

May 8, 2025

Report of Earning Results (Consolidated)
for the First Quarter of the Fiscal Year
Ending December 31, 2025

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1. Financial Highlights for the Three Months Ended March 31, 2025

(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, 2025	67,501	2.4	15,006	23.7	12,408	(9.2)	8,858	(17.6)
Three Months Ended March 31, 2024	65,931	12.3	12,127	27.0	13,664	52.2	10,754	68.7

(Note) Comprehensive Income: 5,787million yen (58.8) % as of March 31, 2025
(14,039million yen 65.8% as of March 31, 2024)

	Net Income per share (basic)	Net Income per share (diluted)
	Yen	Yen
Three Months Ended March 31, 2025	67.46	66.94
Three Months Ended March 31, 2024	79.31	78.83

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of	Million yen	Million yen	%
March 31, 2025	362,650	104,065	27.7
December 31, 2024	400,316	119,446	29.2

(Note) Net Assets after deduction of Share acquisition rights and Non-controlling interest
: 100,547million yen as of March 31, 2025 (116,965million yen as of December 31, 2024)

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
	Yen	Yen	Yen	Yen	Yen
December 31, 2024	—	0.0	—	184.0	184.0
December 31, 2025	—				
Projection for FY 2025		0.0	—	—	—

(Note) Revision of the projection of dividend for the first quarter of FY 2025 : No

(Note) The dividend projection for FY2025 annual end has not been determined yet.

3. Forecasts of consolidated financial results for FY 2025

(January 1, 2025 through December 31, 2025)

(Note) For the forecast of FY 2025, please refer to next page.

4. Others

- (1) Significant changes in the scope of consolidation during the period : 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 March 31, 2025
 - 140,901,604 shares as of December 31, 2024
- ② Number of treasury stocks :
 - 9,526,034 shares as of March 31, 2025
 - 9,604,812 shares as of December 31, 2024
- ③ Average number of shares outstanding :
 - 131,313,544 shares three months ended March,2025
 - 135,601,194 shares three months ended March,2024

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements

by certified public accountants or an audit firm: None

* 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 2025

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per share (basic)
FY2025 (January 1, 2025 through December 31, 2025)	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	288,600	5.9	60,300	25.3	57,600	9.0	38,900	13.2	296.28

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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 Quarter of FY2025	The First Quarter of FY2024	Rate of Change
Japan Reg.	22,072	21,361	3.3%
Americas Reg.	14,174	14,388	-1.5%
Europe Reg.	14,261	13,679	4.3%
Asia and Pacific Reg.	16,993	16,501	3.0%
Total	67,501	65,931	2.4%

During this term of fiscal year 2025, from January 1 to March 31, the world economy has been progressing amid concerns about the impact of various countries' monetary policies on the economy and uncertainties due to geopolitical risks. The new US tariff policies have increased uncertainty, and it makes the outlook for the global economy even more unclear.

In the worldwide Information Technology industry, cloud computing and generative AI (artificial intelligence) continue to be permeating every aspect of our lives. According to the report by 3rd party, the forecasts worldwide IT spending to grow 9.8% to \$5.61 trillion in 2025.

In the cybersecurity industry, ransomware continues to be a prominent figure in the cyber attack. In addition, with the following those risks, the targeting attacks in national institutions, specific companies, and organizations, the cyber attacking along with leaks of sensitive business information, and new security risks associated with the proliferation of GenAI, are remarkably increase, and leading to a heightened need for security awareness among both businesses and individuals.

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

With regards to sales in Japan region, AI-Powered Next-Gen SOC security, which means Vision One main composed solutions, and Cloud security solutions led this region's enterprise business sales besides demands for our security platform as Trend Micro Vision One ("Vision One.") In addition, Network security solutions also shows the growth. Even though PC security remained weak, the consumer business continued to grow due to sustained sales in mobile phone shops. As the result, net sales for this period in Japan region amounted to 22,072 million yen (3.3% increase from the same period in the previous year) increase to.

For Americas region, the enterprise business has experienced positive growth. Despite both AI-Powered Next-Gen SOC security and Cloud security solutions did not perform well, Email security solutions showed substantial growth with demands for Vision One. On the other hand, the consumer business has experienced significant negative growth due to taking time to build a system with a new e-commerce payment company. As the results, net sales in this region were 14,174 million yen (1.5% decrease from the same period in the previous year) decrease to.

In Europe region sales, despite Email security solutions did not perform well, either Network security solutions were sluggish, the enterprise business performed well. Besides the demands of Vision One, Cloud security solutions led to this region's sales significantly, and additionally, Endpoint security was also growing. As the results, net sales in this region were 14,261 million yen (4.3% increase from the same period in the previous year) increase to with the highest growth rate in all regions.

In the Asia Pacific region, also the enterprise business was going well. Driven by the demands for Vision One, especially AI-Powered Next-Gen SOC security contributed to this region's sales significantly, in spite of the weak Endpoint security. On the other hand, the consumer business has experienced significant negative growth due to take time to build a system with a new e-commerce payment company. Locally, Middle East, Taiwan, and Singapore area led this region's sales. As the result, net sales for this period in Asia Pacific region amounted to 16,993 million yen (3.0% increase from the same period in the previous year) increase to.

As the result, the consolidated net sales for this period (this term of fiscal year 2025, from January 1 to March 31,) marked 67,501 million yen (2.4% increase from the same period in previous year.)

For the costs, despite an increase in stock option-related expenses due to the rise in stock prices, overall expenses were controlled with significant decrease in cloud cost, etc. Thus, cost of sales and operating expenses for this period totaled 52,495 million yen (2.4% decrease from the same period in previous year) limited to decrease in. As the result, consolidated operating income for this period was 15,006 million yen (23.7% increase from the same period in previous year) increase to.

And the consolidated ordinary income for this period was 12,408 million yen (9.2% decrease from the same period in previous year) due to foreign exchange loss, etc. The net income attributable to owners of the parent for this period was 8,858 million yen (17.6% decrease from the same period in previous year) decreased mainly due to the disappearance of 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 8,004 million yen, a decrease of 3,647 million yen (31.3% decrease from the same period in previous year.) This decrease in Pre-GAAP sales amount due to taking time to build a system with a new e-commerce payment company in consumer business, despite limit in the cost of sales and operating expenses.

(2) Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 165,974 million yen and decreased to 4,082 million yen from FY2024 annual closing.

Mainly due to a significantly decrease in Notes and Accounts receivable, trade and contract assets and Marketable securities, and additionally a substantial decrease in Cash and bank deposits, total assets at the end of this period were 362,650 million yen, 37,666 million yen decrease from FY2024 annual closing.

Total liabilities at the end of this period were 258,584 million yen, 22,285 million yen decrease from FY2024 annual closing due to a significant decrease in deferred revenue, and a decrease in Allowance for bonuses, etc.

Total net assets at the end of this period were 104,065 million yen, 15,380 million yen decrease from FY2024 annual closing. This decrease is due to a significant decrease in retained earnings, etc.

(3) Consolidated Earnings Forecast

As of now, we do not revise our consolidated results forecast for the full fiscal year ending December 31, 2025 (released on February 18, 2025).

Business forecast for the Annual of FY2025 (January 1, 2025 – December 31, 2025)

Consolidated net sales	288,600 million yen
Consolidated operating income	60,300 million yen
Consolidated ordinary income	57,600 million yen
Net income attributable to owners of the parent	38,900 million yen

In development of the business forecasts the main assumed exchange rates for the Annual of FY2025 (January 1, 2025 – December 31, 2025) as follows.

1 US \$	154 yen
1 Euro	161 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, 2024	March 31, 2025
(Assets)			
Current assets			
Cash and bank deposits		170,056	165,974
Notes and Accounts receivable, trade and contract assets		74,795	53,702
Marketable securities		40,839	30,345
Inventories		8,455	9,177
Others		13,950	13,815
Allowance for bad debt		(268)	(198)
Total current assets		307,829	272,816
Non-current assets			
Property and equipment			
(1) Buildings and structures, net		3,236	2,933
(2) Office furniture & equipment		2,158	2,029
(3) Others		154	171
Total property and equipment		5,548	5,135
Intangibles			
(1) Software		17,904	18,384
(2) Goodwill		2,268	1,980
(3) Others		11,220	10,124
Total intangibles		31,393	30,489
Investments and other non-current assets			
(1) Investment securities		4,520	4,112
(2) Investments in subsidiaries and affiliates		1,236	717
(3) Deferred tax assets		47,638	47,216
(4) Others		2,148	2,161
Total investments and other non-current assets		55,544	54,208
Total non-current assets		92,486	89,833
Total assets		400,316	362,650

(Million yen)

Account	December 31, 2024	March 31, 2025
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	3,627	2,896
Accounts payable, other	7,952	7,166
Accrued expenses	11,291	9,552
Accrued income and other taxes	5,300	3,169
Allowance for bonuses	7,410	1,897
Deferred revenue(Current and Non-current)	221,386	210,643
Others	10,305	9,139
Total current liabilities	267,274	244,465
Non-current liabilities		
Net defined benefit liability	7,677	7,597
Others	5,918	6,521
Total non-current liabilities	13,595	14,119
Total liabilities	280,870	258,584
(Net assets)		
Shareholders' equity		
Common stock	19,926	19,926
Capital surplus	27,857	29,149
Retained earnings	90,541	75,240
Treasury stock, at cost	(66,781)	(66,234)
Total shareholders' equity	71,543	58,082
Accumulated other comprehensive income		
Net unrealized gain (loss) on debt and equity securities	336	399
Foreign currency translation adjustments	44,826	41,856
Remeasurements of defined benefit plans	259	208
Total accumulated other comprehensive income	45,422	42,465
Stock acquisition rights	2,480	2,678
Non-controlling interests	—	839
Total net assets	119,446	104,065
Total liabilities and net assets	400,316	362,650

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

Consolidated Statements of Income

(Million yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	65,931	67,501
Cost of sales	16,015	16,417
Gross profit	49,915	51,084
Operating expenses	37,788	36,077
Operating income	12,127	15,006
Non-operating income		
Outsourcing service income	11	2
Interest income	522	831
Foreign exchange gain	1,931	—
Other income	51	10
Total non-operating income	2,518	844
Non-operating expenses		
Foreign exchange loss	—	2,892
Equity in losses of affiliated companies	813	512
Loss on disposal of fixed assets	157	1
Other expenses	10	36
Total non-operating expenses	981	3,443
Ordinary income	13,664	12,408
Extraordinary gain		
Gain on business transfer	587	—
Gain on change in equity	1,934	—
Total extraordinary gain	2,521	—
Extraordinary loss		
Loss on valuation of investment securities	—	160
Total extraordinary gain	—	160
Net income before taxes	16,185	12,248
Income taxes	5,431	3,502
Net income	10,754	8,745
Net income(loss) attributable to non-controlling interests	(0)	(112)
Net income attributable to owners of the parent	10,754	8,858

Consolidated Statements of Comprehensive Income

(Million yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net income	10,754	8,745
Other comprehensive income		
Valuation difference on available-for-sale securities	111	62
Foreign currency translation adjustment	2,777	(2,964)
Remeasurement of defined benefit plans	14	(50)
Share of other comprehensive income of associates accounted for using equity method	380	(5)
Total other comprehensive income	3,285	(2,958)
Comprehensive income	14,039	5,787
Comprehensive income attributable to owners of the parent	14,037	5,901
Comprehensive income attributable to non-controlling interests	1	(113)

(3) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	Three months ended March 31, 2024	Three months ended March 31, 2025
Cash flows from operating activities:		
Net income before taxes	16,185	12,248
Depreciation and amortization	6,981	6,581
Stock compensations	182	288
Amortization of goodwill	481	169
Increase (decrease) in allowance for bad debts	(212)	(56)
Increase (decrease) in net defined benefit liability	86	29
Interest income	(522)	(831)
Equity in (earnings)/loss of affiliated companies	813	512
(Gain) loss on sale of businesses	(587)	—
(Gain) loss on change in equity	(1,934)	—
(Gain) loss on disposal of Fixed assets	157	1
(Gain) loss on valuation of investment securities	—	160
(Increase) decrease in notes and accounts receivable and contract assets	11,977	17,042
(Increase) decrease in inventories	(1,718)	(1,146)
Increase (decrease) in notes and accounts payable	(545)	(552)
Increase (decrease) in accounts payable, other & accrued expenses	(2,091)	(1,627)
Increase (decrease) in deferred revenue	(1,440)	(3,731)
Increase (decrease) in virtual share bonus plan	(1,062)	(195)
Others	(4,892)	(5,544)
Subtotal	21,860	23,347
Proceeds from interest and dividend received	394	896
Payment for income tax	(5,949)	(5,451)
Net cash provided by operating activities	16,304	18,793
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	—	(12,193)
Payments for purchases of marketable securities and securities investments	(10)	—
Proceeds from sale or redemptions of marketable securities and securities investments	2,000	—
Payments for purchases of property and equipment	(361)	(301)
Payments for purchases of other intangibles	(7,294)	(6,748)
Proceeds from sales of businesses	291	—
Net cash provided by investing activities	(5,374)	(19,243)
Cash flows from financing activities:		
Proceeds from issuance of common shares	43	—
Payment for purchase of treasury stock	(11,282)	(0)
Receipt from disposal of treasury stock	42	426
Dividends paid	(95,695)	(23,371)
Proceeds from paid-up by non-controlling shareholders	—	2,275
Net cash used in financing activities	(106,892)	(20,669)
Effect of exchange rate changes on cash and cash equivalents	3,818	(4,718)
Net increase (decrease) in cash and cash equivalents	(92,143)	(25,838)
Cash and cash equivalents at beginning of period	261,265	187,392
Cash and cash equivalents at end of period	169,122	161,554

(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 24,158 million yen based on the resolution of the Ordinary General Meeting of Shareholders on March 27, 2025. As a result, retained earnings decreased by 15,300 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, 2024 to March 31, 2024)

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	21,361	14,388	13,679	16,501	65,931	—	65,931
(2) Intercompany sales	18	2,968	2,506	16,011	21,504	(21,504)	—
Total	21,380	17,356	16,185	32,513	87,435	(21,504)	65,931
Segment income	3,470	2,134	2,890	3,873	12,367	(240)	12,127

(Note)

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

2 Major countries other than Japan:

Americas U.S.A.

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Australia, Singapore, UAE

3 Consolidation Adjustment in segment income (240)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, 2025 to March 31, 2025)

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	22,072	14,174	14,261	16,993	67,501	—	67,501
(2) Intercompany sales	18	3,347	2,056	9,132	14,554	(14,554)	—
Total	22,091	17,521	16,318	26,125	82,056	(14,554)	67,501
Segment income	4,771	3,312	2,954	3,891	14,929	77	15,006

(Note)

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

2 Major countries other than Japan:

Americas U.S.A., Brazil

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Australia, Singapore, UAE

3 Consolidation Adjustment in segment income 77 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.