

Corero Network Security

Strong momentum continues into 2026

FY25 results

Software and comp services

25 March 2026

Corero's audited results confirm all the key financial metrics announced in the 12 January trading update, including the exceptional Q425 order intake. With management confirming that the strong momentum in H225 has continued into Q126, we make small upward forecast revisions, though with the expectation that forecast momentum remains positive.

Year end	Revenue (\$m)	EBITDA (\$m)	PBT (\$m)	EPS (¢)	EV/sales (x)	EV/EBITDA (x)	P/E (x)
12/25	25.5	1.8	(0.3)	(0.05)	3.1	42.8	N/A
12/26e	29.5	3.4	1.0	0.15	2.7	23.0	109.0
12/27e	33.6	5.0	2.3	0.33	2.3	15.8	48.1
12/28e	38.4	7.5	4.6	0.67	2.0	10.5	24.1

Note: EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Headline figures for 2025

FY25 revenues were \$25.5m, a 4% increase y-o-y (H225: +18%) and ahead of management's guidance (\$24.0–25.5m). FY25 adjusted EBITDA of \$2.0m was comfortably ahead of the guided figure of a loss of \$1.5m to break even and in fact slightly ahead of the \$1.3m figure announced in the January trading update. FY25 order intake is confirmed at \$33.8m, an increase of 20% y-o-y. Order intake in Q425 was exceptional at +74% and led to a H225 book-to-bill of 154%, the highest in the company's history. Having seen a shift in customer purchasing towards subscription services over the year, the business was nevertheless net cash positive over H225 and ended the year with a healthy balance sheet position and net cash of \$4m.

ARR growth continues to impress

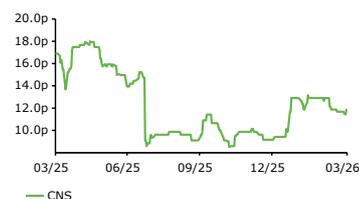
At year-end annual recurring revenue (ARR) of \$23.9m was up 23% y-o-y, demonstrating the continued momentum in ARR build from the 25% increase seen at H125. We see this as an important evolution of the business model with the growth in subscription-based solutions driving up revenue visibility. For FY25 recurrent revenues (subscriptions, maintenance and support services) represented 67% of group revenues compared to below 60% in FY24. The increase in revenue visibility materially improves management's ability to align costs, continue to adequately invest while maintaining steady improvements in profitability.

Forecasts and valuation

We make small increases to our forecasts, but we have for the moment assumed a degree of conservatism, which means that forecasts may not fully reflect conversion of some larger transactions in the pipeline. Our expectation is that forecast momentum will remain positive over the medium term. With the business having made the transition to subscription led growth, sustained a high gross margin and demonstrated through 2025 an ability to manage costs, operational leverage will be apparent in future years and is reflected in a forecast adjusted EBITDA margin of 20% in FY28e from 8% in 2025. This is reflected in the fall in the FY28e valuation multiples (EV/EBITDA of 11x and P/E of 24x) and serves to highlight the attractiveness of a business at this stage in its evolution.

Price	12.00p
Market cap	£61m
	US\$1.35/ £
Net cash/(debt) at FY25	\$4.0m
Shares in issue	512.2m
Free float	32.0%
Code	CNS
Primary exchange	AIM
Secondary exchange	OTCQX

Share price performance



%	1m	3m	12m
Abs	(5.9)	25.7	(29.2)
52-week high/low		18.0p	8.7p

Business description

Corero Network Security is a leading provider of DDoS attack detection and mitigation solutions, protecting organisations against external and internal threats and ensuring the ability to continually operate web-based services.

Next events

H126 results	August 2026
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Analysts

Dan Ridsdale	+44 (0)20 3077 5700
Neil Steer	+44 (0)20 3077 5700

tmt@edisongroup.com

[Edison profile page](#)

Momentum continues into 2026

On the conference call management provided measured but clear commentary on the momentum of the business into Q126. Having seen revenues increase 18% y-o-y in H225 and with H225 order intake up 52% y-o-y, management was able to confirm that a solid momentum had been seen in the Q126 order pipeline. Moreover, with management commenting that conversion of the pipeline to confirmed orders has been good, it is clear that the strong momentum seen over H225 remains in early 2026.

A tailwind from geopolitical tensions

The recent increases in geopolitical tensions may be expected to create a double-edged sword for a business such as Corero. On the one hand, the rise in cyber-criminal activity and surge in DDoS attacks creates a heightened awareness of business risk and drives demand, On the other hand, the tensions have created uncertainty and reason for some businesses to hold back on investments. According to management commentary on the results call, so far the business has seen very little impact on customer decision-making but has benefited from increased customer awareness of threat landscape.

Growth drivers for market share gains reinforced

Under the guidance of CEO Carl Herberger over the last two years, the business has carefully implemented initiatives that create a number of levers that will fuel growth through market share gains. These have included new product introductions (eg CORE and 400GB platform), improved market reach via the key partnership initiatives as well as improved sales and marketing efficiency that has driven upsell opportunities in existing clients as well as win new clients from competitors. 2026 will see most of these initiatives impact the first time for a full year after the transitional year in 2025. However, the growth initiatives continue and the recent hiring of a new head of channel sales (Michelle Ragusa-McBain) to implement a new channel organisation. This should further increase awareness of Corero's products and services across many markets/regions that the company has yet to properly address, reinforcing the opportunities for market share gains.

Remaining cash flow positive

The company generated cash over H225 and ended the year with net cash of \$4.0m, ahead of our expectations. Unlike many businesses that have been through a transition to subscription-based customer purchasing, Corero has retained a healthy balance sheet and has not been required to utilise lending facilities put in place last year. Management has noted that the business should be expected to be net cash flow positive in the current year.

Changes to forecasts

Exhibit 1 below summarises the revisions to our forecasts.

Exhibit 1: Changes to forecasts

\$000's	FY26 Old	FY26 New	FY27 Old	FY27 New	FY28 Old	FY28 New
Revenues	28,700	29,500	33,500	33,600	38,420	38,420
Adjusted EBITDA	2,727	3,407	4,858	4,973	7,300	7,492
Edison EBIT	227	907	2,008	2,123	4,200	4,392
Edison EPS	0.05	0.15	0.32	0.33	0.64	0.67

Source: Edison Investment Research

	\$000s	2024	2025	2026e	2027e	2028e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		24,559	25,499	29,500	33,600	38,420
Cost of Sales		(2,134)	(2,517)	(2,567)	(2,856)	(3,266)
Gross Profit		22,425	22,982	26,934	30,744	35,154
EBITDA		2,984	1,832	3,407	4,973	7,492
Reported EBITDA		2,500	1,493	2,817	4,301	6,724
Operating profit (before amort. and excepts.)		976	(325)	907	2,123	4,392
Share-based payments		(484)	(339)	(590)	(672)	(768)
Reported operating profit		492	(664)	317	1,451	3,624
Net Interest		63	11	100	160	160
Profit Before Tax (norm)		1,039	(314)	1,007	2,283	4,552
Profit Before Tax (reported)		555	(653)	417	1,611	3,784
Reported tax		(56)	(58)	(104)	(403)	(946)
Profit After Tax (norm)		779	(236)	755	1,712	3,414
Profit After Tax (reported)		499	(711)	313	1,208	2,838
Net income (normalised)		779	(236)	755	1,712	3,414
Net income (reported)		499	(711)	313	1,208	2,838
Average Number of Shares Outstanding (m)		500	512	512	512	512
EPS - basic normalised (c)		0.16	-0.05	0.15	0.33	1
EPS - normalised fully diluted (c)		0.16	-0.05	0.15	0.33	1
EPS - basic reported (c)		0.10	-0.14	0.06	0.24	1
Dividend (c)		0	0	0	0	0
BALANCE SHEET						
Fixed Assets		16,496	18,944	20,714	22,714	24,664
Intangible Assets		15,413	17,284	18,684	20,134	21,584
Tangible Assets		944	1,230	1,530	1,930	2,280
Investments & other		139	430	500	650	800
Current Assets		17,000	13,958	16,453	19,784	25,276
Stocks		389	225	300	400	450
Debtors		11,290	9,699	11,700	13,500	15,500
Cash & cash equivalents		5,321	4,034	4,453	5,884	9,326
Current Liabilities		(11,303)	(12,392)	(14,292)	(16,940)	(20,156)
Creditors		(4,340)	(4,403)	(4,950)	(5,740)	(6,750)
Tax and social security		0	0	0	0	0
Short-term borrowings		0	0	0	0	0
Lease liabilities		(102)	(117)	(198)	(450)	(225)
Other		(6,861)	(7,872)	(9,144)	(10,750)	(13,181)
Long-Term Liabilities		(3,529)	(1,958)	(4,190)	(5,465)	(6,854)
Long-term borrowings		0	0	0	0	0
Lease liabilities		(48)	(341)	(190)	(215)	(215)
Other long-term liabilities		(3,481)	(1,617)	(4,000)	(5,250)	(6,639)
Net Assets		18,664	18,552	18,685	20,093	22,930
Minority interests		0	0	0	0	0
Shareholders' equity		18,664	18,552	18,685	20,093	22,930
CASH FLOW						
Operating Cash Flow		2,507	1,446	2,813	4,058	5,938
Working capital		141	965	1,100	1,200	1,300
Exceptional & other		694	616	844	1,185	1,824
Tax		(56)	(58)	(78)	(302)	(709)
Net operating cash flow		3,286	2,969	4,679	6,141	8,352
Capex		(3,979)	(4,383)	(4,200)	(4,700)	(4,900)
Acquisitions/disposals		0	0	0	0	0
Net interest		63	11	100	160	160
Equity financing		994	0	0	0	0
Dividends		0	0	0	0	0
Other		(193)	(162)	(160)	(170)	(170)
Net Cash Flow		171	(1,565)	419	1,431	3,442
Opening net debt/(cash)		(5,160)	(5,321)	(4,034)	(4,453)	(5,884)
FX		(10)	278	0	0	0
Other non-cash movements		0	0	0	0	0
Closing net debt/(cash)		(5,321)	(4,034)	(4,453)	(5,884)	(9,326)

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