

Press release

Lyon, September 21st, 2004



Extending the Reach of Information

2004 Half-Year Financial Statement

Operating and net income improve substantially

€million	Change			
	H1 2004	H1 2003	Current Exchange Rates	Constant Exchange Rates ⁽¹⁾
Sales	11.32	10.81	+4.7%	+9.8%
Operating income	-1.11	-1.67	+33.5%	+33.1%
Interest income	0.05	0.25	-80.0%	-80.0%
Current income	-1.06	-1.42	+25.4%	-24.8%
Exceptional items	-0.04	-	N/A	N/A
Income tax	-0.05	-	N/A	N/A
Goodwill amortization	-0.03	-0.05	-40.0%	-40.0%
Net result	-1.18	-1.47	+19.7%	+18.9%

⁽¹⁾ Growth expressed with no currency effect: 2003 exchange rates applied to 2004 figures

Strong growth of the Esker DeliveryWare product line (+117%); stability for traditional products

The first two quarters of 2004 are mainly marked by the very dynamic growth of Esker DeliveryWare, Esker's flagship product. This product line now represents more than 20% of overall sales. Companies across the world are becoming increasingly aware of the potential productivity gains and cash savings associated with the use of solutions that automate document driven business processes and reduce paper usage. Esker, which pioneered this market with its Esker DeliveryWare product, clearly benefits from this market awareness.

Esker's legacy product lines (fax servers and Host Access solutions) are stable compared to H1 2003. This is better or in line with company expectations. The economic recovery, particularly in the US, has prompted companies to update their IT infrastructure, thus creating new business opportunities within Esker's installed base for all product lines.

Recovery in Europe has come later than in the US

In Europe, where Esker makes about 40% of its sales, the recovery of the IT markets has only started to improve during the second quarter of 2004. Growth in Europe is therefore limited to 2% for H1 compared to 16% in the US. Esker has, despite difficult market conditions, started

developing its Esker DeliveryWare business across Europe, which grew by over 125% compared to H1 2003.

Improved financial results and positive cash flow

The weak Q1 in Europe has negatively affected Esker's results for the semester. Despite very good US results, H1 2004 operating result shows a loss of 1.1 million euros, improving by more than 33% over 2003. Net loss also shows a 20% improvement at -1.18 million euros.

The company had 5.5 million euros in cash as of June 30th 2004. The net cash flow is slightly positive (at 0.1 million euros) after Esker self-financed its capital expenditures for the period.

2004 Outlook

Esker's goal is to continue to grow its Esker DeliveryWare product line at a rapid pace in 2004, while keeping its financial situation healthy. H1 performance trends should continue for the rest of 2004, with a stronger Q4 2004 compared to the rest of the financial year. Profitability should then continue to improve, getting closer to breaking even.

About Esker

Esker Software solutions connect people and information. Providing access to enterprise host systems and enabling delivery of business information from any enterprise source to any destination, Esker solutions include:

- Esker DeliveryWare Platform
- Esker Fax™, Esker Fax for Notes, Esker VSI-FAX® and Esker VSI-FAX for Notes
- Persona® by Esker, SmarTerm® by Esker and Tun®Plus by Esker.

Esker is traded on Euronext, the French Stock Exchange (Le Nouveau Marché/ISIN: FR0000035818). With offices in North America, Europe, and Asia/Pacific, Esker has shipped over 85,000 document solutions and has a host-access installed base of more than two-million licensed users. For more information, visit <http://www.esker.com>.

Contact information :

ESKER - Emmanuel Olivier

infofi@esker.fr - 33 4 72 83 46 46

www.esker.com www.esker.fr

ACTUS - Amalia Naveira

anaveira@actus.fr - 33 4 72 18 04 92

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