

Trend Micro SaaS Solutions Drive Q1 2021 Results

Increased platform focus and 21% in enterprise subscription-based annual recurring revenue bolsters company's momentum

TOKYO, May 13, 2021 /PRNewswire/ -- **Trend Micro Incorporated (TYO: 4704;TSE: 4704)**, a global cybersecurity leader, today announced earnings results for the first quarter of fiscal year 2021, ending March 31, 2021.

In the first quarter of 2021, Trend Micro continued its steady growth path with a solid 5% year-over-year growth in net sales at constant currency, boosted by a 21% growth in enterprise subscription-based annual recurring revenue.

The company's growth reflects its focus on a SaaS-based, holistic security platform business model to best meet the needs of organizations. At the end of Q1, 347k customers had adopted Trend Micro's subscription (including SaaS)-based offerings, an increase of 17% YoY. The company's newest SaaS-based offering, Trend Micro Vision One, has seen rapid adoption driving portions of the overall growth.

Trend Micro also reported a total of -36.6 million SaaS deployed instances, an impressive year-over-year growth of 72%. SaaS-based security deployments offer the most up-to-date protection, ease of use and greatest return on investment for businesses globally. Trend Micro's cybersecurity platform provides these benefits for its growing customer base.

"Our concentrated focus on listening to and delivering on what customers want and need is reflected in our continued business success in Q1. With a strong foundation as a technology company, imagine the possibilities as we keep working together to collectively secure consumer and enterprise communities," said Eva Chen, co-founder and chief executive officer for Trend Micro. "This year we remain focused on SaaS deployments as the best way to provide superior security protection for organizations globally. Using our industry-leading security platform, customers can meet their needs from anywhere in the digital transformation journey to stop threats within their IT and cloud environments."

For this quarter, Trend Micro posted consolidated net sales of 44,594 million Yen (or US\$420 million, 105.95 JPY = 1USD). The company posted operating income of 12,226 million Yen (or US \$115 million) and net income attributable to owners of the parent of 8,804 million Yen (or US \$83 million) for the quarter.

The company will not revise expected consolidated results for the full fiscal year ending December 31, 2021 (released on February 17, 2021). Based on information currently available to the company, consolidated net sales for the year ending December 31, 2021 is expected to be 183,400 million Yen (or US \$1,746 million, based on an exchange rate of 105 JPY = 1 USD). Operating income and net income are expected to be 40,900 million Yen (or US \$389 million) and 28,800 million Yen (or US \$274 million), respectively.

Key Business Updates in Q1 2021:

Leadership and Product Innovation in Cloud Security:

Trend Micro started 2021 strong by offering its complete security SaaS solution in a single listing in AWS Marketplace, enabling self-service protection. This is one of the first such offerings, designed to answer the needs of organizations building in the cloud on Amazon Web Services (AWS).

Trend Micro Cloud One protects across leading cloud-based environments with services designed for applications, network, workloads, file storage, containers and cloud security posture management.

In 2020, Trend Micro Cloud App Security blocked 16.7 million high-risk email threats that slipped past webmail providers' native filters. This further reinforces the need for comprehensive cloud-based security solutions across the full IT environment.

Additionally, a Trend Micro survey identified key challenges hospitals face when attempting to secure cloud environments. These challenges align closely to broader skills shortage and daily operations issues.

Leadership in Extended Detection and Response:

Trend Micro released its platform to support security operations teams who are overloaded by alerts. The threat defense platform provides centralized risk visibility and prioritizes alerts for faster detection and response.

The benefits of the platform, named Trend Micro Vision One, along with its managed XDR, were also touted by Nuffield Health, the leading healthcare charity that relies on the platform to protect its digital infrastructure. Nuffield Health chose Trend Micro for its SaaS deployment model to protect their increasingly cloud-first infrastructure.

Effective detection and response across the entire IT infrastructure is more important than ever. In 2020, Trend Micro detected more than 62 billion threats, a 20% increase from the previous year. Cybercriminals have adapted in ways that require security

analysts to connect the dots between security alerts, and this is done automatically using Trend Micro Vision One, saving teams time and money.

In addition, a sponsored study conducted by the Enterprise Strategy Group (ESG) found systemic challenges persist with integrating security into business processes. The report includes the top ways to drive engagement and agreement around cybersecurity strategies within an organization to help CISOs and security leaders improve this connection in their business.

Defending the IIoT Landscape:

A Trend Micro study found that 61% of manufacturers have experienced cybersecurity incidents in their smart factories. These organizations continue to struggle to deploy the technology needed to effectively manage cyber risk.

Trend Micro Research also explored the security risks of connected cars. A new report describes multiple scenarios in which drivers could encounter attacks that threaten the safety of themselves and others.

Corporate Initiatives to Strengthen the Digital World:

In its annual "What's Your Story" competition for students, Trend Micro asks participants to reflect on how their relationship with the internet changed throughout COVID-19. The goal is for students to understand the impact of digital platforms on everyday life, as well as the benefits and potential risks to privacy and security.

Trend Forward Capital worked with Amazon Web Services (AWS) for its 4th annual Forward Thinker Award competition. AWS offered the opportunity to participate in the AWS Activate, along with up to \$10,000 USD in AWS Promotional Credit and Trend Forward Capital offered a \$20,000 cash prize to the winner.

Executive and Enterprise Industry Recognition:

In Q1 2021, Trend Micro was recognized with multiple awards from industry analysts and partners.

CRN recognized Trend Micro among four of its prestigious awards:

- Received a five-star rating in the 2021 CRN Partner Program Guide
- Recognized on the CRN Security 100 List
- Recognized on the 100 Coolest Cloud Companies for 2021
- Louise McEvoy, vice president of U.S. Channels, named to its 2021 list of Channel Chiefs

In addition, Trend Micro Chief Marketing Officer Leah MacMillan was recognized by the OnCon Icon Awards 2021 with the Top 50 Marketer Award. The award recognizes innovation and leadership in marketing.

New patents filed:

Trend Micro was awarded the following patents in Q1 2021:

Patent No.	Issue Date	Title
10922386	02/16/2021	System and Methods for Security Inspection and Protection of Software Containers at Runtime
10938846	03/02/2021	Anomalous Logon Detector for Protecting Servers of a Computer Network
10951583	03/16/2021	Methods and Apparatus for Controlling Internet Access
10951636	03/16/2021	Dynamic Phishing Detection Methods and Apparatus
10965560	03/30/2021	Organizing and Storing Network Communications
10965600	03/30/2021	Metadata Extraction

Notice Regarding Forward-Looking Statements

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

- Difficulties in addressing new threats and other computer security problems
- Timing of new product introductions and lack of market acceptance for new products
- The level of continuing demand for, and timing of sales of, existing products
- Rapid technological change within the security software industry
- Changes in customer needs for security software
- Existing products and new product introductions by competitors and pricing of those products
- Declining prices for products and services
- The effect of future acquisitions on our financial condition and results of operations
- The effect of adverse economic trends on principal markets
- The effect of foreign exchange fluctuations on our results of operations

- An increase in the incidence of product returns
- The potential lack of attractive investment targets and difficulties in successfully executing our investment strategy
- New and potentially unforeseen risks and liabilities associated with the internet of things, the use of artificial intelligence in our products and services, and other emerging technologies

About Trend Micro

Trend Micro, a global cybersecurity leader, helps make the world safe for exchanging digital information. Fueled by decades of security expertise, global threat research, and continuous innovation, Trend Micro's cybersecurity platform protects hundreds of thousands of organizations and millions of individuals across clouds, networks, devices, and endpoints. As a leader in cloud and enterprise cybersecurity, the platform delivers a powerful range of advanced threat defense techniques optimized for environments like AWS, Microsoft, and Google, and central visibility for better, faster detection and response. With 7,000 employees across 65 countries, Trend Micro enables organizations to simplify and secure their connected world.

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