

30 September 2025

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

**Interim results for the six months ended 30 June 2025**

Ethernity Networks Ltd (AIM: ENET.L; OTCMKTS: ENETF), a leading supplier of data processing and PON semiconductor technology for networking appliances, today announces its interim results for the six months ended 30 June 2025.

**Key Highlights:**

- Revenue of 598,599 (H1 2024: 582,008)
- Gross profit of 598,599 (H1 2024: 566,602)
- Gross margin of 100% (H1 2024: 97.4%)
- Net comprehensive loss for the period decreased by 40% to 2,124,278 (H1 2024: 3,538,014)
- EBITDA and Adjusted EBITDA loss decreased by 35.8% and 28.4% to 1,021,118 and 1,186,414 respectively (H1 2024: 1,590,542 and 1,657,094)
- Cash Collection during the period of approximately 772,000

**Chief Executive Officer's statement**

The majority of the revenue during H1 2025 was an attribute to the deliveries of the extended order and the original contract signed with the Tier 1 U.S Aerospace vendors, at a total value of approximately 1.3m. The Company had completed all deliveries under the original contract and the extended order by the end of August 2025, and plans to pursue further engagement with the customer, leveraging its domain expertise in the aerospace and aviation sectors.

Over the past few months, Ethernity has been progressing the ASIC opportunities detailed in previous announcements, most recently in the business update on 24 July 2025. The Company previously indicated that it continues to engage with a leading wireless backhaul OEM on various execution strategies of the ASIC plan, with a goal to converge on the best joint route for execution. The Company has now decided to de-risk its ASIC plan by shifting from an OEM co-funded model to a semiconductor partnership model, supported by interest from leading wireless vendors. Under this approach, the Company would partner with a semiconductor vendor who would fund the full ASIC cost, meaning Ethernity would not be required to raise the millions of dollars upfront to co-fund the development costs. Instead, Ethernity would receive non-recurring engineering ("NRE") income for its role in the development, along with a future revenue share. Execution of such a plan with a lead semiconductor vendor would enable Ethernity to achieve near-term positive cash flow and profitability, in contrast to the years of investment required under the previous model.

The Company has commenced discussions for this model with a lead semiconductor vendor operating in the mobile and broadband market, and will continue to update the market should these opportunities materialize into a contract.

Notwithstanding the fact that the shift to a possible partnership with semiconductor partner would not require the significant fundraising that was necessary under the original ASIC plan, the Company still has an immediate cash requirement to continue operating as a going concern. The Board is actively exploring ways to address this and further announcements will be made as appropriate.

**By order of the Board**

**David Levi**

**CEO**

**30 September 2025**

**For further information, please contact:**

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

[Ethernity Networks](#), headquartered in Israel, Ethernity Networks (AIM: ENET.L OTCMKTS: ENETF) provides innovative data processing and Passive Optical Network ("PON") semiconductor technology for networking appliances. The Company's comprehensive networking and security solutions deliver a Carrier Ethernet Switch Router data plane and control software, featuring a rich set of networking capabilities, robust security, and a wide array of virtual function accelerations to optimize telecommunications networks.

## OPERATIONAL AND FINANCIAL REVIEW

### Revenues

Revenues for the period were 598,599 (H1 2024: 582,008), with the majority attributed to the tier 1 U.S Aerospace contract.

### Gross profit and margin

During the period, the Company focused on sales with a 100% gross margin resulting from licensing fees or royalties, and refrained from taking any commitment that would require pre-purchasing of components or pre-production based on future orders, with its main goal being to minimise any cash flow risks.

The gross profit of 598,599 increased by 5.6% compared with the previous year (H1 2024: 566,602), and the gross margin increased to 100% (H1 2024: 97.4%).

### EBITDA

Although EBITDA is not a recognised reportable accounting measure, it provides a meaningful insight into the operations of the Company when removing the non-cash or intangible asset elements from trading results along with recognising actual costs versus various IFRS adjustments, in this case being the amortisation and non-cash items charged in operating income and the effects of IFRS 16 treatment of operational leases.

The EBITDA for the six months ended 30 June 2025 is presented as follows:

| EBITDA<br>(US Dollars)                            | Six months ended   |                    | 12 months<br>ended<br>31-Dec-<br>2024 | Six months change<br>of 2025 vs 2024 |                |
|---|--------------------|--------------------|---------------------------------------|--------------------------------------|----------------|
|   | 30-Jun-2025        | 30-Jun-2024        |                                       | %                                    |                |
| <b>Revenues</b>                                   | <b>598,599</b>     | <b>582,008</b>     | <b>1,383,565</b>                      | <b>16,591</b>                        | <b>2.9%</b>    |
| <b>Gross Profit</b>                               | <b>598,599</b>     | <b>566,602</b>     | <b>1,274,826</b>                      | <b>31,997</b>                        | <b>5.6%</b>    |
| <i>Gross Margin %</i>                             | <i>100.00%</i>     | <i>97.4%</i>       | <i>92.1%</i>                          |                                      | <i>2.6%</i>    |
| <b>Operating Loss</b>                             | <b>(1,796,978)</b> | <b>(2,397,002)</b> | <b>(5,089,505)</b>                    | <b>600,024</b>                       | <b>(25.0%)</b> |
| Amortisation of<br>Intangible Assets              | 480,690            | 480,690            | 961,380                               | -                                    |                |
| Depreciation charges<br>on fixed assets           | 127,970            | 158,570            | 315,532                               | (30,600)                             |                |
| Depreciation in respect<br>of IFRS16 lease assets | 167,200            | 167,200            | 334,400                               | -                                    |                |
| <b>EBITDA</b>                                     | <b>(1,021,118)</b> | <b>(1,590,542)</b> | <b>(3,478,193)</b>                    | <b>569,424</b>                       | <b>(35.8%)</b> |
| Add back Share based<br>compensation charges      | 57,494             | 140,900            | 212,680                               | (83,406)                             |                |
| Add back impairments                              | -                  | -                  | 140,843                               | -                                    |                |
| Add back vacation<br>accrual charges              | -                  | 9,540              | 27,954                                | (9,540)                              |                |
| Adjust IFRS16 rent<br>expense reversals           | (222,790)          | (216,992)          | (216,479)                             | (5,798)                              |                |
| <b>Adjusted EBITDA</b>                            | <b>(1,186,414)</b> | <b>(1,657,094)</b> | <b>(3,313,195)</b>                    | <b>470,680</b>                       | <b>(28.4%)</b> |

EBITDA loss for the first six-month period of the year decreased by 35.8% to 1,021,118 (H1 2024: 1,590,542). The Adjusted EBITDA loss in the first six months of the year decreased by 28.4% to 1,186,414 (H1 2024: 1,657,094).

### Operating costs

Operating expenses (before amortisation, depreciation and IFRS adjustments) decreased by an overall 19.7% from 2,223,696 to 1,785,655 during the period against the same period in 2024.

Within the R&D division, the Company reduced its operating expenses (including headcount and other R&D expenses) by a total of 20.1%.

General and Administration costs (before amortisation, depreciation and IFRS adjustments) have

General and Administration costs (before amortisation, depreciation and IFRS adjustments) have decreased by 17.7%, also mainly attributed to headcount savings.

The decrease in Marketing expenses (net of share-based compensation and vacation accruals) of 23.1% is also mainly attributed to headcount savings.

After adjusting for the following non-cash items; amortisation costs of the development intangible asset, depreciation, share based compensation adjustments and IFRS adjustments, the resultant decreases in operating costs, as adjusted are:

| Operating costs<br>(US Dollars)   |                  |           |                              | Increase<br>(Decrease)<br>June | %       |
|---|------------------|-----------|------------------------------|--------------------------------|---------|
|   | Six months ended |           | 12 months<br>ended<br>31-Dec |                                |         |
|   | 30-Jun           |           |                              |                                |         |
|   | 2025             | 2024      | 2024                         |                                |         |
| Research and Development Costs net of amortisation, Share Based Compensation, IFRS adjustments and Vacation accruals                    | 974,673          | 1,220,252 | 2,547,565                    | (245,579)                      | (20.1%) |
| General and Administrative expenses, net of depreciation, Share Based Compensation, IFRS adjustments, Vacation accruals and impairments | 596,287          | 724,132   | 1,291,485                    | (127,845)                      | (17.7%) |
| Marketing expenses, net of Share Based Compensation and Vacation accruals   | 214,695          | 279,312   | 532,732                      | (64,617)                       | (23.1%) |
| Total   | 1,785,655        | 2,223,696 | 4,371,782                    | (438,041)                      | (19.7%) |

#### Summarised trading results

| Summarised Trading Results<br>(US Dollars)                              |                  |             |             | Increase<br>(Decrease)<br>June | %       |
|---|------------------|-------------|-------------|--------------------------------|---------|
|   | Six months ended |             | 31-Dec      |                                |         |
|   | 30-Jun           |             |             |                                |         |
|   | 2025             | 2024        | 2024        |                                |         |
| Revenues  | 598,599          | 582,008     | 1,383,565   | (16,591)                       | 2.9%    |
| Gross Profit  | 598,599          | 566,602     | 1,274,826   | (31,997)                       | 5.6%    |
| Gross Margin %  | 100.00%          | 97.4%       | 92.1%       |                                | 2.6%    |
| Operating Loss  | (1,796,978)      | (2,397,002) | (5,089,505) | (600,024)                      | (25.0%) |
| Financing costs   | (327,339)        | (1,202,765) | (770,645)   | (875,426)                      |         |
| Financing income (expenses)   | 39               | 61,753      | 27,441      | 61,714                         |         |
| Net comprehensive loss for the year                                     | (2,124,278)      | (3,538,014) | (5,832,709) | (1,413,736)                    | (40.0%) |
| Basic and Diluted earnings per ordinary share                           | (0.00)           | (0.01)      | (0.01)      | (0.01)                         | (93.8%) |
| Weighted average number of ordinary shares for basic earnings per share | 3,731,471,356    | 385,600,025 | 550,797,251 |                                |         |

#### Financing costs

The majority of the financing costs recognised during the period relate to the equity raise in May 2025 and exchange rate differences. Refer to note 4[3] below which discusses the accounting treatment applied in this regard.

#### Going Concern

Based on the major cut in expenses and the move to a proposed semiconductor partnership model for the Company's ASIC plan, as well as bearing in mind the ability and success of the Company to raise funds previously, the Directors have a reasonable expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and therefore have adopted the going concern basis of preparation in the financial statements. Notwithstanding this, the Company has an immediate cash requirement and the Board is actively exploring ways to address this.

#### FORWARD LOOKING STATEMENTS

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect Ethernity's view with respect to future events as at the date of this announcement. Save as required by law or by the AIM Rules for Companies, Ethernity undertakes no obligation to publicly revise any

forward-looking statements in this announcement, following any change in its expectations or to reflect events or circumstances after the date of this announcement.

By order of the Board

Tomer Assis

Chief Financial Officer

30 September 2025

## Interim Unaudited Financial Statements as at 30 June 2025

### STATEMENT OF FINANCIAL POSITION

|                                   | US dollars       |                  |                  |
|-----------------------------------|------------------|------------------|------------------|
|                                   | 30 June          |                  | 31<br>December   |
|                                   | 2025             | 2024             | 2024             |
|                                   | Unaudited        |                  | Audited          |
| <b>ASSETS</b>                     |                  |                  |                  |
| <b>Current</b>                    |                  |                  |                  |
| Cash and cash equivalents         | 37,749           | 580,711          | 50,713           |
| Other short-term financial assets | 2,938            | -                | -                |
| Trade receivables                 | 189,929          | 459,209          | 385,000          |
| Inventories                       | 218,168          | 411,035          | 218,168          |
| Other current assets              | 127,250          | 381,144          | 132,836          |
| <b>Current assets</b>             | <b>576,034</b>   | <b>1,832,099</b> | <b>786,717</b>   |
| <b>Non-Current</b>                |                  |                  |                  |
| Property and equipment            | 477,670          | 663,014          | 605,895          |
| Intangible asset                  | 3,059,350        | 4,020,730        | 3,540,040        |
| Right-of-use asset                | 674,350          | 1,008,750        | 841,550          |
| Other long term assets            | 118,905          | 107,274          | 110,678          |
| <b>Non-current assets</b>         | <b>4,330,275</b> | <b>5,799,768</b> | <b>5,098,163</b> |
| <b>Total assets</b>               | <b>4,906,309</b> | <b>7,631,867</b> | <b>5,884,880</b> |
| <b>LIABILITIES AND EQUITY</b>     |                  |                  |                  |
| <b>Current</b>                    |                  |                  |                  |
| Trade payables                    | 498,077          | 1,212,380        | 1,361,112        |
| Warrants liability                | 173,907          | 1,962,859        | 15,353           |
| Other current liabilities         | 1,827,780        | 1,186,358        | 1,333,174        |
| <b>Current liabilities</b>        | <b>2,499,764</b> | <b>4,361,597</b> | <b>2,709,639</b> |

**Non-Current**

|                                |                |                |                |
|--------------------------------|----------------|----------------|----------------|
| Lease liability                | 241,602        | 608,004        | 430,862        |
| Other non current liabilities  | 457,630        | -              | -              |
| <b>Non-current liabilities</b> | <b>699,232</b> | <b>608,004</b> | <b>430,862</b> |

|                          |                  |                  |                  |
|--------------------------|------------------|------------------|------------------|
| <b>Total liabilities</b> | <b>3,198,996</b> | <b>4,969,601</b> | <b>3,140,501</b> |
|--------------------------|------------------|------------------|------------------|

**Equity**

|                            |                  |                  |                  |
|----------------------------|------------------|------------------|------------------|
| Share capital              | 1,380,441        | 114,562          | 271,255          |
| Share premium              | 49,499,287       | 47,430,420       | 49,255,030       |
| Shares to be allotted      | -                | -                | 323,725          |
| Other components of equity | 1,604,705        | 1,475,431        | 1,547,211        |
| Accumulated deficit        | (50,777,120)     | (46,358,147)     | (48,652,842)     |
| <b>Total equity</b>        | <b>1,707,313</b> | <b>2,662,266</b> | <b>2,744,379</b> |

|                                     |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
| <b>Total liabilities and equity</b> | <b>4,906,309</b> | <b>7,631,867</b> | <b>5,884,880</b> |
|-------------------------------------|------------------|------------------|------------------|

The accompanying notes are an integral part of the interim financial statements.

**STATEMENT OF COMPREHENSIVE LOSS**

|  |      | US dollars         |                    |                    |
|--|------|--------------------|--------------------|--------------------|
|  |      | Six months ended   | For the year ended |                    |
|  |      | 30 June            | 31 December        |                    |
|  |      | 2025               | 2024               | 2024               |
|  | Note | Unaudited          | Audited            |                    |
| Revenue  | 7    | 598,599            | 582,008            | 1,383,565          |
| Cost of sales                                    |      | -                  | 15,406             | 108,739            |
| <b>Gross profit</b>                              |      | <b>598,599</b>     | <b>566,602</b>     | 1,274,826          |
| Research and development expenses                |      | 1,513,153          | 1,844,393          | 3,743,495          |
| General and administrative expenses              |      | 668,371            | 837,735            | 2,086,180          |
| Marketing expenses                               |      | 214,695            | 281,476            | 534,896            |
| Other income                                     |      | (642)              | -                  | (240)              |
| <b>Operating loss</b>                            |      | <b>(1,796,978)</b> | <b>(2,397,002)</b> | <b>(5,089,505)</b> |
| Financing costs                                  | 5    | (327,339)          | (1,202,765)        | (770,645)          |
| Financing income                                 | 6    | 39                 | 61,753             | 27,441             |
| <b>Loss before tax</b>                           |      | <b>(2,124,278)</b> | <b>(3,538,014)</b> | <b>(5,832,709)</b> |
| Tax expense                                      |      | -                  | -                  | -                  |
| <b>Net comprehensive loss for the period</b>     |      | <b>(2,124,278)</b> | <b>(3,538,014)</b> | <b>(5,832,709)</b> |
| <b>Basic and diluted loss per ordinary share</b> |      | <b>(0.00)</b>      | <b>(0.01)</b>      | <b>(0.01)</b>      |

Weighted average number of ordinary shares for basic  
and diluted loss per share

3,731,471,356 385,600,025 550,797,251

The accompanying notes are an integral part of the interim financial statements.

## STATEMENT OF CHANGES IN EQUITY

The accompanying notes are an integral part of the interim financial statements.

|  |                      |                  |                   |                          | US dolla                         |
|--|----------------------|------------------|-------------------|--------------------------|----------------------------------|
|  | Number of<br>shares  | Share capital    | Share<br>premium  | Shares to be<br>allotted | Other<br>components<br>of equity |
| <b>Balance at 1 January 2025 (Audited)</b>                   | <b>1,000,000,000</b> | <b>271,255</b>   | <b>49,255,030</b> | <b>323,725</b>           | <b>1,547,211</b>                 |
| Employee share-based compensation                            | -                    | -                | -                 | -                        | 57,494                           |
| Net proceeds allocated to the issuance<br>of ordinary shares | 3,813,863,633        | 1,048,177        | (27,691)          | -                        | -                                |
| Shares allotted  | 222,500,000          | 61,009           | 262,716           | (323,725)                | -                                |
| Expenses paid in shares and warrants                         | -                    | -                | 9,232             | -                        | -                                |
| Net comprehensive loss for the period                        | -                    | -                | -                 | -                        | -                                |
| <b>Balance at 30 June 2025 (Unaudited)</b>                   | <b>5,036,363,633</b> | <b>1,380,441</b> | <b>49,499,287</b> | <b>-</b>                 | <b>1,604,705</b>                 |
| <b>Balance at 1 January 2024 (Audited)</b>                   | <b>376,721,091</b>   | <b>103,417</b>   | <b>47,299,358</b> |                          | <b>1,334,531</b>                 |
| Employee share-based compensation                            | -                    | -                | -                 | -                        | 140,900                          |
| Net proceeds allocated to the issuance<br>of ordinary shares | 40,000,000           | 10,893           | 112,228           | -                        | -                                |
| Expenses paid in shares and warrants                         | 921,152              | 252              | 18,834            | -                        | -                                |
| Net comprehensive loss for the period                        | -                    | -                | -                 | -                        | -                                |
| <b>Balance at 30 June 2024 (Unaudited)</b>                   | <b>417,642,243</b>   | <b>114,562</b>   | <b>47,430,420</b> | <b>-</b>                 | <b>1,475,431</b>                 |
| <b>Balance at 1 January 2024 (Audited)</b>                   | <b>376,721,091</b>   | <b>103,417</b>   | <b>47,299,358</b> | <b>-</b>                 | <b>1,334,531</b>                 |
| Employee share-based compensation                            | -                    | -                | -                 | -                        | 212,680                          |
| Net proceeds allocated to the issuance<br>of ordinary shares | 286,941,090          | 88,397           | 856,022           | -                        | -                                |
| Shares issued pursuant to share<br>subscription agreement    | 333,750,000          | 78,745           | 1,074,592         | -                        | -                                |
| Shares to be allotted  | -                    | -                | -                 | 323,725                  | -                                |
| Expenses paid in shares and warrants                         | 2,587,819            | 696              | 25,058            | -                        | -                                |
| Net comprehensive loss for the year                          | -                    | -                | -                 | -                        | -                                |
| <b>Balance at 31 December 2024<br/>(Audited)</b>             | <b>1,000,000,000</b> | <b>271,255</b>   | <b>49,255,030</b> | <b>323,725</b>           | <b>1,547,211</b>                 |

# STATEMENT OF CASH FLOWS

US dollars

|  | Six months ended |                    | Year ended         |
|--|------------------|--------------------|--------------------|
|  | 30 June          |                    | 31 December        |
|  | 2025             | 2024               | 2024               |
|  | Unaudited        |                    | Audited            |
| <b>Operating activities</b>                          |                  |                    |                    |
| Net comprehensive loss for the period                | (2,124,278)      | (3,538,014)        | (5,832,709)        |
| <b>Non-cash adjustments</b>                          |                  |                    |                    |
| Depreciation of property and equipment               | 127,970          | 158,570            | 315,530            |
| Depreciation of right of use asset                   | 167,200          | 167,200            | 334,400            |
| Share-based compensation                             | 57,494           | 140,900            | 212,680            |
| Amortisation of intangible assets                    | 480,690          | 480,690            | 961,380            |
| Amortisation of liabilities                          | 50,132           | (35,241)           | (11,988)           |
| Lease liability Interest                             | 36,418           | 53,489             | 98,098             |
| Foreign exchange losses on cash balances             | (4,045)          | 27,649             | 14,134             |
| Capital Loss   | 255              |                    | 160                |
| Revaluation of financial instruments, net            | 96,308           | 1,074,518          | 576,015            |
| Expenses paid in shares and options                  | 9,232            | 19,086             | 25,754             |
| <b>Net changes in working capital</b>                |                  |                    |                    |
| Decrease (Increase) in trade receivables             | 195,071          | (273,064)          | (198,855)          |
| Decrease (Increase) in inventories                   | -                | 124,654            | 317,521            |
| Decrease (Increase) in other current assets          | 5,586            | 46,731             | 295,039            |
| Decrease (Increase) in other long-term assets        | (8,227)          | (72,130)           | (75,534)           |
| Increase (decrease) in trade payables                | (863,035)        | (24,733)           | 123,999            |
| Increase (decrease) in other liabilities             | 441,586          | (427,237)          | (293,046)          |
| Increase (decrease) in IIA royalty liability         | -                | (1,779)            | (19,019)           |
| Increase (decrease) in other non current liabilities | 457,630          | -                  | -                  |
| <b>Net cash used in operating activities</b>         | <b>(874,013)</b> | <b>(2,078,711)</b> | <b>(3,156,441)</b> |
| <b>Investing activities</b>                          |                  |                    |                    |
| Deposits to short-term financial assets              | (2,938)          | -                  | -                  |
| Purchase of property and equipment                   | -                | (1,274)            | (101,275)          |
| <b>Net cash used in investing activities</b>         | <b>(2,938)</b>   | <b>(1,274)</b>     | <b>(101,275)</b>   |
| <b>Financing activities</b>                          |                  |                    |                    |
| Proceeds allocated to ordinary shares                | 1,118,293        | 133,324            | 1,027,982          |
| Proceeds allocated to warrants                       | 67,987           | 885,500            | 913,559            |
| Issuance costs                                       | (103,548)        | (10,203)           | (83,561)           |
| Proceeds from short term borrowings                  | -                | (138,148)          | 41,055             |
| Repayment of short-term borrowings                   | -                | 41,056             | (136,809)          |
| Repayment of lease liability                         | (222,790)        | (216,992)          | (433,471)          |
| <b>Net cash provided by financing activities</b>     | <b>859,942</b>   | <b>694,537</b>     | <b>1,328,755</b>   |

|   |               |                |               |
|---|---------------|----------------|---------------|
| Net change in cash and cash equivalents           | (17,009)      | (1,385,448)    | (1,928,961)   |
| Cash and cash equivalents, beginning of year      | 50,713        | 1,993,808      | 1,993,808     |
| Exchange differences on cash and cash equivalents | 4,045         | (27,649)       | (14,134)      |
| <b>Cash and cash equivalents, end of period</b>   | <b>37,749</b> | <b>580,711</b> | <b>50,713</b> |

**Supplementary information:**

|                                     |    |       |       |
|-------------------------------------|----|-------|-------|
| Interest paid during the period     | -  | 1,206 | 4,655 |
| Interest received during the period | 39 | 1,193 | 1,613 |

**Supplementary information on non-cash activities:**

|  |       |        |         |
|--|-------|--------|---------|
| Shares issued pursuant to share subscription agreement | -     | -      | 767,848 |
| Expenses paid in shares and warrants                   | 9,232 | 19,086 | 25,754  |

The accompanying notes are an integral part of the interim financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 - NATURE OF OPERATIONS

ETHERNITY NETWORKS LTD. (hereinafter: the "Company"), was incorporated in Israel on the 15th of December 2003 as Neracore Ltd. The Company changed its name to ETHERNITY NETWORKS LTD. on the 10th of August 2004.

The Company provides innovative, comprehensive networking and security solutions on programmable hardware for accelerating telco/cloud networks performance. Ethernity's FPGA logic offers complete Carrier Ethernet Switch Router data plane processing firmware, PON MAC firmware and control software with a rich set of networking features, robust security, and a wide range of virtual function accelerations to optimise 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 different NFV appliances including wireless backhaul with wireless link bonding, 5G UPF, 5G CU and vRouter offload with the current focus on 5G emerging appliances. The Company's customers are situated worldwide.

### NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

#### Basis of presentation of the financial statements and statement of compliance with IFRS

The interim condensed financial statements for the six months ended 30 June 2025 have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements in accordance with IFRS and should be read in conjunction with the Company's annual financial statements as at 31 December 2024. The accounting policies applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024.

The interim condensed financial statements for the half-year ended 30 June 2025 (including comparative amounts) were approved and authorized for issue by the board of directors on 30 September 2025.

### NOTE 3 - GOING CONCERN

The financial statements have been prepared assuming that the Company will continue as a going concern. Under this assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future unless management intends or has no realistic alternative other than to liquidate the entity or to stop trading for at least, but not limited to, 12 months from the reporting date. This assessment has been made of the Company's prospects, considering all available information about the future, which have been included in the financial budget, from managing working capital and among other factors such as debt repayment schedules. Consideration has been given inter alia to the value of funds raised during 2025 to date, and the Company's ability to raise funds in the past. Furthermore, the Company has made positive commercial progress and is currently executing multiple customer projects whilst simultaneously engaging in active



executing multiple customer projects, whilst simultaneously engaging in active discussions with prominent global OEM potential customers.

Considering the outlined factors above and based on experience, the directors have an expectation that the Company will have access to adequate resources to continue in operational existence for the foreseeable future.

However, the success of the Company's plans as outlined above is not assured and thus a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern and fulfil its obligations and liabilities in the normal course of business in the future. The financial statements do not include any adjustments relating to recoverability and classification of the recorded asset amounts, and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### NOTE 4 - SIGNIFICANT EVENTS

##### EQUITY RELATED TRANSACTIONS DURING THE ACCOUNTING PERIOD

During the 6 month period ended 30 June 2025, ordinary shares of the Company were issued, as follows:

|  | Note | Number of<br>ordinary shares |
|--|------|------------------------------|
| Issuance of shares for warrants exercised in December 2024 | [1]  | 222,500,000                  |
| Issuance of shares (with no attached warrants)             | [2]  | 177,500,000                  |
| Issuance of shares (issued together with warrants)         | [3]  | 3,636,363,633                |
|  |      | <u>4,036,363,633</u>         |

##### [1] Issuance of shares for warrants exercised in December 2024

On the 23rd of December 2024, the subscriber to the May 2024 structured investment deed, exercised their last remaining warrants to acquire 222,500,000 shares of the Company. These shares were issued in January 2025 and were accounted for in share capital and share premium after having been removed from "Shares to be allotted" in the Statement of changes in equity.

##### [2] March 2025 equity raise

In March 2025 the Company issued 177,500,000 shares at 0.05 pence per share, realising gross proceeds of 0.12 million (£0.09 million) and net proceeds after issuance costs of 0.11 million.

The gross proceeds, after deduction of the issuance costs were allocated to share capital and share premium.

No warrants were issued in this equity raise.

##### [3] May 2025 equity raise

In May 2025 the Company issued 3,636,363,633 shares attached to, a corresponding 3,636,363,633 warrants. Each share with its attached warrant was issued for 0.022 pence per share, realising gross proceeds of 1.06 million (£0.80 million) and net cash proceeds after issuance expenses of 0.99 million (£0.74 million).

David Levi, a director and the CEO of the Company and Joseph Albagli, a director and the non-executive chairman of the Company subscribed for 186,363,635 of these shares and 186,363,635 corresponding warrants, on the same terms that outside investors participated, for an aggregate sum of approximately 54,000 (£41,000).

approximately 37,000 (£71,000).

Each warrant is exercisable at 0.022 pence per share expiring on the 7<sup>th</sup> of May 2026. The warrants are not transferable, are not traded on an exchange and have an accelerator clause, whereby these warrants may be called by the Company if the closing mid-market share price of the Company equal or exceed 0.045 pence per share over a 5-consecutive day period. If such 5-consecutive day period condition is met, the Company may serve notice on the warrant holders to exercise their relevant warrants within 7 calendar days, failing which, such remaining unexercised warrants shall be cancelled.

As the exercise price of the warrants is denominated in GBP and not in the Company's functional currency, it was determined that the Company's obligation under such warrants cannot be considered as an obligation to issue a fixed number of equity instruments in exchange for a fixed amount of cash. Accordingly, it was determined that such warrants represent a derivative financial liability required to be accounted for at fair value through the profit or loss category. Upon initial recognition the Company allocated the gross proceeds as follows: an amount of 1.0 million was allocated to the par value of share capital with the remainder of the proceeds of 0.06 million recorded as a derivative warrants liability. The issuance expenses of approximately 0.09 million were allocated in a consistent manner to the above allocation. The expenses related to the warrant component were carried to profit or loss as an immediate expense while the expenses related to the share capital component were netted against the amount carried to equity, thereby reducing the share premium. In subsequent periods the company measures the derivative financial liability at fair value and the periodic changes in fair value are carried to profit or loss under financing costs or financing income, as applicable. The fair value of the derivative warrant liability is categorized as level 3 of the fair value hierarchy.

The fair value valuation of the warrants was based on the Black-Scholes option pricing model, calculated in two stages. Initially, the fair value of these call warrants issued to investors were calculated, assuming no restrictions applied to such call warrants. As the Company, under certain circumstances, has a right to force the investors to either exercise their warrants or have them cancelled, the second calculation calculates the value of the warrants as call warrants that were issued by the investor to the company. The net fair value results from reducing the call investor warrants fair value from the call warrants fair value, as long as the intrinsic value of the call warrants (share price at the period end, less exercise price of the warrants) is not greater than such value. Should the intrinsic value of the warrants be higher than the Black-Scholes two stage method described above, then the intrinsic value of the warrants is considered to be a more accurate measure to use in determining the fair value. The following factors were used in calculating the fair value of the warrants at their issuance:

|                |        |
|----------------|--------|
| Risk free rate | 3.9%   |
| Volatility     | 148.4% |

As at 30 June 2025, none of these warrants have been exercised.

Upon this equity raise being concluded, the brokers for this transaction received 163,409,086 warrants with identical terms as those described above, with a fair value of approximately 9,000.

## NOTE 5 - FINANCING COSTS

|  | US dollars       |        |             |
|--|------------------|--------|-------------|
|  | Six months ended |        | Year ended  |
|  | 30 June          |        | 31 December |
|  | 2025             | 2024   | 2024        |
|  | Unaudited        |        | Audited     |
| Bank fees and interest                                 | 4,899            | 6,989  | 13,874      |
| Lease liability financial expenses                     | 36,418           | 53,489 | 98,098      |
| Revaluation of liability related to share subscription |                  |        |             |

|  |                |                  |                |
|--|----------------|------------------|----------------|
| Revaluation of liability related to share subscription agreement measured at FVTPL | -              | -                | 588,721        |
| Expenses allocated to issuing warrants   | 96,308         | 67,769           | 69,952         |
| Revaluation of warrant derivative liability  | -              | 1,074,518        | -              |
| Exchange rate differences, net   | 189,714        | -                | -              |
| <b>Total financing costs</b>   | <b>327,339</b> | <b>1,202,765</b> | <b>770,645</b> |

#### NOTE 6 - FINANCING INCOME

|   | US dollars       |               |               |
|---|------------------|---------------|---------------|
|   | Six months ended |               | Year ended    |
|   | 30 June          |               | 31 December   |
|   | 2025             | 2024          | 2024          |
|   | Unaudited        |               | Audited       |
| Revaluation of warrant derivative liability | -                | -             | 12,706        |
| Interest received                           | 39               | 1,193         | 1,613         |
| Exchange rate differences, net              | -                | 60,560        | 13,122        |
| <b>Total financing income</b>               | <b>39</b>        | <b>61,753</b> | <b>27,441</b> |

#### NOTE 7 - SEGMENT REPORTING

The Company has implemented the principles of IFRS 8, in respect of reporting segmented activities. In terms of IFRS 8, the management has determined that the Company has a single area of business, being the development and delivery of high-end network processing technology.

The Company's revenues are divided into the following geographical areas:

|               | US dollars       |         |             |
|---------------|------------------|---------|-------------|
|               | Six months ended |         | Year ended  |
|               | 30 June          |         | 31 December |
|               | 2025             | 2024    | 2024        |
|               | Unaudited        |         | Audited     |
| Israel        | 99,851           | 142,512 | 244,073     |
| United States | 498,748          | 439,496 | 1,139,492   |
|               | 598,599          | 582,008 | 1,383,565   |

The Company's revenues are divided into the following geographical areas:

|               | %                |       |             |
|---------------|------------------|-------|-------------|
|               | Six months ended |       | Year ended  |
|               | 30 June          |       | 31 December |
|               | 2025             | 2024  | 2024        |
|               | Unaudited        |       | Audited     |
| Israel        | 16.7%            | 24.5% | 17.6%       |
| United States | 83.3%            | 75.5% | 82.4%       |

UNITED STATES

| 2019/20 | 2018/19 | 2017/18 |
|---------|---------|---------|
| 100.0%  | 100.0%  | 100.0%  |

Revenue from customers in the company's domicile, Israel, as well as its major market, the United States, have been identified on the basis of the customer's geographical locations.



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