Trimble Prepared Remarks Second Quarter 2024

Rob Painter, President and Chief Executive Officer

Welcome, everyone. Before I get started, our presentation is available on our website, and we ask that you refer to the safe harbor at the back. Our financial commentary will reflect non-GAAP performance metrics including organic growth comparisons, which refer to the corresponding period of last year unless otherwise noted. In addition, our P&L commentary will emphasize comparables on an as-adjusted basis, which excludes our agriculture business.

Let's start on slide 4. During the second quarter we continued to advance our Connect & Scale strategy, which involves digitally connecting the workflows within targeted industry segments and creating scale across Trimble through shared technology platforms. Our strategy delivers outcomes in the form of unique value to our customers and sustainable value creation to our shareholders. We want to convey three key messages today - the strategy is working, the numbers reflect the execution, and the execution reflects our simplified and focused organization. Slides 5 and 6 detail some highlight metrics. $2.11B of ARR grew 14%, revenue grew 1%, gross margins were a record 66.5%, EBITDA margin expanded 40 basis points to 24.6% and free cash flow was strong. Revenue in the quarter was 75% software/services/recurring and 60% overall recurring revenue, both records for Trimble, reflecting our portfolio transformation and continued organic mix shift driven by ARR growth. Based on the solid first half year performance, we are raising our guidance for the year.

Before we turn to the performance of the segments, let me provide an update on the status of our financial audit. By way of reminder, the need for EY's re-audit of our 2023 financials stemmed from concerns about the comprehensiveness and documentation of a number of our internal controls - especially around our IT systems. These concerns arose as EY prepared for a PCAOB inspection of their audit of Trimble. In April, EY began additional audit procedures relating to our 2023 financial statements, using a more detailed substantive approach. We are working collaboratively with EY and have provided them with the substantial majority of the information they need. EY's work is nearing completion, and we expect it to wrap up within the next month or

so. To date the audit has not identified any issues which would result in a change of our financial statements. When EY's work is complete we will reissue our annual report for 2023 and file forms 10-Q for the first and second quarter of 2024. Based on the work to date, we anticipate that the financial results will be the same as what we have previously reported.

Let's get back to the business with a review of our segment results, starting on slide 7 with our AECO segment. The team delivered another record quarter of ARR, with a terrific 18% level of ARR growth. The AECO segment is the "tip of the spear" of our Connect & Scale strategy, and the strategy is working. We are succeeding in growing customer count with our innovative products and driving higher revenue per customer through our integrated platform offering. The A represents Architecture & Design. Here, our SketchUp product surpassed 1 million subscribers - an amazing milestone delivered by the team. The E represents Engineering - an example of the strategy at work here comes in the form of unique workflows that only Trimble can deliver, such as Scan to BIM and fabrication workflows. The C represents Construction. Here, our recent tuck-in acquisitions of field and payment solutions have shown us that we can run repeatable land & expand plays that deliver our customers fast time to value when they buy additional capabilities on top of our construction management system. The O represents the Owners, both private and public sector. In May, we held a user conference in Cleveland where we launched Trimble Unity, a suite of Asset Lifecycle Management solutions that uniquely connect Trimble capabilities. Across these AECO personas we operate a common and connected data environment, namely Trimble Connect. Connect has now initiated more than 20 million projects since inception and had over 6 billion API hits into the platform in just the first six months of 2024. On the go to market side, we moved the team to a named account selling model earlier this year and we are now lining up our digital marketing efforts to better enable our sales motions. In conclusion, the Connect & Scale investments we have made over the last several years have enabled us to grow and gain share. Our strategy resonates with customers looking for strong ROIs. Based on our second quarter results, our pipeline, and our solid bookings performance, we see our momentum continuing. We recently hired a Chief Revenue Officer for

this business, which we believe will help further enable and ensure our growth and success at scale in this $1.16B ARR business that is already operating well above a rule of 40 benchmark.

The physical side of our business is largely conveyed in our Field Systems reporting segment, with key highlights on slide 8. Revenue was down, as expected, primarily related to the strength of prior year government related sales. While end market conditions have been soft in some areas, we continue to perform well with strong product and channel positions. Nowhere is this more evident than in the more than $300 million of Field Systems ARR. The team has been doing a great job converting relevant software and hardware models where we have the ability to leverage our strong market position and product offerings to deliver unique value to customers. This motion has expanded our addressable market, as evidenced by delivering 17% ARR growth, nearly matching the growth in AECO. I will illustrate this through three examples, starting with our Worksplus offering in civil construction, which offers machine control and guidance as a service. The team delivered a record quarter of bookings. Second, our positioning services business has expanded our unique ability to offer globally ubiquitous and high accuracy signals from our classic geospatial and agriculture markets into automotive markets. The team delivered three design wins in the quarter to major automotive OEMs. And third, we launched the R980 GNSS survey instrument in the quarter with firmware configurations, field software, and positioning services available on a subscription basis, which expands the addressable market by lowering upfront cost, enabling more customers to adopt our premium solutions. Strategically speaking, most of the solutions we sell in this segment act as a data collection node in the physical world that provides us the unique Trimble ability to connect the physical and digital worlds.

Closing our segment commentary on slide 9, Transportation & Logistics beat our top and bottom-line expectations. Transporeon delivered double digit ARR growth, as did our Maps business. Excluding the North American mobility business, organic ARR growth in the segment was 11 percent. While our Mobility business has experienced the churn we anticipated, it is worth noting that the team delivered the largest bookings in the last few years in the quarter, which was ½ a technology upgrade with Trimble, and ½ a competitive

displacement. Our new Instinct platform is generating positive buzz in the market and we are having good success selling video solutions. While the freight market remains in a recessionary environment, our Transporeon business continued to win new logos in the quarter, and we continue to innovate on all our solutions, some of which will be unveiled at our user conferences in September. In addition, we are moving down the path of product rationalization between the Trimble and Transporeon businesses, as evidenced by consolidating our work on freight marketplace and visibility into one team each. We also began selling our mapping solutions into the Transporeon customer base. The sum of these activities delivered 18.7% operating income, a solid 460 basis point increase.

Before handing over to Phil to walk us through more of the numbers, I want to offer a perspective on why we see Trimble as an AI winner. Starting with our own internal usage, we now have over 2,500 engineers using GitHub Copilot and more than 5,000 Trimble colleagues using an internal version of Microsoft Azure OpenAI that we call Trimble Assistant. From a customer-facing perspective, we have beta and production releases of AI capabilities in a number of areas. In AECO, we automate the extraction of PDF data into submittal logs and into estimating engines. We also transform 3D BIM models into photorealistic renderings. In Field Systems, we focus on feature extraction from 3D point clouds. In Transportation, our AI solutions include customer support, autonomous procurement, and autonomous quotation systems that match shippers with carriers. We have included several examples of Trimble AI in the appendix of the slides, complete with hyperlinks. Our thesis on AI is that density of domain specific data and insight will separate the AI winners and losers. With our unique scale that includes over $1 trillion of construction capital programs, tens of billions of dollars of freight transactions running through our systems, millions of global customers, and hundreds of thousands of instruments and machines in the physical world, we believe we have a compelling right to win and a defensible moat to continue building around our business.

Phil…

Phil Sawarynski, Incoming Chief Financial Officer

Thank you Rob. As noted before, my financial commentary will emphasize comparables on an as-adjusted basis, which excludes our agriculture business.

We believe that maximizing long term free cash flow drives shareholder value. Connect & Scale is our strategy, which we believe will continue to deliver recurring revenue growth, margin expansion, and ultimately cumulative cash flow growth. Slide 10 highlights balance sheet and cash flow dynamics. On cash flow, we are trending better than expected after considering the transaction related impacts. Reported free cash flow in the first half of 2024 was $300M. That includes $50M of tax payments related to our gain on sale from the Ag JV, as well as $54M in M&A related transaction expenses. Our conversion ratio in the first half of 2024 without these items was well above our target of 1 times net income. We will have additional tax payments impacting future operating cash flow related to the Ag JV gain on sale in our third and fourth quarters of 2024 and second quarter of 2025 since the tax payments are spread out over time. Our asset light model continues with capital expenditures less than 2% of revenue and negative net working capital. Net debt to EBITDA after the close of the Ag JV stands at less than 1 times, well below our long term leverage target of 2.5 times. We have just under $1 billion in cash after paying down our term debt and the outstanding balances on our credit facilities. We intend to resume our share buyback when practical.

Our capital allocation focus remains the same. We invest where we see opportunities for the highest returns. We continue to disproportionately allocate capital to our AECO business where the bulk of our operating expense increases are in our sales and marketing engines to continue to drive ARR, revenue growth and ultimately margin expansion. On the M&A front, we expect to opportunistically pursue tuck-in acquisitions, primarily in the AECO segment where we can quickly integrate and bundle within Trimble Construction One. We acquired a field human resources application in the third quarter of 2023, and we also recently acquired a payments offering branded as Trimble Pay that has been integrated with Viewpoint, and for both we are seeing

bookings well in excess of our deal models. These growth opportunities are enabled by our Connect and Scale strategy via bundled product offerings that we put in the hands of our sellers. This is a playbook that is delivering results and is a critical part of our acquisition strategy going forward.

With that, let's turn to slide 11 and talk about guidance for the remainder of the year. We have a 53rd week in fiscal 2024, which adds approximately $85M of revenue and $50M of operating income mainly driven by term license renewals on January first, which falls in the fourth quarter of this year. We are increasing the midpoint of our as reported full year revenue guidance by $10 million from $3.62B to $3.63B, which also overcomes foreign currency headwinds. We are also increasing the full year earnings per share midpoint by 4 cents to $2.74 from the prior $2.70. AECO revenue is slightly better than our prior guide due to the first half performance and strong bookings in the prior quarters. Field systems revenue is down slightly, and Transportation is unchanged. We maintain our strong ARR growth range from 11% to 13% driven primarily by the expectation of mid to high teens growth in AECO offset largely by the previously disclosed churn in our North American transportation mobility business. Our EBITDA margin for the year is expected to be between 26.7% and 27.2%. Free cash flow conversion for the year is updated to be approximately 0.75 times net income, which includes $116M of anticipated tax on gain from the JV I noted earlier, as well as approximately $75M in full year M&A costs. Without these items, we would be above 1 times net income for the year and an improvement from the prior guide.

Let's move to our third quarter guidance on slide 12 which is consistent with our prior guide. I will focus again on our as-adjusted view excluding Agriculture. Our outlook for ARR growth remains strong with continued expectations for 11-13% organic growth despite the North American transportation mobility headwind I mentioned earlier. Our total company revenue is projected to be $840m-$880m. On an as adjusted basis, our revenue is anticipated to grow in the range of flat to up 4% year over year and is showing improvement relative to the second quarter mainly due to strong government sales in the second quarter of 2023.

Non-GAAP operating margin is expected to be in the range of 22.5% to 23.5% and Adjusted EBITDA margin in the range of 24% to 25% for the third quarter. Our EPS forecast is in the range of $0.58 to $0.64 which is again consistent with our prior guide.

I would also like to point out that we included a new supplement in our materials that is available on our investor relations website. This is to provide a summary of our results along with assumptions behind our guidance model in a readily available format. One more item I would like to mention before turning it back over to Rob. As we think about the financial model in a multi-year context, I refer to our investor day numbers from September 2022. Our long term target model projected that revenue would grow in the 5-8% range organically. Normalizing for the benefit of the extra week in fiscal year 2024, we believe that with the continued shift to higher growth software, we are biased above the midpoint of this range. We also had forecasted operating leverage in the range of 30-35%. Given the mix shift to software with higher gross margin, we would expect operating leverage going forward to be at or above the high end of this range, thus we see the potential to expand operating margins in the range of 100 basis points or more annually. We look forward to providing more details and an update on our long range financial plan at our investor day in New York City on December 10th.

Rob, I will turn it back over to you.

Rob Painter, President and Chief Executive Officer

Thanks Phil.

And thank you to all our Trimble colleagues and partners for delivering a solid first half of the year and for demonstrating resilience and conviction as we continue to transform how we work, so that we can transform how the world works. I'll end with a fun fact related to the games in Paris. Our technology was leveraged for

the design, engineering and construction of many of the stadiums such as the aquatic center, the sailing marina, the football stadium, and also for athletic housing. The “Les Gradins” building, which houses over 400 athletes, will be converted to an office building after the games conclude. On the project, our survey kit, engineering and pre-fabrication technologies were used to construct a sustainable structure, and to deliver it on time. Trimble Connect was used as the collaboration platform to coordinate across hundreds of users and stakeholders. To quote the BIM engineering manager on the project, “I find Trimble Connect to be the best collaboration platform on the market, in terms of file quality and usability. You can tell that they’ve designed the tool to be easy to use, even for non-experts.”

Operator, let’s open the line to questions.