



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 881 420 902
Organisasjonsform: Aksjeselskap
Foretaksnavn: TRIMBLE SOLUTIONS SANDVIKA AS
Forretningsadresse: Leif Tronstads plass 4
1337 SANDVIKA

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kristin Lonrusten
Dato for fastsettelse av årsregnskapet: 02.07.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 15.09.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter	12	146 926 000	145 660 000
Sum inntekter		146 926 000	145 660 000
Kostnader			
Varekostnad		31 528 000	30 050 000
Lønnskostnad	2,7,8,1 3	60 944 000	59 175 000
Avskrivning driftsmidler	9	1 515 000	1 778 000
Annen driftskostnad	8	10 356 000	14 686 000
Sum kostnader		104 343 000	105 689 000
Driftsresultat		42 583 000	39 971 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskaper	3	6 423 000	2 301 000
Renteinntekt fra foretak i samme konsern	2	3 491 000	873 000
Annen finansinntekt	2	8 319 000	733 000
Sum finansinntekter		18 233 000	3 907 000
Annen finanskostnad	2	3 214 000	2 283 000
Sum finanskostnader		3 214 000	2 283 000
Netto finans		15 019 000	1 624 000
Ordinært resultat før skattekostnad		57 602 000	41 595 000
Skattekostnad	6	9 892 000	8 181 000
Ordinært resultat etter skattekostnad		47 710 000	33 414 000
Årsresultat		47 710 000	33 414 000
Overføringer og disponeringer			
Overført fond for vurderingsforskjeller	10	9 360 000	1 534 000
Ordinært utbytte	10	72 560 000	
Overført til annen EK	10	-34 211 000	31 879 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer	10	47 709 000	33 413 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6	292 000	444 000
Sum immaterielle eiendeler		292 000	444 000
Varige driftsmidler			
Varige driftsmidler	9	1 078 000	2 112 000
Sum varige driftsmidler		1 078 000	2 112 000
Finansielle anleggsmidler			
Investering i datterselskap	3	35 562 000	26 201 000
Langsiktig fordring på morselskap	14	113 841 000	60 634 000
Sum finansielle anleggsmidler		149 403 000	86 835 000
Sum anleggsmidler		150 773 000	89 391 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		6 088 000	16 306 000
Andre fordringer		4 432 000	4 439 000
Konsernfordringer		10 834 000	10 103 000
Sum fordringer		21 354 000	30 848 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd	11	24 969 000	25 594 000
Sum bankinnskudd, kontanter og lignende		24 969 000	25 594 000
Sum omløpsmidler		46 323 000	56 442 000
SUM EIENDELER		197 096 000	145 833 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	3	3 000 000	3 000 000
Beholdning av egne aksjer	5	-29 000	-29 000
Annen innskutt egenkapital	10	3 128 000	3 128 000
Sum innskutt egenkapital		6 099 000	6 099 000
Opptjent egenkapital			
Fond for vurderingsforskjeller		29 404 000	20 044 000
Annen egenkapital		45 244 000	79 455 000
Sum opptjent egenkapital		74 648 000	99 499 000
Sum egenkapital		80 747 000	105 598 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Annen langsiktig gjeld			1 200 000
Sum annen langsiktig gjeld			1 200 000
Sum langsiktig gjeld		0	1 200 000
Kortsiktig gjeld			
Leverandørgjeld		1 668 000	3 070 000
Betalbar skatt	6	9 739 000	8 313 000
Offentlige avgifter		11 589 000	10 271 000
Utbytte	10	72 560 000	
Kortsiktig konserngjeld		3 173 000	692 000
Annen kortsiktig gjeld		17 619 000	16 690 000
Sum kortsiktig gjeld		116 348 000	39 036 000
Sum gjeld		116 348 000	40 236 000
SUM EGENKAPITAL OG GJELD		197 095 000	145 834 000



Skattedirektoratet

- 7 JAN. 2016

Saksbehandler
Torstein Kinden Helleland

Deres dato
22.12.2015

Vår dato
05.01.2016

Telefon
22078139

Deres referanse
Per-Henning Lie

Vår referanse
2015/1204466

RSM NORGE AS
Postboks 1312 Vikta
0112 OSLO

Tillatelse til å utarbeide årsregnskap på engelsk og fritak for konsernregnskapsplikt for morselskap i underkonsern, Vianova Systems AS, org. nr. 881 420 902

Vi viser til deres brev av 22. desember 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk og fritak for konsernregnskapsplikt for morselskap i underkonsern for Vianova Systems AS.

Språk

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Vianova Systems AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Vianova Systems AS er eiet av Trimble Europe B.V. (Nederland) som igjen er et datterselskap av Trimble Navigation Limited (USA). Selskapet utvikler og selger programvaresystemer og tjenester for planlegging, prosjektering, drift og forvaltning innen infrastruktur for samferdsel internasjonalt. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eid av et utenlandsk selskap. Eierkretsen er begrenset. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Konsernregnskap

Vianova Systems AS er eid av Trimble Navigation Limited (USA). Trimble Navigation Limited utarbeider årlig konsernregnskap på engelsk basert på US GAAP. Dette konsernregnskapet inkluderer Vianova Systems AS med datterselskaper.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juli 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for Vianova Systems AS. Det forutsettes at Trimble Navigation Limited utarbeider konsernregnskap som omfatter det norske underkonsernet. Det legges til grunn at dette konsernregnskap er utarbeidet i samsvar med USGAAP og at kravene i regnskapsloven § 3-7 med forskrifter forøvrig følges. Bestemmelsene i regnskapsloven kapittel 8 med tilhørende forskrift gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 07.09.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten å være på norsk, kan være på svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet mv. Det påligger den regnskapspliktige å dokumentere ved dette brevet at tillatelse er gitt.



2015/1204466 Side 3 av 3

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer





2020

ANNUAL REPORT

CONNECTING THE
AND
WORLDS



THE WAY THE WORLD WORKS



Trimble is transforming the way the world works by delivering products and services that connect the physical and digital worlds. Core technologies in positioning, modeling, connectivity and data analytics enable customers to improve productivity, quality, safety and sustainability. From purpose-built products to enterprise lifecycle solutions, Trimble software, hardware and services are transforming industries such as agriculture, construction, geospatial and transportation.





**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 1, 2021

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 No.)

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

Registrant's telephone number, including area code: (408) 481-8000
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	TRMB	NASDAQ Global Select Market
(Title of Class)		

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 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, or a non-accelerated filer.

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

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



Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

As of July 3, 2020, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$10.8 billion based on the closing price as reported on the NASDAQ Global Select Market. Shares of common stock held by each officer and director of the registrant have been excluded in that such person may be deemed to be an affiliate. This determination of affiliate status is not necessarily a conclusive determination for any other purpose.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 24, 2021
Common stock, \$0.001 par value	250,974,620 shares



DOCUMENTS INCORPORATED BY REFERENCE

Certain parts of Trimble Inc. Proxy Statement relating to the annual meeting of stockholders to be held on May 12, 2021 (the "Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

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

- impact of the COVID-19 pandemic, including upon global or local macroeconomic conditions, our results of operations, and estimates or judgments;
- seasonal fluctuations in our hardware revenue, sales to U.S. governmental agencies, and expectations that we will experience less seasonality in the future;
- changes in global macroeconomic conditions;
- the portion of our revenue expected to come from sales to customers located in countries outside of the U.S.;
- our plans to continue to invest in research and development to actively develop and introduce new products and to deliver targeted solutions to the markets we serve;
- a continued shift in revenue towards a more significant mix of software and recurring revenue, including subscription, maintenance and support revenues, and services;
- 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 to meet our anticipated operating cash needs, debt service, and planned capital expenditures for at least the next twelve months;
- any anticipated benefits to us from our acquisitions and our ability to successfully integrate the acquired businesses;
- fluctuations in interest rates and foreign currency exchange rates;
- our belief that our gross unrecognized tax benefits will not materially change in the next twelve months; and
- our growth strategy, including our focus on historically underserved large markets, the relative importance of organic growth versus strategic acquisitions, and the reasons that we acquire businesses.

The forward-looking statements regarding future events and the future results of Trimble Inc. ("Trimble" or "the Company" or "we" or "our" or "us") are based on current expectations, estimates, forecasts, and projections about the industries in which Trimble operates, Trimble's current tax structure, including where Trimble's assets are deemed to reside for tax purposes, and the beliefs and assumptions of Trimble management. Discussions containing such forward-looking statements may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" below. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "could," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," and similar expressions. These forward-looking statements involve certain risks and uncertainties that could cause actual results, levels of activity, performance, achievements, and events to differ materially from those implied by such forward-looking statements, including but not limited to those discussed in this Report under the section entitled "Risk Factors" and elsewhere, and in other reports Trimble files with the Securities and Exchange Commission ("SEC"), specifically the most recent reports on Form 8-K and Form 10-Q, each as it may be amended from time to time. These forward-looking statements are made as of the date of this Annual Report on Form 10-K. We reserve the right to update these statements for any reason, including the occurrence of material events, but assume no duty to update these statements to reflect subsequent events. The risks and uncertainties under the caption "Risks and Uncertainties" contained herein, among other things, should be considered in evaluating our prospects and future financial performance.



TRIMBLE INC.
2020 FORM 10-K ANNUAL REPORT
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PART I

Item 1. Business

Trimble Inc. (“Trimble” or “the Company” or “we” or “our” or “us”) is a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. Our comprehensive work process solutions are used across a range of industries including 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.

We transform the way the world works by delivering products and services that connect the physical and digital worlds. Core technologies used in positioning, modeling, connectivity, and data analytics enable customers to improve productivity, quality, safety, and sustainability. Our products are sold based on return on investment and provide benefits such as lower operational costs, higher productivity, improved quality, enhanced safety and regulatory compliance, and reduced environmental impact. Our representative products include equipment that automates and enables increased precision within large industrial equipment such as tractors and bulldozers; integrated systems that track and manage fleets of vehicles and workers and provide real-time information and analytics to the back-office; data collection systems that enable the management of large amounts of geo-referenced information; software solutions that connect all aspects of a construction site or a farm; and building information modeling (“BIM”) software that is used throughout the design, build, and operation of buildings.

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

Software is a key element of most of our solutions and accounts for a steadily increasing portion of our business. Our software products and services range from embedded real-time firmware to application software that integrates field data with large scale enterprise back-office applications. Many of our software solutions are built on configurable and enterprise grade scalable platforms that can be tailored to the workflows that our customers follow to implement their customized business processes. Our software capabilities include extensive three-dimensional (“3D”) modeling, analysis and design solutions, design and data preparation software, BIM software, enterprise resource planning and project management solutions, cloud-based collaboration solutions, applications for advanced surveying, data collection and analysis, farm productivity solutions, fleet management solutions for transportation, as well as a large suite of domain-specific software applications used across a host of industries including agriculture, construction, utilities, and transportation. Our software is sold as perpetual or term licenses or as a subscription and can be delivered for on-premise installation or in a hosted environment as Software as a Service (“SaaS”). Our software products allow our customers to optimize their work processes for targeted outcomes, improve their productivity, and gain insight into their projects and operations to enhance their decision-making and to gain maximum benefit from a broad range of other Trimble products and systems.

Many of our products integrate real-time positioning or location technologies with wireless communications and software or information technologies. Information about location or position is transmitted via a wireless link to a domain-specific software application, which enhances the productivity of the worker, asset, or work process. Position is provided through a number of technologies including the Global Positioning System (“GPS”), other Global Navigation Satellite Systems (“GNSS”) and their augmentation systems, and systems that use laser, optical, inertial, or other technologies to establish real-time position. Integration of wireless communications in our solutions facilitates real-time data flow, communication, and situational awareness within sites and between work sites or vehicles and offices.

Our global operations include major development, manufacturing, or logistics operations in the United States, the Netherlands, India, China, Germany, the United Kingdom, Finland, Canada, and New Zealand. Products are sold in more than 150 countries, through dealers, representatives, joint ventures, and other channels throughout the world, as well as direct sales to end-users.



Business Strategy

Our growth strategy is centered on multiple elements:

- *Executing on our Connect & Scale 2025 strategy* – We continue to focus on executing our Connect & Scale 2025 strategy. This strategy contains two elements. The first element, Connect, aims to connect more customer workflows, industry lifecycles, and solution offerings, so that we can continue to transform the way our customers work. This includes integrating more of our customers’ data through cloud offerings, and making more of our solutions available over time on a cloud basis and subscription basis. The second element, Scale, aims to invest in the people, processes, and technologies that are necessary for us to continue to grow our business efficiently and effectively for many years into the future.
- *Focus on attractive markets with significant growth and profitability potential* - We focus on large markets historically underserved by technology that offer significant potential for long-term revenue growth, profitability, and market leadership. Our core industries such as construction, agriculture, and transportation are each multi-trillion dollar global industries that operate in demanding environments with technology adoption in the early phases relative to other industries. With the emergence of mobile and cloud computing capabilities, the increasing technological know-how of end users, and compelling return on investment, we believe many of our markets are attractive for substituting Trimble’s technology and solutions in place of traditional operating methods.
- *Domain knowledge and technological innovation that benefit a diverse customer base* - We have over time redefined our technological focus from hardware-driven point solutions to integrated work process solutions by developing domain expertise and heavily reinvesting in research and development (“R&D”) and acquisitions. We currently have over 1,000 unique patents. We intend to continue to take advantage of our technology portfolio and deep domain knowledge to quickly and cost-effectively deliver specific, targeted solutions to each of the vertical markets we serve. We look for opportunities where the opportunity for technological change is high and that have a requirement for the integration of multiple technologies into complete vertical solutions.
- *Increasing focus on software and services* - Software and services targeted for the needs of vertical end markets are increasingly important elements of our solutions and are core to our growth strategy. We generally have an open application programming interface philosophy and open vendor environment, which leads to increased adoption of our software and analytics offerings. These software and services solutions integrate and optimize additional workflows for our customers, thereby improving their work productivity, and in the case of subscription, maintenance, and support services, also provide us with enhanced business visibility over time. Professional services constitute an additional customer offering that helps our customers integrate and optimize the use of our offerings in their environment.
- *Geographic expansion with localization strategy* - We view international expansion as an important element of our strategy, and we continue to position ourselves in geographic markets that will serve as important sources of future growth. We currently have distribution channels in over 85 countries, and sales are supported by our own offices located in over 40 countries around the world.
- *Optimized go-to-market strategies to best access our markets* - We utilize vertically focused go-to-market strategies that leverage domain expertise to best serve the needs of individual markets both domestically and abroad. These go-to-market capabilities include independent dealers, joint ventures, original equipment manufacturers (“OEM”), and distribution alliances with key partners, such as CNH Global, Caterpillar, and Nikon, as well as direct sales to end-users, which provide us with broad market reach and localization capabilities to effectively serve our markets.
- *Strategic acquisitions* - Organic growth continues to be our primary focus, while acquisitions serve to enhance our market position. We acquire businesses that bring domain expertise, technology, products, and distribution capabilities that augment our portfolio and allow us to penetrate existing markets more effectively, or to establish a market beachhead. Our success in targeting and effectively integrating acquisitions is an important aspect of our growth strategy.

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

Business Segments and Markets

Our segments are distinguished by the markets they serve. Each segment consists of businesses that are responsible for product development, marketing, sales, strategy, and financial performance. We report our financial performance, including revenue and operating income, based on four reportable segments: Buildings and Infrastructure, Geospatial, Resources and Utilities, and Transportation. For further financial information about our segments, see Note 5 to the Consolidated Financial Statements.



Buildings and Infrastructure

The Buildings and Infrastructure segment primarily serves customers working in architecture, engineering, construction, and operations and maintenance. Within this segment, our most substantial product portfolios are focused on building construction and civil engineering and construction.

Building Construction. Our building construction portfolio of solutions for the residential, commercial, and industrial building industry spans the entire life cycle of a building and is used by construction owners, architects, designers, general contractors, sub-contractors, engineers, and facility owners or lessees. These solutions serve to improve productivity and to enhance data sharing and collaboration across different teams and stakeholders to help keep projects within cost, time, and quality targets. The suite of technologies and solutions we provide to the building industry includes program management solutions for construction owners, software for 3D conceptual design and modeling, BIM software that is used in design, engineering, and construction, enterprise resource planning and project management and project collaboration for general contractors, advanced integrated site layout and measurement systems, cost estimating, scheduling, and project controls solutions for contractors. The suite also includes applications for sub-contractors and construction trades such as steel, concrete and mechanical, electrical and plumbing, project coordination, and capital program planning and management. In addition, our Trimble Connect collaboration platform streamlines customer workflows and enables interoperability between Trimble's and other providers' solutions. These solutions for the building industry serve to automate, streamline, and transform work processes across the building construction industry. Our solutions provide customer benefits such as reduced costs, reduced waste and re-work, increased worker safety and efficiencies, faster project completion times, improved information flow, better decision making, enhanced quality control, and sustainability. During 2020, we announced advances in several of our software packages and solutions, including: (i) the launch of PreDesign, a service that enables architects and designers to test design strategies and understand how a site's climate and environment will impact design proposals, and (ii) the announcement of new integrations for Microsoft 365 and BIMcollab with the Trimble® Connect cloud-based collaboration platform.

Civil Engineering and Construction. Before dirt is ever moved in civil construction, feasibility, design, and scheduling are critical steps to site construction. We provide the civil engineering and construction industry with a continuum of field solutions, software solutions, and services at every stage of the project - from planning and design, to construction, operation, and maintenance. Our civil construction solutions are used in civil infrastructure such as roads, railways, airports, land management, marine construction, and landfills. Our solutions are used across the entire project life cycle to improve productivity, reduce waste and re-work, and enable more informed decision making through enhanced situational awareness, data flow, and project collaboration. At the same time, our solutions can improve worker safety and reduce environmental impact. Our suite of integrated solutions and technologies in this area includes field and office software for optimized route selection and design; systems to automatically guide and control construction equipment such as excavators, bulldozers, wheel loaders, motor graders, and paving equipment; systems to monitor, track, and manage assets, equipment, and workers; and software to facilitate the sharing and communication of data in real time. Together, these solutions are designed to transform how work is done within the civil construction industry.

The civil construction market portfolio integrates data and information across the entire construction process and across mixed fleets. This includes data from site positioning and machine control systems, construction asset management equipment and services, and various software applications. Utilizing wireless and internet-based site communications infrastructure, our solutions include the ability to track and control equipment, perform remote machine diagnostics, and reduce re-work. By leveraging our technology, contractors gain greater insight into their operations helping them to lower costs and improve productivity, worker safety, and asset utilization.

We maintain a joint venture with Caterpillar, Caterpillar-Trimble Control Technologies ("CTCT"), to develop the next generation of advanced electronic guidance and control products for earth-moving machines. The joint venture develops machine control and guidance products that use site design information combined with accurate positioning technology to automatically control dozer blades and other machine tools. Caterpillar generally offers joint venture products as a factory-installed option, while we focus on the aftermarket with products for mixed fleets of earth-moving machines from Caterpillar and other equipment manufacturers to allow improved management of construction sites and projects.

During 2020, we announced a number of developments, including: (i) the launch of the Trimble® Platform as a Service, an offering that gives contractors the ability to purchase select civil construction hardware and software solutions and continually upgrade those solutions with the latest innovations from Trimble and (ii) the release of WorksOS, which integrates design data from the office with machine control data from Trimble to deliver real-time progress and productivity updates for the entire jobsite.



We sell and distribute our products in the Building and Infrastructure segment through both a direct sales force and global networks of independent dealers with expertise and customer relationships in the respective markets, including the network of SITECH Technology Dealers, which serves the civil construction industry. BuildingPoint is an initiative to form a global network of specialized distribution partners to serve the needs of the building construction industry by supporting customers in the adoption of our Buildings solutions. We also sell many of our software solutions through our own direct salesforce.

Competitors in this segment are typically companies that provide optical, laser, or GNSS positioning products as well as companies that produce software specific to the construction process. As we extend our software and services offerings to cover the full set of construction life cycle management solutions used by construction owners, designers, and construction companies, we increasingly compete with large established companies that offer similar systems across all industries. We compete principally on the basis of innovation, differentiated products, domain expertise, service, quality, and geographic reach.

Geospatial

The Geospatial segment primarily serves customers working in surveying, engineering, and government. Within this segment our most substantial product portfolios are focused on surveying and geospatial, and geographic information systems (“GIS”).

Surveying and Geospatial. Through our surveying product portfolio, professional surveyors and engineers provide services to the construction, engineering, mining, oil and gas, energy and utilities, government, and land management sectors. Our survey solutions replace less productive conventional methods of surveying, mapping, 2D or 3D modeling, measurement, reporting, and analysis. Our suite of solutions includes field-based data collection systems and field software, real time communications systems, and back-office software for data processing, modeling, reporting, and analysis. Our field-based technologies are used in handheld, land mobile, and airborne applications and incorporate technologies such as mobile application software, high precision GNSS, robotic measurement systems, inertial positioning, 3D laser scanning, digital imaging, and optical or laser measurement. We maintain a joint venture with Nikon, which focuses on the design and manufacture in Japan of surveying instruments including mechanical total stations and related products. Our office-based products include software for planning, data processing and editing, quality control, 3D modeling, intelligent data analysis and feature extraction, deformation monitoring, project reporting, and data export. Our customers in this area gain benefits from the use of our products including significantly improved productivity in both field and office activities, improved safety through non-contact measurement and detection of potentially dangerous ground or structure movement, and improved data flow that enables better decision making.

Geographic Information Systems. Our GIS product line collects authoritative field data and integrates that data into GIS databases. Our handheld data collection systems allow users to quickly log positions and descriptive information about their assets, ensure the integrity and accuracy of GIS information, and ultimately enable better decision-making. Through a combination of wireless technologies and software solutions, fieldwork results are seamlessly delivered to the back-office GIS, and mobile workers can also access GIS information remotely. This capability provides significant advantages to users, including improved productivity, accuracy, and access to information in the field.

During 2020, we announced the release of a new GNSS receiver, the Trimble R12i, which incorporates Inertial Measurement Unit (IMU)-based tilt compensation, which enables points to be measured or staked out while the survey rod is tilted, empowering land surveyors to focus on the job at hand and complete work faster and more accurately.

We sell and distribute our products in the Geospatial segment primarily through a global network of independent dealers and business partners. Major competitors in this segment are typically survey instrument companies that provide software driven, 3D measurement and imaging solutions. We compete principally on the basis of innovation, differentiated products, domain expertise, service, quality, and geographic reach.

Resources and Utilities

The Resources and Utilities segment primarily serves customers working in agriculture, forestry, and utilities. Within this segment, our most substantial product portfolio addresses the agriculture market.

Our precision agriculture products and services consist of guidance and positioning systems, including autonomous steering systems, automated and variable-rate application and technology systems, and information management solutions that enable farmers and their partners to improve crop performance, profitability, and environmental quality. Our precision agriculture solutions can assist farmers throughout every step of their farming process, beginning with land preparation and continuing through the planting, nutrient, pest management, and harvesting phases of a crop cycle. We provide manual and automated navigation guidance for tractors and other farm equipment used in spraying, planting, cultivating, and harvesting applications. The benefits to the farmer include faster machine operation, higher yields, and lower consumption of fuel and chemicals than



conventional equipment. In addition, we provide solutions to automate application of pesticide and seeding. Our water solutions help farmers minimize their water costs and distribute water more efficiently and include applications for leveling agricultural fields for irrigation and aligning drainage systems to better manage water flow in fields.

Software solutions that use data to enhance farm productivity are an increasing focus in our agriculture business. Our agricultural software is used by farmers to help integrate all of the information on the farm, and is also used by advisors, suppliers, and purchasers to share information to help improve efficiencies. Our agricultural software enables farmers to make more informed decisions leading to higher yields, better quality crops, increased profitability, and reduced environmental impact.

For many of our end market applications and customer needs, the positional accuracy that can be derived from GNSS satellite signals alone is insufficient. In these applications, higher levels of positional accuracy are required. For these situations, we provide an augmentation service that improves the positional accuracy that is available to the customer, thereby enabling higher levels of precision and automation in work processes that are conducted in the field. This service is provided by Trimble Positioning Services and is available in a variety of formats and accuracy levels, depending on the relevant application's specific needs. Trimble Positioning Services serves customers in a variety of end markets, including agriculture, construction, geospatial, and other markets, with a majority of its customers being in agriculture.

We use multiple distribution approaches to access the agricultural market including independent dealers and direct selling to enterprise accounts. A significant portion of our sales are through CNH Global and affiliated dealer networks. Our distributors provide a premier level of technical expertise, customer service and support capabilities, and operate with a strategy that fosters technology interoperability in mixed fleets used on a farm. Our distributors are committed to providing reliable, responsive, and dedicated in-field service and support as well as creating a hassle-free experience for the grower and their advisors when implementing advanced technology solutions. They also provide training to help farmers and advisors gain a better understanding of how to use the technology in a way that best meets their needs.

Competitors in the agricultural market are vertically integrated farm equipment and implement companies, agricultural instrumentation companies, and companies that provide agricultural software and services. We compete principally on the basis of robust performance, ease of use, domain expertise, customer support, price, interoperability, interconnectedness, and the completeness of our solutions.

Transportation

Our transportation solutions provide capabilities for the long-haul trucking and freight shipper markets to create a connected supply chain and integrate all forms of transportation, drivers, back office management, shippers and freight. We provide enterprise and mobility solutions focused on business intelligence and data analytics, safety and regulatory compliance, navigation and routing, freight brokerage, supply chain visibility and final mile, and transportation management and fleet maintenance. Within this segment, our most substantial product portfolio addresses the truckload freight market.

In the transportation market, we offer a suite of solutions marketed primarily under the Trimble brand. Together, this range of products provides comprehensive fleet and transportation management systems, analytics, routing, mapping, reporting, and predictive modeling solutions to enable the transportation industry to achieve greater overall operational efficiency, fleet performance, and profitability while ensuring regulatory compliance. In addition to cloud-hosted solutions, we also integrate our applications and services directly into the customer's IT infrastructure.

The mobility solutions encompass route management, safety and compliance, end-to-end vehicle management, video intelligence, and supply chain communications. The transportation management system serves as a central hub from which the core operations of transportation organizations are managed, data is stored and analyzed, and mission critical business processes are automated. Our enterprise transportation management system automates business processes spanning the entire surface transportation life cycle for shippers, carriers and intermediaries, delivering visibility, control, and decision support for the intricate relationships and complex processes involved in the movement of freight. Our products also provide truck routing, mileage, and mapping solutions, as well as a voice guided turn-by-turn navigation solution.

The Transportation segment generally sells directly to end-users and OEMs. Sales cycles tend to be long, often involving field trials followed by an extensive decision-making process. Competitors in this segment are typically companies that provide fleet mobility services, transportation management software, and digital freight matching. We compete principally on the basis of interoperability, domain expertise, customer support and service, price, innovative product offerings, quality, and the completeness of our solutions.



Seasonality of Business

Construction equipment revenue, within our Buildings and Infrastructure segment, historically has been higher in early spring. Our agricultural equipment revenue, within our Resources and Utilities segment, has historically been the highest in the first quarter, followed by the second quarter, reflecting buying in anticipation of the spring planting season in the Northern hemisphere. However, overall as a company, as a result of diversification of our businesses across segments and the increased impact of software and subscription revenue, we are experiencing less seasonality. Changes in global macroeconomic conditions could also impact the level of seasonality we experience.

Manufacturing

We outsource the manufacturing of many of our hardware products to our key contract manufacturing partners that include Flex Ltd., Benchmark Electronics Inc., and Jabil. Our contract manufacturing partners are responsible for significant material procurement, assembly, and testing. We continue to manage product design through pilot production for the subcontracted products, and we are directly involved in qualifying suppliers and key components used in all our products. Our current contract with Flex Ltd. continues in effect until either party gives the other ninety days written notice. We also utilize original design manufacturers for some of our products.

We manufacture our laser and optics-based products, as well as some of our GPS products, at our plants in Dayton, Ohio; Danderyd, Sweden; and Shanghai, China. Some of these products or portions of these products are also subcontracted to third parties for assembly.

Our primary design, manufacturing, and distribution sites in Dayton, Ohio; Sunnyvale, California; Danderyd, Sweden; Eindhoven, Netherlands; Auckland, New Zealand, and Shanghai, China are registered to ISO9001:2015 covering the design, production, distribution, and servicing of our products.

Research and Development and Patents, Licenses, and Intellectual Property

We believe that our competitive position is maintained through the development and introduction of new products, including software and services, that incorporate improved features and functionality, better performance, smaller size and weight, lower cost, or some combination of these factors. We invest substantially in the development of new products. We also make significant investments in the positioning, communication, and information technologies that underlie our products and will likely provide competitive advantages. Our investments enable us to push the state-of-the-art in key technology areas and to connect other leading technologies to solve customer problems in new and unique ways.

We expect to continue investing in research and development at a rate consistent with our past, with the goal of maintaining or improving our competitive position and entering new markets.

We seek to establish and maintain our proprietary rights in our technology and products through the use of patents, copyrights, trademarks, and trade secret laws. We have a program to file applications for and obtain patents, copyrights, and trademarks in the United States and in selected foreign countries where we believe filing for such protection is appropriate. We hold over 1,000 unique issued and enforceable patents covering key technology areas, including precision GNSS, optical and inertial positioning solutions, artificial intelligence and machine learning, IoT, cloud computing, laser scanning, 3D modeling, point cloud processing, augmented reality, and many others. We generally prefer to own the intellectual property used in our products, either directly or through subsidiaries. Occasionally we license technology from third parties. We are not dependent on any one patent or license. We also own numerous trademarks and service marks that contribute to the identity and recognition of Trimble and its global products and services.

Human Capital

Trimble's culture reflects our guiding principles at work and is fundamental to sustaining our success. A company's culture describes how people behave in the work environment and is closely tied to leadership. At Trimble, people inspire purpose and vision, engage to draw out the best from each other, and strive to achieve meaningful results. This mindset shapes how we treat one another and how we serve our customers, colleagues, and stockholders. These attributes serve as a common foundation across the global organization and also adapt locally to diverse geographic and operational business models. Commitment to these behaviors unites Trimble employees.



In the technology space, intellectual property and know-how derived from employees fosters innovation and serves as a competitive advantage. To continue producing the innovative technologies for which we are known, it is crucial that we continue to attract, engage, and retain top talent. We strive to make Trimble a diverse, equitable, inclusive, and safe workplace and provide opportunities for our employees to grow and develop in their careers, supported by competitive compensation, benefits, and health and wellness programs, and by programs that build connections between our employees and their communities.

At the end of fiscal 2020, we employed 11,402 full-time and part-time employees, the overwhelming majority of which were full-time employees. Approximately 49%, 30%, 17%, and 4% of employees reside in North America, Europe, Asia-Pacific, and the rest of world, respectively. Our employees are working in over 200 locations in over 40 countries. Collectively, we speak more than 45 different languages. We believe our diversity makes us stronger and better able to solve complex problems for our customers.

Diversity and Inclusion

We value diversity in our workforce, including various cultures, backgrounds, ages, gender, race and ethnicities, nationality, sexual orientation, religion, people with different abilities, parents and caregivers, and many other characteristics, knowing that it drives our best thinking. Our focus on diversity starts at the top. Four out of our eleven board members are female or ethnically diverse, placing us in a select group of companies. In fiscal 2020, we named a Vice President of Diversity, Equity, and Inclusion. In quarterly business reviews, we review gender and U.S. ethnicity demographics and trends for every business within Trimble, as well as initiatives that will lead toward future progress.

We have a number of employee networks that enhance our inclusive and diverse culture, including networks that support women, caregivers, black professionals, veterans, and the LGBTQ+ community. We are focused on measuring and increasing gender representation and diversity in high impact roles such as front-line management, engineering, product management, and sales. We have provided increased access to diversity and inclusion educational resources, training, assessments, articles and other employee forums to help us work together and more effectively across a variety of cultures globally.

We are committed to inspiring and attracting extraordinary and diverse talent. The hiring and retention of top talent is always a strategic priority, and increasingly, a challenging one. In addition, our increasing focus on technologies, such as cloud and autonomy, requires us to compete against leading companies in the technology sector. Colleges and universities remain an important source of talented recruits. We aim to transform and re-invent the way Trimble attracts and hires employees to increase diversity. Initiatives include modifications to our recruiting process to ensure inclusion of diverse candidates, developing relationships with universities with higher underrepresentation, creating diverse talent pools, and increasing networking and referrals with diverse professional organizations.

Compensation and Benefits

We believe people should be paid for the role they perform and their skills and experience, regardless of their gender, race, age or other personal characteristics. To deliver on that commitment, we benchmark and set pay ranges based on market data and consider factors such as an employee's role, their experience, their performance, and the region in which they live. We also regularly review our compensation practices to ensure our pay is fair and equitable. In addition to base salaries, certain roles are eligible to participate in short-term and long-term incentive plans.

We also offer market competitive benefit programs (which vary by country/region), which include health and wellness benefits, life insurance and disability benefits, flexible savings accounts, paid time off, parental and family leave, employee support programs, retirement plans, an employee stock purchase plan, adoption and surrogacy education assistance, flexible work schedules, tuition assistance, and on-site services such as health centers and fitness centers at some sites, among others.

Talent Development

We are committed to providing every employee with the opportunity to learn, grow, and excel in a respectful and collaborative workplace. Part of our people development mission is to create a culture of continuous learning and curiosity. We believe that abilities can be developed through dedication and hard work; brains and talent are just the starting point. We encourage employees to nurture a love of continuous learning and a resilience that is essential for accomplishment.

We have a framework for people development that is employee-centric and evidence-based. Performance reviews include frequent, casual conversations based upon employee survey data that drives engagement and retention. These surveys also include questions oriented around the Company's mission, vision, values, and purpose, work environment, career development, and employee-manager relations. Our world-wide training portal, Learn.Trimble.com, provides a set of resources that is easy to



access anytime and anywhere, with a range of focus areas from new employees to existing employee development to manager development.

Building Connections

We believe that building connections between our employees, their families, and our communities creates a more meaningful, fulfilling, and enjoyable workplace. Since our employees are passionate about a variety of causes, our company giving and volunteering programs support and encourage employees by engaging with those causes. In our offices around the world, our employee-led committees select local organizations to support, often in the form of grants and employee fundraising. We also frequently collaborate with these organizations on volunteer activities for our employees.

Our Trimble Foundation aligns international philanthropic efforts by giving back to the communities where Trimble does business and helping those in need. We do this by supporting two focus areas, natural disaster relief and female education and empowerment, as well as by supporting the philanthropic efforts of our offices.

Health, Safety and Wellness

The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety, and wellness of our employees. We provide our employees and their families with access to a variety of innovative, flexible, and convenient health and wellness programs, including benefits that provide protection and security so they can have peace of mind concerning events that may require time away from work or that impact their financial well-being; that support their physical and mental health by providing tools and resources to help them improve or maintain their health status and encourage engagement in healthy behaviors; and that offer choice where possible so they can customize their benefits to meet their needs and the needs of their families.

In response to the COVID-19 pandemic, we implemented changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. This includes having the vast majority of our employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports are available free of charge on our web site through investor.trimble.com, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Financial news and reports and related information about our Company, as well as GAAP to non-GAAP reconciliations, are also found on this web site. Information contained on our web site is not part of this annual report on Form 10-K.

In addition, you may request a copy of these filings (excluding exhibits) at no cost by writing or telephoning us at our principal executive offices at the following address or telephone number:

Trimble Inc.
935 Stewart Drive, Sunnyvale, CA 94085
Attention: Investor Relations
Telephone: 303-635-8551



Information about our Executive Officers

The names, ages and positions of our executive officers as of February 26, 2021 are as follows:

Name	Age	Position
Steve W. Berglund	69	Executive Chairman
Robert G. Painter	49	President and Chief Executive Officer
David G. Barnes	59	Chief Financial Officer
Ronald J. Bisio	52	Senior Vice President
Bryn A. Fosburgh	58	Senior Vice President
James A. Kirkland	61	Senior Vice President, General Counsel and Secretary
James Langley	46	Senior Vice President
Darryl R. Matthews	53	Senior Vice President
Julie A. Shepard	63	Chief Accounting Officer

Steven W. Berglund—Steven Berglund was appointed executive chairman of Trimble’s board in January 2020, and previously served as the president and chief executive officer of Trimble since March 1999. Prior to joining Trimble, Mr. Berglund was president of Spectra Precision, a group within Spectra Physics AB. Mr. Berglund’s business experience includes a variety of senior leadership positions with Spectra Physics, and manufacturing and planning roles at Varian Associates. He began his career as a process engineer at Eastman Kodak. He attended the University of Oslo and the University of Minnesota where he received a B.S. in chemical engineering. Mr. Berglund received his M.B.A. from the University of Rochester. Mr. Berglund is a member of the board of directors of the Silicon Valley Leadership Group and the Association of Equipment Manufacturers (AEM), as well as chairman of AEM’s construction sector board. He is also a member of the board of directors and audit committee of Belden Inc., a global provider of end-to-end signal transmission solutions.

Robert G. Painter—Robert Painter was appointed Trimble’s president and chief executive officer in January 2020. From 2016 through 2019, he served as our chief financial officer, where he was responsible for Trimble’s worldwide finance operations. In 2015, Mr. Painter was appointed vice president of Trimble buildings businesses, a group focused on BIM-centric divisions that span the design-build-operate continuum of the building life cycle. From 2011 to 2014, he served as general manager of our joint venture with Hilti, which was created to foster collaborative development of product innovations for the building construction industry. From 2009 to 2010, he served as general manager of our construction services division. Mr. Painter joined Trimble in 2006 and assumed leadership of Trimble’s business development, leading all acquisition and corporate strategy activities. Prior to joining Trimble, Mr. Painter served in a variety of management and finance positions at Cenveo, Rapt Inc., Bain & Company, Whole Foods Market, and Kraft Foods. In 1993, he earned a Bachelor of Science degree in Finance from West Virginia University and received an MBA in Business from Harvard University in 1998.

David G. Barnes—David G. Barnes joined Trimble as chief financial officer in January 2020 with more than 35 years of financial and strategic management experience, including treasury, tax, investor relations, and risk management. Prior to Trimble, Mr. Barnes served as chief financial officer at MWH Global Inc., a global provider of engineering and construction services, from January 2009 to May 2016. At MWH, he served on the board of directors and had responsibility for information technology and procurement in addition to his financial role. Following the sale of MWH to Stantec Inc., Mr. Barnes assumed operational responsibility for Stantec’s businesses outside North America from September 2017 to January 2019. He also served as a leader on the committee overseeing the integration of MHW into Stantec from May 2016 to July 2017. Prior to MWH, Mr. Barnes held financial leadership positions at Western Union, Coors, and YUM Brands. He began his career as a strategy consultant at Bain & Company. In 1983, he received a Bachelor of Science in Applied Mathematics from Yale University and his MBA in Finance and Marketing from the University of Chicago in 1987. Mr. Barnes also serves as a board member and chair of the Audit Committee of CSG Systems International.

Ronald J. Bisio—In February 2019, Ronald Bisio was appointed senior vice president responsible for Trimble’s surveying and geospatial businesses, where he had previously served as vice president since April 2015. Prior to this role, he served as general manager for Trimble’s rail division from January 2011 until April 2015. He joined Trimble in 1996 and has held several marketing, sales, and general management positions since then at Trimble. He earned a Master of Business Administration degree from the University of Denver, a Master of Regional Planning degree from the University of Massachusetts, and a Bachelor of Science degree in Cartography from Salem State University in Salem, Massachusetts.



Bryn A. Fosburgh—Bryn Fosburgh currently serves as senior vice president responsible for Trimble’s construction businesses, which includes Trimble’s civil engineering and construction, buildings, Viewpoint and e-Builder divisions, as well as Trimble’s joint ventures with Caterpillar, Hilti, and Nikon. From 2016 to 2019, Mr. Fosburgh was our senior vice president responsible for Trimble’s joint ventures, as well as U.S. Federal government strategy and accounts, OEM construction machine division, and professional services groups. From 2014 to 2016, he served as senior vice president for Trimble’s geospatial, civil engineering and construction, and building divisions, and the Caterpillar and Hilti-related joint ventures. From 2010 to 2014, Mr. Fosburgh was responsible for buildings and heavy civil construction divisions along with Caterpillar and Hilti joint ventures. From 2009 to 2010, Mr. Fosburgh served as vice president for Trimble’s construction division, transportation and logistics, field service management, and a number of corporate functions and geographical regions. From 2007 to 2009, Mr. Fosburgh was vice president for Trimble’s construction and agriculture divisions, and from 2005 to 2007, Mr. Fosburgh served as vice president and general manager of Trimble’s engineering and construction division. Mr. Fosburgh joined Trimble in 1994 and has held numerous roles, including vice president and general manager for Trimble’s geomatics and engineering division, and division vice president of survey and infrastructure. Prior to Trimble, Mr. Fosburgh was a civil engineer and also held various positions for the U.S. Army Corps of Engineers and Defense Mapping Agency. Mr. Fosburgh received a B.S. in geology from the University of Wisconsin in Green Bay in 1985 and an M.S. from the school of civil engineering at Purdue University in 1989.

James A. Kirkland—James Kirkland currently serves as Trimble’s senior vice president, general counsel, and secretary. He joined Trimble as vice president and general counsel in July 2008. Prior to joining Trimble, he served as general counsel and executive vice president, strategic development at Covad Communications. Mr. Kirkland also served as senior vice president of spectrum development and general counsel at Clearwire Technologies, Inc. Mr. Kirkland began his career in 1984 as an associate at Mintz Levin and in 1992 he was promoted to partner. Mr. Kirkland received his BA from Georgetown University in Washington, D.C. in 1981 and his J.D. from Harvard Law School in 1984.

James Langley—James Langley currently serves as a senior vice president responsible for Trimble transportation businesses. He was appointed to this role in September 2019 and before that served as Trimble’s general manager of Trimble transportation enterprise since April 2019. Prior to that, Mr. Langley was with Dart Transit Company, a transportation and tractor fleet company based in Eagan, Minnesota, where he served as president from December 2017 until March 2019, and chief operating officer from January 2016 until March 2019. Before Dart, Mr. Langley was with TMW Systems, one of Trimble’s transportation businesses, as vice president and general manager of business intelligence and optimization from May 2011 until December 2015. Mr. Langley has extensive experience in the transportation industry, having also held positions at US Xpress, Transcard, and JB Hunt, where he worked in the areas of operations, IT, engineering and analytics. Mr. Langley holds a degree from the University of Arkansas in transportation and logistics.

Darryl R. Matthews—Darryl Matthews currently serves as senior vice president responsible for Trimble’s natural resources businesses, which includes agriculture, forestry, and global services divisions. From 2010 to 2015, Mr. Matthews served as president and general manager of the NAFTA Region for Nufarm Americas, Inc., a subsidiary of Nufarm Limited, a publicly-traded multinational agricultural chemical company. From 2008 to 2010, Mr. Matthews served as general manager of Nufarm Agriculture Inc., the Canadian subsidiary of Nufarm Limited. Mr. Matthews began his career at Dow AgroSciences in Canada where he held management roles in sales and marketing. From 2010 to 2015, he served on the Board of Directors for CropLife America. He received an Honors B.Sc. in Agriculture majoring in Horticultural Science and Business from the University of Guelph in Ontario, Canada in 1994.

Julie A. Shepard—Julie Shepard currently serves as Trimble’s chief accounting officer. She joined Trimble in December of 2006 as vice president of finance and was appointed chief accounting officer in May 2017. Prior to joining Trimble, Ms. Shepard served as vice president of finance and corporate controller at Quantum Corporation. Ms. Shepard brings with her over 30 years of experience in a broad range of finance roles, with diverse experience ranging from early stage private equity backed technology companies to large multinational corporations. Ms. Shepard began her career at Price Waterhouse and is a Certified Public Accountant. She received a B.S. in Accounting from California State University. She is a member of the AICPA, Financial Executive Institute, and the SASB Alliance.



Item 1A. Risk Factors

RISKS AND UNCERTAINTIES

You should carefully consider the following risk factors, in addition to the other information contained in this Form 10-K and in any other documents to which we refer you in this Form 10-K, before purchasing our securities. The risks and uncertainties described below are not the only ones we face.

Risks related to our business

Our financial condition and results of operations have been and may continue to be adversely affected by the COVID-19 pandemic

Our overall performance depends upon domestic and worldwide economic and political conditions. The global spread of COVID-19 has created volatility, uncertainty, and economic disruption. The pandemic has caused and may continue to cause a slowdown in worldwide economic activity, decreased demand for products and services, and disruptions to global supply chains and financial markets. These effects have resulted and may result in additional lost or delayed revenue to us and have disrupted our business operations as we have transitioned to remote working environments, restricted employee travel, and significantly limited access to, and imposed social distancing requirements within, our facilities including research and development facilities.

Our dealer network, suppliers, and contract manufacturers have been similarly impacted by the COVID-19 pandemic. In the event of continuing and significant disruptions, there is no guarantee that we would be able to find alternative sources of distribution, supply, or manufacturing, which could delay our ability to market, source, manufacture, and ship our products. These distribution and supply chain effects may have an adverse effect on our ability to meet customer demand and could result in an increase in our costs of production and distribution.

The extent to which COVID-19 impacts our business, operations, and financial results will depend on numerous evolving factors that we are not able to accurately predict, including:

- the duration and scope of the pandemic, the availability of and timing for distributing vaccines and the efficacy of vaccines, including with respect to new strains of the virus, and the continuing economic impacts of the pandemic;
- governmental, business, and individuals' actions that have been and continue to be taken in response to the pandemic;
- the effect on our customers and customer demand for and ability to pay for our products and services;
- restrictions or disruptions to transportation, including reduced availability of ground or air transport;
- disruption of the supply chain for our products;
- our ability to comply with financial covenants, including maintaining required leverage ratios, which could result in debt becoming due and payable prior to its stated maturity; and
- changes in our effective tax rate due to effects of COVID-19 on our geographic mix of earnings.

In addition, the impact of COVID-19 on macroeconomic conditions may impact the proper functioning of financial and capital markets, foreign currency exchange rates, commodity and energy prices, and interest rates. Even after the COVID-19 pandemic has subsided, we may continue to experience adverse impacts to our business as a result of any economic recession that has occurred or may occur in the future. In regions that fail to fully contain COVID-19 or suffer a COVID-19 relapse, those markets may not recover as quickly or at all, which could have a material adverse effect on our business, financial condition, and results of operations.

We operate globally and are subject to significant risks in many jurisdictions

Global or regional conditions may harm our financial results. We have operations in many countries, and a significant portion of our revenue is derived from countries outside of the United States. As a result, our operations, and our financial results, including our ability to design, develop, or sell products, may be adversely affected by a number of factors outside of our control, including:

- global and local economic conditions;
- the demand and cost of commodities, such as corn and oil;
- the strength of the agricultural, engineering, and construction markets;
- inadequate infrastructure and other disruptions, such as supply chain interruptions and large-scale outages or unreliable provision of services from utilities, transportation, data hosting, or telecommunications providers;
- government restrictions on our operations in any country, or restrictions on our ability to repatriate earnings from a particular country;
- differing employment practices and labor issues;
- formal or informal imposition of new or revised export and/or import and doing-business regulations, including trade sanctions, tariffs, and import or export licensing requirements, which could be changed without notice;
- ineffective legal protection of our IP rights in certain countries;
- uncertain economic and political conditions in countries where we do business;



- local business and cultural factors that differ from our normal standards and practices;
- differing regional responses and restrictions related to global pandemics, like the COVID-19 pandemic; and
- uncertainty regarding social, political, immigration, and trade policies in the U.S. and abroad, including the impact of the United Kingdom's recent withdrawal from the European Union ("Brexit").

There is inherent risk that political, diplomatic, or military events could result in trade disruptions, including tariffs, trade embargoes, export restrictions, and other trade barriers. A significant trade disruption or the establishment or increase of any trade barrier in any area where we do business could increase the cost of our products, which could adversely impact the margin that we earn on sales, make our products more expensive for customers or create uncertainty around demand for certain types of products, which could make our products less competitive and reduce customer demand. Given the change in U.S. presidential administration and the current political climate, there is uncertainty about the trade policies, treaties, government regulations, and tariffs that could apply to trade. In addition, if there is continuing deterioration in the global economy, the economies of the countries or regions where our customers are located or do business, or the industries that we or our customers serve, the demand for our products and services would likely decrease. In addition, government or customer efforts, attitudes, laws or policies may lead to non-U.S. customers favoring domestic suppliers that could compete with or replace our products, which would also have an adverse effect on our business. Changes in economic conditions and political uncertainty surrounding international trade also make it difficult to make financial forecasts. Any of these factors or any combination of these factors could cause us to miss our financial projections and adversely affect our business, financial condition, and results of operations.

Engaging in international business inherently involves a number of other difficulties and risks.

Risks associated with engaging in international business include:

- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties and costs of staffing and managing international operations;
- differing local customer product preferences and requirements than our U.S. markets; and
- difficulties protecting or procuring intellectual property rights.

These factors or any combination of these factors could adversely affect our business, financial condition, and results of operations.

If we are unable to effectively manage our increasingly diverse and complex businesses and operations, our ability to generate growth and revenue from new or existing customers may be adversely affected

Because our operations are geographically diverse and increasingly complex, our personnel resources and infrastructure could become strained, and our reputation in the market and our ability to successfully manage and grow our business may be adversely affected. The size, complexity, and diverse nature of our business and the expansion of our product lines and customer base have placed increased demands on our management and operations, and future growth may place additional strains on our resources in the future. Our ability to effectively compete and to manage our planned future growth will depend on, among other things, the following:

- maintaining continuity in our senior management and key personnel;
- increasing the productivity of our existing employees;
- attracting, retaining, training, and motivating our employees, particularly our technical and management personnel;
- deploying our solutions using third-party information systems, which may require changes to our applications, documentation, and operational processes;
- improving our operational, financial, and management controls; and
- improving our information reporting systems and procedures.

We have increasingly diversified the nature of our businesses both organically and by acquisition. As a result, an increasing amount of our business involves business models that require managerial techniques and skill sets that are different from those required to manage our historical core businesses.

Over the last few years, we have focused more on subscription models. As a result, we expect to derive an increasing portion of our revenue in the future from subscriptions. The subscription models provide our customers the right to access certain of our software in a hosted environment or use downloaded software for a specified subscription period. Market acceptance of such offerings is affected by a variety of factors, including but not limited to security, reliability, performance, current license terms, customer preference and industry adoption, social/community engagement, customer concerns with entrusting a third party to store and manage their data, public concerns regarding privacy and the enactment of restrictive laws or regulations. We may be unable to successfully support and host our subscription offerings in light of the foregoing risks and uncertainties.



These factors or a combination of these factors could have an adverse impact on our business, financial condition, and results of operations.

Changes in our software and subscription businesses may adversely impact our operations and financial results

An increasing portion of our revenue is generated through software maintenance and subscription revenue, which includes SaaS and new subscription services for integrated solutions. Our customers have no obligation to renew their agreements for our software maintenance or subscription services after the expiration of their initial contract period, which typically ranges from one to three years. Our customer acquisition and renewal rates may decline or fluctuate as a result of a number of factors, including overall economic conditions, the health of their businesses, competitive offerings, and customer dissatisfaction with our services. If customers do not renew their contracts for our products, our maintenance and subscription revenue will decline, and our financial results will suffer. Any reduction in the number of licenses that we sell, even if our customer acquisition rates do not change, will have an adverse impact on our future maintenance revenue growth. If any of our assumptions about expenses, revenue or revenue recognition principles from these initiatives proves incorrect, or our attempts to improve efficiency are not successful, our actual results may vary materially from those anticipated, our business, financial condition, and results of operations could be adversely impacted.

We continually re-evaluate our software licensing programs and subscription programs, including specific license models, delivery methods, and terms and conditions. Changes to our licensing programs and subscription programs, including the introduction of new subscription services for integrated solutions that include hardware, the timing of the release of enhancements, upgrades, maintenance releases, the term of the contract, discounts, promotions, and other factors could impact the timing of the recognition of revenue for our products, and could adversely affect our operating results and financial condition. We may implement different licensing models that require us to recognize licensing fees over a longer period. Over the last few years, we have increasingly offered additional products through a SaaS model. SaaS revenue is currently recognized ratably over the subscription period. Any significant increase in the percentage of our business generated from a subscription model could increase the amount of revenue to be recognized over time as opposed to upfront, which would delay revenue recognition and have an adverse impact on our operating results in a quarterly period. Due to these complexities, we may not be able to accurately forecast our revenue, which could cause us to miss our earnings estimates or revenue projections and adversely impact our stock price.

We may not be able to enter into or maintain important alliances and distribution relationships

We believe that in certain business opportunities, our success will depend on our ability to form and maintain alliances with industry participants, such as Caterpillar, Nikon, Hilti, and CNH Global. Our failure to form and maintain such alliances, or the preemption or disruption of such alliances by actions of competitors, could adversely affect our ability to sell our products to customers. Our relationships with substantial industry participants such as Caterpillar and CNH Global are complex and multifaceted and are likely to evolve over time based upon the changing business needs and objectives of the parties. Evolution of our respective business strategies and diversification of product portfolios may lead to increased competition with our strategic allies, placing additional pressure on these relationships. Since these strategic relationships contribute to significant ongoing business in certain of our important markets, changes in these relationships could adversely affect our sales. In addition, we utilize dealer networks, including those affiliated with some of our strategic allies such as Caterpillar and CNH Global to market, sell, and service many of our products.

Changes in our product mix, including increasing provision of subscription services for integrated solutions tailored to the needs of specific vertical markets, impose new demands on our distribution channels and may require significant changes in the skills and expertise required to successfully distribute our products and services, or the creation of new distribution channels. Recruiting and retaining qualified channel partners and training them in the use and the selling of our technology and product offerings requires significant time and resources. In order to develop and expand our distribution channels, we must continue to expand and improve our processes and procedures that support our distribution channels, including our investment in systems and training, and those processes and procedures may become increasingly complex and difficult to manage. The time and expense required for sales and marketing organizations of our channel partners to become familiar with our product offerings, including our new product developments, and newer types of offering, such as subscription programs for integrated solutions that include hardware, software maintenance, and other recurring services, may make it more difficult to introduce those products to end-users and delay end-user adoption, which could result in lower revenue.

Disruption of dealer coverage within specific geographic or end-user markets could cause difficulties in marketing, selling, or servicing our products and have an adverse effect on our business, financial condition, and results of operations. Moreover, dealers who carry products that compete with our products may focus their inventory purchases and sales efforts on goods provided by competitors due to industry demand or profitability. Such sourcing decisions can adversely impact our sales, financial condition, and results of operations.



Investing in and integrating new acquisitions could be costly, place a significant strain on our management systems and resources, or may fail to deliver the expected return on investment, which could adversely impact our results of operations

We typically acquire a number of businesses each year and intend to continue to acquire other businesses. Acquisitions entail numerous risks, including:

- potential inability to successfully integrate acquired operations and products or to realize cost savings or other anticipated benefits from integration;
- loss of key employees or customers of acquired operations;
- difficulty of assimilating geographically dispersed operations and personnel of the acquired companies;
- potential disruption of our business or the acquired business;
- unanticipated expenses related to acquisitions;
- unanticipated difficulties in conforming business practices, policies, procedures, internal controls, and financial records of acquisitions with our own business;
- impairment of relationships with employees, customers, vendors, distributors or business partners of either an acquired company or our own business;
- inability to accurately forecast the performance of recently acquired businesses, resulting in unforeseen adverse effects on our operating results;
- potential liabilities, including liabilities resulting from known or unknown compliance or legal issues, associated with an acquired business; and
- adverse accounting impact to our results of operations because of purchase accounting treatment and the business or accounting practices of acquired companies.

Any such effects from acquisitions could be costly and place a significant strain on our management systems and resources.

As a result of acquisitions, we have significant assets that include goodwill and other purchased intangibles. The testing of goodwill and intangibles for impairment under established accounting guidelines requires significant use of judgment and assumptions. Changes in business conditions or in the prospects or results of operations of the acquired business could require negative adjustments to the valuation of these assets resulting in write-offs that would adversely affect our results. If we divest a business and the proceeds are less than the net book value at the time, we would have to write off the difference. In addition, changes in the operating results or the valuation of companies in which we have investments may have a direct impact on our financial statements or could result in our having to write down the value of such investment.

Even if successfully negotiated and closed, acquisitions may not yield expected synergies, may not advance our business strategy as expected, may fall short of expected return-on-investment targets, or may not prove successful or effective for our business. Companies that we acquire may operate with different cost and margin structures, which could further cause fluctuations in our operating results and adversely affect our business, financial condition, and results of operations.

We face substantial competition in our markets, which could decrease our revenue and growth rates or impair our financial condition and results of operations

Our markets are highly competitive, and we expect that both direct and indirect competition will increase in the future. Our overall competitive position depends on a number of factors including the price, quality and performance of our products, the effectiveness of our distribution channel and direct sales force, the level of customer service, the development of new technology, and our ability to participate in emerging markets. Within each of our markets, we encounter direct competition from other GNSS, software, optical, and laser suppliers, and competition may intensify from various larger U.S. and non-U.S. competitors and new market entrants, particularly from markets such as China. Our products, which commonly use GNSS for basic location information, may be subject to competition from alternative location technologies such as simultaneous location and mapping technology. In our software and subscription services businesses, we face competition from a group of large, well-established companies, particularly in the areas of design, enterprise resource planning (ERP), collaboration and project management solutions. Our integrated hardware and software products may be subject to increasing competition from mass market devices such as smartphones and tablets used in conjunction with relatively inexpensive applications, which have not been heavily used for commercial applications in the past. These developments may require us to rapidly adapt to technological and customer preference changes that we have not previously been exposed to, including those related to cloud computing, mobile devices, and new computing platforms. Such competition has in the past resulted, and in the future may result, in price reductions, reduced margins or loss of market share, any of which could decrease our revenue and growth rates or impair our operating results and financial condition. We believe that our ability to compete successfully in the future against existing and additional competitors will depend largely on our ability to execute our strategy to provide products with significantly differentiated features compared to currently available products. We may not be able to implement this strategy successfully, and our products may not be competitive with other technologies or products that may be developed by our competitors, many of whom have significantly greater financial, technical, manufacturing, marketing, sales, and other resources than we do.



Risks related to our technology and products

Our products are highly technical and may contain undetected errors, product defects, security vulnerabilities, or software errors

Our products, including our software products, are highly technical and complex and, when deployed, may contain errors, defects, or security vulnerabilities. We must develop our products quickly to keep pace with the rapidly changing market, and we have a history of frequently introducing new products. Products and services as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. Such occurrences could result in damage to our reputation, lost revenue, diverted development resources, increased customer service and support costs, warranty claims, and litigation.

We warrant that our products will be free of defect for various periods of time, depending on the product. In addition, certain of our contracts include epidemic failure clauses. If invoked, these clauses may entitle the customer to return or obtain credits for products and inventory, or to cancel outstanding purchase orders even if the products themselves are not defective.

Errors, viruses, or bugs may be present in software or hardware that we acquire or license from third parties and incorporate into our products or in third party software or hardware that our customers use in conjunction with our products. Our customers' proprietary software and network firewall protections may corrupt data from our products and create difficulties in implementing our solutions. Changes to third party software or hardware that our customers use in conjunction with our software could also render our applications inoperable. Any errors, defects, or security vulnerabilities in our products or any defects in, or compatibility issues with, any third-party hardware or software or customers' network environments discovered after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers, theft of trade secrets, data or intellectual property and increased service and warranty cost, any of which could adversely affect our business, financial condition, and results of operations.

Undiscovered vulnerabilities in our products alone or in combination with third party hardware or software could expose them to hackers or other unscrupulous third parties who develop and deploy viruses, and other malicious software programs that could attack our products. Actual or perceived security vulnerabilities in our products could harm our reputation and lead some customers to return products, to reduce or delay future purchases, or use competitive products.

Our internal and customer-facing systems, and systems of third parties we rely upon, may be subject to cybersecurity breaches, disruptions, or delays

A cybersecurity incident in our own systems or the systems of our third-party providers may compromise the confidentiality, integrity, or availability of our own internal data, the availability of our products and websites designed to support our customers, or our customer data. Computer hackers, foreign governments, or cyber terrorists may attempt to or succeed in penetrating our network security and our website. The recent discovery of wide-scale cybersecurity intrusions into U.S. government and private company computer networks by alleged Russian state actors underscores the ongoing threat posed by sophisticated and foreign state-sponsored attacks. Unauthorized access to our proprietary business information or customer data may be obtained through break-ins, sabotage, breach of our secure network by an unauthorized party, computer viruses, computer denial-of-service attacks, employee theft or misuse, breach of the security of the networks of our third-party providers, or other misconduct. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive or confidential information in order to gain access to data.

We have experienced security breaches in the past, and despite our efforts to maintain the security and integrity of our systems, it is impossible to eliminate this risk. Because the techniques used by computer hackers who may attempt to penetrate and sabotage our network security or our website change frequently, they may take advantage of weaknesses in third-party technology or standards of which we are unaware or that we do not control and may not be recognized until long after they have been launched against a target. We may be unable to anticipate or counter these techniques. It is also possible that unauthorized access to customer data or confidential information may be obtained through inadequate use of security controls by customers, vendors, or business partners. Efforts to prevent hackers from disrupting our service or otherwise accessing our systems are expensive to develop, implement, and maintain. Such efforts require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated and may limit the functionality of, or otherwise adversely impact our service offering and systems. A cybersecurity incident affecting our systems may also result in theft of our intellectual property, proprietary data, or trade secrets, which would compromise our competitive position, reputation, and operating results. We also may be required to notify regulators about any actual or perceived personal data breach (including the EU Lead Data Protection Authority) as well as the individuals who are affected by the incident within strict time periods.

The systems we rely upon also remain vulnerable to damage or interruption from a number of other factors, including access to the internet, the failure of our network or software systems, or significant variability in visitor traffic on our product websites, earthquakes, floods, fires, power loss, telecommunication failures, computer viruses, human error, and similar events or disruptions. Some of our systems are not fully redundant, and our disaster recovery planning is not sufficient for all eventualities. Our systems are also subject to intentional acts of vandalism. Despite any precautions we may take, the



occurrence of a natural disaster, a decision by any of our third-party hosting providers to close a facility we use without adequate notice for financial or other reasons, or other unanticipated problems at our hosting facilities could cause system interruptions and delays, and result in loss of critical data and lengthy interruptions in our services.

We rely on our information systems and those of third parties for activities such as processing customer orders, delivery of products, hosting and providing services and support to our customers, billing and tracking our customers, hosting and managing our customer data, and otherwise running our business. Any disruptions or unexpected incompatibilities in our information systems and those of the third parties upon whom we rely could have a significant impact on our business.

An increasing portion of our revenue comes from SaaS solutions and other hosted services in which we store, retrieve, communicate, and manage data that is critical to our customers' business systems. Disruption of our systems that support these services and solutions could cause disruptions in our customers' systems and in the businesses that rely on these systems. Any such disruptions could harm our reputation, create liabilities to our customers, hurt demand for our services and solutions, and adversely impact our business, financial condition, and results of operations.

We are dependent on new products and services, and if we are unable to successfully introduce them into the market or to effectively compete with new, disruptive product alternatives, our customer base may decline or fail to grow as anticipated

Our future revenue stream depends to a large degree on our ability to bring new products and services to market on a timely basis. We must continue to make significant investments in research and development in order to continue to develop new products and services, enhance existing products, and achieve market acceptance of such products and services. We may encounter problems in the future in innovating and introducing new products and services. Our development stage products may not be successfully completed or, if developed, may not achieve significant customer acceptance. Development and manufacturing schedules for technology products are difficult to predict, and we might not achieve our goals as to the timing of introducing new technology products or could encounter increased costs. The timely availability and cost-effective production of these products in volume and their acceptance by customers are important to our future success. If we are unable to introduce new products and services, if other companies develop competing technology products and services, or if we do not develop compelling new products and services, our number of customers may not grow as anticipated, or may decline, which could harm our operating results. Many of our offerings are increasingly focused on software and subscription services. The software industry is characterized by rapidly changing customer preferences, which require us to address multiple delivery platforms, new mobile devices, and cloud computing. Life cycles of software products can be short, and this can exacerbate the risks associated with developing new products. The introduction of third-party solutions embodying new, disruptive technologies and the emergence of new industry standards could make our existing and future software solutions and other products obsolete or non-competitive. If we are not able to develop software and other solutions that address the increasingly sophisticated needs of our customers, or if we are unable to adapt to new platforms, technologies, or new industry standards that impact our markets, our ability to retain or increase market share and results of operations could be adversely affected.

Some of our products rely on third party technologies including open source software, which could result in product incompatibilities or harm availability of our products and services

We license software, technologies, and intellectual property underlying some of our software from third parties. The third-party licenses we rely upon may not continue to be available to us on commercially reasonable terms, or at all, and the software and technologies may not be appropriately supported, maintained, or enhanced by the licensors, resulting in development delays. Some software licenses are subject to annual renewals at the discretion of the licensors. In some cases, if we were to breach a provision of these license agreements, the licensor could terminate the agreement immediately. The loss of licenses to, or inability to support, maintain, and enhance, any such third-party software or technology could result in increased costs, or delays in software releases or updates, until such issues have been resolved. This could have an adverse effect on our business, financial condition, and results of operations.

We also incorporate open source software into our products. Although we monitor our use of open source software, the terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to market or sell our products or to develop new products. In such event, we could be required to seek licenses from third parties in order to continue offering our products, to disclose and offer royalty-free licenses in connection with our own source code, to re-engineer our products, or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis, any of which could adversely affect our business.

We are dependent on proprietary technology, which could result in litigation that could divert significant valuable resources

Our future success and competitive position is dependent upon our proprietary technology, and we rely on patent, trade secret, trademark, and copyright laws to protect our intellectual property. The patents owned or licensed by us may be invalidated, circumvented, infringed, or challenged. The rights granted under these patents may not provide competitive advantages to us. Any of our pending or future patent applications may not be issued within the scope of the claims sought by us, if at all.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain our software or develop software with the same functionality or to obtain and use information that we regard as proprietary. Others



may develop technologies that are similar or superior to our technology, duplicate our technology, or design around the patents owned by us. In addition, effective copyright, patent, and trade secret protection may be unavailable, limited, or not applied for in certain countries. The steps taken by us to protect our technology might not prevent the misappropriation of such technology.

The value of our products relies substantially on our technical innovation in fields in which there are many current patent filings. Third parties may claim that we or our customers (some of whom are indemnified by us) are infringing their intellectual property rights. For example, individuals and groups may purchase intellectual property assets for the purpose of asserting claims of infringement and attempting to extract settlements from us or our customers. The number of these claims has increased in recent years. As new patents are issued or are brought to our attention by the holders of such patents, it may be necessary for us to secure a license from such patent holders, redesign our products, or withdraw products from the market. In addition, the legal costs and engineering time required to safeguard intellectual property or to defend against litigation could become a significant expense of operations. Any such litigation could require us to incur substantial costs and divert significant valuable resources, including the efforts of our technical and management personnel, which could harm our business, financial condition and results of operations.

We are dependent on limited source manufacturers and suppliers for certain of our products and critical components; a disruption in our supply chain could adversely affect our revenue and results of operations

We are dependent upon a limited number of contract manufacturers for the manufacture, testing, and assembly of certain products and specific suppliers for a number of our critical components. Our current reliance on a limited group of suppliers and contract manufacturers involves risks, including a potential inability to obtain an adequate supply of required products or components to meet customers' delivery requirements, a risk that we may accumulate excess inventories if we inaccurately forecast demand for our products, reduced control over pricing and delivery schedules, discontinuation of or increased prices for certain components, and economic conditions that may adversely impact the viability of our suppliers and contract manufacturers. Any disruption in our supply chain could reduce our revenue and adversely impact our financial results. Such a disruption could occur as a result of any number of events, including, but not limited to, increases in wages that drive up prices or labor stoppages, the imposition of regulations, quotas or embargoes on components, a scarcity of, or significant increase in the price of, required electronic components for our products, trade restrictions, tariffs or duties, fluctuations in currency exchange rates, transportation failures affecting the supply chain and shipment of materials and finished goods, third party interference in the integrity of the products sourced through the supply chain, the unavailability of raw materials, severe weather conditions, natural disasters, civil unrest, military conflicts, geopolitical developments, war or terrorism, and disruptions in utility and other services. Any inability to obtain adequate deliveries or any other circumstance that would require us to seek alternative sources of supply or to manufacture, assemble, and test such components internally could significantly delay our ability to ship our products, which could damage relationships with current and prospective customers and could harm our reputation and brand as well as our results of operations.

We are dependent on the availability and unimpairment of use of allocated bands within the radio frequency spectrum; our products may be subject to harmful interference from new or modified spectrum uses

Our GNSS technology is dependent on the use of satellite signals and on terrestrial communication bands. International allocations of radio frequency are made by the International Telecommunications Union ("ITU"), a specialized technical agency of the United Nations. These allocations are further governed by radio regulations that have treaty status and which may be subject to modification every two to three years by the World Radio Communication Conference. Each country also has regulatory authority over how each band is used in the country. In the United States, the Federal Communications Commission ("FCC") and the National Telecommunications and Information Administration share responsibility for radio frequency allocations and spectrum usage regulations.

Any ITU or local reallocation of radio frequency bands, including frequency band segmentation and sharing of spectrum, or other modifications of the permitted uses of relevant frequency bands, may materially and adversely affect the utility and reliability of our products and have significant adverse impacts on our customers, both of which could reduce demand for our products. For example, in 2020 the FCC approved a proposal by a private party to repurpose spectrum adjacent to the authorized GNSS bands for terrestrial wireless operations throughout the United States. The company has opposed and continues to oppose this proposal, along with a wide range of participants in commercial and governmental sectors that rely on the use of GNSS in their critical activities. The FCC's action is subject to further review as well as potential legislative action. If the FCC's action continues in effect and terrestrial operations are implemented in the affected spectrum, these operations could create harmful interference to GNSS receivers in proximity to such operations and impose costs to retrofit or replace affected receivers. Similarly, other countries have considered proposals for use of frequencies used by our products as well as adjacent bands that could cause harmful interference to our products.

Many of our products use other radio frequency bands, such as the public land mobile radio bands, together with the GNSS signal, to provide enhanced GNSS capabilities, such as real-time kinematics precision. The continuing availability of these non-GNSS radio frequencies is essential to provide enhanced GNSS products to our precision survey, agriculture, and construction machine controls markets. In addition, transmissions and emissions from other services and equipment operating



in adjacent frequency bands or in-band may impair the utility and reliability of our products. Any regulatory changes in spectrum allocation or in allowable operating conditions could have a material adverse effect on our business, financial condition, and results of operations.

Many of our products rely on GNSS technology, GPS and other satellite systems, which may become degraded or inoperable and result in lost revenue

GNSS technology, GPS satellites, and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible intentional disruption. Many of the GPS satellites currently in orbit were originally designed to have lives of 7.5 years and are subject to damage by the hostile space environment in which they operate. However, of the current deployment of operational satellites in orbit, some have been in operation for 15 years or more. Repair of damaged or malfunctioning satellites is currently not economically feasible. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites below the 24-satellite standard established for GPS may impair the utility of the GPS system and the growth of current and additional market opportunities. In addition, software updates to GPS satellites and ground control segments, and infrequent known events such as GPS week number rollover, may adversely affect our products and customers. We depend on public access to open technical specifications in advance of system updates to mitigate these problems, which may not be available or complete.

We are dependent on continued operation of GPS, the principal GNSS currently in operation. The GPS constellation is operated by the U. S. Government, which is committed to maintenance and improvement of GPS. If supporting policies were to change, or if user fees were imposed, it could have an adverse effect on our business, financial condition, and results of operations.

Many of our products also use signals from systems that augment GPS, such as the Wide Area Augmentation System and National Differential GPS System, and satellites transmitting signal corrections data on mobile satellite services frequencies utilized by our RTX corrections services. Some of these augmentation systems are operated by the U.S. government and rely on continued funding and maintenance of these systems. Any curtailment of the operating capability of these systems or limitations on access to, or use of the signals, or discontinuance of service could result in degradation of our services or product performance, with an adverse effect on our business.

Many of our products use satellite signals from the Russian GLONASS and the European Galileo GNSS Systems. Other countries, including China and India, are in the process of creating their own GNSS systems, and we either have developed or will develop products that use GNSS signals from these systems. National or European authorities may provide preferential access to signals to companies associated with their markets, including our competitors, which could harm our competitive position. Use of non-U.S. GNSS signals are also subject to FCC waiver requirements and to restrictions based upon international trade or geopolitical considerations. If we are unable to develop timely and competitive commercial products using these systems, or obtain timely and equal access to service signals, this could result in lost revenue. These authorities may also adopt protectionist measures favoring national companies who make use of their GNSS systems, to the detriment of our products using the U.S. GPS system, which could harm our business, financial condition, and results of operations.

Regulatory risks

We face risks inherent in conducting business internationally, including compliance with international and U.S. laws and regulations that apply to our international operations

These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export control laws, and laws that prohibit corrupt payments to governmental officials or certain payments or remunerations to customers, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, and other anti-corruption laws that have recently been the subject of a substantial increase in global enforcement. Many of our products are subject to U.S. export law restrictions that limit the destinations and types of customers to which our products may be sold or that require an export license in connection with sales outside the United States. Given the high level of complexity of these laws, there is a risk that some provisions may be inadvertently or intentionally breached, for example through fraudulent or negligent behavior of individual employees, our failure to comply with certain formal documentation requirements or otherwise. Also, we may be held liable for actions taken by our local dealers and partners. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions or conditions on the conduct of our business. Any such violations could include prohibitions or conditions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business, and our operating results.

We operate in many parts of the world that have experienced significant governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. We may be subject to competitive disadvantages to the extent that our competitors are able to secure business, licenses, or other preferential treatment by making payments to government officials and others in positions of influence or through other methods that relevant law and



regulations prohibit us from using. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties.

We are subject to evolving privacy laws in the United States and other jurisdictions that are subject to potentially differing interpretations and which could adversely impact our business and require that we incur substantial costs

Existing privacy-related laws and regulations in the United States and other countries are evolving and are subject to potentially differing interpretations, and various U.S. federal and state or other international legislative and regulatory bodies may expand or enact laws regarding privacy and data security-related matters. For example, the EU-U.S. Privacy Shield, a basis for data transfers from the EU to the U.S., was invalidated by the European Court of Justice, and we expect that the international transfer of personal data will present ongoing compliance challenges and complicate our business transactions and operations. Brexit, the United Kingdom's withdrawal from the European Union, could also lead to further legislative and regulatory changes with regard to personal data transfers between the two territories. New privacy laws have come into effect in Brazil and New Zealand in 2020, and revisions of privacy laws are currently pending in countries like Canada and China. Some countries are considering or have passed legislation that requires local storage and processing of data, including geospatial data. In addition, in June 2018, California enacted the California Consumer Privacy Act (the "CCPA"), which took effect in January 2020 and has been amended by the California Privacy Rights Act ("the "CPRA") passed via ballot initiative in November 2020 and will fully take effect in January 2023. The CCPA and CPRA, among other things, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. Other states and the U.S. Congress have introduced data privacy legislation that may impact our business. Data privacy legislation, amendments and revisions to existing data privacy legislation, and other developments impacting data privacy and data protection may require us to modify our data processing practices and policies, increase the complexity of providing our products and services, and cause us to incur substantial costs in an effort to comply. Failure to comply may lead to significant fines and business interruption.

We are subject to the impact of governmental and other certifications processes and regulations, which could adversely affect our products and our business

We market many products that are subject to governmental regulations and certifications before they can be sold. The European Union increasingly regulates the use of our products on agriculture, construction, and other types of machinery. As we develop and enhance features which support automated and autonomous operation of our products, we are increasingly subject to functional safety regulation. CE certification is required for GNSS receivers and data communications products, which must also conform to the European harmonized GNSS receiver requirements and the radio equipment directive to be sold in the European community. In the future, U.S., European, or other governmental authorities may propose GPS receiver testing and certification for compliance with published GPS signal interface or other specifications. Governmental authorities may also propose other forms of GPS receiver performance standards, which may limit design alternatives, hamper product innovation, or impose additional costs. Some of our products that use integrated radio communication technology require product type certification and some products require an end-user to obtain licensing from the FCC and other national authorities for frequency-band usage. Compliance with evolving product regulations in our major markets could require that we redesign our products, cease selling products in certain markets, and increase our costs of product development. An inability to obtain required certifications in a timely manner could adversely affect our ability to bring our products to market and harm our customer relationships. Failure to comply with evolving requirements could result in fines and limitations on sales of our products.

Financial and tax risks

Our debt could adversely affect our cash flow and prevent us from fulfilling our financial obligations

At the end of fiscal 2020, our total debt was comprised primarily of senior notes of \$1,300.0 million, and four uncommitted revolving credit facilities totaling \$255.8 million. When our senior notes mature, we will have to expend significant resources to repay these senior notes or seek to refinance them. If we decide to refinance the senior notes, we may be required to do so on different or less favorable terms or we may be unable to refinance the senior notes at all, both of which may adversely affect our financial condition. Any downgrade by credit rating agencies could adversely affect our cost of borrowing, limit our access to the capital markets, or result in more restrictive covenants in future debt agreements.

Our outstanding indebtedness could have other important consequences, such as:

- requiring us to dedicate a portion of our cash flow from operations and other capital resources to debt service, thereby reducing our ability to fund working capital, capital expenditures, general corporate purposes, and other cash requirements, particularly if the ratings assigned to our debt securities by rating organizations were revised downward;
- increasing our vulnerability to adverse economic and industry conditions;



- reducing our ability to make investments and acquisitions which support the growth of the company, or to repurchase shares of our common stock; and
- limiting our flexibility in planning for, or reacting to, changes and opportunities in, our industry, which may place us at a competitive disadvantage.

There are various financial covenants and other restrictions in our debt instruments. If we fail to comply with any of these requirements, the related indebtedness (and other unrelated indebtedness) could become due and payable prior to its stated maturity, and we may not be able to repay the indebtedness that becomes due. A default under our debt instruments may also significantly affect our ability to obtain additional or alternative financing.

Our ability to make scheduled payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which in turn, is subject to prevailing economic conditions and to financial, business, and other factors beyond our control. A portion of our outstanding debt has interest rates which float based on prevailing interest rates and we may incur additional variable-rate debt in the future. Such rates tend to fluctuate based on general economic conditions, general interest rates, Federal Reserve rates, and the supply of and demand for credit in the relevant interbanking market. If interest rates increase, our interest expense will also increase as would the costs of refinancing existing indebtedness or obtaining new debt.

Our ability to incur additional indebtedness over time may be limited due to applicable financial covenants and restrictions, and due to the risk that significantly increasing our level of indebtedness could impact the ratings assigned to our debt securities by rating organizations, which in turn would increase the interest rates and fees that we pay in connection with our indebtedness.

Changes in our effective tax rate may reduce our net income in future periods

As a global company, we are subject to income and other taxes in the United States and numerous foreign jurisdictions. Significant judgment is required to determine and estimate worldwide tax liabilities. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be contested or overturned by jurisdictional tax authorities, which may have a significant impact on our global provision for income taxes. Our effective tax rate is largely based on the geographic mix of earnings, statutory rates, inter-company transfer pricing, and enacted tax laws. A number of factors may increase our future effective tax rates, including:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with U.S. and foreign tax authorities;
- changes in our intercompany transfer pricing methodology;
- changes in the valuation of our deferred tax assets and liabilities;
- increases in expense not deductible for tax purposes, including transaction costs and impairments of goodwill in connection with acquisitions;
- changes in the realizability of available tax credits;
- changes in share-based compensation;
- changes in tax laws or the interpretation of such tax laws, including the 2017 Tax Cuts and Jobs Act (the "Tax Act") and the Base Erosion and Profit Shifting ("BEPS") project conducted by the Organization for Economic Co-operation and Development ("OECD"); and
- changes in generally accepted accounting principles.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied, and governmental tax authorities are increasingly scrutinizing the tax positions of companies. On December 22, 2017, the U.S. government enacted the Tax Act, which made substantial changes to U.S. tax law. The ongoing implementation and interpretation of the Tax Act, any additional forthcoming legislative or administrative guidance and accounting standards related to the Tax Act could adversely affect our future effective tax rates. The implementation by us of new practices and processes designed to comply with, and benefit from, the Tax Act and its rules and regulations could require us to make substantial changes to our business practices, allocate additional resources, and increase our costs, which could adversely affect our business, results of operations, and financial condition. In light of recent changes in U.S. tax laws and to align with our international business operations, in the fourth quarter of 2019, we completed a non-U.S. intercompany transfer of our intellectual property to a subsidiary in the Netherlands. This transfer and other changes we make to practices and processes based upon changes in U.S. and other tax laws are subject to challenge, and an adverse outcome in any such challenge could adversely affect our reported financial results.

Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are evolving as a result of the BEPS reporting requirements recommended by the G8, G20, and the OECD. The foreign countries where we do business may change tax laws, regulations, and interpretations on a prospective or retroactive basis and these potential changes could adversely affect our effective tax rates. As these and other tax laws and related regulations change, our financial results could be materially impacted. Given the unpredictability of these possible changes and their



potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow, but such changes could adversely impact our financial results.

We are currently in various stages of multiple year examinations by state and foreign taxing authorities. If taxing authorities of any jurisdiction were to successfully challenge a material tax position, we could become subject to higher taxes and our earnings could be adversely affected.

We may be affected by fluctuations in currency exchange rates

We are potentially exposed to adverse as well as beneficial movements in currency exchange rates. Although the majority of our sales are transacted in U.S. dollars, expenses may be paid in local currencies. An increase in the value of the dollar could increase the real cost to our customers of our products in those markets outside the U.S. where we sell in dollars, and a weakened dollar could increase the cost of local operating expenses, procurement of raw materials from sources outside the United States, and overseas capital expenditures. We also conduct certain investing and financing activities in local currencies. Our foreign exchange forward contracts reduce, but do not eliminate, the impact of currency exchange rate movements; therefore, changes in exchange rates could harm our financial condition and results of operations.

Risks related to ownership of our stock

The volatility of our stock price could adversely affect an investment in our common stock

The market price of our common stock has been, and may continue to be, highly volatile. During fiscal 2020, our stock price ranged from \$21.32 to \$66.77. We believe that a variety of factors could cause the price of our common stock to fluctuate, perhaps substantially, including:

- general conditions in the worldwide economy;
- quarterly fluctuations in our actual or anticipated operating results and order levels;
- announcements and reports of developments related to our business, our major customers and partners, and the industries in which we compete, or the industries in which our customers compete;
- security breaches;
- acquisition announcements;
- new products or product enhancements announced or introduced by us or our competitors;
- disputes with respect to developments in patents or other intellectual property rights;
- developments in our relationships with our partners, customers, and suppliers;
- the imposition of tariffs or other trade barriers;
- political, economic, or social uncertainty;
- global pandemics, like the COVID-19 pandemic; and
- acts of terrorism.

In addition, the stock market in general and the markets for shares of “high-tech” companies in particular have frequently experienced extreme price fluctuations, which have often been unrelated to the operating performance of affected companies. Any such fluctuations could adversely affect the market price of our common stock.

Our annual and quarterly performance may fluctuate, which could adversely impact our operations, financial results, and stock price

Our operating results have fluctuated and can be expected to continue to fluctuate in the future on a quarterly and annual basis as a result of a number of factors, many of which are beyond our control. Results in any period could be affected by:

- changes in market demand;
- competitive market conditions;
- the timing of recognizing revenue;
- fluctuations in foreign currency exchange rates;
- the cost and availability of components;
- the mix of our customer base and sales channels;
- the mix of products sold;
- pricing of products;
- changes in U.S. or foreign policies on taxes, trade, or spending, including the Tax Act;
- regional responses and restrictions related to global pandemics, like the COVID-19 pandemic; and
- other risks, including those described below.

Seasonal variations in demand for our products may also affect our quarterly results. Construction equipment revenue has historically been the highest in early spring. Our agricultural equipment revenue has historically been the highest in the first quarter, followed by the second quarter, reflecting buying in anticipation of the spring planting season in the Northern



hemisphere. If we do not accurately forecast seasonal demand, we may be left with unsold inventory or have a shortage of inventory, which could adversely impact our results of operations.

Due in part to the buying patterns of our customers, a portion of our hardware revenue occurs from orders received and immediately shipped to customers in the last few weeks and days of each quarter, while our operating expense tends to remain fairly predictable. These patterns could harm our operating results if for any reason expected sales are deferred, orders are not received, or shipments are delayed a few days at the end of a quarter.

The price of our common stock could decline substantially in the event any of these risks result in our financial performance being below the expectations of public market analysts and investors, which are based on historical and predictive models that are not necessarily accurate representations of the future.

General risk factors

We have claims and lawsuits against us that may result in adverse outcomes

We are subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. Litigation and other claims are subject to inherent uncertainties and the outcomes can be difficult to predict. Management may not adequately reserve for a contingent liability, or may suffer unforeseen liabilities, which could then impact the results of a financial period. A material adverse impact on our consolidated financial statements could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable which, if not expected, could harm our financial condition, and results of operations.

Catastrophic events or geopolitical conditions could disrupt our operations

Acts of war, acts of terrorism or civil unrest, natural disasters and other catastrophic events, especially any events that impact our larger markets or GNSS signals or systems, could have a material adverse impact on our business. The threat of terrorism and war and heightened security and military activity in response to this threat, or any future acts of terrorism or hostilities, may involve a redeployment of the satellites used in GNSS or interruptions of the system. Civil unrest, local conflicts, or other political instability may adversely impact regional economies, cause work stoppages, or result in limitations on business transactions with the affected jurisdictions. To the extent that such interruptions result in delays or the cancellation of orders, disruption of the manufacturing or shipment of our products, or reduced demand for our products, these interruptions could have a material adverse effect on our business, financial condition, and results of operations.

Future public health crises and epidemics could impact our international operations and sales

Our results of operations could be adversely affected to the extent that future pandemics, similar to COVID-19 or any other epidemic, harm any significant market where we do business. Contagious disease epidemics or global pandemics could also significantly impact our international supply chain and result in component and product shortages and general disruptions to the economy. Such outbreaks could also result in mass quarantines, business closures, and significantly impact our suppliers, customers, and commercial partners in affected areas, which may materially and adversely affect our business, financial condition, and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Sunnyvale, California where we lease approximately 139 thousand square feet. We also currently own approximately 316 thousand square feet in Dayton, Ohio and 250 thousand square feet in Westminster, Colorado. These facilities are used by all reporting segments. For financial information regarding leases, see Note 7 to the Consolidated Financial Statements.

We believe that our existing facilities are adequate to support current and near-term operations.

Item 3. Legal Proceedings

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, to which we or any of our subsidiaries is a party or of which any of our or our subsidiaries' property is subject.

Item 4. Mine Safety Disclosures

None.

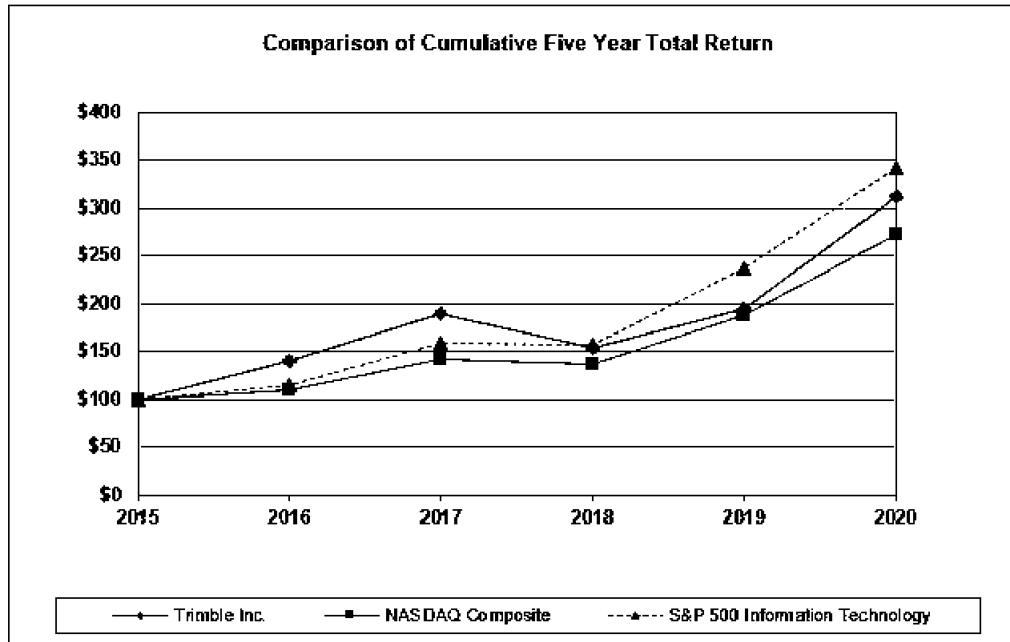


PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Company Stock Performance

Our common stock trades on NASDAQ under the symbol "TRMB." The following graph compares the cumulative five-year total return provided stockholders on our common stock relative to the cumulative total returns of the NASDAQ Composite Index and the S&P 500 Information Technology Index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on December 31, 2015, and its relative performance is tracked through December 31, 2020.





Stock Repurchase Program

The following table provides information relating to our purchase of equity securities for the fourth quarter of fiscal 2020:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 3, 2020 – November 6, 2020	41,818	\$ 47.83	41,818	\$ 92,361,073
November 7, 2020 – December 4, 2020	4,700	\$ 61.77	4,700	\$ 92,070,742
December 5, 2020 – January 1, 2021	21,666	\$ 61.97	21,666	\$ 90,728,167
Total	68,184		68,184	

In November 2017, our Board of Directors approved a stock repurchase program (“2017 Stock Repurchase Program”), authorizing us to repurchase up to \$600.0 million of our common stock. The 2017 Stock Repurchase Program does not have an expiration date. The timing and amount of repurchase transactions is determined by our management based on the evaluation of market conditions, share price, legal requirements, and other factors. The program may be suspended, modified, or discontinued at any time without public notice.

During fiscal 2020, we repurchased approximately 1.9 million shares of common stock in open market purchases under the 2017 Stock Repurchase Program, at an average price of \$43.40 per share, for a total of \$81.6 million. At the end of fiscal 2020, the 2017 Stock Repurchase Program had remaining authorized funds of \$90.7 million.

As of February 24, 2021, there were approximately 536 holders of record of our common stock.

Dividend Policy

We have not declared or paid any cash dividends on our common stock during any period for which financial information is provided in this Annual Report on Form 10-K. At this time, we intend to retain future earnings, if any, to fund the development and growth of our business and do not anticipate paying any cash dividends on our common stock in the foreseeable future.

Item 6. Selected Financial Data

Not applicable. Financial information related to fiscal 2017 and 2016 may be found in Part II, Item 6. Selected Financial Data in our fiscal 2019 Form 10-K filed with the SEC on February 28, 2020. Please refer to the consolidated financial statements included herein in Part II-Item 8 Financial Statements and Supplementary Data for fiscal year 2020, 2019 and 2018 information.



Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and the related notes. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and those listed under "Risks Factors." This section of this Form 10-K generally discusses 2020 and 2019 items and year-to-year comparisons between 2020 and 2019. Discussions of 2018 items and year-to-year comparisons between 2019 and 2018 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K, as amended, for the fiscal year ended January 3, 2020.

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. Further information on our business is presented in Part I, [Item 1, "Business"](#).

Our growth strategy is centered on multiple elements:

- Executing on our Connect and Scale 2025 strategy;
- Focus on attractive markets with significant growth and profitability potential;
- Domain knowledge and technological innovation that benefit a diverse customer base;
- Increasing focus on software and services;
- Geographic expansion with localization strategy;
- Optimized go-to-market strategies to best access our markets; and
- Strategic acquisitions

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 in revenue towards a more significant mix of software, recurring revenue, and services, which represented 58% of total revenue for fiscal 2020, and is leading to improved visibility in our businesses. Additionally, our success in driving annualized recurring revenue ("ARR")⁽¹⁾ growth of 9% year-over-year for fiscal 2020 has positively impacted our revenue mix and growth over time. 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.

⁽¹⁾ See Supplemental Disclosure of Annualized Recurring Revenue and Non-GAAP Financial Measures for definition.

COVID-19 UPDATE

In early March 2020, the World Health Organization characterized COVID-19 as a pandemic. As the COVID-19 pandemic unfolded globally, we implemented protocols to safeguard our employees, customers, suppliers, third-party business partners and communities, and ensure business continuity.

The extent to which the COVID-19 pandemic impacts our business operations in future periods will depend on multiple uncertain factors outside of our control, such as its continued and future overall impact on the global economy and in the industries where we operate. We experienced an overall revenue decline in fiscal 2020, due to economic disruptions related to COVID-19 that began in the last weeks of March, primarily in hardware and professional services for the first two quarters. Overall revenue increased in the third and fourth quarters. Despite the revenue shortfall, operating income increased due to improved mix of higher margin sales and reduced spending due to cost containment measures as well as natural reductions in spending resulting from COVID-19 restrictions.

As the COVID-19 pandemic is continually evolving, we are uncertain of its ultimate duration, and the nature and extent of its impact on our business, financial condition, and results of operations. To the extent that regions where we do business or source our products experience additional closures or restrictions on business activity, our results of operations could be harmed.

See "1A. Risk Factors" for further discussion of the possible impact of the COVID-19 pandemic on our business.



CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles (“GAAP”) requires us to make judgments, assumptions, and estimates that affect the reported amounts of assets, liabilities, revenue, costs of sales, operating expenses, and related disclosures. We consider the accounting policies described below to be our critical accounting policies. These critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the consolidated financial statements, and actual results could differ materially from the amounts reported based on these policies. Our accounting policies are more fully described in Note 1 of our accompanying Notes to Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that we expect to receive in exchange for those products or services. Revenue is recognized net of allowance for returns and any taxes collected from customers. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations; however, determining whether products or services are considered distinct performance obligations that should be accounted for separately versus together may sometimes require significant judgment.

Judgment is required to determine stand-alone selling price (“SSP”) for each distinct performance obligation. We use a range of amounts to estimate SSP when products and services are sold separately and determine whether there is a discount to be allocated based on the relative SSP of the various products and services. In instances where SSP is not directly observable, we determine SSP using information that may include market conditions and other observable inputs.

Income Taxes

We are a U.S. based multinational company operating in multiple U.S. and foreign jurisdictions. Judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual tax audit outcomes. Determining whether an uncertain tax position is effectively settled requires judgment. Changes in recognition or measurement of our uncertain tax positions would result in the recognition of a tax benefit or an additional charge to the tax provision.

Income taxes are accounted for under the liability method, whereby deferred tax assets or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if we believe it is more likely than not such assets will not be realized.

We are subject to the periodic examination of our domestic and foreign tax returns by the IRS, state, local, and foreign tax authorities who may challenge our tax positions. We regularly assess the likelihood of adverse outcomes from these examinations in determining the adequacy of our provision for income taxes.

Business Combinations and Valuation of Goodwill and Purchased Intangible Assets

We allocate the fair value of purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquiree based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed, and non-controlling interests in the acquiree is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, customer attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Identifiable intangible assets are comprised of distribution channels and distribution rights, patents, licenses, technology, acquired backlog, trademarks, and in-process research and development.

We evaluate goodwill on an annual basis or more frequently if indicators of potential impairment exist. We utilize either a qualitative assessment or a quantitative test to assess the likelihood of an impairment. In performing the qualitative assessment, we consider macroeconomic conditions, industry and market considerations, overall financial performance, and other relevant events and factors that may impact the reporting units. When we perform a quantitative test, the estimation of the fair value of a reporting unit involves the use of certain estimates and assumptions including expected future operating performance using risk-adjusted discount rates.



We amortize identifiable intangible assets over their estimated useful lives on a straight-line basis. Changes in circumstances such as technological advances, changes to business models, or changes in the capital strategy could result in a revised useful life. If the useful life of an asset is revised, the net book value of the estimated residual value is amortized over its revised remaining useful life. Intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable based on their future cash flows. The estimated future cash flows are primarily based upon assumptions about expected future operating performance.

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, and diluted earnings per share for the periods indicated:

Fiscal Years (In millions)	2020	2019	2018
Revenue:			
Product	\$ 1,828.0	\$ 1,934.8	\$ 1,999.9
Service	644.8	686.2	588.7
Subscription	674.9	643.3	519.8
Total revenue	\$ 3,147.7	\$ 3,264.3	\$ 3,108.4
Gross margin	1,754.9	1,780.9	1,681.0
Gross margin %	55.8 %	54.6 %	54.1 %
Operating income	419.8	375.9	320.7
Operating income as a % of revenue	13.3 %	11.5 %	10.3 %
Diluted earnings per share	\$ 1.55	\$ 2.03	\$ 1.12
Non-GAAP revenue ⁽¹⁾	\$ 3,152.0	\$ 3,271.3	\$ 3,132.0
Non-GAAP operating income ⁽¹⁾	719.6	674.0	642.7
Non-GAAP operating income as a % of Non-GAAP Revenue ⁽¹⁾	22.8 %	20.6 %	20.5 %
Non-GAAP diluted earnings per share ⁽¹⁾	\$ 2.23	\$ 1.99	\$ 1.94
Annualized Recurring Revenue ("ARR") ⁽¹⁾	\$ 1,295.8	\$ 1,193.2	\$ 1,106.7

⁽¹⁾ See Supplemental Disclosure of Annualized Recurring Revenue and Non-GAAP Financial Measures for definitions.

Basis of Presentation

We have a 52-53 week fiscal year, ending on the Friday nearest to December 31, which for fiscal 2020 was January 1, 2021. Fiscal 2020 and 2018 were both 52-week years. Fiscal 2019 was a 53-week year.



Fiscal Year 2020 Compared with Fiscal Year 2019

Revenue

In fiscal 2020, total revenue decreased by \$116.6 million or 4%. Overall revenue decreased due to weakness in Transportation, and to a lesser extent, Buildings and Infrastructure and Geospatial, which were impacted in the first two quarters by COVID-19. The decrease was partially offset by organic and acquisitions growth in Resources and Utilities, as well as recovery in Buildings and Infrastructure and Geospatial in the third and fourth quarters. We consider acquisition growth to include acquisition revenue that was not applicable in the prior corresponding periods.

By revenue category, overall product revenue decreased \$106.8 million or 6%, service revenue decreased \$41.4 million or 6%, and subscription revenue increased \$31.6 million or 5%. Product revenue decreased primarily due to weakness in our hardware sales in Transportation, and to a lesser extent, Buildings and Infrastructure, partially offset by growth in Resources and Utilities. Geospatial was relatively flat. The decrease in Geospatial hardware sales in the first two quarters was largely offset by increased hardware sales in the third and fourth quarters. Service revenue decreased due to lower professional services associated with customer installations. Subscription revenue increased primarily due to strong organic growth in Buildings and Infrastructure, and to a lesser extent, acquisition revenue from Resources and Utilities, partially offset by weakness in Transportation.

During fiscal 2020, sales to customers in North America represented 52%; Europe represented 29%; Asia Pacific represented 13%; and the rest of world represented 6% of our total revenue.

No single customer accounted for 10% or more of our total revenue in fiscal 2020 and 2019. No single customer accounted for 10% or more of our accounts receivable at the end of fiscal 2020 and 2019.

Gross Margin

Gross margin varies due to several factors including product mix, pricing, distribution channel, production volumes, new product start-up costs, and foreign currency translations.

In fiscal 2020, gross margin decreased by \$26.0 million or 1% primarily due to revenue declines as noted above, partially offset by improved product mix. Gross margin as a percentage of total revenue was 55.8% in fiscal 2020 compared to 54.6% in fiscal 2019. This growth in gross margin percentage was driven by improved revenue mix, including increased higher margin software and subscription sales in Buildings and Infrastructure and Resources and Utilities, as well as new product introductions and less discounting in Geospatial, partially offset by product mix and pricing pressures in Transportation.

Operating Income

In fiscal 2020, operating income increased by \$43.9 million or 12%. Operating income as a percentage of total revenue for fiscal 2020 was 13.3% compared to 11.5% in fiscal 2019. Despite the revenue shortfall, operating income and operating income as a percentage of total revenue increased due to strong results in Buildings and Infrastructure, Geospatial, and Resources and Utilities including improved mix of higher margin sales, as well as operating expense reductions across all segments, partially offset by weaker sales and gross margin compression in Transportation.



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

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:

Fiscal Years (In millions)	2020	2019	2018
Research and development	\$ 475.9	\$ 469.7	\$ 446.1
Percentage of revenue	15.1 %	14.4 %	14.4 %
Sales and marketing	467.0	504.2	479.8
Percentage of revenue	14.8 %	15.4 %	15.4 %
General and administrative	300.9	330.6	349.8
Percentage of revenue	9.6 %	10.1 %	11.3 %
Total	<u>\$ 1,243.8</u>	<u>\$ 1,304.5</u>	<u>\$ 1,275.7</u>

Fiscal Year 2020 Compared with Fiscal Year 2019

In fiscal 2020, overall, R&D, S&M, and G&A expenses decreased by \$60.7 million or 5%.

R&D expense increased by \$6.2 million or 1%. The increase in R&D expense was primarily due to higher compensation expense, including incentive compensation, and increased R&D expenses from acquired businesses not included in the prior corresponding period, partially offset by lower consulting and outside services and travel reductions.

We believe that the development and introduction of new products are critical to our future success, and we expect to continue active development of new products.

S&M expense decreased by \$37.2 million or 7%. The decrease in S&M expenses was primarily due to travel reductions, lower advertising costs, and lower compensation expense, partially offset by higher S&M expenses from acquired businesses not included in the prior corresponding period.

G&A expense decreased by \$29.7 million or 9%. The decrease in G&A expense was primarily due to lower compensation expense, lower tax and legal costs, and travel reductions, partially offset by increased G&A expenses from acquired businesses not included in the prior corresponding period.

Amortization of Purchased Intangible Assets

The following table shows amortization of purchased intangible assets for the periods indicated:

Fiscal Years (In millions)	2020	2019	2018
Cost of sales	\$ 92.3	\$ 94.1	\$ 103.2
Operating expenses	65.5	73.7	76.4
Total	<u>\$ 157.8</u>	<u>\$ 167.8</u>	<u>\$ 179.6</u>

In fiscal 2020, total amortization of purchased intangibles decreased \$10.0 million or 6% primarily due to the expiration of prior year acquisitions' amortization.

Non-operating expense, net

The following table shows non-operating expense, net for the periods indicated:

Fiscal Years (In millions)	2020	2019	2018
Interest expense, net	\$ (77.6)	\$ (82.4)	\$ (73.2)
Income from equity method investments, net	39.4	35.8	28.7
Other income, net	13.4	15.5	1.8
Total non-operating expense, net	<u>\$ (24.8)</u>	<u>\$ (31.1)</u>	<u>\$ (42.7)</u>



In fiscal 2020, total non-operating expense, net decreased by \$6.3 million or 20% primarily due to lower interest costs and increased joint venture profitability, partially offset by unfavorable impacts from foreign currency exchange included in Other income, net.

Income Tax Provision

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

In December 2020, due to a change in the Netherlands tax law, the statutory tax rate was increased from 21.7% to 25.0%, effective January 1, 2021. As a result, we recorded a one-time tax benefit of \$64.0 million due to the revaluation of the Netherlands deferred tax assets.

In December 2019, to align with our international business operations, we completed a non-U.S. intercompany transfer of our intellectual property to a subsidiary in the Netherlands. The transaction resulted in deferred tax assets in the Netherlands and global intangible low-taxed income ("GILTI") deferred tax liabilities in the U.S., recorded at the applicable statutory tax rates, resulting in a one-time income tax benefit of approximately \$206.3 million in the fourth quarter of fiscal 2019.

Our effective income tax rates for fiscal 2020 and 2019 were 1.1% and -49.2%, respectively. The effective income tax rates in fiscal 2020 increased compared to 2019 primarily due to the one-time tax benefit from the non-U.S. intercompany transfer of intellectual property in the fourth quarter of fiscal 2019.

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 and Chief Operating Decision Maker views and evaluates operations based on the results of our reportable operating segments under our management reporting system. These results are not necessarily in conformance with U.S. GAAP. For additional discussion of our segments, see Note 5 of the Notes to the Consolidated Financial Statements.



The following table shows a breakdown of revenue and operating income by segment for the periods indicated:

Fiscal Years (In millions)	2020	2019	2018
Buildings and Infrastructure			
Segment revenue	\$ 1,231.0	\$ 1,258.2	\$ 1,087.7
Segment revenue as a percent of total revenue	39 %	38 %	35 %
Segment operating income	\$ 338.1	\$ 319.9	\$ 256.7
Segment operating income as a percent of segment revenue	27.5 %	25.4 %	23.6 %
Geospatial			
Segment revenue	\$ 650.5	\$ 649.4	\$ 723.1
Segment revenue as a percent of total revenue	21 %	20 %	23 %
Segment operating income	\$ 184.4	\$ 132.2	\$ 166.4
Segment operating income as a percent of segment revenue	28.3 %	20.4 %	23.0 %
Resources and Utilities			
Segment revenue	\$ 630.0	\$ 571.4	\$ 568.1
Segment revenue as a percent of total revenue	20 %	18 %	18 %
Segment operating income	\$ 221.0	\$ 169.1	\$ 168.2
Segment operating income as a percent of segment revenue	35.1 %	29.6 %	29.6 %
Transportation			
Segment revenue	\$ 640.5	\$ 792.3	\$ 753.1
Segment revenue as a percent of total revenue	20 %	24 %	24 %
Segment operating income	\$ 50.1	\$ 125.9	\$ 143.3
Segment operating income as a percent of segment revenue	7.8 %	15.9 %	19.0 %

The following table shows a reconciliation of our consolidated segment operating income to our consolidated income before income taxes for the periods indicated:

Fiscal Years (In millions)	2020	2019	2018
Consolidated segment operating income	\$ 793.6	\$ 747.1	\$ 734.6
Unallocated corporate expense	(74.0)	(73.1)	(91.9)
Acquired deferred revenue adjustment	(4.3)	(7.0)	(23.6)
Amortization of acquired capitalized commissions	5.5	6.3	4.7
Amortization of purchased intangible assets	(157.8)	(167.8)	(179.6)
Amortization of acquisition-related inventory step-up	—	—	(0.2)
Acquisition / divestiture items	(21.4)	(20.5)	(38.9)
Stock-based compensation / deferred compensation	(90.4)	(81.2)	(75.7)
Restructuring charges / executive transition costs	(28.2)	(27.9)	(8.7)
COVID-19 expenses	(3.2)	—	—
Consolidated operating income	419.8	375.9	320.7
Total non-operating expense, net	(24.8)	(31.1)	(42.7)
Consolidated income before taxes	<u>\$ 395.0</u>	<u>\$ 344.8</u>	<u>\$ 278.0</u>

Fiscal Year 2020 Compared with Fiscal Year 2019

Buildings and Infrastructure

Buildings and Infrastructure revenue decreased by \$27.2 million or 2%, and segment operating income increased by \$18.2 million or 6%. Revenue decreased primarily due to a decline in civil engineering and construction hardware sales in the first two quarters of fiscal 2020 and lower revenue from professional services due to the economic impacts of COVID-19, partially offset by higher software maintenance and subscription revenue. Hardware sales recovered in the third and fourth quarters due to improved market conditions including pent up demand and government stimulus programs. Segment operating income and



operating income as a percentage of segment revenue increased due to gross margin improvements from higher mix of software maintenance and subscription revenue as well as cost reductions.

Geospatial

Geospatial revenue increased by \$1.1 million or less than 1%, and segment operating income increased by \$52.2 million or 39%. Revenue was relatively flat for the year; while survey sales recovered in the third and fourth quarters due to improved market conditions, including pent up demand, government stimulus programs, and new product introductions, there was a decline in the first two quarters due to the economic impacts of COVID-19. Segment operating income and operating income as a percentage of segment revenue increased primarily due to gross margin improvements resulting from new higher margin product introductions and less discounting as well as cost reductions.

Resources and Utilities

Resources and Utilities revenue increased by \$58.6 million or 10%, and segment operating income increased by \$51.9 million or 31%. Revenue increased due to strength in agriculture reseller and OEM channels resulting from improved market conditions, including stabilization of commodity prices, government stimulus programs, and weather conditions. Acquisition revenue, primarily Cityworks, also contributed to growth. Segment operating income and operating income as a percentage of segment revenue increased due to revenue expansion and gross margin improvements resulting from higher margin software maintenance and subscription sales, as well as cost reductions.

Transportation

Transportation revenue decreased by \$151.8 million or 19%, and segment operating income decreased by \$75.8 million or 60%. Revenue decreased primarily due to reduced hardware upgrades and subscriber declines, attributable in part to challenges with the electronic logging device transition in the trucking industry, as well as the economic impacts of COVID-19. Conversion of customers from perpetual software to subscription products also reduced revenue. Segment operating income and operating income as a percentage of segment revenue decreased primarily due to the revenue declines, discrete inventory charges, and higher operating expense due to the Kuebix acquisition, partially offset by cost reductions.

OFF-BALANCE SHEET ARRANGEMENTS

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

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

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



LIQUIDITY AND CAPITAL RESOURCES

At the End of Fiscal Year <i>(In millions)</i>	2020	2019	2018
Cash and cash equivalents	\$ 237.7	\$ 189.2	\$ 172.5
As a percentage of total assets	3.5 %	2.8 %	3.0 %
Principal balance of outstanding debt	\$ 1,555.9	\$ 1,854.0	\$ 1,981.9

Fiscal Years <i>(In millions)</i>	2020	2019	2018
Cash provided by operating activities	\$ 672.0	\$ 585.0	\$ 486.7
Cash used in investing activities	(231.8)	(275.3)	(1,649.6)
Cash provided by (used in) financing activities	(400.3)	(292.6)	989.4
Effect of exchange rate changes on cash and cash equivalents	8.6	(0.4)	(12.5)
Net increase (decrease) in cash and cash equivalents	<u>\$ 48.5</u>	<u>\$ 16.7</u>	<u>\$ (186.0)</u>

Cash and Cash Equivalents

Our ability to continue to generate cash from operations will depend in large part on profitability, the rate of collections of accounts receivable, our inventory turns, and our ability to manage other areas of working capital. Our cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions considered to be of reputable credit and to present little credit risk. We believe that our cash and cash equivalents, and borrowings, as described below under the heading “Debt”, along with cash provided by operations, will be sufficient to meet our anticipated operating cash needs, debt service, stock repurchases under our 2017 Stock Repurchase Program, and planned capital expenditures.

Operating Activities

Cash provided by operating activities was \$672.0 million for fiscal 2020, compared to \$585.0 million for fiscal 2019. The increase of \$87.0 million was primarily driven by an increase in net income, net of non-cash items, and favorable working capital changes, including positive accounts receivable impact, due to improved sales linearity and higher accrued compensation, partially offset by deferred revenue and accrued liabilities changes.

Investing Activities

Cash used in investing activities was \$231.8 million for fiscal 2020, compared to \$275.3 million for fiscal 2019. The decrease of \$43.5 million was primarily due to decreased spending for business acquisitions, and to a lesser extent, reduced spending on property and equipment. The current year included Kuebix acquisition compared to the prior year, which included the Cityworks acquisition.

Financing Activities

Cash used in financing activities was \$400.3 million for fiscal 2020, compared to \$292.6 million during fiscal 2019. The increase of \$107.7 million was primarily driven by the increase in debt repayments, net of proceeds, partially offset by a decrease in the repurchase of common stock.

Debt

During fiscal 2020, we repaid \$312.2 million of debt, including the full repayment of our term loan, net of borrowings. Each of our debt agreements requires us to maintain compliance with certain debt covenants, all of which we were in compliance with at the end of fiscal 2020. Refer to Note 6 in the Notes to Consolidated Financial Statements for additional information regarding our debt.



CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations at the end of fiscal 2020:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
<i>(In millions)</i>					
Principal payments on debt (1)	\$ 1,555.9	\$ 255.8	\$ 300.1	\$ 400.0	\$ 600.0
Interest payments on debt (2)	326.6	63.1	115.0	76.2	72.3
Operating leases (3)	210.5	50.9	61.4	35.9	62.3
Other purchase obligations and commitments (4)	241.1	200.6	40.1	0.4	—
Income taxes payable (5)	69.1	7.3	20.9	40.9	—
Total	<u>\$ 2,403.2</u>	<u>\$ 577.7</u>	<u>\$ 537.5</u>	<u>\$ 553.4</u>	<u>\$ 734.6</u>

- (1) Amount represents principal payments over the life of our debt obligations. Refer to Note 6 in the Notes to Consolidated Financial Statements for additional information regarding our debt.
- (2) Amount represents the expected interest payments relating to our debt, calculated using rates in effect at the end of fiscal 2020. Refer to Note 6 in the Notes to Consolidated Financial Statements for additional information regarding our debt.
- (3) Operating leases represent undiscounted lease payments and include short-term leases and leases that were signed, but have not yet commenced at the end of fiscal 2020. Refer to Note 7 in the Notes to Consolidated Financial Statements for additional information regarding our leases.
- (4) Other purchase obligations and commitments primarily represent open non-cancelable purchase orders for material purchases with our vendors and also include estimated payments due for acquisition related earn-outs.
- (5) Income taxes payable represents a one-time transition tax liability related to known amounts of cash taxes payable in future years as a result of the Tax Act.

Excluded from the table above are unrecognized tax benefits of \$55.4 million included in Other non-current liabilities, including interest and penalties. At this time, we cannot make a reasonably, reliable estimate of the period of cash settlement with tax authorities regarding this liability, and therefore, such amounts are not included in the contractual obligations table above. Refer to Note 12 in the Notes to Consolidated Financial Statements for additional information regarding our taxes.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

The impact of recent accounting pronouncements is disclosed in Note 1 of our accompanying Notes to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.



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

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

	Fiscal Years					
	2020		2019		2018	
	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue	Dollar Amount	% of Revenue
<i>(In millions, except per share data)</i>						
REVENUE:						
GAAP revenue:	\$ 3,147.7		\$ 3,264.3		\$ 3,108.4	
Acquired deferred revenue adjustment (A)	4.3		7.0		23.6	
Non-GAAP revenue:	<u>\$ 3,152.0</u>		<u>\$ 3,271.3</u>		<u>\$ 3,132.0</u>	
GROSS MARGIN:						
GAAP gross margin:	\$ 1,754.9	55.8 %	\$ 1,780.9	54.6 %	\$ 1,681.0	54.1 %
Acquired deferred revenue adjustment (A)	4.3		7.0		23.6	
Amortization of purchased intangible assets (C)	92.3		94.1		103.2	
Amortization of acquisition-related inventory step-up (D)	—		—		0.2	
Acquisition / divestiture items (E)	1.7		—		2.0	
Stock-based compensation / deferred compensation (F)	7.2		5.9		4.5	
Restructuring charges (G)	0.8		1.1		0.5	
COVID-19 expenses (H)	0.4		—		—	
Non-GAAP gross margin:	<u>\$ 1,861.6</u>	59.1 %	<u>\$ 1,889.0</u>	57.7 %	<u>\$ 1,815.0</u>	58.0 %
OPERATING EXPENSES:						
GAAP operating expenses:	\$ 1,335.1	42.4 %	\$ 1,405.0	43.0 %	\$ 1,360.3	43.8 %
Amortization of acquired capitalized commissions (B)	5.5		6.3		4.7	
Amortization of purchased intangible assets (C)	(65.5)		(73.7)		(76.4)	
Acquisition / divestiture items (E)	(19.7)		(20.5)		(36.9)	
Stock-based compensation / deferred compensation (F)	(83.2)		(75.3)		(71.2)	
Restructuring charges / executive transition costs (G)	(27.4)		(26.8)		(8.2)	
COVID-19 expenses (H)	(2.8)		—		—	
Non-GAAP operating expenses:	<u>\$ 1,142.0</u>	36.2 %	<u>\$ 1,215.0</u>	37.1 %	<u>\$ 1,172.3</u>	37.4 %
OPERATING INCOME:						
GAAP operating income:	\$ 419.8	13.3 %	\$ 375.9	11.5 %	\$ 320.7	10.3 %
Acquired deferred revenue adjustment (A)	4.3		7.0		23.6	
Amortization of acquired capitalized commissions (B)	(5.5)		(6.3)		(4.7)	
Amortization of purchased intangible assets (C)	157.8		167.8		179.6	
Amortization of acquisition-related inventory step-up (D)	—		—		0.2	
Acquisition / divestiture items (E)	21.4		20.5		38.9	
Stock-based compensation / deferred compensation (F)	90.4		81.2		75.7	
Restructuring charges / executive transition costs (G)	28.2		27.9		8.7	
COVID-19 expenses (H)	3.2		—		—	
Non-GAAP operating income:	<u>\$ 719.6</u>	22.8 %	<u>\$ 674.0</u>	20.6 %	<u>\$ 642.7</u>	20.5 %
NON-OPERATING INCOME (EXPENSE), NET:						
GAAP non-operating income (expense), net:	\$ (24.8)		\$ (31.1)		\$ (42.7)	
Acquisition / divestiture items (E)	(12.2)		(12.1)		(0.3)	
Deferred compensation (F)	(7.5)		(6.3)		1.2	
Debt issuance costs (I)	—		—		6.7	
Non-GAAP non-operating expense, net:	<u>\$ (44.5)</u>		<u>\$ (49.5)</u>		<u>\$ (35.1)</u>	



		GAAP and Non-GAAP Tax Rate % (N)	GAAP and Non-GAAP Tax Rate % (N)	GAAP and Non-GAAP Tax Rate % (N)
INCOME TAX PROVISION (BENEFIT):				
GAAP income tax (benefit) provision:	\$ 4.4	1.1 %	\$ (169.7)	(49.2)%
Non-GAAP items tax effected	(J) 48.5		29.6	19.1
Difference in GAAP and Non-GAAP tax rate	(K) (4.9)		55.6	80.3
Tax reform impacts	(L) —		—	21.3
IP restructuring and tax law change impacts	(M) \$ 64.0		206.3	—
Non-GAAP income tax provision:	<u>\$ 112.0</u>	16.6 %	<u>\$ 121.8</u>	19.5 %
NET INCOME:				
GAAP net income attributable to Trimble Inc.:	\$ 389.9		\$ 514.3	\$ 282.8
Acquired deferred revenue adjustment	(A) 4.3		7.0	23.6
Amortization of acquired capitalized commissions	(B) (5.5)		(6.3)	(4.7)
Amortization of purchased intangible assets	(C) 157.8		167.8	179.6
Amortization of acquisition-related inventory step-up	(D) —		—	0.2
Acquisition / divestiture items	(E) 9.2		8.4	38.6
Stock-based compensation / deferred compensation	(F) 82.9		74.9	76.9
Restructuring charges / executive transition costs	(G) 28.2		27.9	8.7
COVID-19 expenses	(H) 3.2		—	—
Debt issuance costs	(I) —		—	6.7
Non-GAAP tax adjustments	(J) - (M) (107.6)		(291.5)	(120.7)
Non-GAAP net income attributable to Trimble Inc.:	<u>\$ 562.4</u>		<u>\$ 502.5</u>	<u>\$ 491.7</u>
DILUTED NET INCOME PER SHARE:				
GAAP diluted net income per share attributable to Trimble Inc.:	\$ 1.55		\$ 2.03	\$ 1.12
Acquired deferred revenue adjustment	(A) 0.02		0.03	0.09
Amortization of acquired capitalized commissions	(B) (0.02)		(0.02)	(0.02)
Amortization of purchased intangible assets	(C) 0.62		0.66	0.71
Amortization of acquisition-related inventory step-up	(D) —		—	—
Acquisition / divestiture items	(E) 0.04		0.03	0.15
Stock-based compensation / deferred compensation	(F) 0.33		0.30	0.30
Restructuring charges / executive transition costs	(G) 0.11		0.11	0.04
COVID-19 expenses	(H) 0.01		—	—
Debt issuance costs	(I) —		—	0.03
Non-GAAP tax adjustments	(J) - (M) (0.43)		(1.15)	(0.48)
Non-GAAP diluted net income per share attributable to Trimble Inc.:	<u>\$ 2.23</u>		<u>\$ 1.99</u>	<u>\$ 1.94</u>
ADJUSTED EBITDA:				
OPERATING INCOME:				
GAAP net income attributable to Trimble Inc.:	\$ 389.9		\$ 514.3	\$ 282.8
Non-operating income (expense), net, income tax provision (benefit), and net gain attributable to noncontrolling interests	29.9		(138.4)	37.9
GAAP operating income:	419.8		375.9	320.7
Acquired deferred revenue adjustment	(A) 4.3		7.0	23.6
Amortization of acquired capitalized commissions	(B) (5.5)		(6.3)	(4.7)
Amortization of purchased intangible assets	(C) 157.8		167.8	179.6
Amortization of acquisition-related inventory step-up	(D) —		—	0.2
Acquisition / divestiture items	(E) 21.4		20.5	38.9
Stock-based compensation / deferred compensation	(F) 90.4		81.2	75.7
Restructuring charges / executive transition costs	(G) 28.2		27.9	8.7
COVID-19 expenses	(H) 3.2		—	—
Non-GAAP operating income:	<u>\$ 719.6</u>		<u>\$ 674.0</u>	<u>\$ 642.7</u>
Depreciation expense	39.7		39.4	35.6
Income from equity method investments, net	39.4		35.8	28.7
Adjusted EBITDA:	<u>\$ 798.7</u>		<u>\$ 749.2</u>	<u>\$ 707.0</u>



Annualized Recurring Revenue Explanation

In addition to providing non-GAAP financial measures, we disclose ARR to provide investors with supplementary indicators of the value of our current recurring revenue contracts.

ARR represents the estimated annualized value of recurring revenue, including subscription, maintenance and software 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.

Non-GAAP Explanations

Non-GAAP revenue

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

Non-GAAP gross margin

We believe our investors benefit by understanding our non-GAAP gross margin as a way of understanding how product mix, pricing decisions, and manufacturing costs influence our business. Non-GAAP gross margin excludes the effects of certain acquired deferred revenue, amortization of purchased intangible assets, amortization of acquisition related inventory step-up, acquisition/divestiture items, stock-based compensation, deferred compensation, restructuring charges, and COVID-19 expenses. We believe that these adjustments offer investors additional information that may be useful to view trends in our gross margin performance.

Non-GAAP operating expenses

We believe this measure is important to investors evaluating our non-GAAP spending in relation to revenue. Non-GAAP operating expenses exclude the effects of certain acquired capitalized commissions that were eliminated in purchase accounting, amortization of purchased intangible assets, acquisition/divestiture items, stock-based compensation, deferred compensation, restructuring charges, executive transition costs, and COVID-19 expenses. We believe that these adjustments offer investors supplemental information to facilitate comparison of our operating expenses to our prior results and trends.

Non-GAAP operating income

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

Non-GAAP non-operating expense, net

We believe this measure helps investors evaluate our non-operating income trends. Non-GAAP non-operating expense, net, excludes acquisition/divestiture items, deferred compensation, and debt issuance costs. We believe that these exclusions provide investors with a supplemental view of our ongoing financial results.

Non-GAAP income tax provision

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. The non-GAAP tax rate excludes charges and benefits such as net deferred tax impacts results from the non-U.S. intercompany transfer of intellectual property, tax law changes, net deferred tax impacts resulting from the U.S. 2017 Tax Act, and significant one-time reserve releases upon statute of limitations expirations. We believe our non-GAAP tax rate facilitates a comparison of our period-to-period results, excluding the above items which can introduce volatility to our tax rate.



Non-GAAP net income

This measure provides a supplemental view of net income trends, which are driven by non-GAAP income before taxes and our non-GAAP tax rate. Non-GAAP net income excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, amortization of purchased intangible assets, amortization of acquisition related inventory step-up, acquisition/divestiture items, stock-based compensation, restructuring charges, executive transition costs, COVID-19 expenses, debt issuance costs, and non-GAAP tax adjustments. We believe our investors benefit from understanding these adjustments and from an alternative view of our net income performance as compared to prior periods and trends.

Non-GAAP diluted net income per share

We believe our investors benefit by understanding our non-GAAP operating performance as reflected in a per share calculation as a way of measuring non-GAAP operating performance by ownership in the company. Non-GAAP diluted net income per share excludes the effects of purchase accounting adjustments to certain acquired deferred revenue and acquired capitalized commissions, amortization of purchased intangible assets, amortization of acquisition related inventory step-up, acquisition/divestiture items, stock-based compensation, restructuring charges, executive transition costs, COVID-19 expenses, debt issuance costs, and non-GAAP tax adjustments. We believe that these adjustments offer investors a useful view of our diluted net income per share as compared to prior periods and trends.

Adjusted EBITDA

Adjusted EBITDA is a performance measure that we believe offers a useful view of the overall operations of our business. We believe it is useful because it facilitates company-to-company operating performance comparisons by removing potential differences caused by variations unrelated to operating performance, such as capital structures (interest expense), income taxes, depreciation and amortization expenses. We define Adjusted EBITDA as non-GAAP operating income plus depreciation expense and income from equity method investments, net. Other companies define Adjusted EBITDA differently and so our measure may not be directly comparable to similarly titled measures. Our investors should consider the limitations of using Adjusted EBITDA, including the fact that this measure does not provide a complete measure of our operating performance. Adjusted EBITDA is not intended to be an alternative to net income or operating income as a measure of operating performance or to cash flow from operating activities as a measure of liquidity. In particular, Adjusted EBITDA is not intended to be a measure of cash flow available for our discretionary expenditures, as this measure does not consider certain cash requirements, such as restructuring charges, executive transition costs, acquisition and divestiture items, interest payments, tax payments and other debt service requirements.

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

- (A) *Acquired deferred revenue adjustment.* Purchase accounting generally requires us to write-down acquired deferred revenue to fair value. Our GAAP revenue includes the fair value impact from purchase accounting for post-contract support and subscriptions contracts assumed in connection with our acquisitions. The non-GAAP adjustment to our revenue is intended to reflect the full amount of such revenue. We believe this adjustment is useful to investors as a measure of the ongoing performance of our business and facilitates analysis of revenue growth and business trends.
- (B) *Amortization of acquired capitalized commissions.* Purchase accounting generally requires us to eliminate capitalized sales commissions balances as of the acquisition date. Our GAAP sales and marketing expenses generally do not reflect the amortization of these capitalized sales commissions balances. The non-GAAP adjustment to increase our sales and marketing expenses is intended to reflect the full amount of amortization related to such balances as though the acquired companies operated independently in the periods presented. We believe this adjustment to sales and marketing expenses is useful to investors as a measure of the ongoing performance of our business.
- (C) *Amortization of purchased intangible assets.* Included in our GAAP presentation of cost of sales and operating expenses is amortization of purchased intangible assets. We believe that by excluding the amortization of purchased intangible



assets, which primarily represents technology and/or customer relationships already developed, this provides an alternative way for investors to compare our operations pre-acquisition to those post-acquisition and to those of our competitors that have pursued internal growth strategies. However, we note that companies that grow internally will incur costs to develop intangible assets that will be expensed in the period incurred, which may make a direct comparison more difficult.

- (D) *Amortization of acquisition-related inventory step-up.* The purchase accounting entries associated with our business acquisitions require us to record inventory at its fair value, which is sometimes greater than the previous book value of the inventory. Included in our GAAP presentation, the increase in inventory value is amortized to cost of sales over the period that the related product is sold. We exclude inventory step-up amortization from our non-GAAP measures because it is a non-cash expense that we do not believe is indicative of our ongoing operating results.
- (E) *Acquisition / divestiture items.* Included in our GAAP presentation of cost of sales and operating expenses, acquisition costs consist of external and incremental costs resulting directly from merger and acquisition and strategic investment activities such as legal, due diligence, integration, and other closing costs including the acceleration of acquisition stock options and adjustments to the fair value of earn-out liabilities. Included in our GAAP presentation of non-operating expense, net, acquisition/divestiture items includes unusual acquisition, investment, and/or divestiture gains/losses. Although we do numerous acquisitions, the costs that have been excluded from the non-GAAP measures are costs specific to particular acquisitions. These are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.
- (F) *Stock-based compensation / deferred compensation.* Included in our GAAP presentation of cost of sales and operating expenses are stock-based compensation consists of expenses for employee stock options and awards and purchase rights under our employee stock purchase plan. Additionally included in our GAAP presentation of cost of sales and operating expenses are income or expense associated with movement in our non-qualified deferred compensation plan liabilities. Changes in non-qualified deferred compensation plan assets, included in non-operating expense, net, offset the income or expense in the plan liabilities. We exclude them from our non-GAAP measures because some investors may view it as not reflective of our core operating performance as they are a non-cash item.
- (G) *Restructuring charges / executive transition costs.* Included in our GAAP presentation of cost of sales and operating expenses, restructuring charges recorded are primarily for employee compensation resulting from reductions in employee headcount in connection with our company restructurings, and lease and building costs. Additionally, included in our GAAP presentation of operating expenses are amounts paid to former Company executives under the terms of the executive severance agreements. We exclude restructuring charges and executive transition costs from our non-GAAP measures because we believe they do not reflect expected future operating expenses, they are not indicative of our core operating performance, and they are not meaningful in comparisons to our past operating performance. We have incurred restructuring expenses in each of the periods presented. However, the amount incurred can vary significantly based on whether a restructuring has occurred in the period and the timing of headcount reductions. Further, we believe that excluding executive transition costs from our non-GAAP results is useful to investors because it allows for period-over-period comparability.
- (H) *COVID-19 expenses.* Included in our GAAP presentation of cost of sales and operating expenses, COVID-19 expenses consist of costs incurred as a direct impact from the COVID-19 virus pandemic, such as cancellation fees of trade shows due to public safety issues, additional costs for disinfecting facilities, and personal protective equipment. We exclude COVID-19 expenses from our non-GAAP measures because we believe they are one-time costs that vary significantly in amount and timing and are not indicative of our core operating performance.
- (I) *Debt issuance costs.* Included in our non-operating expense, net this amount represents incurred costs in connection with a bridge facility we put in place for the Viewpoint acquisition, costs associated with the issuance of new credit facilities and our senior notes issued in 2018 that were not capitalized as debt issuance costs, and a write-off of debt issuance costs for terminated and/or modified credit facilities. We excluded the debt issuance cost write-off from our non-GAAP measures. We believe that investors benefit from excluding this item from our non-operating income to facilitate an evaluation of our non-operating income trends.
- (J) *Non-GAAP items tax effected.* This amount adjusts the provision for income taxes to reflect the effect of the non-GAAP items (A) - (I) on non-GAAP net income. This amount excludes the GAAP tax rate impact resulting from the tax reform



impacts and non-U.S. intercompany transfer of intellectual property, which is separately disclosed in items (L) and (M). We believe this information is useful to investors because it provides for consistent treatment of the excluded items in this non-GAAP presentation.

- (K) *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 GAAP tax rate used for this calculation excludes the net deferred tax impacts resulting from the tax reform impacts and non-U.S. intercompany transfer of intellectual property, which is separately disclosed in items (L) and (M). The non-GAAP tax rate excludes charges and benefits such as net deferred tax impacts results from the non-U.S. intercompany transfer of intellectual property, net deferred tax impacts resulting from the U.S. 2017 Tax Act, and significant one-time reserve releases upon statute of limitations expirations. We believe that investors benefit from excluding this amount from our non-GAAP income tax provision because it facilitates a comparison of the non-GAAP tax provision in the current and prior periods.
- (L) *Tax reform impacts.* The provision primarily includes a one-time tax benefit from the policy election to establish deferred taxes in relation to GILTI as created by the Tax Act. We excluded this item as it is a non-recurring expense. We believe that investors benefit from excluding this item from our non-GAAP income tax provision because it allows for period-over-period comparability.
- (M) *IP restructuring and tax law change impacts.* These amounts represent net deferred tax impacts resulting from a non-U.S. intercompany transfer of intellectual property, consistent with tax law changes, including tax rates changes, and our international business operations. We excluded this because it is not indicative of our core operating performance.
- (N) *GAAP and non-GAAP tax rate percentages.* These percentages are defined as GAAP income tax provision as a percentage of GAAP income before taxes and non-GAAP income tax provision as a percentage of non-GAAP income before taxes. We believe that investors benefit from a presentation of non-GAAP tax rate percentage as a way of facilitating a comparison to non-GAAP tax rates in prior periods.



Item 7A. Quantitative and Qualitative Disclosure about Market Risk

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

Market Interest Rate Risk

Our cash equivalents consisted primarily of interest and non-interest bearing bank deposits as well as bank time deposits. The main objective of these instruments is safety of principal and liquidity while maximizing return, without significantly increasing risk.

Due to the nature of our cash equivalents that they are readily convertible to cash, we do not anticipate any material effect on our portfolio due to fluctuations in interest rates.

We are exposed to market risk due to the possibility of changing interest rates under our credit facilities. Our 2018 Credit Facility includes a five-year revolving loan facility with a maturity date of May 2023. We also have four unsecured, uncommitted revolving credit facilities that are callable by the bank at any time. We may borrow funds under the 2018 Credit Facility in U.S. Dollars, Euros or in certain other agreed currencies as described in Note 6 of Notes to the Consolidated Financial Statements.

At the end of fiscal 2020, we had one £55.0 million, two \$75.0 million, and one €100.0 million revolving credit facilities, which are uncommitted. A hypothetical 1% increase in our borrowing rates at the end of fiscal 2020 could result in approximately \$2.6 million annual increase in interest expense on these existing principal balances.

The hypothetical changes and assumptions made above will be different from what actually occurs in the future. Furthermore, the computations do not anticipate actions that may be taken by our management should the hypothetical market changes actually occur over time. As a result, actual earnings effects in the future will differ from those quantified above.

Foreign Currency Exchange Rate Risk

We operate in international markets, which expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. Dollar and various foreign currencies, the most significant of which is the Euro. In addition, volatile market conditions arising from the COVID-19 pandemic could result in changes in exchange rates.

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

Revenue resulting from selling in local currencies and costs incurred in local currencies are exposed to foreign currency exchange rate fluctuations, which can affect our operating income. As exchange rates vary, operating income may differ from expectations. In fiscal 2020, revenue and operating income were favorably impacted by foreign currency exchange rates by \$3.2 million and \$4.3 million, respectively.



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 inter-company receivables and payables, primarily denominated in New Zealand Dollars, Brazilian Real, Canadian Dollars, Norwegian Krone, and Euro. 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 fiscal 2020 and 2019 are summarized as follows:

	At the End of Fiscal 2020		At the End of Fiscal 2019	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
<i>(In millions)</i>				
Forward contracts:				
Purchased	\$ (99.4)	\$ 0.9	\$ (84.3)	\$ 0.3
Sold	\$ 52.0	\$ (0.5)	\$ 159.2	\$ (1.0)



**TRIMBLE INC.
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Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEETS

At the End of Fiscal Year

	2020	2019
<i>(In millions, except par values)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 237.7	\$ 189.2
Accounts receivable, net	620.5	608.2
Inventories	301.7	312.1
Other current assets	121.5	102.3
Total current assets	<u>1,281.4</u>	<u>1,211.8</u>
Property and equipment, net	251.8	241.4
Operating lease right-of-use assets	128.9	140.3
Goodwill	3,876.5	3,680.6
Other purchased intangible assets, net	580.1	678.7
Deferred income tax assets	510.2	475.5
Other non-current assets	248.0	212.4
Total assets	<u>\$ 6,876.9</u>	<u>\$ 6,640.7</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 255.8	\$ 219.0
Accounts payable	143.2	159.3
Accrued compensation and benefits	166.8	123.5
Deferred revenue	560.5	490.4
Other current liabilities	185.0	198.1
Total current liabilities	<u>1,311.3</u>	<u>1,190.3</u>
Long-term debt	1,291.4	1,624.2
Deferred revenue, non-current	53.3	51.5
Deferred income tax liabilities	300.3	318.2
Income taxes payable	62.2	69.1
Operating lease liabilities	109.2	114.1
Other non-current liabilities	150.6	152.9
Total liabilities	<u>3,278.3</u>	<u>3,520.3</u>
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 3.0 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 360.0 shares authorized; 250.8 and 249.9 shares issued and outstanding at the end of fiscal 2020 and 2019, respectively	0.3	0.2
Additional paid-in-capital	1,801.7	1,692.8
Retained earnings	1,893.4	1,602.8
Accumulated other comprehensive loss	(98.5)	(176.8)
Total Trimble Inc. stockholders' equity	<u>3,596.9</u>	<u>3,119.0</u>
Noncontrolling interests	1.7	1.4
Total stockholders' equity	<u>3,598.6</u>	<u>3,120.4</u>
Total liabilities and stockholders' equity	<u>\$ 6,876.9</u>	<u>\$ 6,640.7</u>

See accompanying Notes to the Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF INCOME

Fiscal Years	2020	2019	2018
<i>(In millions, except per share data)</i>			
Revenue:			
Product	\$ 1,828.0	\$ 1,934.8	\$ 1,999.9
Service	644.8	686.2	588.7
Subscription	674.9	643.3	519.8
Total revenue	<u>3,147.7</u>	<u>3,264.3</u>	<u>3,108.4</u>
Cost of sales:			
Product	855.0	939.4	938.9
Service	234.5	253.9	247.3
Subscription	211.0	196.0	138.0
Amortization of purchased intangible assets	92.3	94.1	103.2
Total cost of sales	<u>1,392.8</u>	<u>1,483.4</u>	<u>1,427.4</u>
Gross margin	1,754.9	1,780.9	1,681.0
Operating expense:			
Research and development	475.9	469.7	446.1
Sales and marketing	467.0	504.2	479.8
General and administrative	300.9	330.6	349.8
Restructuring charges	25.8	26.8	8.2
Amortization of purchased intangible assets	65.5	73.7	76.4
Total operating expense	<u>1,335.1</u>	<u>1,405.0</u>	<u>1,360.3</u>
Operating income	419.8	375.9	320.7
Non-operating expense, net:			
Interest expense, net	(77.6)	(82.4)	(73.2)
Income from equity method investments, net	39.4	35.8	28.7
Other income, net	13.4	15.5	1.8
Total non-operating expense, net	<u>(24.8)</u>	<u>(31.1)</u>	<u>(42.7)</u>
Income before taxes	395.0	344.8	278.0
Income tax provision (benefit)	4.4	(169.7)	(5.3)
Net income	390.6	514.5	283.3
Net gain attributable to noncontrolling interests	0.7	0.2	0.5
Net income attributable to Trimble Inc.	<u>\$ 389.9</u>	<u>\$ 514.3</u>	<u>\$ 282.8</u>
Earnings per share attributable to Trimble Inc.:			
Basic	\$ 1.56	\$ 2.05	\$ 1.13
Diluted	\$ 1.55	\$ 2.03	\$ 1.12
Shares used in calculating earnings per share:			
Basic	250.5	250.8	250.0
Diluted	252.3	252.9	253.4

See accompanying Notes to the Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fiscal Years <i>(In millions)</i>	2020	2019	2018
Net income	\$ 390.6	\$ 514.5	\$ 283.3
Foreign currency translation adjustments, net of tax \$0.5 in 2020, and \$0.1 in 2019 and 2018, respectively	77.1	10.3	(55.6)
Net unrealized gain (loss), net of tax	1.2	(1.0)	0.9
Comprehensive income	468.9	523.8	228.6
Comprehensive income attributable to noncontrolling interests	0.7	0.2	0.5
Comprehensive income attributable to Trimble Inc.	<u>\$ 468.2</u>	<u>\$ 523.6</u>	<u>\$ 228.1</u>

See accompanying Notes to the Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common stock			Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interest	Total
	Shares	Amount	Additional Paid-In Capital					
<i>(In millions)</i>								
Balance at the end of fiscal 2017	248.9	\$ 0.2	\$ 1,461.1	\$ 1,084.6	\$ (131.4)	\$ 2,414.5	\$ —	\$ 2,414.5
Net income	—	—	—	282.8	—	282.8	0.5	283.3
Other comprehensive loss	—	—	—	—	(54.7)	(54.7)	—	(54.7)
Comprehensive income	—	—	—	—	—	228.1	—	228.6
Issuance of common stock under employee plans, net of tax withholdings	4.4	0.1	67.5	(27.4)	—	40.2	—	40.2
Stock repurchases	(2.4)	—	(14.7)	(75.3)	—	(90.0)	—	(90.0)
Stock-based compensation	—	—	78.0	—	—	78.0	—	78.0
Noncontrolling interest investments	—	—	—	—	—	—	(0.1)	(0.1)
Tax benefit from stock option exercises	—	—	—	3.6	—	3.6	—	3.6
Balance at the end of fiscal 2018	250.9	\$ 0.3	\$ 1,591.9	\$ 1,268.3	\$ (186.1)	\$ 2,674.4	\$ 0.4	\$ 2,674.8
Net income	—	—	—	514.3	—	514.3	0.2	514.5
Other comprehensive income	—	—	—	—	9.3	9.3	—	9.3
Comprehensive income	—	—	—	—	—	523.6	—	523.8
Issuance of common stock under employee plans, net of tax withholdings	3.7	—	59.8	(30.7)	—	29.1	—	29.1
Stock repurchases	(4.7)	(0.1)	(30.6)	(149.1)	—	(179.8)	—	(179.8)
Stock-based compensation	—	—	72.5	—	—	72.5	—	72.5
Noncontrolling interest investments	—	—	(0.8)	—	—	(0.8)	0.8	—
Balance at the end of fiscal 2019	249.9	\$ 0.2	\$ 1,692.8	\$ 1,602.8	\$ (176.8)	\$ 3,119.0	\$ 1.4	\$ 3,120.4
Net income	—	—	—	389.9	—	389.9	0.7	390.6
Other comprehensive income	—	—	—	—	78.3	78.3	—	78.3
Comprehensive income	—	—	—	—	—	468.2	—	468.9
Issuance of common stock under employee plans, net of tax withholdings	2.8	0.1	40.6	(30.7)	—	10.0	—	10.0
Stock repurchases	(1.9)	—	(13.0)	(68.6)	—	(81.6)	—	(81.6)
Stock-based compensation	—	—	81.3	—	—	81.3	—	81.3
Noncontrolling interest investments	—	—	—	—	—	—	(0.4)	(0.4)
Balance at the end of fiscal 2020	250.8	\$ 0.3	\$ 1,801.7	\$ 1,893.4	\$ (98.5)	\$ 3,596.9	\$ 1.7	\$ 3,598.6

See accompanying Notes to the Consolidated Financial Statements.



CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years (In millions)	2020	2019	2018
Cash flows from operating activities			
Net income	\$ 390.6	\$ 514.5	\$ 283.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	39.7	39.4	35.6
Amortization expense	157.8	167.8	179.6
Provision for credit losses	7.1	6.5	3.4
Deferred income taxes	(52.9)	(220.2)	(47.6)
Non-cash restructuring expense	11.4	2.1	0.5
Stock-based compensation	83.0	75.0	76.9
(Income) loss from equity method investments, net of dividends	(21.0)	(7.8)	1.9
Provision for excess and obsolete inventories	16.2	7.3	7.2
Other, net	16.5	(10.4)	10.2
(Increase) decrease in assets:			
Accounts receivable, net	(14.0)	(96.0)	(51.0)
Inventories	(5.0)	(21.3)	(45.0)
Other current and non-current assets	2.5	11.0	(17.6)
Increase (decrease) in liabilities:			
Accounts payable	(15.7)	14.5	(2.0)
Accrued compensation and benefits	34.9	(46.4)	18.6
Deferred revenue	65.7	148.2	76.3
Other current and non-current liabilities	(44.8)	0.8	(43.6)
Net cash provided by operating activities	<u>672.0</u>	<u>585.0</u>	<u>486.7</u>
Cash flow from investing activities:			
Acquisitions of businesses, net of cash acquired	(201.9)	(220.8)	(1,763.5)
Purchases of property and equipment	(56.8)	(69.0)	(67.6)
Purchases of short-term investments	—	—	(24.0)
Proceeds from maturities of short-term investments	—	—	6.2
Proceeds from sales of short-term investments	—	—	196.8
Other, net	26.9	14.5	2.5
Net cash used in investing activities	<u>(231.8)</u>	<u>(275.3)</u>	<u>(1,649.6)</u>
Cash flows from financing activities:			
Issuance of common stock, net of tax withholdings	10.0	29.1	40.2
Repurchase of common stock	(81.6)	(179.8)	(93.0)
Proceeds from debt and revolving credit lines	1,173.8	1,195.4	2,976.4
Payments on debt and revolving credit lines	(1,486.0)	(1,322.9)	(1,925.1)
Other, net	(16.5)	(14.4)	(9.1)
Net cash provided by (used in) financing activities	<u>(400.3)</u>	<u>(292.6)</u>	<u>989.4</u>
Effect of exchange rate changes on cash and cash equivalents	8.6	(0.4)	(12.5)
Net increase (decrease) in cash and cash equivalents	48.5	16.7	(186.0)
Cash and cash equivalents - beginning of fiscal year	189.2	172.5	358.5
Cash and cash equivalents - end of fiscal year	<u>\$ 237.7</u>	<u>\$ 189.2</u>	<u>\$ 172.5</u>
Supplemental cash flow disclosure:			
Cash paid for income taxes, net	\$ 59.0	\$ 63.1	\$ 62.3
Cash paid for interest	\$ 71.8	\$ 79.2	\$ 69.3

See accompanying Notes to the Consolidated Financial Statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF BUSINESS AND ACCOUNTING POLICIES

Trimble Inc., (“we” or “our” or “us”) is incorporated in the State of Delaware since October 2016.

We are a leading provider of technology solutions that enable professionals and field mobile workers to improve or transform their work processes. We focus on transforming the way the world works by delivering products and services that connect the physical and digital worlds. We generate revenue primarily through the sale of our hardware, software, maintenance and support, professional services, and subscriptions.

Use of 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 intangibles impairments, other long-lived asset impairments, stock-based compensation, and income taxes. We base our estimates on historical experience and various other assumptions we believe to be reasonable and inputs into our estimates consider the economic implications of COVID-19. Actual results that we experience may differ materially from our estimates.

Basis of Presentation

We use a 52-53 week fiscal year ending on the Friday nearest to December 31. Fiscal 2020 and 2018 were both 52-week years ending on January 1, 2021 and December 28, 2018, respectively. Fiscal 2019 was a 53-week year ended on January 3, 2020. Unless otherwise stated, all dates refer to our fiscal year and fiscal periods.

These 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 present revenue and cost of sales separately for products, services, and subscriptions. Product revenue includes hardware and software licenses; service revenue includes maintenance and support for hardware and software products and professional services; subscription revenue includes software as a service (“SaaS”), data, and hosting services.

Reportable Segments

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 and Chief Operating Decision Maker views and evaluates operations based on the results of our reportable operating segments under our management reporting system. These results are not necessarily in conformance with U.S. GAAP.

Revenue Recognition

Significant Judgments

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Revenue is recognized net of allowance for returns and any taxes collected from customers. We enter into contracts that may include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations; however, determining whether products or services are considered distinct performance obligations that should be accounted for separately versus together may sometimes require significant judgment.

Judgment is required to determine SSP for each distinct performance obligation. We use a range of amounts to estimate SSP when products and services are sold separately, and determine whether there is a discount to be allocated based on the relative SSP of the various products and services. In instances where SSP is not directly observable, we determine SSP using information that may include market conditions and other observable inputs.



Nature of Goods and Services

We generate revenue primarily from products, services, and subscriptions; each of which is a distinct performance obligation. Descriptions are as follows:

Product

Hardware is recognized when the control of the product transfers to the customer, which is generally when the product is shipped. We recognize shipping fees reimbursed by customers as revenue and the cost for shipping as an expense in Cost of sales when control over products has transferred to the customer.

Software including perpetual and term licenses is recognized upon delivery and commencement of license term. In general, our contracts do not provide for customer specific acceptances.

Services

Hardware maintenance and support, commonly called extended warranty, entitles the customer to receive replacement parts and repair services. Extended warranty is separately priced and is recognized on a straight-line basis over the extended service period, which begins after the standard warranty period, ranging from one to two years depending on the product line.

Software maintenance and support entitles the customer to receive software product upgrades and enhancements on a when and if available basis and technical support. Software maintenance is recognized on a straight-line basis commencing upon product delivery over the post-contract support term, which ranges from one to three years, with one year being most common.

Professional services include installation, training, configuration, project management, system integrations, customization, data migration/conversion, and other implementation services. The majority of professional services are not complex, can be provided by other vendors, and are readily available and billed on a time-and-material basis. Revenue for distinct professional services is recognized over time, based on work performed.

In some contracts, products and professional services may be combined into a single performance obligation. This generally arises when products or subscriptions are sold with significant customization, modification, or integration services. Revenue for the combined performance is recognized over time as the work progresses because of the continuous transfer of control to the customer.

Subscription

SaaS may be sold with devices used to collect, generate, and transmit data. SaaS is distinct from the related devices. In addition, we may host the software that the customer has separately licensed. Hosting services are distinct from the underlying software.

Subscription terms generally range from month-to-month to three years. Subscription revenue is recognized monthly over the subscription term, commencing from activation.

Deferred Costs to Obtain Customer Contracts

Our incremental cost of obtaining contracts, which consists of sales commissions related to customer contracts that include maintenance or subscription revenue, are deferred if the contractual term is greater than a year or if renewals are expected, and the renewal commission is not commensurate with the initial commission. These commission costs are deferred and amortized over the benefit period, which is either the contract term or the shorter of customer or product life that ranges from three to seven years. We have elected the practical expedient to exclude contracts with an amortization period of a year or less from this deferral requirement.

Remaining Performance Obligations

Remaining performance obligations represent contracted revenue for which goods or services have not been delivered. The contracted revenue, which will be recognized in future periods, includes both invoiced amounts in deferred revenue as well as amounts that are not yet invoiced.

Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries that operate in local currencies are translated to U.S. dollars at exchange rates in effect at the balance sheet date, with the resulting translation adjustments, net of tax, recorded in Accumulated other comprehensive loss within the Stockholders' Equity section of the Consolidated Balance Sheets. Income and expense accounts are translated at average monthly exchange rates during the year.



Derivative Financial Instruments

We enter into foreign exchange forward contracts to minimize the short-term impact of foreign currency fluctuations on cash and certain trade and intercompany receivables and payables, primarily denominated in New Zealand Dollars, Brazil Real, Canadian Dollars, Norwegian Krone, and Euro. 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 reporting period and generally range from one to two months in original maturity. We occasionally enter into foreign currency forward contracts to hedge the purchase price of some of our larger business acquisitions. We do not enter into foreign currency forward contracts for trading purposes. As of the fiscal years ended 2020 and 2019, there were no derivative financial instruments outstanding that were accounted for as hedges.

Concentrations of Risk

Cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk.

We are also exposed to credit risk in our trade receivables, which are derived from sales to end-user customers in diversified industries as well as various resellers. We perform ongoing credit evaluations of our customers' financial conditions and limit the amount of credit extended, when deemed necessary, but generally do not require collateral.

In addition, we rely on a limited number of suppliers for a number of our critical components.

Accounts Receivable, Net

Accounts receivable, net, includes billed and unbilled amounts due from customers. Unbilled receivables include revenue recognized that exceeds the amount billed to the customer, provided the billing is not contingent upon future performance, and we have the unconditional right to future payment with only the passage of time required. Both billed and unbilled amounts due are stated at their net estimated realizable value. The unbilled receivables were \$138.7 million and \$129.5 million at the end of fiscal 2020 and 2019, respectively.



We maintain an allowance for credit losses to provide for the estimated amount of receivables that will not be collected. Each reporting period, we evaluate the collectability of our trade accounts receivable based on a number of factors such as age of the accounts receivable balances, credit quality, historical experience, and current and future economic conditions that may affect a customer's ability to pay. Changes in our allowance for credit losses at the end of fiscal 2020, 2019 and 2018 were as follows:

Fiscal Years	2020	2019	2018
(In millions)			
Balance at beginning of period	\$ 5.9	\$ 4.6	\$ 3.6
Acquired allowances	—	0.2	1.6
Provision for credit losses	7.1	6.5	3.4
Write-offs, net of recoveries	(6.0)	(5.4)	(4.0)
Balance at end of period	<u>\$ 7.0</u>	<u>\$ 5.9</u>	<u>\$ 4.6</u>

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments are also made to reduce the cost of inventory for estimated excess or obsolete balances. Factors influencing these adjustments include declines in demand that impact inventory purchasing forecasts, technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration, and quality issues. If our estimate used to reserve for excess and obsolete inventory differs from what is expected, we may be required to recognize additional reserves, which would negatively impact our gross margin.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation. Depreciation of property and equipment is computed using the straight-line method over the shorter of the estimated useful lives or the lease terms when applicable. Useful lives generally range from four to six years for machinery and equipment, five to ten years for furniture and fixtures, two to five years for computer equipment and software, thirty-nine years for buildings, and the life of the lease for leasehold improvements. We capitalize eligible costs to acquire or develop certain internal-use software that are incurred subsequent to the preliminary project stage. Capitalized costs related to internal-use software are amortized using the straight-line method over the estimated useful lives of the assets, which range generally from two to five years. The costs of repairs and maintenance are expensed when incurred, while expenditures for refurbishments and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Depreciation expense was \$39.7 million, \$39.4 million and \$35.6 million in fiscal 2020, 2019 and 2018, respectively.

Leases

We determine if an arrangement is a lease at inception. Operating leases with lease terms greater than one year are included in Operating lease right-of-use ("ROU") assets, in both Other current liabilities, and Operating lease liabilities in our Consolidated Balance Sheets.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Present value is determined by using our incremental borrowing rate based on the estimated rate of interest for collateralized borrowings over a similar term of the lease payments at commencement date. The operating lease ROU asset includes adjustments made for uneven rents, lease incentives, and lease impairments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Lease agreements that include both lease and non-lease components are accounted for as part of the overall lease arrangement.



Business Combinations

We allocate the fair value of purchase consideration to the assets acquired, liabilities assumed, and non-controlling interests in the acquiree based on their fair values at the acquisition date, with any excess purchase price recognized as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, we make significant estimates and assumptions, especially with respect to intangible assets. Critical estimates when valuing intangible assets include expected future cash flows based on consideration of future growth rates and margins, customer attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions we believe a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition as additional information about conditions existing at the acquisition date becomes available.

Goodwill and Purchased Intangible Assets

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Intangible assets acquired individually, with a group of other assets, or in a business combination are recorded at fair value. Identifiable intangible assets are comprised of technology, patents, licenses, customer contracts, acquired backlog, trademarks, and in-process research and development. Identifiable intangible assets are amortized over the period of estimated benefit using the straight-line method and have estimated useful lives ranging from three years to ten years with a weighted average useful life of approximately seven years. We write off fully amortized intangible assets when those assets are no longer used. Goodwill is not subject to amortization, but is subject to, at a minimum, an annual assessment for impairment.

Impairment of Goodwill, Intangible Assets, and Other Long-Lived Assets

We evaluate goodwill on an annual basis or more frequently if indicators of potential impairment exist. We utilize either a qualitative or quantitative approach to assess the likelihood of impairment as of the first day of the fourth quarter. When performing the qualitative assessment, we consider macroeconomic conditions, industry and market considerations, overall financial performance, and other relevant events and factors that may impact the reporting units. When performing the quantitative assessment, we compare the reporting unit's carrying amount, including goodwill, to the reporting unit's fair value. When we perform a quantitative test, the estimation of the fair value of a reporting unit involves the use of certain estimates and assumptions including expected future operating performance using risk-adjusted discount rates. Actual future results may differ from those estimates. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized.

Identifiable intangible assets and long-lived assets with finite lives are amortized over their estimated useful lives on a straight-line basis. Changes in circumstances such as technological advances, changes to business models, or changes in the capital strategy could result in a revised useful life. If the useful life of an asset is revised, the net book value of the estimated residual value is amortized over its revised remaining useful life. Intangible assets and long-lived assets are evaluated for impairment according to their asset groups whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable based on their future cash flows. The estimated future cash flows are primarily based upon assumptions about expected future operating performance. Assets held for disposal are measured at fair value less selling costs, and assets that are no longer in use are written off entirely at their cease-use dates.

Stock-Based Compensation

Stock compensation expense is based on the measurement date fair value of the awards, net of expected forfeitures. Expense is generally recognized on a straight-line basis over the requisite service period of the stock awards. The estimate of the forfeiture rate is based on historical experience.

Warranty

We accrue for warranty costs as part of our cost of sales based on associated material product costs, technical support labor costs, and costs incurred by third parties performing work on our behalf. Our expected future cost is primarily estimated based upon historical trends in the volume of product returns within the warranty period and the cost to repair or replace the equipment. When products sold include warranty provisions, they are covered by a warranty for periods ranging from one year to two years.

Accrued warranty expenses of \$13.8 million and \$16.3 million are included in Other current liabilities in the Consolidated Balance Sheets at the end of fiscal 2020 and 2019, respectively.



Guarantees, Including Indirect Guarantees of Indebtedness of Others

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

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

Advertising and Promotional Costs

We expense all advertising and promotional costs as incurred. Advertising and promotional expense was approximately \$28.6 million, \$42.7 million, and \$42.7 million, in fiscal 2020, 2019, and 2018, respectively.

Research and Development Costs

Research and development costs are charged to expense as incurred. Costs of software developed for external sale subsequent to reaching technical feasibility were not significant and were expensed as incurred. We received third-party funding of approximately \$16.3 million, \$16.5 million, and \$19.5 million in fiscal 2020, 2019, and 2018, respectively. We offset research and development expense with any unconditional third-party funding earned and retain the rights to any technology developed under such arrangements.

Computation of Earnings Per Share

The number of shares used in the calculation of basic earnings per share represents the weighted-average common shares outstanding during the period and excludes any potentially dilutive securities. The dilutive effects of outstanding stock options, restricted stock units ("RSUs"), and shares to be purchased under our Employee Stock Purchase Plan ("ESPP") are included in diluted earnings per share unless they are anti-dilutive.

Income Taxes

Income taxes are accounted for under the liability method, whereby deferred tax assets or liability account balances are calculated at the balance sheet date using current tax laws and rates in effect for the year in which the differences are expected to affect taxable income. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not such assets will not be realized. Our valuation allowance is primarily attributable to foreign net operating losses and state research and development credit carryforwards.

Relative to uncertain tax positions, we only recognize a tax benefit if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and may not accurately forecast actual tax audit outcomes. Changes in recognition or measurement of our uncertain tax positions would result in the recognition of a tax benefit or an additional charge to the tax provision. Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense.

We are subject to income taxes in the U.S. and numerous other countries and are subject to routine corporate income tax audits in many of these jurisdictions. We generally believe that positions taken on our tax returns are more likely than not to be sustained upon audit, but tax authorities in some circumstance have, and may in the future, successfully challenge these positions. Accordingly, our income tax provision includes amounts intended to satisfy assessments that may result from these challenges. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income, and cash flows.



Recent Accounting Pronouncements

Fiscal 2020 Adoption

Financial Instruments - Credit Losses

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

We adopted the new standard at the beginning of fiscal 2020 by applying a modified retrospective method without restating comparative periods. The adoption did not have a material impact on our Consolidated Financial Statements.

Intangibles - Goodwill and Other

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

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

Intangibles - Internal-Use Software

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

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

Future Adoption

Income Taxes - Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued amendments to the accounting for Income Taxes to reduce complexity by removing certain exceptions and implementing targeted simplifications. The new standard is effective for us beginning in fiscal 2021. Early adoption is permitted. We do not expect the adoption to have a material impact on our Consolidated Financial Statements.



NOTE 2: EARNINGS PER SHARE

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

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

Fiscal Years <i>(In millions, except per share data)</i>	2020	2019	2018
Numerator:			
Net income attributable to Trimble Inc.	\$ 389.9	\$ 514.3	\$ 282.8
Denominator:			
Weighted average number of common shares used in basic earnings per share	250.5	250.8	250.0
Effect of dilutive securities	1.8	2.1	3.4
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	252.3	252.9	253.4
Basic earnings per share	\$ 1.56	\$ 2.05	\$ 1.13
Diluted earnings per share	\$ 1.55	\$ 2.03	\$ 1.12

For fiscal 2020, 2019, and 2018, 0.5 million, 0.1 million, and 0.7 million, respectively, of shares were excluded from the calculation of diluted earnings per share because their effect would have been antidilutive.

NOTE 3: BUSINESS COMBINATIONS

During fiscal 2020, 2019, and 2018, we acquired multiple businesses, all with cash consideration. The Consolidated Statements of Income include the operating results of the businesses from the dates of acquisition.

During fiscal 2020, we acquired three businesses, with total purchase consideration of \$205.1 million. The acquisitions were not significant individually or in the aggregate. The largest acquisition was Kuebix, a transportation management system provider. In the aggregate, the businesses acquired contributed less than 1% of our total revenue during fiscal 2020.

During fiscal 2019, we acquired four businesses, with total purchase consideration of \$247.0 million. The acquisitions were not significant individually or in the aggregate. The largest acquisition was Cityworks, a company that provides enterprise asset management (EAM) software for utilities and local government. In the aggregate, the businesses acquired contributed less than 1% of our total revenue during fiscal 2019.

During fiscal 2018, we acquired six businesses, with total purchase consideration of \$1.8 billion, including e-Builder and Viewpoint, having cash transactions valued at \$485.5 million and \$1,212.1 million, respectively. In the aggregate, the businesses acquired contributed approximately 5% of our total revenue during fiscal 2018.

We determined the total consideration paid for each of our acquisitions as well as the fair value of the assets acquired and liabilities assumed as of the date of each acquisition. The excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill. The fair value of intangible assets acquired is generally determined based on a discounted cash flow analysis. For the acquisitions in fiscal 2020, the preliminary fair values of net tangible assets and intangible assets acquired were based on preliminary valuations and estimates, and assumptions are subject to change within the measurement period (up to one year from the acquisition date).

Acquisition costs of \$21.4 million, \$20.5 million, and \$38.9 million in fiscal 2020, 2019, and 2018, respectively, were expensed as incurred and are included in Cost of sales and General and administrative expenses in our Consolidated Statements of Income.



The following table summarizes the business combinations completed during the periods indicated:

Fiscal Years <i>(In millions)</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fair value of total purchase consideration	\$ 205.1	\$ 247.0	\$ 1,782.9
Less fair value of net assets acquired:			
Net tangible assets acquired	(1.6)	6.7	5.0
Identified intangible assets	56.7	104.6	568.3
Deferred taxes	0.7	(3.4)	(89.2)
Goodwill	<u>\$ 149.3</u>	<u>\$ 139.1</u>	<u>\$ 1,298.8</u>

Intangible Assets

The following table presents details of total intangible assets. As of the end of fiscal 2020, \$338.3 million of fully amortized intangible assets were written off. Amounts reported at the end of fiscal 2019 have been adjusted to conform to the current presentation.

<i>(In millions)</i>	<u>At the End of Fiscal 2020</u>				<u>At the End of Fiscal 2019</u>			
	Weighted-Average Useful Lives (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Developed product technology	6	\$ 1,118.2	\$ (811.1)	\$ 307.1	\$ 1,191.9	\$ (848.6)	\$ 343.3	
Trade names and trademarks	5	58.3	(51.9)	6.4	73.1	(58.1)	15.0	
Customer relationships	8	681.1	(419.3)	261.8	750.8	(446.6)	304.2	
Distribution rights and other intellectual properties	7	45.8	(41.0)	4.8	68.7	(52.5)	16.2	
		<u>\$ 1,903.4</u>	<u>\$ (1,323.3)</u>	<u>\$ 580.1</u>	<u>\$ 2,084.5</u>	<u>\$ (1,405.8)</u>	<u>\$ 678.7</u>	

The estimated future amortization expense of intangible assets at the end of fiscal 2020 is as follows (in millions):

2021	\$ 139.8
2022	119.9
2023	106.4
2024	82.9
2025	46.1
Thereafter	85.0
Total	<u>\$ 580.1</u>

Goodwill

The changes in the carrying amount of goodwill by segment were as follows:

<i>(In millions)</i>	<u>Buildings and Infrastructure</u>	<u>Geospatial</u>	<u>Resources and Utilities</u>	<u>Transportation</u>	<u>Total</u>
At the end of fiscal 2019	\$ 1,973.0	\$ 401.5	\$ 445.4	\$ 860.7	\$ 3,680.6
Additions due to acquisitions	1.3	—	0.4	147.6	149.3
Purchase price and foreign currency translation adjustments	23.1	14.2	8.0	1.3	46.6
At the end of fiscal 2020	<u>\$ 1,997.4</u>	<u>\$ 415.7</u>	<u>\$ 453.8</u>	<u>\$ 1,009.6</u>	<u>\$ 3,876.5</u>



NOTE 4: CERTAIN BALANCE SHEET COMPONENTS

The components of inventory, net were as follows:

<u>At the End of Fiscal Year</u> <i>(In millions)</i>	<u>2020</u>	<u>2019</u>
Inventories:		
Raw materials	\$ 95.6	\$ 95.8
Work-in-process	16.0	13.2
Finished goods	190.1	203.1
Total inventories	<u>\$ 301.7</u>	<u>\$ 312.1</u>

Finished goods includes \$11.7 million and \$5.6 million at the end of fiscal 2020 and 2019, respectively, for costs of sales that have been deferred in connection with deferred revenue arrangements.

The components of property and equipment, net were as follows:

<u>At the End of Fiscal Year</u> <i>(In millions)</i>	<u>2020</u>	<u>2019</u>
Property and equipment, net:		
Land, building, furniture, and leasehold improvements	\$ 253.3	\$ 211.0
Machinery and equipment	178.7	165.3
Software and licenses	148.9	143.0
Construction in progress	17.2	38.3
	<u>598.1</u>	<u>557.6</u>
Less: accumulated depreciation	<u>(346.3)</u>	<u>(316.2)</u>
Total property and equipment, net	<u>251.8</u>	<u>241.4</u>

The components of other non-current liabilities were as follows:

<u>At the End of Fiscal Year</u> <i>(In millions)</i>	<u>2020</u>	<u>2019</u>
Other non-current liabilities:		
Unrecognized tax benefits	\$ 55.4	\$ 66.4
Deferred compensation	42.0	36.2
Pension	21.9	20.2
Other	31.3	30.1
Total other non-current liabilities	<u>\$ 150.6</u>	<u>\$ 152.9</u>

The components of accumulated other comprehensive loss, net of related tax were as follows:

<u>At the End of Fiscal Year</u> <i>(In millions)</i>	<u>2020</u>	<u>2019</u>
Accumulated foreign currency translation adjustments	\$ (96.0)	\$ (173.1)
Net unrealized actuarial losses	(2.5)	(3.7)
Total accumulated other comprehensive loss	<u>\$ (98.5)</u>	<u>\$ (176.8)</u>



NOTE 5: REPORTING SEGMENT AND GEOGRAPHIC INFORMATION

We determined our operating segments based on how our Chief Operating Decision Maker ("CODM") views and evaluates operations. Various factors, including market separation and customer-specific applications, go-to-market channels, and products and services, were considered in determining these operating segments. Our CODM regularly reviews our segment operating results to make decisions about resources to be allocated to each segment and assess performance. In each of our segments, we sell many individual products. For this reason, it is impracticable to segregate and identify revenue for each of the individual products or group of products we sell.

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>					
Fiscal 2020					
Revenue	\$ 1,230.7	\$ 650.5	\$ 627.3	\$ 639.2	\$ 3,147.7
Acquired deferred revenue adjustment	0.3	—	2.7	1.3	4.3
Segment revenue	\$ 1,231.0	\$ 650.5	\$ 630.0	\$ 640.5	\$ 3,152.0
Operating income	\$ 343.0	\$ 184.4	\$ 218.4	\$ 49.0	\$ 794.8
Acquired deferred revenue adjustment	0.3	—	2.7	1.3	4.3
Amortization of acquired capitalized commissions	(5.2)	—	(0.1)	(0.2)	(5.5)
Segment operating income	\$ 338.1	\$ 184.4	\$ 221.0	\$ 50.1	\$ 793.6
Depreciation expense	\$ 8.1	\$ 6.2	\$ 5.6	\$ 4.1	\$ 24.0
Fiscal 2019					
Revenue	\$ 1,254.2	\$ 649.4	\$ 568.4	\$ 792.3	\$ 3,264.3
Acquired deferred revenue adjustment	4.0	—	3.0	—	7.0
Segment revenue	\$ 1,258.2	\$ 649.4	\$ 571.4	\$ 792.3	\$ 3,271.3
Operating income	\$ 322.1	\$ 132.2	\$ 166.2	\$ 125.9	\$ 746.4
Acquired deferred revenue adjustment	4.0	—	3.0	—	7.0
Amortization of acquired capitalized commissions	(6.2)	—	(0.1)	—	(6.3)
Segment operating income	\$ 319.9	\$ 132.2	\$ 169.1	\$ 125.9	\$ 747.1
Depreciation expense	\$ 8.1	\$ 6.3	\$ 4.4	\$ 4.4	\$ 23.2
Fiscal 2018					
Revenue	\$ 1,065.5	\$ 723.1	\$ 567.1	\$ 752.7	\$ 3,108.4
Acquired deferred revenue adjustment	22.2	—	1.0	0.4	23.6
Segment revenue	\$ 1,087.7	\$ 723.1	\$ 568.1	\$ 753.1	\$ 3,132.0
Operating income	\$ 239.0	\$ 166.4	\$ 167.4	\$ 142.9	\$ 715.7
Acquired deferred revenue adjustment	22.2	—	1.0	0.4	23.6
Amortization of acquired capitalized commissions	(4.5)	—	(0.2)	—	(4.7)
Segment operating income	\$ 256.7	\$ 166.4	\$ 168.2	\$ 143.3	\$ 734.6
Depreciation expense	\$ 6.4	\$ 6.0	\$ 4.2	\$ 4.5	\$ 21.1



	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
As of Fiscal Year End 2020					
Accounts receivable, net	\$ 260.1	\$ 117.5	\$ 91.2	\$ 151.7	\$ 620.5
Inventories	59.1	120.1	49.0	73.5	301.7
Goodwill	1,997.4	415.7	453.8	1,009.6	3,876.5
As of Fiscal Year End 2019					
Accounts receivable, net	\$ 232.0	\$ 115.5	\$ 93.3	\$ 167.4	\$ 608.2
Inventories	67.1	125.0	45.5	74.5	312.1
Goodwill	1,973.0	401.5	445.4	860.7	3,680.6
As of Fiscal Year End 2018					
Accounts receivable, net	\$ 177.5	\$ 118.7	\$ 83.8	\$ 132.6	\$ 512.6
Inventories	70.3	133.5	46.2	48.0	298.0
Goodwill	1,970.2	403.1	305.7	861.0	3,540.0

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

Fiscal Years	2020	2019	2018
<i>(In millions)</i>			
Consolidated segment operating income	\$ 793.6	\$ 747.1	\$ 734.6
Unallocated corporate expense	(74.0)	(73.1)	(91.9)
Acquired deferred revenue adjustment	(4.3)	(7.0)	(23.6)
Amortization of acquired capitalized commissions	5.5	6.3	4.7
Amortization of purchased intangible assets	(157.8)	(167.8)	(179.6)
Amortization of acquisition-related inventory step-up	—	—	(0.2)
Acquisition / divestiture items	(21.4)	(20.5)	(38.9)
Stock-based compensation / deferred compensation	(90.4)	(81.2)	(75.7)
Restructuring charges / executive transition costs	(28.2)	(27.9)	(8.7)
COVID-19 expenses	(3.2)	—	—
Consolidated operating income	419.8	375.9	320.7
Total non-operating expense, net	(24.8)	(31.1)	(42.7)
Consolidated income before taxes	\$ 395.0	\$ 344.8	\$ 278.0

(1) Unallocated corporate expense includes general corporate expense.



On a total Company basis, the disaggregation of revenue by geography is summarized in the tables below. Revenue is defined as revenue from external customers attributed to countries based on the location of the customer and excludes the effects of certain acquired deferred revenue that was written down to fair value in purchase accounting, consistent with the Reporting Segment tables above.

	Reporting Segments				
	Buildings and Infrastructure	Geospatial	Resources and Utilities	Transportation	Total
<i>(In millions)</i>					
Fiscal 2020					
North America	\$ 703.4	\$ 249.9	\$ 191.4	\$ 502.5	\$ 1,647.2
Europe	337.1	222.3	284.3	78.4	922.1
Asia Pacific	165.7	138.2	64.5	34.9	403.3
Rest of World	24.8	40.1	89.8	24.7	179.4
Total segment revenue	\$ 1,231.0	\$ 650.5	\$ 630.0	\$ 640.5	\$ 3,152.0
Fiscal 2019					
North America	\$ 722.7	\$ 263.0	\$ 173.3	\$ 636.3	\$ 1,795.3
Europe	338.7	217.5	273.6	90.4	920.2
Asia Pacific	165.3	122.7	47.4	39.7	375.1
Rest of World	31.5	46.2	77.1	25.9	180.7
Total segment revenue	\$ 1,258.2	\$ 649.4	\$ 571.4	\$ 792.3	\$ 3,271.3
Fiscal 2018					
North America	\$ 595.0	\$ 290.6	\$ 175.0	\$ 609.4	\$ 1,670.0
Europe	312.1	211.2	260.0	90.2	873.5
Asia Pacific	152.7	171.7	46.4	47.5	418.3
Rest of World	27.9	49.6	86.7	6.0	170.2
Total segment revenue	\$ 1,087.7	\$ 723.1	\$ 568.1	\$ 753.1	\$ 3,132.0

Total revenue in the United States as included in the Consolidated Statements of Income was \$1,502.3 million, \$1,641.0 million, and \$1,518.1 million in fiscal 2020, 2019, and 2018, respectively. No single customer or country other than the United States accounted for 10% or more of our total revenue in fiscal 2020, 2019 and 2018. No single customer accounted for 10% or more of our accounts receivable at the end of fiscal 2020 and 2019.

Property and equipment, net by geographic area were as follows:

At the End of Fiscal Year	2020		2019	
<i>(In millions)</i>				
Property and equipment, net:				
United States	\$	200.3	\$	192.7
Europe		41.0		38.6
Asia Pacific and Rest of World		10.5		10.1
Total property and equipment, net	\$	251.8	\$	241.4



NOTE 6: DEBT

Debt consisted of the following:

At the End of Fiscal Year <i>(In millions, except percentages)</i>	Date of Issuance	Effective interest rate for fiscal 2020	2020	2019
Senior Notes:				
2023 Senior Notes, 4.15%, due June 2023	June 2018	4.36%	\$ 300.0	\$ 300.0
2028 Senior Notes, 4.90%, due June 2028	June 2018	5.04%	600.0	600.0
2024 Senior Notes, 4.75%, due December 2024	November 2014	4.95%	400.0	400.0
Credit Facilities:				
2018 Credit Facility, floating rate:				
Term Loan, due July 2022	May 2018	—	—	225.0
Revolving Credit Facility, due May 2023	May 2018	—	—	110.0
Uncommitted facilities, floating rate		1.16%	255.8	218.7
Promissory notes and other debt			0.1	0.3
Unamortized discount and issuance costs			(8.7)	(10.8)
Total debt			1,547.2	1,843.2
Less: Short-term debt			255.8	219.0
Long-term debt			<u>\$ 1,291.4</u>	<u>\$ 1,624.2</u>

Each of our debt agreements requires us to maintain compliance with certain debt covenants, all of which we complied with at the end of fiscal 2020.

Debt Maturities:

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

<u>Year Payable</u>	
2021	\$ 255.8
2022	—
2023	300.1
2024	400.0
2025	—
Thereafter	600.0
Total	<u>\$ 1,555.9</u>

Senior Notes:

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

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



2018 Credit Facility:

At the end of fiscal 2020, we had access to a \$1.25 billion unsecured revolving credit facility maturing in May 2023, which may be used for working capital and general corporate purposes, including permitted acquisitions. As part of the credit facility, we may request an additional term loan facility up to \$500.0 million prior to the maturity of the credit facility and subject to approval. There were no amounts outstanding under the revolving credit facility at the end of fiscal 2020.

Uncommitted Facilities:

On February 24, 2020, we entered into a line of credit to borrow an amount up to £55.0 million. At the end of fiscal 2020, we had one £55.0 million, two \$75.0 million, and one €100.0 million revolving credit facilities, which are uncommitted (the "Uncommitted Facilities"). Generally, these uncommitted facilities may be redeemed upon demand. Borrowings under uncommitted facilities are classified as short-term debt in our Consolidated Balance Sheet.

Promissory Notes and Other Debt

At the end of fiscal 2020 and 2019, we had promissory notes and other notes payable totaling approximately \$0.1 million and \$0.3 million, classified as long-term debt and short-term debt in our Consolidated Balance Sheet, respectively.

NOTE 7: LEASES

We have operating leases primarily for certain of our major facilities, including corporate offices, research and development facilities, and manufacturing facilities. Lease terms range from 1 to 10 years, and certain leases include options to extend the lease for up to 6 years. We consider options to extend the lease in determining the lease term.

Operating lease expense consisted of:

<u>At the End of Fiscal Year</u> (In millions)	<u>2020</u>	<u>2019</u>
Operating lease expense	\$ 38.1	\$ 38.3
Short-term lease expense and other	15.7	18.4
Total lease expense	<u>\$ 53.8</u>	<u>\$ 56.7</u>

Supplemental cash flow information related to leases was as follows:

<u>At the End of Fiscal Year</u> (In millions)	<u>2020</u>	<u>2019</u>
Cash paid for liabilities included in the measurement of lease liabilities:		
Operating cash flows from operating leases (1)	\$ 37.0	\$ 37.9
Right-of-use assets obtained in exchange for Operating lease liabilities:	\$ 29.4	\$ 53.2

(1) Excludes cash payments for short-term leases, which are not capitalized.

Supplemental balance sheet information related to leases was as follows:

<u>At the End of Fiscal Year</u> (In millions)	<u>2020</u>	<u>2019</u>
Operating lease right-of-use assets	\$ 128.9	\$ 140.3
Other current liabilities	\$ 33.8	\$ 28.9
Operating lease liabilities	109.2	114.1
Total operating lease liabilities	<u>\$ 143.0</u>	<u>\$ 143.0</u>
Weighted-average discount rate	3.86 %	4.23 %
Weighted-average remaining lease term	6 years	6 years



At the end of fiscal 2020, the maturities of lease liabilities were as follows (in millions):

<u>Year Payable</u>		
2021	\$	37.6
2022		31.9
2023		24.3
2024		18.7
Thereafter		46.4
Total lease payments	\$	158.9
Less: imputed interest		15.9
Total	\$	<u>143.0</u>

We signed operating leases for real estate of approximately \$40.0 million that have not yet commenced at the end of fiscal 2020, and as such, have not been recognized on our Consolidated Balance Sheets. These operating leases are expected to commence in 2021 with lease terms ranging from 1 to 13 years.

NOTE 8: COMMITMENTS AND CONTINGENCIES

At the end of fiscal 2020, we had unconditional purchase obligations of approximately \$241.1 million. These unconditional purchase obligations primarily represent open non-cancelable purchase orders for material purchases with our vendors.

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, to which we or any of our subsidiaries is a party or of which any of our or our subsidiaries' property is subject.

NOTE 9: FAIR VALUE MEASUREMENTS

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

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

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

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



Fair Value on a Recurring Basis

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

At the End of Fiscal Year (In millions)	2020				2019			
	Level I	Level II	Level III	Total	Level I	Level II	Level III	Total
Assets								
Deferred compensation plan assets (1)	\$ 41.9	\$ —	\$ —	\$ 41.9	\$ 36.2	\$ —	\$ —	\$ 36.2
Derivative assets (2)	—	0.9	—	0.9	—	0.3	—	0.3
Total assets measured at fair value	<u>\$ 41.9</u>	<u>\$ 0.9</u>	<u>\$ —</u>	<u>\$ 42.8</u>	<u>\$ 36.2</u>	<u>\$ 0.3</u>	<u>\$ —</u>	<u>\$ 36.5</u>
Liabilities								
Deferred compensation plan liabilities (1)	\$ 41.9	\$ —	\$ —	\$ 41.9	\$ 36.2	\$ —	\$ —	\$ 36.2
Derivative liabilities (2)	—	0.5	—	0.5	—	1.0	—	1.0
Contingent consideration liabilities (3)	—	—	12.3	12.3	—	—	19.9	19.9
Total liabilities measured at fair value	<u>\$ 41.9</u>	<u>\$ 0.5</u>	<u>\$ 12.3</u>	<u>\$ 54.7</u>	<u>\$ 36.2</u>	<u>\$ 1.0</u>	<u>\$ 19.9</u>	<u>\$ 57.1</u>

- (1) We have a self-directed, non-qualified deferred compensation plan for certain executives and other highly compensated employees. The plan assets and liabilities are invested in actively traded mutual funds and individual stocks valued using observable quoted prices in active markets. Deferred compensation plan assets and liabilities are included in Other non-current assets and Other non-current liabilities on our Consolidated Balance Sheets, respectively.
- (2) Derivative assets and liabilities primarily represent forward currency exchange contracts to minimize the short-term impact of foreign currency exchange rates on certain trade and inter-company receivables and payables. Derivative assets and liabilities are included in Other current assets and Other current liabilities on our Consolidated Balance Sheets, respectively.
- (3) Contingent consideration liabilities represent arrangements to pay the former owners of certain companies that we acquired. The fair values are estimated using scenario-based methods or option pricing methods based upon estimated future revenues, gross margins, or other milestones. At the end of fiscal 2020, we have \$12.3 million included in Other current liabilities on our Consolidated Balance Sheet. The undiscounted maximum payment under the arrangements is \$18.3 million at the end of fiscal 2020.

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 \$1.8 billion and \$1.9 billion at the end of fiscal 2020 and 2019, respectively, consistent with the carrying values.

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

NOTE 10: DEFERRED COSTS TO OBTAIN CUSTOMER CONTRACTS

Deferred cost to obtain customer contracts of \$51.3 million and \$45.4 million is included in Other non-current assets in the Consolidated Balance Sheets at the end of fiscal 2020 and 2019, respectively.

Amortization expense related to deferred costs to obtain customer contracts was \$22.8 million, \$22.3 million, and \$23.6 million, for fiscal 2020, 2019 and 2018, respectively. This expense was included in Sales and marketing expense in our Consolidated Statements of Income. There were no impairment losses related to the deferred costs for the periods presented.



NOTE 11: DEFERRED REVENUE AND REMAINING PERFORMANCE OBLIGATIONS

Deferred Revenue

Changes in our deferred revenue during fiscal 2020 and 2019 were as follows:

Fiscal Years	2020	2019
<i>(In millions)</i>		
Beginning balance of the period	\$ 541.9	\$ 387.2
Revenue recognized	(476.9)	(341.3)
Net deferred revenue activity	548.8	496.0
Ending balance of the period	<u>\$ 613.8</u>	<u>\$ 541.9</u>

Remaining Performance Obligations

As of the end of fiscal 2020, approximately \$1.3 billion of revenue is expected to be recognized from remaining performance obligations for which goods or services have not been delivered, primarily subscription, software, maintenance and support, and to a lesser extent, hardware and professional services. We expect to recognize \$1.0 billion or 73% of our remaining performance obligations as revenue during the next 12 months. We expect to recognize the remaining \$0.3 billion or 27% of our remaining performance obligations as revenue thereafter.



NOTE 12: INCOME TAXES

Income before taxes and the provision (benefit) for taxes consisted of the following:

<u>Fiscal Years</u> <i>(In millions)</i>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income before taxes:			
United States	\$ 24.7	\$ 43.0	\$ 25.4
Foreign	370.3	301.8	252.6
Total	<u>\$ 395.0</u>	<u>344.8</u>	<u>278.0</u>
Provision (benefit) for taxes:			
U.S. Federal:			
Current	\$ (5.8)	\$ (3.8)	\$ (19.7)
Deferred	(16.3)	252.3	(25.8)
	<u>(22.1)</u>	<u>248.5</u>	<u>(45.5)</u>
U.S. State:			
Current	0.8	5.1	5.0
Deferred	7.1	(0.7)	(3.6)
	<u>7.9</u>	<u>4.4</u>	<u>1.4</u>
Foreign:			
Current	62.2	49.2	57.0
Deferred	(43.6)	(471.8)	(18.2)
	<u>18.6</u>	<u>(422.6)</u>	<u>38.8</u>
Income tax provision (benefit)	\$ 4.4	\$ (169.7)	\$ (5.3)
Effective tax rate	1.1 %	(49.2)%	(1.9)%

The difference between the tax provision (benefit) at the statutory federal income tax rate and the tax provision (benefit) as a percentage of income before taxes ("effective tax rate") was as follows:

<u>Fiscal Years</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Increase (reduction) in tax rate resulting from:			
Foreign income taxed at different rates	1.7 %	(7.3)%	(6.7)%
Change in valuation allowance	2.0 %	— %	— %
U.S. State income taxes	0.5 %	1.5 %	1.0 %
Stock-based compensation	1.5 %	1.2 %	1.1 %
Excess tax benefit related to stock-based compensation	(1.5)%	(2.4)%	(3.2)%
Effect of U.S. tax law change	— %	— %	(7.6)%
Other U.S. taxes on foreign operations	(1.0)%	1.3 %	1.6 %
U.S. Federal research and development credits	(2.3)%	(2.8)%	(3.7)%
Tax reserve releases	(4.8)%	(4.9)%	(8.7)%
Intellectual property restructuring and tax law changes	(16.2)%	(59.8)%	— %
Other	0.2 %	3.0 %	3.3 %
Effective tax rate	<u>1.1 %</u>	<u>(49.2)%</u>	<u>(1.9)%</u>



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

In December 2020, due to a change in the Netherlands tax law, the statutory tax rate was increased from 21.7% to 25.0%, effective January 1, 2021. As a result, we recorded a one-time tax benefit of \$64.0 million due to the revaluation of the Netherlands deferred tax assets.

In December 2019, to align with our international business operations, we completed a non-U.S. intercompany transfer of our intellectual property to a subsidiary in the Netherlands. The transaction resulted in deferred tax assets in the Netherlands and GILTI deferred tax liabilities in the U.S., recorded at the applicable statutory tax rates, resulting in a one-time income tax benefit of approximately \$206.3 million in the fourth quarter of fiscal 2019.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of deferred tax assets and liabilities were as follows:

At the End of Fiscal Year <i>(In millions)</i>	<u>2020</u>	<u>2019</u>
Deferred tax liabilities:		
Global intangible low-taxed income	\$ 219.7	\$ 233.7
Purchased intangibles	138.1	158.7
Operating lease right-of-use assets	32.3	35.3
Other	11.3	12.8
Total deferred tax liabilities	<u>401.4</u>	<u>440.5</u>
Deferred tax assets:		
Depreciation and amortization	497.1	471.5
Operating lease liabilities	35.0	36.0
U.S. tax credit carryforwards	32.8	34.2
Expenses not currently deductible	32.3	28.0
Foreign net operating loss carryforwards	16.8	16.2
Stock-based compensation	10.6	13.3
U.S. net operating loss carryforwards	7.4	9.8
Other	20.6	14.1
Total deferred tax assets	<u>652.6</u>	<u>623.1</u>
Valuation allowance	<u>(41.3)</u>	<u>(25.3)</u>
Total deferred tax assets	<u>611.3</u>	<u>597.8</u>
Total net deferred tax assets	<u>\$ 209.9</u>	<u>\$ 157.3</u>
Reported as:		
Non-current deferred income tax assets	\$ 510.2	\$ 475.5
Non-current deferred income tax liabilities	<u>(300.3)</u>	<u>(318.2)</u>
Net deferred tax assets	<u>\$ 209.9</u>	<u>\$ 157.3</u>

At the end of fiscal 2020, we have U.S. federal and foreign net operating loss carryforwards, or NOLs, of approximately \$16.7 million and \$83.4 million, respectively. The U.S. federal NOLs will begin to expire in 2026. There is generally no expiration for the foreign NOLs. Utilization of our U.S. federal and state NOLs is subject to annual limitations in accordance with the applicable tax code. We have determined that it is more likely than not that we will not realize a portion of the foreign NOLs and, accordingly, a valuation allowance has been established for such amount.

We have U.S. federal and California research and development credit carryforwards of approximately \$11.8 million and \$33.1 million, respectively. The U.S. federal tax credit carryforwards will expire beginning 2040. The California research tax credits



have an indefinite carryforward period. We believe that it is more likely than not that we will not realize a significant portion of the California research and development credit carryforwards and, accordingly, a valuation allowance has been established for such amount.

As a result of the Tax Act, we can repatriate foreign earnings back to the U.S. when needed with minimal U.S. income tax consequences, other than the transition tax and GILTI tax. We reinvested a large portion of our undistributed foreign earnings in acquisitions and other investments and intend to bring back a portion of foreign cash that was subject to the transition tax and GILTI. During fiscal 2020, we repatriated \$272.7 million of our foreign earnings to the U.S.

The total amount of the unrecognized tax benefits at the end of fiscal 2020 was \$64.1 million. A reconciliation of gross unrecognized tax benefit was as follows:

Fiscal Years <i>(In millions)</i>	2020	2019	2018
Beginning balance	\$ 71.6	\$ 69.1	\$ 82.4
Increase related to current year tax positions	8.0	12.6	10.0
(Decrease) increase related to prior years' tax positions	(0.4)	3.8	4.5
Settlement with taxing authorities	(0.5)	(5.7)	(8.9)
Lapse of statute of limitations	(14.6)	(8.2)	(18.9)
Ending balance	<u>\$ 64.1</u>	<u>\$ 71.6</u>	<u>\$ 69.1</u>

Total unrecognized tax benefits that, if recognized, would affect our effective tax rate were \$47.8 million and \$59.5 million at the end of fiscal 2020 and 2019, respectively.

We and our subsidiaries are subject to U.S. federal, state, and foreign income taxes. Our tax years are substantially closed for all U.S. federal and state income taxes for audit purposes through 2014. Non-U.S. income tax matters have been concluded for years through 2007. We are currently in various stages of multiple year examinations state, and foreign (multiple jurisdictions) taxing authorities. While we generally believe it is more likely than not that our tax positions will be sustained, it is reasonably possible that future obligations related to these matters could arise. We believe that our reserves are adequate to cover any potential assessments that may result from the examinations and negotiations.

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

Our practice is to recognize interest and/or penalties related to income tax matters in income tax expense. Our liability for unrecognized tax benefits including interest and penalties was recorded in Other non-current liabilities on our Consolidated Balance Sheets. At the end of fiscal 2020 and 2019, we accrued \$9.6 million and \$11.5 million, respectively, for interest and penalties.

NOTE 13: EMPLOYEE STOCK BENEFIT PLANS

Amended and Restated 2002 Stock Plan

On November 20, 2020, our stockholders approved an amendment to the 2002 Stock Plan to increase the number of shares of common stock available for issuance by 18.0 million shares. As such, our Amended and Restated 2002 Stock Plan provides for the granting of incentive and non-statutory stock options and RSUs for up to 92.6 million shares. At the end of fiscal 2020, the remaining number of shares available for grant under the 2002 stock plan was 21.1 million.

Stock-Based Compensation Expense

The following table summarizes the components of stock-based compensation expense recognized in our Consolidated Statements of Income for the periods indicated:

Fiscal Years <i>(In millions)</i>	2020	2019	2018
Restricted stock units	\$ 73.2	\$ 67.3	\$ 68.9
Stock options	1.5	0.6	1.5
ESPP	8.3	7.1	6.5
Total stock-based compensation expense	<u>\$ 83.0</u>	<u>\$ 75.0</u>	<u>\$ 76.9</u>



Stock-based compensation expense was allocated as follows:

Fiscal Years <i>(In millions)</i>	2020	2019	2018
Cost of sales	\$ 6.7	\$ 5.6	\$ 4.5
Research and development	22.1	16.7	15.0
Sales and marketing	16.2	13.0	10.0
General and administrative	38.0	39.7	47.4
Total stock-based compensation expense	\$ 83.0	\$ 75.0	\$ 76.9

At the end of fiscal 2020, total unamortized stock-based compensation expense was \$164.5 million, with a weighted-average recognition period of 2.4 years.

Restricted Stock Units

We grant RSUs containing only service conditions and RSUs containing a combination of service, performance, and/or market conditions ("PSUs"). RSUs containing only service conditions typically vest ratably over a three to four year service period. PSUs are granted to executive officers and other senior employees and vest after a two to three year service period.

The fair value at the grant date is determined by (1) the closing price of our common stock for awards containing only service or both service and performance conditions, or (2) the Monte Carlo valuation model for awards containing both service and market conditions.

For PSUs granted prior to and during fiscal 2020, the number of shares received at vesting will range from 0% to 200% of the target grant amount based on either (1) market conditions, (2) performance conditions, or (3) both. Market conditions consider our relative total stockholder return ("TSR") of our common stock as compared to the TSR of the constituents of either the S&P 500 or S&P 400 over the vesting period. Performance conditions consider the achievement of our financial results over the vesting period.

	2020 Restricted Stock Units Outstanding	
	Number of Units (1)	Weighted Average Grant-Date Fair Value per Share
<i>(In millions, except for per share data)</i>		
Outstanding at the beginning of year	5.7	\$ 39.62
Granted (2)	1.9	42.50
Shares vested, net (2)	(1.8)	38.94
Canceled and forfeited	(0.4)	41.55
Outstanding at the end of year	5.4	\$ 44.25

(1) Includes 0.2 million PSUs granted, 0.5 million PSUs vested, and 1.3 million PSUs outstanding at the end of the year.

(2) Excludes approximately 0.2 million PSUs related to achievement above target levels at the vesting date.

The weighted-average grant date fair value of all RSUs granted during fiscal 2020, 2019, and 2018 was \$42.50, \$41.38, and \$37.43 per share, respectively. The fair value of all RSUs vested during fiscal 2020, 2019, and 2018 was \$78.0 million, \$75.7 million, and \$73.9 million, respectively.



Stock options

Employee stock options generally vest after three years, or after five years for certain executive awards, with expiration seven to ten years from the date of grant. The fair value at the grant date is determined by (1) the Black-Scholes valuation model for options with only service conditions, or (2) the Monte Carlo valuation model for certain executive options containing both service and market conditions. The following table summarizes information about stock options outstanding at the end of fiscal 2020:

	Number Of Shares (in millions)	Weighted- Average Exercise Price per Share	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at the beginning of year	1.1	\$ 29.96		
Options granted	0.2	41.58		
Options exercised	(0.7)	29.01		
Cancelled and forfeited	—	28.08		
Outstanding at the end of year	0.6	35.42	5.1	\$ 18.6
Options exercisable	0.2	\$ 27.88	1.2	\$ 9.0

The total intrinsic value of options exercised during fiscal 2020, 2019, and 2018 was \$11.5 million, \$16.4 million, and \$30.0 million, respectively.

The weighted-average grant date fair value per share of stock options granted during fiscal 2020, 2019 and 2018 was \$14.30, \$12.92, and \$10.62, respectively. The fair value of all stock options vested during fiscal 2020, 2019, and 2018 was \$0.2 million, \$0.2 million, and \$1.9 million, respectively.

Employee Stock Purchase Plan

We have an ESPP under which the stockholders have approved an aggregate of 39.0 million shares of common stock for issuance to eligible employees. The fair value at the grant date is based on the Black-Scholes valuation model. The plan permits eligible employees to purchase common stock through payroll deductions at 85% of the lower of the fair market value of the common stock at the beginning or at the end of each offering period, which is six months. Rights to purchase shares are granted during the first and third quarter of each fiscal year. The ESPP terminates on March 15, 2027. In fiscal 2020, 2019, and 2018, 0.8 million shares were issued, in each fiscal year respectively, representing \$26.9 million, \$25.7 million, and \$24.0 million in cash received for the issuance of stock under the ESPP. At the end of fiscal 2020, the number of shares reserved for future purchases was 6.6 million.

NOTE 14: COMMON STOCK REPURCHASE

In November 2017, our Board of Directors approved a stock repurchase program (“2017 Stock Repurchase Program”), authorizing us to repurchase up to \$600.0 million of our common stock. The 2017 Stock Repurchase Program does not have an expiration date.

Under the stock repurchase program, we may repurchase shares from time-to-time in open market transactions, privately negotiated transactions, accelerated share buyback programs, tender offers, or by other means. The timing and amount of repurchase transactions will be determined by our management based on our evaluation of market conditions, share price, legal requirements and other factors. The program may be suspended, modified or discontinued at any time without prior notice. At the end of fiscal 2020, the 2017 Stock Repurchase Program had remaining authorized funds of \$90.7 million.

During fiscal 2020, 2019, and 2018, we repurchased approximately 1.9 million, 4.7 million, and 2.4 million shares of common stock in open market purchases, at an average price of \$43.40, \$38.51, and \$37.23 per share, for a total of \$81.6 million, \$179.8 million, and \$90.0 million, respectively, under the 2017 Stock Repurchase Program.

Stock repurchases are reflected as a decrease to common stock based on par value and additional-paid-in-capital, based on the average book value per share for all outstanding shares calculated at the time of each individual repurchase transaction. The excess of the purchase price over this average for each repurchase was charged to retained earnings. As a result of the 2020 repurchases, retained earnings was reduced by \$68.6 million in fiscal 2020. Common stock repurchases under the program were recorded based upon the trade date for accounting purposes.



Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Trimble Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Trimble Inc. (the Company) as of January 1, 2021 and January 3, 2020, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 1, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2021 and January 3, 2020, and the results of its operations and its cash flows for each of the three years in the period ended January 1, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 1, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.



Description of the Matter **Revenue Recognition - Identification of Performance Obligations**
As described in Note 1 to the consolidated financial statements, the Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. In some contracts, products and professional services may be combined into a single performance obligation when products or subscriptions are sold with significant customization, modification, or integration services. Determining whether products or services are considered distinct performance obligations that should be recognized separately or combined into a single performance obligation may sometimes require significant judgment.

Auditing the Company's determination of distinct performance obligations was complex due to the effort involved in assessing whether the various product and service offerings promised within each contract are separate performance obligations or should be combined into a single performance obligation.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the evaluation of the relevant terms of its contracts, and the appropriate identification of distinct performance obligations. This included testing relevant controls over the information systems that are important to the initiation, recording, and billing of revenue transactions.

Our audit procedures included evaluating management's revenue recognition policy which included the application of management's judgment in the identification of performance obligations. Among other procedures to evaluate management's identification and determination of the distinct performance obligations, we read executed contracts for a sample of sales transactions to understand the terms in the customer agreement and evaluated the appropriateness of management's application of the Company's accounting policy. We evaluated the accuracy of the Company's contract summary documentation, specifically related to the identification and determination of distinct performance obligations, and the related revenue recognition. Finally, we assessed the appropriateness of the related disclosures in the consolidated financial statements.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1986.

San Jose, California
February 26, 2021



Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Trimble Inc.

Opinion on Internal Control over Financial Reporting

We have audited Trimble Inc.'s internal control over financial reporting as of January 1, 2021, based on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Trimble Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 1, 2021, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of all current year acquisitions, which are included in the 2020 consolidated financial statements of the Company and constituted less than 1% of tangible assets and net assets as of January 1, 2021, and less than 1% of revenues and net income for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of all current year acquisitions.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 1, 2021 and January 3, 2020, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 1, 2021, and the related notes and our report dated February 26, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
San Jose, California
February 26, 2021



Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), 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 CEO and CFO have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, does not expect that our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is designed 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.

Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). We have excluded from our evaluation the internal control over financial reporting of all current year acquisitions, which are included in the January 1, 2021 consolidated financial statements and constituted less than 1% of tangible assets and net assets, respectively, as of January 1, 2021, and less than 1% of revenue and net income, respectively, for the year then ended. Based on the results of this evaluation, our management concluded that our internal control over financial reporting was effective at the end of fiscal 2020.

The effectiveness of our internal control over financial reporting at the end of fiscal 2020 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included elsewhere herein.

Changes in Internal Control over Financial Reporting

During the fourth quarter of fiscal 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.



PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item, insofar as it relates to Trimble's directors, will be contained under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference. The information required by this item relating to executive officers is set forth above in Item 1 Business Overview under the caption "Executive Officers."

The information required by this item insofar as it relates to the nominating and audit committees will be contained in the Proxy Statement under the caption "Board Meetings and Committees; Director Independence."

Code of Ethics

Our Business Ethics and Conduct Policy applies to, among others, our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and other finance organization employees. We make available our Business Ethics and Conduct Policy free of charge through our website at www.trimble.com under the heading "Corporate Governance - Governance Documents" on the Investor Relations page.

If any substantive amendments to the Business Ethics and Conduct Policy are made or any waivers are granted, including any implicit waiver, from a provision of the Business Ethics and Conduct Policy, to its Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer we will disclose the nature of such amendment or waiver on our website at www.trimble.com or in a report on Form 8-K.

Item 11. Executive Compensation

The information required by this item will be contained in the Proxy Statement under the captions "Executive Compensation" and "Non-Employee Director Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be contained in the Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be contained in the Proxy Statement under the caption "Certain Relationships and Related Person Transactions" and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be contained in the Proxy Statement under the caption "Principal Accounting Fees and Services" and is incorporated herein by reference.



PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

The following consolidated financial statements required by this item are included in Part II Item 8 hereof under the caption "Financial Statements and Supplementary Data."

	<u>Page in this Annual Report on Form 10-K</u>
<u>Consolidated Balance Sheets</u>	<u>48</u>
<u>Consolidated Statements of Income</u>	<u>49</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>50</u>
<u>Consolidated Statements of Stockholders' Equity</u>	<u>51</u>
<u>Consolidated Statements of Cash Flows</u>	<u>52</u>
<u>Notes to Consolidated Financial Statements</u>	<u>53</u>
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>77</u>

(2) Financial Statement Schedules

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and accompanying notes included in this Form 10-K.

(b) Exhibits

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

Item 16. Form 10-K Summary.

None.



INDEX TO EXHIBITS

Exh. No.	Description of Exhibit	Filed herewith or incorporated by reference to:
2.1	<u>Agreement and Plan of Merger dated September 30, 2016 between Trimble Inc. and Trimble Navigation Limited</u>	Exhibit 2.1 to Form 8-K filed October 3, 2016
2.2	<u>Stock Purchase Agreement dated as of February 2, 2018 by and among Trimble Inc., e-Builder, Inc. and the stockholders of e-Builder named therein</u>	Exhibit 2.1 to Form 8-K filed February 2, 2018
2.3	<u>Agreement and Plan of Merger dated April 23, 2018, regarding the acquisition of Viewpoint, Inc.</u>	Exhibit 2.1 to Form 8-K filed April 24, 2018
3.1	<u>Certificate of Incorporation of Trimble Inc.</u>	Exhibit 3.1 to Form 8-K filed October 3, 2016
3.2	<u>Amended and Restated By-Laws of Trimble Inc. (effective October 1, 2020)</u>	Exhibit 3.1 to Form 8-K filed September 30, 2020
4.1	<u>Form of Common Stock Certificate of Trimble Inc.</u>	Exhibit 4.1 to Form 8-K filed October 3, 2016
4.2	<u>Description of Securities of Trimble Inc.</u>	Exhibit 4.2 to Form 10-K filed February 28, 2020
4.3(A)	<u>Indenture, dated as of October 30, 2014, between the Company and U.S. Bank National Association</u>	Exhibit 4.2 to Form S-3 filed October 30, 2014
4.3(B)	<u>First Supplemental Indenture, dated November 24, 2014, between the Company and U.S. Bank National Association (which includes Form of 4.750% Senior Note due 2024)</u>	Exhibit 4.1 to Form 8-K filed November 24, 2014
4.3(C)	<u>Second Supplemental Indenture, dated October 1, 2016, between Trimble Inc., Trimble Navigation Limited and U.S. Bank National Association</u>	Exhibit 4.2 to Form 8-K filed October 3, 2016
4.3(D)	<u>Third Supplemental Indenture, dated June 15, 2018, between Trimble Inc. and U.S. Bank National Association (which includes Form of 4.150% Senior Note due 2023 and Form of 4.900% Senior Note due 2028)</u>	Exhibit 4.1 to Form 8-K filed June 15, 2018
10.1(A)	<u>Lease dated May 11, 2005 between Carr America Realty Operating Partnership, L.P. and the Company</u>	Exhibit 10.17 to Form 10-K filed March 10, 2006
10.1(B)	<u>First Amendment to Lease between Carr NP Properties, LLC and the Company</u>	Exhibit 10.23 to Form 10-K filed March 1, 2011
10.1(C)	<u>Second Amendment to Lease between the Company and Wilson Oakmead West, LLC (successor in interest to Carr NP Properties, LLC)</u>	Exhibit 10.6 to Form 10-Q filed August 8, 2017
10.2(A)	<u>Credit Agreement dated as of May 15, 2018 by and among Trimble Inc., the borrowing subsidiaries party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A.</u>	Exhibit 10.1 to Form 8-K filed May 16, 2018
10.2(B)	<u>Extension and Amendment Agreement, dated May 4, 2020, amending Credit Agreement dated May 15, 2018, by and among Trimble Inc., the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.</u>	Exhibit 10.1 to Form 8-K filed May 6, 2020
10.3+	<u>Form of Indemnification Agreement between the Company and its officers and directors</u>	Exhibit 10.1 to Form 8-K filed November 15, 2017
10.4+	<u>Board of Directors Compensation Policy as amended August 24, 2020</u>	Exhibit 10.1 to Form 10-Q filed November 6, 2020
10.5+	<u>Incentive Compensation Recoupment Policy</u>	Exhibit 99.1 to Form 8-K filed May 8, 2017
10.6+	<u>Deferred Compensation Plan, as amended August 26, 2020</u>	Exhibit 10.2 to Form 10-Q filed November 6, 2020
10.7+	<u>Age and Service Equity Vesting Program</u>	Exhibit 10.3 to Form 10-Q filed August 8, 2017
10.8(A)+	<u>Employee Stock Purchase Plan, as amended March 13, 2017</u>	Appendix B of Form DEF 14A filed March 23, 2017
10.8(B)+	<u>Employee Stock Purchase Plan - Form of global subscription agreement</u>	Exhibit 10.5 to Form 10-Q filed November 10, 2015
10.9(A)+	<u>2002 Stock Plan, as amended January 1, 2019</u>	Exhibit 10.1 to Form 10-Q filed May 7, 2019
10.9(B)+	<u>2002 Stock Plan - Form of stock option agreement (U.S. directors)</u>	Exhibit 10.2 to Form 10-Q filed November 7, 2014
10.9(C)+	<u>2002 Stock Plan - Form of stock option agreement (non-U.S. directors)</u>	Exhibit 10.3 to Form 10-Q filed November 7, 2014



10.9(D)+	<u>2002 Stock Plan - Form of global stock option agreement (officers)</u>	Exhibit 10.1 to Form 10-Q filed November 10, 2015
10.9(E)+	<u>2002 Stock Plan - Form of global restricted stock unit award agreement</u>	Exhibit 10.2 to Form 10-Q filed November 10, 2015
10.9(F)+	<u>2002 Stock Plan - Form of global performance restricted stock unit award agreement</u>	Exhibit 10.6 to Form 10-Q filed November 10, 2015
10.9(G)+	<u>2002 Stock Plan - Form of global restricted stock unit award agreement (officers)</u>	Exhibit 10.30 to Form 10-K filed February 24, 2017
10.9(H)+	<u>2002 Stock Plan - Form of global performance stock unit award agreement (Operating Income/Revenue)</u>	Exhibit 10.4 to Form 10-Q filed August 8, 2017
10.9(I)+	<u>2002 Stock Plan - Form of global performance stock unit award agreement (Total Stockholder Return)</u>	Exhibit 10.5 to Form 10-Q filed August 8, 2017
10.9(J)+	<u>2002 Stock Plan - Form of global performance stock unit award agreement (officers)</u>	Exhibit 10.1 to Form 10-Q filed August 2, 2019
10.9(K)+	<u>2002 Stock Plan - Performance stock option agreement between the Company and Rob Painter issued January 4, 2020</u>	Exhibit 10.9(K) to Form 10-K filed February 28, 2020
10.9(L)+	<u>2002 Stock Plan - Form of performance stock unit award agreement (officers, TSR-based)</u>	Exhibit 10.2 to Form 10-Q filed August 7, 2020
10.10+	<u>Annual Management Incentive Plan Description</u>	Exhibit 10.1 to Form 10-Q filed May 8, 2017
10.11+	<u>Form of Change in Control Severance Agreement between the Company and certain Company officers, together with a schedule identifying material differences in the agreements entered into with specific officers</u>	Exhibit 10.1 to Form 10-Q filed August 8, 2017
10.12+	<u>Form of Executive Severance Agreement between the Company and certain Company officers, together with a schedule identifying material differences in the agreements entered into with specific officers</u>	Exhibit 10.2 to Form 10-Q filed August 8, 2017
10.13+	<u>Change in Control Severance Agreement between the Company and Steven W. Berglund dated February 20, 2019</u>	Exhibit 10.1 to Form 10-K filed February 22, 2019
10.14+	<u>Executive Severance Agreement between the Company and Steven W. Berglund dated February 20, 2019</u>	Exhibit 10.2 to Form 10-K filed February 22, 2019
10.15+	<u>Change in Control Severance Agreement between the Company and Robert G. Painter dated January 4, 2020</u>	Filed herewith
10.16+	<u>Executive Severance Agreement between the Company and Robert G. Painter dated January 4, 2020</u>	Filed herewith
10.17+	<u>Severance Agreement between the Company and Michael D. Bank dated October 16, 2020</u>	Filed herewith
21.1	<u>Subsidiaries of the Company</u>	Filed herewith
23.1	<u>Consent of Independent Registered Public Accounting Firm</u>	Filed herewith
24.1	Power of Attorney (included on signature page herein)	
31.1	<u>Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith
31.2	<u>Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith
32.1	<u>Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith
32.2	<u>Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith
101++	The following financial statements from this Annual Report on Form 10-K, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags	
104++	The cover page from this Annual Report on Form 10-K, formatted in Inline XBRL	

+ Indicates management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K.

++ Pursuant to applicable securities laws and regulations, the Company is deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and is not subject to liability under any anti-fraud provisions of the federal securities laws as long as the Company has made a good faith attempt to comply with the submission requirements and promptly amends the interactive data files after becoming aware that the interactive data files fails to comply with the submission requirements.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

TRIMBLE INC.

By:

/s/ ROBERT G. PAINTER
Robert G. Painter,
President and Chief Executive Officer

February 26, 2021



POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Robert G. Painter as his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity in which Signed	
/s/ ROBERT G. PAINTER Robert G. Painter	President, Chief Executive Officer, Director	February 26, 2021
/s/ DAVID G. BARNES David G. Barnes	Chief Financial Officer (Principal Financial Officer)	February 26, 2021
/s/ JULIE A. SHEPARD Julie A. Shepard	Chief Accounting Officer (Principal Accounting Officer)	February 26, 2021
/s/ STEVEN W. BERGLUND Steven W. Berglund	Director	February 26, 2021
/s/ JAMES C. DALTON James C. Dalton	Director	February 26, 2021
/s/ BORJE EKHOLM Börje Ekholm	Director	February 26, 2021
/s/ KAIGHAM (KEN) GABRIEL Kaigham (Ken) Gabriel	Director	February 26, 2021
/s/ MERIT E. JANOW Merit E. Janow	Director	February 26, 2021
/s/ MEAGHAN LLOYD Meaghan Lloyd	Director	February 26, 2021
/s/ SANDRA MACQUILLAN Sandra MacQuillan	Director	February 26, 2021
/s/ RON S. NERSESIAN Ron S. Nersesian	Director	February 26, 2021
/s/ MARK S. PEEK Mark S. Peek	Director	February 26, 2021
/s/ JOHAN WIBERGH Johan Wiberg	Director	February 26, 2021



BOARD OF DIRECTORS

Steven W. Berglund

Executive Chairman

Robert G. Painter

President and
Chief Executive Officer

James C. Dalton

Retired, US Army Corps of Engineers

Börje Ekholm

President and Chief Executive Officer,
Ericsson

Dr. Kaigham Gabriel

Chief Operating Officer,
Wellcome Leap

Merit E. Janow

Dean and Professor of Practice,
School of International and Public Affairs,
Columbia University

Meaghan Lloyd

Partner,
Gehry Partners, LLP

Sandra MacQuillan

Executive Vice President and
Chief Supply Chain Officer,
Mondelez International, Inc.

Ron S. Nersesian

Chairman, President, and
Chief Executive Officer,
Keysight Technologies

Mark S. Peek

Executive Vice President, Managing
Director and Co-Head,
Workday Ventures

Johan Wiberg

Group Chief Technology Officer,
Vodafone

MANAGEMENT INFORMATION

EXECUTIVE MANAGEMENT

Robert G. Painter

President and
Chief Executive Officer

David G. Barnes

Senior Vice President
and Chief Financial
Officer

BUSINESS OPERATIONS

Ronald J. Bisio

Senior Vice President

Cyndee Hoagland

Senior Vice President

Patricia Boothe

Senior Vice President

James Langley

Senior Vice President

Bryn A. Fosburgh

Senior Vice President

Darryl R. Matthews

Senior Vice President

STAFF OPERATIONS

Thomas Fansler

Senior Vice President
Chief Technology &
Data Officer

Jaime Nielsen

Senior Vice President
Chief People Officer

James A. Kirkland

Senior Vice President
General Counsel

Mark Schwartz

Senior Vice President
Chief Digital Officer

Leah K. Lambertson

Senior Vice President
Operations and
Head of Sustainability

Julie A. Shepard

Vice President
Finance and Chief
Accounting Officer

Michael Lesyna

Senior Vice President
Strategy and
Corporate Development



The Company's annual report on Form 10-K, as filed with the Securities Exchange Commission, accompanies this annual report to stockholders and is also available on the Investor Relations section of the Company's website at: www.trimble.com.

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CORPORATE HEADQUARTERS

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www.trimble.com

Trimble's common stock is traded on Nasdaq under the symbol TRMB.

INDEPENDENT AUDITOR

Ernst & Young LLP
San Jose, California

TRANSFER AGENT & REGISTRAR

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, New York 11219
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info@amstock.com

INVESTOR RELATIONS CONTACT

+1 (408) 481-7838
investor_relations@trimble.com

LOCATIONS

Australia	Ireland	Saudi Arabia
Belgium	Japan	Singapore
Brazil	Korea	South Africa
Canada	Lithuania	Spain
China	Malaysia	Sweden
Finland	Mexico	Switzerland
France	Netherlands	Thailand
Germany	New Zealand	United Arab Emirates
Ghana	Norway	United Kingdom
Hungary	Poland	United States of America
India	Romania	
Indonesia	Russia	



THE WAY THE WORLD WORKS



8/19/2021

Document

EX-21.1 5 ex211202010k.htm EX-21.1

SUBSIDIARIES OF THE COMPANY

EXHIBIT 21.1

<u>Name of Subsidiary or Affiliate</u>	<u>Jurisdiction of Incorporation</u>
ME Sudamerica SRL	Argentina
Beena Vision Asia - Pacific Pty Ltd.	Australia
Information Alignment Pty. Ltd.	Australia
LSI Robway Pty Limited	Australia
Network Mapping Pty Limited	Australia
Spatial Dimension Australia Pty Ltd	Australia
Trimble Australia Solutions Pty Limited	Australia
Manhattan Asia Pacific Pty Ltd	Australia
Trimble Navigation Australia Pty Ltd.	Australia
Trimble Planning Solutions Pty. Ltd.	Australia
Viewpoint Australia Finco Pty Ltd	Australia
Viewpoint Construction Software Australia Pty Ltd	Australia
Viewpoint Software Pty Ltd	Australia
AllTerra Österreich GmbH	Austria
Plancal GmbH	Austria
Acunia International NV	Belgium
ICS Benelux NV	Belgium
Stabiplan BVBA	Belgium
Trimble Leuven NV	Belgium
Trimble NV	Belgium
Wevada NV	Belgium
Spatial Dimension Sistemas do Brasil Ltda.	Brazil
Trimble Brasil Solucoes Ltda.	Brazil
Trimble Forestry Ltda.	Brazil
Viewpoint Construction Software Canada Inc.	Canada
3LOG Systems Inc.	Canada
0807381 B.C. Ltd.	Canada
Applanix Corporation	Canada
Cengea Solutions Corporation	Canada
GEOTrac Systems Inc.	Canada
Maddocks Systems, Inc.	Canada
NM Group Network Mapping Corp.	Canada
PeopleNet Communications Canada Corp.	Canada
Spatial Dimension Canada ULC	Canada
Trimble Canada Corporation	Canada
Trimble Canada Development Limited	Canada
Trimble Exchangeco Ltd.	Canada
Trimble Holdings Company	Canada



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Document



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Document

Name of Subsidiary or Affiliate

Jurisdiction of Incorporation

VS Visual Statement, Inc.	Canada
Trimble Loadrite Chile SPA	Chile
Eleven Technology (SIP) Co., Ltd. (in Liquidation)	China
Tianpan Century Co. Ltd	China
Tianpan Information Science & Technology Co. Ltd.	China
Trimble DBO Information Technology (Shanghai) Co. Ltd.	China
Trimble Electronics Products (Shanghai) Co. Ltd.	China
Trimble Leading Electronic Technology (Shanghai) Co. Ltd.	China
Trimble Solutions Aarhus A/S	Denmark
Trimble Middle East WLL (in Liquidation)	Egypt
Trimble Finland Oy	Finland
Trimble Forestry Europe Oy	Finland
Trimble Solutions Oy	Finland
GT France SAS	France
Magnav France Holdco S.A.S.	France
Manhattan Software France SARL	France
ME France SarL	France
Mensi, S.A.	France
Punch Telematix France SAS	France
Solid SAS	France
Stabiplan S.A.S.	France
Trimble France SAS	France
Trimble Nantes SAS	France
Trimble Lyon Sarl	France
Trimble Solutions France Sarl	France
HHK Datentechnik GmbH	Germany
Linear Project GmbH	Germany
Punch Telematix Deutschland GmbH (in Liquidation)	Germany
Müller-Elektronik GmbH	Germany
Sigma GmbH	Germany
Sigma Handels GmbH	Germany
Stabiplan GmbH	Germany
Trimble Forestry GmbH	Germany
Trimble Germany GmbH	Germany
Trimble Jena GmbH	Germany
Trimble Kaiserslautern GmbH	Germany
Trimble Railway GmbH	Germany
Trimble TerraSat GmbH	Germany
Trimble Solutions Germany GmbH	Germany
Trimble Hong Kong Limited	Hong Kong



8/19/2021

Document

Name of Subsidiary or Affiliate

Jurisdiction of Incorporation

Trimble Hungary Kft.	Hungary
Trimble Operations Hungary Kft	Hungary
CSC World (India) Private Limited	India
Trimble Information Technologies India Private Limited	India
Trimble EM3 Connected Services Private Limited	India
Trimble Mobility Solutions India Limited	India
Trimble Navigation India Pvt. Ltd.	India
Trimble Solutions India Pvt. Ltd.	India
Lakefield eTechnologies Limited	Ireland
Lime Daross Limited	Ireland
Trimble Technologies Ireland Limited	Ireland
Spektra Agri Srl	Italy
Spektra Srl	Italy
Trimble Italia SRL	Italy
Trimble Japan KK	Japan
Trimble Solutions Japan KK	Japan
Trimble Solutions Korea Co., Ltd.	Korea, Republic Of
Trimble Solutions Malaysia Sdn. Bhd.	Malaysia
Geo de SECO S. de R.L. de C.V.	Mexico
Trimble Consulting Services Americas, S. de R.L.de C.V.	Mexico
Trimble Consulting Technologies Americas S de RL de CV	Mexico
One20 Inc.	Minnesota
PeopleNet Communications Corporation	Minnesota
BearTooth Mapping, Inc.	Montana
GT Europe BV	Netherlands
LogicWay B.V.	Netherlands
Punch Telematix Nederland B.V.	Netherlands
Trimble Eersel B.V.	Netherlands
Trimble Europe B.V.	Netherlands
Trimble Finance BV	Netherlands
Trimble International B.V.	Netherlands
Manhattan Asia Pacific NZ Limited	New Zealand
Trimble Loadrite Auckland Limited	New Zealand
Trimble Navigation New Zealand Ltd.	New Zealand
Trimble New Zealand Solutions	New Zealand
Viewpoint Software NZ Limited	New Zealand
Trimble Norway AS	Norway
Trimble Solutions Sandvika AS	Norway
Trimble Poland Sp.z.o.o	Poland
Trimble Portugal Unipessoal LDA	Portugal



8/19/2021

Document

Name of Subsidiary or Affiliate

Jurisdiction of Incorporation

Trimble UK Limited	United Kingdom
Trimble MRM Limited	United Kingdom
VCS (Holdings UK) Limited	United Kingdom
Viewpoint Construction Software Limited	United Kingdom
SECO Manufacturing Company, Inc.	US- CA
Trimble Export Limited	US- CA
Trimble IP General Corporation	US- CA
Trimble Military and Advanced Systems, Inc.	US- CA
3Gtms, Inc.	US - DE
Ashtech, LLC	US- DE
Azteca Systems Holdings, LLC	US- DE
Azteca Systems Midco, LLC	US - DE
Azteca Systems, LLC	US- DE
Iron Solutions, Inc.	US- DE
PeopleNet Holdings Corporation	US- DE
Network Mapping Inc.	US- DE
PNET Holding Corp.	US- DE
Trimble Inc.	US- DE
TOGS USA, Inc.	US- DE
Trimble Consulting Group Inc.	US- DE
Trimble Solutions USA, Inc.	US- DE
Trucker Tech Inc.	US- DE
Trimble Transportation Enterprise Solutions Inc.	US- DE
VIEWPOINT, INC.	US- DE
e-Builder, Inc.	US - FL
Innovative Software Engineering, L.L.C.	US - IA
ISE Fleet Services, LLC	US - IA
Kuebix LLC	US - MA
Xchange Imc, LLC	US - MA
Trimble MAPS Inc.	US - NJ
Telog Instruments, Inc.	US - NJ
Applanix LLC	US - TX



RSM Norge AS

To the General Meeting of Trimble Solutions Sandvika AS

Filipstad Brygge 1, 0252 Oslo
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Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Trimble Solutions Sandvika AS showing a profit of NOK 47 709 282. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.

Penneo Dokumentnr: 0WYT4-KJF7G-SLX6C-SHAMV-LQ7EQ-0QMID



Independent Auditor's Report 2020 for Trimble Solutions Sandvika AS



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 9 August 2021
RSM Norge AS

Per-Henning Lie
State Authorised Public Accountant
(This document is signed electronically)

Penneo Dokumentnr: 0WYT4-KJFYG-SLX6C-SHAMV-LQ7EQ-0QMID



PENNEO

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Per-Henning Schulz Lie

Partner

På vegne av: RSM Norge AS

Serienummer: 9578-5997-4-211409

IP: 88.88.xxx.xxx

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ANNUAL REPORT 2020

Trimble Solutions Sandvika AS

The company was established in year 2000 and has its headquarter Sandvika. The company delivers professional IT-systems within road and transport in Norway and Europe. The company focuses on co-workers with high competence, together with goal-oriented effort towards projects with strategic importance, in addition to extensive effort on developing Novapoint for own resources. This reflects the company's financial results for 2021.

The company has the following subsidiaries:

Trimble Solutions Gothenburg AB - subsidiary company - owner share 100.00%

Trimble Solutions Aarhus A/S - subsidiary company - owner share 100.00%

The companies are not consolidated according to an approved exemption by Skattedirektoratet.

Trimble Solutions Sandvika AS's subsidiaries runs the marketing, sale and product support in their respective countries. Trimble Solutions Gothenburg AB has hired development resources, mainly working on behalf of Trimble Solutions Sandvika AS. Trimble Solutions has a branch office in Thailand with eight employees.

The company is exposed to currency risk as part of the revenues and costs are in foreign currency. No measures have been taken to secure these foreign currency transactions. Further, the company is exposed to interest risk on deposit accounts, but do not have interest-bearing debt. The board considers the total credit risk to be low as historically there has been only small losses on receivables, and the board is aware of circumstances indicating this will change.

A substantial number of the company's clients have signed long-term support and maintenance agreements. In 2020 subscription agreements constituted 82% (76% in 2019) of total operating income. Global and local competition is under constant change, and is monitored closely. The company's product line has established itself in a leading position, and the board cannot foresee competition able to threaten its strong position. According to the Accounting Act § 3-3a it is confirmed that the going concern assumption is present. This assumption is based on profit forecast for the year 2020 and the company's long term strategic forecasts for the years ahead. The company is in a strong financial situation.

The revenue of the company has increased with 0.9% from 2019 to 2020. The annual result in 2020 has increased with NOK 14.3 million to NOK 47.7 million, mainly due to reduction of operating costs. The total capitalized investments of Trimble Solutions Sandvika AS in 2020 were NOK 0.5 million. The company has spent a total of NOK 16.7 million, on dedicated research and development projects. The costs are charged directly to expenses and have been spent to further develop the Company's product-line. The company possesses an advanced level of knowledge and the total activity borderlines R&D. The net cash position of the company per 31. December 2020 was NOK 25.0 million. This is considered to be satisfactory in regards to the company's activity. The total capital of the company was at the same date NOK 197.1 million as opposed to NOK 145.8 million the previous year. The net capital ratio was 41.2% opposed to 72.4% the previous year.

The company has worked to increase the percentage of women in responsible positions in the company. At the end of 2020 the company has 69 employees, of which 17 are women – i.e. 25%. There are no women in the board.

The Company is working to fulfill the purpose of the discrimination and accessibility act. The activities include recruitment, wages and working conditions, promotion, opportunities for development and protection against harassment.

The board considers the work environment to be satisfactory. There have been no reports concerning injuries or accidents in work hours this year. Sick leave in the year 2020 was 0.8%.

The company's activities do not pollute the external environment. The conditions for the going concern assumption



are met, and the accounts are based on this assumption.

It is the board's opinion that the annual accounts and balance, including appendixes, gives a full understanding concerning the companies' activities and position at the end of the fiscal year.

Sandvika, June 29th 2021

Robbert Hendrik Herman Reeder
Chairman of the board

Jürgen Kesper
Board member

James Anthony Kirkland
Board member

Idar Kirkhorn
General Manager



Trimble Solutions Sandvika

Income statement

	Note	2020	2019
OPERATING INCOME			
Sales revenue	12	146,925,554	145,660,101
TOTAL OPERATING INCOME		146,925,554	145,660,101
OPERATING EXPENCES			
Cost of purchased services		31,527,780	30,050,291
Payroll expences	2, 7, 8, 13	60,944,023	59,174,958
Depreciation	9	1,514,814	1,778,096
Other operating expences	8	10,356,414	14,686,097
TOTAL OPERATING EXPENCES		104,343,031	105,689,442
OPERATING PROFIT		42,582,523	39,970,659
FINANCIAL INCOME AND EXPENCES			
Financial income	2	11,809,676	1,605,865
Income from subsidiary companies	3	6,422,614	2,301,135
Financial income / expences	2	(3,213,791)	(2,283,496)
NET FINANCIAL ITEMS		15,018,499	1,623,504
PROFIT BEFORE TAX		57,601,022	41,594,163
Tax on ordinary profit	6	(9,891,740)	(8,180,903)
NET PROFIT FOR THE YEAR		47,709,282	33,413,260
TRANSFERS			
Allocated to dividends		72,559,755	
Transferred from/to valuation differences		9,360,405	1,534,063
Transferred to/from distributable funds		(34,210,878)	31,879,197
SUM TRANSFERS	10	47,709,282	33,413,260



Trimble Solutions Sandvika

Balance

	Note	31.12.2020	31.12.2019
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Deferred tax asset	6	292,000	444,302
Total intangible fixed assets		292,000	444,302
Tangible fixed assets			
IT-equipment	9	1,078,082	2,028,385
Machinery and equipment	9	0	83,288
Total tangible fixed assets		1,078,082	2,111,673
Financial fixed assets			
Investment in subsidiaries	3	35,561,826	26,201,421
Other long-time receivables from parent company	14	113,841,315	60,634,160
Total intangible assets		149,403,141	86,835,581
FIXED ASSETS		150,773,223	89,391,556
CURRENT ASSETS			
Current receivables			
Trade receivables		6,087,739	16,305,583
Trade receivables in subsidiaries		1,683,097	1,235,910
Other receivables from parent company	14	9,150,513	8,866,688
Other short-term receivables		4,431,752	4,438,952
Sum current receivables		21,353,101	30,847,133
Bank deposit	11	24,969,454	25,594,478
CURRENT ASSETS		46,322,555	56,441,611
TOTAL ASSETS		197,095,778	145,833,167



Trimble Solutions Sandvika

Balance

	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
SHAREHOLDERS EQUITY			
Restricted and paid-in capital			
Share capital	4	3,000,000	3,000,000
Shares in Trimble Solutions Sandvika AS	5	(28,780)	(28,780)
Fund for valuation differences		29,404,302	20,043,897
Other contributed reserves	10	3,127,505	3,127,505
TOTAL RESTRICTED EQUITY		35,503,027	6,098,725
Retained earnings			
Retained earnings		45,244,321	79,455,199
RETAINED EARNINGS		45,244,321	99,499,096
SHAREHOLDERS EQUITY	10	80,747,348	105,597,821
LIABILITIES			
Long term liabilities			
Other long term debts		0	1,200,000
TOTAL LONG TERM LIABILITIES		0	1,200,000
Current liabilities			
Trade payable		1,667,779	3,070,456
Trade payable-subsidiaries		3,173,388	691,783
Tax payable	6	9,739,438	8,312,917
Public duties payable		11,588,726	10,270,649
Dividends	10	72,559,755	0
Other current liabilities		17,619,344	16,689,541
TOTAL CURRENT LIABILITIES		116,348,430	39,035,346
TOTAL LIABILITIES		116,348,430	40,235,346
TOTAL EQUITY AND LIABILITIES		197,095,778	145,833,167

Sandvika, June 29th 2021

Idar Kirkhorn
General Manager

Robert Hendrik Herman Reeder
Chairman of the board

Jürgen Kesper
Board member

James Anthony Kirkland
Board member



Trimble Solutions Sandvika

Cash Flow

	2020	2019
Cash flow from operational activities		
Annual result before tax	57,601,022	41,594,163
Paid tax	(8,312,917)	(5,053,132)
Ordinary depreciation	1,514,814	1,778,096
Profit share SC and CC	(6,422,614)	(2,301,135)
Correction Accounts receivable	9,770,657	(4,621,764)
Correction Accounts payable	1,078,928	2,433,470
Correction other accrual enteries	(54,173,691)	(58,136,276)
Net cash flow from operational activities	A 1,056,199	(24,306,578)
Cash flow from investment activities		
Write-down of other shares	0	518,100
Purchase of assets	(481,223)	0
Net cash flow from investment activities	B (481,223)	518,100
Cash flow from financial activities		
Change in long term debt	(1,200,000)	(1,200,000)
Net cash flow from financial activities	C (1,200,000)	(1,200,000)
Net liquid capital changes through the year	A+B+C -625,024	(24,988,478)
Liquid capital balance 1.1	25,594,478	50,582,956
Liquid capital balance 31.12	24,969,454	25,594,478



Trimble Solutions Sandvika

Notes 2020

Note 1 Accounting Principles

The annual accounts have been set up according to the Accounting Act and generally accepted accounting principles in Norway.

The group

In addition to the parent company Trimble Solutions Sandvika AS, the Group consists of the subsidiary companies Trimble Solutions Gothenburg AB (100 %) and Trimble Solutions Aarhus A/S (100%). The subsidiaries are not consolidated in according to approval from Skattedirektoratet January 5, 2016. Consolidated financial statements are prepared by Trimble Inc. and can be provided by Trimble Inc., Sunnyvale California, USA. Skattedirektoratet has in a letter dated January 5, 2016 approved an exemption from the requirement to prepare the annual accounts and annual report in Norwegian.

Subsidiaries and associated companies are valued according to the equity method in the company's financial statements. Equity-method implies that the share of the annual result in subsidiary or associated company, less amortization of goodwill, are recognized as financial items. The value of the investment in the balance is governed by the profit share, less any distributions and with the addition of any capital deposit. Internal gain/loss are eliminated.

By conversion of foreign subsidiary corporations the average rates of exchange for profit posts have been used, and exchange rate per 31.12. for balance sheet items.

Accounting principles for assessment and classification of assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are always classified as current assets. The same criteria have been used when classifying long-term and current liabilities.

Current assets are valued at acquisition cost, but are written-down to their actual value if a fall in value is not expected to be temporary. Capital assets with limited economical durability are written off systematically. Long-term debt are balance sheet entered to nominal received amount at establishment time.

Intangible assets, including capitalized costs, is amortized linearly over the same period as the expected future income.

Current assets are valued at the lowest acquisition cost, and actual value. Short-term debt are balance sheet entered to nominal received amount at the time the debt was established.

Long-term shareholdings

The company's investments in subsidiary corporations and associated companies are entered according to the equity method. This implies that the investment is valued as the share of equity of the companies, less possible amortization of excess value and goodwill.

Shares in other companies are dealt with in the accounts in accordance with the cost method of accounting. This imply that the investment in the company are valued at cost. Writing off to real value is done when the decrease in value is not temporary.

Income and expenses

Sales is recognized at the time of delivery. Revenue from services is recognized at the time of execution. Financial income is recognized at the time of execution.

Dividend is recognized when received.

Dividend on shares from subsidiaries and other companies where Trimble Solutions Sandvika AS has significant influence, and where dividend is most likely to be paid, the dividend is recognized the same year as offset in the paying company.

Dividend that exceed the share of profit for the period, is accounted as reduction of the shares acquisition cost.

Gain on sale of shares is accounted for at the time the transaction took place (the transaction principle).

Research and development costs are expensed as incurred.

Taxes

Taxes are charged as an expense when accrued, meaning that the tax cost is tied to accounting profit before tax. The tax cost consists of payable tax (tax on the year's taxable income) and alterations in net deferred tax. Deferred tax liability/deferred tax advantages are assessed separately dependent on whether there are temporary differences between the countries. Thus, in the balance both deferred tax liability and deferred tax advantage are entered. For entries that can be assessed deferred tax advantages are entered net.

Cashflow

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



Note 2 Combined entries

Payroll expenses consist of:	2020	2019
Salaries	48,558,793	46,684,433
Bonus	4,538,464	3,843,361
Social Security	7,873,630	7,894,469
Pension contribution	2,083,648	2,025,100
SkatteFUNN	(3,172,714)	(3,311,525)
Other expenses	1,062,202	2,039,119
Total payroll expenses	60,944,023	59,174,958

Financial income consists of:	2020	2019
Interest income	3,498,400	905,612
Profit from sale of shares	0	0
Profit on exchange	8,157,427	466,314
Alterations bank Branch Office Thailand	153,849	233,938
Total financial income	11,809,676	1,605,864

Financial costs consists of:	2020	2019
Interest costs	1,549	1,061
Loss on exchange	3,212,242	1,764,335
Other financial costs	0	518,100
Loss from sale of shares	0	0
Alterations bank Branch Office Thailand	0	0
Total financial costs	3,213,791	2,283,496

Note 3 Investments in subsidiaries, associated companies and other shares

Subsidiary company	Business-office	Owner's share/ Voting rights	Aquisition-cost 2)	The company's equity	Book value at 01.01	Annual result-Share 1)	Other changes	Balance sheet entry value
				100%				
Trimble Solutions Gothenburg AB	Göteborg	100.00%	4,967,763	31,281,553	23,406,365	7,875,188		31,281,553
Trimble Solutions Aarhus A/S	Århus	100.00%	1,189,758	4,280,268	2,795,056	1,485,217		4,280,273
Sum			6,157,521	35,561,821	26,201,421	9,360,405	0	35,561,826

- 1) The years total exchange gain of kr 2 937 723 is entered as exchange gain, financial income.
 2) The amount includes excess value, NOK 346 108. Fully amortized with 20% per 31.12.2019.

Other shares at book value consists of:	Book value	Paid dividend
Vianova Systems France SL	0	0
	0	0

Note 4 Number of shares, shareholders etc.

The company's share capital of NOK 3 000 000 consists of NOK 300 000 shares at NOK 10 each.

All company shares are in the same share class, and all shares have equal voting rights.

The company's shareholders:	Owner's share	Owner's share
Trimble Europe B.V.	297122	99.04%
Trimble Solutions Sandvika AS	2878	0.96%
Totalt	300000	100.00%



Note 5 Own shares

At December 31, 2020 the company owns a stock of 2878 shares.

Note 6 Tax

Annual tax costs / (income)	2020	2019
Payable tax on annual result	9,739,438	8,312,917
Alterations in deferred tax advantage	152,302	(132,014)
Total tax of the year	9,891,740	8,180,903

Calculation of payable tax:	2020	2019
Ordinary result before tax cost	57,601,022	41,594,163
Permanent differences	48,399	109,104
Profit share equity-method	(9,360,405)	(1,534,062)
Write-down of shares	0	518,100
Profit share Branch Office Thailand, net bank alteration	(153,849)	(233,938)
Change in temporary differences	(692,282)	600,065
Other income - FUNN 1)	(3,172,714)	(3,267,446)
Accounting (profit)/loss by sale of shares	0	0
Dividend non-taxable	0	0
Loss carried forward	0	0
Basis payable tax	44,270,171	37,785,986
Tax, 22%	9,739,438	8,312,917
Payable tax on annual profit	9,739,438	8,312,917

Assessed differences:	2020	2019
Tangible fixed assets	(1,343,314)	(1,567,427)
Accounts receivable	16,042	(452,127)
Loss carried forward	0	0
Total	(1,327,272)	(2,019,554)

Calculated deferred tax		
Calculated deferred tax advantage (22%)	292,000	444,302

¹⁾ Tax reduction by the «skattefunn-ordning» are entered as a reduction of expenses, and entered against short-term claims. According to generally accepted accounting principles -NRS no. 4



Note 7 Number of employees

	2020	2019
Number of employees	69	68

Note 8 Payment to upper management, auditor etc.

	General manager
Salary	1,664,268
Other remuneration	286,904
Pension cost	63,900

General manager has a bonus agreement equal to a standard bonus agreement for the employees in general. General manager has no agreements of severance payments or forward-cover contract etc.

General manager is included in a stock program (Restricted Stock Units/RSTU). Shares are granted, but vested over several years. Vesting of Restricted Stock Units shall at all times be subject to your continuing to be a Service Provider on the applicable date(s) of vesting. Taxes are withheld thru net share withholding.

General manager's vested shares in 2020:

Date	Shares vesting	Closing FMV on vesting date
5/4/2020	125	338.49
5/15/2020	142	362.47
11/10/2020	75	526.13
11/16/2020	244	527.23

Charges from auditor has been expensed with NOK 152 650 for audit and NOK 14 220 as other services.

Note 9 Permanent business assets

	IT-equipment	Office equipment	Software	Total
Book value 01.01.2020	37,015	74,657	2,000,001	2,111,673
Inflow	481,222			481,222
The year's ordinary depreciation	(106,824)	(74,657)	(1,333,333)	(1,514,814)
Balance-sheet booked value 31.12.2020	411,413	0	666,668	1,078,081
Depreciation rate	25% - 50%	10%	17%	
Economic life	2 - 4 år	10 år	6 år	

Note 10 Equity movement

	Share-capital	Own shares at face value	Valuations-differences	Other contrib reserves	Other equity	Total
Equity 01.01.2020	3,000,000	(28,780)	20,043,897	3,127,505	79,455,199	105,597,821
Annual result			9,360,405		38,348,877	47,709,282
Dividend					(72,559,755)	(72,559,755)
Equity 31.12.2020	3,000,000	(28,780)	29,404,302	3,127,505	45,244,321	80,747,348

Note 11 Bank deposit

Trimble Solutions Sandvika AS has NOK 4 737 909 as restricted deposits for employee tax per 31.12.2020.

Note 12 Sales incomes – geographical areas

Geographical areas	2020	2019
Norway	87,498,224	92,934,511
Sweden	25,063,935	21,300,520
Denmark	20,060,162	18,703,310
Finland	6,694,972	7,428,304
Other countries	7,608,261	5,293,457
Total sales income	146,925,554	145,660,101

Business segment	2020	2019
Sale of IT-systems, transportation infrastructure	146,925,554	145,660,101
Total operating income	146,925,554	145,660,101



Note 13 Pensions

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme includes all employees and meets the requirements of that law.

Note 14 Transactions with related parties

Remuneration of senior management is described in note 8.

	2020
a) Sales of goods and services	
Subsidiaries	
- Sales of services:	13,834,894
- Sales of goods:	0
Associated companies	
- Sales of services:	1,007,892
- Sales of goods:	0
Total	14,842,786
b) Purchases of goods and services	
Subsidiaries	
- Purchases of services:	9,112,750
- Purchases of goods:	0
Associated companies	
- Purchases of services:	4,976,793
- Purchases of goods:	0
Total	14,089,543

The company has provided loans to parent company, Trimble Europe B.V. with a balance per 31.12.2020 of NOK 122 991 828. The interest rate charged was 3.46% (2019: 2.91%) and are repayable in 1 to 5 years.

Note 15 Research and development

The company has spent NOK 16.7 million on dedicated research and development projects in 2020. Expenses are incurred in the development of the company's products and is expensed as incurred. The company is moving towards the frontier of R&D services in most projects.

Note 16 Government grants

The company has recognized public subsidy through SkatteFUNN for a total of NOK 3 172 714 in 2020. The grant is included as a reduction in "payroll expenses" in the income statement.