

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or from another appropriately authorised independent financial adviser if you are resident in a territory outside the United Kingdom. The whole of this document should be read.**

If you have sold or transferred all of your Ordinary Shares in Corero Network Security plc (the “**Company**”) please send this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, these documents should not be forwarded or transmitted into any jurisdiction where such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The New Ordinary Shares will only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing nor the Subscription constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the Financial Conduct Authority of the United Kingdom (“**FCA**”) pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

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# **Corero Network Security plc**

*(Incorporated in England and Wales under the Companies Act 1985 with registered no. 2662978)*

**Placing and Subscription of 69,565,217 new Ordinary Shares at 5.75 pence per share**

**and**

**Notice of General Meeting**

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Your attention is drawn to the letter from the Non-Executive Chairman of the Company which is set out on pages 3 to 8 (inclusive) of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

**Notice of a General Meeting of the Company, to be held at 68 Lombard Street, London EC3V 9LJ, at 11.00 a.m. on 26 April 2018, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company’s registrars, Link, by not later than 11.00 a.m. on 24 April 2018 (or, in the case of an adjourned meeting, no later than 48 hours before the time of such meeting, excluding any part of a day that is not a Business Day). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

Any person entitled to receive a copy of documents, including this document, is entitled to receive such documents in hard copy form. Such person may request that all future documents are sent to them in hard copy form. You may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Company at Corero Network Security plc, Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK.

The distribution of this document in certain jurisdictions may be restricted by law. Accordingly, this document may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside the UK into whose domain this document comes should inform themselves about and observe any such restrictions.

This document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States nor do they qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Ordinary Shares may not, directly or indirectly, be offered, sold or taken up, delivered or transferred in or into the United States, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document has come should inform themselves and observe any restrictions as to the Transaction or the distribution of this document.

The Existing Ordinary Shares of the Company are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected, subject to, *inter alia*, the passing of the Resolutions at the General Meeting, that admission of the New Ordinary Shares will become effective and that dealings will commence on 27 April 2018. The New Ordinary Shares will, when issued, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority (being the FCA acting as competent authority for the purposes of Part V of FSMA) (“**UKLA**”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those of the Official List of the UKLA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the UKLA.

## **FORWARD-LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “forecasts”, “plans”, “prepares”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “seeks”, “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company’s and the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Company’s prospects, growth and strategy. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company’s results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or development may not be indicative of results or developments in subsequent periods. Any forward-looking statements that the Company makes in this document speak only as of the date of such statement and (other than in accordance with their legal or regulatory obligations) neither the Company, nor Cenkos nor any of their respective associates, directors, officers or advisers undertakes any obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## Part I

### Letter from the Non-Executive Chairman of Corero Network Security plc

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 2662978)

*Directors:*

Jens Montanana (*Non-Executive Chairman*)  
Ashley Stephenson (*Chief Executive Officer*)  
Andrew Lloyd (*President and Executive Vice President Sales and Marketing Director*)  
Andrew Miller (*Chief Financial Officer*)  
Richard Last (*Non-Executive Director*)

*Registered office:*

Regus House  
Highbridge  
Oxford Road  
Uxbridge  
UB8 1HR

5 April 2018

*To the holders of Ordinary Shares and for information purposes to the holder of options over Ordinary Shares*

Dear Shareholder

#### **Placing and Subscription of up to 69,565,217 new Ordinary Shares at 5.75 pence per share**

**and**

#### **Notice of General Meeting**

### **1. Introduction**

The Company has today announced a conditional Placing and Subscription to raise approximately £4.0 million (\$5.6 million) before expenses, and that it is in final stage discussions with a UK bank regarding a new debt facility to provide additional finance of up to £3.0 million (\$4.2 million) ("**Debt Facility**"). The Placing and Subscription will require the issue and allotment by the Company of up to 69,565,217 new Ordinary Shares at the Placing Price of 5.75 pence per Ordinary Share to certain investors, including certain Directors, institutions and individual shareholders.

The Placing and Subscription is conditional, *inter alia*, upon Shareholders approving the Resolutions contained in the Notice of General Meeting at the end of this document. Admission is expected to occur no later than 8.00 a.m. on 27 April 2018 or such later time and/or date as Cenkos and the Company may agree. The Placing and Subscription are not underwritten. In the event the Resolutions are not approved at the General Meeting, the Placing and Subscription will not proceed. Should the Placing and Subscription not proceed, the Debt Facility will not be available to the Company and the Group will need to seek alternative financing. There can be no guarantee that alternative financing will be available to the Company in the required amounts or on acceptable terms for the working capital requirements of the Group.

The purpose of this document is to explain the background to, and the reasons for, the Resolutions and to explain why the Board considers the Transaction to be in the best interests of the Company and its Shareholders as a whole, and why the Board recommends that you vote in favour of the Resolutions.

### **2. Corero Network Security plc – Nature of Business**

Corero Network Security is the leader in real-time, high-performance DDoS defence solutions. Service providers, hosting providers and digital enterprises rely on Corero's award winning technology to eliminate the DDoS threat to their environment through automatic attack detection and mitigation, coupled with complete network visibility, analytics and reporting. This industry leading technology provides cost effective, scalable protection capabilities against DDoS attacks in the most complex environments while enabling a more cost effective economic model than previously available.

### **3. Financial information on the Company**

The Company has today announced its full year results for the period ending 31 December 2017. Group revenue for the year ended 31 December 2017 was \$8.5 million (2016: \$8.8 million) with SmartWall revenue up 43 per cent. over the prior year whilst legacy product revenues declined as expected. Smartwall recurring revenue increased to \$3.4 million (2016: \$1.5 million). The EBITDA loss reduced to \$5.1 million (2016: EBITDA loss \$6.4 million).

Revenue and the EBITDA loss for the year ending 31 December 2017 was impacted by delays in world-wide implementation schedules for a large digital enterprise customer win in the third quarter of 2017 and an existing customer's ongoing deployment.

SmartWall order intake for the year ending 31 December 2017 was \$9.3 million, with 50 per cent. representing recurring revenue in the form of support, services, and as-a-service contracts (2016: SmartWall order intake was \$6.7 million including recurring revenue order intake of \$2.6 million). Corero continued to manage its cost base in 2017 with overheads more than 10 per cent. below the prior year.

The loss for the year after taxation amounted to \$8.6 million (2016: \$17.2 million including an impairment to goodwill acquired of \$9.0 million) and includes amortisation of capitalised development expenditure of \$2.4 million (2016: \$2.3 million).

The closing cash balance was \$1.4 million (2016: \$2.9 million). Corero had no debt at 31 December 2017 (2016: \$0). The net reduction in cash from operating activities in the year ended 31 December 2017 was \$6.0 million (2016: \$5.5 million).

A copy of the Annual Report and Accounts for the year ended ending 31 December 2017 is available on the Company's website at: [www.corero.com/investors](http://www.corero.com/investors).

### **4. Background to and reasons for the Transaction**

On 21 December 2017, the Company announced a trading update in which it disclosed that it was pursuing debt financing to fund the Company's working capital requirements for 2018. The Company is currently in discussions with a UK bank regarding the Debt Facility.

The Debt Facility will, if an agreement is entered into between the Company and the bank in respect of the Debt Facility, be conditional on the Company raising no less than £3.0 million (\$4.4 million) before expenses via an equity fundraising. Due to this condition, the Board has consulted with its major Shareholders who have been supportive of an equity fundraise. The Company has therefore undertaken the Placing and Subscription at this time instead of purely raising debt finance. The Company intends to enter into an agreement for the Debt Facility between the date of this document and the date of the General Meeting, and expects to be able to drawdown the Debt Facility following completion of the Placing and Subscription.

The Debt Facility is currently expected to include the following key terms:

- four year term with one year repayment holiday;
- no early repayment penalties or redemption premium;
- interest payable quarterly at 7.5 per cent. per annum over 3 Month GBP LIBOR plus arrangement fee of 5 per cent.; and
- standard security and loan covenants.

There can be no certainty that the Debt Facility will be entered into prior to Admission or at all. If an agreement in respect of the Debt Facility is not entered into or if for whatever reason the Debt Facility does not complete, then the Company will need to raise additional capital in the second half of this year either from alternative third party debt providers and/or by way of a further equity fundraise. Further, Placees will be granted the option to withdraw their commitments for Placing Shares if an agreement in respect of the Debt Facility is not entered into prior to Admission.

## **5. The Placing and Subscription**

### ***Details of the Placing***

The Company has conditionally raised approximately £3.0 million before expenses by the conditional Placing of up to 52,399,275 Placing Shares at the Placing Price by Cenkos, as agent for the Company, with Placees.

The Placing is conditional, *inter alia*, upon:

- (a) the passing of the Resolutions at the General Meeting by Shareholders;
- (b) the Placing Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Admission;
- (c) the Subscription Agreements becoming or being declared unconditional in all respects and not having been terminated in accordance with their terms prior to Admission; and
- (d) Admission becoming effective by no later than 8.00 a.m. on 27 April 2018 or such later time and/or date (being no later than 8.00 a.m. on 18 May 2018) as Cenkos and the Company may agree.

If any of the conditions are not satisfied, the Placing Shares will not be issued and all monies received from the Placees will be returned to the Placees (at the Placees' risk and without interest) as soon as possible thereafter.

The Placing is not conditional upon completion of the Debt Facility. However, if an agreement in respect of the Debt Facility has not been signed by 8.00 a.m. on 25 April 2018 (being 48 hours prior to Admission) and the Company and Cenkos do not believe (acting reasonably) that it will be signed prior to Admission, Cenkos will, as agent for the Company, notify Placees that the Debt Facility will not be available on Admission and will inform Placees that they will remain committed to subscribe for the number of Placing Shares set out in their respective forms of confirmation unless they notify Cenkos in writing by no later than 8.00 a.m. on 26 April 2018 (being 24 hours prior to Admission) that they no longer wish to subscribe for their Placing Shares.

The Placing is not being underwritten. Also Placees may withdraw their commitments for Placing Shares if an agreement in respect of the Debt Facility is not entered into prior to Admission. Therefore the Placing may not be fully subscribed.

The Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 27 April 2018 at which time it is also expected that the Placing Shares will be enabled for settlement in CREST.

### ***Details of the Subscription***

The Company has conditionally raised approximately £1.0 million before expenses by the conditional Subscription of up to 17,165,942 Subscription Shares at the Placing Price by each of Jens Montanana, Andrew Lloyd and Richard Last. Each of Jens Montanana, Andrew Lloyd and Richard Last have entered into a Subscription Agreement with the Company pursuant to which each has conditionally agreed to subscribe for either a specific number of Subscription Shares or, in respect of Jens Montanana, up to a maximum number of Subscription Shares, set out in that person's Subscription Agreement. None of the Subscription Agreements are conditional on any other Subscription Agreement but each Subscription Agreement is subject to the same conditions.

The Subscription is conditional upon the passing of the Resolutions at the General Meeting by Shareholders and Admission. The Subscription is not being underwritten and the Subscription may not be fully subscribed. However, Subscribers will not be able to withdraw their commitments if an agreement in respect of the Debt Facility is not entered into prior to Admission.

The Subscription Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Subscription Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 27 April 2018 at which time it is also expected that the Subscription Shares will be enabled for settlement in CREST.

As a result of the obligations imposed by Rule 9 of the City Code on Takeovers and Mergers (the “**Code**”), if the Subscription and the Placing become unconditional then, if any other Subscriber and/or any other Placee defaults under his or its Subscription Agreement or placing commitment and does not subscribe for some or all of the Subscription Shares and/or Placing Shares specified therein, Jens Montanana shall, if applicable, reduce the number of Subscription Shares which he will subscribe for in the Subscription to such number as to ensure that, on Admission, Jens Montanana will only hold such number of Ordinary Shares as will represent no more than 43.75 per cent. of the Company’s issued share capital at that date (being the percentage of Existing Ordinary Shares held by him on 4 April 2018).

## 6. Use of proceeds

The Company intends to raise up to £4.0 million (\$5.6 million) before expenses in the Placing and Subscription. The estimate of expenses for the Placing and Subscription is expected to be £0.1 million.

The net proceeds of the Transaction will be deployed to support SmartWall sales and marketing activities in the US and Europe, for further development of the SmartWall product and for the general working capital requirements of the Group. If the Resolutions are not approved by the requisite number of Shareholders and/or the entering into of the proposed Debt Facility or the Placing and Subscription do not proceed for any other reason, the Company will be required to immediately secure alternative financing for the purposes set out above from alternative sources.

## 7. Directors’ Participation in the Transaction and Related Party Transaction

Under the terms of the Subscription Agreements, Jens Montanana, Andrew Lloyd and Richard Last, each a Director of the Company, have conditionally agreed to subscribe for new Ordinary Shares as part of the Subscription. The interests of the Directors on 4 April 2018 (being the last practicable date prior to publication of this document) are, and immediately following Admission will be, as follows:

| Director       | Number of Ordinary Shares held on 4 April 2018 (being the last practicable date prior to publication) | Number of New Ordinary Shares to be subscribed for in the Subscription | Resulting number of Ordinary Shares held immediately following Admission | Resulting holding as a percentage of the Enlarged Share Capital |
|----------------|---|--|--|---|
| Jens Montanana | 138,000,000*  | 16,382,609**   | 154,382,609  | 40.10%  |
| Andrew Lloyd   | 300,000   | 100,000  | 400,000  | 0.10%   |
| Richard Last   | 1,316,667   | 683,333  | 2,000,000  | 0.52%   |
| Total          | <u>139,616,667</u>  | <u>17,165,942</u>  | <u>156,782,609</u>   | <u>40.72%</u>   |

\* of which 25,987,899 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 94,258,302 Ordinary Shares are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

\*\* which will be subscribed for by Jens Montanana in his personal capacity or JPM International Limited, which is wholly owned by Jens Montanana, or by The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

The participation in the Placing and Subscription by Jens Montanana, Andrew Lloyd and Richard Last as Directors of the Company, constitutes a related party transaction pursuant to the AIM Rules. Andrew Miller and Ashley Stephenson, being the only Directors who will not participate in the Placing and Subscription, consider, having consulted with Cenkos, the Company’s nominated adviser, that the participation in the Placing and Subscription by these Directors, as set out above, is fair and reasonable insofar as Shareholders are concerned.

## **8. Incentive Arrangements**

On 9 June 2017, the Company announced the cancellation and re-granting of options over Ordinary Shares to certain Directors and employees, with an option re-grant price of 13.6p ("**New Option Grant Price**"). The Company also announced that it intended to cancel 2,356,000 options previously granted to Andrew Miller and 425,000 options granted to Jens Montanana and grant an equal number of new options to each of them (the "**New Concert Party Options**") at the New Option Grant Price.

Since the terms of the New Concert Party Options are different from existing options currently held by Andrew Miller and Jens Montanana, the Company will require consent from the Panel on Takeovers and Mergers ("Panel") to waive the obligation on them to make a general offer to shareholders under Rule 9 of the Code that could otherwise arise if the New Concert Party Options were exercised. The Panel's waiver (if given) will be subject to the approval of independent shareholders, being shareholders other than Andrew Miller and Jens Montanana, taken on a poll at a general meeting of the Company.

The Company can confirm that it still intends, subject to the Panel granting a waiver, to seek approval at the 2018 Annual General Meeting of the Company ("**AGM**") for the grant of the New Concert Party Options and to include the required resolution in the notice of AGM.

## **9. General Meeting**

The Directors do not currently have the authority to allot all of the New Ordinary Shares on a non-pre-emptive basis and, accordingly, the Board is seeking the approval of Shareholders to allot the New Ordinary Shares at the General Meeting.

You will find set out at the end of this document a notice convening a general meeting of the Company to be held at 11.00 a.m. on 26 April 2018 at 68 Lombard Street, London EC3V 9LJ, at which the following Resolutions will be proposed to approve:

### **Ordinary Resolution**

1. authority for the Directors to allot the New Ordinary Shares up to a maximum aggregate amount of £695,652.17 (being up to 69,565,217 New Ordinary Shares (the maximum number available under the Placing and Subscription)); and

### **Special Resolution**

2. the disapplication of the statutory pre-emption rights in connection with the allotment of up to 69,565,217 New Ordinary Shares pursuant to the Placing and Subscription.

To be passed, Resolution 1 (proposed to be passed as an ordinary resolution) will require a simple majority, and Resolution 2 (proposed to be passed as a special resolution) will require a majority of not less than 75 per cent. of persons voting in person or by proxy in favour of the relevant Resolution.

The authorities to be granted pursuant to Resolutions 1 and 2 shall expire on whichever is the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months from the date of the passing of Resolutions 1 and 2 (unless renewed, varied or revoked by the Company prior to or on that date) and shall be in addition to the Directors' authorities to allot relevant securities and dis-apply statutory pre-emption rights granted at the Company's Annual General Meeting held on 20 June 2017.

## **10. Action to be taken**

A Form of Proxy is enclosed for use at the General Meeting. Whether or not you intend to be present at the meeting you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Link Asset Services, at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than 11.00 a.m. on 24 April 2018 (or, in the case of an adjourned meeting, no later than 48 hours before the time of such meeting, excluding any part of a day that is not a Business Day). The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

## 11. Recommendation

The Directors consider the Placing and Subscription to be in the best interests of the Company and its Shareholders as a whole. The Directors as a whole unanimously recommend that Shareholders vote in favour of all the Resolutions, as they have undertaken to do in respect of their own beneficial holdings, representing approximately 44.62 per cent. in aggregate of the Existing Ordinary Shares.

The Placing and Subscription is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting. Shareholders should be aware that if the Resolutions are not approved at the General Meeting, the Placing and Subscription will not proceed. Should (i) the Placing and Subscription not proceed, and therefore the Debt Facility also does not complete (assuming that an agreement in respect of the Debt Facility is entered into prior to Admission), or (ii) the Placing and Subscription complete but no agreement in respect of the Debt Facility is entered into, the Company and the Group will need to seek alternative financing. There can be no guarantee that alternative financing will be available to the Company in the required amounts or on acceptable terms for the ongoing working capital requirements of the Group.

Yours sincerely

**Jens Montanana**

*Non-Executive Chairman*

## DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

|                                  |  |
|----------------------------------|--|
| <b>Act</b>                       | Companies Act 2006 as amended  |
| <b>Admission</b>                 | the admission of the New Ordinary Shares to trading on AIM in accordance with the AIM Rules for Companies  |
| <b>AIM</b>                       | the AIM market operated by London Stock Exchange   |
| <b>AIM Rules for Companies</b>   | the AIM Rules for Companies and guidance notes as published by London Stock Exchange from time to time   |
| <b>Board or Directors</b>        | the directors of the Company   |
| <b>Business Day</b>              | a day (other than a Saturday or Sunday) on which banks are open for general business in London   |
| <b>Cenkos</b>                    | Cenkos Securities plc, with registered number 05210733 and with its registered office at 6.7.8 Tokenhouse Yard, London EC2R 7AS  |
| <b>Company or Corero</b>         | Corero Network Security plc, incorporated in England and Wales under registered number 2662978   |
| <b>DTR</b>                       | the Disclosure, Transparency and Guidance Rules being the rules and regulations made by the Financial Conduct Authority in its capacity as the UKLA under Part VI of FSMA, as amended and contained in the UKLA publication of the same name                                 |
| <b>Enlarged Share Capital</b>    | the entire issued share capital of the Company immediately following completion of the Transaction, assuming the Placing and Subscription is fully subscribed and no further Ordinary Shares are issued following the date of this document (except for New Ordinary Shares) |
| <b>Existing Ordinary Shares</b>  | the Ordinary Shares in issue as at the date of this document   |
| <b>Form of Proxy</b>             | the form of proxy for use at the General Meeting which accompanies this document   |
| <b>General Meeting</b>           | the general meeting of the Company, notice of which is set out at the end of this document   |
| <b>Group</b>                     | the Company and its subsidiaries   |
| <b>Link</b>                      | Link Asset Services, the Company's share registrar   |
| <b>New Ordinary Shares</b>       | together, the Placing Shares and the Subscription Shares   |
| <b>Notice of General Meeting</b> | the notice of the General Meeting which is set out at the end of this document   |
| <b>Ordinary Shares</b>           | ordinary shares of 1 pence each in the capital of the Company  |
| <b>Placees</b>                   | the subscribers for the Placing Shares pursuant to the Placing   |

|                                |   |
|--------------------------------|---|
| <b>Placing</b>                 | the placing by Cenkos of the Placing Shares with certain institutional investors and existing Shareholders (or their associated investment vehicles), otherwise than on a pre-emptive basis, at the Placing Price |
| <b>Placing Agreement</b>       | the conditional agreement entered into between the Company and Cenkos in respect of the Placing dated 4 April 2018, as described in this document   |
| <b>Placing Price</b>           | 5.75 pence per New Ordinary Share   |
| <b>Placing Shares</b>          | up to 52,399,275 Ordinary Shares to be issued pursuant to the Placing   |
| <b>Resolutions</b>             | the resolutions set out in the Notice of General Meeting  |
| <b>Shareholder(s)</b>          | holder(s) of Ordinary Shares  |
| <b>Subscribers</b>             | Jens Montanana, Andrew Lloyd and Richard Last being the subscribers for the Subscription Shares   |
| <b>Subscription</b>            | the subscription of the Subscription Shares by the Subscribers at the Placing Price pursuant to the Subscription Agreement  |
| <b>Subscription Agreements</b> | the conditional agreements, dated 5 April 2018, between the Company and each the Subscribers relating to the Subscription, further details of which are set out in paragraph 5 of Part I of this document         |
| <b>Subscription Shares</b>     | up to 17,165,942 new Ordinary Shares to be issued pursuant to the Subscription  |
| <b>Transaction</b>             | together, the Placing and the Subscription  |
| <b>UK or United Kingdom</b>    | the United Kingdom of Great Britain and Northern Ireland  |
| <b>Voting rights</b>           | means all voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting   |

# CORERO NETWORK SECURITY PLC (THE “COMPANY”)

*(Incorporated in England and Wales with registered no. 2662978)*

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting of the Company will be held at 11.00 a.m. on 26 April 2018 at 68 Lombard Street, London EC3V 9LJ to consider and, if thought fit, pass the following resolutions: resolution 1 which will be proposed as an ordinary resolution and resolution 2 which will be proposed as a special resolution.

## ORDINARY RESOLUTIONS

1. **THAT** in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and/or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £695,652.17 (being equal to up to 69,565,217 Ordinary Shares), provided that this authority will expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2018 or the date falling six months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any security into shares in the Company to be granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired. This authority is in addition to all existing authorities under section 551 of the Act.

## SPECIAL RESOLUTION

2. **THAT** subject to and conditional upon the passing of Resolution 1, notwithstanding the provisions of the Articles of Association of the Company, in accordance with section 570 of the Act, the Directors be and are generally empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by Resolution 1 above, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £695,652.17 (being equal to up to 69,565,217 Ordinary Shares) and shall expire at whichever is the earlier of the conclusion of the annual general meeting of the Company to be held in 2018 or the date falling six months from the date of passing this resolution (unless previously revoked, varied or renewed) save that the Company may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired. This power is in addition to all existing authorities under section 570 of the Act.

## BY ORDER OF THE BOARD

**Duncan Swallow**  
*Company Secretary*

Date: 5 April 2018

Registered Office: Regus House, Highbridge, Oxford Road, Uxbridge, UB8 1HR

## Notes

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company as at Close of Business on 24 April 2018 (or if the GM is adjourned, on the day which is two business days before the time fixed for the adjourned GM) shall be entitled to attend and vote at the GM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the GM.
2. Information regarding the general meeting, including information required by section 311A of the Act, is available from [www.corero.com](http://www.corero.com).
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the GM to be held at 11.00 a.m. on 26 April 2018 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Asset Services (CREST Participant ID: RA10), no later than 11.00 a.m. on 24 April 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. 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 sponsor or voting service provider 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.
4. If you wish to attend the GM in person, you should make sure that you arrive at the venue for the GM in good time before the commencement of the meeting. You may be asked to prove your identity in order to gain admission.
5. A member who is entitled to attend, speak and vote at the GM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the GM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the GM (although voting in person at the GM will terminate the proxy appointment). A proxy form is enclosed. The notes to the proxy form include instructions on how to appoint the Chairman of the GM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
6. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Link Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU, by no later than 11.00 a.m. on 24 April 2018.
7. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
8. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 1, 3, 5 and 6 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.