

February 18, 2026

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

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Expected date of the annual shareholders meeting : March 26, 2026

Expected date of the delivery of dividends : March 27, 2026

Expected date of the submission of annual security reports (“Yuka Shoken Hokokusho”) : March 26, 2026

1. Financial Highlights for FY2025 (January 1, 2025 through December 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	%
FY 2025	275,984	1.2	57,777	20.1	53,980	2.2	34,523	0.5
FY 2024	272,638	9.6	48,105	47.6	52,840	46.0	34,358	220.2

(Note) Comprehensive Income : 38,424 million yen Δ 0.2% as of December 31, 2025
38,517 million yen 32.1% as of December 31, 2024

	Net income per share (basic)	Net income per share (diluted)	Return on shareholders' equity	Return on assets	Operating profit on sales
	Yen	Yen	%	%	%
FY 2025	262.42	260.90	28.2	13.1	20.9
FY 2024	259.05	257.66	20.9	11.8	17.6

(Note) Equity in earnings of affiliated companies : 1,046 million yen loss as of December 31, 2025
2,573 million yen loss as of December 31, 2024

(2) Consolidated Financial Position

As of	Total assets	Net Assets	Net Assets ratio	Net Assets per share
	Million yen	Million yen	%	Yen
December 31, 2025	422,238	131,126	30.2	975.81
December 31, 2024	400,316	119,446	29.2	890.85

(Note) Net assets after deduction of Share acquisition rights and Minority interest :
127,519 million yen as of December 31, 2025
116,965 million yen as of December 31, 2024

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
FY 2025	64,637	759	(27,467)	230,458
FY 2024	46,781	5,044	(130,900)	187,392

2. Dividend of Surplus

As of	Cash dividends per share					Aggregate amount of dividend annual	Dividends payout ratio (Consolidated)	Dividends on shareholders' equity (consolidated)
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total	Total	Total	Total
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
December 31, 2024	—	0.00	—	184.00	184.00	24,158	71.0	15.0
December 31, 2025	—	0.00	—	185.00	185.00	24,175	70.5	19.8
Projection for FY 2026	—	0.00	—	—	—		—	

(Note) Dividend for FY2026 Annual end is not yet projected.

3. Forecasts of Consolidated Financial Results for FY 2026

(January 1, 2026 through December 31, 2026)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of the parent		Net income per share (basic)
Annual	Million Yen	9.2	Million Yen	(2.4)	Million Yen	2.1	Million Yen	6.0	Yen
	301,500		56,400		55,100		36,600		280.07

4. Others

(1) Significant changes in the scope of consolidation during the period : No

(2) Changes in accounting principles, accounting estimates and restatements

- ① Changes under the revision of Accounting Standards : Yes
- ② Changes in Accounting Principles other than ① : No
- ③ Changes in Accounting Estimates : No
- ④ Restatements : No

(3) Number of shares issued (common shares)

① Number of shares issued (including treasury stocks):

140,901,604 shares as of December 31, 2025

140,901,604 shares as of December 31, 2024

② Number of treasury stocks :

10,221,368 shares as of December 31, 2025

9,604,812 shares as of December 31, 2024

③ Average number of shares outstanding :

131,556,927 shares as of December 31, 2025

132,633,864 shares as of December 31, 2024

Results of the non-consolidated operations

1. Financial Highlights for FY2025 (January 1, 2025 through December 31, 2025)

(1) Results of operations

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2025	87,662	2.1	22,814	21.6	44,263	3.2	36,854	5.0
FY 2024	85,869	3.2	18,766	62.0	42,880	(69.5)	35,083	(73.3)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
FY 2025	280.14	278.52
FY 2024	264.51	263.09

(2) Financial Position

As of	Total assets	Net Assets	Net Assets ratio	Net Assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2025	230,350	94,921	39.9	702.85
December 31, 2024	200,488	86,929	42.1	643.19

(Note) Net Assets after deduction of Share acquisition rights
: 91,847 million yen (84,448 million yen as of December 31, 2024)

* Statement relating to the status of the annual audit procedures

This report is not subject to the annual audit procedures, which are based on the Financial Instruments and Exchange Law. However, the audit procedures for annual consolidated accounts have not finished at the point of the disclosure of the annual financial results.

* Explanation for the proper use of projection and other notes

Any forward-looking statement in this report including results forecasts, are based on certain assumptions that were deemed rational as well as information currently available to the Company at this time. However, various factors could cause actual results to differ materially. Please refer to (2) Qualitative Information on the Consolidated Earnings Forecast on page 4 of the attachment for conditions serving as assumptions for results forecasts.

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1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales	Operating Income	Ordinary Income	Net income before taxes	Net income attributable to owners of the parent
FY2025	275,984	57,777	53,980	52,331	34,523
FY2024	272,638	48,105	52,840	55,580	34,358
Rate of Change (%)	1.2%	20.1%	2.2%	-5.8%	0.5%

(Unit: million yen)

	Net Sales		
	FY2025	FY2024	Rate of Change (%)
Japan	87,840	85,756	2.4%
Americas Reg.	55,187	58,827	-6.2%
Europe Reg.	61,439	58,546	4.9%
Asia and Pacific Reg.	71,516	69,507	2.9%
Total	275,984	272,638	1.2%

During this term of fiscal year 2025, from January 1 to December 31, the world economy has continued progressing with concerns the uncertainty arising from the U.S. trade policies, etc., over the impact of monetary policies in various countries on the economy, and as well as geopolitical risks while and so on exists. In addition, uncertainty is also increasing due to the emergence of new geopolitical risks and fluctuations in financial and capital markets, among other factors, making the outlook for the global economy increasingly opaque.

In the worldwide Information Technology industry, cloud computing and AI continue to be permeating every aspect of our lives. According to a third-party report, worldwide spending on AI is forecast to total \$2.52 trillion in 2026, representing a 44% year-over-year increase. In addition, as AI drives corporate IT spending including software. As the result, worldwide IT spending in 2026 is forecast to reach 6.08 trillion dollars, up 9.8 percent year on year, and is expected to surpass 6 trillion dollars for the first time.

In the cybersecurity industry, as the speed and scale of attacks continue to increase further amid advances in AI, geopolitical risks, fragmentation of globalism, and growing supply chain complexity, etc. In such a situation, Cyberattacks targeting government agencies and others, damages such as the leakage of companies' confidential information, the outflow of cryptoassets, and other targeted attacks aimed at specific companies and organizations, as well as cyberattacks such as ransomware, have continued to be prominent. In addition, new security risks associated with the proliferation of AI have begun to become apparent, and the situation has become one in which a high level of security awareness is being demanded even more of both companies and individuals.

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

With regards to sales in Japan region, the enterprise business achieved positive growth. AI-Powered Next-Gen SOC security showed significant growth against the backdrop of Vision One demands. Network security solutions with good growth also in contributed to this region's enterprise business sales. 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 87,840 million yen (2.4% increase from the same period in the previous year) increase to.

For Americas region, the enterprise business sales sustained essentially flat year-on-year in local currency terms. There were both a tendency to restrain new security investments due to increasing uncertainty surrounding U.S. tariff policy and a generally sluggish trend throughout the year due to the impact of initiatives by the U.S. Department of Government Efficiency (DOGE) and temporary shutdowns

of government agencies. Meanwhile, the consumer business had a negative impact due to transition to a new e-commerce payment company. In addition, there was a substantial impact of strong yen, as the result, net sales in this region were 55,187 million yen (6.2% decrease from the same period in the previous year) decrease to.

In Europe region sales, though Cloud security solutions and Endpoint security did not perform well, AI-Powered Next-Gen SOC security was growing besides the demands of Vision One. In addition, there was a weak yen impact, the net sales in this region were 61,439 million yen (4.9% increase from the same period in the previous year) increase to.

In the Asia Pacific region, especially AI-Powered Next-Gen SOC security significantly contributed to this region's enterprise business sales, driven by the demands for Vision One. In addition, Email security solutions was also growing besides. On the other hand, the consumer business experienced negative growth due to the impact of transitioning to a new e-commerce payment company, etc. Locally, Middle East, Taiwan, and Singapore area led this region's sales. In spite of a significantly affected by the impact of the stronger yen, as the result, net sales for this period in Asia Pacific region amounted to 71,516 million yen (2.9% increase from the same period in the previous year) increase to.

As a result, the consolidated net sales for this period (this term of fiscal year 2025, from January 1 to December 31,) marked 275,984 million yen (1.2% increase from the same period in previous year) increase to.

For the costs, overall expenses were controlled entirely due to mainly a people cost and outsourcing expenses significantly decreased in, etc. Thus, cost of sales and operating expenses for this period totaled 218,207 million yen (2.8% decrease from the same period in previous year) decrease in. As the result, consolidated operating income for this period was 57,777 million yen (20.1% increase from the same period in previous year) increase to.

In terms of the original forecast of financial results for the fiscal year ending December 31, 2025, announced on February 18, 2025, both region sales results, the Asia Pacific and the Americas, came in significantly below our forecast. Meanwhile, operating profit was able to offset a substantial portion of the revenue shortfall, limiting the downside to a slight variance. This caused by the costs decreases as mainly both people cost and outsourcing expenses significantly decrease in our expected.

And the consolidated ordinary income for this period was 53,980 million yen (2.2% increase from the same period in previous year) increase to, despite a deterioration in non-operating income, including a significant foreign exchange loss this year compared with a substantial foreign exchange gain in the prior year. For this period, the net income attributable to owners of the parent for this period was 34,523 million yen (0.5% increase from the same period in previous year) increasing only slightly, as the significant decrease in Income taxes current was largely offset by the disappearance of gain on change in equity and the recognition of Retirement benefit expenses, etc.

Operating income based on Pre-GAAP (revenue before adjusting deferred revenue, etc.) serves as an important management indicator for our company. It for this period was 80,799 million yen, an increase of 3,163 million yen (4.1% increase from the same period in the previous year.) This increase was primarily attributable to overall cost controls especially, restraint in cost of sales and operating expenses despite a slight decline in Pre-GAAP sales reflecting weak performance in the Americas region in the enterprise business and the impact of the transition to a new e-commerce business partner in the consumer business, etc.

(2) Qualitative Information on the Consolidated Earnings Forecast

Since the business environment surrounding Trend Micro Group tends to fluctuate significantly in the short run, we believe it is difficult to calculate highly reliable figures for the full year earnings forecast. However, regarding the full year earnings for our group, net sales are expected to increase in the low single digits in Japan, by around 10 percent in the Americas and Europe, and in the mid teens in Asia Pacific, resulting in a 9 percent increase in net sales for the company as a whole compared with the previous fiscal year.

The forecast of cost for FY2026 is expected to overall costs will increase at a rate slightly higher than the rate of increase in net sales, and that the operating profit margin will temporarily deteriorate slightly.

In consideration of such a condition, we have decided to announce the earnings on an annual basis in the fiscal year ending in December 2026 as followings.

Business forecast for the Annual of FY2026 (January 1, 2026 – December 31, 2026)

Consolidated net sales	301,500 million yen
Consolidated operating income	56,400 million yen
Consolidated ordinary income	55,100 million yen
Net income attributable to owners of the parent	36,600 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 \$	156 yen
1 Euro	183 yen

(3) FINANCIAL CONDITION ANALYSIS

CONDITION OF ASSETS, LIABILITIES, AND NET ASSETS

At the end of this period, cash and bank deposits at the end of this period amounted to 220,092 million yen and significant increased to 50,035 million yen from FY2024 annual closing.

In spite of a substantial decrease in Marketable securities, total assets at the end of this period were 422,238 million yen, 21,922 million yen increase from FY2024 annual closing, mainly due to significant increased in cash and bank deposits, etc.

Total liabilities at the end of this period were 291,111 million yen, 10,241 million yen increase from FY2024 annual closing mainly due to a significant increase in deferred revenue, etc.

Total net assets at the end of this period were 131,126 million yen, 11,680 million yen increase from FY2024 annual closing. This increase is primarily caused by a substantial increase in treasury stock based on a shareholder returns, and additionally both, Retained earnings with a significant increase in, and increase in Foreign currency translation adjustments, etc., despite dividend payments.

CONDITION OF CASH FLOW

	FY 2025	FY 2024	Increase (Decrease)
Cash Flows from Operating Activities	64,637	46,781	17,855
Cash Flows from Investing Activities	759	5,044	(4,284)
Cash Flows from Financing Activities	(27,467)	(130,900)	103,433
Effect of Exchange Rate Changes on Cash and Cash Equivalents	5,136	5,200	(64)
Net Increase (Decrease) in Cash and Cash Equivalents	43,066	(73,873)	116,939
Cash and Cash Equivalents at beginning of period	187,392	261,265	(73,873)
Cash and Cash Equivalents at end of period	230,458	187,392	43,066

[Overview of Cash Flow]

Cash flows from operating activity for this period were cash inflow of 64,637 million yen. The inflow was increased by 17,855 million yen compared with the previous period. This increase of inflow was mainly due to the increase of accounts payable, other & accrued expenses.

Cash flows from investing activity were cash inflow of 759 million yen, the inflow was decreased by 4,284 million yen compared with the previous period. This was mainly due to the decrease of proceeds from sale or redemptions of marketable securities and securities investments.

Cash flows from financing activity were cash outflow of 27,467 million yen, the outflow was decreased by 103,433 million yen compared with the previous period. This was mainly due to the decrease of payment for dividends.

Taking these cash flows and the effect of exchange rate change on cash and cash equivalents into account, cash and cash equivalents at the end of this period was 230,458 million yen, the balance was increased by 43,066 million yen compared with the previous period.

[Trends of Cash Flow Indexes]

(Japan GAAP)

	FY2021	FY2022	FY2023	FY2024	FY2025
Shareholder's equity Ratio (%)	52.1	48.2	43.0	29.2	30.2
Capital Adequacy Ratio on Market Value Basis (%)	212.3	181.5	207.9	281.0	201.2
Debt Redemption Period (years)	-	-	-	-	-
Interest Coverage Ratio	5,845.0	1,307.1	-	-	-

(Note)

Shareholder's Equity Ratio : (Total shareholder's Equity)/(Total Assets)

Capital Adequacy Ratio on Market Value : (Total Market Value of Shares)/(Total Assets) Basis

Debt Redemption Period : (Interest-bearing Debt)/(Operating Cash Flow)

Interest Coverage Ratio : (Operating Cash Flow)/(Interest Payment)

* All indexes are calculated from the financial statement amounts on a consolidated basis.

* "Total Market Value of Shares" is calculated as follows; "closing share price at the term end" multiplies by "number of shares issued at the term end "(net of treasury shares).

* "Operating Cash Flow" is "Net cash flows from operating activities" in the consolidated statement of cash flows.

"Interest-bearing Debt" is all debts with interest payments among the debts reported in the consolidated balance sheet.

"Interest Payment" is the amount of payment for interest expense in the consolidated statement of cash flows.

(4) BASIC POLICY OF PROFIT SHARING

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 shareholders return occurred 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.

For the current consolidated fiscal year, we plan to post 24,175 million yen (185 yen per share), which is 70.0% (gross basis) of net income attributable to owners of the parent of 34,523 million yen. The specific details of the share repurchase to be conducted in 2026 will be determined in due course.

(5) RISK FACTORS

The occurrence of any of the following risks could affect the Trend Micro group's business, financial condition, and operating results. If this should happen, the trading price of shares of Trend Micro Incorporated, Trend Micro group's parent company, could decline and its investors/shareholders could lose all or part of their investment. Other risks and uncertainties unknown to us, the Trend Micro group, or that we, the Trend Micro group, think are immaterial may also impair our business.

1. AS WE GENERATE SUBSTANTIALLY ALL OF OUR SALES FROM A SINGLE SCOPE OF BUSINESS, WE ARE VULNERABLE TO DECREASED DEMAND FOR SUCH PRODUCTS AND SERVICES.

Compare to any other general software vendors with a wide range products, we are mainly focusing our business in the field of cyber security business based on antivirus software. Although we have begun to offer more comprehensive network and internet security and management software and services, we expect antivirus and other security products and services to continue to account for the largest portion of our net sales in the foreseeable future. While such a situation is expected to continue for the time being, the cyber security industry to which our group belongs is intensifying market competition, and it is strategic to cooperate with other companies to provide new security products and services. We are preparing for a rapidly changing business environment by taking an active stance on alliances and considering acquisitions of other companies in order to expand our business domain.

The reliance on a single business area of our group can result in many risk and uncertainties, including:

- A material loss of both sales and market share in not only Japan where current leading market position to our entire group sales, but also any other regions as a result of invest substantial cash and other resources in product development, marketing promotions and support and maintenance activities, could have a material adverse effect on our business, financial condition and results of operations.
- May not earn revenue successfully as we expected from alliances despite our efforts
- May be terminated or dissolved due to various causes before generating revenue.
- Our inability to retain customers, suppliers and other important business relationships of an acquired business
- Difficulties in effective merging an acquired company into Trend Micro, including the acquired company's operations, personnel, products and information systems
- Diversion of our management's attention from other business concerns
- Possibilities of adverse effects on our results of operations arising from acquisition-related charges due to impairment of goodwill and purchased technology and recognition of impairment charge
- Possibilities of dilution in our current shareholders' ownership interests in a case of using our stock for such an acquisition

2. OUR WIDE RANGE OF PRODUCTS AND SERVICES MAY BECOME OBSOLETE BECAUSE RAPID

TECHNOLOGICAL CHANGES REGULARLY OCCUR IN THE COMPUTER SECURITY MARKET.

The cyber security industry, which our group belongs to, is characterized by:

- Rapid technological change
- Proliferation of new and changing computer viruses, malware programs, and threats over the internet
- Frequent product and services introductions and updates
- Changeable customer needs
- Changing market competition rapidly

These characteristics of our market create significant risks and uncertainties for our business success. For example, our competitors might introduce computer security products and services that are technologically superior to our wide range of products and services. Moreover, customers might still choose these vendors' antivirus products even if they offered fewer functions and less effective in detecting and cleaning virus-infected files than our wide range of products and services due to lower cost or for any other reasons. As a result, such a customer behavior may decline our competitiveness, various products and services of our group may not be accepted by the market, and the business environment may change due to the emergence of new computing and security technologies. If our group is unable to respond promptly and appropriately to such changes, it may have a significant impact on our business, financial position and operating results.

3. OUR HARDWARE-BASED PRODUCTS FACE MANUFACTURING AND INVENTORY RISKS.

We rely on specified third parties, which design and manufacture of various products in accordance with the international standard that specifies requirements for a quality management system including ISO, etc., to manufacture our hardware-based products. Reliance on those third-party manufacturers involves a number of risks, including a lack of control over the manufacturing process, the potential absence or unavailability of adequate capacity and the unexpected loss of any of our manufacturers could disrupt our business. Against such supply chain risks, we are taking measures to ensure sustainable supply with sufficient buffers of product inventories based on careful analysis of past sales performance and future sales forecasts. However, even if we set those measures, those above factors might be caused by opportunity losses including customer orders cancellation and significant shortage of components, etc. In that case, our financial condition and results of operation are adversely affected.

4. WE COULD SUFFER DISRUPTIONS IN OUR BUSINESS AND LONG-TERM DAMAGE TO OUR REPUTATION.

Our group's reputation may be more susceptible to problems than other software companies in cyber security risks including unauthorized access, cyber attacks, hackers / crackers trying to break into or attack our networks, steal secrets, and deface our site. Also, there are considered some cases of loss or theft of technical or private information for taking out and unfair use by our group insiders despite taking legislative actions, etc., our group's security products and services may also fail to properly identify, prevent unwanted, and falsely identify. In addition, as the system risks, should we fail to properly test these products, solutions, or protection files and distribution a defective file, vulnerabilities, etc., these could cause damage to customers. In those risk cases, it would adversely impact our reputation and lose the credibility of our business. Moreover, these factors could affect our group's sales and business growth.

Our group has established the Chief Information Security Officer (CISO), which oversees information security governance, and has established and operates the CSIRT (Computer Security Incident Response Team) as an organization that responds to security incidents. In addition, in the event that the risk level is related to the entire world, we have established a system to respond to the crisis company-wide in cooperation with the global crisis management system. Especially, the head office in Japan has a comprehensive crisis management system called SWAT to establish a system to visualize risks, regularly review them with management, and take appropriate measures promptly.

Also, our group has acquired the international standards "ISO27001" and "JIS Q 15001 (privacy mark)" for information security management systems, concludes contracts with subcontractors and employees with the purpose of preservation of confidentiality, establishes information management regulations, employees and consignments. In addition to striving to strengthen and thoroughly manage and prevent leaks, such as educating and thoroughly disseminating information, strengthening infrastructure security, and

taking measures to prevent intrusion from the outside into the in-house information system, in addition to providing products and services in advance We are conducting appropriate tests. Moreover, we also provide products and services that have been certified and certified by various external organizations such as FIPS 140-2, PCI DSS, and FedRAMP.

In addition, our group has established the “Compliance, Security and Sustainability Committee,” chaired by our representative director, as an organization that oversees our risks and issues related to compliance, security, and sustainability. The committee meets at least once every half-year, and additionally on an ad hoc basis as necessary, to discuss risks and issues.

However, even if these measures are taken, the above risks may not be prevented. If these incidents occur, we could significantly discredit us, which could result in a significant loss of customers and other important business relationships until recovery of confidence. Not only our disrepute, there may be possible that our group’s business may reduce the adoption of our products and services. We could also incur costs to fix technical problems or fix problems created by hackers gaining access to our proprietary information. In addition, if a proceeding is filed against our group and a huge claim for damages is granted, it will have a significant impact on our business, as well as on our financial position and operating results.

5. OUR DISTRIBUTORS AND INTERMEDIARIES WHO SELL OUR PRODUCTS AND SERVICES MAY ADVERSELY AFFECT OUR BUSINESS AND OPERATING RESULTS.

We market substantially all of our products and services to end users through intermediaries, including distributors, resellers and value-added resellers. Our distributors sell other products that are complementary to, or compete with, our products and services. While we encourage our distributors to focus on our wide range of products and services, these distributors may give greater priority to products of other suppliers, including competitors'. They may also return the products to us under certain circumstances. Additionally, we regularly review the collectability and creditworthiness of those our distributors and intermediaries to determine an appropriate allowance for doubtful receivables. If some of our distributors are experiencing financial difficulties worldwide, which may adversely impact our collection of accounts receivable. In such a case, our uncollectible accounts could exceed our current or future allowance for doubtful receivables, which would be adversely significant impact our operating results.

6. WE MUST EFFECTIVELY MANAGE OUR BUSINESS GROWTH.

Our business field has been expanding. This expansion has placed, and any future business expansion or growth will continue to place, a significant strain on our limited personnel, management and other resources. We have been strengthening and improving the following points in order to sustain growth in the future we will.

- attract, train, retain, motivate and manage new employees successfully;
- Effectively integrate new employees into our operations; and
- continue to improve our operational, financial, management and information systems and controls.

If we continue to expand or grow, our group’s management systems in place may be inadequate or we may not be able to effectively manage our growth. In particular, we may be unable to:

- In a timely manner, provide effective customer service and develop and deliver products;
- implement effective financial reporting and control systems; and
- exploit new market opportunities and effectively respond to competitive pressures.

7. THE HUMAN RESOURCES INCLUDING MAJOR TECHNICAL SPECIALIST PERSONNEL COULD ADVERSELY AFFECT OUR BUSINESS.

The cyber security industry which our group belongs to, has grown increasingly competitive. In this competitive environment, recruiting top-class human resources has been the most important challenges to support innovative technology for all the companies. At the same time, we are required to take defense against possibility of human resources flow including major technical specialist personnel.

Our ability to manage any future expansion or growth in our business, we are strengthening and improving the acquisition and securing of new human resources, attract, train, retain, motivate and manage new employees successfully and effectively integrate new employees into our operations. Additionally, our group has made contracts with all employees for the purpose of preservation of confidentiality and obligation not to compete.

Despite taking such legislative actions, we could suffer substantial disruptions in our business to our reputation due to outflow of technical and strategic vital information, and other companies developing similar technology with ours. In addition, our group's business, operations and financial condition could suffer as a result of the above. Today, the majority of Trend Micro staff as of 54.1% is based in Asia including the emerging countries. Due to this region's rising inflation and costs of living, salaries will also have to increase. Any increase in costs caused by the above could cause our group's business, results of operations and financial condition could suffer. Also, the talent war with competitors could adversely affect to our group's labor cost. Moreover, unexpected high turnover and recruitment which does not work out as planned, may hurt our group's business performance. If any of cost increase caused by those above, our group's business, results of operations and financial condition could suffer.

8. RISKS RELATED TO THE USE OF AI

With the expanded use of AI, electricity consumption and water usage at our group's data centers and other facilities may increase, which could lead to higher greenhouse gas (GHG) emissions. In such a case, our group may face higher costs related to environmental measures, an increased burden in responding to environmental regulations, and a decline in social evaluation, which could adversely affect our group's business results and financial position.

In addition, the ongoing securing and development of talent with specialized expertise in AI is also a critical issue for our competitors, and the hiring environment surrounding our group has become increasingly competitive. Furthermore, preventing the outflow of talent within our group is also an important issue. If the hiring and development of the necessary personnel do not progress as planned, our group's performance may be affected through a decline in our mid- to long-term competitiveness.

Meanwhile, in order to achieve continuous business growth through expansion of our business domains and responses to technological innovation, our group has long been promoting the use and adoption of machine learning and AI. AI technologies are advancing rapidly, and by leveraging such innovative technologies, we aim to expand sales through the provision of products and solutions that utilize our group's knowledge and technologies related to security, while also promoting initiatives that help enhance users' security measures and improve efficiency, including reducing power consumption.

9. FLUCTUATIONS IN OUR QUARTERLY FINANCIAL RESULTS COULD CAUSE THE MARKET PRICE OF TREND MICRO INCORPORATED, TREND MICRO GROUP'S PARENT COMPANY, FOR ITS SHARES TO BE VOLATILE.

Due to all the factors listed in this risk factors information, we believe that our quarterly financial results may fluctuate in ways that do not reflect the long-term trend of our future financial performance. It is likely that in some future quarterly periods, our operating results may be below the expectations of public market analysts and investors which could cause our quarterly financial results to fluctuate. In this event, the share price of Trend Micro Incorporated, Trend Micro group's parent company, could fall.

10. FOREIGN EXCHANGE FLUCTUATIONS AND FINANCIAL MARKET FLUCTUATIONS COULD LOWER OUR RESULTS OF OPERATIONS

Our reporting currency is the Japanese yen and the functional currency of each of our subsidiaries is the currency of the country in which the subsidiary is domiciled. However, a significant portion of our revenues and operating expenses is denominated in currencies other than the Japanese yen, primarily the US dollar, Euro, and Asian currencies. If we are successful in increasing our sales in markets outside of Japan, the impact of exchange rate fluctuations between these currencies and the Japanese yen may be greater and these negative effects from currency fluctuations could become more significant.

Also, we have a portion of marketable securities for fund management. Those values will be affected by the ups and downs of exchange rate denominated in foreign currencies and significant currency fluctuations could hurt our corporate earnings significantly. We have marketable securities and security investments for efficient fund management. Those values of the capital holdings will be affected by fluctuations in the financial market and exchange rates. In the future, if financial market fluctuates widely, this could have a material adverse effect on our financial condition and results of operations proportionate devaluation loss on investment in securities.

11. WE RELY HEAVILY ON OUR KEY MANAGERMENTS, WHO MAY NOT REMAIN WITH US IN THE FUTURE.

We rely, and will continue to rely, on a number of key managements, including our Chief Executive Officer, Eva Yi-Fen Chen. If any of our key managements leave, our business, results of operations and financial condition could suffer. If key managements who are

in our group violates the constitution or other laws or regulations, our group's business could suffer substantial disruptions in our business and to our reputation which could result in a loss of customers and other important business relationships until recovery of confidence.

In such cases, there is the possibility to have a material adverse effect on our operating results.

12. OUR BUSINESS FACES THE RISK OF EFFECT FROM VIOLATION OR AMENDMENT OF THE LAW AND THE LEGAL ACT.

All our business would be under various laws and regulations in each country and each region. If we would fail to comply with those laws and regulations, it would provide more severe administrative guidance and penal regulations.

Also, in the case of the laws and regulations legal amendments, there are the possibilities to be tightening regulations and restrictions on our products and services and carry a cost in terms of relevant issues. In such a case, our business may have a material adverse effect on our operating results.

13. THE POSSIBILITY OF OUR CUSTOMERS WHICH COULD ADVERSELY AFFECT OUR BUSINESS.

Our wide range of products and services may be considered to be capital purchases by certain enterprise customers. Capital purchases are often uncertain and, therefore, are canceled or delayed if the customer experiences a downturn in its business prospects or as a result of unfavorable economic conditions. Any cancellation or delay could adversely affect our results of operations.

For all our group's customer users including above enterprise customer users, our products and services are designed to protect customers' network systems and personal computers from damage caused by computer viruses, web threats and data stealing malware. As a result, if a customer suffers damage from any of these threats or if the actual functions of our group's products and services differ from the stated, the customers may return those products and also demanded refunds for services and the customer could sue us on product liability or related grounds, claim damages for data loss or make other claims.

Additionally, as threats are constantly evolving, purchasers of our software products must regularly update the software they have purchased from us with signature protection files that we make available for download from our website. Should we fail to properly test these protection files and distribute a defective file including vulnerabilities, these files could cause damage to the personal computers, network environment, and various devices of our customers who have downloaded a defective file. In addition, our hardware products as a defective appliance, etc. could cause damage to human lives, health, and the personal property of our customers who have used a defective appliance, etc. As a result, if a customer suffers damage from our products, the customer could sue us on product liability or related grounds, claim damages for data loss or make other claims. Otherwise, we could order a recall of products at the discretion of company.

Our license agreements typically contain provisions, such as disclaimers of warranty and limitations of liability, which seek to limit our exposure to certain types of product liability claims. Also, we have insurance for product liability compensation. However, in some jurisdictions or products recall cases these provisions may not be enforceable on statutory, public policy or other grounds. In the case of losing such a lawsuit, there is a possibility that the case filed by our service and product users for damages and recovery of pain and suffering damages could have a material adverse effect on our business.

14. INFRINGEMENT OF OUR INTELLECTUAL PROPERTY COULD HURT OUR BUSINESS.

Our success depends on the development of proprietary software technology. We rely on a combination of contractual rights and patent, copyright, trademark and trade secret laws. If we are unable to establish and protect these rights, our competitors may be able to use our intellectual property to compete against us. This could limit our growth and hurt our business. It is possible that no additional patents will be issued to us or any of our subsidiaries. In addition, our issued patents may not prevent other companies from competing with us. On the other hand, there is the possibility of the suspension of our products and services sales, compensation, and royalty payment of licensee because of our patent infringement upon another company.

Our group has been taking all possible measures to prevent the leakage of important information such as technologies and strategies and the development of similar technologies. Specifically, we have license agreements with users that includes provisions regarding intellectual property rights, enter into confidentiality and non-competition agreements with all employees, and deploy enable network access control to our group highly confidential information, etc.

However, even if these measures are taken, it may not be possible to prevent unauthorized use or development similar technology in our group's technology.

In addition, if our group infringes the intellectual property rights of a third party, it may result in suspension of sales of products or services, payment of damages or royalties associated with the conclusion of a license agreement. Moreover, there is also a possibility that a case brought against a service invention and suit filed by employee. In the case of losing such a lawsuit, payment to compensate the employee may be incurred.

15. OUR BUSINESS FACES THE RISK OF INTERRUPTION FROM POWER SHORTAGES, EARTHQUAKES AND OTHER NATSURAL DISASTERS, GEOPOLITICAL RISK, AND VIRUS INFECTION DISEAS, etc.

Our group have been taking risk dispersion with our own management system to ensure stable business continuity. Our business model has not depended on specific regions, customers, supply chains, either products or services. Furthermore, regarding the service provision platform, we are taking recovery measures (business continuity management) under business continuity management, and we are conducting regular training after introducing mechanisms and processes to maintain measurableness. However, if power shortages, earthquakes and other natural disasters, hazards attribute to climate change such as torrential rains, floods, and forest fires caused by global warming, geopolitical risk, and virus infection disease, etc. continue to be a problem, our business may be materially adversely affected. Those events are difficult to predict, thus it is impossible to estimate those damage on our facilities, infrastructure and overall operations. In addition, even if we take full preparation for those, it may not be possible to limit the damage. Therefore, we face the possibility that we should stop all our business operations and significant impact on our group business.

There is no guarantee that nature disasters would not seriously disturb our entire business operations. In addition, many of the key countries and regions in which we operate have sustained negative economic impact from events such as the continued fear of future virus infection disease / acute respiratory syndrome, etc., terrorist attacks and other geopolitical risks prolonged continuation of these adverse factors may hurt our results of operations and financial condition.

16. THERE ARE POSSIBILITIES OF INVESTMENT LOSS AND UNABLE TO SELL STOCK FOR OUR INVESTORS ON STOCK PRICE OF TREND MICRO INCORPORATED, TREND MICRO GROUP'S PARENT COMPANY

Shares of the common stock of Trend Micro Incorporated, Trend Micro group's parent company, are traded on Prime Market of the Tokyo Stock Exchange. Recently, the Japanese securities markets have experienced significant price and volume fluctuations. The market price of our shares is likely to fluctuate in the future.

In addition, this market set a price range limit, so even if an investor intends to sell shares, it may not be possible to sell at a stock price that exceeds the price range.

2. Condition of corporate group

Trend Micro Group consists of Trend Micro Inc. (Japan), and its subsidiaries which develop and sell anti-virus products and offer other related services. The affiliated company is General Mobile Corporation. and TXOne Networks Inc..

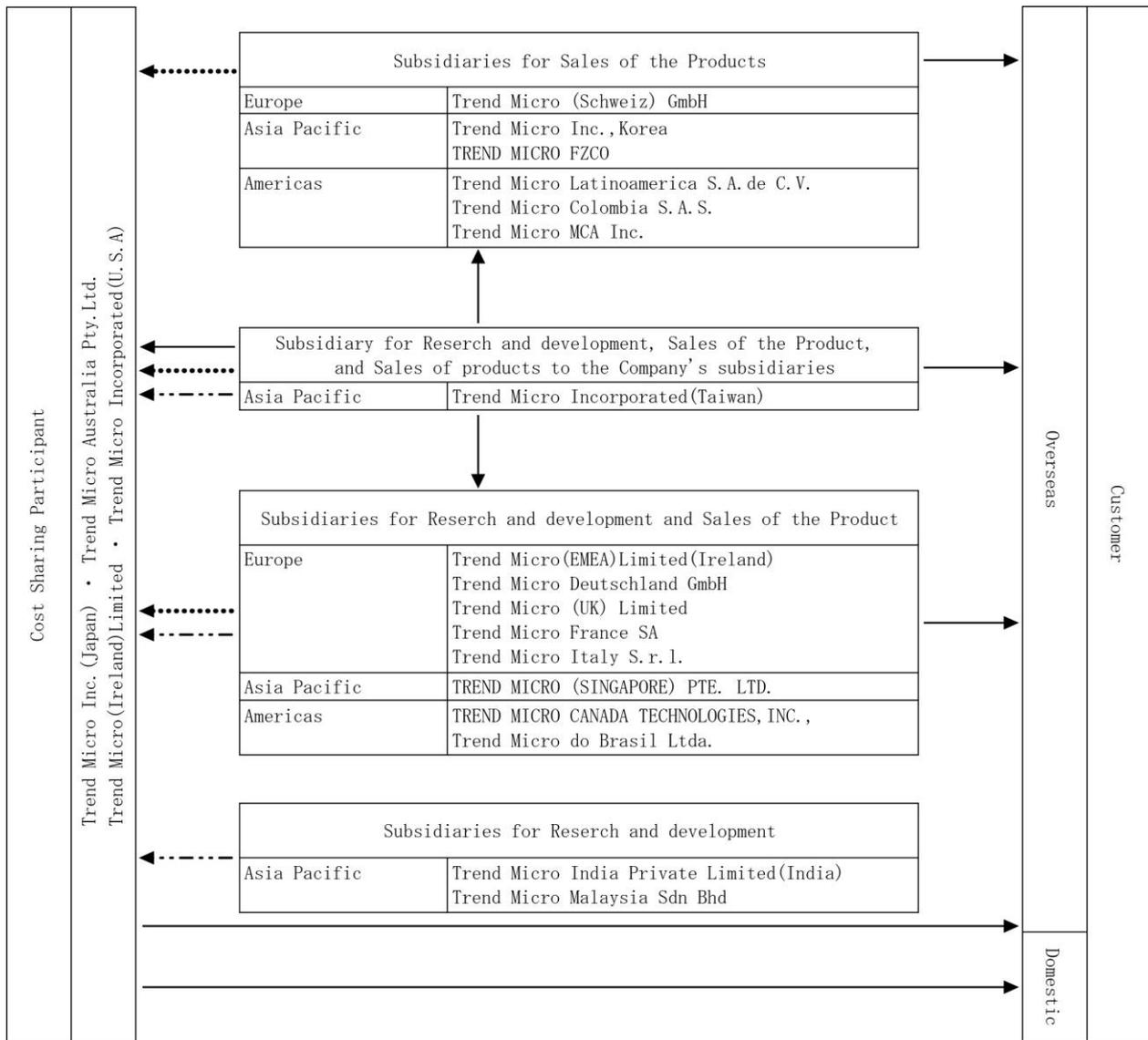
(1) Development and sales of anti-virus products

Products related to anti-virus:

PC client products, LAN server products, Internet server products, All Suite products and Other products

The business functions in Trend Micro Group are described below.

Function	Operating Segment	Main companies
Research and Development	Japan	Trend Micro Inc.(Japan)
	Americas	Trend Micro Incorporated(U.S.A)
	Europe	Trend Micro Ireland Limited
	Asia Pacific	Trend Micro Australia Pty. Ltd.
Sales of the products	Japan	Trend Micro Inc.(Japan)
	Americas	Trend Micro Incorporated(U.S.A) Trend Micro do Brasil Ltda.
	Europe	Trend Micro(EMEA)Limited(Ireland) Trend Micro Deutschland GmbH Trend Micro (UK) Limited Trend Micro France SA Trend Micro Italy S.r.l.
	Asia Pacific	Trend Micro Incorporated(Taiwan) Trend Micro FZCO Trend Micro Australia Pty. Ltd. TREND MICRO (SINGAPORE) PTE. LTD.
Back office	Americas	TREND MICRO CANADA TECHNOLOGIES, INC.,
	Asia Pacific	Trend Micro Incorporated(Taiwan)



- Anti-virus products
-→ Royalty
- - - - -→ Outsourcing, Other

(Note) All Subsidiaries are consolidated.

3. Management policy

(1) BASIC POLICY OF MANAGEMENT

Our Vision: A world safe for exchanging digital information.

IT infrastructure centered on the internet has become indispensable as a global lifeline in today's information society, regardless of individuals, companies, or countries.

Today, most threats on the network such as computer viruses, ransomware, spam, site defacing, and information theft cannot be predicted and completely prevented. With the increase in targeted attacks that persistently aim at specific organizations by employing various methods specialized for the purpose of information theft, monetary gain, and destructive acts, companies, public organizations, and state institutions have become the targets of such attacks; moreover, for individuals as well, multifunctional mobile devices such as smartphones and tablets have become commonplace targets. Against this backdrop, with the emergence and widespread adoption of new IT technologies and services, including AI, these technologies and services have also become new targets for attackers, making security measures indispensable for both companies and individuals.

Our group believes that, against the backdrop of accelerating digitalization that enhances the quality of business and daily life through IT technologies such as cloud computing and AI, we have a significant responsibility to protect the rapidly expanding global IT infrastructure. By providing timely and appropriate solutions to our customers, we aim to contribute to the further development of the information society.

(2). TARGET MANAGEMENT INDEX

We are currently mindful of growth in the operating profit amount on Pre-GAAP (Revenue before adjusting Deferred revenue) basis as an important management indicator. In addition, we will strive for a continuous increase in ARR (Annual Recurring Revenue.)

Meanwhile, at the same time, we will strive to improve profit margins. We are currently targeting an operating profit margin of 25 percent to 27 percent for the fiscal year ending December 2028, and we will work on both increasing net sales and improving the operating profit margin. Our business structure is basically not capital intensive. Accordingly, we believe that this will lead to an improvement in ROE (return on equity.)

(3). MID- TO LONG-TERM BUSINESS STRATEGY

Today, IT infrastructure forms the backbone of our society and daily life. Not only personal computers but also multifunctional mobile devices such as smartphones and tablets have become commonplace. Moreover, with the emergence of new technologies such as IoT and AI, smart home appliances and connected cars have come into being. As the range of internet connected digital devices and applications has expanded and users' purposes have diversified, there is no longer a single security solution that fits all environments.

In network environments as well, cloud computing and AI make access to big data and data analytics easier, faster, and more affordable, thereby further transforming the ways in which digital information is exchanged. These advances in IT technologies will rapidly increase the volume of information exchanged for both enterprises and individuals, while also creating demand for security measures that assume intrusions, rather than relying solely on preventive approaches. As convenience grows, so do risks, making it inevitable that the importance of information security will continue to increase.

In response to these changes in the operating environment, our group leverages its strength in having long provided a broad range of security products and services that incorporate AI technologies by offering an integrated security platform, Vision One.

With Vision One, we will deliver a wide range of solutions that go beyond conventional measures such as protecting individual endpoints and securing segmented areas within network environments, including AI based threat prediction and measures after intrusion. By enabling faster visibility into wide ranging cyberattacks and proactively providing appropriate responses, we will work to proactively mitigate cyber risks. In addition, in order to continue delivering value amid increasing diversity in customer environments, we will promote the provision of a hybrid configuration that supports both SaaS and on premises deployments and will respond to the usage environments and requirements of a broad range of customers.

Looking ahead, as digitalization continues to accelerate across business, society, and users' daily lives, our group will further strengthen security solutions that provide peace of mind for both enterprises and individuals, and will work to realize our vision: A world safe for exchanging digital information regardless of companies and individuals.

(4). ISSUES TO DEAL WITH

-Recognition of Issues-

In the cybersecurity industry in which our group operates, competition is intensifying further due not only to rivalry among existing vendors but also by a sharp increase in M&A activity and new market entries from other industries. Such industry consolidation and new entries make it more difficult to forecast changes in market structure and constitute a source of uncertainty regarding future developments.

In addition, technological innovation, including advances in AI, is accelerating. Attackers continue to develop sophisticated and increasingly deceptive fraud schemes that exploit generative AI and deepfakes, in addition to new methods that target newly emerging vulnerabilities. As a result, the attack surface is becoming more diverse and expanding, and attacks are becoming more complex, faster, and broader in scope. Environmental factors such as global conflicts, geopolitical risks, fragmentation, and increasingly complex supply chains also contribute to the expansion of cyber threats.

Under these circumstances, attacks targeting internet users, both corporate and individual, continue to increase. To address these issues, our group is advancing the initiatives described below.

-Expansion of Consumer Solutions-

As risks faced by individual customers continue to increase, the company is expanding its coverage beyond cyber threats to include physical threats such as scam calls and online fraud, thereby meeting customer needs for protection against threats across their entire digital lives.

-Deployment of the AI-Powered Enterprise Cybersecurity Platform: Trend Vision One™-

For enterprise customers, cybersecurity measures must be implemented promptly across all networks and the vast amount of data within them, encompassing not only prevention but also incident response and recovery in the event of disruptions, as well as countermeasures against unknown threats.

To meet these broad, day-to-day security coverage needs, our group provides a wide range of security products and services centered on Trend Vision One™ (“Vision One”), an integrated security platform for corporate customers that uses AI to predict and prevent threats. Vision One, by integrating our group’s security products deployed across multiple domains as a platform, enables faster visibility into a wide range of cyberattacks, correlatively analyzes in real time the threats and traces of intrusion detected/collected, and provides appropriate response actions.

In addition, Cyber Risk Exposure Management (“CREM”), a core function of Vision One, provides detailed visualization of an organization’s overall attack surface, continuously monitors it, evaluates identified risks, and prioritizes response actions. This improves the efficiency of security operations and enables swift action against new threats and vulnerabilities.

Through automation of these mitigation measures, Vision One proactively reduces cyber risks and transforms security from reactive defense to proactive and preventive measures, while also serving as a solution to establish a framework to limit damage and support early recovery in the event of an incident. Furthermore, by incorporating AI technologies that support operators who may lack sufficient specialized security expertise, Vision One enables both advanced security measures and reduced operational burden.

-Value Creation for Shareholders-

Through these initiatives, the group will respond flexibly and strategically to the rapidly changing cyber threat landscape and continue to provide reliable security for both individual and enterprise customers. Providing safety and peace of mind is both our group’s social mission and the foundation for sustainable profit growth. Our group will continue to capture market opportunities and achieve business expansion and enhanced corporate value.

4. Basic policy on the selection of accounting standards

To secure comparability between companies and between fiscal years, Trend Micro group prepares its consolidated financial statements in accordance with the Japanese accounting standards. We will appropriately consider application of IFRS (International Financial Report Standards) taking into consideration of condition in Japan and overseas.

5. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Million yen)

Account	December 31, 2024	December 31, 2025
(Assets)		
Current assets		
Cash and bank deposits	170,056	220,092
Notes and Accounts receivable, trade and contract assets	74,795	76,279
Marketable securities	40,839	10,938
Inventories	8,455	10,048
Others	13,950	15,485
Allowance for bad debt	(268)	(153)
Total current assets	307,829	332,690
Non-current assets		
Property and equipment		
(1) Buildings and structures, net	3,236	2,526
(2) Office furniture & equipment	2,158	2,270
(3) Others	154	0
Total property and equipment	5,548	4,797
Intangibles		
(1) Software	17,904	17,380
(2) Goodwill	2,268	1,552
(3) Others	11,220	9,098
Total intangibles	31,393	28,031
Investments and other non-current assets		
(1) Investment securities	4,520	4,727
(2) Investments in subsidiaries and affiliates	1,236	27
(3) Deferred tax assets	47,638	47,670
(4) Others	2,148	4,293
Total investments and other non-current assets	55,544	56,718
Total non-current assets	92,486	89,547
Total assets	400,316	422,238

(Million yen)

Account	December 31, 2024	December 31, 2025
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	3,627	2,973
Accounts payable, other	7,952	9,077
Accrued expenses	11,291	11,485
Accrued income and other taxes	5,300	5,310
Allowance for bonuses	7,410	3,292
Deferred revenue(Current amd Non-current)	221,386	236,085
Others	10,305	10,255
Total current liabilities	267,274	278,479
Non-current liabilities		
Net defined benefit liability	7,677	6,482
Others	5,918	6,150
Total non-current liabilities	13,595	12,632
Total liabilities	280,870	291,111
(Net assets)		
Shareholders' equity		
Common stock	19,926	19,926
Capital surplus	27,857	28,802
Retained earnings	90,541	100,906
Treasury stock, at cost	(66,781)	(71,864)
Total shareholders' equity	71,543	77,770
Accumulated other comprehensive income		
Net unrealized gain (loss) on debt and equity securities	336	533
Foreign currency translation adjustments	44,826	48,908
Remeasurements of defined benefit plans	259	306
Total accumulated other comprehensive income	45,422	49,749
Stock acquisition rights	2,480	3,108
Non-controlling interest	—	498
Total net assets	119,446	131,126
Total liabilities and net assets	400,316	422,238

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

Consolidated Statements of Income

(Million yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Net sales	272,638	275,984
Cost of sales	64,980	63,717
Gross profit	207,657	212,267
Operating expenses	159,551	154,490
Operating income	48,105	57,777
Non-operating income		
Outsourcing service income	22	8
Interest income	2,607	3,527
Gain on sales of marketable securities	438	11
Foreign exchange gain	4,413	—
Other income	114	82
Total non-operating income	7,596	3,630
Non-operating expenses		
Foreign exchange loss	—	6,224
Equity in loss of affiliated companies	2,573	1,046
Loss on disposal of fixed assets	204	15
Other expenses	83	140
Total non-operating expenses	2,861	7,427
Ordinary income	52,840	53,980
Extraordinary gain		
Gain on reversal of stock options	7	—
Gain on business transfer	587	—
Gain on change in equity	2,145	—
Total extraordinary gain	2,740	—
Extraordinary loss		
Retirement benefit expenses	—	1,488
Loss on valuation of investment securities	—	160
Total extraordinary loss	—	1,649
Net income before taxes	55,580	52,331
Income taxes current	22,052	17,686
Income taxes for prior periods	776	—
Income taxes deferred	(1,780)	543
Total income taxes	21,048	18,230
Net income before non-controlling interest	34,532	34,100
Non-controlling interest in income of consolidated subsidiaries	173	(423)
Net income attributable to owners of the parent	34,358	34,523

Consolidated Statements of Comprehensive Income

(Million yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Income before non-controlling interest	34,532	34,100
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	198
Foreign currency translation adjustment	3,389	4,241
Remeasurements of defined benefit plans	453	47
Share of other comprehensive income of associates accounted for using equity method	202	(162)
Total other comprehensive income	3,985	4,324
Comprehensive income	38,517	38,424
Comprehensive income attributable to owners of the parent	38,341	38,850
Comprehensive income attributable to non-controlling interests	176	(425)

(3) 【Consolidated Statements of Changes in Net Assets】

(Million yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Shareholders' equity		
Common stock		
Balance at the end of previous period	19,855	19,926
Movement for the period		
Issuance of new stocks	70	—
Total movement	70	—
Balance at the end of current period	19,926	19,926
Capital surplus		
Balance at the end of previous period	28,239	27,857
Movement for the period		
Issuance of new stocks	70	—
Change in scope of consolidation	—	1,158
Sales of treasury stock	(452)	(213)
Total movement	(381)	945
Balance at the end of current period	27,857	28,802
Retained earnings		
Balance at the end of previous period	156,299	90,541
Movement for the period		
Dividend of surplus	(100,117)	(24,158)
Net income	34,358	34,523
Total movement	(65,758)	10,365
Balance at the end of current period	90,541	100,906
Treasury stock, at cost		
Balance at the end of previous period	(33,836)	(66,781)
Movement for the period		
Sales of treasury stock	7,055	4,917
Purchase of treasury stock	(40,000)	(10,000)
Total movement	(32,945)	(5,083)
Balance at the end of current period	(66,781)	(71,864)
Total shareholders' equity		
Balance at the end of previous period	170,558	71,543
Movement for the period		
Issuance of new stocks	141	—
Dividend of surplus	(100,117)	(24,158)
Net income	34,358	34,523
Change in scope of consolidation	—	1,158
Sales of treasury stock	6,602	4,703
Purchase of treasury stock	(40,000)	(10,000)
Total movement	(99,015)	6,227
Balance at the end of current period	71,543	77,770

(Million yen)

	For the year ended December 31, 2024	For the year ended December 31, 2025
Accumulated other comprehensive income		
Net unrealized gain(loss) on debt and equity securities		
Balance at the end of previous period	396	336
Movement for the period		
Movement for the period excluding shareholders' equity	(60)	197
Total movement	(60)	197
Balance at the end of current period	336	533
Foreign currency translation adjustments		
Balance at the end of previous period	41,237	44,826
Movement for the period		
Movement for the period excluding shareholders' equity	3,588	4,082
Total movement	3,588	4,082
Balance at the end of current period	44,826	48,908
Remeasurements of defined benefit plans		
Balance at the end of previous period	(194)	259
Movement for the period		
Movement for the period excluding shareholders' equity	453	47
Total movement	453	47
Balance at the end of current period	259	306
Total accumulated other comprehensive income		
Balance at the end of previous period	41,440	45,422
Movement for the period		
Movement for the period excluding shareholders' equity	3,982	4,327
Total movement	3,982	4,327
Balance at the end of current period	45,422	49,749
Stock acquisition rights		
Balance at the end of previous period	2,391	2,480
Movement for the period		
Movement for the period excluding shareholders' equity	89	627
Total movement	89	627
Balance at the end of current period	2,480	3,108
Minority interest		
Balance at the end of previous period	33	—
Movement for the period		
Movement for the period excluding shareholders' equity	(33)	498
Total movement	(33)	498
Balance at the end of current period	—	498
Total net assets		
Balance at the end of previous period	214,423	119,446
Movement for the period		
Issuance of new stocks	141	—
Dividend of surplus	(100,117)	(24,158)
Net income	34,358	34,523
Change in scope of consolidation	—	1,158
Sales of treasury stock	6,602	4,703
Purchase of treasury stock	(40,000)	(10,000)
Movement for the period excluding shareholders' equity	4,038	5,453
Total movement	(94,977)	11,680
Balance at the end of current period	119,446	131,126

(4) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	For the year ended December 31, 2024	For the year ended December 31, 2025
Cash flows from operating activities:		
Net income before taxes	55,580	52,331
Depreciation and amortization	27,180	26,390
Stock compensations	1,241	1,410
Gain on reversal of stock options	(7)	—
Amortization of goodwill	1,747	667
Increase (decrease) in allowance for bad debts	(90)	(109)
Increase (decrease) in net defined benefit liability	(519)	(1,223)
Interest income	(2,607)	(3,527)
(Gain) loss on sale of marketable securities	(438)	(11)
(Gain) loss on change in equity	(2,145)	—
Loss on disposal of fixed assets	204	15
Equity in (earnings)/loss of affiliated companies	2,573	1,046
(Gain) loss on valuation of investment securities	—	160
(Gain) loss on sale of businesses	(587)	—
Retirement benefit expenses	—	1,488
(Increase) decrease in notes and accounts receivable and contract assets	(2,682)	(42)
(Increase) decrease in inventories	(1,184)	(1,490)
Increase (decrease) in notes and accounts payable	892	(661)
Increase (decrease) in accounts payable, other & accrued expenses	(7,247)	995
Increase (decrease) in deferred revenue	1,124	4,112
Increase (decrease) in virtual share bonus plan	765	(818)
Others	(3,946)	(796)
Subtotal	69,852	79,938
Proceeds from interest and dividend received	2,464	3,622
Payment for income tax	(25,535)	(18,922)
Net cash provided by operating activities	46,781	64,637
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	(2,542)	3,604
Payments for purchases of marketable securities and securities investments	(243)	(353)
Proceeds from sale or redemptions of marketable securities and securities investments	32,479	20,367
Payments for purchases of property and equipment	(1,220)	(1,158)
Payments for purchases of other intangibles	(23,720)	(21,699)
Proceeds from sales of businesses	291	—
Net cash used in/provided by investing activities	5,044	759
Cash flows from financing activities:		
Proceeds from issuance of common shares	119	—
Payment for purchase of treasury stock	(40,000)	(10,000)
Proceeds from sale of treasury stock	5,480	3,920
Dividends paid	(96,289)	(23,489)
Proceeds from paid-up by minority shareholders	1	2,278
Repayments to non-controlling shareholders	(210)	(176)
Net cash used in financing activities	(130,900)	(27,467)
Effect of exchange rate changes on cash and cash equivalents	5,200	5,136
Net increase (decrease) in cash and cash equivalents	(73,873)	43,066
Cash and cash equivalents at beginning of period	261,265	187,392
Cash and cash equivalents at end of period	187,392	230,458

(5) 【Notes for Consolidated Financial Statements】

(Footnote on Going Concern)

N/A

(Changes in Accounting Policies)

(Adoption of the “Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes,” etc.)

The Company has adopted, from the beginning of the current consolidated fiscal year, the “Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, issued on October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), and other related standards.

With respect to the amendments regarding the classification of income taxes (taxation on other comprehensive income), the Company has applied the transitional treatments prescribed in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard, as well as the transitional treatments prescribed in the proviso to paragraph 65-2(2) of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Implementation Guidance No. 28, issued on October 28, 2022; hereinafter referred to as the “2022 Revised Implementation Guidance”).

The adoption of these changes in accounting policies has no impact on the Company’s consolidated financial statements.

(Adoption of the “Practical Solution on Accounting and Disclosure for Corporate Income Taxes Related to the Global Minimum Tax Regime”)

The Company has applied, from the beginning of the current consolidated fiscal year, the “Practical Solution on Accounting and Disclosure for Corporate Income Taxes Related to the Global Minimum Tax Regime” (Practical Issues Task Force (PITF) No. 46, issued on March 22, 2024) and other related guidance.

The adoption of this change in accounting policy has no material impact on the Company’s consolidated financial statements.

(Segment Information)

1 Outline of reporting segment

The segment of Trend Micro group shall be part of its organizational units whose financial information is individually available, and shall be subject to regular review by its decision-making-body for the purpose of deciding the allocation of its managerial resources and evaluating its business performances.

The company is mainly engaged in developing and selling anti-virus software product and providing anti-virus related services. The company is taking care of Japan area and its affiliates in Americas, Europe, or Asia Pacific are in charge of their own area respectively. Therefore, our segments are made of 4 segments which are Japan, Americas, Europe and Asia Pacific based on the business of developing, selling anti-virus products and related services.

2 Method of calculating amounts of net sales, income/loss, assets, liabilities and other items by segments

Accounting procedures reported by segment are almost the same as those which are described in 【Significant Accounting Policies and Practices for Preparing Consolidated Financial Statements】

3 Information of the amount of sales, profit/loss, assets, liabilities and other items by reporting segments

For the previous fiscal year (from January 1, 2024 to December 31, 2024)

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Consolidation Adjustment	Consolidation
Sales							
(1) Net sales to external customers	85,756	58,827	58,546	69,507	272,638	—	272,638
(2) Intercompany sales	(251)	11,573	8,688	50,835	70,845	(70,845)	—
Total sales	85,505	70,400	67,234	120,342	343,483	(70,845)	272,638
Operating income by segment	17,165	7,948	11,415	11,763	48,293	(187)	48,105
Asset by segment	199,905	138,680	85,662	123,897	548,146	(147,830)	400,316
Other items							
Depreciation and amortization	12,354	6,507	5,403	4,829	29,094	(1,914)	27,180
Increase in tangible and intangible fixed assets	11,323	5,658	5,907	4,096	26,985	(2,044)	24,940

(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 at Operating income (187) million yen comes from the elimination between segments transactions.

Majority of Consolidation Adjustment at Asset (147,830) million yen comes from the elimination between segments transactions.

Consolidation Adjustment at Depreciation and amortization (1,914) million yen comes from the elimination between segments transactions.

Consolidation Adjustment at Increase in tangible and intangible fixed assets (2,044) million yen comes from the elimination between segments transactions.

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 December 31, 2025)

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Consolidation Adjustment	Consolidation
Sales							
(1) Net sales to external customers	87,840	55,187	61,439	71,516	275,984	—	275,984
(2) Intercompany sales	49	12,628	9,414	34,691	56,784	(56,784)	—
Total sales	87,890	67,816	70,854	106,207	332,769	(56,784)	275,984
Operating income by segment	20,651	11,027	12,334	12,982	56,995	781	57,777
Asset by segment	231,050	152,365	90,462	132,970	606,849	(184,611)	422,238
Other items							
Depreciation and amortization	10,994	6,423	6,404	4,709	28,532	(2,142)	26,390
Increase in tangible and intangible fixed assets	11,030	4,145	6,106	3,744	25,026	(2,168)	22,858

(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 at Operating income 781 million yen comes from the elimination between segments transactions.

Majority of Consolidation Adjustment at Asset (184,611) million yen comes from the elimination between segments transactions.

Consolidation Adjustment at Depreciation and amortization (2,142) million yen comes from the elimination between segments transactions.

Consolidation Adjustment at Increase in tangible and intangible fixed assets (2,168) million yen comes from the elimination between segments transactions.

4 Total amount of segment income is adjusted to operating income in consolidated statement of income.

(Relative information)

For the previous fiscal year (from January 1, 2024 to December 31, 2024)

1. Information by production and service

The amount of sales in the single category of production and service to external customers exceeds 90% of sales which was recognized in consolidated statement of income, then, reporting is omitted.

2. Information by geographical area

(1) Sales

(Million Yen)

Japan	Americas	Europe	Asia Pacific	Total
85,509	59,098	58,361	69,668	272,638

(Note) Sales is categorized by area or country based on the location of customers.

Sales in U.S.A is 49,318 million yen of the Americas.

(2) Tangible fixed asset

(Million Yen)

Japan	Americas	Europe	Asia Pacific	Total
1,151	2,483	365	1,548	5,548

(Note) Tangible fixed asset in U.S.A is 2,067 million yen of the Americas and that of Taiwan is 582 million yen of the Asia Pacific.

3. Information by major customers

There are no customers which account for more than 10% of the consolidated sales.

Therefore, information by major customers is not disclosed.

For the current fiscal year (from January 1, 2025 to December 31, 2025)

1. Information by production and service

The amount of sales in the single category of production and service to external customers exceeds 90% of sales which was recognized in consolidated statement of income, then, reporting is omitted.

2. Information by geographical area

(1) Sales

(Million Yen)

Japan	Americas	Europe	Asia Pacific	Total
87,602	55,362	61,316	71,703	275,984

(Note) Sales is categorized by area or country based on the location of customers.

Sales in U.S.A is 44,161 million yen of the Americas.

(2) Tangible fixed asset

(Million Yen)

Japan	Americas	Europe	Asia Pacific	Total
1,058	2,121	323	1,294	4,797

(Note) Tangible fixed asset in U.S.A is 1,789 million yen of the Americas and that of China is 555 million yen and that of Taiwan is 490 million yen of the Asia Pacific.

3. Information by major customers

There are no customers which account for more than 10% of the consolidated sales.

Therefore, information by major customers is not disclosed.

(Information of impairment loss on fixes asset by segment)

N/A

(Information of amortization expense of goodwill and unamortized balance of goodwill by segment)

For the previous fiscal year (from January 1, 2024 to December 31, 2024)

(Million Yen)

	Segment					Consolidation Elimination	Total
	Japan	Americas	Europe	Asia Pacific	total		
Amortization Expense of GW	—	770	10	966	1,747	—	1,747
Unamortized balance of GW	—	2,147	65	55	2,268	—	2,268

For the current fiscal year (from January 1, 2025 to December 31, 2025)

(Million Yen)

	Segment					Consolidation Elimination	Total
	Japan	Americas	Europe	Asia Pacific	total		
Amortization Expense of GW	—	640	10	16	667	—	667
Unamortized balance of GW	—	1,455	61	35	1,552	—	1,552

(Information of negative goodwill by segment)

N/A

(Information of EPS)

(Yen)

	For the previous fiscal year (From January 1, 2024 To December 31, 2024)	For the current fiscal year (From January 1, 2025 To December 31, 2025)
Book value per share	890.85	975.81
Net income per share	259.05	262.42
Diluted net income per share	257.66	260.90

(Note)

1. Basis of calculation for net income per share and diluted net income per share are as follows.

	For the previous fiscal year (From January 1, 2024 To December 31, 2024)	For the current fiscal year (From January 1, 2025 To December 31, 2025)
<Basic EPS>		
Net income (Million Yen)	34,358	34,523
-not to attributable to common stock holders	—	—
-to common stock holders	34,358	34,523
Weighted-average number of common shares (Shares)	132,633,864	131,556,927
<Diluted EPS>		
Adjustments to net income (Million Yen)	—	—
Increased numbers of common shares (Shares)	717,677	769,302
(Stock acquisition rights (Shares))	(717,677)	(769,302)
Details of shares not included in the computation of diluted EPS since it did not have dilutive effect	1,491,000 for Stock option round 43 454,000 for Stock option round 44	444,000 for Stock option round 44

2. Basis of calculation for book value per share is as follows.

(Million yen)

	For the previous fiscal year (From January 1, 2024 To December 31, 2024)	For the current fiscal year (From January 1, 2025 To December 31, 2025)
Total net assets	119,446	131,126
Amount deducted from total net assets	2,480	3,607
(Stock acquisition rights)	(2,480)	(3,108)
(Minority interest)	(—)	(498)
Total net assets attributable to common stock	116,965	127,519
Number of common shares (Shares)	131,296,792	130,680,236

(Significant Subsequent Events)

(Share buyback)

On February 18, 2026, the company's Board of Directors approved share buyback under Article 459, paragraph (1), item (i) of the Company Law as described below:

1.Reason for Share Buyback

The purpose is to further improve the efficiency of shareholders' equity through pursuing the appropriate level of cash holdings, and to implement a flexible capital administration in response to the changing business environment.

2.Class of Capital Stock to be Purchased

Shares of Common Stock

3.Number of Shares to be Purchased

Up to 1,200,000 shares (0.92% of the total outstanding shares)

4.Total Purchase Price

Up to 5,000 million yen

5.Schedule

From February 19, 2026 to March 24, 2026 (based on trade date)

6.Method of repurchase

Open market purchases at the Tokyo Stock Exchange