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1 May 2025

ETHERNITY NETWORKS LIMITED
("Ethernity" or the "Company")

Placing, Subscription and full repayment of creditor settlement plan

Ethernity Networks Limited (AIM: ENET.L) (OTCMKTS: ENETF), a leading supplier of data processing and PON semiconductor technology for networking appliances, is pleased to announce a fundraise to raise £800,000 (approximately US 1.06 million), before expenses, through the issue of 3,636,363,633 new ordinary shares of NIS 0.001 each ("**Ordinary Shares**") at an issue price of 0.022 pence per new ordinary share (the "**Issue Price**") (the "**Fundraise**"). The Placing is being undertaken by Peterhouse Capital Limited ("**Peterhouse**") and CMC Markets ("**CMC**") acting as Joint Bookrunners.

Highlights

- Placing to raise gross proceeds of approximately £719,000 before expenses through the issue of 3,268,181,726 new Ordinary Shares ("**Placing Shares**") at the Issue Price (the "**Placing**").
- David Levi, Yosi Albagli and certain other investors have subscribed for an aggregate of 368,181,907 new Ordinary Shares ("**Subscription Shares**") at the Issue Price to raise gross proceeds of approximately £81,000 before expenses ("**Subscription**").
- Participants of the Fundraise will receive one warrant for every Subscription Share and Placing Share (together, the "**Fundraise Shares**") subscribed for, exercisable at the Issue Price (the "**Warrants**") for 12 months from Admission, with an acceleration clause triggered at a share price of 0.045 pence.
- **The Fundraise proceeds will enable full settlement of the creditor repayment plan** to enhance the Company's credibility and to be positioned more favorably for strategic growth initiatives, including the ASIC development and targeted long-term partnerships as detailed in the Company's 23 April 2025 trading update ("**2024 Trading Update**").
- **Ongoing discussions with the four wireless vendors** as the Company pursues its strategic objective to become a semiconductor company, including promising progress with one of the wireless vendors.
- Admission of the Placing Shares and Subscription Shares is expected to occur at 8.00 a.m. on or around 7 May 2025.

David Levi, Chief Executive Officer, commented: "In October 2023, the Company entered into a Temporary Suspension of Proceedings ("**TSP**") process, where I provided a loan of c. 250,000 to the Company to allow the Company to continue its operations, and during this three month period we succeeded to close two contracts that generated cash of 1.3 million, such that together with on-going revenue and a fund raise of 880,000, the Company closed FY2023 with cash of c. 2 million. That enabled the Company to exit the TSP and provided an opportunity to enable a recovery in the Company's operations.

"With all the constraints of being a company operating under a creditor arrangement, we continued to invest millions of dollars in R&D during 2024 to expand on our product development offering and succeeded in gaining interest in our UEP-2025 product from leading and Tier-1 telecom OEM vendors, that invested months in testing our product, as detailed in our 2024 Trading Update.

"Exiting the creditor settlement arrangement will be a milestone for the Company as it is a critical step towards strengthening the Company's financial position, restoring supplier and partner confidence, and improving overall operational flexibility.

"Based on our ongoing discussions with the four wireless vendors, and given the strong level of engagement and interest, I believe that, subject to securing continued funding support, the Company will be well-positioned to successfully transform its business operations and execute its strategic plan to become a semiconductor company."

Background to, reasons for the Fundraise and use of proceeds

The net proceeds from the Fundraise will be used to settle the outstanding payment obligations due under the creditor settlement plan and to support the continued development and advancement of the Company's ASIC business as set out in the 2024 Trading Update.

Resolving Ethernity's status as a company that operates under a creditor settlement arrangement is a critical step towards strengthening the Company's financial position, restoring supplier and partner confidence, and improving overall operational flexibility.

Clearing this issue will not only enhance the Company's credibility in the market but also position it more favorably for strategic growth initiatives, including the ASIC development and long-term partnerships as detailed in the 2024 Trading Update.

Additionally, the ASIC plan - now expanded to include support for Passive Optical Network ("PON") functionality - will further strengthen the Company's ability to re-engage with OEMs that previously evaluated our FPGA-based UEP solutions. With the availability of the ASIC, these OEMs would be able to access groundbreaking, high-performance appliances, significantly enhancing their own market offerings.

Details of the Fundraise

The Company has conditionally raised a total of £800,000 via the issue of 3,636,363,633 Fundraise Shares at the Issue Price by way of the Placing and the Subscription. The Fundraise Shares are being issued pursuant to the Company's existing authorities to issue and allot new Ordinary Shares free of pre-emption rights and will rank *pari passu* with the Company's existing Ordinary Shares.

Director participation in the Subscription

David Levi, CEO, has subscribed for 181,818,181 Subscription Shares at the Issue Price. On Admission, David Levi's interest in the Company's Ordinary Shares shall comprise 223,522,797 Ordinary Shares representing approximately 4.44% of the Company's enlarged issued share capital (as enlarged by the Placing Shares and the Subscription Shares).

Yossi Albagli, Chairman, has subscribed for 4,545,454 Subscription Shares at the Issue Price. On Admission, Yossi Albagli interest in the Company's Ordinary Shares shall comprise 5,723,393 Ordinary Shares representing approximately 0.11% of the Company's enlarged issued share capital (as enlarged by the Placing Shares and the Subscription Shares).

Further details of these director transactions are set out in the FCA notification forms, made in accordance with the requirements of the UK Market Abuse Regulation, which are appended further below.

Related party transaction

David Levi and Yosi Albagli are directors of the Company and, as such, are considered related parties of the Company for the purposes of the AIM Rules for Companies. The participation of David Levi and Yosi Albagli in the Subscription constitutes a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The Company's independent directors (excluding Mr Levi and Mr Albagli), having consulted with the Company's nominated adviser, Allenby Capital Limited, consider that the terms of the participation of David Levi and Yosi Albagli in the Subscription are fair and reasonable insofar as the Company's shareholders are concerned.

Warrants

Investors in the Fundraise will be issued with one Warrant for each Fundraise Share subscribed for resulting in the issue of 3,636,363,633 Warrants. The Warrants will be exercisable at the Issue Price of 0.022p for a period of 12 months from Admission. 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 0.045p 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 (excluding the Broker Warrants) would raise an additional £800,000 for the Company.

Broker Warrants

CMC and Peterhouse have been issued a further 73,522,727 warrants and 89,886,359 warrants respectively (the "**Broker Warrants**"). The Broker Warrants are on the same terms as the Warrants issued to the participants of the Fundraise, including the acceleration clause set out above.

Admission to trading

Application is being made for admission of the 3,636,363,633 Fundraise Shares to trading on AIM ("**Admission**") and Admission is expected to occur at 8.00 a.m. on or around 7 May 2025.

Total voting rights

Following Admission, the Company's enlarged issued share capital will be 5,036,363,633 Ordinary Shares. The Company holds no Ordinary Shares in Treasury. This figure of 5,036,363,633 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 Networks

Ethernity Networks (AIM: ENET.L; OTCMKTS: ENETF) provides innovative, comprehensive networking and security solutions on programmable hardware, enhancing telco/cloud network infrastructure capacity. Ethernity's semiconductor logic offers data processing functionality for various networking applications, alongside patented wireless access technology and fiber access media controllers, all equipped with control software boasting a rich set of networking features. Ethernity's solutions swiftly adapt to customers' evolving needs, accelerating time-to-market and facilitating the deployment of 5G over wireless and fiber infrastructure.

Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them

1	Details of the person discharging managerial responsibilities / person closely associated			
a)	Name	1. David Levi, CEO 2. Yosi Albagli, Chairman		
2	Reason for the notification			
a)	Position/status	As per 1 a)		
b)	Initial notification /Amendment	Initial notification		
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor			
a)	Name	Ethernity Networks Ltd.		
b)	LEI	213800LZJO33QBNXU496		
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted			
a)	Description of the financial instrument, type of instrument Identification code	Ordinary shares of NIS 0.001 nominal value each ISIN: IL0011410359		
b)	Nature of the transaction	Acquisition of new ordinary shares in Subscription		
c)	Price(s) and volume(s)			
			Price(s)	Volume(s)
			1. 0.022p 2. 0.022p	181,818,181 4,545,454
d)	Aggregated information	N/a - single transactions		
e)	Date of the transaction	30 April 2025		
f)	Place of the transaction	Outside a trading venue		

1	Details of the person discharging managerial responsibilities / person closely associated	
a)	Name	1. David Levi, CEO 2. Yosi Albagli, Chairman
2	Reason for the notification	
a)	Position/status	As per 1 a)
b)	Initial notification /Amendment	Initial notification
3	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Ethernity Networks Ltd.
b)	LEI	213800LZJO33QBNXU496
4	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted	
a)	Description of the financial instrument, type of instrument Identification	Ordinary shares of NIS 0.001 nominal value each ISIN: IL0011410359

	code				
b)	Nature of the transaction	Grant of warrants			
c)	Price(s) and volume(s)				
			Exercise Price(s)	Volume(s)	
			1. 0.022p 2. 0.022p	181,818,181 4,545,454	
d)	Aggregated information	N/a - single transactions			
e)	Date of the transaction	30 April 2025			
f)	Place of the transaction	Outside a trading venue			

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