



PRESS RELEASE

Nanogate generates record sales in H1 2010 and anticipates positive consolidated net income for H2 2010

Back on a growth path: sales rise by 38.6 %, earnings up – Forecast for 2010: increase in sales to at least EUR 16 million, positive consolidated net income anticipated in second half – Outlook for 2011: sales set to reach upwards of EUR 25 million, company expected to return to full profitability – EBIT margin of 15 % targeted for medium term – Majority stake in GfO to contribute towards growth

Göttelborn, Germany, 30 September 2010. Nanogate (ISIN DE000A0JKHC9), a leading international nanotechnology enabler, returned to growth in the first half of 2010. The company's sales reached a new high in the first six months of the year. Earnings also improved alongside the sharp rise in sales, despite one of the Group's subsidiaries incurring considerable one-off expenses. In August Nanogate arranged a majority investment in GfO Gesellschaft für Oberflächentechnik mbH. With this move the company became one of the leading European system providers for high-performance industrial surfaces. Nanogate expects to post record sales of at least EUR 16 million for the full year 2010. Considerable profit growth will significantly boost the year-on-year result, leading the company to expect positive consolidated net income in the second half. In the 2011 financial year Nanogate intends to exceed EUR 25 million in sales and return to full profitability. In the medium term the Group is striving for an EBIT margin of 15 %.

Ralf Zastrau, CEO of Nanogate AG, said: "Nanogate has successfully returned to a growth path. Operationally and strategically, we will attain a new dimension in 2010. Our new GfO equity holding will prove profitable before the year is out. Our extensive investments will also pay off this year. Nanogate will experience



faster growth in sales and earnings in the medium term. For 2011 and 2012 we anticipate a clear increase with ambitious targets when the success from our growth strategy take full effect."

Group sales up almost 40 %

Nanogate increased Group sales by 38.6 % to EUR 5.67 million in the first half of 2010 (previous year: EUR 4.09 million). The share of international business rose to 43.6 % of total sales (previous year: 40.9 %). The overall performance increased by 23.1 % to EUR 7.03 million (previous year: EUR 5.71 million). Earnings improved as expected in the first half of 2010. Consolidated EBIT came to EUR -1.7 million (previous year: EUR -2.0 million). This figure was diminished by one-off, non-recurring expenses for realignment and restructuring at the portfolio company Holmenkol. One-off, non-recurring expenses came to over EUR 0.6 million. Adjusted for these factors, consolidated EBIT accordingly came in at around EUR -1.0 million. Consolidated net income totalled EUR -1.15 million (previous year: EUR -1.25 million); adjusted for non-recurring expenses the figure was EUR -0.8 million.

Cash flow from operations amounted to EUR -1.15 million (previous year: EUR -1.16 million) but was also severely impacted by the one-off expenses resulting from the realignment and restructuring at Holmenkol. Strong sales and earnings growth should result in positive operating cash flow in the second half of the year. Cash flow from investing activities came to EUR -1.6 million (previous year: EUR -2.0 million). Investment activity will continue to be reduced in the second half of the year according to plan, excluding the GfO investment.

Significant growth anticipated in the second half

In the financial year 2010 Nanogate will improve sales and earnings considerably. The innovation offensive launched in 2009 and the ongoing opening up of markets will contribute to the record sales expected. Furthermore, the company is anticipating a boost to growth from the majority stake in GfO. GfO's business is currently growing as planned and the company's order book is well filled. On current estimates Nanogate will report record sales of at least EUR 16 million in the financial year 2010 (previous year: EUR 10.7 million).



Consolidated net income for Nanogate will also improve sharply over the course of the year – in comparison with both the first half of 2010 and the 2009 financial year. Nanogate is therefore anticipating a profit for the second half of the year and positive operating cash flow. However, the profit for the second half of the year will be unable to fully compensate for all the one-off expenses incurred in the first six months.

EBIT margin to reach 15 % in the medium term

In the medium term Nanogate is reckoning with faster growth. The majority stake in GfO alone should increase the pace of growth by 10 %. Additional sales and earnings are expected from the investment from the first quarter of 2011 onwards. In 2011 and 2012 sales should increase considerably, both organically and as a result of the GfO acquisition, with next year likely to exceed the EUR 25 million mark. Nanogate aims to return to profitability at Group level as early as 2011. In the medium term the Group is striving for a consolidated EBIT margin of at least 15 %. Additional external growth is also part of Nanogate's expansion strategy.

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**Innovation-driven competitive advantage:**

Using this guiding motto, Nanogate AG launched a comprehensive innovation offensive in 2009 in order to open up new growth prospects for its clients. To achieve this, Nanogate increased its investments and funding significantly - in particular in the 2009 financial year - and has since then presented a multitude of innovations. Since going public in 2006 the company has already invested several million euros in developing new technology platforms and has transformed these into marketable products. Nanogate has successfully illustrated its expertise in more than 180 cases, using innovations to provide its clients with a competitive advantage.

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 – into materials and surfaces. 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 on the basis of technology platforms. The company thus provides a decisive interface for the commercial use of chemical nanotechnology and bridges the gap between the suppliers of raw materials and industrial conversion into products. In doing so, Nanogate 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 81 employees in all (as of September 2010) and since commencing operations in 1999 has been a trailblazer in nanotechnology. The company has first-class customer references (e.g. ABB, BSH Bosch-Siemens Haushaltsgeräte, Kärcher, Koenig & Bauer AG, Opel and REWE Austria) and many years' experience of different industries and applications. To date, more than 180 projects have gone into mass production. Nanogate has also entered into strategic cooperations with international companies such as the GEA Group and Dow Corning. The Group also includes Nanogate Advanced Materials GmbH, which specialises in complex applications like high-performance optics, FNP GmbH in the area of sport/leisure, majority shareholdings in Holmenkol AG and in GfO Gesellschaft fuer Oberflaechentechnik mbH and a shareholding in sarastro GmbH.

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