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(Securities Code 4704)

March 7, 2022

Dear Shareholders

Shinjuku MAYNDS Tower
1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo, Japan
TREND MICRO INCORPORATED
President and Representative Director: Eva Chen

NOTICE OF CONVOCATION OF
THE 33rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Sirs and Madams

Our 33rd Ordinary General Meeting of Shareholders will be held as listed below.

The General Meeting of Shareholders will be held after making utmost efforts to prevent the spread of the new coronavirus (COVID-19) infection. From the perspective of preventing the spread of COVID-19 infections, we ask that shareholders consider exercising voting rights in writing or the Internet, and to refrain from coming to the meeting as much as possible.

We ask you to review the following Reference Material for the General Meeting of Shareholders, and to vote by electronic means (using the Internet or other means) or to fill out the Voting Form enclosed herein with your decision. Please also kindly return the said Form to us by no later than 5:30 p.m. on March 28, 2022, (Tuesday) or vote after perusing the “Voting by Electronic Means” (ex. on the Internet) described hereafter (p.4).

- 1. Date and time:** 10:00 a.m. on March 29, 2022 (Tuesday)
- 2. Place:** Shinjuku MAYNDS Tower 12 Floor, Trend Micro Incorporated
1-1, Yoyogi 2-chome, Shibuya-ku, Tokyo, Japan
- 3. Purpose:**

Matters to be reported

1. Contents of the Business Report for the 33rd year (January 1, 2021, to December 31, 2021), contents of the consolidated financial statements and the audit reports by Accounting Auditors and the Corporate Auditors of the consolidated financial statements
2. Contents of the unconsolidated financial statement for the 33rd year (January 1, 2021, to December 31, 2021)

Matters for Resolution

Agenda 1 : Appropriation of retained earnings

Agenda 2 : Election of Six Directors

Agenda 3 : Partial Amendments to the Articles of Incorporation (Amendment to allow the General Meeting of Shareholders without a fixed location)

Agenda 4 : Partial Amendments to the Articles of Incorporation (Amendment to prepare for the introduction of the electronic provision of materials for the General Meeting of Shareholders)

Agenda 5 : Revision of amount of remuneration for Corporate Auditors

4. Decision concerning Convocation of General Meeting of Shareholders:

The exercise of voting rights by proxy is limited to the case where another shareholder holding voting rights is delegated as a proxy. Please note that submission of a document evidencing such proxy is required in this case.

[The countermeasures against the New Coronavirus (COVID-19) infection]

- We ask you to refrain from attending the meeting as much as possible and to exercise your voting rights by mail or via the Internet. In addition, we will not hold the Management Status Briefing Session the General Meeting of Shareholders. If an outbreak of any infectious disease or any other unexpected event, such as spread of the infectious disease of the COVID-19, etc. occurs, unavoidable circumstances may cause a change to the progress of other proceedings, and it is consented to do so in advance.
- We will measure the body temperature of visitors upon entering the venue, and those with a fever of 37.5 degrees or higher will not be admitted. Even if your body temperature is below 37.5 degrees, you may not be admitted if you have a cough or other symptoms.
- We ask you to wear a mask. Only one mask per person will be given to shareholders who are not wearing a mask. If you do not wear a mask, you will not be allowed to enter.
- Alcohol disinfectants will be available in the venue. Please cooperate with you.
- The above actions may be updated depending on circumstances such as the prevalence of the COVID-19 infection and government announcements up to the date of the General Meeting of Shareholders. We ask you to confirm the latest information via our website (<https://www.go-tm.jp/invite>).

[Guidance for Live Distribution and Acceptance of preliminary questions]

- Live distribution will be provided so that shareholders can watch the general meeting of shareholders. You can also send questions in advance. For details, please refer to the attached sheet enclosed in the letter of convocation notice sent on March 7, 2022.
- We will pay full attention to the privacy of the visiting shareholders, and image only the vicinity of the director's seat. However, due to the circumstances of the venue, there is a possibility that some of the shareholders in attendance may be visible in the video. We appreciate your understanding in advance.
- Shareholders who are viewing the live distribution will not be able to "attend" the general meeting of shareholders, and therefore will not be able to exercise their voting rights, ask questions, or submit motions during the meeting.

[Information on Internet Disclosure and Modification]

- Of the documents that should be provided in this Notice of Convocation in accordance with the applicable laws and regulations and Article 14 of the Articles of Incorporation, the "System and Policies of the Company", "Notes to the Consolidated Financial Statements" and "Notes to the Financial Statements" have been disclosed on the website of the Company (<https://www.go-tm.jp/invite>) and therefore excluded from this Notice of Convocation. These documents are included in the business reports, the consolidated financial statements and unconsolidated financial statements that are subject to the audit performed by the Accounting Auditors and the Corporate Auditors in preparing their audit reports.
- In the event that the Reference Material and the Business Report, the unconsolidated financial statement and the consolidated financial statements are amended, the amendments will be announced to shareholders on the Company's website (<https://www.go-tm.jp/invite>).

If you attend the General Meeting of Shareholders



Date and time

10:00 a.m. on March 29, 2022 (Tuesday)
(Reception is scheduled to start at 9:00am)

We ask you to kindly submit the enclosed Voting Form to the reception of the Meeting.
In an effort to conserve resources, on the day of the General Meeting of Shareholders, please bring with you this Notice of Convocation.

If you will not attend the General Meeting of Shareholders



If you vote by mail

Deadline for the Exercise
of Voting Rights

The mail must reach us by 5:30 p.m. on
March 28, 2022 (Monday)

Please fill out the Voting Form enclosed herein with your decision and return the said Form to us no later than the above-mentioned deadline.



If you vote by the Internet or by other means


For more details, please refer to the next page.

Deadline for the Exercise
of Voting Rights

5:30 p.m. on March 28, 2022 (Monday)

Please vote on the Internet by accessing the voting website no later than the above-mentioned deadline.

Website for exercising voting rights: <https://evote.tr.mufg.jp/>

 In the event of any diverse exercise of voting rights, please notify the Company regarding the matter and the reason thereof **not later than three days before** the Meeting.

Voting by Electronic Means (ex. On the Internet)

If you vote by electronic means (such as on the Internet), please review the following matters.

If you attend the General Meeting of Shareholders, it is not necessary to vote by mail (on a voting form) or by electronic means (such as on the Internet).

1. Voting website

- (i) You can only vote on the Internet by accessing the voting website (<https://evote.tr.mufg.jp/>) from a PC or Smartphone. (The website is unavailable from 2 a.m. to 5 a.m. every day.)
- (ii) This site may not be available depending on your Internet environment, such as use of a firewall for Internet access, installation of anti-virus software, not to specify TLS encrypted transmission or use of a proxy server.
- (iii) We will accept votes submitted on the Internet until 5:30p.m. on March 28, 2022, but we would appreciate your promptness in voting. Please contact the help desk if you have any questions.

2. How to vote on the Internet

- (i) The voting method from PC
 - Please follow the instructions on the voting website (<https://evote.tr.mufg.jp/>) to enter “for” or “against” using the login ID and temporary password stated in the voting form.
 - To prevent unauthorized access (impersonation) and tampering of votes by any third party, please note that you will be required to change the temporary password on the voting website.
 - We will inform you of your new login ID and temporary password for each General Meeting of Shareholders.
- (ii) The voting method from Smartphone
 - By reading "QR code for login" stated in the voting form with the Smartphone, it is possible to connect automatically to the voting website and exercise your voting rights. (No need to enter "Login ID" and "Temporary Password".)
 - From the security point of view, the exercise of voting rights by using the QR code is possible only once. After the second time, even if you read the QR code, you will need to enter "Login ID" and "Temporary Password".
 - There are times when you unable to login with QR code depends on a smartphone model. In case you unable to login with QR code, please exercise your voting rights from PC method described in 2(i) above.

*QR code is the registered trademarks of DENSO WAVE INCORPORATED.

3. Handling of Voting Multiple Times

- (i) If you vote both by mail and on the Internet, the vote on the Internet will be deemed to be valid.
- (ii) If you vote more than once on the Internet, the last vote will be deemed to be valid.

4. Expenses incurred by accessing the voting website

Please note that you will bear expenses such as Internet access fees and telephone charges incurred by accessing the voting website.

5. Proxy Electronic Voting Platform

Registered Shareholders including standing proxies, such as master trust banks, who have applied to the ICJ Proxy e-Voting Platform Service (the Platform Service) offered by a joint venture established by the TSE, are entitled to utilize the Platform service in addition to the electronic means for exercising voting rights of Shareholders at the Shareholders Meeting as specified in the preceding articles.

For enquiries concerning the System:
Contact the help desk of Mitsubishi UFJ Trust and Banking Corporation, Corporate
Agency Division
• Toll-free telephone number: 0120-173-027 (9 a.m. to 9 p.m.)

(Translation)

REFERENCE MATERIAL FOR THE GENERAL MEETING OF SHAREHOLDERS

Agenda and Reference Information

Agenda 1 : Appropriation of retained earnings

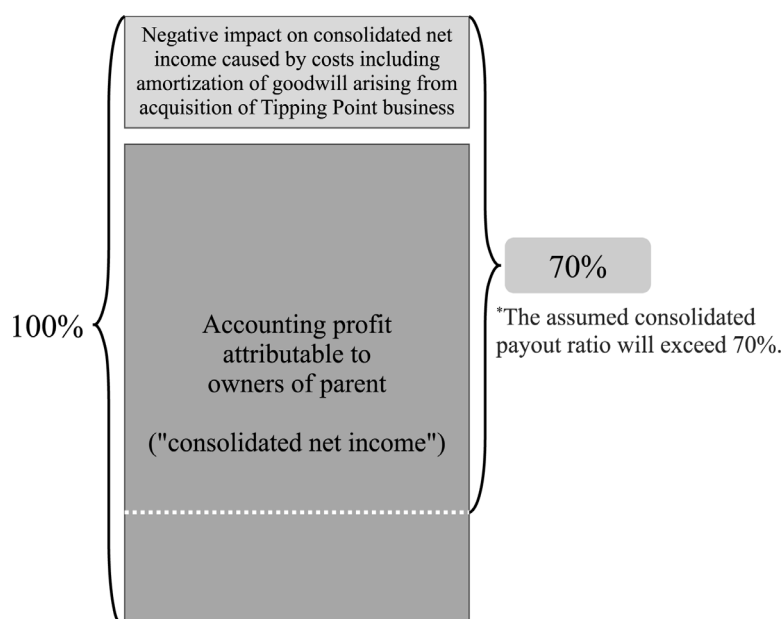
While making efforts to strengthen our financial position and secure retained earnings in order to adjust ourselves to a volatile business environment and maintain our competitiveness, we would continue to pay dividends on a consolidated net income basis.

As for the basic dividend policy, we would like to pay year-end dividends at a target consolidated payout ratio of 70% based on the amount of the accounting net income attributable to owners of parent (hereinafter “consolidated net income” for Agenda 1). However, costs including the amortization of goodwill and other items arisen from the acquisition of the TippingPoint business during the 28th consolidated accounting period, which is not accompanied by cash outflow, caused a decrease in “consolidated net income”. In view of this effect on dividends paid, we would like to aim at the payout ratio of 70% on the basis of “consolidated net income” after adding back the effect of the above amortization costs (after taking into consideration the deductible amount of amortization of goodwill and other items for tax purposes).

Based on the above policy, we would like to pay year-end dividends as follows:

Matters concerning year-end dividends

- (1) Type of dividend assets: cash
- (2) Matters concerning allocation of dividends to shareholders and the total amount of dividends:
195 yen per common share of the Company
Total amount: 27,236,686,230 yen
- (3) Effective date for dividend of surplus:
March 30, 2022



Agenda 2 : Election of Six Directors

Terms of office of all six Directors will expire at the close of this General Meeting of Shareholders. Therefore, we propose the election of six Directors.

The candidates for Directors are as follows.

(List of candidates for Directors)

Candidate number	Name			Present Job Titles and Responsibilities at the Company
1	Reappointed	Chang Ming-Jang	Male	Chairman and Representative Director
2	Reappointed	Eva Chen	Female	President and Representative Director / CEO of Trend Micro Group
3	Reappointed	Mahendra Negi	Male	Executive Vice President and Representative Director / CFO of Trend Micro Group / Chairman of the Nomination and Remuneration Advisory Committee
4	Reappointed	Akihiko Omikawa	Male	Executive Vice President and Director / General Manager, Japan, Global Consumer Business, Global IoT Business
5	Reappointed	Ikujiro Nonaka	Outside Director	Director / Member of the Nomination and Remuneration Advisory Committee
			Independent Director	
			Male	
6	Reappointed	Tetsuo Koga	Outside Director	Director / Member of the Nomination and Remuneration Advisory Committee
			Independent Director	
			Male	

Candidate number 1	Chang Ming-Jang	(Date of Birth November 5, 1954) 67 Years Old	Reappointed Male
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Number of Holding Shares 5,367,000 shares	Career Summary and Job Titles and Responsibilities at the Company	
	December 1988	President of Trend Micro Incorporated (U.S.A.)
Attendance at the Meetings of the Board of Directors 100% (9 / 9)	December 1995	Representative Director
	March 1997	President and Representative Director
	January 2005	Chairman and Representative Director (present post)
	Significant Concurrent Positions at Other Companies	
	N/A	
	Reason for nominating the candidate for Director	

Mr. Chang Ming-Jang has been the CEO of the Trend Micro Group for many years since its founding. He is currently involved in the management of the Group as the Chairman and is thoroughly familiar with the overall business and management of the Group. For these reasons, the Company renominates him as a candidate for Director.

Candidate number 2	Eva Chen	(Date of Birth February 23, 1959) 63 Years Old	Reappointed Female
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Number of Holding Shares
1,544,000 shares (*)

Career Summary and Job Titles and Responsibilities at the Company

May 1989 Joined Trend Micro Incorporated (Taiwan)

December 1995 Corporate Auditor

Attendance at the Meetings
of the Board of Directors

August 1997 Director, generally responsible for Technology Development Division

100% (9 / 9)

March 2002 Director Group CTO

January 2005 President and Representative Director
Group CEO (present post)

Significant Concurrent Positions at Other Companies

N/A

Reason for nominating the candidate for Director

Ms. Eva Chen founded the Trend Micro Group together with Chang Ming-Jang, and has headed the Research & Development Division for many years. In addition, as the Group CEO since 2005, she is thoroughly familiar with the overall business and management of the Group. For these reasons, the Company renominates her as a candidate for Director.

(*) The number of holding shares owned by Ms. Eva Chen indicates the number of shares (number of real owned shares) held under the name of BPSA FOR BPCAL PLEDGED BY 891412 CYF

Candidate number 3	Mahendra Negi	(Date of Birth March 9, 1960) 62 Years Old	Reappointed Male
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Number of Holding Shares
182,000 shares

Career Summary and Job Titles and Responsibilities at the Company

September 1995 Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.)

June 2000 Representative Director of ipTrend Incorporated

Attendance at the Meetings
of the Board of Directors

February 2001 Administrative Manager

100% (9/ 9)

March 2001 Director, in charge of Financial Accounting Division

March 2002 Representative Director Group CFO

January 2006 Representative Director Group COO and CFO

March 2012 Executive Vice President and Representative Director / COO & CFO of Trend Micro Group

March 2014 Executive Vice President and Representative Director / CFO of Trend Micro Group (present post)

Significant Concurrent Positions at Other Companies

N/A

Reasons for nominating the candidate for Director

Mr. Mahendra Negi has working experience in banks and securities companies, etc. After joining the Company, his position as Group CFO since 2002 makes him thoroughly familiar with the overall business and management of the Trend Micro Group. For these reasons, the Company renominates him as a candidate for Director.

Candidate number 4	Akihiko Omikawa	(Date of Birth February 24, 1959) 63 Years Old	Reappointed Male
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Number of Holding Shares
4,000 shares

Career Summary and Job Titles and Responsibilities at the Company

April 1982	Joined Japan Digital Equipment Corporation (currently Hewlett-Packard Japan, Ltd.)
December 1992	Joined Microsoft Corporation (currently Microsoft Japan Co., Ltd.)
May 2000	Executive Officer, Business Internet Director
February 2003	Joined Trend Micro Incorporated General Manager, Japan Region and Sales & Marketing
May 2003	Senior Vice President General Manager, Japan Region
April 2007	Executive Vice President General Manager, Japan Region and Global Service Business Unit
March 2008	Director, General Manager for Japan Region, Global Service Business, Global Consumer & Small Business
February 2010	Director, General Manager Japan, LAR, APAC Region, Global Marketing
March 2012	Executive Vice President and Director, General Manager Japan, LAR, APAC Region, Global Marketing
January 2013	Executive Vice President and Director, General Manager Japan, APAC Region, Global Consumer Business
January 2014	Executive Vice President and Director, General Manager Japan, Global Consumer Business
January 2016	Executive Vice President and Director / General Manager Japan, Global Consumer Business / General Manager, IoT Business Promotion
January 2020	Executive Vice President and Director / General Manager Japan, Global Consumer Business, Global IoT Business (present post)

Significant Concurrent Positions at Other Companies

N/A

Reasons for nominating the candidate for Director

Mr. Akihiko Omikawa is highly experienced in sales divisions at IT related companies. After joining the Company, he has been demonstrating his ability as Director responsible for sales in Japan and other regions to the full extent. For these reasons, the Company renominates him as a candidate for Director.

Candidate number 5	Ikujiro Nonaka	(Date of Birth May 10, 1935) 86 Years Old	Reappointed Male	Outside Director <hr/> Independent Director
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Number of Holding Shares 0 shares	Career Summary and Job Titles and Responsibilities at the Company	
Attendance at the Meetings of the Board of Directors 100% (9 / 9)	April 1958	Joined Fuji Electric Corporation
	April 1977	Professor, Department of Business Administration, Nanzan University
	January 1979	Professor, National Defense Academy of Japan
	April 1982	Professor, Institute of Business Research, Hitotsubashi University
	April 1997	Dean, the Graduate School of Knowledge Science, Japan Advanced Institute of Science and Technology
	May 1997	Xerox Distinguished Faculty Scholar, IMIO, University of California, Berkeley
	April 2000	Professor, Hitotsubashi University Graduate School of International Corporate Strategy
	June 2005	Outside Director of Eisai Co., Ltd.
	April 2006	Professor Emeritus, Hitotsubashi University Graduate School of International Corporate Strategy (present post)
	January 2007	First Distinguished Drucker Scholar in Residence at the Drucker School and Institute, Claremont Graduate University
	June 2007	Outside Director of MITSUI&CO., LTD
July 2009	Chairman, Economic Research Center of FUJITSU RESEARCH INSTITUTE	
March 2011	Outside Director of the Company (present post)	

Significant Concurrent Positions at Other Companies

Professor Emeritus, Hitotsubashi University Graduate School of International Corporate Strategy

Reasons for nominating the candidate for Outside Director and expected role, etc.

Mr. Ikujiro Nonaka has not previously been involved with company management directly in any form other than Outside Director. However, he is at the forefront of knowledge management research and therefore has profound expertise in corporate management. Through his deep insights based on his expertise and working experience as an Outside Director of other companies, he offers appropriate advice and propositions through discussions at meetings of the Board of Directors. As such, we believe that he will properly perform his duties including decisions of important matters and supervision of operational execution related to managerial matters as an Outside Director of the Company.

After the election, we expect him to appropriately perform his duties as an outside director of the Company, including decision-making on important management matters and supervision of business execution. We also plan to continue to appoint him as a member of the Nomination and Remuneration Advisory Committee after his election.

His term of office as Outside Director of the Company will be 11 years at the close of this General Meeting of Shareholders.

Candidate number 6	Tetsuo Koga	(Date of Birth March 2, 1948) 74 Years Old	Reappointed Male	Outside Director <hr/> Independent Director
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Number of Holding Shares 0 shares	Career Summary and Job Titles and Responsibilities at the Company	
	April 1971	Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)
	June 2005	Senior Executive Vice President, Representative Director of Nippon Telegraph and Telephone East Corporation
Attendance at the Meetings of the Board of Directors 100% (9 / 9)	June 2009	Left Nippon Telegraph and Telephone East Corporation
	June 2009	President & Representative Director of NTT Learning Systems Corporation
	June 2013	Left NTT Learning Systems Corporation
	November 2013	Outside Director of HITO-Communications, Inc. (currently HITO-Communications Holdings, Inc.) (present post)
	June 2015	Outside Director of Asahi Net, Inc. (present post)
	March 2017	Outside Director of the Company (present post)

Significant Concurrent Positions at Other Companies

Outside Director of Asahi Net, Inc.

Outside Director of HITO-Communications Holdings, Inc.

Reasons for nominating the candidate for Outside Director and expected role, etc.

Mr. Tetsuo Koga has served as the Senior Executive Vice President, Representative Director of Nippon Telegraph and Telephone East Corporation, and is currently working as an outside director for several listed companies. He has abundant experience in the business field. For these reasons, the Company renominates him as a candidate for Outside Director.

After the election, we expect him to make use of his expert knowledge as a person with management experience to make comments at meetings of the Board of Directors, etc. regarding the formulation of management plans, etc., mainly from a managerial perspective, and to supervise the progress of management plans, etc. We also plan to continue to appoint him as a member of the Nomination and Remuneration Advisory Committee after his election.

His term of office as Outside Director of the Company will be 5 years at the close of this General Meeting of Shareholders.

(Notes)

1. There are no special interests between the Company and each candidate for Director.
2. Mr. Ikujiro Nonaka and Mr. Tetsuo Koga are candidates for outside directors under Article 2, paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act.
3. The Company has designated Mr. Ikujiro Nonaka and Mr. Tetsuo Koga as independent director upon whom the Tokyo Stock Exchange imposes the obligation of designation, and who is unlikely to cause conflicts of interest with general shareholders, and it has filed such designation with the said Exchange.
4. Independence of candidates as Outside Director and limited liability agreements with Outside Director
 - (1) Independence of candidates as Outside Director
 - i) Mr. Ikujiro Nonaka and Mr. Tetsuo Koga have not previously been executing persons or Directors of the Company or a subsidiary of the Company.
 - ii) Mr. Ikujiro Nonaka and Mr. Tetsuo Koga have not been executing persons or Directors of specified related entities of the Company at the present moment and for the last ten years.
 - iii) Mr. Ikujiro Nonaka and Mr. Tetsuo Koga will not receive, nor have they received for the last two years, a large amount of money or other properties from the Company or the specified related entities of the Company.
 - iv) Mr. Ikujiro Nonaka and Mr. Tetsuo Koga are not the spouses of, nor are they within three degrees related to, the executing persons or Directors of the Company or the specified related entities of the Company.
 - v) Although Mr. Tetsuo Koga has been working with Nippon Telegraph and Telephone East Corporation, one of the Company's business partners, it has been over 12 years since his resignation from the post, and he is no longer involved in the management of the said company. The revenue from transactions regarding products and services between the Company and Nippon Telegraph and Telephone East Corporation accounts for around 1% of the consolidated net sales for the current period of the Company.
 - (2) Limited liability agreements with candidates for Outside Director

Mr. Ikujiro Nonaka and Mr. Tetsuo Koga have entered into an agreement with the Company, which limits his liability against the Company to a certain extent pursuant to the Articles of Incorporation. The outline of the agreement is as follows.

With respect to the liability provided for in Article 423, paragraph 1 of the Companies Act, he shall have liability to the extent of the greater of 16 million yen or the minimum liability amount provided for in Article 427, paragraph 1 of the Companies Act if he performs his duties in good faith without gross negligence. In the case that their election is approved, such agreement remains effective.
5. Directors and officers (D&O) liability insurance with the Candidate for Director as the Insured

We have entered into a Directors and officers (D&O) liability insurance with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan to cover legal damages and litigation expenses in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. However, the above insurance policy does not cover damages arising from the insured's unlawful gain or benefit, criminal acts, fraudulent acts, or acts committed with the knowledge that they violate laws, regulations, or control laws. The premiums for all insured persons are fully paid by the Company. In the event that each candidate is appointed as a director, he will become an insured under the relevant insurance policy and the policy will be renewed on March 31, 2022. The outline of the contract is as stated in the "Matters Concerning Directors and Corporate Auditors of the Company" of the Business Report.

Skills Matrix Table

The following list shows up to two areas of particular expectation for each of the candidates for Directors and, for your reference, for the current Corporate Auditors. Please note that this list does not represent all the experience that each candidate has. Please also refer to "Reasons for nominating the candidates" in the Career Summary section of each candidate.

	No.	Name	Areas of special interest and expertise expected of the candidate						
			Business Management	Technology and R&D	Sales and Marketing	Financial Accounting	Law	Academic experts (specialized fields)	Human Resource Development
Directors	1	Chang Ming-Jang	○	○					
	2	Eva Chen	○	○					
	3	Mahendra Negi				○			○
	4	Akihiko Omikawa	○		○				
	5	Ikujiro Nonaka						○	○
	6	Tetsuo Koga	○		○				
(For reference) Corporate Auditors	1	Masaru Senpo				○			
	2	Fumio Hasegawa				○			
	3	Yasuo Kameoka				○			
	4	Koji Fujita					○		

Agenda 3 : Partial Amendments to the Articles of Incorporation (Amendment to allow the General Meeting of Shareholders without a fixed location)

1. Reasons for the Amendments

With the partial enforcement of the "Act for Partial Revision of the Industrial Competitiveness Enhancement Act, etc." (Act No. 70 of Reiwa 3rd) on June 16, 2021, it became possible for listed companies to hold the General Meeting of Shareholders without a fixed location (so-called "virtual-only general meetings of shareholders") by setting forth in their Articles of Incorporation. We propose to add Article 11, Paragraph 2 to our Articles of Incorporation to enable the holding of virtual-only general meetings of shareholders. Also, we propose to establish supplementary provisions regarding the effective date, etc.

2. Contents of the Amendments

Details of the proposed amendments are shown as followings. The amendments to the Articles of Incorporation in this proposal shall become effective as of the date stated in Supplementary Provision 1.

(Underlining denotes amendment.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 11. Convocation</p> <p>An ordinary general meeting of shareholders of the Company shall be convened in March each year and an extraordinary general meeting of shareholders may be convened whenever necessary.</p> <p>(new)</p> <p>Article 12-39 (abbreviated)</p> <p>(new)</p>	<p>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 11. Convocation</p> <p>1. An ordinary general meeting of shareholders of the Company shall be convened in March each year and an extraordinary general meeting of shareholders may be convened whenever necessary.</p> <p><u>2. The Company may have a general meeting of shareholders without a fixed place.</u></p> <p>Article 12-39 (remain the same)</p> <p><u>(Supplementary Provisions)</u></p> <p><u>1.The establishment of Article 11 (Convocation), Paragraph 2 of the Proposed Amendment to the Articles of Incorporation shall become effective on the date of confirmation by the Minister of Economy, Trade and Industry and the Minister of Justice pursuant to the provisions of the Act for Partial Revision of the Industrial Competitiveness Enhancement Act, etc. (Act No.70 of Reiwa 3rd) (hereinafter referred to as the "Confirmation Date").</u></p> <p><u>2.The preceding paragraph and this paragraph shall be deleted on the date of confirmation.</u></p>

Agenda 4 : Partial Amendments to the Articles of Incorporation (Amendment to prepare for the introduction of the electronic provision of materials for the General Meeting of Shareholders)

1. Reasons for the Amendments

As the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Act for Partial Amendment of the Companies Act" (Act No. 70 of Reiwa 1st) will come into effect on September 1, 2022, we will amend our Articles of Incorporation as follows to prepare for the introduction of the electronic provision of materials for the General Meeting of Shareholders.

(i) The Article 14, Paragraph 1 of the Proposed Amendment provides that the Company shall take measures to electronically provide information that is the content of Reference Documents for General Meeting of Shareholders.

(ii) The Article 14, Paragraph 2 of the Proposed Amendment is to establish a provision to limit the scope of matters to be stated in the document to be delivered to shareholders who have made a written request.

(iii) The provision (Article 14 of the current Articles of Incorporation) regarding the Internet disclosure and deemed provision of reference documents for the General Meeting of Shareholders, is to be deleted as it is no longer necessary.

(iv) In accordance with the establishment and deletion of the above, we propose to establish supplementary provisions regarding the effective date, etc.

2. Contents of the Amendments

Details of the proposed amendments are shown as followings. The amendments to the Articles of Incorporation in this proposal shall become effective as of the date stated in Supplementary Provision 3.

(Underlining denotes amendment.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 14. Disclosure and Deemed Delivery of the Reference Material, etc. via Internet</p> <p>Upon convocation of the general meeting of shareholders, the Company may be deemed to have delivered to shareholders information concerning matters required to be disclosed or presented in the Reference Material, the Business Report, the financial documents and the consolidated financial documents (including accounting audit report and audit report on such consolidated financial documents) by disclosure of such information via the Internet in accordance with the Ministry of Justice Ordinance.</p> <p>(new)</p>	<p>(deleted)</p> <p><u>Article 14. Electronic Provision Measures, etc.</u></p> <p><u>1. The Company shall, upon convocation of a General Meeting of Shareholders, take measures to provide electronically the information contained in the Reference Documents for General Meeting of Shareholders, etc.</u></p> <p><u>2. The Company may choose not to include all or part of the matters to be provided electronically, which are specified in the applicable Ordinance of the Ministry of Justice, in the documents to be delivered to the shareholders who have requested the delivery of documents by the Record Date for Voting Rights.</u></p>
<p>Article 15-39 (abbreviated)</p> <p>(new)</p>	<p>Article 15-39 (remain the same)</p> <p><u>(Supplementary Provisions)</u></p>

	<p>*The first and second paragraphs are as described in the Agenda 3.</p> <p><u>3.The deletion of Article 14 (Disclosure and Deemed Delivery of the Reference Material, etc. via Internet) and the establishment of Article 14 (Electronic Provision Measures, etc.) of the Proposed Amendment shall become effective as of the date of enforcement of the amendment stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act for Partial Revision of the Companies Act (Act No. 70 of Reiwa 1st) (hereinafter referred to as the "Effective Date").</u></p> <p><u>4.Notwithstanding the provisions of the preceding paragraph, Article 14 of the current Articles of Incorporation shall remain in force with respect to the general meeting of shareholders to be held on a date within six (6) months from the effective date.</u></p> <p><u>5.The third, fourth and this paragraph of the Supplementary Provisions shall be deleted after six (6) months have elapsed from the effective date or three (3) months have elapsed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>
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Agenda 5 : Revision of amount of remuneration for Corporate Auditors

It was resolved at the 18th Ordinary General Meeting of Shareholders held on March 27, 2007 that the amount of remuneration for Corporate Auditors of the Company shall be 30 million yen or less per year. However, in consideration of various circumstances such as changes in the economic situation since then, we would like to ask the shareholder's to approval to revise the annual remuneration of corporate auditors to 60 million or less.

There are currently four corporate auditors (All outside auditors) and will remain the same after this General Meeting of Shareholders.

(Translation)

(Attachment)

Business Report

(From January 1, 2021 to December 31, 2021)

1. Business Review of Trend Micro Group

(1) Qualitative Information on the Consolidated Business Results

During this term of fiscal year 2021, from January 1 to December 31, the world economy has been going through the entire year under the limited economic activities by COVID-19 pandemic. Under going through the promotion of getting vaccinated, US stock which hit the highest ever record showed active stock markets on the expectation for business recovery by the resumption of economic activity. On the other hand, there are concerns about the future of the economy due to the progress of global inflation and the possibility of fresh outbreaks as the COVID-19 variant spreads.

Though Japanese economy shows movements of picking up recently from the severe situation in the COVID-19 which is gradually easing, it has also been going through in a severe situation under the unpredictable situation and additionally the world economic risks mentioned above.

The worldwide Information Technology industry has growth due to accelerated demands of remote working, education, DX (digital transformation) under the global affected by the Covid-19 pandemic. Refer to the report by 3rd party, it forecasts worldwide IT spending to grow 5.1% into \$4.5 trillion in 2022. According to accommodating increasingly complex hybrid work for employees, then enterprise software is expected to have growth in 11.0% mainly due to increasing in cloud usage and SaaS migration.

In the cyber security industry, continuously multitude of cyber terrorism that targets specific national institutions, etc., a spate of identity theft in business client information, and targeted attacks including crypto-assets drain in specific companies, organizations have been still coming across occasionally. In ransomware, threat in targeted attacks, against IoT environment associated with industrial control system operations in smart factory, and among them, especially the threat which implemented the 'double extortion' technique by reveal stolen and sensitive information stood out. In addition, the global epidemic of Covid-19 infection was used by phishing scams, the malware files which abuse remote meeting system have infested, and the cyber attack to vulnerabilities in VPN appliances, etc. Against this background, the conventional security measure, with defense of each single terminal and device, and the network segmented into smaller zones, has been changing to no longer desired. The demand is expanding for the solutions including visibility and deep analytics on the premise of intrusion risks. Going through the trend of such threat changes, it has been required showing more rigorous approach to information management to regardless business or individual into new daily life.

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

With regards to sales in Japan region, both enterprise and consumer business were going well. Especially consumer business has led this region sales under the background of good demands in remote work and education, and additionally sustained its good sales in mobile channel shop. In Enterprise business, despite network security performed not well, endpoint security and cloud security were growing. As a result, net sales for this period in Japan region amounted to 76,612 million yen (6.5% increase from the same period in the previous year) increase to.

For North America region, the entire enterprise business sales showed recovery mode including SaaS business in significant growth. In addition, cloud security achieved big growth and this region sales turned to surplus in this term. As the result, sales for this period in North America region was 36,531 million yen (3.5% increase from the same period in previous year) increased to.

In Europe region sales, whole enterprise business sales expanded with mainly endpoint security and cloud security, and additionally support business showed growth. In addition, there was a weak yen impact, net sales in this region were 34,833 million yen (12.9% increases from the same period in previous year) increase in double-digit growth rate.

In the Asia Pacific region, enterprise business showed growth with mainly both endpoint and cloud security. In addition, support business was also going well. Taiwan and Singapore area led this region sales performed well. In addition, there as a depreciation of yen impact. As a result, net sales for this period in Asia Pacific region amounted to 36,309 million yen (17.0% increase from the same period in the previous year) in double-digit growth rate.

In the Latin America region sales, cloud security showed substantial growth, and additionally network security and endpoint security were also going well in enterprise business. As a result, net sales in this region were 6,071 million yen (23.2% increases from the same period in previous year) to show the highest double-digit growth rate in all regions.

As a result, the consolidated net sales for this period (this term of fiscal year 2021, from January 1 to December 31,) marked 190,359 million yen (9.4% increase from the same period in previous year) with increasing in all regions.

For the costs, amortization of goodwill was a significantly decrease in. In addition, we had one-time collective correction which was related to Software assets in previous year. We got contribution of such a reactionary reduction this year. On the other hand, it was significant increases in people costs with huge impact of weak yen, public cloud service usage due to our SaaS business growth, and increase in outsource fee to consignee for good sales of consumer business at mobile channel shop, etc. As the result, cost of sales and operating expenses for this period totaled 146,718 million yen (9.0% increase from the same period in previous year.) increase to, and consolidated operating income for this period was 43,641 million yen (10.6% increase from the same period in previous year) increase to.

The forecast of financial results for the fiscal year ending December 31, 2021, announced on February 17, 2021, sales in all regions were generally going as expected against. Additionally, the entire group sales were slightly higher than expected due to the depreciation of the yen against our forecast of exchange rates for the Annual of FY2021.

Despite the costs was essentially lower than our forecast mainly due to cloud costs, etc., total costs including mainly people costs exceed our forecasts generally caused by weak yen impact against our forecast exchange rates. On the other hand, the increase in net sales covered most of increment due to yen depreciation in total costs. As the results, operating income has been over than the forecast.

The consolidated ordinary income for this period was 44,501 million yen (11.7% increase from the same period in previous year.) This increase was due to decrease in foreign exchange loss, etc. The net income attributable to owners of the parent for this period was 38,367 million yen (42.6% increase from the same period in previous year) increased to mainly due to gain on liquidation of subsidiary, etc.

Operating income based on Pre-GAAP (revenue before adjusting deferred revenue, etc.) serves as the important annual management indicators for our company. It for this period was 57,790 million yen, an increase of 11,936 million yen (26.0% increase from the same period in previous year.) This increase was due to Pre-GAAP growth which was get over than increase in the total of cost of sales and operating expenses including cost of public cloud service usage volume increase for future strengthening of our SaaS business.

(2) Capital Expenditure

The total amount of capital expenditure for the current period was 2,156 million yen, which was invested mainly in the development of new technologies and acquisition of instruments necessary to rationalize the basic operation systems including servers, PCs and peripheral devices.

(3) Financing

There are no special instances.

(4) Issues to Deal With

In the cyber security industry, which our group belongs to, there have been many not only existed security vendors as our direct competitors, but also new vendors joining by recent M&A or acquisition from other industries and new entries, etc. They have been encouraging market competitions both domestic and overseas. Such a consolidation and new entries are now too fluid to foresee the future direction of this business and their presence in the computer security market will make the competition in the market more intense. In addition, under the facing an age of IoT, the cyber security industry has been constantly being required to make appropriate provision for the safety of both ginormous and significant data and infrastructure, the implementation of AI technology to security, and managed security services to set and operate various right products in the right place, etc. with perceiving alteration in both environment and user behavior.

Furthermore, the use of the cloud computing, which excels in efficiency and speed, has been expanding more and more. Because the digital transformation (DX), which improve the quality of business and life with IT technology, is the current trend, and additionally the environment that remote work has been rapidly generalized due to the COVID-19 pandemic. The customers' person in charge of IT security has been struggling increase in the recent security workload day by day. The traditional security measurement by monitoring PC and servers was enough for them before. Today, they are required more complicated and wide range of security for multi layered as like IoT appliances and devices, cloud computing, and VPN, etc. additionally.

According to user's choice in such an environment. software and services line up have been shifting software as a service (SaaS) model with changing "purchase" to "on-demand." Security service market is also transforming to respond coming more demands of SaaS model solution. Without exception, Trend Micro group has also made definite to extend our SaaS business and solution line up, we are working on it now. This transformation does not mean simple replacement for existing products and solutions.

Aim to promptly provide the superior security solutions, our group provides a wide range of security products and services centered on the security platform "Trend Micro Vision One™" to solve problems of the customer users who are require extended security detection and response caused by increasingly dependence on online networks on a daily basis. This security platform is the centralized solution to cooperation with multilayered SaaS solution by XDR (extended detection and response) as the advanced feature, collects and automatically correlates data across multiple security layers – email, endpoint, server, cloud workload, and network. This allows for simple visibility for entire cyber attack, even more possible to faster detection and response automatically. The customers' person in charge of IT security will be possible to deploy high spec security and reduce operational security workload with our variety of SaaS solutions under the centralization by "Trend Micro Vision One™."

Mainly "Trend Micro Vision One™," we will offer higher value-added security solutions for users and aim to achieve sustainable long-term growth with maintaining a stable financial foundation.

(5) Business Results and Changes in Financial Conditions

Fiscal Year	The 30 th Term ended December 2018	The 31 st Term ended December 2019	The 32 nd Term ended December 2020	The 33 rd Term ended December 2021
Item				
Net Sales (millions of yen)	160,410	165,195	174,061	190,359
Ordinary Income (millions of yen)	37,190	39,139	39,854	44,501
Net Income Attributable to Owners of Parent (millions of yen)	28,314	27,946	26,904	38,367
Net Income per Share (in yen)	204.38	200.94	193.39	275.20
Total Assets (millions of yen)	346,161	359,710	376,701	420,457
Net Assets (millions of yen)	187,083	187,425	189,360	221,434

(6) Status of Important Subsidiaries

Company Name	Capital	Shareholding Ratio	Primary Business
Trend Micro Incorporated (Taiwan)	212,500,000 New Taiwan dollars	100%	Provision of development and other services
Trend Micro Incorporated (U.S.A.)	477,250.67 U.S. dollars	100%	Development and sale of security-related products
Trend Micro Australia Pty. Ltd. (Australia)	150,000 Australian dollars	100%	Development and sale of security-related products
Trend Micro (EMEA) Limited (Ireland)	21,372,061.63 euros	100%	Sale of security-related products

- (Notes) 1. The consolidated financial statements cover all subsidiaries and affiliated companies except three non-consolidated subsidiaries, which consist of 39 consolidated subsidiaries including the aforementioned four important subsidiaries and one equity method affiliate.
2. There are no subsidiaries that fall under specific wholly owned subsidiaries.

(7) Primary Business of the Group

Development and sale of security-related software for computers and the Internet

(8) Primary Offices of the Group

Head Office: Shibuya-ku, Tokyo

Branch Offices: Osaka Office (Yodogawa-ku, Osaka)
Fukuoka Office (Hakata-ku, Fukuoka)
Nagoya Office (Naka-ku, Nagoya)

Overseas Subsidiaries: Trend Micro Incorporated (Taiwan)
Trend Micro Incorporated (U.S.A.)
Trend Micro Australia Pty. Ltd. (Australia)
Trend Micro (EMEA) Limited (Ireland)

(9) Employees

Name of Divisions	Number of Employees
Sales Division	1,891
Marketing Division	416
Product Support Division	1,560
Research and Development Division	2,362
Administration Division	795
Total	7,024

(10) Policy for determining dividends from surplus, etc.

In order to cope with the rapidly changing business environment and maintain competitiveness against competitors, we would like to pay dividends based on net income on a consolidated basis, while making efforts to strengthen our financial structure and secure internal reserves. Our basic dividend policy is to pay a year-end dividend with a target payout ratio of 70%, based on net income attributable to shareholders of the parent company for accounting purposes and taking into account the impact of mergers and acquisitions as necessary. Based on this dividend policy, the year-end dividend for the current fiscal year will be as stated in Agenda 1, Appropriation of retained earnings. With regard to the acquisition of treasury stock, it is our policy to carry out flexible capital policies in response to changes in the business environment.

2. Status of Shares of the Company**(1) Total Number of Shares Authorized to be Issued by the Company:**

250,000,000 shares

(2) Total Number of Outstanding Shares:

139,675,314 shares (excluding treasury stock of 1,068,790 shares)

(3) Number of Shareholders: 8,478**(4) Top 10 Shareholders:**

Name of Shareholders	Number of Shareholding	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,072,900	26.54
Custody Bank of Japan, Ltd. (Trust Account)	14,908,200	10.67
Chang, Ming-Jang	5,367,000	3.84
BNYM AS AGT/CLTS 10 PERCENT	4,427,894	3.17
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,266,600	2.33
Credit Suisse AG	2,806,100	2.00
SMBC Nikko Securities Inc.	2,803,000	2.00
The Bank of New York Mellon (International) Limited 131800	2,745,700	1.96
State Street Bank West Client - Treaty 505234	2,525,634	1.80
Custody Bank of Japan, Ltd. (Trust Account 9)	2,497,800	1.78

(Note) The Shareholding Ratio is calculated excluding treasury stock (1,068,790 shares).

3. Matters Concerning Stock Acquisition Rights etc. of the Company

(1) Status of Stock Acquisition Rights held by Directors at the End of the Current Term

	Thirty-fifth Series	Thirty-sixth Series	Thirty-seventh Series
Date of resolution of the issue	December 7, 2017	December 3, 2018	December 3, 2019
Category	Director (Note)	Director (Note)	Director (Note)
Number of holders	3	3	3
Number of stock acquisition rights	825	900	900
Number of shares subject to stock acquisition rights	82,500	90,000	90,000
Type of shares subject to stock acquisition rights	Common Stock	Common Stock	Common Stock
Issue price per stock acquisition right	Without consideration	Without consideration	Without consideration
Exercise price per share at the exercise of rights	6,430 yen	6,280 yen	5,790 yen
Exercise period	December 22, 2022	December 18, 2023	December 18, 2024
Conditions for exercise of stock acquisition rights	(Note 1)	(Note 1)	(Note 2)

	Thirty-eighth Series	Thirty-ninth Series	Fortieth Series
Date of resolution of the issue	June 18, 2020	December 1, 2020	December 2, 2021
Category	Director (Note)	Director (Note)	Director (Note)
Number of holders	3	3	3
Number of stock acquisition rights	1,500	900	900
Number of shares subject to stock acquisition rights	150,000	90,000	90,000
Type of shares subject to stock acquisition rights	Common Stock	Common Stock	Common Stock
Issue price per stock acquisition right	Without consideration	Without consideration	Without consideration
Exercise price per share at the exercise of rights	6,100 yen	5,750 yen	6,620 yen
Exercise period	July 3, 2025	December 18, 2025	December 17, 2026
Conditions for exercise of stock acquisition rights	(Note 2)	(Note 2)	(Note 2)

(Note) Outside Directors and Corporate Auditors of the Company do not hold stock acquisition rights at the end of the current term.

(Note 1)

Essential Conditions for Exercise of Stock Acquisition Rights

- (a) A holder of stock acquisition rights may exercise his/her stock acquisition rights only if the holder continues to be in a position as a director, auditor, employee, secondee or adviser of the Company or a subsidiary of the Company (hereinafter in this item referred to as the “previous position”) until the time when the holder wants to exercise his/her stock acquisition rights. If a holder of stock acquisition rights loses the previous position, the holder may exercise his/her stock acquisition rights within 45 days from the date on which the holder loses his/her previous position. When a holder of stock acquisition rights loses his/her previous position due to physical disability or other similar cause, the holder may exercise his/her stock acquisition rights within six months from the date on which the holder loses his/her previous position. If the provisions of this paragraph conflict with any compulsory provisions applicable in the country of residence of the holder, this paragraph shall not apply to the extent that such conflict arises.
- (b) When a holder of stock acquisition rights dies, his/her heir may exercise the relevant stock acquisition rights within six months from the date on which the holder died only if the heir completes the procedures for the inheritance of stock acquisition rights as stipulated by the Company. If the provisions of this paragraph conflict with any compulsory provisions applicable in the country of residence of the holder, this paragraph shall not apply to the extent that such conflict arises.
- (c) If stock acquisition rights are pledged or any security interest on the stock acquisition rights is established, the holder of the relevant stock acquisition rights may not exercise the same.

(Note 2)

Essential Conditions for Exercise of Stock Acquisition Rights

- (a) A holder of stock acquisition rights may exercise his/her stock acquisition rights only if the holder continues to be in a position as a director, auditor, employee, secondee or adviser of the Company or a subsidiary of the Company (hereinafter in this item referred to as the “previous position”) until the time when the holder wants to exercise his/her stock acquisition rights. If a holder of stock acquisition rights loses the previous position, the holder may exercise his/her stock acquisition rights within 45 days from the date on which the holder loses his/her previous position. When a holder of stock acquisition rights loses his/her previous position due to physical disability or other similar cause, the holder may exercise his/her stock acquisition rights within six months from the date on which the holder loses his/her previous position. In addition, unless the holder is a director or corporate auditor of the Company, the Company may, at its sole discretion, determine how long the holder may exercise his/her stock acquisition rights from the date on which the holder loses his/her previous position. If the provisions of this paragraph conflict with any compulsory provisions applicable in the country of residence of the holder, this paragraph shall not apply to the extent that such conflict arises.
- (b) When a holder of stock acquisition rights dies, his/her heir may exercise the relevant stock acquisition rights within six months from the date on which the holder died only if the heir completes the procedures for the inheritance of stock acquisition rights as stipulated by the Company. If the provisions of this paragraph conflict with any compulsory provisions applicable in the country of residence of the holder, this paragraph shall not apply to the extent that such conflict arises.
- (c) If stock acquisition rights are pledged or any security interest on the stock acquisition rights is established, the holder of the relevant stock acquisition rights may not exercise the same.

(2) Status of Stock Acquisition Rights Granted in the Current Term for employee of the Company, Directors and employees of subsidiaries of the Company

	Fortieth Series
Date of resolution of the issue	December 2, 2021
Number of employees of the Company holding stock acquisition rights	3
Number of Directors and employees of subsidiaries of the Company holding stock acquisition rights (excluding Directors and employees of the Company)	274
Number of stock acquisition rights	17,240
Number of shares subject to stock acquisition rights	1,724,000
Type of shares subject to stock acquisition rights	Common Stock
Issue price per stock acquisition right	Without consideration
Exercise price per share at the exercise of rights	6,620 yen
Exercise period	From December 18, 2021 to December 17, 2026
Conditions for exercise of stock acquisition rights	(Note)

(Note) Please refer to (Note 2) under “(1) Status of Stock Acquisition Rights held by Directors at the End of the Current Term” in the previous pages.

(3) Other Important Matters concerning Stock Acquisition Rights

Status of Stock Acquisition Rights held by Employees of the Company, and Directors and employees of subsidiaries of the Company at the end of the current term

	Thirty-fifth Series	Thirty-sixth Series	Thirty-seventh Series
Date of resolution of the issue	December 7, 2017	December 3, 2018	December 3, 2019
Category	Directors and employees of subsidiaries of the Company	Directors and employees of subsidiaries of the Company	Directors and employees of subsidiaries of the Company
Number of stock acquisition rights	2,212	2,098	2,099
Number of shares subject to stock acquisition rights	221,200	209,800	209,900
Type of shares subject to stock acquisition rights	Common Stock	Common Stock	Common Stock
Issue price per stock acquisition right	Without consideration	Without consideration	Without consideration
Exercise price per share at the exercise of rights	6,430 yen	6,280 yen	5,790 yen
Exercise period	December 22, 2022	December 18, 2023	December 18, 2024
Conditions for exercise of stock acquisition rights	(Note 1)	(Note 1)	(Note 2)

	Thirty-eighth Series	Thirty-ninth Series	Fortieth Series
Date of resolution of the issue	June 18, 2020	December 1, 2020	December 2, 2021
Category	Employees of the Company, Directors and employees of subsidiaries of the Company	Directors and employees of subsidiaries of the Company	Employees of the Company, Directors and employees of subsidiaries of the Company
Number of stock acquisition rights	12,565	2,250	17,240
Number of shares subject to stock acquisition rights	1,256,500	225,000	1,724,000
Type of shares subject to stock acquisition rights	Common Stock	Common Stock	Common Stock
Issue price per stock acquisition right	Without consideration	Without consideration	Without consideration
Exercise price per share at the exercise of rights	6,100 yen	5,750 yen	6,620 yen
Exercise period	July 3, 2025	December 18, 2025	December 17, 2026
Conditions for exercise of stock acquisition rights	(Note 2)	(Note 2)	(Note 2)

- (Notes) 1. Please refer to (Note 1) under “(1) Status of Stock Acquisition Rights held by Directors at the End of the Current Term” in the previous pages.
2. Please refer to (Note 2) under “(1) Status of Stock Acquisition Rights held by Directors at the End of the Current Term” in the previous pages.

4. Matters Concerning Directors and Corporate Auditors of the Company

(1) Directors and Corporate Auditors

(As of December 31, 2021)

Name	Title and Responsibilities at the Company and the Group	Significant Concurrent Positions
Chang Ming-Jang	Chairman and Representative Director	
Eva Chen	President and Representative Director / CEO of Trend Micro Group	
Mahendra Negi	Executive Vice President and Representative Director / CFO of Trend Micro Group	
Akihiko Omikawa	Executive Vice President and Director / General Manager Japan, Global Consumer Business, Global IoT Business	
Ikujiro Nonaka	Director	Professor Emeritus, Hitotsubashi University Graduate School of International Corporate Strategy
Tetsuo Koga	Director	Outside Director of HITO-Communications Holdings Inc. Outside Director of Asahi Net, Inc.
Masaru Senpo	Full-time Corporate Auditor	
Fumio Hasegawa	Corporate Auditor	
Yasuo Kameoka	Corporate Auditor	Chairman of Taiko Audit Corporation
Koji Fujita	Corporate Auditor	Attorney at Law, Okuno & Partners foreign law joint enterprise External Director (Audit Committee Member) of IRISO ELECTRONICS CO., LTD. Corporate Auditor of Iida Group Holdings Co., Ltd.

- (Notes)
- Our officers consist of ten (10) members, six (6) Directors and four (4) Corporate Auditors, of which, one (1) is female and nine (9) are males as of December 31, 2021. The female officer is the President and Representative Director.
 - Mr. Ikujiro Nonaka, Director, and Mr. Tetsuo Koga, Director, are an Outside Directors under Article 2, item 15 of the Companies Act.
 - All four Corporate Auditors are Outside Auditors under Article 2, item 16 of the Companies Act.
 - Mr. Masaru Senpo, Corporate Auditor, has many years of experience in accounting and management matters. Mr. Fumio Hasegawa, Corporate Auditor, has many years of experience in finance and accounting matters. Mr. Yasuo Kameoka, Corporate Auditor, is a qualified and experienced certified public accountant. Mr. Koji Fujita, Corporate Auditor, is an attorney with experience in corporate rehabilitation and corporate legal affairs. All have appropriate knowledge regarding finance and accounting matters.
 - The Company has designated all Outside Directors and all Outside Corporate Auditors as independent director/corporate auditors upon whom the Tokyo Stock Exchange imposes the obligation of designation, and who are unlikely to cause conflicts of interest with general shareholders, and it has filed such designation with the said Exchange.

(2) Summary of Limited Liability Agreement

As long as Outside Directors and Outside Corporate Auditors perform their duties in good faith and without gross negligence with respect to the liabilities set forth in Article 423, paragraph 1 of the Companies Act, Outside Directors, full-time Outside Corporate Auditors and part-time Outside Corporate Auditors shall, in accordance with the limited liability agreement executed between the Company and them, be liable for up to 16 million yen, 10 million yen and 4.8 million yen, respectively, or the minimum liability amount prescribed by laws and regulations, whichever of these amounts is the higher.

(3) Outline of the Directors and Officers (D&O) Liability Insurance Contract

We have entered into a Directors and officers (D&O) liability insurance with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan to cover legal damages and litigation expenses in the event that a claim for damages is made against the insured during the insurance period due to an act committed by the insured in his/her capacity as such. However, the above insurance policy does not cover damages arising from the insured's unlawful gain or benefit, criminal acts, fraudulent acts, or acts committed with the knowledge that they violate laws, regulations, or control laws. The insured parties of the insurance policy are directors and corporate auditors of our Company and our subsidiaries and managerial employees of our Company and our subsidiaries, and we bear the entire premium for all the insured parties.

(4) Remuneration, etc. Paid to Directors and Corporate Auditors

Category	Number of Persons	Amount of Remuneration (Millions of yen)	Amount of Remuneration by type (Millions of yen)				
			Basic Remuneration	Performance (including stock price) linked Remuneration			Company Performance Bonus (CPB) (Note2)
				Stock Options (Note1)	Cash Phantom Unit Award(CPUAward) (Note2)		
PBS	TBS						
Internal Directors	4	450	172	135	19	114	8
Outside Directors	2	16	16	-	-	-	-
Outside Corporate Auditors	4	27	27	-	-	-	-

- (Notes)
1. The amount of remuneration shown for stock options is the estimated fair value per stock acquisition right issued for the purpose of granting stock options, based on the Black-Scholes pricing model, and recorded as an accounting expense during the fiscal year under review. It does not represent the property gain per share that will be obtained when the stock acquisition rights are actually exercised.
 2. For details of CPU awards (PBS/TBS) and CPB, please refer to the following pages

(5) Policy on Remuneration for Directors

1. Policy and Procedures for Directors' Remuneration

The remuneration for Directors is designed in accordance with the business role of each Director in order to motivate them to contribute to the improvement of the Company's performance over the medium and long term. In particular, for executive directors, the majority of their remuneration is not fixed but variable, linked to stock prices or business performance, to clarify their responsibility for increasing shareholder value and improving business performance. The amount of remuneration is determined by the Nomination and Remuneration Advisory Committee within the scope of the amount and details of remuneration approved by the General Meeting of Shareholders, taking into consideration the business performance, remuneration rates in the overseas and Japanese markets, and the average salary of employees. The remuneration of corporate auditors is limited to basic remuneration (fixed) within the scope of remuneration, etc., approved by the General Meeting of Shareholders, and the granting of individual remuneration is left to the discretion of the corporate auditors.

2. Component and ratio of directors' remuneration

Directors' remuneration is granted in accordance with the details approved at the General Meeting of Shareholders, and is structured as shown in the table. For executive directors (Representative Director and President, Representative Director and Vice President, and Executive Vice President), (i) basic remuneration, (ii) stock options, and (iii) CPU awards are designed in accordance with the business roles of individual directors, with the principle of a 1:1:1 ratio in monetary terms at the time of grant. In addition to the above, (iv) Company Performance Bonus ("CPB"), which is a short-term incentive salary based on the company's performance, has been added for the purpose of increasing the transparency of the performance-linked elements that had been taken into account as a breakdown of the basic remuneration for internal directors (executive directors and chairman). This will make it clear that internal directors are responsible for the improvement and direction of the company's performance. With the addition of the CPB, the performance-based CPU awards ("PBS") among the CPU awards will not be granted from 2022 in view of the overlapping purposes of the CPU awards, and only the time-based CPU awards ("TBS") will be granted.

In consideration of the duties of the Chairman of the Board of Directors and outside directors, who are responsible for supervisory functions, the Chairman of the Board of Directors will be granted (i) base salary and (iv) CPB, while outside directors will be granted only (i) base salary.

3. Remuneration linked to stock price or business performance

The Company grants (ii) stock options, (iii) CPU awards, and (iv) CPB to internal directors as compensation linked to stock price or performance (only CPB is granted to the Chairman of the Board of Directors). (Only CPB is granted to the Chairman of the Board of Directors.) The reasons for granting these awards (reasons for selecting the indices) are as follows.

(ii) Stock options

This is a normal type of stock option. By linking our stock price to the profits received as remuneration, we aim to further increase the motivation and morale of executive directors to improve business performance, strengthen business development with an emphasis on the interests of shareholders, and enhance shareholder value.

(iii) CPU Awards

CPU awards are grants of rights to receive cash payments in an amount calculated based on the average market value of our stock over a certain period of time. In addition to the incentive for executive directors to increase the share price through improved business performance, the downside risk of a decline in the share price is also shared with shareholders. In addition, for PBS, we selected the pre-GAAP margin as a performance-linked factor in order to increase the transparency of sharing the results with shareholders. We are now aware that growth in operating income on a pre-GAAP basis (sales before deferred revenue) is an important management indicator, and we disclose our operating income on a pre-GAAP basis to our shareholders and investors in our earnings announcements. Our costs are designed to achieve this pre-GAAP growth. We believe it is appropriate to select the pre-GAAP margin, which is the amount of pre-GAAP operating income minus the specified costs, as our performance target because it includes some costs such as depreciation

of intangible assets related to acquisitions that are not directly linked to operating activities.

(iv) CPB

This is a cash bonus based on short-term (6 months) company performance.

Three year-over-year growth rates (pre-GAAP margin, SaaS product adoption performance and annual recurring revenue for subscription products) have been selected as performance indicators. The objective was to increase transparency in sharing results with shareholders, while at the same time making it clear that internal directors are responsible for company-wide performance improvement and direction. We believe that the selection of SaaS product adoption and annual recurring revenue from subscription products, in addition to pre-GAAP margins, as performance targets is consistent with our strategy and appropriate.

The targets and results for PBS and CPB indicators for the fiscal year under review were as follows.

Indicators	Targets	First Half		Goal Achievement	Second Half		Goal Achievement
		Previous Year (FY2020)	Current business year (FY2021)		Previous Year (FY2020)	Current business year (FY2021)	
Pre-GAAP margin (Millions of yen)	Increase from the same period of the previous year: 0.5 billion yen or more	24,907	26,013	Achieved	34,231	36,881	Achieved
Number of SaaS products deployed (Number, Millions)	Growth rate over the same period of the previous year: 20% or more	25.8	42	Achieved	33.9	50.5	Achieved
Annual Recurring Revenue for subscription products (Millions of U.S. dollars)	Growth rate over the same period of the previous year: 11% or more	898	1,020	Achieved	960	1,087	Achieved

4. Policy and Method for determining remuneration, etc. for individual directors

The amount of individual remuneration for directors is determined at BoD meeting within the scope of the amount and details of remuneration, etc. approved at the General Meeting of Shareholders, by consulting the Nomination and Remuneration Advisory Committee in consideration of business performance, remuneration rates in the overseas and Japanese markets, and the average salary of employees. Specifically, the amount of compensation granted to each executive director is equivalent to 150 million yen at the time of granting, and the amount of compensation granted to the highest-ranking global executives is similar to that of the relevant executive. The reason for this is that all members of the Group work together as a team to manage the company, and we all share in the enjoyment and responsibility for the results. The amount of individual remuneration for the Chairman of the Board of Directors and outside directors is discussed with the Nomination and Remuneration Advisory Committee, and the Board of Directors decides on the details discussed by the committee.

The Board of Directors has determined that the content of remuneration, etc. for each individual director is appropriate in light of the fact that the Nomination and Remuneration Advisory Committee conducted a multifaceted review of the original proposal, including consistency with the decision-making policy, and in light of the Group's operating structure.

5. Timing of remuneration to executives

The timing of granting remuneration, etc. to directors and corporate auditors is as follows.

- (i) Basic remuneration: The amount determined by the Board of Directors is granted in equal installments over 12 months.
- (ii) Stock options and (iii) CPU awards: To be granted in accordance with the terms and conditions separately stipulated in the contract between the director and the Company based on the details determined by the Board of Directors.
- (iv) CPB: If the target is achieved after the half-yearly settlement of accounts, the first half will be granted in September and the second half will be granted in March of the following year.

6. Matters concerning the resolution of the General Meeting of Shareholders

At the 29th Ordinary General Meeting of Shareholders held on March 26, 2015, it was resolved that the total amount of remuneration for our directors shall be granted within the range of 1 billion yen per year (of which the amount for Outside Directors shall be within 20 million yen per year) in total of fixed, variable and other remuneration. At the time the resolution was passed, there were six directors (including one outside director) subject to this provision, and there is no change to the total number of six directors (including two outside directors). The latest information on stock options was resolved at the 32nd Ordinary General Meeting of Shareholders held on March 25, 2021, and the latest information on CPU awards was resolved at the 29th Ordinary General Meeting of Shareholders held on March 27, 2018. At the time the resolutions were made, there were four directors (excluding outside directors) subject to the stock option plan and five directors (excluding outside directors) subject to the CPU Award plan.

The remuneration for corporate auditors is based on the details approved at the 18th Ordinary General Meeting of Shareholders held on March 27, 2007. The annual amount of basic remuneration (fixed) is 30 million yen or less, and individual grants are left to the discretion of the corporate auditors. At the time the resolution was passed, there were four (4) Corporate Auditors (all of whom are Outside Corporate Auditors) subject to this provision. If Proposal No. 5, Revision of Remuneration for Corporate Auditors, is approved at this General Meeting of Shareholders, the annual amount of basic remuneration (fixed) will be 60 million yen or less.

7. Activities of the Committee in the Process of Determining the Amount of Remuneration of Directors

We have established the Nomination and Remuneration Advisory Committee as an advisory organization under the Board of Directors for the purpose of strengthening the independence, objectivity and accountability of the functions of the Board of Directors in relation to the election and dismissal of directors, nomination of candidates for directors, and remuneration, etc. of directors. The Nomination and Compensation Advisory Committee consists of at least three members, the majority of whom should be independent outside directors.

(Status of Activities of the Nomination and Compensation Advisory Committee)

The major deliberations and reports for the fiscal year under review are as follows

1st Meeting: Action plan, consultation on individual director remuneration proposals, review of skills matrix, sharing of information on external environment and remuneration system related to executive compensation, etc.

2nd Meeting: Explanation of voting rights at the General Meeting of Shareholders and confirmation of the term of office of outside directors, consultation on proposals for the election of directors, consultation on succession planning for senior management and directors, report on the amount of remuneration paid to directors in the previous year, and information sharing on the revised Corporate Governance Code

3rd Meeting: Consulted on the term of office of independent outside directors, consulted on the revision of the remuneration policy for directors, confirmed the latest executive list and the succession plan for the next generation

4th Meeting: Consulted on the individual remuneration plan for directors for the next fiscal year, and shared information on the results of the Japanese domestic remuneration survey

(Attendance of each committee member)

Committee Chairman: Mahendra Negi (Representative Director and Executive Vice President) Attended all four meetings

Committee Member: Ikujiro Nonaka (Outside Director) Attended all four meetings

Committee Member: Tetsuo Koga (Outside Director) Attended all four meetings

Table of types of officers' remuneration

	Type	Grant	Officers to be granted	Variable factors	Incentive	Limit
i	Basic remuneration	Cash	Directors and Auditors	-	Basic remuneration	-
ii	Stock Option	Stock acquisition right (Note4)	Executive Directors	Stock price	Performance linked (long-term), stock price incentive	280,000 shares /year
iii-1	Cash Phantom Unit Awards (CPU Awards) (Note1)	Performance-based CPU Awards (PBS) (Note2)	Cash	Executive Directors	Stock price, Pre-GAAP margin	75,000 shares equivalent /year
iii-2		Time Base CPU Awards (TBS) (Note3)			Stock price	
iv	Company Performance Bonus (CPB)	Cash	Executive Directors and Chairman	Pre-GAAP margin, SaaS product adoption results, Annual recurring revenue for subscription products	Performance-based (short-term)	-

Directors: Within 1 billion yen /year (Of which, up to 20 million yen per year for outside directors)

Auditors: Up to 30 million yen per year (Note5)

- (Notes)
1. Grants the right to receive cash calculated based on the average market value of the Company's common stock over a certain period of time
 2. Performance-based type that can be exercised on condition that the performance target
 3. Time-based type that can be exercised periodically after grant
 4. A fair valuation (Black-Scholes model) is used for remuneration conversion
 5. When Proposal 5, Revision of Remuneration for Corporate Auditors, will be approved at this General Meeting of Shareholders, the annual amount of basic remuneration (fixed) will be 60 million yen or less.

(6) Matters concerning Outside Directors and Outside Corporate Auditors

- (i) Relationships between the Company and other companies where Outside Directors or Outside Corporate Auditors hold a concurrent position

The Company does not have any special relationships with any of the companies where Outside Directors and Outside Corporate Auditors hold a concurrent position.

- (ii) Principal activities of Outside Directors and Outside Corporate Auditors during the current term

Name (Position)	Attendance at and comments made at meetings of the Board of Directors and Board of Corporate Auditors /Summary of duties, etc. performed in relation to the role expected to be fulfilled by outside directors
Ikujiro Nonaka (Director)	Attended all 9 meetings of the Board of Directors (100%). He makes appropriate management decisions and supervises management by providing useful advice and recommendations from his highly specialized perspective on corporate management. In addition, as a member of the Nomination and Remuneration Advisory Committee, he attended all 4 meetings (100%) and contributed to the formulation of the succession plan from his expert perspective on organizations.
Tetsuo Koga (Director)	Attended all 9 meetings of the Board of Directors (100%). He makes appropriate management decisions and supervises management by providing useful advice and recommendations based on his extensive experience and knowledge in the business world. As a member of the Nomination and Remuneration Advisory Committee, he attended all (100%) of 4 meetings, and discussed issues based on his experience in corporate management, and appropriately supervised the nomination and remuneration process.
Masaru Senpo (Full-time Corporate Auditor)	Attended all 9 meetings of the Board of Directors (100%) and all 14 meetings of the Board of Corporate Auditors (100%). He raised questions or expressed opinions when necessary in order to ensure the validity and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors based on his experience in accounting and management matters over the years.
Fumio Hasegawa (Corporate Auditor)	Attended all 9 meetings of the Board of Directors (100%) and all 14 meetings of the Board of Corporate Auditors (100%). He raised questions or expressed opinions when necessary in order to ensure the validity and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors based on his experience in finance and accounting matters over the years.
Yasuo Kameoka (Corporate Auditor)	Attended all 9 meetings of the Board of Directors (100%) and all 14 meetings of the Board of Corporate Auditors (100%). He raised questions or expressed opinions when necessary in order to ensure the validity and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors mainly based on his expert knowledge as a certified public accountant.
Koji Fujita (Corporate Auditor)	Attended all 9 meetings of the Board of Directors (100%) and all 14 meetings of the Board of Corporate Auditors (100%). He raised questions or expressed opinions when necessary in order to ensure the validity and appropriateness of decisions made at the meetings of the Board of Directors and at the meetings of the Board of Corporate Auditors mainly based on his expert knowledge as an attorney.

5. Status of Accounting Auditor

(1) Name of Accounting Auditor of the Company

KPMG AZSA LLC

(2) Remuneration, etc. Paid to Accounting Auditor

	(Millions of yen)
(i) Amount of fees and charges paid to accounting auditors for the term under review	91
(ii) Total amount of cash and other financial benefits payable by the Company and its subsidiaries	99

- (Notes) 1. As the audit fees under the Companies Act and those under the Financial Instruments and Exchange Act are not separated for the purpose of the audit contract executed between the Company and the accounting auditors and are impractical to separate, the amount specified in (i) above is indicated as the total amount of audit fees payable under both laws.
2. Three of the important subsidiaries of the Company are audited by certified public accountants or audit corporations other than the Accounting Auditor of the Company (including qualified persons equivalent thereto in foreign countries).

(3) Non-audit services

We have entrusted the accounting auditor with advice and guidance regarding the examination of accounting policies in accordance with the application of the "Accounting Standard for Revenue Recognition".

(4) Reasons for Agreement to the Amount of Remuneration, etc. to be Paid to Accounting Auditor

The Board of Corporate Auditors has decided to agree on the amount of remuneration, etc. to be paid to the Accounting Auditor, after conducting necessary assessment with regard to the content of its audit plans the execution status of the accounting audits, and the calculation basis of the remuneration amount.

(5) Policies Regarding Decisions on the Dismissal or Non-reappointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to fall under any of the items prescribed in Article 340, paragraph 1 of the Companies Act, the Board of Corporate Auditors shall, pursuant to the unanimous consent of Corporate Auditors, dismiss the Accounting Auditor.

In addition to the above, in the event that it is deemed difficult for the Accounting Auditor to appropriately carry out its duties, or in consideration of the execution status of its duties, etc., the Board of Corporate Auditors shall, in accordance with Article 344, paragraphs 1 and 3 of the Companies Act, propose the dismissal or non-reappointment of the Accounting Auditor as an agenda item at a general meeting of shareholders for resolution.

(Note) The amounts shown in this business report have been rounded down to the indicated units.

(1) Consolidated Balance Sheet

(As of December 31, 2021)

(Yen in millions)

Account	Amount	Account	Amount
<Assets>		<Liabilities>	
Current assets	321,749	Current liabilities	133,624
Cash and bank deposits	197,729	Notes and accounts payable, trade	1,165
Notes and accounts receivable, trade	53,499	Accounts payable, other	4,808
Marketable securities	59,072	Accrued expenses	11,197
Inventories	3,701	Accrued income and other taxes	5,001
Others	8,038	Allowance for bonuses	3,624
Allowance for bad debt	(292)	Allowance for sales return	318
Non-current assets	98,708	Short-term deferred revenue	100,032
Property and equipment	7,932	Others	7,477
Buildings and structures, net	4,732	Non-current liabilities	65,398
Office furniture and equipment	3,187	Long-term deferred revenue	54,065
Others	12	Net defined benefit liability	7,913
Intangibles	25,433	Others	3,418
Software	11,254	Total liabilities	199,023
Goodwill	2,817	<Net assets>	
Others	11,361	Shareholders' equity	215,979
Investments and other non-current assets	65,341	Common stock	19,358
Investment securities	26,087	Additional paid-in capital	26,771
Investments in subsidiaries and affiliates	406	Retained earnings	175,505
Deferred tax assets	36,501	Treasury stock	(5,656)
Others	2,345	Accumulated other comprehensive income	3,105
		Unrealized gain on available for sale securities	(299)
		Foreign currency translation adjustment	4,229
		Remeasurements of defined benefit plans	(824)
		Stock acquisition right	1,560
		Non-controlling interest	789
		Total net assets	221,434
Total assets	420,457	Total liabilities and net assets	420,457

(2) Consolidated Profit and Loss Statement

(From January 1, 2021 to December 31, 2021)

(Yen in millions)

Account	Amount	
Net sales		190,359
Cost of sales		42,017
Gross profit		148,341
Selling, general and administrative expense		104,700
Operating income		43,641
Non-operating income		
Outsourcing service income	177	
Interest income	424	
Gain on sales of marketable securities	1,382	
Others	49	2,033
Non-operating expenses		
Interest expenses	12	
Litigation settlement	121	
Foreign exchange loss	787	
Equity in loss of affiliated companies	110	
Loss on disposal of fixed assets	66	
Others	74	1,172
Ordinary income		44,501
Extraordinary gain:		
Gain on sales of shares of subsidiaries and associates	7,909	7,909
Extraordinary loss:		
Loss on liquidation of subsidiary	39	39
Net income before taxes		52,371
Income taxes current	14,315	
Income taxes deferred	440	14,755
Net income before non-controlling interest		37,616
Non-controlling interest in loss of consolidated subsidiaries		751
Net income attributable to owners of the parent		38,367

(3) Consolidated Statements of Changes in Net Assets

(From January 1, 2021 to December 31, 2021)

(Yen in millions)

	Shareholders' equity				
	Common stock	Additional paid in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	19,104	25,974	158,429	(7,785)	195,722
Movement for this period					
Issuance of new stocks	254	254			508
Dividends of surplus			(21,291)		(21,291)
Net income			38,367		38,367
Sales of treasury stock		(218)		2,129	1,910
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		762			762
Movement for this period excluding shareholders' equity					
Total movement	254	797	17,075	2,129	20,256
Balance at the end of current period	19,358	26,771	175,505	(5,656)	215,979

	Accumulated other comprehensive income				Stock acquisition right
	Unrealized gain on available for sales securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of current period	(146)	(7,412)	(852)	(8,411)	1,220
Movement for this period					
Issuance of new stocks					
Dividends of surplus					
Net income					
Sales of treasury stock					
Purchase of treasury stock					
Change in ownership interest of parent due to transactions with non-controlling interests					
Movement for this period excluding shareholders' equity	(152)	11,641	28	11,516	339
Total movement	(152)	11,641	28	11,516	339
Balance at the end of current period	(299)	4,229	(824)	3,105	1,560

	Minority interest	Total net assets
Balance at the beginning of current period	829	189,360
Movement for this period		
Issuance of new stocks		508
Dividends of surplus		(21,291)
Net income		38,367
Sales of treasury stock		1,910
Purchase of treasury stock		(0)
Change in ownership interest of parent due to transactions with non-controlling interests		762
Movement for this period excluding shareholders' equity	(39)	11,816
Total movement	(39)	32,073
Balance at the end of current period	789	221,434

Balance Sheet

(As of December 31, 2021)

(Yen in millions)

Account	Amount	Account	Amount
<Assets>		<Liabilities>	
Current assets	96,337	Current liabilities	60,663
Cash and bank deposits	43,236	Accounts payable, trade	544
Notes and Accounts receivable, trade	14,593	Accounts payable, other	13,531
Marketable securities	32,189	Accrued expenses	3
Product	365	Accrued income and other taxes	3,914
Raw material	466	Accrued consumption taxes	950
Supplies	150	Deposit	238
Prepaid expense	181	Allowance for bonuses	155
Account receivable others	4,862	Allowance for sales return	12
Others	291	Short-term deferred revenue	40,466
		Others	845
Non-current assets	79,142	Non-current liabilities	31,207
Property and equipment	701	Long-term deferred revenue	25,595
Buildings	1,163	Long-term account payable	2
Office furniture and equipment	1,645	Allowance for retirement benefits	5,521
Accumulated depreciation	(2,107)	Others	87
Intangibles	6,799	Total liabilities	91,870
Software	6,102	<Net assets>	
Software in progress	164	Shareholders' equity	82,213
Others	532	Common stock	19,358
Investments and other non-current assets	71,641	Capital surplus	24,905
Investment securities	21,120	Additional paid-in capital	22,080
Investments in subsidiaries and affiliates	24,734	Other Capital surplus	2,824
Deposit for landlord	455	Retained earnings	43,606
Deferred tax assets	25,331	Legal reserve	20
		Accumulated profit	43,585
		Retained earnings carried forward	43,585
		Treasury stock	(5,656)
		Valuation and translation adjustment	(123)
		Net unrealized gain (loss) on debt and equity securities	(123)
		Stock acquisition right	1,519
		Total net assets	83,609
Total assets	175,480	Total liabilities and net assets	175,480

Profit and Loss Statement

(From January 1, 2021 to December 31, 2021)

(Yen in millions)

Account	Amount	
Sales Revenue		
Sales	76,601	
Royalty	26	76,628
Cost of sales		20,023
Gross profit		56,605
Operating expenses		33,559
Operating income		23,046
Non-operating income		
Interest income	0	
Interest on marketable securities	212	
Gain on sales of marketable securities	52	
Dividends from subsidiaries and affiliates	213	
Others	26	505
Non-operating expense		
Foreign exchange loss	1,282	
Loss on disposal of fixed assets	28	
Others	19	1,330
Ordinary income		22,221
Extraordinary income		
Gain on sales of investments in affiliates	8,491	8,491
Net income before taxes		30,713
Income taxes current	7,900	
Income taxes deferred	1,427	9,328
Net income		21,384

Statements of Changes in Net Assets

(From January 1, 2021 to December 31, 2021)

(Yen in millions)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	
		Additional paid-in capital	Other capital surplus	Legal reserve	Accumulated profit
					Retained earnings carried forward
Balance at the beginning of current period	19,104	21,826	3,043	20	43,492
Movement for the period					
Issuance of new stocks	254	254			
Dividends of surplus					(21,291)
Net income					21,384
Sales of treasury stock			(218)		
Purchase of treasury stock					
Movement for the period excluding shareholders' equity					
Total movement	254	254	(218)	—	93
Balance at the end of current period	19,358	22,080	2,824	20	43,585

	Shareholders' equity		Valuation and translation adjustment	Stock acquisition right	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain(loss) on available-for-sales securities		
Balance at the beginning of current period	(7,785)	79,701	(165)	1,220	80,756
Movement for the period					
Issuance of new stocks		508			508
Dividends of surplus		(21,291)			(21,291)
Net income		21,384			21,384
Sales of treasury stock	2,129	1,910			1,910
Purchase of treasury stock	(0)	(0)			(0)
Movement for the period excluding shareholders' equity			41	298	340
Total movement	2,129	2,512	41	298	2,852
Balance at the end of current period	(5,656)	82,213	(123)	1,519	83,609

Certified copy of the auditor's report by the Accounting Auditor

Independent Auditor's Report

February 15, 2022

To the Board of Directors of Trend Micro Incorporated:

KPMG AZSA LLC

Tokyo Office, Japan

Takashi Kondo (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Tetsushi Umetani(Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated profit and loss statement, the consolidated statement of changes in net assets and the related notes of Trend Micro Incorporated (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at December 31, 2021 and for the year from January 1, 2021 to December 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation, and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Certified copy of the auditor's report by the Accounting Auditor

Independent Auditor's Report

February 15, 2022

To the Board of Directors of Trend Micro Incorporated:

KPMG AZSA LLC
Tokyo Office, Japan

Takashi Kondo (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tetsushi Umetani (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the profit and loss statement, the statement of changes in net assets and the related notes, and the supplementary schedules (“the financial statements and others”) of Trend Micro Incorporated (“the Company”) as at December 31, 2021 and for the year from January 1, 2021 to December 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation, and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Certified copy of the audit report by the Board of Corporate Auditors

AUDIT REPORT

In order to audit the business activities of the Directors undertaken during the 33rd fiscal year from January 1, 2021, to December 31, 2021, we, the Board of Corporate Auditors, prepared this Audit Report based on the Audit Report prepared by each Corporate Auditor and hereby report as follows:

1. Method of Audit by Corporate Auditors and the Board of Corporate Auditors and Details
 - (1) In addition to specifying the auditing guidelines and assigned business, etc. and receiving reports on the audit and its results from each Corporate Auditor, we have received reports from the Directors and the accounting auditor on their performance of duties and requested explanations when necessary.
 - (2) In accordance with the auditing guidelines and assigned business, etc. specified by the Board of Corporate Auditors, each Corporate Auditor has communicated with the Directors, the internal control division and other employees and made efforts to collect information and improve the auditing environment, then we have audited in the following way.
 - (i) Each Corporate Auditor has attended meetings of the Board of Directors and other important meetings and has been informed by the Directors and other employees in respect of the status of performance of their duties and requested explanations when necessary. We also have examined important documents in respect of the authorization of corporate actions, etc., and inspected the operations and the assets at the Head Office and other principal business offices. As to subsidiaries, in addition to communicating and exchange of information with the Directors in charge, we have received reports from subsidiaries on their businesses to examine its businesses and assets.
 - (ii) We received reports from the Directors and other employees, requested explanation from them whenever necessary, and expressed our opinions on the resolution of the Board of Directors concerning the establishment of a system to ensure that performance by the Directors of their duties described in Business Report complies with applicable laws and regulations and the Articles of Incorporation or other systems necessary to ensure validity of operations of *Kabushiki Kaisha* and group of enterprises consisting of said *Kabushiki Kaisha* and its Subsidiaries as provided for in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act and the status of the system (internal control system) established based on such resolution.
 - (iii) In addition to monitoring and verifying that the Accounting Auditor maintains its independence and conducts the audit properly, we have received reports from the Accounting Auditor on the performance of its duties and requested explanations when necessary. We also have received notice from the Accounting Auditor concerning that the “system to ensure that duties are properly performed” (matters stipulated in each item of Article 131 of the Corporate Accounting Ordinance) is established “Quality Management System” in accordance with the applicable laws and regulations that have been defined in order to properly carry out the Audit duties in Japan, and any standards announced by Business Accounting Council and requested explanations when necessary.

Based on the above method, we have examined the business report and its supplementary schedules, the unconsolidated financial statements (balance sheet, profit and loss statement, statements of changes in net assets and notes to the unconsolidated financial statements) and their supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated statements of changes in net assets and notes to the consolidated financial statements) for the fiscal year under audit.

2. Results of Audit

(1) Audit Result of the Business Report, etc.

(i) We found that the business report and its supplementary schedules fairly reflect the Company's business situation in conformity with and pursuant to the applicable laws and the Articles of Incorporation of the Company.

(ii) No misconduct concerning the performance of Directors' duties or material facts that are in breach of applicable laws and the Articles of Incorporation of the Company have been detected.

(iii) The content of the resolution of the Board of Directors concerning the internal control system is fair and proper. There is nothing noteworthy with respect to details of the Business Report and the performance by the Directors of their duties concerning the internal control system.

(2) Audit Result of the Unconsolidated Financial Statements and its Supplementary Schedules

We found that the method and result of the audit by KPMG AZSA LLC, which was appointed as the Company's Accounting Auditor, was executed in an appropriate manner.

(3) Audit Result of the Consolidated Financial Statements

We found that the method and result of the audit by KPMG AZSA LLC, which was appointed as the Company's Accounting Auditor, was executed in an appropriate manner.

February 16, 2022

Trend Micro Incorporated
Board of Corporate Auditors

Full-time Corporate Auditor
Masaru Senpo (Seal)

Corporate Auditor
Fumio Hasegawa (Seal)

Corporate Auditor
Yasuo Kameoka (Seal)

Corporate Auditor
Koji Fujita (Seal)

(Note: All four Corporate Auditors are Outside Auditors as defined under Article 2, item 16 and Article 335, paragraph 3 of the Companies Act.)

This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

**Disclosure through the Internet relating to
NOTICE OF CONVOCATION THE 33rd ORDINARY
GENERAL MEETING OF SHAREHOLDERS”**

“Systems and Policies of the Company”

“Notes to the Consolidated Financial Statements”

“Notes to Financial Statements”

(From January 1, 2021 to December 31, 2021)

TREND MICRO INCORPORATED

The items above are provided to our shareholders by posting our website (<https://www.go-tm.jp/invite>) in accordance with laws and regulations, and the Articles of Incorporation of Trend Micro Incorporated.

6. Systems and Policies of the Company

Basic Policies of the Systems to Ensure the Appropriateness of Operations of the Company's Directors and the Outline of said System's Operation Status

(1) System for the storage and control of information on the execution of our Directors' duties

- i) Any information on the execution of our Directors' duties shall be stored and controlled in proper, assured and highly retrievable conditions depending on storing medium in accordance with the Confidential Information Control Rules, the Detailed Regulations on Confidential Information Management and Operation, and other internal regulations. It shall be ensured that our Directors and Corporate Auditors access such information at any time. A storage period shall be the period set forth in the Document-Handling Rule.
- ii) The protection and storage of information under the information system shall be as set forth in the Information Security Policy (Global Policy).

(2) Our regulations and other system for the control of the risk of loss

- i) The Company shall be aware of the risks that come with our products and services, and with the Company's infrastructure arising in the course of the execution of our business. The Company shall, therefore, establish a system to properly grasp and control such risks by appointing a person in charge for the proper administration of each occurrence of the risks.
- ii) The Company shall establish a risk-management department and a compliance security committee with one of our Representative Directors as a chairperson to supervise the compliance and risk control system.
- iii) The Company shall establish a Global Chief Information Security Officer (hereinafter referred to as "CISO") to oversee the information security governance of the Company and all Group companies.
- iv) Any divulcation, theft, loss, corruption, interpolation and the like of information would cause the Company to suffer enormous damage and a loss of credibility. Therefore, the Company shall control such risks in accordance with the provisions of the Information Security Policy (Global Policy), the Confidential Information Control Regulations, the Risk Management Guideline, the Personal Information Protection Manual and the like.
- v) In the event an unforeseen contingency occurs, the Company shall establish a crisis team (or a SWAT team) with our Director in charge of the Japan Region as a risk manager to move quickly on the situation, and shall establish a system to prevent and minimize additional damage, including damage to our clients.

(3) System to ensure the efficient execution of our Directors' duties

- i) As a basis for a system to ensure the efficient execution of our Directors' duties, a meeting of the Board of Directors shall be held at least once every three months, and in a timely manner from time to time if necessary. Any important matters relating to the Company's management policies and strategies shall be determined making reference to the results of an Executive Meeting and a periodical Budget Review Process.
- ii) In order to execute the Company's operations based on the resolutions of our Board of Directors, each person in charge of respective operations, his or her responsibilities, and the details of execution procedures shall be named and set forth in an administrative authority rule, a rule on our executives and the like.

(4) System to ensure that the execution of the duties of the Directors and employees of the Company and the director and employees of our subsidiaries comply with relevant laws and regulations and the Articles of Incorporation

- i) As the basis of the compliance system of each of our group companies, a Code of Conduct, Regulations on Insider Trading and the like shall be established. In order to confirm the implementation of the Code of Conduct, an acknowledgement research shall be carried out to all the directors and employees of our group companies every year.

In addition to the above, if necessary, each department shall establish a guideline and the like, and give training for the said purpose.

- ii) The Company shall establish a compliance security committee with a Representative Director as a chairperson to maintain and improve the internal control system.
- iii) Each of our group companies shall appoint an internal control manager responsible for facilitating the internal control system, and from time to time, other persons for practical activities under the internal control manager.
- iv) Any Director of the Company or director of our group companies who has discovered a material illegal act or a compliance-related important fact in any of our group companies shall immediately advise any of the Corporate Auditors thereof, and shall also report it at a meeting of the Board of Directors without delay.
- v) In accordance with the Whistle-blowing Report Procedures, which regulate an internal notification and reporting system regarding any illegal acts and other compliance-related matters, the Human Resources Division and the Internal Audit Department shall take the initiative as responsible departments. The Internal Auditor shall summarize the fact(s) so reported by sorting out the existence or non-existence and details thereof to report the results to the CEO, CFO and Corporate Auditors every quarter. Provided, however, that he or she shall report every urgent matter to them every time when it occurs.
- vi) Any of our Corporate Auditors may offer an opinion and request the Company to establish remediation measures in cases where he or she considers that there is a problem with the compliance system and/or the operation of the Whistle-blowing Report Procedures of any of our group companies.

(5) System to ensure the proper operations of the corporate group consisting of the Company and its subsidiaries

- i) In order to ensure the proper operations of our group companies, the Company shall apply the Code of Conduct and the Whistle-blowing Report Procedures to all group companies including the Company, and shall require each of the group companies to grasp any risks related to the execution of the operations, and to establish and periodically confirm a system to control such risks depending on the scale and nature of the respective operations, in accordance with an affiliate companies administration rule.

In order to carry out the management control, the Company shall establish a rule on our executives, the affiliate companies administration rule, a Finance Control and Approval and Signature Authority to control the management of the subsidiaries through a system in which they shall request our decisions on certain matters or make reports to us, and through monitoring the management of the subsidiaries at every executive meeting, or in the course of a periodical Budget Review Process.

Any Director of the Company or director of our subsidiaries who has discovered any illegal act, compliance-related material matter, or other fact of concern in terms of our risk management, including information security, regarding our group companies, he or she shall immediately report it to our Corporate Auditors and Board of Directors.

- ii) In order to ensure reliability for the financial reports of the Company and our group companies, the internal control system shall be extended to cover the financial reports.
- iii) Any director of our subsidiaries who considers the management control and guidance of the Company to be illegal or have a problem in terms of compliance shall advise our Board of Directors and Corporate Auditors of that effect. Upon receiving such report, our Corporate Auditors may offer an opinion to the Board of Directors, and require the Board of Directors to establish remedial measures.
- iv) The Internal Auditor shall from time to time visit any of our subsidiaries to perform monitoring of all the angles of situations of the subsidiary's operations.
- v) Our Corporate Auditors shall visit any of our subsidiaries if necessary to investigate the business and financial conditions of the subsidiary.

- (6) **Matters regarding an employee(s) that any of our Corporate Auditors requires the Company to appoint to assist the Corporate Auditor's duties, and matters regarding the independence of such employee(s) from our Directors, and matters regarding the ensuring of the effectiveness of instructions to such employee(s)**
- i) In the event that any of our Corporate Auditors requires the Company to appoint an employee(s) (hereafter referred to as "Auditor's Staff") to assist his or her duties, the Company shall arrange proper personnel after consulting with the Corporate Auditor to determine the required number, qualification and the like.
 - ii) The Company shall determine the personnel change, evaluation and others of the Auditor's Staff assigned, respecting the Corporate Auditor's opinion, and shall secure independence from our Directors.
 - iii) If necessary, any of our Corporate Auditors may instruct any of our employees to do an audit of a specific matter after notifying his or her immediate manager. In this case, the employee who has received the instructions shall make a report on such business to the Corporate Auditor, regardless of the ordinary reporting line.
 - iv) The Directors and employees of the Company and the directors and employees of our subsidiaries shall cooperate in the effort to improve the audit environment in which the Auditor's Staff can conduct his or her business smoothly.
- (7) **System for the Directors and employees of the Company and the directors and employees of our subsidiaries, or for the persons who have received reports from them to give their reports to any of the Corporate Auditors, and a system to ensure that the persons who have given their reports are not unfavorably treated on grounds that they have given such reports.**
- i) Our Directors shall give a report of the following to our Corporate Auditors:
 - (a) Such matters as resolved at an Executive Meeting;
 - (b) Such matters as may cause substantial damage to the Company;
 - (c) Such important matters as may have an effect on our management;
 - (d) Such important matters as may have an effect on our internal control auditing, organization and practice and our risk management, including information security;
 - (e) Acts in material violation of laws and regulations or the Articles of Incorporation;
 - (f) Such matters as a change in, or the introduction of a type of, our accounting policies; and
 - (g) Other important matters from compliance.

In the event any employee of the Company and our subsidiaries finds any of the material facts referred to in sub-items (b), (d), (e) and (g) above, he or she may directly advise any of our Corporate Auditors of such fact.
 - ii) The Company shall secure a proper reporting system to timely advise any of our Corporate Auditors of illegal acts and other compliance matters by properly applying the Code of Conduct and the Whistle-blowing Report Procedures to the Company and all our group companies.
 - iii) The Company shall provide in the Whistle-blowing Report Procedures that the Company shall handle all reports so received carefully and shall make every effort to keep the identities of those who have given such reports confidential. In addition, the Company shall specify therein that they shall not be unfavorably treated.
- (8) **Such matters as the procedures for advance payment for, or reimbursement of the cost arising from the execution of our Corporate Auditors' duties, and such matters as the policies to cope with other cost and obligations arising from such execution of their duties**
- i) In cases where any of our Corporate Auditors considers necessary to execute his or her duties, he or she may seek the opinions of outside specialists such as lawyers, certified public accountants and the like. He or she may demand to the Company advance payment or reimbursement of the cost necessary for the execution of the Corporate Auditor's duties.

(9) Other systems to ensure our Corporate Auditors' effective audit

- i) Any of our Representative Directors shall provide opportunities to exchange opinions with our Corporate Auditors periodically for better communication, and also provide opportunities for our Corporate Auditors to hear opinions from our employees on their work if necessary to promote our Corporate Auditors' better understanding of the content of our business activities.
- ii) The Internal Audit Department that has charge of internal audit shall consult, engage in exchanges of views, share information, and maintain close contact with our Corporate Auditors
- iii) Our Directors shall ensure opportunities for our Corporate Auditors to attend not only a meeting of the Board of Directors, but also other important meetings such as the Compliance Security Committee, Executive Meetings and the like in order to grasp our important processes for making various decisions as well as the actual state of the execution of our operations.
- iv) Our Corporate Auditors may have access to approval documents (*Ringisho*) and other important documents regarding the execution of business, and may request explanations thereof from our Directors and employees if necessary. The Corporate Auditors may also make their own opinions thereon.
- v) The Company shall make an effort to invite lawyers, certified public accountants, patent attorneys and any other outside specialists in appointing an outside auditor(s).

While having developed systems mentioned above, the Company carries out the following based on the basic policies

- (a) The Company established the Code of Conduct as the basis of our Group's compliance system and implements annual Acknowledgement for all directors and employees of our group companies.
- (b) As a secretariat to organize compliance and risk management, the Risk Management Office holds Compliance Security Committee meetings on a quarterly basis. In addition, in order to maintain and enhance the awareness of compliance, the Company formulates an annual schedule of internal training for directors and employees, and carries it out accordingly.
- (c) Corporate Auditors, the internal auditing department, the internal control department and the Accounting Auditor periodically discuss and exchange opinions on matters relating to the operation status of the internal control system and auditing results of the whole Group including the Company and its subsidiaries. The Company endeavors to enhance the operation status of the internal control system through close cooperation among the involved parties.
- (d) In addition to attending important meetings such as the meeting of the Board of Directors and reviewing important documents including approval documents (*Ringisho*), etc., Corporate Auditors deepen their understanding concerning the Company's business in order to ensure the efficiency of auditing through quarterly review meetings with Representative Director, Internal Auditor and Corporate Auditors, periodical exchange of opinions among Representative Director and Corporate Auditors or reports from Directors and employees, and gathering of opinions from employees regarding the business for which they are in charge of.

(Note) The amounts stated in this Business Report are rounded downward to the nearest stated unit.

Notes to the Consolidated Financial Statements

(NOTES ON IMPORTANT POINTS IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS)

1. Matters Concerning the Scope of Consolidation

(1) Number of Consolidated Subsidiaries: Thirty nine (39)

(2) Names of Major Subsidiaries

Company Name	
Trend Micro Incorporated	(Taiwan)
Trend Micro Incorporated	(U.S.A.)
Trend Micro Australia Pty.Ltd.	(Australia)
Trend Micro (EMEA) Limited	(Ireland)

Trend Micro Belgium BV(Belgium) were newly established and have been included in the scope of consolidation.

Beijing New-Net Trend Micro Co., Ltd(China), which had been a consolidated subsidiary, was excluded from the scope of consolidation due to the liquidation.

Servicentro TMLA, S.A. de C.V. (Mexico), which had been a consolidated subsidiary, was excluded from the scope of consolidation due to the merger into Trend Micro Latinoamerica S.A.de C.V.(Mexico)

(3) Names of Unconsolidated Subsidiaries.

Secure Misr S.A.E. (Egypt)

Cysiv Security UK Ltd

Cysiv Security Private Limited (India)

The reason for scope out of consolidation

These three subsidiaries' total assets, net sales, net income and retained earnings are not material for the consolidated financial statements.

Cloud Conformity Inc. (Canada), which had been an unconsolidated subsidiary, was excluded due to the liquidation.

2. Matters Concerning Application of Equity Method

(1) Number of the Affiliate Companies to which the equity method has been applied: 1

(2) Names of the affiliate companies to which the equity method has been applied:

General Mobile Corporation (Cayman Islands)

(3) The affiliate company and unconsolidated subsidiaries to which the equity method has not been applied.

Secure Misr S.A.E. (Egypt)

Cysiv Security UK Ltd

Cysiv Security Private Limited (India)

The reason for scope out of equity method

These three subsidiaries' total net income and retained earnings are not material for the consolidated financial statements.

3. Matters Concerning the Accounting Standards

(1) Accounting for evaluation of material assets

(i) Securities

Available-for-sale with market value:

The securities are stated using the market value method based on the value at the end of the period (Valuated differences are recognized in equity directly. Cost of selling is determined by the moving average method.)

Available-for-sale without market value:

Cost basis by moving average method

(ii) Inventories:

Cost basis by moving average method

Unprofitable inventories are devaluated

(2) Depreciation or Amortization method for fixed assets

Property and equipment (excluding lease assets)

Mainly, depreciation is computed using the declining-balance method (except for the facilities attached to buildings and structure acquired on and after April 1, 2016, which is depreciated by straight-line method) in the parent company and is computed by the straight-line method in consolidated subsidiaries. Useful life of the main property and equipment is as follows:

Office furniture and equipment: mainly 2 – 20 years

Intangibles (excluding lease assets)

<Software for sale>

Straight-line method over the estimated useful life (12 months).

<Software for internal use>

Straight-line method over the estimated useful life (mainly 5 years).

<Other intangibles>

Straight-line method over the estimated useful life

Lease assets

Lease assets arising from non-ownership-transfer finance leases

The Company has applied the straight-line method, which assumes that useful life is equal to the lease period and that estimated residual value is zero.

(3) Accounting policies for allowances

Allowance for bad debt

In order to provide a reserve against future losses from default of notes and accounts receivable, bad debt provision is provided. The amount is determined using the percentage based on actual doubtful account loss against the total of debts. As for high-risk receivables, expected unrecoverable amount is considered individually.

Allowance for bonuses

Bonuses for employees are provided at an estimate of the amount.

Allowance for sales return

In order to provide a reserve against future losses from sales return subsequent to the fiscal year end, allowance for sales return is provided based on past experience of the sales return.

(4) Accounting methods for retirement benefit obligation

▸ Attribution method for retirement benefit estimates

In computing its retirement benefit obligation, the expected retirement benefits are attributed to the periods by standard pension benefit formula basis.

▸ Treatment for actuarial differences

Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees (1-23 years) expected to receive pension benefits as of the consolidated fiscal year-end.

(5) Policy for translation of major foreign currency assets and liabilities into Yen

Foreign currency denominated receivables and payables are translated into Japanese yen at period-end rates of exchange and the resulting foreign currency translation adjustments are taken into account in regards to profits and losses.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at period-end spot exchange rates and all income and expense accounts are translated at the average exchange rate. The resulting translation adjustments are included in foreign currency translation adjustment and minority interest.

(6) Revenue Recognition Policy

Sales recognition policy for PCS

Post Contract Customer Support Service (PCS) is a software product license agreement that includes end-user support, such as upgrading products and virus pattern files and providing customer service. The Company applies the following revenue recognition method for the share of PCS revenue.

PCS revenue is recognized separately from total revenue and is deferred as deferred revenues under current and non-current liabilities based on the contracted period. Deferred revenue is finally recognized as revenue evenly over the contracted period.

On the other hand, the consideration for the hardware/license is accounted for as revenue when the product is licensed.

(7) Consumption tax

Consumption tax is stated at the amount net of the related consumption tax.

(8) Amortization of Goodwill

Goodwill is amortized evenly over the appropriate period, not exceeding 20 years.

(9) All the amounts shown in yen in this document have been expressed in the unit of one million (1,000,000) yen, with any amount less than such unit being disregarded.

(ACCOUNTING STANDARD NOT YET APPLIED)

(“Accounting Standard for Revenue Recognition” etc.)

-“Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020 (hereinafter, “Statement No.29”))

-“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No.30, March 26, 2021 (hereinafter, “Guidance No.30”))

(1) Overview

The International Accounting Standards Board (IASB) and the U.S.Financial Accounting Standards Board(FASB) collaborated on a project to develop a single, comprehensive revenue recognition model and jointly issued new revenue recognition standards “Revenue from Contracts with Customers” (IFRS 15 published by IASB, Topic606 published by FASB) in May 2014. IFRS15 is effective for annual reporting periods beginning on or after 1 January 2018 and Topic606 is effective for annual reporting periods beginning after December 15, 2017.

Considering the above circumstances, the Accounting Standard Board of Japan (ASBJ) also developed a new revenue recognition standards and issued Statement No.29 together with Guidance No.30.

ASBJ’s basic policy in developing the new revenue recognition standards is to first incorporate the core principle of IFRS 15 in the light of improving the international comparability of financial statements and then add additional alternative treatments to the extent that international comparability would not be significantly impaired where any business practices operated in Japan need to be considered.

(2) Scheduled date of applying the new guidance

Effective from the beginning of the fiscal year ending December 31, 2022.

(3) The effects by the application of the new guidance, etc.

The Company and its consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(“Accounting Standard for Fair Value Measurement” etc.)

-“Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019)

-“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019)

(1) Overview

The International Accounting Standards Board (IASB) and the U.S.Financial Accounting Standards Board (FASB) collaborated on a project to develop Fair value measurement and jointly issued new “Accounting Standard for Fair Value Measurement new” (IFRS 13 published by IASB, Topic 820 published by FASB) in May 2011. IFRS13 is effective for annual reporting periods beginning on or after 1 January 2013 and Topic820 is effective for annual reporting periods beginning after December 15, 2011.

Considering the above circumstances, the Accounting Standard Board of Japan (ASBJ) also developed a new Fair value measurement standard and issued Statement No.30 together with Guidance No.31.

ASBJ's basic policy in developing the new Fair Value measurement standards is to first incorporate the core principle of IFRS 13 in the light of improving the international comparability of financial statements and then add additional alternative treatments to the extent that international comparability would not be significantly impaired where any business practices operated in Japan need to be considered.

(2) Scheduled date of applying the new guidance

Effective from the beginning of the fiscal year ending December 31, 2022.

(3) The effects by the application of the new guidance, etc.

The Company and its consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(ADDITIONAL INFORMATION)

(Matters concerning consolidated subsidiaries)

We invest in Trend Forward Capital I, L.P. (hereinafter TFI), which operates a venture capital business in the United States as a limited partnership. Business execution powers of TFI were held by Wael Mohamed who was our board until March 2020, while we are only limited partners and have no authority or intention to participate in the management of TFI.

However, we have contributed more than half of the total amount invested in TFI and have not been able to prove that Wael is not a close member in accordance with "the Practical Handling of the Application of Control and Influence Standards to Investment Partnerships" (Practical Handling Report No. 20). Therefore, we have included TFI in our consolidation scope in accordance with "the Practical Handling Report No.20" and" the Accounting Standards for Consolidated Financial Statements "(ASBJ Statement No. 22).

The ratio of voting rights to Cysiv Inc. (hereinafter Cysiv) is 38% for us and our subsidiaries (excluding TFI), but the ratio of voting rights including TFI exceeds 50%, so Cysiv is also included in the scope of consolidation.

As stated above, we and our subsidiaries (excluding TFI) do not own the majority of the voting rights of Cysiv, and Cysiv may make management decisions that are different from our intentions.

(CHANGE IN PRESENTATION METHOD)

Application of the "Accounting Standard for Disclosures about Accounting Estimates

The "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current consolidated fiscal year, and has been included in "Notes on accounting estimates"

(NOTES ON ACCOUNTING ESTIMATES)

1. Valuation of unlisted stocks

(1) Amounts recorded in the consolidated financial statements at the end of the current fiscal year.

Investment securities (unlisted stocks) 4,508 million yen

(2) Information on significant accounting estimates for identified items

In valuing investment securities, the Company makes judgments based on the issuer's financial condition and earnings prospects, or the existence of damage to excess earning capacity. Changes in circumstances related to individual investments due to changes in the market or unpredictable changes in economic and business assumptions may have a significant impact on the valuation of investment securities in the consolidated financial statements for the following fiscal year.

2. Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements at the end of the current fiscal year

Deferred tax assets 36,501 million yen

(2) Information on significant accounting estimates for identified items

In accounting for deferred tax assets, deferred tax assets are recognized for schedulable future deductible temporary differences. Estimates of deferred tax assets are based on the schedule for the reversal of future deductible temporary differences, etc., and the tax system and tax rates in effect at the date of the balance sheet, and any changes in the conditions and assumptions underlying these estimates may have a significant impact on the amount of deferred tax assets recognized in the consolidated financial statements for the next and subsequent fiscal years. If there is a change in the conditions or assumptions underlying these estimates, it may have a significant impact on the amount of deferred tax assets recognized in the consolidated financial statements for the next and subsequent fiscal years.

(NOTES TO THE CONSOLIDATED BALANCE SHEET)

1. Inventory

Finished Goods	3,078million yen
Materials	472million yen
Goods	150million yen

2. Accumulated depreciation of property and equipment: 25,829 million yen

(NOTES TO THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS)

1. The Type and Number of Equity Shares Outstanding as of the End of the Consolidated Fiscal Term:

Common stock 140,744,104 shares

The class and number of treasury stock

Class	As of Jan 1, 2021	Increase	Decrease	As of Dec 31, 2021
Common Stock	1,471,155 shares	35 shares	402,400 shares	1,068,790 shares

2. Matters Concerning Dividends Paid out of the Surplus during the Consolidated Fiscal Term

The resolution	The annual shareholders meeting held on 25 March, 2021
The type of equity shares	Ordinary shares
The total amount of dividends paid	21,291 million yen
The amount of dividend paid per share	153.00 yen
The record date	31 December, 2020
The effective date	26 March, 2021

3. The Dividend Whose Record Date falls in the Consolidated Fiscal Term and Whose Effective Date falls in the Next Consolidated Fiscal Term

The resolution	The annual shareholders meeting to be held on 29 March, 2022
The type of the equity shares	Ordinary shares
The source of dividend payment	Retained earnings
The total amount of dividends paid	27,236 million yen
The amount of dividend paid per share	195.00 yen
The record date	31 December, 2021
The effective date	30 March, 2022

4. The Type and the Number of Shares to be Issued or Transferred upon Exercise of Stock Acquisition Rights (Excluding Those of Which the Exercise Period Has not Commenced) as of the End of the Consolidated Fiscal Term

Ordinary shares 424,400 shares

Based on the employees' termination, the Company adjust the economic value of stock option for computation.

(NOTES TO FINANCIAL INSTRUMENTS)

1. Matters concerning financial instruments

(1) Policies for financial instruments

The Company primarily makes it a policy to use its own money to finance the working capital and equipment funds, in which any surplus funds are invested in financial instruments with higher degrees of safety.

(2) Details of financial instruments and associated risks

Notes and accounts receivable, trade, are exposed to the credit risks associated with extending credit to customers. Foreign currency denominated trade receivables and payables are exposed to foreign currency exchange fluctuation risks. Marketable securities and investment securities are debt securities issued by financial institutions with superior creditworthiness, exposed to market price fluctuation risks as well as foreign currency exchange fluctuation risks. Payables such as accounts payable, trade, accounts payable, other, accrued expenses and accrued income and other taxes are mostly due within one year.

(3) Risk management structure for financial instruments

(i) Credit risk management (risks associated with the default etc., of business counter-parties)

Regarding the trade receivables, the Company and each of its subsidiaries are regularly monitoring the financial position of major business counter-parties, such as clients, by checking the due date and balance for each business transaction, to ensure earliest possible identification and mitigation of the potential bad debt associated with the deterioration of their financial position.

(ii) Market risk management (including risks associated with foreign currency exchange and interest rate fluctuation)

To manage risks involving fluctuations in the market price of marketable securities and investment securities, the Company is regularly monitoring their market prices as well as the financial positions of their issuers (clients and other business connections).

(iii) Liquidity risk management on fund raising (risk of the Company being unable to repay within the due date)

To manage and mitigate liquidity risks, a cash management plan is prepared and updated by the Administration Division when appropriate, while reasonable liquidity on hand is maintained at all time.

(4) Supplementary explanation concerning fair values, etc. of financial instruments

Fair values of financial instruments comprise values based on market prices, and reasonably calculated values if there is no market price. Such calculated values involve certain variable factors and thus may vary depending on the different assumptions.

2. Matters concerning fair values of financial instruments

Consolidated balance sheet amounts, fair values and the differences therein as of December 31, 2021 (fiscal year end) are as follows. Investments in non-marketable securities are not included in this table.

(Yen in millions)

	Consolidated balance sheet amounts	Fair values	Differences
(1) Cash and bank deposits	197,729	197,729	—
(2) Notes and accounts receivable, trade	53,499	53,499	—
(3) Marketable securities and investment securities	80,651	80,651	—
Total assets	331,881	331,881	—
(1) Notes and accounts payable, trade	1,165	1,165	—
(2) Accounts payable, other	4,808	4,808	—
(3) Accrued expenses	11,197	11,197	—
(4) Accrued income and other taxes	4,492	4,492	—
Total liabilities	21,663	21,663	—

(Notes 1) Matters concerning the methods for calculating fair value of financial instruments and the transactions of marketable securities

Assets

(1) Cash and bank deposits, (2) Notes and accounts receivable, trade

These assets are recorded at book values as their fair values are approximately equal to book values due to their short-term maturities.

(3) Marketable securities and investment securities

Fair values of shares are based on the market prices quoted on stock exchanges, while the price of bonds are based on the market prices quoted on stock exchanges or obtained from the relevant financial institutions.

Liabilities

(1) Accounts payable and Notes payable, trade, (2) Accounts payable, other, (3) Accrued expenses, (4) Accrued income and other taxes

These liabilities are recorded at book values as their fair values are approximately equal to book values due to their short-term maturities.

(Notes 2) Non-listed stocks (4,915 million yen recorded on consolidated balance sheet) are not included in “(3) Marketable securities and investment securities” since the identification of its market values is deemed to be extremely difficult.

(NOTES ON PER SHARE INFORMATION)

- | | |
|---|--------------|
| 1. The net assets per share: | 1,568.52 yen |
| 2. The net income for the term per share: | 275.20 yen |

(NOTES ON MATERIAL SUBSEQUENT EVENTS)

N/A

(OTHER NOTES)

N/A

Notes to Financial Statements

(NOTES ON IMPORTANT POINTS IN THE PREPARATION OF THE FINANCIAL STATEMENTS)

1. Accounting for evaluation of assets

(1) Securities

(i) Investments in subsidiaries and affiliates ----- Cost basis by moving average method

(ii) Other securities

Available-for-sale with market value:

The securities are stated using the market value method based on the value at the end of the period. (Valuated differences are recognized in equity directly. Cost of selling is determined by the moving average method.)

Available-for-sale without a market value:

Cost basis by moving average method

(2) Inventories

Finished goods, Raw materials, Supplies ----- Cost basis by moving average method

Unprofitable inventories are devaluated

2. Depreciation and amortization method for fixed assets

Property and equipment (excluding leased assets) ----- Declining-balance method

(except for the facilities attached to buildings and structure acquired on and after April 1, 2016, which is depreciated by straight-line method)

Useful lives of the main property and equipment are as follows:

Buildings:	3 – 24 years
Office furniture and equipment:	3 – 20 years

Intangible fixed assets (excluding leased assets)

<Software for sale>

Straight-line method over the estimated useful lives (12 months).

<Software for internal use>

Straight-line method over the estimated useful lives (mainly 5 years).

<Other intangibles >

Straight-line method over the estimated useful lives

Leased assets

Finance lease without transfer of ownership of the leased assets

Straight-line method in which the useful life is assumed to be the lease period and the residual value is zero.

3. Accounting policies for allowances

Allowance for bonus	Bonuses for employees are provided at an estimate of the amount.
Allowance for sales returns	In order to reserve future losses from sales return subsequent to the fiscal year end, allowance for sales return is provided based on the past experience in the sales return.
Allowance for retirement benefits	<p>In order to provide for the employees retirement benefits, the Company accrues liability for severance payments and pensions at the amount calculated based on the projected benefit obligations and plan assets as of the fiscal year end.</p> <p>The accounting method of recognizing allowance for retirement benefits and its cost is as follows.</p> <p>(1) Attribution method for retirement benefit estimates</p> <p>In calculating the retirement benefits, the expected retirement benefits are attributed to the periods by standard pension benefit formula basis.</p> <p>(2) Accounting method of actuarial differences</p> <p>Actuarial differences are amortized on a straight-line basis in a following fiscal year within the average remaining service period, which is one year, for the employees at the time of recognition.</p> <p>Accounting method of unrecognized actuarial differences on employee retirement benefits is different from that of the consolidated financial statements.</p>

4. Revenue Recognition Policy

Sales recognition policy for PCS

Post Contract Customer Support Service (PCS) is a software product license agreement that includes end-user support, such as upgrading products and virus pattern files and providing customer service. The company applies the following revenue recognition method for the share of PCS revenue.

PCS revenue is recognized separately from total revenue and is deferred as deferred revenues under current and non-current liabilities based on the contracted period. Deferred revenue is finally recognized as revenue evenly over the contracted period.

On the other hand, the consideration for the hardware/license is accounted for as revenue when the product is licensed.

5. Consumption tax

Transactions subject to consumption tax is stated at the net amount of the related consumption tax.

6. Amortization of Goodwill

Goodwill is amortized evenly over the appropriate period in less than 20 years.

7. All the amounts shown in yen in this document have been expressed in the unit of one million (1,000,000) yen with any amount less than such unit being disregarded.

(CHANGE IN PRESENTATION METHOD)

Application of "Accounting Standard for Disclosures about Accounting Estimates

The "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the current fiscal year, and has been included in "Notes on accounting estimates".

(NOTES ON ACCOUNTING ESTIMATES)

Recoverability of deferred tax assets

(1) Amounts recorded in the financial statements for the current fiscal year

Deferred tax assets 25,331 million yen

(2) Information on significant accounting estimates for identified items

This information is omitted because it is stated in the notes to the consolidated financial statements.

(NOTES TO THE BALANCE SHEET)

The Monetary Claims Against and Obligations Owed to Subsidiaries and Affiliates:

	(Yen in millions)
Short-term monetary assets	4,648
Short-term monetary liabilities	9,386

(NOTES TO THE PROFIT AND LOSS)

The Amounts of Transactions with Subsidiaries and Affiliates

The Amounts of Operational Transactions

	(Yen in millions)
Sales	27
Outside service fee	20,907
Cost sharing charges	11,791
Purchases	1,382

The Amounts of Non- Operational Transactions

Dividends from subsidiaries and affiliates	213
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(NOTES TO THE STATEMENTS OF CHANGES IN NET ASSETS)

The Number of Treasury Stock as of the End of the Fiscal Term

Common Stock	1,068,790 shares
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(NOTES TO THE TAX EFFECT ACCOUNTING)

1. Major items causing deferred tax assets:

Deferred tax assets

	(Yen in millions)
Nondeductible deferred revenue	20,228
Nondeductible amortization of intangibles fixed assets	2,002
Nondeductible accrued enterprise tax	220
Nondeductible accrued liability	578
Nondeductible allowance for retirement benefits	1,690
Unrealized gain(loss) on available for sale securities	54
Others	698
<hr/>	
Deferred tax assets sub total	25,473
Valuation allowance	(142)
<hr/>	
Total deferred tax assets	25,331
<hr/>	
Net amount of deferred tax asset	25,331

2. Significant component of difference between statutory tax rate and effective tax rate after adjustment for tax effect accounting

Statutory tax rate	30.6%
(Adjustments)	
Nondeductible expense such as entertainment expense	0.3%
Nontaxable income such as dividends income	(0.2)%
Tax credit	(0.5)%
Others	0.2%
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Effective tax rate after adjustment for tax effect accounting	30.4%

(NOTES ON RELATED PARTY TRANSACTIONS)

Subsidiaries and Affiliated companies

Company name	Ownership ratio of voting rights	Detail of the relationship	Detail of transactions	Item and Trading amount (Yen in millions)	Account name	Balance at end of period (Yen in millions)
Trend Micro Incorporated (U.S.A.)	100% (Indirect)	Cost sharing agreement	Payments of Cost sharing charges (*1)	6,391	Accounts payable, other	463
Trend Micro (Ireland) Limited	100% (Indirect)	Cost sharing agreement	Receipts of Cost sharing charges (*1)	10,538	Accounts receivable, other	2,592
Trend Micro Australia Pty.Ltd.	100% (Indirect)	Cost sharing agreement	Receipts of Cost sharing charges (*1)	7,645	Accounts receivable, other	1,957
Trend Micro Incorporated (Taiwan)	100% (Direct)	Outsourcing agreements of research and technology development and other support services	Payments of Outsourcing charges (*1)	11,886	Accounts payable, other	1,965
		Outsourcing agreements of administration services	Payments of Outsourcing charges (*1)	12,447	Accounts payable, other	4,480

(*1) The trading amounts on Cost sharing and outsourcing service agreements are reasonably determined in consideration of the fair transaction prices.

(NOTES ON PER SHARE INFORMATION)

- The net assets per share: 587.72 yen
- The net income for the term per share: 153.39 yen

(NOTES ON MATERIAL SUBSEQUENT EVENTS)

N/A

(OTHER NOTES)

N/A