

May 11, 2023

Report of Earning Results (Consolidated)
for the First Quarter of the Fiscal Year
Ending December 31, 2023

Company : Trend Micro Incorporated Tokyo Stock Exchange, Prime Market
Code : 4704 Location : Tokyo
URL : <http://www.trendmicro.com>
Representative: Title Representative Director
Name Eva Chen
Contact: Title Representative Director
Name Mahendra Negi
TEL +81-3-5334-3600

Expected date of the submission of quarterly security reports (“Shihanki Hokokusho”)
: May 12, 2023

1. Financial Highlights for the Three Months Ended March 31, 2023

(1) Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended March 31, 2023	58,704	16.4	9,548	(14.1)	8,979	(20.3)	6,374	(25.3)
Three Months Ended March 31, 2022	50,427	13.1	11,115	(9.1)	11,265	(7.1)	8,531	(3.1)

(Note) Comprehensive Income: 8,469million yen (53.5) % as of March 31, 2023
(18,194million yen 14.1% as of March 31, 2022)

	Net Income per share (basic)	Net Income per share (diluted)
	Yen	Yen
Three Months Ended March 31, 2023	45.84	45.82
Three Months Ended March 31, 2022	61.11	61.10

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
March 31, 2023	450,224	207,873	45.7
December 31, 2022	470,799	228,679	48.2

(Note) Net Assets after deduction of Share acquisition rights and Non-controlling interest
: 205,750million yen as of March 31, 2023 (226,776million yen as of December 31, 2022)

2. Dividend of Surplus

As of	Cash dividends per share				
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total
December 31, 2022	Yen —	Yen 0.0	Yen —	Yen 151.0	Yen 151.0
December 31, 2023	—				
Projection for FY 2023		0.0	—	—	—

(Note) Revision of the projection of dividend for the first quarter of FY 2023 : No

(Note) The dividend projection for FY2023 annual end has not been determined yet.

3. Forecasts of consolidated financial results for FY 2023

(January 1, 2023 through December 31, 2023)

(Note) For the forecast of FY 2023, please refer to next page.

4. Others

- (1) Change in the basis of consolidation and application of equity method : No
- (2) Application of simplified or specified accounting procedures : Yes
- (3) Changes in accounting principles, accounting estimates and restatement
- ① Changes under the revision of Accounting Standards : Yes
 - ② Changes in Accounting Principles other than ① : No
 - ③ Changes in Accounting Estimates : No
 - ④ Restatements : No

(4) Number of shares issued (common shares)

① Number of shares issued (including treasury stocks):

140,819,104 shares as of March 31, 2023

140,804,104 shares as of December 31, 2022

② Number of treasury stocks :

2,983,040 shares as of March 31, 2023

1,649,820 shares as of December 31, 2022

③ Average number of shares outstanding :

139,072,005 shares three months ended March,2023

139,616,814 shares three months ended March,2022

* Statement relating to the status of the quarterly review procedures

This quarterly report is not subject to the quarterly review procedures, which are based on the Financial Instruments and Exchange Law. The review procedures for quarterly consolidated accounts have not finished at the point of the announcement of the quarterly financial results.

* Explanation for the proper use of projection and other notes

Any forward-looking statement in this report including forecast results, are based on certain assumptions that were deemed rational as well as information currently available to the Company. However, various factors could cause actual results to differ materially. Please refer to (3) Qualitative Information on the Consolidated Earnings Forecast on page 3 of the attachment for conditions serving as assumptions for forecast results.

Forecasts of consolidated financial results for FY 2023

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2023 (January 1, 2023 through December 31, 2023)	248,500	11.0	34,800	11.0	34,900	2.2	25,100	(15.9)	180.38

Appendix contents:

1. Qualitative Information and Financial Statements -----	2
(1) Qualitative Information on the Consolidated Business Results -----	2
(2) Consolidated Financial Positions -----	3
(3) Consolidated Earnings Forecast -----	3
2. Others -----	4
(1) Movement of Significant Subsidiaries -----	4
(2) Application of Simplified or Special Accounting Procedures -----	4
3. Consolidated Financial Statements -----	5
(1) Consolidated Balance Sheets -----	5
(2) Consolidated Statements of Income -----	7
Consolidated Statements of Comprehensive Income -----	8
(3) Consolidated Statements of Cash Flows -----	9
(4) Footnotes on Consolidated Financial Statements -----	10
(Footnote on Going Concern) -----	10
(Notes on Significant Changes in Shareholders' Equity) -----	10
(Changes in Accounting Policies) -----	10
(Additional information) -----	10
(Segment Information) -----	11
(Business combination) -----	13

1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales		
	The First Quarter of FY2023	The First Quarter of FY2022	Rate of Change
Japan Reg.	20,914	20,258	3.2%
Americas Reg.	13,446	11,358	18.4%
Europe Reg.	11,012	8,841	24.6%
Asia and Pacific Reg.	13,330	9,970	33.7%
Total	58,704	50,427	16.4%

During this term of fiscal year 2023, from January 1 to March 31, despite the world economy shows movements of picking up undergoing through recovery gradually from a severe situation due to COVID-19 pandemic, there are unpredictable situations by the possibility of fresh outbreaks as the COVID-19 variant spreads in some regions, the progress of global inflation, and the Russian-Ukrainian crisis, etc. The worldwide economic outlook has been concerned.

The worldwide Information Technology industry has grown due to accelerated demands of remote working, education, DX (digital transformation) under the global affected by the Covid-19 pandemic. Referring to the report by 3rd party forecasts worldwide IT spending to grow 5.5% to \$4.6 trillion in 2023. Although there are concerns about global inflation and companies are cautious about spending, enterprise software growth ratio will be expected to double digit mainly due to software-driven transformation with priority invest to increase productivity and automation by enterprise for gaining a competitive advantage.

In the cyber security industry, continuously multitude of cyber attacks that target specific national institutions, etc., leaking damage of sensitive business information, and targeted attacks including crypto assets drain in specific companies, organizations have been still coming across occasionally. Especially in ransomware, threats in targeted attacks that implemented the 'double extortion' technique by revealing stolen and sensitive information stood out. Against this background, the conventional security measure, with defense of each single terminal and device, and the network segmented into smaller zones, has been changing to no longer desired. The demand is expanding for the solutions including visibility and deep analytics on the premise of intrusion risks. In the future, as the use of interactive artificial intelligence (AI) expands, new security risks are becoming a concern.

Under such environment, our group business conditions are as follows:

With regards to sales in Japan region, the enterprise business overall performance was solid. Cloud operation security made a big contribution. In addition, IT infra operation security, which is mainly composed by traditional security, etc. also shows growth. In consumer business has been also going well continuously under the sustained good sales in mobile channel shop, etc. As a result, net sales for this period in Japan region amounted to 20,914 million yen (3.2% increase from the same period in the previous year) increase to.

For Americas region, despite weak in cloud operation security in enterprise business sales, SOC operations security performed well besides on demands for Trend Micro Vision One ("Vision One" which is a security operation at the center of the Trend Micro cybersecurity platform) and Managed Services security has been growing. In addition, there were an adjustment for sales that were understated in previous years and a weak yen impact, net sales in this region were 13,446 million yen (18.4% increases from the same period in previous year) increase in double-digit growth rate.

In Europe region sales, in the enterprise business, SOC operations security made a big contribution, Managed Services security and have been growing. In addition, there was a weak yen impact, net sales in this region were 11,012 million yen (24.6% increase from the same period in the previous year) in a double-digit growth rate.

In the Asia Pacific region, Especially IT infra operation security showed a significant growth, and both Managed Services security and cloud operation security have been performed well. Locally, Australia, Middle East, and Taiwan area led this region sales. In

addition of the depreciation of yen impact, as a result, net sales for this period in Asia Pacific region amounted to 13,330 million yen (33.7% increase from the same period in the previous year) in the highest double-digit growth rate in all regions.

As a result, the consolidated net sales for this period (this term of fiscal year 2023, from January 1 to March 31,) marked 58,704 million yen (16.4% increase from the same period in previous year.)

For the costs, it showed substantial growth caused by increase in people costs with huge impact of weak yen, a significant increase in a cloud cost along with public cloud service usage growth, and administration cost by a significant increase in business trip after a coronavirus restriction for economic reopened, etc. Thus, cost of sales and operating expenses for this period totaled 49,155 million yen (25.0% increase from the same period in previous year) substantially increase. As the results, consolidated operating income for this period was 9,548 million yen (14.1% decrease from the same period in previous year) decrease to.

And the consolidated ordinary income for this period was 8,979 million yen (20.3% decrease from the same period in previous year) decrease to. The net income attributable to owners of the parent for this period was 6,374 million yen (25.3% decrease from the same period in previous year) decrease to.

Operating income based on Pre-GAAP (revenue before adjusting deferred revenue, etc.) serves as the important management indicators for our company. It for this period was 8,815 million yen, a decrease of 1,852 million yen (17.4% decrease from the same period in previous year.) This decrease was due to cost of sales and operating expenses growth, including cost of public cloud service usage volume increase for the strengthening of our SaaS business, people costs due to staff up, and additionally impact of yen depreciation. As the results, the cost of sales and operating expenses growth were in excess of Pre-GAAP sales which was in double-digit growth rate.

(2) Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 173,696 million yen, an decrease of 17,845 million yen from FY2022 annual closing.

In spite of increase in marketable securities and goodwill, due to a substantial decrease in cash and bank deposits, notes and accounts receivable, trade and contract assets, and investment securities, total assets at the end of this period were 450,224 million yen, 20,574 million yen decrease from FY2022 annual closing.

Total liabilities at the end of this period were 242,351 million yen, 230 million yen increase from FY2022 annual closing mainly due to an increase in deferred revenue, etc.

Total net assets at the end of this period were 207,873 million yen, 20,805 million yen decrease from FY2022 annual closing. This decrease is mainly due to a decrease in retained earnings and an increase in treasury stock, etc.

(3) Consolidated Earnings Forecast

As of now, we do not revise our consolidated results forecast for the full fiscal year ending December 31, 2023 (released on February 16, 2023).

Business forecast for the Annual of FY2023 (January 1, 2023 – December 31, 2023)

Consolidated net sales	248,500 million yen
Consolidated operating income	34,800 million yen
Consolidated ordinary income	34,900 million yen
Net income attributable to owners of the parent	25,100 million yen

In development of the business forecasts the main assumed exchange rates for the Annual of FY2023 (January 1, 2023 – December 31, 2023) as follows.

1 US \$	135 yen
1 Euro	143 yen

2. Others

(1) Movement of Significant Subsidiaries

N/A

(2) Application of Simplified or Special Accounting Procedures

(Calculation of income tax expenses)

Multiply net income before tax for this period (3 months) by effective tax rate, which is rationally calculated based on projected annual profit and its taxes taking into consideration of deferred tax accounting. In addition, deferred tax expense is included in income taxes.

However, if the calculation of tax expenses using the effective tax rate results in a markedly unreasonable outcome, tax expenses are calculated by using the statutory effective tax rate after adding and subtracting important differences that do not fall under temporary differences to and from profit before income taxes.

3. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Million yen)

Account	December 31, 2022	March 31, 2023
(Assets)		
Current assets		
Cash and bank deposits	191,542	173,696
Notes and Accounts receivable, trade and contract assets	63,614	54,656
Marketable securities	51,307	57,406
Inventories	4,255	4,273
Others	9,532	10,453
Allowance for bad debt	(317)	(316)
Total current assets	319,934	300,169
Non-current assets		
Property and equipment		
(1) Buildings and structures, net	4,384	4,125
(2) Office furniture & equipment	2,685	2,627
(3) Others	19	14
Total property and equipment	7,089	6,766
Intangibles		
(1) Software	12,767	13,522
(2) Goodwill	1,094	6,465
(3) Others	10,431	10,818
Total intangibles	24,292	30,806
Investments and other non-current assets		
(1) Investment securities	70,297	64,187
(2) Investments in subsidiaries and affiliates	4,145	3,487
(3) Deferred tax assets	42,111	42,289
(4) Others	2,928	2,517
Total investments and other non-current assets	119,483	112,481
Total non-current assets	150,865	150,055
Total assets	470,799	450,224

(Million yen)

Account	December 31, 2022	March 31, 2023
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	2,164	1,685
Accounts payable, other	4,986	4,828
Accrued expenses	14,819	14,479
Accrued income and other taxes	5,055	5,827
Allowance for bonuses	3,675	1,712
Deferred revenue(Current and Non-current)	192,914	195,225
Others	8,683	7,322
Total current liabilities	232,297	231,080
Non-current liabilities		
Net defined benefit liability	7,408	7,555
Others	2,414	3,714
Total non-current liabilities	9,822	11,270
Total liabilities	242,120	242,351
(Net assets)		
Shareholders' equity		
Common stock	19,585	19,637
Capital surplus	27,810	27,862
Retained earnings	166,635	151,942
Treasury stock, at cost	(10,291)	(18,828)
Total shareholders' equity	203,738	180,614
Accumulated other comprehensive income		
Net unrealized gain (loss) on debt and equity securities	(1,477)	(1,254)
Foreign currency translation adjustments	24,392	26,315
Remeasurements of defined benefit plans	122	74
Total accumulated other comprehensive income	23,037	25,135
Stock acquisition rights	1,884	2,099
Non-controlling interests	18	24
Total net assets	228,679	207,873
Total liabilities and net assets	470,799	450,224

(2) 【Consolidated Statements of Income and Consolidated Statements of Comprehensive Income】

Consolidated Statements of Income

(Million yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	50,427	58,704
Cost of sales	12,367	14,395
Gross profit	38,060	44,308
Operating expenses	26,945	34,759
Operating income	11,115	9,548
Non-operating income		
Outsourcing service income	45	54
Interest income	82	953
Foreign exchange gain	67	—
Other income	17	37
Total non-operating income	213	1,045
Non-operating expenses		
Interest expenses	19	—
Foreign exchange loss	—	952
Equity in losses of affiliated companies	14	641
Loss on sales of marketable securities	19	—
Loss on disposal of fixed assets	1	3
Other expenses	7	16
Total non-operating expenses	63	1,614
Ordinary income	11,265	8,979
Net income before taxes	11,265	8,979
Income taxes	2,898	2,604
Net income	8,367	6,374
Net income(loss) attributable to non-controlling interests	(164)	(0)
Net income attributable to owners of the parent	8,531	6,374

Consolidated Statements of Comprehensive Income

(Million yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net income	8,367	6,374
Other comprehensive income		
Valuation difference on available-for-sale securities	(110)	222
Foreign currency translation adjustment	9,917	1,936
Remeasurement of defined benefit plans	23	(47)
Share of other comprehensive income of associates accounted for using equity method	(3)	(16)
Total other comprehensive income	9,826	2,094
Comprehensive income	18,194	8,469
Comprehensive income attributable to owners of the parent	18,335	8,472
Comprehensive income attributable to non-controlling interests	(141)	(3)

(3) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	Three months ended March 31, 2022	Three months ended March 31, 2023
Cash flows from operating activities:		
Net income before taxes	11,265	8,979
Depreciation and amortization	5,625	6,129
Stock compensations	226	227
Amortization of goodwill	315	290
Increase (decrease) in allowance for bad debts	(13)	(0)
Increase (decrease) in net defined benefit liability	124	128
Interest income	(82)	(953)
Interest expenses	19	—
Equity in (earnings)/loss of affiliated companies	14	641
(Gain) loss on disposal of Fixed assets	1	3
(Gain) loss on sale of marketable securities	19	—
(Increase) decrease in notes and accounts receivable and contract assets	10,040	9,036
(Increase) decrease in inventories	5	(12)
Increase (decrease) in notes and accounts payable	(347)	(585)
Increase (decrease) in accounts payable, other & accrued expenses	(907)	(278)
Increase (decrease) in deferred revenue	1,996	1,029
Increase (decrease) in virtual share bonus plan	(1,271)	(1,299)
Others	(2,977)	(3,061)
Subtotal	24,056	20,274
Proceeds from interest and dividend received	95	903
Payment for interest expenses	(19)	—
Payment for income tax	(4,885)	(1,634)
Payment for Litigation settlement	—	(62)
Net cash provided by operating activities	19,246	19,480
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	(2,018)	3,425
Payments for purchases of marketable securities and securities investments	(3,242)	(582)
Proceeds from sale or redemptions of marketable securities and securities investments	10,905	6,341
Payments for purchases of property and equipment	(269)	(321)
Payments for purchases of other intangibles	(5,106)	(5,676)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(3,757)
Net cash provided by investing activities	268	(570)
Cash flows from financing activities:		
Proceeds from issuance of common shares	48	90
Payment for purchase of treasury stock	(1,035)	(8,536)
Receipt from disposal of treasury stock	1,151	—
Dividends paid	(26,381)	(20,148)
Proceeds from paid-up by non-controlling shareholders	0	8
Net cash used in financing activities	(26,216)	(28,586)
Effect of exchange rate changes on cash and cash equivalents	12,594	367
Net increase (decrease) in cash and cash equivalents	5,892	(9,308)
Cash and cash equivalents at beginning of period	225,681	207,643
Cash and cash equivalents at end of period	231,574	198,334

(4) Footnotes on Consolidated Financial Statements

(Footnote on Going Concern)

N/A

(Notes on Significant Changes in Stockholders' Equity)

N/A

(Changes in Accounting Policies)

(Application of Application Guidelines of Accounting Standard for Calculation of Market Value)

The "Guidance for Application of Accounting Standards for Calculation of Market Value" (ASB Application Guidance No. 31, June 17, 2021; hereinafter referred to as "Guidance for Application of Accounting Standards for Calculation of Market Value") has been applied from the beginning of the current consolidated accounting period, and the new accounting policy set forth in the Guidance for Application of Accounting Standards for Calculation of Market Value has been applied into the future in accordance with the transitional treatment set forth in Section 27-2 of the Guidance for Application of Accounting Standards for Calculation of Market Value. There is no impact on the quarterly consolidated financial statements.

(Additional information)

(Correction of errors)

For the second through fourth quarters of the previous fiscal year, sales reversed from deferred revenue had been understated due to an error in revenue recognition related to the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) in our subsidiary in the Americas region.

Errors for the previous fiscal year are not significant in the impact on financial position and operating results. Accordingly, the errors are corrected in the current financial statements.

As a result, net sales, gross profit, operating income, and ordinary income increased by 988 million yen and net income attributable to owners of parent increased by 741 million yen for the current fiscal year consolidated cumulative period.

In the segment information for the first quarter of the current fiscal year, net sales and segment income of "Americas" increased by 988 million yen.

There is no impact on cash flow statements for the errors.

(Matters concerning consolidated subsidiaries)

We invest in Trend Forward Capital I, L.P. (hereinafter TFI), which operates a venture capital business in the United States as a limited partnership. Business execution powers of TFI were held by Wael Mohamed who was our board until March 2020, while we are only limited partners and have no authority or intention to participate in the management of TFI.

However, we have contributed more than half of the total amount invested in TFI and have not been able to prove that Wael is not a close member in accordance with "the Practical Handling of the Application of Control and Influence Standards to Investment Partnerships" (Practical Handling Report No. 20). Therefore, we have included TFI in our consolidation scope in accordance with "the Practical Handling Report No.20" and" the Accounting Standards for Consolidated Financial Statements "(ASBJ Statement No. 22).

(Segment Information)

Information on sales, profit/loss by reporting segments

For the previous fiscal year (from January 1, 2022 to March 31, 2022)

1. Information on net sales and profits by reporting segment

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Adj (*)3	Amt in Con P&L (*)4
Sales							
(1) Net sales to external customers	20,258	11,358	8,841	9,970	50,427	—	50,427
(2) Intercompany sales	7	1,989	645	11,287	13,930	(13,930)	—
Total	20,265	13,347	9,487	21,257	64,357	(13,930)	50,427
Segment income	4,697	1,857	1,552	3,015	11,123	(8)	11,115

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

Americas U.S.A., Canada, Brazil, Mexico

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia, Thailand, India, UAE, Egypt

3 Consolidation Adjustment in segment income (8)million yen comes from the elimination between segments transaction.

4 Total amount of segment income is adjusted to operating income in consolidated statement of income.

For the current fiscal year (from January 1, 2023 to March 31, 2023)

1. Information on net sales and profits by reporting segment

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Adj (*) ³	Amt in Con P&L (*) ⁴
Sales							
(1) Net sales to external customers	20,914	13,446	11,012	13,330	58,704	—	58,704
(2) Intercompany sales	(7)	2,217	1,490	14,107	17,807	(17,807)	—
Total	20,906	15,663	12,502	27,437	76,511	(17,807)	58,704
Segment income	2,621	1,985	1,777	3,586	9,971	(423)	9,548

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

Americas U.S.A., Canada, Brazil, Mexico

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia, Thailand, India, UAE, Egypt

3 Consolidation Adjustment in segment income (423) million yen comes from the elimination between segments transaction.

4 Total amount of segment income is adjusted to operating income in consolidated statement of income.

(Business combination)

(Business combination by acquisition)

(1) Outline of the business combination

(i) Name and business of the acquires company

Name : Anlyz Inc. and Anlyz Cybersecure Private Limited

Business : Security solutions provider for security operation centers

(ii) Major reasons for the business combination

The acquisition of Anlyz Inc. and Anlyz Cybersecure Private Limited will further extend our strengths in orchestration, automation, and integration, and will enable our customers, corporate organizations and managed security service providers, to achieve their operational, cost, and security effectiveness.

(iii) Date of the business combination : February 15, 2023

(iv) Legal form of the business combination : Share acquisition by cash

(v) Name after the business combination : No change

(vi) Percentage of voting rights acquired : 100%

(vii) Reason for deciding on the company from which to acquire its shares :

Our subsidiaries in the U.S. and India have acquired their shares for cash.

(2) Period when the consolidated financial statements include the result of the acquired business

February 16, 2023 to March 31, 2023

(3) Cost of acquisition of the acquired business and breakdown of the consideration

(i) Anlyz Inc.

Consideration for the acquisition	Cash (including accrued liabilities)	34 million US dollar
Cost of acquisition		34 million US dollar

(ii) Anlyz Cybersecure Private Limited

Consideration for the acquisition	Cash	60 million Indian rupee
Cost of acquisition		60 million Indian rupee

(4) Content and amount of major acquisition-related expenses

Advisory fee, etc. 88 million yen

(5) Goodwill that has occurred, the reasons for the goodwill and the method and period for amortizing goodwill

(i) Amount of goodwill

Anlyz Inc. : 4,467 million yen

Anlyz Cybersecure Private Limited : 75 million yen

The above amounts are tentatively calculated.

(ii) Reason for goodwill : Expected excess earnings power after the business combination

(iii) Method and period for the amortization : Straight-line method over 5 years

(6) Amount and breakdown of assets accepted and liabilities assumed on the date of the business combination

(i) Anlyz Inc.

Current assets	97 million yen
Fixed assets	157 million yen
Total assets	254 million yen
Current liabilities	177 million yen
Long-term liabilities	- million yen
Total liabilities	177 million yen

(ii) Anlyz Cybersecure Private Limited

Current assets	27 million yen
Fixed assets	6 million yen
<u>Total assets</u>	<u>33 million yen</u>
Current liabilities	11 million yen
Long-term liabilities	0 million yen
<u>Total liabilities</u>	<u>12 million yen</u>

(7) Allocation of acquisition cost

At the end of the first quarter of the current fiscal year, the identification of identifiable assets and liabilities as of the date of the business combination and the calculation of fair value have not yet been completed, and the allocation of acquisition cost has not been completed; therefore, provisional accounting procedures were performed based on reasonable information available at that time.

(8) Estimated amount of the impact of the business combination on the consolidated statement of income on the assumption that it has been completed on the commencement date of the consolidated fiscal year and its calculation method

(i) Anlyz Inc.

Net sales	67 million yen
Operating income	1 million yen
Ordinary income	1 million yen
Net income attributable to owner of the parent	1 million yen

(ii) Anlyz Cybersecure Private Limited

Net sales	15 million yen
Operating income	1 million yen
Ordinary income	1 million yen
Net income attributable to owner of the parent	1 million yen

(Calculation method of amount of impact)

The difference between net sales and profits and losses calculated on the assumption that the business combination has been completed on the commencement date of the consolidated fiscal year and net sales and profits and losses on the consolidated statement of income of the acquired business is regarded as the estimated amount of the impact.