NanoRepro is a German company, engaged in the production and sales of rapid diagnostic tests. The company offers its products for domestic and professional use, receiving for all the products CE and TUV approval. Since the company was founded, NanoRepro has invested heavily in research and development cooperating with renowned institutions such as the Fraunhofer Institute (IBMT), and developing recently 13 innovative products as, several products are additionally in the pipeline, as well as the planned launch of a HIV rapid test.
- According to Lacuna, the worldwide diagnostic market worth was EUR 46bn in 2011, with a worth of EUR 11bn for the specific medical rapid test sub-market. In this contest, NanoRepro has developed an international distribution structure with 45% of its products sales in Germany, and with cooperation in some high potential underdeveloped countries as Kuwait 15% and Angola 12%. A strict cooperation with AME international GmbH will expand company distribution in Asia, Africa and Southeast Europe.
- NanoRepro revenues reached EUR1.03m +24.16% y-o-y at the end of 2012. The substantial growth y-o-y resulted from new clients and the expansion in foreign country. On the level of EBIT (EUR -586K) and net loss (EUR -588K), the Company reported a limited loss but with a better performance respect the precedent years. In the same period, NanoRepro balance sheet showed a level of cash of EUR +58K, with a level of short term bank debt of EUR 76K.
- Due the specific knowledge developed, a successful online marketing strategy and its international distribution, in our view NanoRepro's products have an enormous market potential. We initiate coverage NanoRepro AG with a 12-month PT of EUR 2.68 and a Buy rating. In our opinion company sales will grow in the next years, particularly in foreign, international markets.

Key Facts

| EURm | 2009 | 2010 | 2011 | 2012 | 2013E | 2014E | 2015E |
|-------------|----------|---------|----------|---------|----------|--------|---------|
| Net sales | 0.23 | 0.31 | 0.83 | 0.94 | 1.19 | 1.62 | 2.32 |
| EBITDA | -0.42 | -0.57 | -1.78 | -0.50 | -0.05 | 0.18 | 0.32 |
| EBIT | -0.43 | -0.59 | -1.81 | -0.59 | -0.10 | 0.15 | 0.28 |
| Net income | -0.44 | -0.65 | -1.82 | -0.59 | -0.10 | 0.10 | 0.19 |
| EPS | -0.15 | -0.22 | -0.63 | -0.20 | -0.04 | 0.04 | 0.07 |
| BVPS | 0.07 | 0.54 | 0.29 | 0.30 | 0.26 | 0.30 | 0.36 |
| RoE | -199.59% | -73.13% | -150.10% | -68.48% | -12.63% | 12.81% | 20.23% |
| EBIT margin | 15.35% | 17.56% | 20.43% | 20.96% | 21.62% | 23.12% | 123.12% |
| P/E | -11.88x | -8.08x | -2.88x | -8.89x | -51.15x | 50.38x | 26.94x |
| P/BVPS | 25.75x | 3.34x | 6.10x | 6.08x | 6.89x | 6.06x | 4.95x |
| EV/EBITDA | -13.13x | -9.53x | -3.07x | -10.92x | -108.58x | 30.58x | 17.07x |

Source: Dr. Kalliwoda Research GmbH, 2014

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1. Company profile

NanoRepro AG, based in Marburg an der Lahn operates as a rapid diagnostic manufacturer (self-diagnostics) primarily in the family planning and health care. The company has 15 employees, which all reside in Marburg. NanoRepro AG has online shops in addition to the wholesale and retail distribution channels for direct sales. The listed company is concentrating on the rapid growing market, which is dominated by the increasing health consciousness of the population and will become more and more important in the coming years.



2. SWOT Analysis

| Strengths | Weaknesses |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - With 13 rapid-tests in their portfolio NanoRepro AG is able to cover most fields of home self-diagnostics, such as: Family planning, health care, allergies and infectious diseases. - NanoRepro AG is expected to sell the HIV-rapid-test HIV-QUICK soon. This could generate a lot of sales (1.5m€ in 2014) especially in Africa, where NanoRepro is already experienced. - The online shops like www.zuhausestest.de have a great potential to sell directly to the end consumer and avoiding a long distribution chain. Also cross sells could be generated. - Corporations with the Fraunhofer Institut as well as the Berlin Charité guarantee a good research & development base. - Constant increase in revenue during the last years (an average of 126% y-o-y from 2008-2012). | <ul style="list-style-type: none"> - NanoRepro AG needs higher sales to finance the concern of their business, increase in capital stock by EUR 807.500,00 in November 2013 cannot finance big investments and financing with liabilities is difficult for NanoRepro. - The products are not fully protected by licences. - The company depends on distribution partners outside of Germany, is not an autonomous actor in the World Market. - The market of rapid diagnostic-tests is price driven, because of many competitors. |
| Opportunities | Threats |
| <ul style="list-style-type: none"> - More and more people are facing allergies, so that every third person in Germany is affected and 60-80% of these people are having more than one allergy. In the market of allergy rapid-test is still an unused potential. - Women are getting pregnant in average at the age of 29 these days, Men's fertility has decreased significantly after 1949; Both factors lead to the point, that a pregnancy has to be planned more intensively. - Health consciousness in the population is growing and health care becomes more important. | <ul style="list-style-type: none"> - Products for the health industry are highly controlled and restricted by the government, admission procedures are long and not always successful. - Research and development is really expensive and needs strong partners, such as hospitals or public institutions. - Removal of practice fee in Germany led to losses in sale of rapid self-test products, people went to the doctor instead of doing a self-test - Health industry is mainly controlled by some big players with huge resources in human capital, technical assets and financial means. |

Source: Dr. Kalliwoda Research GmbH, 2014

3. Valuation

In order to account for current market valuations, we have valued NanoRepro AG by using a weighted average of our DCF model (70%) and peer group (30%). Our 12-months price target for the stock is equals to €2.68.

a. DCF-model

| Discounted Cash Flow Model | | | | | | | | |
|-------------------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|
| in EURk | 2014E | 2015E | 2016E | 2017E | 2018E | 2019E | 2020E | 2021E |
| Net sales | 1.62 | 2.32 | 3.18 | 4.02 | 4.87 | 5.32 | 5.75 | 6.20 |
| (y-o-y change) | 36.4% | 42.8% | 37.5% | 14.0% | 7.2% | 9.1% | 8.1% | 7.8% |
| EBIT | 0.15 | 0.28 | 0.41 | 0.58 | 0.69 | 0.72 | 0.74 | 0.75 |
| (EBIT margin) | 9.3% | 12.1% | 12.8% | 14.4% | 14.1% | 13.6% | 12.9% | 12.1% |
| NOPLAT | 0.11 | 0.20 | 0.29 | 0.40 | 0.48 | 0.51 | 0.52 | 0.53 |
| + Depreciation | 0.03 | 0.04 | 0.05 | 0.07 | 0.08 | 0.09 | 0.10 | 0.11 |
| = Net operating cash flow | 0.13 | 0.24 | 0.34 | 0.47 | 0.56 | 0.60 | 0.62 | 0.63 |
| - Total investments (Capex and WC) | -0.26 | -0.41 | -0.43 | -0.50 | -0.51 | -0.29 | -0.28 | -0.29 |
| Capital expenditure | -0.03 | -0.03 | -0.03 | -0.03 | -0.03 | -0.03 | -0.03 | -0.03 |
| Working capital | -0.23 | -0.38 | -0.40 | -0.47 | -0.48 | -0.26 | -0.25 | -0.26 |
| = Free cash flow (FCF) | -0.13 | -0.17 | -0.09 | -0.02 | 0.05 | 0.31 | 0.34 | 0.34 |
| PV of FCF's | -0.12 | -0.15 | -0.07 | -0.02 | 0.03 | 0.19 | 0.19 | 0.17 |
| PV of FCFs in explicit period | 0.42 | | | | | | | |
| PV of FCFs in terminal period | 8.28 | | | | | | | |
| Enterprise value (EV) | 8.69 | | | | | | | |
| + Net cash / - net debt | -0.22 | | | | | | | |
| + Investments / - Minorities | 0.00 | | | | | | | |
| Shareholder value | 8.47 | | | | | | | |
| Number of shares outstanding (m) | 2.91 | | | | | | | |
| WACC | 8.9% | | | | | | | |
| Equity costs | 9.7% | | | | | | | |
| Debt costs before tax | 8.0% | | | | | | | |
| Tax rate | 30.0% | | | | | | | |
| Debt costs after tax | 5.6% | | | | | | | |
| Equity share | 80.0% | | | | | | | |
| Debt share | 20.0% | | | | | | | |
| Fair value per share in € (today) | 2.91 | | | | | | | |
| Fair value per share in € (in 12 months) | 3.17 | | | | | | | |

| Sensitivity analysis | | Terminal EBIT margin | | | | | | |
|----------------------|-------|----------------------|-------|--------|--------|--------|--------|--------|
| | | 9.1% | 10.1% | 11.1% | 12.1% | 13.1% | 14.1% | 15.1% |
| 5.9% | 9.1% | -8.16 | -9.74 | -11.33 | -12.91 | -14.50 | -16.08 | -17.67 |
| 6.9% | 10.1% | 17.90 | 21.30 | 24.70 | 28.10 | 31.50 | 34.91 | 38.31 |
| 7.9% | 11.1% | 3.87 | 4.59 | 5.32 | 6.04 | 6.76 | 7.48 | 8.21 |
| 8.9% | 12.1% | 2.04 | 2.42 | 2.79 | 3.17 | 3.55 | 3.92 | 4.30 |
| 9.9% | 13.1% | 1.32 | 1.56 | 1.81 | 2.05 | 2.29 | 2.53 | 2.77 |
| 10.9% | 14.1% | 0.94 | 1.11 | 1.28 | 1.45 | 1.62 | 1.79 | 1.96 |

Source: Dr. Kalliwoda Research GmbH, 2014

b. Peer Group Analysis

We have additionally conducted a plausibility check of the valuation, which was derived by our DCF model. The application of a relative valuation method is based on the idea that comparable companies have similar market values. Hence, mainly listed companies are chosen, which offer similar products, or have a comparable business model. An analysis of financial figures provides an estimation to which degree the company's valuation stems from a low comparability with its peer group or an under- or overvaluation.

The input data of the peers stem from the information provider Thomson Reuters. The forward-looking financial data of the peer group represent the mean average of all analyst 'estimates, which are available on ThomsonReutersKnowledge. We have used the book value in order to approximate the market value of financial liabilities.

| Peer Group Multiples | | Enterprise Value Multiples | | | | | Equity Value Multiples | | | | | | |
|--------------------------------------------|--|----------------------------|------------|-------------|-------------|-------------|------------------------|-----------------|-------------|--------------|------------|--|--|
| Peers | | EV / Sales | | EV / EBITDA | | EV / EBIT | | Price / Eps | | Price / Bvps | | | |
| | | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | | |
| Mevis Medical Solutions AG | | 1,5 | 1,7 | 3,8 | 3,4 | 5,1 | 5,0 | 6,3 | 6,4 | 1,0 | 0,8 | | |
| Biotest AG | | 3,1 | 2,8 | 22,3 | 18,1 | 28,8 | 23,0 | 21,4 | 18,7 | n.a. | n.a. | | |
| Evotec AG | | 7,2 | 6,3 | 54,3 | 41,5 | 102,0 | 68,1 | 97,1 | 62,5 | 2,9 | 2,8 | | |
| NanoRepro AG | | 3,9 | 2,8 | neg. | 25,8 | neg. | 30,5 | neg. | 41,0 | 6,3 | 5,5 | | |
| Median | | 3,5 | 2,8 | 22,3 | 21,9 | 28,8 | 26,8 | 21,4 | 29,8 | 2,9 | 2,8 | | |
| Mean | | 3,9 | 3,4 | 26,8 | 22,2 | 45,3 | 31,7 | 41,6 | 32,1 | 3,1 | 3,0 | | |
| Peer Benchmark | | 3,5 | 2,8 | 22,3 | 21,9 | 28,8 | 26,8 | 21,4 | 29,8 | 2,9 | 2,8 | | |
| Discount (-)/Premium (+) | | 11% | 1% | n.a. | 17% | n.a. | 14% | n.a. | 37% | 118% | 94% | | |
| Valuation | | | | | | | | | | | | | |
| Peer Benchmark | | 3,5 | 2,8 | 22,3 | 21,9 | 28,8 | 26,8 | 21,4 | 29,8 | 2,9 | 2,8 | | |
| NanoRepro AG financials | | 1,2 | 1,7 | -0,1 | 0,2 | -0,1 | 0,2 | 0,0 | 0,0 | 0,3 | 0,3 | | |
| Implied Enterprise Value | | 4,3 | 4,7 | -1,1 | 4,1 | -2,9 | 4,2 | | | | | | |
| + Cash and Cash Equivalents | | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | | | | | | |
| - Financial Debt | | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | 0,1 | | | | | | |
| - Pension Liabilities | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | | | | |
| - Minority Interest | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | | | | |
| - Preferred Equity | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | | | | |
| + Change in Equity Capital | | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | | | | |
| Implied Equity Value | | 4,3 | 4,7 | -1,2 | 4,1 | -3,0 | 4,2 | | | | | | |
| Number of Shares | | 2,9 | 2,9 | 2,9 | 2,9 | 2,9 | 2,9 | | | | | | |
| Implied fair value per share | | 1,5 | 1,6 | -0,4 | 1,4 | -1,0 | 1,4 | -0,9 | 1,2 | 0,8 | 0,8 | | |
| Weights | | 0% | 50% | 0% | 0% | 0% | 50% | 0% | 50% | 0% | 50% | | |
| Results | | 1,53 | | | | | | 1,02 | | | | | |
| Weights | | 0% | 25% | 0% | 0% | 0% | 25% | 0% | 25% | 0% | 25% | | |
| Fair Value Implied by Both Peer Multiples: | | | | | | | | 1,28 EUR | | | | | |
| Premium (Discount) to Peer Benchmark: 20 % | | | | | | | | | | | | | |
| Fair Value per Share 1,53 EUR | | | | | | | | | | | | | |

Source: Dr. Kalliwoda Research GmbH, 2014

Based on our peer multiples, the implied fair value equals €1.53 per share.

4. Financial results and outlook

Revenues and Balance Sheet

NanoRepro revenues increased by +24.16% y-o-y to EUR1.03m in fiscal year 2012, because the more intensive international distribution and an expansion of the product line as well as promotional activities. The Company has also increased its online presence with the new online sales portal zuhausestest.

Results for 2012 compared to previous year

| Fiscal year 2012 compared to the previous year | | | |
|------------------------------------------------|--------|---------|------------|
| in EURm | 2012 | 2011 | change (%) |
| Revenues | 1.03 | 0.83 | 24.2% |
| EBITDA | -0.50 | -1.78 | -71.9% |
| EBITDA margin | -48.4% | -213.7% | |
| EBIT | -0.59 | -1.78 | -67.1% |
| EBIT margin | -56.7% | -213.8% | |
| Net income | -0.59 | -1.79 | -67.2% |
| Net margin | -57.0% | -215.6% | |

Source: Company, Dr. Kalliwoda Research GmbH, 2014

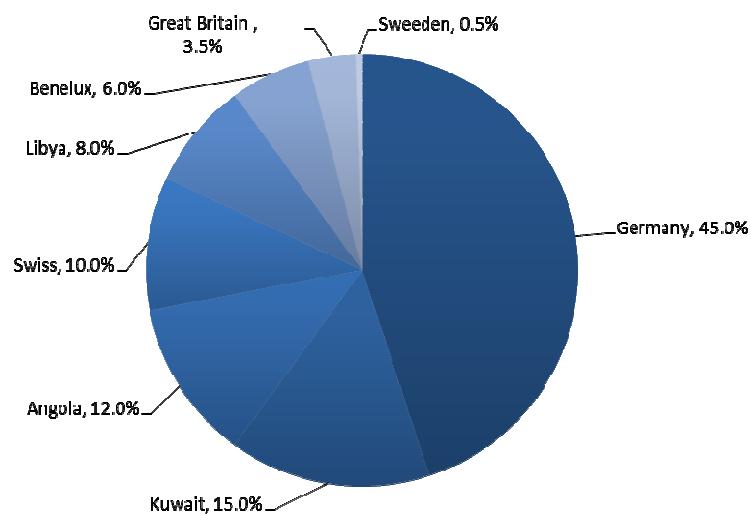
a. Revenues breakdown

At the end of November 2013, the company has shown a consolidated presence in Germany, with 45% of its total sales, becoming its most important one for NanoRepro, and taking benefit mainly from the successful tests for gastrointestinal condition products.

Despite the difficulties to access foreign markets, NanoRepro has developed cooperation in Europe, the Middle East, Asia and Africa as well as an important agreement to setup an expansion in Asia, Africa and South Europe with the international distributor AME International. Company international sales distributions are well-diversified with several channels such as pharmacy wholesales, online shops, selling agents, hospitals.

As reported in the following graph, NanoRepro has established a deep sales partnership in Kuwait with 15%, in Angola with 12%, in Switzerland with 10%, selling basically the rapid tests for fertility product line. Since 2010 NanoRepro entered the market in the Benelux States and in 2011 successfully started its sales in the United Kingdom.

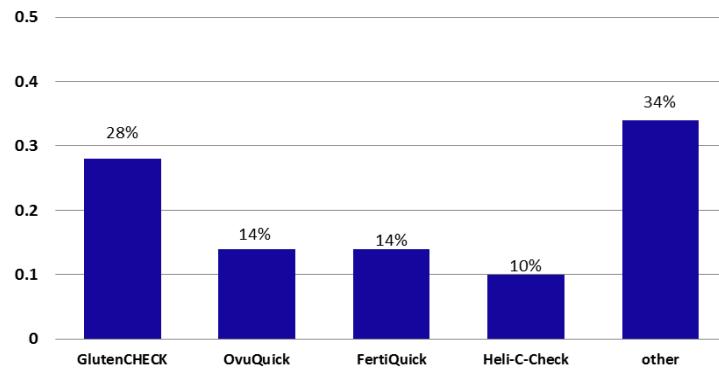
Geographical revenue breakdown at November 2013



Source: Company, Dr. Kalliwoda Research GmbH, 2014

The following charts shows the sales composition by product, which 28% made with the GlutenCHECK product and tests for gastrointestinal conditions, as reported at November 2013. The company has currently thirteen self-diagnostic products in its portfolio. It produces also for partners exclusive products such as self-diagnostics, and an intimate cosmetic product.

Revenue Composition by Product at November 2013



Source: Company, Dr. Kalliwoda Research GmbH, 2014

In our view, NanoRepro profitability improved significantly in the last years. Operating income as well as net profit developed particularly well in 2012. The labour costs in the same period accounted for EUR 371K and are quite stable to the previous period. Consolidated EBIT improved to EUR -0.59m compared to EUR -1.78m in the precedent year. The EBIT margin developed to -56.7% in the same time.

Outlook

We are optimistic about NanoRepro's growth for the next fiscal years, mainly boosted from its international and well established distribution channels and its growing product portfolio. Despite the losses and high costs for the setup of new markets, especially in Libya, Africa and Asia, the research and development expenditures as well as the expenses for the admission of products, we see a deep potential from the international sales growth and from its new product pipeline. The planned launch of the HIV rapid test, will improve according us, significantly the revenues growth for the next fiscal years.

In terms of consolidated results, we expect a net loss in 2013 and 2014 due to (1) costs associated with research and development, and (2) expenses relating to marketing and sales of existing and new products. In our opinion, NanoRepro will pay for the increase in promotion expenses out of Germany, particularly in underdeveloped countries.

Due to the fact that NanoRepro finances follow-up studies mainly with equity, we consider further dilution of shareholders due to future new share issues as a risk. We see risks related to the scientific developments of its rapid tests such as the HIV rapid test and also potential regulatory risks, because the Company must comply with strict laws regarding the launch and quality control of new products.

On the top line, we forecast mainly positive effects from the market introduction of the new products and the increase in international sales. At the same time, we expect that NanoRepro will continue to gain new partners in order to diversify its distribution network and sell more products in Europe.

We see good odds that NanoRepro will achieve a significant international market success with its rapid diagnostic test products consolidating its presence in Germany and in some underdeveloped countries. We assume that the increased sale of products could be implemented from the end of 2014. In our model, we have taken that into account by using the NPV (Net Present Value) valuation method.

Our forecasts 2013E-2015E

| Our forecasts 2013E - 2015E | | | |
|-----------------------------|--------|-------|-------|
| | 2013E | | |
| in EURm | 2013E | 2014E | 2015E |
| Net sales | 1.19 | 1.62 | 2.32 |
| EBITDA | -0.05 | 0.18 | 0.32 |
| EBITDA margin | -4.2% | 11.0% | 13.8% |
| EBIT | -0.10 | 0.15 | 0.28 |
| EBIT margin | -8.3% | 9.3% | 12.1% |
| Net income | -0.10 | 0.10 | 0.19 |
| Net margin | -8.62% | 6.41% | 8.40% |

Source: Dr. Kalliwoda Research GmbH, 2014

Our estimates for NanoRepro are positive and our target price is over the current market price, as we remain optimistic in terms of a well developing consumer demand. We have determined a 12-months price target of EUR 2.68 for the share of the Company. Our stock rating result is: BUY.

5. Business Description

NanoRepro AG is one of the leading innovators in the field of rapid diagnostics and has currently 13 rapid self-diagnostic tests in the portfolio - including pregnancy tests, tests for stomach health, colorectal cancer screening and fertility determination for men, as well as several allergy tests. In brief, a rapid HIV test will be introduced on the market.



The company moved its first steps in 2006, as follows:

- 2006: Foundation by Dr. Olaf Stiller (now Chairman of the Supervisory Board)
- 2007: Launch of first rapid test OvuQUICK and start of online store www.ovuquick.de
- 2008: IPO
- 2010: Market entry in BeNeLux
- 2011: Market entry in Great Britain and start of HIV test development
- 2012: Online sales platform www.zuhauisetest.de goes online
- 2013: Market entry in Switzerland, Kuwait and Libya

Currently the company product portfolio is composed by 13 self-diagnostics tests in the portfolio, so that NanoRepro AG has a great range of products for home use. Available are several tests for different topics, including:

- Family planning: OvuQUICK, fertility test for woman; FertiQUICK, first fertility rapid-test for men, GRAVI QUICK, pregnancy test (regular and early detection), MENO QUICK, status of menopause, VAGI QUICK, vaginal yeast infection.
- Health care: GlutenCHECK, detection of Coeliac diseases, most revenue generating product (28%), FOBCHECK, bowel cancer early detection, CHOLESTERINCHECK, HELI C CHECK, early detection of helicobacter pylori/ stomach ulcer, ALCOHOL TEST, blood alcohol level check.
- Infectious diseases: HIV-Quick, proposed launch: Q1 2014, announced as "The Blockbuster". There are more than five further infectious disease tests in the product pipeline.
- Allergies: AllergoCHECK (pollen - house dust - cat allergy), MilchCHECK, milk protein intolerance test.

A huge potential is seen in the launch of the HIV-Quick test, which has an accuracy of 99.9%, a global request and only a few companies offering comparable products. All the company's products are available over the counter in pharmacies and through specific online shops.

NanoRepro AG operates in international business. The company grants licenses, sells bulk or ready-made products. NanoRepro AG operates extensively with business partners in Belgium, France, Greece, Great Britain, Ireland, Italy, Luxembourg, Netherlands, Austria, Switzerland, Slovenia, and the Czech Republic. The biggest market for NanoRepro AG is Germany with 45% of revenue, followed by Kuwait (15%) and Angola (12%).

In Germany most of revenue is gained by gastrointestinal conditions, whereas abroad rapid tests from the fertility product line are most successful.

The revenue earned by diagnostics worldwide is 21 times higher than in Germany (\$ 46bn compared to \$ 2.19 bn). Especially the market for home diagnostic tests has a much higher volume worldwide (\$11 bn) than in Germany (\$280m).

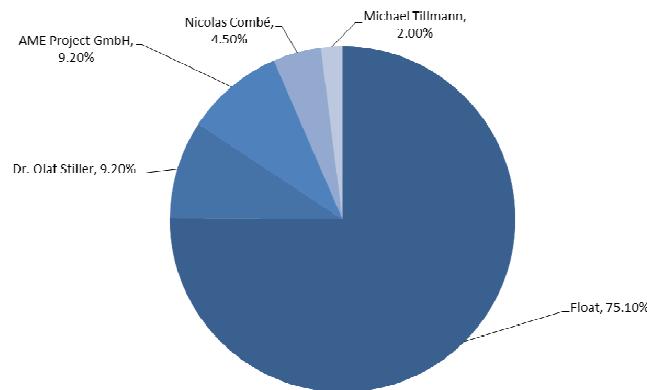
NanoRepro expects the home diagnostics markets to grow for several reasons. For example: since 1970 the age women are getting pregnant has increased up to 29 years in recent days. That enforces women to get pregnant quickly and planned. As well as the conditions of a pregnancy, the conditions of allergies have changed. New allergens strain people, so that in Germany every third person suffers from an allergy.

6. Clients

Since 2006, NanoRepro AG acquired important partners as clients, which are in continuous relation with the Marburg Company. Clients include some of the leaders in their respective industries that have established themselves a good reputation; this fact further outlines the trustworthiness of NanoRepro and its ability to provide high-quality product. Main customers are e.g.: MIGROS, Charite Hospital Berlin, Technical University Munich, PHOENIX Group, University Hospital Freiburg, DN Saúde (Angola).

7. Management

The company became public in 2008, listed in the Stock Exchange of Frankfurt, Hamburg and Vienna. Main shareholders are Dr. Olaf Stiller and AME Project GmbH both with 9.2% of the company shares. In November 2013 the Company increased its capital by EUR 807K.



In January 2014 the Company has extended its board of Board of Management with new complementary competencies. The new board structure is composed by:

- Andreas Paggel, Chairman/CEO, is an internationally experienced business analyst with experience in finance and accounting as well as an internationally experienced company director. Mr. Paggel studied economics and European Finance & Accounting at the University of Applied Sciences in Bremen, Germany and the Leeds Metropolitan University, Great Britain, he acquired the degree 'Diplom-Betriebswirt (FH)' and 'BA (hons) European Finance & Accounting'. Aside from an international managerial experience in all functional areas of business, Mr. Paggel does also focus on strategic management and internationalization of sales.
- Lisa Jüngst was for the fiscal year 2013 board member for the German market. Mrs. Jüngst is member of NanoRepro since 2007, becoming part of the board of management in April 2013, and managing Marketing and Human resources. MBA from Fulda University of Applied Sciences in 2006.
- Katrin Kampschulte, was for the fiscal year 2013 board member for the International business of NanoRepro from 2013. Mrs Kampschulte is part of the board since April 2013, managing the International business development, Product certifications and Quality management. MA in Linguistics and Communication Studies from Philipps University Marburg and Ca'Foscari University Venice.

8. Financials

a. Profit and loss statement

| Profit and loss statement - Nanorepro AG | | | | | | | | |
|---------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Fiscal Year | | | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013E | 2014E | 2015E | 2016E |
| <i>in EURm</i> | | | | | | | | |
| Net sales | 227 | 314 | 832 | 935 | 1,188 | 1,621 | 2,315 | 3,183 |
| <i>Internally produced and capitalised assets</i> | 0.00 | 0.00 | 0.00 | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Output | 0.23 | 0.31 | 0.83 | 1.03 | 1.19 | 1.62 | 2.32 | 3.19 |
| Gross profit | 0.12 | 0.20 | 0.48 | 0.53 | 0.65 | 0.94 | 1.40 | 2.07 |
| <i>Other operating income</i> | 0.00 | 0.01 | 0.00 | 0.03 | 0.03 | 0.04 | 0.04 | 0.04 |
| <i>Personnel costs</i> | -0.20 | -0.23 | -0.38 | -0.37 | -0.52 | -0.63 | -0.86 | -1.20 |
| <i>Depreciation & Amortization</i> | -0.02 | -0.02 | -0.03 | -0.09 | -0.05 | -0.03 | -0.04 | -0.05 |
| <i>Other operating expenses</i> | -0.34 | -0.56 | -1.88 | -0.69 | -0.22 | -0.16 | -0.26 | -0.45 |
| EBIT | -0.43 | -0.59 | -1.81 | -0.59 | -0.10 | 0.15 | 0.28 | 0.41 |
| <i>Net financial results</i> | -0.01 | -0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EBT | -0.44 | -0.60 | -1.81 | -0.59 | -0.10 | 0.15 | 0.28 | 0.41 |
| <i>Income taxes</i> | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -0.04 | -0.08 | -0.12 |
| <i>Minority interests</i> | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net income / loss | -0.44 | -0.60 | -1.81 | -0.59 | -0.10 | 0.10 | 0.20 | 0.29 |
| EPS | -0.15 | -0.22 | -0.63 | -0.20 | -0.04 | 0.04 | 0.07 | 0.10 |
| DPS | -0.84 | 0.16 | 0.25 | 0.22 | 1.15 | 1.18 | 2.18 | 3.18 |
| Change y-o-y | | | | | | | | |
| <i>Net sales</i> | n.a. | 38.38% | 165.10% | 12.38% | 27.10% | 36.40% | 42.82% | 37.50% |
| <i>Total Output</i> | n.a. | 38.38% | 165.10% | 24.16% | 15.48% | 36.14% | 42.79% | 37.42% |
| <i>Gross profit</i> | n.a. | 73.61% | 138.42% | 9.96% | 21.78% | 45.70% | 49.20% | 47.86% |
| <i>Other operating income</i> | n.a. | 193.65% | -100.00% | na | 5.00% | 5.00% | 5.00% | 5.00% |
| <i>Personnel costs</i> | n.a. | 16.32% | 68.35% | -3.13% | 38.90% | 23.22% | 35.12% | 40.17% |
| <i>Other operating expenses</i> | n.a. | 64.58% | 233.99% | -63.15% | -68.92% | -24.10% | 61.36% | 70.94% |
| EBIT | n.a. | 37.29% | 203.91% | -67.56% | -83.10% | -252.54% | 85.78% | 45.37% |
| <i>Net financial results</i> | n.a. | -28.70% | -42.99% | -33.33% | -20.00% | -25.00% | -33.33% | -50.00% |
| EBT | n.a. | 36.18% | 201.74% | -67.50% | -82.89% | -248.92% | 86.73% | 45.64% |
| <i>Income taxes</i> | n.a. | -89.58% | -100.00% | 0.00% | 0.00% | 0.00% | 100.00% | 200.00% |
| <i>Net income / loss</i> | n.a. | 36.18% | 201.74% | -67.50% | -82.89% | -204.24% | 86.73% | 45.64% |
| EPS | n.a. | 47.01% | 181.06% | -67.66% | -82.61% | -201.53% | 87.00% | 45.61% |
| DPS | n.a. | -119.05% | 56.25% | -10.40% | 413.39% | 2.61% | 84.75% | 45.87% |
| Share in total sales | | | | | | | | |
| <i>Net sales</i> | | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 100.00 % | 101.00 % | 102.00 % |
| <i>Total Output</i> | | 0.04 % | 0.10 % | 0.12 % | 0.14 % | 0.20 % | 0.28 % | 0.38 % |
| <i>Gross profit</i> | | 0.02 % | 0.06 % | 0.06 % | 0.05 % | 0.06 % | 0.09 % | 0.13 % |
| <i>Other operating income</i> | | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % |
| <i>Personnel costs</i> | | -0.03 % | -0.05 % | -0.04 % | -0.04 % | -0.04 % | -0.05 % | -0.07 % |
| <i>Depreciation & Amortization</i> | | 0.00 % | 0.00 % | -0.01 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % |
| <i>Other operating expenses</i> | | -0.07 % | -0.23 % | -0.07 % | -0.02 % | -0.01 % | -0.02 % | -0.03 % |
| EBIT | | -0.07 % | -0.22 % | -0.06 % | -0.01 % | 0.01 % | 0.02 % | 0.03 % |
| <i>Net financial results</i> | | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % |
| EBT | | -0.07 % | -0.22 % | -0.06 % | -0.01 % | 0.01 % | 0.02 % | 0.03 % |
| <i>Income taxes</i> | 1.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | -0.01 % | -0.01 % |
| <i>Net income / loss</i> | | -0.07 % | -0.22 % | -0.06 % | -0.01 % | 0.01 % | 0.01 % | 0.02 % |

Source: Dr. Kalliwoda Research GmbH, 2014

b. Balance sheet

| Balance sheet - Nanorepro AG | | | | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in EURm | Fiscal year | | | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013E | 2014E | 2015E | 2016E |
| Assets | | | | | | | | |
| Cash and cash equivalents | 0.19 | 0.91 | 0.23 | 0.06 | 0.03 | 0.14 | 0.32 | 0.41 |
| Inventories | 0.06 | 0.20 | 0.28 | 0.46 | 0.51 | 0.63 | 0.85 | 1.03 |
| Trade accounts and notes receivables | 0.06 | 0.20 | 0.22 | 0.25 | 0.32 | 0.43 | 0.62 | 0.85 |
| Other current assets | 0.00 | 0.45 | 0.01 | 0.01 | 0.01 | 0.02 | 0.03 | 0.04 |
| Other financial assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Current assets | 0.32 | 1.77 | 0.74 | 0.78 | 0.87 | 1.23 | 1.81 | 2.33 |
| Property, plant and equipment | 0.05 | 0.07 | 0.07 | 0.05 | 0.06 | 0.06 | 0.06 | 0.06 |
| Other intangible assets | 0.03 | 0.06 | 0.15 | 0.22 | 0.25 | 0.28 | 0.31 | 0.34 |
| Goodwill | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financial assets | 0.05 | 0.05 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Deferred tax assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-current assets | 0.13 | 0.17 | 0.26 | 0.28 | 0.31 | 0.34 | 0.37 | 0.40 |
| Total assets | 0.45 | 1.94 | 1.00 | 1.06 | 1.18 | 1.57 | 2.19 | 2.73 |
| Liabilities | | | | | | | | |
| Trade payables | 0.04 | 0.04 | 0.04 | 0.09 | 0.09 | 0.11 | 0.15 | 0.17 |
| Tax liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Personnel liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other short-term liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Short-term bank debt | 0.20 | 0.08 | 0.05 | 0.08 | 0.22 | 0.28 | 0.43 | 0.52 |
| Finance lease | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other financial liabilities | 0.00 | 0.00 | 0.02 | 0.00 | 0.03 | 0.04 | 0.12 | 0.13 |
| Provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Current liabilities | 0.24 | 0.12 | 0.12 | 0.16 | 0.34 | 0.43 | 0.69 | 0.82 |
| Long-term bank debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Leasing debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other financial debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Pension provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Provisions | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 |
| Other liabilities | 0.00 | 0.25 | 0.01 | 0.03 | 0.06 | 0.26 | 0.42 | 0.55 |
| Deferred tax liabilities | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Long-term liabilities | 0.01 | 0.25 | 0.02 | 0.03 | 0.07 | 0.27 | 0.43 | 0.57 |
| Total liabilities | 0.25 | 0.37 | 0.14 | 0.20 | 0.42 | 0.70 | 1.13 | 1.39 |
| Shareholders equity | 0.20 | 1.57 | 0.86 | 0.86 | 0.76 | 0.86 | 1.06 | 1.34 |
| Minority interests | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total equity and liabilities | 0.45 | 1.94 | 1.00 | 1.06 | 1.18 | 1.57 | 2.19 | 2.73 |

Source: Dr. Kalliwoda Research GmbH, 2014

c. Cash flow statement

Cash flow statement - Nanorepro AG

| in EURm | Fiscal year | | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013E | 2014E |
| Net income / loss | -0.44 | -0.65 | -1.82 | -0.59 | -0.10 | 0.10 |
| Depreciation & Amortization | 0.02 | 0.02 | 0.03 | 0.09 | 0.05 | 0.03 |
| Change of working capital | 0.03 | -0.73 | 0.36 | -0.18 | -0.11 | -0.23 |
| Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net operating cash flow | -0.40 | -1.36 | -1.43 | -0.68 | -0.16 | -0.09 |
| Cash flow from investment | 0.02 | -0.04 | -0.09 | -0.06 | -0.03 | -0.03 |
| Free cash flow | -0.38 | -1.39 | -1.53 | -0.74 | -0.19 | -0.13 |
| Cash flow from financing | -0.44 | -1.46 | -3.05 | -0.80 | -0.27 | -0.20 |
| Change of cash | -0.82 | -2.85 | -4.58 | -1.54 | -0.46 | -0.33 |
| Cash at the beginning of the period | 0.17 | 0.19 | 0.91 | 0.23 | 0.06 | 0.03 |
| Cash at the end of the period | -0.65 | 0.91 | 0.23 | 0.06 | 0.03 | 0.14 |

Source: Dr. Kalliwoda Research GmbH, 2014

8. Contact

| | | |
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| DR. KALLIWODA RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd group and Factset | | |

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| | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------|
| BUY: | Based on our analysis, we expect the stock to appreciate and produce a total return of at least 10% over the next twelve months |
| ACCUMULATE: | Based on our analysis, we expect the stock to appreciate and produce a total return between 5%- 10% over the next twelve months |
| HOLD: | Based on our analysis, we expect the stock to produce a total return between -5% and +5% over the next twelve months |
| REDUCE: | Based on our analysis, we expect the stock to cause a negative return between -5% and -10% over the next twelve months |
| SELL: | Based on our analysis, we expect the stock to cause a negative return exceeding -10% over the next twelve months |

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