

31 December 2020

ETHERNITY NETWORKS LTD

("Ethernity" or the "Company")

Second Investment under Share Subscription Agreement and Further Allotment of Shares

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 the second tranche investment of £400,000 pursuant to the terms of the share subscription deed ("Agreement") with 5G Innovation Leaders Fund LLC ("5G Fund" or the "Subscriber"), a U.S.-based specialist investor, as announced on 25 September 2020.

5G Fund will make the investment of £400,000 in the next five days as prepayment for new ordinary NIS 0.001 shares ("Ordinary Shares") valued at £438,000. The new Ordinary Shares will be issued, at 5G Fund's request, pursuant to the terms of the Agreement and application(s) to trading on AIM will be made as appropriate.

The proceeds from this second tranche investment will be used by the Company for general corporate and working capital purposes.

Allotment of Shares

Separately, the Subscriber has requested that the Company issue 826,087 Ordinary Shares to the Subscriber, in relation to the purchase price of £190,000 which was prepaid by the Subscriber in the first tranche of its investment as announced on 25 September 2020. Accordingly, the Company will issue and allot 826,087 new Ordinary Shares to the Subscriber. Following this settlement notice a balance of £107,000 remains subscribed but unissued under the first tranche investment.

Application has been made to the London Stock Exchange for 826,087 new Ordinary Shares to be admitted to trading on AIM ("Admission") and Admission is expected to occur on or around 7 January 2021. The new Ordinary Shares will, upon issue, rank pari passu with the existing Ordinary Shares in the Company.

Total voting rights

Following Admission, the Company's enlarged issued share capital will be 47,773,497 Ordinary Shares. The Company holds no Ordinary Shares in Treasury. This figure of 47,773,497 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.

Market Abuse Regulation (MAR) Disclosure

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. With the

publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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About Ethernity (www.ethernitynet.com)

[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.