



PRESS RELEASE

Nanogate AG increases earnings forecast significantly, confirms sales forecast for 2008

Further increase in first-half sales – Considerable improvement in pre-tax result – Growth strategy pays off

Göttelborn, Germany, 25 September 2008. Nanogate AG (ISIN DE000A0JKHC9) is continuing its growth course. In the first half of 2008 the nanotechnology group expanded its business step by step and achieved numerous operational and strategic successes. For the full year 2008 Nanogate is revising its earnings forecast upward and reaffirming its sales expectations.

In the first half of 2008 the Group increased its overall performance by about 41.3% to EUR 7.15 million. Sales rose by 2.6% to EUR 4.82 million, Traditionally, business at Nanogate is much brisker in the second half than in the first of the year. In addition, a number of anticipated projects have been postponed until the second half. international sales doubling to EUR 2.04 million.

Earnings before taxes (EBT) rose strongly by 25.8% to EUR 0.78 million in spite of investments made and market development, and the EBT yield reached 16.2%. This good result benefits in part from additional income in connection with the transaction and with the successful enabling of Nanogate subsidiary Holmenkol AG, in which Nanogate has increased its shareholding to 50%. Earnings per share stood at EUR 0.36 compared to EUR 0.28 the previous year. With EUR 10.06 million in cash and cash



equivalents, an equity ratio of 78.9% and a positive operational cash flow, Nanogate has the financial power that it needs for international expansion.

International market position improved

In the first half Nanogate mainly expanded its international business. In addition to expansion in Europe and the United States, the focus is now on gaining customers in Asia. All core businesses in the Multifunctional Surfaces segment have stepped up their activities in this area. The Group has also gained access to the Japanese market by means of cooperation with a leading Japanese supplier to the display industry. Furthermore, Nanogate has clinched a significant and prestigious contract for its new NanoGuard[®] product line – to coat the walls of Europe's longest urban tunnel in Stockholm, Sweden.

At the same time the Group has increased its growth base and is now the sole shareholder in subsidiary Nanogate Advanced Materials GmbH, which specialises in complex applications such as high-performance optics. Nanogate has also increased to 50% its equity holding in subsidiary Holmenkol AG, which is to be established as a leading supplier of solutions for sports surfaces.

Positive outlook

Nanogate will achieve its targets for 2008. Incoming orders confirm anticipated sales growth, and numerous projects are under way for which the groundwork was laid in the first six months of the year. Growth is borne solely by the Group's Multifunctional Surfaces core business, with activities being focussed on Advanced Applications as the business of the future. After extensive investment in the first half, Nanogate will continue to invest heavily in new technologies and opening up international markets in the second half of 2008. Operational cash flow is expected to increase significantly on the first half.



Overall, Nanogate expects total revenue to exceed the EUR 14.0 million mark as a result of anticipated business activity and income from the Holmenkol transaction. Sales should reach at least the EUR 12.5 million target. At the same time the Group expects earnings before taxes (EBT) to exceed the previous forecast of between EUR 0.7 million and EUR 1.0 million and to should amount to well over EUR 1 million.

Nanogate also anticipates for financial year 2009 continued dynamic sales development and growth rates in significant double figures along with a pre-tax result that will continue to be characterised by substantial investment and expenditure on market development. From 2010 on, anticipated additional projects based on the three new technology platforms – NanoPlating[®] in automotive and mechanical engineering, Dotfarm Optics[®] in high-performance optics and N_Charge[®] in storage layers – are expected to facilitate a significantly higher pace of growth and a substantial increase in profitability.

“With the good first-half result we have strengthened our market position significantly,” said Nanogate CEO Ralf Zastrau. “Continued high profitability in spite of heavy investment in new technologies and opening up international markets bears out our strategy of participating directly in our customers’ added value. We have achieved major successes in taking Nanogate further toward significant double-digit million sales along with attractive margins.”



If you have any queries, please contact:

Christian Dose (Financial press and investors)
Cortent Kommunikation AG
Tel. +49/(0)69/5770300-0
nanogate@cortent.de

Nanogate AG
Zum Schacht 3
D-66287 Göttelborn
www.nanogate.com

Klaus Reuning (Business and trade press)
MPW FINANCE Public & Investor Relations GmbH
Tel. +49/(0)69/959290-0
nanogate@mpwfinance.com

Nanogate AG:

Nanogate is a leading international enabler in the nanotechnology growth market and so opens the gate to this technology for its customers. The firm, which is based in Göttelborn (Saarland), enables the programming and integration of additional properties such as non-stick, anti-bacterial, anti-corrosive and 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 72 employees in all (as of 1 September 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 2007 it boosted consolidated sales by about 32.8 % to around EUR 10.4 million. The earnings before taxes (EBT, according to IFRS) increased by about 32.8 % to around EUR 1.5 million. The company has first-class customer references (e.g. ABB, BSH Bosch-Siemens Hausgeräte, Kärcher and Koenig & Bauer AG) and many years' experience of different industries and applications. It has also entered into strategic cooperation with international companies such as Dow Corning. The Group's consolidation entity includes Nanogate Advanced Materials GmbH, which specialises in complex applications like high-performance optics, and a strategic investment with a majority option in Holmenkol AG.

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