

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED July 3, 2020

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

(State or other jurisdiction of incorporation or organization)

94-2802192

(I.R.S. Employer Identification Number)

935 Stewart Drive, Sunnyvale, CA 94085

(Address of principal executive offices) (Zip Code)

Telephone Number (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 5, 2020, there were 250,215,769 shares of Common Stock, par value \$0.001 per share, outstanding.

TRIMBLE INC.
FORM 10-Q for the Quarter Ended July 3, 2020
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PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

As of	Second Quarter of	Fiscal Year End
<i>(In millions, except par value)</i>	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 196.4	\$ 189.2
Accounts receivable, net	478.8	608.2
Inventories	338.6	312.1
Other current assets	106.2	102.3
Total current assets	1,120.0	1,211.8
Property and equipment, net	249.8	241.4
Operating lease right-of-use assets	135.3	140.3
Goodwill	3,807.5	3,680.6
Other purchased intangible assets, net	645.3	678.7
Deferred income tax assets	462.5	475.5
Other non-current assets	224.6	212.4
Total assets	\$ 6,645.0	\$ 6,640.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 268.2	\$ 219.0
Accounts payable	128.9	159.3
Accrued compensation and benefits	133.9	123.5
Deferred revenue	481.9	490.4
Other current liabilities	157.6	198.1
Total current liabilities	1,170.5	1,190.3
Long-term debt	1,564.5	1,624.2
Deferred revenue, non-current	49.1	51.5
Deferred income tax liabilities	317.9	318.2
Income taxes payable	61.8	69.1
Operating lease liabilities	112.1	114.1
Other non-current liabilities	156.0	152.9
Total liabilities	3,431.9	3,520.3
Commitments and contingencies (Note 14)		
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; 250.2 and 249.9 shares issued and outstanding at the end of the second quarter of 2020 and fiscal year end 2019, respectively	0.2	0.2
Additional paid-in-capital	1,737.6	1,692.8
Retained earnings	1,672.4	1,602.8
Accumulated other comprehensive loss	(198.3)	(176.8)
Total Trimble Inc. stockholders' equity	3,211.9	3,119.0
Noncontrolling interests	1.2	1.4
Total stockholders' equity	3,213.1	3,120.4
Total liabilities and stockholders' equity	\$ 6,645.0	\$ 6,640.7

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In millions, except per share amounts)	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
Revenue:				
Product	\$ 412.4	\$ 521.1	\$ 876.2	\$ 1,009.5
Service	156.6	174.6	319.0	333.8
Subscription	164.6	159.1	330.7	313.1
Total revenue	733.6	854.8	1,525.9	1,656.4
Cost of sales:				
Product	199.4	257.0	409.5	487.7
Service	56.0	69.3	119.6	133.3
Subscription	49.3	44.1	103.4	88.5
Amortization of purchased intangible assets	23.2	23.8	46.7	48.0
Total cost of sales	327.9	394.2	679.2	757.5
Gross margin	405.7	460.6	846.7	898.9
Operating expense:				
Research and development	114.0	119.6	232.2	237.8
Sales and marketing	103.6	128.8	235.3	256.2
General and administrative	68.8	79.9	141.8	162.7
Restructuring charges	5.1	2.9	8.0	6.4
Amortization of purchased intangible assets	16.6	19.7	33.5	39.8
Total operating expense	308.1	350.9	650.8	702.9
Operating income	97.6	109.7	195.9	196.0
Non-operating income (expense), net:				
Interest expense, net	(19.6)	(20.6)	(40.1)	(42.5)
Income from equity method investments, net	9.7	12.9	19.1	21.7
Other income (expense), net	3.2	13.4	(4.6)	15.4
Total non-operating income (expense), net	(6.7)	5.7	(25.6)	(5.4)
Income before taxes	90.9	115.4	170.3	190.6
Income tax provision	27.7	20.8	45.2	33.6
Net income	63.2	94.6	125.1	157.0
Net income attributable to noncontrolling interests	0.2	—	0.2	0.1
Net income attributable to Trimble Inc.	\$ 63.0	\$ 94.6	\$ 124.9	\$ 156.9
Basic earnings per share	\$ 0.25	\$ 0.38	\$ 0.50	\$ 0.62
Shares used in calculating basic earnings per share	250.0	251.7	250.0	251.6
Diluted earnings per share	\$ 0.25	\$ 0.37	\$ 0.50	\$ 0.62
Shares used in calculating diluted earnings per share	251.2	254.0	251.5	254.0

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	
	2020	2019	2020	2019
<i>(In millions)</i>				
Net income	\$ 63.2	\$ 94.6	\$ 125.1	\$ 157.0
Foreign currency translation adjustments, net of tax	32.6	2.1	(21.7)	5.6
Net unrealized income, net of tax	—	—	0.2	0.1
Comprehensive income	95.8	96.7	103.6	162.7
Comprehensive income attributable to noncontrolling interests	0.2	—	0.2	0.1
Comprehensive income attributable to Trimble Inc.	<u>\$ 95.6</u>	<u>\$ 96.7</u>	<u>\$ 103.4</u>	<u>\$ 162.6</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Common stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total
	Shares	Amount	Additional Paid-In Capital					
<i>(In millions)</i>								
Balance at the end of fiscal 2019	249.9	\$ 0.2	\$ 1,692.8	\$ 1,602.8	\$ (176.8)	\$ 3,119.0	\$ 1.4	\$ 3,120.4
Net income	—	—	—	61.9	—	61.9	—	61.9
Other comprehensive income	—	—	—	—	(54.1)	(54.1)	—	(54.1)
Comprehensive income						7.8		7.8
Issuance of common stock under employee plans, net of tax withholdings	1.0	—	20.4	(7.7)	—	12.7	—	12.7
Stock repurchases	(1.2)	—	(8.4)	(41.6)	—	(50.0)	—	(50.0)
Stock-based compensation	—	—	11.8	—	—	11.8	—	11.8
Noncontrolling interest investments	—	—	—	—	—	—	(0.4)	(0.4)
Balance at the end of the first quarter of fiscal 2020	249.7	\$ 0.2	\$ 1,716.6	\$ 1,615.4	\$ (230.9)	\$ 3,101.3	\$ 1.0	\$ 3,102.3
Net income	—	—	—	63.0	—	63.0	0.2	63.2
Other comprehensive income	—	—	—	—	32.6	32.6	—	32.6
Comprehensive income						95.6		95.8
Issuance of common stock under employee plans, net of tax withholdings	0.5	—	1.9	(6.0)	—	(4.1)	—	(4.1)
Stock-based compensation	—	—	19.1	—	—	19.1	—	19.1
Balance at the end of the second quarter of fiscal 2020	250.2	0.2	1,737.6	1,672.4	(198.3)	3,211.9	1.2	3,213.1

	Common stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total
	Shares	Amount	Additional Paid-In Capital					
<i>(In millions)</i>								
Balance at the end of fiscal 2018	250.9	\$ 0.3	\$ 1,591.9	\$ 1,268.3	\$ (186.1)	\$ 2,674.4	\$ 0.4	\$ 2,674.8
Net income	—	—	—	62.3	—	62.3	0.1	62.4
Other comprehensive income	—	—	—	—	3.6	3.6	—	3.6
Comprehensive income						65.9		66.0
Issuance of common stock under employee plans, net of tax withholdings	1.6	—	33.3	(7.7)	—	25.6	—	25.6
Stock repurchases	(1.0)	—	(6.5)	(33.5)	—	(40.0)	—	(40.0)
Stock-based compensation	—	—	16.6	—	—	16.6	—	16.6
Non-controlling interest investment	—	—	(0.8)	—	—	(0.8)	0.8	—
Balance at the end of the first quarter of fiscal 2019	251.5	\$ 0.3	\$ 1,634.5	\$ 1,289.4	\$ (182.5)	\$ 2,741.7	\$ 1.3	\$ 2,743.0
Net income	—	—	—	94.6	—	94.6	—	94.6
Other comprehensive income	—	—	—	—	2.1	2.1	—	2.1
Comprehensive income						96.7		96.7
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	1.7	(13.5)	—	(11.8)	—	(11.8)
Stock repurchases	(0.4)	—	(2.9)	(16.1)	—	(19.0)	—	(19.0)
Stock-based compensation	—	—	16.4	—	—	16.4	—	16.4
Balance at the end of the second quarter of fiscal 2019	251.8	0.3	1,649.7	1,354.4	(180.4)	2,824.0	1.3	2,825.3

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)	First Two Quarters of	
	2020	2019
Cash flow from operating activities:		
Net income	\$ 125.1	\$ 157.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	19.5	20.3
Amortization expense	80.2	87.8
Deferred income taxes	14.9	4.7
Stock-based compensation	29.3	33.5
Income from equity method investments, net of dividends	(15.3)	(11.5)
Other, net	29.0	(0.3)
(Increase) decrease in assets:		
Accounts receivable, net	115.7	(7.7)
Inventories	(33.2)	7.4
Other current and non-current assets	9.7	1.5
Increase (decrease) in liabilities:		
Accounts payable	(31.1)	3.8
Accrued compensation and benefits	9.1	(28.5)
Deferred revenue	(8.4)	64.9
Other current and non-current liabilities	(41.3)	(7.4)
Net cash provided by operating activities	303.2	325.5
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(198.0)	4.6
Acquisitions of property and equipment	(29.6)	(38.5)
Other, net	0.2	14.1
Net cash used in investing activities	(227.4)	(19.8)
Cash flow from financing activities:		
Issuance of common stock, net of tax withholdings	8.7	13.4
Repurchases of common stock	(50.0)	(59.0)
Proceeds from debt and revolving credit lines	857.5	530.2
Payments on debt and revolving credit lines	(866.3)	(756.6)
Other, net	(10.8)	(7.3)
Net cash used in financing activities	(60.9)	(279.3)
Effect of exchange rate changes on cash and cash equivalents	(7.7)	0.7
Net increase in cash and cash equivalents	7.2	27.1
Cash and cash equivalents - beginning of period	189.2	172.5
Cash and cash equivalents - end of period	\$ 196.4	\$ 199.6

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

NOTE 1. OVERVIEW AND BASIS OF PRESENTATION***Company and Background***

Trimble began operations in 1978 and was originally incorporated in California as Trimble Navigation Limited in 1981. On October 1, 2016, Trimble Navigation Limited changed its name to Trimble Inc. ("Trimble" or the "Company" or "we" or "our" or "us") and changed its state of incorporation from the State of California to the State of Delaware.

Basis of Presentation

We use a 52- to 53-week fiscal year ending on the Friday nearest to December 31. Fiscal 2020 is a 52-week year ending on January 1, 2021, and fiscal 2019 was a 53-week year ended on January 3, 2020. The quarters ended July 3, 2020 and June 28, 2019 each included 13 weeks. Unless otherwise stated, all dates refer to our fiscal year and fiscal periods.

The Condensed Consolidated Financial Statements include our results and our consolidated subsidiaries. Inter-company 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.

The unaudited interim Condensed Consolidated Financial Statements and accompanying notes are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). In the opinion of management, the unaudited interim Condensed Consolidated Financial Statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for the full year. The information included in this Form 10-Q should be read in conjunction with information included in Trimble's Form 10-K filed with the U.S. Securities and Exchange Commission on February 28, 2020.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in its Condensed Consolidated 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 of performance obligations, allowances for doubtful accounts, sales returns reserve, allowances for inventory valuation, warranty costs, investments, goodwill impairment, intangibles impairment, purchased intangibles, useful lives for tangible and intangible assets, other long-lived asset impairments, stock-based compensation, and income taxes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. The global economic climate and unanticipated effects from the COVID-19 pandemic make these estimates more complex, and actual results could differ materially from those estimates.

NOTE 2. UPDATES TO SIGNIFICANT ACCOUNTING POLICIES***Summary of Significant Accounting Policies***

There have been no material changes to our significant accounting policies during the first two quarters of fiscal 2020 from those disclosed in our most recent Form 10-K, except for the adoption of the standards discussed below.

Recently Adopted Accounting Pronouncements***Financial Instruments - Credit Losses***

In June 2016, the FASB issued a new standard that requires credit losses on financial assets measured at amortized cost basis to be presented based on the net amount expected to be collected. Application of this standard replaces the incurred loss impairment methodology with a methodology that reflects all expected credit losses. Additionally, credit losses on available-for-sale debt securities are recorded through an allowance for credit losses limited to the amount by which fair value is below amortized cost.

We adopted the new standard at the beginning of fiscal year 2020 by applying a modified retrospective method without restating comparative periods. The adoption did not have a material impact on our Condensed Consolidated Financial Statements. We continue to actively monitor the impact of the COVID-19 pandemic on expected credit losses.

Intangibles - Goodwill and Other

In January 2017, the FASB issued new guidance that simplifies the accounting for goodwill impairment by requiring impairment charges to be based on the first step in the current two-step impairment test. The impairment test is performed by comparing the fair value of a reporting unit with its carrying amount, and an impairment charge would be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value.

We adopted the new standard on a prospective basis at the beginning of fiscal year 2020. The adoption did not have a material impact on our Condensed Consolidated Financial Statements.

Intangibles - Internal-Use Software

In August 2018, the FASB issued new guidance that clarifies the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. This guidance aligns the accounting for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software.

We adopted the guidance on a prospective basis for all implementation costs incurred after the beginning of fiscal year 2020. The adoption of the new guidance did not have a material impact on our Condensed Consolidated Financial Statements.

Recently issued Accounting Pronouncements not yet adopted*Income Taxes - Simplifying the Accounting for Income Taxes*

In December 2019, the FASB issued amendments to the accounting for Income Taxes to reduce complexity by removing certain exceptions and implementing targeted simplifications. The new standard is effective for us beginning in fiscal 2021. Early adoption is permitted. We are currently evaluating the effect of the amendments on our Condensed Consolidated Financial Statements.

NOTE 3. STOCKHOLDERS' EQUITY***Stock Repurchase Activities***

In November 2017, our Board of Directors approved a stock repurchase program ("2017 Stock Repurchase Program") authorizing the Company to repurchase up to \$600.0 million of Trimble's common stock.

Under the 2017 Stock Repurchase Program, we may repurchase shares from time to time in open market transactions, privately negotiated transactions, accelerated share buyback programs, tender offers, or by other means. The timing and amount of repurchase transactions are determined by management based on their evaluation of market conditions, share price, legal requirements, and other factors. The program may be suspended, modified, or discontinued at any time without prior notice.

There were no stock repurchases during the second quarter of fiscal 2020. During the first two quarters of fiscal 2020, we repurchased approximately 1.2 million shares of common stock in open market purchases, at an average price of \$40.40 per share for a total of \$50.0 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 is charged to retained earnings. Common stock repurchases under the 2017 Stock Repurchase Program were recorded based upon the trade date for accounting purposes. At the end of the second quarter of fiscal 2020, the 2017 Stock Repurchase Program had remaining authorized funds of \$122.4 million.

NOTE 4. BUSINESS COMBINATIONS

During the first quarter of fiscal 2020, we acquired Kuebix with total purchase consideration of \$201.1 million. There were no other acquisitions during the first two quarters of fiscal 2020. Kuebix is a leading transportation management system provider and creator of North America's largest connected shipping community. This acquisition will enable us to create a new platform for planning, execution, and freight demand-capacity matching. The Condensed Consolidated Statements of Income include the operating results of the acquired business from the date of acquisition. The acquisition contributed less than 1% to our total revenue during the first two quarters of fiscal 2020.

The fair value of identifiable assets acquired, and liabilities assumed were determined under the acquisition method of accounting for business combinations as of the date of acquisition. The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. The fair value of intangible assets acquired is determined based on a discounted cash flow analysis. For the acquisition in the first quarter of fiscal 2020, the preliminary fair value of net tangible assets and intangible assets acquired was based on preliminary valuations and estimates, and assumptions are subject to change within the measurement period (up to one year from the acquisition date).

Intangible Assets

The following table presents details of the Company's total intangible assets:

As of	Second Quarter of Fiscal 2020			Fiscal Year End 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
(In millions)						
Developed product technology	\$ 1,302.5	\$ (958.1)	\$ 344.4	\$ 1,266.7	\$ (923.4)	\$ 343.3

Trade names and trademarks	74.3	(65.1)	9.2	74.8	(59.8)	15.0
Customer relationships	773.2	(489.2)	284.0	769.8	(465.6)	304.2
Distribution rights and other intellectual property	71.4	(63.7)	7.7	79.7	(63.5)	16.2
	<u>\$ 2,221.4</u>	<u>\$ (1,576.1)</u>	<u>\$ 645.3</u>	<u>\$ 2,191.0</u>	<u>\$ (1,512.3)</u>	<u>\$ 678.7</u>

The estimated future amortization expense of purchased intangible assets as of the end of the second quarter of fiscal 2020 was as follows:

<i>(In millions)</i>	
2020 (Remaining)	\$ 77.3
2021	137.2
2022	118.3
2023	105.2
2024	79.8
Thereafter	127.5
Total	<u>\$ 645.3</u>

Goodwill

The changes in the carrying amount of goodwill by segment for the first two quarters of fiscal 2020 were as follows:

<i>(In millions)</i>	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
Balance as of fiscal year end 2019	\$ 1,973.0	\$ 401.5	\$ 445.4	\$ 860.7	\$ 3,680.6
Additions due to acquisitions	—	—	—	147.6	147.6
Purchase price and foreign currency translation adjustments	(8.2)	(1.4)	(5.2)	(5.9)	(20.7)
Balance as of the end of the second quarter of fiscal 2020	<u>\$ 1,964.8</u>	<u>\$ 400.1</u>	<u>\$ 440.2</u>	<u>\$ 1,002.4</u>	<u>\$ 3,807.5</u>

NOTE 5. INVENTORIES

Inventories consisted of the following:

As of	Second Quarter of	Fiscal Year End
	2020	2019
<i>(In millions)</i>		
Raw materials	\$ 95.7	\$ 95.8
Work-in-process	13.3	13.2
Finished goods	229.6	203.1
Total inventories	<u>\$ 338.6</u>	<u>\$ 312.1</u>

NOTE 6. SEGMENT INFORMATION

Our operating segments are determined based on how the Company's chief operating decision maker 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, government, and land management.
- 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, field service management, rail, and military aviation.

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. We present segment revenue and income excluding the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting. Segment income presented also excludes the effects of certain acquired capitalized commissions that were eliminated in purchase accounting, as though the acquired companies operated independently in the periods presented. This is consistent with the way the chief operating decision maker evaluates each of the segment's performance and allocates resources.

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
Second Quarter of Fiscal 2020					
Revenue	\$ 295.2	\$ 145.2	\$ 142.9	\$ 150.3	\$ 733.6
Acquired deferred revenue adjustment	0.1	—	0.9	0.6	1.6
Segment revenue	\$ 295.3	\$ 145.2	\$ 143.8	\$ 150.9	\$ 735.2
Operating income	\$ 86.6	\$ 37.4	\$ 48.3	\$ 13.8	\$ 186.1
Acquired deferred revenue adjustment	0.1	—	0.9	0.6	1.6
Amortization of acquired capitalized commissions	(1.3)	—	(0.1)	—	(1.4)
Segment operating income	\$ 85.4	\$ 37.4	\$ 49.1	\$ 14.4	\$ 186.3
Depreciation expense	\$ 2.0	\$ 1.5	\$ 1.3	\$ 1.1	\$ 5.9
Second Quarter of Fiscal 2019					
Revenue	\$ 339.0	\$ 164.4	\$ 152.6	\$ 198.8	\$ 854.8
Acquired deferred revenue adjustment	0.9	—	0.1	—	1.0
Segment revenue	\$ 339.9	\$ 164.4	\$ 152.7	\$ 198.8	\$ 855.8
Operating income	\$ 85.3	\$ 31.1	\$ 45.4	\$ 32.9	\$ 194.7
Acquired deferred revenue adjustment	0.9	—	0.1	—	1.0
Amortization of acquired capitalized commissions	(1.6)	—	—	—	(1.6)
Segment operating income	\$ 84.6	\$ 31.1	\$ 45.5	\$ 32.9	\$ 194.1
Depreciation expense	\$ 2.1	\$ 1.6	\$ 1.1	\$ 1.2	\$ 6.0
First Two Quarters of Fiscal 2020					
Revenue	592.0	\$ 291.4	\$ 321.9	\$ 320.6	\$ 1,525.9
Acquired deferred revenue adjustment	0.2	—	2.2	0.9	3.3
Segment revenue	\$ 592.2	\$ 291.4	\$ 324.1	\$ 321.5	\$ 1,529.2
Operating income	\$ 148.7	\$ 67.9	\$ 113.9	\$ 30.5	\$ 361.0
Acquired deferred revenue adjustment	0.2	—	2.2	0.9	3.3
Amortization of acquired capitalized commissions	(2.7)	—	(0.1)	(0.1)	(2.9)
Segment operating income	\$ 146.2	\$ 67.9	\$ 116.0	\$ 31.3	\$ 361.4
Depreciation expense	\$ 4.1	\$ 2.9	\$ 2.6	\$ 2.2	\$ 11.8
First Two Quarters of Fiscal 2019					
Revenue	\$ 631.0	\$ 325.6	\$ 311.9	\$ 387.9	\$ 1,656.4
Acquired deferred revenue adjustment	3.6	—	0.3	—	3.9
Segment revenue	\$ 634.6	\$ 325.6	\$ 312.2	\$ 387.9	\$ 1,660.3

Operating income	\$ 146.7	\$ 60.5	\$ 96.4	\$ 64.1	367.7
Acquired deferred revenue adjustment	3.6	—	0.3	—	3.9
Amortization of acquired capitalized commissions	(3.2)	—	(0.1)	—	(3.3)
Segment operating income	\$ 147.1	\$ 60.5	\$ 96.6	\$ 64.1	\$ 368.3
Depreciation expense	\$ 4.2	\$ 3.2	\$ 2.2	\$ 2.3	\$ 11.9

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
As of the end of the Second Quarter of Fiscal 2020					
Accounts receivable, net	\$ 166.6	\$ 90.3	\$ 81.1	\$ 140.8	\$ 478.8
Inventories	63.5	129.4	44.7	101.0	338.6
Goodwill	1,964.8	400.1	440.2	1,002.4	3,807.5
As of Fiscal Year End 2019					
Accounts receivable, net	232.0	115.5	93.3	167.4	608.2
Inventories	67.1	125.0	45.5	74.5	312.1
Goodwill	\$ 1,973.0	\$ 401.5	\$ 445.4	\$ 860.7	\$ 3,680.6

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

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Consolidated segment operating income	\$ 186.3	\$ 194.1	\$ 361.4	\$ 368.3
Unallocated corporate expense	(16.4)	(18.3)	(30.3)	(36.8)
Restructuring charges	(5.2)	(2.9)	(8.4)	(6.6)
COVID-19 expenses	0.2	—	(3.6)	—
Acquired deferred revenue adjustment	(1.6)	(1.0)	(3.3)	(3.9)
Amortization of purchased intangible assets	(39.8)	(43.5)	(80.2)	(87.8)
Stock-based compensation and deferred compensation	(25.4)	(18.3)	(29.9)	(37.4)
Amortization of acquired capitalized commissions	1.4	1.6	2.9	3.3
Acquisition / divestiture items	(1.9)	(2.0)	(12.7)	(3.1)
Consolidated operating income	97.6	109.7	195.9	196.0
Non-operating income (expense), net	(6.7)	5.7	(25.6)	(5.4)
Consolidated income before taxes	\$ 90.9	\$ 115.4	\$ 170.3	\$ 190.6

On a total Company basis, 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 excludes the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting, consistent with the Reporting Segment tables above.

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
Second Quarter of Fiscal 2020					
North America	\$ 175.6	\$ 57.7	\$ 51.8	\$ 117.0	\$ 402.1
Europe	78.0	45.1	63.3	20.7	207.1
Asia Pacific	36.4	33.4	14.0	7.0	90.8
Rest of World	5.3	9.0	14.7	6.2	35.2
Total consolidated revenue	\$ 295.3	\$ 145.2	\$ 143.8	\$ 150.9	\$ 735.2
Second Quarter of Fiscal 2019					
North America	\$ 199.2	\$ 71.3	\$ 52.9	\$ 161.9	\$ 485.3
Europe	90.0	56.0	68.0	22.9	236.9
Asia Pacific	42.1	26.2	11.9	9.8	90.0
Rest of World	8.6	10.9	19.9	4.2	43.6
Total consolidated revenue	\$ 339.9	\$ 164.4	\$ 152.7	\$ 198.8	\$ 855.8

First Two Quarters of Fiscal 2020

North America	\$	347.7	\$	114.5	\$	105.5	\$	248.8	\$	816.5
Europe		159.6		95.8		153.7		39.8		448.9
Asia Pacific		73.5		62.1		31.5		17.5		184.6
Rest of World		11.4		19.0		33.4		15.4		79.2
Total consolidated revenue	\$	592.2	\$	291.4	\$	324.1	\$	321.5	\$	1,529.2

First Two Quarters of Fiscal 2019

North America	\$	364.8	\$	134.2	\$	94.8	\$	313.9	\$	907.7
Europe		173.9		110.7		156.9		44.0		485.5
Asia Pacific		80.6		57.9		24.6		20.3		183.4
Rest of World		15.3		22.8		35.9		9.7		83.7
Total consolidated revenue	\$	634.6	\$	325.6	\$	312.2	\$	387.9	\$	1,660.3

Trimble's total revenue in the United States as included in the Condensed Consolidated Statements of Income was \$368.7 million and \$747.5 million and \$435.6 million and \$824.7 million for the second quarter and first two quarters of fiscal 2020 and 2019, respectively. 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:

As of		Second Quarter of		Fiscal Year End
Instrument	Date of Issuance	2020		2019
(In millions)		Effective interest rate		
Senior Notes:				
2023 Senior Notes, 4.15%, due June 2023	June 2018	4.36%	\$ 300.0	\$ 300.0
2028 Senior Notes, 4.90%, due June 2028	June 2018	5.04%	600.0	600.0
2024 Senior Notes, 4.75%, due December 2024	November 2014	4.95%	400.0	400.0
Credit Facilities:				
2018 Credit Facility, floating rate:				
Term Loan, due July 2022	May 2018	3.34%	225.0	225.0
Revolving Credit Facility, due May 2023	May 2018	1.99%	50.0	110.0
Uncommitted facilities, floating rate		1.26%	268.0	218.7
Promissory notes and other debt			0.2	0.3
Unamortized discount and issuance costs			(10.5)	(10.8)
Total debt			1,832.7	1,843.2
Less: Short-term debt			268.2	219.0
Long-term debt			\$ 1,564.5	\$ 1,624.2

Each of our debt agreements requires us to maintain compliance with certain debt covenants. We were compliant with all debt covenants at the end of the second quarter of fiscal 2020.

Debt Maturities

At the end of the second quarter of fiscal 2020, our debt maturities based on outstanding principal were as follows (in millions):

Year Payable	
2020 (Remaining)	\$ 268.2
2021	—
2022	225.0
2023	350.0
2024	400.0
Thereafter	600.0
Total	\$ 1,843.2

Senior Notes

All series of Senior Notes in the above table bear interest that is payable semi-annually in June and December of each year. For the 2023 and 2028 Senior Notes, the interest rate is subject to adjustment from time to time if Moody's or S&P (or, if applicable, a substitute rating agency) downgrades (or subsequently upgrades) its rating assigned to the notes.

Senior Notes are unsecured and rank equally in right of payment with all of our other senior unsecured indebtedness. We may redeem the notes of each series of Senior Notes at our option in whole or in part at any time. Such indenture also contains covenants limiting our ability to create certain liens, enter into sale and lease-back transactions, and consolidate or merge with or into, or convey, transfer, or lease all or substantially all of our properties and assets, each subject to certain exceptions.

2018 Credit facilities

The Credit Facility in the above table provides for unsecured credit facilities in the aggregate principal amount of \$1.75 billion, which is comprised of \$1.25 billion revolving credit facility maturing May 2023 and \$500.0 million delayed draw term loan facility that is fully prepayable. As part of the Credit Facility, we may request an additional loan facility up to \$500.0 million prior to the maturity of the Credit Facility and subject to approval.

On May 4, 2020, we entered into a loan amendment to extend the maturity date of the remaining term loan amount of \$225.0 million to July 2, 2022. The applicable margin for the term loan was changed as part of the loan amendment. The term loan bears interest, at the Company's option, at either the alternate base rate (determined in accordance with the Credit Agreement), plus a margin of between 0.750% and 1.625%; (b) an adjusted LIBOR rate (based on one, two, three or six-month interest periods), plus a margin of between 1.750% and 2.625%, with a 1.0% LIBOR rate floor; or (c) an adjusted EURIBOR rate (based on one, two, three or six-month interest periods), plus a margin of between 1.750% and 2.625%, with a 1.0% EURIBOR rate floor. The applicable margin in each case is determined based on either the Company's credit rating at such time or the Company's leverage ratio as of its most recently ended fiscal quarter, whichever results in more favorable pricing to the Company.

Uncommitted Facilities

On February 24, 2020 we entered into a line of credit to borrow an amount up to £55.0 million. At the end of the second quarter of fiscal 2020, we had one £55.0 million, two \$75.0 million, and one €100.0 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.

For further information, refer to Note 7 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for fiscal year 2019.

NOTE 8. FAIR VALUE MEASUREMENTS

We determine fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Hierarchical levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities and are as follows:

Level I—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities.

Level II—Inputs (other than quoted prices included in Level I) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level III—Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Fair Value on a Recurring Basis

The fair value of assets and liabilities measured and recorded at fair value on a recurring basis at the end of period were as follows:

(In millions)	Fair Values as of the end of the Second Quarter of Fiscal 2020				Fair Values as of Fiscal Year End 2019			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Assets								
Deferred compensation plan assets (1)	\$ 36.1	\$ —	\$ —	\$ 36.1	\$ 36.2	\$ —	\$ —	\$ 36.2
Derivatives assets (2)	—	0.1	—	0.1	—	0.3	—	0.3
Total assets measured at fair value	\$ 36.1	\$ 0.1	\$ —	\$ 36.2	\$ 36.2	\$ 0.3	\$ —	\$ 36.5
Liabilities								
Deferred compensation plan liabilities (1)	\$ 36.1	\$ —	\$ —	\$ 36.1	\$ 36.2	\$ —	\$ —	\$ 36.2
Derivatives liabilities (2)	—	0.3	—	0.3	—	1.0	—	1.0
Contingent consideration liabilities (3)	—	—	6.5	6.5	—	—	19.9	19.9
Total liabilities measured at fair value	\$ 36.1	\$ 0.3	\$ 6.5	\$ 42.9	\$ 36.2	\$ 1.0	\$ 19.9	\$ 57.1

- (1) We maintain a self-directed, non-qualified deferred compensation plan for certain executives and other highly compensated employees. The plan assets and liabilities are invested in actively traded mutual funds and individual stocks valued using observable quoted prices in active markets. Deferred compensation plan assets and liabilities are included in Other non-current assets and Other non-current liabilities, respectively, on the Company's Condensed Consolidated Balance Sheets.
- (2) Derivative assets and liabilities primarily represent forward currency exchange contracts to minimize the short-term impact of foreign currency exchange rates on certain trade and inter-company receivables and payables. Derivative assets and liabilities are included in Other current assets and Other current liabilities on the Company's Condensed Consolidated Balance Sheets.
- (3) Contingent consideration liabilities represent arrangements to pay the former owners of certain companies that we acquired. The fair values are estimated using scenario-based methods or option pricing methods based upon estimated future revenues, gross margins, or other milestones. Contingent consideration liabilities are included in Other current and Other non-current liabilities on the Company's Condensed Consolidated Balance Sheets.

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 \$2.0 billion and \$1.9 billion at the end of the second quarter of fiscal 2020 and at the end of fiscal 2019, respectively, consistent with the carrying values.

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 in the fair value hierarchy. The fair value of the bank borrowings and promissory notes has been calculated using an estimate of the interest rate we would have had to pay on the issuance of notes with a similar maturity and by discounting the cash flows at that rate and is categorized as Level II in the fair value hierarchy. The fair values do not give an indication of the amount that we would currently have to pay to extinguish any of this debt.

NOTE 9. DEFERRED COSTS TO OBTAIN CUSTOMER CONTRACTS

Deferred cost to obtain customer contracts of \$45.3 million and \$45.4 million is included in Other non-current assets in the Condensed Consolidated Balance Sheets at the end of the second quarter of fiscal 2020 and fiscal year end 2019, respectively.

Amortization expense related to deferred costs to obtain customer contracts for the second quarter and the first two quarters of fiscal 2020 and 2019 was \$5.6 million and \$11.1 million and \$5.3 million and \$10.9 million, respectively. This expense was included in Sales and marketing expenses in the Condensed Consolidated Statements of Income. There was no impairment loss related to the deferred commissions for either period presented.

NOTE 10. PRODUCT WARRANTIES

We accrue for warranty costs as part of our cost of sales based on associated material product costs, technical support, labor costs, and costs incurred by third parties performing work on our behalf. Our expected future costs are primarily estimated based upon historical trends in the volume of product returns within the warranty period and the costs to repair or replace the equipment.

When products sold include warranty provisions, they are covered by a warranty for periods ranging generally from one year to two years.

Accrued warranty expenses of \$15.5 million and \$16.3 million is included in Other current liabilities in the Condensed Consolidated Balance Sheets at the end of the second quarter of fiscal 2020 and at the end of fiscal 2019.

NOTE 11. DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred Revenue

Changes to our deferred revenue during the second quarter and first two quarters of fiscal 2020 and 2019 were as follows:

(In millions)	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
Beginning balance of the period	\$ 551.5	\$ 464.4	\$ 541.9	\$ 387.3
Revenue recognized	(130.1)	(85.4)	(331.9)	(223.8)
Net deferred revenue activity	109.6	73.4	321.0	288.9
Ending balance of the period	\$ 531.0	\$ 452.4	\$ 531.0	\$ 452.4

Remaining Performance Obligations

As of the end of the second quarter of fiscal 2020, approximately \$1.2 billion of revenue is expected to be recognized from remaining performance obligations for which goods or services have not been delivered, primarily subscription and software maintenance, and to a lesser extent, hardware and professional services contracts. We expect to recognize revenue of approximately 72% and 17% on these remaining performance obligations over the next 12 and 24 months, respectively, with the remainder recognized thereafter.

NOTE 12. EARNINGS PER SHARE

Basic earnings per share is computed by dividing Net income attributable to Trimble Inc. by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing Net income attributable to Trimble Inc. by the weighted-average number of shares of common stock outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding stock options, shares to be purchased under the Company's employee stock purchase plan, restricted stock units, and contingently issuable shares.

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

(In millions, except per share amounts)	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
Numerator:				
Net income attributable to Trimble Inc.	\$ 63.0	\$ 94.6	\$ 124.9	\$ 156.9
Denominator:				
Weighted average number of common shares used in basic earnings per share	250.0	251.7	250.0	251.6
Effect of dilutive securities	1.2	2.3	1.5	2.4
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	251.2	254.0	251.5	254.0
Basic earnings per share	\$ 0.25	\$ 0.38	\$ 0.50	\$ 0.62
Diluted earnings per share	\$ 0.25	\$ 0.37	\$ 0.50	\$ 0.62

For the second quarter and the first two quarters of fiscal 2020 and 2019, 2.1 million and 1.8 million and 0.4 million and 0.3 million, respectively, of shares were excluded from the calculation of diluted earnings per share because their effect would have been antidilutive.

NOTE 13. INCOME TAXES

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), enacted on March 27, 2020, provides tax relief to individuals and businesses in light of the impacts of COVID-19. It did not result in material adjustments to our income tax provision or to our net deferred tax assets as of the end of the second quarter of fiscal 2020.

For the second quarter of fiscal 2020, our effective income tax rate was 30.5%, as compared to 18.0% in the corresponding period in fiscal 2019. For the first two quarters of fiscal 2020, our effective income tax rate was 26.5%, as compared to 17.6% in the corresponding period in fiscal 2019. The increase in the effective income tax rate was primarily attributable to a one time charge related to increased valuation allowance arising from California tax legislation and a lower tax benefit from stock-based compensation deductions.

Our effective tax rate is higher than the U.S. federal statutory rate of 21% primarily due to a one-time valuation allowance arising from California tax legislation.

We and our subsidiaries are subject to U.S. federal and state and foreign income tax. Currently, we are in different stages of multiple year examinations by various state and foreign taxing authorities. We believe our reserves are more likely than not to be adequate to cover final resolution of all open tax matters.

Although timing of the resolution and/or closure of audits in other jurisdictions is not certain, we do not believe that our gross unrecognized tax benefits would materially change in the next twelve months.

Unrecognized tax benefits of \$61.1 million and \$59.5 million as of the end of the second quarter of fiscal 2020 and fiscal year end 2019, respectively, if recognized, would favorably affect the effective income tax rate in future periods. Unrecognized tax benefits are recorded in other non-current liabilities and in the deferred tax accounts on our Condensed Consolidated Balance Sheets.

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of the end of the second quarter of fiscal 2020 and fiscal year end 2019, we accrued \$12.8 million and \$11.5 million, respectively, for interest and penalties, which are recorded in other non-current liabilities on our Condensed Consolidated Balance Sheets.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

As of the end of the second quarter of fiscal 2020, we had unconditional purchase obligations of approximately \$249.1 million. These unconditional purchase obligations primarily represent open non-cancellable purchase orders for material purchases with our vendors.

Litigation

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 are a party or of which any of the Company's or its subsidiaries' property is subject.

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 the COVID-19 pandemic, including upon global or local macroeconomic conditions, our results of operations, and estimates or judgments;
- seasonal fluctuations in our construction equipment revenues, sales to U.S. governmental agencies, agricultural equipment business revenues, and expectations that we may experience less seasonality in the future or further softening in the oil & gas sector;
- the portion of our revenue expected to come from sales to customer located in countries outside of the U.S.;
- our plans to continue to invest in research and development to actively develop and introduce new products and to deliver targeted solutions to the markets we serve;
- a continued shift in revenue towards a more significant mix of software, recurring revenue, and services;
- our belief that increases in recurring revenue 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 to meet our anticipated operating cash needs, debt service, and planned capital expenditures for at least the next twelve months;
- 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; and
- 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.

The forward-looking statements regarding future events and the future results of Trimble Inc. (“Trimble” or “the Company” or “we” or “our” or “us”) are based on current expectations, estimates, forecasts, and projections about the industries in which Trimble operates, Trimble's current tax structure, including where Trimble's assets are deemed to reside for tax purposes, and the beliefs and assumptions of the management of Trimble. Discussions containing such forward-looking statements may be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below. 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 “Risk Factors” in the Company’s Annual Report on Form 10-K for fiscal year 2019, as updated by the Company’s Quarterly Report on Form 10-Q for the quarter ended April 3, 2020, and in other reports Trimble files with the Securities and Exchange Commission, 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.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our Condensed Consolidated Financial Statements. The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying Notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Management believes that the Notes to the Condensed Consolidated Financial Statements have had no significant changes during the first two quarters of fiscal 2020 as compared to the items that we disclosed as our critical accounting policies and estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2019 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Condensed Consolidated Financial Statements, see Note 2 of the Notes to our Condensed Consolidated Financial Statements in Item 1, which is incorporated herein by reference.

EXECUTIVE LEVEL OVERVIEW

Trimble began operations in 1978 and was originally incorporated in California as Trimble Navigation Limited in 1981. On October 1, 2016, Trimble Navigation Limited changed its name to Trimble Inc. and changed its state of incorporation from the State of California to the State of Delaware.

Trimble is 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 agriculture, architecture, civil engineering, survey and land administration, construction, geospatial, government, natural resources, transportation, and utilities. Representative Trimble customers include engineering and construction firms, contractors, owners, surveying companies, farmers and agricultural companies, trucking companies, energy, utility companies, and state, federal, and municipal governments.

Trimble focuses on integrating its broad technological and application capabilities to create vertically-focused, system-level solutions that transform how work is done within the industries we serve. The integration of sensors, software, connectivity, and information in our portfolio gives us the unique ability to provide an information model specific to the customer's workflow. For example, in construction, our strategy is centered on the concept of a "constructible model" that is at the center of our "Connected Construction" solutions, which provides real-time, connected, and cohesive information environments for the design, build, and operational phases of construction projects. In agriculture, we continue to develop "Connected Farm" solutions to optimize operations across the agriculture workflow. In long haul trucking, our "Connected Fleet" solutions provide transportation companies with tools to enhance fuel efficiency, safety, and transparency through connected vehicles and fleets across the enterprise.

Our growth strategy is centered on multiple elements:

- *Focus on attractive markets with significant growth and profitability potential* - We focus on large markets historically underserved by technology that offer significant potential for long-term revenue growth, profitability, and market leadership. Our core industries such as construction, agriculture, and transportation markets are each multi-trillion dollar global industries that operate in increasingly demanding environments with technology adoption in the early phases relative to other industries. With the emergence of mobile computing capabilities, the increasing technological know-how of end users and the compelling return on investment to our customers, we believe many of our markets are attractive for substituting Trimble's technology and solutions in place of traditional operating methods.
- *Domain knowledge and technological innovation that benefit a diverse customer base* - We have redefined our technological focus from hardware-driven point solutions to integrated work process solutions by developing domain expertise and heavily reinvesting in R&D and acquisitions. We have been spending approximately 15% of revenue over the past two years on R&D and currently have over 1,200 unique patents. We intend to continue to take advantage of our technology portfolio and deep domain knowledge to quickly and cost-effectively deliver specific, targeted solutions to each of the vertical markets we serve. We look for opportunities where the potential for technological change is high and that have a requirement for the integration of multiple technologies into complete vertical solutions.
- *Increasing focus on software and subscription offerings* - Software and subscription services are increasingly important elements of our solutions and are core to our growth strategy. Trimble has an open application programming interface philosophy and open vendor environment, which leads to increased adoption of our software and subscription offerings. We believe that increased recurring revenue from these solutions will provide us with enhanced business visibility over time. Professional services constitute an additional growth channel that helps our customers integrate and optimize the use of our offerings in their environment.
- *Geographic expansion with localization strategy* - We view international expansion as an important element of our strategy, and we continue to position ourselves in geographic markets that will serve as important sources of future growth. We currently have a physical presence in over 40 countries and distribution channels over 85 countries.
- *Optimized go to market strategies to best access our markets* - We utilize vertically focused distribution channels that leverage domain expertise to best serve the needs of individual markets both domestically and abroad. These channel capabilities include independent dealers, joint ventures, original equipment manufacturers ("OEM"), and sales and distribution alliances with key partners, such as CNH Global, Caterpillar, and Nikon, as well as direct sales to end-users. This provides us with broad market reach and localization capabilities to effectively serve our markets.
- *Strategic acquisitions* - Organic growth continues to be our primary focus, while acquisitions serve to enhance our market position. We acquire businesses that bring domain expertise, technology, products, or distribution capabilities that augment

our portfolio and allow us to penetrate existing markets more effectively, or to establish a market beachhead. Our success in targeting and effectively integrating acquisitions is an important aspect of our growth strategy.

Trimble's focus on these growth drivers has led, over time, to growth in revenue and profitability as well as an increasingly diversified business model. Software and subscription growth is driving increased recurring revenue and leading to improved visibility in some of our businesses. As our solutions have expanded, our go-to-market model has also evolved with a balanced mix between direct, distribution, and OEM customers, and an increasing number of enterprise level customer relationships.

We continue to experience a shift in revenue towards a more significant mix of software, recurring revenue, and services, which represented 59% of revenue for the first two quarters of fiscal 2020. Our annualized recurring revenue ("ARR") is a performance measure we use to assess the health and trajectory of our business. ARR represents the estimated annualized value of recurring revenue contracts for the quarter, including subscription, maintenance and support, and term licenses. See the section entitled "SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES AND ANNUALIZED RECURRING REVENUE" for additional details. Our success in driving growth in ARR has positively affected our revenue mix and growth over time. At the end of the second quarter of fiscal 2020, ARR was \$1,213.4 million, as compared to \$1,149.2 million for the corresponding period in fiscal 2019, representing 6% year over year growth. The growth was driven equally by organic conversion from perpetual licenses to term licenses and subscription revenue as well as acquisition growth.

During the first quarter of fiscal 2020, we acquired privately held Kuebix, a leading transportation management system provider and creator of North America's largest connected shipping community. This acquisition will enable us to bring together our network of private fleet and commercial carrier customers, which collectively represent more than 1.3 million commercial trucks in North America, with Kuebix's extensive community of more than 21,000 shipping companies, creating a new platform for planning, execution and, freight demand-capacity matching.

COVID-19 UPDATE

In early March 2020, a novel coronavirus disease ("COVID-19") was characterized as a pandemic by the World Health Organization. COVID-19 has spread rapidly, with most countries and territories worldwide experiencing confirmed cases of COVID-19, and a high concentration of cases in the United States and many other countries in which we operate. The rapid spread has resulted in authorities around the world implementing numerous measures to contain the virus such as travel bans and restrictions, quarantines, shelter-in-place orders, business shutdowns, and social distancing requirements, some of which that have been subsequently rescinded or modified.

As the COVID-19 pandemic unfolded globally, we moved quickly to transition all our employees to safe working conditions to ensure that our employees have the flexibility and resources they need to stay safe and healthy. Most of our employee base is currently working remotely, and for those who perform essential services on-site, we have implemented measures to ensure a safe and secure working environment based upon health authority guidance. To support our customers, we are continuing to provide the high standard of products and services they expect.

We continue to implement preventative protocols intended to safeguard our employees, customers, suppliers, third-party business partners, and communities, and ensure business continuity in the event government restrictions or severe outbreaks impact our operations. We are following government policies and health authority guidance designed to slow the spread of COVID-19.

The broad implications of COVID-19 on our results of operations and overall financial performance remain uncertain. The COVID-19 pandemic and its adverse effects have become more prevalent in the locations where we, our customers, suppliers, or third-party business partners conduct business. Due to the continued economic disruptions related to COVID-19 that began in the last weeks of March, we experienced a decline in overall sales during the second quarter and first two quarters. Our hardware, associated software, and professional services revenue have been impacted, and we expect they will continue to be impacted for the rest of the year. Our recurring revenue, including software maintenance and subscription, increased during the second quarter and first two quarters mainly due to acquisitions and organic growth, and we expect it will continue to remain stable for the rest of the year. Operating income overall decreased due to revenue shortfalls, partially offset by better gross margin and reduced spending related to cost containment measures as well as natural reductions in spending resulting from COVID-19 restrictions. We expect operating income will be down for the rest of the year due to expected revenue shortfalls, partially offset by cost reductions. As the COVID-19 pandemic is continually evolving, we are uncertain of its ultimate duration, the nature and extent of the impact to our business, condensed consolidated results of operations, and financial condition.

See "Risk Factors" in Item 1A of Part II of our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020 for further discussion of the possible impact of the COVID-19 pandemic on our business.

RESULTS OF OPERATIONS

Overview

The following table is a summary of revenue, gross margin, and operating income for the periods indicated and should be read in conjunction with the narrative descriptions below:

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Revenue:				
Product	\$ 412.4	\$ 521.1	\$ 876.2	\$ 1,009.5
Service	156.6	174.6	319.0	333.8
Subscription	164.6	159.1	330.7	313.1
Total revenue	\$ 733.6	\$ 854.8	1,525.9	1,656.4
Gross margin	\$ 405.7	\$ 460.6	\$ 846.7	\$ 898.9
Gross margin as a % of revenue	55.3%	53.9%	55.5%	54.3%
Operating income	\$ 97.6	\$ 109.7	\$ 195.9	\$ 196.0
Operating income as a % of revenue	13.3%	12.8%	12.8%	11.8%
Diluted earnings per share	\$ 0.25	\$ 0.37	\$ 0.50	\$ 0.62
Total non-GAAP revenue *	\$ 735.2	\$ 855.8	\$ 1,529.2	\$ 1,660.3
Non-GAAP operating income *	\$ 169.9	\$ 175.8	\$ 331.1	\$ 331.5
Non-GAAP operating income as a % of Non-GAAP Revenue*	23.1%	20.5%	21.7%	20.0%
Non-GAAP diluted earnings per share *	\$ 0.52	\$ 0.53	\$ 1.01	\$ 0.97

* See **SUPPLEMENTAL DISCLOSURE OF NON-GAAP FINANCIAL MEASURES** for further information.

Revenue

Total revenue decreased \$121.2 million or 14% and decreased \$130.5 million or 8% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019, due to declines across all our segments.

By revenue category, product revenue decreased \$108.7 million or 21%, service revenue decreased \$18.0 million or 10%, and subscription revenue increased \$5.5 million or 3% for the second quarter of fiscal 2020, compared to the corresponding period in fiscal 2019. For the first two quarters of fiscal 2020, product revenue decreased \$133.3 million or 13%, service revenue decreased \$14.8 million or 4%, and subscription revenue increased \$17.6 million or 6%, compared to the corresponding period in fiscal 2019. Product revenue decreased primarily due to weakness in our hardware and related software sales across all segments, particularly in Buildings and Infrastructure, Geospatial, and Transportation. Service revenue decreased due to lower professional services associated with customer installations. Subscription revenue increased primarily due to organic growth in Buildings and Infrastructure, and organic growth and acquisition revenue in Resources and Utilities.

Gross Margin

Gross margin varies due to a combination of factors including product mix, pricing, and customer mix, including distribution partners and end user sales.

Gross margin decreased by \$54.9 million and decreased by \$52.2 million for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019, primarily due to revenue declines across all segments, partially offset by improved revenue mix within Buildings and Infrastructure, Geospatial, and Resources and Utilities.

Gross margin as a percentage of total revenue was 55.3% and 55.5% for the second quarter and the first two quarters of fiscal 2020, compared to 53.9% and 54.3% for the corresponding periods in fiscal 2019, driven by improved revenue mix, including increased higher margin software maintenance and subscription sales in Buildings and Infrastructure and Resources and Utilities and new product introductions in Geospatial.

Operating Income

Operating income decreased by \$12.1 million and decreased by \$0.1 million for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Despite the significant revenue declines, gross margin expansion as well as strong cost containment drove better than expected operating income results in Buildings and Infrastructure, Geospatial, and Resources and Utilities.

Operating income as a percentage of total revenue was 13.3% and 12.8% for the second quarter and the first two quarters of fiscal 2020, compared to 12.8% and 11.8% for the corresponding periods in fiscal 2019, due to improved gross margin and operating expense reductions as described in the preceding paragraph.

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

Research and development (R&D), sales and marketing (S&M), and general and administrative (G&A) expense are summarized in the following table:

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Research and development	\$ 114.0	\$ 119.6	\$ 232.2	\$ 237.8
Percentage of revenue	15.5%	14.0%	15.2%	14.4%
Sales and marketing	\$ 103.6	\$ 128.8	\$ 235.3	\$ 256.2
Percentage of revenue	14.1%	15.1%	15.4%	15.5%
General and administrative	\$ 68.8	\$ 79.9	\$ 141.8	\$ 162.7
Percentage of revenue	9.4%	9.3%	9.3%	9.8%
Total	\$ 286.4	\$ 328.3	\$ 609.3	\$ 656.7

Overall, R&D, S&M, and G&A expenses decreased by \$41.9 million or 13% and decreased by \$47.4 million or 7% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

Research and development expense decreased \$5.6 million or 5% and decreased \$5.6 million or 2% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. The decrease was primarily due to lower outside services, compensation expense, including incentive compensation, travel reductions, and favorable foreign currency impacts, partially offset by Cityworks and Kuebix acquisition expenses not applicable in the corresponding prior periods.

Overall, research and development expense was 15.5% and 15.2% of revenue in the second quarter and the first two quarters of fiscal 2020, compared to 14.0% and 14.4% in the corresponding periods in fiscal 2019. We believe that the development and introduction of new solutions are critical to our future success, and we expect to continue active development of new products.

Sales and marketing expense decreased by \$25.2 million or 20% and decreased by \$20.9 million or 8% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. The decrease was primarily due to travel reductions, lower advertising costs, lower compensation expense, and favorable foreign currency impacts, partially offset by Cityworks and Kuebix acquisition expenses not applicable in the corresponding prior periods.

Overall, spending for sales and marketing was 14.1% and 15.4% of revenue in the second quarter and the first two quarters of fiscal 2020, respectively, compared to 15.1% and 15.5% in the corresponding periods in fiscal 2019.

General and administrative expense decreased by \$11.1 million or 14% and decreased by \$20.9 million or 13% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. The decrease was primarily due to lower compensation expense, including incentive compensation, and, to a lesser extent, travel reductions and favorable foreign currency impacts, partially offset by Cityworks and Kuebix acquisition expenses not applicable in the corresponding prior periods.

Overall, general and administrative spending was 9.4% and 9.3% of revenue in the second quarter and the first two quarters of fiscal 2020, compared to 9.3% and 9.8% in the corresponding periods in fiscal 2019.

Amortization of Purchased Intangible Assets

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Cost of sales	\$ 23.2	\$ 23.8	\$ 46.7	\$ 48.0
Operating expenses	16.6	19.7	33.5	39.8
Total amortization expense of purchased intangibles	\$ 39.8	\$ 43.5	\$ 80.2	\$ 87.8

Total amortization expense of purchased intangibles represented 5% of revenue in each of the second quarter and the first two quarters of fiscal 2020 and the corresponding periods in fiscal 2019. The expense for the second quarter and the first two quarters of fiscal 2020 was lower as compared to the corresponding periods in fiscal 2019 due to the expiration of prior acquisitions' amortization.

Non-operating Income (Expense), Net

The components of Non-operating income (expense), net, were as follows:

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Interest expense, net	\$ (19.6)	\$ (20.6)	\$ (40.1)	\$ (42.5)
Income from equity method investments, net	9.7	12.9	19.1	21.7
Other income (expense), net	3.2	13.4	(4.6)	15.4
Total non-operating income (expense), net	\$ (6.7)	\$ 5.7	\$ (25.6)	\$ (5.4)

Non-operating income (expense), net increased by \$12.4 million and \$20.2 million for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. The increase was primarily due to a prior year gain on sale of an equity interest and, to a lesser extent, a decrease in joint venture profitability and fluctuations in our deferred compensation plan, slightly offset by lower interest expense associated with a decrease in interest rates.

Income Tax Provision

Our effective income tax rate for the second quarter of fiscal 2020 was 30.5%, as compared to 18.0% in the corresponding period in fiscal 2019. For the first two quarters of fiscal 2020, our effective income tax rate was 26.5%, as compared to 17.6% in the corresponding period in fiscal 2019. The increase in the effective income tax rate was primarily attributable to a one time charge related to increased valuation allowance arising from California tax legislation and a lower tax benefit from stock-based compensation deductions.

Our effective tax rate is higher than the U.S. federal statutory rate of 21% primarily due to increased valuation allowance arising from state tax legislation.

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, see Note 6 of the Notes to the Condensed Consolidated Financial Statements.

The following table is a summary of revenue and operating income by segment:

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Buildings and Infrastructure				
Segment revenue	\$ 295.3	\$ 339.9	\$ 592.2	\$ 634.6
Segment revenue as a percent of total revenue	40%	40%	39%	38%
Segment operating income	\$ 85.4	\$ 84.6	\$ 146.2	\$ 147.1
Segment operating income as a percent of segment revenue	28.9%	24.9%	24.7%	23.2%
Geospatial				
Segment revenue	\$ 145.2	\$ 164.4	\$ 291.4	\$ 325.6
Segment revenue as a percent of total revenue	20%	19%	19%	20%
Segment operating income	\$ 37.4	\$ 31.1	\$ 67.9	\$ 60.5
Segment operating income as a percent of segment revenue	25.8%	18.9%	23.3%	18.6%
Resources and Utilities				
Segment revenue	\$ 143.8	\$ 152.7	\$ 324.1	\$ 312.2
Segment revenue as a percent of total revenue	20%	18%	21%	19%
Segment operating income	\$ 49.1	\$ 45.5	\$ 116.0	\$ 96.6
Segment operating income as a percent of segment revenue	34.1%	29.8%	35.8%	30.9%
Transportation				
Segment revenue	\$ 150.9	\$ 198.8	\$ 321.5	\$ 387.9
Segment revenue as a percent of total revenue	21%	23%	21%	23%
Segment operating income	\$ 14.4	\$ 32.9	\$ 31.3	\$ 64.1
Segment operating income as a percent of segment revenue	9.5%	16.5%	9.7%	16.5%

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

	Second Quarter of		First Two Quarters of	
	2020	2019	2020	2019
<i>(In millions)</i>				
Consolidated segment operating income	\$ 186.3	\$ 194.1	\$ 361.4	\$ 368.3
Unallocated corporate expense	(16.4)	(18.3)	(30.3)	(36.8)
Restructuring charges	(5.2)	(2.9)	(8.4)	(6.6)
COVID-19 expenses	0.2	—	(3.6)	—
Acquired deferred revenue adjustment	(1.6)	(1.0)	(3.3)	(3.9)
Amortization of purchased intangible assets	(39.8)	(43.5)	(80.2)	(87.8)
Stock-based compensation and deferred compensation	(25.4)	(18.3)	(29.9)	(37.4)
Amortization of acquired capitalized commissions	1.4	1.6	2.9	3.3
Acquisition / divestiture items	(1.9)	(2.0)	(12.7)	(3.1)
Consolidated operating income	97.6	109.7	195.9	196.0
Non-operating income (expense), net	(6.7)	5.7	(25.6)	(5.4)
Consolidated income before taxes	\$ 90.9	\$ 115.4	\$ 170.3	\$ 190.6

Buildings and Infrastructure

Buildings and Infrastructure revenue decreased \$44.6 million or 13% and decreased \$42.4 million or 7% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Segment operating income increased \$0.8 million or 1% and decreased \$0.9 million or 1% for the second quarter and the first two quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019.

For the second quarter and the first two quarters of fiscal 2020, revenue decreased primarily due to a decline in civil engineering and construction hardware and associated software sales due to the economic impacts of COVID-19, partially offset by higher subscription revenue. Despite the revenue declines, segment operating income was relatively stable for the second quarter and the first two quarters of fiscal 2020 primarily due to gross margin expansion resulting from a higher mix of software maintenance and subscription revenue, as well as cost reductions.

Geospatial

Geospatial revenue decreased \$19.2 million or 12% and decreased \$34.2 million or 11% for the second quarter and the first two quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019. Segment operating income increased \$6.3 million or 20% and increased \$7.4 million or 12% for the second quarter and the first two quarters of fiscal 2020, respectively, compared to the corresponding periods in fiscal 2019.

For the second quarter and the first two quarters of fiscal 2020, revenue decreased mainly due to weakness in geospatial survey sales from weak macroeconomic conditions, including COVID-19 impacts as well as weakness in oil and gas markets. Despite the revenue declines, segment operating income increased for the second quarter and the first two quarters of fiscal 2020 primarily due to gross margin expansion resulting from new higher-margin product introductions, as well as cost reductions.

Resources and Utilities

Resources and Utilities revenue decreased \$8.9 million or 6% and increased \$11.9 million or 4% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Segment operating income increased by \$3.6 million or 8% and increased \$19.4 million or 20% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

For the second quarter revenue decreased due to weakness in agriculture OEM sales, partially offset by relative strength in the reseller channel and acquisition revenue, including Cityworks. For the first two quarters, despite the weakness in agriculture OEM sales, revenue increased due to acquisition revenue and strength in agriculture in the first quarter. Segment operating income increased for the second quarter and the first two quarters of fiscal 2020 primarily due to gross margin expansion resulting from higher margin software maintenance and subscription sales, as well as cost reductions.

Transportation

Transportation revenue decreased \$47.9 million or 24% and decreased \$66.4 million or 17% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Segment operating income decreased \$18.5 million or 56% and decreased \$32.8 million or 51% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019.

For the second quarter and the first two quarters of fiscal 2020, revenue decreased primarily due to reduced hardware upgrades and subscriber declines, attributable in part due to challenges with the ELD transition as well as COVID-19 impacts. Conversion of customers from perpetual software to subscription products also reduced revenue. Segment operating income decreased for the second quarter and the first two quarters of fiscal 2020 primarily due to the revenue declines as well as higher operating expense due to the Kuebix acquisition, partially offset by cost reductions.

OFF-BALANCE SHEET FINANCINGS AND LIABILITIES

Other than inventory purchases and other commitments incurred in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities.

In the normal course of business to facilitate sales of our products, we indemnify other parties, including customers, lessors, and parties to other transactions with us, with respect to certain matters. We may agree to hold the other party harmless against losses arising from a breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. In connection with divesting some of our businesses or assets, we may also indemnify purchasers for certain matters in the normal course of business, such as breaches of representations, covenants, or excluded liabilities. In addition, we entered into indemnification agreements with our officers and directors, and our bylaws contain similar indemnification obligations to our agents.

It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements were not material and no liabilities have been recorded for these obligations on the Condensed Consolidated Balance Sheets as of the end of the second quarter of fiscal 2020 and fiscal year end 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of	Second Quarter of		Fiscal Year End	
	2020		2019	
<i>(In millions, except percentages)</i>				
Cash and cash equivalents	\$	196.4	\$	189.2
As a percentage of total assets		3.0%		2.8%
Principal balance of outstanding debt	\$	1,843.2	\$	1,854.0

	First Two Quarters of			
	2020		2019	
<i>(In millions)</i>				
Cash provided by operating activities		303.2	\$	325.5
Cash used in investing activities		(227.4)		(19.8)
Cash used in financing activities		(60.9)		(279.3)
Effect of exchange rate changes on cash and cash equivalents		(7.7)		0.7
Net increase in cash and cash equivalents	\$	7.2	\$	27.1

Cash and Cash Equivalents and Short-Term Investments

As of the end of the second quarter of fiscal 2020, cash and cash equivalents totaled \$196.4 million compared to \$189.2 million as of fiscal year end 2019.

Our ability to continue to generate cash from operations will depend in large part on profitability, the rate of collections of accounts receivable, our inventory turns, and our ability to manage other areas of working capital. Our cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions considered to be of reputable credit and to present little credit risk.

We have considered the effects of the current environment, and we believe that our cash and cash equivalents and borrowings, as described below under the heading "Debt", along with cash provided by operations will be sufficient to meet our anticipated operating cash needs, debt service, any stock repurchases under the stock repurchase program, and planned capital expenditures in the next twelve months.

Operating Activities

Cash provided by operating activities was \$303.2 million for the first two quarters of fiscal 2020, compared to \$325.5 million for the first two quarters of fiscal 2019. The decrease of \$22.3 million was primarily driven by decreases in accounts receivable, accounts payable, and deferred revenue, partially offset by increases in accrued compensation and benefits and inventory compared with the first two quarters of fiscal 2019, and an increase in net income as adjusted for non-cash items.

Investing Activities

Cash used in investing activities was \$227.4 million for the first two quarters of fiscal 2020, compared to \$19.8 million for the first two quarters of fiscal 2019. The increase of cash used in investing activities of \$207.6 million was primarily due to the Kuebix acquisition.

Financing Activities

Cash used in financing activities was \$60.9 million for the first two quarters of fiscal 2020, compared to cash used in financing activities of \$279.3 million for the first two quarters of fiscal 2019. The decrease in cash flows used in financing activities of \$218.4 million was primarily driven by the increase in debt proceeds, net of repayment.

Debt

During the first two quarters of fiscal 2020, net debt payments were \$8.8 million. Each of our debt agreements requires us to maintain compliance with certain debt covenants, all of which we were in compliance with at the end of the second quarter of fiscal 2020. On May 4, 2020, we entered into a loan amendment with JP Morgan Chase and Bank of America, along with certain other institutional lenders, to extend the maturity date of the remaining term loan amount of \$225.0 million to July 2, 2022. Refer to Note 7 of the Notes to Condensed Consolidated Financial Statements for more information regarding our debt.

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

To supplement our condensed consolidated financial information, we believe that the following information is helpful to gain an overall understanding of our past financial performance and prospects for the future. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures. The non-GAAP financial measures and detailed explanations to the adjustments to comparable GAAP measures are below.

	Second Quarter				First Two Quarters of			
	2020		2019		2020		2019	
	Dollar	% of	Dollar	% of	Dollar	% of	Dollar	% of
<i>(In millions, except per share amounts)</i>	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue

REVENUE:

GAAP revenue:		\$ 733.6		\$ 854.8		\$ 1,525.9		\$ 1,656.4
Acquired deferred revenue adjustment	(A)	1.6		1.0		3.3		3.9
Non-GAAP Revenue:		\$ 735.2		\$ 855.8		\$ 1,529.2		\$ 1,660.3

GROSS MARGIN:

GAAP gross margin:		\$ 405.7	55.3%	\$ 460.6	53.9%	\$ 846.7	55.5%	\$ 898.9	54.3%
Acquired deferred revenue adjustment	(A)	1.6		1.0		3.3		3.9	
Restructuring charges	(B)	0.1		—		0.4		0.2	
COVID-19 expenses	(C)	0.3		—		0.3		—	
Amortization of purchased intangible assets	(D)	23.2		23.8		46.7		48.0	
Stock-based compensation and deferred compensation	(E)	2.0		1.5		2.7		2.9	
Acquisition / divestiture items	(F)	—		—		1.7		—	
Non-GAAP gross margin:		\$ 432.9	58.9%	\$ 486.9	56.9%	\$ 901.8	59.0%	\$ 953.9	57.5%

OPERATING EXPENSES:

GAAP operating expenses:		\$ 308.1	42.0%	\$ 350.9	41.1%	\$ 650.8	42.7%	\$ 702.9	42.4%
Restructuring charges	(B)	(5.1)		(2.9)		(8.0)		(6.4)	
COVID-19 expenses	(C)	0.5		—		(3.3)		—	
Amortization of purchased intangible assets	(D)	(16.6)		(19.7)		(33.5)		(39.8)	
Stock-based compensation and deferred compensation	(E)	(23.4)		(16.8)		(27.2)		(34.5)	
Acquisition / divestiture items	(F)	(1.9)		(2.0)		(11.0)		(3.1)	
Amortization of acquired capitalized commissions	(G)	1.4		\$ 1.6		2.9		3.3	
Non-GAAP operating expenses:		\$ 263.0	35.8%	\$ 311.1	36.4%	\$ 570.7	37.3%	\$ 622.4	37.5%

OPERATING INCOME:

GAAP operating income:		\$ 97.6	13.3%	\$ 109.7	12.8%	\$ 195.9	12.8%	\$ 196.0	11.8%
Acquired deferred revenue adjustment	(A)	1.6		1.0		3.3		3.9	
Restructuring charges	(B)	5.2		2.9		8.4		6.6	
COVID-19 expenses	(C)	(0.2)		—		3.6		—	
Amortization of purchased intangible assets	(D)	39.8		43.5		80.2		87.8	
Stock-based compensation and deferred compensation	(E)	25.4		18.3		29.9		37.4	
Acquisition / divestiture items	(F)	1.9		2.0		12.7		3.1	
Amortization of acquired capitalized commissions	(G)	(1.4)		(1.6)		(2.9)		(3.3)	
Non-GAAP operating income:		\$ 169.9	23.1%	\$ 175.8	20.5%	\$ 331.1	21.7%	\$ 331.5	20.0%

NON-OPERATING INCOME (EXPENSE), NET:

GAAP non-operating income (expense), net:		\$ (6.7)		\$ 5.7		\$ (25.6)		\$ (5.4)
Deferred compensation	(E)	(6.8)		(1.1)		(0.6)		(3.9)
Acquisition / divestiture items	(F)	2.4		(13.1)		2.4		(12.8)
Non-GAAP non-operating expense, net:		\$ (11.1)		\$ (8.5)		\$ (23.8)		\$ (22.1)

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INCOME TAX PROVISION:

GAAP income tax provision:		\$ 27.7	30.5%	\$ 20.8	18.0%	\$ 45.2	26.5%	\$ 33.6	17.6%
Non-GAAP items tax effected	(H)	20.7		9.3		35.9		20.7	
Difference in GAAP and Non-GAAP tax rate	(I)	(21.3)		3.3		(28.0)		7.6	
Non-GAAP income tax provision:		\$ 27.1	17.1%	\$ 33.4	20.0%	\$ 53.1	17.3%	\$ 61.9	20.0%

NET INCOME:

GAAP net income attributable to Trimble Inc.:		\$ 63.0		\$ 94.6		\$ 124.9		\$ 156.9
Acquired deferred revenue adjustment	(A)	1.6		1.0		3.3		3.9
Restructuring charges	(B)	5.2		2.9		8.4		6.6
COVID-19 expenses	(C)	(0.2)		—		3.6		—
Amortization of purchased intangible assets	(D)	39.8		43.5		80.2		87.8
Stock-based compensation and deferred compensation	(E)	18.6		17.2		29.3		33.5
Acquisition / divestiture items	(F)	4.3		(11.1)		15.1		(9.7)
Amortization of acquired capitalized commissions	(G)	(1.4)		(1.6)		(2.9)		(3.3)
Non-GAAP tax adjustments	(H)-(I)	0.6		(12.6)		(7.9)		(28.3)
Non-GAAP net income attributable to Trimble Inc.:		\$ 131.5		\$ 133.9		\$ 254.0		\$ 247.4

DILUTED NET INCOME PER SHARE:					
GAAP diluted net income per share attributable to Trimble Inc.:		\$ 0.25	\$ 0.37	\$ 0.50	\$ 0.62
Acquired deferred revenue adjustment	(A)	0.01	—	0.01	0.01
Restructuring charges	(B)	0.02	0.01	0.03	0.03
COVID-19 expenses	(C)	—	—	0.01	—
Amortization of purchased intangible assets	(D)	0.16	0.17	0.32	0.34
Stock-based compensation and deferred compensation	(E)	0.07	0.07	0.12	0.13
Acquisition / divestiture items	(F)	0.02	(0.04)	0.06	(0.04)
Amortization of acquired capitalized commissions	(G)	(0.01)	—	(0.01)	(0.01)
Non-GAAP tax adjustments	(H)-(I)	—	(0.05)	(0.03)	(0.11)
Non-GAAP diluted net income per share attributable to Trimble Inc.:		<u>\$ 0.52</u>	<u>\$ 0.53</u>	<u>\$ 1.01</u>	<u>\$ 0.97</u>
ADJUSTED EBITDA:					
GAAP operating income:		\$ 97.6	\$ 109.7	\$ 195.9	\$ 196.0
Acquired deferred revenue adjustment	(A)	1.6	1.0	3.3	3.9
Restructuring charges	(B)	5.2	2.9	8.4	6.6
COVID-19 expenses	(C)	(0.2)	—	3.6	—
Amortization of purchased intangible assets	(D)	39.8	43.5	80.2	87.8
Stock-based compensation and deferred compensation	(E)	25.4	18.3	29.9	37.4
Acquisition / divestiture items	(F)	1.9	2.0	12.7	3.1
Amortization of acquired capitalized commissions	(G)	(1.4)	(1.6)	(2.9)	(3.3)
Non-GAAP operating income:		169.9	175.8	331.1	331.5
Depreciation expense		9.7	10.1	19.5	20.3
Income from equity method investments, net		9.7	12.9	19.1	21.7
Adjusted EBITDA		<u>\$ 189.3</u>	<u>\$ 198.8</u>	<u>\$ 369.7</u>	<u>\$ 373.5</u>

Non-GAAP Revenue, Non-GAAP Operating Income, and Annualized Recurring Revenue Results

Non-GAAP revenue decreased \$120.6 million or 14% and decreased \$131.1 million or 8% for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019, primarily due to weakness in our hardware and related software sales across segments, particularly in Buildings and Infrastructure, Geospatial, and Transportation, impacted primarily by COVID-19. Offsetting the declines, software maintenance and subscription revenue increased due to organic growth in Buildings and Infrastructure, and organic and acquisition revenue in Resources and Utilities.

Non-GAAP operating income decreased \$5.9 million or 3% and remained flat for the second quarter and the first two quarters of fiscal 2020, compared to the corresponding periods in fiscal 2019. Despite revenue declines, gross margin expansion as well as cost reductions drove better than expected operating income results in Buildings and Infrastructure, Geospatial, and Resources and Utilities.

At the end of the second quarter of fiscal 2020, ARR was \$1,213.4 million, as compared to \$1,149.2 million for the corresponding period in fiscal 2019, representing 6% year over year growth. The growth was driven primarily by organic conversion from perpetual licenses to term licenses and subscription revenue as well as acquisition growth.

Annualized Recurring Revenue Explanation

In addition to providing financial measures, we provide an annualized recurring revenue (ARR) performance measure in order to provide investors with a supplementary indicator of the value of our current recurring revenue contracts. ARR represents the estimated annualized value of recurring contracts for the quarter, including subscription, maintenance and support, and term licenses. 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.

Non-GAAP Explanations

Non-GAAP revenue

We believe this measure helps investors understand the performance of our business, 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 business trends.

Non-GAAP gross margin

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 gross margin excludes the effects of acquired deferred revenue that was written down to fair value in purchase accounting, restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, and acquisition/divestiture items associated with the acceleration of acquisition stock options from GAAP gross margin. We believe that these adjustments offer investors additional information that may be useful to view trends in our gross margin performance.

Non-GAAP operating expenses

We believe this measure is important to investors evaluating our non-GAAP spending in relation to revenue. Non-GAAP operating expenses exclude restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, and acquisition/divestiture items associated with external and incremental costs resulting directly from merger and acquisition activities such as: legal, due diligence, integration, and other costs including the acceleration of acquisition stock options, adjustments to the fair value of earn-out liabilities, and the effects of certain acquired capitalized commissions that were eliminated in purchase accounting from GAAP operating expenses. We believe that these adjustments offer investors supplemental information to facilitate comparison of our operating expenses to our prior results.

Non-GAAP operating income

We believe our investors benefit by understanding our non-GAAP operating income trends, which are driven by revenue, gross margin, and spending. Non-GAAP operating income excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, and acquisition/divestiture items from GAAP operating income. We believe that these adjustments offer an alternative means for our investors to evaluate current operating performance compared to results of other periods.

Non-GAAP non-operating expense, net

We believe this measure helps investors evaluate our non-operating income trends. Non-GAAP non-operating expense, net, excludes deferred compensation, acquisition/divestiture gains/losses associated with unusual acquisition related items such as intangible asset impairment charges, gains or losses related to the acquisitions or sale of certain businesses and investments. We believe that these exclusions provide investors with a supplemental view of our ongoing financial results.

Non-GAAP income tax provision

We believe that providing investors with the non-GAAP income tax provision is beneficial because it provides for consistent treatment of the excluded items in our non-GAAP presentation.

Non-GAAP net income

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 net income excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, acquisition/divestiture items, and non-GAAP tax adjustments from GAAP net income. We believe our investors benefit from understanding these adjustments and from an alternative view of our net income performance as compared to our past net income performance.

Non-GAAP diluted net income per share

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. Non-GAAP diluted net income per share excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, acquisition/divestiture items, and non-GAAP tax adjustments from GAAP diluted net income per share. We believe that these adjustments offer investors a useful view of our diluted net income per share as compared to our past diluted net income per share.

Adjusted EBITDA

We believe that adjusted EBITDA assists investors in comparing our performance over various reporting periods on a consistent basis. Adjusted EBITDA refers to non-GAAP operating income plus depreciation and income from equity method investments. We also believe the measure provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

These non-GAAP measures can be used to evaluate our historical and prospective financial performance, as well as our performance relative to competitors. We believe some of our investors track our "core operating performance" as a means of evaluating our performance in the ordinary, ongoing, and customary course of our operations. Core operating performance excludes items that are non-cash, not expected to recur, or not reflective of ongoing financial results. Management also believes that looking at our core operating performance provides a supplemental way to provide consistency in period-to-period comparisons. Accordingly, management excludes from non-GAAP those items relating to the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, restructuring charges, COVID-19 expenses, amortization of purchased intangible assets, stock-based compensation, deferred compensation, acquisition/divestiture items, and non-GAAP tax adjustments.

- (A). *Acquired deferred revenue adjustment.* Purchase accounting generally requires us to write-down acquired deferred revenue to fair value. Our GAAP revenue includes the fair value impact from purchase accounting for post-contract support and subscriptions contracts assumed in connection with our acquisitions. The non-GAAP adjustment to our revenue is intended to reflect the full amount of such revenue. We believe this adjustment is useful to investors as a measure of the ongoing performance of our business and facilitates analysis of revenue growth and business trends.
- (B). *Restructuring charges.* Included in our GAAP presentation of cost of sales and operating expenses, restructuring charges recorded are primarily for employee compensation resulting from reductions in employee headcount in connection with our company restructurings. We exclude restructuring charges from our non-GAAP measures because we believe they do not reflect expected future operating expenses, they are not indicative of our core operating performance, and they are not meaningful in comparisons to our past operating performance. We have incurred restructuring expense in each of the periods presented. However the amount incurred can vary significantly based on whether a restructuring has occurred in the period and the timing of headcount reductions.
- (C). *COVID-19 expenses.* Included in our GAAP presentation of operating expenses, COVID-19 expenses consist of costs incurred as a direct impact from the COVID-19 virus pandemic, such as cancellation fees of trade shows due to public safety issues, additional costs for disinfecting facilities, personal protective equipment, and labor. We exclude COVID-19 expenses from our non-GAAP measures because we believe they are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.
- (D). *Amortization of purchased intangible assets.* Included in our GAAP presentation of gross margin and operating expenses is amortization of purchased intangible assets. U.S. GAAP accounting requires that intangible assets be recorded at fair value and amortized over their useful lives. Consequently, the timing and size of our acquisitions will cause our operating results to vary from period to period, making a comparison to past performance difficult for investors. This accounting treatment may cause differences when comparing our results to companies that grow internally

because the fair value assigned to the intangible assets acquired through acquisition may significantly exceed the equivalent expenses that a company may incur for similar efforts when performed internally. Furthermore, the useful life that we use to amortize our intangible assets over may be substantially different from the time period that an internal growth company incurs and recognizes such expenses. We believe that by excluding the amortization of purchased intangible assets, which primarily represents technology and/or customer relationships already developed, this provides an alternative way for investors to compare our operations pre-acquisition to those post-acquisition and to those of our competitors that have pursued internal growth strategies. However, we note that companies that grow internally will incur costs to develop intangible assets that will be expensed in the period incurred, which may make a direct comparison more difficult.

- (E). *Stock-based compensation and deferred compensation.* Included in our GAAP presentation of cost of sales and operating expenses are stock-based compensation consists of expenses for employee stock options and awards and purchase rights under our employee stock purchase plan. Additionally included in our GAAP presentation of cost of sales and operating expenses are 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. We exclude them from our non-GAAP measures because some investors may view it as not reflective of our core operating performance as they are a non-cash item.
- (F). *Acquisition / divestiture items.* Included in our GAAP presentation of cost of sales and operating expenses, acquisition costs consist 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. Included in our GAAP presentation of non-operating expense, net, acquisition/divestiture items includes unusual acquisition, investment, and/or divestiture gains/losses. Although we do numerous acquisitions, the costs that have been excluded from the non-GAAP measures are costs specific to particular acquisitions. These are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.
- (G). *Amortization of acquired capitalized commissions.* Purchase accounting generally requires us to eliminate capitalized sales commissions balances as of the acquisition date. Our GAAP sales and marketing expenses generally do not reflect the amortization of these capitalized sales commissions balances. The non-GAAP adjustment to increase our sales and marketing expenses is intended to reflect the full amount of amortization related to such balances as though the acquired companies operated independently in the periods presented. We believe this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business.
- (H). *Non-GAAP items tax effected.* This amount adjusts the provision for income taxes to reflect the effect of the non-GAAP items (A) - (G) on non-GAAP net income. We believe this information is useful to investors because it provides for consistent treatment of the excluded items in this non-GAAP presentation.
- (I). *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 net deferred tax impacts resulting from a non-U.S. intercompany transfer of intellectual property. We believe that investors benefit from excluding this amount from our non-GAAP income tax provision because it facilitates a comparison of the non-GAAP tax provision in the current and prior periods.
- (J). *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. We believe that investors benefit from a presentation of non-GAAP tax rate percentage as a way of facilitating a comparison to non-GAAP tax rates in prior periods.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE 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 January 3, 2020. For discussion of financial markets risks related to changes in interest rate, refer to Item 7A on our 2019 Annual Report on 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 arising from the COVID-19 pandemic 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 the first two quarters of fiscal 2020, revenue was negatively impacted by foreign currency exchange rates by \$6.7 million and \$14.5 million, respectively. Operating income was favorably impacted by foreign currency exchange rates by \$0.6 million and \$0.4 million, respectively.

We enter into foreign currency forward contracts to minimize the short-term impact of foreign currency exchange rate fluctuations on cash, debt, certain trade and inter-company receivables and payables, primarily denominated in Euro, British pound, New Zealand dollars, Australian dollars, 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 as of the end of the second quarter of fiscal 2020 and fiscal year end 2019 are summarized as follows (in millions):

	Second Quarter of Fiscal 2020		Fiscal Year End 2019	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	\$ (96.7)	\$ 0.1	\$ (84.3)	\$ 0.3
Sold	\$ 55.1	\$ (0.3)	\$ 159.2	\$ (1.0)

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 fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact on our internal controls over financial reporting despite the fact that most of our employees continue working remotely due to the COVID-19 pandemic. We are regularly monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

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

A description of factors that could materially affect our business, financial condition, or operating results is included under "Risk and Uncertainties" in Item 1A of Part I of our 2019 Annual Report on Form 10-K, as updated by the risk factor included under “Risk Factors” in Item 1A of Part II of our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020, is incorporated herein by reference. There have been no material changes to the risk factor disclosure since our 2019 Annual Report on Form 10-K, as updated by our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020. The risk factors described in our Form 10-K, as updated by our Quarterly Report on Form 10-Q for the quarter ended April 3, 2020, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial conditions, and/or operating results. Our risk factors may materially affect our business, financial condition, or results of operations. They should be considered carefully, in addition to the information set forth elsewhere in this Form 10-Q. Additional risks or uncertainties that are not currently known to us, that we currently deem to be immaterial, or that could apply to any company could also materially and adversely affect our business, financial condition, or results of operations.

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 first two quarters of fiscal 2020:

	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
January 4, 2020 – February 7, 2020	—	\$ —	—	\$ 172,360,707
February 8, 2020 – March 6, 2020	961,520	\$ 41.6	961,520	\$ 132,360,922
March 7, 2020 – April 3, 2020	276,082	\$ 36.22	276,082	\$ 122,360,954
April 4, 2020 – May 8, 2020	—	\$ —	—	\$ 122,360,954
May 9, 2020 – June 5, 2020	—	\$ —	—	\$ 122,360,954
June 6, 2020 – July 3, 2020	—	\$ —	—	\$ 122,360,954
Total	1,237,602		1,237,602	

(1) In November 2017, our Board of Directors approved a stock repurchase program (2017 Stock Repurchase Program), authorizing us to repurchase up to \$600.0 million of the Company's common stock. The timing and amount of repurchase transactions will be determined by the Company's management based on its evaluation of market conditions, share price, legal requirements, and other factors. The program may be suspended, modified, or discontinued at any time without public 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

- 3.1 [Certificate of Incorporation of the Company.](#) (1)
- 3.2 [Bylaws of the Company.](#) (2)
- 4.1 [Specimen copy of certificate for shares of Common Stock of the Company.](#) (3)
- 10.1 [Extension and Amendment Agreement, dated May 4, 2020, amending Credit Agreement dated May 15, 2018, by and among Trimble Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.](#) (4)

- 10.2 [2002 Stock Plan - Form of performance stock unit award agreement \(officers, TSR-based\).](#) (5)
- 31.1 [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 7, 2020.](#) (5)
- 31.2 [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated August 7, 2020.](#) (5)
- 32.1 [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated August 7, 2020.](#) (5)
- 32.2 [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated August 7, 2020.](#) (5)

- 101 The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2020, formatted in Inline XBRL: (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, tagged as blocks of text and including detailed tags.

- 104 The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2020, formatted in Inline XBRL.

- (1) Incorporated by reference to exhibit 3.1 to the Company's Current Report on Form 8-K filed October 3, 2016.
- (2) Incorporated by reference to exhibit 3.1 to the Company's Current Report on Form 8-K filed November 15, 2019.
- (3) Incorporated by reference to exhibit 4.1 to the Company's Current Report on Form 8-K filed October 3, 2016.
- (4) Incorporated by reference to exhibit 10.1 to the Company's Current Report on Form 8-K filed May 6, 2020 (SEC file no. 001-14845 20853433).
- (5) Furnished or filed herewith.

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 7, 2020

TRIMBLE INC.

AMENDED AND RESTATED 2002 STOCK PLAN

GLOBAL PERFORMANCE STOCK UNIT

AWARD AGREEMENT

(2020 Executive TSR Awards)

Unless otherwise defined herein, the capitalized terms used in this Performance Stock Unit Award Agreement shall have the same defined meanings as set forth in the Trimble Inc. Amended and Restated 2002 Stock Plan (the "Plan").

Name: [Participant Name]

Employee ID: [Employee ID]

You have been awarded the right to receive Common Stock of the Company or a cash equivalent, subject to the terms and conditions of the Plan and this Global Performance Stock Unit Award Agreement, including any special terms and conditions for your country in the appendix attached hereto (the "Appendix", together with this Global Performance Stock Unit Award Agreement, the "Award Agreement"), as follows:

Date of Grant: [Grant Date]

Target Number of Performance Stock Units ("Target Units"): [# of Shares] PSUs

Vesting Schedule

Subject to the terms of the Plan and this Award Agreement, the Performance Stock Units granted under this Award Agreement vest on the last date of the Performance Period, but only (i) to the extent the Performance Goals (as set forth in Schedule A) are attained, as determined in accordance with the paragraph below and (ii) as long as you continue to be a Service Provider, as further described in paragraph 11 of the "Nature of Award" section below, from the date of grant of the Performance Stock Units through the last date of the Performance Period.

As soon as reasonably practicable after the completion of the Performance Period, the Administrator shall determine the actual level of attainment of the Performance Goals. On the basis of the determination of attainment of the Performance Goals, the number of Performance Stock Units that are eligible to vest shall be calculated.

Anything in the foregoing to the contrary notwithstanding:

- (1) In the event that you cease to be a Service Provider as a result of your death prior to the last day of the Performance Period, you shall vest, with respect to each Scoring Window, in a number of Performance Stock Units equal to the product of the number of Performance Stock Units that become eligible to vest with respect to the applicable Scoring Window based on the attainment level of the Performance Goals calculated as of the end of the corresponding Scoring Window, multiplied by the Pro Rata Factor, rounded up to the nearest whole number of Performance Stock Units. "Pro Rata Factor" means a fraction, the numerator of which is the number of days that you have completed as a Service Provider during the period commencing on the date of grant of the Performance Stock Units and ending on the date that is the earliest of your death or the Shortened Performance Attainment Date (as defined below), and the denominator of which is the number of total days contained in the period commencing on the date of grant of the Performance Stock Units and ending on the last day of the corresponding Scoring Window.
- (2) In the event of a Change in Control, (a) if the last day of a Scoring Window precedes the Change of Control, the Performance Stock Units subject to the any such Scoring Window that became eligible to vest based on the attainment of the Performance Goals shall vest as of the date that the attainment level has been determined in accordance with the procedures described under the "Vesting Schedule" section and (b) if the last day of a Scoring Window postdates the Change of Control, (i) each such Scoring Window shall be shortened to end on a date preceding the consummation of the Change in Control to be selected by the Administrator (the "Shortened Performance Attainment Date"), (ii) with respect to each such Scoring Window, a number of Performance Stock Units shall vest immediately prior to the Change in Control equal to the product of the number of Performance Stock Units that become eligible to vest with respect to the applicable Scoring Window based on the attainment level of the Performance Goals calculated as of the Shortened Performance Attainment Date, multiplied by the Pro Rata Factor (the "Pro Rata Portion"), rounded up to the nearest whole number of Performance Stock

Units, and (iii) a number of Performance Stock Units equal to the difference between the number of Performance Stock Units that became eligible to vest based on attainment of the Performance Goals and the Pro Rata Portion shall vest on the last day of the Performance Period, as long as you continue to be a Service Provider, as further described in paragraph 11 of the “Nature of Award” section below, through the last date of the Performance Period (the “Time-Based RSUs”). Notwithstanding the foregoing, if you cease to be a Service Provider as a result of your involuntary termination by the Company (or an Affiliate) within one year following the Change in Control and prior to the last day of the Performance Period, your Time-Based RSUs shall vest automatically as of the date you cease to be a Service Provider. For purposes of this Award Agreement, “Cause” shall mean, as determined by the Company: (AA) your performance of any act or omission which, if you were prosecuted, would constitute a felony or misdemeanor; (BB) your failure to carry out your material duties; (CC) your dishonesty towards or fraud upon the Company or any Affiliate which is injurious to the Company or any Affiliate; (DD) your violation of any Company or Affiliate practice or agreement or confidentiality obligations to the Company, any Affiliate, or any customers of the Company or any Affiliate, or misappropriation of assets of the Company or any Affiliate; (EE) your death or inability to carry out your essential duties with reasonable accommodation, if any, unless prohibited by law. Notwithstanding the foregoing, if you are a party to a Change in Control Severance Agreement, then this paragraph (2) shall not apply; provided, however, that if such agreement does not address accelerated vesting with respect to Scoring Windows, as contemplated under this paragraph (2), then this paragraph (2) shall apply. For the avoidance of any doubt, the Time-Based RSUs shall be subject to Section 14(c) of the Plan.

- (3) In the event that you have been selected to participate in the Company Age and Service Equity Vesting Program (the “Vesting Program”) on or before the date of grant of the Performance Stock Units, this Award Agreement shall also be subject to the terms of the Vesting Program.
- (4) If you are a party to an Executive Severance Agreement with the Company, this Award Agreement shall also be subject to the terms of such Executive Severance Agreement.

Settlement

For each vested Performance Stock Unit, you shall be entitled to receive (1) a number of whole Shares equal to the number of Performance Stock Units vesting on such vesting date, or (2) a cash payment equal to the product of the number of Performance Stock Units vesting on such vesting date and the Fair Market Value of one Share on such vesting date or (3) a combination of the foregoing at the Company’s discretion under the terms of the Plan. Such payment shall be made on or as soon as practicable following the date of vesting, but no later than the earlier of (i) 74 days following the end of the Performance Period, (ii) 30 days following a Change in Control (in the event of a vesting event pursuant to paragraph (2) under the “Vesting Schedule” section above), or (iii) 30 days following the date you cease to be a Service Provider (in the event of a vesting event pursuant to paragraph (2) under the “Vesting Schedule” section above). Notwithstanding the foregoing, to the extent this Award Agreement is subject to a Change in Control Severance Agreement, an Executive Severance Agreement or the Vesting Program, the settlement terms of such agreement or program shall control with respect to the Performance Stock Units to the extent necessary to comply with Section 409A of the Code.

Forfeiture

Except as provided above under the heading “Vesting Schedule,” upon the date that you cease to be a Service Provider for any reason, all unvested Performance Stock Units shall be forfeited. The date you cease to be a Service Provider for purposes of the Award will be the date described in paragraph (11) of the “Nature of Award” section below.

Tax Obligations

You acknowledge that, regardless of any action taken by the Company or, if different, your employer (the “Employer”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”) is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including, but not limited to, the grant, vesting or settlement of the Performance Stock Units, the issuance of Shares (or the cash equivalent) upon settlement of the Performance Stock Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of this Award or any aspect of the Performance Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to make arrangements satisfactory to the Company and/or the Employer to fulfill all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any withholding obligations for Tax-Related Items by one or a combination of the following:

- (1) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer or any Subsidiary or Affiliate; or
- (2) withholding from proceeds of the sale of the Shares acquired upon vesting/settlement of the Performance Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization and without further consent); or
- (3) withholding in Shares to be issued upon vesting/settlement or from the cash payment received at settlement (if any) of the Performance Stock Units.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to the maximum applicable permissible statutory rate for your tax jurisdiction(s), in which case you will have no entitlement to the equivalent amount in Shares and may receive a refund of any over-withheld amount in cash in accordance with applicable law. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Performance Stock Units, notwithstanding that a number of Shares are held back solely for the purpose of satisfying the withholding obligation for the Tax-Related Items.

Finally, you agree to pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares (or the cash equivalent) or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

Code Section 409A

The vesting and settlement of Performance Stock Units awarded pursuant to this Award Agreement are intended to qualify for the "short-term deferral" exemption from Section 409A of the Code. In furtherance of this intent, the provisions of this Award Agreement shall be interpreted, operated, and administered in a manner consistent with these intentions. The Administrator reserves the right, to the extent the Administrator deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Award Agreement to ensure that the Performance Stock Units qualify for exemption from or comply with Section 409A of the Code or to mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Section 409A of the Code if compliance is not practical; provided, however, that the Company makes no representations that the Performance Stock Units will be exempt from Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to these Performance Stock Units. Nothing in this Award Agreement shall provide a basis for any person to take any action against the Company or any of its Subsidiaries or Affiliates based on matters covered by Section 409A of the Code, including the tax treatment of this Award Agreement, and neither the Company nor any of its Subsidiaries or Affiliates will have any liability under any circumstances to you or any other party if the Performance Stock Units that is intended to be exempt from, or compliant with, Section 409A of the Code, is not so exempt or compliant or for any action taken by the Administrator with respect thereto.

Nature of Award

In accepting this Award, you acknowledge, understand and agree that:

- (1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (2) this Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;
- (3) all decisions with respect to future restricted stock unit grants, if any, will be at the sole discretion of the Company;
- (4) you are voluntarily participating in the Plan;
- (5) this Award and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate, and shall not interfere with the ability of the Company, the Employer or any Affiliate, as applicable, to terminate your Service Provider relationship at any time;
- (6) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the income and value of same, are not intended to replace any pension rights or compensation;

(7) unless otherwise agreed with the Company, the Performance Stock Units and the Shares subject to the Performance Stock Units, and the income and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of a Subsidiary or Affiliate of the Company;

(8) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, leave-related payments, holiday pay, pension or retirement or welfare benefits or similar mandatory payments;

(9) the future value of the underlying Shares is unknown, indeterminable, and cannot be predicted with certainty;

(10) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Stock Units resulting from termination of your relationship as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any);

(11) for purposes of the Award, your relationship as a Service Provider will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any); unless otherwise expressly provided in this Award Agreement or determined by the Company, your right to vest in the Performance Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, the period during which you are considered a Service Provider would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your Award (including whether you may still be considered to be actively providing services while on a leave of absence);

(12) unless otherwise provided in the Plan or by the Company in its discretion, the Performance Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Performance Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(13) neither the Company, the Employer nor any Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between the United States Dollar and your local currency (if different) that may affect the value of the Performance Stock Units or of any amounts due to you pursuant to the settlement of the Performance Stock Units or the subsequent sale of any Shares acquired upon settlement.

No Advice Regarding Award

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You acknowledge, understand and agree you should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

No Stockholder Rights Prior to Settlement

You shall have no rights of a stockholder (including the right to distributions or dividends or to vote) unless and until Shares are issued pursuant to the terms of this Award Agreement.

Compliance with Law

Notwithstanding anything to the contrary contained herein, no Shares will be issued to you upon vesting of the Performance Stock Units unless the Shares subject to the Performance Stock Units are then registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or, if such Shares are not so registered, the Company has determined that such vesting and issuance would be exempt from the registration requirements of the Securities Act. Further, no Shares will be issued until completion of any other applicable registration or qualification of the Shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of any applicable governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. By accepting the Performance Stock Units, you agree not to sell any of the Shares received under this Award at a time when Applicable Laws or Company policies prohibit a sale.

Clawback Provision

The Performance Stock Units and any financial gain thereof will be subject to recoupment in accordance with the Company's Incentive Compensation Recoupment Policy, effective as of May 2, 2017, and as may be amended from time to time, and any clawback policy that is required to be adopted pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws.

Insider Trading Restrictions / Market Abuse Laws

You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions including, but not limited to, the United States and your country, which may affect your ability to acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Performance Stock Units) under the Plan during such time as you are considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You are responsible for ensuring compliance with any applicable restrictions and should consult your personal legal advisor on such matters.

Data Privacy Information and Consent

The Company is located at [Company Address] and grants Performance Stock Units to employees of the Company and its Subsidiaries, at the Company's sole discretion. If you would like to participate in the Plan, you should review the following information about the Company's data processing practices and declare your consent.

(a) **Data Collection and Usage.** *The Company collects, processes and uses your personal data, including your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Performance Stock Units canceled, vested, or outstanding in your favor, which the Company receives from you or the Employer. If the Company offers you a grant of Performance Stock Units under the Plan, then the Company will collect your personal data for purposes of allocating stock and implementing, administering and managing the Plan. The Company's legal basis for the processing of your personal data would be your consent.*

(b) **Stock Plan Administration Service Providers.** *The Company transfers participant data to Fidelity Stock Plan Services, LLC ("Fidelity"), an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share your data with another company that serves in a similar manner. The Company's service provider will open an account for you to receive and trade Shares. You will be asked to agree on separate terms and data processing practices with the service provider, which is a condition to your ability to participate in the Plan.*

(c) **International Data Transfers.** *The Company and its service providers are based in the United States. You should note that your country may have enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and in which the Company does participate with respect to employee data. The Company's legal basis for the transfer of your personal data is your consent.*

(d) **Data Retention.** *The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs your personal data, the Company will remove it from its systems. If the Company keeps data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.*

(e) **Voluntariness and Consequences of Consent Denial or Withdrawal.** *Your participation in the Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you cannot participate in the Plan. This would not affect your salary as an employee or your career; you would merely forfeit the opportunities associated with the Plan.*

(f) **Data Subject Rights.** *You may have a number of rights under data privacy laws in your country. For example, in the European Union, your rights include the right to (a) request access or copies of personal data the Company processes, (b) rectification of incorrect data, (c) deletion of data, (d) restrictions on processing, (e) to lodge complaints with competent authorities in your country, and/or (f) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights please contact the Company at [stock admin email address].*

By clicking on the data privacy acceptance box in the Company's electronic procedures, you are declaring that you agree with the data processing practices described herein and consent to the collection, processing and use of your personal data by the Company and the transfer of personal data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Entire Agreement

The Plan is incorporated herein by reference. The Plan and this Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of you and the Company with respect to the subject matter hereof, and may not be modified adversely to your interest except by means of a writing signed by you and the Company. Notwithstanding the foregoing, if the Award Agreement is subject to the Vesting Program, an Executive Severance Agreement or a Change in Control Severance Agreement with the Company, the terms of such applicable Vesting Program, Executive Severance Agreement, or Change in Control Severance Agreement shall also apply to this Award Agreement.

Governing Law/Venue

This Award of Performance Stock Units and this Award Agreement are governed by, and subject to, the internal substantive laws, but not the choice of law rules, of the State of Delaware, U.S.A.

For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this Award or this Award Agreement, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the State of California, U.S.A., and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, U.S.A., or the federal courts for the United States for the Northern District of California, and no other courts, where this Award is made and/or to be performed.

Language

You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English so as to allow you to understand the terms and conditions of this Award Agreement. If you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

Electronic Delivery and Participation

The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Severability

The provisions of this Award Agreement (which includes the Appendix) are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

Appendix

The Performance Stock Units shall be subject to any special terms and conditions for your country set forth in the Appendix. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country shall apply to you, unless the Company determines that the application of such terms and conditions is not necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.

Imposition of Other Requirements

The Company reserves the right to impose other requirements on your participation in the Plan, on the Performance Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

Foreign Asset/Account Reporting Requirements; Exchange Controls

You acknowledge that your country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations, and you understand and agree to consult your personal legal advisor for any details.

Waiver

You acknowledge that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement or of any subsequent breach by you or any other participant in the Plan.

By your signature and the signature of the Company's representative below OR BY YOUR ACCEPTANCE OF THIS AWARD THROUGH THE COMPANY'S ONLINE ACCEPTANCE PROCEDURE, you and the Company agree that this Award is governed by the terms and conditions of the Plan and this Award Agreement, including the Appendix. You have reviewed the Plan and this Award Agreement, INCLUDING the Appendix, in their entirety, have had an opportunity to obtain the advice of counsel prior to executing this Award Agreement, and fully understand all provisions of the Plan and Award Agreement, INCLUDING the Appendix. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement, INCLUDING the Appendix. You further agree to notify the Company upon any change in YOUR residence address.

SERVICE PROVIDER: Trimble Inc.

Signature By

Print Name Print Name

Residence Address Title General Counsel

**SCHEDULE A -
PERFORMANCE GOAL SCHEDULE**

1. Eligible Number of Performance Stock Units

The actual number of Performance Stock Units that are eligible to vest in accordance with the Vesting Schedule of the Award Agreement shall be based on the attainment level of the Performance Goals set forth below, in accordance with the following formula:

- For each Scoring Window (as set forth in Section 3 below), the product of (a) the Target Units, multiplied by (b) the Installment Portion (as set forth in Section 3 below), multiplied by (c) the TSR Multiplier (as set forth in Section 4 below).

2. Performance Period: The three-year period beginning May 15, 2020, with three (3) different, overlapping “Scoring Windows” as described below.

3. Annual Scoring:

The Performance Stock Units are scored in three (3) Scoring Windows:

“Scoring Window”	Time Period	“Installment Portion”
Window 1 (one year)	May 15, 2020 to May 15, 2021	1/3
Window 2 (two year)	May 15, 2020 to May 15, 2022	1/3
Window 3 (three year)	May 15, 2020 to May 15, 2023	1/3

The attainment level of the Performance Goals (set forth below) shall be calculated for each Scoring Window to determine the number of Performance Stock Units that become eligible to vest within the Installment Portion represented by each Scoring Window. Although the attainment level of the Performance Goals for a particular Scoring Window may be achieved, you will not vest in any of the Performance Stock Units unless you continue to be a Service Provider through the last day of the Performance Period, except as otherwise provided in the Vesting Schedule section of the Agreement.

4. Performance Goals:

For each Scoring Window, the TSR Multiplier shall be determined by reference to the following table. For a TSR Percentile Ranking below the 25th percentile, the TSR Multiplier will be 0%. For a TSR Percentile Ranking between the threshold and target percentiles, or between the target and maximum percentiles, the TSR Multiplier will be determined by linear interpolation toward the next level. In no event shall the TSR Multiplier exceed 200%.

TSR Percentile Ranking	“TSR Multiplier”
<i>Below threshold</i>	0%
<i>Threshold: 25th percentile</i>	50%
<i>Target: 50th percentile</i>	100%
<i>Maximum: 75th percentile</i>	200%

where:

“**TSR Percentile Ranking**” is the comparison of Total Shareholder Return of the Company against the Total Shareholder Return of all companies included in the S&P Midcap 400 Index (the “**S&P 400**”) during the entire Scoring Window (excluding companies that are added to the S&P 400 during the Scoring Window and excluding companies that are not members of the S&P 400 at the end of the Scoring Window);

“**Total Shareholder Return**” means the quotient of:

- (i) the Trailing Average Price of the applicable issuer’s shares at the end of the Scoring Window minus the Trailing Average Price of such issuer’s shares at the beginning of the Scoring Window, plus assumed reinvestment as of the ex-dividend date of ordinary and extraordinary cash dividends, if any, paid by such issuer during the Scoring Window, divided by
- (ii) the Trailing Average Price of such issuer’s shares at the beginning of the Scoring Window; and

“**Trailing Average Price**” means the average of the closing prices of the applicable shares for the 90 trading days ending on the applicable measurement date;

with adjustments to share prices and dividend payments to reflect stock splits during the Scoring Window.

5. **Adjustments:** At all times, the Administrator retains the right to make adjustments, at its sole discretion, to the Performance Goals or the definition of or methods of determining the financial metrics hereunder, provided that such adjustments do not increase the maximum number of Performance Stock Units that would otherwise vest under this Award Agreement.

APPENDIX TO
TRIMBLE INC.
AMENDED AND RESTATED 2002 STOCK PLAN
GLOBAL PERFORMANCE STOCK UNIT
AWARD AGREEMENT

TERMS AND CONDITIONS

This Appendix, which is part of the Award Agreement, includes additional or different terms and conditions that govern the Performance Stock Units and that will apply to you if you are in one of the countries listed below. Unless otherwise defined herein, capitalized terms set forth in this Appendix shall have the meanings ascribed to them in the Plan or the Award Agreement, as applicable.

If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, are considered a resident of another country for local law purposes or transfers employment and/or residency between countries after the date of grant, the Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply to you under these circumstances.

NOTIFICATIONS

This Appendix also includes information regarding securities, exchange control and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because such information may be outdated when you vest in this Award and/or sell any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation. As a result, the Company is not in a position to assure you of any particular result. You, therefore, are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your particular situation.

Finally, if you are a citizen or resident of a country other than that in which you currently are working and/or residing, are considered a resident of another country for local law purposes or transfer employment and/or residency to a different country after the date of grant, the information contained herein may not apply in the same manner to you.

BELGIUM

NOTIFICATIONS

Foreign Asset/Account Reporting Information. You are required to report any bank or brokerage accounts held outside of Belgium in your annual tax return. In a separate report, you are required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

CANADA

TERMS AND CONDITIONS

Settlement. The following provision replaces the “Settlement” section of the Award Agreement:

For each vested Performance Stock Units, you shall be entitled to receive a number of Shares equal to the number of Performance Stock Units vesting on such vesting date. Such payment in the form of Shares shall be made as soon as practicable, but no later than 60 days, following the date of vesting.

The discretion to settle the Performance Stock Units in cash as described in the Award Agreement and the Plan is not applicable to Performance Stock Units granted to Service Providers in Canada.

Nature of Award. The following provision replaces paragraph (11) of the “Nature of Award” section of the Award Agreement:

For purposes of the Award, your relationship as a Service Provider will be considered terminated as of the earliest of (a) the date that your relationship as a Service Provider with the Company or one of its Subsidiaries or Affiliates is terminated; (b) the date on which you receive a written notice of termination of your relationship as a Service Provider, regardless of any notice period or period of pay in lieu of such notice required under any employment law in the country where you reside (including, but not limited to, statutory law, regulatory law and/or common law), even if such law is otherwise applicable to your benefits from the Employer; and (c) the date you are no longer actively providing services to the Company or one of its Subsidiaries or Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are engaged as a Service Provider or the terms of your employment or service agreement, if any); unless otherwise expressly provided in this Award Agreement or determined by the Company, your right to vest in the Performance Stock Units under the Plan, if any, will terminate as of such date; the Administrator shall have the exclusive discretion to determine when you are no longer a Service Provider for purposes of your Award.

The following provisions apply if you are in Quebec:

Consent to Receive Information in English. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressement souhaité que la convention [“Award Agreement”], ainsi que tous les documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy. The following provision supplements the “Data Privacy” section of the Award Agreement:

You hereby authorize the Company and the Company’s representatives to discuss and obtain all relevant information from all personnel, professional or non-professional, involved in the administration of the Plan. You further authorize the Company, the Employer, any Subsidiary or Affiliate and the Company’s designated broker/third party administrator for the Plan (or such other stock plan service provider that may be selected by the Company to assist with the implementation, administration and management of the Plan) to disclose and discuss such information with their advisors. You also authorize the Company, the Employer and/or any Subsidiary or Affiliate to record such information and to keep such information in your employment file.

NOTIFICATIONS

Securities Law Information. You are permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any (or any other broker acceptable to the Company), provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Global Select Market.

Foreign Asset/Account Reporting Information. You are required to report any foreign specified property, including Shares and rights to receive Shares (e.g., Performance Stock Units), annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds CAD100,000 at any time during the year. Thus, Performance Stock Units must be reported - generally at a nil cost - if the CAD100,000 cost threshold is exceeded because of other foreign property you hold. When Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if other Shares are also owned, this ACB may have to be averaged with the ACB of the other Shares. The Form T1135 generally must be filed by April 30 of the following year. You understand and agree you should consult your personal legal advisor to ensure compliance with applicable reporting obligations.

FINLAND

There are no country-specific terms and conditions.

FRANCE

TERMS AND CONDITIONS

Performance Stock Units Not Tax-Qualified. You understand that this Award is not intended to be French tax-qualified.

Consent to Receive Information in English. By accepting the grant of Performance Stock Units and the Award Agreement, which provides for the terms and conditions of your Performance Stock Units, you confirm having read and understood the documents relating to this Award, which were provided to you in English. You accept the terms of those documents accordingly.

En acceptant cette attribution gratuite d'actions et ce contrat qui contient les termes et conditions de vos actions gratuites, vous confirmez avoir lu et compris les documents relatifs à cette attribution qui vous ont été transmis en langue anglaise. Vous acceptez ainsi les conditions et termes de ces documents.

NOTIFICATIONS

Foreign Asset/Account Information. If you hold securities outside of France (including Shares acquired under the Plan) or maintain a foreign bank account, you are required to report the maintenance of such to the French tax authorities when filing your annual tax return.

GERMANY

NOTIFICATIONS

Exchange Control Information. Cross-border payments in excess of € 12,500 must be reported monthly to the German Federal Bank. If you make or receive a payment in excess of this amount, you must report the payment to the German Federal Bank electronically using the “General Statistics Reporting Portal” (“*Allgemeines Meldeportal Statistik*”) available via the German Federal Bank’s website (www.bundesbank.de).

Foreign Asset / Account Reporting Information. If your acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, you will need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the shares acquired exceeds EUR 150,000 or (ii) in the unlikely event you hold Shares exceeding 10% of the Company's total Common Stock.

NEW ZEALAND

NOTIFICATIONS

Securities Law Information. You are being offered Performance Stock Units which, if vested, will entitle you to acquire Shares in accordance with the terms of the Award Agreement and the Plan. The Shares, if issued, will give you a stake in the ownership of the Company. You may receive a return if dividends are paid.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of preference shares (if any) have been paid. You may lose some or all of your investment, if any.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

The Shares are quoted on the Nasdaq Global Select Market (the “Nasdaq”). This means that if you acquire Shares under the Plan, you may be able to sell the Shares on the Nasdaq if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

For information on risk factors impacting the Company's business that may affect the value of the Shares, you should refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's “Investor Relations” website at <http://investor.trimble.com/>.

UNITED KINGDOM

TERMS AND CONDITIONS

Settlement. The following provision supplements the “Settlement” section of the Award Agreement:

For each vested Performance Stock Unit, you shall be entitled to receive a number of Shares equal to the number of Performance Stock Units vesting on such vesting date. Such payment in the form of Shares shall be made as soon as practicable, but no later than 60 days, following the date of vesting.

The discretion to settle the Performance Stock Units in cash as described in the Plan is not applicable to Performance Stock Units granted to Service Providers in the United Kingdom.

Tax Obligations. The following provision supplements the “Tax Obligations” section of the Award Agreement:

Without limitation to the “Tax Obligations” section of the Award Agreement, you understand and agree you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty’s Revenue and Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay, withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act, the terms of the immediately foregoing provision will not apply. In the event that you are a director or executive officer and income tax is not collected from or paid by you within 90 days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions (“NICs”) may be payable. You understand that you will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer (as applicable) for the value of any employee NICs due on this additional benefit.

Joint Election. As a condition of participation in the Plan and the vesting of the Performance Stock Units, you agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the Performance Stock Units and any event giving rise to Tax-Related Items (the “Employer NICs”). Without prejudice to the foregoing, you agree to execute a joint election with the Company, the form of such joint election having been approved formally by Her Majesty’s Revenue and Customs (“HMRC”) (the “Joint Election”), and any other required consent or election to accomplish the transfer of Employer NICs to you. You further agree to execute such other joint elections as may be required between you and any successor to the Company or the Employer. You further agree that the Company or the Employer may collect the Employer NICs from you by any of the means set forth in the “Tax Obligations” section of the Award Agreement.

If you do not enter into a Joint Election prior to the vesting of the Performance Stock Units or any other event giving rise to Tax-Related Items or if approval of the joint election has been withdrawn by HMRC, you will not be entitled to vest in the Performance Stock Units or receive any benefit in connection with the Performance Stock Units unless and until you enter into a Joint Election, and no Shares will be issued or delivered to you under the Plan, without any liability to the Company or the Employer.

TRIMBLE INC.

AMENDED AND RESTATED 2002 STOCK PLAN

Important Note on the Joint Election to Transfer Employer National Insurance Contributions

As a condition of participation in the Trimble Inc. Amended and Restated 2002 Stock Plan (the “Plan”) and the vesting of any performance stock units (“Performance Stock Units”) that may be granted to you by Trimble Inc. (the “Company”), you are required to enter into a joint election to transfer to you any liability for employer secondary Class 1 National Insurance contributions (the “Employer’s Liability”) that may arise in connection with any Performance Stock Units granted to you by the Company under the Plan (the “Joint Election”).

If you do not agree to enter into the Joint Election, any grant of Performance Stock Units will be worthless as you will not receive any benefit in connection with the Performance Stock Units.

By entering into the Joint Election:

- **You agree that any Employer’s Liability that may arise in connection with or pursuant to the Performance Stock Units (and the acquisition of Shares) or other taxable events in connection with the Performance Stock Units will be transferred to you; and**
- **You authorise the Company and/or the Employer to recover an amount sufficient to cover this liability by any of the means set forth in the Award Agreement and/or the Joint Election.**

- You acknowledges that even if you have electronically entered into the Joint Election by accepting the Award Agreement through the Company's online acceptance procedures, the Company or the Employer may still require you to sign a paper copy of this Joint Election (or a substantially similar form) if the Company determines such is necessary to give effect to the Joint Election.

*By accepting the Award Agreement through the Company's online acceptance procedures with the Company's designated broker/third party administrator for the Plan
(or by signing the Joint Election, if applicable),
you are agreeing to be bound by the terms of the Joint Election.*

*Please read the terms of the Joint Election carefully before
accepting the terms of the Award Agreement and the Joint Election.*

Please keep a copy of the Joint Election for your records.

**TRIMBLE INC.
AMENDED AND RESTATED 2002 STOCK PLAN**

Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorized access to this Joint Election (the "**Employee**"), who is employed by one of the employing companies listed in the attached schedule (the "**Employer**") and who is eligible to receive performance stock units pursuant to the Trimble Inc. Amended and Restated 2002 Stock Plan (the "**Plan**"), and
- B. Trimble Inc., at [Company Address] (the "**Company**"), which may grant performance stock units under the Plan and is entering into this Joint Election on behalf of the Employer.

1. Introduction

1.1 This Joint Election relates to any performance stock units granted to the Employee under the Plan on or after March 15, 2017 up to the termination date of the Plan.

1.2 In this Joint Election the following words and phrases have the following meanings:

- (a) "**Chargeable Event**" means, in relation to the Plan:
 - (i) the acquisition of securities pursuant to performance stock units (within section 477(3)(a) of ITEPA);
 - (ii) the assignment (if applicable) or release of performance stock units in return for consideration (within section 477(3)(b) of ITEPA);
 - (iii) the receipt of a benefit in connection with the performance stock units, other than a benefit within (i) or (ii) above (within section 477(3)(c) of ITEPA);
 - (iv) post-acquisition charges relating to the performance stock units and/or shares acquired pursuant to the performance stock units (within section 427 of ITEPA); and/or
 - (v) post-acquisition charges relating to the performance stock units and/or shares acquired pursuant to the performance stock units (within section 439 of ITEPA).
- (b) "**ITEPA**" means the Income Tax (Earnings and Pensions) Act 2003.
- (c) "**SSCBA**" means the Social Security Contributions and Benefits Act 1992.

- 1.3 This Joint Election relates to employer's secondary Class 1 National Insurance contributions (the "Employer's Liability") which may arise on the occurrence of a Chargeable Event in respect of the performance stock units pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.
- 1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- 1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability on the Chargeable Event is hereby transferred to the Employee. The Employee understands that by signing the Joint Election or by accepting the Performance Stock Unit Award Agreement through the Company's online acceptance procedures with the Company's designated broker/third party administrator for the Plan, he or she will become personally liable for the Employer's Liability covered by this Joint Election. This Joint Election is made in accordance with paragraph 3B(1) of Schedule 1 to SSCBA.

3. Payment of the Employer's Liability

- 3.1 The Employee hereby authorizes the Company and/or the Employer to collect the Employer's Liability from the Employee at any time after the Chargeable Event:
 - (i) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
 - (ii) directly from the Employee by payment in cash or cleared funds; and/or
 - (iii) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive pursuant to the performance stock units; and/or
 - (iv) through any other method as set forth in the applicable Performance Stock Unit Award Agreement entered into between the Employee and the Company.
- 3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the performance stock units until full payment of the Employer's Liability is received.
- 3.3 The Company agrees to remit the Employer's Liability to Her Majesty's Revenue & Customs ("HMRC") on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days if payments are made electronically).

4. Duration of Election

- 4.1 The Employee and the Company agree to be bound by the terms of this Joint Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.
- 4.2 This Election will continue in effect until the earliest of the following:
 - (v) the Employee and the Company agree in writing that it should cease to have effect;
 - (vi) on the date the Company serves written notice on the Employee terminating its effect;
 - (vii) on the date HMRC withdraws approval of this Joint Election; or
 - (viii) after due payment of the Employer's Liability in respect of the Plan to which this Joint Election relates or could relate, such that the Election ceases to have effect in accordance with its terms.

Acceptance by the Employee

The Employee acknowledges that by signing the Joint Election below or by accepting the Performance Stock Unit Award Agreement through the Company's online acceptance procedures with the Company's designated broker/third party administrator for the Plan, the Employee agrees to be bound by the terms of this Joint Election.

Signature

Employee Name

Date

Acceptance by the Company

The Company acknowledges that, by arranging for the scanned signature of an authorized representative to appear on this Joint Election, the Company agrees to be bound by the terms of this Joint Election.

Signed for and on behalf of the Company

General Counsel

SCHEDULE OF EMPLOYER COMPANIES

The following are employer companies to which this Joint Election may apply:

ALK Technologies Limited

Registered Office:	Baird House 15-17 St Cross Street London, EC1N 8UW
Company Registration Number:	04735063
Corporation Tax District:	
Corporation Tax Reference:	204 52184 23681
PAYE Reference:	073/JZ45398

Amtech Group Limited

Registered Office:	Bank House 171 Midsummer Boulevard Milton Keynes, MK9 1EB
Company Registration Number:	05801504
Corporation Tax District:	
Corporation Tax Reference:	[insert]
PAYE Reference:	362/YZ90419

Trimble Solutions Limited

Registered Office:	Trimble Solutions Limited Cliffe Park Way Morely, Leeds, West Yorkshire LS27 0RY
Company Registration Number:	03753064
Corporation Tax District:	
Corporation Tax Reference:	36670 28216
PAYE Reference:	567/D6523

Trimble UK Limited

Registered Office:	1 Bath Street Ipswich, Suffolk IP2 8SD
Company Registration Number:	04069823
Corporation Tax District:	
Corporation Tax Reference:	346 14947 14009
PAYE Reference:	245 / VA37745

Trimble MRM Limited

Registered Office:	1 Bath Street Ipswich IP2 8SD
Company Registration Number:	04069823
Corporation Tax District:	
Corporation Tax Reference:	452 14947 14009
PAYE Reference:	245 / VZ37745

UNITED STATES

There are no country-specific terms and conditions.

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 7, 2020

/s/ Robert G. Painter

Robert G. Painter

Chief Executive Officer

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 7, 2020

/s/ David G. Barnes

David G. Barnes

Chief Financial Officer

**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 3, 2020 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 7, 2020

**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 3, 2020 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 7, 2020