UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended April 30, 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 No. 001-33866

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

Delaware	**45-0357838**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

644 East Beaton Drive
West Fargo, ND 58078-2648
(Address of Principal Executive Offices)

Registrant's telephone number **(701) 356-0130**

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, $0.00001 par value per share	TITN	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	☐	Accelerated filer	X
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of May 31, 2021, 22,520,614 shares of Common Stock, $0.00001 par value, of the registrant were outstanding.

TITAN MACHINERY INC.
QUARTERLY REPORT ON FORM 10-Q

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PART I. — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TITAN MACHINERY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except per share data)

	April 30, 2021	January 31, 2021
Assets		
Current Assets		
Cash	$ 89,729	$ 78,990
Receivables, net of allowance for expected credit losses	71,928	69,109
Inventories	415,660	418,458
Prepaid expenses and other	11,275	13,677
Total current assets	588,592	580,234
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	158,364	147,165
Operating lease assets	68,962	74,445
Deferred income taxes	4,613	3,637
Goodwill	1,433	1,433
Intangible assets, net of accumulated amortization	7,696	7,785
Other	1,081	1,090
Total noncurrent assets	242,149	235,555
Total Assets	$ 830,741	$ 815,789
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 24,618	$ 20,045
Floorplan payable	169,108	161,835
Current maturities of long-term debt	5,128	4,591
Current operating lease liabilities	10,624	11,772
Deferred revenue	49,109	59,418
Accrued expenses and other	37,110	48,791
Income taxes payable	14,508	11,048
Total current liabilities	310,205	317,500
Long-Term Liabilities		
Long-term debt, less current maturities	64,868	44,906
Operating lease liabilities	69,030	73,567
Other long-term liabilities	7,555	8,535
Total long-term liabilities	141,453	127,008
Commitments and Contingencies (Note 15)		
Stockholders' Equity		
Common stock, par value $.00001 per share, 45,000 shares authorized; 22,520 shares issued and outstanding at April 30, 2021; 22,553 shares issued and outstanding at January 31, 2021	—	—
Additional paid-in-capital	252,547	252,913
Retained earnings	127,416	116,869
Accumulated other comprehensive income (loss)	(880)	1,499
Total stockholders' equity	379,083	371,281
Total Liabilities and Stockholders' Equity	$ 830,741	$ 815,789

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020
Revenue		
Equipment	$ 275,980	$ 218,505
Parts	62,626	56,614
Service	27,702	25,600
Rental and other	6,398	9,489
Total Revenue	372,706	310,208
Cost of Revenue		
Equipment	243,676	197,046
Parts	44,440	39,617
Service	9,294	8,345
Rental and other	4,318	6,790
Total Cost of Revenue	301,728	251,798
Gross Profit	70,978	58,410
Operating Expenses	56,442	53,058
Impairment of Intangible and Long-Lived Assets	—	216
Income from Operations	14,536	5,136
Other Income (Expense)		
Interest and other income	665	130
Floorplan interest expense	(418)	(1,152)
Other interest expense	(1,104)	(966)
Income Before Income Taxes	13,679	3,148
Provision for Income Taxes	3,132	886
Net Income	$ 10,547	$ 2,262
Earnings per Share:		
Basic	$ 0.47	$ 0.10
Diluted	$ 0.47	$ 0.10
Weighted Average Common Shares:		
Basic	22,168	22,012
Diluted	22,179	22,012

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended April 30,	
	2021	**2020**
Net Income	$ 10,547	$ 2,262
Other Comprehensive Loss		
Foreign currency translation adjustments	(2,379)	(528)
Comprehensive Income	$ 8,168	$ 1,734

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(in thousands)

	Common Stock					
	Shares Outstanding	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE, January 31, 2020	22,335	$ —	$ 250,607	$ 97,717	$ (3,220)	$ 345,104
Cumulative-effect adjustment of adopting ASC 326, Financial Instruments - Credit Losses	—	—	—	(204)	—	(204)
Common stock issued on grant of restricted stock and exercise of stock options, net of restricted stock forfeitures and restricted stock withheld for employee withholding tax	(21)	—	(201)	—	—	(201)
Stock-based compensation expense	—	—	645	—	—	645
Net Income	—	—	—	2,262	—	2,262
Other comprehensive loss	—	—	—	—	(528)	(528)
BALANCE, April 30, 2020	22,314	$ —	$ 251,051	$ 99,775	$ (3,748)	$ 347,078

	Common Stock					
	Shares Outstanding	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
BALANCE, January 31, 2021	22,553	$ —	$ 252,913	$ 116,869	$ 1,499	$ 371,281
Common stock issued on grant of restricted stock, net of restricted stock forfeitures and restricted stock withheld for employee withholding tax	(33)	—	(975)	—	—	(975)
Stock-based compensation expense	—	—	609	—	—	609
Net income	—	—	—	10,547	—	10,547
Other comprehensive loss	—	—	—	—	(2,379)	(2,379)
BALANCE, April 30, 2021	22,520	$ —	$ 252,547	$ 127,416	$ (880)	$ 379,083

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three Months Ended April 30,	
	2021	**2020**
Operating Activities		
Net income	$ 10,547	$ 2,262
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Depreciation and amortization	5,207	5,375
Impairment of long-lived assets	—	216
Deferred income taxes	(1,008)	117
Stock-based compensation expense	609	645
Noncash interest expense	54	27
Noncash lease expense	2,528	2,833
Other, net	176	(54)
Changes in assets and liabilities		
Receivables, prepaid expenses and other assets	(1,023)	(1,125)
Inventories	(1,615)	11,941
Manufacturer floorplan payable	19,657	(10,669)
Accounts payable, deferred revenue, accrued expenses and other and other long-term liabilities	(5,440)	(13,919)
Operating lease liabilities	(2,736)	(3,091)
Net Cash Provided by (Used for) Operating Activities	26,956	(5,442)
Investing Activities		
Rental fleet purchases	(2,081)	(3,378)
Property and equipment purchases (excluding rental fleet)	(7,045)	(2,036)
Proceeds from sale of property and equipment	135	313
Other, net	7	(21)
Net Cash Used for Investing Activities	(8,984)	(5,122)
Financing Activities		
Net change in non-manufacturer floorplan payable	(9,141)	18,781
Proceeds from long-term debt borrowings	6,462	1,112
Principal payments on long-term debt and finance leases	(3,181)	(1,309)
Payment of debt issuance costs	—	(670)
Other, net	(974)	(200)
Net Cash Provided by (Used for) Financing Activities	(6,834)	17,714
Effect of Exchange Rate Changes on Cash	(399)	(36)
Net Change in Cash	10,739	7,114
Cash at Beginning of Period	78,990	43,721
Cash at End of Period	$ 89,729	$ 50,835
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period		
Income taxes, net of refunds	$ 253	$ 365
Interest	$ 1,404	$ 2,262
Supplemental Disclosures of Noncash Investing and Financing Activities		
Net property and equipment financed with long-term debt, finance leases, accounts payable and accrued liabilities	$ 15,763	$ 2,085
Net transfer of assets from (to) property and equipment to (from) inventories	$ 300	$ (888)

See Notes to Consolidated Financial Statements

TITAN MACHINERY INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BUSINESS ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. The quarterly operating results for Titan Machinery Inc. (the "Company") are subject to fluctuation due to varying weather patterns, which may impact the timing and amount of equipment purchases, rentals, and after-sales parts and service purchases by the Company's Agriculture, Construction and International customers. Therefore, operating results for the three-month period ended April 30, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2022. The information contained in the consolidated balance sheet as of January 31, 2021 was derived from the audited consolidated financial statements of the Company for the fiscal year then ended. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2021 as filed with the SEC.

Nature of Business

The Company is engaged in the retail sale, service and rental of agricultural and construction machinery through its stores in the United States and Europe. The Company's North American stores are located in Colorado, Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wisconsin and Wyoming, and its European stores are located in Bulgaria, Germany, Romania, Serbia and Ukraine.

Impact of the COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak as a national emergency. The nature of COVID-19 led to worldwide shutdowns and halting of commercial and interpersonal activity as governments imposed regulations in efforts to control the spread of the pandemic, such as shelter-in-place orders and quarantines. The Company's products and services were determined to be essential in the markets we serve and accordingly operations have been allowed to continue throughout the pandemic.

Certain of the Company's supply vendors are facing production and staffing challenges as they work to achieve production capacity and lead times consistent with pre-pandemic levels. The pandemic has created other supply chain challenges such as delays in components and supplies and freight markets continue to have challenges with driver shortages, strong demand for consumer goods, extended lead times, and driver retention and recruitment issues. As a result, the Company has experienced some disruptions and delays on delivery of certain materials. The Company has assessed the impacts of the COVID-19 pandemic on its results of operations for the three months ended April 30, 2021 and 2020, and although there have been logistical and other challenges, no material adverse impacts were identified.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, particularly related to realization of inventory, impairment of long-lived assets, goodwill, or indefinite lived intangible assets, collectability of receivables, and income taxes.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material accounts, transactions and profits between the consolidated companies have been eliminated in consolidation.

Accounting Guidance Not Yet Adopted

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update ("ASU") No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU No. 2020-04"), which provides temporary optional expedients and exceptions to accounting guidance on contract modifications and hedge accounting to ease entities' financial reporting burdens as the market transitions from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. ASU 2020-04 is effective upon issuance and can be applied through December 31, 2022. The Company is updating its credit agreements to include language regarding the successor or alternate rate to LIBOR, and a review of other contracts and agreements is on-going. The Company does not expect the guidance to have a material impact on its results of operations, financial position, cash flows, or disclosures.

NOTE 2 - EARNINGS PER SHARE

The following table sets forth the calculation of basic and diluted Earnings Per Share (EPS):

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020
	(in thousands, except per share data)	
Numerator:		
Net income	$ 10,547	$ 2,262
Allocation to participating securities	(175)	(32)
Net income attributable to Titan Machinery Inc. common stockholders	$ 10,372	$ 2,230
Denominator:		
Basic weighted-average common shares outstanding	22,168	22,012
Plus: incremental shares from vesting of restricted stock units	11	—
Diluted weighted-average common shares outstanding	22,179	22,012
Earnings Per Share:		
Basic	$ 0.47	$ 0.10
Diluted	$ 0.47	$ 0.10

NOTE 3 - REVENUE

Revenues are recognized when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration we expect to collect in exchange for those goods or services. Sales, value added and other taxes collected from our customers concurrent with our revenue activities are excluded from revenue.

The following tables present our revenue disaggregated by revenue source and segment:

	Three Months Ended April 30, 2021			
	Agriculture	Construction	International	Total
	(in thousands)			
Equipment	$ 169,257	$ 44,812	$ 61,911	$ 275,980
Parts	39,684	12,108	10,834	62,626
Service	19,753	6,369	1,580	27,702
Other	722	365	92	1,179
Revenue from contracts with customers	229,416	63,654	74,417	367,487
Rental	138	4,954	127	5,219
Total revenues	$ 229,554	$ 68,608	$ 74,544	$ 372,706

	Three Months Ended April 30, 2020			
	Agriculture	Construction	International	Total
	(in thousands)			
Equipment	$ 139,749	$ 34,253	$ 44,503	$ 218,505
Parts	35,079	11,460	10,075	56,614
Service	17,720	6,212	1,668	25,600
Other	733	518	104	1,355
Revenue from contracts with customers	193,281	52,443	56,350	302,074
Rental	346	7,671	117	8,134
Total revenues	$ 193,627	$ 60,114	$ 56,467	$ 310,208

Unbilled Receivables and Deferred Revenue

Unbilled receivables from contracts with customers were $17.0 million and $12.9 million as of April 30, 2021 and January 31, 2021. The increase in unbilled receivables is primarily the result of a seasonal increase in the volume of our service transactions in which we recognize revenue as our work is performed and prior to customer invoicing.

Deferred revenue from contracts with customers were $47.6 million and $57.7 million as of April 30, 2021 and January 31, 2021. Our deferred revenue most often increases in the fourth quarter of each fiscal year due to a higher level of customer down payments or prepayments and longer time periods between customer payment and delivery of the equipment asset, and the related recognition of equipment revenue, prior to its seasonal use. During the three months ended April 30, 2021 and 2020, the Company recognized $37.9 million and $29.7 million, respectively, of revenue that was included in the deferred revenue balance as of January 31, 2021 and January 31, 2020, respectively. No material amount of revenue was recognized during the three months ended April 30, 2021 and 2020 from performance obligations satisfied in previous periods.

The Company has elected as a practical expedient to not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of service of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for parts installed and services performed. The contracts for which the practical expedient has been applied include (i) equipment revenue transactions, which do not have a stated contractual term, but are short-term in nature, and (ii) service revenue transactions, which also do not have a stated contractual term but are generally completed within 30 days and for such contracts we recognize revenue over time at the amount to which we have the right to invoice for services completed to date.

NOTE 4 - RECEIVABLES

The Company provides an allowance for expected credit losses on its nonrental receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics as shown in the table below.

Trade and unbilled receivables from contracts with customers have credit risk and the allowance is determined by applying expected credit loss percentages to aging categories based on historical experience that are updated each quarter. The rates may also be adjusted to the extent future events are expected to differ from historical results. Given that the credit terms for these receivables are short-term, changes in credit loss percentages due to future events may not occur on a frequent basis. In addition, the allowance is adjusted based on information obtained by continued monitoring of individual customer credit.

Trade receivables from finance companies, other receivables due from manufacturers, and other receivables have not historically resulted in any credit losses to the Company. These receivables are short-term in nature and deemed to be of good credit quality and have no need for any allowance for expected credit losses. Management continually monitors these receivables and should information be obtained that identifies potential credit risk, an adjustment to the allowance would be made if deemed appropriate.

Trade and unbilled receivables from rental contracts are primarily in the United States and are specifically excluded from the accounting guidance in determining an allowance for expected losses. The Company provides an allowance for these receivables based on historical experience and using credit information obtained from continued monitoring of customer accounts.

	April 30, 2021	January 31, 2021
	(in thousands)	
Trade and unbilled receivables from contracts with customers		
Trade receivables due from customers	$ 32,634	$ 31,664
Unbilled receivables	17,005	12,909
Less allowance for expected credit losses	2,908	2,994
	46,731	41,579
Trade receivables due from finance companies	13,732	14,133
Trade and unbilled receivables from rental contracts		
Trade receivables	4,133	4,329
Unbilled receivables	549	520
Less allowance for expected credit losses	1,899	1,939
	2,783	2,910
Other receivables		
Due from manufacturers	7,152	8,720
Other	1,530	1,767
	8,682	10,487
Receivables, net of allowance for expected credit losses	$ 71,928	$ 69,109

Following is a summary of allowance for credit losses on trade and unbilled accounts receivable by segment:

	Agriculture	Construction	International	Total
		(in thousands)		
Balance at January 31, 2021	$ 228	$ 1,074	$ 1,690	$ 2,992
Current expected credit loss provision	30	68	(2)	96
Write-offs charged against allowance	17	84	38	139
Credit loss recoveries collected	—	4	—	4
Foreign exchange impact	—	—	(50)	(50)
Balance at April 30, 2021	$ 241	$ 1,062	$ 1,600	$ 2,903

	Agriculture	Construction	International	Total
		(in thousands)		
Balance at February 1, 2020	$ 181	$ 1,016	$ 1,746	$ 2,943
Current expected credit loss provision	14	113	226	353
Write-offs charged against allowance	5	71	133	209
Credit loss recoveries collected	40	4	6	50
Foreign exchange impact	—	—	(29)	(29)
Balance at April 30, 2020	$ 230	$ 1,062	$ 1,816	$ 3,108

The following table presents impairment losses (recoveries) on receivables arising from sales contracts with customers and receivables arising from rental contracts:

	Three Months Ended April 30,	
	2021	2020
	(in thousands)	
Impairment losses (recoveries) on:		
Receivables from sales contracts	$ 98	$ 143
Receivables from rental contracts	(34)	138
	$ 64	$ 281

NOTE 5 - INVENTORIES

	April 30, 2021	January 31, 2021
	(in thousands)	
New equipment	$ 212,010	$ 206,683
Used equipment	118,383	131,369
Parts and attachments	83,118	78,982
Work in process	2,149	1,424
	$ 415,660	$ 418,458

NOTE 6 - PROPERTY AND EQUIPMENT

	April 30, 2021	January 31, 2021
	(in thousands)	
Rental fleet equipment	$ 79,014	$ 77,530
Machinery and equipment	23,368	23,354
Vehicles	56,948	55,884
Furniture and fixtures	43,673	43,678
Land, buildings, and leasehold improvements	101,280	90,730
	304,283	291,176
Less accumulated depreciation	145,919	144,011
	$ 158,364	$ 147,165

The Company reviews its long-lived assets for potential impairment whenever events or circumstances indicate that the carrying value of the long-lived asset (or asset group) may not be recoverable. During the three months ended April 30, 2021, the Company identified no such asset groups and no impairment was recorded. For the three months ended April 30, 2020, the Company recognized an impairment charge of $0.2 million within its Construction segment.

NOTE 7 - FLOORPLAN PAYABLE/LINES OF CREDIT

On April 3, 2020, the Company entered into a Third Amended and Restated Credit Agreement (the "Bank Syndicate Agreement") with a group of banks, that amended and restated the Company's prior $200.0 million credit facility, dated October 28, 2015. The Bank Syndicate Agreement provides for a secured credit facility in an amount up to $250.0 million, consisting of a $185.0 million floorplan facility (the "Floorplan Loan") and a $65.0 million operating line (the "Revolver Loan"), and changed the interest rates as compared to the prior credit facility, amongst other things. The amounts available under the Bank Syndicate Agreement are subject to base calculations and reduced by outstanding standby letters of credit and certain reserves. The Bank Syndicate Agreement includes a variable interest rate on outstanding balances, charges a 0.25% non-usage fee on the average monthly unused amount, and requires monthly payments of accrued interest. The Company elects at the time of any advance to choose a Base Rate Loan or a LIBOR Rate Loan. The LIBOR Rate is based upon one month, two month, or three month LIBOR, as chosen by the Company, but in no event shall the LIBOR Rate be less than 0.50%. The Base Rate is the greater of (a) the prime rate of interest announced, from time to time, by Bank of America; (b) the Federal Funds Rate plus 0.5%, or (c) one month LIBOR plus 1%, but in no event shall the Base Rate be less than zero. The applicable margin rate is determined based on excess availability under the Bank Syndicate Agreement and ranges from 0.5% to 1.0% for Base Rate Loans and 1.5% to 2.0% for LIBOR Rate Loans.

The Bank Syndicate Agreement does not obligate the Company to maintain financial covenants, except in the event that excess availability (each as defined in the Bank Syndicate Agreement) is less than 15% of the lower of the borrowing base or the size of the maximum credit line, at which point the Company is required to maintain a fixed charge coverage ratio of at least 1.10:1.00. The Bank Syndicate Agreement includes various restrictions on the Company and its subsidiaries' activities, including, under certain conditions, limitations on the Company's ability to make certain cash payments including cash dividends and stock repurchases, issuance of equity instruments, acquisitions and divestitures, and entering into new indebtedness transactions. The Bank Syndicate Agreement matures on April 3, 2025.

The Floorplan Loan under the Bank Syndicate Agreement is used to finance equipment inventory purchases. Amounts outstanding are recorded as floorplan payable, within current liabilities on the consolidated balance sheets, as the Company intends to repay amounts borrowed within one year.

The Revolver Loan under the Bank Syndicate Agreement is used to finance rental fleet equipment and for general working capital requirements of the Company. Amounts outstanding are recorded as long-term debt, within long-term liabilities on the consolidated balance sheets, as the Company does not have the intention or obligation to repay amounts borrowed within one year.

As of April 30, 2021, the Company had floorplan lines of credit totaling $770.0 million, which is primarily comprised of three significant floorplan lines of credit: (i) a $450.0 million credit facility with CNH Industrial, (ii) a $185.0 million line of credit under the Bank Syndicate Agreement, and (iii) a $60.0 million credit facility with DLL Finance LLC.

As of April 30, 2021 and January 31, 2021, the Company's outstanding balances of floorplan lines of credit consisted of the following:

	April 30, 2021	January 31, 2021
	(in thousands)	
CNH Industrial	$ 91,402	$ 86,792
DLL Finance	9,788	10,667
Other outstanding balances with manufacturers and non-manufacturers	67,918	64,376
	$ 169,108	$ 161,835

As of April 30, 2021 and January 31, 2021, the U.S. floorplan payables were generally all non-interest bearing. As of April 30, 2021, foreign floorplan payables carried various interest rates primarily ranging from 1.40% to 4.81%, compared to a range of 1.40% to 4.82% as of January 31, 2021. As of April 30, 2021 and January 31, 2021, $120.2 million and $98.8 million, respectively, of outstanding floorplan payables were non-interest bearing. As of April 30, 2021, the Company had a compensating balance arrangement under one of its foreign floorplan credit facilities, which requires a minimum cash deposit to be maintained with the lender in the amount of $5.0 million for the term of the credit facility.

NOTE 8 - LONG TERM DEBT

The following is a summary of long-term debt as of April 30, 2021 and January 31, 2021:

Description	Maturity Dates	Interest Rates	April 30, 2021	January 31, 2021
			(in thousands)	
Mortgage loans, secured	Various through May 2039	2.1% to 5.1%	$ 43,413	$ 22,916
Sale-leaseback financing obligations	Various through December 2030	3.4% to 10.3%	16,172	16,505
Vehicle loans, secured	Various through June 2026	1.7% to 3.9%	10,411	9,999
Other	January 2021	2.6%	—	77
Total debt			69,996	49,497
Less: current maturities			5,128	4,591
Long-term debt, net			$ 64,868	$ 44,906

The Company purchased buildings and real estate assets of eleven of its U.S. dealer locations in the first quarter of fiscal 2022 and financed these purchases with long term debt of $17.7 million. These dealer locations were previously leased from third party lessors.

NOTE 9 - DERIVATIVE INSTRUMENTS

The Company holds derivative instruments for the purpose of minimizing exposure to fluctuations in foreign currency exchange rates to which the Company is exposed in the normal course of its operations.

The Company uses foreign currency forward contracts to hedge the effects of fluctuations in exchange rates on outstanding intercompany loans. The Company does not formally designate and document such derivative instruments as hedging instruments; however, the instruments are an effective economic hedge of the underlying foreign currency exposure. Both the gain or loss on the derivative instrument and the offsetting gain or loss on the underlying intercompany loan are recognized in earnings immediately, thereby eliminating or reducing the impact of foreign currency exchange rate fluctuations on net income. The Company's foreign currency forward contracts generally have three-month maturities, maturing on the last day of each fiscal quarter. The notional value of outstanding foreign currency contracts as of January 31, 2021 was $8.0 million. There were no outstanding foreign currency contracts as of April 30, 2021.

As of January 31, 2021, the fair value of the Company's outstanding derivative instruments was not material. Derivative instruments recognized as assets are recorded in prepaid expenses and other in the consolidated balance sheets, and derivative instruments recognized as liabilities are recorded in accrued expenses and other in the consolidated balance sheets.

The following table sets forth the gains and losses recognized in income from the Company’s derivative instruments for the three months ended April 30, 2021 and 2020. Gains and losses are recognized in Interest and other income in the consolidated statements of operations:

	Three Months Ended April 30,	
	2021	2020
	(in thousands)	
Foreign currency contract loss	$ (351)	$ (13)

NOTE 10 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following is a summary of the changes in accumulated other comprehensive income (loss), by component, for the periods ended April 30, 2021 and April 30, 2020:

	Foreign Currency Translation Adjustment	Net Investment Hedging Gain	Total Accumulated Other Comprehensive Income (Loss)
		(in thousands)	
Balance, January 31, 2021	$ (1,212)	$ 2,711	$ 1,499
Other comprehensive loss	(2,379)	—	(2,379)
Balance, April 30, 2021	$ (3,591)	$ 2,711	$ (880)

	Foreign Currency Translation Adjustment	Net Investment Hedging Gain	Total Accumulated Other Comprehensive Income (Loss)
		(in thousands)	
Balance, January 31, 2020	$ (5,931)	$ 2,711	$ (3,220)
Other comprehensive loss	(528)	—	(528)
Balance, April 30, 2020	(6,459)	2,711	(3,748)

NOTE 11 - LEASES

As Lessee

The Company, as lessee, leases certain of its dealership locations, office space, equipment and vehicles under operating and financing classified leasing arrangements. The Company has elected to not record leases with a lease term at commencement of 12 months or less on the consolidated balance sheet; such leases are expensed on a straight-line basis over the lease term. Many real estate lease agreements require the Company to pay the real estate taxes on the properties during the lease term and require that the Company maintain property insurance on each of the leased premises. Such payments are deemed to be variable lease payments as the amounts may change during the term of the lease. Certain leases include renewal options that can extend the lease term for periods of one to ten years. Most real estate leases grant the Company a right of first refusal or other options to purchase the real estate, generally at fair market value, either during the lease term or at its conclusion. In most cases, the Company has not included these renewal and purchase options within the measurement of the right-of-use asset and lease liability. Most often, the Company cannot readily determine the interest rate implicit in the lease and thus applies its incremental borrowing rate to capitalize the right-of-use asset and lease liability. The Company estimates its incremental borrowing rate by incorporating considerations of lease term, asset class and lease currency and geographical market. The Company's lease agreements do not contain any material non-lease components, residual value guarantees or material restrictive covenants.

The Company subleases a small number of real estate assets to third-parties, primarily dealership locations for which it has ceased operations. All sublease arrangements are classified as operating leases.

The components of lease expense were as follows:

	Classification	Three Months Ended April 30, 2021	2020
		(in thousands)	
Finance lease cost:			
Amortization of leased assets	Operating expenses	$ 445	$ 392
Interest on lease liabilities	Other interest expense	88	126
Operating lease cost	Operating expenses and rental and other cost of revenue	3,766	4,463
Short-term lease cost	Operating expenses	66	80
Variable lease cost	Operating expenses	613	635
Sublease income	Interest and other income	(197)	(152)
		$ 4,781	$ 5,544

Right-of-use lease assets and lease liabilities consist of the following:

	Classification	April 30, 2021	January 31, 2021
		(in thousands)	
Assets			
Operating lease assets	Operating lease assets	$ 68,962	$ 74,445
Finance lease assets[a]	Property and equipment, net of accumulated depreciation	3,252	12,426
Total leased assets		$ 72,214	$ 86,871
Liabilities			
Current			
Operating	Current operating lease liabilities	$ 10,624	$ 11,772
Finance	Accrued expenses and other	922	9,823
Noncurrent			
Operating	Operating lease liabilities	69,030	73,567
Finance	Other long-term liabilities	2,375	2,911
Total lease liabilities		$ 82,951	$ 98,073

[a]Finance lease assets are recorded net of accumulated amortization of $2.0 million as of April 30, 2021 and $3.0 million as of January 31, 2021.

Maturities of lease liabilities as of April 30, 2021 are as follows:

	Operating Leases	Finance Leases	Total
Fiscal Year Ended January 31,		(in thousands)	
2022 (remainder)	$ 11,412	$ 887	$ 12,299
2023	14,394	914	15,308
2024	13,457	587	14,044
2025	13,035	498	13,533
2026	12,873	359	13,232
2027	12,207	309	12,516
Thereafter	21,022	774	21,796
Total lease payments	98,400	4,328	102,728
Less: Interest	18,746	1,031	19,777
Present value of lease liabilities	$ 79,654	$ 3,297	$ 82,951

The weighted-average lease term and discount rate as of April 30, 2021 are as follows:

	April 30, 2021
Weighted-average remaining lease term (years):	
Operating leases	7.3
Financing leases	5.8
Weighted-average discount rate:	
Operating leases	6.1 %
Financing leases	8.7 %

As Lessor

The Company rents equipment to customers, primarily in the Construction segment, on a short-term basis. Our rental arrangements generally do not include minimum, noncancellable periods as the lessee is entitled to cancel the arrangement at any time. Most often, our rental arrangements extend for periods ranging from a few days to a few months. We maintain a fleet of dedicated rental assets within our Construction segment and, within all segments, may also provide short-term rentals of certain equipment inventory assets. Certain rental arrangements may include rent-to-purchase options whereby customers are given a period of time to exercise an option to purchase the related equipment at an established price with any rental payments paid applied to reduce the purchase price.

All of the Company's leasing arrangements as lessor are classified as operating leases. Rental revenue is recognized on a straight-line basis over the rental period. Rental revenue includes amounts charged for loss and damage insurance on rented equipment. In most cases, our rental arrangements include non-lease components, including delivery and pick-up services. The Company accounts for these non-lease components separate from the rental arrangement and recognizes the revenue associated with these components when the service is performed. The Company has elected to exclude from rental revenue all sales, value added and other taxes collected from our customers concurrent with our rental activities. Rental billings most often occur on a monthly basis and may be billed in advance or in arrears, thus creating unbilled rental receivables or deferred rental revenue amounts. The Company manages the residual value risk of its rented assets by (i) monitoring the quality, aging and anticipated retail market value of our rental fleet assets to determine the optimal period to remove an asset from the rental fleet, (ii) maintaining the quality of our assets through on-site parts and service support and (iii) requiring physical damage insurance of our lessee customers. We primarily dispose of our rental assets through the sale of the asset by our retail sales force.

Revenue generated from leasing activities is disclosed, by segment, in Note 3. The following is the balance of our dedicated rental fleet assets, included in Property and equipment, net of accumulated depreciation in the consolidated balance sheet, of our Construction segment as of April 30, 2021 and January 31, 2021:

	April 30, 2021	January 31, 2021
	(in thousands)	
Rental fleet equipment	$ 79,014	$ 77,530
Less accumulated depreciation	28,594	28,916
	$ 50,420	$ 48,614

NOTE 12 - FAIR VALUE MEASUREMENTS

As of April 30, 2021 and January 31, 2021, the fair value of the Company's foreign currency contracts, which are either assets or liabilities measured at fair value on a recurring basis, was not material. These foreign currency contracts were valued using a discounted cash flow analysis, which is an income approach, utilizing readily observable market data as inputs, which is classified as a Level 2 fair value measurement.

The Company also valued certain long-lived assets at fair value on a non-recurring basis as of January 31, 2021 as part of its long-lived asset impairment testing. The estimated fair value of such assets as of January 31, 2021 was $0.8 million. Fair value was estimated through an income approach incorporating both observable and unobservable inputs, and are deemed to be Level 3 fair value inputs. The most significant unobservable inputs include forecasted net cash generated from the use of the assets and the discount rate applied to such cash flows to arrive at a fair value estimate. In addition, in certain instances the Company estimated the fair value of long-lived assets to approximate zero as no future cash flows were assumed to be generated from the use of such assets and the expected value to be realized upon disposition was deemed to be nominal.

The Company also has financial instruments that are not recorded at fair value in the consolidated balance sheets, including cash, receivables, payables and long-term debt. The carrying amounts of these financial instruments approximated their fair values as of April 30, 2021 and January 31, 2021. Fair value of these financial instruments was estimated based on Level 2 fair value inputs.

NOTE 13 - INCOME TAXES

Our effective tax rate was 22.9% and 28.1% for the three months ended April 30, 2021 and April 30, 2020. The effective tax rate for the three months ending April 30, 2021 was benefited by the vesting of share-based compensation. For the three months ending April 30, 2020, the effective tax rate benefited from a weakening hryvnia in our Ukrainian business but was offset by increased tax expense on the vesting of share-based compensation.

NOTE 14 - BUSINESS COMBINATIONS

Fiscal 2021

On May 4, 2020, the Company acquired certain assets of HorizonWest Inc. This acquired CaseIH agriculture dealership complex consisted of three agriculture equipment stores in Scottsbluff and Sidney, Nebraska and Torrington, Wyoming, which expanded the Company's agriculture presence in Nebraska and into Wyoming. The total consideration transferred for the acquired business was $6.8 million paid in cash.

In connection with the acquisition, the Company acquired from CNH Industrial and certain other manufacturers equipment and parts inventory previously owned by HorizonWest Inc. Upon acquiring such inventories, the Company was offered floorplan financing by the manufacturer. In total, the Company acquired inventory and recognized a corresponding financing liability of $2.7 million. The recognition of these inventories and the associated financing liabilities are not included as part of the accounting for the business combination.

Purchase Price Allocation

The above acquisition has been accounted for under the acquisition method of accounting, which requires the Company to estimate the acquisition date fair value of the assets acquired and liabilities assumed. The accounting for the purchase price allocation was complete as of January 31, 2021. The following table presents the aggregate purchase price allocations for all acquisitions completed as of January 31, 2021:

		January 31, 2021
		(in thousands)
Assets acquired:		
Cash	$	1
Receivables		—
Inventories		4,260
Prepaid expenses and other		48
Property and equipment		1,752
Operating lease assets		2,006
Intangible assets		245
Goodwill		484
		8,796
Liabilities assumed:		
Current operating lease liabilities		159
Operating lease liabilities		1,847
		2,006
Net assets acquired	$	6,790
Goodwill recognized by segment:		
Agriculture	$	484
Goodwill expected to be deductible for tax purposes	$	484

The recognition of goodwill in the above business combination arose from the acquisition of an assembled workforce and anticipated synergies expected to be realized. For the business combination occurring during the twelve months ended January 31, 2021, the Company recognized a non-competition intangible asset of $0.1 million and a distribution rights intangible asset of $0.2 million. The non-competition assets will be amortized over periods ranging from three to five years. The distribution rights assets are indefinite-lived intangible assets not subject to amortization. The Company estimated the fair value of the intangible assets using a multi-period excess earnings model, which is an income approach. Acquisition related costs were not material for the fiscal year ended January 31, 2021, and have been expensed as incurred and recognized as operating expenses in the consolidated statements of operations.

NOTE 15 - CONTINGENCIES

The Company is engaged in legal proceedings incidental to the normal course of business. Due to their nature, such legal proceedings involve inherent uncertainties, including but not limited to, court rulings, negotiations between affected parties and governmental intervention. Based upon the information available to the Company and discussions with legal counsel, it is the Company's opinion that the outcome of these various legal actions and claims will not have a material impact on the financial position, results of operations or cash flows. These matters, however, are subject to many uncertainties, and the outcome of any matter is not predictable with assurance.

NOTE 16 - SEGMENT INFORMATION

The Company has three reportable segments: Agriculture, Construction and International. Revenue between segments is immaterial. The Company retains various unallocated income/(expense) items and assets at the general corporate level, which the Company refers to as "Shared Resources" in the table below. Shared Resources assets primarily consist of cash and property and equipment.

Certain financial information for each of the Company’s business segments is set forth below.

	Three Months Ended April 30,	
	2021	2020
	(in thousands)	
Revenue		
Agriculture	$ 229,554	$ 193,627
Construction	68,608	60,114
International	74,544	56,467
Total	$ 372,706	$ 310,208
Income (Loss) Before Income Taxes		
Agriculture	$ 11,224	$ 6,162
Construction	138	(2,873)
International	2,808	(280)
Segment income before income taxes	14,170	3,009
Shared Resources	(491)	139
Total	$ 13,679	$ 3,148

	April 30, 2021	January 31, 2021
	(in thousands)	
Total Assets		
Agriculture	$ 357,428	$ 349,697
Construction	189,291	185,534
International	176,608	177,213
Segment assets	723,327	712,444
Shared Resources	107,414	103,345
Total	$ 830,741	$ 815,789

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim unaudited consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report, and the audited consolidated financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

Overview

We own and operate a network of full service agricultural and construction equipment stores in the United States and Europe. Based upon information provided to us by CNH Industrial N.V. or its U.S. subsidiary CNH Industrial America, LLC, we are the largest retail dealer of Case IH Agriculture equipment in the world, one of the largest retail dealers of Case Construction equipment in North America and one of the largest retail dealers of New Holland Agriculture and New Holland Construction equipment in the U.S. We operate our business through three reportable segments: Agriculture, Construction and International. Within each segment, we have four principal sources of revenue: new and used equipment sales, parts sales, service, and equipment rental and other activities.

Demand for agricultural equipment and, to a lesser extent, parts and service support, are impacted by agricultural commodity prices and net farm income. Based on February 2021 U.S. Department of Agriculture publications, the estimate of net farm income for calendar year 2021 indicated an approximate 8.1% decrease as compared to calendar year 2020, and an approximate 45.7% increase in net farm income for calendar year 2020 as compared to calendar year 2019.

For the first quarter of fiscal 2022, our net income was $10.5 million, or $0.47 per diluted share, compared to a fiscal 2021 first quarter net income of $2.3 million, or $0.10 per diluted share. Our adjusted diluted earnings per share was $0.46 for the first quarter of fiscal 2022, compared to $0.15 for the first quarter of fiscal 2021. See the Non-GAAP Financial Measures section below for a reconciliation of adjusted diluted earnings per share to diluted earnings per share, the most comparable GAAP financial measure. Significant factors impacting the quarterly comparisons were:

- Revenue in the first quarter of fiscal 2022 increased compared to the first quarter of fiscal 2021. All three segments recognized an increase in revenue from the prior year. Total same store sales increased 20.4% compared to the prior year first quarter.
- Gross profit margin in the first quarter of fiscal 2022 increased to 19.0%, compared to 18.8% for the first quarter of fiscal 2021. The increase in gross profit margin was primarily the result of strong equipment margins that increased to 11.7% in the first quarter of fiscal 2022 from 9.8% in the first quarter of fiscal 2021. The increase in total gross profit margin was partially offset by an increased percentage of revenue coming from lower margin equipment sales.
- Floorplan and other interest expense decreased a combined 28.1% in the first quarter of fiscal 2022, as compared to the first quarter last year, due to lower borrowings on our line of credit and an overall lower interest rate environment.

Impact of the COVID-19 Pandemic on the Company

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, and the President of the United States declared the COVID-19 outbreak as a national emergency. The nature of COVID-19 led to worldwide shutdowns and halting of commercial and interpersonal activity as governments imposed regulations in efforts to control the spread of the pandemic, such as shelter-in-place orders and quarantines. The pandemic is a highly fluid and rapidly evolving situation, and we cannot anticipate with any certainty the length, scope, or severity of such restrictions in each of the markets that we operate. See Item 1A. Risk Factors for more information on possible impacts.

The Company continues to effectively execute its strategy while managing the ongoing effects of the COVID-19 pandemic. The Company's products and services were determined to be essential in the markets we serve and accordingly operations have been allowed to continue throughout the pandemic. Since the beginning of the COVID-19 pandemic, the safety of our employees and customers has been, and continues to be, our top concern. At the onset of the pandemic, we organized a COVID Task Force to implement safety protocols and to quickly respond to matters related to the pandemic at our locations.

Although there have been logistical and other challenges as a result of COVID-19 , there were no material adverse impacts on the Company's results of operations for the three months ended April 30, 2021 and 2020. However, due to the uncertainty of the economic outlook resulting from the COVID-19 pandemic, the Company continues to monitor the situation closely.

We believe that each of our business segments, has been and will continue to be, impacted by the COVID-19 pandemic to varying degrees, although the ultimate impact will continue to be subject to many variables and uncertainties many of which are currently unknown or outside of our control. Uncertainties include delays in manufacturing and shipping as well as increased cost of materials and freight.

Agriculture

We believe the COVID-19 pandemic has created challenging industry conditions resulting in supply chain disruptions affecting areas such as ethanol, livestock, and international trade. These conditions have been more than offset by increased customer sentiment due to increased commodity prices as well as government support programs for our farm customers, such as the Coronavirus Food Assistance Program (CFAP).

Construction

We believe all revenue categories of equipment, parts, service and rental have been negatively impacted in this segment as a result of COVID-19, with such effects expected to continue as long as pandemic related macroeconomic stress and uncertainties persist. Examples of such macroeconomic stressors include: lower oil prices, higher unemployment, lower GDP, and reduced government spending on infrastructure projects. Many of the construction projects that were delayed or cancelled last year due the pandemic have been or are planned to resume this construction season.

International

In addition to the industry challenges indicated for our Agriculture segment, our International segment is also being negatively impacted by border shutdowns, timing of equipment shipments and, from time to time, more stringent in-country pandemic regulations. We believe all revenue categories in this segment have been more negatively impacted than our Agriculture segment because of these additional challenges and the general lack of government support programs for our International farm customers.

Acquisitions

Fiscal 2021

On May 4, 2020, the Company acquired certain assets of HorizonWest Inc. This acquired Case IH agriculture dealership complex consisted of three agriculture equipment stores in Scottsbluff and Sidney, Nebraska and Torrington, Wyoming, which expanded the Company's agriculture presence in Nebraska and into Wyoming. The total consideration transferred for the acquired business was $6.8 million paid in cash, which the Company financed through available cash resources and capacity under our existing floorplan payable and other credit facilities. The three HorizonWest dealerships are included within our Agriculture segment.

ERP Transition

The Company is in the process of converting to a new Enterprise Resource Planning ("ERP") application. The new ERP application is expected to provide data-driven and mobile-enabled sales and support tools to improve employee efficiency and deliver an enhanced customer experience. The Company integrated one pilot store on the new ERP system in the second quarter of fiscal 2021; we anticipate the remaining domestic stores to be converted to the ERP within the next 12 months.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are included in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the fiscal year ended January 31, 2021. There have been no changes in our critical accounting policies since January 31, 2021.

Results of Operations

The results presented below include the operating results of any acquisition made during these periods as well as the operating results of any stores closed during these periods, up to the date of the store closure. The period-to-period comparisons included below are not necessarily indicative of future results. Segment information is provided later in the discussion and analysis of our results of operations.

Same-store sales for any period represent sales by stores that were part of the Company for the entire comparable period in the current and preceding fiscal years. We do not distinguish between relocated or recently expanded stores in this same-store analysis. Closed stores are excluded from the same-store analysis. Stores that do not meet the criteria for same-store classification are described as excluded stores throughout the Results of Operations section in this Quarterly Report on Form 10-Q.

Comparative financial data for each of our four sources of revenue are expressed below.

	Three Months Ended April 30,	
	2021	2020
	(dollars in thousands)	
Equipment		
Revenue	$ 275,980	$ 218,505
Cost of revenue	243,676	197,046
Gross profit	$ 32,304	$ 21,459
Gross profit margin	11.7 %	9.8 %
Parts		
Revenue	$ 62,626	$ 56,614
Cost of revenue	44,440	39,617
Gross profit	$ 18,186	$ 16,997
Gross profit margin	29.0 %	30.0 %
Service		
Revenue	$ 27,702	$ 25,600
Cost of revenue	9,294	8,345
Gross profit	$ 18,408	$ 17,255
Gross profit margin	66.5 %	67.4 %
Rental and other		
Revenue	$ 6,398	$ 9,489
Cost of revenue	4,318	6,790
Gross profit	$ 2,080	$ 2,699
Gross profit margin	32.5 %	28.4 %

The following table sets forth our statements of operations data expressed as a percentage of total revenue for the periods indicated:

	Three Months Ended April 30,	
	2021	2020
Revenue		
Equipment	74.1 %	70.4 %
Parts	16.8 %	18.3 %
Service	7.4 %	8.3 %
Rental and other	1.7 %	3.1 %
Total Revenue	100.0 %	100.0 %
Total Cost of Revenue	81.0 %	81.2 %
Gross Profit Margin	19.0 %	18.8 %
Operating Expenses	15.1 %	17.1 %
Impairment of Intangible and Long-Lived Assets	— %	0.1 %
Income from Operations	3.9 %	1.7 %
Other Income (Expense)	(0.2)%	(0.6)%
Income Before Income Taxes	3.7 %	1.0 %
Provision for Income Taxes	0.8 %	0.3 %
Net Income	2.8 %	0.7 %

Three Months Ended April 30, 2021 Compared to Three Months Ended April 30, 2020

Consolidated Results

Revenue

	Three Months Ended April 30,		Increase/	Percent
	2021	2020	(Decrease)	Change
	(dollars in thousands)			
Equipment	$ 275,980	$ 218,505	$ 57,475	26.3 %
Parts	62,626	56,614	6,012	10.6 %
Service	27,702	25,600	2,102	8.2 %
Rental and other	6,398	9,489	(3,091)	(32.6)%
Total Revenue	$ 372,706	$ 310,208	$ 62,498	20.1 %

Total revenue for the first quarter of fiscal 2022 was 20.1% or $62.5 million higher than the first quarter of fiscal 2021 driven primarily by increased demand for equipment, which increased equipment sales 26.3% from the prior year period. Company-wide same-store sales in the first quarter of fiscal 2022 increased 20.4% versus the comparable period in fiscal 2021.

Gross Profit

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Gross Profit				
Equipment	$ 32,304	$ 21,459	$ 10,845	50.5 %
Parts	18,186	16,997	1,189	7.0 %
Service	18,408	17,255	1,153	6.7 %
Rental and other	2,080	2,699	(619)	(22.9)%
Total Gross Profit	$ 70,978	$ 58,410	$ 12,568	21.5 %
Gross Profit Margin				
Equipment	11.7 %	9.8 %	1.9 %	19.4 %
Parts	29.0 %	30.0 %	(1.0)%	(3.3)%
Service	66.5 %	67.4 %	(0.9)%	(1.3)%
Rental and other	32.5 %	28.4 %	4.1 %	14.4 %
Total Gross Profit Margin	19.0 %	18.8 %	0.2 %	1.1 %
Gross Profit Mix				
Equipment	45.5 %	36.7 %	8.8 %	24.0 %
Parts	25.6 %	29.1 %	(3.5)%	(12.0)%
Service	25.9 %	29.5 %	(3.6)%	(12.2)%
Rental and other	3.0 %	4.7 %	(1.7)%	(36.2)%
Total Gross Profit Mix	100.0 %	100.0 %		

Gross profit for the first quarter of fiscal 2022 increased 21.5% or $12.6 million, as compared to the same period last year. Gross profit margin also improved to 19.0% in the current quarter from 18.8% in the prior year quarter. The increase in gross profit margins was primarily due to stronger equipment margins, which were positively impacted by the current industry conditions of a lower supply and higher demand environment. The increase in equipment margins, was partially offset by the gross profit mix shift, to lower margin equipment sales relative to parts, service, and rental sales.

Our Company-wide absorption rate — which is calculated by dividing our gross profit from sales of parts, service and rental fleet by our operating expenses, less commission expense on equipment sales, plus interest expense on floorplan payables and rental fleet debt — increased to 76.0% for the first quarter of fiscal 2022 compared to 73.2% during the same period last year as the increase in gross profit from parts and service in the first quarter of fiscal 2022 combined with lower floorplan interest expenses more than offset the increase in operating expenses during the period.

Operating Expenses

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Operating Expenses	$ 56,442	$ 53,058	$ 3,384	6.4 %
Operating Expenses as a Percentage of Revenue	15.1 %	17.1 %	(2.0) %	(11.7)%

Our operating expenses in the first quarter of fiscal 2022 increased 6.4% as compared to the first quarter of fiscal 2021. The increase in operating expenses was primarily due to variable expenses associated with increased sales as well as increased costs due to inflation in areas such as fuel and insurance. Operating expenses as a percentage of revenue decreased to 15.1% in the first quarter of fiscal 2022 from 17.1% in the first quarter of fiscal 2021. The decrease in operating expenses as a percentage of revenue was due to the increase in total revenue in the first quarter of fiscal 2022, as compared to the first quarter of fiscal 2021, which positively affected our ability to leverage our fixed operating costs.

Impairment Charges

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Impairment of Intangible and Long-Lived Assets	$ —	$ 216	$ (216)	100.0 %

We did not recognized any impairment expense in the first quarter of fiscal 2022. Total impairment expense recognized in the first quarter of fiscal 2021 was $0.2 million.

Other Income (Expense)

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Interest and other income	$ 665	$ 130	$ 535	n/m
Floorplan interest expense	(418)	(1,152)	(734)	(63.7)%
Other interest expense	(1,104)	(966)	138	14.3 %

The increase in interest and other income was primarily due to the foreign currency remeasurement losses in Ukraine, resulting from a devaluation of the Ukrainian hryvnia in the first quarter of the prior year (fiscal 2021). Floorplan interest expense decreased 63.7% in the first quarter of fiscal 2022, as compared to the first quarter of fiscal 2021, due to lower borrowings on our line of credit and an overall lower interest rate environment.

Provision for Income Taxes

	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Provision for Income Taxes	$ 3,132	$ 886	$ 2,246	n/m

Our effective tax rate was 22.9% and 28.1% for the three months ended April 30, 2021 and April 30, 2020. The effective tax rate for the three months ending April 30, 2021 was benefited by the vesting of share-based compensation. For the three months ending April 30, 2020, the effective tax rate benefited from a weakening hryvnia in our Ukrainian business but was offset by increased tax expense on the vesting of share-based compensation.

Segment Results

Certain financial information for our Agriculture, Construction and International business segments is presented below. "Shared Resources" in the table below refers to the various unallocated income/(expense) items that we have retained at the general corporate level. Revenue between segments is immaterial.

	Three Months Ended April 30, 2021	2020	Increase/ (Decrease)	Percent Change
	(dollars in thousands)			
Revenue				
Agriculture	$ 229,554	$ 193,627	$ 35,927	18.6 %
Construction	68,608	60,114	8,494	14.1 %
International	74,544	56,467	18,077	32.0 %
Total	$ 372,706	$ 310,208	$ 62,498	20.1 %
Income (Loss) Before Income Taxes				
Agriculture	$ 11,224	$ 6,162	$ 5,062	82.1 %
Construction	138	(2,873)	3,011	n/m
International	2,808	(280)	3,088	n/m
Segment income before income taxes	14,170	3,009	11,161	n/m
Shared Resources	(491)	139	(630)	n/m
Total	$ 13,679	$ 3,148	$ 10,531	n/m

Agriculture

Agriculture segment revenue for the first quarter of fiscal 2022 increased 18.6% compared to the first quarter of fiscal 2021. The higher revenue was driven primarily by increased equipment demand due to higher commodity prices, higher recent net farm income, as well as current and prior year government support payments. Same-store sales of our Agriculture segment increased 15.3% for the first quarter of fiscal 2022 as compared to the first quarter of fiscal 2021. Additionally, our revenues were favorably impacted by the second quarter fiscal 2021 acquisition of the three HorizonWest locations.

Agriculture segment income before income taxes was $11.2 million for the first quarter of fiscal 2022 compared to $6.2 million for the first quarter of fiscal 2021. Higher equipment revenue along with increased gross profit margin on equipment drove the increase in gross profit. Decreased inventory levels resulted in lower floorplan and other interest expense for the first quarter of fiscal 2022, as compared to the first quarter of fiscal 2021, which also contributed to the improvement in segment results.

Construction

Construction segment revenue for the first quarter of fiscal 2022 increased 14.1% compared to the first quarter of fiscal 2021. The higher revenue was driven by increases in our equipment sales, as compared to the prior year's first quarter. This increase was partially offset by the divestiture of our Phoenix and Tucson, Arizona stores in the fourth quarter of fiscal 2021 as well as lower rental and other revenue due to a smaller rental fleet. Same-store sales of our Construction segment increased 26.2% for the first quarter of fiscal 2022, as compared to the first quarter of fiscal 2021.

Our Construction segment income before taxes was $0.1 million for the first quarter of fiscal 2022 compared to a loss of $2.9 million in the first quarter of fiscal 2021. The improvement in segment results was primarily due to increased construction activity as well as operational improvements within the segment. The segment also benefited from managed floorplan interest expense reductions in the first quarter of fiscal 2022 over the same quarter last year. The dollar utilization — which is calculated by dividing the rental revenue earned on our rental fleet by the average gross carrying value of our rental fleet (comprised of original equipment costs plus additional capitalized costs) for that period — of our rental fleet increased from 18.9% in the first quarter of fiscal 2021 to 19.2% in the first quarter of fiscal 2022.

International

International segment revenue, for the first quarter of fiscal 2022 increased 32.0% compared to the first quarter of fiscal 2021. Higher segment revenue was driven by many of the same macroeconomic factors as the Agriculture segment, which have had a positive impact on equipment sales. Much of the farming footprint we serve is experiencing favorable growing conditions which has improved customer sentiment.

Our International segment income before income taxes was $2.8 million for the first quarter of fiscal 2022 compared to segment loss of $0.3 million for the same period last year. The increase in segment pre-tax income was primarily the result of increased equipment sales and equipment gross profit margin.

Shared Resources/Eliminations

We incur centralized expenses/income at our general corporate level, which we refer to as "Shared Resources," and then allocate most of these net expenses to our segments. Since these allocations are set early in the year, and a portion is planned to be unallocated, unallocated balances may occur. Shared Resources loss before income taxes was $0.5 million for the first quarter of fiscal 2022 compared to income before income taxes of $0.1 million for the same period last year.

Non-GAAP Financial Measures

To supplement net income and diluted earnings per share ("Diluted EPS"), both GAAP measures, we present adjusted net income and adjusted Diluted EPS, both non-GAAP measures, which include ERP transition costs for fiscal year 2021, impairment charges and foreign currency remeasurement in Ukraine resulting from valuation changes of the Ukrainian hryvnia. We believe that the presentation of adjusted net income and adjusted Diluted EPS is relevant and useful to our management and investors because it provides a measurement of earnings on activities that we consider to occur in the ordinary course of our business. Adjusted net income and adjusted Diluted EPS should be evaluated in addition to, and not considered a substitute for, or superior to, the most comparable GAAP measure. In addition, other companies may calculate these non-GAAP measures in a different manner, which may hinder comparability of our adjusted results with those of other companies.

The following tables reconcile (i) net income, a GAAP measure, to adjusted net income and (ii) Diluted EPS, a GAAP measure, to adjusted Diluted EPS:

	Three Months Ended April 30,	
	2021	2020
	(dollars in thousands, except per share data)	
Adjusted Net Income		
Net Income	$ 10,547	$ 2,262
Adjustments		
ERP transition costs	—	721
Impairment of long-lived assets	—	216
Ukraine remeasurement (gain) / loss	(129)	765
Total Pre-Tax Adjustments	(129)	1,702
Less: Tax Effect of Adjustments (1)	—	580
Total Adjustments	(129)	1,122
Adjusted Net Income	$ 10,418	$ 3,384
Adjusted Diluted EPS		
Diluted EPS	$ 0.47	$ 0.10
Adjustments (2)		
ERP transition costs	—	0.03
Impairment charges	—	0.01
Ukraine remeasurement (gain) / loss	(0.01)	0.04
Total Pre-Tax Adjustments	(0.01)	0.08
Less: Tax Effect of Adjustments (1)	—	0.03
Total Adjustments	(0.01)	0.05
Adjusted Diluted EPS	$ 0.46	$ 0.15

(1) The tax effect of U.S. related adjustments was calculated using a 26% tax rate, determined based on a 21% federal statutory rate and a 5% blended state income tax rate. Included in the tax effect of the adjustments is the tax impact of foreign currency changes in Ukraine of $0.3 million for the three months ended April 30, 2020.

(2) Adjustments are net of amounts allocated to participating securities where applicable.

Liquidity and Capital Resources

Sources of Liquidity

Our primary sources of liquidity are cash reserves, cash generated from operations, and borrowings under our floorplan and other credit facilities. We expect these sources of liquidity to be sufficient to fund our working capital requirements, acquisitions, capital expenditures and other investments in our business, service our debt, pay our tax and lease obligations and other commitments and contingencies, and meet any seasonal operating requirements for the foreseeable future, provided that our borrowing capacity under our credit agreements is dependent on compliance with various covenants as further described in the "Risk Factors" section of our Annual Report on Form 10-K.

Equipment Inventory and Floorplan Payable Credit Facilities

As of April 30, 2021, the Company had floorplan payable lines of credit for equipment purchases totaling $770.0 million, which is primarily comprised of a $450.0 million credit facility with CNH Industrial, a $185.0 million floorplan payable line under the Bank Syndicate Agreement, and a $60.0 million credit facility with DLL Finance.

Our equipment inventory turnover increased from 1.6 times for the rolling 12 month period ended April 30, 2020 to 2.3 times for the rolling 12 month period ended April 30, 2021. The increase in equipment turnover was attributable to an increase in equipment sales and a decrease in average equipment inventory over the rolling 12 month period ended April 30, 2021 as compared to the same period ended April 30, 2020. Our equity in equipment inventory, which reflects the portion of our equipment inventory balance that is not financed by floorplan payables, decreased to 48.8% as of April 30, 2021 from 52.1% as of January 31, 2021. The decrease was due to more inventory being financed with non-interest bearing floorplan lines of credit.

Adequacy of Capital Resources

Our primary uses of cash have been to fund our operating activities, including the purchase of inventories and providing for other working capital needs, meeting our debt service requirements, making payments due under our various leasing arrangements, and funding capital expenditures, including rental fleet assets. Based on our current operational performance, we believe our cash flow from operations, available cash and available borrowing capacity under our existing credit facilities will adequately provide for our liquidity needs for, at a minimum, the next 12 months.

As of April 30, 2021, we were in compliance with the financial covenants under our CNH Industrial and DLL Finance credit agreements and we were not subject to the fixed charge coverage ratio covenant under the Bank Syndicate Agreement as our adjusted excess availability plus eligible cash collateral (as defined therein) was not less than 15% of the lesser of (i) aggregate borrowing base and (ii) maximum credit amount as of April 30, 2021. While not expected to occur, if anticipated operating results were to create the likelihood of a future covenant violation, we would expect to work with our lenders on an appropriate modification or amendment to our financing arrangements.

Cash Flow

Cash Flow Provided by (Used for) Operating Activities

Net cash provided by operating activities was $27.0 million for the first three months of fiscal 2022, compared to net cash used for operating activities of $5.4 million for the first three months of fiscal 2021. The change in net cash provided by (used for) operating activities is primarily the result of an increase in net income and an increase in the amount of inventory financed with non-interest bearing floorplan lines of credit from manufacturers for the first three months of fiscal 2022.

We evaluate our cash flow from operating activities net of all floorplan activity and maintaining a constant level of equity in our equipment inventory. Taking these adjustments into account, our adjusted cash flow provided by operating activities was $7.0 million for the first three months of fiscal 2022 compared to an adjusted cash flow used for operating activities of $3.6 million for the first three months of fiscal 2021. The change in adjusted cash flow provided by (used for) operating activities is primarily the result of an increase in net income and an increase in the amount of inventory financed with non-interest bearing floorplan lines of credit from manufacturers for the first three months of fiscal 2022. See the Adjusted Cash Flow Reconciliation below for a reconciliation of adjusted cash flow provided by (used for) operating activities to the GAAP measure of cash flow provided by (used for) operating activities.

Cash Flow Used for Investing Activities

Net cash used for investing activities was $9.0 million for the first three months of fiscal 2022, compared to $5.1 million for the first three months of fiscal 2021. The increase in cash used for investing activities was primarily the result of an increase in property and equipment purchases as the Company bought out leased buildings and vehicles in the first three months of fiscal 2022.

Cash Flow Provided by (Used for) Financing Activities

Net cash used for financing activities was $6.8 million for the first three months of fiscal 2022 compared to cash provided by financing activities of $17.7 million for the first three months of fiscal 2021. The decrease in cash provided by financing activities was primarily the result of a decrease in proceeds from non-manufacturer floorplan lines of credit partially offset by proceeds from long term debt borrowings in the first three months of fiscal 2022 compared to the same period last year.

Adjusted Cash Flow Reconciliation

We consider our cash flow from operating activities to include all equipment inventory financing activity regardless of whether we obtain the financing from a manufacturer or other source. GAAP requires the cash flows associated with non-manufacturer floorplan payables to be recognized as financing cash flows in the consolidated statement of cash flows. We consider equipment inventory financing with both manufacturers and other sources to be part of the normal operations of our business. We also evaluate our cash flow from operating activities by assuming a constant level of equity in our equipment inventory. Our equity in our equipment inventory reflects the portion of our equipment inventory balance that is not financed by floorplan payables. Our adjustment to maintain a constant level of equity in our equipment inventory is equal to the difference between our actual level of equity in equipment inventory at each period-end as presented in the consolidated balance sheets compared to the actual level of equity in equipment inventory at the beginning of the fiscal year. We refer to this measure of cash flow as Adjusted Cash Flow.

Our equity in equipment inventory decreased to 48.8% as of April 30, 2021 from 52.1% as of January 31, 2021, and decreased to 24.5% as of April 30, 2020 from 27.9% as of January 31, 2020.

Adjusted Cash Flow is a non-GAAP financial measure. We believe that the presentation of Adjusted Cash Flow is relevant and useful to our investors because it provides information on activities we consider to be the normal operation of our business, regardless of financing source and level of financing for our equipment inventory. The following table reconciles net cash provided by (used for) operating activities, a GAAP measure, to adjusted net cash provided by (used for) operating activities and net cash provided by (used for) financing activities, a GAAP measure, to adjusted net cash provided by (used for) financing activities.

	Net Cash Provided by (Used for) Operating Activities		Net Cash Provided by (Used for) Financing Activities	
	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020	Three Months Ended April 30, 2021	Three Months Ended April 30, 2020
	(in thousands)		(in thousands)	
Cash Flow, As Reported	$ 26,956	$ (5,442)	$ (6,834)	$ 17,714
Adjustment for Non-Manufacturer Floorplan	(9,141)	18,781	9,141	(18,781)
Adjustment for Constant Equity in Equipment Inventory	(10,850)	(16,907)	—	—
Adjusted Cash Flow	$ 6,965	$ (3,568)	$ 2,307	$ (1,067)

Certain Information Concerning Off-Balance Sheet Arrangements

As of April 30, 2021, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are, therefore, not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Forward-looking statements are contained in this Quarterly Report on Form 10-Q, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in our Annual Report on Form 10-K for the year ended January 31, 2021, and in other materials filed or to be filed by the Company with the Securities and Exchange Commission (and included in oral statements or other written statements made or to be made by the Company).

Forward-looking statements are statements based on future expectations and specifically may include, among other things, statements relating to our expectations regarding exchange rate and interest rate impact on our business, the impact of farm income levels on customer demand for agricultural equipment and services, the impact of oil prices on market demand for equipment and services, the impact of the COVID-19 pandemic on our business, the general market conditions of the agricultural and construction industries, equipment inventory levels, discussion of the anticipated implementation date of our new ERP system, and our primary liquidity sources, and the adequacy of our capital resources. Any statements that are not based upon historical facts, including the outcome of events that have not yet occurred and our expectations for future performance, are forward-looking statements. The words "potential," "believe," "estimate," "expect," "intend," "may," "could," "will," "plan," "anticipate," and similar words and expressions are intended to identify forward-looking statements. Such statements are based upon the current beliefs and expectations of our management. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. These risks and uncertainties include, but are not limited to, the duration, scope and impact of the COVID-19 pandemic on the Company's operations and business, adverse market conditions in the agricultural and construction equipment industries, and those matters identified and discussed under the section titled "Risk Factors" in our Annual Report on Form 10-K and this Quarterly Report on Form 10-Q. Although we are not aware of any other factors, aside from those discussed in our Form 10-K, that we currently anticipate will cause our forward-looking statements to differ materially from our future actual results, or materially affect the Company's financial condition or future results, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially adversely affect our business, financial condition and/or operating results.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including changes in interest rates and foreign currency exchange rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Interest Rate Risk

Exposure to changes in interest rates results from borrowing activities used to fund operations. For fixed rate debt, interest rate changes affect the fair value of financial instruments but do not impact earnings or cash flows. Conversely, for floating rate debt, interest rate changes generally do not affect the fair market value but do impact future earnings and cash flows, assuming other factors are held constant. We have both fixed and floating rate financing. Some of our floating rate credit facilities contain minimum rates of interest to be charged. Based upon our interest-bearing balances and interest rates as of April 30, 2021, holding other variables constant, a one percentage point increase in interest rates for the next 12-month period would decrease pre-tax earnings and cash flow by approximately $0.5 million. Conversely, a one percentage point decrease in interest rates for the next 12-month period would result in an increase to pre-tax earnings and cash flow of approximately $0.5 million. At April 30, 2021, we had floorplan payables of $169.1 million, of which approximately $48.9 million was variable-rate floorplan payable and $120.2 million was non-interest bearing. In addition, at April 30, 2021, we had total long-term debt, including finance lease obligations, of $73.3 million, of which all was fixed rate debt.

Foreign Currency Exchange Rate Risk

Our foreign currency exposures arise as the result of our foreign operations. We are exposed to transactional foreign currency exchange rate risk through our foreign entities' holding assets and liabilities denominated in currencies other than their functional currency. In addition, the Company is exposed to foreign currency transaction risk as a result of certain intercompany financing transactions. The Company attempts to manage its transactional foreign currency exchange rate risk through the use of derivative financial instruments, primarily foreign exchange forward contracts, or through natural hedging instruments. Based upon balances and exchange rates as of April 30, 2021, holding other variables constant, we believe that a hypothetical 10% increase or decrease in all applicable foreign exchange rates would not have a material impact on our results of operations or cash flows. As of April 30, 2021, our Ukrainian subsidiary had $1.3 million of net monetary assets denominated in Ukrainian hryvnia ("UAH"). We have attempted to minimize our net monetary asset position in Ukraine through reducing overall asset levels in Ukraine and at times through borrowing in UAH which serves as a natural hedging instrument offsetting our net UAH denominated assets. At certain times, currency and payment controls imposed by the National Bank of Ukraine have limited our ability to manage our net monetary asset position.

In addition to transactional foreign currency exchange rate risk, we are also exposed to translational foreign currency exchange rate risk as we translate the results of operations and assets and liabilities of our foreign operations from their functional currency to the U.S. dollar. As a result, our results of operations, cash flows and net investment in our foreign operations may be adversely impacted by fluctuating foreign currency exchange rates. We believe that a hypothetical 10% increase or decrease in all applicable foreign exchange rates, holding all other variables constant, would not have a material impact on our results of operations or cash flows.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Evaluation of disclosure controls and procedures*. After evaluating the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's Chief Executive Officer and Chief Financial Officer, with the participation of the Company's management, have concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) are effective.

(b) *Changes in internal controls*. There has not been any change in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during its most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are, from time to time, subject to claims and suits arising in the ordinary course of business. Such claims have, in the past, generally been covered by insurance. There can be no assurance that our insurance will be adequate to cover all liabilities that may arise out of claims brought against us, or that our insurance will cover all claims. We are not currently a party to any material litigation.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, including the important information in "Forward-Looking Statements," you should carefully consider the "Risk Factors" discussed in our Form 10-K for the fiscal year ended January 31, 2021, as filed with the Securities and Exchange Commission. Those factors, if they were to occur, could cause our actual results to differ materially from those expressed in our forward-looking statements in this report, and may materially adversely affect our financial condition or future results. Although we are not aware of any other factors, aside from those discussed in our Form 10-K, that we currently anticipate will cause our forward-looking statements to differ materially from our future actual results, or materially affect the Company's financial condition or future results, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially adversely affect our business, financial condition and/or operating results.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits - See "Exhibit Index" on page immediately prior to signatures.

EXHIBIT INDEX
TITAN MACHINERY INC.
FORM 10-Q

No.	Description
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Financial statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended April 30, 2021, formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

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

Dated: June 3, 2021

TITAN MACHINERY INC.

By /s/ Mark Kalvoda

Mark Kalvoda
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, David J. Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titan Machinery Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 3, 2021

/s/ David J. Meyer
David J. Meyer
Board Chair and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mark Kalvoda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titan Machinery Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 3, 2021

/s/ Mark Kalvoda
Mark Kalvoda
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Titan Machinery Inc. (the "Company") on Form 10-Q for the quarter ended April 30, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, David J. Meyer, Board Chair and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: June 3, 2021

/s/ David J. Meyer
David J. Meyer
Board Chair and Chief Executive Officer

EXHIBIT 32.2

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

In connection with the Quarterly Report of Titan Machinery Inc. (the "Company") on Form 10-Q for the quarter ended April 30, 2021 as filed with the Securities and Exchange Commission (the "Report"), I, Mark Kalvoda, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: June 3, 2021

/s/ Mark Kalvoda
Mark Kalvoda
Chief Financial Officer