

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.

10 November 2023

**Ethernity Networks Ltd**  
("Ethernity" or the "Company")

### **Update Regarding Subscription Agreement and TVR**

#### **Notice of General Meeting**

Ethernity Networks Ltd (AIM: ENET; OTCMKTS: ENETF), a leading supplier of networking processing semiconductor technology ported on field programmable gate arrays for virtualised networking appliances, announces the following update on the share subscription agreement with 5G Innovation Leaders Fund LLC (the "Subscriber"), details of which were announced on 25 February 2022 (the "Subscription Agreement").

On 24 October 2023, the Company announced that it was engaging with the Subscriber to seek to come to an agreed position in relation to the Subscription Agreement. The Company is pleased to announce that it has now entered into a settlement deed with the Subscriber (the "Agreement"), pursuant to which the Company will issue a fixed number of shares to the Subscriber, terminate the Subscription Agreement, and extinguish the Company's liability to the Subscriber.

Pursuant to the Agreement, the Company will issue up to a maximum of 150,000,000 new ordinary shares of NIS 0.001 each in the Company ("Ordinary Shares") to the Subscriber (the "Settlement Shares"). The Settlement Shares will be issued to the Subscriber in tranches, subject to the restriction that the Subscriber cannot hold an interest in more than 24.99% of the Company's issued share capital from time to time.

The Company has issued and allotted an initial 44,900,000 Ordinary Shares (the "Tranche 1 Shares"), conditional on their admission to trading on AIM, pursuant to the Company's existing share authorities. It will issue a further 43,600,000 Ordinary Shares to the Subscriber on receipt of a notice from the Subscriber, also pursuant to the Company's existing share authorities. Subject to the Company receiving shareholder approval for an increase in its headroom to allot shares free from pre-emptive or other preferential rights or other rights or restrictions, the Company will issue a further 61,500,000 new Ordinary Shares (the "Conditional Subscription Shares") to the Subscriber on receipt of subsequent notices. Out of the 61,500,000 Conditional Subscription Shares, 50,000,000 can be issued only provided that the market price of an Ordinary Share exceeds 0.3p at the time of issue. Ethernity will shortly be convening a general meeting ("General Meeting") of the Company to seek shareholder approval for an increase in its authorities to allot shares on a non-preemptive basis.

Subject to the passing of the resolutions at the General Meeting, the Subscriber will have until the thirtieth calendar day after the date of the General Meeting to notify the Company to issue the Settlement Shares in full (the "Issuance Notice Period"). Should the Subscriber not call the entire allotment of the Settlement Shares during the Issuance Notice Period, the Company will have no further obligation to the Subscriber at the end of the Issuance Notice Period.

The entering into of the Agreement has been approved by the Court in Lod in accordance with the requirements of the ongoing temporary suspension of proceedings to which the Company is subject ("TSP") process. Pursuant to the Agreement, should the resolutions not be passed at the General Meeting, the Company would have an outstanding debt to the Subscriber of US\$600,000 to reflect the non-issue of the Conditional Subscription Shares. The Directors of Ethernity believe that this debt could seriously adversely impact the Company's ability to exit the TSP process and therefore strongly recommends that shareholders vote in favour of the resolutions at the General Meeting.

#### **Notice of General Meeting**

A circular convening the General Meeting of the Company, to be held at 3rd Floor Beit Golan, 1 Golan St. Corner HaNegev, Airport City 7019900, Israel at 11:00 a.m. IST (09:00 a.m. GMT) on 14 December 2023 will be posted to shareholders shortly and will be made available on the Company's website at: <https://ethernitynet.com/investors/>.

As previously announced, in order to exit the TSP, it is expected that the Company will be required to raise additional funds. Whilst the structure of this is not yet known, the Board believes it is prudent to put in place sufficient authorities to permit an equity fundraising, should that be the required route. The resolutions at the General Meeting are therefore seeking sufficient headroom over and above those required to issue the Conditional Subscription Shares. Should any fundraising takes place, the Company will prioritise structures that would enable existing shareholders to participate on the same terms as any incoming investors.

#### **Application for admission and total voting rights**

Application has been made to the London Stock Exchange for the Tranche 1 Shares to be admitted to trading on AIM ("Admission"), and Admission is expected to occur on or around 14 November 2023. The shares will, upon Admission, rank *pari passu* with the existing Ordinary Shares of the Company.

Following Admission, the Company's enlarged issued share capital will be 194,121,091 Ordinary Shares. The Company holds no Ordinary Shares in Treasury. This figure of 194,121,091 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

#### **Holdings in Company**

On Admission, the Tranche 1 Shares will represent 23.13% of the Company's issued share capital as enlarged by the issue

of those shares. The Subscriber has confirmed to the Company that it currently holds no Ordinary Shares. Therefore, its interest in the Company's share capital following Admission will be 23.13% of the Company's issued share capital.

**For further information, please contact:**

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