



corero

[NETWORK SECURITY]

THE DDOS PROTECTION SPECIALISTS

ANNUAL REPORT AND ACCOUNTS 2024
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 DDoS attacks, 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.

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2024 HIGHLIGHTS

REVENUE

\$24.6m

2020	\$16.9m
2021	\$20.9m
2022	\$20.1m
2023	\$22.3m
2024	\$24.6m

ARR¹

\$19.5m

2020	\$9.8m
2021	\$12.8m
2022	\$14.4m
2023	\$16.9m
2024	\$19.5m

GROSS MARGIN

91.3%

2020	77.3%
2021	85.1%
2022	87.2%
2023	90.0%
2024	91.3%

NET CASH

\$5.3m

2020	\$7.6m
2021	\$8.4m
2022	\$4.4m
2023	\$5.2m
2024	\$5.3m

EBITDA²

\$2.5m

- \$1.4m	2020	
	2021	\$4m
	2022	\$2.6m
	2023	\$1.8m
	2024	\$2.5m

PROFIT/(LOSS) BEFORE TAXATION

\$0.6m

- \$4.0m	2020	
	2021	\$1.4m
	2022	\$0.4m
- \$0.2m	2023	
	2024	\$0.6m

FINANCIAL HIGHLIGHTS

- Total revenue increased by 10% to \$24.6 million (FY 2023: \$22.3 million).
- ARR¹ up 16% to \$19.5 million as at 1 January 2025 (1 January 2024: \$16.9 million).
- Order intake³ increased by 13% to \$28.2 million (FY 2023: \$24.8 million).
- Gross margins of 91% (FY 2023: 90%).
- EBITDA² of \$2.5 million (FY 2023: \$1.8 million).
- Profit before taxation of \$0.6 million (FY 2023: loss of \$0.2 million).
- Earnings and diluted earnings per share of 0.1 cents (FY 2023: 0.0 cents).
- Net cash at 31 December 2024 of \$5.3 million (FY 2023: \$5.2 million).

OPERATIONAL HIGHLIGHTS

- Customer contract renewal rate of 97% (FY 2023: 98%) demonstrating both the quality of Corero solutions and customer service.
- Annualised Recurring Revenues ('ARR') increased to \$19.5 million (FY 2023: \$16.9 million), underpinning future revenues and reinforcing the importance of Corero's solutions for our customers.
- The Group remains committed to ongoing investment across its technology platform and resource expansion to strengthen its market-leading position.

- 1 ARR is defined as the normalised annualised recurring revenues and includes recurring revenues from contract values of annual support, software subscription and from DDoS Protection-as-a-Service ('DDPaaS') contracts
- 2 EBITDA is defined as Earnings before interest, tax, depreciation and amortisation Order intake is defined as orders received from customers in FY 2024
- 3 Order intake is defined as orders received from customers in FY 2024

AT A GLANCE

WE ARE... DYNAMIC AND FAST-MOVING

Corero is dedicated to improving the security and availability of the internet through the deployment of innovative DDoS protection solutions.

WHAT WE DO

- Protect service availability in the event of a DDoS attack
- Eliminate the need for operator intervention by automatically mitigating over 98% of attacks
- Enable service providers to create additional revenue streams by offering added-value DDoS protection services

OUR MISSION

Corero ensures businesses stay online by stopping cyberattacks before they cause downtime, protecting revenue and customer trust.

HOW WE DO IT

- Intelligent, automation-led solution that protects from DDoS attacks in near real time.
- Flexible and highly scalable deployment options to meet the needs of any business.
- Comprehensive visibility with reporting and alerting for clear, actionable intelligence on the DDoS attack activity.

WHY WE DO IT

- To make the internet a safer place by protecting organisations from financially and reputationally damaging DDoS attacks and the downtime they cause.
- To enable Corero customers to sleep better at night knowing they benefit from rapid attack discovery, rapid mitigation, and a flexible, adaptive solution.



FOR MORE INFORMATION VISIT
[CORERO.COM/ABOUT/](https://corero.com/about/)



OUR VISION

In an internet connected world, every business, application and individual is protected from DDoS attacks.



OUR PURPOSE

To best protect customers from the damaging impact of DDoS cyber security attacks.



OUR VALUES

Values and beliefs underpin the strategy. These are lived to become the culture:

Trusted Partner and Problem-Solver; Innovative & Ambitious; Passionate & Committed; Transparent Communication



OUR FOCUS

Maintain our superior technological performance while delivering sustainable, long-term value to our stakeholders.



OUR STRATEGIC GOALS

1. Grow our pipeline and corresponding revenue
2. Leverage our existing reseller and strategic partnerships further develop the channel
3. Target and expand our Ideal Customer Profile ('ICP') relationships
4. Continue to monetise our existing services and introduce new services
5. Amplify our demand generation programmes
6. Continue to enhance our technological innovation leadership

KEY FACTS

NUMBER OF
EMPLOYEES

90

NUMBER OF
GLOBAL OFFICES

3

NUMBER OF
CHANNEL PARTNERS

40

NUMBER OF
ALLIANCE PARTNERS

3

NUMBER OF
LIVE CUSTOMER
DEPLOYMENTS

375

RENEWAL
RATE

97%

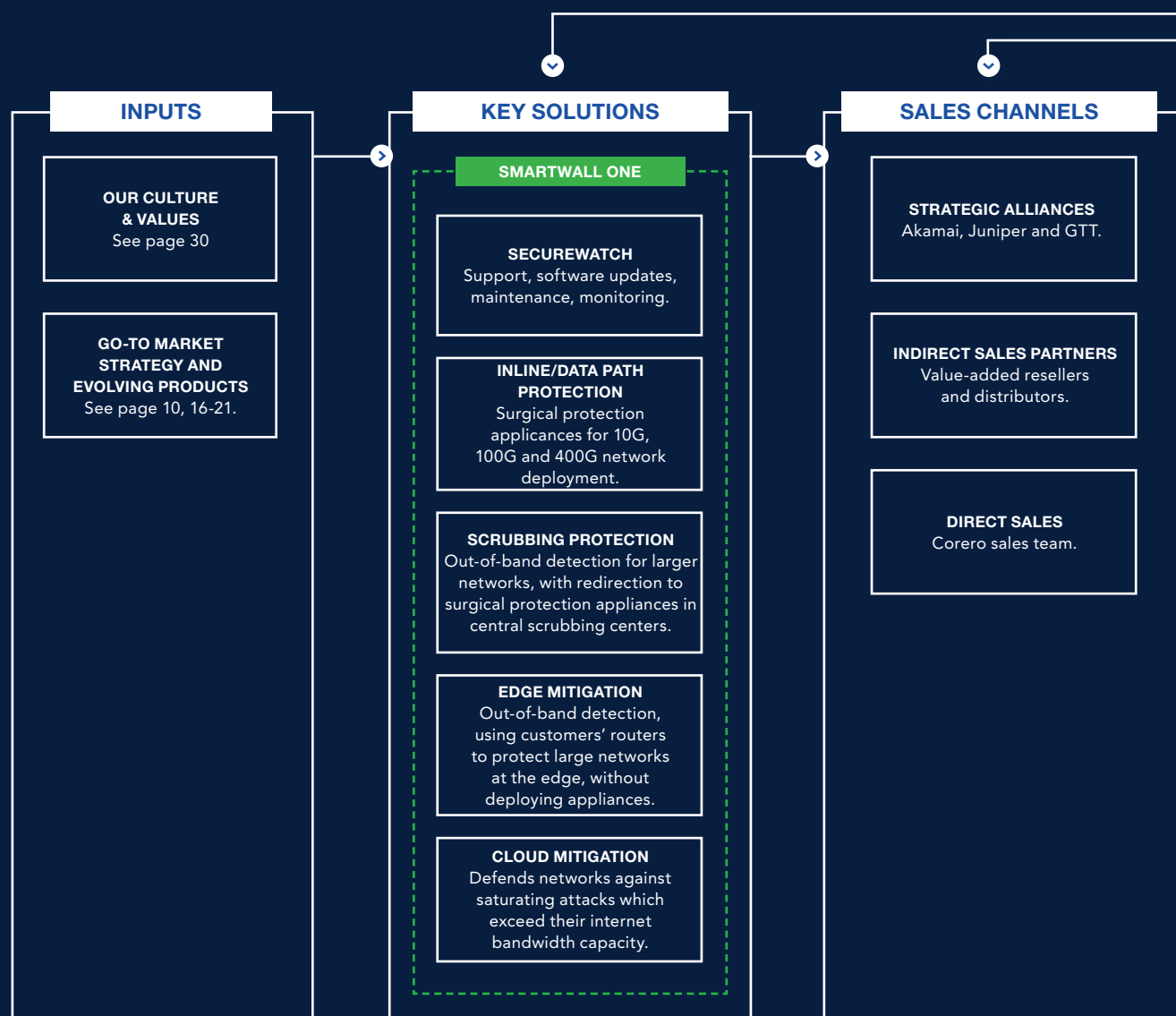
COUNTRY
FOOTPRINT

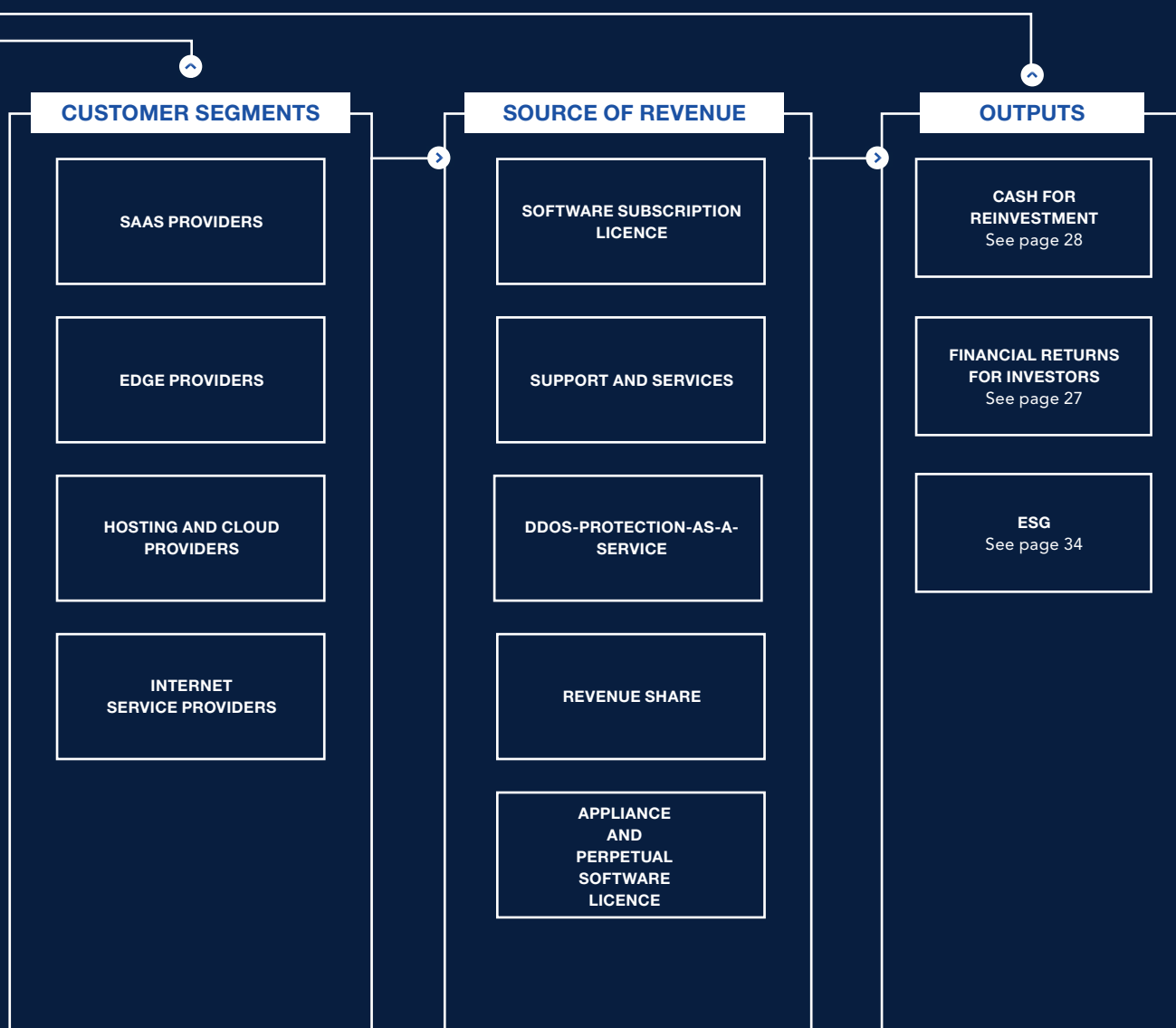
50+

BUSINESS MODEL

Corero's technology provides scalable protection capabilities against DDoS threats, in even the most complex edge and subscriber environments, ensuring internet service availability and uptime.

A CUSTOMER DRIVEN BUSINESS MODEL:





GROWTH STRATEGY



GROWTH STRATEGY:



Expand Global Footprint

- Significant new deals and partnerships driven by a restructured sales and marketing team

Leading with Innovation

- Continued R&D investment is driving new product development and enhancements of existing offerings across on-premises, hybrid, and cloud environments
- Development of the CORE platform offers additional new products to support our existing customers and opens additional markets in which to expand

Financial Discipline and Profitability

- Focused on financial health, cash generation, controlled investment, and profitability

Partnership Leverage

- Relationships with key alliance partners such as Akamai, Juniper Networks, and GTT are supporting regional expansion



PRODUCT DEPLOYMENT METHODOLOGY



Our Product Proposition



HYBRID CLOUD

- Supports hybrid-first strategies as cloud repatriation grows
- Optimises cloud costs and compliance
- Automatically redirects traffic to the cloud when needed
- Always-on protection; no manual intervention



ON-PREMISES

- Fastest DDoS protection with near-zero latency
- Direct control over security posture and compliance
- Maximise performance whilst reducing cloud dependency
- Multi-site resilience ensures uptime across locations



FOR MORE INFORMATION VISIT
CORERO.COM/DDOS-SECURITY-PRODUCTS/

INVESTMENT CASE

OUR STRENGTHS

\$2bn+
addressable market and growing at pace

Market-leading, disruptive technology

Strong financial base – debt-free aligned with accelerated ARR growth

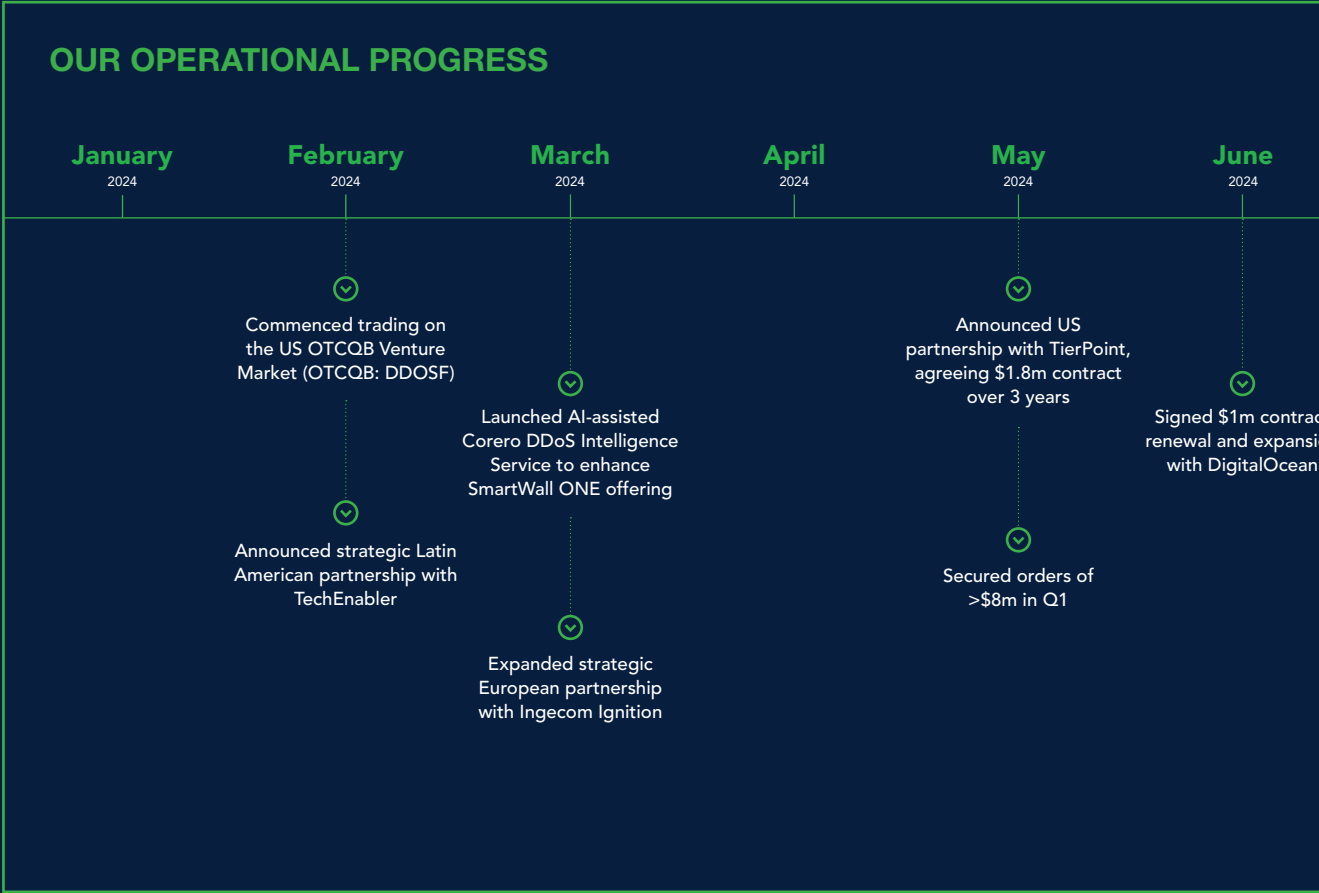
Significantly enhanced unique capabilities compared to competition

Experienced management team with extensive market and competitor knowledge and experience

Growing alliance and channel partner footprint, including global and regional experts



OUR OPERATIONAL PROGRESS



Ongoing R&D investment propelling new services and product deployments



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CORERO.COM/DDOS-SECURITY-PRODUCTS/



July

2024

August

2024



Announced key customer win in the Middle East with stc Bahrain

September

2024



Delivered contract win with Everstream, a leading US fibre connectivity services provider

October

2024



Launched Corero Observability & Resiliency Ecosystem ('CORE')

November

2024



Upgraded to OTCQX from OTCQB Venture Market

December

2024



Secured contract with Brazil's Forte Telecom, worth \$1.2m across 3 years

GO-TO-MARKET STRATEGY

Corero Network Security continues to focus on increasing its market share across the globe without compromising on the quality of its products and services as the DDoS market continues to evolve at a fast pace, and with a myriad of new digital threats emerging.

In 2024, the Company announced a reinvigorated go-to-market strategy underpinned by four key strategic pillars to generate revenues and drive long-term growth.

DELIVERING ACROSS FOUR REVENUE-GENERATING ACTIVITIES

Expanding Global Footprint & Partnership Channel

- Leveraging alliance and channel partnerships to grow presence across key regions and expanding into:
 - LATAM
 - Middle East
 - Southeast Asia
- VP Alliances onboarded in May 2024 to reshape and revitalise alliances go-to-market strategy
- Hired an experienced senior Channel Partner Manager in November 2024 to refresh the Group's channel partner network and drive value-add partnership model

Investing in Sales & Marketing Initiatives

- Grown direct Sales team, reinforcing traditional markets in North America and Europe, while expanding in other territories such as LATAM, Middle East and Southeast Asia
- Intent-based marketing strategy for more accurate targeting and increased pipeline velocity
- MarTech stack streamlining and integration for increased visibility and efficiency
- Integrated multiple AI-based technologies for content generation, market and competitor analysis
- Marketing activity spend was up 43% year-on-year in 2024



**I AM CONFIDENT THAT OUR REINVIGORATED
GO-TO-MARKET STRATEGY WILL DELIVER
ON THE AMBITIOUS GROWTH TARGETS WE
HAVE SET."**

Carl Herberger
CHIEF EXECUTIVE OFFICER

Securing Client Renewals & Realising Cross/Upsell Opportunities

- Maintaining or improving on excellent 97% customer retention rate
- Delivering price increases for renewals and extensions as standard
- 70% of customers upsold during contract period or at renewal
- Continuing to diversify product suite to generate cross-sell and upsell opportunities with longstanding partners

Accelerating Market Competitiveness

- Actively targeting competitor displacements in key geographies, underpinned by management's confidence in Corero's market-leading product ecosystem
 - Chosen by TierPoint LLC after rigorous assessment process to replace incumbent provider
- Launching product innovations and add-on features to attract new customers and strengthen position when approaching new business exploration

PARTNERSHIPS

LEVERAGING ALLIANCE PARTNERSHIPS TO ACCELERATE INTERNATIONAL EXPANSION: AKAMAI TECHNOLOGIES

Corero initiated its strategic international partnership with Akamai, the cloud computing and cybersecurity giant, in September 2023.

Through this unique partnership, Corero has expanded its product offering by combining its on-premises solutions with Akamai's cloud capabilities, fulfilling the market's need for a robust and highly flexible hybrid DDoS solution.

The partnership has also enabled Akamai to deliver superior DDoS protection to customers through solutions powered by Corero's SmartWall ONE.



FOR MORE INFORMATION VISIT
CORERO.COM/DDOS-SECURITY-PRODUCTS/

UNVEILING CORERO'S SMARTWALL ONE HYBRID CLOUD DDOS PROTECTION SOLUTION - POWERED BY AKAMAI

As Corero's partnership with Akamai has progressed since 2023, it has further deepened collaboration to provide industry-leading infrastructure security solutions. In April 2024, Corero announced the launch of a SmartWall ONE Hybrid Cloud DDoS Protection solution, powered by Akamai Prolexic.

The cloud-based service has expanded Corero's product offering, combining the Company's on-premises solutions with Akamai's cloud capabilities. This has created a robust, hybrid DDoS solution able to meet the evolving needs of customers by providing a comprehensive, scalable cybersecurity solution.

The solution encompasses top-tier DDoS cloud-backup service, equipping customers with enhanced protection capabilities and delivering significant operational benefits.

Corero's alliance partnership with Akamai has fuelled revenue growth by increasing routes to market, solidifying the Company's market-leading position in the cybersecurity sector.



OUR CUSTOMERS CONTINUALLY SEEK MORE ROBUST PROTECTIONS AGAINST CYBERTHREATS, SUCH AS DDOS ATTACKS, WHILE ALSO ASPIRING TO BROADEN THEIR SECURITY SERVICES. ADDING DDOS CLOUD-BACKUP PROTECTION POWERED BY PROLEXIC TO OUR SMARTWALL ONE PORTFOLIO IS A TESTAMENT TO OUR COMMITMENT TO THIS GOAL AND OUR ONGOING PARTNERSHIP WITH AKAMAI."

Carl Herberger
CORERO CHIEF EXECUTIVE OFFICER

CORERO EXPANDS ITS GLOBAL FOOTPRINT BY COLLABORATING WITH ALLIANCE PARTNERS

Alliance partnerships are central to Corero's go-to-market strategy, representing a core revenue stream and the opportunity to offer best-in-class infrastructure security solutions through market leaders.

The strategy involves partnering with major global suppliers who offer technology capabilities that are powered or enhanced by Corero's solutions, as well as combining complementary solutions to create hybrid products that provide cutting-edge cyber protection.

Alliance partnerships support Corero's commitment to providing unparalleled DDoS protection services and underpin the Company's growth strategy by enabling it to reach a wider range of customers accessible through large industry players like Akamai.



FOR MORE INFORMATION VISIT
[CORERO.COM/PARTNERS/](https://corero.com/partners/)



CONTINUED COLLABORATION DRIVING INNOVATION

Corero product powered by Akamai

- ✓ SmartWall ONE Cloud Backup solution

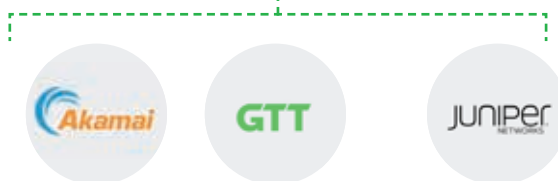
Akamai products powered by Corero

- ✓ Akamai Prolexic On-Prem
- ✓ Akamai Prolexic Hybrid



CORERO'S ALLIANCE PARTNERS

3



Benefits of Alliance Partnerships

- Increased routes to market
- Delivered incremental revenue growth opportunities
- Diversified product offering
- Gained insight and expertise from tier-1 cybersecurity businesses



OUR PARTNERSHIP WITH CORERO ALLOWS US TO DELIVER A ROBUST SOLUTION WHILE ENABLING ORGANISATIONS TO SELECT THE MOST OPTIMAL DDoS SOLUTION FOR THEIR INDIVIDUAL USE CASES WHETHER IT BE ON-DEMAND, ALWAYS-ON, CLOUD, ON-PREMISES, OR IN A HYBRID ENVIRONMENT."

Sean Lyons

AKAMAI SENIOR VICE PRESIDENT
AND GENERAL MANAGER OF
INFRASTRUCTURE SECURITY

PARTNERSHIPS CONTINUED

KEY CUSTOMER WIN: TIERPOINT LLC

In April 2024, Corero announced a strategic partnership with TierPoint LLC, a leading provider of hybrid IT platform solutions in the US, replacing its incumbent solutions provider in the process. Corero has since successfully integrated its solutions into TierPoint's infrastructure, significantly enhancing its DDoS protection and mitigation capabilities to benefit both TierPoint and its 1,000+ US customers.

CORERO HAS SIGNIFICANTLY
REDUCED TIERPOINT'S DDoS
ATTACK MITIGATION TIME

 **From
6 minutes to
18 seconds**

WHY CORERO?

TierPoint had grown increasingly frustrated with its existing DDoS protection solution, with frequent disruptions and slow mitigation times jeopardising customer trust.

Corero's solutions, including its market-leading application SmartWall ONE, performed so well in a testing phase that TierPoint decided to switch provider to Corero even while still under contract with the incumbent vendor.

CORERO'S IMPACT

By offering highly automated, real-time threat detection, Corero has materially reduced TierPoint's mitigation time during DDoS attacks from 6 minutes to just 18 seconds. This reinforces the robust capabilities of Corero's DDoS protection solutions and has enabled TierPoint to vastly improve its core service offering to customers.

Additionally, Corero's ability to integrate directly with TierPoint's Juniper routers has enabled a 'protective mesh' that has bolstered defences without requiring additional hardware investments, highlighting the value and adaptability of Corero's solution.

KEY BENEFITS TO TIERPOINT

1. Enhanced Defence with Existing Tech



2. Real-Time Protection



3. Collaborative Partnership



4. Significant Cost Savings



WE ARE DELIGHTED WITH THE ONGOING SUCCESS OF OUR PARTNERSHIP WITH TIERPOINT, WHICH IS TESTAMENT TO THE HARD WORK AND TENACITY OF OUR ENTIRE TEAM AND UNDERSCORES THE TRUST AND CONFIDENCE LEADING BUSINESSES PLACE IN OUR PREMIUM DDOS SOLUTIONS.

Carl Herberger
CORERO CHIEF EXECUTIVE OFFICER



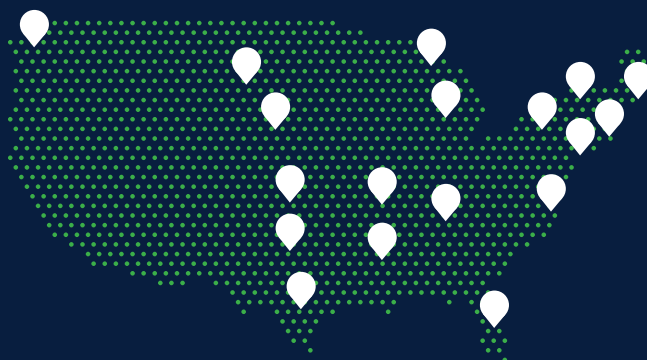
OUR TIME TO MITIGATION FOR DDOS ATTACKS WENT FROM SIX MINUTES WITH PREVIOUS SOLUTIONS TO 18 SECONDS WITH CORERO, ENSURING THAT OUR CUSTOMERS EXPERIENCE UNINTERRUPTED SERVICES, EVEN DURING ATTACKS.

Paul Mazzucco
TIERPOINT CHIEF INFORMATION SECURITY OFFICER

INCREASED MARKET REACH

With over 40 data centres across 20 US markets, TierPoint supports thousands of customers across the country, highlighting the importance of advanced DDoS protection in safeguarding its extensive portfolio. Working in partnership with TierPoint to support their growing customer base will enable Corero to expand its routes to market in the geography.

TIERPOINT'S US FOOTPRINT



CONTINUED NEW CONTRACT MOMENTUM WITH BUSINESSES OPERATING IN THE CYBERSECURITY SPACE

Through the partnership, Corero is leveraging TierPoint's extensive customer network, which ranges from small businesses to Fortune 500 enterprises, to support the Company's overarching US growth strategy.

Coupled with continued investment in US sales and marketing initiatives and strategic North American recruitment, Corero's partnership has already begun to facilitate new business opportunities across what is an increasingly important region for the business.

NORTH AMERICA: Corero's Key Geography

NORTH AMERICA
REPRESENTS

71%

of Corero's FY 2024 sales

Growing DDoS Defence Market

NORTH AMERICA
ESTIMATED TO ACCOUNT
FOR

39% ²⁰²⁴

of the global DDoS protection and mitigation market growth in the period to 2027***

(*** 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>.)

PRODUCT FOCUS

EVOLVING SMARTWALL ONE

Corero's flagship DDoS defence solution, SmartWall ONE, is valued by businesses across the globe for its reliability, resilience and affordability.

Across 2024, the Company unveiled a number of product enhancements to ensure SmartWall ONE remains at the forefront of the DDoS protection market and capable of safeguarding any corporation from both well-known and nascent DDoS cyberthreats.

Key launches during the period, detailed below, include the introduction of a new platform to convert DDoS protection from a cost into a revenue stream, and new features aimed at improving customer experience, increasing SmartWall ONE's flexibility in line with industry trends, and maintaining Corero's excellent client retention track record.

FOUR KEY PRODUCT ENHANCEMENTS

FEBRUARY 2024 – 400G SmartWall ONE extension

Corero extended the capabilities of SmartWall ONE to include additional support for 400G connected DDoS detection, mitigation, and protection from the edge to the network core.

This upgrade is facilitating new business opportunities as organisations continue to favour using x1 400G appliance instead of multiple 100G appliances to minimise networking equipment footprint, cost, and complexity.

MARCH 2024 – Launched the Corero DDoS Intelligence Service ('CDIS')

CDIS is an automated, AI-assisted service for SmartWall ONE customers that delivers pre-emptive, predictive attack mitigation, before the first attack is even seen. CDIS has bolstered SmartWall ONE by providing it with access to Corero's latest DDoS threat research and insights.

CDIS integrates seamlessly with the SmartWall ONE platform and has been deployed as an additional annual subscription service for all SmartWall ONE customers that are subscribed to Corero SecureWatch Attack-Time Assistance Service.



JUNE 2024 – Enhanced SmartWall ONE Service Portal

Corero introduced new features to enhance its SmartWall ONE Service Portal and will support Corero's service and hosting provider clients seeking to differentiate their services and drive revenue growth.

- 1 Executive reports - provides real-time, automated insights into the effectiveness of DDoS protection investments, enhancing transparency and building stakeholder trust.
- 2 Tenant prospecting - enables providers to target unsubscribed customers who could benefit from additional protection, creating an additional revenue stream and facilitating customer retention.

OCTOBER 2024 – Rolled out 400G appliance

Corero launched its new hardware appliance, Network Threat Detector ('NTD') 3400, a 400G enhancement to the SmartWall ONE DDoS protection appliance.

The new NTD 3400 offers four times the connectivity of previous models with more efficient power consumption, allowing providers and businesses to protect their networks more efficiently while also accommodating long-term scalability.

PRODUCT FOCUS CONTINUED

EXTENDING BEYOND DDOS

Corero continues to innovate and diversify to generate new business opportunities and enhance its value proposition.

CORERO OBSERVABILITY & RESILIENCY ECOSYSTEM ('CORE')

Corero has grown to become a leading name in the DDoS protection and mitigation services space, developing a cutting-edge suite of products able to repel the most sophisticated and aggressive DDoS attacks.

Although widespread and damaging from both a financial and reputational perspective, DDoS attacks are only one threat to service availability. To unlock commercial opportunities across the wider market, the Company launched CORE in October 2024, its first expansion beyond DDoS.

A NEW SAAS CLOUD-BASED AVAILABILITY PROTECTION PLATFORM

CORE is a new SaaS cloud-based availability protection platform designed to integrate seamlessly into customers' existing security infrastructure. A highly adaptive innovation, CORE will deliver advanced defence capabilities, providing greater flexibility and cost-efficiency to keep organisations secure.



FOR MORE INFORMATION VISIT
CORERO.COM/COREDDOS/

HOW DOES CORE WORK?

CORE is a cloud-native availability protection platform designed to handle high-volume DDoS attacks, anomalous traffic patterns, and application layer threats, ensuring consistent service availability.

CORE seamlessly enhances existing security environments and delivers advanced defence, leveraging existing infrastructure while offering flexibility and cost-efficiency

to keep organisations secure and agile. CORE creates a comprehensive data lake by gathering feeds from multiple sources across a network and generating AI/ML-assisted insights, turning isolated security events into actionable intelligence. This enables smarter coordination across a network, creating a more resilient ecosystem.

BENEFITS OF CORE



Uses the power of AI to protect customer networks from wider service availability threats



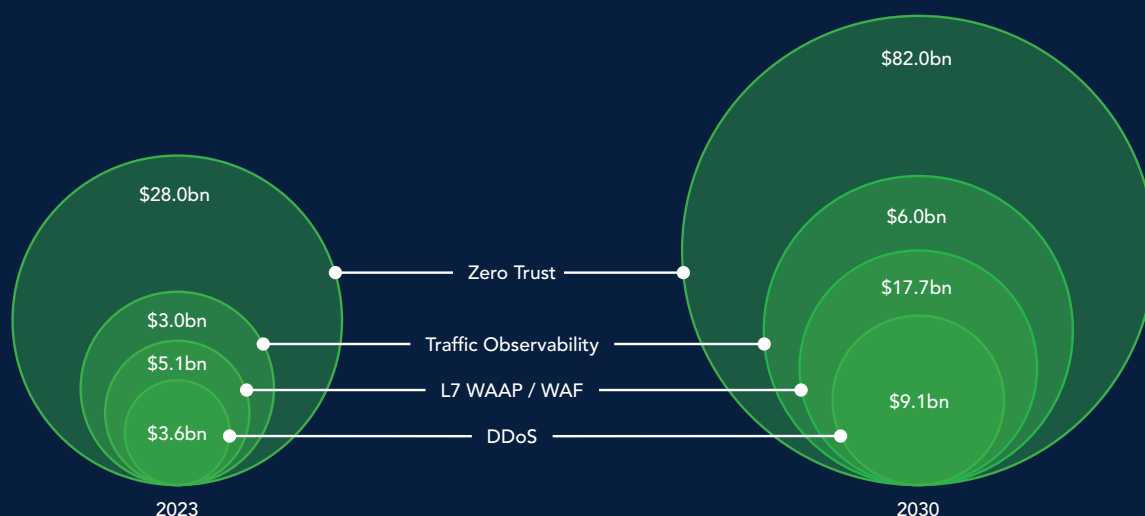
Keeps organisations secure while guaranteeing greater cost efficiencies and flexible solutions



Creates new cross-sell opportunities with existing clients and strengthens Corero's value proposition

SIZE OF ADDRESSABLE MARKET

Corero addresses an estimate \$2bn+ of today's DDoS security market, which we believe grows to \$10bn with the addition of the initial CORE competencies. This combined market is expected to grow 17% CAGR to 2030.



GLOBAL SALES

Increased Global Sales Footprint Supports Growth Ambitions

Ongoing investment in sales and marketing initiatives positions Corero for further growth in 2025.

As part of its reinvigorated go-to-market strategy, Corero has focused increasingly on direct investment in its sales function, recognising the significant opportunity it has to broaden the Group's sales footprint across previously unexplored territories, as well as generate additional cross and upsell revenues with existing customers in established geographies.

GROWING SALES TEAM FOOTPRINT





OUR SALES AND MARKETING TEAMS MADE GREAT STRIDES ACROSS 2024, PLAYING A PIVOTAL ROLE IN GROWING CORERO'S MARKET REACH AND GENERATING NEW CUSTOMER TRACTION.

OUR OVERARCHING PLAN TO INVEST IN SALES INITIATIVES HAS BEEN TWO-PRONGED: FOCUSED ON FACILITATING BUSINESS EXPLORATION ACROSS NEW JURISDICTIONS WHILE BOLSTERING OUR EXISTING TEAMS IN KEY GEOGRAPHIES TO SUPPORT AND ENHANCE CUSTOMER RELATIONSHIPS.

WITH NEW CONTRACT WINS AND PARTNERSHIPS SECURED IN 2024 ACROSS LATIN AMERICA AND THE MIDDLE EAST, I AM DELIGHTED WITH THE INITIAL IMPACT OF OUR INVESTMENT AND WE ARE AIMING TO DELIVER EVEN MORE CUSTOMER WINS IN THESE REGIONS AS WELL AS OUR EXISTING GEOGRAPHIES WHERE, LEVERAGING RECENT PRODUCT LAUNCHES AND ENHANCEMENTS, WE CONTINUE TO STRENGTHEN OUR PRESENCE AND PURSUE CROSS AND UPSELL OPPORTUNITIES.

Carl Herberger

CORERO CHIEF EXECUTIVE OFFICER

NEW REGIONS

3

NEW SALES REPS

6

INCREASED
MARKETING SPEND

43%

TOTAL GLOBAL
SALES TEAM

14

Hired experienced sales personnel in Dubai and Singapore for the first time

2023

2024

CHIEF EXECUTIVE OFFICER'S REVIEW

THE COMPANY DELIVERED A STRONG PERFORMANCE ACROSS FY 2024



Carl Herberger
CHIEF EXECUTIVE OFFICER

REVENUE

10%

increase

ARR

16%

increase

INTRODUCTION

- FY 2024 was a strong operational and financial year for Corero, with the Company trading well throughout the year and delivering new business opportunities across key geographies. The Group delivered solid topline growth, achieving a 10% increase in revenues to \$24.6 million (2023: \$22.3 million), and EBITDA of \$2.5 million, up 42% year-on-year.
- In addition, Annual Recurring Revenues ('ARR') grew 16% to \$19.5 million (2023: \$16.9 million) as customers continue to integrate Corero's subscription-based solutions and DDoS Protection as-a-Service ('DDPaaS') products for comprehensive DDoS attack protection. Order intake, another key performance indicator for the Group, also rose 13% to \$28.2 million for FY 2024 (2023: \$24.8 million).
- Corero remained debt-free with cash of \$5.3 million at the end of the year. This strong financial footing has enabled the Group to accelerate its go-to-market strategy and maintain ongoing investment across its sales and marketing functions, as well as additional R&D expenditure to support further product expansion. The Group's reinvigorated growth strategy which focuses on both converting internally generated leads and leveraging existing partnerships, as well as a greater emphasis on actively targeting competitor displacements, continues to gain traction and this is

evidenced by Corero's success across the year in securing new mandates.

- The Company's growing portfolio of strategic alliance and channel partnerships, alongside direct sales activities, continues to provide Corero with multiple routes to market. This global network of trusted partners and regional experts has created a sales platform to support Corero in growing its reputation as a reliable, fair-priced provider of DDoS defence solutions.

STRATEGIC PRIORITIES

Corero continues to focus on increasing its DDoS defence market share across the globe whilst maintaining and expanding relationships with current customers who value the quality of its award-winning products and services.

In 2024, the Company announced a reinvigorated go-to-market strategy underpinned by four key strategic pillars to accelerate revenue generation and drive long-term growth:

- **Expanding global footprint and partnership channels** - leveraging alliance and channel partnerships to grow presence across key regions, including Latin America, the Middle East and APAC
- **Investing in sales and marketing initiatives** – enhancing the field marketing strategy, increasing marketing activity and spend, and hiring experienced personnel in new geographies

- **Securing client renewals and realising cross/upsell opportunities** - maintaining or improving on excellent 97% customer retention rate, delivering price increases for renewals and extensions as standard, and continuing to diversify the product mix
- **Accelerating market competitiveness** – actively targeting competitor displacements in key geographies, and launching new product innovations and add-on features aimed at attracting new customers

OPERATIONAL REVIEW

A key feature of 2024 has been to drive the Company's new business efforts globally and 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 mandates, including those listed below.

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

- Three-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-year end

CUSTOMER WINS

- Three-year, \$1.8 million partnership with TierPoint, a leading provider of secure, connected IT platform solutions, with Corero replacing the incumbent solutions provider
- Significant contract renewal and expansion with a leading US SaaS provider, valued at over \$2 million over three years
- Three-year, \$1 million plus contract with a top-10 US fibre provider, with Corero replacing the incumbent solutions provider in a number of the provider's US data centres
- \$1 million plus, three-year contract extension with DigitalOcean, a leading US cloud computing provider, expanding

the current range of services provided by Corero

- Three-year, \$0.6 million contract renewal with a large national US fibre provider. In addition to the renewal, Corero was also awarded a \$1 million expansion to the existing contract
- Three-year, \$0.3 million contract with a fast-growing North American pioneer in VoIP technology, with Corero replacing the incumbent cloud provider
- Expanded contract with a leading global US-based SaaS provider for \$0.4 million additional term licence capacity and associated support
- Three-year contract with a leading Icelandic IT services provider to support

its high media tenant profile of national enterprises and government agencies

- Post-year end, TechEnabler secured a new contract to implement Corero's SmartWall ONE solution for a major telecommunications provider in Brazil, with Corero replacing the incumbent solutions provider

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

- Significant partnership with stc Bahrain, the market leader in Bahrain's telecommunications sector, to support the Company's Middle East expansion goals
- Three-year partnership worth \$1.2 million with Forte Telecom, one of the largest telecommunications providers in Rio de Janeiro, Brazil
- Post-year end, new channel partnership to expand into Peru with A51 Technology, a firm with over 20 years of experience in cybersecurity solutions

Together with the Group's existing strategic alliances with Juniper Networks, GTT Communications and Akamai Technologies, Corero's reinvigorated channel partnership momentum has ensured that the Group has a strong network to support its global expansion efforts. This is evidenced in Corero's recent wins in Latin America, where the Company has secured a number of exciting new customer mandates.

At the end of the year, the Group also qualified for, and upgraded to, the OTCQX from the OTCQB Venture Market. This listing is directly in line with the Company's ambitions to further expand its reach and visibility into the US investor market.

PRODUCT INNOVATION

Continued R&D investment is driving new product development and enhancements of existing offerings across on-premises, hybrid, and cloud environments. Through FY 2024, the Company unveiled a number of product upgrades to ensure its SmartWall ONE solution remains at the forefront of the DDoS protection market and capable of safeguarding any corporation from both well-known and nascent DDoS cyberthreats.

Key launches include Corero DDoS Intelligence Service ("CDIS"), an AI-assisted service for SmartWall ONE customers, as well as a 400G extension to SmartWall ONE and the introduction of new features to enhance the SmartWall ONE Service Portal. Collectively, these innovations are projected to further improve customer experience, increase SmartWall ONE's flexibility in line with industry trends, and maintain Corero's excellent client retention track record.

In order to access commercial opportunities across the wider service availability market, the Company launched CORE in October 2024, its first expansion beyond DDoS. CORE is a new SaaS cloud-based availability protection platform designed to integrate seamlessly into customers' existing security infrastructure. The Group is in the process of extending the capabilities of CORE in a phased development programme and will update the market in due course on its progress.

SALES AND MARKETING INVESTMENT

During FY 2024, Corero focused increasingly on direct investment in its sales function, recognising the significant opportunity it has to broaden the Group's sales footprint across previously unexplored territories, as well as generate additional cross and upsell revenues with existing customers in established geographies.

Strategic marketing activity spend grew by 43% year-on-year, with capital designated to lead generation programmes including regional tradeshows, content syndication campaigns, webinars, and sponsored social media content.

Other key initiatives included:

- Hiring an experienced senior channel partner manager to refresh the Group's channel partner network and create greater sales traction
- Created regional sales hubs across Latin America, APAC and the Middle East, hiring experienced sales personnel in Dubai, Singapore and Chile to accelerate Corero's ambition to increase its market reach
- Reinforced existing sales teams across North America and Europe to increase touchpoints, strengthen client relationships and drive new business development

Increased investment played a pivotal role in growing Corero's market reach and generating new customer traction during the year, particularly in regions such as Latin America and the Middle East where efforts are being made to expand the Company's presence.

The launch of the new CORE platform will also enable Corero to capitalise on new market opportunities with an expanded product portfolio to take to market.

DDOS ADDRESSABLE MARKET AND MARKET DRIVERS

The rapid growth of the global DDoS mitigation market is showing no signs of abating. Latest research indicates that the market will be valued at \$9.63 billion by 2029¹ (2024: \$5.17 billion), growing at a CAGR of 13.2%. Corero operates within a significant segment of this overall market and estimates that the total addressable market for its principal SmartWall ONE solution exceeds \$2.0 billion.

Compared to other modes of cybercrime, DDoS attacks are relatively low risk yet high impact, and malicious actors are increasingly becoming aware of the significant damage they can inflict on companies through DDoS strikes, both from a financial and reputational standpoint. As attacks become more complex, aided by increased access to AI and machine-learning, organisations are continuing to seek comprehensive protection.

Demand for resilient and adaptable DDoS defence solutions remains high in North America, where Corero has its highest customer and sales footprint, while hactivism associated with Russia's invasion of Ukraine has also exacerbated the DDoS attack threat level in Europe. Attacks are also widespread in other key regions where Corero is actively growing its influence – including the Middle East and Latin America.

OUTLOOK

Corero has entered FY 2025 in a strong position, well placed to build on a positive FY 2024 and deliver on the Company's near and long-term growth ambitions. So far in FY 2025, the Company has closed a number of key customer wins in the US and EMEA.

The combination of new sales team hires and recent product launches has created additional momentum to unlock considerable commercial opportunities across Corero's existing customer base through both cross and upselling, alongside ongoing sales penetration in new territories.

Global demand for DDoS protection continues to grow, and the Group remains focused on elevating its status as an effective and affordable solutions provider capable of combatting the most hostile of DDoS attacks.

Looking ahead to the remainder of FY 2025, Corero is committed to strengthening and expanding its alliance and regional partnerships to support new business pipeline and revenue growth.

Carl Herberger
CHIEF EXECUTIVE OFFICER

31 March 2025



1 <https://www.corero.com/ddos-protection-market-to-reach-9-billion-by-2029/>

ACCELERATED GO-TO-MARKET STRATEGY DELIVERS STRONG ARR GROWTH AND **PROFITABLE 2024**



Chris Goulden
CHIEF FINANCIAL OFFICER

REVENUE AND GROSS MARGINS

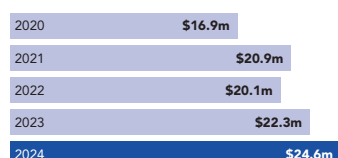
Revenue in the year ended 31 December 2024 increased by 10% to \$24.6 million in FY 2024 (2023: \$22.3 million).

ARR increased by 16% in the year to \$19.5 million as at 1 January 2025, driven by growth in DDPaaS and software subscription orders (ARR at 1 January 2024: \$16.9 million).

The Group's overall gross margin improved in 2024 to 91% (2023: 90%) as hardware as a percentage of overall sales value continued to reduce.

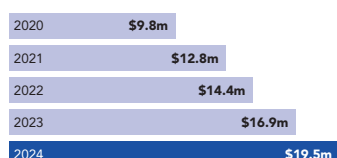
REVENUE

\$24.6m



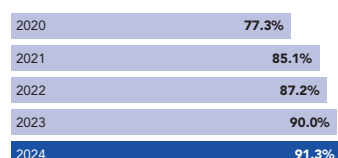
ARR (ANNUALISED RECURRING REVENUES)¹

\$19.5m



GROSS MARGIN

91.3%



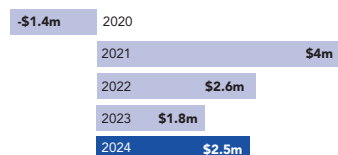
PROFITABILITY

The Group reported a positive EBITDA of \$2.5 million in the year ended 31 December 2024 (2023: \$1.8 million), trading at 10.2% margin (2023: 8% EBITDA margin), with gross margin improvement supported by more efficient use of operating expenses.

The Group reported a profit before tax of \$0.6 million for the year (2023: loss \$0.2 million), with earnings per share 0.1 cents per share (2023: (0.0) cents per share).

EBITDA²

\$2.5m



PROFIT/(LOSS) BEFORE TAXATION

\$0.6m



¹ ARR is defined as the normalised annualised recurring revenues and includes recurring revenues from contract values of annual support, software subscription and from DDoS Protection-as-a-Service ('DDPaaS') contracts

² EBITDA is defined as Earnings before interest, tax, depreciation, and amortisation.

FINANCIAL REVIEW CONTINUED

OPERATING EXPENSES AND R&D INVESTMENT

Underlying operating expenses excluding foreign exchange movements on intercompany balances and before depreciation and amortisation increased by \$1.9 million from \$18.0 million to \$19.9 million, primarily driven by an increased sales function and marketing activities to support the Group's accelerated go-to-market strategy.

Underlying operating expenses included a depreciation charge of \$0.4 million (2023: \$0.3 million) and an amortisation charge for R&D of \$1.6 million (2023: \$1.5 million).

During the year, the Group continued to focus on product innovation, with R&D investment of \$3.2 million (2023: \$1.8 million). The increase in capitalised development spend is driven by an increase in development output from the existing engineering team enhancing the SmartWall ONE solution capabilities as well as development of the DDoS Intelligence Service launched during the year.

Additionally, the initial development of the CORE platform was completed in the year.

Capital expenditures in property, plant and equipment in the year were \$0.8 million (2023: \$0.8 million).

The charge for share-based payments amounted to \$0.5 million in the year (2023: \$0.2 million).

Net finance income for the year was \$0.1 million (2023: net cost \$0.1 million).

R&D INVESTMENT

\$3.2m

2020	\$1.4m
2021	\$1.8m
2022	\$1.7m
2023	\$1.8m
2024	\$3.2m

OPERATING CASH AND CASH EQUIVALENTS

Overall, net cash generated from operating activities amounted to \$3.1 million in the year (2023: \$3.1 million). Cash and cash equivalents excluding the impact of exchange rates increased by \$0.2 million (2023: decrease of \$0.5 million).

The Group remains debt-free and in a position to leverage its strong balance sheet to fund ongoing growth and innovation strategies.

Net cash, defined as cash at bank less total borrowings, at 31 December 2024 was \$5.3 million (2023: \$5.2 million).

NET CASH

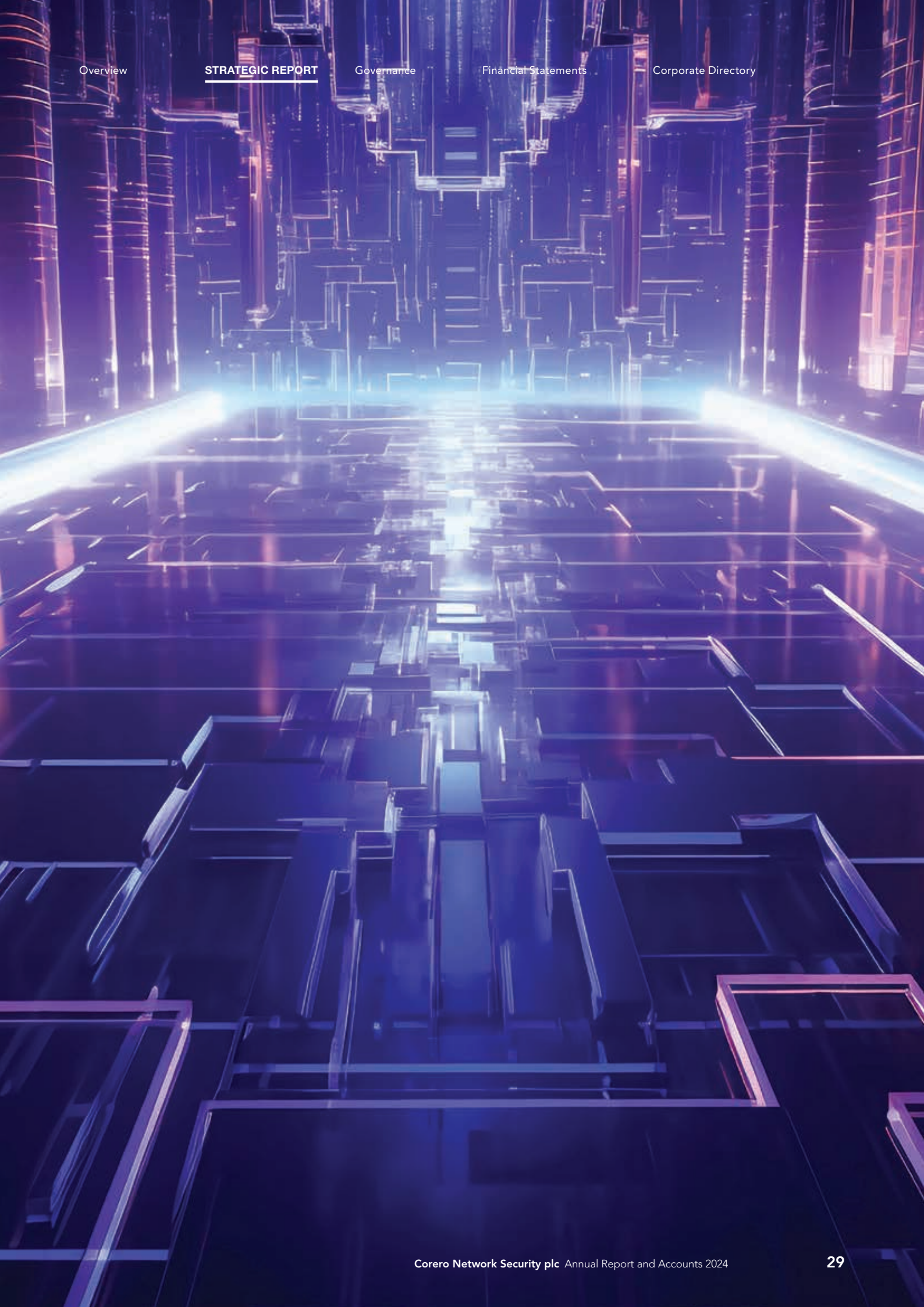
\$5.3m

2020	\$7.6m
2021	\$8.4m
2022	\$4.4m
2023	\$5.2m
2024	\$5.3m

Chris Goulden

CHIEF FINANCIAL OFFICER

31 March 2025



KEY STAKEHOLDERS SECTION 172 STATEMENT

The Directors are aware of their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to the: likely consequences of any decisions in the long-term interests of the Company's employees; need to foster the Company's business relationships with suppliers, customers and others; impact of the Company's operations on the community and environment; Company's reputation for high standards of business conduct; and need to act fairly as between members of the Company.

The Board reviewed and re-confirmed the Company's key stakeholder groups during the year. These are set out below along with details of the forms of engagement undertaken by the Board:

WHY THEY MATTER		WHAT MATTERS TO THEM	
STAKEHOLDER	 CUSTOMERS Customers are the lifeblood of a successful growing business.		Corero customers have a need for products and services that protect their online presence and operations from the increasing threat of DDoS attacks, and that provide intelligence to support greater availability. High availability of cloud services and applications are critical for modern businesses and institutions, their revenue streams rely on having internet connectivity protected from the threat of DDoS attacks.
	 SHAREHOLDERS Shareholders own the business. They are the providers of capital to grow and invest for future success.		Shareholders are concerned with a broad range of issues including, but not limited to, Corero's financial and operational performance, strategic execution, investment plans and governance.
STAKEHOLDER	 PARTNERS Partners are an extension of Corero, representing the Corero brand in the market, providing an additional route to market to scale the business.		Corero's partners harness Corero's market-leading technology to deliver customer success through creation of unique joint value propositions. They share insights into what current and future customers want, ultimately impacting product strategy and roadmaps and accelerating business growth through sales and marketing programmes, as well as technical training, often with a greater and more geographically dispersed sales force.
	 EMPLOYEES Corero employees are a key resource, dedicated to creating, selling and supporting solutions that protect Corero's customers from the increasing threat of DDoS attacks.		Employees seek opportunities for personal development and career progression, a culture of inclusion and diversity, compensation and benefits, and the ability to make a difference within Corero.



EVERY DAY CORERO IS INTERACTING WITH CUSTOMERS AND PROSPECTIVE CUSTOMERS – INCLUDING IN TENDERS, IN TECHNICAL PRESENTATIONS, IN QUOTING, IN INVOICING, IN DEPLOYMENT, AND IN AFTER-SALES AND ONGOING CUSTOMER SUPPORT.”

CORERO'S ENGAGEMENT

Executive Directors meet with customers throughout the year and provide feedback to the Board.

Communications such as annual reports, interim reports and notices of general meetings.

Investor roadshows, Stock Exchange announcements and press releases; www.corero.com.

The Corero Partner Code of Conduct defines expectations of responsible business and behaviour.

The Board is provided with reports, including updates on performance and key partner issues. Senior management and CEO conduct quarterly review of progress of strategic partner relationships.

Corero uses various activities and forums to foster participation in Group events, and invite opinions, questions and ideas.

Regular 'All Hands' meetings are held and engagement surveys are held twice each year.

During 2024, Corero has hosted a number of employee webinars with experts covering topics such as mental health, employee well-being and mindfulness.

THE BOARD'S ENGAGEMENT

The Board reviews strategy and monitors performance during the year with the aim of meeting customers' needs more effectively.

The Board receives regular competitor updates to understand Corero's competitive performance and its strengths and weaknesses as regards meeting customer needs.

The Board attends the AGM to answer questions from shareholders.

Executive Directors meet with investors and analysts regularly to ensure a strong dialogue is maintained.

There are regular Board updates regarding partner relationships, development and engagement.

On an ongoing basis, the Board reviews Corero's key strategic partnerships.

Board members attend the employee 'All Hands' meetings where appropriate as well as other events like the Sales Kick Off event.

KEY EVENTS IN THE YEAR

Corero employees interact with customers every day – including tenders, technical presentations, quoting, invoicing, deployment, and after-sales and ongoing customer support.

Executive Directors meet with customers at regular intervals through key internal Corero events as well as industry-wide events.

The Executive Directors and the Chairman meet with shareholders at investor roadshows and forums.

The Board engaged in review of progress of strategic partner relationships.

There is regular Executive Director member engagement with Juniper, GTT and Akamai management.

Performance appraisal and objective setting processes are performed annually.

PRINCIPAL RISKS AND UNCERTAINTIES

THE GROUP HAS A NUMBER OF PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT

The Company operates a risk assessment process, which is embedded in day-to-day management and governance processes. As part of the annual planning and budgeting process, Corero management document the significant risks identified, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks.

The Board reviews the annual risk assessment including an annual assessment of the effectiveness of the Group's internal control system, comprising financial, operational and compliance controls, to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver the Company's strategy.

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness, whilst the role of management is to implement policies on risk management and control. Corero's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Company's business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group operates a series of controls to meet its needs. These controls include, but are not limited to, the annual strategic planning and budgeting process, a clearly defined organisational structure with authorisation limits, reviews by senior management of monthly financial and operating information including comparisons with budgets, and forecasts to the Board. Given the size of the Group, the Board has concluded it is not appropriate to establish a separate, independent internal audit function. The Board will keep this under review.

The Audit, Risk and Compliance Committee ('ARCC') reviews the effectiveness of internal controls. The ARCC receives reports from management and observations from the external auditors concerning the system of internal control and any material control weaknesses. Significant risk issues, if any, are referred to the Board for consideration. The Corero Risk Register, Auditor's report, assessment of the effectiveness of the internal control system and key judgements report for the Annual Report and Accounts are tabled and reviewed by the ARCC.



REVENUE GROWTH

Corero's strategy outlined on page 3 depends on delivering revenue growth to meet these ambitions. Clearly, higher order intake and related revenue growth provides the opportunity for Corero to invest further in its future. Revenue growth is highly important to deliver profitable growth for the business. Conversely, lower sales growth reduces the Company's cash resources which could impact the Company's investment in sales and marketing and product development and its other associated goals.

To deliver this order intake and, revenue growth, Corero needs to identify, meet and exceed customer needs. If Corero is not successful in identifying customer prospects with a business need Corero can solve, or developing go-to-market partner and channel partner relationships which generate revenue, this will compromise growth plans and success.

To be successful Corero is:

- Targeting service providers and enterprise buyers that need scalable, real-time DDoS protection to ensure business continuity, stay ahead of evolving threats, and support growing connectivity demands
- Aligning lead generation, sales, and product development with the needs of our targets, backed by analyst insights and market research



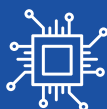
OTHER NON-PRINCIPAL RISKS AND UNCERTAINTIES

There are a multitude of other risks and uncertainties that face companies like Corero, these include: risks and uncertainties associated with local legal requirements, political and geographic risk, the enforceability of laws and contracts, changes in tax laws, terrorist activities, wars and invasions, natural disasters and other types of health epidemics.



PEOPLE

To grow and address the challenges resulting from technology change and innovation in the DDoS protection market, the Company needs to retain and recruit the required sales, business development, and software development skills. Corero operates in a high-growth cyber security market and if it is unable to recruit and retain the right skills this will compromise growth plans. Consequently, Corero targets paying salaries in the upper quartile for comparable positions.



TECHNOLOGY CHANGE AND INNOVATION

The DDoS mitigation market is competitive and characterised by changes in technology, customer requirements and new product introductions and improvements. Cybersecurity and DDoS attacks are constantly evolving and changing as attackers develop new methods and tools to evade defences.

Corero is focused on its chosen markets and delivering continuous innovation by adding new DDoS attack defences and new machine learning and artificial intelligence capabilities, and striving to provide market-leading solutions to secure customers from the threat of DDoS attacks.



MARKET AWARENESS

Corero is a leader in adaptive, cost-effective DDoS protection. Competing against larger, established vendors, Corero differentiates through real-time mitigation, seamless integration, and a commitment to service availability. To accelerate market awareness and drive growth, Corero continues to invest in targeted digital marketing, lead generation, and strategic brand initiatives. By strengthening the Company's presence in key markets, Corero empowers more organisations to defend against evolving threats - ensuring resilience, security, and peace of mind.

CORERO ASPIRES TO CARRY OUT ITS BUSINESS TO THE HIGHEST ETHICAL STANDARDS

We treat customers, partners, suppliers and employees in a professional, courteous and honest manner.

We are committed to complying with ESG requirements and Corero is dedicated to improving the security and availability of the internet for all.

CORERO'S CULTURE AND VALUES

We seek to live our culture and values every day, in a dynamic and professional manner.

Our defined values are:



Customers First



Technology Leadership & Innovation



Operational Excellence



Integrity



Employee Empowerment & Team Work

In common with most intellectual property technology businesses, we know that the expertise, experience, and passion of our employees is genuinely what makes our products and services market-leading. For example, Corero's Security Operation Centre ('SOC') comprises a team of highly experienced security analysts whose role it is to assist our customers' IT and security teams to mitigate the growing number of increasingly sophisticated DDoS attacks. This service and customer support offering is therefore an important competitive differentiator.

Corero's Engineering and Product teams work very closely to evolve the Group's product offering and ensure that Corero's product suite is at the forefront of technology available to our customers. With developments of the CORE ecosystem during FY 2024, there has been significant development in this space.

Corero prides itself on being a great place to work – we empower our employees to develop and grow, and held a number of employee well-being seminars during 2024 to support our teams, as well as conducting bi-annual employee engagement surveys to understand the views of employees.

CORERO'S APPROACH TO RESPONSIBLE BUSINESS IN SOCIETY

Corero recognises that long-term success is underpinned by good relations with its key stakeholders, both external (partners, suppliers, customers, shareholders, regulators and others) and internal (employees). As part of Corero's annual planning and budgeting process, the

Company identifies its stakeholders and their respective needs, interests and expectations. In addition, the strategy for engaging with these stakeholder groups is formulated and implemented.

Corero values feedback from its stakeholders and proactively endeavours to address any matter identified. Feedback is gathered from: customers and partners relating to Corero's products and services in an ongoing, continuous manner; shareholders, through investor relations roadshows; and employees as a part of regular 'All Hands' meetings.

During FY 2024, Corero has engaged closely with customers, partners, shareholders and investors through a number of events throughout the year. Invited customers and partners attended Corero's inaugural Sales Leadership Summit in May 2024, while Carl Herberger and Chris Goulden met with shareholders and investors at a number of investor events including the Planet Microcap conference in Las Vegas, and the Cannacord Annual Growth Summit in Boston and London.

EMPLOYEES, DIVERSITY AND INCLUSION AND EMPLOYEE INTERACTION

Corero's employees are the Group's most important asset. The continued and sustained development of the Company relies on its ability to retain and attract high calibre employees and Corero is proud to have many experienced and talented employees.

The Corero Equal Opportunities Policy ensures that all job applicants and employees are treated fairly, no matter what age, race, colour, gender, religion or beliefs, sexual orientation, marital or partner status, ethnic origin or community, disability, and without favour or prejudice. We are committed to applying this policy throughout all aspects of employment, recruitment and selection, training, development and promotion.

The Corero Equal Opportunity Policy has been developed to maintain the following policy objectives:

- To provide a safe and welcoming environment, in which individuals are valued, included and respected.
- To advance equality of opportunity.
- To eliminate unfair discrimination.
- To foster good relations between different groups of people.

We are an increasingly international, multi-cultural and diverse organisation. For example, a number of our UK-based software engineers are drawn from local universities but also sponsored on EU skilled-migrant visas. Inclusion is the practice of providing everyone with equal access to opportunities and resources. We believe employees find an environment of understanding and respect at Corero, where voices and opinions are heard and carefully considered. This is made easier by the relatively flat hierarchy and agile nature of the business and the values we share. Corero's global management team meets face-to-face at least four times each year to focus on strategic goals and performance, and to drive results across the organisation.

Employees are regularly informed of matters concerning their interest and the financial factors affecting the Company. The Company uses company-wide forums such as All Hands meetings to communicate matters as well as team and individual meetings. Employees are offered a number of benefits such as an extra day of holiday on their birthday, a comprehensive leave policy, as well as private medical insurance, enhanced parental leave and remote and flexible working arrangements.

ENVIRONMENTAL SUSTAINABILITY

Corero has identified the following UN Sustainable Development Goals ('SDGs') most applicable to its activities listed in the table below.

Corero is committed to promoting sustainability. We aim to lead, follow and to promote good sustainability practice, to carry out our operations in a way which manages and minimises any adverse environmental impacts from our activities. For many years Corero has operated a flexible remote working policy before remote working was necessitated by the COVID-19 pandemic. We aim to mitigate unnecessary travel and the impact on climate change.

Our products are used by thousands of businesses throughout the world to protect against disruptions that could have adverse economic, health, well-being and environmental consequences. Disruptions may emanate from individuals, groups, corporates or state-sponsored actors.

Corero is committed to reducing our resource consumption where possible. Furthermore, employees are encouraged to be environmentally aware. For example, Corero encourages the reuse or recycling of office waste, including paper, packaging, computer supplies and redundant equipment. Company cars are not provided. Wherever possible we seek to ensure that waste materials are disposed of in an environmentally safe manner and in accordance with regulations. We aim to provide materials such as marketing collateral in a paperless, digital way.

ETHICAL BUSINESS

Corero is committed to the fundamental values of integrity, transparency and accountability. We have a zero-tolerance policy with regard to bribery and corruption with reporting mechanisms in place. Corero adopts and enacts an Ethics and Anti-Bribery Policy to record the ethical way in which we conduct business and to make our ethical standards clear to everyone, including those with whom we do business, which includes resellers, agents and distributors as well as our customers. Corero provides training to all its employees on Anti-Bribery and Corruption.

STRATEGIC REPORT SIGN-OFF

In accordance with Section 414D(1) of The Companies Act 2006, the Strategic Report on pages 26 to 41 is signed by order of the Board.

Emma Rockey
COMPANY SECRETARY

31 March 2025

UN SD Goals

How Corero contributes

Good Health and Well Being



Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development. We are committed to our people and their well-being and are proud of our supportive, collaborative culture and strong values.

Quality Education



Obtaining a quality education is the foundation to improving people's lives and sustainable development. Corero's DDoS protection is favoured by many research and educational network customers as a secure way to deliver and promote their objectives.

Decent Work and Economic Growth







Sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards. Corero's DDoS protection protects the remote working practices, being a key feature of post-COVID-19 pandemic ways of working for most employers.

Peace, Justice and Strong Institutions



Conflict, insecurity, weak institutions and limited access to justice remain a great threat to sustainable development. Corero's solutions provide cyber protection against nefarious activities from individuals, crime and state-sponsored terrorist groups. Corero's vision is an internet connected world where every business, application and individual is protected from DDoS attacks.

BOARD OF DIRECTORS

<p>Jens Montanana NON-EXECUTIVE CHAIRMAN</p>  <div> <div>N</div> <div>R</div> </div>	<p>Richard Last INDEPENDENT NON-EXECUTIVE DIRECTOR*</p>  <div> <div>N</div> <div>R</div> <div>A</div> </div>	<p>Peter George INDEPENDENT NON-EXECUTIVE DIRECTOR</p>  <div> <div>N</div> <div>R</div> </div>	<p>Andrew Miller NON-INDEPENDENT NON-EXECUTIVE DIRECTOR</p>  <div> <div>A</div> <div>N</div> </div>
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APPOINTED

6 August 2010

22 May 2008

3 January 2019

1 June 2020

BACKGROUND & EXPERIENCE

Jens has spent the majority of his over 30-year career in the technology industry with considerable operational and commercial experience in the resale and distribution of information technology hardware and software solutions. He is the founder and CEO of Datatec Limited, established in 1986 and which listed on the Johannesburg Stock Exchange in 1994. 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 IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999 for \$246 million. He has previously served on the boards and sub-committees of various public companies.

Richard has over 20 years' senior experience in information technology having worked at board level for a number of publicly quoted and private companies in the technology sector. He is a Fellow of the Institute of Chartered Accountants in England and Wales ('FCA').

*Richard Last is a Corero shareholder and has been a Non-executive Director of the Company for over 10 years; his independence has been considered by the Board. The Board is satisfied that Richard Last operates in an independent manner and is independent.

Peter George is a US-based executive with over 30 years' experience in the IT networking and cybersecurity industry.

He has a successful track record as CEO of leading IT network and security companies and provides sales and marketing leadership experience to the Board.

Until late 2024, Peter was the CEO of Evolv Technology, a US-based leader in human security screening. Prior to that he was President and CEO of empow cybersecurity, a market innovator in AI, machine learning and advanced security analytics. Prior to empow, between 2008 and 2017, he was President and CEO of Fidelis Cybersecurity, a leading US-based Advanced Threat Defense business. Before joining Fidelis, Peter was President and CEO of Crossbeam Systems, a market leader in Unified Threat Management. Prior to that he was the President of Nortel Networks' enterprise business where he was responsible for growing a \$2 billion and 5,000 employee voice and data business in EMEA.

Andrew Miller was until 31 May 2020 the CFO of the Company. He was until February 2025, CFO of Mycom, a telecoms SaaS provider and prior to that up to January 2022 the CFO and COO of C5 Capital Limited, an investment firm investing in the secure data ecosystem including cybersecurity, cloud infrastructure, data analytics and space, and CFO of the Haven Group, a private equity backed cyber security services provider. Prior to joining Corero, Andrew 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. 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. Andrew is a Chartered Accountant with over 20 years' experience in the technology industry.

CURRENT APPOINTMENTS

CEO of Datatec Limited and Director of various Datatec Limited subsidiary companies.

Director of Tribal Group plc, a technology company, and Iomart Group Plc, a cloud solutions company. Richard is also a Director of a number of private companies.

None.

None.

N Nomination Committee

R Remuneration Committee

A Audit, Risk and Compliance Committee

Chair of Committee

Rob Scott
INDEPENDENT
NON-EXECUTIVE DIRECTOR



N
R
A

17 April 2024

Rob Scott currently serves as Managing Director of Strategic Relationships for Venture Lending at Avid Bank, leveraging his extensive industry expertise and strong connections with venture capital and private equity firms. He is also the co-founder of Let's Go Racing, a consultancy that forges winning partnerships between innovative brands and motorsport teams to drive commercial success. Additionally, Rob sits on the board of Altaeros - an autonomous aerostat supporting both government and commercial applications - and serves as Chairman and Board Member at Trilio, a next-generation data protection and recovery solution for scale-out cloud architectures. He is also a member of the Customer Advisory Board at Fortinet, a global leader in cybersecurity.

Previously, Rob served as CEO of Cygiant, Inc., a cyber security services provider that specialised in helping organisations hunt, detect, and respond to cyberthreats. After its acquisition by SilverSky, he transitioned to the role of Chief Strategy Officer with a focus on strategic partnerships. Rob also led Bradford Networks - a network security company later acquired by Fortinet - and Clique Intelligence, a software platform for data sharing and collaboration. Earlier in his career, he held the role of Vice President of Worldwide Sales and Marketing at HP ProCurve Networking, joining through its 2008 acquisition of Colubris Networks Inc., where he served as President and CEO.

Managing Director of Avidbank Holdings Inc, Chairman and Director of Trilio Data Inc.

Carl Herberger
CHIEF EXECUTIVE OFFICER



1 January 2024

Carl Herberger, CEO of Corero Network Security, brings over 25 years of cybersecurity leadership experience. As an internationally recognised expert, he has held executive roles at top security firms including Radware, Evolve IP, Allied InfoSecurity, and most recently as Principal Security Consultant and virtual CISO.

Among his many achievements, Carl received the Technology Executive of the Year award in 2019 and helped establish the US Air Force's first cyber warfare unit during his time as an intelligence officer. As CEO, he leverages his deep expertise across all facets of cybersecurity to lead Corero's corporate strategy and help Corero's customers manage risk and build resilient systems capable of withstanding today's cyber threats.

Director of Trustle Inc, a technology company.

Ashley Stephenson
CHIEF TECHNOLOGY OFFICER,
CHIEF PRODUCT OFFICER



6 September 2013

Ashley Stephenson ('CTO/CPO') first joined Corero Network Security as Executive Vice President of the Network Security division, with responsibility for product and solution strategy in March 2012, and was appointed Chief Executive Officer of Corero in January 2013. In May 2019, after the successful introduction of the Company's SmartWall product line, he transitioned to the role of CTO and in 2025 has also assumed the role of CPO. As a global IT industry executive and internet technology entrepreneur, Ashley has worked in the United States, Europe and Asia. His previous experience includes: CEO of Reva Systems, and CEO of Xedia Corporation. Ashley began his career at IBM Research & Development in the UK. He is a graduate of Imperial College, London with a degree in Physics and is an Associate of the Royal College of Science.

Director of Eyealike, Inc. and StepVest LLC.

Emma Rockey CA
COMPANY SECRETARY



15 July 2024

Emma Rockey joined Corero as Group Financial Controller in August 2023, and brings nearly 20 years of finance, technical and governance expertise to the Group. Emma qualified as a chartered accountant with EY in 2008 and subsequently moved to Melbourne, Australia with the firm. Emma spent six years at SEEK Ltd, an ASX50 global and highly acquisitive group in a number of senior financial reporting and governance roles during a time when the group was scaling and grew to be a \$1 billion company. Subsequent to this, Emma spent three years in leadership roles at PKF, followed by two years at newly listed Control Bionics Ltd, building their finance team from the ground up following listing on the ASX. Emma returned to the UK in 2022 and spent time at Acential plc before joining Corero.

Emma is a member of the Institute of Chartered Accountants of Scotland.

Director of Corero Network Security (UK) Ltd & Corero Group Services Ltd.

CHAIRMAN'S CORPORATE GOVERNANCE INTRODUCTION



THE BOARD IS COMMITTED TO CONTINUE TO UPHOLD HIGH STANDARDS OF CORPORATE GOVERNANCE, ENHANCING SHAREHOLDER VALUE, AND ENGAGING IN AN OPEN AND TRANSPARENT MANNER WITH ALL OF THE GROUP'S STAKEHOLDERS."

Jens Montanana
CHAIRMAN

BOARD COMMITMENT TO GOVERNANCE

The Board is committed to continue to uphold high standards of corporate governance, enhancing shareholder value, and engaging in an open and transparent manner with all of the Group's stakeholders.

The Board therefore supports and is committed to the principles of the QCA Corporate Governance Code. Details of our governance processes and procedures are set in out in the following pages.

BOARD LEADERSHIP AND EFFECTIVENESS

The Board recognises that to remain effective it must ensure that it has the right balance of skills, experience, knowledge and independence to enable it to discharge its duties and responsibilities. The Directors believe in the necessity for open debate in the boardroom and consider that existing Board dynamics and processes encourage honest, constructive and open debate with the Executive Directors. We conduct internal Board evaluation reviews to monitor that the Corero Board is operating effectively. In June 2024, an internal Board effectiveness evaluation was conducted with a range of areas covered such as vision and strategy, communications, meeting stakeholder expectations, Board skills and balance, and overall view of performance and development. It was pleasing that all aspects of the Board evaluation showed improvement from the 2023 assessment, with highlights reflecting how the current

Board is working cohesively as a group and with the executive management team. The Board also recognises that diversity can be improved across our members.

OUR CULTURE AND VALUES

We recognise the importance of our values and how we live them within our culture. The Board undertakes informal enquiries of employees to ensure our values are upheld and promoted to maintain a healthy corporate culture. Board meetings held at Corero's office locations in the UK and US provide the Board with the opportunity to informally interact with employees.

BOARD COMPOSITION

Carl Herberger was appointed CEO and joined the Board of Directors on 1 January 2024. Following Carl's appointment to the Board, I stepped back from the role as Executive Chairman of the Company and returned to my role as Non-Executive Chairman, effective 1 January 2024.

Rob Scott joined the Board of Directors in April 2024 and brings a wealth of experience across cyber security internationally, sales & marketing, people and governance. Phil Richards resigned from the Board effective 12 July 2024.

STAKEHOLDER ENGAGEMENT

We seek to maintain an open dialogue with all stakeholders including shareholders, customers, partners, suppliers and our employees. Details of our stakeholders along with the forms of engagement undertaken by the Board are set out on pages 26 to 27.

In this context, I would like to give my continued thanks to our institutional and private investors for their continued support; to all wider stakeholders including our customers, strategic partners and suppliers; and thank all our employees for their determination, professionalism and commitment to Corero.

LOOKING FURTHER AHEAD

Corero has delivered a solid performance in 2024 with growth reflected across all of our key metrics. Under the strong leadership of Carl Herberger as CEO, Corero has improved sales execution with an enhanced sales team and continued development of the dynamic product suite. The Board maintains its confidence that Corero is well positioned to capitalise on the strong forecast growth expected in the DDoS market. We will continue to invest in 2025 to deliver our strategic goals with the objective of creating long-term value for all our stakeholders.

Jens Montanana
CHAIRMAN

31 March 2025

QCA CODE COMPLIANCE

As an AIM-listed company, Corero adopts the principles of the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long-term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust. The following explains how Corero follows those QCA Code principles:

1	Establish a strategy and business model to promote long-term value for shareholders	Corero's strategy is focused on being the leader in real-time, high performance DDoS protection and scaling the business for profitability through revenue growth. Corero's product strategy is prevention of downtime in the event of a DDoS attack, eliminating the need for operator intervention, and enabling service providers to deliver added value to their customers by offering DDoS protection services.	For more information please see pages 4 and 5.
2	Seek to understand and meet shareholder needs and expectations	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our full year and half-yearly results roadshows. The full Board is available at the AGM to communicate with shareholders.	For more information please visit: http://www.corero.com/about/investor-relations
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	Shareholders, our customers, partners and employees are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback requests.	For more information please see page 30 and 31.
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	Ultimate responsibility for risk management rests with the Board. Day-to-day management of risk is managed through the strong processes and controls in place throughout the organisation, and the positive culture embedded across the Company.	For more information please see pages 32 and 33.
5	Maintain the Board as a well-functioning, balanced team led by the Chair	The Board has a well-established Chair along with three established Committees: Audit, Risk and Compliance Committee; Nomination Committee; and Remuneration Committee. The composition and experience of the Board is reviewed primarily by the Nomination Committee.	For more information please see pages 36, 37 and 39 – 45.
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of the cyber security market, international markets and growth organisations.	For more information please see pages 36, 37 and 39 – 45.
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the senior management team. An annual Board effectiveness review is undertaken to enable the Board to stand back and assess its strengths and areas for development.	For more information please see page 42.
8	Promote a corporate culture that is based on ethical values and behaviours	Corero recognises the importance of culture and values across the organisation, and the importance that employees play in upholding the Company's values of Customers first; Technology leadership & innovation; Operational excellence; and Integrity. These values are reinforced via training and performance management.	For more information please see pages 34 and 35.
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations. The Board is satisfied that the necessary controls and resources exist within the Company to enable these responsibilities to be met.	For more information please see pages 40 – 45.
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The investors section of our website includes our Annual Report, results, presentations, notice of AGM and results of the AGM and general meetings.	For more information please visit: http://www.corero.com/about/investor-relations

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND RESPONSIBILITIES

The Board sets Corero's overall strategic direction, reviews management performance and ensures that the Company has the necessary financial and human resource in place to meet its objectives. Operational management of the Company is delegated to the Chief Executive Officer. The Chairman is responsible overall for adherence to the QCA Code, and ensures this through effective chairing of Board meetings, and regular review of the Group's governance processes and procedures.

The Board comprises the Non-executive Chairman, three independent Non-executive Directors, one non-independent Non-executive Director and two Executive Directors whose Board and Committee responsibilities are set out below:

	Non-executive/ Executive Director	Board	Audit, Risk and Compliance Committee	Remuneration Committee	Nomination Committee
Jens Montanana	Non-executive	Chairman		Member	Chairman
Peter George ¹	Non-executive	Member		Member	Member
Richard Last ²	Non-executive	Member	Member	Member	Member
Andrew Miller ³	Non-executive	Member	Chairman		Member
Robert Scott ⁴	Non-executive	Member	Member	Chairman	Member
Ashley Stephenson	Executive	Member			
Carl Herberger ⁵	Executive	Member			

1 Stepped down from Audit, Risk and Compliance Committee on 30 January 2024.

2 Chairman of Audit, Risk and Compliance Committee until 7 June 2024.

3 Appointed as Chairman of Audit, Risk and Compliance Committee on 7 June 2024.

4 Appointed Director on 17 April 2024. Appointed Chairman of Remuneration Committee on 7 June 2024.

5 Appointed Director on 1 January 2024.

One-third of all Directors are subject to annual reappointment by shareholders, as well as any Director appointed to the Board in the period since the last AGM, and any Non-executive Director whose tenure is more than nine years or whose independence is the subject of Board judgement. Jens Montanana, Peter George and Richard Last will be offering themselves for re-election at the forthcoming AGM.

The Corero Board members' biographies and their relevant experience, capabilities and skills and are set out on pages 36 and 37.

BOARD BALANCE AND INDEPENDENCE

The composition of the Board is reviewed regularly. Appropriate training, briefings, and inductions are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience.

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including operational, commercial and technology expertise and experience. All members of the Board have more than 20 years' technology experience through investing in and working for a range of companies from start-ups to large, established technology companies, with complementary financial, commercial, sales and marketing skills.

The skills and experience of the Board are summarised in the table below:

	Technology	Cyber security	Sales and marketing	People	International	Governance	Finance
Jens Montanana	■	■	■	■	■	■	■
Peter George	■	■	■	■	■	■	■
Richard Last	■	■	■	■	■	■	■
Andrew Miller	■	■	■	■	■	■	■
Robert Scott	■	■	■	■	■	■	■
Ashley Stephenson	■	■	■	■	■	■	■
Carl Herberger	■	■	■	■	■	■	■

The Board is cognisant of the lack of gender and age diversity and plans to address this as the Company grows through its recruitment policy.

All Directors are able to take independent legal advice in relation to their duties, if necessary at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary. The Directors keep their skills up to date through a combination of their other roles (if applicable), attending appropriate training courses and seminars funded by the Company if appropriate, and by reading widely.

There are no external advisers to the Board or any of its Committees, other than the Company's joint brokers (Canaccord Genuity and Zeus).

Corero's Non-executive Chairman, Jens Montanana, is a material shareholder with an equity interest in Corero of 36.57% at 26 March 2025. His interests are strongly aligned with all shareholders.

Richard Last is a Corero shareholder with a 0.88% equity interest in Corero at 26 March 2025 and has been a Non-executive Director of the Company for over 10 years. His independence has been considered by the Board. The Board is satisfied that Richard Last operates in an independent manner and is independent.

EMPLOYMENT AND SERVICE AGREEMENTS

The Director employment and service contracts are summarised below:

- Carl Herberger and Ashley Stephenson, both Executive Directors, have employment agreements which provide for the payment of six months' base salary if the agreement is terminated by the Company without cause.
- The Non-executive Directors' letters of appointment are for 12-month terms and provide that the appointment may be terminated by either party giving to the other not less than three months' notice.

Non-executive Directors, per their letters of appointment, have a time commitment to the Company of not less than 12 days per annum including the attendance of Board meetings and the Company AGM. In addition, Non-executive Directors are expected to devote appropriate preparation time ahead of each meeting.

BOARD RESPONSIBILITIES

The Board meets, virtually or in person, on average once a quarter; additional meetings or conference calls are held as required. Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly.

The Board also ensures that the principal goal of the Company is to create shareholder value, while having regard to other stakeholder interests, and takes responsibility for setting the Company's values and standards.

The Board has a formal schedule of matters reserved to it for consideration and approval. These include:

- Strategy and management
- Responsibility for the overall strategy and management of the Company
- Approval of strategic plans and budgets and any material changes to them
- Approval of the acquisition or disposal of subsidiaries and major investments, projects and contracts
- Changes relating to the Company's capital structure
- Delegation of the Board's powers and authorities

FINANCIAL MATTERS AND INTERNAL CONTROLS

- Oversight of the Company's operations ensuring competent and prudent management, sound planning and maintenance of adequate accounting and other records.
- Approval of the annual and interim financial statements and accounting policies.
- Approval of the dividend policy.
- Ensuring an appropriate system of internal control and risk management is in place.

CORPORATE GOVERNANCE

- Review of the management structure and senior management responsibilities.
- With the assistance of the Remuneration Committee, approval of remuneration policies.
- Consideration of the independence of the Non-executive Directors.
- Receiving reports and feedback from the Company's shareholders.

The Board receives regular briefings on the Company's performance (including commentary and analysis), key issues and risks affecting the Company's business.

The Company maintains liability insurance for its Directors and Officers. The Company has also entered into indemnity agreements with the Directors, in terms of which the Company has indemnified its Directors, subject to the Companies Act limitations, against any liability arising out of the exercise of the Directors' powers, duties and responsibilities as a Director or Officer.

In the year ended 31 December 2024, the Board met, virtually or physically, on five scheduled occasions; further meetings and conference calls were held as and when necessary. Details of Directors' attendance at scheduled meetings in the year to 31 December 2024 are shown in the table below:

	Meetings attended
Jens Montanana	5/5
Peter George	5/5
Richard Last	5/5
Andrew Miller	5/5
Rob Scott	3/3
Ashley Stephenson	5/5
Carl Herberger	5/5
Phil Richards	3/3

DIRECTORS' CONFLICT OF INTEREST

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of the Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

EVOLUTION OF THE COMPANY'S GOVERNANCE FRAMEWORK

The Board will, on an ongoing basis, and as the Company's business develops and grows, review the appropriateness of the governance framework, including the composition of the Board and the need for an internal audit function, to ensure the Company delivers on its strategy and goals whilst maintaining appropriate governance structures.

BOARD PERFORMANCE AND REMUNERATION POLICY

INTRODUCTION

An annual Board effectiveness review is undertaken to enable the Board to stand back and assess its strengths and areas for development. This review is conducted internally.

The Board may refresh the performance assessment process based on external advice and if appropriate engage a third-party facilitator to assist in the performance of such effectiveness reviews every three years.

The Remuneration Committee's ('RC') remit is to measure the performance of and determine the remuneration policy relating to Directors and senior employees. To support this responsibility, it has access to professional and other advice external to the Group. Taking the performance factors into account, it then makes recommendations to the Board.

To assist the work of the RC, the views of the CEO and CFO are also invited where appropriate. However, they do not participate in any decision related to their own remuneration.

The Nomination Committee reviews and recommends nominees as new Directors to the Board. Senior management appointments are required to be approved by the RC.

The Group is committed to the governing objective of maximising shareholder value over time. Each year the remuneration framework and the packages of the Directors are reviewed to ensure they continue to achieve this objective.

The Group operates in the cyber security market which is a market with significant growth potential. It is also a competitive market with a number of companies who are significantly larger than Corero. The Group's Executive Director remuneration policy is designed to attract and retain Directors of the calibre required to maintain the Group's position in its marketplace. This is maintained through the use of bonus and share option schemes, as follows.

BONUS

A cash bonus designed to incentivise specific short-term financial goals. Goals and objectives are set for the Executive Directors based on key financial performance metrics. All Executive Directors have bonus targets for Revenue (50% of bonus) and EBITDA (25% of bonus). In addition, each Executive Director has a specific KPI which makes up the final 25% of their bonus. The Chief Executive Officer on-target bonus is set at 100% of base salary (total achievement 70%) and the Chief Technology Officer on-target bonus is set at two-thirds of base salary (total achievement 51%).

SHARE OPTIONS

Share options are granted to encourage and reward delivery of the Company's long-term strategic objectives and provide alignment with shareholders through the use of share-based incentives.

All share-based incentives offered to Directors have a three-year vesting schedule, with one-third vesting on the first anniversary of the grant/start date, a further third on the second anniversary of the grant/start date and the final third on the third anniversary of the grant/start date. Share options are granted with an exercise price set at the higher of market price or such other price as determined by the RC.

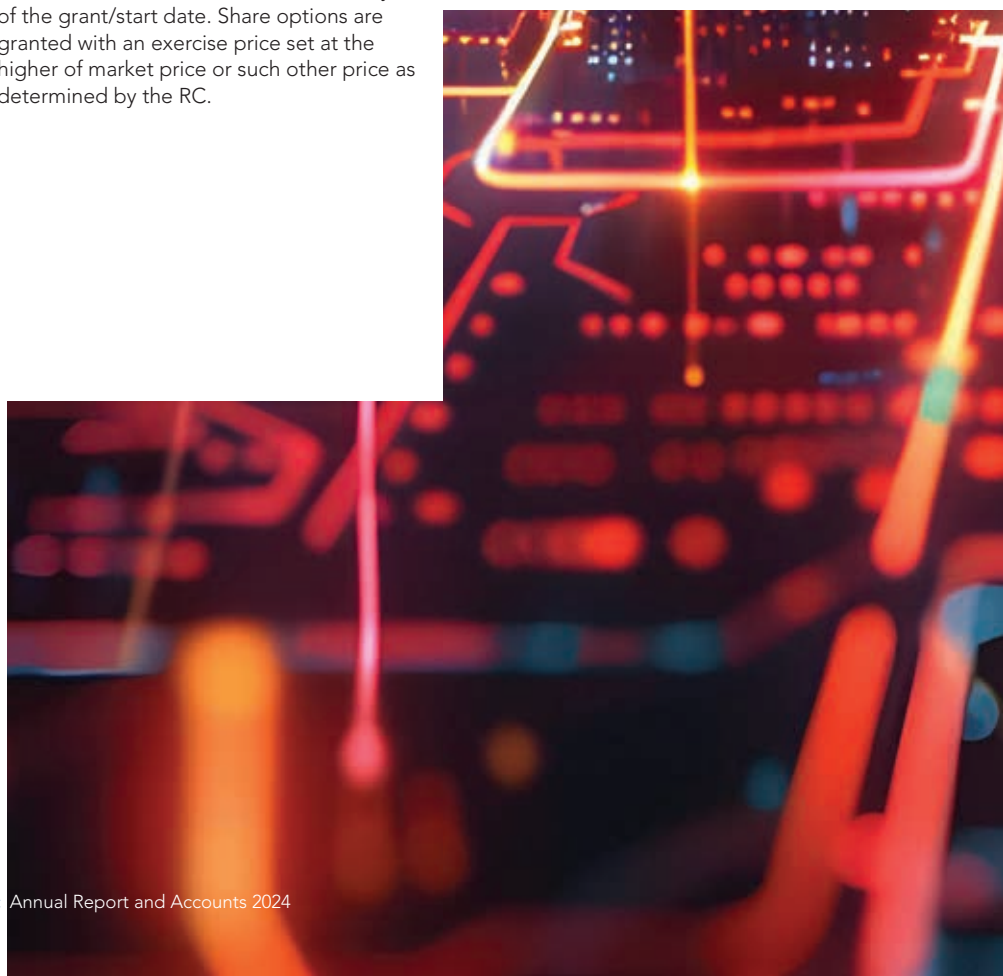
CONFLICTS OF INTEREST

The members of the RC do not have any conflicts from cross-directorships that relate to the business of the Committee. The members of the RC do not have any day-to-day involvement in the running of the Group.

BOARD CHANGES

On 17 April 2024, Rob Scott was appointed to the Board of Directors which was approved by shareholders at the AGM on 20 June 2024.

Given Corero's size, the Company does not have internal succession candidates for the Executive Directors. In the event an Executive Director replacement is required, the Company would seek to recruit a replacement through a recruitment search process. The Board is satisfied that the Company's middle management will ensure the Company's business is not adversely impacted in the period between an Executive Director leaving and a replacement being recruited.





BOARD COMMITTEE REPORTS

The Board has three established Committees:

- **Audit, Risk and Compliance Committee:** responsible for reviewing the Group's interim and year end results announcements, and the Annual Report and Accounts; determining the application of the financial reporting and internal control and risk management procedures and assessing the scope, quality and results of the external audit
- **Remuneration Committee:** responsible for the policy for the remuneration of the Executive Directors and senior management; setting the remuneration of the Executive Directors, determining the payment of bonuses to Executive Directors; and approving the Company's bonus and incentive arrangements for employees
- **Nomination Committee:** responsible for reviewing the composition, structure and size of the Board; assessing the leadership needs of the Group; and recommending nominees as new Directors to the Board

AUDIT, RISK AND COMPLIANCE COMMITTEE ('ARCC') REPORT

The ARCC members comprise Andrew Miller, who is the Committee Chairman, and members Richard Last and Rob Scott, and meets at least twice a year. The Company's Chief Financial Officer and Group Financial Controller, and the Company's external auditors attend the meetings.

Rob Scott was appointed to the ARCC on 7 June 2024.

In the year ended 31 December 2024, the ARCC met on two occasions. The attendance of individual Committee members at ARCC meetings in the year to 31 December 2023 is shown in the table below:

	Meetings attended
Andrew Miller (Committee Chairman)	2/2
Richard Last	2/2
Rob Scott	1/1

The ARCC's activities during the year, based on its terms of reference, are set out below:

- Reviewed the scope and results of the external audit, its cost effectiveness and the objectivity of the auditors through review of documentation and reporting provided to the Committee, direct discussion with the Audit Partner, and discussion with management who are directly involved with the external audit. The current auditors, MHA, have been in place for two financial years and have reconfirmed their independence ahead of the 2024 audit
- Reviewed, prior to publication, the interim financial statements, preliminary results announcement, the annual financial statements and the other information included in the Annual Report. Considered the regulatory, technical and operational risks of the Company and ensured these risks are properly assessed, monitored and reported on and the appropriate policies and procedures are in place
- Receive internal assurance as to the control framework through review and discussion with the internal finance function, and review of external audit reports to the Committee concluding on the internal control environment
- Consideration as to the effectiveness of the risk and control framework and that the processes are operating properly from discussion with key management and the external auditors

The key financial reporting judgements relating to the financial statements for the year ended 31 December 2024 which the ARCC have considered and discussed with the auditors, include:

	Financial statements note
Revenue recognition	2.4
Capitalisation of development costs	2.9 and 10
Carrying value of investments and impairment assessment	2.12, Plc 2.4 and Plc 3

The ARCC is satisfied with the treatment in the financial statements and the disclosure in the notes.

REMUNERATION COMMITTEE ('RC') REPORT

The RC comprises Rob Scott (Chairman) and members Peter George, Jens Montanana and Richard Last. The RC meets at least twice a year.

Rob Scott was appointed to the RC on 7 June 2024 and appointed Chairman on 7 June 2024. Prior to this, Peter George was Chairman of the RC.

In the year ended 31 December 2024, the RC met on one scheduled occasion; further meetings and conference calls were held as and when necessary. The attendance of individual Committee members at scheduled RC meetings in the year to 31 December 2024 is shown in the table below:

	Meetings attended
Rob Scott (Committee Chairman)	0/0*
Richard Last	1/1
Peter George	1/1
Jens Montanana	1/1

* Appointed to RC after meeting held. Peter George was Chairman for the meeting held.

The RC's activities during the year, which are based on its terms of reference, are set out below:

- Reviewed the performance of the Executive Directors and set the remuneration of the Executive Directors
- Determined the payment of bonuses to Executive Directors and approved the Company's bonus and incentive arrangements for employees
- Ensured the Company's share option schemes were operated properly and approved the share option grants to Executive Directors and employees

The remuneration of the Chairman and Non-executive Directors is decided upon by the Board.

Details of Directors' remuneration for the year ended 31 December 2024 is set out in note 22 of the financial statements.

NOMINATION COMMITTEE (‘NC’) REPORT

The NC comprises Jens Montanana (Chairman), Richard Last, Peter George, Andrew Miller and Rob Scott. The NC meets as required.

In the year ended 31 December 2024, the NC met on one scheduled occasion. The attendance of individual Committee members at NC meetings in the year to 31 December 2024 is shown in the table below:

	Meetings attended
Jens Montanana (Committee Chairman)	1/1
Richard Last	1/1
Peter George	1/1
Andrew Miller	0/0
Rob Scott	0/0

The NC’s activities during the year, which are based on its terms of reference, are set out below:

- Reviewed the composition, structure, and size of the Board
- Reviewed the leadership needs of the Group

DIRECTORS' REPORT

GROUP RESULTS

The Group's Income Statement on page 58 shows a profit after tax for the year of \$0.5 million (2023: loss of \$0.2 million).

GOING CONCERN

The financial position and cash flows are described in the Financial Review on page 26. An indication of likely future developments affecting the Group is included in the Strategic Report on pages 22 to 35.

The Directors have prepared detailed income statement, balance sheet and cash flow projections for the period to 30 June 2026 ('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 the deferral of capital expenditure, reduction in marketing and other variable expenditure alongside a hiring freeze.

The Directors have also considered the geopolitical environment, including inflationary fluctuations in some of our key markets and the conflicts 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.

DIVIDENDS

The Directors have not recommended a dividend (2023: \$nil).

SHARE CAPITAL

The issued share capital of the Company, together with details of movements in the Company's issued share capital during the financial period, are shown in note 20 to the financial statements. As at the date of this report, 512,165,134 ordinary shares of 1p each ('ordinary shares') were in issue and fully paid with an aggregate nominal value of \$7.1 million.

The market price of the ordinary shares at 31 December 2024 was 19.7p and the shares traded in the range 8.0p to 27.5p during the year (as at 31 December 2023 was 8.25p and the shares traded in the range 5.75p to 10.25p during the year ended 31 December 2023).

ISSUE OF SHARES POWERS AT THE AGM

At the AGM held on 20 June 2024, shareholders granted authority to the Board under the Articles and Section 551 of the Companies Act 2006 (the 'Act') to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount of £750,276.

Also at the AGM held on 20 June 2024, shareholders granted authority to the Board under the Articles and Section 570(1) of the Act to exercise all powers of the Company to allot equity securities wholly for cash up to an aggregate nominal amount of £508,828.47 without application of the statutory pre-emption rights contained in Section 561(1) of the Act.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified of the following holdings that are 3% or more of the Group's ordinary share capital as at 24 March 2025:

Ordinary shares of 1 pence each	Number	%
Jens Montanana*	187,300,406	36.57
Sabvest Capital Holdings Ltd**	57,500,000	11.23
Caraway Group Inc	53,600,000	10.47
Juniper Networks Inc	49,179,772	9.60
Herald Investment Trust	44,657,121	8.72
Charles Stanley private clients	22,711,564	4.43
Peter Kennedy Gain	16,378,246	3.20

* 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.

** In the FY 2023 Annual Report, Sabvest Capital Holdings Ltd was incorrectly disclosed as holding 50,000,000 shares at 9.83%. The correct amount of shares held at 31 December 2023 was 51,000,000 representing 10.02% of ordinary share capital.

DIRECTORS' SHAREHOLDINGS

	31 March 2025		31 December 2024		31 December 2023	
	Number	%	Number	%	Number	%
Jens Montanana	187,300,406	36.57	187,300,406	36.57	187,300,406	37.35
Peter George	–	–	–	–	–	–
Richard Last	4,500,000	0.88	2,500,000	0.88	2,500,000	0.50
Andrew Miller	1,091,437	0.21	1,091,437	0.21	1,091,437	0.22
Rob Scott	–	–	n/a	n/a	n/a	n/a
Phil Richards	n/a	n/a	n/a	n/a	–	–
Ashley Stephenson	38,000	0.01	38,000	0.01	38,000	0.01
Carl Herberger	1,451,027	0.28	1,344,497	0.26	1,344,497	0.27

DIRECTORS' INDEMNITIES

The Company has qualifying third-party indemnity provisions in place for the benefit of its Directors. These remain in force at the date of this report.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served in office during the year and up to the date of this report and their interests in the Company's shares were as above.

The biographical details of the current Directors of the Company are set out on pages 36 and 37.

Details of the share options held by Directors are shown in note 24 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's business activities expose it to a variety of financial risks. The policies for managing these risks are described below:

- **Liquidity risk** – arises from the Group's management of working capital and finance charges. It is a risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk is managed by the Finance function. Annual budgets are agreed by the Board, enabling the Group's cash flow requirements to be anticipated.
- **Credit risk** – arises from cash and cash equivalents and from credit exposures to the Group's customers including outstanding receivables and committed transactions. Credit risk is managed with regular reports of exposures reviewed

by management, and due diligence processes completed ahead of new contracts being signed.

The Group does not set individual credit limits but seeks to ensure that customers enter into legally enforceable contracts that include settlement terms that demonstrate the customers' commitment to the transaction and minimise this risk exposure.

The amounts of trade receivables presented in the Statement of Financial Position are shown net of allowances for doubtful accounts estimated by management based on prior experience and their assessment of the current economic environment (note 14).

The Group has no significant concentration of credit risk, with exposure spread over a number of customers.

The credit risk on liquid funds and financial instruments is limited because the counterparties are banks with acceptable credit ratings assigned by international credit rating agencies.

- **Currency risk** – there was no material impact from trading currency risk on the Group's profit or loss for the year from exchange rate movements, as foreign currency transactions are entered into by Group companies whose functional currency is aligned with the currencies in which it transacts. Exchange rate risks do arise in relation to (i) equity fund raises which are in GBP, given the Company's AIM listing, to the extent such funds are required to support US dollar denominated funding requirements, and (ii) GBP denominated obligations of the Group given the invoicing currency of the Group is US dollar denominated. The Group has not currently implemented

a policy to hedge foreign currency movements as there has been available GBP denominated funds available from debt and equity fund raises. US denominated funds received by the Group's US subsidiary have been used to fund that subsidiary during 2024 as revenues have grown. Management and the Board continue to consider implementation of a hedging policy to ensure predictability of costs for the Group's UK subsidiary which receives revenues in USD but incurs costs mainly in GBP. The Group keeps this policy under review based on the expected timing of US dollar and GBP operational funding requirements.

The principal risk which applies to the Parent Company's financial statements is the risk that the returns generated by the subsidiaries might not support the carrying value of the cost of the investments in subsidiaries. The carrying value is tested at least annually for impairment and, if necessary, impaired as appropriate.

CAPITAL MANAGEMENT

The Group monitors its available capital, which it considers to be all components of equity against its expected requirements.

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to ensure that sufficient funds can be raised for investing activities. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets. The Group does not review its capital requirements according to any specified targets or ratios.

DIRECTORS' REPORT CONTINUED

TREASURY MANAGEMENT

The objectives of Group treasury policies are to ensure that adequate financial resources are available for development of the business while at the same time managing financial risks. Financial instruments may be used to reduce financial risk exposures arising from the Group's business activities and not for speculative purposes.

The Group's treasury activities are managed by the Group Financial Controller who reports to the Board on the implementation of the Group treasury policy.

ENVIRONMENT

The Group's activities are primarily office-based and as such the Directors believe that there is no significant environmental impact arising from the Group's activities. The Group complies with local Waste Electrical and Electronic Equipment ('WEEE') regulations. No environmental performance indicators are therefore included within this report. The Group's environmental policy states: 'We endeavour to recycle appropriate materials where possible and to efficiently use natural resources and energy supplies so as to minimise our environmental impact. We will comply with the relevant statutes and legislation. Furthermore, employees are encouraged to be environmentally aware. Company cars are not provided.'

RESEARCH AND DEVELOPMENT

The development of computer software is an integral part of the Group's business and the Group continues to develop its software in response to user demand, and particularly the changing IT security threat landscape. During the year the Group enhanced the features and functionality of its existing products. A capital investment of \$3.2 million (2023: \$1.8 million) was made during the year. Amortisation of \$1.6 million (2023: \$1.5 million) and costs not capitalised of \$1.6 million (2023: £1.8 million) were charged to the Group Income Statement during the year.

EMPLOYEES

The quality and commitment of the Group's employees has played a major role in the Company's continued progress. This has been demonstrated in many ways, including strong customer satisfaction, the development of new product offerings and the flexibility employees have shown in adapting to changing business requirements. The Group operates sales commission, incentive bonus plans and share option plans to provide incentives for achievements which add value to the business.

ANNUAL GENERAL MEETING

Notice of the AGM together with details of the business to be considered will be sent to shareholders in due course.

AUDITORS

In so far as each Director is aware:

- There is no relevant audit information of which the Company's auditors are unaware
- The Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

POST YEAR END EVENTS

There have been no events that have occurred after the balance sheet date which require disclosure.

By order of the Board

Emma Rockey
COMPANY SECRETARY

31 March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards. The Directors have chosen to prepare the Company financial statements in accordance with applicable United Kingdom accounting standards, including FRS 101 Reduced Disclosure Framework ('FRS 101'). Under company law the Directors must not approve the financial statements unless they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether they have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CORERO NETWORK SECURITY PLC

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Corero Network Security plc. For the purposes of the table on pages 52 to 53 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The Group financial statements, as defined below, consolidate the accounts of Corero Network Security plc and its subsidiaries (the "Group"). The "Parent Company" is defined as Corero Network Security plc, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

OPINION

We have audited the financial statements of Corero Network Security plc for the year ended 31 December 2024.

The financial statements that we have audited comprise:

- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Statement of Cash Flows
- the Consolidated Statement of Changes in Equity
- Notes to the consolidated financial statements, including significant accounting policies
- the Company Statement of Financial Position
- the Company Statement of Changes in Equity and
- Notes to the company financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group's financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group and Parent Company's operations and specifically its business model, and the evaluation of how those risks might impact on the Group and Parent Company's available financial resources.
- Evaluating the directors' assessment of the group's ability to continue as a going concern, including testing the mechanical accuracy of the cash flow model, assessing the reasonableness of key assumptions including revenue growth, operating expenditure, and software development spend, and corroborating these to historical trends and post-period-end data.
- Consideration of availability of funds required to settle obligations, as they fall due, during the going concern review period. Assessing the reasonableness and practicality of the mitigation measures identified by management in their conservative case scenario and considered by them in arriving at their conclusions about the existence of any uncertainties in respect of going concern.
- Reviewing board meeting minutes and management reports prepared after the balance sheet date, including current trading and funding status, to identify any events which may cast significant doubt on the going concern assumption.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW OF OUR AUDIT APPROACH

Scope	Our audit was scoped by obtaining an understanding of the Group, including the Parent Company, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	2024	2023	
Group	\$450k	\$400k	1.75% of revenue (2023: 1.8% of revenue)
Parent Company	\$445k	\$300k	1% of gross assets capped at group materiality (2023: 1% of net assets capped at group materiality)
Key audit matters			
Group	<ul style="list-style-type: none"> • Risk of fraud in revenue recognition (cut off and accuracy) • Capitalisation of development costs (existence and valuation) 		
Parent Company	<ul style="list-style-type: none"> • Carrying value of investments and impairment assessment (valuation) 		

INDEPENDENT AUDITOR'S REPORT CONTINUED

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk of fraud in revenue recognition (cut off and accuracy)

Key audit matter description	<p>As detailed in note 4, the Group generated revenue of \$24.6m (2023: \$22.3m) during the year through the sale of the following products and services:</p> <ul style="list-style-type: none"> • appliance and perpetual software licenses; • software subscription licenses for a defined term; • support services for a defined term; • installation and training services; • DDoS Protection as-a-Service ('DDPaaS') for a defined term; and • SecureWatch Managed Service (enhanced security monitoring services) for a defined term. <p>The Group enters into complex multi-element contracts that include combinations of hardware, software, and services. Judgement is required in identifying distinct performance obligations and in determining the appropriate timing and allocation of revenue in accordance with IFRS 15. Additionally, the determination of standalone selling prices ('SSP'), which underpins the allocation of revenue, involves management estimates that are subject to potential bias.</p> <p>Due to the material impact of these transactions, the impact of this area on the overall audit strategy, in addition to the allocation of time and resources to this area, we considered this a key audit matter.</p>
How the scope of our audit responded to the key audit matter	<p>Our audit work included, but was not restricted to the following:</p> <ul style="list-style-type: none"> • We reviewed the group's revenue recognition policy for each revenue stream through discussions with management and examined of the Group's documentation; • We assessed whether the policies comply with UK adopted international accounting standards; • We obtained an understanding of the process, systems, and controls in place surrounding revenue recognition; • We recorded our assessment of controls and tested the design and implementation of those controls; • We substantively tested revenue recognised in the period including the allocation of the SSP to components of bundled contracts, and corroborated revenue recognised with supporting evidence; • We compared revenue recognition for similar contracts to ensure uniform application of the revenue recognition policy; • We tested balance sheet items related to revenue, including cut off for the deferred and accrued revenue balances and valuation and amortisation of the sales commission contract asset; • We identified and investigated unusual or large journal entries impacting revenue; and • We reviewed financial statement disclosures in respect of revenue.
Key observations communicated to the Group's Audit Committee	<p>Based on our audit work detailed above, nothing has come to our attention that indicates that the Group's revenue recognition accounting policy is not in line with the requirements of IFRS 15, or that revenue has not been recognised in accordance with the Group's revenue recognition policy.</p>
Capitalisation of development costs (existence and valuation)	
Key audit matter description	<p>The Group undertakes significant amounts of software development which is capitalised as intangible assets, as detailed in Note 10. Judgement is required in distinguishing between research and development phases, assessing the technical and commercial feasibility of projects, and determining whether the capitalisation criteria of IAS 38 are met, particularly regarding the probable future economic benefits of the asset.</p> <p>Due to the judgement required, material nature of these costs, and the allocation of resources in the audit to this area, we determined this to be a key audit matter.</p>

Risk of fraud in revenue recognition (cut off and accuracy)

How the scope of our audit responded to the key audit matter	<p>Our audit work included, but was not restricted to the following:</p> <ul style="list-style-type: none"> • We assessed management's accounting policy and ensured it aligned with IAS 38; • We held discussions with senior representatives across the Engineering, Product development and Finance teams to understand the key projects and releases during the year, the systems, processes and controls around the recording of capitalised costs and the key areas of judgement; • We recorded our assessment of controls and tested the design and implementation of those controls; • We substantively tested the capitalised development expenditure to ensure the definition and recognition criteria per IAS 38 were met; • We compared the recorded activity of development teams to the tasks allocated in the product development management system; • We held discussions with key team members to confirm the reasonableness of project time and allocation; • We analytically considered the completeness of recorded non-chargeable time of the development teams; • We challenged management's assumptions in their valuation of intangible assets including the need for impairment; • We evaluated the reasonableness of the useful lives of intangible assets; and • We reviewed financial statement disclosures in respect of capitalised development costs.
Key observations communicated to the Group's Audit Committee	Based on our audit work detailed above, nothing has come to our attention that indicates that the application of the Group's accounting policy in respect of capitalised development costs is not in line with the requirements of IAS 38, or that costs have not been capitalised in accordance with the policy.
Carrying value of investments and impairment assessment (valuation)	
Key audit matter description	<p>The Parent Company holds investments in its subsidiary undertakings, which are carried at cost less any impairment provisions. Impairment provisions have been recorded against these investments in previous financial years. See note 3 of the Parent Company financial statements for details.</p> <p>The investments are subject to impairment reviews, at least annually, or more regularly should circumstances require it. This involves subjective estimates in models which are forward-looking and inherently uncertain, including revenue growth assumptions, which if over estimated, could lead to material variances in the impairment reversal indicated.</p> <p>Due to the judgement involved in estimating recoverable amounts, the use of valuation models, and the audit effort required (including the involvement of valuation specialists) we determined this to be a key audit matter.</p>
How the scope of our audit responded to the key audit matter	<p>Our audit work included, but was not restricted to the following:</p> <ul style="list-style-type: none"> • We assessed management's accounting policies and ensured they aligned with the appropriate accounting standards; • We evaluated management's assessment of impairment indicators and impairment reversal; • We tested the accuracy of management's discounted cash flow ("DCF") model, including the: arithmetic, inputs, methodology and cross checking for consistency with other forecast models. • We challenged the key inputs to the DCF model, such as revenue growth rates and the discount rate: <ul style="list-style-type: none"> – We corroborated the revenue growth rates against external market data and the Group's historic performance; and – We evaluated management's discount rate against a range calculated by our specialist. • We sensitised key inputs to the DCF model to understand the impact on the valuation, and challenged management based on the results of these valuation scenarios; and • We reviewed financial statement disclosures for completeness and reasonableness of sensitivity disclosures.
Key observations communicated to the Group's Audit Committee	<ul style="list-style-type: none"> • Based on our audit work detailed above, nothing has come to our attention that indicates that the application of the Parent Company's accounting policy in respect of investments in subsidiaries is not in line with the requirements of IAS 36, or that the level of impairment provision is not in accordance with the policy.

INDEPENDENT AUDITOR'S REPORT CONTINUED

OUR APPLICATION OF MATERIALITY

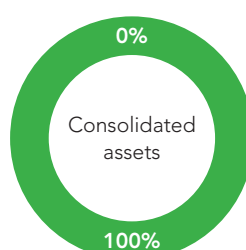
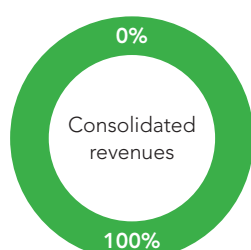
Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Group			
Overall Materiality	\$450,000 (2023: \$400,000)	1.75% (2023: 1.8%) of the Group's revenue	The Group's total revenue was deemed to be the appropriate benchmark for the calculation of Group materiality as this is the main measure by which the users of the financial statements assess the financial performance and success of the Group and is a key performance indicator identified by management.
Performance Materiality	\$315,000 (2023: \$280,000)	70% (2023: 70%) of the above materiality levels	Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.
De Minimis reporting threshold	£22,500 (2023: \$20,000)	5% of Overall Materiality	We agreed to report any corrected or uncorrected adjustments exceeding this threshold to the Audit Committee as well as differences below that in our view warranted reporting on qualitative grounds.
Parent Company			
Overall Materiality	\$445,000 (2023: \$300,000)	1% of the Parent Company's gross assets (2023: 1% of net assets)	Gross assets were deemed to be the most appropriate benchmark to set materiality as the parent primarily holds investments in the group's subsidiaries. The materiality applied to the Parent Company was capped at below group materiality to mitigate the aggregated risk of material error on consolidation.
Performance Materiality	\$311,850 (2023: \$210,000)	70% (2023: 70%) of the above materiality levels	Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.
De Minimis reporting threshold	\$22,275 (2023: \$15,000)	5% of Overall Materiality	We agreed to report any corrected or uncorrected adjustments exceeding this threshold to the Audit Committee as well as differences below that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, we identified the UK and USA trading subsidiaries as principal business units within the Group.



- Components for which audit procedures on the full financial information will be performed to defined component performance materiality.
- Audit procedures to be performed on classes of transaction and account balance to a specified performance materiality.
- Out of scope.

Full scope audits – Audits of the complete financial information of Corero Network Security plc, Corero Network Security (UK) Ltd, Corero Group Services Ltd and Corero Network Security Inc were undertaken. These entities were selected based upon their size or risk characteristics.

Coverage – The group audit approach provides 100% audit coverage of the group's revenues, operating loss before tax and total assets.

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

REPORTING ON OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Group's, including the Parent Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, AIM listing rules and tax legislation.
- We enquired of the directors and management concerning the Group's and the Parent Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks related to revenue recognition, the inappropriate capitalisation of development costs and impairment of investments.
- performed substantive procedures on the recognition and existence of revenues and the capitalisation of development costs in the period.
- the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Gandell, FCA
(SENIOR STATUTORY AUDITOR)

for and on behalf of MHA, Statutory Auditor

London, United Kingdom

31 March 2025

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Company's board meetings;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims;
 - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to capitalisation of development costs and discounted cash flow models; and

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

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CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December 2024 \$'000	Year ended 31 December 2023 \$'000
Continuing operations	Note		
Revenue	4	24,559	22,349
Cost of sales		(2,134)	(2,164)
Gross profit		22,425	20,185
Operating expenses		(21,933)	(20,201)
Consisting of:			
Operating expenses before depreciation and amortisation		(19,925)	(18,428)
Depreciation and amortisation of intangible assets	10,11	(2,008)	(1,773)
Operating profit/(loss)	5	492	(16)
Finance income		99	44
Finance costs	5	(36)	(181)
Profit/(loss) before taxation		555	(153)
Taxation charge	6	(56)	(17)
Profit/(loss) after taxation		498	(170)
Profit/(loss) after taxation attributable to equity owners of the parent		498	(170)
Basic and diluted earnings/(loss) per share		Cents	Cents
Basic earnings per share	7	0.1	0.0
Diluted earnings per share	7	0.1	0.0
EBITDA	8	2,500	1,757

The notes on pages 63 to 94 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31 December 2024 \$'000	Year ended 31 December 2023 \$'000
Profit/(loss) for the year	498	(170)
Other comprehensive income:		
Items reclassified subsequently to profit or loss upon derecognition:		
Foreign exchange differences	(49)	628
Other comprehensive income for the year net of taxation attributable to the equity owners of the parent	449	458
Total comprehensive income for the year attributable to the equity owners of the parent	449	458

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Assets			
Non-current assets			
Goodwill	9	8,991	8,991
Intangible assets	10	6,422	4,820
Property, plant and equipment	11	944	633
Leased right-of-use assets	12	139	309
		16,496	14,753
Current assets			
Inventories	13	389	96
Trade and other receivables	14	11,290	8,427
Cash and cash equivalents		5,321	5,160
		17,000	13,683
Total assets		33,496	28,436
Liabilities			
Current liabilities			
Trade and other payables	15	(4,340)	(3,902)
Lease liabilities	12	(102)	(164)
Deferred income	18	(6,861)	(4,992)
		(11,303)	(9,058)
Net current assets		5,697	4,625
Non-current liabilities			
Lease liabilities	12	(48)	(151)
Deferred income	18	(3,481)	(2,491)
		(3,529)	(2,642)
Net assets		18,664	16,737
Capital and reserves attributable to the equity owners of the parent			
Share capital	20	7,133	6,999
Share premium	21	83,290	82,430
Capital redemption reserve		7,051	7,051
Share options reserve		2,491	2,007
Foreign exchange translation reserve		(2,014)	(1,965)
Accumulated profit and loss reserve		(79,287)	(79,785)
Total shareholders' equity		18,664	16,737

These financial statements were approved and authorised for issue by the Board of Directors on 31 March 2025 and signed on their behalf.

Carl Herberger
DIRECTOR

The notes on pages 63 to 94 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31 December 2024 \$'000	Year ended 31 December 2023 \$'000
Operating activities		
Profit/(loss) before taxation for the year	555	(153)
<i>Adjustments for movements:</i>		
Amortisation of acquired intangible assets	–	2
Amortisation of capitalised development expenditure	1,588	1,504
Depreciation	467	423
Depreciation – leased assets	170	116
Assets redesignated from PPE to Cost of Sales	–	30
Finance income	(99)	(44)
Finance expense	8	164
Finance lease interest costs	28	17
Share-based payments expense	484	233
Cash generated from operating activities before movement in working capital	3,201	2,292
<i>Movement in working capital:</i>		
(Increase)/decrease in inventories	(293)	68
(Increase)/decrease in trade and other receivables	(2,863)	(1,248)
Increase in trade and other payables	3,297	2,035
Net movement in working capital	141	855
Cash generated from operating activities	3,342	3,147
Taxation paid	(56)	(17)
Net cash generated from operating activities	3,286	3,130
Cash flows from investing activities		
Investment in development expenditure	(3,190)	(1,824)
Purchase of property, plant and equipment	(789)	(812)
Finance income	99	44
Net cash used in investing activities	(3,879)	(2,592)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	994	165
Lease liability payments	(193)	(143)
Finance expense	(36)	(78)
Repayments of borrowings	–	(1,317)
Net cash generated from/(used in) financing activities	765	(1,373)
Increase/(decrease) in cash and cash equivalents	171	(835)
Effects of exchange rates on cash and cash equivalents	(10)	349
Cash and cash equivalents at 1 January	5,160	5,646
Cash and cash equivalents at 31 December	5,321	5,160

The notes on pages 63 to 94 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital \$'000	Share premium account \$'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 year	–	–	–	–	–	(170)	(170)
Other comprehensive income	–	–	–	–	628	–	628
Total comprehensive income for the year	–	–	–	–	628	(170)	458
Contributions by and distributions to owners							
Issue of share capital – exercise of options	19	146	–	–	–	–	165
Fully exercised share options	–	–	–	(3)	–	–	(3)
Share-based payments	–	–	–	233	–	–	233
Total contributions by and distributions to owners	19	146	–	230	–	–	395
31 December 2023 and 1 January 2024	6,999	82,430	7,051	2,007	(1,965)	(79,785)	16,737
(Loss)/Profit for the year	–	–	–	–	–	498	498
Other comprehensive income	–	–	–	–	(49)	–	(49)
Total comprehensive income for the year	–	–	–	–	(49)	498	449
Contributions by and distributions to owners							
Issue of share capital – exercise of options	134	860	–	–	–	–	994
Share-based payments	–	–	–	484	–	–	484
Total contributions by and distributions to owners	134	860	–	484	–	–	1,478
31 December 2024	7,133	83,290	7,051	2,491	(2,014)	(79,287)	18,664

The share capital comprises the nominal values of all shares issued. The share premium account comprises the amounts subscribed for share capital in excess of the nominal value, net of issuance costs. The capital redemption reserve comprises the amount transferred from deferred shares on redemption of the deferred shares.

The share options reserve represents cumulative share based payment charges. The foreign exchange translation reserve arises on retranslating the net assets of UK operations into US dollars. The retained earnings are all other net gains and losses and transactions with owners not recognised elsewhere.

The notes on pages 63 to 94 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Corero Network Security plc (Company number 02662978) is a public company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The functional currency of the Company entity is GBP.

Presentation currency

These consolidated financial statements are presented in US dollars ('\$') rounded to the nearest \$'000 unless otherwise stated. US dollars represents the presentational currency of the Group as all commercial activity is denominated in US dollars as per industry standards.

The average \$-GBP ('GBP') exchange rates used for the conversion of the Consolidated Monthly Income Statements for the year ended 31 December 2024 was between 1.25 and 1.32 (2023: between 1.21 and 1.29). The closing \$-GBP exchange rate used for the conversion of the Group's assets and liabilities at 31 December 2024 was 1.25 (2023: 1.27).

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The Group financial statements have been prepared in accordance with UK adopted International Accounting Standards ('UK adopted IFRS') and those parts of the Companies Act 2006 relevant to companies which report in accordance with UK adopted IFRS.

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 June 2026 ('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 and Company 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 of our 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.

2.3 Basis of consolidation

The consolidated financial statements incorporate the results, assets, liabilities, and cash flows of the Company and each of its subsidiaries for the financial year ended 31 December 2024.

Subsidiaries are entities controlled by the Group. Control is deemed to exist when the Group has all of the following elements: a) power over the subsidiary, b) exposure or rights to variable returns from that subsidiary, and c) ability to use its power to affect the amount of the return from the subsidiary. The results, assets, liabilities and cash flows of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Intra-group balances and transactions are eliminated on consolidation.

2.4 Revenue

The Group's revenue is derived from the following products and services:

- Appliance and perpetual software licences
- Software subscription licences for a defined term
- Support services for a defined term
- Installation and training services
- DDoS Protection as-a-Service ('DDPaaS') for a defined term
- SecureWatch Managed Service (enhanced security monitoring services) for a defined term

The element of DDPaaS revenues pertaining to as-a-Service assets is included in reported revenues and is recognised on a straight-line basis over the term of the contract.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Performance obligations, timing of revenue recognition and revenue recognition

Revenue is recognised when performance obligations are completed and control of the goods (appliances and software) transfer to the customer and services are delivered. Goods are shipped ex works ('EXW') from Corero, or Corero's contract manufacturer, to the customer. The point at which the performance obligation of delivery of goods is fulfilled is at the point of EXW shipment to the customer and for software at the point of electronic transfer to the customer. Standard payment terms for customers are set at 30 days.

Revenue recognised on shipment (EXW) of appliance and software products (point in time)	Appliance, perpetual software licences and software subscription licences
Revenue recognised over-time (over the term of the contract)	Support, DDPaaS and SecureWatch Managed services
Revenue recognised once the service has been delivered	Installation and training services

Determining the transaction price

The contract price is determined by reference to the Corero Sales Quotation or DDPaaS Agreement and is a fixed price. Certain DDPaaS contracts have an element of the transaction value or all of the transaction value determined by reference to a share of the customers' revenue generated from the Corero solution ('Revenue Share'). This Revenue Share revenue is recognised when the Revenue Share is determined.

Corero does not have any other variable consideration payable by the customer and does not pay any consideration to the customer. There is no provision for purchase price adjustments, right of return or price concessions.

Allocating amounts to performance obligations

For contracts containing only a single performance obligation (annual support services, DDPaaS and SecureWatch Managed Service) there is no requirement to make an allocation of the contract price.

For contracts containing multiple products, the transaction price is allocated to the separate performance obligations based on relative stand-alone selling prices ('SSP'). The SSP is determined using defined price lists and historic customer discount rates.

Incremental costs of obtaining a contract

Deferred sales commission relating to the support and DDPaaS revenue from a new sales contract is recorded in prepayments and amortised over five years. Corero follows the requirements of the IFRS 15 standard with regards to the amortisation period which requires amortisation on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The expectation, supported by historic evidence, is that customers will generally renew their support contracts for more than three years with the additional expectation of follow-on hardware and software (and associated services) business from a significant number of existing customers. Based on this, and consistent with previous treatment, Corero has assessed that a reasonable period for capitalised sales commission to be amortised is five years. Periodic customer reviews will be undertaken to ascertain if there is any evidence that the value of the customer relationship has been negatively impacted, in which case the prepayment will be appropriately written down. Applying the practical expedient, Corero recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the prepayment that Corero otherwise would have recognised is one year or less.

Fulfilment costs

Corero's principal fulfilment costs relate to the costs of the Corero customer support team which delivers the customer support services, DDPaaS services and the SecureWatch Managed services. These costs are not separately allocated or identifiable against specific customers. Therefore, these costs are recognised in the period in which they are incurred in the Consolidated Income Statement. Refer to note 14 for details of deferred commissions recognised.

Contract assets and liabilities

Contract assets arise when goods and services have been delivered and invoiced but payment is not yet due. Contract liabilities arise for future delivery of services which have been invoiced and payment is due. Contract liabilities are shown as deferred income in the Statement of Financial Position.

2.5 Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

2.6 Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grant will be received. Grants related to purchase of assets are treated as deferred income and allocated to the Consolidated Income Statement over the useful lives of the related assets while grants related to expenses are netted off against the related item of expenditure in the Consolidated Income Statement.

2.7 Cost of sales

Cost of sales includes all direct costs associated with revenue generation, including goods directly related to revenue, services delivery, operation costs, DDoS as-a-service depreciation and amounts charged by external third parties for services. Examples of such costs would include third-party appliance costs and third-party software licence costs.

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.8 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss in the Consolidated Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the consolidated financial statements, the net assets of the Group's UK operations are translated from GBP into US dollars at the exchange rate at the reporting date. Income and expense items are translated into US dollars at the average exchange rates for the period. The resulting exchange differences are recognised in the foreign exchange translation reserve and in Other Comprehensive Income.

2.9 Intangible assets

Internally generated intangible assets

The Group's internally generated intangible asset relates to its development expenditure.

Development expenditure is capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met:

- the technical feasibility of the product and its availability for use or sale has been ascertained;
- adequate technical, financial and other resources are available to complete the development and sell or use the intangible asset;
- the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- it is the intention of management to complete the intangible asset and use it or sell it; and
- the development costs can be measured reliably.

Expenditure not meeting these criteria, such as expenditure incurred on research, is expensed in the Consolidated Income Statement when it is incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortisation and any impairment losses. Amortisation is charged once the asset is capable of generating economic benefits.

Acquired intangible assets

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill, irrespective of whether the assets have been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets acquired as part of a business combination and recognised by the Group are computer software and customer relationships.

Purchased computer software is carried at cost less accumulated amortisation and any impairment losses.

Customer contracts and the related customer relationships are carried at cost less accumulated amortisation and any impairment losses.

Amortisation

Intangible assets are amortised on a straight-line basis to reduce their carrying value to zero over their estimated useful lives. The following useful lives were applied during the year:

- **Computer software acquired** – three years straight line.
- **Capitalised development expenditure** – five years straight line.

Amortisation costs are included within operating expenses in the Consolidated Income Statement. Methods of amortisation and useful lives are reviewed, and if necessary adjusted, at each reporting date.

2.10 Property, plant and equipment

Depreciation commences when an asset is available for use. Depreciation is calculated so as to write off the cost or value of an asset, net of anticipated disposal proceeds, over the useful life of that asset as follows:

- **Leasehold improvements** – period of the lease (straight-line basis).
- **Right-of-use assets** – period of the lease (straight-line basis).
- **Computer equipment, evaluation assets and DDoS Protection as-a-Service assets** – three years (straight-line basis).
- **Fixtures and fittings** – five years (straight-line basis).

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase cost of property, plant and equipment together with any directly attributable costs. Evaluation assets are used by customers during proof-of-concept trials. Evaluation assets are stated at cost less accumulated depreciation. When an evaluation asset is retained by a customer as part of a sale, the net book value of the evaluation asset is charged to cost of sales. Depreciation of DDoS Protection as-a-Service assets is charged to cost of sales.

Subsequent costs are included in an asset carrying value or are recognised as a separate asset when it is probable that future economic benefits associated with the additional expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the Consolidated Income Statement as incurred.

Methods of depreciation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and included in the Consolidated Income Statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.11 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost is computed using standard cost, which approximates to actual cost, on a first-in, first-out basis. Rapid technological change and new product introductions and enhancements could result in excess or obsolete inventory, the value of which may not be recoverable.

To minimise this risk, the Group evaluates inventory levels and expected usage on a periodic basis and records valuation allowances as required.

2.12 Impairment

At each reporting date, the Group assesses whether there is any indication that its assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs is determined.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use. The recoverable amount is calculated using the present value of the future cash flows expected to be derived from an asset or CGU. This present value is derived using a cost of capital rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Consolidated Income Statement.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised for CGUs if the recoverable amount of the CGU is less than the carrying amount of the CGU. The impairment loss is allocated to reduce the carrying amount of the assets of the CGU by first reducing the carrying amount of any goodwill allocated to the CGU, and then reducing the carrying amounts of the other assets of the CGU pro-rata.

If an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years.

A reversal of an impairment loss is recognised in the Consolidated Income Statement. Impairment losses on goodwill are not subsequently reversed.

2.13 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases with a duration of 12 months or less; and
- leases of low value assets.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received. The Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove, or restore the lease.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Lease payments are analysed between capital and interest. The interest element is charged to the Consolidated Income Statement over the period of the lease. The capital element reduces the balance owed to the lessor.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

The total rentals payable under leases which are not recognised as a right-of-use asset and a lease liability (an 'operating lease') are charged to the Consolidated Income Statement on a straight-line basis over the lease term.

2. MATERIAL ACCOUNTING POLICIES CONTINUED

2.14 Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates and laws enacted or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the financial statements (temporary differences), or because they are never taxable or deductible (permanent differences).

Deferred tax

Deferred tax on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method.

Using the balance sheet liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised as a deferred tax asset or liability.

Deferred taxation is measured at the tax rates and laws that are expected to apply when the asset is realised, or the liability settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

2.15 Post-retirement benefits

The Group makes contributions in respect of certain employees to defined contribution pension plans under which it is required to pay fixed contributions to Group and personal pension funds.

Contributions to the schemes are based on a proportion of the employees' earnings and are charged to the Consolidated Income Statement. The Group has no obligation beyond these contributions.

2.16 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

The particular recognition and measurement methods adopted for the Group's financial instruments are disclosed below:

Trade and other receivables

Trade and other receivables are stated at their fair value at time of initial recognition, reflecting, where material, the time value of money. A provision for impairment of trade receivables is established when there is evidence that the Group has an expected credit loss over the lifetime of the assets based on historical trends. The simplified approach is used for assessing the expected credit loss on trade receivables, requiring the lifetime expected credit loss to be recorded as the provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

Trade and other payables

Trade and other payables are not interest bearing and are stated at their fair value at time of initial recognition. Thereafter they are accounted for at amortised cost.

Debt obligations

Debt obligations include interest bearing bank borrowings which are stated at their fair value less transaction costs at time of initial recognition. Debt obligations are subsequently measured at amortised cost.

2.17 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of directly attributable issue costs.

2.18 Employee share option schemes

The Group operates an equity-settled share-based compensation plan. The fair value of the employees' services received in exchange for the grant of share options is measured at grant date and recognised as an expense on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is determined by reference to the Black-Scholes option pricing model. If a granted option is cancelled and regranted, the increase in fair value of the granted option measured immediately before and after the cancellation and regrant is added to the value of the employee's service received in exchange for the grant. If an option grant is cancelled, the previously recorded expense is credited to the Consolidated Income Statement.

At each reporting date, the Group revises its estimate of the number of options that are expected to become exercisable.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

2.19 Standards and Interpretations not yet effective

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Lease liability in a sale and leaseback transaction (Amendments to IFRS 16)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective in future accounting periods that the Group has decided not to adopt early as they will not have a significant impact on the presentation of the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements in applying the Group's accounting policies

In the process of applying the Group accounting policies, the following judgements have had a significant effect on the amounts recognised in the financial statements:

Internally generated research and development costs

Management monitors progress of internal research and development projects. Judgement is required in distinguishing the research phase from the development phase. Development costs are recognised as an asset when all criteria are met and a project has passed the feasibility phase, whereas research costs are expensed as incurred. Management monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain.

Going concern

The Directors have reviewed the future profit and cash flow projections in conjunction with the current economic climate in order to express an opinion on the adequacy of working capital and the ability to continue as a going concern for the foreseeable future. The methodology contained in the projections is detailed in the note 2.2.

3.2 Key accounting estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Impairment of intangible assets and property, plant and equipment

The Group tests goodwill at least annually for impairment, and whenever there is an indication that the asset may be impaired. All other intangible assets and property, plant and equipment are tested for

impairment when indicators of impairment exist. Impairment is determined with reference to the higher of fair value less costs to sell and value in use. Fair value less costs to sell is estimated using discounted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions, future growth rates and appropriate discount rates. Changes in these assumptions could affect the outcome of impairment reviews. Details of the main assumptions used in the assessment of the carrying value of the Group's CGU are set out in note 9.

Standalone Selling Price – revenue recognition

On a regular basis the Group analyses the selling prices for each deal compared to the current Standalone Selling Price ('SSP'). This analysis includes grouping similar deals based on qualitative factors such as customer profile, size, and region, together with a quantitative comparison to the then current SSP. SSP fair value prices are adjusted for future quarters if management identifies a pattern of variances of greater than 10% between actual selling prices and the then current SSP.

4. SEGMENT REPORTING

Operating segments

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 operating segment information to the Board, which management consider to be the Chief Operating Decision Maker for the purposes of IFRS 8 Operating Segments.

The Group's revenues from external customers for the country of the Group's domiciles and each individually material country (those over 10% of Group revenues) are as follows:

	2024 \$'000	2023 \$'000
United States	17,488	15,855
United Kingdom	1,756	2,122
Others	5,315	4,372
Total	24,559	22,349

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

In 2024, no individual customer accounted for over 10% of revenue. The Group's largest customer accounted for 9.0% of 2024 revenue (2023: largest customer accounted for 9.3% of revenue).

The revenue is analysed as follows for each revenue category:

	2024 \$'000	2023 \$'000
Software licence and appliance revenue	10,066	8,186
DDoS Protection as-a-Service revenue	5,912	5,599
Maintenance and support services revenue	8,581	8,564
Total	24,559	22,349

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

	2024 \$'000	2023 \$'000
Point in time delivery	10,066	8,186
Over time	14,493	14,163
Total	24,559	22,349

No unsatisfied performance obligations arise except from those revenues which are recognised over time. See note 18 for further details.

4. SEGMENT REPORTING CONTINUED

Non-current assets

The Group's non-current assets located in countries of domicile and in each material country are as follows:

	2024 \$'000	2023 \$'000
United States	10,617	9,698
United Kingdom	5,879	5,055
Total	16,496	14,753

Contract balances

	Contract assets		Contract liabilities	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
At 1 January	2,783	2,793	7,483	5,608
Transfers in the period to/from trade receivables from/to contract assets	(891)	(10)	–	–
Amounts included in contract liabilities that were recognised as revenue in the period from the opening balance	–	–	(3,217)	(4,085)
Amounts included in contract liabilities that were recognised as revenue from amounts invoiced in the period	–	–	(11,275)	(9,892)
Amounts invoiced in the period and not recognised as revenue in the period	–	–	17,351	15,852
At 31 December	1,892	2,783	10,342	7,483

5. PROFIT/(LOSS) FOR THE YEAR

The following items have been included in arriving at the Group's (loss)/profit for the year before taxation:

	2024 \$'000	2023 \$'000
Unrealised loss on intercompany loan	–	429
Finance expense – Clydesdale loan interest and fees	8	164
Finance expense – lease liability	28	17
Research and development expenditure not capitalised	1,643	1,981
Inventory recognised as an expense in cost of sales	1,011	1,354
Lease expenses for short-term leases	77	58
Amortisation of acquired intangible assets (note 10)	–	2
Research & development expenditure credit	(245)	(201)
Amortisation of capitalised development expenditure (note 10)	1,588	1,504
Depreciation of property, plant and equipment (note 11)	420	267
DDoS Protection as-a-Service asset depreciation (note 11)	217	272

Auditor's remuneration

	2024 \$'000	2023 \$'000
Remuneration received by the Company's auditor for the audit of these financial statements	132	127
The audit of the financial statements of other Group companies	48	47
	180	174

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2024 \$'000	2023 \$'000
Current tax (charge)/credit	(56)	(17)
Total	(56)	(17)

The tax assessed on the profit on ordinary activities for the year differs from the weighted average UK corporate rate of tax of 25.0% per the 2023/2024 governmental budgets (2023: 25.0%). The differences are reconciled below:

	2024 \$'000	2023 \$'000
Total tax reconciliation		
Profit/(loss) before taxation	555	(153)
Theoretical tax charge at UK corporation tax rate 23.5% (2023: 23.5%)	138	(36)
Effect of:		
– Expenditure that is not tax deductible	212	103
– R&D expenditure credits	(46)	–
– Tax losses and other temporary differences where deferred tax not recognised	(248)	(50)
Taxation charge	56	17

Factors affecting future tax charges

As at 31 December 2024, the Group's cumulative fixed asset timing differences were \$129,000 (2023: \$131,000) and no deferred tax asset has been recognised in respect of these items.

Tax losses at 31 December 2024 amounted to \$86.2 million (2023: \$88.3 million). This comprised UK tax losses of \$14.9 million and US tax losses of \$71.3 million. The utilisation of US tax losses which are all attributable to Corero Network Security, Inc. is subject to the provisions of Section 382 of the United States Treasury Internal Revenue Code of 1986, as amended. Corero Network Security, Inc did not undergo an ownership change within the meaning of Section 382 for the period 1 February 2017 to 31 December 2021, and thus \$10.8 million of the US tax losses are available at full value to set-off against future taxable profits. The utilisation of the remaining US tax losses of \$60.5 million will be subject to meeting the change of ownership test for the period prior to 1 February 2017. This test will be undertaken as and when these tax losses are required to offset against taxable profits of Corero Network Security, Inc. US tax losses expire 20 years from the end of the accounting period in which the loss arose.

UK tax losses arising in the period prior to 1 April 2017 can only be used against taxable profits of the same trade; after 1 April 2017 the losses can be used against total Company profits.

Deferred tax assets of \$3.7 million (2023: \$3.65 million) relating to the UK tax losses (applying a tax rate of 25.0% to tax losses expected to unwind after 1 April 2023, the rate substantively enacted on 10 June 2021) and the deferred tax assets of \$15.0 million (2023: \$15.5 million) relating to the US tax losses and taxable temporary fixed asset differences (applying a tax rate of 21.0%) have not been recognised due to uncertainties as to the extent and timing of their future recovery.

7. EARNINGS PER SHARE

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year plus the number of ordinary shares to be issued from the exercise of attributable share options.

	2024 \$'000	2023 \$'000
Basic Earnings per share		
From profit/(loss) for the year	0.1	0.0
Diluted Earnings per share		
From profit/(loss) for the year	0.1	0.0

	2024			2023		
	Profit \$'000	Weighted average number of 1p shares Thousand	Profit per share Cents	Loss \$'000	Weighted average number of 1p shares Thousand	Loss per share Cents
Basic earnings/(loss) per share						
From profit/(loss) for the year	498	509,096	0.1	(170)	500,221	0.0
Diluted earnings/(loss) per share						
Basic earnings/(loss) per share	498	509,096	0.1	(170)	500,221	0.0
Dilutive effect of share options	–	56,383	–	–	–	–
Diluted earnings per share	498	565,479	0.1	(170)	500,221	0.0

8. KEY PERFORMANCE MEASURES

EBITDA

Earnings before interest, tax, depreciation and amortisation ('EBITDA') is defined as earnings from operations before interest, tax, depreciation and amortisation charges. The following is a reconciliation of EBITDA for the periods presented:

	Year ended 31 December 2024 \$'000	Year ended 31 December 2023 \$'000
Profit/(loss) before taxation	555	(153)
<i>Adjustments for:</i>		
Finance income	(99)	(44)
Finance expense	8	164
Finance lease interest costs	28	17
Depreciation – owned assets	250	151
Depreciation – right-of-use assets	170	116
Amortisation of acquired intangible assets	–	2
Amortisation of capitalised development expenditure	1,588	1,504
EBITDA	2,500	1,757

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. GOODWILL

Group

	\$'000
Cost	
At 1 January 2024	17,983
At 31 December 2023	17,983
At 31 December 2024	17,983
Impairment	
At 1 January 2023	(8,992)
At 31 December 2023	(8,992)
At 31 December 2024	(8,992)
Carrying amount	
At 1 January 2023	8,991
At 31 December 2023	8,991
At 31 December 2024	8,991

Goodwill is tested at least annually for impairment and when there are indications that goodwill might be impaired.

Goodwill is allocated to the Group's single cash generating unit ('CGU'), Corero Network Security ('CNS').

The recoverable amount for the CNS CGU was determined based on a discounted cash flow calculation to calculate fair values less costs to sell using cash flow projections over a five-year period (2023: 10-year period). The discounted cash flow approach is a level 3 fair value calculation in the IFRS 13 fair value hierarchy.

The key assumptions for the discounted cash flow calculation are those regarding revenue growth and discount rates as summarised in the table below and commented on below:

	2024	2023
Forecast cash flow period	Years 1-2	Years 1-2
Extrapolated cash flow period	Years 3-5	Years 3-10
Cumulative annual growth rate ('CAGR') for revenue used for the forecast/extrapolated periods	14.0%	9.5%
Growth rates ('CAGR') used for the forecast/extrapolated periods:		
Year 1-2 (forecast period)	14.0%	9.0%
Years 3-5 (extrapolated period)	14.0%	15.0%
Years 6-10 (extrapolated period)	n/a	6.5%
Revenue growth rate used beyond the extrapolated period	3.3%	2.5%
Discount rate	13.7%	18.5%

The pre-tax cash flows for the forecast period are derived from the most recent financial budget for the year ending 31 December 2025 ('2025 Budget') and the plan for the year ending 31 December 2026 ('2026 Plan') approved by the Board, with a sensitivity reflecting prior year experience and progress made in 2024 (9% applied to the 2025 Budget revenue and 13% to the 2026 Plan revenue). The extrapolation for the period 2027 to 2029 is based on management estimates (with the key assumptions set out below).

The future pre-tax cash flows are discounted by a WACC of 13.7% (2023: 18.5%).

The key assumptions underlying the cash flow projections and which the recoverable amount is most sensitive to are (i) the revenue growth rates forecast and extrapolated for the period 2027 to 2029 (ii) and the discount rate.

The cash flow forecasts assume a CAGR revenue growth of 14% in the period 2027 to 2029 (2023: 15% for the period 2025 to 2029) and the period 2030 to 2034 now falls into the terminal value part of the calculation (2023: 6.5% for the period 2029 to 2033). The cash flow forecasts reflect a sensitivity of 9% applied to the CNS 2025 Budget revenues and a sensitivity of 13% applied to the 2026 Plan revenues (and a sensitivity of 5% to 2025 and 2026 operating costs and capital expenditure) reflecting prior year experience. The management of the Group believe these growth rates are appropriate for the forecasts given the significant progress the business made in 2024, the strategy for 2025 which is focused on accelerated go-to-market strategy and continued investment in current and new products. This strategy is expected to deliver further increases in revenue in the forecast period.

9. GOODWILL CONTINUED

The assumed growth rates are supported by the fact that the IT security market is forecast to grow strongly for the foreseeable future. The DDoS market is expected to reach \$9.6 billion by 2029 (Source: Verified Market Research DDoS Protection and Mitigation Market Size and Forecast, 2025) – a CAGR of 13.2% during this period.

The above market growth rates used in the future cash flow assumptions reflect growth that has commenced for the Group, and which is forecast to continue with the Group's accelerated GTM strategy. In addition, the business's strategy, aside from greater sales growth penetration, is to continue to develop its product and solution offerings to retain its market leadership technological credentials in its chosen markets, thereby providing the opportunity to generate above market average growth rates.

The growth rate assumed in the period beyond the five-year extrapolation period of 3.3% is considered reasonable as historically IT spend has exceeded GDP growth.

The discount rate is based on a cost of equity using the Capital Asset Pricing Model with the key inputs being a risk-free interest rate estimate of 4.55% (based on 10-year US government bonds) (2023: 4.0%), comparable company betas, an equity risk premium of 6.7% (2023: 6.2%), and small company risk premium of 4.5% (2023: 4.5%). The WACC has been initially assessed based on that fact that the Group had no debt at 31 December 2024 (31 December 2023: nil), and adjusted to reflect an appropriate market rate for WACC if the Group were to hold debt at this time. The WACC used in the valuation reflects current market assessments of the time value of money and the risks specific to the Group.

As stated above, the valuation to support the value in use of the CNS CGU is sensitive to changes in the cash flow forecasts and the discount rate assumptions, and there is no absolute guarantee that the expected growth will be achieved. If the discount rate is increased from 13.7% to 48%, this would mathematically result in an impairment of the carrying value of goodwill of \$9 million meaning the goodwill would be fully impaired. If the sensitivity of 9% applied to the CNS 2025 Budget and 13% to the 2026 Plan revenues (and sensitivity of 5% to CNS 2025 Budget and 2026 Plan operating costs and capital expenditure) was increased to 35% for both the CNS 2025 Budget and 2026 Plan revenues (and sensitivity of 17% to both CNS 2025 Budget and 2026 Plan operating costs and capital expenditure), this would mathematically result in an impairment of the carrying value of goodwill of \$9 million meaning the goodwill would be fully impaired.

Apart from the considerations in determining the value in use of the CNS CGU extensively described above, the management of the Group is not currently aware of any other reasonably possible changes that would necessitate changes in its key estimates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. INTANGIBLE ASSETS

	Capitalised development expenditure \$'000	Computer software \$'000	Customer relationships \$'000	Total \$'000
Cost				
At 1 January 2023	25,768	6,017	197	31,982
Additions	1,824	–	–	1,824
At 31 December 2023 and at 1 January 2024	27,592	6,017	197	33,806
Additions	3,190	–	–	3,190
At 31 December 2024	30,782	6,017	197	36,996
Amortisation				
At 1 January 2023	(21,268)	(6,015)	(197)	(27,480)
Charge for year	(1,504)	(2)	–	(1,506)
At 31 December 2023 and at 1 January 2024	(22,772)	(6,017)	(197)	(28,986)
Charge for year	(1,588)	–	–	(1,588)
At 31 December 2024	(24,360)	(6,017)	(197)	(30,574)
Net book value				
At 31 December 2024	6,422	0	0	6,422
At 31 December 2023	4,820	–	–	4,820
At 1 January 2023	4,500	2	–	4,502

During the year ended 31 December 2024, \$3.2 million of costs were capitalised in relation to development expenditure (2023: \$1.8 million) and amortisation of \$1.6 million was charged (2023: \$1.5 million).

Capitalised development expenditure relates to ongoing development by the Company in the following areas:

- SmartWall ONE product development – Corero's Engineering team develop and enhance Corero's SmartWall ONE product and the cost of this development time is capitalised accordingly. \$2.3 million of cost was capitalised during 2024 (2023: \$1.8 million). A key development during the year related to the launch of the Company's new hardware appliance, Network Threat Detector ('NTD') 3400, a 400G enhancement to the SmartWall ONE DDoS protection appliance. Assets used in the development of the 400G product suite have also been capitalised; \$0.5 million of asset cost was capitalised during 2024 (2023: nil).
- Corero Observability & Resiliency Ecosystem ('CORE') product development – Corero's new SaaS cloud-based availability protection platform was launched in late 2024, with development being capitalised throughout the year. A highly adaptive innovation, CORE will deliver advanced defence capabilities, providing greater flexibility and cost-efficiency to keep organisations secure. \$0.2 million of cost was capitalised during 2024 (2023: nil).
- Threat Research Team ('TRT') product development – Corero's TRT generates new intellectual property that improves existing products and services and is used by Corero's Engineering team to upgrade product capabilities. Customers who pay for this service receive regular updates to their product for these new known threats. Other customers will receive updates when the next major release is released by the Engineering team. \$0.2 million of cost was capitalised during 2024 (2023: nil).

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Computer equipment \$'000	Sales evaluation assets \$'000	DDoS protection as-a-Service assets \$'000	Fixtures and fittings \$'000	Leasehold improvements \$'000	Right-of-use assets \$'000	Total \$'000
Cost							
1 January 2023	1,091	187	1,748	103	104	344	3,577
Additions	131	136	182	–	–	363	812
Transfers	–	(8)	8	–	–	–	–
Disposals	(403)	(105)	–	–	–	–	(508)
Foreign currency translation	8	22	37	–	1	–	68
At 31 December 2023 and at 1 January 2024	827	232	1,975	103	105	707	3,949
Additions	115	343	331	–	–	–	789
Disposals	(33)	(32)	(606)	–	–	–	(671)
Foreign currency translation	(2)	(1)	(12)	–	–	–	(15)
At 31 December 2024	907	542	1,688	103	105	707	4,052
Depreciation							
At 1 January 2023	(984)	(96)	(1,369)	(92)	(88)	(282)	(2,911)
Charge for year	(66)	(62)	(272)	(7)	(16)	(116)	(539)
Transfers	–	3	(3)	–	–	–	–
Disposals	403	75	–	–	–	–	478
Foreign currency translation	(6)	–	(28)	–	(1)	–	(35)
At 31 December 2023 and at 1 January 2024	(653)	(80)	(1,672)	(99)	(105)	(398)	(3,007)
Charge for year	(105)	(141)	(217)	(4)	–	(170)	(637)
Disposals	33	24	606	–	–	–	663
Foreign currency translation	1	7	7	–	–	–	12
At 31 December 2024	(724)	(190)	(1,279)	(103)	(105)	(568)	(2,969)
Net book value							
At 31 December 2024	183	352	409	–	–	139	1,083
At 31 December 2023	174	152	303	4	–	309	942
At 1 January 2021	107	91	379	11	16	62	666

DDoS Protection as-a-Service assets' depreciation is charged to cost of sales.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. LEASES

Right-of-use assets

	2024 \$'000	2023 \$'000
Right-of-use asset	707	707
Accumulated depreciation	(568)	(398)
Total carrying amount of Right-of-use assets	139	309

Reconciliation of the carrying amount of lease assets at the beginning and end of the current and previous financial years are set out below:

	2024 \$'000	2023 \$'000
Opening carrying amount	309	62
Additions	–	363
Depreciation	(170)	(116)
Closing carrying amount	139	309

The Group leases buildings for its offices under agreements of two to four years with, in some cases, options to extend. Options to extend current leases have not been included in lease calculations as the Group did not have sufficient certainty at the time of commencement of the lease as to whether such options would be taken up. On renewal, the terms of the leases will be renegotiated.

The current lease on the US office in Marlborough, Massachusetts ends on 31 March 2025. In January 2025, an extension was agreed to this lease for a further 5 years and 2 months, now ending on 31 May 2030 on favourable terms. The new Right-of-Use Asset and Lease Liability will be recognised in the 2025 financial year.

During the prior year, the Group entered into a lease agreement with Keysight Technologies for lease of equipment by the Corero Engineering department. This lease was recognised as a Right-of-Use Asset addition of \$218,000 in the year, with a corresponding lease liability recognised. The lease runs for 36 months ending 31 July 2026. Carrying amount of the Right-of-Use Asset at 31 December 2024 is \$118,000 (2023: \$187,000).

Lease liabilities

	2024 \$'000	2023 \$'000
At 1 January	315	78
Additions	–	363
Payments	(193)	(143)
Interest cost	28	17
At 31 December	150	315

	2024 \$'000	2023 \$'000
Within 1 year	102	164
Between 2 and 5 years	48	151
At 31 December	150	315

The Directors consider that the carrying amount of lease liabilities approximates to their fair value. All lease liabilities are held in US dollars within the Group.

13. INVENTORIES

	2024 \$'000	2023 \$'000
Gross inventory	454	160
Less: provision for impairment	(65)	(64)
Net inventory	389	96

Net inventory comprises finished goods and raw materials. The value of inventory recognised as an expense in cost of sales was \$1.0 million (2023: \$1.4 million).

14. TRADE AND OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Trade receivables	4,407	2,306
Contract assets (note 4)	1,892	2,783
Less: provision for impairment of trade receivables*	(314)	(25)
Net trade receivables	5,985	5,064
Other debtors	778	179
Prepayments	2,922	1,827
Deferred commissions	1,605	1,357
	11,290	8,427

* The movement has not been presented in the Consolidated Income Statement as the charge is not considered material.

None of the Company's trade and other receivables are secured by collateral or on a credit enhancement (2023: None).

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss ('ECL') for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on a similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced over a two-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified gross domestic product growth rates, unemployment rates and inflation rates as the key macroeconomic factors in the countries in which the Group operates. The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group assesses the credit risk and credit worthiness of potential customers on a case by case basis.

During 2024, a specific provision has been recognised for \$0.3 million in relation to three invoices which are at risk at 31 December 2024. No further ECL provision has been recognised or released in the year. During the year, \$0.5 million of deferred commission was amortised (2023: \$0.4 million). On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for trade receivables:

	61-90 days past due	91-120 days past due	121+ days past due
2024			
Expected credit loss rate	0.574%	0.574%	0.574%
Year end balances outstanding	166	72	2,088*
Adjusted year end balance	166	72	60
Expected credit loss allowance	1	–	–

*\$1.7m of this amount relates to invoices with multi-year payment terms which are not due yet and so have been excluded from any ECL provision calculations. \$0.3m of this amount has been provided for already and so has also been excluded from the calculations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. TRADE AND OTHER RECEIVABLES CONTINUED

	61-90 days past due	91-120 days past due	121+ days past due
2023			
Expected credit loss rate	0.274%	0.274%	0.274%
Year end balances outstanding	83	40	48
Adjusted year end balance	83	40	48
Expected credit loss allowance	-	-	-

The maturity profile of trade and other receivables is set out in the table below:

	2024 \$'000	2023 \$'000
In one year or less, or on demand	8,769	6,914
In more than one year, but not more than five years	2,520	1,513
	11,290	8,427

The analysis of trade and other receivables by foreign currency is set out in the table below:

	2024 \$'000	2023 \$'000
US dollars	8,429	6,200
UK pound sterling	2,861	2,227
	11,290	8,427

The Group's foreign currency receivables are denominated in the functional currency of the subsidiaries in which they arise. There is no impact on the result for the year from exchange rate movements on such financial instruments.

An asset of \$1.6 million is held in relation to Deferred commissions at 31 December 2024 (2023: \$1.4 million). Amortisation of \$0.4 million was charged to the income statement in FY 2024 (2023: \$0.4 million).

15. TRADE AND OTHER PAYABLES

	2024 \$'000	2023 \$'000
Trade payables	1,574	1,399
Other payables	114	619
Accruals	2,652	1,884
	4,340	3,902

None of the Group or Company's trade and other payables are secured by collateral or credit enhancements.

The Directors consider that the carrying amount of trade and other payables approximates their fair value. 70% (2023: 74%) of the trade and other payables are due in less than three months.

The analysis of trade and other payables by foreign currency is set out in the table below:

	2024 \$'000	2023 \$'000
US dollars	2,998	2,123
UK pound sterling	1,342	1,779
	340	3,902

The Group's foreign currency payables are denominated in the functional currency of the subsidiaries in which they arise. There is no impact on the result for the year from exchange rate movements on such financial instruments.

16. BORROWINGS

There are no external borrowings held by the Group at 31 December 2024 (2023: nil). The RCF was closed in February 2024 with all fees due paid at that time.

17. FINANCIAL INSTRUMENTS

The Group's financial instruments are categorised as shown below:

	Book Value 2024 \$'000	Book Value 2023 \$'000
Financial assets		
Trade and other receivables	6,763	5,243
Cash	5,321	5,160
	12,084	10,403
	Book Value 2024 \$'000	Book Value 2023 \$'000
Financial liabilities		
Trade and other payables	(4,340)	3,902
Lease liabilities	(150)	315
	(4,490)	4,217

For the purpose of this note financial assets – trade and other receivables exclude prepayments.

The Group manages liquidity and credit risk in line with the financial risk management objectives and policies as set out on page 32.

At the present time the Group does not have significant exposure interest rate risk. There are no differences between the fair values and book values held by the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. CONTRACT LIABILITIES

	2024 \$'000	2023 \$'000
Current	6,861	4,992
More than one year but less than five years	3,481	2,491
	10,342	7,483

The Group's contract liability balance will be recognised as revenue evenly over the remaining term of the service and support agreements in place. The service and support agreements expire at various times throughout the year with no particular seasonality.

19. PENSIONS

The Group's pension arrangements are operated through defined contribution schemes.

Defined contribution schemes

	2024 \$'000	2023 \$'000
Defined contribution pension costs	303	245

20. SHARE CAPITAL

Authorised share capital

The authorised share capital comprises 745,821,970 (2023: 745,821,970) ordinary shares of 1 penny ('p') (1.4 cents ('c')) each.

Issued ordinary share capital

	\$'000
1 January 2023	
499,953,971 ordinary shares of 1p each	6,980
230,000 ordinary shares of 1p each	3
1,344,497 ordinary shares of 1p each	16
31 December 2023	
501,528,468 ordinary shares of 1p each	6,999
300,000 ordinary shares of 1p each	4
7,000,000 ordinary shares of 1p each	88
500,000 ordinary shares of 1p each	6
1,000,000 ordinary shares of 1p each	13
1,833,333 ordinary shares of 1p each	23
3,333 ordinary shares of 1p each	–
31 December 2024	
512,165,134 ordinary shares of 1p each	7,133

21. SHARE PREMIUM

	\$'000
1 January 2023	82,284
<i>Issued by way of option exercises</i>	
230,000 ordinary shares of 4.25p each (5.37c)	13
<i>Issued by way of new shares allotted to CEO</i>	
1,344,497 ordinary shares of 8p each (9.9c)	133
31 December 2023	82,430
<i>Issued by way of option exercises</i>	
300,000 ordinary shares of 4.25p each (5.4c)	16
7,000,000 ordinary shares of 4.25p each (5.4c)	375
500,000 ordinary shares of 5.75p each (7.2c)	36
1,000,000 ordinary shares of 12.0p each (15.0c)	150
1,833,333 ordinary shares of 12.0p each (15.4c)	283
3,333 ordinary shares of 5.75p each (7.5c)	–
31 December 2024	83,290

Consideration received in excess of the nominal value is included in share premium, less registration, commission, and professional fees. Transaction costs amounted to \$5,000 during 2024.

22. EMPLOYEES AND DIRECTORS

Employee expenses, including Directors, during the period

	Total 2024 \$'000	Total 2023 \$'000
Wages and salaries	13,758	12,694
Social security costs	1,184	1,355
Share-based payments	484	336
Other pension costs	303	245
	15,729	14,630

Average monthly numbers of employees (including Directors) employed

	2024 Number	2023 Number
Sales and marketing	29	25
Technical, support and services	48	43
Management, operations and administration	10	8
	87	76

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. EMPLOYEES AND DIRECTORS CONTINUED

Directors, being the Key Management Personnel

2024	Salary & fees \$'000	Bonus \$'000	Benefits \$'000	Pension \$'000	Subtotal \$'000	Options \$'000	Company National Insurance Contributions \$'000	Total 2024 \$'000
Directors								
Ashley Stephenson	373	126	21	4	524	-	10	534
Andrew Miller	41	-	-	-	41	-	4	45
Carl Herberger ¹	350	247	27	4	628	362	10	1,000
Jens Montanana	40	-	-	-	40	-	-	40
Peter George	43	-	-	-	43	-	-	43
Phil Richards ²	128	-	-	7	135	(3)	17	149
Richard Last	41	-	-	-	41	-	4	45
Rob Scott ³	33	-	-	-	33	-	-	33
	1,049	373	48	15	1,485	-	45	1,889

1 Carl Herberger was appointed to the Board effective 1 January 2024 and his remuneration has been pro-rated accordingly.

2 Phil Richards resigned from the Board effective 12 July 2024 and his remuneration has been pro-rated accordingly.

3 Rob Scott was appointed to the Board effective 17 April 2024 and his remuneration has been pro-rated accordingly.

2023	Salary & fees \$'000	Bonus \$'000	Benefits \$'000	Pension \$'000	Subtotal \$'000	Options \$'000	Company National Insurance Contributions \$'000	Total 2023 \$'000
Directors								
Ashley Stephenson	369	186	6	-	561	11	10	582
Andrew Miller ¹	234	-	-	-	234	-	32	266
Jens Montanana	41	-	-	-	41	11	-	52
Lionel Chmielewsky ²	587	-	3	-	590	-	147	737
Peter George	36	-	-	-	36	11	-	47
Richard Last	35	-	-	-	35	11	3	49
Phil Richards ³	63	31	3	4	101	13	15	129
	1,365	217	12	4	1,598	57	207	1,862

1 Andrew Miller held the position of interim COO for the period from 1 March to 31 August 2023.

2 Lionel Chmielewsky resigned as a Director of the Company on 28 February 2023.

3 Phil Richards was appointed to the Board effective 21 September 2023 and his remuneration has been pro-rated accordingly.

Bonus payments of \$373,000 were awarded to Directors in respect of the year to 31 December 2024 (2023: \$267,000).

Carl Herberger and Ashley Stephenson both have employment agreements with a wholly owned subsidiary of the Company which provides for the payment of six months' base salary if the agreement is terminated by the Company without cause.

Rob Scott became a Director on 17 April 2024 and his remuneration has been included in the above table from date of appointment to the Board. Phil Richards joined the Company on 21 November 2022 and was appointed to the Board as a Director effective 21 September 2023. This remuneration has been included in the above tables from date of appointment to the Board until date of resignation on 12 July 2024.

Carl Herberger joined the Company on 13 November 2023 and was appointed to the Board as a Director effective 1 January 2024. This remuneration has been included in the above table from date of appointment to the Board.

Andrew Miller has a non-interest bearing Director's Loan of \$72,000 (2023: \$72,000) which is repayable in August 2030. Andrew Miller was appointed Interim Chief Operating Officer on 1 March 2023 until 1 October 2023.

23. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2024. At 31 December 2023, there was a contingent liability disclosed in relation to a grant awarded to Corero Network Security (UK) Limited from Scottish Enterprise for £600,000 in December 2015. Any monies became repayables if grant terms were breached within 5 years of the final grant payment date, being 14 March 2019. Grant terms were not breached and therefore this contingent liability is not longer recognised at 31 December 2024.

24. SHARE OPTIONS

The Company has the following share option schemes:

- Enterprise Management Incentive Scheme for its employees, which has been approved by HMRC.
- Executive Enterprise Management Incentive Scheme, which has been approved by HMRC.
- Unapproved Share Option Scheme.
- Deferred Payment Share Plan.

Options granted have a three-year vesting period, vesting one-third on the first anniversary of grant, one-third on the second anniversary of grant and one-third on the third anniversary of grant. Shares acquired on the exercise of an option may not be sold until the expiry of the second anniversary following the date of option grant. With the exception of options granted in April 2017 to Directors which include a revenue growth performance vesting condition, there are no vesting conditions for options granted.

If an option holder ceases to be in employment or hold office within the Group, options granted shall immediately lapse unless such cessation is because of the option holder's death; the option holder's ill health or disability; the Company that employs the option holder ceasing to be under the control of the Company or such company ceasing to be within the Group; the transfer of sale of the undertaking or part-undertaking in which the option holder is employed to a person who is neither under the control of the Company nor within the Group; or any other reason that the Board in its absolute discretion shall determine.

On a cessation of employment or office as set out above, options shall be exercisable to the extent they have vested according to the terms of the option agreement and the provisions of the relevant share option scheme and must be exercised within 30 days following such cessation unless otherwise determined by the Board or if such cessation is by reason of death, in which case the option holder's personal representatives must exercise the option within 12 months following the date of the option holder's death.

For option agreements granted post June 2020 and subject to the approval of the Board, where an option holder has, as at the date of the grant, been employed by a Group Company for a period of at least three years and whose employment is terminated either: (a) by the Company other than for cause; or (b) by resignation on the part of the option holder, such option holder shall be entitled to retain the options granted under the option agreement following the effective date of the termination and such retained options shall continue to vest and be exercisable by the option holder in accordance with the vesting terms set out in the agreement.

At 31 December 2023, a contingent liability was disclosed in relation to a grant awarded to Corero Network Security (UK) Ltd by Scottish Enterprise for £600,000 in December 2015. If grant terms were breached within five years from the final grant payment date (being 14 March 2015), any monies became repayable. A contingent liability is therefore no longer recognised at 31 December 2024.

Share options granted at 31 December 2024 were as follows:

Option holders	Date granted	Expiry date	Exercise price – pence (cents)	At 1 January 2024	Granted	Exercised	Forfeit/ cancelled	At 31 December 2024
Enterprise Management Incentive Scheme								
Other Holders	April 2019	April 2029	8.4p (10c)	10,000	–	–	–	10,000
	April 2020	April 2030	4.2p (5c)	347,500	–	–	–	347,500
	June 2020	June 2030	5.3p (7c)	5,990,500	–	(300,000)	–	5,690,500
	September 2020	September 2030	7.8p (10c)	5,000	–	–	–	5,000
	October 2020	October 2030	9.0p (12c)	12,500	–	–	–	12,500
	January 2021	January 2031	13.0p (18c)	510,000	–	–	–	510,000
	September 2022	September 2032	10.8p (12c)	390,000	–	–	–	390,000
	April 2023	April 2033	6.8p (8c)	155,000	–	(3,333)	–	151,667
	April 2024	April 2034	9.0p (11c)	–	200,000	–	–	200,000
	September 2024	September 2034	19.3p (25c)	–	150,000	–	–	150,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. SHARE OPTIONS CONTINUED

Option holders	Date granted	Expiry date	Exercise price – pence (cents)	At 1 January 2024	Granted	Exercised	Forfeit/ cancelled	At 31 December 2024
Executive Enterprise Management Incentive Scheme								
Andrew Lloyd	April 2017	April 2027	8.0p (10c)	2,083,333	–	–	–	2,083,333
Phil Richards	April 2023	April 2033	6.8p (8c)	1,500,000	–	(500,000)	(1,000,000)	–
	September 2023	September 2033	7.1p (9c)	500,000	–	–	(500,000)	–
Chris Goulden	May 2024	May 2034	12.5p (16c)	–	1,500,000	–	–	1,500,000
Unapproved French Share Option Scheme								
Lionel Chmielewsky	June 2020	June 2030	5.3p (7c)	7,000,000	–	(7,000,000)	–	–
	January 2021	January 2031	13.0p (18c)	333,333	–	–	–	333,333
Unapproved Share Option Scheme								
Jens Montanana	April 2017	April 2027	8.0p (10c)	994,000	–	–	–	994,000
	May 2018	May 2028	13.6p (18c)	425,000	–	–	–	425,000
	October 2018	October 2028	11.0p (14c)	400,000	–	–	–	400,000
Richard Last	April 2017	April 2027	8.0p (10c)	450,000	–	–	–	450,000
	June 2017	June 2027	13.6p (18c)	180,000	–	–	–	180,000
	October 2018	October 2028	11.0p (14c)	200,000	–	–	–	200,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	–	350,000
Andrew Lloyd	April 2017	April 2027	8.0p (10c)	580,001	–	–	–	580,001
	June 2017	June 2027	13.6p (18c)	200,000	–	–	–	200,000
Ashley Stephenson	June 2020	June 2030	5.3p (7c)	7,919,000	–	–	–	7,919,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	–	350,000
Andrew Miller	June 2020	June 2030	5.3p (7c)	5,775,000	–	–	–	5,775,000
Peter George	January 2019	January 2029	11.3p (15c)	750,000	–	–	–	750,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	–	350,000
Carl Herberger	November 2023	November 2033	9.0p (11c)	11,533,492	–	–	–	11,533,492
Rob Scott	April 2024	April 2034	11.8p (15c)	–	750,000	–	–	750,000
Other holders	May 2014	May 2024	25.0p (42c)	670,666	–	–	(670,666)	–
	September 2016	September 2026	22.5p (33c)	5,000	–	–	–	5,000
	October 2018	October 2028	11.0p (14c)	50,000	–	–	–	50,000
	September 2019	September 2029	2.5p (3c)	100,000	–	–	–	100,000
	April 2020	April 2030	4.2p (5c)	205,000	–	–	–	205,000
	April 2020	April 2030	4.2p (5c)	50,000	–	–	–	50,000
	June 2020	June 2030	5.3p (7c)	4,423,500	–	–	–	4,423,500
	January 2021	January 2031	13.0p (18c)	410,000	–	–	–	410,000
	January 2022	January 2032	13.0p (18c)	4,260,000	–	(2,833,333)	(1,416,667)	10,000
	September 2022	September 2032	10.8p (12c)	400,000	–	–	(200,000)	200,000
	April 2023	April 2033	6.8p (8c)	245,000	–	–	–	245,000
	April 2024	April 2034	9.0p (11c)	–	500,000	–	–	500,000
	September 2024	September 2034	19.3p (25c)	–	500,000	–	–	500,000
				60,112,825	3,600,000	(10,636,666)	(3,787,333)	49,288,826

The closing mid-market price for the Company's shares at 31 December 2024 was 19.70p (24.7c) (2023: 8.25p (10.5c)) and the low and high for the year was 8.0p (10.0c) and 27.5p (34.4c) (2023: 5.5p (7.0c) and 10.6p (13.5c)).

In the 12 months to 31 December 2024, 10,636,666 options were exercised (2023: 230,000) and 3,787,333 options were forfeited (2023: 1,491,667). The weighted average share price at date of exercise was 11.70p (14.7c).

Share options granted at 31 December 2023 were as follows:

Option holders	Date granted	Expiry date	Exercise price – pence (cents)	At 1 January 2023	Granted	Exercised	Forfeit/ cancelled	At 31 December 2023
Enterprise Management Incentive Scheme								
Other Holders	April 2019	April 2029	8.4p (10c)	10,000	–	–	–	10,000
	September 2019	September 2029	2.5p (3c)	5,000	–	–	(5,000)	–
	April 2020	April 2030	4.2p (5c)	357,500		–	(10,000)	347,500
	June 2020	June 2030	5.3p (7c)	6,220,500	–	(230,000)	–	5,990,500
	September 2020	September 2030	7.8p (10c)	10,000	–	–	(5,000)	5,000
	October 2020	October 2030	9.0p (12c)	12,500	–	–	–	12,500
	January 2021	January 2031	13.0p (18c)	535,000	–	–	(25,000)	510,000
	September 2022	September 2032	10.8p (12c)	410,000	–	–	(20,000)	390,000
	April 2023	April 2033	6.8p (8c)	410,000	155,000	–	–	155,000
Executive Enterprise Management Incentive Scheme								
Andrew Lloyd	April 2017	April 2027	8.0p (10c)	2,083,333	–	–	–	2,083,333
Phil Richards	April 2023	April 2033	6.8p (8c)	–	1,500,000	–	–	1,500,000
	September 2023	September 2033	7.1p (9c)	–	500,000	–	–	500,000
Unapproved French Share Option Scheme								
Lionel Chmielewsky	June 2020	June 2030	5.3p (7c)	7,000,000	–	–	–	7,000,000
	January 2021	January 2031	13.0p (18c)	500,000	–	–	(166,667)	333,333
Unapproved Share Option Scheme								
Jens Montanana	April 2017	April 2027	8.0p (10c)	994,000	–	–	–	994,000
	May 2018	May 2028	13.6p (18c)	425,000	–	–	–	425,000
	October 2018	October 2028	11.0p (14c)	400,000	–	–	–	400,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	(350,000)	–
Richard Last	April 2017	April 2027	8.0p (10c)	450,000	–	–	–	450,000
	June 2017	June 2027	13.6p (18c)	180,000	–	–	–	180,000
	October 2018	October 2028	11.0p (14c)	200,000	–	–	–	200,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	–	350,000
Andrew Lloyd	April 2017	April 2027	8.0p (10c)	580,001	–	–	–	580,001
	June 2017	June 2027	13.6p (18c)	200,000	–	–	–	200,000
Ashley Stephenson	June 2020	June 2030	5.3p (7c)	7,919,000	–	–	–	7,919,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	–	350,000
Andrew Miller	June 2020	June 2030	5.3p (7c)	5,775,000	–	–	–	5,775,000
Peter George	January 2019	January 2029	11.3p (15c)	750,000	–	–	–	750,000
	January 2021	January 2031	13.0p (18c)	350,000	–	–	–	350,000
Carl Herberger	November 2023	November 2033	9.0p (11c)	–	11,533,492	–	–	11,533,492

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. SHARE OPTIONS CONTINUED

Option holders	Date granted	Expiry date	Exercise price – pence (cents)	At 1 January 2023	Granted	Exercised	Forfeit/ cancelled	At 31 December 2023
Unapproved Share Option Scheme continued								
Other holders	April 2013	April 2023	25.0p (38c)	100,000	–	–	(100,000)	–
	May 2014	May 2024	25.0p (42c)	670,666	–	–	–	670,666
	September 2016	September 2026	22.5p (33c)	5,000	–	–	–	5,000
	October 2018	October 2028	11.0p (14c)	50,000	–	–	–	50,000
	September 2019	September 2029	2.5p (3c)	100,000	–	–	–	100,000
	April 2020	April 2030	4.2p (5c)	405,000	–	–	(200,000)	205,000
	April 2020	April 2030	4.2p (5c)	50,000	–	–	–	50,000
	June 2020	June 2030	5.3p (7c)	4,423,500	–	–	–	4,423,500
	September 2020	September 2030	7.8p (10c)	0	–	–	–	–
	January 2021	January 2031	13.0p (18c)	485,000	–	–	(75,000)	410,000
	November 2021	November 2031	9.25p (12c)	25,000	–	–	(25,000)	–
	January 2022	January 2032	13.0p (18c)	4,260,000	–	–	–	4,260,000
	September 2022	September 2032	10.8p (12c)	910,000	–	–	(510,000)	400,000
	April 2023	April 2033	6.8p (8c)	–	245,000	–	–	245,000
				47,901,000	13,933,492	(230,000)	(1,491,667)	60,112,825

Total number of options granted to Directors

	31 December 2024 Options granted	31 December 2023 Options granted	Relevant Share Option scheme
Ashley Stephenson	8,269,000	8,269,000	Unapproved Share Option Scheme
Andrew Miller	5,915,000	5,915,000	Executive Enterprise Management Scheme and Unapproved Share Option Scheme
Jens Montanana	1,819,000	1,819,000	Unapproved Share Option Scheme
Peter George	1,100,000	1,100,000	Unapproved Share Option Scheme
Richard Last	1,180,000	1,180,000	Unapproved Share Option Scheme
Rob Scott	750,000		Unapproved Share Option Scheme
Phil Richards	–	2,000,000	Executive Enterprise Management Incentive Scheme
Carl Herberger	11,533,492	–	
	30,566,492	20,283,000	

None of the Directors holding office at the balance sheet date exercised options during the year (2023: none).

Andrew Miller has a contractual right (granted in March 2011) to purchase 140,000 ordinary shares in the Company from the Employee Share Ownership Trust at 40p per share pursuant to a grant made to him under the Deferred Payment Share Plan.

Share-based payments

The Remuneration Committee ('RC') approves the grant of share options to employees of the Group under the Group's share option schemes.

Share options are granted with a fixed exercise price which is equal to the market price at the date of the grant or higher price determined by the RC. The share options granted are required to be exercised within 10 years from the date of grant.

Share options are valued using the Black-Scholes option-pricing model.

The weighted average fair value of the options granted in the year was 5.6p (6.3c). The value of share options granted during the year was calculated using the Black-Scholes option pricing model. The following variables and ranges were used:

	2024	2023
Share price at date of grants	9.0p–19.3p (11c–25c)	6.8p–9.0p (9c–11c)
Exercise price	9.0p–19.3p (11c–25c)	6.8p–9.0p (9c–11c)
Expected volatility	41.5%–43.1%	44.7%–49.5%
Estimated years to exercise	4.0–5.0	4.0–5.0
Risk-free interest rate	3.7%–4.2%	3.7%–4.2%

The table below provides information on all options outstanding at the end of the year:

	2024	2023
Weighted average remaining contractual life	6.3 years	7.0 years
Average remaining contractual life	6.8 years	6.6 years
Options exercisable	36,565,387	42,044,889
Exercise price range	2.5p–19.3p (3c–25c)	2.5p–25p (3c–32c)
Weighted average share price	7.5p (9.4c)	7.4p (8.3c)
Weighted average exercise price	7.6p (9.6c)	7.6p (8.5c)
Expected volatility	0.2%–75.6%	0.2%–75.6%
Risk-free rate – 5-year gilt rate	-0.08%–4.2%	-0.08%–4.2%
Expected dividend yield	Nil	Nil

Volatility is calculated as the standard deviation of the closing daily share price over a period of 24 months prior to the grant date.

Operating expenses in the Group Income Statement included a charge of \$484,000 (2023: \$230,000) relating to employee share-based payments.

25. RELATED PARTIES AND TRANSACTIONS

Other than for exercises of share options, there have been no equity placings or offers in the year ended 31 December 2024 or 2023.

The Directors consider the Group's key management personnel to be the Board of Directors of the Company whose compensation is detailed in note 22.

26. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events that have occurred after the balance sheet date which require disclosure.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Assets			
Non-current assets			
Investments in subsidiaries	3	57,574	50,124
		57,574	50,124
Current assets			
Trade and other receivables	4	5,977	4,952
Cash and cash equivalents		2,156	2,544
		8,133	7,496
Liabilities			
Current liabilities			
Trade and other payables	5	20	114
		20	114
Net current assets		8,113	7,382
Net assets		65,687	57,506
Total equity attributable to owners of the parent			
Share capital		7,133	6,999
Share premium		83,290	82,430
Capital redemption reserve		7,051	7,051
Share options reserve		2,143	1,659
Foreign exchange translation reserve		(15,781)	(14,764)
Accumulated profit and loss reserve		(18,149)	(25,869)
Total equity		65,687	57,506

The Company made a profit for the year 31 December 2024 of \$7,720,000 (2023: loss of \$15,291,000).

These financial statements were approved and authorised for issue by the Board of Directors on 31 March 2025 and signed on their behalf.

Carl Herberger
DIRECTOR

The notes on pages 90 to 94 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital \$'000	Share premium account \$'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	1,465	(18,354)	(10,578)	68,848
Loss for the year	–	–	–	–	–	(15,291)	(15,291)
Other comprehensive income	–	–	–	–	3,590	–	3,590
Total comprehensive income for the year	–	–	–	–	3,590	(15,291)	(11,701)
Contributions by and distributions to owners							
Issue of share capital – exercise of options	19	146	–	–	–	–	165
Fully exercised share options	–	–	–	(3)	–	–	(3)
Share-based payments	–	–	–	197	–	–	197
Total contributions by and distributions to owners	19	146	–	194	–	–	359
31 December 2023	6,999	82,430	7,051	1,659	(14,764)	(25,869)	57,506
Profit for the year	–	–	–	–	–	7,720	7,720
Other comprehensive income	–	–	–	–	(1,017)	–	(1,016)
Total comprehensive income for the year	–	–	–	–	(1,017)	7,720	6,703
Contributions by and distributions to owners							
Issue of share capital – exercise of options	134	860	–	–	–	–	994
Share-based payments	–	–	–	484	–	–	484
Total contributions by and distributions to owners	134	860	–	484	–	–	1,478
31 December 2024	7,133	83,290	7,051	2,143	(15,781)	(18,149)	65,687

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Corero Network Security plc (Company number 02662978) is a public limited company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The functional currency of the Company entity is GBP.

Presentation currency

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

The average \$-GBP sterling ('GBP') exchange rates used for the conversion of the Monthly Income Statements for the year ended 31 December 2024 was between 1.25 and 1.32 (2023: between 1.21 and 1.29). The closing \$-GBP exchange rate used for the conversion of the Company's assets and liabilities at 31 December 2024 was 1.25 (2023: 1.27).

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The Company has taken advantage of the following disclosure exemptions:

The requirements of IFRS 2 Share-based payments, IFRS 7 Financial Instruments: Disclosures, IAS 7 Statement of Cash Flows, IAS 12 Income Taxes and IAS 24 Related Party Disclosures.

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included an income statement in these financial statements. The Parent Company's profit for the year was \$7.7 million (2023: \$15.3 million loss).

2.2 Going concern

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

The Company is a holding company and does not trade in its own right. The Company incurs expenditure, mainly in relation to professional fees on behalf of the Group.

The Company had net current assets and cash and cash equivalents as at 31 December 2024 of \$8.1 million and \$2.2 million respectively (2023: \$7.5 million and \$2.5 million respectively), and has cash and cash equivalents at the date of approval of these financial statements that were more than adequate to cover the Company's projected level of expenditure for at least the next 12 months.

The Directors are also not aware of any other significant matters in the going concern assessment period that could reasonably be expected to impact the going concern conclusion.

On this basis, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

2.3 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment provisions. Refer to note 3 in the Company financial statements for further details.

2.4 Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. The particular recognition and measurement methods adopted for the Company's financial instruments are disclosed below:

Other receivables

Other receivables are stated at their fair value at time of initial recognition, reflecting, where material, the time value of money.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

Other payables

Other payables are not interest bearing and are stated at their fair value at time of initial recognition. Thereafter they are accounted for at amortised cost.

Debt obligations

Debt obligations include interest bearing bank borrowings which are stated at their fair value less transaction costs at time of initial recognition. Debt obligations are subsequently measured at amortised cost.

2.5 Key accounting estimates and assumptions

Impairment of investments

The Directors have reviewed the cost of investments in subsidiaries of the Company with reference to current and future trading conditions. The investment in subsidiaries has been reviewed with reference to a valuation based on a discounted free cash flow, in conjunction with the goodwill impairment review, which the Directors consider to be an appropriate valuation methodology.

3. INVESTMENT IN SUBSIDIARIES

	Investment in Corero Network Security, Inc. and Corero Network Security (UK) Limited \$'000	Investment in Corero Group Services Limited \$'000	Loan note \$'000	Total \$'000
Cost				
At 1 January 2023	65,325	9,635	8,443	83,403
Additions	–	–	224	224
Repayment of Loan note	–	–	(9,089)	(9,089)
Foreign currency translation	3,374	502	422	4,298
At 31 December 2023 and at 1 January 2024	68,699	10,137	–	78,836
Additions	–	–	–	–
Foreign currency translation	(1,149)	(168)	–	(1,318)
At 31 December 2024	67,550	9,969	–	77,519
Impairment				
At 1 January 2023	(9,358)	(3,836)	–	(13,194)
Impairment charge	(10,859)	(4,069)	–	(14,928)
Foreign currency translation	(87)	(503)	–	(590)
At 31 December 2023 and at 1 January 2024	(20,304)	(8,408)	–	(28,712)
Impairment credit/(charge)	8,664	(373)	–	8,291
Foreign currency translation	337	139	–	476
At 31 December 2024	(11,303)	(8,642)	–	(19,945)
Net book value				
At 31 December 2024	56,247	1,327	–	57,574
At 31 December 2023	48,395	1,729	–	50,124
At 1 January 2023	55,967	5,799	8,443	70,209

The Company owns:

- 100% of the issued share capital of Corero Network Security, Inc. a company incorporated in Delaware, USA. The Company's business address is 293 Boston Post Road, Marlborough, MA 01752, USA. The principal business of the Company consists of the development and sale of appliance and software security products and solutions.
- 100% of the issued share capital of Corero Group Services Limited, a company incorporated and registered in England and Wales. The Company's business address is Salisbury House, 29 Finsbury Circus, London, EC2M 5QQ, England, United Kingdom. The principal business of the Company consists of providing administration services to the Group.
- 100% of the issued share capital of Corero Network Security (UK) Limited, a company incorporated and registered in England and Wales. The Company's business address is 3rd Floor, 53 Hanover Street, Edinburgh, EH2 2PJ and registered address is Salisbury House, 29 Finsbury Circus, London, EC2M 5QQ, England, United Kingdom. The principal business of the Company consists of sale of appliances and software security products and solutions, providing development and marketing services on behalf of Corero Network Security, Inc.

The Directors have reviewed the carrying value of the cost of investments in subsidiaries of the Company against the recoverable amount. The recoverable amount was determined based on a discounted free cash flow valuation to calculate fair value less costs to sell using cash flow projections over a 5 year period, which the Directors consider to be an appropriate valuation methodology. Based on the pre-tax cash flows of the investment held in Corero Network Security Inc. and Corero Network Security (UK) Limited (combined cash flows) as at 31 December 2024, an impairment credit has been recognised to the value of \$8.7 million. There is also a small impairment to the value of the investment in Corero Group Services Limited of \$0.4 million. The total impairment provision against the investment in subsidiaries was therefore \$19.9 million at 31 December 2024 (2023: \$28.7 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. INVESTMENT IN SUBSIDIARIES CONTINUED

Investment in Corero Network Security Inc. and Corero Network Security (UK) Limited

Key assumptions used in the discounted cash flow ('DCF') calculation are those regarding revenue growth and discount rates as summarised in the table below and commented on below. Refer to note 9 in the consolidated financial statements for further details about the key assumptions and sensitivities used.

	2024	2023
Forecast cash flow period	Years 1-2	Years 1-2
Extrapolated cash flow period	Years 3-5	Years 3-10
Cumulative annual growth rate ('CAGR') for revenue used for the forecast/extrapolated periods	14.0%	9.5%
Growth rates ('CAGR') used for the forecast/extrapolated periods:		
Year 1-2 (forecast period)	14.0%	9.0%
Years 3-5 (extrapolated period)	14.0%	15.0%
Years 6-10 (extrapolated period)	n/a	6.5%
Revenue growth rate used beyond the extrapolated period	3.3%	2.5%
Discount rate	13.7%	18.5%

The DCF calculation has been used to assess the level of impairment or impairment credit required to be recognised at 31 December 2024 in the investment held in Corero Network Security, Inc. and Corero Network Security (UK) Limited. The valuation to support the value of the investment held, and corresponding impairment required is sensitive to changes in the cash flow forecasts and the discount rate assumptions, and there is no absolute guarantee that the expected growth will be achieved.

The assumptions which have the greatest impact on the valuation are discount rate and revenue growth in 2025 and 2026 ('Year 1-2 (forecast period)').

If the discount rate is increased from 13.7% to 20%, this would result in an impairment of \$15 million to the carrying value of the investment held in Corero Network Security, Inc. and Corero Network Security (UK) Limited.

If forecast revenue growth for 2025 and 2026 were reduced from 14.0% to nil, this would result in an impairment of \$20.5 million to the carrying value of the investment in Corero Network Security, Inc. and Corero Network Security (UK) Limited as at 31 December 2024.

Based on the pre-tax cash flows of the investment held in Corero Network Security, Inc. and Corero Network Security (UK) Limited (combined cash flows) as at 31 December 2024, an impairment credit has been recognised to the value of \$8.7 million. Net book value of the investment held at 31 December 2024 is \$56.2 million.

Investment in Corero Group Services Limited

At 31 December 2024, net assets of Corero Group Services Limited amounted to \$1.3 million which the Directors have determined to be the value of the Company at that time. The investment held in Corero Group Services Limited at 31 December 2023 was \$1.7 million. Therefore, at 31 December 2024, an additional impairment charge has been recognised against the investment in Corero Group Services Limited of \$0.4 million.

4. OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Other debtors	80	82
Prepayments	35	4
Trading amounts due from subsidiaries	5,862	4,866
	5,977	4,952

None of the Company's trade and other receivables are secured by collateral or credit enhancements (2023: None).

The maturity profile of trade and other receivables is set out in the table below:

	2024 \$'000	2023 \$'000
In one year or less, or on demand	5,977	4,952
In more than one year, but not more than five years	–	–
	5,977	4,952

The analysis of trade and other receivables by foreign currency is set out in the table below:

	2024 \$'000	2023 \$'000
US dollars	–	–
UK pound sterling	5,977	4,952
	5,977	4,952

5. OTHER PAYABLES

	2024 \$'000	2023 \$'000
Trading amounts due to subsidiaries	–	–
Other payables	20	1
Accruals	–	113
	20	114

None of the Company's trade and other payables are secured by collateral or credit enhancements.

The Directors consider that the carrying amount of trade and other payables approximates their fair value. 100% (2023: 100%) of the trade and other payables are due in less than three months. The amounts due to subsidiaries are repayable on demand.

The analysis of trade and other payables by foreign currency is set out in the table below:

	2024 \$'000	2023 \$'000
US dollars	–	–
UK pound sterling	20	114
	20	114

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. BORROWINGS

There are no external borrowings held by the Group at 31 December 2024 (2023: nil). The RCF was closed in February 2024 with all fees due paid at that time.

7. RELATED PARTIES AND TRANSACTIONS

Company key management compensation was \$nil (2023: \$nil) as the key management are employed by subsidiaries.

8. SHARE CAPITAL

Refer to Group disclosure note 20 for movements in share capital of the Company.

9. SHARE PREMIUM

Refer to Group disclosure note 21 for movements in share premium of the Company.

10. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events that have occurred after the balance sheet date which require disclosure.

GLOSSARY

5G	Fifth Generation Cellular Network Technology
Adjusted EBITDA	Represents the operating profit less unrealised foreign exchange differences on an intercompany loan, PPPL forgiveness, depreciation, amortisation and any impairment of goodwill. The Board considers the Adjusted EBITDA to be a further useful measure of profitability as it excludes other significant non-cash items in addition to classic typical EBITDA non-cash items.
AI	Artificial Intelligence
AIM	Alternative Investment Market
ARR	Annualised Recurring Revenues represents the normalised annualised recurring revenues and includes recurring revenues from contract values of annual support, software licence subscription and from DDoS Protection-as-a-Service ('DDPaaS') contracts.
CAGR	Compound Annual Growth Rate
CGU	Cash-Generating Unit
CNS	Corero Network Security
CPU	Central Processing Unit
CSPs	Communication Service Providers
DDoS	Distributed Denial of Service
DDPaaS	DDoS Protection as-a-Service
DPDK	Data Plane Development Kit
DPI	Deep Packet Inspection
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EU	European Union
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
Gross margin	Represents gross profit divided by revenue. It measures the Group's profitability before overheads.
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IoT	Internet of Things
ISA	International Standard on Auditing
MSSP	Managed Security Service Provider
Net cash	Represents cash at bank less total borrowings.
NICs	Network Interface Cards
POPs	Points of Presence
PPPL	Paycheck Protection Program Loan
Profit/(Loss) before taxation	Represents the Company's loss arising from operations, after depreciation, amortisation and any finance income or expenditure before any taxation charges or credits.
Revenue	Represents revenue from the sale of Corero solutions.
RCF	Revolving Credit Facility
R&D	Research and Development
ROI	Return On Investment
SOC	Security Operations Center
SSP	Stand-alone Selling Prices
TCO	Total Cost of Ownership
TDC	SmartWall® Threat Defense Cloud
TDD	SmartWall® Threat Defense Director
TDS	SmartWall® Threat Defense System

CORPORATE DIRECTORY

DIRECTORS

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

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The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.



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