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## ESMERTEC TO ACQUIRE PURPLE LABS CREATING EUROPE'S LARGEST MOBILE PHONE SOFTWARE COMPANY

Combined business will be called Myriad Group AG, and retain listing on SIX Swiss Exchange

Myriad is industry leader in Android platforms and four of the most important mobile applications – Java, browsers, messaging and USSD-based data services

Consolidated worldwide customer base includes all major phone manufacturers and 30 mobile network operators

Myriad will operate on exceptional scale, with global team of 800 software engineers; 2009 revenue expected to surpass \$125 million

DUEBENDORF-ZURICH, Switzerland – February 13 2009

Esmertec AG (SIX: ESMN) and Purple Labs SA, two of Europe's leading mobile software companies, announced today that they will join forces in a new combined business called Myriad Group AG, uniting their industry-leading technologies and teams in order to accelerate development of next-generation software for mass-market mobile phones.

Based in Chambéry, France, Purple Labs has recorded rapid growth since mid-2008, when it acquired the browser business of Openwave Systems and its global customer footprint including all of the top five phone manufacturers. Purple Labs then acquired the complete mobile applications portfolio of the phone manufacturer Sagem Wireless, and in December closed a 52 million euro contract to provide software and services to Sagem over three years.

"This acquisition creates a powerhouse in the mobile industry," said Hans Peter Baumgartner, chairman of Esmertec. "With its broad portfolio of enabling technologies, Myriad will be a valued partner for phone manufacturers and mobile network operators that aim to create innovative user experiences for the mass market."

Purple Labs is the industry leader in mobile browsers and messaging, complementing Esmertec's leadership in Java engines, Android platforms and USSD mobile services. In coming together as Myriad, they will become one of the first mobile software developers to attain significant scale, with combined 2009 revenue of approximately \$125 million, and 800 software engineers in Europe, Asia and America.

The business combination is anticipated to yield annual operating cost savings of approximately \$13 million, to be achieved once the two companies are fully integrated in early 2010. Savings are expected in research and development, sales and marketing, information systems and administrative functions. Myriad will thus be well positioned for accelerated top-line and EPS growth, and increased shareholder value in the short and long term.

## Key Terms of the Business Combination Agreement

Purple Labs is privately held, funded by three European venture capital firms: Sofinnova Partners, Earlybird Venture Capital and Partners Group.

Esmertec is acquiring 100% of Purple Labs shares in exchange for 19,681,842 Esmertec shares. The agreement also includes an earn-out clause that would provide Purple Labs shareholders a further 4,373,743 Esmertec shares if specified targets for 2009 revenue and gross margin are achieved.

In addition, the Purple Labs management options scheme will be converted to 1,434,287 Esmertec options. This would grow by a further 318,730 Esmertec options if the earn-out is achieved.

Subject to approval by its shareholders, Esmertec will change its name to Myriad Group AG.

Simon Wilkinson, currently chief executive officer of Purple Labs, will become CEO of Myriad. Following the completion of the acquisition, Thomas Hornung, currently CEO of Esmertec, will leave the company and act as advisor for the executive team.

Hans Peter Baumgartner, chairman, and all other Esmertec board members will retain their positions in Myriad. Subject to approval by Esmertec shareholders, Roland Manger, Loek van den Boog and Simon Wilkinson will join the board of directors of Myriad.

The acquisition has been approved by the board of directors of each company and was reviewed favourably by the Swiss Takeover Board. It remains subject to customary closing conditions, including approval of new share capital by Esmertec shareholders. The companies anticipate that the closing will occur before the end of March.

## Strategic Overview

The mobile phone industry – forecast to produce more than 1.1 billion devices globally in 2009 – is now being rapidly transformed by dramatic shifts in its competitive dynamics:

- Smartphone manufacturers like Apple (with its iPhone) and Research in Motion (with its Blackberry range) are together shaking the traditional manufacturers with niche products that deliver exceptional consumer experience: elegant, desirable devices, tightly integrated with intuitive and engaging services (full Internet, music, messaging, and more).
- Major mobile operators are extending their control of the consumer experience, not only by defining segmented services and tariffs, but also by creating operator-branded devices that include integrated applications such as music and social media that become cornerstones of their marketing propositions.
- Mobile industry competitors are working together to accelerate the development and adoption of open mobile platforms, where software can be shared and harmonised across many phone brands, reducing investment for all.

The LiMo Foundation, of which Purple Labs is a Core Member, and the Google-driven Open Handset Alliance (developing Android), of which Esmertec is a Founding Member, are prime examples of this approach.

The result of this industry transformation is that value and profits are progressively shifting from stylish - but stand-alone - mobile phones to the new breed of end-to-end consumer propositions, where the mobile phone becomes the delivery arm for compelling services and applications.

With the increasing commoditisation of hardware, both phone manufacturers and network operators must differentiate their propositions through software. To do so requires that they license or invest in the enabling technologies that can make their branded applications and services compelling. Additionally, they must acquire the engineering expertise to bring these complex offerings to market quickly and affordably.

Following the Esmertec and Purple Labs acquisitions from Sagem, Myriad now has the widest and most market-proven portfolio of any mobile software vendor in the world:

- Complete software platforms for both 2G and 3G devices, which have powered millions of phones.
- Full suite of applications that meet the unique requirements of Vodafone, Orange and other network operators, and again have been proven in millions of phones.
- USSD mobile services platforms live on 28 operator networks, serving 157 million mobile users.
- The Esmertec Java engine and the Purple Labs browser, which are among the most widely deployed applications in the industry. (In fact, the Purple Labs browser is the second best selling mobile software product of all time, having shipped in 1.8 billion phones as of mid-2008.)

Given this broad portfolio of market-proven software and its large-scale engineering team, Myriad is clearly positioned to be both a global leader in mobile software, and the partner of choice for manufacturers and network operators seeking to create branded experiences on mass market phones.