

August 8, 2024

Report of Earning Results (Consolidated)  
for the Second Quarter of the Fiscal Year  
Ending December 31, 2024

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Expected date of the submission of semi-annual security reports (“Hanki Hokokusho”)  
: August 9, 2024

## 1. Financial Highlights for the Six Months Ended June 30, 2024

### (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	%
Six Months Ended June 30, 2024	134,534	12.5	24,436	34.4	26,371	42.9	17,895	50.9
Six Months Ended June 30, 2023	119,536	13.5	18,188	(2.5)	18,449	(10.5)	11,856	(20.8)

(Note) Comprehensive Income: 26,058million yen (3.6) % as of June 30, 2024  
(27,041million yen (27.8)% as of June 30, 2023)

	Net Income per share (basic)	Net Income per share (diluted)
	Yen	Yen
Six Months Ended June 30, 2024	133.15	132.42
Six Months Ended June 30, 2023	85.86	85.80

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2024	377,963	101,203	26.0
December 31, 2023	492,628	214,423	43.0

(Note) Net Assets after deduction of Share acquisition rights and Non-controlling interest  
: 98,127million yen as of June 30, 2024 (211,998million yen as of December 31, 2023)

## 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, 2023	Yen —	Yen 0.0	Yen —	Yen 738.0	Yen 738.0
December 31, 2024	—	0.0			
Projection for FY 2024			—	—	—

(Note) Revision of the projection of dividend for the second quarter of FY 2024 : No

(Note) The dividend projection for FY2024 annual end has not been determined yet.

## 3. Forecasts of consolidated financial results for FY 2024

**(January 1, 2024 through December 31, 2024)**

(Note) For the forecast of FY 2024, 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 : No
  - 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):

140,901,604 shares as of June 30, 2024

140,879,104 shares as of December 31, 2023

② Number of treasury stocks :

10,612,477 shares as of June 30, 2024

5,218,677 shares as of December 31, 2023

③ Average number of shares outstanding :

134,398,028 shares six months ended June 30, 2024

138,088,336 shares six months ended June 30, 2023

### \* 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 2024

	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
FY2024 (January 1, 2024 through December 31, 2024)	271,000	9.0	52,900	62.3	50,100	38.5	34,600	222.4	255.05

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# 1 Qualitative Information and Financial Statements

## (1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales		
	The First Half of FY2024	The First Half of FY2023	Rate of Change
Japan Reg.	42,657	41,603	2.5%
Americas Reg.	29,288	27,511	6.5%
Europe Reg.	28,561	23,453	21.8%
Asia and Pacific Reg.	34,028	26,968	26.2%
Total	134,534	119,536	12.5%

During this term of fiscal year 2024, from January 1 to June 30, the world economy has been going through with attention to global monetary policy trends. Associated with it, there were risks including exchange rate fluctuations and the uncertainties in prolonging geopolitical risks, etc. in a prospect.

In the worldwide Information Technology industry, according to the report by 3rd party, the forecasts worldwide IT spending to grow 6.8% to \$5 trillion in 2024.

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, and ransomware have been still standing out. Going through concerns such threat changes including new security risks coming from GenAI, the trend of cyber security consciousness has been required regardless business or individual into a new daily life.

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

With regards to sales in Japan region, in the enterprise business has been going well. Especially, Network security solutions lead this region's sales besides demands for our security platform as Trend Micro Vision One ("Vision One.") In addition, Email security solutions showed growth. In the consumer business has been also growing continuously under the sustained growth in mobile channel shop sales, except the weakness in security for PC. As a result, net sales for this period in Japan region amounted to 42,657 million yen (2.5% increase from the same period in the previous year) increase to.

For Americas region, in the enterprise business, Vision One main composed solutions lead to this region sales, additionally both Email security solutions and Network security solutions showed growth. On the other hand, Endpoint & Cloud security solutions performed weak. In addition to a weak yen impact, net sales in this region were 29,288 million yen (6.5% increase from the same period in the previous year) increase to.

In Europe region sales, the enterprise business performed well. Despite Endpoint & Cloud security solutions were not going well, either Network security solutions was weak, Vision One main composed solutions contributed to this region's sales significantly. In addition, there was a weak yen impact, net sales in this region were 28,561 million yen (21.8% increase from the same period in the previous year) in a double-digit growth rate

In the Asia Pacific region, also the enterprise business overall showed growth. Especially Endpoint & Cloud security solutions contributed significantly to this region's sales based on demands for Vision One. Besides, both Vision One main composed solutions and Network security solutions showed growth well. Locally, Australia, Middle East, and Taiwan area led this region's sales. In addition of the depreciation of yen impact, as a result, net sales for this period in Asia Pacific region amounted to 34,028 million yen (26.2% 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 the fiscal year 2024, from January 1 to June 30,) marked 134,534 million yen (12.5% increase from the same period in previous year.)

For the costs, it showed growth caused by both, an increase in people costs with a significant impact of weak yen, and an increase in a

cloud cost along with public cloud service usage growth, etc. Thus, cost of sales and operating expenses for this period totaled 110,098 million yen (8.6% increase from the same period in previous year) increase to. As the results, consolidated operating income for this period was 24,436 million yen (34.4% increase from the same period in previous year) increase to.

And the consolidated ordinary income for this period was 26,371 million yen (42.9% increase from the same period in previous year) increased due to foreign exchange gain, etc. For the first half of the year, the net income attributable to owners of the parent for this period was 17,895 million yen (50.9% increase from the same period in previous year) increased mainly due to gain on change in equity, etc.

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 24,654 million yen, an increase of 6,297 million yen (34.3% increase from the same period in previous year.) This increase was due to Pre-GAAP sales' double-digit growth exceeded over increase in cost of sales and operating expenses growth including people cost with weak yen impact, and public cloud service fee with usage volume increasing on the expansion of our SaaS business.

## **(2) Consolidated Financial Positions**

At the end of this period, cash and bank deposits amounted to 144,282 million yen, and a decrease of 103,574 million yen from FY2023 annual closing.

Mainly due to a significant decrease in cash and bank deposits, and additionally a substantial decrease in Notes and Accounts receivable, trade and contract assets, and investment securities, etc. As the result, total assets at the end of this period were 377,963 million yen, 114,665 million yen decrease from FY2023 annual closing.

Total liabilities at the end of this period were 276,759 million yen, 1,445 million yen decrease from FY2023 annual closing. Despite deferred revenue, etc. increased, this decrease is due to decrease in both other current liabilities and accrued expenses, etc.

Total net assets at the end of this period were 101,203 million yen, 113,220 million yen decrease from FY2023 annual closing. Even though increase in foreign currency translation adjustments, this decrease is mainly due to both, retained earnings with a significant decrease in, and a substantial increase in treasury stock based on massive shareholder returns, etc.

## **(3) Consolidated Earnings Forecast**

As of now, we do not revise our consolidated results forecast for the full fiscal year ending December 31, 2024 (released on February 15, 2024).

### **Business forecast for the Annual of FY2024 (January 1, 2024 – December 31, 2024)**

Consolidated net sales	271,000 million yen
Consolidated operating income	52,900 million yen
Consolidated ordinary income	50,100 million yen
Net income attributable to owners of the parent	34,600 million yen

### **In development of the business forecasts the main assumed exchange rates for the Annual of FY2024 (January 1, 2024 – December 31, 2024) as follows.**

1 US \$	147 yen
1 Euro	157 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 (6 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, 2023	June 30, 2024
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	247,856	144,282
Notes and Accounts receivable, trade and contract assets	69,260	54,910
Marketable securities	51,170	56,866
Inventories	6,662	10,004
Others	14,271	14,084
Allowance for bad debt	(335)	(149)
<b>Total current assets</b>	<b>388,885</b>	<b>279,998</b>
<b>Non-current assets</b>		
<b>Property and equipment</b>		
(1) Buildings and structures, net	3,963	3,709
(2) Office furniture & equipment	2,499	2,458
(3) Others	25	60
<b>Total property and equipment</b>	<b>6,489</b>	<b>6,228</b>
<b>Intangibles</b>		
(1) Software	16,100	18,432
(2) Goodwill	3,662	3,131
(3) Others	12,120	12,555
<b>Total intangibles</b>	<b>31,883</b>	<b>34,118</b>
<b>Investments and other non-current assets</b>		
(1) Investment securities	16,908	6,529
(2) Investments in subsidiaries and affiliates	1,467	2,920
(3) Deferred tax assets	44,380	45,928
(4) Others	2,612	2,239
<b>Total investments and other non-current assets</b>	<b>65,369</b>	<b>57,617</b>
<b>Total non-current assets</b>	<b>103,743</b>	<b>97,964</b>
<b>Total assets</b>	<b>492,628</b>	<b>377,963</b>

(Million yen)

Account	December 31, 2023	June 30, 2024
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable and Notes payable, trade	2,727	3,031
Accounts payable, other	6,097	4,721
Accrued expenses	18,910	16,463
Accrued income and other taxes	10,248	9,508
Allowance for bonuses	3,456	4,182
Deferred revenue(Current and Non-current)	211,532	218,013
Others	12,104	6,434
Total current liabilities	265,077	262,355
<b>Non-current liabilities</b>		
Net defined benefit liability	8,071	8,261
Others	5,055	6,143
Total non-current liabilities	13,127	14,404
Total liabilities	278,205	276,759
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Common stock	19,855	19,926
Capital surplus	28,239	28,312
Retained earnings	156,299	74,077
Treasury stock, at cost	(33,836)	(73,788)
Total shareholders' equity	170,558	48,528
<b>Accumulated other comprehensive income</b>		
Net unrealized gain (loss) on debt and equity securities	396	978
Foreign currency translation adjustments	41,237	48,805
Remeasurements of defined benefit plans	(194)	(184)
Total accumulated other comprehensive income	41,440	49,599
Stock acquisition rights	2,391	3,037
Non-controlling interests	33	38
Total net assets	214,423	101,203
Total liabilities and net assets	492,628	377,963

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

## Consolidated Statements of Income

(Million yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	119,536	134,534
Cost of sales	29,503	32,507
Gross profit	90,032	102,026
Operating expenses	71,844	77,590
Operating income	18,188	24,436
Non-operating income		
Outsourcing service income	152	21
Interest income	2,287	1,255
Gain on sales of marketable securities	7	—
Foreign exchange gain	—	2,310
Other income	170	91
Total non-operating income	2,618	3,678
Non-operating expenses		
Foreign exchange loss	797	—
Equity in losses of affiliated companies	1,507	1,519
Loss on disposal of fixed assets	8	161
Other expenses	43	62
Total non-operating expenses	2,357	1,743
Ordinary income	18,449	26,371
Extraordinary gain		
Gain on business transfer	—	587
Gain on change in equity	—	2,145
Total extraordinary gain	—	2,732
Extraordinary loss		
Loss on valuation of investment securities	104	—
Total extraordinary loss	104	—
Net income before taxes	18,344	29,104
Income taxes	6,488	10,214
Income taxes for prior periods	—	994
Net income	11,855	17,895
Net income(loss) attributable to non-controlling interests	(1)	(0)
Net income attributable to owners of the parent	11,856	17,895

Consolidated Statements of Comprehensive Income

(Million yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net income	11,855	17,895
Other comprehensive income		
Valuation difference on available-for-sale securities	151	581
Foreign currency translation adjustment	15,027	6,746
Remeasurement of defined benefit plans	(120)	9
Share of other comprehensive income of associates accounted for using equity method	127	826
Total other comprehensive income	15,185	8,163
Comprehensive income	27,041	26,058
Comprehensive income attributable to owners of the parent	27,043	26,054
Comprehensive income attributable to non-controlling interests	(2)	4

## (3) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities:		
Net income before taxes	18,344	29,104
Depreciation and amortization	12,777	13,999
Stock compensations	451	675
Amortization of goodwill	782	987
Increase (decrease) in allowance for bad debts	(0)	(212)
Increase (decrease) in net defined benefit liability	241	3
Interest income	(2,287)	(1,255)
Equity in (earnings)/loss of affiliated companies	1,507	1,519
(Gain) loss on sale of businesses	—	(587)
(Gain) loss on change in equity	—	(2,145)
(Gain) loss on disposal of Fixed assets	8	161
(Gain) loss on sale of marketable securities	(7)	—
(Gain) loss on valuation of investment securities	104	—
(Increase) decrease in notes and accounts receivable and contract assets	11,778	18,090
(Increase) decrease in inventories	(499)	(2,433)
Increase (decrease) in notes and accounts payable	(687)	(43)
Increase (decrease) in accounts payable, other & accrued expenses	(13)	(5,366)
Increase (decrease) in deferred revenue	(2,084)	(9,660)
Increase (decrease) in virtual share bonus plan	(734)	(1,506)
Others	(1,233)	(3,861)
Subtotal	38,447	37,469
Proceeds from interest and dividend received	2,302	1,242
Payment for income tax	(6,912)	(10,997)
Payment for Litigation settlement	(62)	—
Net cash provided by operating activities	33,775	27,714
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	201	(6,283)
Payments for purchases of marketable securities and securities investments	(595)	(10)
Proceeds from sale or redemptions of marketable securities and securities investments	14,526	16,902
Payments for purchases of property and equipment	(762)	(675)
Payments for purchases of other intangibles	(10,917)	(12,919)
Proceeds from sales of businesses	—	291
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,765)	—
Net cash provided by investing activities	(1,312)	(2,694)
Cash flows from financing activities:		
Proceeds from issuance of common shares	137	119
Payment for purchase of treasury stock	(22,611)	(39,999)
Receipt from disposal of treasury stock	224	42
Dividends paid	(20,254)	(96,282)
Repayments to non-controlling shareholders	(5)	—
Proceeds from paid-up by non-controlling shareholders	9	0
Net cash used in financing activities	(42,500)	(136,119)
Effect of exchange rate changes on cash and cash equivalents	11,618	9,368
Net increase (decrease) in cash and cash equivalents	1,580	(101,731)
Cash and cash equivalents at beginning of period	207,643	261,265
Cash and cash equivalents at end of period	209,224	159,534

(4) Footnotes on Consolidated Financial Statements

(Footnote on Going Concern)

N/A

(Notes on Significant Changes in Stockholders' Equity)

(Dividends from Surplus)

We resolved to pay a dividend of 100,117 million yen based on the resolution of the Ordinary General Meeting of Shareholders on March 28, 2024. As a result, retained earnings decreased by 82,221 million yen for the current fiscal year consolidated cumulative period.

(Repurchase of treasury stock)

We repurchased 5,401,200 shares of treasury stock based on the resolution of the board of directors meeting held on February 15, 2024. As a result, treasury stock increased by 39,951 million yen for the current fiscal year consolidated cumulative period.

(Additional information)

(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, 2023 to June 30, 2023)

1. Information on net sales and profits by reporting segment

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Adj (*) <sup>3</sup>	Amt in Con P&L (*) <sup>4</sup>
Sales							
(1) Net sales to external customers	41,603	27,511	23,453	26,968	119,536	—	119,536
(2) Intercompany sales	(15)	4,579	2,920	27,838	35,323	(35,323)	—
Total	41,588	32,090	26,373	54,806	154,859	(35,323)	119,536
Segment income	5,651	3,495	4,035	5,390	18,573	(384)	18,188

(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 (384)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, 2024 to June 30, 2024)

1. Information on net sales and profits by reporting segment

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Adj (*) <sup>3</sup>	Amt in Con P&L (*) <sup>4</sup>
Sales							
(1) Net sales to external customers	42,657	29,288	28,561	34,028	134,534	—	134,534
(2) Intercompany sales	8	5,541	4,975	31,470	41,996	(41,996)	—
Total	42,665	34,829	33,536	65,498	176,530	(41,996)	134,534
Segment income	7,957	4,220	5,977	7,013	25,168	(732)	24,436

(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 (732) 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.