

04 May 2021

ETHERNITY NETWORKS LTD

("Ethernity" or the "Company")

Company Update - \$5.4m Inflows since December 2020 and Directors' Dealings

Total Funding Inflows of over \$5.4m since December 2020

Ethernity (AIM: ENET), a leading supplier of data processing offload solutions on programmable FPGA (field programmable gate array) hardware for accelerating telco/cloud networks, announces total funding inflows of over \$5.4m since the beginning of December 2020 to date. The outlook for 2021 FY remains unchanged.

- a. Since early December 2020, the Company has received total funding inflows of over \$5.4m, through the support of the 5G Innovation Leaders Fund and through the exercise of warrants, including from directors.
- b. The significant boost to the Company's cash reserves has supported the planned expansion of its R&D resources in order to meet the development requirements and to achieve the anticipated revenues for 2021.
- c. 2021 revenue estimates remain in line with expectations, subject to product revenues recognition being dependent on the timely supply of FPGA components, cards and appliances. Currently there is a temporary worldwide component shortage that is affecting global industry-wide customer deliverables (not exclusive to Ethernity), that the Company is overcoming through purchasing from parallel sources, until supply levels recover from the original manufactures of the components

Exercise of Warrants and Directors Dealings

The Company announces that it has received notices to exercise warrants, at 30p per share ("30p Warrants"), to subscribe for a total of 979,168 new ordinary shares of NIS 0.001 each in the Company ("Ordinary Shares"), including exercises by David Levi, CEO (666,667 30p Warrants) and Shavit Baruch, Executive Director (166,667 30p Warrants). In addition, on 30 April 2021 each of David Levi and Shavit Baruch disposed of certain Ordinary Shares in order to fund costs associated with the exercise of their 30p Warrants, as detailed below.

Name	Shares Sold	Price per Ordinary Share	Warrants Exercised	Resultant Ordinary Share holding	Percentage of enlarged issued share capital
David Levi	310,000	53.47p	666,667	9,124,567	16.9%
Shavit Baruch	75,000	52.64p	166,667	5,091,667	9.4%

Following these exercises, the Directors have exercised all of their warrants and a total of 427,085 30p Warrants pertaining to shareholders other than Directors remain issued and unexercised.

Ethernity CEO David Levi said: "Our continued growth in engagements and outreach is extremely encouraging along with the continued increase in recognition of our offerings by the market leaders. Our unique and innovative solutions are now starting to penetrate into the major market players who have seen the need for our technology. I remain extremely encouraged by the progress and while there remains an immense amount of hard work ahead, I can finally see the vision starting to become a market reality. The support from our shareholders and founders has underscored our confidence in the Company and positioned our resources to deliver our offerings."

Application and Total Voting Rights

Application has been made to the London Stock Exchange for 979,168 new Ordinary Shares to be admitted to trading on AIM ("Admission") and Admission is expected to occur on or around 7 May 2021. The new Ordinary Shares will, upon issue, rank *pari passu* with the existing Ordinary Shares in the Company.

Following Admission of the 979,168 new Ordinary Shares, the Company's enlarged issued share capital will be 54,061,759 Ordinary Shares. The Company holds no Ordinary Shares in Treasury. This figure of 54,061,759 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:

Ethernity Networks David Levi, Chief Executive Officer Mark Reichenberg, Chief Financial Officer	Tel: +972 8 915 0392
Arden Partners plc (NOMAD and Joint Broker) Richard Johnson / Benjamin Cryer	Tel: +44 207 614 5900
Peterhouse Capital Limited (Joint Broker) Lucy Williams / Duncan Vasey / Eran Zucker	Tel: +44 20 7562 0930

About Ethernity (www.ethernitynet.com)

Ethernity Networks Ltd. (AIM: ENET) 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 and control software with a rich set of networking features, robust security, and a wide range of virtual function accelerations to optimize telecommunications networks. Ethernity's complete solutions quickly adapt to customers' changing needs, improving time-to-market and facilitating the deployment of 5G and edge computing.

The information contained in this announcement is deemed by the Company to constitute inside information as stipulated under Article 7 of the Market Abuse Regulations (EU) No 596/2014, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain..

Template for 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	David Levi
2	Reason for the notification	
a)	Position/status	Director
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	Exercise of warrants and Sale of Shares						
c)	Price(s) and volume(s) Exercise of Warrants (2 May 2021) Sale of Shares (30 April 2021)	<table border="1"> <thead> <tr> <th>Price(s)</th> <th>Volume(s)</th> </tr> </thead> <tbody> <tr> <td>30p</td> <td>666,667</td> </tr> <tr> <td>53.47p</td> <td>310,000</td> </tr> </tbody> </table>	Price(s)	Volume(s)	30p	666,667	53.47p	310,000
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53.47p	310,000							
d)	Aggregated information	N/a – single transactions						
e)	Date of the transaction	30 April 2021 & 2 May 2021						
f)	Place of the transaction	London Stock Exchange (Share Sale); Off Exchange (Warrants)						

1	Details of the person discharging managerial responsibilities / person closely associated							
a)	Name	Shavit Baruch						
2	Reason for the notification							
a)	Position/status	Director						
b)	Initial notification /Amendment	Initial notification						
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