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If you sell or transfer or have sold or transferred all of your ordinary shares of NIS 0.001 nominal value each 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 Extraordinary General Meeting

To be held at the offices of the Company at 13A Hamelacha St., Lod Industrial Park, 7152025, Israel at 11.00 a.m. Israel time (9.00 a.m. UK time) on 29 December 2020.

Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 5 to 8 (inclusive) of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Enclosed with this document is a Form of Proxy for use by Shareholders or a Form of Instruction for use by holders of Depositary Interests. 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 a.m. (UK time) (11.00 Israel time) on 24 December 2020 in the case of a Form of Proxy or by 9.00 a.m. (UK time) (11.00 a.m. Israel time) on 23 December 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

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

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Graham Woolfman (Non-Executive Chairman) David Levi (Chief Executive Officer) Mark Reichenberg CA (SA) (Chief Financial Officer) Shavit Baruch (VP Research & Development) Neil Rafferty (Non-Executive Director) Chen Saft Feiglin (External Director) Zohar Yinon (External Director)
Company Secretary	Mark Reichenberg
Registered Office	13A Hamelacha St. Lod Industrial Park 7152025 Israel
Nominated Adviser and Broker	Arden Partners Plc 125 Old Broad Street London EC2N 1AR
English Solicitors to the Company	Hamlins LLP Roxburghe House 273-287 Regent Street London W1B 2AD
Israeli Solicitors to Company	Gornitzky & Co. 45 Rothschild Boulevard Tel Aviv 6578403 Israel
Registrar	Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4ZF

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
“certificated” or “in certificated form”	the description of a share or security which is not in uncertificated form (that is, not in CREST)
“Company” or “Ethernity”	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)
“Companies Law”	the Israel Companies Law, 5759-1999 and the regulations promulgated thereunder
“CREST”	the computerised settlement system to facilitate transfer of title to or interests in securities in uncertificated form operated by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations for the time being in force
“Depository”	Depository Link Market Services Trustees Limited, incorporated in England (No 02729260) whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent B R3 4TU
“Depository Interest” or “DI”	dematerialised interests representing underlying Ordinary Shares in the ration 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
“EGM” or “Extraordinary General Meeting” or “Meeting”	the extraordinary general meeting of the Company being convened by this notice or any adjournment of such meeting
“Existing Ordinary Shares”	41,713,150 Ordinary Shares currently in issue at the date of this document
“Form of Proxy”	the form of proxy for use by Shareholders at the General Meeting which accompanies this document
“Form of Direction”	the form of direction for use by Depository Interest Holder(s) at the General Meeting which accompanies this document
“ISOP”	the Company approved Israel Share Option Plan
“Notice of Extraordinary General Meeting”	the notice of the Extraordinary General 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 Extraordinary General Meeting, as set out in the Notice of Extraordinary General Meeting
“Shareholder(s)”	holder(s) of Ordinary Shares
“uncertificated” or “in uncertificated form”	a share or security recorded in the Company’s register of members as being held in uncertificated form, title to which may be transferred by means of CREST

LETTER FROM THE CHAIRMAN

ETHERNITY NETWORKS LTD.

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

Directors: David Levi
Shavit Baruch
Mark Reichenberg
Graham Woolfman
Neil Rafferty
Chen Saft Feiglin
Zohar Yinon

Registered Office:
13A Hamelacha St.
Lod Industrial Park
7152025
Israel

18 November 2020

Dear Shareholder or Depositary Interest Holder,

Notice of Extraordinary General Meeting

Introduction

I am pleased to be writing to you with details of the forthcoming Extraordinary General Meeting of the shareholders of Ethernity Networks Ltd. to be held at the offices of the Company at 13A Hamelacha St., Lod Industrial Park, 7152025, Israel, at 11.00 a.m. Israel time (9.00 a.m. UK time) on 29 December 2020.

The formal notice of the Meeting is set out on pages 9 to 10 of this document.

Background to and Reasons for the Meeting

As previously announced in the Company's ongoing updates regarding funding and the impact of the COVID-19 situation, the Company continues to apply cash conservation measures albeit funding steps as announced have been completed.

A. Share Based Compensation to the Non-Executive Directors

Due to ongoing levels of contribution from Neil Rafferty, non-executive Director, the call on his time has far exceeded his contracted time. He has agreed to continue these additional services for the second half of the financial year ending 31 December 2020 and has agreed to be remunerated for his contribution through the issue of shares in lieu of cash, to be calculated with reference to a price of 20p per share.

Additionally Neil Rafferty has agreed to a fee substitution via compensation in shares of 50% of his monthly fees due for November and December 2020. The number of shares to be issued is calculated on the same basis as above.

The Company has also agreed an issue of shares, on similar terms as to Neil Rafferty above with the exception of the 50% fee substitution for November and December 2020, to be made to myself as Chairman, as a termination award under the Company's Compensation Policy in recognition of work done.

The total amount of share based compensation in relation to the above matter and the resultant number of shares to be issued, is as follows:

- Graham Woolfman, non-executive Chairman, is to receive £33,000 @ 20p per share being 165,000 shares
- Neil Rafferty, non-executive director, is to receive £28,000 @ 20p per share being 140,000 shares.

In order to complete this allotment, as is required in terms of the Israel Companies Law, 5759-1999 and the regulations promulgated thereunder, any award or issue of shares or options to a director requires the recommendation of the Remuneration Committee of the Company to the Board. This recommendation was confirmed in a meeting of the Remuneration Committee of the Company on the 9th of November 2020, and the approval of the Board of Directors of the

Company in a meeting held on the 10th of November 2020 which adopted and approved the Remuneration Committee's proposals subject to approval by a disinterested majority of the shareholders in a General Meeting.

Neil Rafferty in conformity with the requisite law and governance did not participate in any decision by the Remuneration Committee to recommend this proposal to the Board for approval, and similarly neither Neil nor myself participated in any resolution by the Board to approve our individual interests in the proposals.

Furthermore, as per the Company's adopted Compensation Policy, these share awards will be subject to a lock-in period of one (1) year from the date of allotment.

B. Award of Options to the Chief Financial Officer

A general award of options to employees of the Company was approved by the Remuneration Committee on 9 November 2020 in accordance with the terms of the Company's approved Israel Share Option Plan (ISOP).

As part of this general award, following a meeting of the Remuneration Committee on 9 November 2020, the Remuneration Committee proposed to the Board that Mark Reichenberg be awarded 100,000 options at an exercise price of 20p. The Board has subsequently approved this award in a resolution passed on 18 November 2020. Under the Israeli Companies Law this award is subject to and conditional upon the approval by shareholders in a General Meeting of the Company.

These proposed options will vest equally in three parts on 19 November 2021 and thereafter on an annual basis. Subsequent to approval of the additional grant, Mark Reichenberg will have 209,000 options, of which 81,750 are vested.

Actions to be taken in respect of the Meeting

WE STRONGLY ENCOURAGE SHAREHOLDERS TO VOTE ON ALL RESOLUTIONS BY APPOINTING THE CHAIR 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 EGM 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 EGM 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 24 December 2020. We will consider all questions received and endeavour to provide responses to them at the EGM to the extent appropriate and practicable.

Any Shareholder or proxy appointed by a Shareholder who wishes to attend the EGM 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 EGM 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 in order to request a Letter of Representation no later than 5.00 p.m. (UK time) / 7.00 p.m. (Israel time) on 18 December 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 ones given the current pandemic.

I would reiterate that the Board would encourage all Shareholders and Depository Interest Holders in the strongest possible terms to use their Form of Proxy or Form of Direction, as relevant, and appoint the Chair of the EGM 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.

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).

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, 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 24 December 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 by telephone. However, Shareholders are urged not to attend the Extraordinary General Meeting in person.

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).

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 23 December 2020.**

This will enable your vote to be counted at the Meeting. The completion and return of the Form of Direction will not prevent you from attending the Meeting, or any adjournment of the Meeting by telephone (subject to obtaining a valid Letter of Representation), however you will not be able to vote at the meeting. Depository Interest holders are urged not to attend the Extraordinary General Meeting in person.

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 beneficial holdings amounting in aggregate, to 12,934,566 Ordinary Shares representing approximately 31.01 per cent. of the Existing Ordinary Shares, save that I shall abstain from voting my holding of 10,715 Ordinary Shares on Resolution 1 and Neil Rafferty shall abstain from voting his holding of 7,143 Ordinary Shares on Resolution 2.

Conclusion

My resignation as Non-Executive Chairman of the Company was announced on the 18th November 2020, and therefore I anticipate that this will be the last General Meeting of the Company, which I will Chair. I would like to take this opportunity to thank my Board colleagues for their work and support during the period of my appointment, as well as shareholders for their support of the Company.

I wish the Company every success and look forward to following its continued development.

Yours faithfully,

Graham Woolfman

Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Ethernity Networks Ltd. (the "**Company**") will be held at the offices of the Company at 13A Hamelacha St., Lod Industrial Park, 7152025 **at 11.00 a.m. (Israel time) (9.00 a.m. UK time) on 29 December 2020**, to consider and, if thought fit, pass the following resolutions:

1. THAT Graham Woolfman, non-executive Chairman, is to receive 165,000 shares, being £33,000 on a reference price of 20p per share. Such shares are to be subject to a one (1) year lock in from allotment.
2. THAT Neil Rafferty, non-executive director, is to receive 140,000 shares, being £28,000 on a reference price of 20p per share. Such shares are to be subject to a one (1) year lock in from allotment.
3. THAT Mark Reichenberg, Chief Financial Officer, be awarded 100,000 options at an exercise price of 20p under the Company ISOP, vesting equally in three parts on 19 November 2021 and thereafter on an annual basis.

The approval of Resolutions 1, 2 and 3 requires the affirmative vote of a disinterested majority shareholder approval of the Ordinary Shares present in person or represented by proxy and voting at the Extraordinary General Meeting on such Resolution. In such event, and any non-executive or executive director who has shares will be deemed as having a personal interest in the shareholder vote and would need to be excluded from the disinterested majority. Thus Messrs. Woolfman and Rafferty may not vote their shares on resolutions 1 and 2.

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

18 November 2020

Notes to the Notice of Extraordinary 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 (UK time) 22 December 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 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 24 December 2020 or 48 hours before any meeting following adjournment thereof (in accordance with the Uncertificated 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 thereat 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, PX1, 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. (UK time)/ 11.00 a.m. (Israel time) on 23 December 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 24 December 2020 (or at 9.00 a.m. (UK time)/ 11.00 a.m. (Israel time) three days before the date of any adjourned Meetings).
6. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy, or Form of Direction (as applicable), but the vote of the first named on the register of shareholders or register of Depository Interests (as applicable) will be accepted to the exclusion of the other joint holders.
7. The approval of each of Resolutions 1, 2 and 3 requires the affirmative vote of a disinterested majority shareholder approval of the Ordinary Shares present in person or represented by proxy and voting at the Extraordinary General Meeting on such Resolution.
8. Any Shareholder or proxy appointed by a Shareholder who wishes to attend the EGM by telephone is requested to contact the Company Secretary, Mark Reichenberg (at markr@ethernitynet.com), 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.
9. Any Depository Interest Holder who wishes to join the EGM 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 in order to request a Letter of Representation no later than 5.00 p.m. (UK time)/ 7.00 p.m. (Israel time) on 18 December 2020. Any such Depository Interest Holder is then requested to contact the Company Secretary as set out in the immediately preceding paragraph once they have received the Letter of Representation. However, Depository Interest holders will not be able to vote at the Meeting.
10. 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.
11. 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.
12. 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.
13. As at the close of business (UK time) on 17 November 2020 being the date immediately prior to the date of this Notice, the Company's issued share capital comprised of 41,713,150 Ordinary Shares. 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 close of business (UK time) on 17 November 2020 is 41,713,150.

