UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **July 1, 2022**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: **001-14845**

TRIMBLE INC.
(Exact name of registrant as specified in its charter)

Delaware	**94-2802192**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

935 Stewart Drive, Sunnyvale, CA 94085
(Address of principal executive offices) (Zip Code)

(408) 481-8000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	**TRMB**	**NASDAQ Global Select Market**

As of August 2, 2022, there were 247,657,418 shares of Common Stock, par value $0.001 per share, outstanding.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to the "safe harbor" created by those sections. These statements include, among other things:

- impact of supply chain shortages and disruptions, as well as general inflationary pressures, on our costs and operations;
- potential impact of volatility and conflict in the political and economic environment, including the Russian invasion of Ukraine and its direct and indirect impact on our business;
- impact of the COVID-19 pandemic, including upon global or local macroeconomic conditions, our supply chain, our results of operations, and estimates or judgments;
- the portion of our revenue expected to come from sales to customers located in countries outside of the U.S.;
- a continued shift in revenue towards a more significant mix of software and recurring revenue, including subscription, maintenance and support, and service revenue;
- our belief that increases in recurring revenue, including from our software and subscription solutions, will provide us with enhanced business visibility over time;
- our belief that our cash and cash equivalents, together with borrowings under the commitments for our credit facilities and senior notes, will be sufficient in the foreseeable future to meet our anticipated operating cash needs, debt service, and planned capital expenditures;
- any anticipated benefits to us from our acquisitions and our ability to successfully integrate the acquired businesses;
- fluctuations in interest rates and foreign currency exchange rates;
- our belief that our gross unrecognized tax benefits will not materially change in the next twelve months;
- our growth strategy, including our focus on historically underserved large markets, the relative importance of organic growth versus strategic acquisitions, and the reasons that we acquire businesses; and
- our discretion to conduct, suspend, or discontinue our stock repurchase program subject to the discretion of our management.

The forward-looking statements regarding future events and the future results of Trimble Inc. ("the Company" or "we" or "our" or "us") are based on current expectations, estimates, forecasts, and projections about the industries in which we operate, our current tax structure, including where our assets are deemed to reside for tax purposes, and the beliefs and assumptions of our management. Discussions containing such forward-looking statements may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this Form 10-Q. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "could," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions. These forward-looking statements involve certain risks and uncertainties that could cause actual results, levels of activity, performance, achievements, and events to differ materially from those implied by such forward-looking statements, including but not limited to those discussed in this report under the section entitled "Risk Factors" and elsewhere, and in other reports we file with the Securities and Exchange Commission ("SEC"), specifically the most recent Form 10-K for 2021 (the "2021 Form 10-K"), our Quarterly Report on Form 10-Q for the quarterly period ended April 1, 2022, and in other reports we file with the SEC, each as it may be amended from time to time. These forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q. We reserve the right to update these forward-looking statements for any reason, including the occurrence of material events, but assume no duty to update these statements to reflect subsequent events.

TRIMBLE INC.
FORM 10-Q for the Quarter Ended July 1, 2022
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

As of	Second Quarter of 2022	Year End 2021
(In millions, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	$ 350.1	$ 325.7
Accounts receivable, net	589.3	624.8
Inventories	371.7	363.3
Other current assets	163.9	136.8
Total current assets	1,475.0	1,450.6
Property and equipment, net	228.5	233.2
Operating lease right-of-use assets	133.2	141.0
Goodwill	3,886.0	3,981.5
Other purchased intangible assets, net	432.9	506.6
Deferred income tax assets	464.0	502.0
Other non-current assets	299.9	284.7
Total assets	$ 6,919.5	$ 7,099.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 300.0	$ —
Accounts payable	191.7	207.3
Accrued compensation and benefits	168.4	231.0
Deferred revenue	599.2	548.8
Other current liabilities	190.2	201.5
Total current liabilities	1,449.5	1,188.6
Long-term debt	994.1	1,293.2
Deferred revenue, non-current	86.0	83.0
Deferred income tax liabilities	198.4	263.1
Income taxes payable	40.9	54.5
Operating lease liabilities	114.4	121.4
Other non-current liabilities	141.7	151.1
Total liabilities	3,025.0	3,154.9
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 3.0 shares authorized; none issued and outstanding	—	—
Common stock, $0.001 par value; 360.0 shares authorized; 247.6 and 250.9 shares issued and outstanding at the end of the second quarter of 2022 and year end 2021	0.2	0.3
Additional paid-in-capital	1,987.7	1,935.6
Retained earnings	2,145.7	2,170.5
Accumulated other comprehensive loss	(239.1)	(161.7)
Total stockholders' equity	3,894.5	3,944.7
Total liabilities and stockholders' equity	$ 6,919.5	$ 7,099.6

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Second Quarter of		First Two Quarters of	
(In millions, except per share amounts)	**2022**	**2021**	**2022**	**2021**
Revenue:				
Product	$ 564.5	$ 594.9	$ 1,186.1	$ 1,134.3
Service	158.0	162.1	319.1	324.4
Subscription	218.7	188.2	429.7	373.0
Total revenue	941.2	945.2	1,934.9	1,831.7
Cost of sales:				
Product	269.9	286.0	578.3	541.7
Service	63.4	58.0	126.7	117.6
Subscription	49.4	53.8	99.3	109.6
Amortization of purchased intangible assets	21.0	22.0	43.5	44.1
Total cost of sales	403.7	419.8	847.8	813.0
Gross margin	537.5	525.4	1,087.1	1,018.7
Operating expense:				
Research and development	140.1	138.3	280.4	267.7
Sales and marketing	138.9	125.2	270.8	247.6
General and administrative	106.9	99.6	208.4	185.0
Restructuring	5.4	4.5	12.3	6.0
Amortization of purchased intangible assets	11.3	13.0	23.4	26.7
Total operating expense	402.6	380.6	795.3	733.0
Operating income	134.9	144.8	291.8	285.7
Non-operating income, net:				
Divestitures gain, net	106.0	20.4	97.1	22.4
Interest expense, net	(15.3)	(16.6)	(31.3)	(33.5)
Income from equity method investments, net	5.8	10.0	15.5	21.8
Other income (expense), net	(9.8)	3.8	(13.0)	3.4
Total non-operating income, net	86.7	17.6	68.3	14.1
Income before taxes	221.6	162.4	360.1	299.8
Income tax provision	53.6	23.5	81.8	46.3
Net income	168.0	138.9	278.3	253.5
Net income attributable to noncontrolling interests	—	—	—	0.1
Net income attributable to Trimble Inc.	$ 168.0	$ 138.9	$ 278.3	$ 253.4
Earnings per share attributable to Trimble Inc.:				
Basic	$ 0.67	$ 0.55	$ 1.11	$ 1.01
Diluted	$ 0.67	$ 0.55	$ 1.11	$ 1.00
Shares used in calculating earnings per share:				
Basic	249.2	251.5	250.0	251.3
Diluted	250.7	254.2	251.7	254.2

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Second Quarter of		First Two Quarters of	
	2022	**2021**	**2022**	**2021**
(In millions)				
Net income	$ 168.0	$ 138.9	$ 278.3	$ 253.5
Foreign currency translation adjustments, net of tax	(75.2)	18.1	(77.4)	(13.4)
Comprehensive income	92.8	157.0	200.9	240.1
Comprehensive income attributable to noncontrolling interests	—	—	—	0.1
Comprehensive income attributable to Trimble Inc.	$ 92.8	$ 157.0	$ 200.9	$ 240.0

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common stock							
(In millions)	**Shares**	**Amount**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**	**Noncontrolling Interest**	**Total**
Balance at the end of 2021	250.9	$ 0.3	$ 1,935.6	$ 2,170.5	$ (161.7)	$ 3,944.7	$ —	$ 3,944.7
Net income	—	—	—	110.3	—	110.3	—	110.3
Other comprehensive loss	—	—	—	—	(2.2)	(2.2)	—	(2.2)
Comprehensive income						108.1		108.1
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	15.2	(17.6)	—	(2.4)	—	(2.4)
Stock repurchases	(1.5)	—	(11.8)	(92.9)	—	(104.7)	—	(104.7)
Stock-based compensation	—	—	42.2	—	—	42.2	—	42.2
Balance at the end of the first quarter of 2022	**250.1**	**$ 0.3**	**$ 1,981.2**	**$ 2,170.3**	**$ (163.9)**	**$ 3,987.9**	**$ —**	**$ 3,987.9**
Net income	—	—	—	168.0	—	168.0	—	168.0
Other comprehensive loss	—	—	—	—	(75.2)	(75.2)	—	(75.2)
Comprehensive income						92.8		92.8
Issuance of common stock under employee plans, net of tax withholdings	0.6	—	(2.3)	(17.1)	—	(19.4)	—	(19.4)
Stock repurchases	(3.1)	(0.1)	(24.4)	(175.5)	—	(200.0)	—	(200.0)
Stock-based compensation	—	—	33.2	—	—	33.2	—	33.2
Balance at the end of the second quarter of 2022	**247.6**	**$ 0.2**	**$ 1,987.7**	**$ 2,145.7**	**$ (239.1)**	**$ 3,894.5**	**$ —**	**$ 3,894.5**

	Common stock							
(In millions)	**Shares**	**Amount**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**	**Noncontrolling Interest**	**Total**
Balance at the end of 2020	250.8	$ 0.3	$ 1,801.7	$ 1,893.4	$ (98.5)	$ 3,596.9	$ 1.7	$ 3,598.6
Net income	—	—	—	114.5	—	114.5	0.1	114.6
Other comprehensive loss	—	—	—	—	(31.5)	(31.5)	—	(31.5)
Comprehensive income						83.0		83.1
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	18.2	(10.2)	—	8.0	—	8.0
Stock repurchases	(0.6)	—	(4.1)	(35.9)	—	(40.0)	—	(40.0)
Stock-based compensation	—	—	25.1	—	—	25.1	—	25.1
Noncontrolling interest investment	—	—	0.6	—	—	0.6	(1.8)	(1.2)
Balance at the end of the first quarter of 2021	**250.9**	**$ 0.3**	**$ 1,841.5**	**$ 1,961.8**	**$ (130.0)**	**$ 3,673.6**	**$ —**	**$ 3,673.6**
Net income	—	—	—	138.9	—	138.9	—	138.9
Other comprehensive income	—	—	—	—	18.1	18.1	—	18.1
Comprehensive income						157.0		157.0
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	(1.8)	(23.5)	—	(25.3)	—	(25.3)
Stock-based compensation	—	—	33.3	—	—	33.3	—	33.3
Balance at the end of the second quarter of 2021	**251.6**	**$ 0.3**	**$ 1,873.0**	**$ 2,077.2**	**$ (111.9)**	**$ 3,838.6**	**$ —**	**$ 3,838.6**

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	First Two Quarters of	
(In millions)	**2022**	**2021**
Cash flow from operating activities:		
Net income	$ 278.3	$ 253.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	20.0	20.8
Amortization expense	66.9	70.8
Deferred income taxes	(24.9)	(4.9)
Stock-based compensation	61.3	62.8
Divestitures gain, net	(97.1)	(24.0)
Other, net	12.6	3.6
(Increase) decrease in assets:		
Accounts receivable, net	(1.5)	35.2
Inventories	(72.4)	(0.3)
Other current and non-current assets	(25.6)	(22.4)
Increase (decrease) in liabilities:		
Accounts payable	(7.9)	39.2
Accrued compensation and benefits	(46.4)	6.3
Deferred revenue	67.3	3.9
Other current and non-current liabilities	(28.8)	(15.7)
Net cash provided by operating activities	201.8	428.8
Cash flow from investing activities:		
Purchases of property and equipment	(28.5)	(21.4)
Net proceeds from sale of businesses	210.5	46.0
Net proceeds from sale of property and equipment	0.1	20.7
Other, net	(9.8)	(2.4)
Net cash provided by investing activities	172.3	42.9
Cash flow from financing activities:		
Issuance of common stock, net of tax withholdings	(21.7)	(17.3)
Repurchases of common stock	(304.7)	(40.0)
Proceeds from debt and revolving credit lines	138.2	198.9
Payments on debt and revolving credit lines	(138.2)	(363.3)
Other, net	(8.9)	(1.4)
Net cash used in financing activities	(335.3)	(223.1)
Effect of exchange rate changes on cash and cash equivalents	(14.4)	(1.9)
Net increase in cash and cash equivalents	24.4	246.7
Cash and cash equivalents - beginning of period	325.7	237.7
Cash and cash equivalents - end of period	$ 350.1	$ 484.4

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

NOTE 1. OVERVIEW AND ACCOUNTING POLICIES

Basis of Presentation

The Condensed Consolidated Financial Statements include our results of our consolidated subsidiaries. Intercompany accounts and transactions have been eliminated. Noncontrolling interests represent the noncontrolling stockholders' proportionate share of the net assets and results of operations of our consolidated subsidiaries.

We use a 52- to 53-week year ending on the Friday nearest to December 31. Both 2022 and 2021 are 52-week years. The second quarter of 2022 and 2021 ended on July 1, 2022 and July 2, 2021. Unless otherwise stated, all dates refer to these periods.

Use of Estimates

We prepared our interim Condensed Consolidated Financial Statements that accompany these notes in conformity with U.S. GAAP, consistent in all material respects with those applied in our Form 10-K filed with the U.S. Securities and Exchange Commission on February 23, 2022 (the "2021 Form 10-K").

The interim financial information is unaudited, and reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This report should be read in conjunction with our 2021 Form 10-K that includes additional information about our significant accounting policies and the methods and assumptions used in our estimates.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates and assumptions are used for revenue recognition, including determining the nature and timing of satisfaction of performance obligations and determining standalone selling price ("SSP") of performance obligations, provision for credit losses, sales returns reserve, inventory valuation, warranty costs, investments, acquired intangibles, goodwill and intangible asset impairment analysis, other long-lived asset impairment analysis, stock-based compensation, and income taxes. We base our estimates on historical experience and various other assumptions we believe to be reasonable. Actual results that we experience may differ materially from our estimates.

Recently issued Accounting Pronouncements not yet Adopted

There are no recently issued accounting pronouncements applicable to us not yet adopted.

Recently Adopted Accounting Pronouncements

There are no recently adopted accounting pronouncements.

NOTE 2. STOCKHOLDERS' EQUITY

Stock Repurchase Activities

In August 2021, our Board of Directors approved a new share repurchase program ("2021 Stock Repurchase Program") authorizing up to $750.0 million in repurchases of our common stock. Under the 2021 Stock Repurchase Program, the share repurchase authorization does not have an expiration date and supersedes and replaces the $600.0 million share repurchase authorization approved by our Board of Directors in November 2017 ("2017 Stock Repurchase Program"), of which $50.7 million was remaining and cancelled.

Under the 2021 Stock Repurchase Program, we may repurchase shares from time to time through open market transactions, privately-negotiated transactions, accelerated stock repurchase plans, or by other means. The timing and actual number of any shares repurchased will depend on a variety of factors, including market conditions, our share price, other available uses of capital, applicable legal requirements, and other factors. The 2021 Stock Repurchase Program may be suspended, modified, or discontinued at any time at the Company's discretion without notice.

During the second quarter and first two quarters of 2022, we repurchased approximately 3.1 million and 4.6 million shares of common stock in open market purchases at an average price of $65.38 and $66.42 per share for a total of $200.0 million and $304.7 million under the 2021 Stock Repurchase Program. At the end of the second quarter of 2022, the 2021 Stock Repurchase Program had remaining authorized funds of $305.3 million.

There were no stock repurchases during the second quarter of 2021. During the first two quarters of 2021, we repurchased approximately 0.6 million shares of common stock in open market purchases at an average price of $71.24 per share for a total of $40.0 million under the 2017 Stock Repurchase Program.

Stock repurchases are reflected as a decrease to common stock based on par value and additional-paid-in-capital, based on the average book value per share for all outstanding shares calculated at the time of each individual repurchase transaction. The excess of the purchase price over this average for each repurchase was charged to retained earnings. Common stock repurchases under the program were recorded based upon the trade date for accounting purposes.

NOTE 3. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The following table presents a summary of our intangible assets:

	Second Quarter of 2022			Year End 2021		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed product technology	$ 948.5	$ (729.3)	$ 219.2	$ 1,011.9	$ (748.2)	$ 263.7
Customer relationships	632.7	(427.0)	205.7	667.8	(428.9)	238.9
Trade names and trademarks	45.6	(38.6)	7.0	48.0	(45.0)	3.0
Distribution rights and other intellectual property	9.2	(8.2)	1.0	10.0	(9.0)	1.0
	$ 1,636.0	$ (1,203.1)	$ 432.9	$ 1,737.7	$ (1,231.1)	$ 506.6

The estimated future amortization expense of intangible assets at the end of the second quarter of 2022 was as follows:

(In millions)	
2022 (Remaining)	$ 58.4
2023	112.5
2024	89.1
2025	55.6
2026	49.3
Thereafter	68.0
Total	$ 432.9

Goodwill

The changes in the carrying amount of goodwill by segment for the first two quarters of 2022 were as follows:

(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Balance as of year end 2021	$ 2,141.4	$ 403.6	$ 440.8	$ 995.7	$ 3,981.5
Decrease from the sale of businesses	(23.9)	(6.9)	—	(6.9)	(37.7)
Foreign currency translation and other adjustments	(33.8)	(11.4)	(8.5)	(4.1)	(57.8)
Balance as of the end of the second quarter of 2022	$ 2,083.7	$ 385.3	$ 432.3	$ 984.7	$ 3,886.0

NOTE 4. DIVESTITURES

In May 2022, we completed the sale of the Time and Frequency, LOADRITE, Spectra Precision Tools, and SECO accessories businesses to Precisional LLC, an affiliate of The Jordan Company ("TJC"), for $204.1 million in cash, subject to a working capital adjustment. These businesses are reported as part of our Buildings and Infrastructure and Geospatial segments. Upon the closing of the transaction, we recognized a pre-tax gain of $105.7 million and wrote off $98.4 million of net assets primarily comprised of $40.6 million of inventory, $25.4 million of accounts receivable, and $30.8 million of goodwill.

In connection with the sale of these businesses, we and TJC entered into a transition services agreement ("TSA") for us to provide certain services to TJC on a cost-reimbursement basis. The costs and reimbursements associated with the TSA were immaterial for the second quarter of 2022.

NOTE 5. INVENTORIES

The components of inventory, net were as follows:

As of	Second Quarter of 2022	Year End 2021
(In millions)		
Raw materials	$ 127.6	$ 129.6
Work-in-process	9.9	12.4
Finished goods	234.2	221.3
Total inventories	$ 371.7	$ 363.3

NOTE 6. SEGMENT INFORMATION

We determined our operating segments based on how our Chief Operating Decision Maker ("CODM") views and evaluates operations. Our reportable segments are described below:

- ***Buildings and Infrastructure***. This segment primarily serves customers working in architecture, engineering, construction, and operations and maintenance.
- ***Geospatial***. This segment primarily serves customers working in surveying, engineering, and government.
- ***Resources and Utilities***. This segment primarily serves customers working in agriculture, forestry, and utilities.
- ***Transportation***. This segment primarily serves customers working in long haul trucking and freight shipper markets.

The following Reporting Segment tables reflect the results of our reportable operating segments under our management reporting system. These results are not necessarily in conformity with U.S. GAAP. This is consistent with the way the CODM evaluates each of the segment's performance and allocates resources.

(In millions)	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Second Quarter of 2022					
Segment revenue	$ 382.6	$ 193.7	$ 214.8	$ 150.1	$ 941.2
Segment operating income	101.4	57.8	73.0	11.8	244.0
Depreciation expense	1.6	1.5	1.4	0.9	5.4
Second Quarter of 2021					
Segment revenue	$ 364.8	$ 219.7	$ 197.5	$ 163.3	$ 945.3
Segment operating income	104.1	66.1	70.5	12.8	253.5
Depreciation expense	1.8	1.8	1.5	1.1	6.2
First Two Quarters of 2022					
Segment revenue	$ 780.2	$ 401.2	$ 444.7	$ 308.8	$ 1,934.9
Segment operating income	222.1	115.7	148.1	21.0	506.9
Depreciation expense	3.2	3.1	2.9	1.9	11.1
First Two Quarters of 2021					
Segment revenue	$ 707.9	$ 401.4	$ 402.7	$ 320.0	$ 1,832.0
Segment operating income	200.5	114.8	150.6	21.2	487.1
Depreciation expense	3.6	3.5	3.0	2.0	12.1

(In millions)	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
As of the end of the Second Quarter of 2022					
Accounts receivable, net	$ 214.6	$ 108.8	$ 119.5	$ 146.4	$ 589.3
Inventories	74.8	137.3	86.6	73.0	371.7
Goodwill	2,083.7	385.3	432.3	984.7	3,886.0
As of Year End 2021					
Accounts receivable, net	$ 246.8	$ 134.0	$ 112.9	$ 131.1	$ 624.8
Inventories	79.3	136.4	67.4	80.2	363.3
Goodwill	2,141.4	403.6	440.8	995.7	3,981.5

A reconciliation of our condensed consolidated segment operating income to condensed consolidated income before income taxes was as follows:

(In millions)	Second Quarter of		First Two Quarters of	
	2022	2021	2022	2021
Consolidated segment operating income	$ 244.0	$ 253.5	$ 506.9	$ 487.1
Unallocated general corporate expenses	(33.3)	(24.9)	(63.1)	(49.3)
Purchase accounting adjustments	(32.3)	(34.0)	(66.9)	(68.8)
Acquisition / divestiture items	(7.3)	(6.6)	(11.2)	(10.1)
Stock-based compensation / deferred compensation	(26.2)	(38.3)	(51.2)	(67.0)
Restructuring and other costs	(10.0)	(4.9)	(22.7)	(6.2)
Consolidated operating income	134.9	144.8	291.8	285.7
Total non-operating income, net	86.7	17.6	68.3	14.1
Consolidated income before taxes	$ 221.6	$ 162.4	$ 360.1	$ 299.8

The disaggregation of revenue by geography is summarized in the tables below. Revenue is defined as revenue from external customers attributed to countries based on the location of the customer and is consistent with the Reporting Segment tables above.

	Reporting Segments				
(In millions)	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Second Quarter of 2022					
North America	$ 242.9	$ 87.9	$ 64.3	$ 117.8	$ 512.9
Europe	84.0	61.3	97.7	18.4	261.4
Asia Pacific	49.9	32.8	13.5	7.6	103.8
Rest of World	5.8	11.7	39.3	6.3	63.1
Total segment revenue	$ 382.6	$ 193.7	$ 214.8	$ 150.1	$ 941.2
Second Quarter of 2021					
North America	$ 212.2	$ 97.2	$ 60.4	$ 123.3	$ 493.1
Europe	101.0	72.2	93.6	25.1	291.9
Asia Pacific	45.8	39.5	15.1	7.6	108.0
Rest of World	5.8	10.8	28.4	7.3	52.3
Total segment revenue	$ 364.8	$ 219.7	$ 197.5	$ 163.3	$ 945.3
First Two Quarters of 2022					
North America	$ 474.8	$ 171.3	$ 123.3	$ 241.9	$ 1,011.3
Europe	196.3	132.5	211.7	40.1	580.6
Asia Pacific	96.8	74.8	32.7	15.0	219.3
Rest of World	12.3	22.6	77.0	11.8	123.7
Total segment revenue	$ 780.2	$ 401.2	$ 444.7	$ 308.8	$ 1,934.9
First Two Quarters of 2021					
North America	$ 412.0	$ 169.7	$ 114.0	$ 247.8	$ 943.5
Europe	195.3	132.6	199.4	44.8	572.1
Asia Pacific	89.4	77.0	36.1	15.3	217.8
Rest of World	11.2	22.1	53.2	12.1	98.6
Total segment revenue	$ 707.9	$ 401.4	$ 402.7	$ 320.0	$ 1,832.0

Total revenue in the United States as included in the Condensed Consolidated Statements of Income was $467.4 million and $443.3 million for the second quarter of 2022 and 2021, and $914.4 million and $850.1 million for the first two quarters of 2022 and 2021. No single customer or country other than the United States accounted for 10% or more of Trimble's total revenue.

NOTE 7. DEBT

Debt consisted of the following:

Instrument	Date of Issuance	Second Quarter of 2022		Year End 2021
(In millions)		Effective interest rate		
Senior Notes:				
2023 Senior Notes, 4.15%, due June 2023	June 2018	4.36%	$ 300.0	$ 300.0
2024 Senior Notes, 4.75%, due December 2024	November 2014	4.95%	400.0	400.0
2028 Senior Notes, 4.90%, due June 2028	June 2018	5.04%	600.0	600.0
Unamortized discount and issuance costs			(5.9)	(6.8)
Total debt			$ 1,294.1	$ 1,293.2
Less: Short-term debt			300.0	—
Long-term debt			$ 994.1	$ 1,293.2

Each of our debt agreements, including our credit facilities, requires us to maintain compliance with certain debt covenants, all of which we complied with at the end of the second quarter of 2022.

Debt Maturities

At the end of the second quarter of 2022, our debt maturities based on outstanding principal were as follows (in millions):

Year Payable		
2022 (Remaining)	$	—
2023		300.0
2024		400.0
2025		—
2026		—
Thereafter		600.0
Total	$	1,300.0

Senior Notes

All of our senior notes are unsecured obligations. Interest on the senior notes is payable semi-annually in June and December of each year. Additional details are unchanged from the information disclosed in Note 6, "Debt" of the 2021 Form 10-K.

Credit Facilities

In March 2022, we entered into a credit agreement (the "2022 Credit Facility") maturing in March 2027. The 2022 Credit Facility provides for a five-year, unsecured revolving credit facility in the aggregate principal amount of $1.25 billion, and permits us, subject to the satisfaction of certain conditions, to increase the commitments for revolving loans by an aggregate principal amount of up to $500.0 million. The interest rate and commitment fees are based on our current long-term, senior unsecured debt ratings, our leverage ratio, and certain specified sustainability targets. As of July 1, 2022, no amounts were outstanding under the 2022 Credit Facility.

Uncommitted Facilities

At the end of the second quarter of 2022, we had two $75.0 million, one €100.0 million, and one £55.0 million revolving credit facilities, which are uncommitted (the "uncommitted facilities"). Generally, these uncommitted facilities may be redeemed upon demand. Borrowings under uncommitted facilities are classified as short-term debt in the Condensed Consolidated Balance Sheet.

NOTE 8. FAIR VALUE MEASUREMENTS

The following table summarizes the fair values of financial instruments at fair value on a recurring basis for the periods indicated and determined using the following inputs:

	Fair Values as of the end of the Second Quarter of 2022				Fair Values at the end of 2021			
(In millions)	Quoted prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total	Quoted prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total
Assets								
Deferred compensation plan [1]	$ 33.4	$ —	$ —	$ 33.4	$ 44.7	$ —	$ —	$ 44.7
Derivatives [2]	—	0.7	—	0.7	—	0.1	—	0.1
Total assets measured at fair value	$ 33.4	$ 0.7	$ —	$ 34.1	$ 44.7	$ 0.1	$ —	$ 44.8
Liabilities								
Deferred compensation plan [1]	$ 33.4	$ —	$ —	$ 33.4	$ 44.7	$ —	$ —	$ 44.7
Derivatives [2]	—	0.1	—	0.1	—	0.2	—	0.2
Contingent consideration [3]	—	—	—	—	—	—	12.8	12.8
Total liabilities measured at fair value	$ 33.4	$ 0.1	$ —	$ 33.5	$ 44.7	$ 0.2	$ 12.8	$ 57.7

[1] Represents a self-directed, non-qualified deferred compensation plan for certain executives and other highly compensated employees included in Other non-current assets and Other non-current liabilities on our Condensed Consolidated Balance Sheets. The plan is invested in actively traded mutual funds and individual stocks valued using observable quoted prices in active markets.

[2] Represents forward currency exchange contracts that are included in Other current assets and Other current liabilities on our Condensed Consolidated Balance Sheets.

[3] Represents arrangements to pay the former owners of certain companies that we acquired that are included in Other current liabilities on our Condensed Consolidated Balance Sheets. The fair values are estimated using scenario-based methods or option pricing methods based upon estimated future revenues, gross margins, or other milestones.

Additional Fair Value Information

The total estimated fair value of all outstanding financial instruments that are not recorded at fair value on a recurring basis (debt) was approximately $1.3 billion and $1.4 billion at the end of the second quarter of 2022 and at the end of 2021.

The fair value of the senior notes was determined based on observable market prices in less active markets and is categorized accordingly as Level II. The fair values do not indicate the amount we would currently have to pay to extinguish the debt.

NOTE 9. DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred Revenue

Changes in our deferred revenue during the second quarter and first two quarters of 2022 and 2021 were as follows:

	Second Quarter of		First Two Quarters of	
(In millions)	2022	2021	2022	2021
Beginning balance of the period	$ 703.9	$ 618.9	$ 631.8	$ 613.8
Revenue recognized	(127.2)	(132.4)	(361.8)	(379.6)
Billing and other net activities	108.5	119.6	415.2	371.9
Ending balance of the period	$ 685.2	$ 606.1	$ 685.2	$ 606.1

Remaining Performance Obligations

At the end of the second quarter of 2022, approximately $1.6 billion of revenue is expected to be recognized from remaining performance obligations for which goods or services have not been delivered, primarily subscription, software, and software maintenance, and to a lesser extent, hardware and professional services contracts. We expect to recognize $1.2 billion or 74% of our remaining performance obligations as revenue during the next 12 months and the remainder thereafter.

NOTE 10. EARNINGS PER SHARE

Basic earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed based on the weighted-average number of shares of common stock outstanding during the period plus additional shares of common stock that would have been outstanding if potentially dilutive securities had been issued. Potentially dilutive common shares include outstanding stock options, restricted stock units, contingently issuable shares, and shares to be purchased under our employee stock purchase plan.

The following table shows the computation of basic and diluted earnings per share:

	Second Quarter of		First Two Quarters of	
	2022	2021	2022	2021
(In millions, except per share amounts)				
Numerator:				
Net income attributable to Trimble Inc.	$ 168.0	$ 138.9	$ 278.3	$ 253.4
Denominator:				
Weighted-average number of common shares used in basic earnings per share	249.2	251.5	250.0	251.3
Effect of dilutive securities	1.5	2.7	1.7	2.9
Weighted-average number of common shares and dilutive potential common shares used in diluted earnings per share	250.7	254.2	251.7	254.2
Basic earnings per share	$ 0.67	$ 0.55	$ 1.11	$ 1.01
Diluted earnings per share	$ 0.67	$ 0.55	$ 1.11	$ 1.00
Antidilutive weighted-average shares	2.1	0.1	1.5	0.2

Antidilutive stock-based awards are excluded from the calculation of diluted shares and diluted earnings per share because their impact would increase diluted earnings per share.

NOTE 11. INCOME TAXES

For the second quarter, our effective income tax rate was 24.2%, as compared to 14.5% in the prior year. For the first two quarters, our effective income tax rate was 22.7%, as compared to 15.4% in the prior year. The increases were primarily associated with current quarter divestiture gains and a prior year rate decrease due to a one-time tax benefit from a foreign deferred tax asset.

We and our subsidiaries are subject to U.S. federal, state, and foreign income taxes. Currently, we are in different stages of multiple year examinations by various state and foreign taxing authorities. While we believe our reserves are more likely than not to be adequate to cover final resolution of all open tax matters, it is reasonably possible that future obligations related to these matters could arise.

Unrecognized tax benefits of $51.8 million and $42.3 million at the end of the second quarter of 2022 and at the end of 2021, if recognized, would favorably affect the effective income tax rate in future periods. At the end of the second quarter of 2022 and at the end of 2021, we accrued interest and penalties of $10.2 million and $9.2 million. Although timing of the resolution and/or closure of audits is not certain, we do not believe that our gross unrecognized tax benefits would materially change in the next twelve months.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Commitments

At the end of the second quarter of 2022, we had unconditional purchase obligations of approximately $685.1 million. These unconditional purchase obligations primarily represent open non-cancellable purchase orders for material purchases with our vendors and investments in our platform associated with our Connect and Scale strategy.

Litigation

From time to time, we are involved in litigation arising in the ordinary course of our business. There are no material legal proceedings, other than ordinary routine litigation incidental to the business, that we or any of our subsidiaries is a party, or that any of our or our subsidiaries' property is subject.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no material changes to our critical accounting policies and estimates during the first two quarters of 2022. For a complete discussion of our critical accounting policies and estimates, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the 2021 Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Condensed Consolidated Financial Statements, refer to Note 1 "Overview and Accounting Policies" of this Form 10-Q.

EXECUTIVE LEVEL OVERVIEW

We are a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. Our comprehensive work process solutions are used across a range of industries including architecture, building construction, civil engineering, geospatial, survey and mapping, agriculture, natural resources, utilities, transportation, and government. Our representative customers include construction owners, contractors, engineering and construction firms, surveying companies, farmers and agricultural companies, energy and utility companies, trucking companies, and state, federal, and municipal governments.

Our growth strategy is centered on multiple elements:

- Executing on our Connect and Scale strategy;
- Increasing focus on software and services;
- Focus on attractive markets with significant growth and profitability potential;
- Domain knowledge and technological innovation that benefit a diverse customer base;
- Geographic expansion with localization strategy;
- Optimized go-to-market strategies to best access our markets;
- Strategic acquisitions;
- Venture fund investments; and
- Sustainability.

Our focus on these growth drivers has led over time to growth in revenue and profitability and an increasingly diversified business model. We continue to experience a shift toward a more significant mix of recurring revenue contracts, as demonstrated by our success in driving annualized recurring revenue ("ARR") of $1,512.5 million, which represents growth of 12% year-over-year at the end of the second quarter of 2022. Excluding the impact of foreign currency, acquisitions, and divestitures, ARR organic growth was 15%. This shift has positively impacted our revenue mix and growth over time and is leading to improved visibility in our businesses. Our software, maintenance, subscriptions, and services represented 56% of total revenue for the first two quarters of 2022. As our solutions have expanded, our go-to-market model has also evolved with a balanced mix between direct, distribution, and OEM customers as well as an increasing number of enterprise level customer relationships.

For a full definition of ARR as used in this discussion and analysis, refer to the "Supplemental Disclosure of Non-GAAP Financial Measures and Annualized Recurring Revenue" later in this Item 2.

Impact of Recent Events on Our Business

Inflation, Supply Chain, Foreign Currency Fluctuations, and Russia's Invasion of Ukraine

In the first two quarters of 2022, we continued to experience inflationary cost increases in certain components of our hardware products due to supply chain disruptions resulting from parts and labor shortages and an increase in worldwide demand for components. Over the past year, we have continued to increase customer pricing to offset inflationary pressures. Due to extended component lead times, we have made binding commitments over a longer horizon for certain components. This may impact our working capital in the short term; however, we expect supply chain conditions to normalize over time.

Our year-to-date results were negatively impacted by foreign currency fluctuations due to strengthening of the U.S. dollar. In the second quarter and first two quarters of 2022, unfavorable revenue impacts from foreign currency exchange rates were $28.5 million and $47.8 million.

In the first quarter of 2022, we stopped selling to Russia and Belarus customers and wrote off uncollected customer receivables and inventory located in these countries. In the second quarter of 2022, we terminated business operations in Russia and Belarus. To date, asset impairments and severance costs were not material to our consolidated financial statements. Total revenue associated with Russia and Belarus customers, either sold directly or indirectly through resellers or OEMs, was less than 2% of our total Company revenue for 2021.

Business Divestitures

In the second quarter of 2022, we completed the sale of the Time and Frequency, LOADRITE, Spectra Precision Tools, and SECO accessories businesses to Precisional LLC, an affiliate of The Jordan Company. Prior to the sale, the operating results were previously reported in our Buildings and Infrastructure and Geospatial segments. For additional discussion of this divestiture, refer to Note 4 “Divestitures” of this Form 10-Q.

Additionally, we completed the sale of Beena Vision to Wabtec Corporation in the second quarter of 2022, which was part of the Transportation segment. The proceeds were immaterial.

Both of these divestitures are in line with our strategy to focus on core areas of our long-term growth and strategic product roadmap. For 2021, the revenue and operating income for these businesses was approximately $185.0 million and $37.0 million.

For the second quarter of 2022, as compared to 2021, divestitures reduced revenue and operating income by $37.9 million and $10.8 million.

RESULTS OF OPERATIONS

Overview

The following table shows revenue by category, gross margin and gross margin as a percentage of revenue, operating income and operating income as a percentage of revenue, diluted earnings per share, and annualized recurring revenue compared for the periods indicated:

	Second Quarter of				First Two Quarters of			
(In millions, except per share amounts)	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
Revenue:								
Product	$ 564.5	$ 594.9	$ (30.4)	(5)%	$ 1,186.1	$ 1,134.3	$ 51.8	5%
Service	158.0	162.1	(4.1)	(3)%	319.1	324.4	(5.3)	(2)%
Subscription	218.7	188.2	30.5	16%	429.7	373.0	56.7	15%
Total revenue	$ 941.2	$ 945.2	$ (4.0)	—%	$ 1,934.9	$ 1,831.7	$ 103.2	6%
Gross margin	$ 537.5	$ 525.4	$ 12.1	2%	$ 1,087.1	$ 1,018.7	$ 68.4	7%
Gross margin as a % of revenue	57.1 %	55.6 %			56.2 %	55.6 %		
Operating income	$ 134.9	$ 144.8	$ (9.9)	(7)%	$ 291.8	$ 285.7	$ 6.1	2%
Operating income as a % of revenue	14.3 %	15.3 %			15.1 %	15.6 %		
Diluted earnings per share	$ 0.67	$ 0.55	$ 0.12	22%	$ 1.11	$ 1.00	$ 0.11	11%
Non-GAAP revenue [1]	$ 941.2	$ 945.3	$ (4.1)	—%	$ 1,934.9	$ 1,832.0	$ 102.9	6%
Non-GAAP operating income [1]	$ 210.7	$ 228.6	$ (17.9)	(8)%	$ 443.8	$ 437.8	$ 6.0	1%
Non-GAAP operating income as a % of Non-GAAP Revenue[1]	22.4 %	24.2 %			22.9 %	23.9 %		
Non-GAAP diluted earnings per share [1]	$ 0.64	$ 0.72	$ (0.08)	(11)%	$ 1.38	$ 1.38	$ —	NM
Annualized Recurring Revenue (“ARR”) [1]	$ 1,512.5	$ 1,348.9	$ 163.6	12%	N/A	N/A	N/A	N/A

[1] Refer to “Supplemental Disclosure of Non-GAAP Financial Measures and Annualized Recurring Revenue” of this Form 10-Q for definitions.

Second Quarter and First Two Quarters of 2022 as Compared to 2021

Revenue

Change versus the corresponding period in 2021	Second Quarter of 2022	First Two Quarters of 2022
	% Change	% Change
(In millions)		
Change in total revenue	— %	6 %
Acquisitions	1 %	1 %
Divestitures	(4)%	(3)%
Foreign currency exchange	(3)%	(3)%
Organic growth	6 %	10 %

For this table and similar tables below, percentages may not sum due to rounding.

Excluding acquisitions, divestitures, and unfavorable foreign currency, revenue for the second quarter and first two quarters was up due to organic growth in hardware, software, and subscription sales in Building and Infrastructure and Resources and Utilities. Geospatial organic revenue was slightly down for the second quarter and was impacted by supply chain constraints and unusually strong sales in the prior year, including new product introductions. For the first two quarters, Geospatial organic revenue, particularly software sales, was up, which contributed to overall growth.

By revenue category, product revenue decreased for the second quarter primarily due to divestitures, which were hardware centric, partially offset by hardware sales in Buildings and Infrastructure and Resources and Utilities. Product revenue increased for the first two quarters primarily due to hardware and software growth in Buildings and Infrastructure, Resources and Utilities, and Geospatial, partially offset by divestitures of $35.0 million. Service revenue was relatively flat. Subscription revenue increased for the second quarter and first two quarters primarily due to strong growth in Buildings and Infrastructure and, to a lesser extent, in Resources and Utilities, Geospatial, and Transportation. All revenue categories were impacted by unfavorable foreign currency.

Gross Margin

Gross margin increased for the second quarter and first two quarters primarily due to organic revenue growth in Buildings and Infrastructure and Resources and Utilities, partially offset by divestitures and unfavorable foreign currency. Gross margin as a percentage of revenue increased for the second quarter and first two quarters due to an increased mix of software and subscription sales across all segments, slightly offset by supply chain cost impacts in Resources and Utilities, which lessened in the second quarter due to customer price increases.

Operating Income

Operating income decreased for the second quarter due to divestitures and unfavorable foreign currency, partially offset by organic revenue and gross margin expansion. Operating expense was higher due to investments related to our Connect and Scale strategy, including increased headcount and consulting, as well as sales, marketing, and travel costs as COVID-related lockdowns subsided. Operating income increased for the first two quarters primarily due to revenue and gross margin expansion, partially offset by divestitures and unfavorable foreign currency.

Operating income as a percentage of revenue decreased for the second quarter and first two quarters primarily due to increased operating expense, partially offset by increased gross margin as a percentage of revenue.

Research and Development, Sales and Marketing, and General and Administrative Expense

The following table shows research and development ("R&D"), sales and marketing ("S&M"), and general and administrative ("G&A") expense along with these expenses as a percentage of revenue for the periods indicated:

	Second Quarter of				First Two Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
(In millions)								
Research and development	$ 140.1	$ 138.3	$ 1.8	1%	$ 280.4	$ 267.7	$ 12.7	5%
Percentage of revenue	14.9 %	14.6 %			14.5 %	14.6 %		
Sales and marketing	$ 138.9	$ 125.2	$ 13.7	11%	$ 270.8	$ 247.6	$ 23.2	9%
Percentage of revenue	14.8 %	13.2 %			14.0 %	13.5 %		
General and administrative	$ 106.9	$ 99.6	$ 7.3	7%	$ 208.4	$ 185.0	$ 23.4	13%
Percentage of revenue	11.4 %	10.5 %			10.8 %	10.1 %		
Total	$ 385.9	$ 363.1	$ 22.8	6%	$ 759.6	$ 700.3	$ 59.3	8%

R&D expense increased for the second quarter and first two quarters primarily due to higher compensation expense, partially offset by favorable foreign currency, favorable deferred compensation fluctuations, and divestitures. We believe that the development and introduction of new solutions are critical to our future success, and we expect to continue the active development of new products.

S&M expense increased for the second quarter and first two quarters primarily due to higher compensation expense, including commissions, and, to a lesser extent, higher travel and marketing costs, partially offset by favorable foreign currency and divestitures.

G&A expense increased for the second quarter and first two quarters primarily due to higher compensation and consulting costs related to our Connect and Scale strategy and charitable donations to the Trimble Foundation, partially offset by lower stock-based compensation, favorable deferred compensation fluctuations, and divestitures. In addition, the first two quarters of 2022 was impacted by higher bad debt expense associated with Russia and Belarus customers in the first quarter of 2022.

Amortization of Purchased Intangible Assets

	Second Quarter of				First Two Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
(In millions)								
Cost of sales	$ 21.0	$ 22.0	$ (1.0)	(5)%	$ 43.5	$ 44.1	$ (0.6)	(1)%
Operating expenses	11.3	13.0	(1.7)	(13)%	23.4	26.7	(3.3)	(12)%
Total amortization expense of purchased intangibles	$ 32.3	$ 35.0	$ (2.7)	(8)%	$ 66.9	$ 70.8	$ (3.9)	(6)%
Total amortization expense of purchased intangibles as a percentage of revenue	3 %	4 %			3 %	4 %		

Total amortization expense of purchased intangibles decreased for the second quarter and first two quarters due to the expiration of prior quarters' acquisition amortization.

Non-operating Income, Net

The components of non-operating income, net, were as follows:

	Second Quarter of				First Two Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
(In millions)								
Divestitures gain, net	$ 106.0	$ 20.4	$ 85.6	420%	$ 97.1	$ 22.4	$ 74.7	333%
Interest expense, net	(15.3)	(16.6)	1.3	(8)%	(31.3)	(33.5)	2.2	(7)%
Income from equity method investments, net	5.8	10.0	(4.2)	(42)%	15.5	21.8	(6.3)	(29)%
Other income (expense), net	(9.8)	3.8	(13.6)	(358)%	(13.0)	3.4	(16.4)	(482)%
Total non-operating income, net	$ 86.7	$ 17.6	$ 69.1	393%	$ 68.3	$ 14.1	$ 54.2	384%

Non-operating income, net increased for the second quarter and first two quarters primarily due to the net gain from the sale of five businesses in the second quarter, slightly offset by fluctuations in deferred compensation plan assets included in Other income (expense), net, and lower joint-venture profitability.

Income Tax Provision

For the second quarter, our effective income tax rate was 24.2%, as compared to 14.5% in the prior year. For the first two quarters, our effective income tax rate was 22.7%, as compared to 15.4% in the prior year. The increases were primarily associated with current quarter divestiture gains and a prior year rate decrease due to a one-time tax benefit from a foreign deferred tax asset.

Results by Segment

We report our financial performance, including revenue and operating income, based on four reportable segments: Buildings and Infrastructure, Geospatial, Resources and Utilities, and Transportation.

Our Chief Executive Officer (chief operating decision maker) views and evaluates operations based on the results of our reportable operating segments under our management reporting system. For additional discussion of our segments, refer to Note 6 “Segment Information” of this Form 10-Q.

The following table is a summary of revenue and operating income by segment compared for the periods indicated:

	Second Quarter of				First Two Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
(In millions)								
Buildings and Infrastructure								
Segment revenue	$ 382.6	$ 364.8	$ 17.8	5%	$ 780.2	$ 707.9	$ 72.3	10%
Segment revenue as a % of total revenue	41 %	39 %			40 %	39 %		
Segment operating income	$ 101.4	$ 104.1	(2.7)	(3)%	$ 222.1	$ 200.5	21.6	11%
Segment operating income as a % of segment revenue	26.5 %	28.5 %			28.5 %	28.3 %		
Geospatial								
Segment revenue	$ 193.7	$ 219.7	(26.0)	(12)%	$ 401.2	$ 401.4	(0.2)	—%
Segment revenue as a % of total revenue	20 %	23 %			21 %	22 %		
Segment operating income	$ 57.8	$ 66.1	(8.3)	(13)%	$ 115.7	$ 114.8	0.9	1%
Segment operating income as a % of segment revenue	29.8 %	30.1 %			28.8 %	28.6 %		
Resources and Utilities								
Segment revenue	$ 214.8	$ 197.5	17.3	9%	$ 444.7	$ 402.7	42.0	10%
Segment revenue as a % of total revenue	23 %	21 %			23 %	22 %		
Segment operating income	$ 73.0	$ 70.5	2.5	4%	$ 148.1	$ 150.6	(2.5)	(2)%
Segment operating income as a % of segment revenue	34.0 %	35.7 %			33.3 %	37.4 %		
Transportation								
Segment revenue	$ 150.1	$ 163.3	(13.2)	(8)%	$ 308.8	$ 320.0	(11.2)	(4)%
Segment revenue as a % of total revenue	16 %	17 %			16 %	17 %		
Segment operating income	$ 11.8	$ 12.8	(1.0)	(8)%	$ 21.0	$ 21.2	(0.2)	(1)%
Segment operating income as a % of segment revenue	7.9 %	7.8 %			6.8 %	6.6 %		

The following table is a reconciliation of our consolidated segment operating income to consolidated income before taxes:

	Second Quarter of		First Two Quarters of	
	2022	2021	2022	2021
(In millions)				
Consolidated segment operating income	$ 244.0	$ 253.5	$ 506.9	$ 487.1
Unallocated general corporate expenses	(33.3)	(24.9)	(63.1)	(49.3)
Purchase accounting adjustments	(32.3)	(34.0)	(66.9)	(68.8)
Acquisition / divestiture items	(7.3)	(6.6)	(11.2)	(10.1)
Stock-based compensation / deferred compensation	(26.2)	(38.3)	(51.2)	(67.0)
Restructuring and other costs	(10.0)	(4.9)	(22.7)	(6.2)
Consolidated operating income	134.9	144.8	291.8	285.7
Total non-operating income, net	86.7	17.6	68.3	14.1
Consolidated income before taxes	$ 221.6	$ 162.4	$ 360.1	$ 299.8

Buildings and Infrastructure

Change versus the corresponding period in 2021	Second Quarter of 2022	First Two Quarters of 2022
	% Change	% Change
(In millions)		
Change in segment revenue	5 %	10 %
Acquisitions	1 %	2 %
Divestitures	(6)%	(4)%
Foreign currency exchange	(3)%	(2)%
Organic growth	13 %	15 %

Excluding acquisitions, divestitures, and unfavorable foreign currency, organic revenue increased for the second quarter and first two quarters primarily due to strong demand for our civil construction hardware and related software licenses resulting from relative strength in residential construction spend. The increase was also due to higher term license and subscription revenue growth in our software businesses, and to a lesser extent, price increases. The increase in subscription revenue resulted from higher sales to new and existing customers as well as conversions from perpetual software to recurring offerings.

Operating income decreased for the second quarter primarily due to divestitures and unfavorable foreign currency, partially offset by revenue and gross margin expansion. Additionally, operating expense was higher due to investments, including our Connect and Scale strategy; sales; marketing; and travel costs. Operating income increased for the first two quarters primarily due to revenue and gross margin expansion, partially offset by divestitures and unfavorable foreign currency. Operating income as a percentage of revenue decreased for the second quarter primarily due to increased operating expense, partially offset by gross margin expansion. Operating income as a percentage of revenue for the first two quarters was relatively flat.

Geospatial

Change versus the corresponding period in 2021	Second Quarter of 2022	First Two Quarters of 2022
	% Change	% Change
(In millions)		
Change in segment revenue	(12)%	— %
Divestitures	(4)%	(2)%
Foreign currency exchange	(3)%	(3)%
Organic growth	(5)%	5 %

Excluding divestitures and unfavorable foreign currency, organic revenue decreased for the second quarter due to supply chain constraints and unusually strong sales in the prior year, including new product introductions. For the first two quarters, Geospatial organic revenue, particularly software sales, was up, which contributed to overall growth.

Operating income decreased for the second quarter primarily due to divestitures and organic revenue declines and higher operating expense due to investments, including our Connect and Scale strategy; marketing; and travel costs. Gross margin expansion partially offset the decreases. Operating income for the first two quarters was relatively flat. Operating income as a percentage of revenue for the second quarter and first two quarters was relatively flat.

Resources and Utilities

Change versus the corresponding period in 2021	Second Quarter of 2022	First Two Quarters of 2022
	% Change	% Change
(In millions)		
Change in segment revenue	9 %	10 %
Divestitures	(1)%	(1)%
Foreign currency exchange	(5)%	(4)%
Organic growth	15 %	16 %

Excluding divestitures and unfavorable foreign currency, organic revenue increased for the second quarter and first two quarters primarily due to continued relative strength in agriculture, particularly in the OEM channel in the second quarter. Despite higher farmer input costs, market fundamentals, including favorable commodity prices, continued to support agriculture revenue growth. To a lesser extent, revenue was favorably impacted by customer price increases.

Operating income was relatively flat for the second quarter and first two quarters. Divestitures and unfavorable foreign currency were largely offset by revenue expansion. Operating expense was higher due to investments, including our Connect and Scale strategy, as well as travel costs. Operating income as a percentage of revenue decreased for the second quarter and first two quarters primarily due to gross margin percentage decrease associated with increased supply chain costs; the supply chain impacts lessened in the second quarter due to customer pricing increases.

Transportation

Change versus the corresponding period in 2021	**Second Quarter of 2022**	**First Two Quarters of 2022**
	% Change	**% Change**
(In millions)		
Change in segment revenue	(8)%	(4)%
Divestitures	(2)%	(1)%
Foreign currency exchange	(1)%	(1)%
Organic growth	(5)%	(1)%

Excluding divestitures and unfavorable foreign currency, organic revenue decreased for the second quarter and first two quarters primarily driven by lower mobility hardware sales to North American customers. Enterprise revenue continued to experience term license and subscription revenue growth as the business transitions from a perpetual software license model.

Operating income and operating income as a percentage of revenue was relatively flat for the second quarter and first two quarters. Revenue declines were largely offset by gross margin expansion, including targeted cost reductions. We continued to maintain focus on new product introductions and transitions to recurring revenue.

LIQUIDITY AND CAPITAL RESOURCES

As of	Second Quarter of 2022	Year End 2021	Dollar Change	% Change
(In millions, except percentages)				
Cash and cash equivalents	$ 350.1	$ 325.7	$ 24.4	7 %
As a percentage of total assets	5.1 %	4.6 %		
Principal balance of outstanding debt	$ 1,300.0	$ 1,300.0	$ —	— %

	First Two Quarters of			
	2022	2021	Dollar Change	% Change
(In millions)				
Net cash provided by operating activities	$ 201.8	$ 428.8	$ (227.0)	(53)%
Net cash provided by investing activities	172.3	42.9	129.4	302 %
Net cash used in financing activities	(335.3)	(223.1)	(112.2)	50 %
Effect of exchange rate changes on cash and cash equivalents	(14.4)	(1.9)	(12.5)	658 %
Net increase in cash and cash equivalents	$ 24.4	$ 246.7		

Operating Activities

The decrease in cash provided by operating activities was primarily driven by higher inventory purchases and lower accounts payable associated with the timing of inventory payments, higher tax payments, driven in part by a second quarter payment associated with the Tax Cuts and Jobs Act of 2017, and lower accrued compensation associated with bonus payouts in the first quarter, offset by higher deferred revenue.

Investing Activities

The increase in cash provided by investing activities was primarily due to higher proceeds from divestitures.

Financing Activities

The increase in cash used in financing activities was primarily driven by an increase in common stock repurchases, partially offset by a decrease in debt repayments, net of debt proceeds.

Cash and Cash Equivalents

We believe that our cash and cash equivalents and borrowings, along with cash provided by operations will be sufficient in the foreseeable future to meet our anticipated operating cash needs, expenditures related to our Connect and Scale strategy, debt service, and any stock repurchases under the stock repurchase program. In addition, in March 2022, we entered into a five-year, unsecured revolving loan facility for borrowings up to $1.25 billion, which replaced the 2018 Credit Facility. The 2022 Credit Facility contains an option to increase the borrowings up to $1.75 billion with lender approval. As of July 1, 2022, no amounts were outstanding under the 2022 Credit Facility.

We anticipate refinancing some or all of our outstanding indebtedness at or prior to its maturity, which could involve us accessing the capital markets.

A provision enacted in the Tax Cuts and Jobs Act of 2017 related to the capitalization of research and development costs for tax purposes became effective on January 1, 2022. If this provision is not deferred, our full year 2022 tax payments are expected to increase by an estimated $90 million. In the second quarter, we made a partial payment of $40 million for this liability.

Our cash requirements have not otherwise materially changed since the 2021 Form 10-K.

SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES AND ANNUALIZED RECURRING REVENUE

To supplement our consolidated financial information, we included non-GAAP financial measures, which are not meant to be considered in isolation or as a substitute for comparable GAAP. We believe non-GAAP financial measures provide useful information to investors and others in understanding our "core operating performance", which excludes (i) the effect of non-cash items and certain variable charges not expected to recur; and (ii) transactions that are not meaningful in comparison to our past operating performance or not reflective of ongoing financial results. Lastly, we believe that our core operating performance offers a supplemental measure for period-to-period comparisons and can be used to evaluate our historical and prospective financial performance, as well as our performance relative to competitors. In addition to providing non-GAAP financial measures, we disclose Annualized Recurring Revenue ("ARR") to give the investors supplementary indicators of the value of our current recurring revenue contracts.

ARR represents the estimated annualized value of recurring revenue, including subscription, maintenance and support revenue, and term license contracts for the quarter. ARR is calculated by adding the portion of the contract value of all of our term licenses attributable to the current quarter to our non-GAAP recurring revenue for the current quarter and dividing that sum by the number of days in the quarter and then multiplying that quotient by 365. ARR should be viewed independently of revenue and deferred revenue, as it is a performance measure and is not intended to be combined with or to replace either of those items.

The non-GAAP financial measures, definitions, and explanations to the adjustments to comparable GAAP measures are included below:

		Second Quarter of				First Two Quarters of			
		2022		2021		2022		2021	
(In millions, except per share amounts)		Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue
REVENUE:									
GAAP revenue:		$ 941.2		$ 945.2		$ 1,934.9		$ 1,831.7	
Purchase accounting adjustments	(A)	—		0.1		—		0.3	
Non-GAAP revenue:		$ 941.2		$ 945.3		$ 1,934.9		$ 1,832.0	
GROSS MARGIN:									
GAAP gross margin:		$ 537.5	57.1 %	$ 525.4	55.6 %	$ 1,087.1	56.2 %	$ 1,018.7	55.6 %
Purchase accounting adjustments	(A)	21.0		22.1		43.5		44.4	
Stock-based compensation / deferred compensation	(C)	3.1		2.6		5.3		4.6	
Restructuring and other costs	(D)	—		0.2		1.1		0.2	
Non-GAAP gross margin:		$ 561.6	59.7 %	$ 550.3	58.2 %	$ 1,137.0	58.8 %	$ 1,067.9	58.3 %
OPERATING EXPENSES:									
GAAP operating expenses:		$ 402.6	42.8 %	$ 380.6	40.3 %	$ 795.3	41.1 %	$ 733.0	40.0 %
Purchase accounting adjustments	(A)	(11.3)		(11.9)		(23.4)		(24.4)	
Acquisition / divestiture items	(B)	(7.3)		(6.6)		(11.2)		(10.1)	
Stock-based compensation / deferred compensation	(C)	(23.1)		(35.7)		(45.9)		(62.4)	
Restructuring and other costs	(D)	(10.0)		(4.7)		(21.6)		(6.0)	
Non-GAAP operating expenses:		$ 350.9	37.3 %	$ 321.7	34.0 %	$ 693.2	35.8 %	$ 630.1	34.4 %
OPERATING INCOME:									
GAAP operating income:		$ 134.9	14.3 %	$ 144.8	15.3 %	$ 291.8	15.1 %	$ 285.7	15.6 %
Purchase accounting adjustments	(A)	32.3		34.0		66.9		68.8	
Acquisition / divestiture items	(B)	7.3		6.6		11.2		10.1	
Stock-based compensation / deferred compensation	(C)	26.2		38.3		51.2		67.0	
Restructuring and other costs	(D)	10.0		4.9		22.7		6.2	
Non-GAAP operating income:		$ 210.7	22.4 %	$ 228.6	24.2 %	$ 443.8	22.9 %	$ 437.8	23.9 %
NON-OPERATING INCOME (EXPENSE), NET:									
GAAP non-operating income, net:		$ 86.7		$ 17.6		$ 68.3		$ 14.1	
Acquisition / divestiture items	(B)	(106.3)		(20.7)		(97.4)		(22.8)	
Deferred compensation	(C)	7.0		(2.7)		10.3		(4.2)	
Restructuring and other costs	(D)	—		—		0.1		—	
Non-GAAP non-operating expense, net:		$ (12.6)		$ (5.8)		$ (18.7)		$ (12.9)	

Table of Contents

			GAAP and Non-GAAP Tax Rate % (G)		GAAP and Non-GAAP Tax Rate % (G)		GAAP and Non-GAAP Tax Rate % (G)		GAAP and Non-GAAP Tax Rate % (G)
INCOME TAX PROVISION:									
GAAP income tax provision:		$ 53.6	24.2 %	$ 23.5	14.5 %	$ 81.8	22.7 %	$ 46.3	15.4 %
Non-GAAP items tax effected	(E)	(5.7)		8.8		12.4		19.5	
Difference in GAAP and Non-GAAP tax rate	(F)	(11.4)		6.7		(15.5)		8.2	
Non-GAAP income tax provision:		$ 36.5	18.4 %	$ 39.0	17.5 %	$ 78.7	18.5 %	$ 74.0	17.4 %
NET INCOME:									
GAAP net income attributable to Trimble Inc.:		$ 168.0		$ 138.9		$ 278.3		$ 253.4	
Purchase accounting adjustments	(A)	32.3		34.0		66.9		68.8	
Acquisition / divestiture items	(B)	(99.0)		(14.1)		(86.2)		(12.7)	
Stock-based compensation / deferred compensation	(C)	33.2		35.6		61.5		62.8	
Restructuring and other costs	(D)	10.0		4.9		22.8		6.2	
Non-GAAP tax adjustments	(E) - (F)	17.1		(15.5)		3.1		(27.7)	
Non-GAAP net income attributable to Trimble Inc.:		$ 161.6		$ 183.8		$ 346.4		$ 350.8	
DILUTED NET INCOME PER SHARE:									
GAAP diluted net income per share attributable to Trimble Inc.:		$ 0.67		$ 0.55		$ 1.11		$ 1.00	
Purchase accounting adjustments	(A)	0.13		0.13		0.27		0.27	
Acquisition / divestiture items	(B)	(0.39)		(0.06)		(0.34)		(0.05)	
Stock-based compensation / deferred compensation	(C)	0.13		0.14		0.24		0.25	
Restructuring and other costs	(D)	0.04		0.02		0.09		0.02	
Non-GAAP tax adjustments	(E) - (F)	0.06		(0.06)		0.01		(0.11)	
Non-GAAP diluted net income per share attributable to Trimble Inc.:		$ 0.64		$ 0.72		$ 1.38		$ 1.38	
ADJUSTED EBITDA:									
GAAP net income attributable to Trimble Inc.:		$ 168.0		$ 138.9		$ 278.3		$ 253.4	
Non-operating income, net, income tax provision, and net gain attributable to noncontrolling interests		(33.1)		5.9		13.5		32.3	
GAAP operating income:		134.9		144.8		291.8		285.7	
Purchase accounting adjustments	(A)	32.3		34.0		66.9		68.8	
Acquisition / divestiture items	(B)	7.3		6.6		11.2		10.1	
Stock-based compensation / deferred compensation	(C)	26.2		38.3		51.2		67.0	
Restructuring and other costs	(D)	10.0		4.9		22.7		6.2	
Non-GAAP operating income:		210.7		228.6		443.8		437.8	
Depreciation expense		11.0		10.7		21.5		21.0	
Income from equity method investments, net		5.8		10.0		15.5		21.8	
Adjusted EBITDA		$ 227.5	24.2 %	$ 249.3	26.4 %	$ 480.8	24.8 %	$ 480.6	26.2 %

Non-GAAP Definitions

Non-GAAP revenue

We define Non-GAAP revenue as GAAP revenue, excluding the effects of purchase accounting adjustments for acquisitions occurring prior to 2021. We believe this measure helps investors understand the performance of our business including acquisitions, as non-GAAP revenue excludes the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting. Management believes that excluding fair value purchase accounting adjustments more closely correlates with the ordinary and ongoing course of the acquired company's operations and facilitates analysis of revenue growth and trends.

Non-GAAP gross margin

We define Non-GAAP gross margin as GAAP gross margin, excluding the effects of purchase accounting adjustments, stock-based compensation, deferred compensation, and restructuring and other costs. We believe our investors benefit by understanding our non-GAAP gross margin as a way of understanding how product mix, pricing decisions, and manufacturing costs influence our business.

Non-GAAP operating expenses

We define Non-GAAP operating expenses as GAAP operating expenses, excluding the effects of purchase accounting adjustments, acquisition/divestiture items, stock-based compensation, deferred compensation, and restructuring and other costs. We believe this measure is important to investors evaluating our non-GAAP spending in relation to revenue.

Non-GAAP operating income

We define Non-GAAP operating income as GAAP operating income, excluding the effects of purchase accounting adjustments, acquisition/divestiture items, stock-based compensation, deferred compensation, and restructuring and other costs. We believe our investors benefit by understanding our non-GAAP operating income trends, which are driven by revenue, gross margin, and spending.

Non-GAAP non-operating expense, net

We define Non-GAAP non-operating expenses, net as GAAP non-operating expenses, net, excluding acquisition/divestiture items, deferred compensation, and restructuring and other costs. We believe this measure helps investors evaluate our non-operating expense trends.

Non-GAAP income tax provision

We define Non-GAAP income tax provision as GAAP income tax provision, excluding charges and benefits such as net deferred tax impacts resulting from the non-U.S. intercompany transfer of intellectual property, tax law changes, and significant one-time reserve releases upon the statute of limitations expirations. We believe this measure helps investors because it provides for consistent treatment of excluded items in our non-GAAP presentation and a difference in the GAAP and non-GAAP tax rates.

Non-GAAP net income

We define Non-GAAP net income as GAAP net income, excluding the effects of purchase accounting adjustments, acquisition/divestiture items, stock-based compensation, restructuring and other costs, and non-GAAP tax adjustments. This measure provides a supplemental view of net income trends, which are driven by non-GAAP income before taxes and our non-GAAP tax rate.

Non-GAAP diluted net income per share

We define Non-GAAP diluted net income per share as GAAP diluted net income per share, excluding the effects of purchase accounting adjustments, acquisition/divestiture items, stock-based compensation, restructuring and other costs, and non-GAAP tax adjustments. We believe our investors benefit by understanding our non-GAAP operating performance as reflected in a per share calculation as a way of measuring non-GAAP operating performance by ownership in the company.

Adjusted EBITDA

We define Adjusted EBITDA as non-GAAP operating income plus depreciation expense and income from equity method investments, net. Other companies may define Adjusted EBITDA differently. Adjusted EBITDA is not intended to purport to be an alternative to net income or operating income as a measure of operating performance or cash flow from operating activities as a measure of liquidity. Adjusted EBITDA is a performance measure that we believe offers a useful view of the overall operations of our business because it facilitates operating performance comparisons by removing potential differences caused by variations unrelated to operating performance, such as capital structures (interest expense), income taxes, depreciation and amortization expenses.

Explanations of Non-GAAP adjustments

(A). ***Purchase accounting adjustments.*** Purchase accounting adjustments consist of the following:

i. *Acquired deferred revenue adjustment*. We adopted ASU 2021-08 in the fourth quarter of 2021 for all acquisitions occurring in 2021 and going forward, which requires the application of ASC 606, Revenue from Contracts with Customers, to recognize and measure contract assets and contract liabilities on the acquisition date. For acquisitions occurring prior to 2021, non-GAAP revenue excludes the adjustment to our revenue as a result of measuring the contract liability at fair value on the acquisition date.

ii. *Amortization of acquired capitalized commissions*. Purchase accounting generally requires entities to eliminate capitalized sales commissions balances as of the acquisition date. Non-GAAP operating expenses exclude the adjustments that eliminate the capitalized sales commissions. For acquisitions occurring prior to 2021, non-GAAP operating expenses exclude the adjustment of acquired capitalized commissions amortization.

iii. *Amortization of purchased intangible assets*. Non-GAAP gross margin and operating expenses exclude the amortization of purchased intangible assets, which primarily represents technology and/or customer relationships already developed.

(B). ***Acquisition / divestiture items.*** Non-GAAP gross margin and operating expenses exclude acquisition costs consisting of external and incremental costs resulting directly from merger and acquisition and strategic investment activities such as legal, due diligence, integration, and other closing costs, including the acceleration of acquisition stock options and adjustments to the fair value of earn-out liabilities. Non-GAAP non-operating expense, net, excludes unusual one-time acquisition/divestiture charges as well as divestiture and strategic investment gains/losses. These are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.

(C). ***Stock-based compensation / deferred compensation.*** Non-GAAP gross margin and operating expenses exclude stock-based compensation and income or expense associated with movement in our non-qualified deferred compensation plan liabilities. Changes in non-qualified deferred compensation plan assets, included in non-operating expense, net, offset the income or expense in the plan liabilities.

(D). ***Restructuring and other costs.*** Non-GAAP gross margin and operating expenses exclude restructuring and other exit costs comprised of termination benefits related to reductions in employee headcount, including executive severance agreements, the closure or exit of facilities, and cancellation of certain contracts. In addition, in 2022, other costs include a one-time charge for Russia and Belarus customer receivables and inventory, as well as a one-time $20 million commitment to donate to Trimble Foundation to be paid over four quarters.

(E). ***Non-GAAP items tax effected.*** This amount adjusts the provision for income taxes to reflect the effect of the non-GAAP items (A) - (D) on non-GAAP net income.

(F). ***Difference in GAAP and Non-GAAP tax rate.*** This amount represents the difference between the GAAP and non-GAAP tax rates applied to the non-GAAP operating income plus the non-GAAP non-operating expense, net. The non-GAAP tax rate excludes charges and benefits such as net deferred tax impacts resulting from a non-U.S. intercompany transfer of intellectual property and significant one-time reserve releases upon statute of limitations expirations.

(G). ***GAAP and non-GAAP tax rate percentages.*** These percentages are defined as GAAP income tax provision as a percentage of GAAP income before taxes and non-GAAP income tax provision as a percentage of non-GAAP income before taxes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. We use certain derivative financial instruments to manage these risks. We do not use derivative financial instruments for speculative purposes. All financial instruments are used in accordance with policies approved by our board of directors.

Market Interest Rate Risk

There have been no significant changes to our market interest rate risk assessment since December 31, 2021. For discussion of financial market risks related to changes in interest rate, refer to “Quantitative and Qualitative Disclosures about Market Risk” section of the 2021 Form 10-K.

Foreign Currency Exchange Rate Risk

We operate in international markets, which expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. Dollar and various foreign currencies, the most significant of which is the Euro. In addition, volatile market conditions could result in changes in exchange rates.

Historically, the majority of our revenue contracts are denominated in U.S. Dollars, with the most significant exception being Europe, where we invoice primarily in Euro. Additionally, a portion of our expenses, primarily the cost to manufacture, cost of personnel to deliver technical support on our products and professional services, sales and sales support, and research and development are denominated in foreign currencies, primarily the Euro.

Revenue resulting from selling in local currencies and costs incurred in local currencies are exposed to foreign currency exchange rate fluctuations, which can affect our operating income. As exchange rates vary, operating income may differ from expectations. In the second quarter and first two quarters of 2022, unfavorable impacts from foreign currency exchange rates were $28.5 million and $47.8 million on revenue and $5.5 million and $10.3 million on operating income.

We enter into foreign currency forward contracts to minimize the short-term impact of foreign currency exchange rate fluctuations on cash, debt, and certain trade and intercompany receivables and payables, primarily denominated in Euro, New Zealand Dollars, British Pound, Brazilian Real, and Canadian Dollars. These contracts reduce the exposure to fluctuations in foreign currency exchange rate movements, as the gains and losses associated with foreign currency balances are generally offset with the gains and losses on the forward contracts. These instruments are marked-to-market through earnings every period and generally range from one to two months in maturity. We do not enter into foreign currency forward contracts for trading purposes. We occasionally enter into foreign currency forward contracts to hedge the purchase price of some of our larger business acquisitions. Foreign currency forward contracts outstanding at the end of the second quarter of 2022 and at the end of 2021 are summarized as follows (in millions):

	Second Quarter of 2022		Year End 2021	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	$ (88.6)	$ 0.2	$ (107.5)	$ 0.1
Sold	$ 178.8	$ 0.4	$ 183.6	$ (0.2)

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures.

The management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in litigation arising out of the ordinary course of our business. There are no material legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries is a party or of which any of our or our subsidiaries' property is subject.

ITEM 1A. RISK FACTORS

There have been no material changes to our risk factor disclosures since our 2021 Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022. The risk factors described in the 2021 Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) None.

(b) None.

(c) The following table provides information relating to our purchases of equity securities for the second quarter of 2022:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
April 2, 2022 – May 6, 2022	—	$ —	—	$ 505,254,982
May 7, 2022 – June 3, 2022	2,943,118	$ 65.24	2,943,118	$ 313,237,624
June 4, 2022 – July 1, 2022	115,954	$ 68.84	115,954	$ 305,254,992
Total	3,059,072		3,059,072	

On August 19, 2021, our Board of Directors approved a new share repurchase program ("2021 Stock Repurchase Program") authorizing up to $750.0 million in repurchases of our common stock. The 2021 Stock Repurchase Program went into effect immediately after being announced, does not have an expiration date, and replaces and supersedes the $600.0 million share repurchase authorization approved by our Board of Directors in November 2017, of which $50.7 million was remaining and has been cancelled.

Under the 2021 Stock Repurchase Program, we may repurchase shares from time to time, subject to business and market conditions and other investment opportunities, through open market transactions, privately-negotiated transactions, accelerated stock repurchase plans, or by other means. The timing and actual number of any shares repurchased will depend on a variety of factors, including market conditions, our share price, other available uses of capital, applicable legal requirements, and other factors. The 2021 Stock Repurchase Program may be suspended, modified or discontinued at any time at the Company's discretion without notice.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

We have filed, or incorporated into the Report by reference, the exhibits listed on the accompanying Index to Exhibits immediately preceding the signature page of this Form 10-Q.

EXHIBIT INDEX

Exh. No.	Description of Exhibit	Filed or furnished herewith or incorporated by reference to:
3.1	Certificate of Incorporation of Trimble Inc.	Exhibit 3.1 to Form 8-K filed October 3, 2016
3.2	Amended and Restated By-Laws of Trimble Inc. (effective October 1, 2020)	Exhibit 3.1 to Form 8-K filed September 30, 2020
4.1	Form of Common Stock Certificate of Trimble Inc.	Exhibit 4.1 to Form 8-K filed October 3, 2016
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended July 1, 2022, formatted in Inline XBRL, tagged as blocks of text and including detailed tags: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.	
104	The cover page from this Report on Form 10-Q, formatted in Inline XBRL.	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRIMBLE INC.
(Registrant)

By: /s/ David G. Barnes
David G. Barnes
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

DATE: August 5, 2022

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Painter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trimble Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2022

/s/ Robert G. Painter
Robert G.Painter
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David G. Barnes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trimble Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2022

/s/ David G. Barnes

David G. Barnes

Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Trimble Inc. (the “Company”) for the period ended July 1, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Robert G.Painter, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert G.Painter

Robert G.Painter
Chief Executive Officer

August 5, 2022

Exhibit 32.2

**CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Trimble Inc. (the “Company”) for the period ended July 1, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), David G. Barnes, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David G. Barnes

David G. Barnes

Chief Financial Officer

August 5, 2022