Trend Micro Achieves Strong Q2 2021 Results Based on SaaS Growth

Enterprise security platform reports 30% growth in subscription-based Annual Recurring Revenue

TOKYO, Aug. 12, 2021 /PRNewswire/ -- Trend Micro Incorporated (TYO: 4704;TSE: 4704), a global cybersecurity leader, today announced earnings results for the second quarter of fiscal year 2021, ending June 30, 2021.

In the second quarter of 2021, Trend Micro continued its steady 12% year-over-year net sales growth at actual currency across all major geographic regions as well as across enterprise and consumer segments. The quarter's strong success was driven by 30% growth in enterprise subscription-based annual recurring revenue and 60% growth in Software-as-a-Service (SaaS) deployed instances, including the protection of servers, containers, cloud apps, endpoints and more. This growth demonstrates the breadth and depth of Trend Micro's footprint in customer environments, proving that solutions are actively adding value to customers' security posture.

The quarter's growth is partly steered by enterprises consolidating their security vendors with customers choosing Trend Micro as their security partner based on its protection strength, ease of use, and support of compliance measures.

Trend Micro has continuously innovated for the past 33 years. In recent years, the company has focused its transformation on becoming a SaaS-based security platform for global enterprises. The success of this evolution is reflected by the 19% increase year-over-year (YoY) in subscription-based customers, now totaling 360,000.

"Global businesses' relationship with risk has changed dramatically because of the global pandemic, which has created an unprecedented increase in cyber-attacks," said Eva Chen, co-founder and chief executive officer for Trend Micro. "We face a new balancing act where we must navigate hybrid working models and adapting to new user behaviors, all while fostering innovation through continued digital transformation. Our success and profitability in these periods of dynamic change and over the last 30 years are derived from our ability to prioritize our customers' needs by providing the best protection irrespective of the environment."

For this quarter, Trend Micro posted consolidated net sales of46,734 million Yen (or US $426 million, 109.51 JPY = 1USD). The company posted operating income of 9,888 million Yen (or US $90 million) and net income attributable to owners of the parent of 7,699 million Yen (or US $70 million) for the quarter.

Key business updates in Q2 2021:

Leadership in Enterprise Platform Innovation

Trend Micro achieved new milestones across its platform product portfolio.

- Earning 8 new technology patents in Q2, adding to the more than 900 patents filed by the company globally in its 30+ year history.
- Platform strength reinforced through MITRE Engenuity ATT&CK® Evaluations analyzing the company's ability to protect against two infamous APT groups. In addition, the company's expertise in container security was proven by Trend Micro's influence on the new MITRE ATT&CK® for Containers framework.
- Launched a new, co-built SaaS solution with Snyk to provide continuous insight into open source vulnerabilities for enhanced risk management.
- Trend Micro's cloud security services earned FedRAMP authorization on AWS GovCloud.
- Transformed channel program focused on profitability for partners, designed to support cloud security services sold through authorized distributors, the AWS Marketplace or the AWS Consulting Partner Private Offer program.

Defending the Industrial Internet of Things (IIoT) Landscape

Trend Micro supported its customers across the IIoT space with new innovations.

- A collaboration with Fujitsu leveraged Trend Micro's 5G security solution into a simulated smart factory environment to help accelerate manufacturing digital transformation.
- The company released a new Industrial Control Systems (ICS) endpoint security solution designed to secure all operational technology endpoints across mission-critical ICS environments.

Executive and Enterprise Industry Recognition:

Trend Micro was recognized with numerous awards from industry analysts and partners.

- As of Q2 2021, Trend Micro has a 4.64 star rating from customer reviews on AWS Marketplace.
- Trend Micro Cloud One was found to deliver a return on investment of up to 188% according to Forrester. In addition, Trend Micro Vision One was found by ESG to enable 63% cost savings for customers

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- IDC found that Trend Micro's cloud workload security market share is more than triple the size of the next largest vendor at 27.5%, according to the *IDC Worldwide Hybrid Cloud Workload Security Market Shares, 2020: Time to Shift Left*
- Named a leader in *The Forrester Wave™: Enterprise Email Security, Q2 2021* report, scoring second highest in the Current Offering category and tying for the highest score in the Strategy category.
- Positioned by Gartner as a Leader in the Magic Quadrant for Endpoint Protection Platform based on specific criteria that analyzed the company's overall completeness of vision and ability to execute.
- Named a leader in The *Forrester Wave™: Endpoint Security Software As A Service, Q2 2021*, which evaluated 12 of the top providers in the space.
- Trend Micro was ranked No. 1 in 2 of 3 key endpoint categories in IDC's report, "Worldwide Corporate Endpoint Security Market Shares, 2020: Pandemic and Expanding Functionality Propelled Market Growth"

New patents filed:

Trend Micro was awarded the following patents in Q2 2021:

Patent No.	Issue Date	Title
10990673	04/27/2021	Protection of Antivirus Daemon in a Computer
10999322	05/04/2021	Anti-phishing system and method using computer vision to match identifiable key information
11017079	05/25/2021	Identifying Malicious Activity Using Data Complexity Anomalies
11038916	06/15/2021	On-demand Scanning of Email Attachments
11038910	06/15/2021	Cybersecurity for a Smart Home
11042815	06/22/2021	Hierarchical Classifiers
11042630	06/22/2021	Dynamic Page Similarity Measurement
11044265	06/22/2021	Methods and Apparatus for Intrusion Prevention Using Global and Local Feature Extraction Contexts

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. www.trendmicro.com.

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