

Trend Micro Reports Strong Third Quarter Results

Performance driven by 15% year-over-year growth in gross sales at constant currency of Hybrid Infrastructure Protection business

TOKYO--([BUSINESS WIRE](#))--[Trend Micro Incorporated](#) (TYO: 4704; TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the third quarter of fiscal year 2019, ending September 30, 2019.

In Q3 2019, Trend Micro saw a strong 15 percent growth in gross sales at constant currency in its key business area of hybrid infrastructure protection. Net sales grew 6 percent overall at constant currency. In addition, the total number of commercial SaaS-based customers has now reached over 250,000, growing rapidly at 18.5% year-over-year. These results further solidify the company's global leadership in cybersecurity, and specifically demonstrates its commitment to securing extended enterprise and cloud environments.

"Over the last 30 years of our company history, we have proven time and time again that we are able to anticipate major shifts in our industry. This time is no different and our quarter reflects that level of focus," said Eva Chen, chief executive officer for Trend Micro. "We have been at the forefront of cloud security for about a decade and have worked to ensure our customers are able to make their move to a modern DevOps and cloud environment as seamlessly and securely as possible. Through our strategic partnerships with the leading cloud providers, our latest innovations are designed to ensure customers have a frictionless experience when acquiring and deploying our security solutions for their chosen cloud environments."

For the third quarter, Trend Micro posted consolidated sales of 41,472 million Yen (or US \$386 million, 107.30 JPY = 1 USD). The company posted operating income of 10,869 million Yen (or US \$101 million) and net income attributable to owners of the parent of 8,677 million Yen (or US \$80 million) for the quarter.

The company will not revise expected consolidated results for the full fiscal year ending December 31, 2019 (released on February 14, 2019). Based on information currently available to the company, consolidated net sales for the year ending December 31, 2019 is expected to be 168,600 million Yen (or US \$1,532 million, based on an exchange rate of 110 JPY = 1 USD). Operating income and net income are expected to be 38,000 million Yen (or US \$345 million) and 28,700 million Yen (or US \$260 million), respectively.

Growth rate figures are calculated from Japanese Yen results. Some discrepancy may therefore be noted in US Dollar comparisons owing to fluctuations in currency conversion rates.

Relevant business updates in Q3

Leadership in cloud and container security:

Availability of the Deep Security as-a-Service solution on Azure Marketplace was announced. This offering enables organizations to combine the benefits of security software-as-a-service (SaaS) with the convenience of consolidated cloud billing and usage-based, metered pricing.

The extension of Trend Micro's industry leading network protection to the cloud was announced, which is available on Amazon Web Services (AWS) Marketplace. This was delivered in response to the operational challenges enterprises often experience with available network security solutions.

A survey commissioned by Trend Micro showed that, despite the enterprise benefits assured by adopting a DevOps culture, the majority of IT leaders polled believe communication between IT security and software

development must improve greatly to achieve success.

Keeping strong momentum in enterprise detection and response:

Trend Micro launched its XDR offering and was the first security vendor to offer detection and response capabilities integrated across email, network, endpoint, server and cloud workloads. XDR was made available as a managed service to augment an in-house team with Trend Micro threat experts. Trend Micro's Managed XDR provides 24x7 full threat analysis, threat hunting, response plans and remediation recommendations.

Trend Micro was cited as a leader with the second-highest score in the current offering category in *The Forrester Wave™: Endpoint Security Suites, Q3 2019* report.

Trend Micro was also named a Leader in Gartner, Inc.'s 2019 *Magic Quadrant for Endpoint Protection Platforms*, in evaluation of its Apex One endpoint security solution.

World-leading threat research:

Trend Micro released research demonstrating that major new European banking rules could greatly increase the cyberattack surface for financial services firms and their customers. The new research details the impact of the EU's Revised Payment Services Directive (PSD2), which is designed to give users greater control over their financial data and the option of sharing it with a new breed of innovative Financial Technology (FinTech) firms. The same ideas are spreading globally under the term "Open Banking."

Additional research detailed a fast-growing market for IoT attacks, finding connected devices are a hot topic in the criminal underground. Cybercriminals from around the world are not only discussing how to compromise these devices, but also how to leverage them for moneymaking schemes.

Trend Micro Research also revealed a surge in fileless attacks designed to disguise malicious activity in the first half of 2019. Detections of this threat alone were up 265% compared to the first half of 2018.

Finally, a new study revealed how cybercriminals are abusing Twitter via tech support scams, command-and-control (C&C) operations and data exfiltration. Trend Micro researchers analyzed a large volume of Twitter data to identify relationships between various entities to spot anomalies and uncover key insights

Overcoming the skills gap in cybersecurity:

Trend Micro announced the fifth annual Capture The Flag (CTF) competition, the Raimund Genes Cup, inviting teams from around the world to test their skills in today's most critical areas of security risk. This cornerstone event is one of many ways Trend Micro is working to equip cybersecurity talent in the workforce.

2019 updates to consumer product:

With determined effort of continual innovation to protect consumers everywhere, Trend Micro launched the latest version of its flagship consumer offering, Trend Micro Security. The consumer business continues to be a steady contributor to Trend Micro's overall sales. The latest version of its consumer offering features enhanced protection from web threats and a new AI-powered Fraud Buster tool to protect inboxes from scams and phishing attacks.

New patents filed:

Trend Micro was awarded the following patents in Q3 2019:

Patent No.	Issue Date	Title
10341295	7/2/2019	Security and Access Control
10341326	7/2/2019	Network Security for Encrypted Channel Based on Reputation
10346456	7/9/2019	Conditional string search
10354081	7/16/2019	Protection of Interprocess Communications in a Computer
10356119	7/16/2019	Detection of Computer Security Threats by Machine Learning
10367830	7/30/2019	Security Action of Network Packet Based on Signature and Reputation
10375576	8/6/2019	Detection of Malware Apps that Hijack App User Interfaces
10389760	8/20/2019	Adaptive Network Security Policies
10417416	9/17/2019	Methods and Systems for Detecting Computer SecurityThreats

Notice Regarding Forward-Looking Statements

Certain statements that are made in this release are forward-looking statements. These forward-looking statements are based on management's current assumptions and beliefs in light of the information currently available, but involve known and unknown risks and uncertainties. Many important factors could cause actual results to differ materially from those expressed in forward-looking statements. These factors include:

- Difficulties in addressing new threats and other computer security problems
- Timing of new product introductions and lack of market acceptance for new products
- The level of continuing demand for, and timing of sales of, existing products
- Rapid technological change within the security software industry
- Changes in customer needs for security software
- Existing products and new product introductions by competitors and pricing of those products
- Declining prices for products and services
- The effect of future acquisitions on our financial condition and results of operations
- The effect of adverse economic trends on 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
- New and potentially unforeseen risks and liabilities associated with the internet of things, the use of artificial intelligence in our products and services, and other emerging technologies

About Trend Micro

Trend Micro Incorporated, a global leader in cybersecurity solutions, helps to make the world safe for exchanging digital information. Our innovative solutions for consumers, businesses, and governments provide layered security for data centers, cloud environments, networks, and endpoints. All our products work together to seamlessly share threat intelligence and provide a connected threat defense with centralized visibility and control, enabling better, faster protection. With more than 6,000 employees in over 50 countries and the world's most advanced global threat intelligence, Trend Micro secures your connected world. For more information, visit www.trendmicro.com.

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