



PRESS RELEASE

Nanogate accelerates expansion with acquisition of GfO – New dimensions in sales and profits expected

The purchase of GfO Gesellschaft für Oberflächentechnik mbH makes Nanogate the leading European provider of high-performance surfaces for industrial applications – Lasting boost to Group sales and profits expected – Transaction to be completed by year-end

Göttelborn, Germany, 19 August 2010. The majority takeover of GfO Gesellschaft für Oberflächentechnik mbH propels Nanogate (ISIN DE000A0JKHC9), a leading international nanotechnology enabler, to the top slot in Europe as the leading system provider of high-performance surfaces for industrial applications. The technology company GfO specialises in technical and optical surface enhancement as well as using an inkjet technology unique worldwide to apply coatings. For the current year GfO is expecting sales of at least EUR 10 million and substantially positive earnings. Nanogate is investing a total of around EUR 1.5 million in the 51 % stake in GfO. Nanogate is increasing its Group sales forecast for 2010 to at least EUR 16 million (previous forecast: at least EUR 13 million) and expects that the acquisition will make a contribution to the operating result early on.

Ralf Zastrau, CEO of Nanogate AG, "With this transaction we are going to achieve a new dimension in sales and earnings, and are adding proprietary coating technology to our materials expertise. GfO will strengthen our position in the attractive market for high-performance surfaces for industrial applications, enabling us to open up this segment even faster. The products from Nanogate



and GfO complement each other perfectly, and our clients will benefit from the merger thanks to a completely integrated product range. From the first quarter of 2011 we are anticipating significant additional sales and earnings. We expect to be able to grow at least 10 % faster together and to be able to raise our EBIT margin to at least 15 % in the medium term. In addition to strategic reasons, the deal comes with an attractive financing model that upholds Nanogate's liquidity. The merger with GfO gives Nanogate a unique competence in functionalising surfaces, with a focus on plastics and metals. We are combining GfO's excellent process skills with Nanogate's materials expertise."

Gerd Lechner, Managing Director of GfO, "We are now using Nanogate's outstanding materials expertise to reinforce our coating technology, which has been respected for many years. Our customers will benefit from nanotechnology because it will enable us to use new materials in future that are more cost-effective or offer greater performance. We will be able to grow faster with Nanogate and tap new market segments. As a result of the merger we now have the opportunity to position ourselves as a competence centre for high-quality, innovative surfaces. Together, Nanogate and GfO have a strong distribution network and great sales potential with direct access to design and development divisions at companies in a wide variety of sectors. This will enable us to further develop our position as one of the leading providers of surface systems for industrial applications."

Transaction to be completed by end of 2010

The sales agreement provides for both a cash and a share payment, totalling around EUR 1.5 million overall. The existing GfO shareholders have agreed to a minimum holding period of 15 months for the new Nanogate shares. They are to retain a stake of 49 % at GfO and will stay on as managers of the company. The transaction is expected to be concluded by the end of the year. Nanogate has already secured a call option for the remaining 49 % of the shares.

The takeover will benefit Nanogate right from 2010. Company management is therefore lifting its Group sales forecast to at least EUR 16 million (previously EUR 13 million). Nanogate is already expecting the acquisition to make a



contribution to the operating result. At Group level EBIT will improve significantly compared with last year. From 2011 onwards the majority stake will pay off in the form of considerably improved earnings and stronger sales growth.

Broad client mix from the automotive industry to white goods

GfO was established in 1977 as a subsidiary of Degussa AG in Schwäbisch Gmünd and was acquired by its current management in 1993. The technology company with some 150 employees enhances surfaces with new characteristics on behalf of industrial clients. This can involve giving surfaces a highly efficient, conductive shield against electromagnetic disturbances or enabling them to withstand scratches and protecting them from environmental influences, all thanks to GfO technology. GfO has special expertise in enhancing valuable and complex three-dimensional objects to a high optical standard. To do so the company applies specially developed and patented manufacturing processes, including an inkjet technology that is unique worldwide which enables coatings to be carried out selectively without the use of individualised templates. GfO specialises in coatings for plastics and metals.

GfO is for example the European market leader in high-performance antifog coating systems. Applications for such systems include uses in Xenon and LED headlight systems for motorcars. GfO's proprietary technology was, for instance, recently used to develop the first radio-controlled key in high-glossy black with a scratch resistant surface. The customer base consists of companies in the communications, automation, automotive, aerospace, medical devices, HVAC, decoration and jewellery, and white goods industries.

Annual market for industrial surfaces hits EUR 800 million

The market for industrial surfaces in Europe amounts to around EUR 16.5 billion, of which the high-performance surfaces segment accounts for some EUR 2.9 billion. Within this segment, Nanogate and GfO concentrate on high-margin sub-sectors such as energy-efficiency coatings, inkjet coatings or multi-functional transparent coatings. Nanogate estimates these sub-sectors at an annual volume of around EUR 800 million, with double-digit growth rates. Michael Jung, COO of



Nanogate AG, "Together, Nanogate and GfO cover the entire value chain, from purchasing raw materials to formulating the material systems right through to enhancing the finished surfaces. As an integrated system provider we can offer industrial customers powerful solutions from a single source. A key advantage is that together we can reduce development times and open up the international market much faster."

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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 July 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, a majority shareholding in Holmenkol AG and a shareholding in sarastro GmbH.

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