



# THE DDOS PROTECTION SPECIALISTS

INTERIM REPORT H1 2023  
Corero Network Security plc

Corero is dedicated to improving the security and availability of the internet through the deployment of innovative Distributed Denial of Service (DDoS) protection solutions.

## DDOS PROTECTION WITHOUT THE DOWNTIME.

We are specialists in automatic detection and mitigation solutions, that include network visibility, analytics, and reporting tools. Corero's technology provides scalable protection capabilities against both external DDoS attackers and internal DDoS threats, in even the most complex edge and subscriber environments, ensuring internet service availability and uptime.

We protect thousands of organisations worldwide, across many verticals. Our customers are primarily internet service providers, hosting providers, cloud providers and SaaS providers.

We are deployed internationally and, through our own teams and strategic partners, we continue to expand our footprint.

### CONTENTS

#### Overview

01 H1 2023 Highlights

#### Half Year Review

02 Executive Chairman's Interim review

04 Chief Financial Officer's Review

#### Financial Statements and associated notes

05 Condensed Consolidated Income Statement

06 Condensed Consolidated Statement of Total Comprehensive Income

07 Condensed Consolidated Statement of Financial Position

08 Consolidated Interim Statement of Cash Flows

09 Consolidated Interim Statement of Changes in Equity

10 Notes to the interim financial statements

#### Corporate Directory

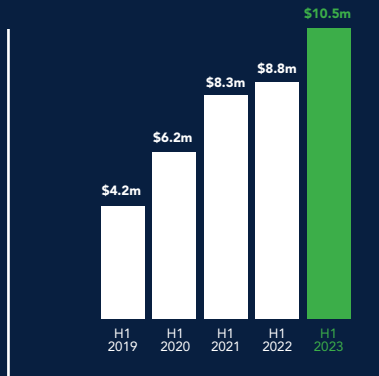
13 Corporate Directory

FOR MORE  
INFORMATION VISIT  
[corero.com](http://corero.com)

# H1 2023 HIGHLIGHTS

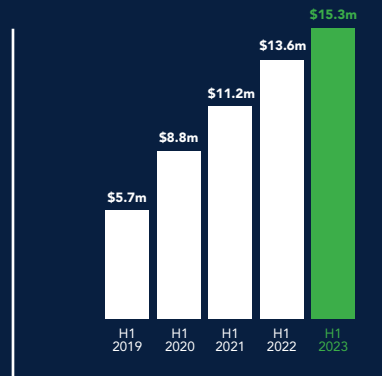
## REVENUE

**\$10.5m**



## ARR<sup>2</sup>

**\$15.3m**

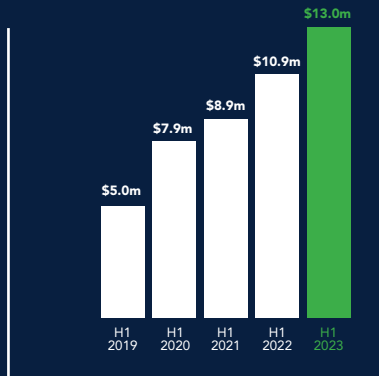


## FINANCIAL HIGHLIGHTS

- H1 2023 order intake<sup>1</sup> increased 19% to \$13.0 million (H1 2022: \$10.9 million)
- H1 2023 Group revenue up 19% to \$10.5million (H1 2022: \$8.8 million)
- Annualised Recurring Revenues<sup>2</sup> ("ARR") up 13% to \$15.3 million (H1 2022: \$13.6 million)
- EBITDA<sup>3</sup> loss of \$0.2 million (H1 2022: EBITDA profit of \$0.9 million)
- Adjusted EBITDA<sup>4</sup> profit of \$0.2 million (H1 2022: Adjusted EBITDA of \$0.0 million)
- Net cash at 30 June 2023 of \$6.2 million (30 June 2022: \$5.8 million)
- \$1.2 million early repayment of bank term loan facility, with no outstanding debt as at 30 June 2023 (30 June 2022: \$1.7 million)

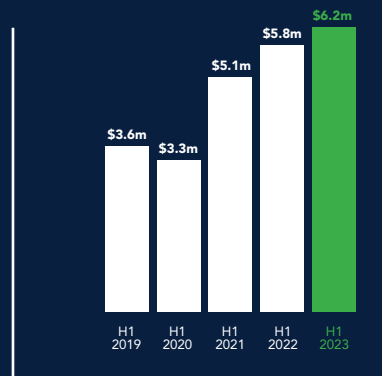
## ORDER INTAKE<sup>1</sup>

**\$13.0m**



## NET CASH

**\$6.2m**

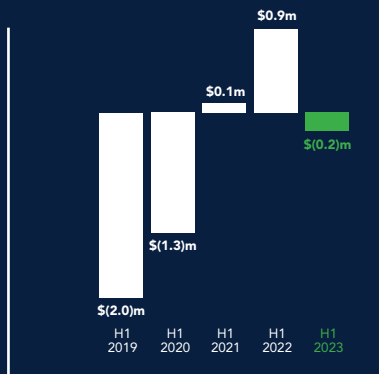


## OPERATIONAL HIGHLIGHTS

- New strategic go-to-market partnership entered into with Akamai Technologies Inc. ("Akamai")
- Ideal Customer Profile ("ICP") focus driving significant customer growth across H1 2023
- Strong momentum through Q2, delivering \$6.0 million of significant customer contracts won during the quarter
- Continued growth in the Company's subscription-based products and DDoS Protection-as-a-service ("DDPaaS") offering, underpinning higher levels of earnings predictability

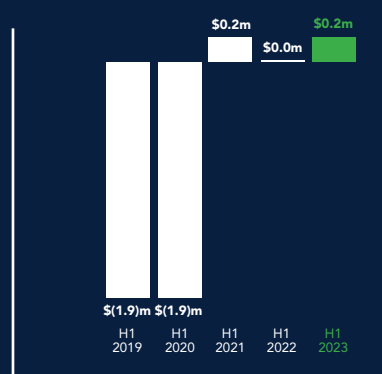
## EBITDA<sup>3</sup>

**\$(0.2)m**



## ADJUSTED EBITDA<sup>4</sup>

**\$0.2m**



- 1 Defined as orders received from customers in the period
- 2 Defined as the normalised annualised recurring revenue and includes recurring revenue from contract values of annual support, software subscription and from DDoS Protection-as-a-Service contracts
- 3 Defined as Earnings before Interest, Taxation, Depreciation and Amortisation
- 4 Defined as Earnings before Interest, Taxation, Depreciation less unrealised foreign exchange differences

# EXECUTIVE CHAIRMAN'S INTERIM REVIEW

# CORERO DELIVERED A SOLID SIX MONTHS OF TRADING ACROSS H1 2023

**Jens Montanana**  
EXECUTIVE CHAIRMAN



## ORDER INTAKE

**19%**

increase

## ARR

**13%**

increase

## INTRODUCTION

Corero delivered a solid six months of trading across H1 2023, underpinned by the Company's focus on its ICP, which, alongside targeted marketing and sales initiatives, delivered a 19% year-on-year increase in both order intake and revenue for the six months to 30 June 2023.

This growth builds upon the strong foundations already in place, with the Company's market-leading SmartWall solution ensuring that Corero remains well placed to continue to service customers to the highest levels of satisfaction whilst attracting significant new customers.

Additionally, Corero continues to experience high levels of customer retention and renewals, and therefore very low levels of customer churn at just 2%. The Group generated \$15.3 million of ARR as at 1 July 2023, an increase of 13% (H1 2022: \$13.6 million), driven by growth in DDPaaS and software subscription orders. ARR remains a key performance indicator for the Company, providing visibility over future revenue, with an ARR compound annual growth rate of 28% since H1 2019.

Adjusting for unrealised FX gains and losses, Adjusted EBITDA profit for the six months ended 30 June 2023 was \$0.2 million (H1 2022: \$0.0 million), demonstrating the continued underlying profitability of the Group.

DDoS attacks continue to grow in both volume and sophistication, as reported in the Corero 2023 DDoS Threat Intelligence Report, and, as a result, companies across a diverse range of sectors are increasingly recognising the importance of obtaining cutting-edge DDoS protection to safeguard their digital operations. Against this favourable backdrop, Corero is well-positioned to continue to deliver best-in-class products and services to its ICP.

The recently announced strategic partnership with Akamai will further expand Corero's routes to market. This relationship with an industry leading security services provider reinforces the value of Corero's market-leading SmartWall technology.

## STRATEGIC UPDATE

The Group's six core strategic drivers remain ever-present and have been at the heart of the Group's operational and financial performance.

Key progress in the period includes:

- **New business pipeline and revenue growth:** Corero delivered 19% year-on-year revenue growth driven by the Company's successful sales and marketing activities and long-standing sales channel partners.
- **Leverage existing reseller and strategic partnerships and develop new ones:** The Group continues to invest in existing key partners, including Juniper and GTT. Additional effort has been made in the development of new strategic partners, ensuring Corero products continue to form an important component of its partners' global cyber defence capabilities. The Company also continues to look to new partnerships to expand its market footprint, including the recently announced strategic partnership with Akamai which further enhances Corero's reach and is expected to deliver incremental revenue growth for the Company.
- **Target and expand ICP relationships:** Our ICP focus has yielded significant new customer wins during the first six months of 2023 and forms an important component of our new business pipeline.
- **Better monetise existing services and introduce new services:** We continue to explore and provide service initiatives that enhance the protection and network security visibility for our customers, developing product offerings that both the Group and our customers can monetise.
- **Amplify demand generation programmes:** We have created targeted content at each stage of the buying cycle, and within the key segments we serve. This includes targeted and sector-specific email campaigns, customer database intelligence and expansion, and speaking engagements with partners, amongst many other initiatives.
- **Continue to enhance our technological innovation leadership:** We continue to further strengthen our portfolio of SmartWall products. These developments include improved protection against emerging DDoS threats such as so-called carpet bomb attacks and enhanced analytics for DDoS Protection-as-a-Service customers.

1 Technavio February 2023 DDoS Protection Mitigation Market by Component, Application, and Geography – Forecast and Analysis 2023-2027 <https://www.technavio.com/report/ddos-protection-mitigation-market-analysis>

## DDOS ADDRESSABLE MARKET AND MARKET DRIVERS

Cybersecurity is a high-growth market and the segment for DDoS protection and mitigation is forecast by MarketsandMarkets to grow from \$3.9 billion in 2022 to \$7.3 billion in 2027 (a compound annual growth rate of 13% over the forecast period). This growth is being driven by the rise in multi-vector attacks, availability of DDoS-for-hire services, impact of the growth in IoT devices, roll-out of 5G services, and growing demand for hybrid DDoS protection and mitigation services and solutions (where cloud-based DDoS mitigation and on-premises DDoS protection (such as Corero's SmartWall solution) work in combination to provide optimal customer protection).

According to Technavio, North America is expected to contribute 39% to the growth of the global DDoS protection and mitigation market from 2022 to 2027, underpinned by the fast-growing popularity of cyber insurance in the region<sup>1</sup>. Corero secured a number of contracts with companies based in North America across H1 2023, and has a robust network of experienced sales and marketing employees operating out of the US and Canada to identify new business opportunities and capitalise on the increasing demand for DDoS protection and mitigation services from companies in the region.

In terms of market dynamics, the competition in the Cloud-based DDoS protection market is increasing whilst the landscape for on-premises DDoS solution providers is relatively stable. In general, the two solutions remain complementary.

The key market drivers positively impacting Corero include:

- Continued increase in the level of malicious DDoS activity worldwide; with the threat showing no signs of abating. Corero's recent report on the Mirai botnet being one example of this evolving threat.
- The adoption of 100Gbps connectivity is accelerating, with many providers, including existing customers and prospects, increasing the roll out 100Gbps and 400Gbps networks which drives demand for increased DDoS protection capacity.

## CORERO'S COMPETITIVE ADVANTAGE

As DDoS attacks continue to grow in size, frequency and sophistication, they reinforce the need for scalable, accurate and automated DDoS mitigation solutions. Supporting multiple deployment topologies, SmartWall utilises an always-on DDoS mitigation architecture to automatically, and surgically, remove just the DDoS attack traffic.

In H1 2023, 98% of DDoS attacks on Corero's customers were mitigated automatically, without further intervention, by Corero or customers' security teams.

Corero continues to invest in its market-leading solutions through its research and development efforts and its engineering and customer service teams. Insights gained from observing millions of DDoS attacks via the Company's SecureWatch service platform not only inform customers but also serve to provide unique insights for the Corero technology roadmap, ensuring the Company remains at the forefront of the industry.

## OUTLOOK

The global DDoS mitigation market remains strong, which, coupled with Corero's technological superiority, cost-effectiveness, and efficacy, continues to underpin the Company's strong customer traction. Corero anticipates that the strong cybersecurity market dynamics and demand for the Company's solutions will remain robust in the medium to long term despite wider macroeconomic conditions and cycles, given both the critical role Corero's products and services play in protecting businesses, and the growing awareness from companies worldwide of the significant disruption DDoS attacks can cause.

Corero's focus on targeting its ICP, alongside ongoing sales and marketing initiatives, and the development of the Company's strategic partnership relationships favourably position Corero to build on the strong momentum generated in H1 2023.

The Group expects that H2 2023 will, consistent with seasonality patterns of business in previous years, display characteristic greater weighting of business activity towards the end of the year. Corero anticipates that its recently announced partnership with Akamai will expand the Company's routes to market and deliver incremental revenue growth opportunities in the medium term.

The early repayment of all outstanding debt during the period further demonstrates the robust nature and positive outlook for the business.

Based on the Company's H1 2023 performance, growth in ARR, order intake and new business pipeline, management expects trading for the full year 2023 to be in line with market expectations and believes Corero is well-placed for further growth in the medium and long term.

**Jens Montanana**  
EXECUTIVE CHAIRMAN

21 September 2023

# CHIEF FINANCIAL OFFICER'S REVIEW

## H1 2023 DELIVERED A 19% YEAR-ON-YEAR INCREASE IN BOTH ORDER INTAKE AND REVENUE, CONTRIBUTING TO A SOLID COMPANY PERFORMANCE FOR THE FIRST SIX MONTHS OF 2023

**Phil Richards**  
CHIEF FINANCIAL OFFICER



The Group reported revenues of \$10.5 million in the six months ended 30 June 2023 (H1 2022: \$8.8 million).

Total operating expenses before depreciation and amortisation were \$9.7 million (H1 2022: \$6.9 million). When adjusting for realised and unrealised FX movements on trading and intercompany balances, operating expenses for H1 2023 amounted to \$8.9 million (H1 2022: \$8.2 million). The underlying \$0.7 million increase in operating expenses year-on-year is primarily attributable to additional investment in the Company's sales and marketing team.

Depreciation and amortisation of intangible assets amounted to \$0.9 million (H1 2022: \$1.0 million), with capitalised R&D costs of \$0.9 million (H1 2022: \$0.8 million).

EBITDA for H1 2023 was a loss of \$0.2 million (H1 2022: profit of \$0.9 million). Adjusted EBITDA, adjusted for unrealised FX losses of \$0.4 million (H1 2022: gains of \$0.9 million), was a profit of \$0.2 million (H1 2022: \$0.0 million).

Loss before and after taxation was \$1.2 million (H1 2022: loss of \$0.3 million). The reported loss per share was 0.2 cents (H1 2022: loss per share 0.1 cents).

Gross cash at bank as at 30 June 2023 was \$6.2 million (30 June 2022: \$7.5 million; 31 December 2022: \$5.6 million), with \$1.2 million of the remaining outstanding bank term loan facility repaid during the period.

Net cash at 30 June 2023 was \$6.2 million (30 June 2022: \$5.8 million; 31 December 2022: \$4.4 million). The Company is debt free as at 30 June 2023.

Net cash generated from operating activities before movements in working capital in the first six months of 2023 was \$0.1 million (H1 2022: \$1.3 million). Movements in working capital generated cash of \$3.1 million for H1 2023 (H1 2022: cash used of \$2.5 million), reflecting the collection of significant trade receivables invoiced in the final two months of the prior year. This resulted in cash generated from operating activities during H1 2023 of \$3.2 million (H1 2022: cash used of \$1.2 million). Net cash used in investing activities included similar sustained investment in R&D to the prior year of \$0.9 million (H1 2022: \$0.8 million spend), with capex investment also of a similar magnitude at \$0.2 million (H1 2022: \$0.3 million).

H1 2023 included repayments of borrowings of \$1.2 million (H1 2022: \$0.9 million), being the entirety of the outstanding bank term loan facility, which was repaid during the period.

Overall, cash and cash equivalents for H1 2023 increased by \$0.6 million (H1 2022: decrease of \$3.3 million).

**Phil Richards**  
CHIEF FINANCIAL OFFICER

21 September 2023

# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
<b>Continuing operations</b>			
<b>Revenue</b>	10,526	8,820	20,121
Cost of sales	(995)	(1,042)	(2,576)
<b>Gross profit</b>	9,531	7,778	17,545
Operating expenses	(10,619)	(7,942)	(16,719)
Consisting of:			
Operating expenses before depreciation and amortisation	(9,741)	(6,899)	(14,776)
Depreciation and amortisation of intangible assets	(878)	(1,043)	(1,943)
<b>Operating (loss)/profit</b>	(1,088)	(164)	826
Finance income	7	–	7
Finance costs	(142)	(161)	(279)
<b>(Loss)/profit before taxation</b>	(1,223)	(325)	554
Taxation charge	(17)	–	–
<b>(Loss)/profit after taxation for the period</b>	(1,240)	(325)	554
<b>(Loss)/profit after taxation attributable to equity holders of the parent for the period</b>	(1,240)	(325)	554
<b>Basic and diluted (loss)/earnings per share</b>			
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	(0.2)	(0.1)	0.1
Diluted (loss)/earnings per share	(0.2)	(0.1)	0.1
EBITDA <sup>1</sup>	(210)	879	2,769
Adjusted EBITDA <sup>1</sup> – adjusted for unrealised foreign exchange differences	220	(48)	1,808

<sup>1</sup> See note 6 for definitions and reconciliation.

# CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
<b>(Loss)/profit for the period</b>	(1,240)	(325)	554
<b>Other comprehensive income/(expense):</b>			
<i>Items reclassified subsequently to profit or loss upon derecognition:</i>			
Foreign exchange differences	631	(1,093)	(1,087)
Other comprehensive expense for the period net of taxation attributable to the equity owners of the parent	(609)	(1,418)	(533)
<b>Total comprehensive expense for the period attributable to the equity owners of the parent</b>	<b>(609)</b>	<b>(1,418)</b>	<b>(533)</b>



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Unaudited as at 30 June 2023 \$'000	Unaudited as at 30 June 2022 \$'000	Audited as at 31 December 2022 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	8,991	8,991	8,991
Acquired intangible assets	1	3	2
Capitalised development expenditure	4,647	4,429	4,500
Property, plant and equipment – owned assets	538	674	604
Leased right of use assets	21	104	62
Long term trade and other receivables	1,326	907	1,571
	15,524	15,108	15,730
<b>Current assets</b>			
Inventories	108	220	164
Trade and other receivables	4,106	3,087	5,294
Cash and cash equivalents	6,172	7,492	5,646
	10,386	10,799	11,104
<b>Total assets</b>	25,910	25,907	26,834
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	(2,975)	(3,483)	(3,956)
Lease liabilities	(71)	(99)	(78)
Deferred income	(4,614)	(4,271)	(3,323)
Borrowings	–	(971)	(971)
	(7,660)	(8,824)	(8,328)
<b>Net current assets</b>	2,726	1,975	2,776
<b>Non-current liabilities</b>			
Trade and other payables	–	(151)	(100)
Lease liabilities	–	(27)	–
Deferred income	(2,844)	(1,590)	(2,285)
Borrowings	–	(728)	(237)
	(2,844)	(2,496)	(2,622)
<b>Net assets</b>	15,406	14,587	15,884
<b>Capital and reserves attributable to the equity owners of the parent</b>			
Share capital	6,983	6,914	6,980
Share premium	82,296	82,122	82,284
Capital redemption reserve	7,051	7,051	7,051
Share options reserve	1,890	1,692	1,777
Foreign exchange translation reserve	(1,962)	(2,599)	(2,593)
Accumulated profit and loss reserve	(80,852)	(80,593)	(79,615)
<b>Total shareholders' equity</b>	15,406	14,587	15,884

# CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
<b>Operating activities</b>			
(Loss)/profit before taxation for the period	(1,223)	(325)	554
<i>Adjustments for movements:</i>			
Amortisation of acquired intangible assets	1	1	2
Amortisation of capitalised development expenditure	764	940	1,732
Depreciation – owned assets	231	252	497
Depreciation – leased assets	41	41	82
Finance income	(7)	–	(7)
Finance expense	140	155	268
Finance lease interest costs	2	6	11
Share based payments expense	116	202	386
<b>Cash generated from operating activities before movement in working capital</b>	<b>65</b>	<b>1,272</b>	<b>3,525</b>
<i>Movement in working capital:</i>			
Decrease/(increase) in inventories and sales evaluation assets	80	(74)	(26)
Decrease/(increase) in trade and other receivables	2,356	(1,258)	(3,867)
Increase/(decrease) in trade and other payables	664	(1,142)	(1,361)
<b>Net movement in working capital</b>	<b>3,100</b>	<b>(2,474)</b>	<b>(5,254)</b>
<b>Cash generated from/(used in) operating activities</b>	<b>3,165</b>	<b>(1,202)</b>	<b>(1,729)</b>
Taxation	(17)	–	–
<b>Net cash generated from/(used in) operating activities</b>	<b>3,148</b>	<b>(1,202)</b>	<b>(1,729)</b>
<b>Cash flows from investing activities</b>			
Investment in development expenditure	(911)	(841)	(1,704)
Purchase of property, plant and equipment	(177)	(257)	(420)
<b>Net cash used in investing activities</b>	<b>(1,088)</b>	<b>(1,098)</b>	<b>(2,124)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital	15	–	228
Finance income	7	–	7
Lease liability payments	(53)	(51)	(104)
Finance expense	(61)	(89)	(158)
Repayments of borrowings	(1,317)	(880)	(1,364)
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,409)</b>	<b>(1,020)</b>	<b>(1,391)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>651</b>	<b>(3,320)</b>	<b>(5,244)</b>
Effects of exchange rates on cash and cash equivalents	(125)	(389)	(311)
Cash and cash equivalents at 1 January	5,646	11,201	11,201
<b>Cash and cash equivalents at balance sheet dates</b>	<b>6,172</b>	<b>7,492</b>	<b>5,646</b>

# CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Share options reserve \$'000	Foreign exchange translation reserve \$'000	Accumulated profit and loss reserve \$'000	Total attributable to equity owners of the parent \$'000
<b>1 January 2022</b>	6,914	82,122	7,051	1,490	(1,506)	(80,268)	15,803
Loss for the period	–	–	–	–	–	(325)	(325)
Other comprehensive expense	–	–	–	–	(1,093)	–	(1,093)
<b>Total comprehensive expense for the period</b>	–	–	–	–	(1,093)	(325)	(1,418)
<b>Contributions by and distributions to owners</b>							
Share based payments	–	–	–	202	–	–	202
<b>Total contributions by and distributions to owners</b>	–	–	–	202	–	–	202
<b>30 June 2022</b>	6,914	82,122	7,051	1,692	(2,599)	(80,593)	14,587
Profit for the period	–	–	–	–	–	879	879
Other comprehensive expense	–	–	–	–	6	–	6
<b>Total comprehensive income for the period</b>	–	–	–	–	6	879	885
<b>Contributions by and distributions to owners</b>							
Issue of share capital – exercise of options	66	162	–	–	–	–	228
Fully exercised share options	–	–	–	(99)	–	99	–
Share based payments	–	–	–	184	–	–	184
<b>Total contributions by and distributions to owners</b>	66	162	–	85	–	99	412
<b>31 December 2022 and 1 January 2023</b>	6,980	82,284	7,051	1,777	(2,593)	(79,615)	15,884
Loss for the period	–	–	–	–	–	(1,240)	(1,240)
Other comprehensive expense	–	–	–	–	631	–	631
<b>Total comprehensive expense for the period</b>	–	–	–	–	631	(1,240)	(609)
<b>Contributions by and distributions to owners</b>							
Issue of share capital – exercise of options	3	12	–	–	–	–	15
Fully exercised share options	–	–	–	(3)	–	3	–
Share based payments	–	–	–	116	–	–	116
<b>Total contributions by and distributions to owners</b>	3	12	–	113	–	3	131
<b>30 June 2023</b>	6,983	82,296	7,051	1,890	(1,962)	(80,852)	15,406

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Corero Network Security plc (the "Company") is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

These condensed interim consolidated financial statements have been prepared in accordance with UK-adopted IAS 34, "Interim Financial Reporting". They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2022 ("2022 Annual Report and Accounts"). The financial information for the half years ended 30 June 2023 and 30 June 2022 do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and have neither been audited nor reviewed by the Group Auditor.

The annual financial statements of Corero Network Security plc are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The comparative financial information for the year ended 31 December 2022 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2022 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for 2022 was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

There have been no related party transactions or changes in related party transactions described in the latest Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the first six months of the financial year.

These consolidated interim financial statements were approved by the Board on 19 September 2023 and approved for issue on 21 September 2023.

A copy of this Interim Report can be viewed on the company's website: [www.corero.com](http://www.corero.com).

## 2. SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparation of these interim financial statements have been prepared in accordance with the same accounting policies set out in the 2022 Annual Report and Accounts.

## 3. SEGMENT REPORTING AND REVENUE

The Group is managed according to one business unit, Corero Network Security, which makes up the Group's reportable operating segment. This business unit forms the basis on which the Group reports its primary segment information to the Board, which management consider to be the Chief Operating Decision maker for the purposes of IFRS 8 Operating Segments. Consequently, there are no separable 'other segmental information' not otherwise showed in these Condensed Consolidated Financial statements.

The Group's revenues from external customers are divided into the following geographies:

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
The Americas	8,689	6,264	14,695
EMEA	1,292	1,915	4,388
APAC	545	641	1,038
<b>Total</b>	<b>10,526</b>	<b>8,820</b>	<b>20,121</b>

Revenues from external customers are identified by invoicing systems and adjusted to take into account the difference between invoiced amounts and deferred revenue adjustments as required by IFRS accounting standards.

The revenue is analysed for each revenue category as:

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
Software licence and appliance revenue	3,866	2,878	8,107
DDoS Protection-as-a-Service revenue	2,786	2,288	4,854
Maintenance and support services revenue	3,874	3,654	7,160
<b>Total</b>	<b>10,526</b>	<b>8,820</b>	<b>20,121</b>

The revenue is analysed by timing of delivery of goods or services as:

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
Point-in-time delivery	3,866	2,878	8,107
Over time	6,660	5,942	12,014
<b>Total</b>	<b>10,526</b>	<b>8,820</b>	<b>20,121</b>

#### 4. TAXATION

Due to the utilisation of past tax losses, the Group does not recognise a material taxation income tax expense or credit.

#### 5. EARNINGS PER SHARE

Earnings/(loss) per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The effects of anti-dilutive ordinary shares resulting from the exercise of share options are excluded from the calculation of loss per share.

	30 June 2023 loss \$'000	30 June 2023 weighted average number of 1p shares Thousand	30 June 2023 loss per share Cents	30 June 2022 loss \$'000	30 June 2022 weighted average number of 1p shares Thousand	30 June 2022 loss per share Cents
<b>Basic loss per share</b>						
From loss for the year	(1,240)	499,962	(0.2)	(325)	494,852	(0.1)
<b>Diluted loss per share</b>						
Basic loss per share	(1,240)	499,962	(0.2)	(325)	494,852	(0.1)
Dilutive effect of share options	–	47,823	–	–	29,742	–
Diluted loss per share	(1,240)	547,785	(0.2)	(325)	524,594	(0.1)

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## CONTINUED

### 5. EARNINGS PER SHARE CONTINUED

	31 Dec 2022 profit \$'000	31 Dec 2022 weighted average number of 1p shares Thousand	31 Dec 2022 profit per share Cents
<b>Basic earnings per share</b>			
Basic earnings per share	554	495,900	0.1
<b>Diluted earnings per share</b>			
Basic earnings per share	554	495,900	0.1
Dilutive effect of share options	–	15,248	–
Diluted earnings per share	554	511,148	0.1

### 6. KEY PERFORMANCE MEASURES

#### EBITDA and Adjusted EBITDA

Earnings before interest, tax, depreciation, and amortisation (“EBITDA”) is defined as earnings from operations before all interest, tax, depreciation, and amortisation charges. The following is a reconciliation of EBITDA and further adjustment for all three periods presented:

	Unaudited six months ended 30 June 2023 \$'000	Unaudited six months ended 30 June 2022 \$'000	Audited year ended 31 December 2022 \$'000
<b>Loss/(profit) before taxation</b>	(1,223)	(325)	554
<i>Adjustments for:</i>			
Finance income	(7)	–	(7)
Finance expense	140	155	268
Finance lease interest costs	2	6	11
Depreciation – owned assets	72	61	127
Depreciation – lease liabilities	41	41	82
Amortisation of acquired intangible assets	1	1	2
Amortisation of capitalised development expenditure	764	940	1,732
<b>EBITDA</b>	(210)	879	2,769
Unrealised foreign exchange differences	430	(927)	(961)
<b>Adjusted EBITDA – for unrealised foreign exchange differences</b>	220	(48)	1,808

# CORPORATE DIRECTORY

## DIRECTORS

Jens Montanana (Executive Chairman)  
Richard Last (Non-executive Director)  
Peter George (Non-executive Director)  
Andrew Miller (Non-executive Director)  
Ashley Stephenson (Chief Technology Officer)

## SECRETARY AND REGISTERED OFFICE

Duncan Swallow  
Salisbury House  
29 Finsbury Circus  
London  
EC2M 5QQ

## NOMINATED ADVISER AND BROKER

Canaccord Genuity Ltd  
88 Wood Street  
London  
EC2V 7QR

## FINANCIAL PUBLIC RELATIONS

Vigo Communications  
Sackville House  
40 Piccadilly  
London  
W1J 0DR

## AUDITOR

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## SOLICITORS

Dorsey and Whitney LLP  
199 Bishopsgate  
London  
EC2M 3UT

## BANKERS

**Santander**  
2 The Forbury  
Reading  
RG1 3EU

## Pacific Western Bank

406 Blackwell Street  
Suite 240  
Durham  
North Carolina  
27701  
USA

## REGISTRARS

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## WEBSITE ADDRESS

[www.corero.com](http://www.corero.com)



**CORERO NETWORK SECURITY PLC**

**Registered Office**  
Salisbury House  
29 Finsbury Circus  
London  
EC2M 5QQ  
UK