



PRESS RELEASE

A bright outlook for Nanogate: greatly improved results and a stronger second half expected

Market share stabilised in the first half despite economic crisis, falling earnings and negative result – near-balanced EBIT expected in second half – sales and operating cash flow set to improve significantly – stable financial position secures expansion strategy – profitable growth expected soon – promising negotiations for further reference orders – innovation offensive successfully underway

Göttelborn, Germany, 30 September 2009. Nanogate (ISIN DE000A0JKHC9), a leading international enabler in nanotechnology, has shown its strength in the economic crisis and expects considerable growth in the coming months. As expected, the Group was unable to avoid the effects of sluggish consumer spending in the first half of 2009. The company also continued its expansion strategy and bolstered its technology portfolio with an emphasis on three promising fields of expertise. Sales are expected to be markedly better in the second half of 2009 than in the first half, while operating cash flow is set to show a substantial improvement. Nanogate should be able to achieve a near-balanced EBIT for the second half if projects and orders currently in the pipeline can be implemented as expected.

Ralf Zastrau, CEO of Nanogate, explains, "Our business model has proven its value. Our focus on four different industries means that Nanogate's sales have been less affected by the impact of the economic crisis than in other companies, even though the ramifications were much more pronounced than initially expected. We are also acting anticyclically and securing the sales and profits of tomorrow with new applications. We will reap the benefits of this in the near future. Our efforts to catch up in the second half are proceeding apace. There continues to be a good level of interest in Nanogate and we are in a number of negotiations."



Rate of expansion remains high

The development of Nanogate's business in the first half of the year was shaped on the customer side by the poor economic conditions and on the company side by its plans to open up international markets and develop technology. Interest in Nanogate solutions and applications remains high, although sales fell in the first half of the year as expected. Group sales fell in the first half of the year to EUR 4.09 million (previous year: EUR 4.82 million). This reflects the marked decreases in the high-margin automotive/mechanical engineering sector as well as the buildings/interiors sector, the two industries most affected by the global economic crisis. Medium-sized customers also reduced or delayed some of their orders. Sales in the Multifunctional Surfaces core business segment fell to EUR 4.02 million (previous year: EUR 4.53 million). Foreign business accounted for 40.8% (previous year: 41.8%), almost identical to the previous year. Despite the temporary drop in sales, Nanogate continued to open up international markets and develop technology as planned in order to expand its long-term market position. As expected, we recorded no surpluses, not least due to this increased use of funds. EBIT (including interest income, not including interest payments) amounted to EUR -2.01 million (previous year: EUR 0.86 million). EBT came to EUR -2.16 million (previous year: EUR 0.78 million). The Group is currently concentrating on significantly expanding sales potential and is therefore accepting this weak result. Earnings per share for the first half of the year were EUR -0.66 (previous year: EUR 0.36). A balance sheet profit of EUR 1.36 million (previous year: EUR 3.06 million) was recorded due to the profit carried over from the previous year.

Long-term financing secured

The Group is financially well positioned to continue its planned growth strategy. As of the reporting date, 30 June 2009, the Group held cash and cash equivalents of EUR 5.62 million (31.12.2008: EUR 8.48 million). In August, Nanogate also secured long-term financing at a good interest rate with a KfW (Reconstruction Loan Corporation) loan.



Focus on three promising fields of expertise

A comprehensive innovation offensive is currently underway to develop new sales markets. At the same time, the development and introduction to market of new applications and technology platforms is proceeding according to plan. Based on this significant expansion of its product portfolio, Nanogate has identified three attractive and promising fields of expertise: energy efficiency, air filtration and light guiding. We will integrate the relevant new applications and solutions within these fields of expertise in the future, irrespective of the technology platform in use. This will allow Nanogate as a leading company to improve its sales potential in the field of sustainability (Green Nano). The first products in the fields of energy efficiency layers and efficient air filtration are now ready for marketing and we expect pilot mass production orders in the near future, perhaps even in 2009. In addition to this, our ground-breaking technology for efficient light guiding (DotfarmOptics®) will soon be ready for production as an application. As a result, the current development expenses will start decreasing as planned.

Return to profit expected soon

Nanogate is currently concentrating on its expansion strategy with the aid of technological expertise. Maximising profits in the short term with abrupt cost-cutting programs would considerably reduce long-term opportunities. Despite the uncertainty surrounding the future development of the economy, Nanogate believes that the second half will be better than the first half because interest in Nanogate solutions remains high. After a weak June, sales and incoming orders have picked up considerably since July, thus confirming our strategic orientation. We are currently in a number of negotiations for additional orders. At the same time, the costs of the innovation offensive currently underway will decrease from the second half of the year onwards and the development costs for new technology platforms are set to start falling. The streamlined cost structure and individual cost savings are also helping to offset the downturn in earnings.

Sales and operating cash flow are therefore set to improve dramatically in the second half in comparison to the first half. If the planned projects and orders are



implemented as expected, Nanogate could almost break even (EBIT) for the second half of the year. Despite temporary weaknesses, the medium and long-term prospects of Nanogate remain good. The Group is in a strong strategic position and is extremely innovative. The current projects will have a significant positive effect on sales and results as early as 2010. This will allow Nanogate to quickly return to its profitable growth course, provided that the economic conditions continue to improve as expected.

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Innovation-driven competitive advantage:

This is the guiding motto Nanogate AG is using as it confronts the current economic challenges and opens up new growth prospects for its clients. To achieve this, Nanogate AG has stepped up its efforts and increased its funding significantly and will be presenting a multitude of innovations in the current financial year. Since going public the company has invested millions in developing new technology platforms and has transformed these into marketable products. Nanogate has successfully illustrated its expertise in more than 150 cases, using innovation to offer its clients added value and 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. 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 84 employees in all (as of September 2009) 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 almost 17 % to around EUR 12.2 million. The earnings before taxes (EBT, according to IFRS) amounted to around EUR 1.1 million. The company has first-class customer references (e.g. ABB, BSH Bosch-Siemens Haushaltsgeräte, 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, FNP GmbH in the area of sport/leisure and a majority shareholding in Holmenkol AG.

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