

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse (amendment) (EU Exit) Regulations 2019/310 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

16 October 2023

ETHERNITY NETWORKS LTD

("Ethernity" or the "Company" or the "Group")

Update re Temporary Suspension of Proceedings application

Restoration of trading on AIM

Update on Share Subscription Agreement

Further to the Company's announcement on 12 October 2023 (the "**Announcement**"), Ethernity Networks Ltd (AIM: ENETL; OTCMKTS: ENETF), a leading supplier of networking processing semiconductor technology ported on field programmable gate arrays ("**FPGAs**") for virtualised networking appliances, announces that the court in Lod has granted the Company with a 21-day Temporary Suspension of Proceedings ("**TSP**") order (the "**TSP Order**"). A settlement manager has been appointed by the court to review the Company's short-term budget and is expected to provide his initial report to the court within 10 days, as part of the process to determine whether the extended period for the TSP Order (as detailed in the Announcement) will be approved. There can be no guarantee that the court will approve the extended period.

During the TSP, the Company's creditors from prior to the date of the application (being 12 October 2023), will not be paid during the process. Any possible payment would be dictated by the settlement manager and after negotiation with the creditor group. Creditors arising subsequent to the date of the application as a result of the ongoing operations of the Company will be accounted for and paid in line with the budget prepared for the settlement manager and subject to the settlement manager's approval.

Restoration of trading on AIM

Following receipt of the 21-day TSP Order, the temporary suspension of the Company's ordinary shares from trading on AIM has been lifted and trading in the ordinary shares on AIM has resumed.

Update on Share Subscription Agreement

On 13 October 2023, the Company received a demand letter on behalf of 5G Innovation Leaders Fund ("**Investor**") in respect of the Share Subscription Agreement ("**Subscription Agreement**"), details of which were announced on 25 February 2022. The demand letter notified the Company of an event of default under the Subscription Agreement resulting from, *inter alia*, the application for the TSP Order, and requested immediate repayment of the US\$1,336,000 outstanding under the Subscription Agreement. This amount will be handled by the settlement manager alongside the Company's other pre-existing creditors and further announcements will be made in due course.

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