



Trend Micro FY2024 Q4 Results

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February 18, 2025

Forward Looking Statements

Certain Statements that we make in this presentation are forward-looking statements. These forward-looking statements are based upon management's current assumptions and beliefs in light of the information currently available to it, but involve known and unknown risks and uncertainties.

Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- **difficulties in addressing new virus and other computer security problems;**
- **timing of new product introductions and lack of market acceptance for our new products;**
- **the level of continuing demand for , and timing of sales of , our existing products;**
- **rapid technological change within the anti-virus software industry;**
- **changes in customer needs for anti-virus software;**
- **existing products and new product introductions by our competitors and the pricing of those products;**
- **declining prices for our products and services;**
- **the effect of future acquisitions on our financial condition and results of operations;**
- **the effect of adverse economic trends on our principal markets;**
- **the effect of foreign exchange fluctuations on our results of operations;**
- **an increase in the incidence of product returns;**
- **the potential lack of attractive investment targets; and**
- **difficulties in successfully executing our investment strategy.**

We assume no obligation to update any forward-looking statements.

FY2024.Q4 Financial Highlight

(Forth quarter ended Dec 31, 2024)

Q4 Consolidated Results

(unaudited)
(in million Yen)

Three months ended Dec 31,	4Q2023	4Q2024	YoY growth
Net sales	64,965	69,979	+ 8%
Total Operating expenses	61,975	61,111	- 1%
Operating income <i>(Margin)</i>	2,989 <i>(5%)</i>	8,868 <i>(13%)</i>	+ 197%
Ordinary income	4,245	14,509	+ 242%
Net income attributable to owners of the parent	- 2,074	7,940	—
Pre-GAAP	85,220	102,307	+ 20%
Pre-GAAP based Operating Income	23,244	41,195	+ 77%

(Non-GAAP)

(Reference) Pre-GAAP & Pre-GAAP-based operating income after deducting the impact of voluntarily cancelling bookings due to the risk of collectability from our business partner (a global online commerce company headquartered in the US) in the consumer business.

	4Q2024	YoY	(in million Yen)
Pre-GAAP	102,307	+ 20%	
Pre-GAAP based Operating Income	41,195	+ 77%	

(After deducting the impact)

	4Q2024	YoY
Pre-GAAP	104,081	+ 22%
Pre-GAAP based Operating Income	42,969	+ 85%

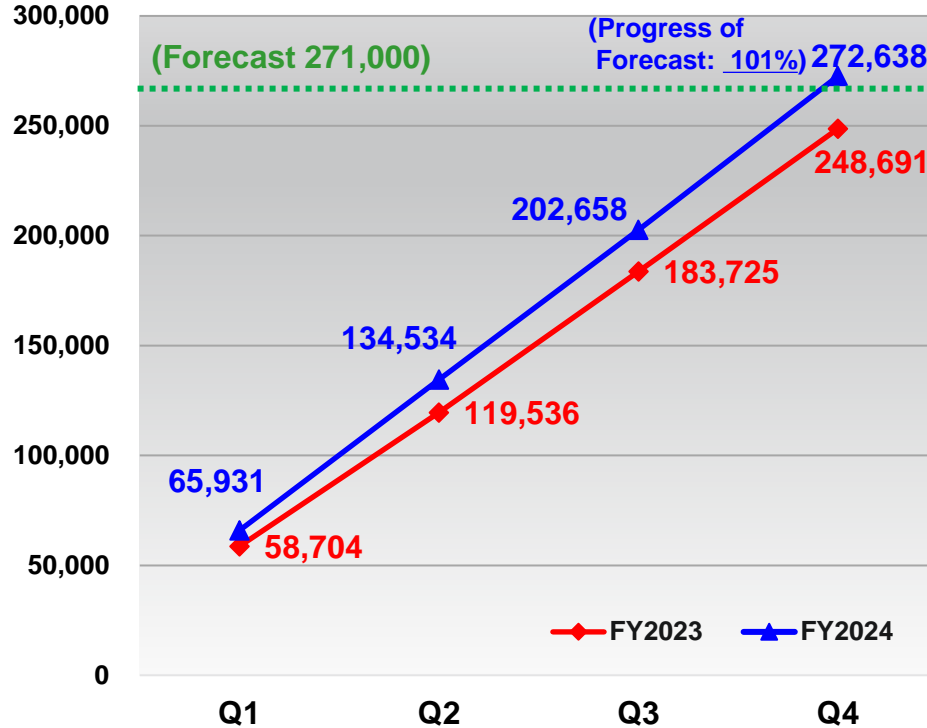
****Under deferred accounting treatment, the impact on reported Net sales and Operating Income for Q42024 is minimal.***

However, due to the cancellation of the Pre-GAAP revenues and the transition period to a new outsourcing partner, it is expected that there will be an approximately \$20 million decrease in consumer net revenues for FY2025.

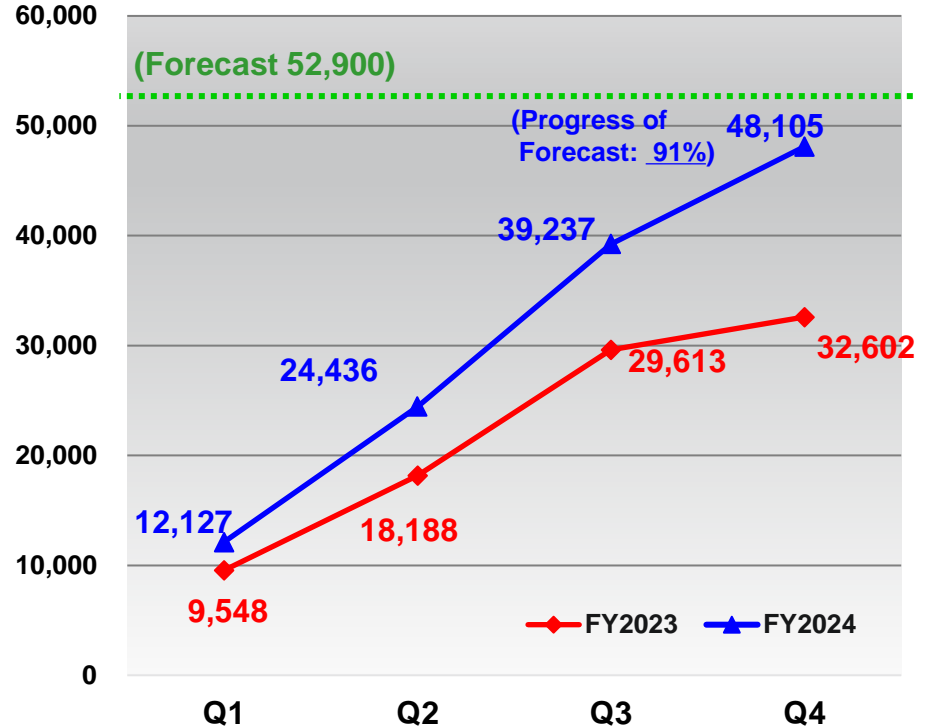
Progress (12 months)

(in million Yen)

Revenue



Operating Income

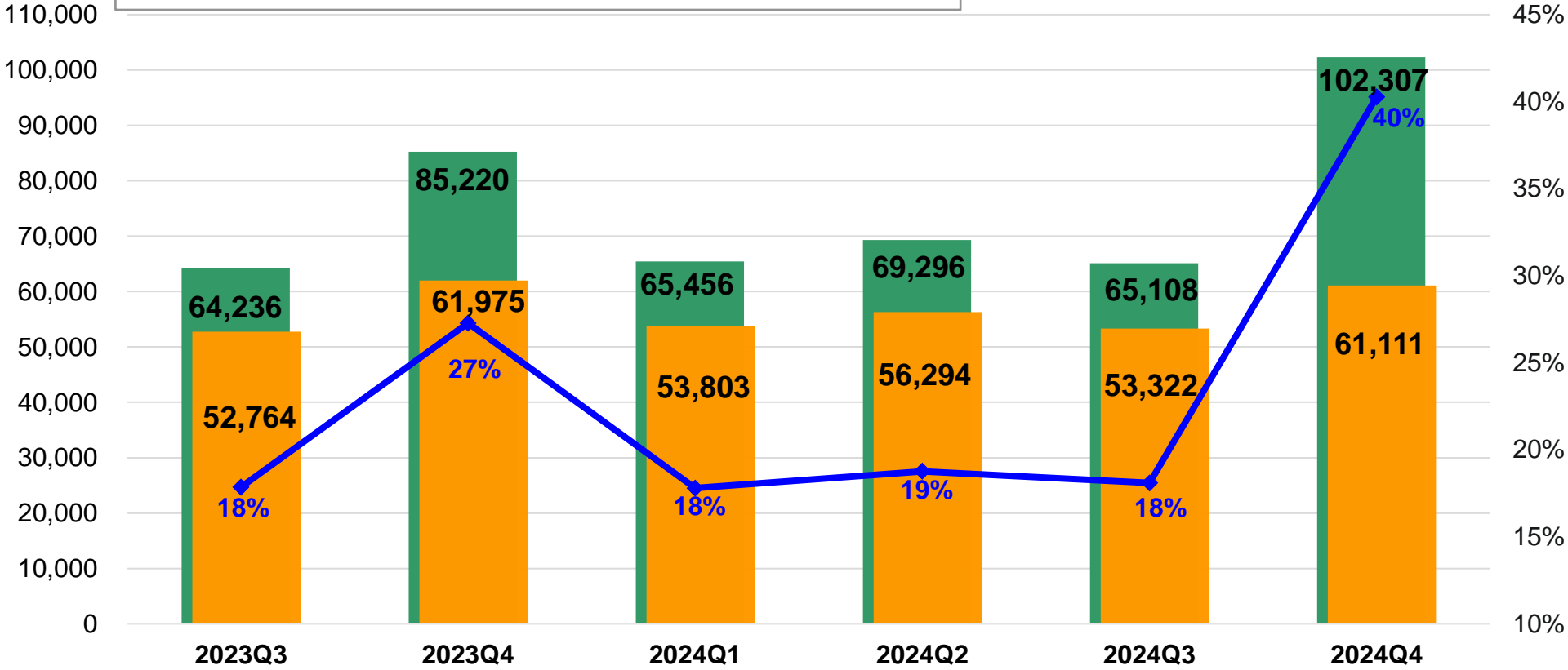


Pre-GAAP v s Total Costs

(in million Yen)

(unaudited)

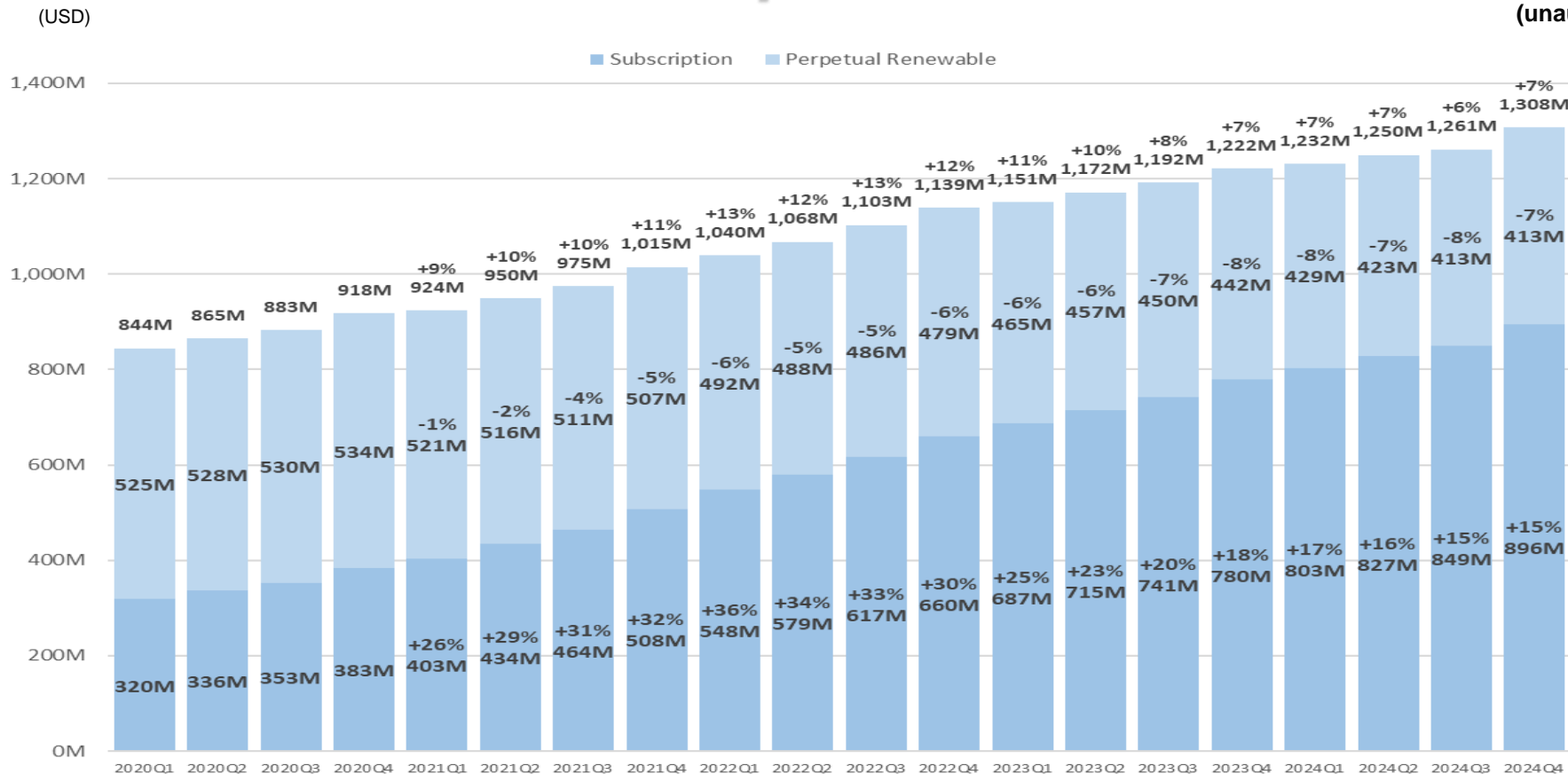
(Non-GAAP)



* "Total costs" means COGS + SGA.

Enterprise ARR

(Non-GAAP)
(unaudited)



*ARR at constant currency: (1USD= 147.74 yen as the company internal budget exchange rate for FY2024). Non-GAAP and reference for internal management. Therefore, they may be subject to so changes hereafter.

Cash flows

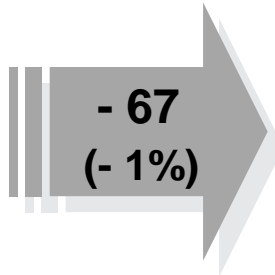
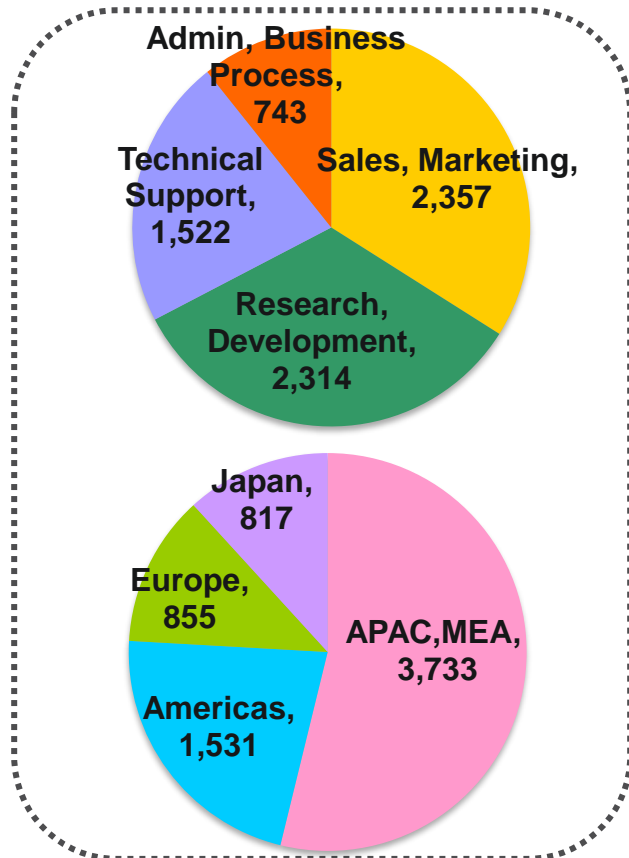
(unaudited)
(in million Yen)

	4Q2023	4Q2024	YoY growth
Cash flows from operating activities	10,425	12,295	+ 18%
Cash flows from investing activities	36,131	8,760	- 76%
Cash flows from financing activities	1,407	575	- 59%
Effect of exchange rate changes on cash and cash equivalents	- 5,076	5,358	—
Net increase (decrease) in cash and cash equivalents	42,888	26,989	- 37%
Cash and cash equivalents at beginning of this quarter period	218,377	160,403	- 27%
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	—	—
Cash and cash equivalents at end of this quarter period	261,265	187,392	- 28%

Headcount

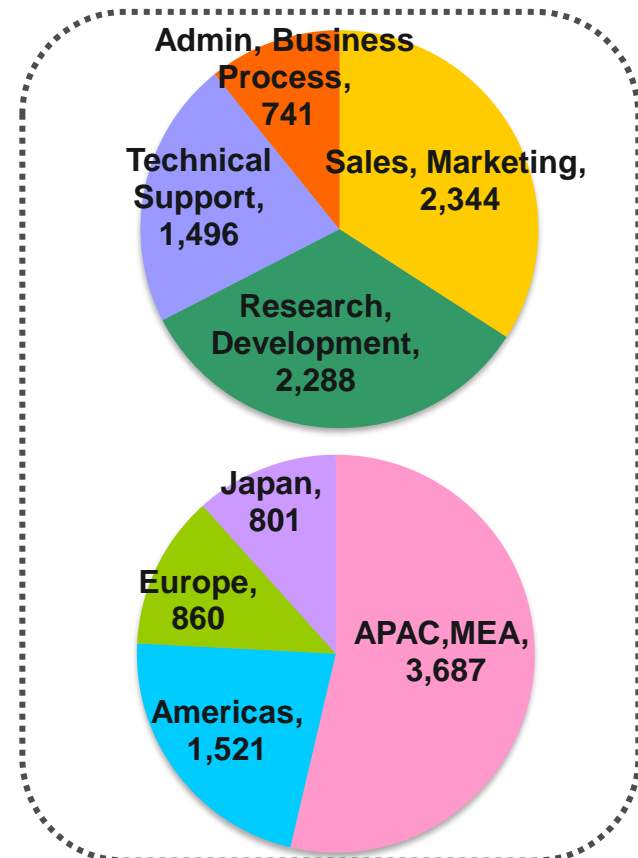
Sep - 2024

6,936



Dec - 2024

6,869

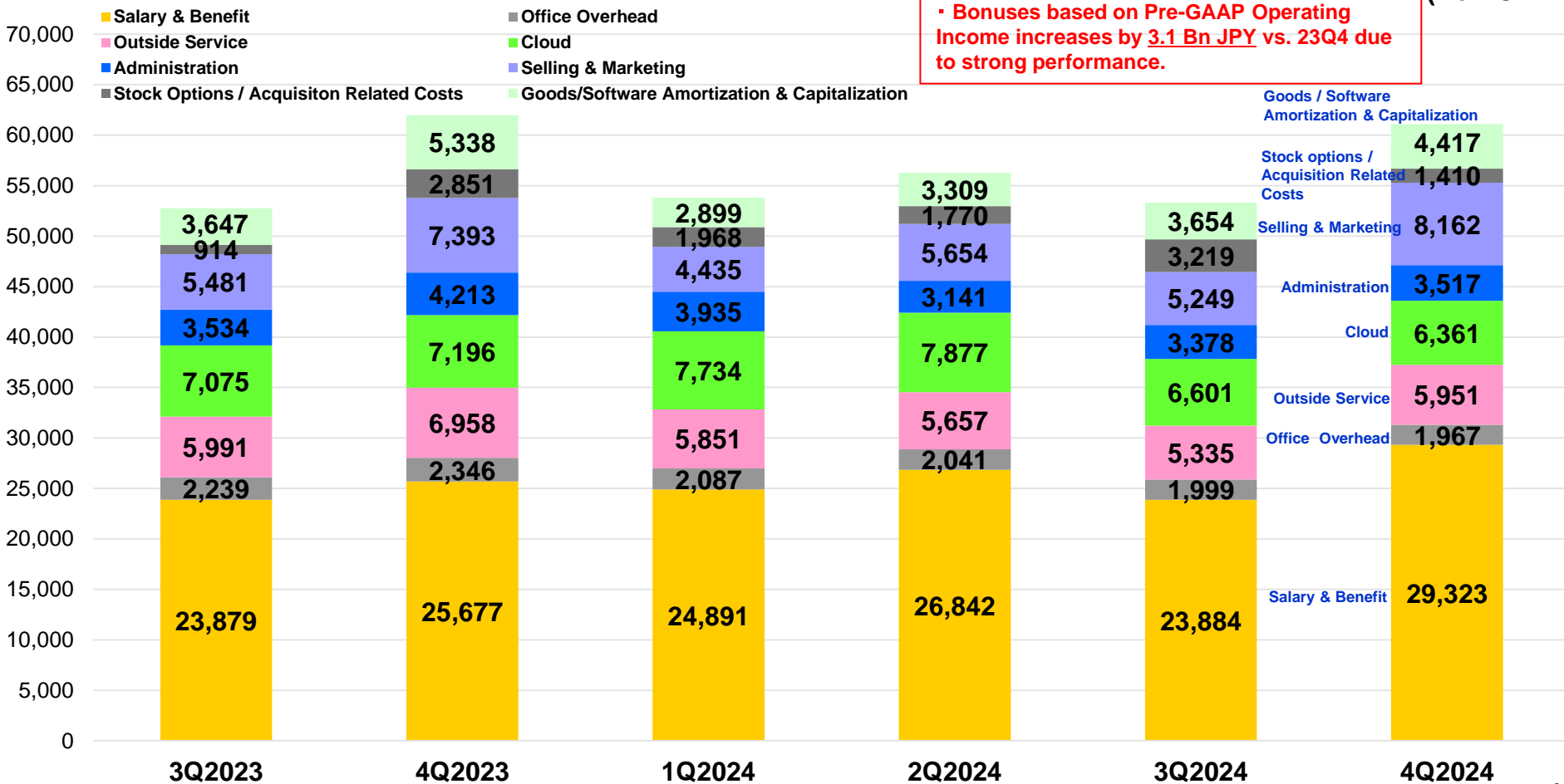


(in million Yen)

Cost

• Of -0.8 Bn JPY YoY, estimated impact of yen depreciation is about 0.9 Bn JPY.
• Bonuses based on Pre-GAAP Operating Income increases by 3.1 Bn JPY vs. 23Q4 due to strong performance.

(unaudited)
(Non-GAAP)



Q4 Highlights

- ***Highest ever Enterprise organic Pre-GAAP growth on a constant currency basis***
- ***Growth momentum recovers in Americas and Europe***
- ***Highest ever Net revenues and Operating income for full year 2024***

Consolidated Results (12 months) (in million Yen)

12 months ended Dec 31, 2023 (1-4Q) 2024 (1-4Q) YoY growth (Progress vs. current year's new annual forecast)

Net sales	248,691	272,638	+ 10%	(101%)
Total Operating expenses	216,088	224,532	+ 4%	
Operating income <i>(Margin)</i>	32,602 <i>(13%)</i>	48,105 <i>(18%)</i>	+ 48%	(91%)
Ordinary income	36,181	52,840	+ 46%	(105%)
Net income <small>attributable to owners of the parent</small>	10,731	34,358	+ 220%	(99%)
Earnings per share (Yen)	78.45	259.05	+ 230%	
Dividend per share (Yen)	738.00 <i>(Regular 56, Special 682)</i>	184.00 <i>(Regular +229%)</i>	- 75%	

"For reference"

Pre-GAAP	269,161	302,168	+ 12%	
Pre-GAAP based Operating Income	53,073	77,636	+ 46%	(Non-GAAP)

FY2025 Guidance

FY2025 annual forecast assumptions

- ***Japan, Americas and Europe increase by around 5% YoY respectively, AMEA increases by around 10%.***
- ***Overall cost increase is expected to remain lower than revenue growth, and the operating income margins should improve further.***
- ***No extraordinary profit/loss items are expected.***
- ***Estimated exchange rate:***
1USD = 154 yen (last year: 152 yen) , 1EUR = 161 yen (last year: 164 yen)

Projection for FY2025 Annual

(unaudited)
(in million Yen)

	<u>For FY2025</u> <u>Jan - Dec, 2025</u>	<u>Expected</u> <u>YoY growth</u>
Net Sales	288,600	<u>+ 6%</u>
Operating Income	60,300	<u>+ 25%</u>
Ordinary Income	57,600	<u>+ 9%</u>
Net Income attributable to owners of the parent	38,900	<u>+ 13%</u>

(Estimated annual exchange rate 1USD=154 yen, 1EUR=161 yen)

In case of excluding a foreign exchange impact (a rule of thumb)

Net Sales

+ 6%

(Non-GAAP)

Shareholder Returns

The basic policy on shareholder returns

As a rule of thumb, we will return all net income generated after making the necessary investments for business growth without retaining any earnings. **Even after the significant shareholders return occurred in 2024**, we will have cash in excess of our minimum cash needs and will prioritize achieving capital efficiency through capital return and/or M&A.

Although our group business operates globally and it is sometimes difficult to make the net income of consolidated subsidiaries immediately the parent company's amount available for distribution, we will promptly collect the entire net income of our subsidiaries for each fiscal year as dividends from basically all consolidated subsidiaries to the parent company every year, and increase the parent company's net income to increase the amount available for distribution.

And we return in the following year the entire amount available for distribution through a year-end dividend for that year and share buybacks in the following year.

While as the shareholders return for each fiscal year we will continue to target to maintain the existing dividend payout ratio of 70%, there is a possibility that we will not reach it in some fiscal years due to the reasons mentioned above.

Compensation for Shareholders

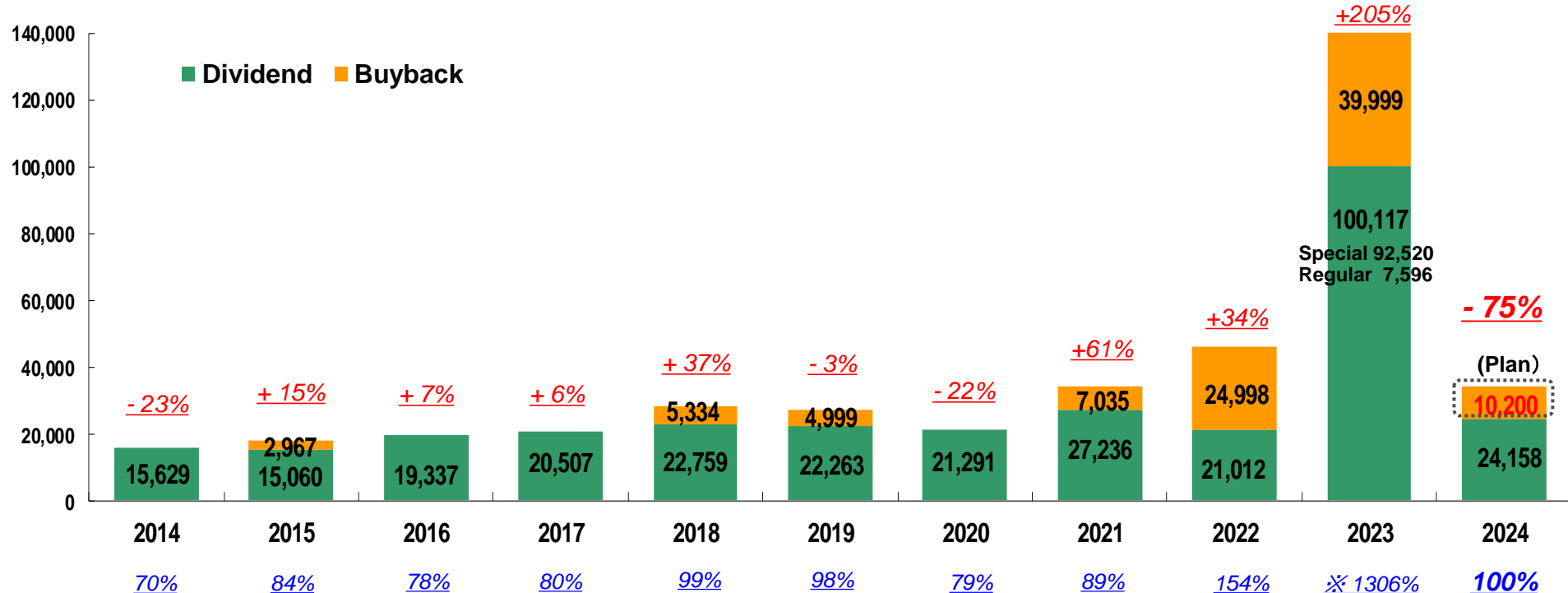
(unaudited)

The ratio of 10 years' cumulative total compensation to Net income from 2015 to 2024: 145%

(in million Yen)

Red: Growth rate of Total compensation for shareholders

Blue: Ratio of Total compensation to Net income



Appendix for FY2024.Q4

Q4 USD based Results (Non-GAAP)

(unaudited)

(in thousand USD)

<i>Three months ended Dec 31,</i>	<i>4Q2023</i>	<i>4Q2024</i>	<i>YoY change</i>
Net sales	439,431	458,852	+ 4%
Cost of sales	123,285	108,224	- 12%
Operating expenses	295,924	292,481	- 1%
Operating income	20,221	58,147	+ 188%
Ordinary income	28,717	95,138	+ 231%
Net Income	- 14,033	52,064	—

attributable to owners of the parent

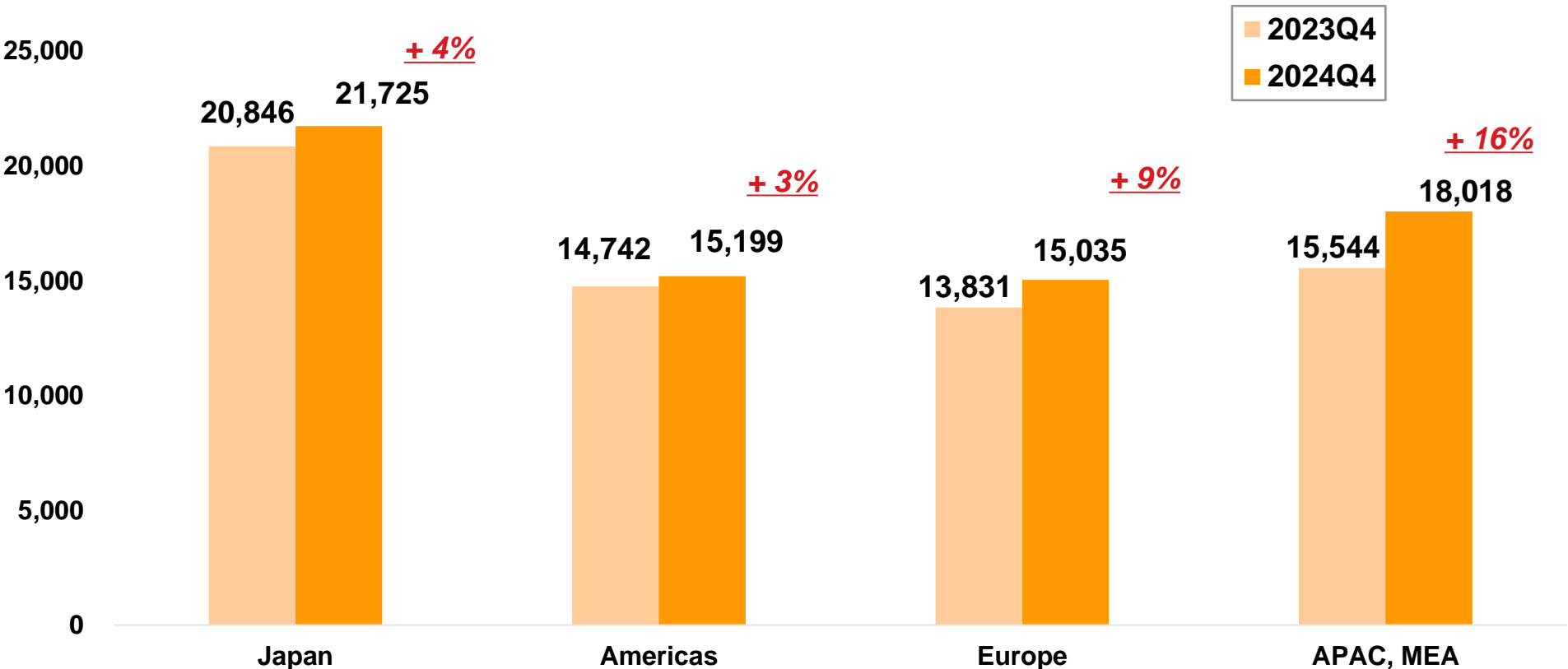
(Non-GAAP)

For each of the quarters shown in the table above, JPY Japan GAAP amounts have been converted to USD amounts using the exchange rates of USD=147.84 JPY for 4Q2023 and 1 USD =152.51 JPY for 4Q2024, respectively, which are the respective weighted average exchange rates used to convert USD net sales to JPY for these quarters.

(in million Yen)

Net Sales Growth by Region

(unaudited)

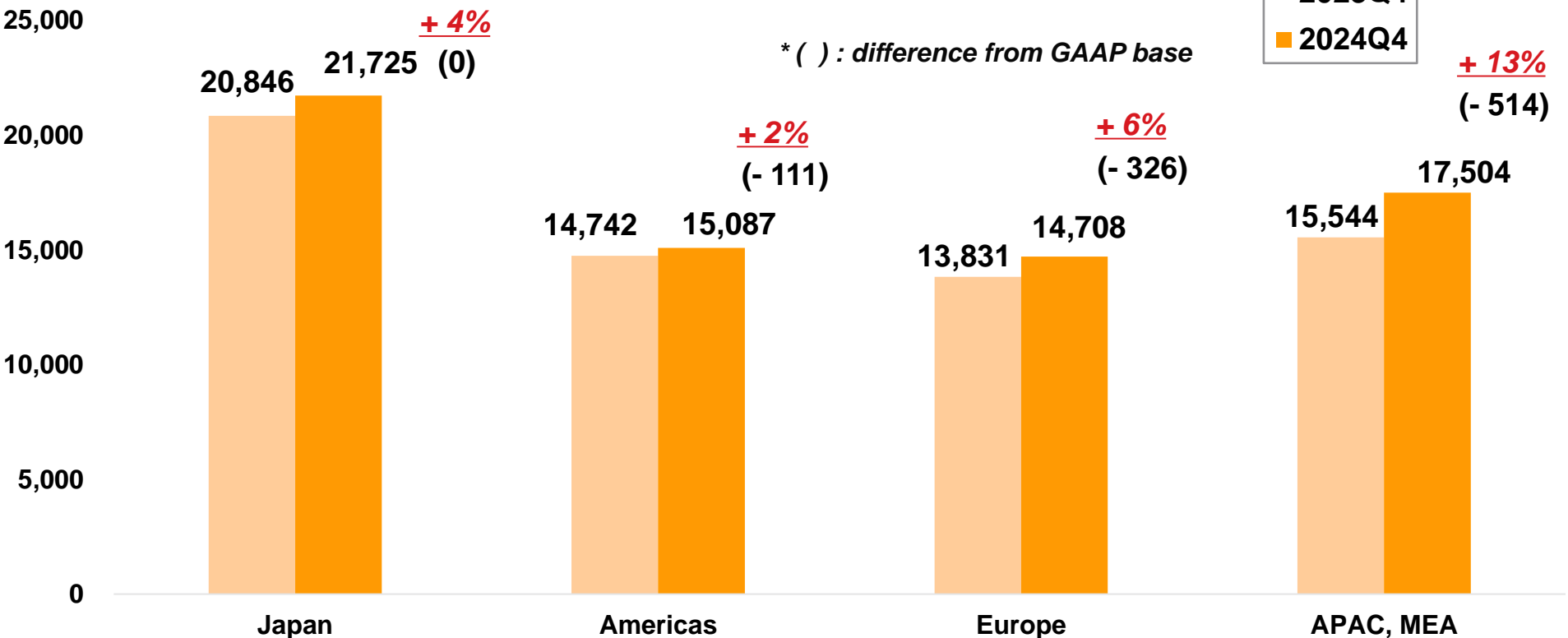


Net Sales Growth by Region

(in million Yen)

If currency exchange rates used for 4Q2023 were used for 4Q2024:

(unaudited)



* () : difference from GAAP base

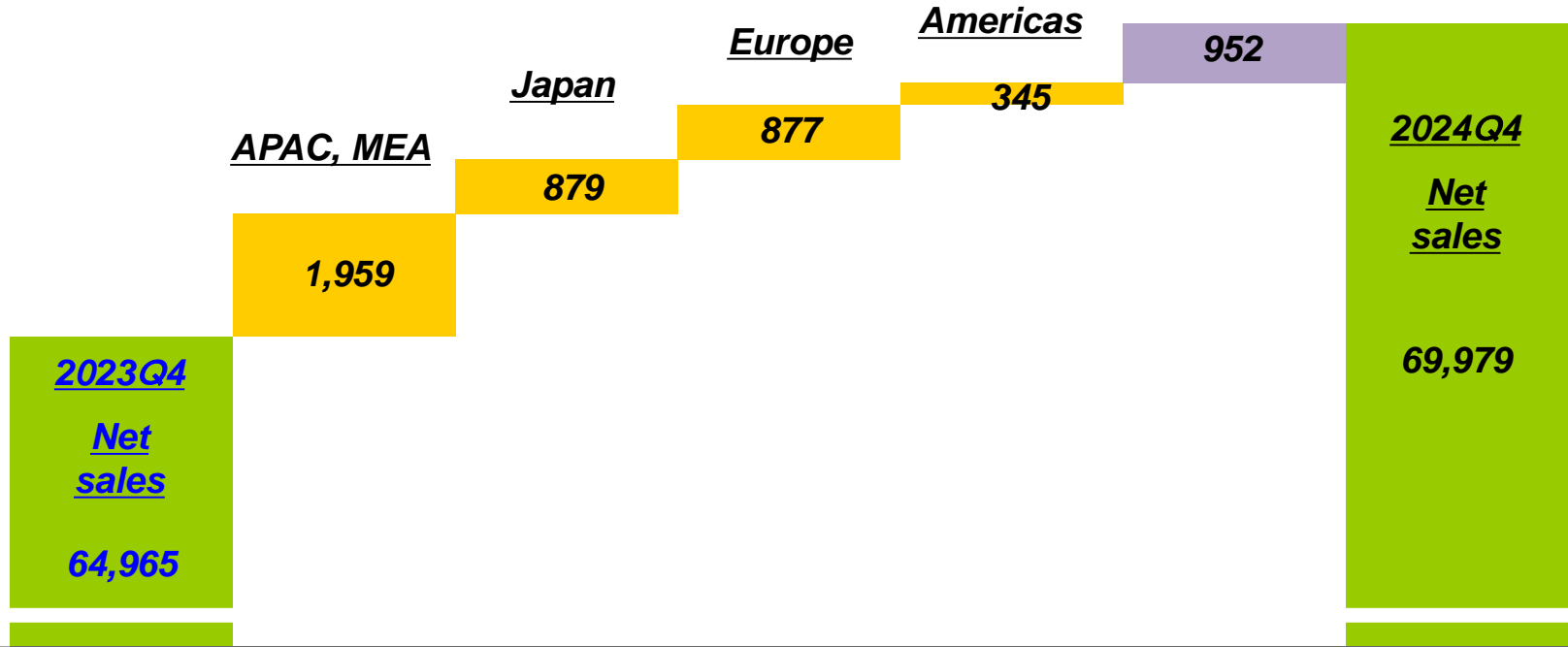
(Non-GAAP)

Decomposition of Revenue (vs. last year)

(in million Yen)

(unaudited)

Exchange impact

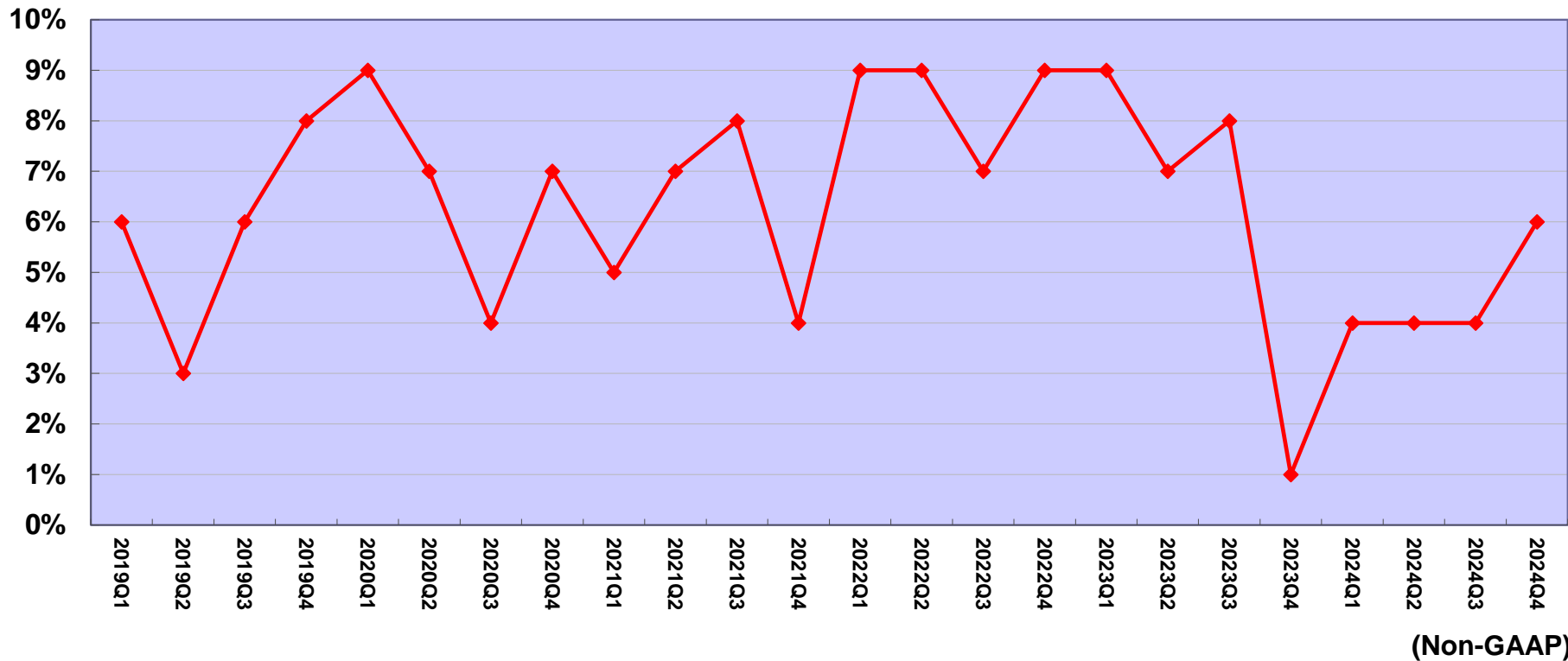


(Non-GAAP)

Constant currency Revenue growth

(YoY)

(unaudited)



(Non-GAAP)

• Each growth rate shown above is based on applying to each quarter the same currency rate as the previous year for the same period

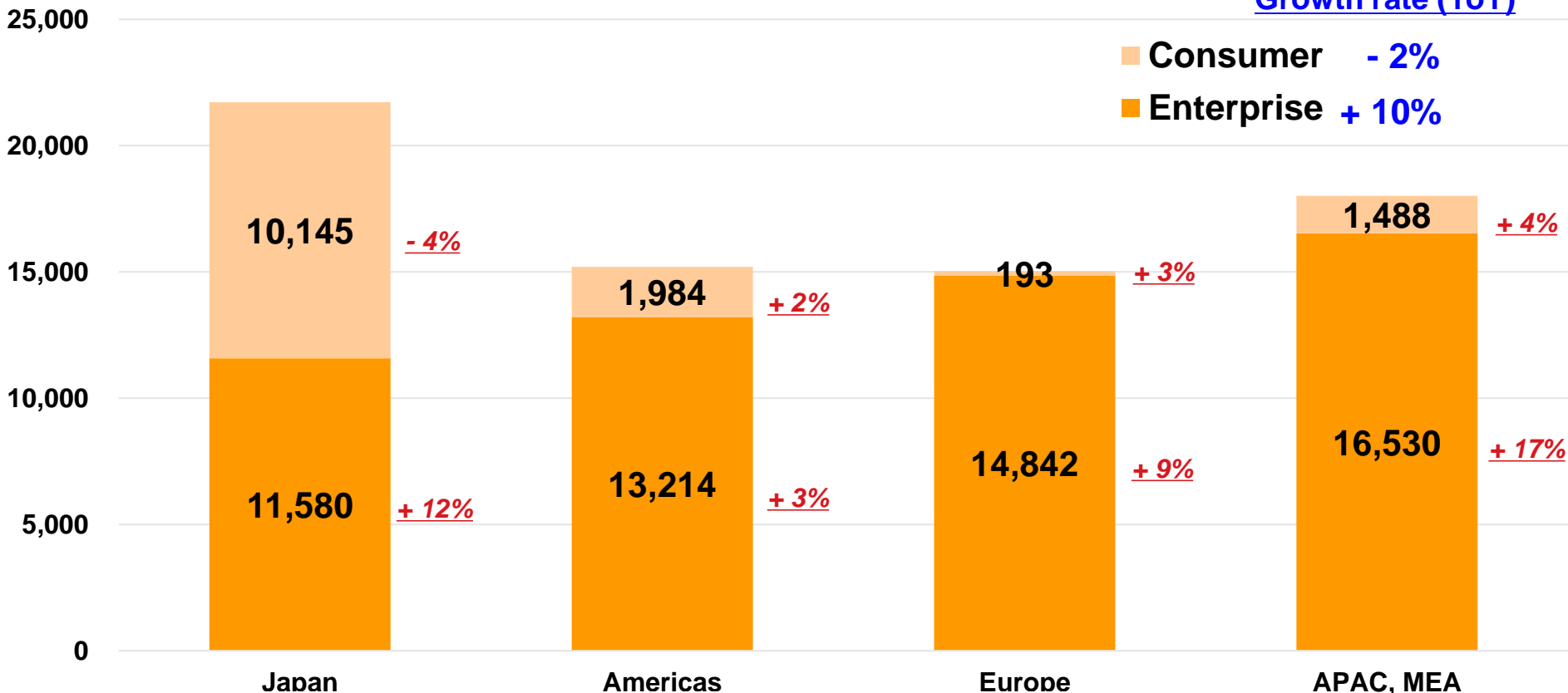
(in million Yen)

Net sales by Segment

(unaudited)

Growth rate (YoY)

- Consumer - 2%
- Enterprise + 10%



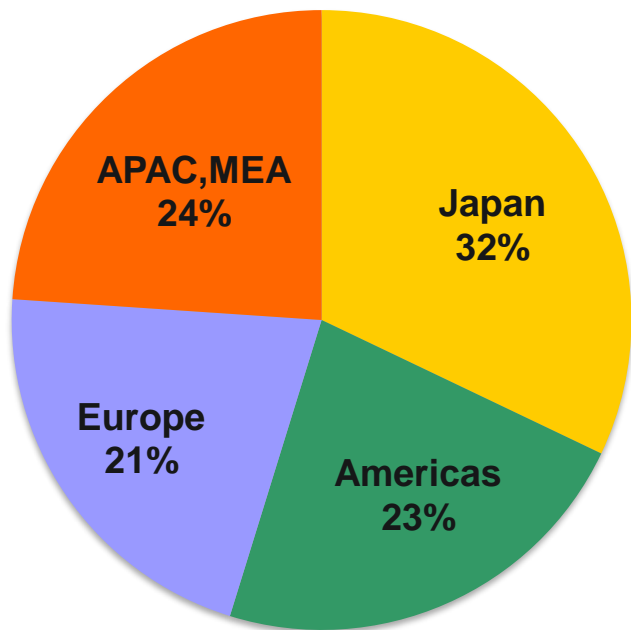
“Notice” As Sales by Segment numbers are just for internal use, they may be subject to some changes hereafter.

(Non-GAAP)

% share by region

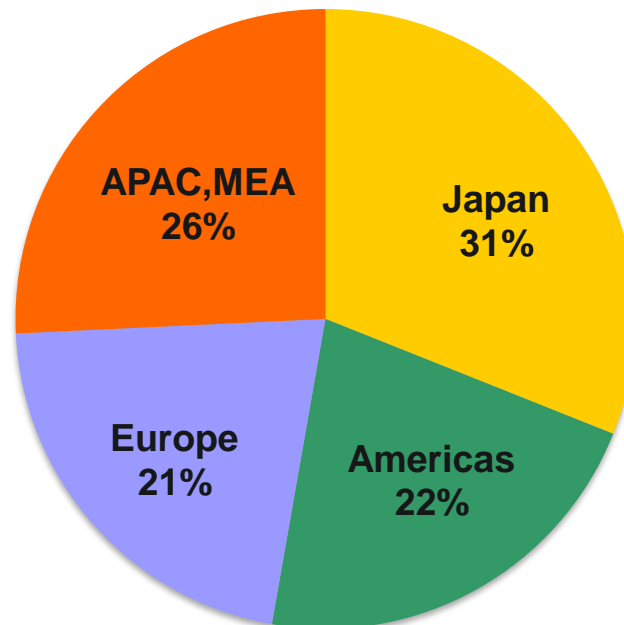
4Q2023

64,965 million Yen



4Q2024

69,979 million Yen

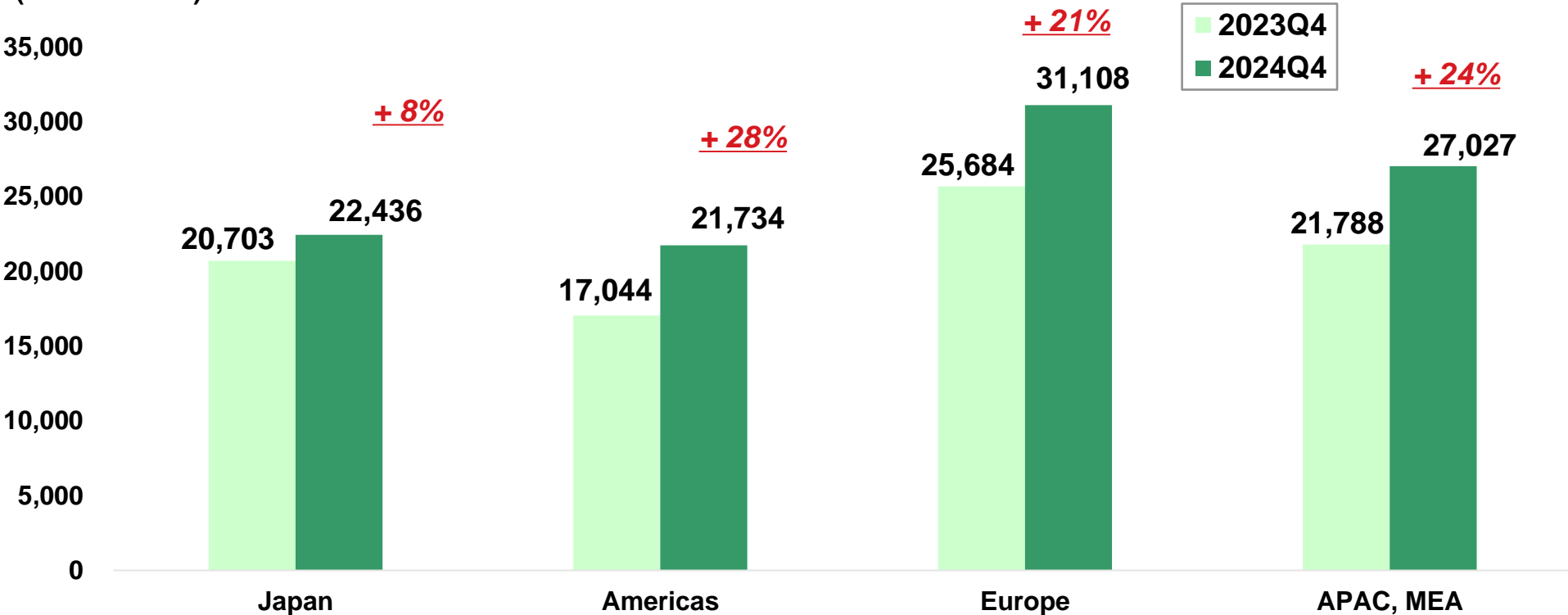


“For reference”

Pre-GAAP (Revenue before adjusting Deferred revenue)

(in million Yen)

(unaudited)



“Notice”

Pre-GAAP means Revenue before adjusting deferred revenue and sales return allowance.
As these numbers are just for internal use, they may be subject to some changes hereafter.

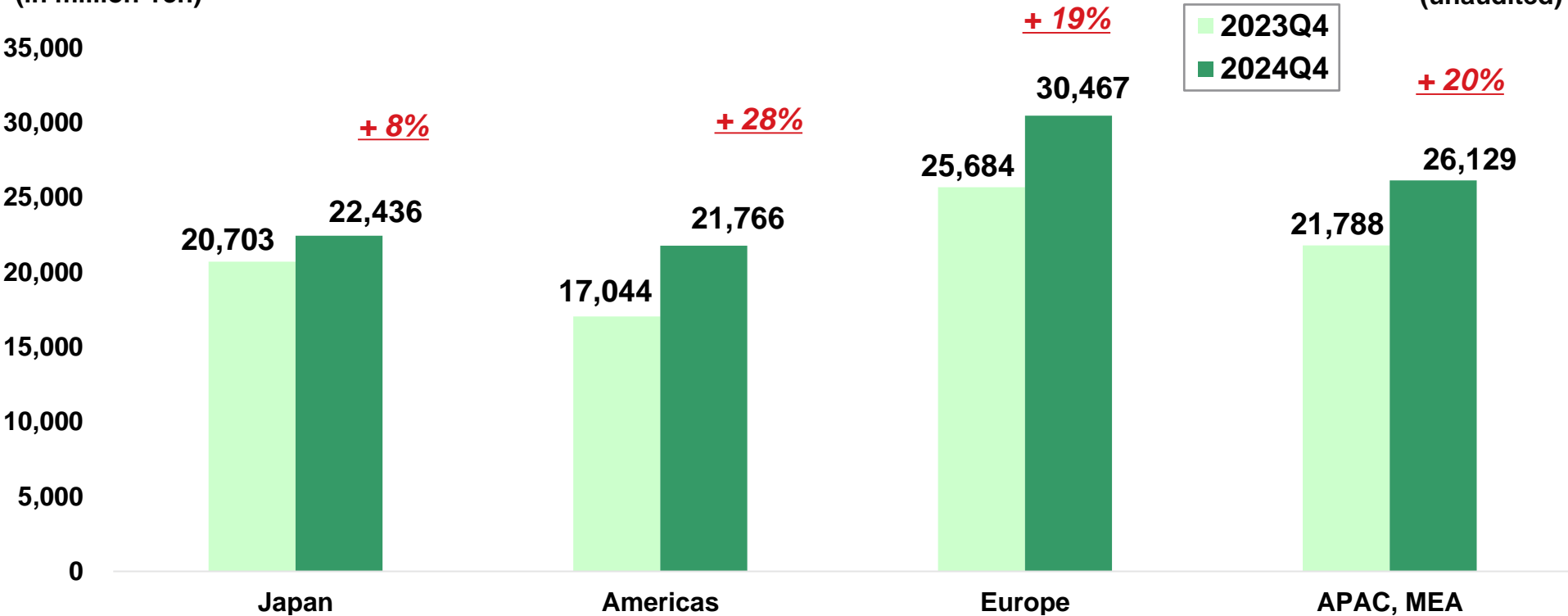
(Non-GAAP)

“For reference”

Pre-GAAP (Revenue before adjusting Deferred revenue)

If currency exchange rates used for 4Q2023 were used for 4Q2024:

(in million Yen)



“Notice”

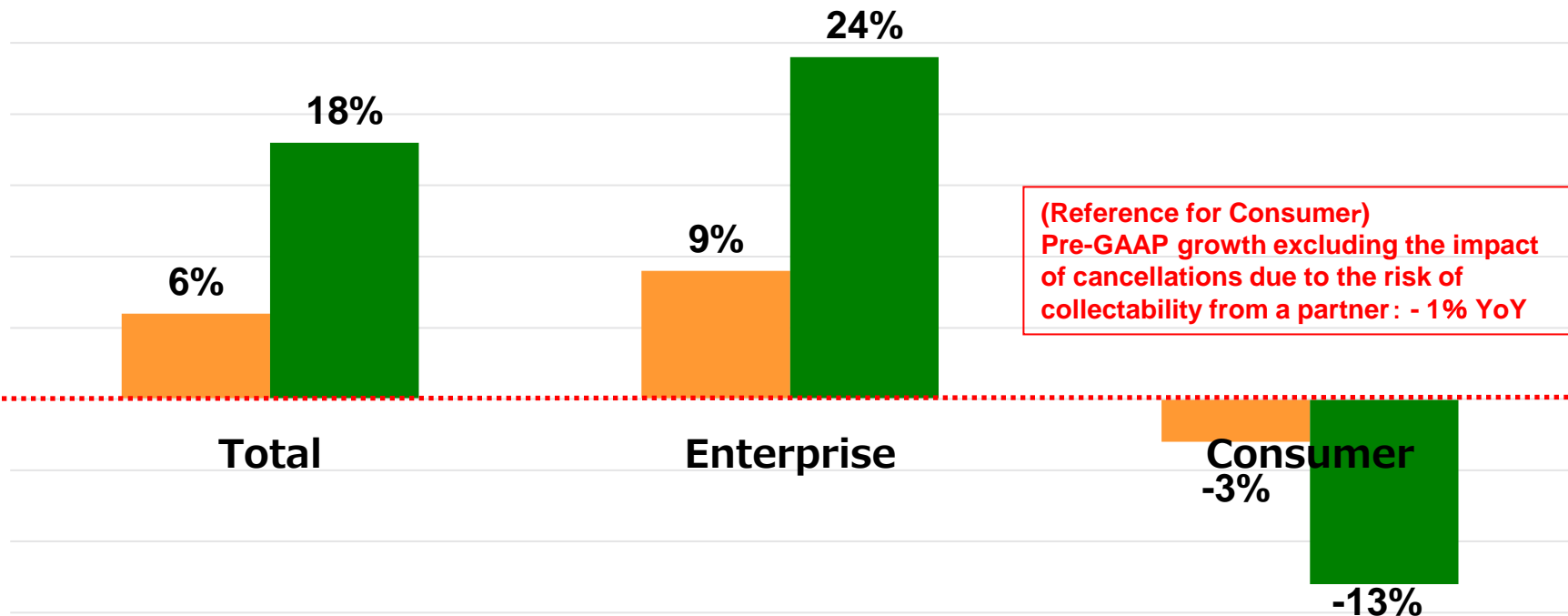
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(Non-GAAP)

Net sales & Pre-GAAP growth trend (on a constant currency basis)

(unaudited)

Net Sales Pre-GAAP

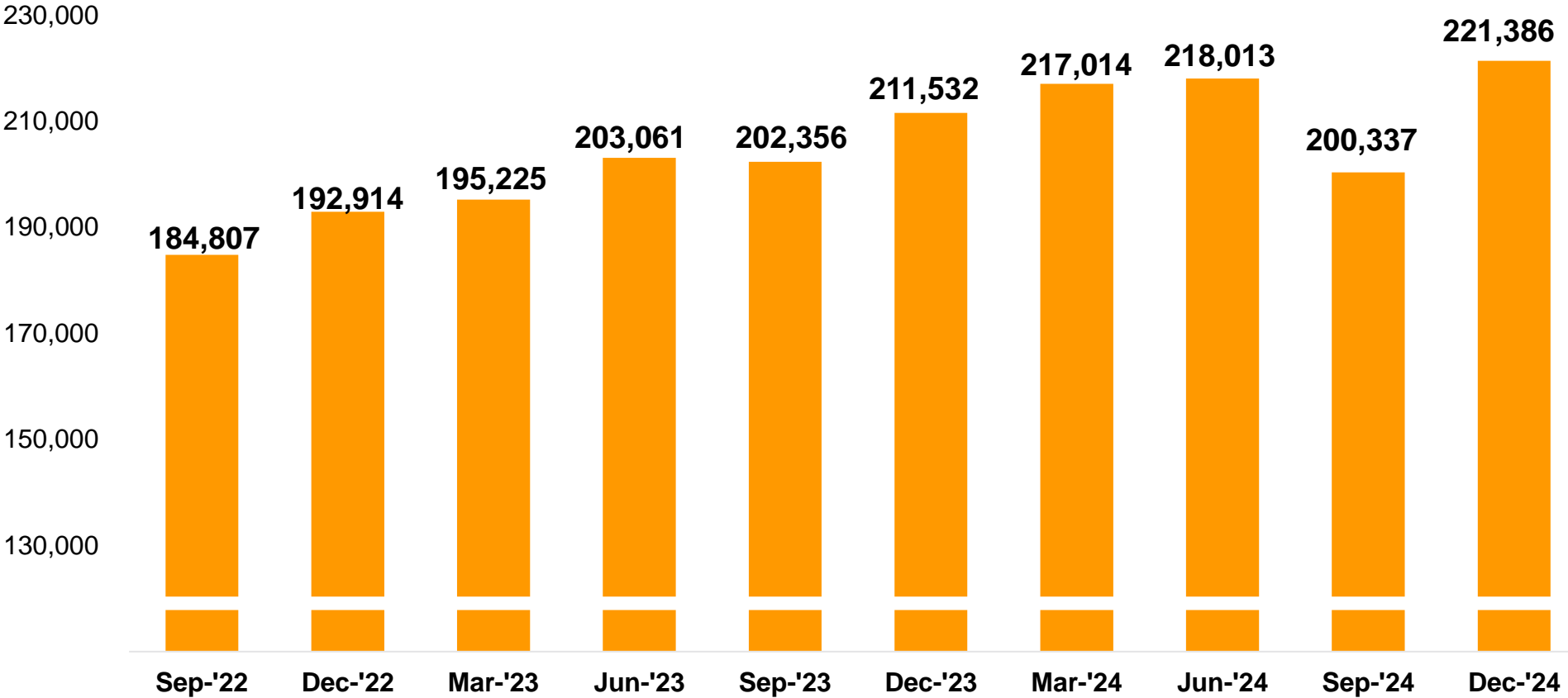


(Non-GAAP)

Deferred Revenue

(unaudited)

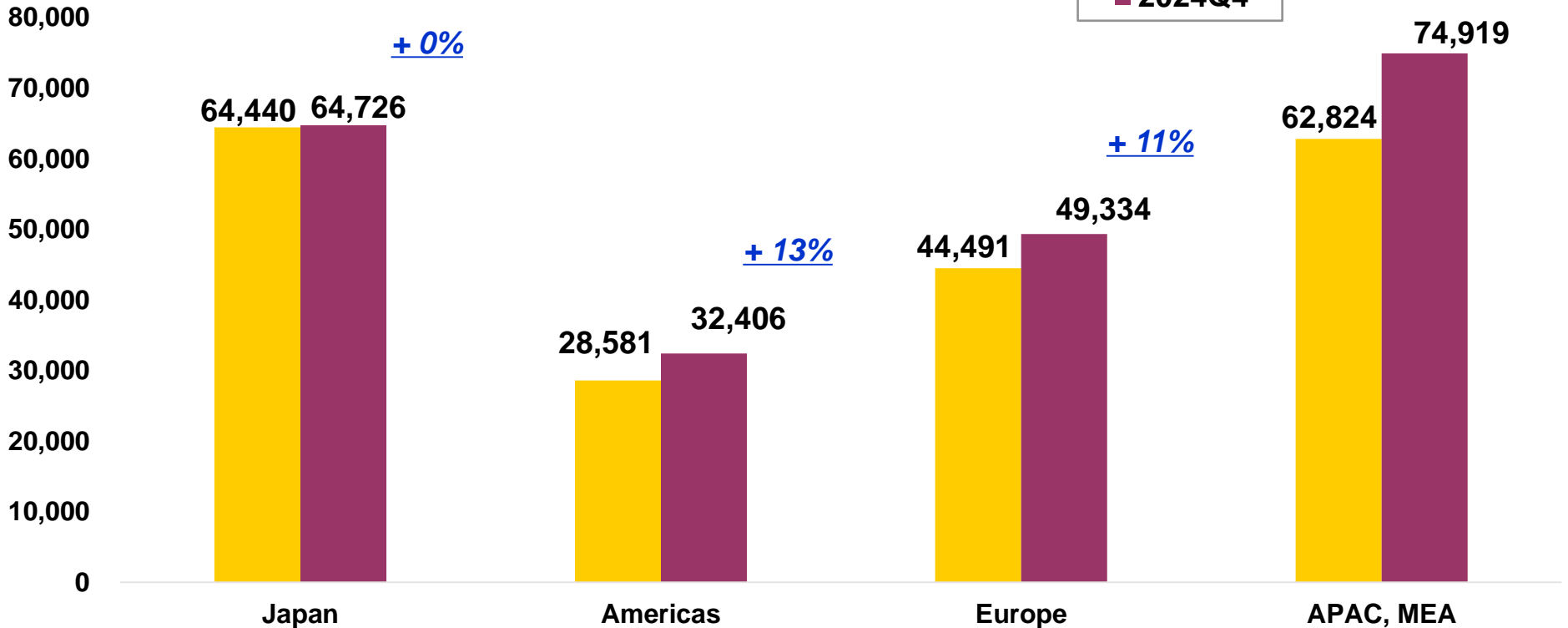
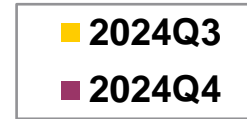
(in million Yen)



Deferred Revenue by Region

(in million Yen)

(unaudited)



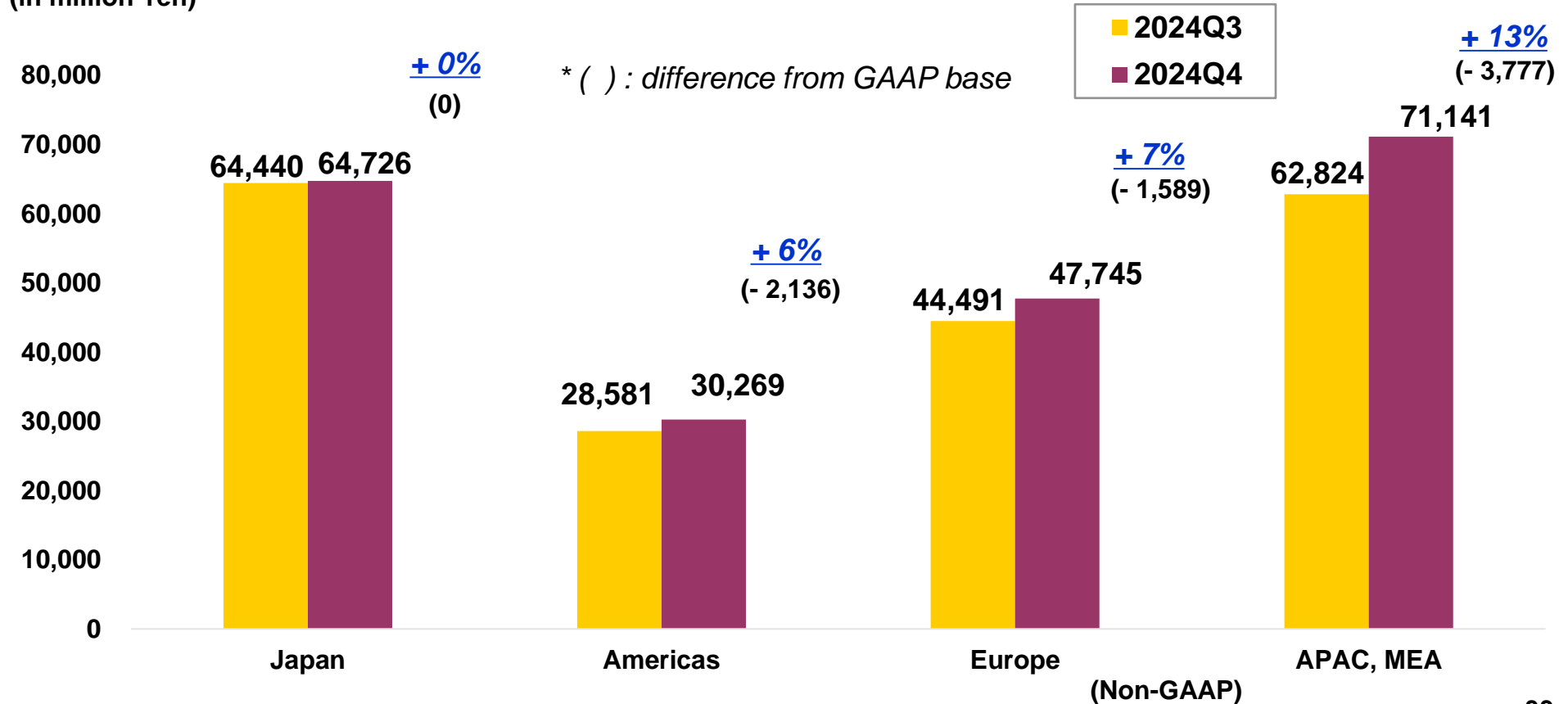
(Non-GAAP)

Deferred Revenue by Region

(unaudited)

If currency exchange rates used as of the end of 3Q2024 were used as of the end of 4Q2024:

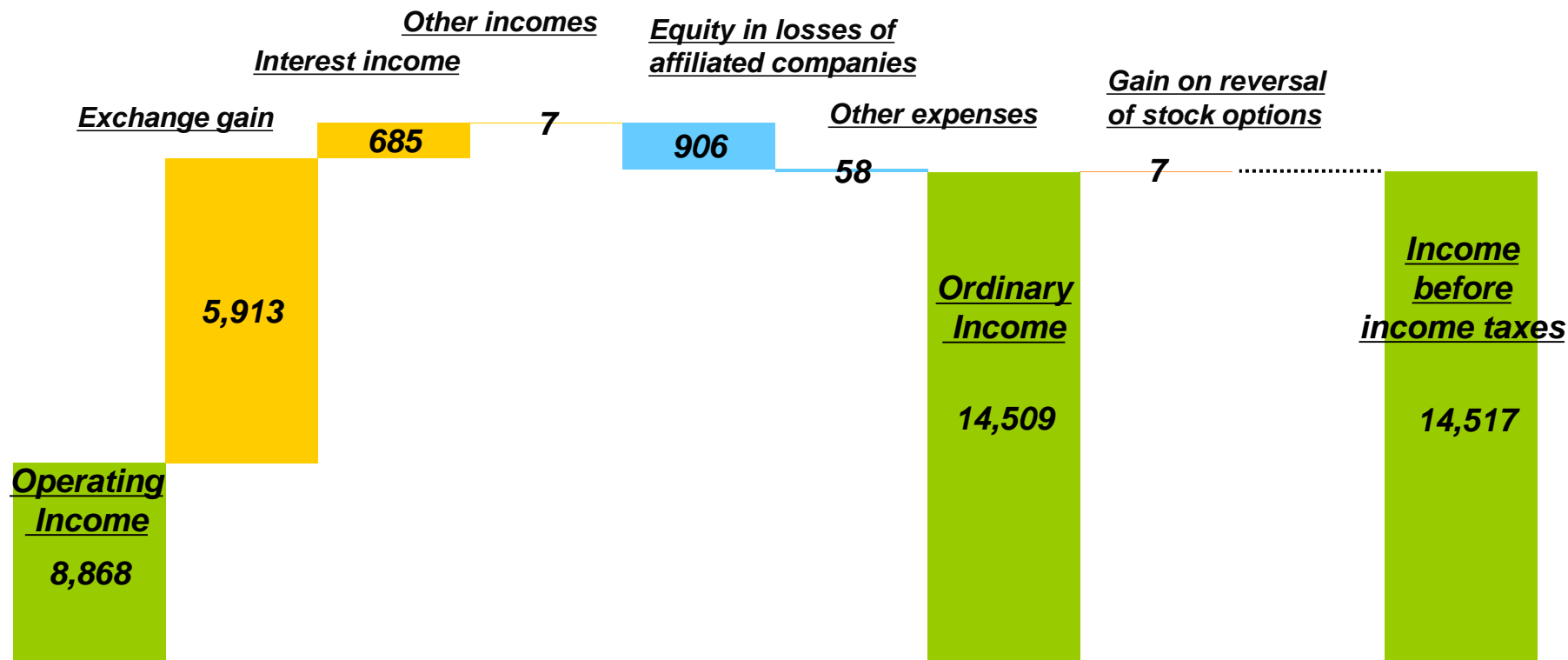
(in million Yen)



Non-operating & Extra-ordinary Items

(in million Yen)

(unaudited)



Balance Sheet

(unaudited)

(in million Yen)

	Sep-2024	change	Dec-2024
<u>Assets</u>			
Cash & cash equivalents	149,333	+ 20,723	170,056
Account receivable <i>(less allowance for doubtful accounts)</i>	47,737	+ 26,790	74,527
Marketable securities & Securities investments	51,848	- 6,489	45,359
Software	17,234	+ 670	17,904
<u>Liabilities</u>			
Deferred revenue	200,337	+ 21,049	221,386
<u>Shareholders' Equity</u>			
Common Stock & Additional paid in capital	47,867	- 84	47,783
Retained earnings	82,601	+ 7,940	90,541
Treasury Stock	- 67,540	+ 759	- 66,781

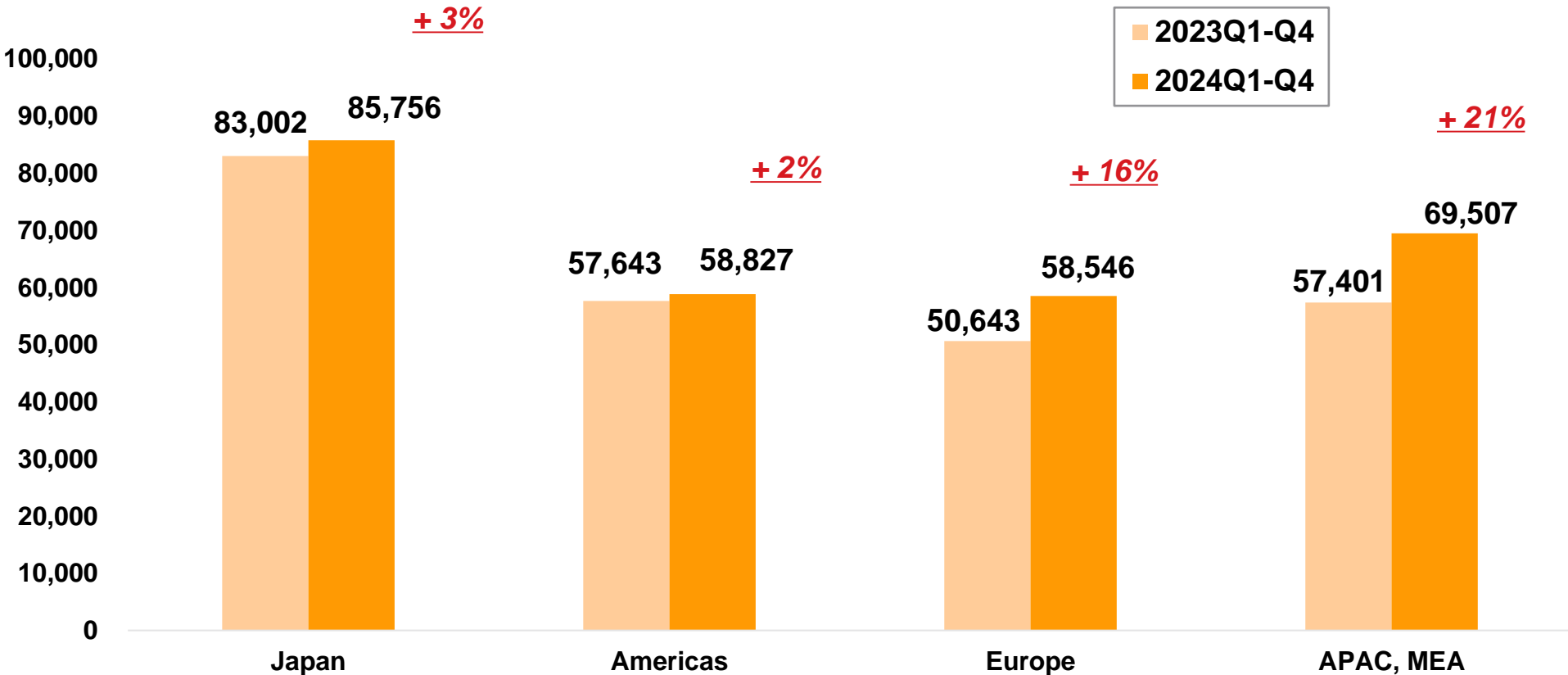
FY2024 12 months Financial Highlight

(January ~ Dec, 2024)

Net Sales Growth by Region

(unaudited)

(in million Yen)

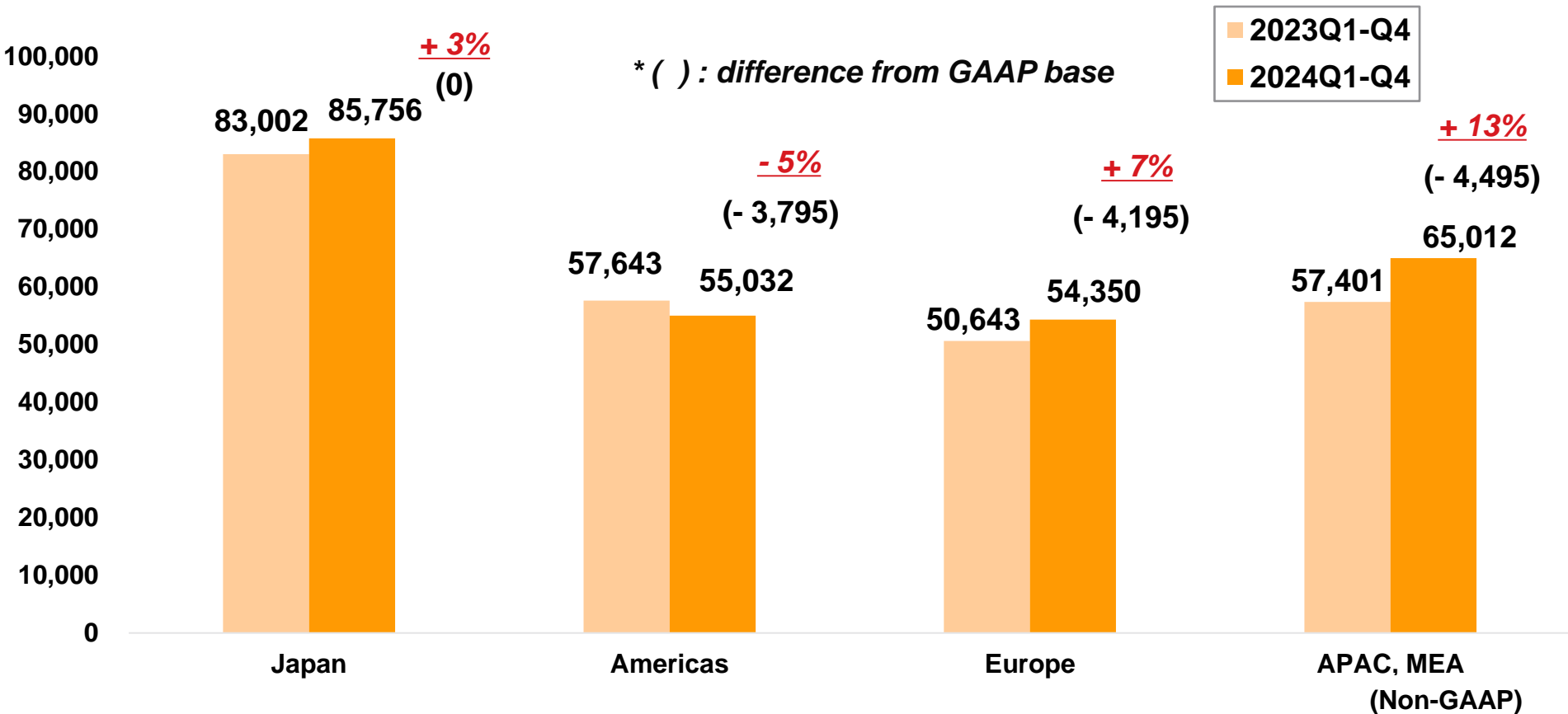


Net Sales Growth by Region

(in million Yen)

If currency exchange rates used for 2023 (Q1-Q4) were used for 2024 (Q1-Q4):

(unaudited)

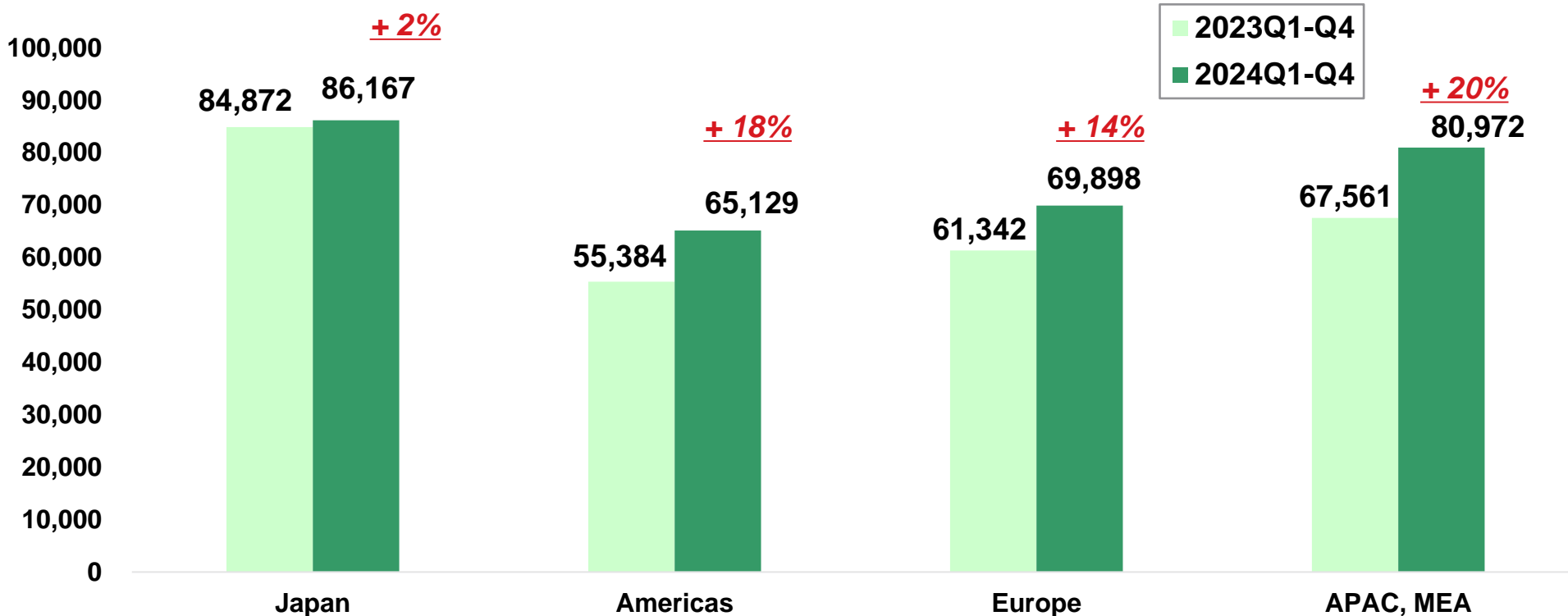


“For reference”

Pre-GAAP (Revenue before adjusting Deferred revenue)

(in million Yen)

(unaudited)



“Notice”

**Pre-GAAP means Revenue before adjusting deferred revenue and sales return allowance.
As these numbers are just for internal use, they may be subject to some changes hereafter.**

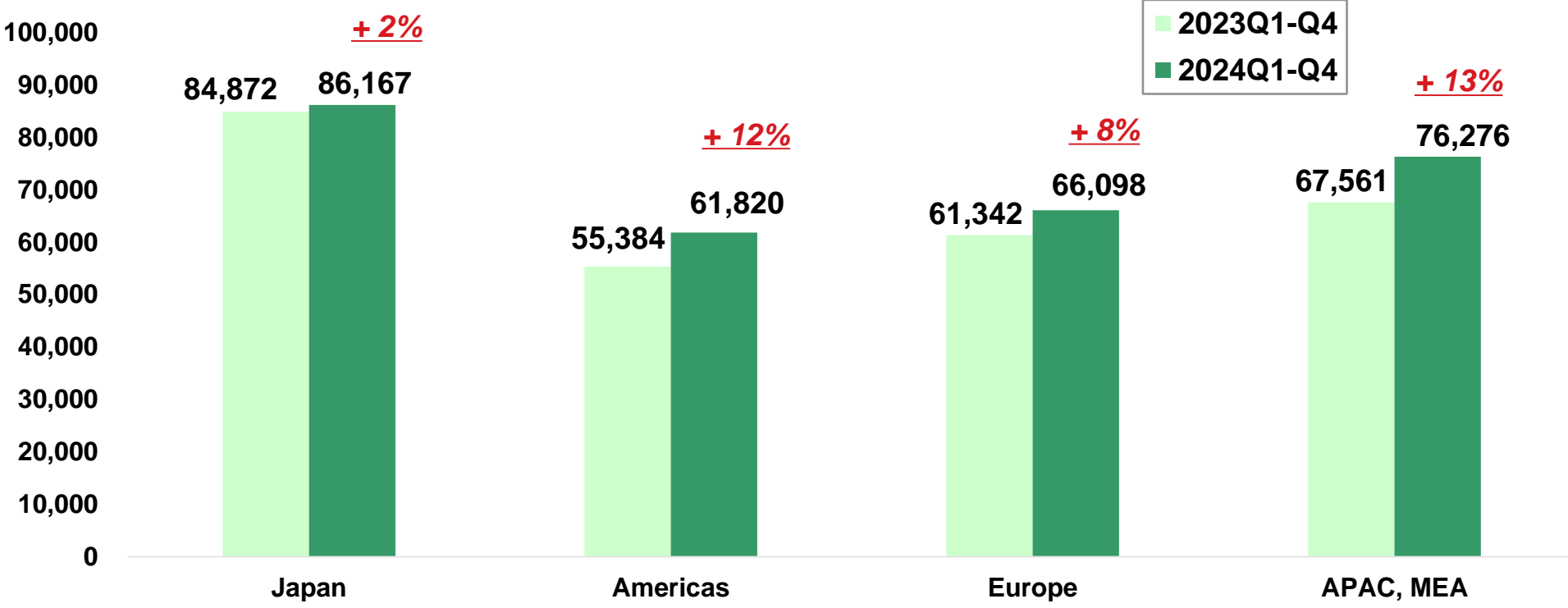
(Non-GAAP)

“For reference”

Pre-GAAP (Revenue before adjusting Deferred revenue)

(unaudited)

If currency exchange rates used for 2023(Q1-Q4) were used for 2024(Q1-Q4):



“Notice”

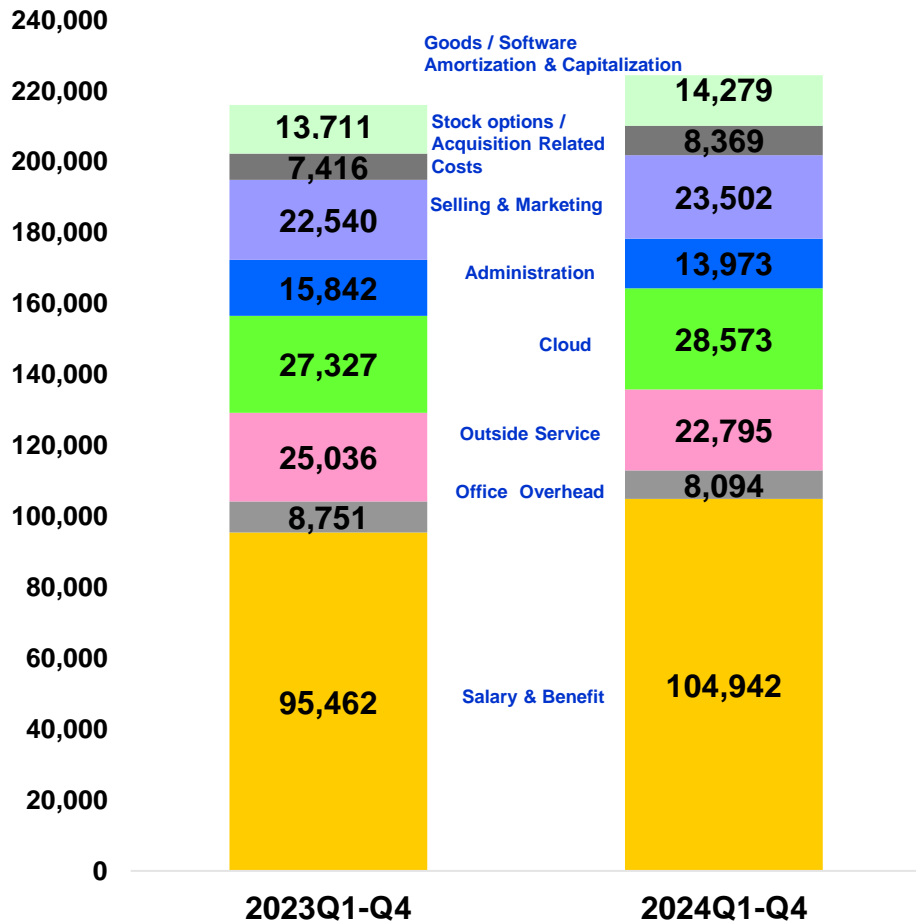
Pre-GAAP means Revenue before adjusting deferred revenue and sales return allowance.
As these numbers are just for internal use, they may be subject to some changes hereafter.

(Non-GAAP)

FY2024 Cost (12 months)

YoY Growth (unaudited)

(in million Yen)



Salary & Benefit	+ 10%
Office Overhead	- 7%
Outside Service	- 9%
Cloud	+ 5%
Administration	- 12%
Selling & Marketing	+ 4%
Stock Options / Acquisition Related Costs	+ 13%
Goods/Software Amortization & Capitalization	+ 4%

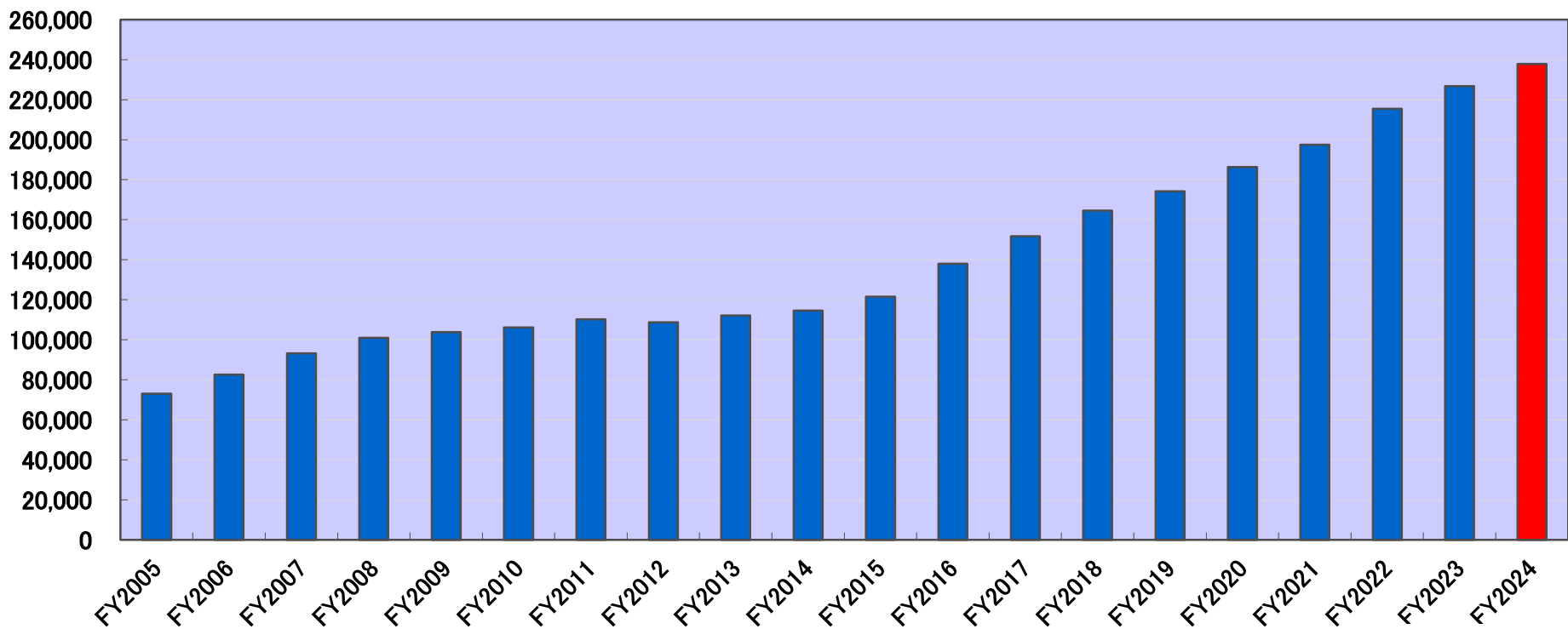
Total + 4%

Headcount - 563 (- 8%) (Non-GAAP)

Constant currency Revenue transition (based on FY2005)

(in million Yen)

(unaudited)



(Non-GAAP)

• JPY net revenue amount for each fiscal year shown above is calculated using each foreign currency exchange rate applied in FY2005



Thank You

Appendix

Quarterly Chart (1)

(unaudited)

(in million Yen)

	FY2023				FY2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	58,704	60,831	64,189	64,965	65,931	68,603	68,124	69,979
Cost of sales	14,395	15,107	15,931	18,226	16,015	16,492	15,967	16,505
Operating expenses	34,759	37,084	36,832	43,749	37,788	39,802	37,355	44,606
Operating income	9,548	8,639	11,424	2,989	12,127	12,308	14,801	8,868
Ordinary income	8,979	9,470	13,486	4,245	13,664	12,707	11,959	14,509
Net income attributable to owners of the parent	6,374	5,482	950	-2,074	10,754	7,141	8,523	7,940
(Costs)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Goods / Software Amortization & Capitalization	1,772	2,953	3,647	5,338	2,899	3,309	3,654	4,417
Stock option cost	1,136	775	-127	1,814	946	742	2,234	627
Acquisition related costs	704	1,033	1,041	1,037	1,022	1,027	985	783
Selling & Marketing	4,271	5,393	5,481	7,393	4,435	5,654	5,249	8,162
Administration	4,396	3,697	3,534	4,213	3,935	3,141	3,378	3,517
Cloud	6,331	6,724	7,075	7,196	7,734	7,877	6,601	6,361
Outside service	6,049	6,036	5,991	6,958	5,851	5,657	5,335	5,951
Office overhead	2,076	2,088	2,239	2,346	2,087	2,041	1,999	1,967
Salary & Benefit	22,415	23,489	23,879	25,677	24,891	26,842	23,884	29,323
Total	49,155	52,192	52,764	61,975	53,803	56,294	53,322	61,111
The number of employees	7,624	7,582	7,540	7,432	7,183	7,053	6,936	6,869
Applied rate to yen (US\$)	132.40	137.61	144.80	147.84	148.58	155.91	149.37	152.51
Applied rate to yen (Euro)	142.06	149.56	157.30	159.02	161.29	167.89	163.91	162.53

Appendix

Quarterly Chart (2)

(unaudited)

(in million Yen)

(Sales by region)	FY2023				FY2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	20,914	20,689	20,551	20,846	21,361	21,295	21,373	21,725
Americas	13,446	14,065	15,389	14,742	14,388	14,899	14,340	15,199
Europe	11,012	12,440	13,359	13,831	13,679	14,882	14,949	15,035
APAC, Middle East and Africa	13,330	13,637	14,888	15,544	16,501	17,526	17,460	18,018
Total	58,704	60,831	64,189	64,965	65,931	68,603	68,124	69,979
(Sales by segment)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
All Enterprise	45,120	47,218	50,563	50,853	52,056	54,654	54,329	56,168
Consumer	13,583	13,613	13,625	14,111	13,875	13,948	13,794	13,811
Total	58,704	60,831	64,189	64,965	65,931	68,603	68,124	69,979
(Pre-GAAP by region)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Japan	23,584	20,163	20,421	20,703	23,437	20,284	20,009	22,436
Americas	10,893	13,288	14,159	17,044	13,840	16,032	13,520	21,734
Europe	9,858	13,044	12,753	25,684	11,135	14,359	13,295	31,108
APAC, Middle East and Africa	13,633	15,236	16,902	21,788	17,042	18,619	18,283	27,027
Total	57,970	61,733	64,236	85,220	65,456	69,296	65,108	102,307

“Notice”

**Pre-GAAP means Revenue before adjusting deferred revenue and sales return allowance.
As these numbers are just for internal use, they may be subject to some changes hereafter.**