



THE DDOS PROTECTION SPECIALISTS

INTERIM REPORT H1 2024
Corero Network Security plc



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corero.com

Corero Network Security
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.

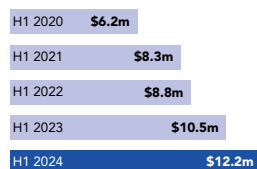
We protect thousands of organisations worldwide, across many verticals. Our customers are primarily internet service providers, hosting providers, cloud providers and SaaS providers.

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

H1 2024 HIGHLIGHTS

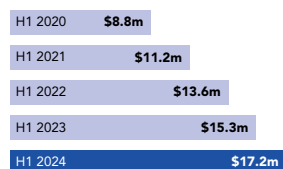
REVENUE

\$12.2m



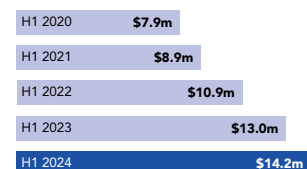
ARR¹

\$17.2m



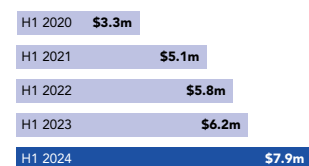
ORDER INTAKE²

\$14.2m



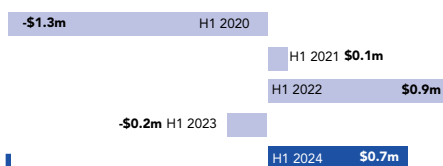
NET CASH

\$7.9m



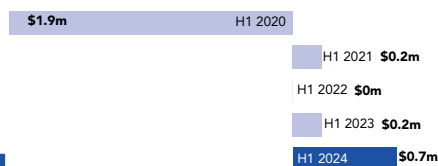
EBITDA³

\$0.7m



ADJUSTED EBITDA⁴

\$0.7m



FINANCIAL HIGHLIGHTS

- Group revenue up 16% to \$12.2 million (H1 2023: \$10.5 million)
- Order Intake¹, which reflects revenues to be recognised over the lifetime of each of the contracts, up 10% to \$14.2 million (H1 2023: \$13.0 million)
- Annualised Recurring Revenues² ("ARR") up 12% to \$17.2 million (H1 2023: \$15.3 million)
- EBITDA³ profit of \$0.7 million (H1 2023: loss of \$0.2 million)
- Gross margins remained high and consistent at 91% (H1 2023: 91%)
- Debt free with a net cash balance of \$7.9 million (H1 2023: \$6.2 million)

OPERATIONAL HIGHLIGHTS

- Generated significant contract momentum across H1 2024 delivering robust incremental revenue growth in the period
- Secured new sales partnership agreements, broadening the Group's sales footprint in Latin America, Europe and the US
- Launched new services, including SmartWall ONETM Service Portal and the Corero DDoS Intelligence Service, an automated, AI-assisted subscription service
- Commenced trading on the OTCQB Venture Market, a regulated US stock exchange, to increase the Group's US investor reach

OUTLOOK

- Excellent trading performance across H1 2024, reflecting good progress in accelerating the Group's go-to-market strategy announced on 25 April 2024
- Strong momentum expected to continue across the remainder of the current financial year
- Management remains confident that FY 2024 results will be in line with market expectations and believes Corero is well-placed for further growth

¹ Order intake is defined as orders received from customers in the period.

² ARR is defined as the normalised annualised recurring revenues and includes recurring revenues from contract values of annual support, software subscriptions including terms greater than one year, and from DDoS Protection-as-a-Service ("DDPaaS") contracts.

³ EBITDA is defined as earnings before interest, tax, depreciation, and amortisation.

⁴ Defined as Earnings before Interest, Taxation, Depreciation less unrealised foreign exchange differences

CHIEF EXECUTIVE OFFICER'S INTERIM REVIEW

H1 2024 DEMONSTRATED SIX MONTHS OF CONTINUED MOMENTUM FOR CORERO

Carl Herberger
CHIEF EXECUTIVE OFFICER



ORDER INTAKE

10%

increase

ARR

12%

increase

"I HAVE BEEN VERY IMPRESSED AT THE QUALITY OF PRODUCT, STANDARD OF DELIVERY AND EFFECTIVENESS OF OUR TEAMS."

INTRODUCTION

Corero has continued its positive 2023 trading momentum, maintaining strong levels of new business success across H1 2024 including competitive wins displacing incumbent solutions, contract renewals and strategic relationship expansions. Corero's go-to-market strategy is producing tangible results and new business traction, further elevating the Group's reputation and position within the fast-growing and innovation-driven DDoS security market.

This ongoing operational progress has resulted in the Group delivering a strong financial performance during the period, with revenues up 16% to \$12.2 million (H1 2023: \$10.5 million) and EBITDA growing to \$0.7 million (H1 2023: loss of \$0.2 million).

Corero generated ARR growth of 12% to \$17.2 million (H1 2023: \$15.3 million), which can be attributed to the Group's enhanced software subscription-based products, revamped pricing strategies and best in class DDPaaS offering, as well as increased upsell and cross sell momentum. ARR is a key performance indicator for Corero and the continued growth in this metric demonstrates the Group's strong customer retention track record whilst providing a solid base to support further customer acquisition and geographic expansion. Gross margins were consistent at 91% (H1 2023: 91%).

Order intake, which reflects revenues recognised over the lifetime of each contract, increased 10% to \$14.2 million (H1 2023: \$13.0 million), demonstrating the effectiveness of the Group's investment in sales and marketing activities.

The Group reported a healthy net cash balance of \$7.9 million (H1 2023: \$6.2 million) and has no outstanding debt.

A key growth initiative across FY 2024 has been to expand the Group's geographical sales and customer footprint. Corero has secured contracts in eight countries across four continents, adding ten new direct customer wins in the period, in addition to new deals facilitated by strategic alliance partners with extensive networks across target regions. Five of the new direct customer wins in the period were replacements of a competitor as incumbent provider, building on the recently implemented strategy to strategically target competitor customer renewals.

During the period, Corero commenced trading on the OTCQB, a regulated US stock exchange. The listing enhances Corero's US market reach and investor engagement and is highly complementary to Corero's existing AIM listing.

The DDoS attack landscape continued to evolve during the period, with threat actors inflicting severe financial and reputational damage on companies operating across a vast array of sectors worldwide. As new technology and the proliferation of AI continue to fuel the rise in global DDoS offensives, demand for Corero's best in class DDoS protection and mitigation services is expected to remain strong for the foreseeable future.

STRATEGIC PRIORITIES

Corero is focused on executing the following key strategic priorities to accelerate both operational and financial progress in the near to medium term:

- Further increase customer base and market reach organically
- Leverage strategic alliances and partnerships to expand global footprint
- Enhance monetisation of existing services and introduce new services
- Expand demand generation marketing capabilities and refine thought leadership campaigns
- Increase investment in technological innovation to remain at the forefront of the market

As highlighted below, Corero has made significant progress across all of its strategic priorities, with a particular focus on new business generation and extending the Group's sales reach globally.

OPERATIONAL REVIEW

A key feature of 2024 has been to both drive new business efforts globally and to share these successes with the Group's key stakeholders. Since January 2024, the Group has secured a steady flow of contract renewals, expansions and new customers, some of which are listed below:

- Significant contract renewal and expansion with a leading US SaaS provider, valued at over \$2 million over three years, enabling Corero to expand the customer's existing DDoS protection infrastructure to support its continued international growth

- 3-year, \$1.8m partnership with TierPoint, a leading provider of secure, connected IT platform solutions, to provide the backbone for its next-generation DDoS defence infrastructure, replacing the incumbent solutions provider
- 3-year, \$1 million plus contract with a top-10 US fiber provider, with Corero replacing the incumbent solutions provider in a number of the provider's US data centres
- \$1 million plus, 3-year contract extension with DigitalOcean, a leading US cloud computing provider, expanding the current range of services provided by Corero

Corero has continued to focus on securing channel partners to broaden the Group's routes to market and, more importantly, expand the Group's global reach. These include:

- 3-year partnership with leading global hosting services provider RoyaleHosting to integrate Corero's award-winning DDoS mitigation technology across its global network infrastructure.
- New 3-year partnership with US-based A2 Hosting, an existing Corero customer and leading provider of high-performance hosting solutions.
- New strategic partner agreements in Latin America with NovaRed, VGL, and GreyMatter post-period end.

The new partnerships complement the Group's established relationships with Juniper Networks, GTT Communications and Akamai Technologies ("Akamai"), broadening Corero's market reach.

CHIEF EXECUTIVE OFFICER'S INTERIM REVIEW CONTINUED

PRODUCT INNOVATION

Corero continues to invest in, and evolve, its market-leading solutions through R&D investment. Insights gained from observing millions of DDoS attacks not only inform customers but also serve to provide unique data which underpins the development of the Group's technology roadmap, ensuring Corero remains at the forefront of the industry and well-positioned to respond to the latest DDoS cybercrime trends.

The Group launched the Corero DDoS Intelligence Service ("CDIS") in March 2024, an automated, AI-assisted subscription service for Corero SmartWall ONE™ customers delivering pre-emptive attack mitigation before the first attack is even detected. In June 2024, the Group launched its SmartWall Service Portal, with new features including executive reports and tenant prospecting.

DDOS ADDRESSABLE MARKET AND MARKET DRIVERS

The global DDoS mitigation market continues to grow at pace and is expected to be worth an estimated \$9.1 billion by 2030*. Corero operates within a significant segment of this overall market and estimates that the total addressable market for its SmartWall ONE solution exceeds \$2.0 billion.

Latest trends, including the emergence of high-performance botnets** and the deployment of AI, has enabled threat actors to increase the scale and frequency of DDoS attacks whilst keeping costs and time expenditure low, meaning securing sophisticated DDoS protection services such as those Corero offers is becoming even more crucial for businesses dependent on online operations.

North America is estimated to account for 39% of the global DDoS protection and mitigation market growth in the period to 2027***. Corero's partnership with Akamai, together with investment in US sales and marketing initiatives and strategic North American recruitment, means the Group remains well placed to capitalise on new customer opportunities within the US market. Hactivism associated with Russia's invasion of Ukraine has also exacerbated the DDoS attack threat level in Europe whilst attacks are also prevalent in other key geographies where Corero is actively growing its influence.

SENIOR MANAGEMENT AND BOARD CHANGES

Chris Goulden was appointed Corero's Chief Financial Officer in May 2024, replacing Phil Richards. Chris has over 15 years' experience in finance and operational roles across international B2B service environment and spent 13 years at CBRE Global Workplace Solutions, a US-listed global facilities management and property services provider, in a number of senior finance roles.

Robert Scott was appointed Non-Executive Director in April 2024, bringing to Corero over 30 years of network and cybersecurity experience. Mr Scott is currently Chief Strategy Officer of Silversky, Inc., a provider of cybersecurity managed services, Chairman of AssetPass, a disruptive fintech startup, and is also on the Customer Advisory Board of Fortinet, a global leader in cybersecurity.

Peter George, who had previously announced his intentions to step down as a Non-Executive Director, informed the Board that he wished to remain a Corero director. The Board unanimously agreed that Mr George continues in this role.

OUTLOOK

Corero delivered a strong trading performance across H1 2024, reflecting good progress in accelerating the Group's go-to-market strategy. This momentum, underpinned by new and existing channel partnerships, alongside new customer wins, is expected to continue across the remainder of the current financial year.

With this positive trend, coupled with the continued strong global demand for DDoS mitigation solutions, management remains confident that FY 2024 results will be in line with market expectations and that Corero is well-placed for further growth.

Carl Herberger
CHIEF EXECUTIVE OFFICER

24 September 2024

* MarketsandMarkets - DDoS Protection and Mitigation Security Market Report, <https://shorturl.at/gsCKX>

** A botnet is a network of interconnected computers or devices that are infected with malicious software, allowing a remote attacker to control them without the users' knowledge or consent

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



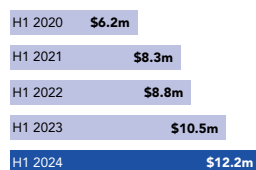
CHIEF FINANCIAL OFFICER'S REVIEW

**H1 2024 DELIVERED
CONTINUED MOMENTUM
ACROSS KEY FINANCIAL
METRICS, LED BY A
16% INCREASE IN
GROUP REVENUE.**

Chris Goulden
CHIEF FINANCIAL OFFICER



REVENUE

\$12.2m

The Group reported revenues of \$12.2 million in the six months ended 30 June 2024 (H1 2023: \$10.5 million).

Gross margin remained high during H1 2024 at 91% (H1 2023: 91%).

Total operating expenses before depreciation and amortisation were \$10.4 million (H1 2023: \$9.7million). When adjusting for realised and unrealised FX movements on trading and intercompany balances, operating expenses for H1 2024 amounted to \$10.4 million (H1 2023: \$8.9 million). The underlying \$1.5 million increase in operating expenses year-on-year is primarily attributable to additional investment across the Group to support future growth, notably sales and marketing activities.

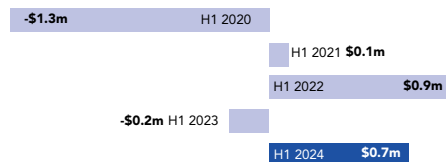
Loss before taxation was \$0.2 million (H1 2023: loss of \$1.2 million) and loss after taxation was \$0.3 million (H1 2023: \$1.2 million). The reported loss per share was 0.1 cents (H1 2023: loss per share 0.2 cents).

Cash and cash equivalents for H1 2024 was \$7.9 million (H1 2023: \$6.2 million; FY 2023: \$5.2 million), an increase of \$2.7m in the six month period (H1 2023: \$0.7m increase) There was no outstanding debt at 30 June 2024.

Chris Goulden
CHIEF FINANCIAL OFFICER

24 September 2024

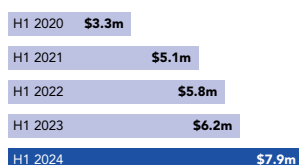
EBITDA

\$0.7m

Depreciation and amortisation of intangible assets amounted to \$1.0 million (H1 2023: \$0.9 million), with capitalised R&D costs of \$1.1 million (H1 2023: \$0.9 million).

EBITDA for H1 2024 was a profit of \$0.7 million (H1 2023: loss of \$0.2 million). Adjusted EBITDA, adjusted for unrealised FX losses of \$nil (H1 2023: losses of \$0.4 million), was a profit of \$0.7 million (H1 2023: \$0.2 million).

NET CASH

\$7.9m

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited six months ended 30 June 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
Continuing operations			
Revenue	12,162	10,526	22,349
Cost of sales	(1,053)	(995)	(2,164)
Gross profit	11,109	9,531	20,185
Operating expenses	(11,352)	(10,619)	(20,201)
Consisting of:			
Operating expenses before depreciation and amortisation	(10,372)	(9,741)	(18,428)
Depreciation and amortisation of intangible assets	(980)	(878)	(1,773)
Operating loss	(243)	(1,088)	(16)
Finance income	50	7	44
Finance costs	(24)	(142)	(181)
Loss before taxation	(217)	(1,223)	(153)
Taxation charge	(56)	(17)	(17)
Loss after taxation for the period	(273)	(1,240)	(170)
Loss after taxation attributable to equity holders of the parent for the period	(273)	(1,240)	(170)
Basic and diluted (loss)/earnings per share	Cents	Cents	Cents
Basic (loss)/earnings per share	(0.1)	(0.2)	0.0
Diluted (loss)/earnings per share	(0.1)	(0.2)	0.0
EBITDA¹	737	(210)	1,757
Adjusted EBITDA ¹ – adjusted for unrealised foreign exchange differences	736	220	2,186

¹ See note 6 for definitions and reconciliation.

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited six months ended 30 June 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
Loss for the period	(273)	(1,240)	(170)
Other comprehensive income/(expense):			
<i>Items reclassified subsequently to profit or loss upon derecognition:</i>			
Foreign exchange differences	(7)	631	628
Other comprehensive expense for the period net of taxation attributable to the equity owners of the parent	(7)	631	628
Total comprehensive expense for the period attributable to the equity owners of the parent	(280)	(609)	458

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Unaudited as at 30 June 2024 \$'000	Unaudited as at 30 June 2023 \$'000	Audited as at 31 December 2023 \$'000
Assets			
Non-current assets			
Goodwill	8,991	8,991	8,991
Intangible assets	5,101	4,648	4,820
Property, plant and equipment – owned assets	772	538	633
Leased right of use assets	224	21	309
Total Non-current assets	15,088	14,198	14,753
Current assets			
Inventories	295	108	96
Trade and other receivables	9,047	5,432	8,427
Cash and cash equivalents	7,852	6,172	5,160
Total Current assets	17,194	11,712	13,683
Total assets	32,282	25,910	28,436
Liabilities			
Current Liabilities			
Trade and other payables	(3,812)	(2,975)	(3,902)
Lease liabilities	(149)	(71)	(164)
Deferred income	(5,837)	(4,614)	(4,992)
Total Current liabilities	(9,798)	(7,660)	(9,058)
Net current assets	7,396	4,052	4,625
Non-current liabilities			
Deferred income	(5,219)	(2,844)	(2,491)
Lease liabilities	(87)	–	(151)
Total Non-current liabilities	(5,306)	(2,844)	(2,642)
Net assets	17,178	15,406	16,737
Capital and reserves attributable to the equity owners of the parent			
Share capital	7,091	6,983	6,999
Share premium	82,821	82,296	82,430
Capital redemption reserve	7,051	7,051	7,051
Share options reserve	2,245	1,890	2,007
Foreign exchange translation reserve	(1,972)	(1,962)	(1,965)
Accumulated profit and loss reserve	(80,058)	(80,852)	(79,785)
Total shareholders' equity	17,178	15,406	16,737

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

	Unaudited six months ended 30 June 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
Operating activities			
Loss before taxation for the period	(217)	(1,223)	(153)
Adjustments for movements:			
Amortisation of acquired intangible assets	–	1	2
Amortisation of capitalised development expenditure	787	764	1,504
Depreciation – owned assets	210	231	423
Depreciation – leased assets	85	41	116
Assets redesignated from PPE to Cost of sales	–	–	30
Finance income	(50)	(7)	(44)
Finance expense	7	140	164
Finance lease interest costs	17	2	17
Share based payments expense	238	116	233
Cash generated from operating activities before movement in working capital	1,077	65	2,292
Movement in working capital:			
(Increase)/decrease in inventories and sales evaluation assets	(199)	80	68
(Increase)/decrease in trade and other receivables	(620)	2,356	(1,248)
Increase in trade and other payables	3,483	664	2,035
Net movement in working capital	2,664	3,100	855
Cash generated from operating activities	3,741	3,165	3,147
Taxation	(56)	(17)	(17)
Net cash generated from/(used in) operating activities	3,685	3,148	3,130
Cash flows from investing activities			
Investment in development expenditure	(1,069)	(911)	(1,824)
Purchase of property, plant and equipment	(350)	(177)	(812)
Finance income	50	7	44
Net cash used in investing activities	(1,369)	(1,081)	(2,592)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	483	15	165
Lease liability payments	(96)	(53)	(143)
Finance expense	(7)	(61)	(78)
Repayments of borrowings	–	(1,317)	(1,317)
Net cash generated from/(used in) financing activities	380	(1,416)	(1,373)
Increase/(decrease) in cash and cash equivalents	2,696	651	(835)
Effects of exchange rates on cash and cash equivalents	(4)	(125)	349
Cash and cash equivalents at 1 January	5,160	5,646	5,646
Cash and cash equivalents at balance sheet dates	7,852	6,172	5,160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

	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
1 January 2023	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
Total comprehensive expense for the period	–	–	–	–	631	(1,240)	(609)
Contributions by and distributions to owners							
Issue of share capital – exercise of options	3	12	–	–	–	–	15
Fully exercised share options	–	–	–	(3)	–	3	–
Share based payments	–	–	–	116	–	–	116
Total contributions by and distributions to owners	3	12	–	113	–	3	131
30 June 2023	6,983	82,296	7,051	1,890	(1,962)	(80,852)	15,406
Profit for the period	–	–	–	–	–	1070	1070
Other comprehensive expense	–	–	–	–	(3)	–	(3)
Total comprehensive income for the period	–	–	–	–	(3)	1070	1067
Contributions by and distributions to owners							
Issue of share capital – exercise of options	16	134	–	–	–	–	150
Fully exercised share options	–	–	–	–	–	(3)	(3)
Share based payments	–	–	–	117	–	–	117
Total contributions by and distributions to owners	16	134	–	117	–	(3)	264
31 December 2023 and 1 January 2024	6,999	82,430	7,051	2,007	(1,965)	(79,785)	16,737
Loss for the period	–	–	–	–	–	(273)	(273)
Other comprehensive expense	–	–	–	–	(7)	–	(7)
Total comprehensive expense for the period	–	–	–	–	(7)	(273)	(280)
Contributions by and distributions to owners							
Issue of share capital – exercise of options	92	391	–	–	–	–	483
Share based payments	–	–	–	238	–	–	238
Total contributions by and distributions to owners	92	391	–	238	–	–	721
30 June 2024	7,091	82,821	7,051	2,245	(1,972)	(80,058)	17,178

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 2024 comprise the Company and its subsidiaries (together referred to as the "Group").

These consolidated financial statements are presented in US dollars ('\$') rounded to the nearest \$'000 unless otherwise stated which represents the presentational currency of the Group.

2. MATERIAL 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 2023 Annual Report and Accounts.

2.1 Basis of Preparation

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 2023 ("2023 Annual Report and Accounts"). Estimates and judgements that can have a significant impact on the Group's interim consolidated financial statements are the same as those disclosed in the 2023 Annual Report and Accounts. The financial information for the half years ended 30 June 2024 and 30 June 2023 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 2023 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2023 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for 2023 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 23 September 2024 and approved for issue on 24 September 2024.

A copy of this Interim Report can be viewed on the company's website: www.corero.com.

2.2 Going Concern

The financial statements have been prepared on a going concern basis.

The Directors have prepared detailed income statement, balance sheet and cash flow projections for the period to 30 September 2025 ('going concern assessment period'). The cash flow projections have been subjected to sensitivity analysis of the revenue, cost and combined revenue and cost levels which demonstrate that the Group will maintain a positive cash balance through the going concern assessment period. As part of the sensitivity analysis, the Directors have noted that should the forecasted revenues not be achieved, mitigating actions can be taken to address any cash flow concerns.

These actions include deferral of capital expenditure, reduction in marketing and other variable expenditure alongside a hiring freeze.

The Directors are also not aware of any significant matters in the remainder of calendar 2025 that occur outside the going concern period that could reasonably possibly impact the going concern conclusion.

The Directors have also considered the geo-political environment, including rising inflation in some key markets and the conflict in Ukraine and the Middle East, and whilst the impact on the Group is currently deemed minimal, the Directors remain vigilant and ready to implement mitigation action in the event of a downturn in demand or an impact on operations.

On this basis, the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 is no separable 'other segmental information' not otherwise shown 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 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
United States	9,015	8,270	15,855
United Kingdom	402	992	2,122
Others	2,745	1,264	4,372
Total	12,162	10,526	22,349

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 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
Software licence and appliance revenue	5,063	3,866	8,186
DDoS Protection-as-a-Service revenue	3,023	2,786	5,599
Maintenance and support services revenue	4,076	3,874	8,564
Total	12,162	10,526	22,349

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

	Unaudited six months ended 30 June 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
Point-in-time delivery	5,063	3,866	8,186
Over time	7,099	6,660	14,163
Total	12,162	10,526	22,349

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 2024 loss \$'000	30 June 2024 weighted average number of 1p shares Thousand	30 June 2024 loss per share Cents	30 June 2023 loss \$'000	30 June 2023 weighted average number of 1p shares Thousand	30 June 2023 loss per share Cents
Basic loss per share						
From loss for the year	(273)	505,623	(0.1)	(1,240)	499,962	(0.2)
Diluted loss per share						
Basic loss per share	(273)	505,623	(0.1)	(1,240)	499,962	(0.2)
Dilutive effect of share options	–	–	–	–	47,823	–
Diluted loss per share	(273)	505,623	(0.1)	(1,240)	547,785	(0.2)

	31 Dec 2023 loss \$'000	31 December 2023 weighted average number of 1p shares Thousand	31 December 2023 loss per share Cents
Basic earnings per share			
Basic earnings per share	(170)	500,221	0.0
Diluted earnings per share			
Basic earnings per share	(170)	500,221	0.0
Dilutive effect of share options	–	–	–
Diluted earnings per share	(170)	500,221	0.0

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 2024 \$'000	Unaudited six months ended 30 June 2023 \$'000	Audited year ended 31 December 2023 \$'000
Loss before taxation	(217)	(1,223)	(153)
Adjustments for:			
Finance income	(50)	(7)	(44)
Finance expense	7	140	164
Finance lease interest costs	17	2	17
Depreciation – owned assets	108	72	151
Depreciation – lease liabilities	85	41	116
Amortisation of acquired intangible assets	–	1	2
Amortisation of capitalised development expenditure	787	764	1,504
EBITDA	737	(210)	1,757
Unrealised foreign exchange differences	(1)	430	429
Adjusted EBITDA – for unrealised foreign exchange differences	736	220	2,186

CORPORATE DIRECTORY

DIRECTORS

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

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