

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES OF AMERICA, CANADA, JAPAN, THE REPUBLIC OF IRELAND, THE REPUBLIC OF SOUTH AFRICA OR AUSTRALIA, OR TO BE TRANSMITTED OR DISTRIBUTED TO, OR SENT BY, ANY NATIONAL OR RESIDENT OR CITIZEN OF ANY SUCH COUNTRIES OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION MAY CONTRAVENE LOCAL SECURITIES LAWS OR REGULATIONS.

29 June 2017

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

Admission to AIM and First Day of Dealings

Established Data Network Processing Technology Company Admitted to AIM

£15 million raised by way of a significantly oversubscribed Placing

Ethernity Networks (AIM: ENET.L), a data network processing technology company, is pleased to announce the admission today of its ordinary shares to trading on the AIM Market of the London Stock Exchange ("Admission"). Dealings in the ordinary shares will commence at 8.00am under the ticker ENET.L and ISIN number of IL0011410359. Arden Partners was sole bookrunner for the Placing and is acting as Nominated Adviser and Broker to the Company.

Ethernity is a technology solutions provider that develops data network processing technology used in high end carrier ethernet applications across the telecom, mobile, security and data centre markets. The Company's core technology, which is protected by five US patents and populated on programmable logic, improves efficiency and accelerates data processing in the provision of data and network services, thereby reducing power consumption and reducing the costs of maintaining network infrastructure by giving hardware systems the ability to add future-proof data processing functionality.

Ethernity's technology offers a clear differentiation from other offerings as evidenced by strong customer traction. The Company has traded profitably and has sustained positive operating cash flow for a number of years and over the last two years Ethernity has developed new product offerings based on validated technology for network performance acceleration that should generate growth for the Company in the coming years.

The Company's software and firmware is already installed in over 400,000 systems globally in broadband access, mobile backhaul and Ethernet access applications. The reducing cost of the Field-Programmable Gate Array ("FPGA") will enable the Company to target larger markets previously only served by Application-Specific Integrated Circuits / Application-Specific Standard Products ("ASIC" / "ASSPs") and fuel increased demand across the Company's core markets.

PLACING STATISTICS

Placing Price per ordinary share	140 pence
Gross proceeds of the Placing	£15 million
Number of Ordinary Shares in issue immediately following Admission	32,518,186
Market capitalisation of the Company at the Placing Price	£45 million

Highlights:

- Existing virtualisation solutions are inadequate to support the exponential growth in IP data flows to data centres;
- Traditional vendors relying on rigid hardware such as ASIC solutions need too long to redesign their solutions as technology and network demands advance;
- Network service providers are requiring more flexible solutions to their technology and network needs for offloading support of new data appliances introduced by the market. A paradigm shift in technology development is required for the delivery of advanced data appliances;
- Ethernity has designed, developed and patented a series of system solutions to address these specific needs and is the sole provider of data network offload technologies that can be delivered within a FPGA framework with the same advanced functionality that is currently provided by off the shelf ASIC. Its technology solutions are:
 - Unique and protected by five U.S. patents
 - Consumes 80% less die size than legacy networking technology
- Significant addressable markets: The Software Defined Network (“SDN”) market is estimated to reach US\$70.41 billion by 2024, according to Grand View Research, Inc. The global Virtualisation of Network Functions (“NFV”) market (including hardware and software) will be worth US\$15 billion by 2020, with software comprising 80 per cent. of that \$15 billion, according to IHS Markit;
- Strong current product portfolio with increasing design win in wireless, mobile, broadband access and datacenter together with a strong roadmap of patentable new technologies targeting both data centers and global carrier ethernet market;
- Established company with a track record of profitable growth and cash generation with an experienced management team; and
- The Company has raised £15 million in a significantly oversubscribed placing to strengthen its balance sheet to support sales to tier one network providers.

Background

Operators and telecom equipment manufacturers are finding it increasingly difficult to cope with the evolving network requirements and the ever growing volume of data generated, processed, consumed and stored by end users of all types. Operators and telecom equipment manufacturers need to get the required support for these networking pressures from traditional vendors who rely on ASIC solutions. New ASIC solutions are often prohibitively expensive, have a relatively short lifespan and require extended hardware design time to fabricate the specified networking features. This issue is exacerbated by the need to support the emerging SDN specifications which require flexibility and most importantly programmability.

To overcome limitations of existing infrastructure, operators are pushing towards NFV, a solution that will enable providers to control, manage and reduce boundaries created in the existing generic hardware platforms with software solutions replacing proprietary hardware networking solutions. However, to make it economical and to give operators the ability to support the huge growth in users and data consumption, there is a need for programmable hardware to accelerate the performance of a pure software data path. This acceleration solution, in turn, reduces central processing unit (“CPU”) load whilst still maintaining the exact same programmability and flexibility and supporting the vision of Network Virtualisation.

Ethernity has designed, developed and patented a series of system solutions to address these specific needs within a programmable FPGA framework. The Ethernity solution works across network processing points from local loop networks, to data centres, mobile telecommunication requirements to IP traffic and network functioning. Furthermore, as Ethernity's solutions are designed using an FPGA platform they are to a great extent "future-proofed", that is they can be updated, upgraded or reprogrammed in-line with future network or infrastructure demands and security requirements.

The Market

In response to the forecast increases in data creation, transfer and consumption, operators and manufacturers are developing the Carrier Ethernet and NFV/SDN markets. Both are markets in which the Company has developed solutions to assist operators to improve network efficiency and data transfer.

The SDN market is estimated to reach US\$70.41 billion by 2024, according to Grand View Research, Inc. Software defined networking has witnessed a surge in its popularity in the recent years due to the benefits it offers over the existing legacy infrastructure. The SDN solutions provide centralised control and operational capabilities, which help network administrators and engineers respond quickly and efficiently.

The global NFV market (including hardware and software) will be worth US\$15 billion by 2020, with software comprising 80 per cent. of that \$15 billion, according to IHS Markit.

Reasons for Admission

The Directors believe that Admission will increase the profile and credibility of the Company as it seeks to develop its core markets. Global operators want to deal with long term partners who have the necessary resources to support their products throughout their lifecycle, and who can demonstrate sufficient financial capacity to meet the global network operators volume and delivery requirements.

Consequently, the net proceeds of the Placing, will be used to:

- Strengthen the Company's balance sheet and capital base to meet Original Equipment Manufacturer financial strength requirements;
- Allow the Company to invest in increased and continued R&D activities to build upon, and continue development of, the Company's existing product range; and,
- Allow the Company to invest in additional marketing activities, technical standardization groups to increase product awareness and accelerate product uptake.

Total voting rights

The total number of Ordinary Shares in the Company in issue immediately following Admission will be 32,518,186 each with equal voting rights. The total voting rights figure can be used by shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change of their interest in, the Company under the Disclosure, Guidance and Transparency Rules of the Financial Conduct Authority.

David Levi, CEO of Ethernity Networks, commented:

“We are delighted to be admitting to AIM today and that we had such a positive response to the fundraising from new investors. The fundraising and AIM listing is a major moment for Ethernity that will put the business on a greater trajectory and address an exponentially growing market. We have game changing technology that major global network operators are demanding and the listing will enhance Ethernity’s profile and strengthen our balance sheet, which is essential in order for us to fulfil tier one supply chain requirements.

“The significant oversubscription demonstrates investors’ confidence in our strategy, technology and management team. With a strong board and a track record of profitability and revenue growth we feel we are extremely well placed to take advantage of the opportunities that now present themselves to us as a public company and we look forward to updating our new shareholders on our progress in due course.”

The Company’s Admission Document can be viewed at: www.ethernitynet.com. Copies of the Admission Document will be available at the registered office of the Company, subject to applicable securities laws or regulations.

Enquiries:

Ethernity Networks Ltd

David Levi (Chief Executive Officer)
Mark Reichenberg (Chief Financial Officer)
www.ethernitynet.com

+ 972- 8-9150392

Arden Partners (NOMAD and Broker)

Steve Douglas
Benjamin Cryer

+44 (0) 020 7614 5900

Yellow Jersey PR (PR & IR)

Adam Wurf
Charles Goodwin
Alistair de Kare-Silver
Katie Bairsto

+44 (0) 7812 450 398
+44 (0) 7747 788 221
+44 (0) 7825 916 715

Notes to Editors

Directors and Senior Management

Graham Woolfman – Non-executive Chairman

Graham Woolfman has joined the Company as an Independent Non-executive Director and Chairman with effect from Admission. Graham is a Fellow of the Institute of Chartered Accountants in England and Wales, and previously a partner and head of Corporate Finance at Levy Gee, a medium sized UK accountancy firm. He has over 25 years’ experience in advising and supporting growth businesses, in financial and commercial management, and transactional activities. He was a founder Director of Gateway VCT plc, a venture capital trust listed on the London Stock Exchange, and managing partner of its investment adviser. Graham has

worked with companies across a range of sectors, including renewable energy, software, technology, medical-related, retail and consumer, general service based, and financial services sectors. He is a director of a number of private companies, and has served as a director of AIM quoted and LSE listed companies. He is an Independent Non-Executive Director of Filta Group Holdings plc, a company which joined AIM in October 2016. Graham is currently the managing director of Intrust Corporate Finance Limited, a corporate finance advisory firm, which is regulated by the FCA.

David Levi – Chief Executive Officer

David has over 25 years in the telecom industry, with vast technical and business experience in ATM, voice, TDM, SONET/SDH, Ethernet and PON. Prior to founding Ethernity, David was the founder of Broadlight, a semiconductor company that developed BPON and GPON components and was acquired by Broadcom (BRCM) for \$230 million. David invented GPON protocol with two US patents registered in his name. Prior to this, David worked as Director of Product Marketing at ECI Telecom in the Broadband Access division, and Senior Product Line Manager at RAD, responsible for a \$50 million product line sales, a product manager at Tadiran Communication, sales manager at Dynamode Ltd, and served as a systems engineer and project manager in the IDF.

Mark Reichenberg – Chief Financial Officer

Mark Reichenberg joined the Company in December 2016 as an advisor and consultant to the IPO process and was appointed CFO of the Company in March 2017. Previously Mark held the position of VP Business Development and Corporate Affairs Officer of the Magnolia Silver Jewellery Group Limited, was the CFO of GLV International Ltd, and prior to that, held the position of Group Financial Director of Total Client Services Ltd, a company listed on the Johannesburg Stock Exchange. Mark has held various senior financial director positions in retail, wholesale and logistics. Mark is a qualified Chartered Accountant from South Africa (1989) and holds a B.Acc degree from the University of the Witwatersrand (WITS) in South Africa.

Shavit Baruch – VP Research & Development

Shavit has over 25 years in the telecom and datacom industry, with vast technical experience in ATM, Ethernet and SONET/SDH, both at components and system level. Prior to Ethernity Networks, Shavit served as Chief Architect at Native Networks, a start-up company developing products for Metro Ethernet market. Prior to this, in 2002, Shavit established Crescendo Networks, a start-up company enhancing data centre applications performance. Prior to the venture at Crescendo, Shavit served as R&D Director at ECI Telecom, where he was in charge of development of all transmission cards for one of the world's most successful broadband systems. Earlier Shavit worked at Lannet Data Communication, acquired by AVAYA, designing, together with Galileo, Ethernet switch on silicon.

Neil Rafferty – Non-executive Director

Neil Rafferty has joined Ethernity as an Independent Non-executive Director with effect from Admission. Neil has spent the majority of his career in the telecoms and technology sectors holding a variety of senior executive positions. These range from being CEO of Easynet (listed on the London Stock Exchange before being acquired), CEO of Priority Telecom (a Dutch based cable company), and CEO of UCS (a Swiss based pan-European network carrier). He was also Global Operation Director at Cisco Systems, primarily responsible for the British Telecom relationship, which was one of Cisco's largest global customers. Latterly he has been advising early stage companies across a variety of sectors helping them implement growth strategies. He is currently an Advisory Board member at both Hidden Planet and Fitle. Neil holds a BA

(Hons) degree from Newcastle Polytechnic.

Important notice

Defined terms used in this announcement have the same meaning as set out in the Admission Document published on [23 June] 2017.

The ordinary shares referred to in this announcement ("Ordinary Shares") have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Ordinary Shares have not been and will not be approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

Arden, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing, Admission, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Arden by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, neither Arden nor any of its respective subsidiary undertakings, affiliates or any of their respective directors, officers, employees, advisers, agents or any other person accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or fairness of the information or opinions in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

Forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical fact included in this announcement are forward-looking statements. They appear in a number of places throughout this announcement and include statements regarding the directors' or the Company's or Ethernity's intentions, beliefs or current expectations concerning, among other things, its operating results, financial condition, prospects, growth, expansion plans, strategies, the industry in which Ethernity operates and the general economic outlook.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance and Ethernity's actual operating results and financial condition, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. In addition, even if Ethernity's operating results, financial condition and liquidity, and the development of the industry in which Ethernity operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, prospective investors should not rely on these forward-looking statements.

These forward-looking statements speak only as of the date of this announcement.

