



## **Trend Micro Announces First Quarter Consolidated Results**

*Q1 sales increase 12% year over year reaching new record highs*

**TOKYO, Japan, April 21, 2003** -- Trend Micro (TSE: 4704; Nasdaq: TMIC), a leader in network antivirus and Internet content security software and services, reported results in US GAAP for the first quarter, ended March 31, 2003. Trend Micro posted consolidated net sales of 10.9 billion yen, (or US\$ 91.0 million [1]) and operating income of 3.0 billion yen (or US\$ 24.7 million). The figures reflect gains of 12% in sales and -2% in operating income compared with the same period a year ago.

All major product lines grew compared to the same quarter in 2002. Enterprise products represented 82% of net sales in Q1, with Internet gateway and messaging groupware product revenue growing 15% year over year. Consumer product revenue grew 32% as compared with the same period a year ago.

"We are pleased to demonstrate growth over 2002, despite the global economic climate," said Steve Chang, Chairman and CEO of Trend Micro. "And we intend to emerge out of these challenging times in a continued leadership position by continuing to invest and focus on delivering the building blocks of our Enterprise Protection Strategy (EPS). We are gaining recognition for this unique approach. We believe our rapid progress in delivering EPS to the market with our partners has given us a substantial lead in offering real product capabilities that are usable today, versus others in the industry who are trying to achieve the same result through integrating acquisitions."

Consolidated net sales for the second quarter ending June 30 th are expected to be 11.5 billion yen (or US\$ 95.8 million). Operating income is expected to be 2.9 billion yen (or US\$ 24.2 million).

The company also reported results for FY2002 in accordance with US GAAP of 43.0 billion yen (or US\$ 358.2 million) in net sales, 13.9 billion yen (or US\$ 115.6 million) in operating income, and 7.7 billion yen (or US\$ 64.3 million) in net income.

### **First Quarter Highlights:**

- Trend Micro™ Enterprise Protection Strategy was awarded PC Magazine's Editors' Choice for corporate antivirus software. Trend Micro was selected for the award due to its unique strength in outbreak containment, custom policies, remote administration, desktop-to-gateway solutions, and extensive support infrastructure. Trend Micro Enterprise Protection Strategy was selected for the award over products from Symantec and Network Associates.
- In March 2003, META group named Trend Micro among the leaders in the antivirus space based on the company's gateway position, strong centralized management, and focus on the outbreak lifecycle.
- Trend Micro introduced its Spam Prevention Service for enterprise customers, a service designed to block non-productive and malicious spam at the Internet gateway that utilizes heuristic technology. The new service was designed to interoperate seamlessly with Trend Micro's other antivirus and content security products.

- In March, UBS Warburg ranked Trend Micro third in overall global channel satisfaction, making the company the highest ranked antivirus vendor in the study. The report also stated that customers of the channel partners surveyed preferred best-of-breed security solutions versus all-in-one, integrated security solutions.
- Major customer additions worldwide during the quarter include Seiko Epson and Cable and Wireless. Customers from the government, healthcare, and banking sectors worldwide were most significant among new customers this quarter.

### Notice Regarding Forward Looking Statements

Statements included in this release contain "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements regarding our expectations about future dividend payments. Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- Customer acceptance of our new products and services
- The impact of competing products and services
- Difficulties in adapting our products and services to the Internet.
- Difficulties in addressing new virus and other computer security problems.
- The potential lack of attractive investment targets and difficulties in successfully executing our investment strategy.
- Declining prices for our products and services

We assume no obligation to update any forward-looking statements. For more details regarding risk factors relating to our future performance, please refer to our filings with the SEC, including our annual report on Form 20-F which was filed on July 1, 2002.

### Supplementary Information

The following tables show key financial information for the three months ended March 31, 2003 as announced by Trend Micro Japan.

\*Figures are in accordance with US GAAP and not audited.

The amounts shown in U.S. dollars are for convenience only, exchanged at the rate of : 1US\$=120 JPY

#### 1. Consolidated Results of Operations

	FY2003	FY2002	
	Current first quarter	Previous first quarter	Growth Rate
	From January 1, 2003	From January 1, 2002	
	To March 31, 2003	To March 31, 2002	

	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$	%
Net sales	10,918	90,987	9,752	81,271	12.0
Cost of sales	804	6,706	596	4,969	35.0
Gross profit	10,114	84,281	9,156	76,302	10.5
Operating expenses	7,153	59,608	6,128	51,069	16.7
Operating income	2,961	24,673	3,028	25,233	-2.2
Other income (expense)	105	879	41	345	154.8
Income before income taxes and equity in gain of affiliated companies	3,066	25,552	3,069	25,578	-0.1
Income taxes	1,327	11,058	1,364	11,372	-2.8
Equity in gain of affiliated companies	1	5	0	1	475.7
Net income	1,740	14,499	1,705	14,207	2.1

## 2. Geographic segment information

### Net sales to third parties

	FY2003		FY2002	
	Current first quarter		Previous first quarter	
	From January 1, 2003		From January 1, 2002	
	To March 31, 2003		To March 31, 2002	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
Japan	4,825	40,209	3,968	33,064
North America	2,174	18,120	2,413	20,108
Europe	2,615	21,792	2,194	18,287

Asia Pacific	1,011	8,426	892	7,439
Latin America	293	2,440	285	2,373
Total	10,918	90,987	9,752	81,271

### Deferred Revenue

	FY2003		FY2002	
	As of March 31,2003		As of March 31,2002	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
Japan	7,814	65,114	5,850	48,750
North America	4,008	33,400	2,647	22,060
Europe	4,005	33,373	1,811	15,092
Asia Pacific	1,011	8,427	615	5,124
Latin America	310	2,585	300	2,498
Total	17,148	142,899	11,223	93,524
<Note>	1. Classification of countries and regions is based on geographical proximity.			
	2. Classification of countries and regions into each geographic segment.  North America : U.S.A.  Europe : Italy , Germany , France , UK  Asia Pacific : Taiwan , Korea , Australia , Hong Kong , Malaysia , New Zealand , China  Latin America : Brazil , Mexico			

### 3. Basis of consolidation

The number of consolidated subsidiaries	16	(16 in overseas)	
The number of unconsolidated subsidiaries	-		

#### 4. Increase (Decrease) of major assets and liabilities

(Assets)	As of March 31, 2003		Increase (Decrease)		As of December 31, 2002	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
Cash and cash equivalents	49,805	415,041	1,975	16,459	47,830	398,582
Notes and accounts receivable, trade-less allowance for doubtful accounts and sales returns	9,618	80,147	-1,707	-14,228	11,325	94,375
Marketable securities and securities investments	3,814	31,785	376	3,133	3,438	28,652
(Liabilities)						
Deferred revenue (Total of current and long term)	17,148	142,899	1,475	12,293	15,673	13,606
Long term debt (Total of current and long term)	11,500	95,833	-	-	11,500	95,833
(Shareholders' equity)						
Treasury stock	-2,823	-23,528	-501	-4,176	-2,322	-19,352

<Note> In order for the warrants to be granted or transferred to the directors and certain employees of the Company and the directors and certain employees of an affiliated company, the Company issued unsecured bonds with detachable warrants. Under pre-revised section 341-8-4 of the Japanese Commercial Code, the redemption and retirement of these bonds are restricted when the total amount of the bonds is less than the

total amount of the issue price of the stocks from unexecuted warrants. To reduce interest costs, the Company repurchased some of the issued bonds after warrants were detached. Based on the above reason, the Company intends to hold the treasury bonds until they can be retired legally which is substantially the same as redemption. Thus, bonds and treasury bonds (10,000 millions of yen as of March 31, 2003 and 10,000 millions of yen as of December 31,2002 respectively) are disclosed in net amount in the balance sheet.

5. Projected earnings for the next quarter (April 1, 2003 through June 30, 2003)

	Net sales		Operating income		Net income	
	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$	Millions of yen	Thousands of US\$
2 <sup>nd</sup> Qtr	11,500	95,833	2,900	24,167	1,650	13,750

(Note) Since the business environment surrounding Trend Micro Group tends to fluctuate in the short run, it is difficult to make the highly reliable projection figures on a yearly basis. We, therefore, decided to announce the earnings on a quarterly basis in the fiscal year ending in December 2003 as well as earnings projection of the succeeding quarter.

If we found through our calculation conducted from time to time that the net sales fluctuate from the most recent quarterly projection by more than 10%, or operating income or net income fluctuates by more than 30%, we will announce the revision of the earnings projection.

**About Trend Micro**

Trend Micro Incorporated (TSE: 4704), a global cloud security leader, creates a world safe for exchanging digital information with its Internet content security and threat management solutions for businesses and consumers. A pioneer in server security with over 20 years' experience, we deliver top-ranked client, server and cloud-based security that fits our customers' and partners' needs, stops new threats faster, and protects data in physical, virtualized and cloud environments. Powered by the [Trend Micro™ Smart Protection Network™](#) cloud security infrastructure, our industry-leading cloud-computing security technology, products and services stop threats where they emerge, on the Internet, and are supported by 1,000+ threat intelligence experts around the globe.

Additional information about Trend Micro Incorporated and the products and services are available at [Trend Micro.com](#) This Trend Micro news release and other announcements are available at <http://trendmicro.mediaroom.com/> and as part of an RSS feed at [www.trendmicro.com/rss](http://www.trendmicro.com/rss) Or follow our news on Twitter at [@TrendMicro](#).

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