



PRESS RELEASE

Nanogate AG reports further profitable growth in the first half of 2007 – Core business sales up 51%, earnings before taxes significantly improved

Full year forecast provides for sales of more than EUR 10 million and earnings before taxes (EBT) of at least EUR 1 million – Higher net return on sales – Earnings per share of EUR 0.28.

Saarbrücken, 27 September 2007. Nanogate AG (ISIN DE 000A0JKHC9) continues on course for success and reports further profitable growth in the first half of 2007. Sales and earnings reached new record levels. All operating targets were achieved, thereby confirming the company's proximity to the market and the quality of its solutions. Furthermore, in the course of the year major milestones were reached such as successful entry into the US market, the granting of a key patent in the optics segment and the conclusion of further cooperation agreements that enhance the company's long-term prospects significantly. Nanogate remains confident for the full year 2007 and anticipates a stronger second half and a further increase in sales and earnings.

In its Multifunctional Surfaces core business, sales rose by 51% to EUR 4.3 million (previous year: EUR 2.8 million). Including its key business prospects in the Advanced Applications segment, consolidated group sales rose by 28% to EUR 4.7 million (previous year: EUR 3.8 million). Main contributions toward this growth were made by additional orders placed by existing and new customers and, to a small extent, the first-time pro rata consolidation of the 30% equity investment in Holmenkol Sport-Technologies. Gross yield according to IFRS grew by an above-average 31.9% to EUR 3.7 million (previous year: EUR 2.8 million). Earnings before interest and taxes (EBIT) rose by 19% to EUR 0.46 million (previous year: EUR 0.39 million) and earnings before taxes (EBT) by 63% to EUR 0.62 million (previous year: EUR 0.38 million). The EBT margin reached



13.1% (previous year: 10.3%). Net return on sales (surplus for the period in relation to sales) improved significantly to 11% (previous year: 6.3%). First-half earnings per share rose from EUR 0.15 to EUR 0.28. Cash flow from current business activity rose by EUR 0.1 million to EUR 0.4 million in the first half. As a result of the fine first-half result, capital resources rose to EUR 19.2 million (previous year: EUR 18.5 million).

Highly promising outlook

By means of the NEXT growth programme, existing and additional applications will gain new customers in new regions and further technologies are to be developed. New product and solution launches are planned. The focus will be on markets with long-term sales potential of at least tens of millions of euros and good growth prospects. At the same time investment in, for example, new technologies will be taken forward. At a conservative estimate Nanogate anticipates a growth in sales for financial year 2007 to over EUR 10 million and expects, despite heavy proposed investment, earnings before taxes (EBT) of over EUR 1 million. Sales and earnings are forecast to improve further in 2008.

Nanogate AG CEO Ralf Zastrau said, "Nanogate followed on seamlessly in the first half of financial year 2007 from its sound development in previous years and maintained its powerful, profitable growth. We again achieved a record result. We are firmly established in the market as one of the foremost German listed nanotechnology companies. We are not only doing outstanding operating business but also have attractive new second and third-generation technologies. In the medium and long term Nanogate will thereby be able to grow substantially in sales and earnings."



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Nanogate AG:

Nanogate is a leading international enabler in the nanotechnology growth market and so opens the gate to nanotechnology for its customers. The Saarbrücken-based firm enables the programming and integration of additional properties such as non-stick, anti-bacterial, anti-corrosive, ultra-low friction. Nanogate thereby gains a competitive edge for its customers by product refinement using chemical nanotechnology. Nanogate covers a wide range of industries, functions and substrates already on the basis of technology platforms. The company thus provides a decisive interface for the commercialisation of chemical nanotechnology, bridges the gap between raw materials and their industrial conversion into products and concentrates as an enabler on one of the most attractive segments in the industry. As a partner in innovation, Nanogate provides many services along the value chain – from development and production of innovative nanocomposites and nanostructured materials to powerful support for innovation and product integration.

The Nanogate Group currently has 57 employees in all (as of 1 July 2007) and since commencing operations in 1999 has been a pioneer in nanotechnology. Nanogate is a high-growth company and has operated profitably since financial year 2004. In financial year 2006 it boosted consolidated sales by about 64% to around €7.84 million. Consolidated earnings before interest and taxes (EBIT) to IFRS increased by about 220% to around €1.1 million in 2006. The company has first-class customer references, such as ABB, BSH Bosch-Siemens Hausgeräte, Giesecke & Devrient, Kärcher and Koenig & Bauer AG, and many years' experience of different industries and applications. It has also entered into strategic cooperation with US companies Dow Corning and Ceradyne/ESK Ceramics and Authentix and with Giesecke & Devrient. The Group's consolidation entity includes Nanogate Advanced Materials GmbH, which specialises in safety engineering and optics and is a joint venture with the US Air Products group, and HOLMENKOL Sport-Technologies GmbH & Co. KG.

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