

Esmertec raises CHF 23.5 Million from convertible note to fund growth

Proceeds to be used for international expansion and technology development

Duebendorf-Zurich, Switzerland – October 26, 2004 – Esmertec™, a leading provider of software solutions for mobile phones and embedded devices, announced today that it successfully raised CHF 23.5 million from existing shareholders and new investors through the placement of a four-year maturity convertible note. Proceeds from the note, which was arranged by Bank Julius Baer & Co. Ltd., will be used to further develop Esmertec's presence in Asia, extend its product portfolio and to strengthen the company's working capital position.

Edwin Douglass, Chief Financial Officer for Esmertec, said, "We received strong interest from investors during the placement. Proceeds from the convertible note will enable us to accelerate our current growth." Note holders have a deferred right to convert the note into shares in the event of a future IPO, starting from six months after a public listing date.

"We are experiencing significant demand within our core wireless handset market. We are also beginning to see shipments ramp up in the set-top box market. We believe it is important to leverage this momentum and continue to make investments in our organization and technology development in order to ensure future growth," said Alain Blancquart, Esmertec's Chairman and CEO.

About Esmertec

Esmertec is a leading provider of software solutions and technologies for mobile phones, PDAs and embedded devices. Esmertec's solutions are applied in telecommunication, home-multimedia, machine-to-machine, consumer electronics and industrial automation markets. Esmertec's wireless Java™ (J2ME) products and object-oriented platforms deliver high-performance computing on devices with minimal memory to chipset and embedded device manufacturers. Founded in 1999, Esmertec is a global company headquartered in Zurich, with engineering, sales and customer support operations in Switzerland, France, Denmark, the UK, the USA, China, Hong Kong, Korea, Japan and Taiwan.

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