

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY OR FORM OF DIRECTION (AS APPLICABLE) ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, please seek personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you sell or transfer or have sold or transferred all of your ordinary shares of NIS 0.001 nominal value in the capital of Ethernity Networks Ltd. ("**Ordinary Shares**") or depositary interests representing Ordinary Shares ("**Depositary Interests**"), please forward this document, together with the accompanying Form of Proxy or Form of Direction (as applicable), as soon as possible to the purchaser or the transferee or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you sell or transfer or have sold or transferred only part of your holding of Ordinary Shares or Depositary Interests, you should retain this document and the accompanying Form of Proxy or Form of Direction (as applicable).

If you have received this document from another Shareholder or holder of Depositary Interests, or transferee, please contact the Company's Registrar for a Form of Proxy or Form of Direction (as applicable).

Any person (including without limitation custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any action. The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Any person not in the United Kingdom into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



## **Notice of Annual General Meeting**

A notice convening an Annual General Meeting of the Company to be held at the offices of the Company at 13A Hamelacha St., Lod Industrial Park, 7152025 at 10.00 a.m. UK time (12.00 p.m. Israel time) on 14 September 2020, is set out at the end of this document.

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 and 5 of this document in which the Board unanimously recommends you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Enclosed with this document is a Form of Proxy for use by Shareholders or a Form of Direction for use by holders of Depositary Interests.

Whether or not you intend to be present in person at the Annual General Meeting, please complete, sign and return the accompanying Form of Proxy and/or Form of Direction (as applicable) in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's registrar, Link Asset Services, by 9.00 am UK time (11.00 a.m. Israel time) on 10 September 2020 in the case of a Form of Proxy or by 9.00 am UK time (11.00 a.m. Israel time) on 9 September 2020 in the case of a Form of Direction.

### **ETHERNITY NETWORKS LTD.**

Incorporated and registered in Israel with registered no. 51-347834-7

#### *Registered Office:*

13A Hamelacha St  
Lod Industrial Park  
7152025  
Israel

#### **Publication on website**

A copy of this document including the Form of Proxy and the Form of Direction will be available on the Company's website at <http://www.ethernitynet.com>.

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## DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

“AIM”	the AIM market operated by the London Stock Exchange plc
“Board” or “Directors”	the board of Directors of the Company
“Company”	Ethernity Networks Ltd, incorporated and registered in Israel (with registration number 51-347834-7) whose registered office is at 13A Hamelacha St., Lod Industrial Park, 7152025, Israel)
“CREST”	the computerised settlement system to facilitate transfer of title to or interests in securities in uncertificated form operated by Euroclear UK & Ireland Limited
“Depository”	Depository Link Market Services Trustees Limited, incorporated in England (No.2729260) whose registered office is at 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Depository Interest or DI”	depository interest or DI dematerialised interests representing underlying Ordinary Shares in the ratio of 1:1 that can be settled electronically through and held in CREST, as issued by the Depository who holds the underlying securities on trust
“Depository Interest Holder(s)”	holder(s) of Depository Interests
“External Director”	in accordance with Israel Companies Law 5759-1999, the Board must always have at least two External Directors who meet certain statutory requirements of independence
“Form of Proxy”	the form of proxy for use by Shareholders at the Meeting which accompanies this document
“Form of Direction”	the form of direction for use by Depository Interest Holder(s) at the Meeting which accompanies this document
“Meeting” or “Annual General Meeting”	the Annual General Meeting of the Company convened for 14 September 2020 (or any adjournment thereof)
“Notice of Annual General Meeting”	the notice of the Meeting, which is set out at the end of this document
“Ordinary Shares”	ordinary shares of NIS 0.001 nominal value each in the share capital of the Company
“Resolutions”	the resolutions to be proposed at the Meeting, as set out in the Notice of Annual General Meeting
“Shareholder(s)”	holder(s) of Ordinary Shares

LETTER FROM THE CHAIRMAN

**ETHERNITY NETWORKS LTD.**

*(Incorporated and registered in the State of Israel with registered no. 51-347834-7)*

*Registered Office:*

13A Hamelacha St  
Lod Industrial Park  
7152025  
Israel

3 August 2020

Dear Shareholder or Depository Interest Holder,

**Notice of Annual General Meeting**

I am pleased to be writing to you with details of the forthcoming Annual General Meeting of the shareholders of Ethernity Networks Ltd. (the “**Company**”) to be held at the offices of the Company at 13A Hamelacha St., Lod Industrial Park, 7152025 10.00 a.m. UK time (12.00 p.m. Israel time) on 14 September 2020 (the “**Meeting**”).

The formal notice of the Meeting is set out on page 7 of this document. The explanatory notes on page 6 outline the business to be considered at the Meeting.

**Actions to be taken in respect of the Meeting**

The action to be taken in respect of the Meeting depends on whether you hold your Ordinary Shares in certificated form or as Depository Interests.

***Certificated Shareholders***

Please check that you have received the following with this document:

- a Form of Proxy for use in respect of the Meeting; and
- a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK only).

Whether or not you propose to attend the Meeting, you are strongly encouraged to complete, sign and return the Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by post, by the Company’s registrar, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF, United Kingdom or, during normal business hours by hand, to Link Asset Services, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 9.00 a.m. UK time (11.00 a.m. Israel time) on 10 September 2020.

This will enable your vote to be counted at the Meeting in the event of your absence. The completion and return of the Form of Proxy will not prevent you from attending and voting at the Meeting, or any adjournment of the Meeting, in person, should you wish to do so.

***Depository Interest Holders***

Please check that you have received the following with this document:

- a Form of Direction for use in respect of the Meeting; and
- a reply-paid envelope for use in connection with the return of the Form of Direction (in the UK only).

Whether or not you propose to attend the Meeting, you are strongly encouraged to complete, sign and return the Form of Direction in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by post, at Link Asset Services, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF, United Kingdom or, during normal business hours by hand, to Link Asset Services, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, in each case by no later than 9.00 a.m. UK time (11.00 a.m. Israel time) on 9 September 2020.

This will enable your vote to be counted at the Meeting. You will not be able to vote at the Meeting, but if you would like to attend the Meeting in person as a Depository Interest Holder, please contact the Depository Link Market Services Trustees Limited to request a letter of representation to be issued to you.

Voting at Shareholder Meetings: In line with market practice for companies incorporated in Israel, the Articles provide that shareholder resolutions will be decided by a poll only (and not by a show of hands), which means that every Shareholder present, in person or by proxy, is entitled to vote on a resolution will have one vote for every Ordinary Share they hold.

#### ***Voting Procedures under the COVID-19 situation***

**WE STRONGLY ENCOURAGE SHAREHOLDERS TO VOTE ON ALL RESOLUTIONS BY APPOINTING THE CHAIRMAN OF THE MEETING AS YOUR PROXY, TO REGISTER ANY QUESTIONS IN ADVANCE AND NOT TO ATTEND THE MEETING IN PERSON.**

Shareholders are encouraged to submit their voting instructions as soon as possible, even if they might intend to attend the AGM in person should the Coronavirus (COVID-19) situation and the Government of Israel's guidance change so as to permit this. See below for details with regard to voting instructions.

Shareholders can submit questions to the Board in advance of the Meeting by emailing such questions to the Company Secretary, Mark Reichenberg at markr@ethernitynet.com by no later than 9.00 a.m. (UK time)/ 11.00 a.m. (Israel time) on 8 September 2020. We will consider all questions received and endeavour to provide responses to them at the Meeting to the extent appropriate and practicable.

Any Shareholder or proxy appointed by a Shareholder who wishes to attend the Meeting by telephone is requested to contact Mark Reichenberg (details above) in order to obtain details of how to join the teleconference. Such Shareholders or proxies are requested to provide in that email details of their registered shareholding or proxy appointment in order that their entitlement to attend may be verified.

Any Depository Interest Holder who wishes to join the Meeting by telephone is requested first to contact the Depository at Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by email by using [nominee.enquiries@linkgroup.co.uk](mailto:nominee.enquiries@linkgroup.co.uk) in order to request a Letter of Representation no later than 5.00 p.m. UK time) (7.00 p.m. Israel time) on 4 September 2020. Any such Depository Interest Holder is then requested to contact Mark Reichenberg as set out above once they have received the Letter of Representation.

The health and well-being of our Shareholders and colleagues remains our priority and the steps set out above are necessary and appropriate given the current pandemic.

I would reiterate that the Board would encourage all Shareholders and Depository Interest Holders to use their Form of Proxy or Form of Direction, as relevant, and appoint the chairman of the Meeting as their proxy. This will allow their votes to count. The action to be taken in respect of the Meeting depends on whether you hold your Ordinary Shares in certificated form or as Depository Interests.

#### **Recommendation**

The Directors of the Company believe that all of the proposals to be considered at the Meeting are in the best interests of the Company and its shareholders as a whole and, accordingly, unanimously recommend that you vote in favour of all the proposed resolutions, as they intend to do in respect of their own holdings.

Yours faithfully,

**Graham Woolfman**  
*Chairman*

## EXPLANATORY NOTES TO THE PROPOSED ACTIONS AND RESOLUTIONS

### Presentation of Audited Financial Statements

The audited financial statements of the Company for the year ended 31 December 2019 will be presented for discussion at the Meeting pursuant to the provisions of the Israeli Companies Law, 5759-1999 (the “**Companies Law**”). These financial statements are available on the Company’s website at <http://www.ethernitynet.com/> and on the London Stock Exchange’s website at <http://www.londonstockexchange.com>. None of the financial statements, the accompanying auditors’ report, the contents of the Company’s website, or the information that can be accessed through the Company’s website, form part of the voting solicitation materials.

### Resolution 1. Reappointment of the Independent External Auditor

Pursuant to the Companies Law, it is proposed to approve and ratify the reappointment of Fahn Kanne & Co., a member firm of Grant Thornton International Limited, as the Company’s independent External Auditor for the year ending 31 December 2020 and to serve as the Company’s independent External Auditor until the next Annual General Meeting of the Company’s shareholders and to authorise the Company’s board of Directors to determine their remuneration upon recommendation of the Audit Committee of the Company.

### Resolution 2. Renewal of disapplication of pre-emption rights on equity issues for cash

Following on from the extraordinary general meeting held on 22 June 2020, the resolution was passed which enables the Directors to allot Ordinary Shares or other Equity Securities on a non-pre-emptive basis to 50% of the nominal value of the issued ordinary share capital of the Company, which disapplication up to an aggregate nominal value of NIS 20,014.01, which is equal to approximately 50% of the nominal value of the issued ordinary share capital of the Company, requires renewal at this Annual General Meeting and will subsequently expire on the conclusion of the next Annual General Meeting of the Company, provided that it would apply to offers and agreements made prior to such time.

### Resolution 3 and 4. Re-election of Directors

Resolutions 3 and 4 relate to the re-election of each of Zohar Yinon and Chen Saft-Feiglin as Directors of the Company in accordance with Article 44.1 of the Company’s articles of association and the Companies Law. The term of Chen Saft-Feiglin and Zohar Yinon, in their capacity as External Directors, extends until 14 November 2020, however their re-election at the Meeting is permitted under Israel Companies Law.

Each of Mr. Yinon and Ms. Saft-Feiglin will continue to be entitled to the terms of compensation provided to them for their role as Directors, including their entitlement to exculpation, indemnification and insurance to fullest extent permitted by the Companies Law and the Company’s articles of association and reimbursement for expenses arising from their Directorship.

### The Company’s Directors

In accordance with the Company’s Articles of Association, the Company’s Directors serve for a period of three years. In terms of the General Meeting of the Company held on 22 June 2020, the term of David Levi and Shavit Baruch, in their capacity as Directors, has been extended until 22 June 2023, the term of Mark Reichenberg, Graham Woolfman and Neil Rafferty, in their capacity as Directors, has been extended until 28 June 2023. The term of Chen Saft-Feiglin and Zohar Yinon, in their capacity as External Directors, extends until 14 November 2020.

### Information about Compensation of Certain Executive Officers and Directors

For information about the compensation, on an individual basis, of our five most highly compensated “office holders” (as such term is defined in the Companies Law) for the year ended 31 December, 2019, as required by regulations promulgated under the Companies Law, please see Note 28C in our annual report for the year ended 31 December 2019, which is available on the Company’s website at <http://www.ethernitynet.com/> and on the London Stock Exchange’s website at <http://www.londonstockexchange.com>.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of the shareholders of Ethernity Networks Ltd. (the "**Company**") will be held at the offices of the Company at 13A Hamelacha St., Lod Industrial Park, 7152025 at 10.00 a.m. UK time (12.00 p.m. Israel time) on 14 September 2020 (the "**Meeting**") for the following purposes:

1. To receive and discuss the audited financial statements of the Company for the year ended 31 December 2019.
2. **Resolution 1:** To approve and ratify the reappointment of Fahn Kanne & Co., a member firm of Grant Thornton International Limited, as the Company's independent External Auditor for the year ended 31 December 2019 and to serve as the Company's independent External Auditor until the next Annual General Meeting of the Company's shareholders and to authorise the Company's board of Directors to determine their remuneration with the approval of the Audit Committee of the Company.
3. **Resolution 2:** That the Directors be authorised to allot Ordinary Shares or other Equity Securities for cash as if Article 9.2 of the Company's articles of association did not apply:
  - 3.1 In connection with rights issues or similar offer; and
  - 3.2 Otherwise up to an aggregate nominal amount of NIS 20,014.01
4. **Resolution 3:** To re-elect Zohar Yinon as a Director for a three year term commencing from 15 November 2020 and ending on 14 November, 2023
5. **Resolution 4:** To re-elect Chen Saft-Feiglin as a Director for a three year term commencing from 15 November 2020 and ending on 14 November, 2023

The approval of Resolutions 1, 3 and 4 requires the affirmative vote of the majority of the Ordinary Shares present in person or represented by proxy and voting at the General Meeting on such Resolutions.

The approval of Resolution 2 requires the affirmative vote of three fourths of the Ordinary Shares present in person or represented by proxy and voting at the General Meeting on such Resolution.

By order of the Board

**Mark Reichenberg**

*Company Secretary*

13A Hamelacha St.  
Lod Industrial Park, 7152025  
Israel

Incorporated and registered in Israel with registered no. 51-347834-7

3 August 2020

## Notes to the Notice of Annual General Meeting:

1. Enclosed with this document is either a Form of Proxy for use by shareholders (the "**Form of Proxy**") or a Form of Direction for use by Depository Interest Holders (the "**Form of Direction**").
2. Only those Shareholders registered in the Company's register of shareholders as of close of business (London time) on 10 September 2020 (the "**Original Cut-off**") are entitled to attend and/or vote at the Meeting, and each only in respect of such number of Ordinary Shares registered in his or its name at that time. If the Meeting is adjourned to a time not more than 48 hours after the original Meeting time (other than an adjournment due to a lack of a quorum), the Original Cut-off will continue to apply. Any changes to the Company's register of shareholders made after the Original Cut-off shall be disregarded for these purposes.
3. The quorum for the Meeting shall be two or more shareholders present in person or by proxy and holding Ordinary Shares conferring in the aggregate 25 per cent. or more of the voting power of the Company. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting shall be adjourned to the same day in the next week, at the same time and place and the Original Cut-off shall apply. Two or more shareholders who attend an adjourned meeting in person or by proxy will constitute a quorum, regardless of the number of Ordinary Shares they hold or represent.
4. If you are a shareholder of the Company, whether or not you intend to be present at the Meeting, please complete and return the Form of Proxy (in accordance with the instructions set out in that document) to Link Asset Services, as soon as possible and in any event so as to be received by no later than 9.00 a.m. UK time (11.00 a.m. Israel time) on 10 September 2020 or 48 hours before any meeting following adjournment thereof (in accordance with the Uncertified Securities Regulations 2001, and any other provisions notwithstanding). Completion and return of a signed Form of Proxy will not prevent you from attending the Meeting and voting in person if you so wish.
5. If you are a holder of Depository Interests, please complete and return the Form of Direction (in accordance with the instructions set out in that document) to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham BR3 4ZF, United Kingdom, as soon as possible and in any event so as to be received by no later than 9.00 a.m. (London time)/11.00 a.m. (Israel time) on 9 September 2020 or 72 hours before any meeting following adjournment thereof. Holders of DI's must be registered in the Company's depository interest register at 9.00 a.m. UK time 11.00 a.m. Israel time) **on** 9 September 2020 (or at 9.00 a.m. UK time (11.00 a.m. Israel time) three days before the date of any adjourned Meeting).
6. The approval of Resolutions 1,3 and 4 requires the affirmative vote of the majority of the Ordinary Shares present in person or represented by proxy with each share representing one vote per ordinary share held and voting at the General Meeting on such Resolutions.
7. The approval of Resolution 2 requires the affirmative vote of three fourths of the Ordinary Shares present in person or represented by proxy and voting at the General Meeting on such Resolution.
8. Depository Interest holders wishing to attend the Meeting should contact the Depository at Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by email by using [nominee.enquiries@linkgroup.co.uk](mailto:nominee.enquiries@linkgroup.co.uk) order to request a Letter of Representation no later than 5.00 p.m. UK time (7.00 p.m. Israel time) on 4 September 2020. However, Depository Interest holders will not be able to vote at the Meeting.
9. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. A corporation which is a shareholder may by resolution of its Directors or other governing body authorise a person to act as its representative who may exercise, on its behalf, all its powers as a shareholder, provided the corporation does not do so in relation to the same shares.
11. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out, but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders and Depository Interest holders subject all messages to virus checking procedures before use. Any electronic communication received by the Company, including the lodgment of an electronic proxy form, that is found to contain any virus will not be accepted.
12. As at 12.00 p.m. UK time on 2 August 2020, being the date immediately prior to the date of this Notice, the Company's issued share capital comprised of 40,028,020 Ordinary Shares of NIS 0.001 each. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12.00 p.m. on 2 August 2020 is 40,028,020.