

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



FORM 10-Q

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

For the quarterly period ended **September 30, 2022**

or

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

For the transition period from _____ to _____

Commission file number: **001-14845**

TRIMBLE INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

94-2802192
(I.R.S. Employer Identification Number)

10368 Westmoor Drive, Westminster, CO 80021
(Address of principal executive offices) (Zip Code)

(720) 887-6100
(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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 October 28, 2022, there were 246,624,691 shares of Common Stock, par value \$0.001 per share, outstanding.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

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

- potential weakness and uncertainties in the US and global macroeconomic outlook, including slowing growth, inflationary pressures, and increases in interest rates, which may affect demand for our products and services and adversely affect our revenues and profitability;
- impact of supply chain shortages and disruptions, as well as inflationary pressures, on our costs and operations;
- potential impact of volatility and conflict in the political and economic environment, including the Russian invasion of Ukraine and its direct and indirect impact on our business;
- our expectation that hardware bookings and sales will be lower for the remainder of 2022 and the causes for that decrease, and our belief that inflationary cost pressures will diminish over time as supply chain conditions continue to normalize;
- impact of the COVID-19 pandemic, including upon global or local macroeconomic conditions, our supply chain, our results of operations, and estimates or judgments;
- the portion of our revenue expected to come from sales to customers located in countries outside of the U.S.;
- a continued shift in revenue towards a more significant mix of software and recurring revenue, including subscription, maintenance and support, and service revenue;
- our belief that increases in recurring revenue, including from our software and subscription solutions, will provide us with enhanced business visibility over time;
- our belief that our cash and cash equivalents, together with borrowings under the commitments for our credit facilities and senior notes, will be sufficient in the foreseeable future to meet our anticipated operating cash needs, debt service, and planned capital expenditures;
- any anticipated benefits to us from our acquisitions and our ability to successfully integrate the acquired businesses;
- fluctuations in interest rates and foreign currency exchange rates;
- our belief that our gross unrecognized tax benefits will not materially change in the next twelve months;
- our growth strategy, including our focus on historically underserved large markets, the relative importance of organic growth versus strategic acquisitions, and the reasons that we acquire businesses; and
- our discretion to conduct, suspend, or discontinue our stock repurchase program subject to the discretion of our management.

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

TRIMBLE INC.
FORM 10-Q for the Quarter Ended September 30, 2022
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PART I – FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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TRIMBLE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	As of Third Quarter of 2022	As of Year End 2021
<i>(In millions, except par value)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 308.7	\$ 325.7
Accounts receivable, net	566.1	624.8
Inventories	391.1	363.3
Other current assets	169.4	136.8
Total current assets	1,435.3	1,450.6
Property and equipment, net	221.0	233.2
Operating lease right-of-use assets	122.3	141.0
Goodwill	4,037.1	3,981.5
Other purchased intangible assets, net	511.7	506.6
Deferred income tax assets	448.6	502.0
Other non-current assets	301.7	284.7
Total assets	\$ 7,077.7	\$ 7,099.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 343.6	\$ —
Accounts payable	194.8	207.3
Accrued compensation and benefits	156.7	231.0
Deferred revenue	544.5	548.8
Other current liabilities	205.4	201.5
Total current liabilities	1,445.0	1,188.6
Long-term debt	1,244.6	1,293.2
Deferred revenue, non-current	92.3	83.0
Deferred income tax liabilities	162.2	263.1
Income taxes payable	40.9	54.5
Operating lease liabilities	103.9	121.4
Other non-current liabilities	144.0	151.1
Total liabilities	3,232.9	3,154.9
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 3.0 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 360.0 shares authorized; 246.6 and 250.9 shares issued and outstanding at the end of the third quarter of 2022 and year end 2021	0.2	0.3
Additional paid-in-capital	2,027.3	1,935.6
Retained earnings	2,152.0	2,170.5
Accumulated other comprehensive loss	(334.7)	(161.7)
Total stockholders' equity	3,844.8	3,944.7
Total liabilities and stockholders' equity	\$ 7,077.7	\$ 7,099.6

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions, except per share amounts)</i>	Third Quarter of		First Three Quarters of	
	2022	2021	2022	2021
Revenue:				
Product	\$ 503.9	\$ 551.2	\$ 1,690.0	\$ 1,685.5
Service	158.3	159.9	477.4	484.3
Subscription	222.7	190.3	652.4	563.3
Total revenue	884.9	901.4	2,819.8	2,733.1
Cost of sales:				
Product	240.7	266.7	819.0	808.4
Service	53.9	55.5	180.6	173.1
Subscription	55.0	52.7	154.3	162.3
Amortization of purchased intangible assets	19.9	22.0	63.4	66.1
Total cost of sales	369.5	396.9	1,217.3	1,209.9
Gross margin	515.4	504.5	1,602.5	1,523.2
Operating expense:				
Research and development	127.0	132.5	407.4	400.2
Sales and marketing	137.1	125.5	407.9	373.1
General and administrative	109.6	85.2	318.0	270.2
Restructuring	8.2	1.5	20.5	7.5
Amortization of purchased intangible assets	11.1	12.3	34.5	39.0
Total operating expense	393.0	357.0	1,188.3	1,090.0
Operating income	122.4	147.5	414.2	433.2
Non-operating income, net:				
Divestitures gain, net	6.0	19.1	103.1	41.5
Interest expense, net	(15.6)	(15.9)	(46.9)	(49.4)
Income from equity method investments, net	6.8	8.5	22.3	30.3
Other income (expense), net	(1.7)	(2.5)	(14.7)	0.9
Total non-operating (expense) income, net	(4.5)	9.2	63.8	23.3
Income before taxes	117.9	156.7	478.0	456.5
Income tax provision	32.1	32.7	113.9	79.0
Net income	85.8	124.0	364.1	377.5
Net income attributable to noncontrolling interests	—	—	—	0.1
Net income attributable to Trimble Inc.	\$ 85.8	\$ 124.0	\$ 364.1	\$ 377.4
Earnings per share attributable to Trimble Inc.:				
Basic	\$ 0.35	\$ 0.49	\$ 1.46	\$ 1.50
Diluted	\$ 0.34	\$ 0.49	\$ 1.45	\$ 1.48
Shares used in calculating earnings per share:				
Basic	247.5	251.8	249.1	251.5
Diluted	248.9	254.5	250.8	254.3

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	<u>Third Quarter of</u>		<u>First Three Quarters of</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i>(In millions)</i>				
Net income	\$ 85.8	\$ 124.0	\$ 364.1	\$ 377.5
Foreign currency translation adjustments, net of tax	(95.6)	(28.7)	(173.0)	(42.1)
Comprehensive (loss) income	(9.8)	95.3	191.1	335.4
Comprehensive income attributable to noncontrolling interests	—	—	—	0.1
Comprehensive (loss) income attributable to Trimble Inc.	<u>\$ (9.8)</u>	<u>\$ 95.3</u>	<u>\$ 191.1</u>	<u>\$ 335.3</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 2021	250.9	\$ 0.3	\$ 1,935.6	\$ 2,170.5	\$ (161.7)	\$ 3,944.7	\$ —	\$ 3,944.7
Net income	—	—	—	110.3	—	110.3	—	110.3
Other comprehensive loss	—	—	—	—	(2.2)	(2.2)	—	(2.2)
Comprehensive income						108.1		108.1
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	15.2	(17.6)	—	(2.4)	—	(2.4)
Stock repurchases	(1.5)	—	(11.8)	(92.9)	—	(104.7)	—	(104.7)
Stock-based compensation	—	—	42.2	—	—	42.2	—	42.2
Balance at the end of the first quarter of 2022	250.1	\$ 0.3	\$ 1,981.2	\$ 2,170.3	\$ (163.9)	\$ 3,987.9	\$ —	\$ 3,987.9
Net income	—	—	—	168.0	—	168.0	—	168.0
Other comprehensive loss	—	—	—	—	(75.2)	(75.2)	—	(75.2)
Comprehensive income						92.8		92.8
Issuance of common stock under employee plans, net of tax withholdings	0.6	—	(2.3)	(17.1)	—	(19.4)	—	(19.4)
Stock repurchases	(3.1)	(0.1)	(24.4)	(175.5)	—	(200.0)	—	(200.0)
Stock-based compensation	—	—	33.2	—	—	33.2	—	33.2
Balance at the end of the second quarter of 2022	247.6	\$ 0.2	\$ 1,987.7	\$ 2,145.7	\$ (239.1)	\$ 3,894.5	\$ —	\$ 3,894.5
Net income	—	—	—	85.8	—	85.8	—	85.8
Other comprehensive loss	—	—	—	—	(95.6)	(95.6)	—	(95.6)
Comprehensive loss						(9.8)		(9.8)
Issuance of common stock under employee plans, net of tax withholdings	0.4	—	17.9	(0.9)	—	17.0	—	17.0
Stock repurchases	(1.4)	—	(11.4)	(78.6)	—	(90.0)	—	(90.0)
Stock-based compensation	—	—	33.1	—	—	33.1	—	33.1
Balance at the end of the third quarter of 2022	246.6	\$ 0.2	\$ 2,027.3	\$ 2,152.0	\$ (334.7)	\$ 3,844.8	\$ —	\$ 3,844.8

	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 2020	250.8	\$ 0.3	\$ 1,801.7	\$ 1,893.4	\$ (98.5)	\$ 3,596.9	\$ 1.7	\$ 3,598.6
Net income	—	—	—	114.5	—	114.5	0.1	114.6
Other comprehensive loss	—	—	—	—	(31.5)	(31.5)	—	(31.5)
Comprehensive income						83.0		83.1
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	18.2	(10.2)	—	8.0	—	8.0
Stock repurchases	(0.6)	—	(4.1)	(35.9)	—	(40.0)	—	(40.0)
Stock-based compensation	—	—	25.1	—	—	25.1	—	25.1
Noncontrolling interest investment	—	—	0.6	—	—	0.6	(1.8)	(1.2)
Balance at the end of the first quarter of 2021	250.9	\$ 0.3	\$ 1,841.5	\$ 1,961.8	\$ (130.0)	\$ 3,673.6	\$ —	\$ 3,673.6
Net income	—	—	—	138.9	—	138.9	—	138.9
Other comprehensive income	—	—	—	—	18.1	18.1	—	18.1
Comprehensive income						157.0		157.0
Issuance of common stock under employee plans, net of tax withholdings	0.7	—	(1.8)	(23.5)	—	(25.3)	—	(25.3)
Stock-based compensation	—	—	33.3	—	—	33.3	—	33.3
Balance at the end of the second quarter of 2021	251.6	\$ 0.3	\$ 1,873.0	\$ 2,077.2	\$ (111.9)	\$ 3,838.6	\$ —	\$ 3,838.6
Net income	—	—	—	124.0	—	124.0	—	124.0
Other comprehensive loss	—	—	—	—	(28.7)	(28.7)	—	(28.7)
Comprehensive income						95.3		95.3
Issuance of common stock under employee plans, net of tax withholdings	0.4	—	20.0	(1.6)	—	18.4	—	18.4
Stock repurchases	(1.0)	—	(8.1)	(91.9)	—	(100.0)	—	(100.0)
Stock-based compensation	—	—	29.5	—	—	29.5	—	29.5
Balance at the end of the third quarter of 2021	251.0	\$ 0.3	\$ 1,914.4	\$ 2,107.7	\$ (140.6)	\$3,881.8	\$ —	\$ 3,881.8

See accompanying Notes to the Condensed Consolidated Financial Statements.

TRIMBLE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

<i>(In millions)</i>	First Three Quarters of	
	2022	2021
Cash flow from operating activities:		
Net income	\$ 364.1	\$ 377.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	30.1	30.9
Amortization expense	97.9	105.1
Deferred income taxes	(41.3)	(8.9)
Stock-based compensation	93.2	95.1
Divestitures gain, net	(103.1)	(43.6)
Other, net	22.7	5.7
(Increase) decrease in assets:		
Accounts receivable, net	13.2	33.7
Inventories	(99.5)	(28.4)
Other current and non-current assets	(31.7)	(42.5)
Increase (decrease) in liabilities:		
Accounts payable	(3.8)	50.8
Accrued compensation and benefits	(52.9)	25.1
Deferred revenue	14.3	(8.4)
Other current and non-current liabilities	(18.1)	3.1
Net cash provided by operating activities	285.1	595.2
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(318.1)	(1.2)
Purchases of property and equipment	(36.6)	(31.4)
Net proceeds from divestitures	214.3	67.3
Net proceeds from sale of property and equipment	0.1	20.7
Other, net	(11.9)	(4.4)
Net cash (used in) provided by investing activities	(152.2)	51.0
Cash flow from financing activities:		
Issuance of common stock, net of tax withholdings	(4.8)	1.1
Repurchases of common stock	(394.7)	(140.0)
Proceeds from debt and revolving credit lines	529.3	198.9
Payments on debt and revolving credit lines	(235.9)	(421.7)
Other, net	(8.9)	(1.5)
Net cash used in financing activities	(115.0)	(363.2)
Effect of exchange rate changes on cash and cash equivalents	(34.9)	(7.5)
Net (decrease) increase in cash and cash equivalents	(17.0)	275.5
Cash and cash equivalents - beginning of period	325.7	237.7
Cash and cash equivalents - end of period	\$ 308.7	\$ 513.2

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

NOTE 1. OVERVIEW AND ACCOUNTING POLICIES**Basis of Presentation**

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

We use a 52- to 53-week year ending on the Friday nearest to December 31. Both 2022 and 2021 are 52-week years. The third quarter of 2022 and 2021 ended on September 30, 2022 and October 1, 2021. Unless otherwise stated, all dates refer to these periods.

Use of Estimates

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

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

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

Recently issued Accounting Pronouncements not yet Adopted

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

Recently Adopted Accounting Pronouncements

There are no recently adopted accounting pronouncements.

NOTE 2. STOCKHOLDERS' EQUITY**Stock Repurchase Activities**

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

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

During the third quarter and first three quarters of 2022, we repurchased approximately 1.4 million and 6.0 million shares of common stock in open market purchases at an average price of \$64.23 and \$65.90 per share for a total of \$90.0 million and \$394.7 million under the 2021 Stock Repurchase Program. At the end of the third quarter of 2022, the 2021 Stock Repurchase Program had remaining authorized funds of \$215.3 million.

During the third quarter and first three quarters of 2021, we repurchased approximately 1.0 million and 1.6 million shares of common stock in open market purchases at an average price of \$92.74 and \$85.38 per share for a total of \$100.0 million and \$140.0 million.

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

NOTE 3. ACQUISITIONS AND DIVESTITURES

Acquisition

In September 2022, we acquired Bid2Win Software, LLC (“B2W”) with total cash consideration of \$322.1 million. B2W Software is a leading provider of estimating and operations solutions for the heavy civil construction industry and will be reported as part of our Buildings and Infrastructure segment. This acquisition will enable us to expand our already extensive civil infrastructure portfolio and Trimble Construction One, a purpose-built connected construction management platform. 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 three quarters of fiscal 2022.

The preliminary allocation of the purchase price for B2W was based upon preliminary fair value estimates and analyses, including preliminary work performed by third-party valuation specialists, which could change within the measurement period as valuations are finalized. The primary areas that remain preliminary relate to the fair values of intangible assets acquired and certain tangible assets and liabilities acquired. We expect to finalize the valuation as soon as practicable, but no later than one year from the acquisition date.

There were no other acquisitions during the first three quarters of 2022.

Divestitures

In May 2022, we completed the sale of the Time and Frequency, LOADRITE, Spectra Precision Tools, and SECO accessories businesses to Precisional LLC, an affiliate of The Jordan Company (“TJC”), for \$205.3 million in cash, which includes a working capital adjustment. These businesses were reported as part of our Buildings and Infrastructure and Geospatial segments. Upon the closing of the transaction and adjustment for working capital, we recognized a pre-tax gain of \$106.9 million and wrote off \$98.4 million of net assets primarily comprised of \$40.6 million of inventory, \$25.4 million of accounts receivable, and \$30.8 million of goodwill.

In the third quarter of 2022, we completed the sale of Construction Telematics Solutions to MiX Telematics, and in the second quarter of 2022, we completed the sale of Beena Vision to Wabtec Corporation, which are both part of the Transportation segment. The proceeds for both divestitures were immaterial.

NOTE 4. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The following table presents a summary of our intangible assets:

	Third Quarter of 2022			Year End 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>(In millions)</i>						
Developed product technology	\$ 1,010.6	\$ (724.6)	\$ 286.0	\$ 1,011.9	\$ (748.2)	\$ 263.7
Customer relationships	639.6	(422.5)	217.1	667.8	(428.9)	238.9
Trade names and trademarks	39.1	(31.5)	7.6	48.0	(45.0)	3.0
Distribution rights and other intellectual property	8.1	(7.1)	1.0	10.0	(9.0)	1.0
	<u>\$ 1,697.4</u>	<u>\$ (1,185.7)</u>	<u>\$ 511.7</u>	<u>\$ 1,737.7</u>	<u>\$ (1,231.1)</u>	<u>\$ 506.6</u>

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

<i>(In millions)</i>	
2022 (Remaining)	\$ 33.2
2023	129.9
2024	105.5
2025	70.1
2026	64.0
Thereafter	109.0
Total	<u>\$ 511.7</u>

Goodwill

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

	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
Balance as of year end 2021	\$ 2,141.4	\$ 403.6	\$ 440.8	\$ 995.7	\$ 3,981.5
Additions due to acquisitions	214.6	—	—	—	214.6
Decrease from divestitures	(23.9)	(6.9)	—	(6.9)	(37.7)
Foreign currency translation and other adjustments	(67.8)	(23.3)	(20.1)	(10.1)	(121.3)
Balance as of the end of the third quarter of 2022	<u>\$ 2,264.3</u>	<u>\$ 373.4</u>	<u>\$ 420.7</u>	<u>\$ 978.7</u>	<u>\$ 4,037.1</u>

NOTE 5. INVENTORIES

The components of inventory, net were as follows:

	Third Quarter of 2022	Year End 2021
<i>(In millions)</i>		
As of		
Raw materials	\$ 132.6	\$ 129.6
Work-in-process	11.2	12.4
Finished goods	247.3	221.3
Total inventories	<u>\$ 391.1</u>	<u>\$ 363.3</u>

NOTE 6. SEGMENT INFORMATION

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

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

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

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
Third Quarter of 2022					
Segment revenue	\$ 363.6	\$ 184.2	\$ 191.7	\$ 145.4	\$ 884.9
Segment operating income	96.7	61.5	64.2	16.0	238.4
Depreciation expense	1.4	1.4	1.4	0.8	5.0
Third Quarter of 2021					
Segment revenue	\$ 349.7	\$ 205.4	\$ 184.8	\$ 161.5	\$ 901.4
Segment operating income	100.6	64.9	60.6	15.3	241.4
Depreciation expense	1.7	1.8	1.4	1.0	5.9
First Three Quarters of 2022					
Segment revenue	\$ 1,143.8	\$ 585.4	\$ 636.4	\$ 454.2	\$ 2,819.8
Segment operating income	318.8	177.2	212.3	37.0	745.3
Depreciation expense	4.6	4.5	4.3	2.7	16.1
First Three Quarters of 2021					
Segment revenue	\$ 1,057.6	\$ 606.8	\$ 587.5	\$ 481.5	\$ 2,733.4
Segment operating income	301.1	179.7	211.2	36.5	728.5
Depreciation expense	5.3	5.3	4.4	3.0	18.0

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
As of the end of the Third Quarter of 2022					
Accounts receivable, net	\$ 220.8	\$ 142.3	\$ 80.1	\$ 122.9	\$ 566.1
Inventories	88.6	148.2	90.2	64.1	391.1
Goodwill	2,264.3	373.4	420.7	978.7	4,037.1
As of Year End 2021					
Accounts receivable, net	\$ 246.8	\$ 134.0	\$ 112.9	\$ 131.1	\$ 624.8
Inventories	79.3	136.4	67.4	80.2	363.3
Goodwill	2,141.4	403.6	440.8	995.7	3,981.5

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

	Third Quarter of		First Three Quarters of	
	2022	2021	2022	2021
<i>(In millions)</i>				
Consolidated segment operating income	\$ 238.4	\$ 241.4	\$ 745.3	\$ 728.5
Unallocated general corporate expenses	(28.5)	(26.7)	(91.6)	(76.0)
Purchase accounting adjustments	(31.0)	(33.2)	(97.9)	(102.0)
Acquisition / divestiture items	(9.1)	(0.2)	(20.3)	(10.3)
Stock-based compensation / deferred compensation	(31.7)	(32.1)	(82.9)	(99.1)
Restructuring and other costs	(15.7)	(1.7)	(38.4)	(7.9)
Consolidated operating income	122.4	147.5	414.2	433.2
Total non-operating (expense) income, net	(4.5)	9.2	63.8	23.3
Consolidated income before taxes	\$ 117.9	\$ 156.7	\$ 478.0	\$ 456.5

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

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
Third Quarter of 2022					
North America	\$ 235.8	\$ 84.1	\$ 55.5	\$ 113.0	\$ 488.4
Europe	67.6	52.9	79.6	18.1	218.2
Asia Pacific	52.8	33.8	8.6	7.1	102.3
Rest of World	7.4	13.4	48.0	7.2	76.0
Total segment revenue	\$ 363.6	\$ 184.2	\$ 191.7	\$ 145.4	\$ 884.9
Third Quarter of 2021					
North America	\$ 200.4	\$ 84.8	\$ 51.5	\$ 125.0	\$ 461.7
Europe	95.2	68.3	80.2	20.3	264.0
Asia Pacific	47.9	40.2	14.7	8.3	111.1
Rest of World	6.2	12.1	38.4	7.9	64.6
Total segment revenue	\$ 349.7	\$ 205.4	\$ 184.8	\$ 161.5	\$ 901.4
First Three Quarters of 2022					
North America	\$ 710.6	\$ 255.4	\$ 178.8	\$ 354.9	\$ 1,499.7
Europe	263.9	185.4	291.3	58.2	798.8
Asia Pacific	149.6	108.6	41.3	22.1	321.6
Rest of World	19.7	36.0	125.0	19.0	199.7
Total segment revenue	\$ 1,143.8	\$ 585.4	\$ 636.4	\$ 454.2	\$ 2,819.8
First Three Quarters of 2021					
North America	\$ 612.4	\$ 254.5	\$ 165.5	\$ 372.8	\$ 1,405.2
Europe	290.5	200.9	279.6	65.1	836.1
Asia Pacific	137.3	117.2	50.8	23.6	328.9
Rest of World	17.4	34.2	91.6	20.0	163.2
Total segment revenue	\$ 1,057.6	\$ 606.8	\$ 587.5	\$ 481.5	\$ 2,733.4

Total revenue in the United States as included in the Condensed Consolidated Statements of Income was \$444.5 million and \$415.2 million for the third quarter of 2022 and 2021, and \$1,358.9 million and \$1,265.3 million for the first three quarters of 2022 and 2021. No single customer or country other than the United States accounted for 10% or more of Trimble's total revenue.

NOTE 7. DEBT

Debt consisted of the following:

Instrument	Date of Issuance	Third Quarter of 2022		Year End 2021
<i>(In millions)</i>				
		Effective interest rate		
Senior Notes:				
Senior Notes, 4.15%, due June 2023	June 2018	4.36%	\$ 300.0	\$ 300.0
Senior Notes, 4.75%, due December 2024	November 2014	4.95%	400.0	400.0
Senior Notes, 4.90%, due June 2028	June 2018	5.04%	600.0	600.0
Credit Facilities:				
2022 Revolving Credit Facility, due March 2027	September 2022	3.88%	250.0	—
Uncommitted Credit Facilities, floating rate		4.21%	43.6	—
Unamortized discount and issuance costs			(5.4)	(6.8)
Total debt			\$ 1,588.2	\$ 1,293.2
Less: Short-term debt			343.6	—
Long-term debt			\$ 1,244.6	\$ 1,293.2

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

Debt Maturities

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

<u>Year Payable</u>		
2022 (Remaining)	\$	43.6
2023		300.0
2024		400.0
2025		—
2026		—
Thereafter		850.0
Total	\$	\$ 1,593.6

Senior Notes

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

Credit Facilities

In March 2022, we entered into a credit agreement (the “2022 Credit Facility”) maturing in March 2027. The 2022 Credit Facility provides for a five-year, unsecured revolving credit facility in the aggregate principal amount of \$1.25 billion, and permits us, subject to the satisfaction of certain conditions, to increase the commitments for revolving loans by an aggregate principal amount of up to \$500.0 million. The interest rate and commitment fees are based on our current long-term, senior unsecured debt ratings, our leverage ratio, and certain specified sustainability targets. As of September 30, 2022, \$250.0 million was outstanding under the 2022 Credit Facility.

Uncommitted Facilities

At the end of the third quarter of 2022, we had two \$75.0 million, one €100.0 million, and one £55.0 million revolving credit facilities, which are uncommitted (the “uncommitted facilities”). Generally, these uncommitted facilities may be redeemed upon demand. Borrowings under uncommitted facilities are classified as short-term debt in the Condensed Consolidated Balance Sheet. As of September 30, 2022, \$43.6 million was outstanding under the uncommitted facilities.

NOTE 8. FAIR VALUE MEASUREMENTS

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

<i>(In millions)</i>	Fair Values as of the end of the Third Quarter of 2022				Fair Values at the end of 2021			
	Quoted prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total	Quoted prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level I)	(Level II)	(Level III)		(Level I)	(Level II)	(Level III)	
Assets								
Deferred compensation plan ⁽¹⁾	\$ 30.8	\$ —	\$ —	\$ 30.8	\$ 44.7	\$ —	\$ —	\$ 44.7
Derivatives ⁽²⁾	—	0.2	—	0.2	—	0.1	—	0.1
Contingent consideration ⁽³⁾	—	—	3.6	3.6	—	—	—	—
Total assets measured at fair value	<u>\$ 30.8</u>	<u>\$ 0.2</u>	<u>\$ 3.6</u>	<u>\$ 34.6</u>	<u>\$ 44.7</u>	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 44.8</u>
Liabilities								
Deferred compensation plan ⁽¹⁾	\$ 30.8	\$ —	\$ —	\$ 30.8	\$ 44.7	\$ —	\$ —	\$ 44.7
Derivatives ⁽²⁾	—	0.3	—	0.3	—	0.2	—	0.2
Contingent consideration ⁽³⁾	—	—	—	—	—	—	12.8	12.8
Total liabilities measured at fair value	<u>\$ 30.8</u>	<u>\$ 0.3</u>	<u>\$ —</u>	<u>\$ 31.1</u>	<u>\$ 44.7</u>	<u>\$ 0.2</u>	<u>\$ 12.8</u>	<u>\$ 57.7</u>

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

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

⁽³⁾ Represents arrangements to receive payments from buyers of our divested companies or pay former owners of acquired companies that are included in Other current and non-current assets or Other current liabilities on our Condensed Consolidated Balance Sheets. The fair values are estimated using scenario-based methods based upon estimated future milestones.

Additional Fair Value Information

The total estimated fair value of all outstanding financial instruments that are not recorded at fair value on a recurring basis (debt) was approximately \$1.6 billion and \$1.4 billion at the end of the third quarter of 2022 and at the end of 2021.

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

NOTE 9. DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred Revenue

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

<i>(In millions)</i>	Third Quarter of		First Three Quarters of	
	2022	2021	2022	2021
Beginning balance of the period	\$ 685.2	\$ 606.1	\$ 631.8	\$ 613.8
Revenue recognized from prior year-end	(92.0)	(92.3)	(453.8)	(471.8)
Billings net of revenue recognized from current year	43.6	75.2	458.8	447.0
Ending balance of the period	\$ 636.8	\$ 589.0	\$ 636.8	\$ 589.0

Remaining Performance Obligations

At the end of the third quarter of 2022, approximately \$1.5 billion of revenue is expected to be recognized from remaining performance obligations for which goods or services have not been delivered, primarily subscription, software, and software maintenance, and to a lesser extent, hardware and professional services contracts. We expect to recognize \$1.1 billion or 72% of our remaining performance obligations as revenue during the next 12 months and the remainder thereafter.

NOTE 10. EARNINGS PER SHARE

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

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

<i>(In millions, except per share amounts)</i>	Third Quarter of		First Three Quarters of	
	2022	2021	2022	2021
Numerator:				
Net income attributable to Trimble Inc.	\$ 85.8	\$ 124.0	\$ 364.1	\$ 377.4
Denominator:				
Weighted-average number of common shares used in basic earnings per share	247.5	251.8	249.1	251.5
Effect of dilutive securities	1.4	2.7	1.7	2.8
Weighted-average number of common shares and dilutive potential common shares used in diluted earnings per share	248.9	254.5	250.8	254.3
Basic earnings per share	\$ 0.35	\$ 0.49	\$ 1.46	\$ 1.50
Diluted earnings per share	\$ 0.34	\$ 0.49	\$ 1.45	\$ 1.48
Antidilutive weighted-average shares ⁽¹⁾	1.7	0.1	1.5	—

⁽¹⁾ Antidilutive stock-based awards are excluded from the calculation of diluted shares and diluted earnings per share because their impact would increase diluted earnings per share.

NOTE 11. INCOME TAXES

For the third quarter, our effective income tax rate was 27.2%, as compared to 20.9% in the prior year. The increase was primarily associated with divestiture gains and a lower stock-based compensation deduction benefit. For the first three quarters, our effective income tax rate was 23.8%, as compared to 17.3% in the prior year. The increase was primarily due to the same factors in the third quarter as well as a one-time tax benefit from a foreign deferred tax asset in the prior year.

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

Unrecognized tax benefits of \$55.5 million and \$42.3 million at the end of the third quarter of 2022 and at the end of 2021, if recognized, would favorably affect the effective income tax rate in future periods. At the end of the third quarter of 2022 and at the end of 2021, we accrued interest and penalties of \$10.6 million and \$9.2 million. Although the timing of the resolution and/or closure of audits is not certain, we do not believe that our gross unrecognized tax benefits would materially change in the next twelve months.

On August 16, 2022, the U.S. federal government enacted the Inflation Reduction Act (“IRA”) of 2022. The IRA includes a 15% corporate alternative minimum tax effective in 2024 for certain large corporations, a 1% excise tax on net share repurchases after December 31, 2022, and several tax incentives to promote clean energy. We do not expect the provisions of the IRA to have a material impact on our financial results.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Commitments

At the end of the third quarter of 2022, we had unconditional purchase obligations of approximately \$613.3 million. These unconditional purchase obligations primarily represent open non-cancellable purchase orders for material purchases with our vendors and investments in our platform associated with our Connect and Scale strategy.

Litigation

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

RECENT ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Condensed Consolidated Financial Statements, refer to Note 1 “Overview and Accounting Policies” of this report.

EXECUTIVE LEVEL OVERVIEW

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

Our growth strategy is centered on multiple elements:

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

Our focus on these growth drivers has led over time to growth in revenue and profitability and an increasingly diversified business model. We continue to experience a shift toward a more significant mix of recurring revenue as demonstrated by our success in driving annualized recurring revenue (“ARR”) of \$1,546.8 million, which represents growth of 13% year-over-year at the end of the third quarter of 2022. Excluding the impact of foreign currency, acquisitions, and divestitures, ARR organic growth was 16%. This shift towards recurring revenue has positively impacted our revenue mix and growth over time and is leading to improved visibility in our businesses. Our software, maintenance, subscriptions, and services represented 58% of total revenue for the first three quarters of 2022. As our solutions have expanded, our go-to-market model has also evolved with a balanced mix between direct, distribution, and OEM customers as well as an increasing number of enterprise-level customer relationships.

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

Impact of Recent Events on Our Business

Macroeconomic conditions, including the war in Ukraine and related sanctions, exchange rate and interest rate volatility, and inflationary pressures, will continue to evolve globally. In the third quarter of 2022, our organic hardware sales growth and bookings moderated from slowing demand in some of our end markets served by our dealer channel and also from dealer inventories moving towards normalized levels as a result of improved supply chain output. The greatest impact was a decline in Europe where the impacts of foreign currency exchange rates, the war in Ukraine, and energy inflation were the greatest. We currently expect that our organic hardware bookings and sales will be weaker for the remainder of 2022.

Supply Chain

Over the past year, we experienced inflationary cost increases for certain components of our hardware products due to supply chain disruptions resulting from parts and labor shortages and an increase in worldwide demand for components. In response, we have increased customer pricing to offset inflationary pressures. In the third quarter of 2022, these cost pressures lessened

as component supply became more readily available. We expect these cost pressures will diminish over time as supply chain conditions continue to normalize. Additionally, over the past year, due to extended component lead times, we made binding commitments over a longer horizon for certain components. This may impact our working capital in the short term; however, we expect supply dynamics and customer demand to normalize over time.

Foreign Currency Fluctuations

We generate over half of our revenue from sales to customers outside of the U.S. In the third quarter and first three quarters of 2022, due to the strengthening of the dollar, year-over-year unfavorable foreign currency impacts on revenue were \$33.8 million or (4)% and \$81.6 million or (3)%.

War in Ukraine

We are monitoring and responding to effects of the ongoing war in Ukraine. In the first quarter of 2022, we stopped selling to Russia and Belarus customers and wrote off uncollected customer receivables and inventory located in these countries, which was not material to our consolidated financial statements. Total revenue associated with Russia and Belarus customers, either sold directly or indirectly through resellers or OEMs, was less than 2% of our total Company revenue for 2021. We are focused on providing products and support to non-sanctioned Ukrainian customers and contributing to relief efforts.

Divestitures

In the second quarter of 2022, we completed the sale of the Time and Frequency, LOADRITE, Spectra Precision Tools, and SECO accessories businesses to Precisional LLC, an affiliate of The Jordan Company. Prior to the sale, the operating results were previously reported in our Buildings and Infrastructure and Geospatial segments. For additional discussion of this divestiture, refer to Note 3 “Acquisitions and Divestitures” of this report.

In the third quarter of 2022, we completed the sale of Construction Telematics Solutions to MiX Telematics, and in the second quarter of 2022, we completed the sale of Beena Vision to Wabtec Corporation, which are both part of the Transportation segment. The proceeds for both divestitures were immaterial.

We divest certain businesses or assets that no longer fit with our long-term growth and strategic product roadmap. For 2021, the revenue and operating income for these divested businesses were approximately \$201.7 million and \$33.0 million.

Acquisitions

In the third quarter of 2022, we acquired Bid2Win Software, LLC (“B2W”) for \$322.1 million. B2W will be reported in our Buildings and Infrastructure segment. For additional discussion of this acquisition, refer to Note 3 “Acquisitions and Divestitures” of this report.

RESULTS OF OPERATIONS

Overview

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

	Third Quarter of				First Three Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
<i>(In millions, except per share amounts)</i>								
Revenue:								
Product	\$ 503.9	\$ 551.2	\$ (47.3)	(9)%	\$ 1,690.0	\$ 1,685.5	\$ 4.5	—%
Service	158.3	159.9	(1.6)	(1)%	477.4	484.3	(6.9)	(1)%
Subscription	222.7	190.3	32.4	17%	652.4	563.3	89.1	16%
Total revenue	\$ 884.9	\$ 901.4	\$ (16.5)	(2)%	\$ 2,819.8	\$ 2,733.1	\$ 86.7	3%
Gross margin	\$ 515.4	\$ 504.5	\$ 10.9	2%	\$ 1,602.5	\$ 1,523.2	\$ 79.3	5%
Gross margin as a % of revenue	58.2 %	56.0 %			56.8 %	55.7 %		
Operating income	\$ 122.4	\$ 147.5	\$ (25.1)	(17)%	\$ 414.2	\$ 433.2	\$ (19.0)	(4)%
Operating income as a % of revenue	13.8 %	16.4 %			14.7 %	15.9 %		
Diluted earnings per share	\$ 0.34	\$ 0.49	\$ (0.15)	(31)%	\$ 1.45	\$ 1.48	\$ (0.03)	(2)%
Non-GAAP revenue ⁽¹⁾	\$ 884.9	\$ 901.4	\$ (16.5)	(2)%	\$ 2,819.8	\$ 2,733.4	\$ 86.4	3%
Non-GAAP operating income ⁽¹⁾	\$ 209.9	\$ 214.7	\$ (4.8)	(2)%	\$ 653.7	\$ 652.5	\$ 1.2	—%
Non-GAAP operating income as a % of Non-GAAP Revenue ⁽¹⁾	23.7 %	23.8 %			23.2 %	23.9 %		
Non-GAAP diluted earnings per share ⁽¹⁾	\$ 0.66	\$ 0.66	\$ —	NM	\$ 2.04	\$ 2.04	\$ —	NM
Annualized Recurring Revenue (“ARR”) ⁽¹⁾	\$ 1,546.8	\$ 1,363.6	\$ 183.2	13%	N/A	N/A	N/A	N/A

⁽¹⁾ Refer to “Supplemental Disclosure of Non-GAAP Financial Measures and Annualized Recurring Revenue” of this report for definitions.

Third Quarter and First Three Quarters of 2022 as Compared to 2021

Revenue

Change versus the corresponding period in 2021	Third Quarter of	First Three Quarters of
	2022	2022
	% Change	% Change
Change in Total Revenue	(2)%	3 %
Acquisitions	1 %	1 %
Divestitures	(5)%	(3)%
Foreign currency exchange	(4)%	(3)%
Organic growth - Total Revenue	6 %	9 %

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

Organic revenue for the third quarter and first three quarters was up due to growth in hardware, software, and subscription sales in Building and Infrastructure and Resources and Utilities. Geospatial organic revenue was up due to growth in software and related maintenance and support as well as subscriptions, largely offset by a decrease in hardware sales.

<i>Change versus the corresponding period in 2021</i>	Third Quarter of	First Three Quarters of
	2022	2022
	% Change	% Change
Change in Product Revenue	(9)%	— %
Acquisitions	— %	— %
Divestitures	(8)%	(5)%
Foreign currency exchange	(4)%	(3)%
Organic growth - Product Revenue	3 %	8 %
Change in Service Revenue	(1)%	(1)%
Acquisitions	4 %	3 %
Divestitures	(1)%	(1)%
Foreign currency exchange	(5)%	(4)%
Organic growth - Service Revenue	1 %	— %
Change in Subscription Revenue	17 %	16 %
Acquisitions	1 %	1 %
Divestitures	(1)%	(2)%
Foreign currency exchange	(3)%	(2)%
Organic growth - Subscription Revenue	20 %	19 %

Organic product revenue increased for the third quarter and first three quarters due to hardware and software sales in Buildings and Infrastructure and Resources and Utilities. However, slowing demand, particularly in Europe, and dealer inventories moving toward normalized levels impacted hardware sales in Buildings and Infrastructure, Geospatial, and Resources and Utilities in the third quarter. Organic service revenue was relatively flat. Organic subscription revenue increased for the third quarter and first three quarters primarily due to strong growth in Buildings and Infrastructure and, to a lesser extent, in Resources and Utilities, Geospatial, and Transportation.

Gross Margin

Gross margin increased for the third quarter and first three quarters primarily due to organic revenue growth in Buildings and Infrastructure and Resources and Utilities, and to a lesser extent, Geospatial, partially offset by divestitures and unfavorable foreign currency. Gross margin as a percentage of revenue increased for the third quarter and first three quarters due to an increased mix of software and subscription sales and price increases.

Operating Income

Operating income decreased for the third quarter and first three quarters primarily due to, divestitures and unfavorable foreign currency, partially offset by organic revenue and gross margin expansion. Additionally, operating expense increased due to investments related to our Connect and Scale strategy, increased sales and marketing costs, charitable donations, restructuring costs, and acquisition and divestiture transaction costs, partially offset by a reduction in incentive compensation in the third quarter.

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

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

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

	Third Quarter of				First Three Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
<i>(In millions)</i>								
Research and development	\$ 127.0	\$ 132.5	\$ (5.5)	(4)%	\$ 407.4	\$ 400.2	\$ 7.2	2%
Percentage of revenue	14.4 %	14.7 %			14.4 %	14.6 %		
Sales and marketing	\$ 137.1	\$ 125.5	\$ 11.6	9%	\$ 407.9	\$ 373.1	\$ 34.8	9%
Percentage of revenue	15.5 %	13.9 %			14.5 %	13.7 %		
General and administrative	\$ 109.6	\$ 85.2	\$ 24.4	29%	\$ 318.0	\$ 270.2	\$ 47.8	18%
Percentage of revenue	12.4 %	9.5 %			11.3 %	9.9 %		
Total	<u>\$ 373.7</u>	<u>\$ 343.2</u>	<u>\$ 30.5</u>	<u>9%</u>	<u>\$ 1,133.3</u>	<u>\$ 1,043.5</u>	<u>\$ 89.8</u>	<u>9%</u>

R&D expense decreased for the third quarter primarily due to a reduction in incentive compensation, favorable foreign currency, and divestitures. R&D expense increased for the first three quarters primarily due to higher compensation expense, partially offset by favorable foreign currency and divestitures. We believe that the development and introduction of new solutions are critical to our future success, and we expect to continue the active development of new products.

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

G&A expense increased for the third quarter and first three quarters primarily due to investments related to our Connect and Scale strategy, charitable donations to the Trimble Foundation, and acquisition and divestiture transaction costs, partially offset by a reduction in incentive compensation in the third quarter, favorable foreign currency, and divestitures.

Amortization of Purchased Intangible Assets

	Third Quarter of				First Three Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
<i>(In millions)</i>								
Cost of sales	\$ 19.9	\$ 22.0	\$ (2.1)	(10)%	\$ 63.4	\$ 66.1	\$ (2.7)	(4)%
Operating expenses	11.1	12.3	(1.2)	(10)%	34.5	39.0	(4.5)	(12)%
Total amortization expense of purchased intangibles	<u>\$ 31.0</u>	<u>\$ 34.3</u>	<u>\$ (3.3)</u>	<u>(10)%</u>	<u>\$ 97.9</u>	<u>\$ 105.1</u>	<u>\$ (7.2)</u>	<u>(7)%</u>
Total amortization expense of purchased intangibles as a percentage of revenue	4 %	4 %			3 %	4 %		

Total amortization expense of purchased intangibles decreased for the third quarter and first three quarters due to the expiration of prior quarters’ acquisition amortization.

Non-operating Income, Net

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

	Third Quarter of				First Three Quarters of				
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change	
<i>(In millions)</i>									
Divestitures gain, net	\$ 6.0	\$ 19.1	\$ (13.1)	(69)%	\$ 103.1	\$ 41.5	\$ 61.6	148%	
Interest expense, net	(15.6)	(15.9)	0.3	(2)%	(46.9)	(49.4)	2.5	(5)%	
Income from equity method investments, net	6.8	8.5	(1.7)	(20)%	22.3	30.3	(8.0)	(26)%	
Other income (expense), net	(1.7)	(2.5)	0.8	(32)%	(14.7)	0.9	(15.6)	(1733)%	
Total non-operating (expense) income, net	<u>\$ (4.5)</u>	<u>\$ 9.2</u>	<u>\$ (13.7)</u>	<u>(149)%</u>	<u>\$ 63.8</u>	<u>\$ 23.3</u>	<u>\$ 40.5</u>	<u>174%</u>	

Non-operating income, net decreased for the third quarter primarily due to lower net gain from divestitures. Non-operating income, net increased for the first three quarters primarily due to higher net gain from divestitures, slightly offset by fluctuations in deferred compensation plan assets included in Other income (expense), net, and lower joint-venture profitability.

Income Tax Provision

For the third quarter, our effective income tax rate was 27.2%, as compared to 20.9% in the prior year. The increase was primarily associated with divestiture gains and a lower stock-based compensation deduction benefit. For the first three quarters, our effective income tax rate was 23.8%, as compared to 17.3% in the prior year. The increase was primarily due to the same factors in the third quarter as well as a one-time tax benefit from a foreign deferred tax asset in the prior year.

On August 16, 2022, the U.S. federal government enacted the Inflation Reduction Act (“IRA”) of 2022. The IRA includes a 15% corporate alternative minimum tax effective in 2024 for certain large corporations, a 1% excise tax on net share repurchases after December 31, 2022, and several tax incentives to promote clean energy. We do not expect the provisions of the IRA to have a material impact on our financial results.

Results by Segment

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

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

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

	Third Quarter of				First Three Quarters of			
	2022	2021	Dollar Change	% Change	2022	2021	Dollar Change	% Change
<i>(In millions)</i>								
Buildings and Infrastructure								
Segment revenue	\$ 363.6	\$ 349.7	\$ 13.9	4%	\$ 1,143.8	\$ 1,057.6	\$ 86.2	8%
Segment revenue as a % of total revenue	41 %	39 %			41 %	39 %		
Segment operating income	\$ 96.7	\$ 100.6	(3.9)	(4)%	\$ 318.8	\$ 301.1	17.7	6%
Segment operating income as a % of segment revenue	26.6 %	28.8 %			27.9 %	28.5 %		
Geospatial								
Segment revenue	\$ 184.2	\$ 205.4	(21.2)	(10)%	\$ 585.4	\$ 606.8	(21.4)	(4)%
Segment revenue as a % of total revenue	21 %	23 %			21 %	22 %		
Segment operating income	\$ 61.5	\$ 64.9	(3.4)	(5)%	\$ 177.2	\$ 179.7	(2.5)	(1)%
Segment operating income as a % of segment revenue	33.4 %	31.6 %			30.3 %	29.6 %		
Resources and Utilities								
Segment revenue	\$ 191.7	\$ 184.8	6.9	4%	\$ 636.4	\$ 587.5	48.9	8%
Segment revenue as a % of total revenue	22 %	20 %			22 %	21 %		
Segment operating income	\$ 64.2	\$ 60.6	3.6	6%	\$ 212.3	\$ 211.2	1.1	1%
Segment operating income as a % of segment revenue	33.5 %	32.8 %			33.4 %	35.9 %		
Transportation								
Segment revenue	\$ 145.4	\$ 161.5	(16.1)	(10)%	\$ 454.2	\$ 481.5	(27.3)	(6)%
Segment revenue as a % of total revenue	16 %	18 %			16 %	18 %		
Segment operating income	\$ 16.0	\$ 15.3	0.7	5%	\$ 37.0	\$ 36.5	0.5	1%
Segment operating income as a % of segment revenue	11.0 %	9.5 %			8.1 %	7.6 %		

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

	Third Quarter of		First Three Quarters of	
	2022	2021	2022	2021
<i>(In millions)</i>				
Consolidated segment operating income	\$ 238.4	\$ 241.4	\$ 745.3	\$ 728.5
Unallocated general corporate expenses	(28.5)	(26.7)	(91.6)	(76.0)
Purchase accounting adjustments	(31.0)	(33.2)	(97.9)	(102.0)
Acquisition / divestiture items	(9.1)	(0.2)	(20.3)	(10.3)
Stock-based compensation / deferred compensation	(31.7)	(32.1)	(82.9)	(99.1)
Restructuring and other costs	(15.7)	(1.7)	(38.4)	(7.9)
Consolidated operating income	122.4	147.5	414.2	433.2
Total non-operating (expense) income, net	(4.5)	9.2	63.8	23.3
Consolidated income before taxes	\$ 117.9	\$ 156.7	\$ 478.0	\$ 456.5

Buildings and Infrastructure

<i>Change versus the corresponding period in 2021</i>	Third Quarter of	First Three Quarters of
	2022	2022
	% Change	% Change
Change in Revenue - Buildings and Infrastructure	4 %	8 %
Acquisitions	3 %	2 %
Divestitures	(8)%	(5)%
Foreign currency exchange	(3)%	(3)%
Organic growth	12 %	14 %

Excluding acquisitions, divestitures, and unfavorable foreign currency, organic revenue increased for the third quarter and first three quarters due to strong demand for our subscription and term license software. The increases resulted from higher sales to new and existing customers as well as conversions from perpetual software to recurring offerings. Civil construction hardware and related software license revenue increased resulting from relative strength in the North American construction market and price increases, partially offset by weaker hardware sales in Europe.

Operating income decreased for the third quarter primarily due to divestitures and unfavorable foreign currency, partially offset by revenue and gross margin expansion. Operating income increased for the first three quarters primarily due to revenue and gross margin expansion, partially offset by divestitures and unfavorable foreign currency. Additionally, operating expense increased for the third quarter and first three quarters due to investments, including our Connect and Scale strategy, as well as increased sales and marketing costs. Operating income as a percentage of revenue decreased for the third quarter and first three quarters primarily due to increased operating expense, partially offset by gross margin expansion.

Geospatial

<i>Change versus the corresponding period in 2021</i>	Third Quarter of 2022	First Three Quarters of 2022
	% Change	% Change
Change in Revenue - Geospatial	(10)%	(4)%
Divestitures	(7)%	(4)%
Foreign currency exchange	(4)%	(3)%
Organic growth	1 %	4 %

Excluding divestitures and unfavorable foreign currency, organic revenue increased slightly for the third quarter and first three quarters due to higher software and subscription sales and price increases, partially offset by the effect of unusually strong hardware sales in the prior year, as well as weaker hardware sales, particularly in Europe, in the third quarter.

Operating income decreased for the third quarter and first three quarters primarily due to divestitures and unfavorable foreign currency, partially offset by organic revenue growth and gross margin expansion. Operating income as a percentage of revenue for the third quarter and first three quarters was relatively flat.

Resources and Utilities

<i>Change versus the corresponding period in 2021</i>	Third Quarter of 2022	First Three Quarters of 2022
	% Change	% Change
Change in Revenue - Resources and Utilities	4 %	8 %
Divestitures	— %	(1)%
Foreign currency exchange	(6)%	(5)%
Organic growth	9 %	14 %

Excluding divestitures and unfavorable foreign currency, organic revenue increased for the third quarter and first three quarters due to relative strength in agriculture, particularly in the OEM channel, as well as price increases, partially offset by weaker sales in the European reseller channel and the loss of the Russian market. To a lesser extent, revenue was favorably impacted by higher subscription revenue in positioning services.

Operating income increased for the third quarter and first three quarters primarily due to organic revenue expansion, partially offset by divestitures, unfavorable foreign currency, and higher operating expenses. Operating expense was higher due to investments, including our Connect and Scale strategy, as well as increased sales and marketing costs. Operating income as a percentage of revenue increased for the third quarter due to revenue and gross margin expansion. Operating income as a percentage of revenue decreased for the first three quarters primarily due to gross margin percentage decrease associated with increased supply chain costs.

Transportation

<i>Change versus the corresponding period in 2021</i>	Third Quarter of	First Three Quarters of
	2022	2022
	% Change	% Change
Change in Revenue - Transportation	(10)%	(6)%
Divestitures	(4)%	(2)%
Foreign currency exchange	(2)%	(1)%
Organic growth	(4)%	(2)%

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

Operating income and operating income as a percentage of revenue improved for the third quarter and first three quarters primarily due to gross margin expansion and targeted cost reductions, partially offset by divestiture and revenue declines. We continue to maintain focus on new product introductions and transitions to recurring revenue.

LIQUIDITY AND CAPITAL RESOURCES

As of	Third Quarter of 2022	Year End 2021	Dollar Change	% Change
<i>(In millions, except percentages)</i>				
Cash and cash equivalents	\$ 308.7	\$ 325.7	\$ (17.0)	(5)%
As a percentage of total assets	4.4 %	4.6 %		
Principal balance of outstanding debt	\$ 1,593.6	\$ 1,300.0	\$ 293.6	23 %
	First Three Quarters of		Dollar Change	% Change
	2022	2021		
<i>(In millions)</i>				
Net cash provided by operating activities	\$ 285.1	\$ 595.2	\$ (310.1)	(52)%
Net cash (used in) provided by investing activities	(152.2)	51.0	(203.2)	(398)%
Net cash used in financing activities	(115.0)	(363.2)	248.2	(68)%
Effect of exchange rate changes on cash and cash equivalents	(34.9)	(7.5)	(27.4)	365 %
Net (decrease) increase in cash and cash equivalents	\$ (17.0)	\$ 275.5		

Operating Activities

The decrease in cash provided by operating activities was primarily driven by lower net income after adjusting for non-cash items and divestiture gains, as well as higher inventory purchases and lower accounts payable associated with the timing of inventory payments. Additionally, there were higher bonus and cash tax payments. The decreases were partially offset by an increase in deferred revenue.

Investing Activities

The increase in cash used in investing activities was primarily due to the B2W acquisition, partially offset by higher proceeds from divestitures.

Financing Activities

The decrease in cash used in financing activities was primarily driven by higher proceeds, net of repayment of revolving credit facilities, which was used in part to fund the B2W acquisition, partially offset by an increase in common stock repurchases.

Cash and Cash Equivalents

We believe that our cash and cash equivalents and borrowings, along with cash provided by operations will be sufficient in the foreseeable future to meet our anticipated operating cash needs, expenditures related to our Connect and Scale strategy, debt service, and any stock repurchases under the stock repurchase program. In addition, in March 2022, we entered into a five-year, unsecured revolving loan facility for borrowings up to \$1.25 billion, which replaced the 2018 Credit Facility. The 2022 Credit Facility contains an option to increase the borrowings up to \$1.75 billion with lender approval. As of September 30, 2022, \$250.0 million was outstanding under the 2022 Credit Facility.

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

A provision enacted in the Tax Cuts and Jobs Act of 2017 related to the capitalization of research and development costs for tax purposes became effective on January 1, 2022. If this provision is not deferred, our full-year 2022 tax payments are expected to increase by an estimated \$88 million. In the third quarter, we paid \$25 million, and for the first three quarters of 2022, total payments made were \$65 million for this liability.

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

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

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

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

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

	Third Quarter of				First Three Quarters of			
	2022		2021		2022		2021	
	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue
<i>(In millions, except per share amounts)</i>								
REVENUE:								
GAAP revenue:	\$ 884.9		\$ 901.4		\$ 2,819.8		\$ 2,733.1	
Purchase accounting adjustments (A)	—		—		—		0.3	
Non-GAAP revenue:	\$ 884.9		\$ 901.4		\$ 2,819.8		\$ 2,733.4	
GROSS MARGIN:								
GAAP gross margin:	\$ 515.4	58.2 %	\$ 504.5	56.0 %	\$ 1,602.5	56.8 %	\$ 1,523.2	55.7 %
Purchase accounting adjustments (A)	19.9		22.0		63.4		66.4	
Stock-based compensation / deferred compensation (C)	3.4		2.7		8.7		7.3	
Restructuring and other costs (D)	(0.1)		—		1.0		0.2	
Non-GAAP gross margin:	\$ 538.6	60.9 %	\$ 529.2	58.7 %	\$ 1,675.6	59.4 %	\$ 1,597.1	58.4 %
OPERATING EXPENSES:								
GAAP operating expenses:	\$ 393.0	44.4 %	\$ 357.0	39.6 %	\$ 1,188.3	42.1 %	\$ 1,090.0	39.9 %
Purchase accounting adjustments (A)	(11.1)		(11.2)		(34.5)		(35.6)	
Acquisition / divestiture items (B)	(9.1)		(0.2)		(20.3)		(10.3)	
Stock-based compensation / deferred compensation (C)	(28.3)		(29.4)		(74.2)		(91.8)	
Restructuring and other costs (D)	(15.8)		(1.7)		(37.4)		(7.7)	
Non-GAAP operating expenses:	\$ 328.7	37.1 %	\$ 314.5	34.9 %	\$ 1,021.9	36.2 %	\$ 944.6	34.6 %
OPERATING INCOME:								
GAAP operating income:	\$ 122.4	13.8 %	\$ 147.5	16.4 %	\$ 414.2	14.7 %	\$ 433.2	15.9 %
Purchase accounting adjustments (A)	31.0		33.2		97.9		102.0	
Acquisition / divestiture items (B)	9.1		0.2		20.3		10.3	
Stock-based compensation / deferred compensation (C)	31.7		32.1		82.9		99.1	
Restructuring and other costs (D)	15.7		1.7		38.4		7.9	
Non-GAAP operating income:	\$ 209.9	23.7 %	\$ 214.7	23.8 %	\$ 653.7	23.2 %	\$ 652.5	23.9 %
NON-OPERATING INCOME (EXPENSE), NET:								
GAAP non-operating income, net:	\$ (4.5)		\$ 9.2		\$ 63.8		\$ 23.3	
Acquisition / divestiture items (B)	(5.6)		(19.0)		(103.0)		(41.8)	
Deferred compensation (C)	0.2		0.2		10.5		(4.0)	
Restructuring and other costs (D)	—		—		0.1		—	
Non-GAAP non-operating expense, net:	\$ (9.9)		\$ (9.6)		\$ (28.6)		\$ (22.5)	

		GAAP and Non-GAAP Tax Rate % (G)		GAAP and Non-GAAP Tax Rate % (G)		GAAP and Non-GAAP Tax Rate % (G)		GAAP and Non-GAAP Tax Rate % (G)
INCOME TAX PROVISION:								
GAAP income tax provision:	\$	32.1	27.2 %	\$	32.7	20.9 %	\$	113.9
Non-GAAP items tax effected	(E)	22.3			10.1			34.7
Difference in GAAP and Non-GAAP tax rate	(F)	(18.4)			(6.3)			(33.9)
Non-GAAP income tax provision:	\$	36.0	18.0 %	\$	36.5	17.8 %	\$	114.7
NET INCOME:								
GAAP net income attributable to Trimble Inc.:	\$	85.8		\$	124.0		\$	364.1
Purchase accounting adjustments	(A)	31.0			33.2			97.9
Acquisition / divestiture items	(B)	3.5			(18.8)			(82.7)
Stock-based compensation / deferred compensation	(C)	31.9			32.3			93.4
Restructuring and other costs	(D)	15.7			1.7			38.5
Non-GAAP tax adjustments	(E) - (F)	(3.9)			(3.8)			(0.8)
Non-GAAP net income attributable to Trimble Inc.:	\$	164.0		\$	168.6		\$	510.4
DILUTED NET INCOME PER SHARE:								
GAAP diluted net income per share attributable to Trimble Inc.:	\$	0.34		\$	0.49		\$	1.45
Purchase accounting adjustments	(A)	0.13			0.13			0.39
Acquisition / divestiture items	(B)	0.01			(0.07)			(0.33)
Stock-based compensation / deferred compensation	(C)	0.13			0.12			0.38
Restructuring and other costs	(D)	0.06			0.01			0.15
Non-GAAP tax adjustments	(E) - (F)	(0.01)			(0.02)			—
Non-GAAP diluted net income per share attributable to Trimble Inc.:	\$	0.66		\$	0.66		\$	2.04
ADJUSTED EBITDA:								
GAAP net income attributable to Trimble Inc.:	\$	85.8		\$	124.0		\$	364.1
Non-operating income (expense), net, income tax provision, and net gain attributable to noncontrolling interests		36.6			23.5			50.1
GAAP operating income:		122.4			147.5			414.2
Purchase accounting adjustments	(A)	31.0			33.2			97.9
Acquisition / divestiture items	(B)	9.1			0.2			20.3
Stock-based compensation / deferred compensation	(C)	31.7			32.1			82.9
Restructuring and other costs	(D)	15.7			1.7			38.4
Non-GAAP operating income:		209.9			214.7			653.7
Depreciation expense and cloud computing amortization		11.4			10.2			32.9
Income from equity method investments, net		6.8			8.5			22.3
Adjusted EBITDA	\$	228.1	25.8 %	\$	233.4	25.9 %	\$	708.9
								25.1 %
								\$ 714.0
								26.1 %

Non-GAAP Definitions

Non-GAAP revenue

We define Non-GAAP revenue as GAAP revenue, excluding the effects of purchase accounting adjustments for acquisitions occurring prior to 2021. We believe this measure helps investors understand the performance of our business including

acquisitions, as non-GAAP revenue excludes the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting. Management believes that excluding fair value purchase accounting adjustments more closely correlates with the ordinary and ongoing course of the acquired company's operations and facilitates analysis of revenue growth and trends.

Non-GAAP gross margin

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

Non-GAAP operating expenses

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

Non-GAAP operating income

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

Non-GAAP non-operating expense, net

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

Non-GAAP income tax provision

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

Non-GAAP net income

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

Non-GAAP diluted net income per share

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

Adjusted EBITDA

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

Explanations of Non-GAAP adjustments

- (A). **Purchase accounting adjustments.** Purchase accounting adjustments consist of the following:
- i. **Acquired deferred revenue adjustment.** We adopted ASU 2021-08 in the fourth quarter of 2021 for all acquisitions occurring in 2021 and going forward, which requires the application of ASC 606, Revenue from Contracts with Customers, to recognize and measure contract assets and contract liabilities on the acquisition date. For acquisitions occurring prior to 2021, non-GAAP revenue excludes the adjustment to our revenue as a result of measuring the contract liability at fair value on the acquisition date.
 - ii. **Amortization of acquired capitalized commissions.** Purchase accounting generally requires entities to eliminate capitalized sales commissions balances as of the acquisition date. Non-GAAP operating expenses exclude the adjustments that eliminate the capitalized sales commissions. For acquisitions occurring prior to 2021, non-GAAP operating expenses exclude the adjustment of acquired capitalized commissions amortization.
 - iii. **Amortization of purchased intangible assets.** Non-GAAP gross margin and operating expenses exclude the amortization of purchased intangible assets, which primarily represents technology and/or customer relationships already developed.
- (B). **Acquisition / divestiture items.** Non-GAAP gross margin and operating expenses exclude acquisition costs consisting of external and incremental costs resulting directly from merger and acquisition and strategic investment activities such as legal, due diligence, integration, and other closing costs, including the acceleration of acquisition stock options and adjustments to the fair value of earn-out liabilities. Non-GAAP non-operating expense, net, excludes unusual one-time acquisition/divestiture charges as well as divestiture and strategic investment gains/losses. These are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.
- (C). **Stock-based compensation / deferred compensation.** Non-GAAP gross margin and operating expenses exclude stock-based compensation and income or expense associated with movement in our non-qualified deferred compensation plan liabilities. Changes in non-qualified deferred compensation plan assets, included in non-operating expense, net, offset the income or expense in the plan liabilities.
- (D). **Restructuring and other costs.** Non-GAAP gross margin and operating expenses exclude restructuring and other costs comprised of termination benefits related to reductions in employee headcount and closure or exit of facilities, executive severance agreements, costs incurred in exiting business activities in Russia and Belarus, other business exit costs, as well as a \$20 million commitment to donate to the Trimble Foundation to be paid over four quarters beginning in the second quarter of 2022.
- (E). **Non-GAAP items tax effected.** This amount adjusts the provision for income taxes to reflect the effect of the non-GAAP items (A) - (D) on non-GAAP net income.
- (F). **Difference in GAAP and Non-GAAP tax rate.** This amount represents the difference between the GAAP and non-GAAP tax rates applied to the non-GAAP operating income plus the non-GAAP non-operating expense, net. The non-GAAP tax rate excludes charges and benefits such as net deferred tax impacts resulting from a non-U.S. intercompany transfer of intellectual property and significant one-time reserve releases upon statute of limitations expirations.
- (G). **GAAP and non-GAAP tax rate percentages.** These percentages are defined as GAAP income tax provision as a percentage of GAAP income before taxes and non-GAAP income tax provision as a percentage of non-GAAP income before taxes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Market Interest Rate Risk

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

Foreign Currency Exchange Rate Risk

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

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

Revenue resulting from selling in local currencies and costs incurred in local currencies are exposed to foreign currency exchange rate fluctuations, which can affect our operating income. As exchange rates vary, operating income may differ from expectations. In the third quarter and first three quarters of 2022, unfavorable impacts from foreign currency exchange rates were \$33.8 million and \$81.6 million on revenue and \$7.7 million and \$18.0 million on operating income.

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

	Third Quarter of 2022		Year End 2021	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts:				
Purchased	\$ (86.8)	\$ 0.2	\$ (107.5)	\$ 0.1
Sold	\$ 94.0	\$ (0.3)	\$ 183.6	\$ (0.2)

ITEM 4. CONTROLS AND PROCEDURES**(a) Disclosure Controls and Procedures.**

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

(b) Internal Control Over Financial Reporting.

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

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

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

ITEM 1A. RISK FACTORS

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

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

(a) None.

(b) None.

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

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 2, 2022 – August 5, 2022	—	\$ —	—	\$ 305,254,992
August 6, 2022 – September 2, 2022	958,334	\$ 67.83	958,334	\$ 240,255,045
September 3, 2022 – September 30, 2022	442,967	\$ 56.44	442,967	\$ 215,255,003
Total	<u>1,401,301</u>		<u>1,401,301</u>	

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

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

EXHIBIT INDEX

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

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: November 2, 2022

/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: November 2, 2022

/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 September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert G.Painter, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert G.Painter

Robert G.Painter

Chief Executive Officer

November 2, 2022

**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 September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David G. Barnes, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David G. Barnes

David G. Barnes

Chief Financial Officer

November 2, 2022