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13 July 2020

**ETHERNITY NETWORKS LTD.**

("Ethernity" or the "Company")

**Placing and Subscription to raise £780,000**

Ethernity (AIM: ENET), a leading supplier of functional acceleration ethernet adapter cards on FPGA (field programmable gate array) for virtualised networking appliances, is pleased to announce a placing (the "Placing") and subscription (the "Subscription") to raise £780,000 (gross) through the issue of 6,500,000 new ordinary shares of NIS 0.001 each ("Ordinary Shares") at 12p per share (the "Issue Price"). Peterhouse Capital Limited ("Peterhouse") is acting as placing agent to the Placing.

The Company is also pleased to announce the appointment of Peterhouse as joint broker to the Company with immediate effect.

**Summary / Highlights**

- Placing and Subscription to raise £780,000\* through the issue of 6,500,000 new Ordinary Shares ("New Shares") at the Issue Price
- Strong support of Directors and staff with participation for £240,000 in the Subscription
- Broker option ("Broker Option") to make available further £100,000 to existing shareholders via Peterhouse
- Investors to receive warrants on a 1 for 1 basis, exercisable at 20p and 30p ("Fundraising Warrants")
- Net proceeds of approximately £728,000\* to strengthen the balance sheet, to allow the Company to support the growing number of engagements for its 5G offering towards successful field deployments, and for general working capital purposes.
- Admission of the New Shares expected on or around 16 July 2020 ("Admission")

*\* excluding any additional funds raised through the Broker Option*

**Details of the Fundraising**

The Company has placed 6,500,000 New Shares at the Issue Price ("Fundraising") raising gross proceeds of £780,000 before expenses (approximately £728,000 net proceeds to the Company). The New Shares will have fundraise warrants attached, details of which are set out below.

The Issue Price represents a discount of 37% to the closing price on 10 July 2020. The New Shares to be issued pursuant to the Fundraising will represent 16.6% of the Company's issued ordinary share capital as enlarged by the Fundraise (excluding any New Shares issued via the Broker Option).

The New Shares are being issued under the Company's existing share authorities.

### **Warrants**

As part of the Fundraising the Company will issue to investors one warrant for every two New Shares to subscribe for a further new ordinary share at a price of 20p per ordinary share ("20p Warrants") and one warrant for every two New Shares to subscribe for a further new ordinary share at a price of 30p per ordinary share ("30p Warrants"), both with a life term of 12 months from the date of Admission (together the "Warrants"). The Warrants are not transferable and will not be traded on an exchange.

The Warrants have an accelerator clause. The 20p Warrants will vest if the closing mid-market share price of the Company exceeds 30p over a 5-consecutive day period within 12 months of Admission. The 30p Warrants will vest if the closing mid-market share price of the Company exceeds 40p over a 5-consecutive day period within 12 months of Admission. The Company may serve notice ("Notice") on the Warrant holders to exercise their Warrants in the event that the vesting criteria is met. In the event the Company serves Notice, any Warrants remaining unexercised after 7 calendar days following the notification of the Notice will be cancelled.

In addition, Peterhouse has been issued with 216,666 warrants to subscribe for a further new ordinary share at the Placing Price per ordinary share. The warrants have a life term of 12 months from the date of Admission.

### **Broker Option**

The Broker Option is a facility to allow existing shareholders of the Company, being shareholders of the Company who hold shares in the Company as at the close of business on 10 July 2020 ("Existing Shareholders") to participate in the Fundraise on the same basis as the Placing and Subscription, including Warrants.

In order to allow Existing Shareholders to have an opportunity to subscribe for new Ordinary Shares in the Company at the Issue Price ("Broker Option Shares"), the Company has granted Peterhouse a Broker Option over 833,334 new Ordinary Shares in the Company exercisable at the Issue Price raising up to a further £100,000.08 before expenses.

Participation in the Broker Option is only available to Existing Shareholders and all orders from such Existing Shareholders will be accepted and processed by Peterhouse at Peterhouse's sole discretion. Peterhouse is entitled to participate in the Broker Options as principal.

To subscribe for Broker Option Shares, Existing Shareholders should communicate their bid to Peterhouse via their stockbroker as Peterhouse cannot take direct orders from individual private investors. Existing Shareholders who wish to register their interest in participating in the Broker Option Shares should instruct their stockbroker to call Peterhouse on STX: 76086 or +44 (0) 20 7220 9792. Each bid should state the number of Broker Option Shares the Existing Shareholder wishes to subscribe for at the Placing Price.

Peterhouse may choose not to accept bids and/or to accept bids, either in whole or in part, on the basis of allocations determined at their discretion (after consultation with the Company) and may scale down any bids for this purpose on such basis as Peterhouse may determine. Peterhouse may also, subject to prior consent of the Company, allocate new Ordinary Shares after the time of any initial allocation to any person submitting a bid after that time.

### **Use of Proceeds**

The net proceeds of the Fundraising of approximately £728,000 (excluding any additional funds raised through the Broker Option) are to be applied to strengthen the balance sheet, to allow the Company to support the

growing number of engagements for its 5G offering towards successful field deployments, and for general working capital purposes.

### Directors Subscriptions

David Levi and Shavit Baruch are subscribing for 1,333,333 New Shares and 333,333 New Shares together with associated Warrants, respectively, through the Subscription, as detailed below:

Director	Subscription shares	20p Warrants	30p Warrants	Resultant shareholding	% of enlarged share capital*
David Levi	1,333,333	666,666	666,666	8,101,233	20.7%
Shavit Baruch	333,333	166,666	166,666	4,833,333	12.3%

\* excluding any new Ordinary Shares issued via the Broker Option

In addition, a further 499,999 New Shares, with associated Warrants, are being subscribed through the Subscription.

Furthermore, in order to enable a mechanism to benefit cash conservation and alignment of interests, the Company intends to explore the possibility, subject to legal and/or tax considerations, of offering Directors and employees the option of settling remuneration and/or fees due to them in all or part through the issuance of new Ordinary Shares or options. The Company will provide an update on these measures in due course.

### Related Party Transaction

As Directors and substantial shareholders of Ethernity, David Levi and Shavit Baruch are related parties of the Company under the AIM Rules for Companies (the "AIM Rules"). As a result, the Directors' Subscriptions are related party transactions pursuant to Rule 13 of the AIM Rules. Accordingly, the independent Directors of the Company (being all the Directors with the exception of David Levi and Shavit Baruch), having consulted with the Company's Nominated Adviser, Arden Partners, consider that the terms of the Directors' Subscriptions are fair and reasonable in so far as the Company's shareholders are concerned.

### Admission

The New Shares will rank *pari passu* with the Company's existing Ordinary Shares and an application has been made to the London Stock Exchange for admission of the New Shares to trading on AIM. Admission is expected to occur at 8.00 a.m. on or around 16 July 2020.

### Total voting rights

Following Admission (and excluding any new Ordinary Shares issued via the Broker Option) the Company's enlarged issued share capital will be 39,194,686 Ordinary Shares. The Company holds no Ordinary Shares in Treasury. This figure of 39,194,686 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 and Transparency Rules.

For further information, please contact:

### Ethernity Networks

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**About Ethernity** ([www.ethernitynet.com](http://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 notifications below are made in accordance with the requirements of the EU regulation on market abuse.

Template for notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them

<b>1</b>	<b>Details of the person discharging managerial responsibilities / person closely associated</b>	
a)	Name	1. David Levi 2. Shavit Baruch
<b>2</b>	<b>Reason for the notification</b>	
a)	Position/status	1. Director 2. Director
b)	Initial notification /Amendment	Initial notification
<b>3</b>	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Ethernity Networks Ltd.
b)	LEI	213800LZJO33QBNXU496
<b>4</b>	<b>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</b>	

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	Subscription for shares				
c)	Price(s) and volume(s)	<table border="1"> <thead> <tr> <th>Price(s)</th> <th>Volume(s)</th> </tr> </thead> <tbody> <tr> <td>12p</td> <td>1. 1,333,333 2. 333,333</td> </tr> </tbody> </table>	Price(s)	Volume(s)	12p	1. 1,333,333 2. 333,333
Price(s)	Volume(s)					
12p	1. 1,333,333 2. 333,333					
d)	Aggregated information	N/a – single transactions				
e)	Date of the transaction	13 July 2020				
f)	Place of the transaction	Off Exchange				