Trend Micro Reports Continued Success for Q3 2020

Despite continued global economic impact of COVID-19 third quarter remains on path with strong SaaS customer growth

TOKYO, Nov. 12, 2020 /PRNewswire/ -- Trend Micro Incorporated (TYO: 4704;TSE: 4704), a global leader in cybersecurity solutions, today announced earnings results for the third quarter of fiscal year 2020, ending September 30, 2020.

The third quarter of 2020 further confirmed the steady increase in digital transformation efforts across consumer, small & medium business and enterprise segments, validating Trend Micro's strategy and investment in cloud and hybrid cloud security and its focus on delivering rapid innovation via Security-as-a-Service (SaaS). Customers' need to secure cloud-based applications and infrastructure has resulted in a 74% increase of SaaS-based deployed instances.

"With the majority of enterprises accelerating their digital transformation to remain competitive in a fast-paced global economy, or shifting to remote work as a result of Covid-19, the attack areas for cybercriminals expand daily. More than ever companies are looking for trusted help with cloud security initiatives. Trend Micro has continued to showcase its dedication and innovation in cloud that began over a decade ago, and we're pleased to see rapid adoption of our new cloud security services platform amongst customers in both AWS and Azure environments," said Eva Chen, co-founder and chief executive officer for Trend Micro. "We also recognize the importance of gaining visibility across the extended enterprise that now includes the cloud, and enabling customers to detect and respond to threats faster than ever. With our latest XDR and Managed XDR offerings, we are harnessing the power of the cloud to deliver meaningful and actionable insights so that customers can act quickly and remain resilient."

For this quarter, Trend Micro posted consolidated net sales of 43,217 million Yen (or US $406 million, 106.22 JPY =1USD). The company posted operating income of 7,488 million Yen (or US $70 million) and net income attributable to owners of the parent of 3,855 million Yen (or US $36 million) for the quarter.

Key business updates in Q3

Clear leadership and product innovation in cloud security:

Trend Micro kicked-off the quarter announcing its **Trend Micro Cloud One™ – Conformity** offering is now available to **Azure** customers, helping global organizations tackle misconfigurations, compliance challenges and cyber-risks in the cloud. The company also achieved the CIS Microsoft Azure Foundation Security Benchmark. Trend Micro Cloud One – Conformity identifies around 230 million cloud misconfigurations for its global Azure and AWS customers every single day.

Trend Micro continues to enhance and improve its leading cloud solutions, unveiling**enhanced agility and automation in cloud security through integrations with Amazon Web Services (AWS)**. As a result, Trend Micro delivers flexible and scalable all-in-one security that helps DevOps engineers securely build and innovate as they migrate to and build in the cloud.

Trend Micro announced that its hybrid cloud security offerings have received the**AWS Outposts Ready designation**, part of the **Amazon Web Services (AWS) Service Ready Program**. This designation recognizes that Trend Micro has demonstrated successful integration with AWS Outposts deployments. Achieving the AWS Outposts Ready designation differentiates Trend Micro as an AWS Partner Network (APN) member with products fully tested on AWS Outposts.

Expanding on a strategic relationship from last year, this quarter Trend Micro announced plans for a new,**co-developed solution with Snyk**, the leader in developer-first open source security. The joint solution will help security teams manage the risk of open source vulnerabilities from the moment open source code is introduced without interrupting the software delivery process. It will be available as part of the Trend Micro Cloud One platform.

In terms of its groundbreaking **research**, Trend Micro released "**Commodified Cybercrime Infrastructure: Exploring the Underground Services Market for Cybercriminals**." This research stated organizations' on-premise and cloud-based servers are compromised, abused and rented out as part of a sophisticated criminal monetization lifecycle.

Leader in Extended Detection and Response:
Trend Micro shared the significant business value driven by cloud-powered**XDR and Managed XDR offerings**, which optimize threat detection and response across all critical vectors. Trend Micro's XDR solution is both a SaaS-based offering as well as a managed service with the "X" referring to the most extensive sets of data from more protection points, which is critical to find hidden threats. Trend Micro was recently named a Leader in enterprise detection and response by Forrester and achieved the highest initial detection in the MITRE ATT&CK® Framework.

The availability of **Worry-Free XDR**: a new version of its industry leading XDR platform designed to extend the power of correlated detection and response beyond the endpoint for smaller businesses, was also announced this quarter. This unmatched channel offering is available now as a standalone or managed solution tailored for small and medium businesses

(SMBs).

Corporate initiatives to boost organizations' cybersecurity talent:

Trend Micro also announced its **6th annual Capture the Flag (CTF) Competition**, which provides hands on experience to nurture the talent of more cybersecurity professionals. The Trend Micro CTF 2020 – Raimund Genes Cup will be run as a fully online event for the first time, including virtual qualifying and final rounds. This year, the event will include challenges in reverse engineering, forensics/exploitation, open source intelligence (OSINT), mobile, IoT, machine learning, and radio-frequency (RF) systems. RF is featured for the first time after a highly successful engagement with the cybersecurity community in separate Capture the Signal events over the past two years.

Trend Micro announced a new initiative in its long-running effort to close the diversity and talent gap in the technology industry. The company has extended its **partnership with Girls in Tech**, a global nonprofit bringing the world together through education and experiences. As part of this expanded partnership with Girls in Tech, Trend Micro developed a new Cybersecurity Fundamentals course for the non-profit.

Executive and Enterprise Industry Recognition:
This quarter Trend Micro was recognized with **multiple awards** for both its leadership team and its dedication to the vulnerability market.

- CRN®, named Trend Micro co-founder and CEO Eva Chen to its 2020 list of Top 100 Executives.
- Eva Chen was also recognized as one of the **most influential women** in the cybersecurity industry on *Cyber Defense Magazine*'s Top 100 Women in Cybersecurity for 2020 list.
- A new **report** by Omdia, "*Quantifying the Public Vulnerability Market,*" found that **Trend Micro's Zero Day Initiative (ZDI) disclosed the most vulnerabilities in 2019**. This independent research group analyzed disclosures from 11 vulnerability research vendors, with the ZDI maintaining its position as the world's largest vendor-agnostic bug bounty program for the 10th year in a row.

This quarter marked the **15-year celebration of the ZDI program**. Since its inception in 2005, the ZDI has reported more than 7,500 flaws to affected vendors by financially incentivizing the security research community to find bugs before malicious third parties potentially discover them. ZDI has also paid more than $25 million to over 10,000 researchers globally during that time.

Maintaining Leadership in IIoT & Delivering World Leading Research:
In addition to its growing cloud momentum, Trend Micro also continued its **Industrial IoT research** including the new report "Caught in the Crossfire: Defending Devices From Battling Botnets" warning consumers of a major new wave of attacks attempting to compromise their home routers for use in IoT botnets. The report urges users to take action to stop their devices from enabling this criminal activity.

Trend Micro also announced **new research**, "Unveiling the Hidden Risks of Industrial Automation Programming" focused on **design flaws in legacy languages** and released new secure coding guidelines. These are designed to help Industry 4.0 developers greatly reduce the software attack surface, and therefore decrease business disruption in operational technology (OT) environments.

This quarter the company also revealed "Lost in Translation: When Industrial Protocol Translation goes Wrong," **reporting a new class of security vulnerabilities in protocol gateway devices** that could expose Industry 4.0 environments to critical attacks. Also known as protocol translators, protocol gateways allow machinery, sensors, actuators and computers that operate in industrial facilities to talk to each other and to IT systems that are increasingly connected to such environments.

As part of its **annual mid-year roundup report**, Trend Micro also revealed COVID-19 related threats as the single largest type of threat in the first half of the year. In just six months, Trend Micro blocked 8.8 million COVID-19 related threats, nearly 92% of which were email-based.

New patents filed:
Trend Micro was awarded the following patents in Q3 2020:

Patent No.	Issue Date	Title
10728268	7/27/2020	Methods and Apparatus for Intrusion Prevention Using Global and Local Feature Extraction Contexts
10757029	8/25/2020	Network traffic pattern-based machine-readable instruction identification
10754951	8/25/2020	Dynamic Evaluation of Executable Files in a Lightweight Executor
10771620	9/8/2020	Virtualization of smartphone functions in a virtual reality application

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, a global leader in cybersecurity, helps make the world safe for exchanging digital information. Leveraging over 30 years of security expertise, global threat research, and continuous innovation, Trend Micro enables resilience for businesses, governments, and consumers with connected solutions across cloud workloads, endpoints, email, IIoT, and networks. Our XGen™ security strategy powers our solutions with a cross-generational blend of threat-defense techniques that are optimized for key environments and leverage shared threat intelligence for better, faster protection. With over 6,700 employees in 65 countries, and the world's most advanced global threat research and intelligence, Trend Micro enables organizations to secure their connected world. www.trendmicro.com

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For further information: Trend Micro Global Communications, 817-522-7911, media_relations@trendmicro.com

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