Trend Micro Reports Third Quarter 2016 Results

TOKYO--(<u>BUSINESS WIRE</u>)--<u>Trend Micro Incorporated</u> (<u>TYO: 4704</u>), a global leader in security software and solutions, today announced earnings results for the third quarter 2016, ending September 30, 2016. For the third quarter, Trend Micro posted consolidated net sales of 31,324 million Yen (or US \$306 million, 102.35 JPY = 1USD). The company posted operating income of 8,624 million Yen (or US \$84 million) and net income of 5,100 million Yen (or US \$49 million) for the quarter.

"Trend Micro's commitment to help digital users protect themselves against advanced security threats takes shape in our collaborations with our customers, law enforcement and business partners," said Eva Chen, CEO, Trend Micro. "This quarter, we delivered on that pledge by developing additional ransomware protection tools, such as a free phone hotline and an online ransomware resource center; we aided INTERPOL in arresting the culprit behind an international criminal network, and we expanded our enterprise products' integration through strong new business partnerships."

As of now, the company will not revise expected consolidated results for the full fiscal year ending December 31, 2016 (released on February 18, 2016). Based on information currently available to the company, consolidated net sales for the year ending December 31, 2016 is expected to be 138,800 million Yen (or US \$1,166 million, based on premise of an exchange rate of 119 JPY = 1 USD). Operating income and net income are expected to be 27,300 million Yen (or US \$229 million) and 18,700 million Yen (or US \$157 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.

Q3 2016 Business Highlights

Consumers worried about the extremely disruptive online threat called "ransomware" have a serious ally in Trend Micro. To help U.S. consumers - whether they are Trend Micro customers or not - the company has set up a free hotline and ransomware resource center to provide education on what ransomware is and advice on how best to protect themselves against it or respond to an attack.

Trend Micro announced its collaboration in the arrest of the head of an international criminal network suspected of stealing more than \$60 million through business email compromise (BEC) scams and CEO fraud. The arrest is the result of a joint operation by INTERPOL and the Nigerian Economic and Financial Crime Commission utilizing Trend Micro research to identify and arrest the culprit.

Trend Micro announced Trend Micro <u>Deep Discovery</u>[™] Inspector has been recognized for the third consecutive year as a recommended breach detection system by <u>NSS Labs</u>. Deep Discovery achieved a 99.8 percent detection rate in the latest Breach Detection System test. Yet again, Trend Micro has demonstrated a consistent ability to detect network and endpoint-based targeted attacks, advanced threats and ransomware.

Trend Micro announced a partnership with Wind River to showcase and validate its network function virtualization (NFV) solution, Trend Micro Virtual Network Function Suite, on the Wind River Titanium Server, a commercial ready carrier-grade NFV infrastructure software platform.

Trend Micro reaffirmed its commitment to providing security and peace-of-mind to its customers with the release of Trend Micro Security for 2017. The new range of software has expanded capabilities that safeguard

users from ransomware, malicious threats, identity theft and new malware varieties by providing reliable protection against 250 million threats a day.

Trend Micro launched its Worry-Free Services plug-in for <u>LabTech</u>, a remote monitoring and management solution developed by <u>ConnectWise</u>. Available free of charge to new and existing Trend Micro MSP Partners through the LabTech Solution Center on September 21, customers are now be able to run their businesses with remote management and monitoring (RMM) and professional services automation (PSA), integrated from the same vendor.

Q3 2016 Awards and Recognitions

Trend Micro was listed as No. 23 by Selling Power as one of the "Top 50 Best Companies to Sell For."

CRN recognized Trend Micro as a Cloud Partner Program Guide Winner.

Trend Micro Antivirus+ Security 2017 received 4 STARS from PC Magazine.

Trend Micro Internet Security 2017 received 4 STARS from PC Magazine.

Patents

Trend Micro was awarded the following patents in Q3 2016:

Patent No.	Issue Date	Title
9392004	07/12/2016	Method and System For Dynamic Protocol Decoding and Analysis
2855398	07/14/2016	Fast Identification for Complex Strings in a Data Stream
9398032	07/19/2016	Apparatus and Methods for Detecting Malicious Scripts in Web
		Pages
9396333	07/19/2016	Thin Client for Computer Security Applications
9405902	08/02/2016	Anti-Malware Service in Multi-Tenant Cloud Computing
		Environments
9405756	08/02/2016	Cloud-Based Point-In-Time Restore of Computer Data
9407579	08/02/2016	Software Defined Networking Pipe for Network Traffic
		Inspection
9424428	08/23/2016	Method and System Using Designated Template Host for Real
		Time Classifications of Events in a Computer Integrity System
9444912	09/13/2016	Virtual Mobile Infrastructure for Mobile Devices
9444831	09/13/2016	Malicious Script Detection Using Context-Dependent Script
		Emulation

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 to it, 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 virus 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 antivirus software industry
- Changes in customer needs for antivirus 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

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 5,000 employees in over 50 countries and the world's most advanced global threat intelligence, Trend Micro enables organizations to secure their journey to the cloud. For more information, visit <u>www.trendmicro.com</u>.

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