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9 September 2024

**ETHERNITY NETWORKS LTD**  
**("Ethernity" or the "Company")**

**Placing to raise £540,500**

Ethernity Networks (AIM: ENET.L; OTCMKTS: ENETF), a leading supplier of data processing semiconductor technology for networking appliances announces a placing (the "**Placing**") to raise £540,500 (gross) through the issue of 180,166,666 new ordinary shares of NIS 0.001 each ("**Ordinary Shares**") at 0.3p per share (the "**Issue Price**"). Peterhouse Capital Limited ("**Peterhouse**") is acting as placing agent to the Placing. The Placing has not been underwritten.

**Highlights**

- Placing to raise £540,500 through the issue of 180,166,666 new Ordinary Shares (the "**Placing Shares**") at the Issue Price.
- Participants in the Placing will receive one warrant for every Placing Share subscribed for, exercisable at 0.75p (the "**Warrants**") for 18 months commencing from the Admission of the Placing Shares to AIM.
- David Levi, CEO, has confirmed his intention to subscribe for 9,008,333 new Ordinary Shares (the "**Subscription Shares**") at the Issue Price to raise a further £27,025 (before expenses) for the Company (the "**Director Subscription**"). As the Company is currently in a closed period pursuant to MAR until the publication of its interim results for the six months ended 30 June 2024 (the "**Interim Results**"), David Levi is not permitted to deal in the Company's Ordinary Shares until after the publication of the Interim Results. The Interim Results will be published by 30 September 2024 and David Levi will subscribe for the Subscription Shares at the first available opportunity following publication of the Interim Results on substantially identical terms as those of the Placing (including in respect of the Warrants).
- Admission of the Placing Shares and Fee Shares (as defined below) (together, the "**New Ordinary Shares**") is expected to occur on or around 18 September 2024.

*David Levi, CEO, commented: "Over the past several months we have been engaged in discussions with two Tier-1 wireless backhaul equipment vendors. Both vendors have prior experience with Ethernity's technology, and one has been successfully testing our UEP solution for the past nine months. They have indicated that devices from Ethernity's competitors do not meet their need and, therefore, they have expressed interest in building a next-generation solution based on Ethernity's offering. These solutions would cover several use cases in their domain, enabling them to gain market share while also improving their respective gross margins. Consequently, we believe that Ethernity is strategically positioned to capitalise on its UEP technology."*

**Business update**

In 2024 to date, Ethernity has made positive commercial progress and is currently executing multiple customer projects, whilst simultaneously engaging in active discussions with prominent global OEM potential customers.

Over the past several months, the Company has been engaged in discussions with two Tier-1 wireless backhaul solutions providers. They both have prior experience with the Company's technology, and one has been successfully testing Ethernity's solution for the past nine months. Whilst no contracts have been entered into to date, these vendors have expressed an interest in Ethernity's technology and solution, as they believe that it would enable them to gain market share while also improving their gross margins.

To meet this anticipated demand, Ethernity intends to leverage its significant skill and know-how as a networking technology provider along with its existing patented FNFT data processing technology to develop a higher-

technology, together with its existing patented Ethernity data processing technology, to develop a higher performance networking device at groundbreaking lower cost to capture different Carrier Ethernet uses cases and to support our customers' growth opportunities. Based on these engagements with wireless and mobile backhaul OEM vendors, the Directors believe that there is an addressable market that could enable the Company to achieve significant revenue growth over the coming years and the Board aspires to reach annual Group revenues of not less than 35 million in five years. The Directors believe that Ethernity is strategically positioned to capitalize on a unique transformative business opportunity within the growing FrontHaul/Backhaul mobile industry, driven by the ever increasing demand for more bandwidth driven by mass migration to cloud based solutions.

Over the period of the last two months, the Company has signed two contracts with prominent Tier-1 U.S based customers:

- a 1.05m licensing contract with Tier-1 U.S based aerospace system solutions provider (announced on 28 June 2024); and
- a 200k product enhancement order with an existing Tier-1 US based broadband equipment vendor (announced on 13 August 2024).

As previously disclosed, the 1.05m licensing contract involves Ethernity delivering its silicon-tuned software to enable specific networking functionalities on the customer's unique platform. The project remains contingent upon the customary U.S. Government approval for such aerospace initiatives and this is expected to be received imminently. In anticipation of this approval, Ethernity has delivered the initial project milestones, such that as soon as U.S Government approval is obtained, it will trigger immediate payment of 40% of the contract value. Moreover, Ethernity's technical teams have been diligently collaborating to train and familiarize the customer's personnel with the Company technology, ensuring their readiness to further expedite development progress once U.S. Government clearance has been obtained.

The 200k product enhancement order announced in August leverages Ethernity's data processing technology and will enable the customer to secure additional orders for its remote 10G PON OLT product, contributing to the Company's future revenue growth.

### Use of proceeds

The Directors consider that it is appropriate to undertake the Placing at this time in order to provide additional working capital to support the Company's anticipated growth as described above.

### Details of the Placing

The Company has resolved to issue 180,166,666 Placing Shares at the Issue Price raising gross proceeds of £540,500. In addition, investors in the Placing will receive one Warrant for every Placing Share subscribed for, exercisable at a price of 0.75p per share. The Warrants will be exercisable for a period of 18 months from the date of grant. The Warrants are not transferable and will not be traded on an exchange. The Warrants contain an accelerator clause such that the Company may serve notice ("**Notice**") on the Warrant holders to exercise their Warrants in the event that the closing mid-market share price of the Company's Ordinary Shares trade at 1.5p or more over a consecutive five-day trading period from date of Admission. In the event the Company serves Notice, any Warrants remaining unexercised after seven calendar days following the issue of the Notice will be cancelled. Exercise of the Warrants in full would raise an additional £1.35m for the Company.

### Director Subscription

David Levi, CEO, has confirmed his intention to subscribe for 9,008,333 new Subscription Shares at the Issue Price to raise a further £27,025 (before expenses) for the Company. As the Company is currently in a closed period pursuant to MAR until the publication of its Interim Results, David Levi is not permitted to deal in the Company's Ordinary Shares until after the publication of the Interim Results. The Interim Results will be published by 30 September 2024 and David Levi will subscribe for the Subscription Shares at the first available opportunity following publication of the Interim Results on substantially identical terms as those of the Placing (including in respect of the Warrants).

### Fee Shares

In addition to the Placing Shares, 1,666,667 new Ordinary Shares (the "**Fee Shares**") are to be issued at the Issue Price, conditional upon Admission, to an adviser in settlement of amounts owed by the Company. There are no Warrants attached to the Fee Shares.

### Admission to trading

The New Ordinary Shares are being issued pursuant to the Company's existing authorities to issue and allot new Ordinary Shares free of pre-emption rights. The New Ordinary Shares will rank *pari passu* with the Company's existing Ordinary Shares. Application is being made for the admission of the 181,833,333 New Ordinary Shares to trading on AIM ("**Admission**") and Admission is expected to occur at 8.00 a.m. on or around 18 September 2024.

### Total voting rights

Following Admission, the Company's enlarged issued share capital will be 698,225,576 Ordinary Shares. The Company holds no Ordinary Shares in Treasury. This figure of 698,225,576 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.

### For further information, please contact:

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**About Ethernity ([www.ethernitynet.com](http://www.ethernitynet.com))**

Ethernity Networks (AIM: ENET.L) provides innovative, comprehensive networking and security solutions on programmable hardware for accelerating telco/cloud networks. Ethernity's semiconductor logic offers complete Carrier Ethernet Switch Router data plane processing and control software with a rich set of networking features, robust security, and a wide range of virtual function accelerations to optimize telecommunications networks. Ethernity's complete solutions quickly adapt to customers' changing needs, improving time-to-market, and facilitating the deployment of 5G, edge computing, and Broadband Networks.

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