



PRESS RELEASE

Nanogate nearly doubles sales and returns to operating profitability

Full year 2010: sales up to around EUR 20.9 million, EBIT almost break-even, positive net income for the year of EUR 1.5 million, segment margin in core business 12.5 % – Second half of 2010: sales up by more than 130 %, EBIT distinctly positive – Forecast for 2011: sales increase to more than EUR 30 million, EBITDA margin of over 10 % expected – Medium-term EBITDA margin target of higher than 20 % – Acquisition of Eurogard B.V. to pay off as early as 2011

Göttelborn, Germany, 3 May 2011. Nanogate AG (ISIN DE000A0JKHC9), the leading international integrated systems provider for nanosurfaces, returns to profitability with record sales. In doing so, the company benefited from the sharp growth in demand and the newly acquired equity holding in GfO AG. With sales increasing by 95.7 % to EUR 20.9 million, the adjusted EBIT figure came to EUR 1.0 million (EBIT before adjustment: EUR -0.2 million). In the financial year 2011, sales are scheduled to increase to more than EUR 30 million and the Group should make a full return to profitability with an EBITDA margin of at least 10 %. In the medium term, Nanogate is expecting sales of at least EUR 50 million and an EBITDA margin of over 20 %. With the takeover of the Dutch firm Eurogard B.V. that it has announced, the Group is establishing itself as the leading international integrated systems provider for nanosurfaces.

Ralf Zastrau, CEO of Nanogate AG, commented: "Nanogate generated record sales in 2010 and its operating business has returned to profitability. Parallel to



this, Nanogate considerably enhanced its strategic development. Thanks to additional competencies provided by our new equity holdings in Eurogard and GfO, we now cover the entire value chain. As the leading international integrated systems provider for nanosurfaces, we occupy the market for high-performance surfaces like no other. The combination of materials expertise with years of experience in process integration and mass production for all surface geometries is unique in Europe. In 2011 we are going to grow further and benefit above all from the strategic and operational steps we have taken over the past few months. We are expecting the Group to increase its sales to more than EUR 30 million and to achieve an EBITDA margin of at least 10 %. Our new equity holding Eurogard will already be making a contribution to earnings this year. In addition, we anticipate initial joint projects and customers as well as synergy effects."

Positive EBIT in the second half-year

Sales increased particularly strongly in the second half of the year, with Nanogate benefiting for the first time from its newly acquired equity holding GfO AG, which has been consolidated since September. In the second half of the year, sales were up by more than 130 % to EUR 15.3 million. With EBIT amounting to EUR 1.5 million (previous year: EUR -0.2 million), the Group returned to profitability in the six-month period from July to December.

In the year as a whole, Nanogate increased its Group sales by 95.7 % to EUR 20.9 million (previous year: EUR 10.7 million). Consolidated EBITDA came to EUR 4.9 million (previous year: EUR -1.2 million), equivalent to an EBITDA margin of 23.4 %, also reflecting one-off factors. This includes non-recurring effects which had a positive effect on earnings overall as well. With adjusted consolidated EBIT coming to EUR 1.0 million, Nanogate moved into the profit zone in its operational activities. The non-recurring expenses at HOLMENKOL, other advisory expenses and transaction costs for the GfO investment totalling EUR 1.1 million, have been subtracted. Consolidated EBIT improved considerably to EUR -0.2 million (previous year: EUR -2.2 million) despite the non-recurring effects, nearly reaching break-even again in 2010 as a whole. In its core business area of Multifunctional Surfaces, the Group generated a segment



margin of 12.5 %. After taxes and minority interests consolidated net income was EUR 1.5 million (previous year: net loss of EUR 1.4 million), as the value of deferred tax assets went up sharply. Earnings per share improved to EUR 0.76 (previous year: EUR -0.72).

With business developing positively, the operating cash flow improved over the course of the year and was positive in the second half-year at EUR 0.3 million. Taking into account the non-recurring effects, for the year as a whole cash flow from operating activities came to EUR -0.8 million (previous year: EUR -1.1 million). The non-recurring expenses at HOLMENKOL, other advisory expenses and transaction costs for the GfO investment had a substantially negative effect here too. Notwithstanding the investment policy, the Group's financial strength remains substantial: cash and cash equivalents totalled approximately EUR 4.1 million at the end of 2010 (previous year: EUR 5.9 million), while the equity ratio came to 44.9 % (previous year: 61.4 %).

Favourable order prospects secure growth

The Group improved its results in all four target sectors in the last financial year. The Automotive/Mechanical Engineering division grew particularly strongly in 2010. High-quality optical surfaces are increasingly in demand, especially for plastic surfaces in the automotive sector. The focus in this area is on integrated systems solutions that cover both the materials side and production. Nanogate has therefore pooled all core competences in the field of industrial high-performance surfaces in its subsidiary Nanogate Industrial Solutions in order to open up this market faster and make optimal use of internal synergies. The focus is primarily on innovative material systems for the application areas Buildings/Interiors and Automotive/Mechanical Engineering. At the same time, the optical division was moved to high-performance surfaces and integrated into Nanogate Industrial Solutions GmbH. The aim is to make use of the existing competences in optical solutions for the core high-performance surfaces business, as well as to examine other areas of application and realise synergies, even though optics is no longer part of the original strategic focus. The air filtration division improved its result significantly. The Sport/Leisure division benefited from product launches on the part of its customers, and the equity



holding Holmenkol contributed to growth as well. With new projects for Audi, BMW and GEA Air Treatment, the dynamic business trend has continued into the current year. Order prospects at Group level now total in the mid double-digit millions range.

Outlook for 2011: record sales of more than EUR 30 million anticipated

Nanogate will benefit substantially in 2011 from the investments of recent months and the strategic transition to the leading integrated systems provider. The company intends to expand its market position in all four target areas: Automotive/Mechanical Engineering, Buildings/Interiors, Sport/Leisure and Functional Textiles. The strong start to the year, with new orders from Audi, BMW and GEA Air Treatment for instance, as well as a new cooperation programme with the Swiss company Kapyfract in the field of tunnel coatings, confirms the growth path. The inkjet technology for coating plastic surfaces, which is unique in Europe, should continue to drive sales. Business is also set to expand rapidly in the high-potential specialist areas energy efficiency and plastics, where margins are particularly profitable. The newly acquired equity holding Eurogard is additionally expected to achieve first market successes.

At the present time Nanogate is forecasting profitable growth: Group sales should rise to a new record of more than EUR 30 million. In announcing its acquisition of Eurogard B.V., Nanogate has already increased its original forecast for 2011. Now that Nanogate has recovered its operating profitability in the 2010 financial year and generated substantially positive EBIT in the second half of 2010, the company will make a return to full profitability in 2011. Correspondingly, Nanogate is expecting an EBITDA margin of at least 10 % for 2011. In the medium term the Group intends to generate sales of more than EUR 50 million, with a sustainable EBITDA margin of more than 20 %. Thanks to non-recurring effects the EBITDA margin already reached this mark in 2010. In the process, Nanogate will benefit in particular from its comprehensive competency in the field of enhancing high-performance surfaces on all surface geometries. Thanks to its equity holdings in Eurogard and GfO, the Group now has a full technology portfolio for material development and mass production that is unique in Europe.



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Nanogate AG:

Nanogate is the leading international integrated systems provider for nanosurfaces, concentrating primarily on enhancing high-performance surfaces. The firm, which is based in Göttelborn (Saarland), enables the programming and integration of additional properties – such as non-stick, antibacterial, anti-corrosive and ultra-low friction – into materials and surfaces. As an enabler, Nanogate gains a competitive edge for its customers by means of product refinement using chemical nanotechnology. Nanogate covers a wide range of industries, functions and substrates. 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. Nanogate has a unique combination of extensive materials expertise paired with comprehensive, first-class process and production know-how. As a systems provider, Nanogate covers the entire value chain, from the purchase of raw materials, to the synthesis and formulation of the material systems, right through to the enhancement and production of the finished surfaces. Nanogate focuses primarily on plastic and metal coatings for all surface types (two and three-dimensional components).

The Nanogate Group currently has approximately 250 employees in all and since commencing operations in 1999 has been a trailblazer in nanotechnology. The company has first-class customer references (e.g. Audi, BMW, Bosch-Siemens Haushaltsgeräte, Junkers, Kärcher, Hörmann Group, Opel and REWE International AG) and many years' experience of different industries and applications. Several hundred projects have already gone into mass production. Nanogate has also entered into strategic cooperations with international companies such as the GEA Group and Dow Corning. Nanogate consists of Nanogate Industrial Solutions GmbH, Eurogard B.V., FNP GmbH for products in the sport/leisure sector, majority stakes in Holmenkol AG and GfO Gesellschaft für Oberflächentechnik AG, and an equity holding in sarastro GmbH.

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