



Trend Micro

FY2002. 4Q / Annual Results

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CFO, Representative director
February 4, 2003



Forward Looking Statements

Certain statements that we make in this presentation are forward-looking statements. These forward-looking statements include statements regarding:

- **The business potential of the Internet**
- **Our ability to profitably develop and sell Internet-related products and services**
- **Trends in our future operating results and other financial results**
- **Our investments in Internet-related companies, and the success of those investments**

Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- **Customer acceptance of our new products and services**
- **The impact of competing products and services**
- **Difficulties in adapting our products and services to the Internet**
- **Difficulties in addressing new virus and other computer security problems**
- **The potential lack of attractive investment targets and difficulties in successfully executing our investment strategy**
- **Declining prices for our products and services**

We assume no obligation to update any forward-looking statements.

For more details regarding risk factors relating to our future performance, please refer to our filings with the SEC.





FY2002 4Q Financial Highlight
Fiscal Year ended December 2002

Consolidated Results

<i>Three months ended Dec 31,</i>	<i>4Q2002</i>	<i>4Q2001</i>	(unaudited) (in million Yen) <i>YoY growth</i>
Net sales	11,760	10,838	9%
Cost of sales	638	796	-20%
Gross profit	11,122	10,042	11%
Operating expenses	6,689	6,125	9%
Operating income	4,433	3,916	13%
Ordinary income	3,942	4,239	-7%
<u>Ordinary income margin</u>	<u>34%</u>	<u>39%</u>	
Net Income	2,576	-	-

If same currency exchange rate is applied.

Net sales	11,616	10,838	7%
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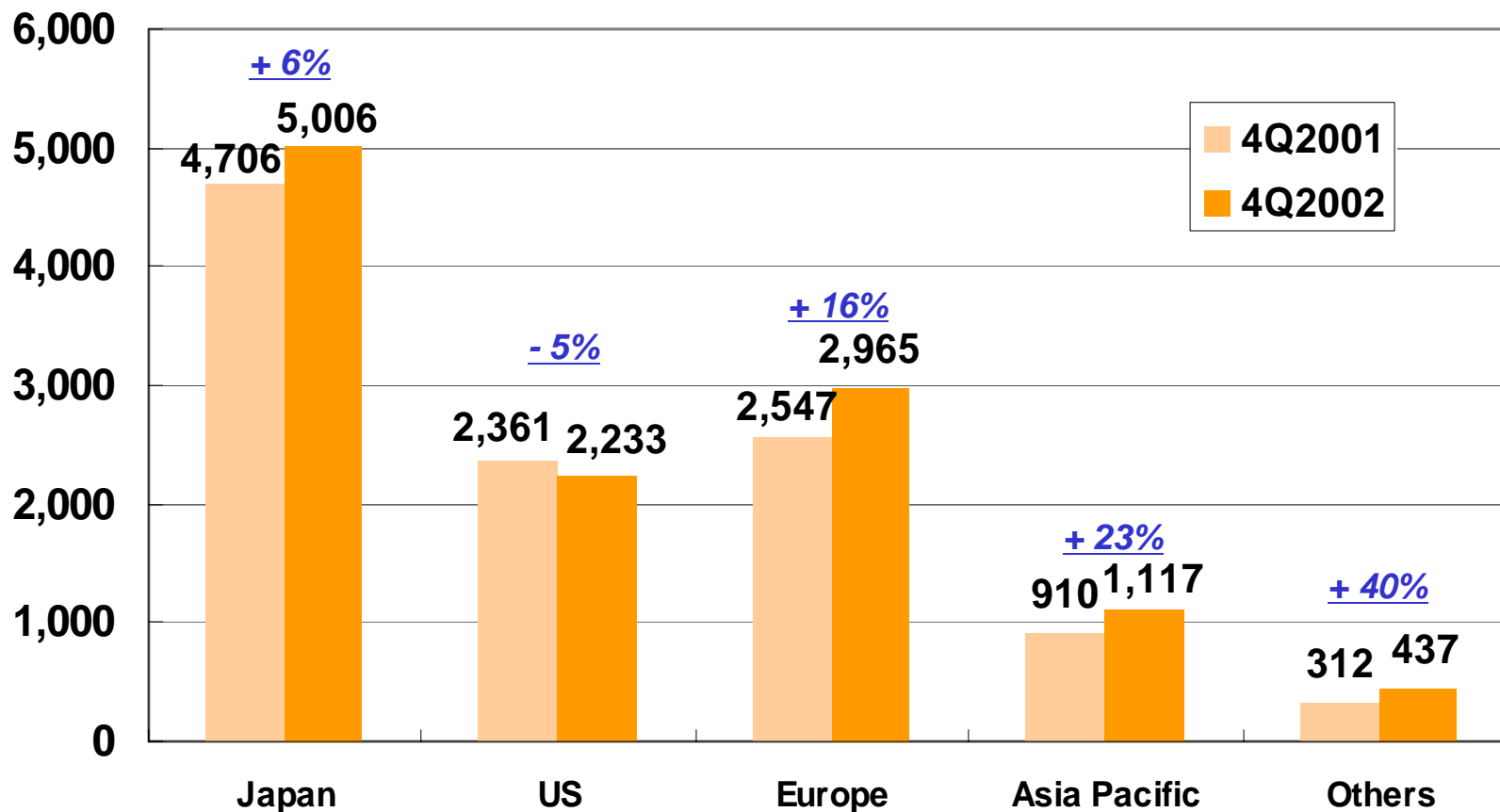


(In accordance with Japanese GAAP)

Growth by region

(unaudited)

(in million Yen)

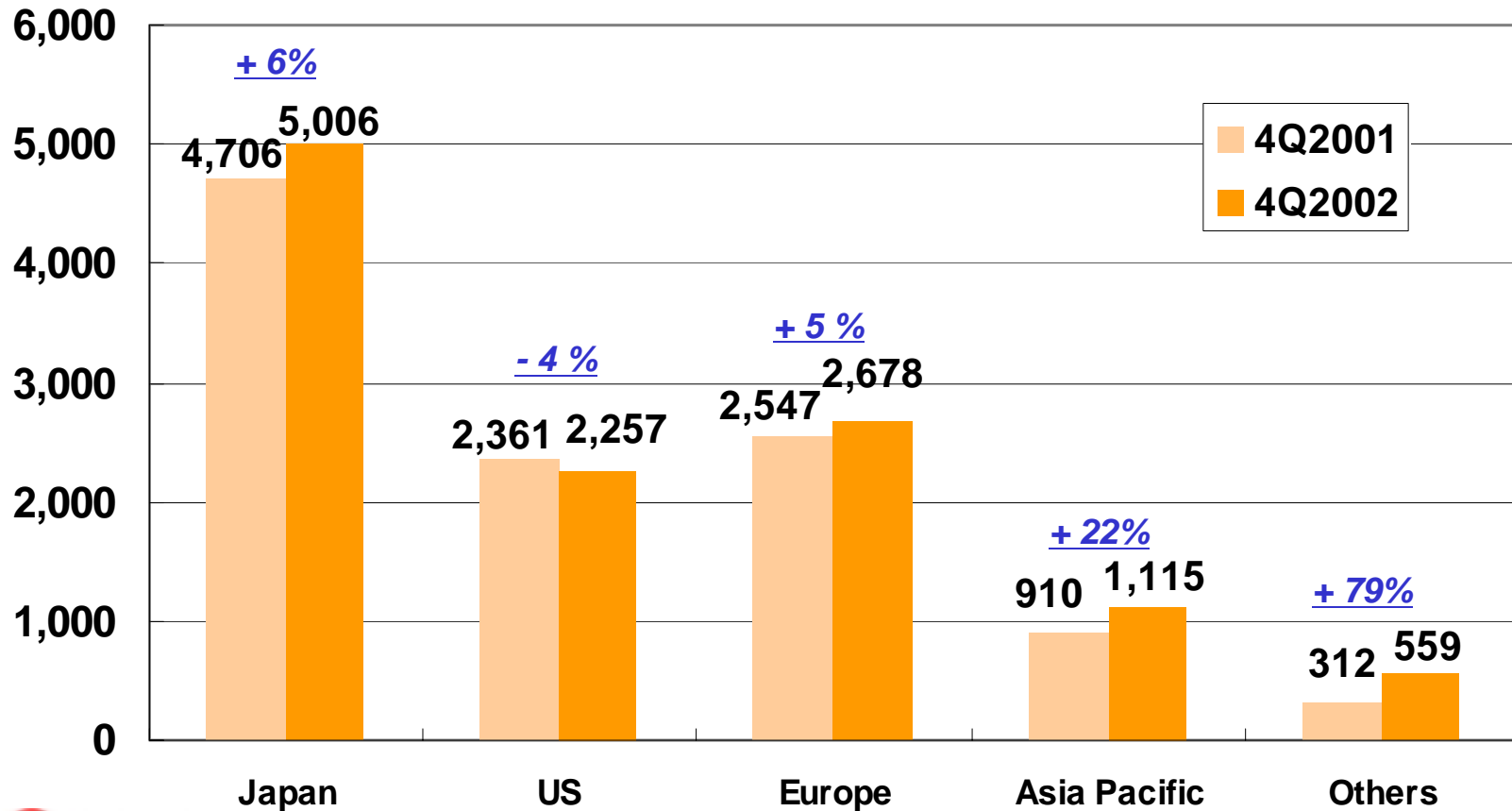


Growth by region

If same currency exchange rate is applied.

(unaudited)

(in million Yen)



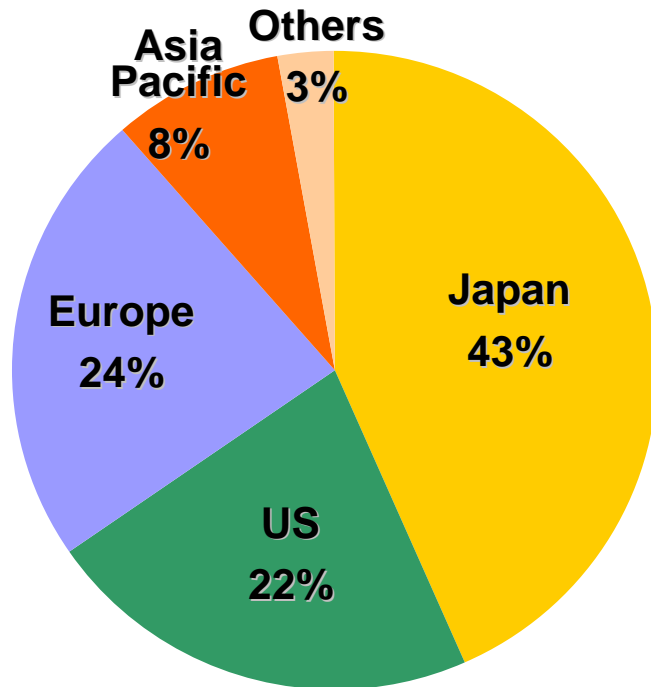
(In accordance with Japanese GAAP)

% share by region

(unaudited)

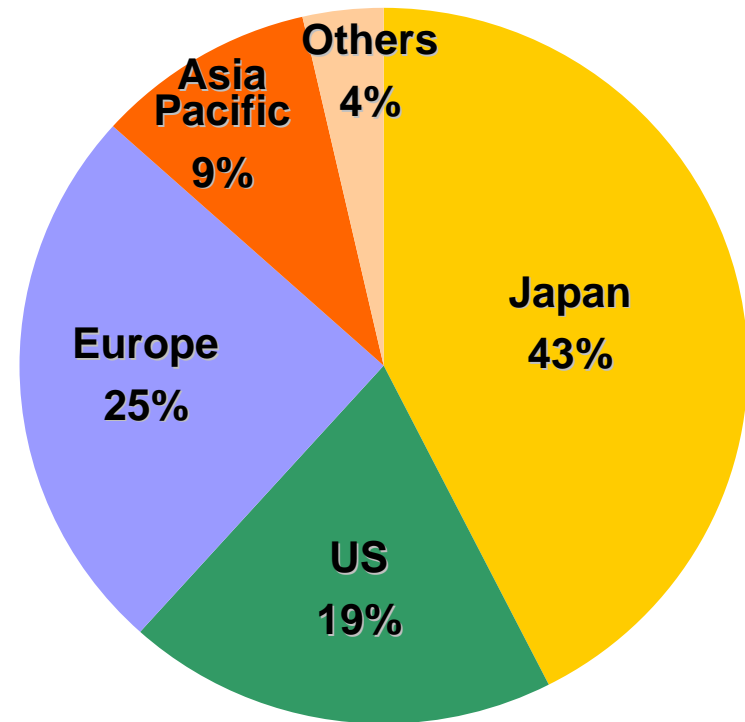
4Q2001

10,838 million Yen



4Q2002

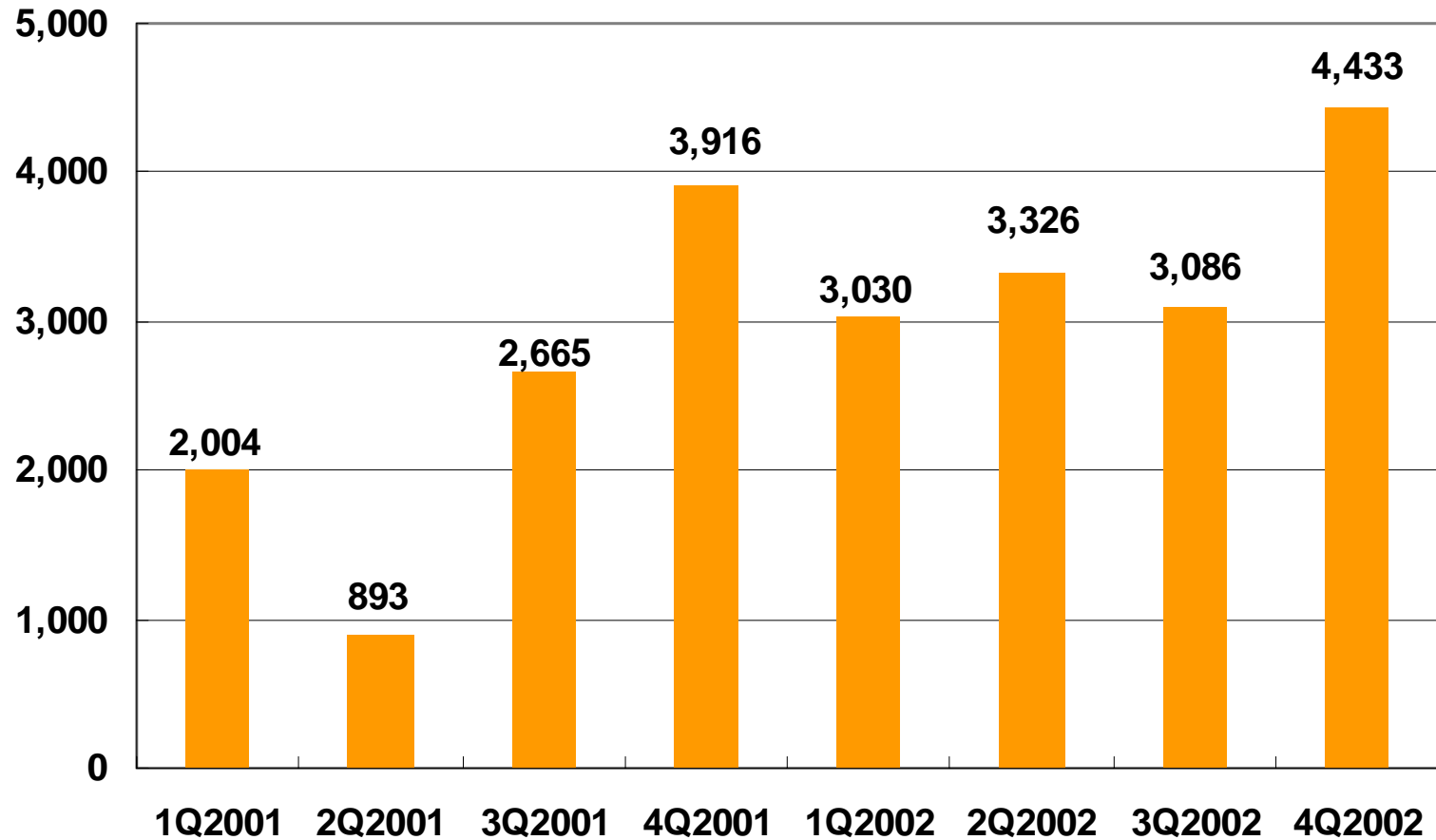
11,760 million Yen



Operating income

(in million Yen)

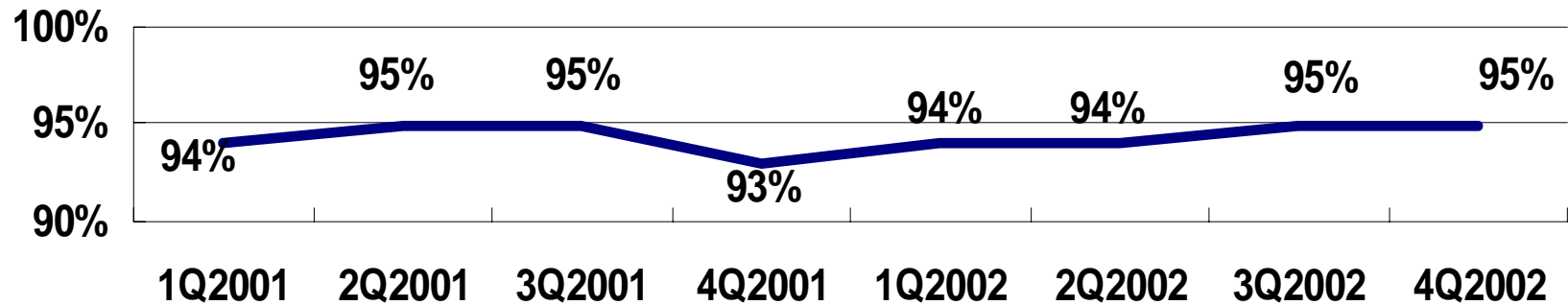
(unaudited)



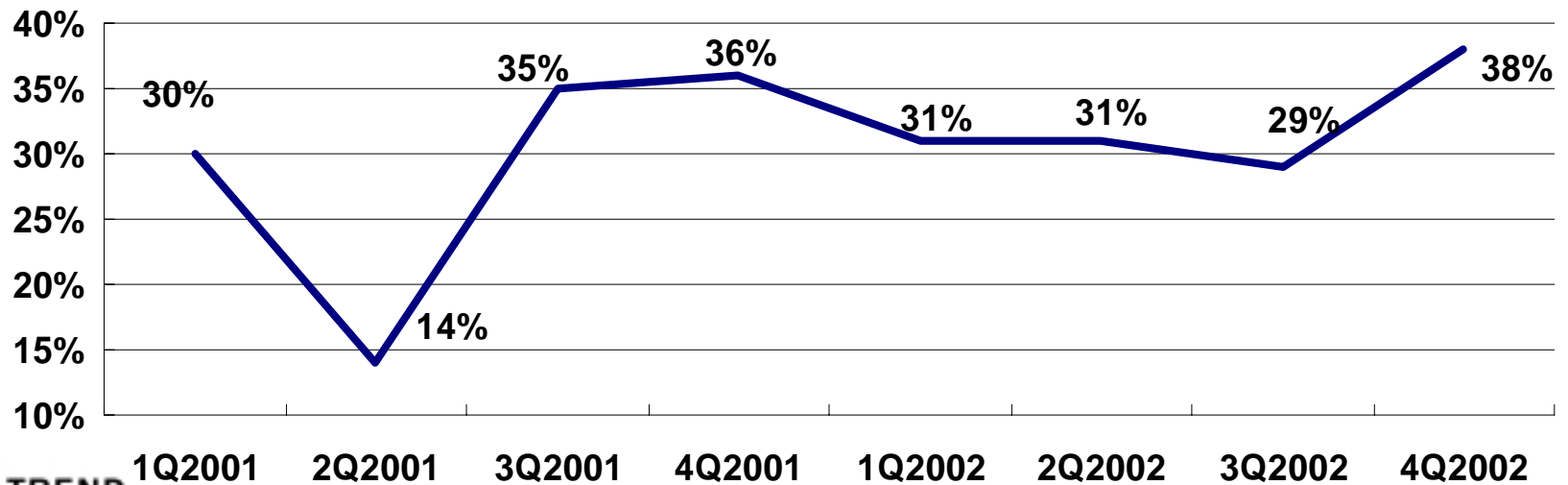
Profitability

Gross margin

(unaudited)

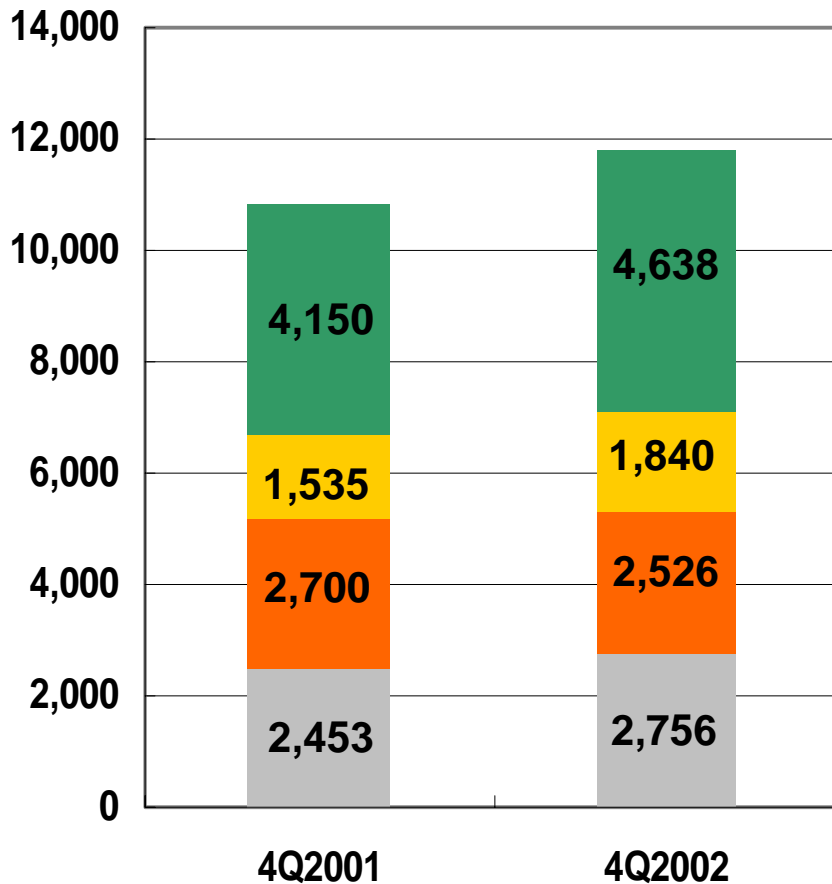


Operating profit margin



Sales by product

(in million Yen)



(unaudited)

	<u>4Q2001</u>	<u>4Q2002</u>
■ Internet sever	38%	39%
■ LAN	14%	16%
■ PC(consumer)	25%	21%
■ PC(enterprize), others	23%	23%
Total	100%	100%

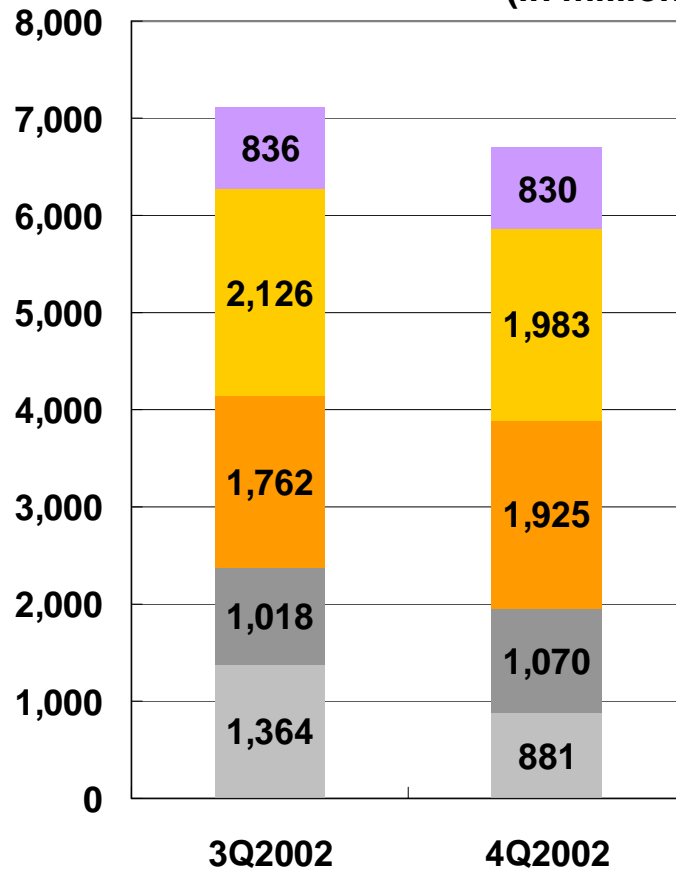


(In accordance with Japanese GAAP)

SGA by Department

Operating expenses by department**
(in million Yen)

(unaudited)



	<u>3Q2002</u>	<u>4Q2002</u>
R&D	12%	12%
Marketing	30%	30%
Sales	25%	29%
Support	14%	16%
Others	19%	13%
Total	100%	100%

**Categorized in accordance with the accounting policy for internal reporting purpose



(In accordance with Japanese GAAP)

Headcount

Sep - 2002

1,795



+ 42
(+ 2%)

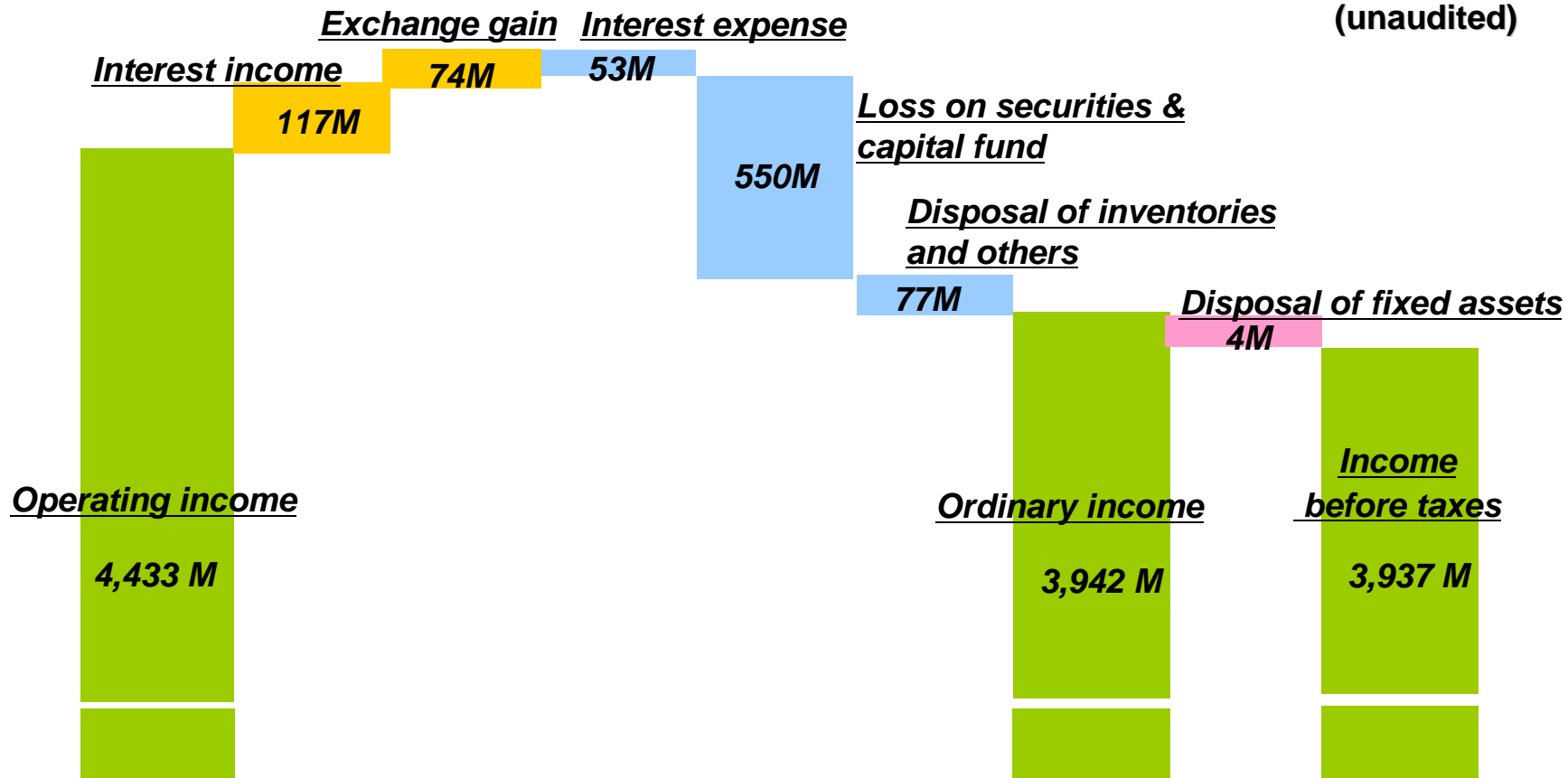
Dec - 2002

1,837



Non-operating items

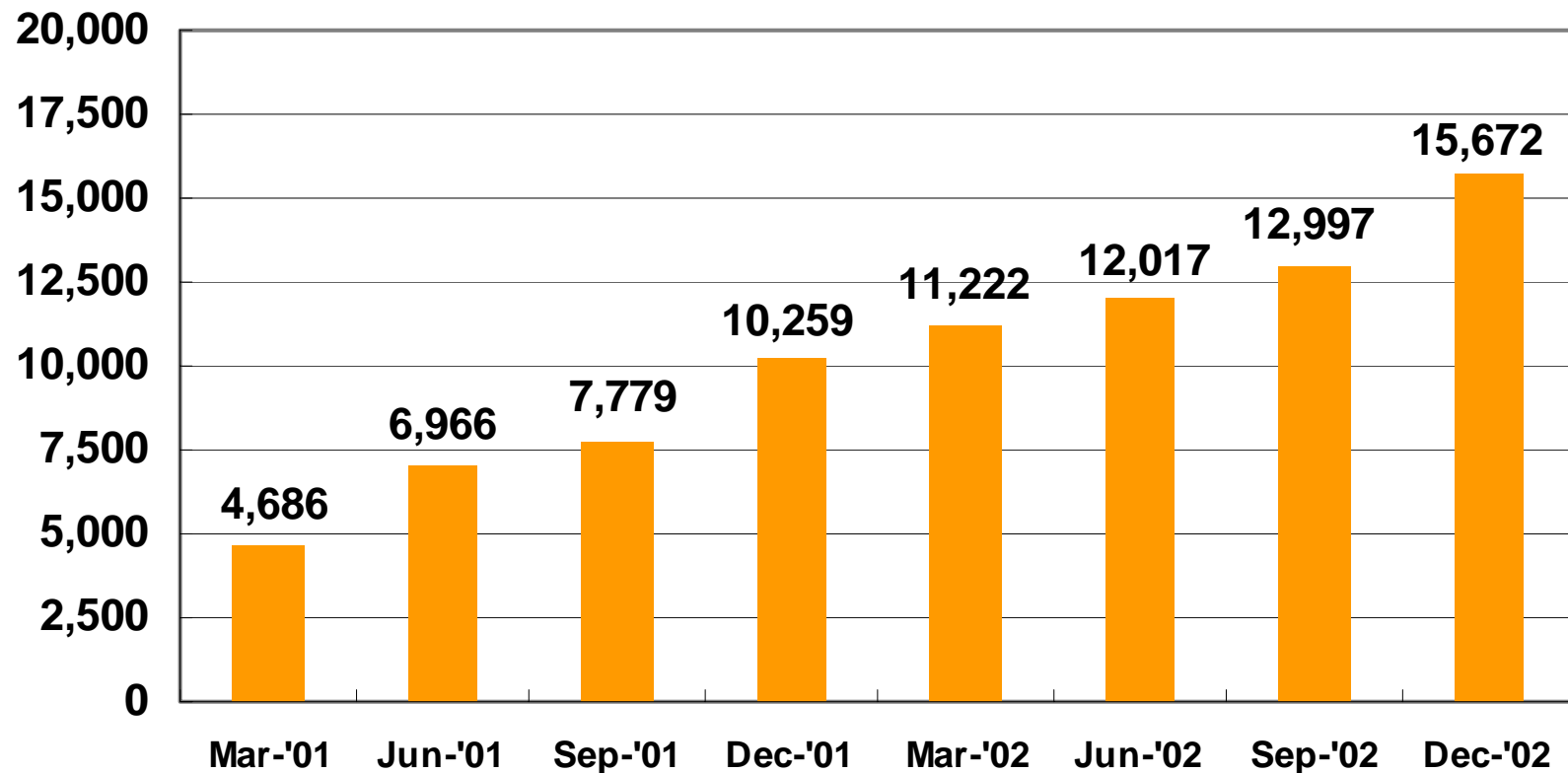
(unaudited)



Deferred revenue analysis

(unaudited)

(in million Yen)





FY2002 Annual Financial Highlight

Fiscal Year ended December 2002

Consolidated Results

<i>Fiscal year ended Dec 31,</i>	<i>FY2002</i>	<i>FY2001</i>	(unaudited) (in million Yen) <i>YoY growth</i>
Net sales	42,979	31,326	37%
Cost of sales	2,353	1,898	24%
Gross profit	40,625	29,427	38%
Operating expenses	26,749	19,946	34%
Operating income	13,876	9,481	46%
Ordinary income	13,449	9,549	41%
<u>Ordinary income margin</u>	<u>31%</u>	<u>30%</u>	
Net Income	7,892	2,421	226%

If same currency exchange rate is applied.

Net sales	42,035	31,326	34%
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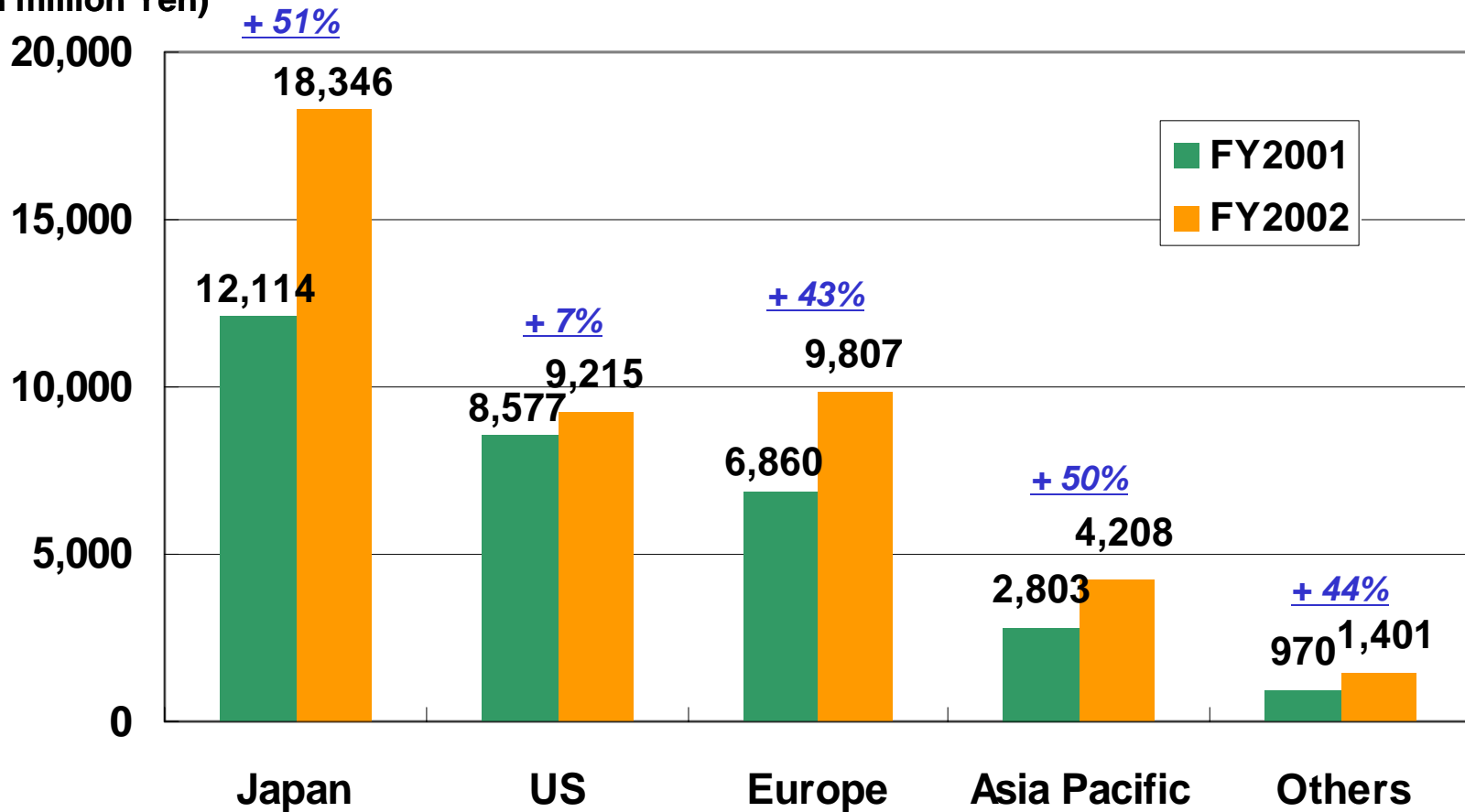


(In accordance with Japanese GAAP)

Growth by region

(unaudited)

(in million Yen)

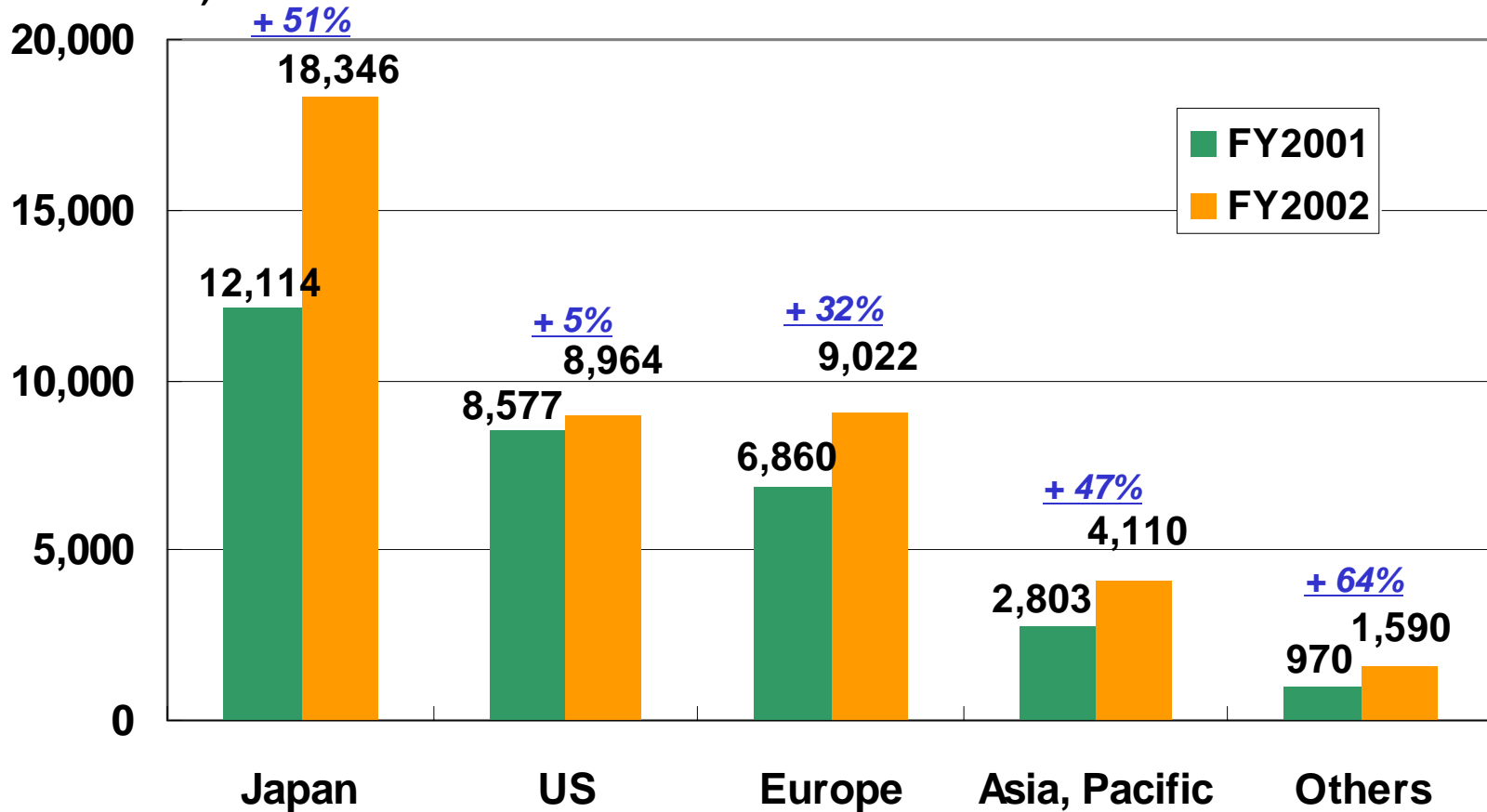


Growth by region

If same currency exchange rate is applied.

(unaudited)

(in million Yen)

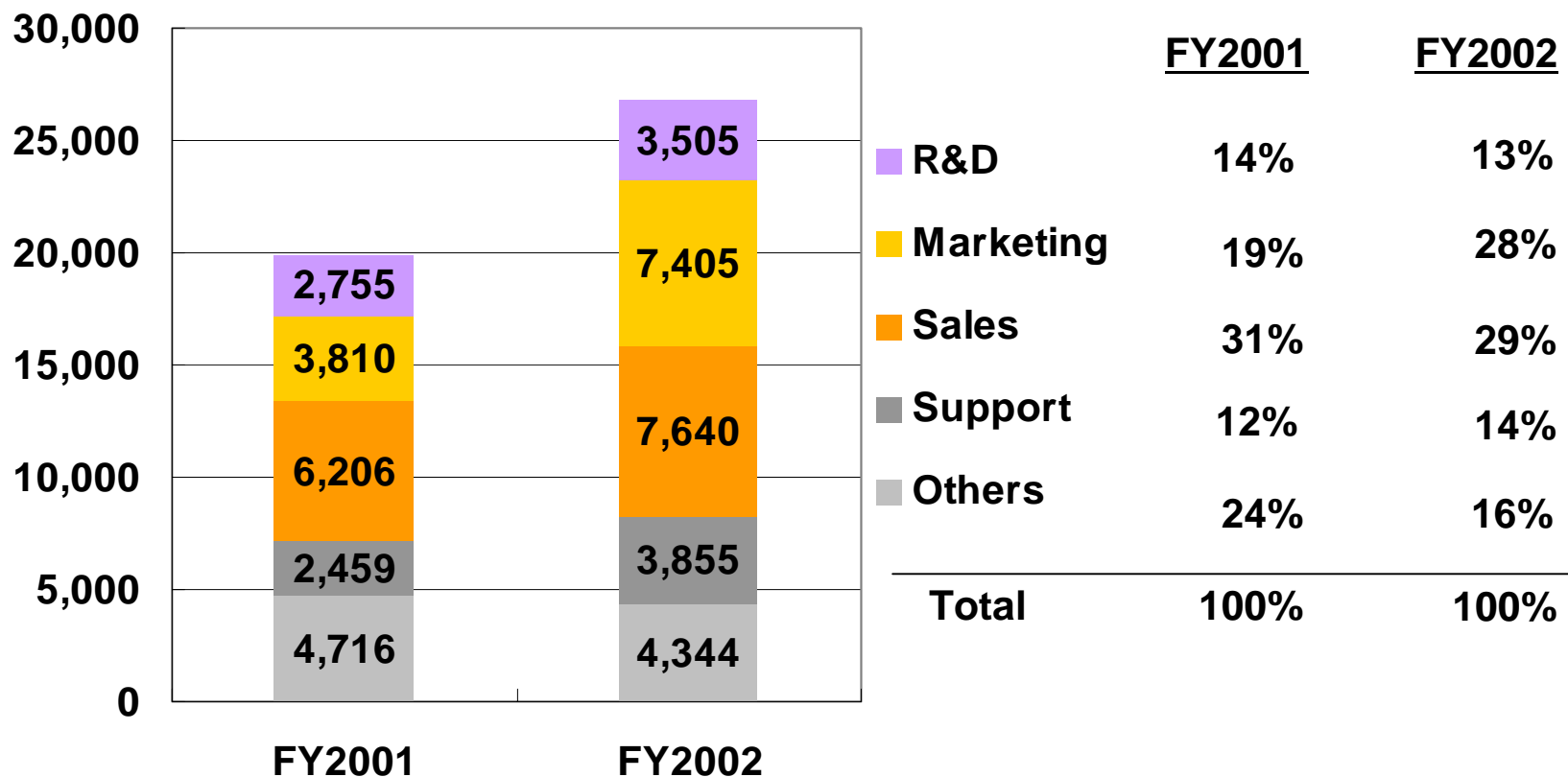


Operating expenses

Operating expenses by department**

(unaudited)

(in million Yen)



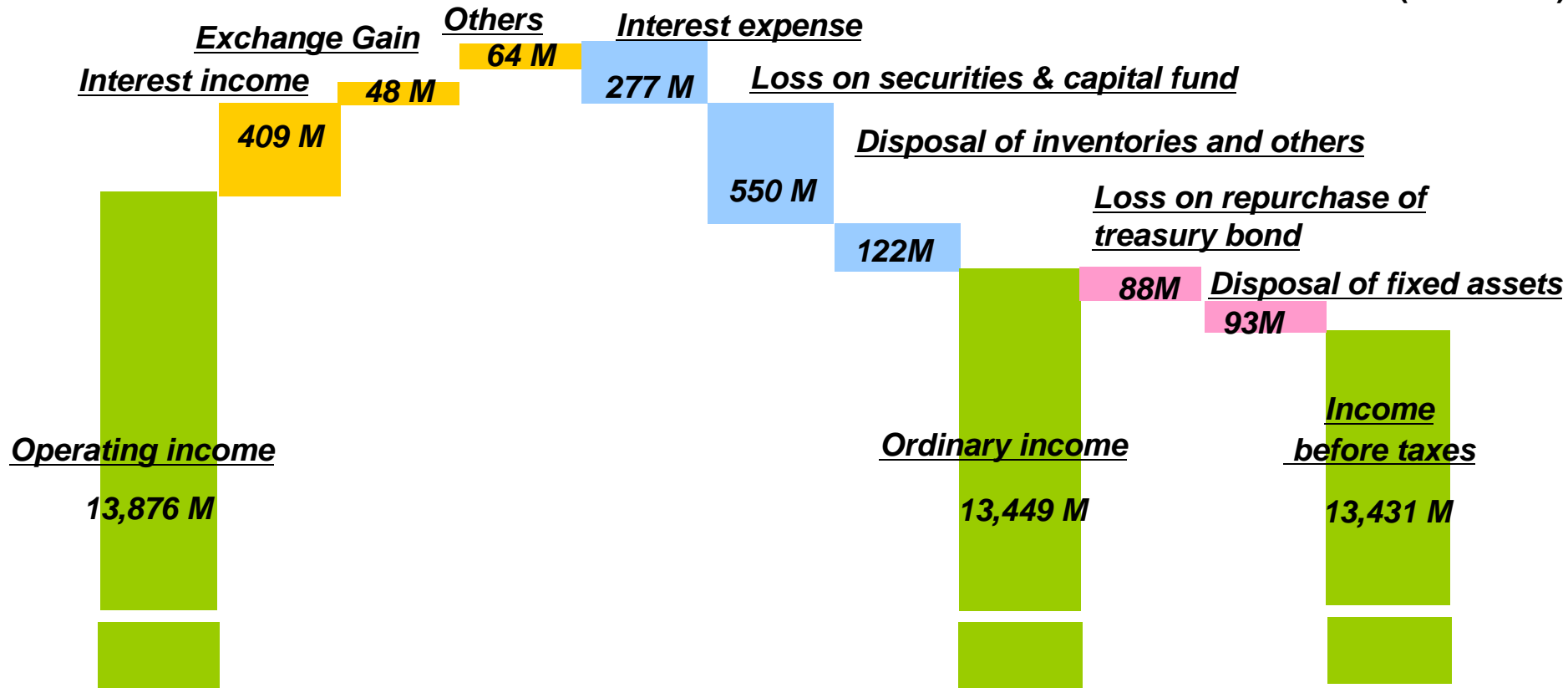
**Categorized in accordance with the accounting policy for internal reporting purpose



(In accordance with Japanese GAAP)

Non-operating items

(unaudited)



Balance sheet

(unaudited)
(in million Yen)

	<i>Dec-2002</i>	<i>YoY change</i>	<i>Dec-2001</i>
Total assets	74,165	+ 8,848	65,317
<i>Cash and bank deposit</i>	<i>47,895</i>	<i>+ 7,042</i>	<i>40,853</i>
<i>Account receivable</i>	<i>12,287</i>	<i>+ 6</i>	<i>12,280</i>
<i>Deferred tax assets (current)</i>	<i>4,044</i>	<i>+ 835</i>	<i>3,209</i>
<i>Investment securities</i>	<i>1,150</i>	<i>- 1,379</i>	<i>2,529</i>

Balance sheet

(unaudited)
(in million Yen)

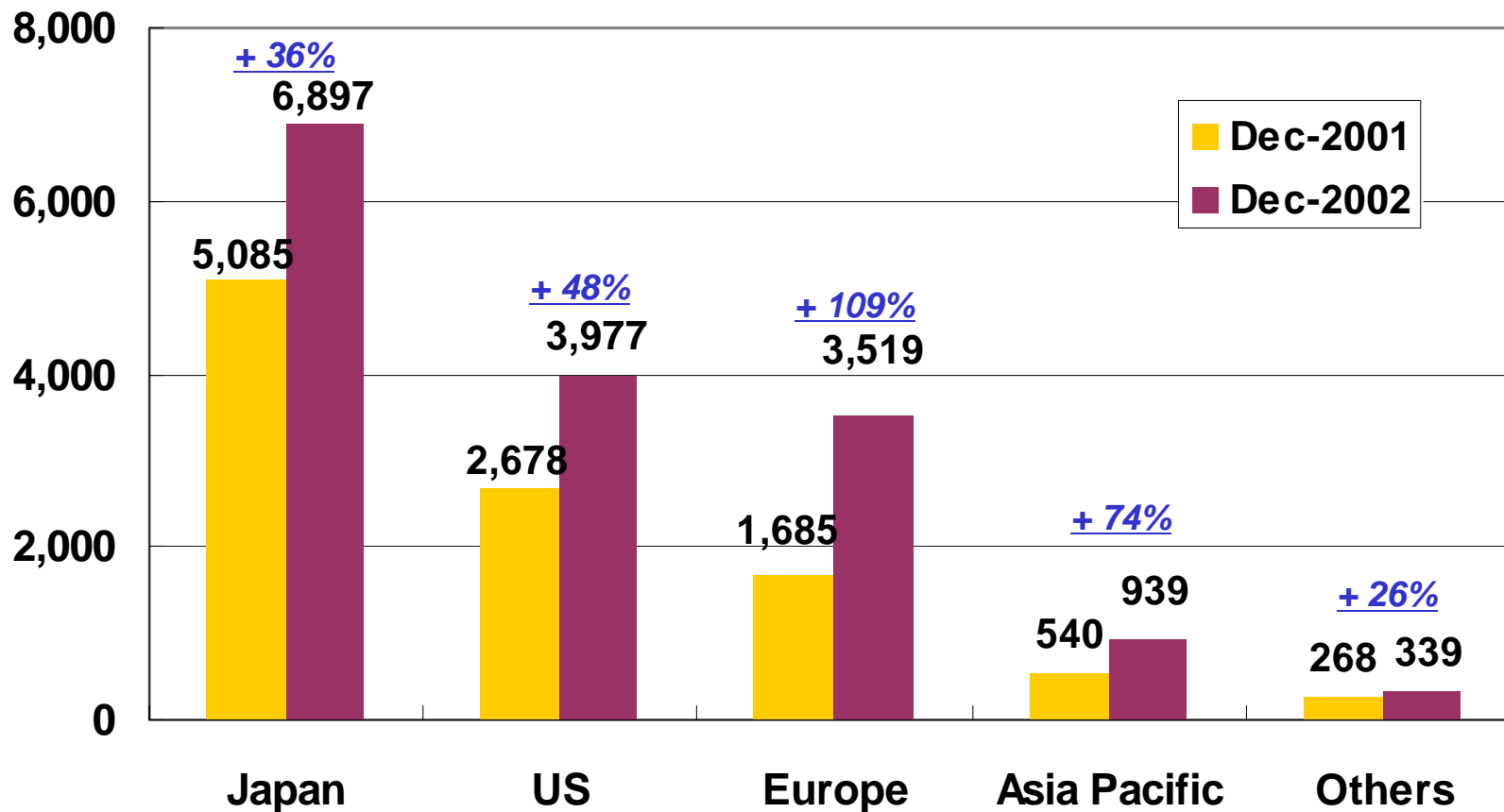
Dec-2002 **YoY change** **Dec-2001**

Total liabilities	37,081	+ 2,665	34,416
<i>Corporate tax payable</i>	3,683	+ 676	3,006
<i>Deferred revenue</i>	15,672	+ 5,413	10,259
<i>Outstanding bond</i>	11,500	- 3,000	14,500
Shareholders' equity	37,084	+ 6,183	30,901
<i>Paid in capital</i>	7,257	+ 423	6,833
<i>Additional paid in capital</i>	12,119	+ 883	11,236
<i>Retained earnings</i>	19,870	+ 7,892	11,978

Deferred Revenue by region

(unaudited)

(in million Yen)

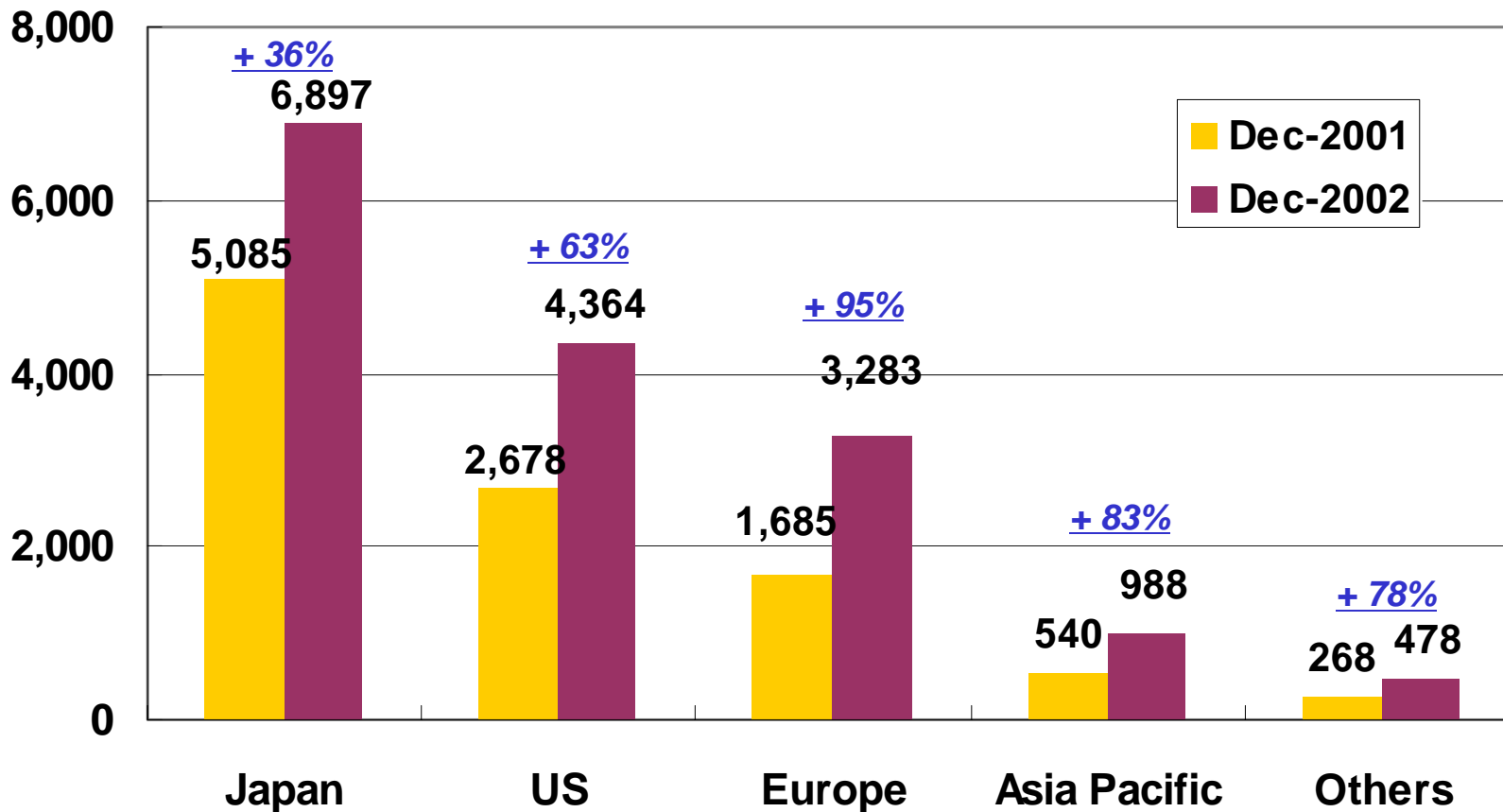


Deferred Revenue by region

If same currency exchange rate is applied.

(unaudited)

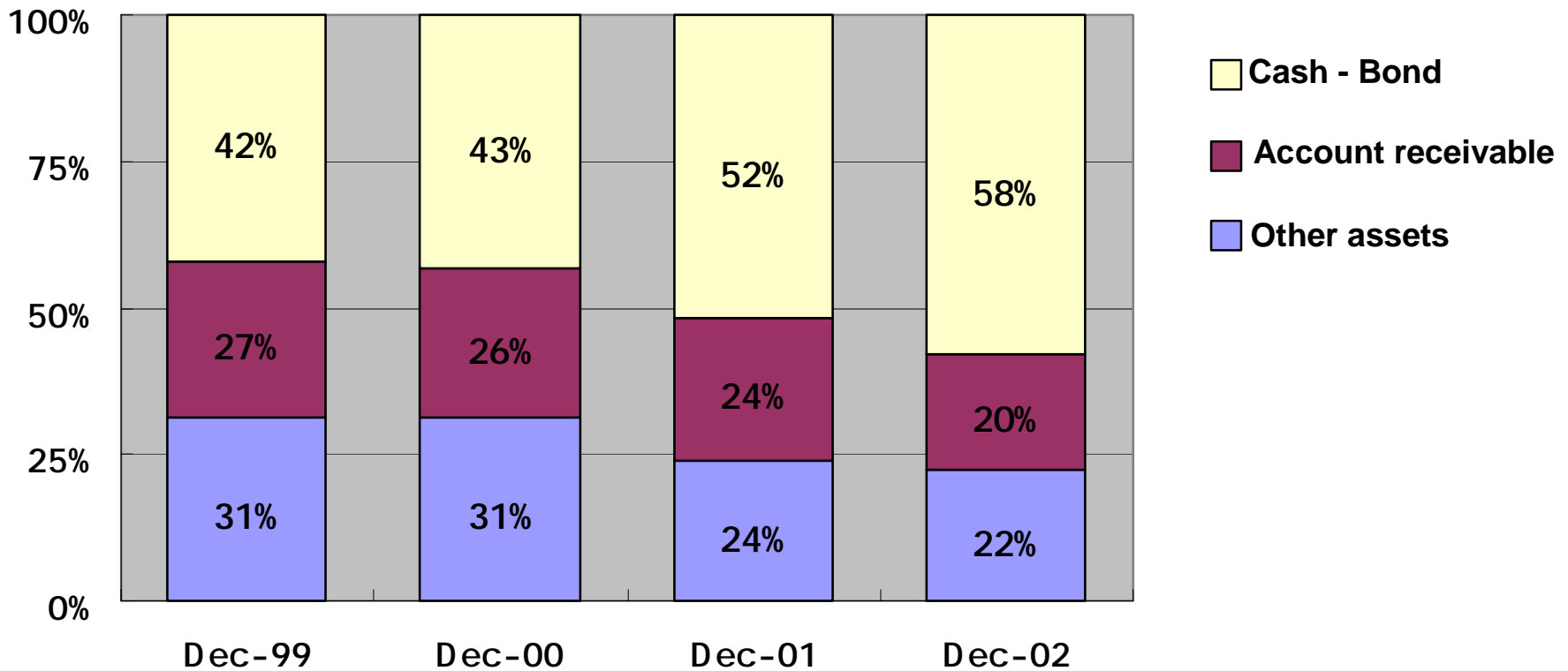
(in million Yen)



Cash is King

(unaudited)

Total asset composition



Impact of Option Expense

(unaudited)
(in million Yen)

FY2002

FY2001

Japan GAAP

Ordinary income

13,449

9,549

Pro forma stock option expense under SFAS 148 , U.S. GAAP.

Pro forma Option expense

872

821

Pro forma Ordinary income

12,577

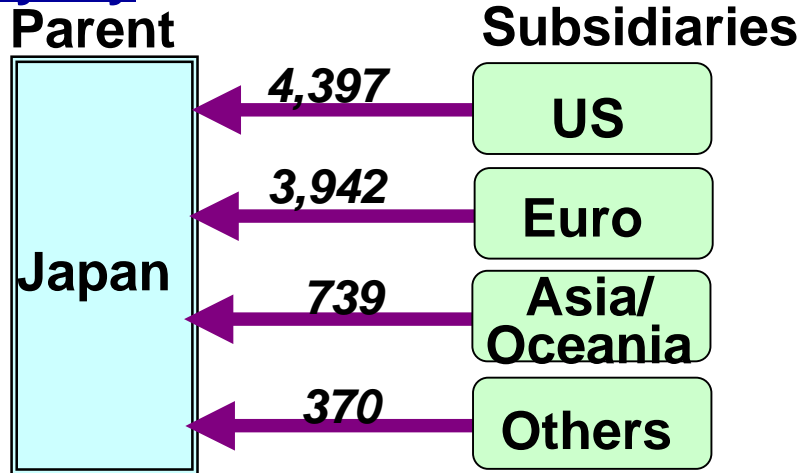
8,727

6% decline

9% decline

Internal Transaction

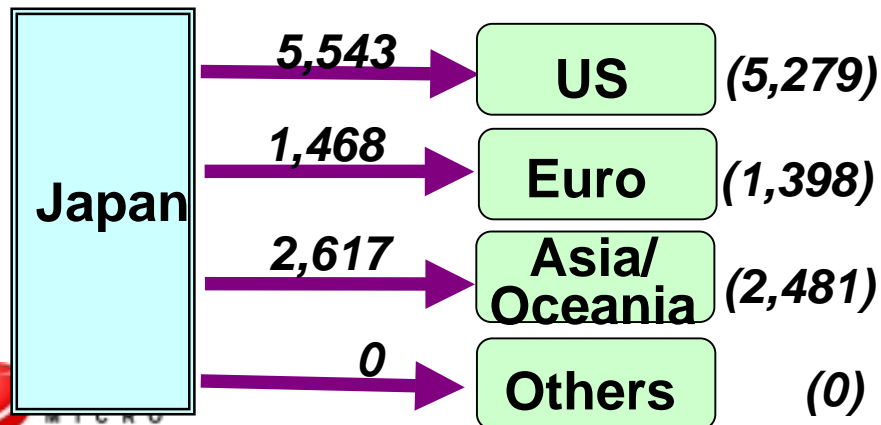
Royalty



Accounting Treatment

Parent: Sales
Subsidiaries: Operating Expense

Business outsourcing (R&D and others)



Accounting Treatment

Parent: Operating Expense
Subsidiaries: Sales
()-cost of sales

(unaudited)
(in million Yen)



Review for FY2002

Japan - Strong growth of VB in 1H, slowing down in 2H.
Building a new management team.

North America - Slow enterprise market. Rebuilding of
channel, branding campaign, new Marketing team.

Europe - Strong growth continued, increasing
investment and business in Scandinavia, Italy and
Eastern Europe.

APAC - All round growth, China becomes cash flow
positive in Q4.

LA - Increasing geographical coverage, some negative
impact of currency.

Thank you!