

THIS DOCUMENT IS IMPORTANT AND REQUIRES 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 ("**Company**") please send this document and any 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. 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.

Corero Network Security plc

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

Approval of waiver of obligations under Rule 9 of the Takeover Code and Notice of Annual General Meeting

Your attention is drawn to the letter from the Senior Non-Executive Director of the Company which is set out on pages 3 to 13 (inclusive) of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of the Company, to be held at the Company's registered office located at Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK at 11.30 a.m. on 11 June 2020, is set out at the end of this document.

However, given the current Covid-19 pandemic, the Company and the Board remind all Shareholders of the British Government's current restrictions on gatherings of persons from different households and the rules regarding social distancing. Unless and until the current restrictions are relaxed or lifted, the Directors are asking all Shareholders not to attend the Annual General Meeting.

For the Annual General Meeting, the Company is not sending hard copy Forms of Proxy to all Shareholders as it would prefer to encourage Shareholders to vote electronically in the first instance. Whether or not you are permitted to attend and propose to attend the Annual General Meeting, if you would like to vote on the Resolutions you can either:

1. log on to www.signalshares.com using the investor number which is on your share certificate and follow the instructions ("Electronic Filing");
2. request a hard copy Form of Proxy directly from the Company's Registrars, Link Asset Services Limited, by telephoning 0371 664 0391 if calling from the United Kingdom, or +44 (0) 371 664 0391 if calling from outside of the United Kingdom, or email Link at enquiries@linkgroup.co.uk. Calls will be charged at local rate. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales; or
3. in the case of CREST members, utilize the CREST electronic proxy appointment service in accordance with the instructions set out in the notes to the Notice of Annual General Meeting set out at the end of this document.

Shareholders are requested to vote as soon as possible and, in any event, to be valid so as to be received by the Company's registrars, Link Asset Services, by not later than 11.30 a.m. on 9 June 2020. Hard copies of the Forms of Proxy should be returned to Link Asset Services Limited at PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF.

The return of a completed Form of Proxy, Electronic Filing or any CREST Proxy Instruction (as defined in the notes to the Notice of Annual General Meeting) will not preclude Shareholders from attending and voting at the Annual General Meeting in person should they so wish. However, given the current Covid-19 pandemic, the Company and the Board remind all Shareholders of the British Government's current restrictions on gatherings of more than two people from different households and the rules regarding social distancing. Unless and until the current restrictions are relaxed or lifted, the Directors are asking all Shareholders not to attend the Annual General Meeting. Shareholders who intend to attend the AGM in person in breach of any stay at home measures which are in place on the date of the AGM will not be admitted. Instead, you are asked to vote by way of proxy in advance of the Annual General Meeting and we encourage you to appoint the chairman of the AGM as your proxy with your voting instructions. You can also submit questions to the Company in advance of the Annual General Meeting by email to investor_relations@corero.com. If the restrictions on gatherings and social distancing are relaxed or lifted by the British Government prior to the date of the AGM, the Company will notify Shareholders of any resulting change which may effect the ability of Shareholders to attend the AGM on its website at www.corero.com/who-we-are/investor-relations/shareholder-information.

Any person entitled to receive a copy of documents and information relating to the Rule 9 Waiver, including this document, is entitled to receive such documents in hard copy form. Such person may request that all future documents and information in relation to the Rule 9 Waiver 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.

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Part I

Letter from the Senior Non-Executive Director 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 Miller (*Chief Financial Officer*)
Richard Last (*Senior Non-Executive Director*)
Lionel Chmielewsky (*Executive Director and CEO Designate*)
Peter George (*Non-Executive Director*)

Registered office:

Regus House
Highbridge
Oxford Road
Uxbridge
UB8 1HR

18 May 2020

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

Dear Shareholder

Approval of waiver of obligations under Rule 9 of the Takeover Code for the Cancellation and Grant of Options and Notice of Annual General Meeting

1. Introduction

I am pleased to be writing to you with details of the 2020 Annual General Meeting of Corero Network Security plc ("**Corero**" or "**Company**") which will be held at the Company's registered office located at Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK at 11.30 a.m. on 11 June 2020. The formal notice of the Annual General Meeting is set out at the end of this document.

As a growth stage technology business, and as part of the Company's plans to ensure the ongoing motivation and incentivisation of its staff, the Company has in place certain share option plans under which the Company is able to grant options over new Ordinary Shares to directors and employees. The significant majority of the share options now in issue are at exercise prices considerably higher than the current market price of Corero's Ordinary Shares. To ensure the continued suitability of the share options already granted by the Company as an incentive and retention tool, Corero is proposing to cancel certain options over Ordinary Shares granted to certain directors and employees which are no longer, in the view of the Directors, effective incentives. Therefore the Company is seeking shareholder approval at the Company's Annual General Meeting to cancel such options and to grant new options over the same number of new Ordinary Shares as the options to be cancelled to the same employees and directors as the existing options but at a revised exercise price and with a revised vesting schedule so that the vesting of the new options will recommence from the new date of grant. This is to enable the Company to reprice the options in line with the recent market price of the Ordinary Shares. There will be no changes in the number of share options held by any individual employee or director as a result of the Proposals.

Certain of the options proposed to be cancelled, and new options proposed to be granted, are held by/to be issued to Andrew Miller, currently the Company's Chief Financial Officer. Mr Miller is presumed to be acting in concert with Jens Montanana, the Company's Non-Executive Chairman, in accordance with the Takeover Code.

Under Rule 9 of the Takeover Code ("**Rule 9**"), where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which he is already interested and in which persons acting in concert with him are interested) carry

30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Rule 9 of the Takeover Code further provides that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such persons acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining shareholders to acquire their shares. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

As the Concert Party is currently beneficially interested in 188,391,843 Ordinary Shares, representing approximately 38.07 per cent. of the Existing Ordinary Shares of the Company and the members of the Concert Party are presumed by the Panel to be acting in concert, the proposed grant and exercise of the Regrant CP Options would result in the Concert Party being obliged under Rule 9 of the Takeover Code to make an offer for the remaining Ordinary Shares then in issue and not already owned by them.

Under Note 1 on the Notes on the Dispensations from Rule 9, the Panel will normally waive the requirement for a general offer to be made pursuant to Rule 9 of the Takeover Code if, *inter alia*, those shareholders of the Company who are independent of the person who would otherwise be required to make an offer pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Takeover Panel has agreed, subject to the passing of the Whitewash Resolution by Independent Shareholders (being Shareholders other than the Concert Party), to waive the obligation on the Concert Party to make a general offer to Shareholders under Rule 9 of the Code that could otherwise arise on the exercise of the Regrant CP Share Options that the Company is intending to grant to Andrew Miller.

Accordingly, the Company is seeking the approval at the Annual General Meeting of, amongst other things, the Whitewash Resolution and hence the grant and exercise of the Regrant CP Share Options to/by Andrew Miller on the same terms as the Regrant Share Options to be granted to other directors and employees of the Company. The Company is also separately seeking Shareholder approval of the Share Option Resolution and therefore the grant of the Regrant Share Options to certain directors and employees of the Company (excluding the Concert Party).

The proposed cancellation of Existing CP Share Options and the Existing Share Options and the issue of Regrant CP Share Options and the Regrant Share Options will not result in an increase in the total number of share options in issue nor will the proposals result in the Concert Party members, or any other individual, holding a revised number of share options in the Company.

The Concert Party consists of Jens Montanana and Andrew Miller. As at the date of this document Jens Montanana holds 187,300,406 Ordinary Shares, representing 37.85 per cent. of the Company's current issued share capital and Andrew Miller holds 1,091,437 Ordinary Shares, representing 0.22 per cent. of the Company's current issued share capital. The Concert Party therefore has an aggregate holding in the Company of 188,391,843 Ordinary Shares, representing 38.07 per cent. of the Company's current issued share capital.

As soon as reasonably practicable following the passing of the Whitewash Resolution, the Company proposes to enter into a cancellation agreement to cancel up to 5,775,000 Existing CP Share Options held by Andrew Miller and a new option agreement to grant an equal number of Regrant CP Share Options to him. The cancellation agreement and new option agreement will not be entered into if the Whitewash Resolution is not passed.

The Concert Party will hold an interest in the Company of up to a total of 5,775,000 Regrant CP Share Options (representing 1.17 per cent. of the Ordinary Shares in issue). Should the Concert Party exercise its rights in full under the CP Share Options comprising the Existing CP Share Options as reduced following the cancellation of 5,775,000 Existing CP Share Options, and the Regrant CP Share Options, and assuming no other Ordinary Shares are issued by the Company, then the Concert Party will hold, in aggregate, 196,125,843 Ordinary Shares, representing 39.02 per cent. of the Company's issued share capital as enlarged by the exercise of the CP Share Options.

The other Resolutions set out in the Notice of Annual General Meeting at the end of this document include usual business at an annual general meeting of the Company along with a Resolution to amend the Company's articles of association (for further details please see paragraph 9 of this Part I of this document).

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 Resolutions 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 Resolutions 2 to 13 and the Independent Directors alone recommend that you vote in favour of the Whitewash Resolution.

2. Nature of Business

Corero Network Security is a leader in real-time, high-performance DDoS defense 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. Corero share options background

An important part of the incentive structure for Corero's directors and employees is the grant of options over new Ordinary Shares in the Company. The significant majority of share options previously granted to directors, including the Concert Party, and employees, are at exercise prices considerably higher than the current market price of the Ordinary Shares.

A total of 24,186,836 Existing Share Options (excluding the Existing CP Share Options), were granted in the period 24 April 2015 to 12 April 2019 at a range of exercise price from 8 pence to 22.5 pence, compared to the closing mid-market price per Ordinary Share of 4.6 pence on 15 May 2020.

In order to continue to act as an effective incentive and staff retention tool, Corero proposes to enter into cancellation agreements to cancel up to an aggregate of 19,743,500 Existing Share Options granted to certain of its directors and employees (excluding the Concert Party) and, under the terms of new option agreements, to grant to those directors and employees an equal number of Regrant Share Options (representing 3.99 per cent. of the Ordinary Shares in issue) at a price per Ordinary Share equal to the higher of: (a) the closing mid-market price per Corero Ordinary Share on the last business day immediately prior to date of grant of the Regrant Share Options; and (b) the volume weighted average price per Corero Ordinary Share for the 90 trading days ended on the last business day immediately prior to the date of grant of the Regrant Share Options. Corero will enter into such agreements as soon as reasonably practicable following the passing of the Share Option Resolution at the AGM.

Ashley Stephenson, the Company's Chief Executive Officer, holds 7,919,000 Existing Share Options and the Company proposes to grant to him up to 7,919,000 Regrant Share Options, if the Share Option Resolution is passed. As announced by the Company on 27 April 2020, and following the appointment of Lionel Chmielewsky as an Executive Director and CEO Designate with effect from 1 May 2020, it is intended that Lionel Chmielewsky will be appointed as Chief Executive Officer of the Company on 1 July 2020, at which point Ashley Stephenson will be appointed as Chief Technology Officer and will remain on the Board.

The vesting of the Regrant Share Options will not be subject to any performance conditions, but to ensure that the Regrant Share Options provide a suitable long term incentive and retention tool, the Regrant Share Options will vest as to one-third on the first anniversary of the date of grant, one-third on the second anniversary of the date of grant and the final one-third on the third anniversary of the date of grant. Any Ordinary Shares which are issued following exercise of the first tranche of Regrant Share Options (which will vest on the first anniversary of the option grant date) may not be sold or otherwise transferred by an option holder prior to the second anniversary of the option grant date. Other than the exercise price and the revised vesting schedule, the Regrant Share Options will be granted on the same terms as the Existing Share Options which are to be cancelled.

The cancellation agreements and new option agreements relating to the Regrant Share Options (except for those relating to the Concert Party) will not be entered into if the Share Option Resolution is not passed at the Annual General Meeting.

The Company also proposes to enter into a cancellation agreement to cancel up to 5,775,000 Existing CP Share Options previously granted to Andrew Miller and, under the terms of a new option agreement, to grant an equal number of Regrant CP Share Options to him at a price per Ordinary Share, being equal to the higher of: (a) the closing mid-market price per Corero Ordinary Share on the last business day immediately prior to date of grant of the Regrant CP Share Options; and (b) the volume weighted average price per Corero Ordinary Share for the 90 trading days ended on the last business day immediately prior to the date of grant of the Regrant CP Share Options.

The cancellation agreement and new option agreement with Andrew Miller will not be entered into if the Whitewash Resolution is not passed at the Annual General Meeting.

The Concert Party will hold an interest in the Company of up to a total of 5,775,000 Regrant CP Share Options (representing 1.17 per cent. of the Ordinary Shares in issue). Should the Concert Party exercise its rights in full under the CP Share Options (comprising the Existing CP Share Options (as reduced following the cancellation of 5,775,000 Existing CP Share Options) and the Regrant CP Share Options), and assuming no other Ordinary Shares are issued by the Company, then the Concert Party will hold, in aggregate, 196,125,843 Ordinary Shares, representing 39.02 per cent. of the Company's issued share capital as enlarged by the exercise of the CP Share Options.

The vesting of the Regrant CP Share Options will not be subject to any performance conditions, but will be issued with a new vesting schedule such that the Regrant CP Share Options, like the Regrant Share Options, will vest as to one-third on the first anniversary of date of grant, one-third on the second anniversary of the date of grant and the final one-third on the third anniversary of the date of grant. Any Ordinary Shares which are issued following exercise of the first tranche of Regrant CP Share Options (which will vest on the first anniversary of the option grant date) may not be sold or otherwise transferred by Andrew Miller prior to the second anniversary of the option grant date. Therefore, the Regrant CP Share Options will be granted on the same terms as the Regrant Share Options.

Separately, and in order to ensure the Company has sufficient headroom in the share option pool to continue to incentivise directors and employees in the future and to be able to attract new talent to the Company, the Board intends to increase the overall limit on share options the Company has in issue from time to time from the current limit of 10 per cent. of the Company's issued share capital to the greater of a maximum of 61,856,538 share options (equivalent to 12.5 per cent. of the Company's current issued share capital) or 10 per cent. of the Company's issued share capital, enabling the Company to issue additional options in the future, if required.

4. Background to and reasons for the Rule 9 Waiver

The Existing CP Share Options were granted to Mr. Miller and Mr. Montanana on 24 April 2017, 9 May 2018, and 19 October 2018, further details of which are set out in paragraph 3 of Part III of this document. The Concert Party will, through Mr. Miller, hold up to 5,775,000 Regrant CP Share Options following the Whitewash Resolution being passed and the related cancellation agreement for the Existing CP Share Options and the option agreement granting the Regrant CP Share Options being entered into. The purpose of re-granting the Regrant CP Share Options is to put in place a new, lower exercise price to ensure that Corero share options continue to act as an effective incentive and retention tool for Andrew Miller who, whilst expected to step down as the Company's Chief Financial Officer on 31 May 2020, will remain a director of the Company in a non-executive capacity and continue to be an important member of the Board.

The Company proposes to enter into a cancellation agreement and an option agreement with Andrew Miller following the passing of the Whitewash Resolution. The Regrant CP Share Options will carry an exercise price equal to the higher of: (a) the closing mid-market price per Corero Ordinary Share on the last business day immediately prior to date of grant of the Regrant CP Share Options; and (b) the volume weighted average price per Corero Ordinary Share for the 90 trading days ended on the last business day immediately prior to the date of grant of the Regrant CP Share Options, and the Regrant CP Share Options will vest in equal proportions on the first, second and third anniversaries of the date of grant. Any Ordinary Shares which are issued pursuant to the exercise of the first tranche of Regrant CP Share Options which will vest on the first anniversary of the option grant date may not be sold or otherwise transferred by Andrew Miller until the second anniversary of the option grant date. There are no performance conditions associated to the vesting of the Regrant CP Share Options.

The number of Regrant CP Share Options to be granted will be the same as the number of Existing CP Share Options to be cancelled. However, since the grant of the Regrant CP Share Options will be on new terms, the increase in the percentage shareholding of the Concert Party as a result of the exercise of any of the Regrant CP Share Options without a waiver of the obligations under Rule 9 of the Takeover Code (commonly referred to as a “**Whitewash**”), would oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code in either circumstance. The Panel has agreed to a waiver of this obligation, subject to the Whitewash Resolution being approved at the Annual General Meeting (on a poll) by Independent Shareholders who hold in excess of 50 per cent. of the Independent Shares. The Rule 9 Waiver is therefore conditional upon Independent Shareholders approving the Whitewash Resolution. If the Whitewash Resolution is not approved by Independent Shareholders, no Existing CP Share Options of the Concert Party will be cancelled and no Regrant CP Share Options will be granted.

5. The Takeover Code

The Takeover Code is issued and administered by the Takeover Panel. The Takeover Code applies, *inter alia*, to all public companies which have their registered office in the United Kingdom and are considered by the Takeover Panel to have their place of operation in the United Kingdom. The Company is such a company and Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as such term is defined in the Takeover Code) in shares which, taken together with the shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights in a company that is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights but does not hold shares carrying more than 50 per cent. of the voting rights of such a company, a general offer will normally be required if any further interests in shares are acquired which increases the percentage of shares carrying voting rights by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him, or by any member of the group of persons acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

As the Concert Party is currently beneficially interested in 188,391,843 Ordinary Shares, representing approximately 38.07 per cent. of the Existing Ordinary Shares of the Company and the members of the Concert Party are presumed by the Panel to be acting in concert, the proposed grant and exercise of the Regrant CP Options would result in the Concert Party being obliged, under Rule 9 of the Takeover Code, to make an offer for the remaining Ordinary Shares then in issue and not already owned by them.

Under Note 1 on the Notes on the Dispensations from Rule 9, the Panel will normally waive the requirement for a Rule 9 Offer if, *inter alia*, those shareholders of the Company who are independent of the person who would otherwise be required to make an offer pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Takeover Panel has agreed, subject to the passing of the Whitewash Resolution by Independent Shareholders (being Shareholders other than the Concert Party) voting by way of a poll, to waive the obligation on the Concert Party to make a general offer to Shareholders under Rule 9 of the Code that could otherwise arise on the exercise of the Regrant CP Share Options that the Company is intending to grant to Andrew Miller.

Shareholders should be aware that if the Whitewash Resolution is passed, Jens Montanana will hold an interest in Ordinary Shares carrying 30 per cent. or more of the Company’s voting rights but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights. As a result any further increase in his interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Takeover Code.

Shareholders should also be aware that if the Whitewash Resolution is passed, the Concert Party will also, in aggregate, hold an interest in Ordinary Shares carrying 30 per cent. or more of the Company’s voting rights but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and, as long as they continue to be treated as acting in concert, any further increase in the Concert Party’s aggregate interest in Ordinary Shares will be subject to Rule 9 of the Takeover Code.

In the event that the Whitewash Resolution is approved at the General Meeting, the Concert Party, or individual members thereof, will not be restricted from making an offer for the Company.

The Concert Party

Under the Takeover Code, a concert party arises when persons, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, the Company. Control means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company irrespective of whether the interest or interests give de facto control.

The Company's largest Shareholder and Non-Executive Chairman, Jens Montanana, together with Andrew Miller, Chief Financial Officer, have an aggregate holding in the Company of 188,391,843 Ordinary Shares at the date of this document. As set out in a circular issued by the Company dated 14 July 2010, a circular issued by the Company dated 25 February 2013, a circular issued by the Company dated 6 April 2017, and a circular issued by the Company dated 10 May 2018, Jens Montanana and Andrew Miller are presumed by the Takeover Panel to be acting in concert for the purposes of the Takeover Code. Both members of the Concert Party are Directors and employees of the Company.

Should the Concert Party exercise their rights under their CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company following the date of this document, then the Concert Party would have an interest in the Company of 196,125,843 Ordinary Shares representing 39.02 per cent. of the Company's issued share capital at that date. Full details of the Concert Party's interests in Ordinary Shares on 15 May 2020 (being the last practicable date prior to publication of this document) and potential interest in Ordinary Shares if the members of the Concert Party exercise their rights under the CP Share Options are set out below:

							Resulting holding as a percentage of the Enlarged Share Capital assuming the exercise of all of the CP Share Options and no further issue of Ordinary Shares
	Number of Ordinary Shares held on 15 May 2020 (being the last practicable date prior to publication of this document)	Existing holding as a percentage of the Existing Share Capital	Total number of Existing CP Share Options held on 15 May 2020 (being the last practicable date prior to publication of this document)	Number of Existing CP Share Options to be cancelled	Number of Regrant CP Share Options proposed to be granted following the passing of the Whitewash Resolution	Total Number of CP Share Options to be held on the passing of the Whitewash Resolution	
Director							
Jens Montanana	187,300,406*	37.85%	1,819,000	–	–	1,819,000	37.63%
Andrew Miller	1,091,437	0.22%	5,915,000	5,775,000	5,775,000	5,915,000	1.39%
Total	188,391,843	38.07%	7,734,000	5,775,000	5,775,000	7,734,000	39.02%

* of which 33,674,846 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 125,871,751 Ordinary Shares are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

Further detail of the Concert Party's interests in the Company prior to and subsequent to the Rule 9 Waiver, both before and after any potential exercise of their rights over the Existing CP Share Options and the Regrant CP Share Options, is set out in paragraph 3 of Part III of this document.

Rule 9 Waiver

The Panel has agreed to waive the obligation on the Concert Party to make a general offer that would otherwise arise as a result of the exercise of Regrant CP Share Options, subject to the approval of the Independent Shareholders, (to be taken on a poll). Accordingly, the Whitewash Resolution is being proposed at the Annual General Meeting to approve the Rule 9 Waiver in respect of the Concert Party for the future exercise of any of the Regrant CP Share Options. Members of the Concert Party will not be entitled to vote on the Whitewash Resolution.

6. Intentions of the Concert Party

The Concert Party has confirmed that, if the Whitewash Resolution is passed by the Independent Shareholders on a poll, there is no agreement, arrangement or understanding for the transfer of their Ordinary Shares to any third party. Save as set out below, the Concert Party is not intending to seek any changes in respect of: (i) the composition of the Board, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries (including any material change in conditions of employment); (ii) the Company's future business and its strategic, research and development plans; (iii) the location of the Company's place of business; (iv) employer contributions into any of the Company's pension schemes, the accrual of benefits for existing members, nor the admission of new members; (v) redeployment of the Company's fixed assets; or (vi) the continuation of the Ordinary Shares being admitted to trading on AIM.

In the event that the Whitewash Resolution is passed by the Independent Shareholders at the AGM, the Concert Party will not be restricted from making an offer for the Company.

7. Current trading

A copy of the annual audited results for the year ended 31 December 2019 is available on the Company's website at: www.corero.com/who-we-are/investor-relations/annualreports.

8. Independent advice provided to the Board

The Takeover Code requires the Board to obtain competent independent advice regarding the merits of the Rule 9 Waiver which is the subject of the Whitewash Resolution, the increase of the Concert Party's controlling position on exercise of the Regrant CP Share Options and the effect it will have on the Shareholders generally. Accordingly, Cenkos, as the Company's financial adviser, has provided formal advice to the Board regarding the Proposals. Cenkos confirms that it is independent of Jens Montanana and Andrew Miller, being the Concert Party, and has no commercial relationship with them.

9. Annual General Meeting

You will find set out at the end of this document a notice convening the Annual General Meeting of the Company to be held at 11.30 a.m. on 11 June 2020 at the Company's registered office located at Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK. Details of the Resolutions which will be proposed at the AGM are set out below:

Ordinary Resolutions

Resolution 1

Resolution 1 proposes the Whitewash Resolution. The reasons for this Resolution are described above.

Resolution 2

Resolution 2 proposes the cancellation of the Existing Share Options and the grant of the Regrant Share Options. The reasons for this Resolution are described above.

Resolution 3

Resolution 3 proposes that Company's annual accounts for the year ended 31 December 2019 together with the Directors' Report and Auditor's Report on these accounts be received, considered and adopted.

Resolution 4

Resolution 4 proposes to re-elect Jens Montanana as a director who is retiring in accordance the Company's articles of association and, being eligible to re-appointment, is offering himself for re-election to the Board.

Resolution 5

Resolution 5 proposes to re-elect Richard Last as a director who is retiring in accordance with the Company's articles of association, being eligible to re-appointment, is offering himself for re-election to the Board.

Resolution 6

Resolution 6 proposes to re-elect Andrew Miller as a director who is retiring in accordance with the Company's articles of association, being eligible to re-appointment, is offering himself for re-election to the Board.

Resolution 7

Resolution 7 proposes to re-elect Lionel Chmielewsky, who was appointed as a director of the Company by the Board on 1 May 2020, as a director in accordance with the Company's articles of association.

Resolution 8

Resolution 8 proposes to re-appoint BDO LLP as auditors of the Company from the conclusion of the Annual General Meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.

Resolution 9

Resolution 9 proposes that the Directors be authorised to determine the remuneration of the auditors.

Resolution 10

Resolution 10 proposes that the directors be given general and unconditional authority to allot new Ordinary Shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to a maximum aggregate nominal value of £1,649,507.68 (being up to 164,950,768 Ordinary Shares). This represents approximately one-third of the share capital of the Company in issue at the date of this document.

Special Resolutions

Resolution 11

Under section 561 of the Companies Act 2006, when new shares are allotted or treasury shares are sold for cash, they must first be offered to existing shareholders pro rata to their holdings. There may be occasions, however, when the Company's Directors will need flexibility to finance business opportunities by the issue of Ordinary Shares without a fully pre-emptive offer to the Company's existing Shareholders.

Resolution 11 proposes the disapplication of the statutory pre-emption rights in connection with the allotment of new ordinary shares up to maximum aggregate nominal value of £494,852.30 (being up to 49,485,230 Ordinary Shares). This amount represents approximately 10 per cent. of the Company's issued share capital as at the date of this document (with the Company holding no shares in treasury as at the date of this document).

This part of the authority is designed to provide the Board with flexibility to raise further equity funding and to pursue acquisition opportunities as and when they may arise. The Directors will also have authority to issue shares on a non pre-emptive basis in respect of a rights issue, open offer or other offer that generally provides existing Shareholders with the opportunity to subscribe for new shares pro rata to their existing holdings. This part of the authority is designed to give the Directors flexibility to exclude certain shareholders from such an offer where the Directors consider it necessary or desirable to do so in order to avoid legal, regulatory or practical problems that would otherwise arise.

Resolution 12

Resolution 12 proposes that the Company be authorised to make market purchases of up to 49,485,230 of its own Ordinary Shares, representing 10 per cent. of the nominal value of the share capital of the Company in issue as at the date of this document. This Resolution sets out the minimum and maximum prices that can be paid exclusive of expenses.

The Directors have no present intention of exercising the authority to purchase Ordinary Shares but will keep the matter under review. The Directors would only purchase Ordinary Shares if, in their opinion, the expected effect would be to result in an increase in earnings per Ordinary Share and would benefit Shareholders generally.

Resolution 13

Resolution 13 proposes to adopt a new set of articles of association of the Company ("**New Articles**") primarily to reflect developments in technology to enable shareholders to attend general meetings remotely should the Company elect to do so along with a right for Directors to postpone general meetings of the Company and the deletion of provisions setting out the rights of a class of deferred shares in the Company ("**Deferred Shares**"). Minor, technical and clarifying changes have not been noted here. The New Articles (as proposed to be adopted pursuant to Resolution 13) will take effect from the conclusion of the Annual General Meeting and will replace the existing articles of association.

The principal changes introduced in the New Articles are aimed at making it easier for Shareholders to take part in future general meetings of the Company and increasing Shareholder engagement, by permitting the Company to hold 'hybrid' general meetings where Shareholders will have the option to attend and participate either in person (in a main location or in specified satellite locations) or virtually by electronic means. The New Articles will not permit the Company to hold wholly virtual general meetings. Certain consequential changes to facilitate this amendment have been made throughout the New Articles.

The terms of the New Articles also provide the Directors with a right to postpone a general meeting of the Company following notice of such meeting being posted to Shareholders but before such meeting is held. This provides the Board with flexibility postpone a general meeting where an unforeseen event arises between the date of a notice of general meeting and the meeting being held.

In addition, the amendments to the New Articles include the removal of provisions creating and setting out the rights of the Deferred Shares. Given that there are currently no Deferred Shares in issue in the capital of the Company and there are no present intentions to issue any Deferred Shares, the Company proposes to remove these provisions.

A copy of the Company's existing articles of association, and a copy marked to show the differences between those and the New Articles (as proposed to be adopted pursuant to Resolution 13) will be available for inspection from the date of this document and up to close of the Annual General Meeting on the Company's website www.corero.com/who-we-are/investor-relations/shareholder-information and at the registered office of the Company during usual business hours.

In accordance with the requirements of the Takeover Panel for granting the Rule 9 Waiver, the Whitewash Resolution will be taken on a poll of Independent Shareholders.

To be passed, Resolutions 2 to 10 inclusive (proposed to be passed as ordinary resolutions) will require a simple majority, and Resolutions 11 to 13 inclusive (proposed to be passed as special resolutions) will require a majority of not less than 75 per cent. of persons voting in person or on a poll by proxy in favour of the relevant Resolution.

The authorities to be granted pursuant to Resolutions 10, 11 and 12 shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

10. Action to be taken and attendance at the Annual General Meeting

The Directors are asking all Shareholders not to attend the Annual General Meeting in light of the British Government's current restrictions on gatherings of two or more people from different households and the rules regarding social distancing which have been imposed in response to the Covid-19 pandemic. Shareholders who intend to attend the AGM in person in breach of any stay at home measures which are in place on the date of the AGM will not be admitted. Instead, please vote by proxy on the Resolutions in advance of the Annual General Meeting by one of the methods described below. Given the current restrictions on attendance in person at the AGM, Shareholders are encouraged to appoint the chairman of the AGM as their proxy rather than a named person who will not currently be permitted to attend the AGM unless the British Government's restrictions in place at the date of this document are relaxed or lifted prior to the AGM. In addition, Shareholders can also submit questions relating to the business of the Annual General Meeting at any time from the date of this document by email to investor_relations@corero.com and the Company will answer such questions via its website at www.corero.com/who-we-are/investor-relations/shareholder-information on a regular basis up until 11.30 a.m. on 9 June 2020. If the restrictions on gatherings and social distancing are relaxed or lifted by the British Government prior to the date of the AGM, the Company will notify Shareholders of any resulting change which may effect the ability of Shareholders to attend the AGM on its website at www.corero.com/who-we-are/investor-relations/shareholder-information.

Whether or not you are permitted to attend and propose to attend the Annual General Meeting, if you would like to vote on the Resolutions you can:

1. log on to www.signalshares.com using the investor number which is on your share certificate and follow the instructions;
2. request a hard copy Form of Proxy directly from the Company's Registrars, Link Asset Services Limited, by telephoning 0371 664 0391 if calling from the United Kingdom, or +44 (0) 371 664 0391 if calling from outside of the United Kingdom, or email Link at enquiries@linkgroup.co.uk. Calls cost 12p per minute plus your phone company's access charge. Calls will be charged at local rate. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales; or
3. in the case of CREST members, utilize the CREST electronic proxy appointment service in accordance with the instructions set out in the notes to the Notice of Annual General Meeting set out at the end of this document.

Shareholders are requested to vote as soon as possible and, in any event, to be valid so as to be received by the Company's registrars, Link Asset Services, by not later than 11.30 a.m. on 9 June 2020. Hard copies of the Forms of Proxy should be returned to Link Asset Services Limited at PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF.

The return of a completed Form of Proxy, Electronic Filing or any CREST Proxy Instruction (as defined in the notes to the Notice of Annual General Meeting) will not preclude Shareholders from attending and voting at the Annual General Meeting in person should they so wish (subject to any restrictions regarding gatherings of people and social distancing in place at the time as a result of Covid-19, as explained above).

11. Further Information

Your attention is drawn to the further information set out in Part III of this document, which provides additional information on the matters set out herein, and to the Company's consolidated financial statements for the two financial years ended 31 December 2018 and 31 December 2019, which are incorporated by reference into this document and are available at www.corero.com/who-we-are/investor-relations/annualreports. You are advised to read the whole document and not merely rely on key or summarised information in this letter.

12. Recommendations

- 12.1 **The Independent Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole. The Independent Directors, who have been so advised by Cenkos, consider that the Proposals are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Cenkos has taken into account the Independent Directors' commercial assessments.**

- 12.2 **The Independent Directors unanimously recommend that Shareholders vote in favour of the Whitewash Resolution, as they have undertaken to do in respect of their own beneficial holdings, representing approximately 0.51 per cent. in aggregate of the Existing Ordinary Shares. Jens Montanana and Andrew Miller, who are members of the Concert Party, are not deemed to be independent for the purpose of this recommendation.**
- 12.3 **The Directors believe that the Resolutions (excluding the Whitewash Resolution) to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that Shareholders vote in favour of each of the Resolutions, as the Directors who are Shareholders intend to do in respect of their beneficial shareholders representing, in aggregate, over 38.58 per cent. of the current issued share capital of the Company.**

Yours sincerely

Richard Last

Senior Non-Executive Director

Part II

Financial Information on Corero Network Security plc

The information listed below relating to the Company is hereby incorporated by reference into this document

No	Information	Source of Information
1.	Revenue, profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for the Company for the year ended 31 December 2018 and the year ended 31 December 2019.	Annual Report & Accounts 2018 and 2019, Consolidated Statement of Comprehensive Income on page 48 for 2018 and page 48 for 2019. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. www.corero.com/who-we-are/investor-relations/annualreports
2.	A statement of the assets and liabilities shown in the audited accounts for the Company for the year ended 31 December 2019.	Annual Report & Accounts 2019, Consolidated Statement of Financial Position on page 49. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. www.corero.com/who-we-are/investor-relations/annualreports
3.	A cash flow statement as provided in the audited accounts for the Company for the year ended 31 December 2019.	Annual Report & Accounts 2019, Consolidated Statement of Cash Flows on page 51. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. www.corero.com/who-we-are/investor-relations/annualreports
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures.	Annual Report 2018 and 2019 and the Notes to the Financial Statements on pages 54 to 60 for 2018; and pages 54 to 84 for 2019 respectively. If you are reading this document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document. www.corero.com/who-we-are/investor-relations/annualreports

The results for the Company for the year ended 31 December 2018 and the year ended 31 December 2019 are available free of charge on the Company's website provided above.

Part III

Additional Information

1. Responsibility

- 1.1 The Directors, whose names appear below in paragraph 2, accept responsibility for the information contained in this document, save that:
- 1.1.1 Jens Montanana and Andrew Miller take no responsibility for paragraphs 12.1 and 12.2 of Part I of this document, for which only the Independent Directors take responsibility; and
 - 1.1.2 the only responsibility accepted by the Independent Directors in respect of the information in this document relating to the Concert Party has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors to verify this information).
- 1.2 To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information for which they accept responsibility contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Each member of the Concert Party accepts responsibility for the information contained in this document relating to him. To the best of the knowledge and belief of each member of the Concert Party, who has taken all reasonable care to ensure that such is the case, the information for which he is responsible contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

<i>Director</i>	<i>Function</i>
Jens Montanana	<i>(Non-Executive Chairman)</i>
Ashley Stephenson	<i>(Chief Executive Officer)</i>
Andrew Miller	<i>(Chief Financial Officer)</i>
Lionel Chmielewsky	<i>(Executive Director and CEO Designate)</i>
Richard Last	<i>(Non-Executive Director)</i>
Peter George	<i>(Non-Executive Director)</i>

The registered address of the Company is Regus House, Highbridge, Oxford Road Uxbridge UB8 1HR, UK.

3. Interests and Dealings

Directors and other interests

For the purposes of this paragraph 3, the following terms have the following meanings:

- (i) **“acting in concert”** with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code and/or the Rule 9 Waiver;
- (ii) **“connected adviser”** means an organisation advising the Company in relation to the proposals described in Part 1 of this document or a corporate broker to the Company;
- (iii) **“control”** means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) of a company, irrespective of whether such interest or interests give de facto control;
- (iv) **“dealing”** or **“dealt”** includes the following:
 - (a) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;

- (c) subscribing or agreeing to subscribe for securities;
 - (d) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
 - (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
 - (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (v) being “**interested**” in securities (or having an “**interest**”) in such securities includes where a person:
- (a) owns them;
 - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (d) is a party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; and
- (vi) “**relevant securities**” mean Ordinary Shares and securities convertible into, rights to subscribe for, derivatives referenced to and options (including traded options) in respect of, Ordinary Shares and “**relevant security**” shall be construed accordingly.

3.1 As at the close of business on 15 May 2020, (being the last practicable date prior to publication of this document), the interests of the Directors, their immediate families and persons connected with them (within the meaning of Part 22 of the Act) in Ordinary Shares (all of which are beneficial unless stated) which would be required to be notified pursuant to Part 22 of the Act and related regulations, or which would be required to be entered in the register maintained under Part 22 of the Act, were as set out below.

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	187,300,406*	37.85%	37.85%
Ashley Stephenson	38,000	0.01%	0.01%
Andrew Miller	1,091,437-	0.22%	0.22%
Lionel Chmielewsky	0	0%	0%
Richard Last	2,500,000	0.51%	0.51%
Peter George	0	0%	0%

* of which 33,674,846 are held in the name of JPM International Limited, which is wholly owned by Jens Montanana and 125,871,751 are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

- 3.2 As at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), details of share options granted to Directors (and any persons connected with them (within the meaning of section 252 of the Act)) were as set out below:

<i>Director</i>	<i>Interest in share options</i>	<i>Grant Date</i>	<i>Exercise Price (pence)</i>	<i>Expiry Date</i>
Jens Montanana	994,000	24 April 2017	8.0	24 April 2027
	425,000	9 May 2018	13.6	9 May 2028
	400,000	19 October 2018	10.95	19 October 2028
Ashley Stephenson	2,319,000	24 April 2017	8.0	24 April 2027
	3,200,000	8 June 2017	13.6	8 June 2027
	2,400,000	19 October 2018	10.95	19 October 2028
Andrew Miller	140,000*	21 March 2011	40.0	31 August 2020
	1,919,000	24 April 2017	8.0	24 April 2027
	2,356,000	9 May 2018	13.6	9 May 2028
	1,500,000	19 October 2018	10.95	19 October 2028
Lionel Chmielewsky	—	—	—	—
Richard Last	450,000	24 April 2017	8.0	24 April 2027
	180,000	8 June 2017	13.6	8 June 2027
	200,000	19 October 2018	10.95	19 October 2028
Peter George	750,000	3 January 2019	11.25	3 January 2029

* these options consist of a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

As announced by the Company on 27 April 2020, and following his appointment as an Executive Director and CEO Designate of the Company on 1 May 2020, Corero intends to grant Lionel Chmielewsky 7,000,000 options over new Ordinary Shares, exercisable at the prevailing market price at the time of issue of those Options, in due course. A further announcement will be made by the Company on the issue of these options.

- 3.3 Assuming the maximum possible number of Ordinary Shares are issued under existing options held by each Director over Ordinary Shares and the DPSP, and assuming no further issues of Ordinary Shares are made by the Company, no exercise of other options are made by other option holders and no disposals of Ordinary Shares are made by any Director, their maximum interest in the Ordinary Shares will be:

<i>Director</i>	<i>Maximum interest in Ordinary Shares</i>	<i>Maximum percentage of issued Ordinary Share Capital</i>
Jens Montanana*	189,119,406	36.93%
Ashley Stephenson	7,957,000	1.55%
Andrew Miller**	7,006,437	1.37%
Lionel Chmielewsky	—	—
Richard Last	2,630,000	0.65%
Peter George	750,000	0.15%

* of which 33,674,846 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 125,871,751 Ordinary Shares are held in the name of The New Millennium Technology Trust.

** includes a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

Of the 39,084,500 share options in issue at 30 April 2020 (excluding the DPSP), 17,093,000 are held by the Directors as detailed in paragraph 3.2 above and the remaining 21,991,500 are held by employees or former employees of the Group.

- 3.4 Save as disclosed in paragraphs 3.12 and 3.13 of this Part III, as at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), none of the Concert Party, their immediate family or persons connected to them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in money or otherwise), including any short position in a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant security of the Company.
- 3.5 There have been no dealings (including borrowing or lending) for value in relevant securities by the Company (or by any person acting in concert with the Company), the Directors, or the Concert Party (or their immediate families, related trusts or persons connected or acting in concert with them) during the period of 12 months preceding 15 May 2020 (being the last practicable date prior to publication of this document), save as set out below:

<i>Director</i>	<i>Date</i>	<i>Transaction</i>	<i>No. of Ordinary Shares</i>	<i>Price per Ordinary Share (p)</i>
Jens Montanana	22 November 2019	Subscription	32,917,797	3.5
Richard Last	22 November 2019	Subscription	500,000	3.5

- 3.6 As at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), neither the Company nor any persons acting in concert with the Company had borrowed or lent any relevant securities of the Company.
- 3.7 Save as disclosed in paragraphs 3.1 and 3.2 of this Part III, as at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), none of the Directors, their immediate families or person connected with them (within the meaning of Part 22 of the Act and related regulations) nor any persons acting in concert with them, had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in any relevant securities of the Company.
- 3.8 As at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), no person acting in concert with the Company had any interests, rights to subscribe or short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in relevant securities of the Company.
- 3.9 As at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), neither Cenkos nor any other connected adviser of the Company (including any person controlling, controlled by or under the same control as it) had any interests, rights to subscribe or short positions in relevant securities of the Company.
- 3.10 Other than as set out in paragraph 3.1 of this Part III and paragraph 3.3 of this Part III and so far as the Directors are aware, the only persons who, as at the close of business on 15 May 2020 (being the last practicable date prior to publication of this document), are or will be directly or indirectly, interested (within the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Ordinary Shares are as follows:

<i>Name of Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of Existing Issued Share Capital</i>
Premier Miton Group PLC	65,126,137	13.16%
Juniper Networks, Inc.	49,179,772	9.94%
Sabvest Capital Holdings Ltd	36,250,000	7.33%
Herald Investment Management Ltd	34,592,121	6.99%
Richard John Koch	32,936,500	6.66%
Peter Gain*	25,815,241	5.22%

* of which 4,900,000 shares are held in the name of Draper Gain Investments Ltd

The Concert Party

3.11 The Concert Party comprises Jens Montanana and Andrew Miller. The Concert Party can be contacted at Regus House, Highbridge, Oxford Road Uxbridge UB8 1HR, UK.

3.11.1 Jens Peter Montanana is the founder and CEO of Datatec Limited, established in 1986. Between 1989 and 1993 Jens served as managing director and vice-president of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics Inc., which was acquired by 3Com. In 1993, he co-founded US start up Xedia Corporation in Boston, an early pioneer of network switching and one of the market leaders in IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999 for \$246 million. In 1994, Jens became CEO of Datatec Limited. Datatec Limited listed on the Johannesburg Stock Exchange in 1994 and on AIM in 2006 and delisted from AIM in 2017. Jens has previously served on the boards and sub-committees of various public companies.

3.11.2 Andrew Douglas Miller (CFO and Executive Director responsible for finance) was with the Datatec Limited group in a number of roles between 2000 and 2009 including the Logicalis Group Limited ("Logicalis") Operations Director and Corporate Finance and Strategy Director. Andrew led the Logicalis acquisition strategy, acquiring and integrating 12 companies in the US, UK, Europe and South America. Prior to this, Andrew gained considerable corporate finance experience in London with Standard Bank, West Deutsche Landesbank and Coopers & Lybrand. Andrew trained and qualified as a chartered accountant and has a bachelor's degree in commerce from the University of Natal, South Africa.

3.12 At the close of business on 15 May 2020 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Ordinary Shares are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Percentage of current voting rights in the Company</i>
Jens Montanana	187,300,406*	37.85%	37.85%
Andrew Miller	1,091,437	0.22%	0.22%
Total Concert Party interest	188,391,843	38.07%	38.07%

* of which 33,674,846 are held in the name of JPM International Limited, which is wholly owned by Jens Montanana and 125,871,751 are held in the name of The New Millennium Technology Trust of which Jens Montanana is a beneficiary.

3.13 At the close of business on 15 May 2020 (being the latest practicable date prior to the publication of this document) the interests of the Concert Party (and the interests of persons connected with it (within the meaning of section 252 of the Act)) in Existing CP Share Options are as follows:

<i>Director</i>	<i>Interest in Existing CP Share Options</i>	<i>Grant Date</i>	<i>Exercise Price (pence)</i>	<i>Expiry Date</i>
Jens Montanana	994,000	24 April 2017	8.0	24 April 2027
	425,000	9 May 2018	13.6	9 May 2028
	400,000	19 October 2018	10.95	19 October 2028
Andrew Miller	140,000*	21 March 2011	40.0	31 August 2020
	1,919,000	24 April 2017	8.0	24 April 2027
	2,356,000	9 May 2018	13.6	9 May 2028
	1,500,000	19 October 2018	10.95	19 October 2028

* these options consist of a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

In total, Mr. Montanana is interested in 1,819,000 Existing CP Share Options and Mr. Miller is interested in 5,915,000 Existing CP Share Options. The Concert Party is interested, in total, in 7,734,000 Existing CP Share Options.

The Company proposes to cancel 5,775,000 Existing CP Share Options held by Andrew Miller following the Annual General Meeting and the passing of the Whitewash Resolution. It is proposed that Andrew Miller will receive 5,775,000 Regrant CP Share Options. If the Whitewash Resolution is not approved at the Annual General Meeting, the cancellation of 5,775,000 Existing CP Share Options held by Andrew Miller, and the corresponding grant of the same number of Regrant CP Share Options to Andrew Miller will not proceed.

- 3.14 If the Whitewash Resolution is approved, 5,775,000 of the Existing CP Share Options are cancelled and the Regrant CP Share Options are granted and the Concert Party exercise their rights under the CP Share Options in full, and assuming no other Ordinary Shares are issued by the Company, then the Concert Party would have a maximum interest in the Company of 196,125,843 Ordinary Shares representing 39.02 per cent. of the Company's issued share capital. The maximum interest in Ordinary Shares of each of the Concert Party assuming the maximum possible number of Ordinary Shares are issued under the CP Share Options held (or to be held) by each member of the Concert Party, no further issues of Ordinary Shares are made by the Company, no exercise of other share options are made by other option holders and no disposals of Ordinary Shares are made by the Concert Party, will be:

<i>Director</i>	<i>Maximum interest in Ordinary Shares immediately following the CP Share Options being exercised in full</i>	<i>Maximum percentage of issued Ordinary Shares assuming the CP Share Options are exercised in full and no further Ordinary Shares are issued</i>
Jens Montanana*	189,119,406	37.63%
Andrew Miller**	7,006,437	1.39%
Total	<u>196,125,843</u>	<u>39.02%</u>

* of which 33,674,846 Ordinary Shares are held in the name of JPM International Limited, which is wholly owned by Jens Montanana, and 125,871,751 Ordinary Shares are held in the name of The New Millennium Technology Trust.

** includes a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the employee share ownership trust at 40p per Ordinary Share pursuant to the grant made to him under the DPSP.

- 3.15 Save as set out in paragraph 3.1 and paragraph 3.2 of this Part III, as at the close of business on 15 May 2020 (being the latest practicable date prior to the publication of this document) no member of the Concert Party (and persons connected with it (within the meaning of section 252 of the Act)) held any relevant securities.
- 3.16 Save as set out in paragraph 3.5 of this Part III, during the period of 12 months preceding 15 May 2020 (being the last practicable date prior to publication of this document) there have been no dealings for value in relevant securities by any member of the Concert Party (and persons connected with any member of the Concert Party (within the meaning of section 252 of the Act)).
- 3.17 The Concert Party has not entered into any agreement, arrangement or understanding:
- (i) with the Independent Directors (or their close relatives and related trusts) which has any connection with or dependence upon the proposals set out in Part I of this document; or
 - (ii) for the transfer of any Ordinary Shares acquired by the Concert Party.
- 3.18 In addition, the Independent Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the proposals set out in Part I of this document between the Concert Party and any person interested or recently interested in Ordinary Shares, any

other recent director of the Company or Cenkos (or any person who is, or is presumed to be, acting in concert with Cenkos).

3.19 Save as disclosed in this paragraph 3:

- (i) no member of the Concert Party is interested in any relevant securities, has a right to subscribe for relevant securities, has borrowed or lent relevant securities or has dealt for value in relevant securities during the period of 12 months preceding 15 May 2020 (being the last practicable date prior to publication of this document);
- (ii) no Director has an interest in any relevant securities nor has a right to subscribe for relevant securities;
- (iii) no person referred to in paragraphs (i) or (ii) above has any short position in relation to relevant securities (whether conditional or absolute and whether in the money or otherwise and including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery);
- (iv) neither the Company nor any person acting in concert with the Company has borrowed or lent relevant securities;
- (v) neither the Company nor any person acting in concert with the Company has any interests, rights to subscribe or short positions in the Company;
- (vi) no member of the Concert Party or any person acting in concert with them has lent or borrowed any relevant securities; and
- (vii) the Company has not redeemed or purchased any relevant securities during the period of 12 months preceding 15 May 2020 (being the last practicable date prior to publication of this document).

4. Directors' Service Contracts

4.1 Details of the employment agreements, service agreements and letter of appointment currently in place between the Company and the Directors are set out below:

- 4.1.1 An employment agreement dated 14 January 2013 and made between Corero Network Security Inc. (a wholly owned subsidiary of the Company) and Ashley Stephenson. The employment agreement is terminable by either party on not less than six months' written notice. The agreement contains provisions for early termination in certain circumstances. The basic salary payable to Mr. Stephenson is US\$322,600 per annum.

In addition, the Company has agreed to provide other benefits commensurate with his position including private medical insurance and life insurance. Mr. Stephenson may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

- 4.1.2 A service agreement dated 13 July 2010 and made between the Company and Andrew Miller. The service agreement is terminable by either party on not less than three months' written notice increasing by one month at the end of each complete 12 month period of continuous employment provided that the notice period shall not exceed six months in total. The agreement contains provisions for early termination in certain circumstances. The basic salary payable to Mr. Miller is £181,500 per annum.

In addition, the Company has agreed to provide other benefits commensurate with his position including private medical insurance, life insurance, permanent health insurance, car allowance and contributions of up to 10 per cent. of his basic salary to his personal pension scheme. Mr. Miller may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

As announced on 10 March 2020, Andrew Miller has resigned his position of Chief Financial Officer of the Company which is expected to take effect on 31 May 2020. The Company intends Mr Miller to remain as a director of the Company upon the termination of his executive position but as a non-executive director of the Company.

- 4.1.3 An employment agreement dated 27 April 2020 and made between Corero Network Security (UK) Limited (a wholly owned subsidiary of the Company) and Lionel Chmielewski, and a director

appointment letter dated 24 April 2020 between the Company and Lionel Chmielewsky which is supplemental to his employment agreement and sets out Mr Chmielewsky's duties as a director of the Company. The employment agreement is terminable by either party on not less than six months' written notice with an additional termination compensation payment of three months' salary on termination of the employment agreement by the Company. The basic salary payable to Mr Chmielewsky is Euro 310,000 per annum.

In addition, the company has agreed to provide other benefits commensurate with his position including private medical insurance and pension contributions as mandated under French employment law. Mr Chmielewsky may be entitled to a bonus of such amount as the Company shall at its entire discretion determine.

- 4.1.4 A letter of appointment dated 13 July 2010 and made between the Company and Jens Montanana. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr. Montanana's appointment has since been renewed for the 12 month period to 9 August 2020. The fee payable to Mr. Montanana is £32,000 per annum. Mr. Montanana will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.
- 4.1.5 A letter of appointment dated 13 July 2010 and made between the Company and Richard Last. The letter of appointment is for a period of 12 months commencing 9 August 2010 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr Last's appointment has since been renewed for the 12 month period to 9 August 2020. The fee payable to Mr. Last is £25,500 per annum. Mr. Last will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.
- 4.1.6 A letter of appointment dated 3 January 2019 and made between the Company and Peter George. The letter of appointment is for a period of 12 months commencing 3 January 2019 and thereafter may be terminated by either party upon three months' notice or immediately by the Company in certain circumstances. Mr George's appointment has since been renewed for the 12 month period to 3 January 2021. The fee payable to Mr. George is US\$36,000 per annum. Mr. George will also be reimbursed for all reasonable and properly documented expenses incurred in the performance of his duties.
- 4.2 Save as set out above, no service contracts have been entered into or amended in the last six months. The aggregate emoluments, excluding pensions, of the Directors for the year ended 31 December 2019, being the last financial year for which audited financial information has been published, are set out below:

<i>Director</i>	<i>Salary and fees paid or received US\$'000</i>	<i>Bonus paid or receivable US\$'000</i>	<i>Pension Contributions US\$'000</i>	<i>Other benefits US\$'000</i>	<i>Total 2019 US\$'000</i>
Jens Montanana	41	–	–	–	41
Ashley Stephenson	313	105	–	17	435
Andrew Miller	222	70	21	7	320
Lionel Chmielewsky	–	–	–	–	–
Richard Last	35	–	–	–	35
Peter George	36	–	–	–	36

5. No Significant Change

There has been no significant change in the financial or trading position of the Company since the publication of the annual audited accounts of the Company for the twelve months ended 31 December 2019.

6. Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:

6.1 2019 Placing Agreement

On 22 November 2019, the Company entered into a placing agreement with Cenkos whereby Cenkos agreed to use reasonable endeavours to procure (and did procure) subscribers for 27,268,543 Ordinary Shares at 3.5 pence per share. The Company paid Cenkos a corporate finance fee of £50,000 along with a commission of 5 per cent. of the amount equal to the aggregate value of the placing shares subscribed for by certain placees procured by Cenkos under the placing. The Company bore its own costs and expenses, and paid the reasonable and properly incurred costs and expenses of Cenkos in relation to and incidental to the transaction. The placing agreement contained warranties and indemnities given by the Company in favour of Cenkos in relation to the transaction.

6.2 2019 Subscription Agreements

On 25 November 2019, the Company entered into subscription agreements with each of Jens Montanana and Richard Last for in 32,917,797 and 500,000 Ordinary Shares, respectively, at a price of 3.5 pence per share, and also entered into a subscription agreement with Juniper Networks, Inc. for 32,170,803 Ordinary Shares respectively at a price of 3.5 pence per share.

6.3 2018 Subscription Agreement

On 12 October 2018, the Company entered into a subscription agreement with Juniper Networks, Inc. for 17,008,969 Ordinary Shares respectively at a price of 8.9 pence per share.

7. Agreements relating to the Existing CP Share Options and the Regrant CP Share Options

The Company proposes to enter into the following agreements in relation to the cancellation of the Existing CP Share Options and the grant of the Regrant CP Share Options as soon as reasonably practicable following the passing of the Whitewash Resolution:

7.1 2020 Andrew Miller Option Agreement

The Company proposes to enter into an option agreement with Andrew Miller whereby the Company will to grant to Mr. Miller options to acquire 5,775,000 Ordinary Shares, pursuant to the Corero 2010 Unapproved Share Option Plan, at an exercise price equal to the higher of: (a) the closing mid-market price per Corero Ordinary Share on the last business day immediately prior to date of grant of the Regrant CP Share Options; and (b) the volume weighted average price per Corero Ordinary Share for the 90 trading days ended on the last business day immediately prior to the date of grant of the Regrant CP Share Options. This option agreement will not be entered into if the Whitewash Resolution is not passed at the AGM.

7.2 2020 Andrew Miller Cancellation Agreement of Option Agreement

The Company proposes to enter into an agreement for the cancellation of certain option agreements with Andrew Miller whereby the option agreements entered into between the Company and Mr. Miller dated 24 April 2017, 9 May 2018 and 19 October 2018 granting Mr. Miller a total of 5,775,000 options over Ordinary Shares will be terminated. This agreement will not be entered into if the Whitewash Resolution is not passed at the AGM.

As soon as reasonably practicable following the passing of the Share Option Resolution at the AGM, the Company proposes to enter into cancellation agreements to cancel up to an aggregate of 19,743,500 Existing Share Options granted to certain of its directors and employees (excluding the Concert Party), and under the terms of new option agreements to grant to those directors and employees who elect to have their Existing Share Options cancelled, an equal number of Regrant Share Options. Such agreements will be in the same form as those entered into by Andrew Miller in respect of his Existing CP Share Options and Regrant CP Share Options. The Company does not propose to enter into these agreements if the Share Option Resolution is not passed at the AGM.

8. Middle market quotations

The table below sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first business day of each of the six months preceding the date of this document and on 15 May 2020 (being the last practicable date prior to publication of this document):

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
15 May 2020	4.60
1 May 2020	4.20
1 April 2020	3.60
2 March 2020	5.7425
3 February 2020	5.75
2 January 2020	5.875
2 December 2019	3.70

9. Financial statements

The Company's consolidated audited financial statements for the two financial years ending 31 December 2018 and 31 December 2019 are incorporated by reference into this document and are available at [who-we-are/investor-relations/annualreports](#).

10. Additional Information

- 10.1 The total cost and expenses payable by the Company in connection with the Resolutions (including professional fees, commissions, the cost of printing and the fees payable to the registrars and the Panel) are estimated to amount to approximately £60,000 (excluding VAT).
- 10.2 No inducement fee is payable in respect of the proposals set out in this document.
- 10.3 Cenkos has given and has not withdrawn its written consent to the issue of this document with the references to it in the form and context in which they appear.
- 10.4 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with it and any of the Directors (excluding the Concert Party), recent directors of the Company, Shareholders or recent shareholders or any person interested or recently interested in shares of the Company having any connection with or dependence upon the proposals set out in this document.
- 10.5 No agreement, arrangement or understanding exists whereby the Ordinary Shares held by any member of the Concert Party will be transferred to any other party.
- 10.6 As at the close of business on 15 May 2020 (being the latest practicable date prior to the publication of this document), Cenkos did not hold any Ordinary Shares.
- 10.7 During the 12 months preceding 15 May 2020 (being the last practicable date prior to publication of this document), Cenkos has not been dealing for value in relevant securities, acting as market maker and trading as principal.

11. Obtaining hard copies of information incorporated by reference

You may request a hard copy of any information incorporated into this document by reference by contacting Corero Network Security plc, Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK, or between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 01895 876 579 from within the UK or +44 1895 876 579 if calling from outside the UK. It is important that you note that unless you make such a request, a hard copy incorporated into this document by reference will not be sent to you.

12. Documents on display

- 12.1 Copies of the following documents will be available at the Company's website, www.corero.com/who-we-are/investor-relations/shareholder-information and (subject to any restrictions in place as a result of the Covid-19 pandemic) for inspection at the offices of the Company during normal business hours of any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to including the date of the Annual General Meeting:
- 12.1.1 this document;
 - 12.1.2 the Company's existing memorandum and articles of association, a copy of the New Articles and a copy marked to show the differences between the Company's existing memorandum and articles of association and the New Articles (as proposed to be adopted pursuant to Resolution 13);
 - 12.1.3 the published audited accounts of the Company for the two years ended 31 December 2018 and 31 December 2019;
 - 12.1.4 the written consent of Cenkos referred to in paragraph 10.3 of this Part III above;
 - 12.1.5 the Director's service agreements referred to in paragraph 4 of this Part III;
 - 12.1.6 the material contracts referred to in paragraph 6 of this Part III; and
 - 12.1.7 a form of the agreements referred to in paragraph 7 of this Part III.

Date: 18 May 2020

DEFINITIONS

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

Act	Companies Act 2006 as amended
acting in concert	shall have the meaning ascribed thereto in the Takeover Code
AIM	the AIM market operated by London Stock Exchange
AIM Rules for Companies	the AIM Rules for Companies and guidance notes as published by London Stock Exchange from time to time
Annual General Meeting or AGM	the annual general meeting of the Company, notice of which is set out at the end of this document
Board or Directors	the directors of the Company
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
Cenkos	Cenkos Securities plc, with registered number 05210733 and with its registered office at 6.7.8 Tokenhouse Yard, London EC2R 7AS
Company or Corero	Corero Network Security Plc, incorporated in England and Wales under registered number 2662978
Concert Party	Jens Montanana and Andrew Miller
CP Share Options	together, the Existing CP Share Options (as reduced following the cancellation of 5,775,000 Existing CP Share Options of the Concert Party) and the Regrant CP Share Options
DPSP	the Company's deferred payment share plan
DTR	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
Enlarged Share Capital	the entire issued share capital of the Company immediately following the exercise of the CP Share Options
Existing CP Share Options	the 7,734,000 existing options over Ordinary Shares held by the Concert Party as at the date of this document, including a contractual right for Andrew Miller to purchase 140,000 Ordinary Shares from the Company's employee share trust pursuant to the DPSP
Existing Share Options	the 31,490,500 existing options granted to directors, excluding the Existing CP Share Options, and employees of the Company over Ordinary Shares as at the date of this document
Existing Ordinary Shares	the Ordinary Shares in issue as at the date of this document
Form of Proxy	the form of proxy for use at the Annual General Meeting which may accompany this document or which may be requested in hard form
Group	the Company and its subsidiaries

Independent Directors	the Directors other than Jens Montanana and Andrew Miller
Independent Shareholders	Shareholders excluding members of the Concert Party
Independent Shares	the Ordinary Shares held by Independent Shareholders
Link	Link Asset Services
Notice of Annual General Meeting	the notice of the Annual General Meeting which is set out at the end of this document
Ordinary Shares	ordinary shares of 1 pence each in the capital of the Company
Proposals	together the cancellation of up to 5,775,000 Existing CP Options, the cancellation of up to an aggregate of 19,743,500 Existing Share Options, the issue of the Regrant CP Share Options and the issue of the Regrant Share Options
Regrant CP Share Options	up to 5,775,000 new options that are proposed to be granted to Andrew Miller, a member of the Concert Party, following the passing of the Whitewash Resolution at the Annual General Meeting
Regrant Share Options	up to, in aggregate, 19,743,500 new options that are proposed to be granted to certain directors and employees of the Company, excluding the Regrant CP Share Options, following the passing of Resolution 2 at the Annual General Meeting
Relevant Company Securities	shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof, including, for the avoidance of doubt, the Ordinary Shares
Resolutions	the resolutions set out in the Notice of Annual General Meeting
Rule 9 Waiver	the waiver by the Panel of the obligation of Jens Montanana and Andrew Miller to make a general offer under Rule 9 of the Takeover Code which would otherwise arise as a consequence of the cancellation of the Existing CP Share Options and the re-grant and exercise of any of the Regrant CP Share Options, with such waiver being conditional upon the approval of the Independent Shareholders by the passing of the Whitewash Resolution on a poll
Shareholder(s)	holder(s) of Ordinary Shares
Share Options	together, the Existing Share Options (as reduced following the cancellation of the Existing Share Options of the Concert Party) and the Regrant Share Options
Share Option Resolution	the resolution numbered 2 set out in the Notice of Annual General Meeting
Takeover Code or Code	The City Code on Takeovers and Mergers
Takeover Panel or Panel	the Panel on Takeovers and Mergers
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
voting rights	means all voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting
Whitewash Resolution	the resolution numbered 1 set out in the Notice of Annual General Meeting

CORERO NETWORK SECURITY PLC

(THE “COMPANY”)

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at 11.30 a.m. on 11 June 2020 at the Company’s registered office located at Regus House, Highbridge, Oxford Road, Uxbridge UB8 1HR, UK to consider and, if thought fit, pass the following resolutions: resolution 1 as an ordinary resolution, which will be taken on a poll on which only Independent Shareholders, as defined in the circular dated 18 May 2020 of which this notice of Annual General Meeting forms part (the “**Circular**”), are entitled to vote; and resolutions 2 to 10 (inclusive) will be proposed as ordinary resolutions and resolutions 11 to 13 (inclusive) will be proposed as special resolutions. Capitalised terms herein shall have the meaning ascribed to them in the Circular:

ORDINARY RESOLUTIONS

1. **THAT** the waiver granted by the Panel on Takeovers and Mergers of any requirement under Rule 9 of The City Code on Takeovers and Mergers for Jens Montanana and Andrew Miller to make a general offer to shareholders of the Company as a result of any future exercise of Regrant CP Share Options by any member of the Concert Party, as is more fully described in the Circular, be and is hereby approved by Independent Shareholders on a poll.
2. **THAT** the cancellation of the Existing Share Options and the grant of the Regrant Share Options be and are hereby approved.
3. To receive the audited accounts of the Company for the year ended 31 December 2019, together with the Directors’ report and the auditor’s report on those annual accounts.
4. To re-elect Mr Jens Montanana, who retires by rotation in accordance with the Company’s articles of association, as a Director of the Company.
5. To re-elect Mr Richard Last, who retires by rotation in accordance with the Company’s articles of association, as a Director of the Company.
6. To re-elect Mr Andrew Miller, who retires by rotation in accordance with the Company’s articles of association, as a Director of the Company.
7. To re-elect Mr Lionel Chmielewsky, who was appointed as a director of the Company by the Board on 1 May 2020, as a Director of the Company.
8. To re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next annual general meeting at which accounts are laid before the Company.
9. To authorise the Directors to determine the remuneration of the auditors.
10. **THAT** in substitution for all existing and unexercised authorities and powers granted to the Directors prior to the date of this resolution in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company (such shares and rights to subscribe for or to convert any security into shares of the Company being “**relevant securities**”) up to a maximum nominal amount of £1,649,507.68 on such terms and conditions as the Directors may determine provided that, unless previously revoked, varied or extended, this authority shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the

Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTIONS

11. **THAT** in substitution for all existing and unexercised authorities and powers granted to the Directors prior to the date of this resolution in accordance with section 570(1) of the Act and subject to and conditional on the passing of resolution 10, the Directors be and are hereby empowered to allot equity securities (as defined in section 560(1) of the Act) of the Company for cash, pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 10 above, and/or by way of a sale of treasury shares for cash (by virtue of section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer by way of a rights issue or an offer of equity securities open for acceptance for a period fixed by the Directors (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings and (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (b) the allotment and/or sale of treasury shares for cash (otherwise than pursuant to resolution 11(a) above) of equity securities up to a maximum nominal amount of £494,852.30

and that, unless previously revoked, varied or extended, this power shall expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the Directors may allot equity securities (and sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired.

12. **THAT** the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) on a recognised investment exchange (as defined in section 693(5) of the Act) of ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") and to hold such shares as treasury shares (as defined in section 724(3) of the Act) and/or on such terms and in such manner as the Directors may from time to time determine provided that:

- (c) this authority shall be limited to the purchase of Ordinary Shares up to a maximum aggregate nominal value equal to £494,852.30 representing approximately 10 per cent. of the nominal value of the current issued ordinary share capital of the Company;
- (d) the minimum price which may be paid for such Ordinary Shares is £0.01 (exclusive of expenses);
- (e) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than 5 per cent. above the average middle market quotations for an Ordinary Share on the relevant recognised investment exchange on which Ordinary Shares are traded for the five business days immediately preceding the date on which the Ordinary Share is purchased;
- (f) unless previously revoked, varied or extended, the authority hereby conferred shall expire at the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company; and
- (g) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

13. **THAT** the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the current articles of association.

BY ORDER OF THE BOARD

Duncan Swallow
Company Secretary

Date: 18 May 2020

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

The following notes explain your general rights as a shareholder and your rights to attend and vote at the Annual General Meeting or to appoint someone else to vote on your behalf:

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 9 June 2020 (or if the AGM is adjourned, on the day which is two business days before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM 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 AGM.
2. Information regarding the annual general meeting, including information required by section 311A of the Act, is available from www.corero.com/who-we-are/investor-relations/shareholder-information.
3. You should not attend the AGM in person in light of current restrictions on gatherings of people and the rules around social distancing which have been imposed in response to the Covid-19 pandemic. Shareholders who intend to attend the AGM in person in breach of any stay at home measures which are in place on the date of the AGM will not be admitted. If the restrictions on gatherings and social distancing are relaxed or lifted by the British Government prior to the date of the AGM, the Company will notify Shareholders of any resulting change which may effect the ability of Shareholders to attend the AGM on its website at www.corero.com/who-we-are/investor-relations/shareholder-information.
4. If, prior to the date of the AGM, you are permitted to attend the AGM in person, you should make sure that you arrive at the venue for the AGM in good time before the commencement of the meeting. You may be asked to pre-register and/or to prove your identity in order to gain admission. Please check the Company's website before attending the AGM for any updates regarding attendance and any new restrictions that may be imposed in light of Covid-19.
5. Given the current restrictions on attendance in person, Shareholders are encouraged to appoint the chairman of the AGM as their proxy rather than a named person who will not as at this date of this document be permitted to attend the physical meeting. Shareholders are further asked to appoint the chairman of the meeting as their proxy electronically where possible. For further information on how to appoint a proxy electronically, please see Notes 6 to 9 (inclusive) below. As outlined in Note 3 above, if the restrictions on gatherings and social distancing are relaxed or lifted by the British Government prior to the date of the AGM, the Company will notify Shareholders of any resulting change which may effect the ability of Shareholders to attend the AGM on its website at www.corero.com/who-we-are/investor-relations/shareholder-information.
6. A member who is entitled to attend, speak and vote at the AGM 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 AGM 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 AGM (although voting in person at the AGM will terminate the proxy appointment). **However, as it may not be possible for any person who is not the chairman to attend the AGM we strongly suggest you appoint the chairman of the AGM as your proxy. You can only appoint a proxy using the procedures set out in these Notes.**
7. For the 2020 AGM, the Company is not sending hard copy Forms of Proxy to all Shareholders as it would prefer to encourage Shareholders to vote electronically, either at www.signalshares.com, or via CREST where shares are held in CREST. Shareholders can vote either by:
 - (a) logging on to www.signalshares.com using the investor number which is on your share certificate or dividend tax voucher and following the instructions ("**Electronic Filing**");
 - (b) requesting a hard copy form of proxy ("**Form of Proxy**") directly from the Company's Registrars, Link Asset Services Limited ("**Registrars**"), by telephoning 0371 664 0391 if calling from the United Kingdom, or +44 (0) 371 664 0391 if calling from outside of the United Kingdom, or email Link at enquiries@linkgroup.co.uk. Calls will be charged at local rate. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales; or
 - (c) in the case of CREST members who hold shares in uncertificated form, utilizing the CREST electronic proxy appointment service in accordance with the procedures set out below ("**CREST Proxy Instruction**").

Shareholders are requested to vote as soon as possible, but in any event, to be valid, so as to be received by the Registrars no later than 11.30 a.m. on 9 June 2020. Hard copy Forms of Proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be returned to the Registrars, Link Asset Services Limited, at PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held at 11.30 a.m. on 11 June 2020 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 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 11.30 a.m. on 9 June 2020. 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.

9. If you return more than one proxy appointment in respect of the same Ordinary Share, either by paper or electronic communication (Electronic Filing or CREST Proxy Instruction), the appointment received last by the Registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
10. 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.
11. 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 6 to 9 (inclusive) 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 Act along with any restrictions on attendance at the AGM imposed as a result of the stay at home measures given the current Covid-19 pandemic (see Note 3 above for further information).
12. The following documents are available for inspection (subject to any restrictions in place as a result of Covid-19 pandemic) at registered office of the Company during usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM and will also be available for inspection at the place of the Annual General Meeting from 9.00 a.m. on the day of the Annual General Meeting until its conclusion:
 - (a) copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings;
 - (b) letters of appointment of the Non-Executive Directors; and
 - (c) the Company's existing articles of association, a copy of the new articles of association (as proposed to be adopted pursuant to Resolution 13) and a copy marked to show the differences between each of them.

