

25 February 2022

ETHERNITY NETWORKS LTD.

("Ethernity" or the "Company")

Share Subscription Agreement

- US\$2 million share subscription by 5G Innovation Leaders Fund
- Accelerating mass production, wireless infrastructure and extending the Company's market presence
- Investment on more favourable terms for the Company than the previous agreement with 5G Innovation Leaders Fund

Ethernity Networks Ltd (AIM: ENET.L), a leading supplier of networking processing technology ported on FPGA (field programmable gate array) for virtualised networking appliances, announces that it has entered into a share subscription deed (the "Agreement") with 5G Innovation Leaders Fund LLC ("5G Fund"), a U.S.-based institutional investor and a significant current shareholder in the Company, in relation to the issue of new ordinary NIS 0.001 shares ("Shares"), to raise US\$2,000,000.

Following the c.£4.6m placing in September 2021, the Company is already sufficiently funded to complete the planned transition towards mass production of the Company UEPs and ACE-NIC for 5G and wireless infrastructure, and has now taken the opportunity to secure additional funding on attractive terms (more favourable to the Company than those of 5G Fund's previous investment in the Company, which now includes a price per share protection mechanism for the Company), to further extend the Company's market presence in the programmable system platform market and to enable the processing of larger orders by the Company.

ENET's CEO, David Levi, commented: "This further funding allows us to accelerate completing the transition towards mass production of the Company UEPs and ACE-NIC and provides an increased cash buffer for the Company."

Details of the Agreement

5G Fund will make one investment of US\$2,000,000 for new Shares ("Subscription Shares") valued at US\$2,060,000 in the next five days.

The investment under the Agreement will be made by way of a prepayment for Subscription Shares, to be issued, at 5G Fund's request, within 18 months of the date of the prepayment.

The number of Subscription Shares to be issued will be determined by dividing the gross subscription amount by the Settlement Price.

The Settlement Price will be equal to the sum of the Reference Price and the Additional Price. The Reference Price will be the average of three daily volume-weighted average prices ("VWAPs") of Shares selected by 5G Fund during a fifteen-trading day period immediately prior to the date of notice of their issue, rounded down to the next one tenth of a penny. The Additional Price will be equal to half of the excess of 85% of the average of the daily VWAPs of the Shares during the three consecutive trading days immediately prior to the date of notice of their issue over the Reference Price. The pricing mechanism thus provides an additional protection mechanism for the Company, to minimise excessive discounts.

The investment is subject to customary conditions precedent. The Agreement includes representations and warranties by the Company that are customary for an equity fundraising of this nature. The Company is required to adhere to customary negative covenants (but for clarity, the Agreement does not restrict the Company from raising additional capital in a conventional equity placing or placings).

The Agreement contains events of default typical for a transaction of this nature.

Admission

Upon receiving a settlement notice from the 5G Fund, application will be made for any new Shares issued and allotted to 5G Fund to be admitted to trading on AIM. Such new Shares will only be issued to the extent that the Company has corporate authority to do so.

For more information on Ethernity's products and solutions, please see The Company's website at www.ethernitynet.com.

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 Broker)

Richard Johnson / George Morgan

Tel: +44 207 614 5900

Peterhouse Capital Limited (Joint Broker)

Lucy Williams / Duncan Vasey / Eran Zucker

Tel: +44 20 7562 0930

About Ethernity Networks

Ethernity Networks (AIM: ENET.L) provides innovative, comprehensive networking and security solutions on programmable hardware for accelerating telco/cloud networks. 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, edge computing, and NFV.

MARKET ABUSE REGULATION

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014 (as implemented into English Law). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.