

Trend Micro Announces its Basic Policy on Shareholder Returns

(The policy on Dividends for the fiscal year ended December 31, 2023 and Share buybacks implemented during the fiscal year ended December 31, 2024)

TOKYO, November 9, 2023 -- Trend Micro Incorporated (TSE: 4704), a global cybersecurity leader, today announced that its Board of Directors agreed on a policy on shareholder returns paid in 2024 (dividends target for the fiscal year ended December 31, 2023 and share buybacks target implemented during the fiscal year ended December 31, 2024). Details will be announced when each is finalized at the Board of Directors in future.

In addition, the Board also agreed on the basic policy on shareholder returns for the fiscal year ended December 31, 2024 (payment in 2025) with details as below:

1. The policy on shareholder returns paid in 2024 (dividends for the fiscal year ended December 31, 2023 and share buybacks implemented during the fiscal year ended December 31, 2024)

We had set our basic policy on shareholder returns as follows.

(Previous basic policy as stated in the release “Trend Micro Announces Share Buyback Program and its Basic Policy on Future Shareholder Returns” on February 16, 2023)

We intend to return a minimum amount of 100% or more of “Net income attributable to owners of the parent” (Consolidated net income) of the previous fiscal year to shareholders over the next several years. Its method of shareholder returns will be mainly through share buybacks, together with annual dividends (payout ratio 70%).

As of the end of September 2023, Trend Micro group holds approximately 310 billion yen as cash reserves (including cash and bank deposits, marketable securities and investment securities). We have been considering on reducing our cash holding to more appropriate levels. We have now concluded that the maximum amount we can currently return to shareholders is approximately 140 billion yen in consideration of legal restrictions and other factors, including the amount available for distribution after increasing the parent company’s net income by obtaining dividends from consolidated subsidiaries, and have therefore decided on a policy of returning 140 billion yen to shareholder in the next year.

Regarding the approach to return this cash of approximately 140 billion yen, we took into consideration some factors such as providing each shareholder’s option in the use of cash and the speed of achieving the cash return, etc. In light of these considerations, we have reached the conclusion that in addition to share buybacks of 40 billion yen in line with our previous method policy, total dividends of 100 billion yen with a combination of the regular annual dividends (dividend payout ratio of 70%) and a One-time Special dividend in the fiscal year ended December 2023 is preferable.

(1) Dividend policy for the fiscal year ended December,31, 2023 (including One-time Special dividend)

We set a target to pay dividend of 100 billion yen in total, with the regular dividend (payout ratio 70%) and a one-time special dividend.

Although the number of shares eligible for dividend payment as of the end of the fiscal year 2023 is currently unknown, the target dividend amount per share, including the regular dividend and special dividend, would be approximately 738 yen based on as of the end of September 2023.

However, it is possible that the dividend amounts may not reach the target due to the actual results for the fiscal year ended December 31, 2023, as well as various restrictions and limitations by the Japanese Corporate Law, etc.

The specific amount of each the regular dividend (payout ratio of 70%) and the special dividend are yet to be determined. We will promptly announce the dividend amount when it is determined by the Board of Directors in the future.

(2) Share buybacks policy implemented during the fiscal year ended December 31, 2024.

In the release “Trend Micro Announces Share Buyback Program and its Basic Policy on Future Shareholder Returns” on February 16,2023, we announced that we set up to 50 billion yen in the near future as our current target for share buybacks, and 25 billion yen in total amount of share buyback as a result of resolution on February 16, 2023, was a part of that target.

Now We re-set a target to do share buybacks of 40 billion implemented during the fiscal year ended December 31, 2024.

However, it is possible that the buyback amounts may not reach the target due to the actual results for the fiscal year ended December 31, 2023, as well as various restrictions and limitations by the Japanese Corporate Law, etc.

At this time, we have not yet decided on the total number of shares to be repurchased, the repurchase period, or other details. We will promptly announce the details when they are determined by the Board of Directors in the future.

2. The basic policy on shareholder returns for the fiscal year ended December 2024 (to be paid in 2025) and onward.

As a result of the dividend policy and the buyback policy mentioned above, a significant improvement in the efficiency of shareholder equity would be expected. Therefore we set the basic policy for shareholder returns from the fiscal year ended December 2024 (payment in 2025) and onward, as follows.

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 capital return 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.

About Trend Micro

Trend Micro, a global cybersecurity leader, helps make the world safe for exchanging digital information. Fueled by decades of security expertise, global threat research, and continuous innovation, Trend Micro's cybersecurity platform protects hundreds of thousands of organizations and millions of individuals across clouds, networks, devices, and endpoints. As a leader in cloud and enterprise cybersecurity, the platform delivers a powerful range of advanced threat defense techniques optimized for environments like AWS, Microsoft, and Google, and central visibility for better, faster detection and response. With 7,000 employees across 65 countries, Trend Micro enables organizations to simplify and secure their connected world. www.trendmicro.com.

Contact: Investor Relations

Tel: +81-3-4330-7600

ir@trendmicro.com