Corero Network Security

H1 results

Strong H126 leads to forecast upgrades

Software and comp services

10 September 2026

Corero's H126 results provide clear evidence of its growth potential and operational leverage and have led us to increase our forecasts, with our current year EBITDA revised up 62%. It is still relatively early days in the selling of a broader product offering and realigned sales strategy. We expect a further beneficial impact from these strategic initiatives and believe there is potential for further upside to FY27e and FY28e forecasts.

Year end	Revenue ($m)	EBITDA ($m)	PBT ($m)	EPS (¢)	P/E (x)	EV/sales (x)	EV/EBITDA (x)
12/25	25.5	1.8	(0.3)	(0.05)	N/A	2.7	37.7
12/26e	31.8	5.5	3.0	0.46	30.1	2.2	12.5
12/27e	36.7	7.9	5.1	0.76	18.3	1.9	8.7
12/28e	42.1	10.9	7.9	1.15	12.0	1.6	6.3

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

Revenue acceleration and operational leverage

H126 revenue was up 42% y-o-y with the business benefiting from the exceptional order intake at the end of last year (Q425 order intake was up 74% y-o-y). All key metrics showed progress including a further order increase of 14% y-o-y in H126. The revenue increase was achieved with a slightly improved gross margin (93%, +29bp) and a modest 5% y-o-y increase in operating expenses, resulting in a marked rise in adjusted EBITDA to $2.7m from a loss of $1.3m in H125.

A broader product portfolio

Recent product introductions mean that Corero is now positioned as a provider of cyber resiliency solutions to secure customers' ability to operate in an 'always on' manner. We note, for example, the H126 $1.1m contract with one of the world's largest data centre providers for Corero's Web Application Security (WAAP). Momentum has continued post H126, with the signing of two further large contracts with Tier 1 telco providers totalling $4.8m, business also won thanks to new solutions in the CORE platform.

Sales channel optimisation

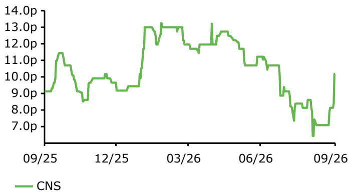
We believe the sales channel initiative implemented by Michelle Ragusa-McBain, who joined the business in January this year, will have had a modest benefit in H126. A fuller effect is likely to be seen over H226 and beyond, further adding to our confidence that order intake and revenue momentum will be sustained.

Forecasts and valuation

Management has noted it now expects to exceed the prior FY26 consensus market expectations for revenue and significantly exceed in terms of EBITDA. We have made significant upward revisions to our forecasts for 2026, 2027 and 2028. The magnitude of the revisions, which see adjusted EBITDA increases of 62%, 59% and 46% for 2026, 2027 and 2028, respectively, reflect a key aspect of our investment thesis; Corero is a business with increasingly predictable revenues, high operational leverage and capacity for further margin expansion. We therefore view the 12x 2028 P/E as an attractive valuation.

Price	**10.25p**
Market cap	**£52m**
Net cash at H126	$2.1m
Shares in issue	512.2m
Free float	32.0%
Code	CNS
Primary exchange	AIM
Secondary exchange	OTCQX

Share price performance



%	1m	3m	12m
Abs	17.1	(8.9)	5.1
52-week high/low		13.3p	6.6p

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.

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Edison profile page

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H126 performance reflects key strategic initiatives

Corero's H126 results provide clear evidence that the growth and operational leverage we highlighted in our recent research are now coming through. These initiatives include a much broader product portfolio, which dramatically increases the addressable market opportunity, as well as the more recent sales channel optimisation.

The H126 revenue increase of 42% y-o-y to $15.5m represents the fastest rate of growth the business has seen in recent years and reflects Corero's much expanded addressable market, thanks to new product introductions. The investments over the last two years include the Corero Observability & Resiliency Ecosystem (CORE), the next-generation 400G platform, Zero Trust Admission Control solutions and the WAAP product.

We have noted in previous research that these products serve a materially expanded total addressable market (TAM) of $77bn, of which Corero has a current tiny market share. As management highlighted on the H126 conference call, 50% of all new business leads include some element of demand for the newer solutions, which changes both the likely conversion rate on proposal requests and also raises the potential size of new contracts. Moreover, the newer solutions are marketed on their individual merit to new and existing customers and gaining traction. Corero continues to receive industry accolades and in March was named 'Most Innovative DDoS Protection Solution' by Cyber Defence Magazine at the RSA Conference. More recently, Corero has retained its position as a leader and as the 'Emerging Innovator' in the 2026 SPARK Matrix for DDoS mitigation.

Gross margins were a little stronger than expected in H126 at 93.4%, due to the better-than-expected revenues from one-off licence sales. In contrast to other providers, Corero has always noted that it would offer customers the choice between licence and subscription purchasing options, and in H1 several of the larger telecom customers chose the licence purchase or capex option. This sustained high gross margin together with a very modest operating cost increase of just 5% delivered adjusted EBITDA of $2.7m, compared to a loss of $1.3m in H125.

Order intake increased 14% to $14.3m (H125: $12.5m) and annualised recurring revenue (ARR) increased by 12% to $24.1m (H125: $21.6m). We note that the sequential increase in ARR was modest compared with the December 2025 figure of $23.9m, which was due to several factors. We have noted already the higher than anticipated demand for licence transactions in the period. We also note the timing of several substantial orders that fell early in H226 such as a $1.4m, 3-year contract and a $3.4m, 5-year contract, both with Tier 1 Telecoms companies. Management noted on the call that the historical strong ARR progression is expected to be restored by the end of the year.

The initiatives implemented by the new president of channel sales (Michelle Ragusa-McBain) include a refreshed channel partner programme and go-to-market strategy. While these initiatives will have certainly contributed to the H126 performance, we believe the positive impact and improvements will be ongoing.

The net cash balance at the end of the H126 was $2.1m, down from $4.0m in December 2025. This was mainly the result of a working capital cash outflow of $2.6m, including a $2.4m impact from the trade receivables increase as the business continues to adjust to the broader trend for subscription services and the slightly less favourable cash flow profile. Management has noted that it expects a partial reversal of the working capital outflow over H226 and expects the business to be free cash positive for 2026 and beyond. We expect year-end net cash to show a small increase on last year at $4.3m.

Forecast revisions

We have made significant revisions to our forecasts, which are summarised below. Our forecasts allow for a normalisation of the gross margin over H226 and also for generous operating expenditure to support the growth initiatives, such as investment in the channel strategy changes. Nevertheless, we are raising our FY26 adjusted EBITDA forecast by 62% with a comparable increase made in 2027. These revisions reflect our core thesis for the company, expressed in our recent Outlook report, that 2026 is a year in which Corero will step up a gear and begin to demonstrate the revenue growth and operational leverage that will result from the last two years of strategic investments.

Exhibit 1: Forecast revisions

$000's	FY26 Old	FY26 New	Change	FY27 Old	FY27 New	Change	FY28 Old	FY28 New	Change
Revenues	29,500	31,800	8%	33,600	36,700	9%	38,420	42,100	10%
Adjusted EBITDA	3,407	5,533	62%	4,973	7,891	59%	7,492	10,946	46%
Edison EBIT	907	3,033	234%	2,123	5,041	137%	4,392	7,846	79%
Edison EPS (c)	0.15	0.46	213%	0.33	0.76	128%	0.67	1.15	73%

Source: Edison Investment Research

Exhibit 2: Financial summary

$000s	2024	2025	2026e	2027e	2028e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	24,559	25,499	31,800	36,700	42,100
Cost of Sales	(2,134)	(2,517)	(2,639)	(3,303)	(3,789)
Gross Profit	22,425	22,982	29,161	33,397	38,311
EBITDA	2,984	1,832	5,533	7,891	10,946
Reported EBITDA	2,500	1,493	4,897	7,157	10,104
Operating profit (before amo	976	(325)	3,033	5,041	7,846
Share-based payments	(484)	(339)	(636)	(734)	(842)
Reported operating profit	492	(664)	2,397	4,307	7,004
Net Interest	63	11	(50)	20	60
Profit Before Tax (norm)	1,039	(314)	2,983	5,061	7,906
Profit Before Tax (reported)	555	(653)	2,347	4,327	7,064
Reported tax	(56)	(58)	(352)	(757)	(1,413)
Profit After Tax (norm)	779	(236)	2,536	4,175	6,325
Profit After Tax (reported)	499	(711)	1,995	3,569	5,651
Net income (normalised)	779	(236)	2,536	4,175	6,325
Net income (reported)	499	(711)	1,995	3,569	5,651
Average Number of Shares (	500	512	512	512	512
EPS - basic normalised (c)	0.16	(0.05)	0.50	0.82	1.23
EPS - normalised fully dilute	0.16	(0.05)	0.46	0.76	1.15
EPS - basic reported (c)	0.10	(0.14)	0.39	0.70	1.10
Dividend (c)	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET					
Fixed Assets	16,496	18,944	21,114	23,514	26,164
Intangible Assets	15,413	17,284	19,284	21,234	23,384
Tangible Assets	944	1,230	1,330	1,630	1,980
Investments & other	139	430	500	650	800
Current Assets	17,000	13,958	16,718	21,778	29,059
Stocks	389	225	300	400	450
Debtors	11,290	9,699	12,134	15,751	19,846
Cash & cash equivalents	5,321	4,034	4,284	5,627	8,763
Current Liabilities	(11,303)	(12,392)	(13,475)	(16,240)	(19,421)
Creditors	(4,340)	(4,403)	(4,500)	(5,740)	(6,771)
Lease liabilities	(102)	(117)	(225)	(350)	(450)
Other	(6,861)	(7,872)	(8,750)	(10,150)	(12,200)
Long-Term Liabilities	(3,529)	(1,958)	(3,690)	(4,715)	(5,715)
Long-term borrowings	0	0	0	0	0
Lease liabilities	(48)	(341)	(190)	(215)	(215)
Other long-term liabilities	(3,481)	(1,617)	(3,500)	(4,500)	(5,500)
Net Assets	18,664	18,552	20,667	24,337	30,087
Minority interests	0	0	0	0	0
Shareholders' equity	18,664	18,552	20,667	24,337	30,087
CASH FLOW					
Operating Cash Flow	2,507	1,446	4,495	6,419	8,751
Working capital	141	965	(900)	(1,000)	(1,300)
Exceptional & other	694	616	1,288	1,741	2,465
Tax	(56)	(58)	(176)	(568)	(1,060)
Net operating cash flow	3,286	2,969	4,707	6,593	8,856
Capex	(3,979)	(4,383)	(4,600)	(5,100)	(5,600)
Net interest	63	11	(50)	20	60
Equity financing	994	0	0	0	0
Other	(193)	(162)	(140)	(170)	(180)
Net Cash Flow	171	(1,565)	(83)	1,343	3,136
Opening net debt/(cash)	(5,160)	(5,321)	(4,034)	(4,284)	(5,627)
FX	(10)	278	333	0	0
Closing net debt/(cash)	(5,321)	(4,034)	(4,284)	(5,627)	(8,763)

Source: Corero accounts, Edison Investment Research

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