

May 12, 2022

Report of Earning Results (Consolidated)
for the First Quarter of the Fiscal Year
Ending December 31, 2022

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Expected date of the submission of quarterly security reports (“Shihanki Hokokusho”)
: May 13, 2022

1. Financial Highlights for the Three Months Ended March 31, 2022

(1) Consolidated Results of Operations

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three Months Ended March 31, 2022	50,427	13.1	11,115	(9.1)	11,265	(7.1)	8,531	(3.1)
Three Months Ended March 31, 2021	44,594	5.9	12,226	20.8	12,126	0.8	8,804	(0.6)

(Note) Comprehensive Income: 18,194million yen 14.1 % as of March 31, 2022
(15,948million yen 209.0% as of March 31, 2021)

	Net Income per share (basic)	Net Income per share (diluted)
	Yen	Yen
Three Months Ended March 31, 2022	61.11	61.10
Three Months Ended March 31, 2021	63.24	63.17

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
March 31, 2022	418,044	202,356	47.9
December 31, 2021	420,457	221,434	52.1

(Note) Net Assets after deduction of Share acquisition rights and Non-controlling interest
: 200,202million yen as of March 31, 2022 (219,084million yen as of December 31, 2021)

2. Dividend of Surplus

As of	Cash dividends per share				
	The first quarter end	The second quarter end	The third quarter end	Annual end	Total
December 31, 2021	Yen —	Yen 0.0	Yen —	Yen 195.0	Yen 195.0
December 31, 2022	—				
Projection for FY 2022		0.0	—	—	—

(Note) Revision of the projection of dividend for the first quarter of FY 2022 : No

(Note) The dividend projection for FY2022 annual end has not been determined yet.

3. Forecasts of consolidated financial results for FY 2022

(January 1, 2022 through December 31, 2022)

(Note) For the forecast of FY 2022, please refer to next page.

4. Others

- (1) Change in the basis of consolidation and application of equity method : No
- (2) Application of simplified or specified accounting procedures : Yes
- (3) Changes in accounting principles, accounting estimates and restatement
- ① Changes under the revision of Accounting Standards : Yes
 - ② Changes in Accounting Principles other than ① : No
 - ③ Changes in Accounting Estimates : No
 - ④ Restatements : No

(4) Number of shares issued (common shares)

① Number of shares issued (including treasury stocks):

140,751,604 shares as of March 31, 2022

140,744,104 shares as of December 31, 2021

② Number of treasury stocks :

1,060,590 shares as of March 31, 2022

1,068,790 shares as of December 31, 2021

③ Average number of shares outstanding :

139,616,814 shares three months ended March, 2022

139,223,837 shares three months ended March, 2021

* Statement relating to the status of the quarterly review procedures

This quarterly report is not subject to the quarterly review procedures, which are based on the Financial Instruments and Exchange Law. The review procedures for quarterly consolidated accounts have not finished at the point of the announcement of the quarterly financial results.

* Explanation for the proper use of projection and other notes

Any forward-looking statement in this report including forecast results, are based on certain assumptions that were deemed rational as well as information currently available to the Company. However, various factors could cause actual results to differ materially. Please refer to (3) Qualitative Information on the Consolidated Earnings Forecast on page 3 of the attachment for conditions serving as assumptions for forecast results.

Forecasts of consolidated financial results for FY 2022

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022 (January 1, 2022 through December 31, 2022)	208,900	9.7	42,000	(3.8)	42,100	(5.4)	30,300	(21.0)	216.93

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1 Qualitative Information and Financial Statements

(1) Qualitative Information on the Consolidated Business Results

(Unit: million yen)

	Net Sales		
	The First Quarter of FY2022	The First Quarter of FY2021	Rate of Change
Japan Reg.	20,258	18,731	8.1%
Americas Reg.	11,358	9,616	18.1%
Europe Reg.	8,841	8,034	10.0%
Asia and Pacific Reg.	9,970	8,212	21.4%
Total	50,427	44,594	13.1%

During this term of fiscal year 2022, from January 1 to March 31, despite the world economy shows movements of picking up undergoing through recovery gradually from a severe situation due to COVID-19 pandemic, there are unpredictable situations by the possibility of fresh outbreaks as the COVID-19 variant spreads in some regions, the progress of global inflation, and the Russian-Ukrainian crisis, etc. The worldwide economic outlook has been concerned.

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 addition, the global epidemic of Covid-19 infection was used by phishing scams, the malware files which abuse remote meeting system have infested. Especially in ransomware, threat in targeted attacks which implemented the 'double extortion' technique by reveal stolen and sensitive information stood out. In Japan, there was a stoppage incident attracted people's attention by ransomware attacking supply chain vulnerabilities of the large enterprise for its stoppage all factory operations. 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, consumer business has led this region sales with going well continuously under the sustained good sales in mobile channel shop, etc. In Enterprise business, despite endpoint security performed not well, service business strong. As a result, net sales for this period in Japan region amounted to 20,258 million yen (8.1% increase from the same period in the previous year) increase to.

For Americas region, which integrates the former North American region and Latin American region, SaaS related business has been still kept well and also cloud security besides on demands for Trend Micro Vision One ("Vision One" which is a security operation at the center of the Trend Micro cybersecurity platform) performed well in enterprise business sales. In addition, there was a weak yen impact, net sales in this region were 11,358 million yen (18.1% increases from the same period in previous year) increase in double-digit growth rate.

In Europe region sales, cloud security was growing with Vision One, and additionally support business showed growth in enterprise business. As a results, net sales in this region were 8,841 million yen (10.0% increase from the same period in the previous year) in double-digit growth rate.

In the Asia Pacific region, the entire enterprise business sales performed well with mainly network security based on Vision One

demands. showed growth as well as the consumer business. Middle East, Australia and Taiwan area led this region sales. As a result, net sales for this period in Asia Pacific region amounted to 9,970 million yen (21.4% increase from the same period in the previous year) with also the depreciation of yen impact 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 2022, from January 1 to March 31,) marked 50,427 million yen (13.1% increase from the same period in previous year.)

For the costs, it was caused by significant increase in people costs with huge impact of weak yen, increase in outsource fee due to good sales of consumer business at mobile channel shop, and others. Thus, cost of sales and operating expenses for this period totaled 39,312 million yen (21.5% increase from the same period in previous year) substantially increase. As the results, consolidated operating income for this period was 11,115 million yen (9.1% decrease from the same period in previous year.) decrease to.

And the consolidated ordinary income for this period was 11,265 million yen (7.1% decrease from the same period in previous year.)

The net income attributable to owners of the parent for this period was 8,531 million yen (3.1% decrease from the same period in previous year.)

Operating income based on Pre-GAAP (revenue before adjusting deferred revenue, etc.) serves as the important management indicators for our company. It for this period was 10,667 million yen, a decrease of 1,182 million yen (10.0% decrease from the same period in previous year.) This decrease was due to cost of sales and operating expenses growth, including both people cost with a strong up-front investment aspect and outsource fee to consignee for good sales at mobile channel shop in consumer business, etc., in excess of Pre-GAAP sales which was in double-digit growth rate.

We changes in accounting policies according to the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. (hereinafter referred to as the "Accounting Standard for Revenue Recognition") etc., which was applied from the beginning of the first quarter of the current fiscal year. As a result, compared with the previous method, net sales and selling, general and administrative expenses increased 138 million yen and 414 million yen, respectively, and operating income, ordinary income, and income before income taxes and minority interests decreased 275 million yen, respectively, in the first quarter of the current fiscal year.

(2) Consolidated Financial Positions

Cash and bank deposits at the end of this period amounted to 204,262 million yen, an increase of 6,532 million yen from FY2021 annual closing. Despite an increase in cash and bank deposits and investments in subsidiaries and affiliates, due to a decrease in Notes and accounts receivable - trade, and contract assets, and marketable securities, total assets at the end of this period were 418,044 million yen, 2,412 million yen decrease from FY2021 annual closing.

Total liabilities at the end of this period were 215,688 million yen, 16,665 million yen increase from FY2021 annual closing mainly due to a substantial increase in deferred revenue, etc.

Total net assets at the end of this period were 202,356 million yen, 19,077 million yen decrease from FY2021 annual closing due to the dividends paid, etc. despite a substantial increase in foreign currency translation adjustment.

As a result, due to the "Accounting Standard for Revenue Recognition" etc., which was applied from the beginning of the first quarter of the current fiscal year, the cumulative effect amount reflected in net assets at the beginning of the first quarter of the current fiscal year decreased the beginning balance of retained earnings by 10,427 million yen.

(3) Consolidated Earnings Forecast

As of now, we do not revise our consolidated results forecast for the full fiscal year ending December 31, 2022 (released on February 17, 2022).

Business forecast for the Annual of FY2022 (January 1, 2022 – December 31, 2022)

Consolidated net sales	208,900 million yen
Consolidated operating income	42,000 million yen
Consolidated ordinary income	42,100 million yen

Net income attributable to owners of the parent 30,300 million yen

In development of the business forecasts the main assumed exchange rates for the Annual of FY2022 (January 1, 2022 – December 31, 2022) as follows.

1 US \$	110 yen
1 Euro	130 yen

2. Others

(1) Movement of Significant Subsidiaries

N/A

(2) Application of Simplified or Special Accounting Procedures

(Calculation of income tax expenses)

Multiply net income before tax for this period (3 months) by effective tax rate, which is rationally calculated based on projected annual profit and its taxes taking into consideration of deferred tax accounting. In addition, deferred tax expense is included in income taxes.

However, if the calculation of tax expenses using the effective tax rate results in a markedly unreasonable outcome, tax expenses are calculated by using the statutory effective tax rate after adding and subtracting important differences that do not fall under temporary differences to and from profit before income taxes.

3. 【CONSOLIDATED FINANCIAL STATEMENTS】

(1) 【Consolidated Balance Sheets】

(Million yen)

Account	December 31, 2021	March 31, 2022
(Assets)		
Current assets		
Cash and bank deposits	197,729	204,262
Notes and Accounts receivable, trade	53,499	—
Notes and Accounts receivable, trade and contract assets	—	45,380
Marketable securities	59,072	53,557
Inventories	3,701	3,874
Others	8,038	9,481
Allowance for bad debt	(292)	(297)
Total current assets	321,749	316,260
Non-current assets		
Property and equipment		
(1) Buildings and structures, net	4,732	4,737
(2) Office furniture & equipment	3,187	3,107
(3) Others	12	18
Total property and equipment	7,932	7,863
Intangibles		
(1) Software	11,254	12,304
(2) Goodwill	2,817	2,364
(3) Others	11,361	11,391
Total intangibles	25,433	26,060
Investments and other non-current assets		
(1) Investment securities	26,087	25,689
(2) Investments in subsidiaries and affiliates	406	389
(3) Deferred tax assets	36,501	39,540
(4) Others	2,345	2,240
Total investments and other non-current assets	65,341	67,860
Total non-current assets	98,708	101,784
Total assets	420,457	418,044

(Million yen)

Account	December 31, 2021	March 31, 2022
(Liabilities)		
Current liabilities		
Accounts payable and Notes payable, trade	1,165	885
Accounts payable, other	4,808	4,776
Accrued expenses	11,197	10,602
Accrued income and other taxes	5,001	3,238
Allowance for bonuses	3,624	1,630
Allowance for sales returns	318	—
Deferred revenue	100,032	—
Deferred revenue(Current amd Non-current)	—	175,312
Others	7,477	7,236
Total current liabilities	133,624	203,682
Non-current liabilities		
Deferred revenue	54,065	—
Net defined benefit liability	7,913	8,115
Others	3,418	3,890
Total non-current liabilities	65,398	12,006
Total liabilities	199,023	215,688
(Net assets)		
Shareholders' equity		
Common stock	19,358	19,386
Capital surplus	26,771	27,239
Retained earnings	175,505	146,372
Treasury stock, at cost	(5,656)	(5,704)
Total shareholders' equity	215,979	187,294
Accumulated other comprehensive income		
Net unrealized gain (loss) on debt and equity securities	(299)	(409)
Foreign currency translation adjustments	4,229	14,119
Remeasurements of defined benefit plans	(824)	(801)
Total accumulated other comprehensive income	3,105	12,908
Stock acquisition rights	1,560	1,504
Non-controlling interests	789	649
Total net assets	221,434	202,356
Total liabilities and net assets	420,457	418,044

(2) 【Consolidated Statements of Income and Consolidated Statements of Comprehensive Income】

Consolidated Statements of Income

(Million yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	44,594	50,427
Cost of sales	9,875	12,367
Gross profit	34,719	38,060
Operating expenses	22,492	26,945
Operating income	12,226	11,115
Non-operating income		
Outsourcing service income	29	45
Interest income	113	82
Foreign exchange gain	—	67
Other income	17	17
Total non-operating income	160	213
Non-operating expenses		
Litigation settlement	26	—
Interest expenses	—	19
Foreign exchange loss	184	—
Equity in losses of affiliated companies	17	14
Loss on sales of marketable securities	—	19
Loss on disposal of fixed assets	21	1
Other expenses	11	7
Total non-operating expenses	260	63
Ordinary income	12,126	11,265
Extraordinary loss		
Loss on liquidation of subsidiary	39	—
Total extraordinary loss	39	—
Net income before taxes	12,087	11,265
Income taxes	3,484	2,898
Net income	8,602	8,367
Net income(loss) attributable to non-controlling interests	(201)	(164)
Net income attributable to owners of the parent	8,804	8,531

Consolidated Statements of Comprehensive Income

(Million yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net income	8,602	8,367
Other comprehensive income		
Valuation difference on available-for-sale securities	69	(110)
Foreign currency translation adjustment	7,313	9,917
Remeasurement of defined benefit plans	(23)	23
Share of other comprehensive income of associates accounted for using equity method	(13)	(3)
Total other comprehensive income	7,345	9,826
Comprehensive income	15,948	18,194
Comprehensive income attributable to owners of the parent	16,098	18,335
Comprehensive income attributable to non-controlling interests	(150)	(141)

(3) 【Consolidated Statements of Cash Flows】

(Million yen)

Account	Three months ended March 31, 2021	Three months ended March 31, 2022
Cash flows from operating activities:		
Net income before taxes	12,087	11,265
Depreciation and amortization	4,123	5,625
Stock compensations	160	226
Amortization of goodwill	944	315
Increase (decrease) in allowance for bad debts	(0)	(13)
Increase (decrease) in allowance for sales returns	(103)	—
Increase (decrease) in net defined benefit liability	137	124
Interest income	(113)	(82)
Interest expenses	—	19
Equity in (earnings)/loss of affiliated companies	17	14
(Gain) loss on disposal of Fixed assets	21	1
(Gain) loss on liquidation of subsidiaries and associates	39	—
(Gain) loss on sale of marketable securities	—	19
(Increase) decrease in notes and accounts receivable	8,768	—
(Increase) decrease in notes and accounts receivable and contract assets	—	10,040
(Increase) decrease in inventories	(247)	5
Increase (decrease) in notes and accounts payable	56	(347)
Increase (decrease) in accounts payable, other & accrued expenses	436	(907)
Increase (decrease) in deferred revenue	823	1,996
Increase (decrease) in virtual share bonus plan	(1,542)	(1,271)
Litigation settlement	26	—
Others	(3,178)	(2,977)
Subtotal	22,458	24,056
Proceeds from interest and dividend received	117	95
Payment for interest expenses	—	(19)
Payment for income tax	(5,404)	(4,885)
Payment for Litigation settlement	(26)	—
Net cash provided by operating activities	17,144	19,246
Cash flows from investing activities:		
(Payments for)/Proceeds from time deposits	1,184	(2,018)
Payments for purchases of marketable securities and securities investments	(7,290)	(3,242)
Proceeds from sale or redemptions of marketable securities and securities investments	4,036	10,905
Payments for purchases of property and equipment	(332)	(269)
Payments for purchases of other intangibles	(4,077)	(5,106)
Net cash provided by investing activities	(6,479)	268
Cash flows from financing activities:		
Proceeds from issuance of common shares	268	48
Payment for purchase of treasury stock	(0)	(1,035)
Receipt from disposal of treasury stock	425	1,151
Dividends paid	(20,601)	(26,381)
Repayments to non-controlling shareholders	(25)	—
Proceeds from paid-up by non-controlling shareholders	2	0
Net cash used in financing activities	(19,929)	(26,216)
Effect of exchange rate changes on cash and cash equivalents	6,704	12,594
Net increase (decrease) in cash and cash equivalents	(2,559)	5,892
Cash and cash equivalents at beginning of period	174,162	225,681
Cash and cash equivalents at end of period	171,603	231,574

(4) Footnotes on Consolidated Financial Statements

(Footnote on Going Concern)

N/A

(Notes on Significant Changes in Stockholders' Equity)

N/A

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. (hereinafter referred to as the "Accounting Standard for Revenue Recognition") etc., was applied from the beginning of the first quarter of the current fiscal year, and revenue is recognized at the time control of the promised goods or services is transferred to the customer in the amount expected to be received in exchange for such goods or services.

As a result, the Company changed its method of recognizing revenue for certain transactions from recognizing revenue at the time of shipment to recognizing revenue over a period of time for performance obligations satisfied over time.

The Company followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the first quarter of the current fiscal year is included in retained earnings at the beginning of the first quarter of the current fiscal year. The cumulative effect of retrospectively applying the new accounting policies prior to the beginning of the first quarter of the current fiscal year was added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year, and the new accounting policies were applied to the beginning balance of the current fiscal year.

As a result, the cumulative effect amount reflected in net assets at the beginning of the first quarter of the current fiscal year decreased the beginning balance of retained earnings by 10,427 million yen.

Compared with the previous method, net sales and selling, general and administrative expenses increased 138 million yen and 414 million yen, respectively, and operating income, ordinary income, and income before income taxes and minority interests decreased 275 million yen, respectively, in the first quarter of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, "Notes and Accounts receivable, trade," which was included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes and Accounts receivable, trade and contract assets" in the first quarter of the current fiscal year. "Deferred revenue" which was included in "Current liabilities" and "Non-current liabilities" in the consolidated balance sheets for the previous fiscal year, are included in "Deferred revenue(Current and Non-current)" in the first quarter of the current fiscal year. In addition, "(Increase) decrease in notes and accounts receivable" presented in "Net cash provided by operating activities" in the quarterly consolidated statements of cash flows for the first quarter of the previous fiscal year is included in "(Increase) decrease in notes and accounts receivable and contract assets" from the first quarter of the current fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous consolidated fiscal year using the new presentation. In addition, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), the Company has not presented information that disaggregates revenue from contracts with customers.

(Application of Accounting Standard for Fair Value Measurement, Etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year. Furthermore, in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will prospectively apply the new accounting policy provided in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations. There is no impact on the quarterly 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.

(Segment Information)

Information on sales, profit/loss by reporting segments

For the previous fiscal year (from January 1, 2021 to March 31, 2021)

1. Information on net sales and profits by reporting segment

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Adj (*)3	Amt in Con P&L (*)4
Sales							
(1) Net sales to external customers	18,731	9,616	8,034	8,212	44,594	—	44,594
(2) Intercompany sales	5	1,546	717	7,917	10,186	(10,186)	—
Total	18,736	11,162	8,752	16,129	54,781	(10,186)	44,594
Segment income	5,906	1,912	1,955	2,736	12,512	(285)	12,226

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

Americas U.S.A., Canada, Brazil, Mexico

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia, Thailand, India, UAE, Egypt

3 Consolidation Adjustment in segment income (285) million yen comes from the elimination between segments transaction.

4 Total amount of segment income is adjusted to operating income in consolidated statement of income.

For the current fiscal year (from January 1, 2022 to March 31, 2022)

1. Information on net sales and profits by reporting segment

(Million Yen)

	Japan	Americas	Europe	Asia Pacific	Total	Adj (*) ³	Amt in Con P&L (*) ⁴
Sales							
(1) Net sales to external customers	20,258	11,358	8,841	9,970	50,427	—	50,427
(2) Intercompany sales	7	1,989	645	11,287	13,930	(13,930)	—
Total	20,265	13,347	9,487	21,257	64,357	(13,930)	50,427
Segment income	4,697	1,857	1,552	3,015	11,123	(8)	11,115

(Note)

1 The classification of the geographical segment is based on geographic proximity.

2 Major countries other than Japan:

Americas U.S.A., Canada, Brazil, Mexico

Europe Ireland, Germany, Italy, France, UK

Asia Pacific Taiwan, Korea, Australia, China, The Philippines, Singapore, Malaysia, Thailand, India, UAE, Egypt

3 Consolidation Adjustment in segment income (8) million yen comes from the elimination between segments transaction.

4 Total amount of segment income is adjusted to operating income in consolidated statement of income.

2. Matters Regarding Changes in Reportable Segments

(Changes in Reportable Segments)

The Group's reportable segments were previously "Japan," "North America," "Europe," "Asia Pacific," and "Latin," but from the beginning of the first quarter of the current fiscal year, these have been changed to "Japan," "Europe," "Asia Pacific," and "Americas,"

(Application of Accounting Standard for Revenue Recognition, Etc.)

As described in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition and other accounting standards from the beginning of the first quarter of the current fiscal year, and has changed its accounting method for revenue recognition, and has therefore changed its method for calculating profit or loss by business segment in the same manner.

As a result, compared with the previous method, sales and segment income of "Japan" increased 760 million yen and 345 million yen, respectively, sales and segment income of "Americas" increased 74 million yen, sales and segment income of "Europe" increased 136 million yen and sales and segment income of "Asia Pacific" decreased 831 million yen in the first quarter of this consolidated fiscal year. .