

**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 July 31, 2022  
OR**

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

**For the transition period from \_\_\_\_ to \_\_\_\_**

**Commission File No. 001-33866**

**TITAN MACHINERY INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**45-0357838**  
(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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of August 31, 2022, 22,567,932 shares of Common Stock, \$0.00001 par value, of the registrant were outstanding.

TITAN MACHINERY INC.  
QUARTERLY REPORT ON FORM 10-Q

Table of Contents

		<u>Page No.</u>
PART I	FINANCIAL INFORMATION	<a href="#">3</a>
ITEM 1.	FINANCIAL STATEMENTS	<a href="#">3</a>
	Condensed Consolidated Balance Sheets	<a href="#">3</a>
	Condensed Consolidated Statements of Operations	<a href="#">4</a>
	Condensed Consolidated Statements of Comprehensive Income	<a href="#">5</a>
	Condensed Consolidated Statements of Stockholders' Equity	<a href="#">6</a>
	Condensed Consolidated Statements of Cash Flows	<a href="#">7</a>
	Notes to Condensed Consolidated Financial Statements	<a href="#">8</a>
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	<a href="#">21</a>
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	<a href="#">36</a>
ITEM 4.	CONTROLS AND PROCEDURES	<a href="#">36</a>
PART II.	OTHER INFORMATION	<a href="#">37</a>
ITEM 1.	LEGAL PROCEEDINGS	<a href="#">37</a>
ITEM 1A.	RISK FACTORS	<a href="#">37</a>
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	<a href="#">37</a>
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	<a href="#">37</a>
ITEM 4.	MINE SAFETY DISCLOSURES	<a href="#">37</a>
ITEM 5.	OTHER INFORMATION	<a href="#">37</a>
ITEM 6.	EXHIBITS	<a href="#">37</a>
Exhibit Index		<a href="#">38</a>
Signatures		<a href="#">39</a>

**PART I. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**
**TITAN MACHINERY INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(in thousands, except per share data)

	July 31, 2022	January 31, 2022
<b>Assets</b>		
Current Assets		
Cash	\$ 142,057	\$ 146,149
Receivables, net of allowance for expected credit losses	96,369	94,287
Inventories, net	556,383	421,758
Prepaid expenses and other	17,736	28,135
Total current assets	812,545	690,329
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	188,964	178,243
Operating lease assets	51,888	56,150
Deferred income taxes	2,239	1,328
Goodwill	9,535	8,952
Intangible assets, net of accumulated amortization	11,480	10,624
Other	1,220	1,041
Total noncurrent assets	265,326	256,338
<b>Total Assets</b>	<b>\$ 1,077,871</b>	<b>\$ 946,667</b>
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Accounts payable	\$ 28,344	\$ 25,644
Floorplan payable	274,244	135,415
Current maturities of long-term debt	6,650	5,876
Current operating lease liabilities	9,465	9,601
Deferred revenue	91,819	134,146
Accrued expenses and other	42,856	59,339
Income taxes payable	6,289	4,700
Total current liabilities	459,667	374,721
Long-Term Liabilities		
Long-term debt, less current maturities	86,500	74,772
Operating lease liabilities	50,998	55,595
Deferred income taxes	1,991	2,006
Other long-term liabilities	4,438	4,374
Total long-term liabilities	143,927	136,747
Commitments and Contingencies (Note 15)		
Stockholders' Equity		
Common stock, par value \$.00001 per share, 45,000 shares authorized; 22,695 shares issued and outstanding at July 31, 2022; 22,588 shares issued and outstanding at January 31, 2022	—	—
Additional paid-in-capital	255,188	254,455
Retained earnings	225,415	182,916
Accumulated other comprehensive loss	(6,326)	(2,172)
Total stockholders' equity	474,277	435,199
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,077,871</b>	<b>\$ 946,667</b>

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
Revenue				
Equipment	\$ 375,216	\$ 272,733	\$ 731,582	\$ 548,713
Parts	77,693	65,317	146,255	127,942
Service	33,365	29,676	62,887	57,379
Rental and other	10,269	9,904	16,825	16,300
Total Revenue	496,543	377,630	957,549	750,334
Cost of Revenue				
Equipment	323,988	240,332	634,222	484,008
Parts	52,706	46,089	100,015	90,529
Service	11,072	9,771	21,832	19,065
Rental and other	6,078	6,420	10,087	10,737
Total Cost of Revenue	393,844	302,612	766,156	604,339
Gross Profit	102,699	75,018	191,393	145,995
Operating Expenses	68,828	57,074	132,980	113,516
Impairment of Intangible and Long-Lived Assets	—	1,498	—	1,498
Income from Operations	33,871	16,446	58,413	30,981
Other Income (Expense)				
Interest and other income	873	654	1,365	1,320
Floorplan interest expense	(245)	(350)	(499)	(768)
Other interest expense	(1,349)	(1,118)	(2,545)	(2,222)
Income Before Income Taxes	33,150	15,632	56,734	29,311
Provision for Income Taxes	8,191	4,383	14,235	7,515
Net Income	\$ 24,959	\$ 11,249	\$ 42,499	\$ 21,796
Earnings per Share:				
Basic	\$ 1.10	\$ 0.50	\$ 1.88	\$ 0.97
Diluted	\$ 1.10	\$ 0.50	\$ 1.88	\$ 0.97
Weighted Average Common Shares:				
Basic	22,387	22,261	22,350	22,209
Diluted	22,392	22,276	22,357	22,220

See Notes to Condensed Consolidated Financial Statements



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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
Net Income	\$ 24,959	\$ 11,249	\$ 42,499	\$ 21,796
Other Comprehensive Income (Loss)				
Foreign currency translation adjustments	(2,963)	937	(4,153)	(1,441)
Comprehensive Income	<u>\$ 21,996</u>	<u>\$ 12,186</u>	<u>\$ 38,346</u>	<u>\$ 20,355</u>

See Notes to Condensed Consolidated Financial Statements

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

	<b>Common Stock</b>		<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Stockholders' Equity</b>
	<b>Shares Outstanding</b>	<b>Amount</b>				
BALANCE, January 31, 2021	22,553	\$ —	\$ 252,913	\$ 116,869	\$ 1,499	\$ 371,281
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	(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
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	76	—	(2)	—	—	(2)
Stock-based compensation expense	—	—	584	—	—	584
Net Income	—	—	—	11,249	—	11,249
Other comprehensive income	—	—	—	—	938	938
BALANCE, July 31, 2021	22,596	—	253,129	138,665	58	391,852

	<b>Common Stock</b>		<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Stockholders' Equity</b>
	<b>Shares Outstanding</b>	<b>Amount</b>				
BALANCE, January 31, 2022	22,588	\$ —	\$ 254,455	\$ 182,916	\$ (2,172)	\$ 435,199
Common stock issued on grant of restricted stock, net of restricted stock forfeitures and restricted stock withheld for employee withholding tax	(19)	—	(685)	—	—	(685)
Stock-based compensation expense	—	—	620	—	—	620
Net income	—	—	—	17,540	—	17,540
Other comprehensive loss	—	—	—	—	(1,191)	(1,191)
BALANCE, April 30, 2022	22,569	\$ —	\$ 254,390	\$ 200,456	\$ (3,363)	\$ 451,483
Common stock issued on grant of restricted stock, net of restricted stock forfeitures and restricted stock withheld for employee withholding tax	126	—	(5)	—	—	(5)
Stock-based compensation expense	—	—	803	—	—	803
Net income	—	—	—	24,959	—	24,959
Other comprehensive income	—	—	—	—	(2,963)	(2,963)
BALANCE, July 31, 2022	22,695	—	255,188	225,415	(6,326)	474,277

See Notes to Condensed Consolidated Financial Statements

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

	Six Months Ended July 31,	
	2022	2021
Operating Activities		
Net income	\$ 42,499	\$ 21,796
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	10,987	10,602
Impairment	—	1,498
Deferred income taxes	(1,005)	(1,645)
Stock-based compensation expense	1,423	1,193
Noncash interest expense	121	110
Other, net	4,583	5,235
Changes in assets and liabilities		
Receivables, prepaid expenses and other assets	5,444	(12,384)
Inventories	(137,708)	(17,166)
Manufacturer floorplan payable	105,415	56,436
Deferred Revenue	(43,530)	(21,063)
Accounts payable, accrued expenses and other and other long-term liabilities	(9,182)	(16,051)
Net Cash Provided by (Used for) Operating Activities	(20,953)	28,561
Investing Activities		
Rental fleet purchases	(6,020)	(8,946)
Property and equipment purchases (excluding rental fleet)	(8,487)	(10,888)
Proceeds from sale of property and equipment	1,628	420
Acquisition consideration, net of cash acquired	(7,675)	—
Other, net	(182)	12
Net Cash Used for Investing Activities	(20,736)	(19,402)
Financing Activities		
Net change in non-manufacturer floorplan payable	35,716	(22,731)
Proceeds from long-term debt borrowings	8,415	6,451
Principal payments on long-term debt and finance leases	(3,879)	(5,117)
Payment of debt issuance costs	—	—
Other, net	(689)	(976)
Net Cash Provided by (Used for) Financing Activities	39,563	(22,373)
Effect of Exchange Rate Changes on Cash	(1,966)	(192)
Net Change in Cash	(4,092)	(13,406)
Cash at Beginning of Period	146,149	78,990
Cash at End of Period	\$ 142,057	\$ 65,584
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period		
Income taxes, net of refunds	\$ 11,116	\$ 17,378
Interest	\$ 2,851	\$ 2,797
Supplemental Disclosures of Noncash Investing and Financing Activities		
Net property and equipment financed with long-term debt, finance leases, accounts payable and accrued liabilities	\$ 2,667	\$ 9,014
Long-term debt to acquire finance leases	\$ 6,776	\$ 7,454
Net transfer of assets from (to) property and equipment to (from) inventories	\$ (2,849)	\$ 1,269

See Notes to Condensed 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 six-months ended July 31, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2023. The information contained in the consolidated balance sheet as of January 31, 2022 was derived from the audited consolidated financial statements of the Company for the fiscal year then ended. These condensed 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, 2022 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, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Washington, Wisconsin, and Wyoming and its European stores are located in Bulgaria, Germany, Romania, and Ukraine.

*Russia/Ukraine Geopolitical Conflict*

In February, 2022, the ongoing Russia/Ukraine conflict significantly intensified, and the sustained conflict and disruption in the region is ongoing. Titan Machinery Ukraine, LLC ("Titan Machinery Ukraine"), the Company's wholly owned Ukrainian subsidiary, has ten locations throughout Ukraine primarily in western and central Ukraine. The conflict has caused disruptions in our Ukrainian operations, with our revenues for the six-months ended July 31, 2022 down 37.7% from the prior year period. These disruptions have not been material to the Company's consolidated financial statements. However, if the conflict intensifies in western and central Ukraine, it could significantly increase the adverse effect on the Company in future periods.

*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.

**NOTE 2 - EARNINGS PER SHARE**

The following table sets forth the calculation of basic and diluted earnings per share (EPS):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
	(in thousands, except per share data)			
Numerator:				
Net income	\$ 24,959	\$ 11,249	\$ 42,499	\$ 21,796
Allocation to participating securities	(291)	(156)	(502)	(334)
Net income attributable to Titan Machinery Inc. common stockholders	<u>\$ 24,668</u>	<u>\$ 11,093</u>	<u>\$ 41,997</u>	<u>\$ 21,462</u>
Denominator:				
Basic weighted-average common shares outstanding	22,387	22,261	22,350	22,209
Plus: incremental shares from vesting of restricted stock units	5	15	7	11
Diluted weighted-average common shares outstanding	<u>22,392</u>	<u>22,276</u>	<u>22,357</u>	<u>22,220</u>
Earnings Per Share:				
Basic	<u>\$ 1.10</u>	<u>\$ 0.50</u>	<u>\$ 1.88</u>	<u>\$ 0.97</u>
Diluted	<u>\$ 1.10</u>	<u>\$ 0.50</u>	<u>\$ 1.88</u>	<u>\$ 0.97</u>

**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 July 31, 2022				Six Months Ended July 31, 2022			
	Agriculture	Construction	International	Total	Agriculture	Construction	International	Total
	(in thousands)				(in thousands)			
Equipment	\$ 270,472	\$ 43,184	\$ 61,560	\$ 375,216	\$ 521,565	\$ 87,002	\$ 123,015	\$ 731,582
Parts	52,548	11,816	13,329	77,693	97,054	23,879	25,322	146,255
Service	24,730	6,302	2,333	33,365	46,683	12,125	4,079	62,887
Other	880	500	246	1,626	1,679	803	451	2,933
Revenue from contracts with customers	348,630	61,802	77,468	487,900	666,981	123,809	152,867	943,657
Rental	326	8,220	97	8,643	522	13,177	193	13,892
Total revenues	\$ 348,956	\$ 70,022	\$ 77,565	\$ 496,543	\$ 667,503	\$ 136,986	\$ 153,060	\$ 957,549

	Three Months Ended July 31, 2021				Six Months Ended July 31, 2021			
	Agriculture	Construction	International	Total	Agriculture	Construction	International	Total
	(in thousands)				(in thousands)			
Equipment	\$ 156,408	\$ 54,020	\$ 62,305	\$ 272,733	\$ 325,664	\$ 98,832	\$ 124,217	\$ 548,713
Parts	40,742	11,928	12,647	65,317	80,425	24,036	23,481	127,942
Service	21,150	6,585	1,941	29,676	40,904	12,954	3,521	57,379
Other	758	490	188	1,436	1,478	855	281	2,614
Revenue from contracts with customers	219,058	73,023	77,081	369,162	448,471	136,677	151,500	736,648
Rental	306	7,920	242	8,468	444	12,873	369	13,686
Total revenues	\$ 219,364	\$ 80,943	\$ 77,323	\$ 377,630	\$ 448,915	\$ 149,550	\$ 151,869	\$ 750,334

*Unbilled Receivables and Deferred Revenue*

Unbilled receivables from contracts with customers amounted to \$24.4 million and \$17.1 million as of July 31, 2022 and January 31, 2022, respectively. This 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 amounted to \$90.7 million and \$132.2 million as of July 31, 2022 and January 31, 2022, respectively. 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 six months ended July 31, 2022 and 2021, the Company recognized \$105.1 million and \$50.8 million, respectively, of revenue that was included in the deferred revenue balance as of January 31, 2022 and January 31, 2021, respectively. No material amount of revenue was recognized during the six months ended July 31, 2022 or 2021 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. For such service contracts, we recognize revenue at the time we perform the work, in the amount for 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. 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.

	July 31, 2022	January 31, 2022
	(in thousands)	
Trade and unbilled receivables from contracts with customers		
Trade receivables due from customers	\$ 37,271	\$ 30,041
Unbilled receivables	24,435	17,129
Less allowance for expected credit losses	2,722	1,979
	<u>58,984</u>	<u>45,191</u>
Trade receivables due from finance companies	15,096	17,937
Trade and unbilled receivables from rental contracts		
Trade receivables	3,832	3,055
Unbilled receivables	1,057	538
Less allowance for expected credit losses	375	469
	<u>4,514</u>	<u>3,124</u>
Other receivables		
Due from manufacturers	14,556	22,979
Other	3,219	5,056
	<u>17,775</u>	<u>28,035</u>
Receivables, net of allowance for expected credit losses	<u>\$ 96,369</u>	<u>\$ 94,287</u>

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, 2022	\$	244	\$	193	\$	1,542	\$ 1,979
Current expected credit loss provision		79		35		846	960
Write-offs charged against allowance		30		97		61	188
Credit loss recoveries collected		16		4		—	20
Foreign exchange impact		—		—		(49)	(49)
Balance at July 31, 2022	\$	309	\$	135	\$	2,278	\$ 2,722

	Agriculture		Construction		International		Total
	(in thousands)						
Balance at January 31, 2021	\$	228	\$	1,074	\$	1,690	\$ 2,992
Current expected credit loss provision		114		118		(227)	5
Write-offs charged against allowance		50		147		60	257
Credit loss recoveries collected		7		5		—	12
Foreign exchange impact		—		—		(31)	(31)
Balance at July 31, 2021	\$	299	\$	1,050	\$	1,372	\$ 2,721

The increase in the credit loss provision in the International segment, during the six months ended July 31, 2022, was driven by a \$0.7 million bad debt provision placed on the accounts receivables due from customers of Titan Machinery Ukraine, primarily due to the ongoing Russia-Ukraine conflict.

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
	(in thousands)			
Impairment losses (recoveries) on:				
Receivables from sales contracts	\$ 186	\$ 222	\$ 999	\$ 320
Receivables from rental contracts	43	3	32	(30)
	<u>\$ 229</u>	<u>\$ 225</u>	<u>\$ 1,031</u>	<u>\$ 290</u>

## NOTE 5 - INVENTORIES

	July 31, 2022	January 31, 2022
	(in thousands)	
New equipment	\$ 325,641	\$ 195,775
Used equipment	118,757	128,047
Parts and attachments	109,061	95,890
Work in process	2,924	2,046
	<u>\$ 556,383</u>	<u>\$ 421,758</u>



**NOTE 6 - PROPERTY AND EQUIPMENT**

	July 31, 2022	(in thousands)	January 31, 2022
Rental fleet equipment	\$	73,014	\$ 65,117
Machinery and equipment		23,769	22,819
Vehicles		62,251	58,650
Furniture and fixtures		51,400	50,228
Land, buildings, and leasehold improvements		129,102	123,323
		339,536	320,137
Less accumulated depreciation		150,572	141,894
	\$	188,964	\$ 178,243

The Company includes depreciation expense related to its rental fleet and its trucking fleet, for hauling equipment, in Cost of Revenue, which was \$2.0 million and \$2.1 million for the three months ended July 31, 2022 and 2021, and \$3.5 million and \$3.8 million for the six months ended July 31, 2022 and 2021, respectively. All other depreciation expense is included in Operating Expenses, which was \$3.6 million and \$3.0 million for the three months ended July 31, 2022 and 2021 and \$7.1 million and \$6.0 million for the six months ended July 31, 2022 and 2021, respectively.

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 July 31, 2022, the Company identified two such asset groups in the Agriculture segment, and performed an impairment test, and concluded that no impairment was present, thus the Company did not recognize any impairment for the three and six months ended July 31, 2022. The Company did recognize impairment of long-lived assets of \$0.4 million in its International segment for the three and six months ended July 31, 2021.

**NOTE 7 - INTANGIBLE ASSETS AND GOODWILL**
*Indefinite-Lived Intangible Assets*

The Company's indefinite-lived intangible assets consist of distribution rights assets. The following is a summary of the changes in indefinite-lived intangible assets, by segment, for the six months ended July 31, 2022:

	Agriculture	Construction	Total
	(in thousands)		
January 31, 2022	\$ 10,136	\$ 72	\$ 10,208
Arising from business combinations	842	—	842
July 31, 2022	<u>\$ 10,978</u>	<u>\$ 72</u>	<u>\$ 11,050</u>

*Goodwill*

The following presents changes in the carrying amount of goodwill, by segment, for the six months ended July 31, 2022:

	Agriculture	(in thousands)	Total
January 31, 2022	\$ 8,952	\$ 8,952	
Arising from business combinations	583	583	
July 31, 2022	<u>\$ 9,535</u>	<u>\$ 9,535</u>	

**NOTE 8 - FLOORPLAN PAYABLE/LINES OF CREDIT**

As of July 31, 2022, the Company had floorplan lines of credit totaling \$743.0 million, which is primarily comprised of three floorplan lines of credit: (i) a \$450.0 million credit facility with CNH Industrial, (ii) a \$185.0 million line of credit under the Third Amended and Restated Credit Agreement (the "Bank Syndicate Agreement"), and (iii) a \$50.0 million credit facility with DLL Finance LLC. Additionally, the Company amended its CNH Industrial floorplan line of credit as of August 1, 2022, increasing the total available domestic limit to \$410 million and overall limit to \$500 million.

The Company's outstanding balances of floorplan lines of credit as of July 31, 2022 and January 31, 2022, consisted of the following:

	July 31, 2022	January 31, 2022
	(in thousands)	
CNH Industrial	\$ 177,983	\$ 94,054
Bank Syndicate Agreement Floorplan Loan	41,000	—
DLL Finance	9,187	8,558
Other outstanding balances with manufacturers and non-manufacturers	46,074	32,803
	<u>\$ 274,244</u>	<u>\$ 135,415</u>

In anticipation of closing the Heartland acquisition on August 1, 2022, the Company drew \$41.0 million on its Bank Syndicate Floorplan Loan, which had a variable interest rate of 3.21% as of July 31, 2022. Generally, all U.S. CNH Industrial and DLL Finance amounts outstanding are non-interest bearing. As of July 31, 2022, foreign floorplan payables carried various interest rates primarily ranging from 1.92% to 8.36%, compared to a range of 1.40% to 6.11% as of January 31, 2022. The Company had non-interest bearing floorplan payables of \$210.7 million and \$106.8 million, on July 31, 2022 and January 31, 2022, respectively. The Company has 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 9 - LONG TERM DEBT**

The following is a summary of long-term debt as of July 31, 2022 and January 31, 2022:

Description	Maturity Dates	Interest Rates	July 31, 2022	January 31, 2022
			(in thousands)	
Mortgage loans, secured	Various through May 2039	2.1% to 5.1%	\$ 69,834	\$ 57,801
Sale-leaseback financing obligations	Various through December 2030	3.4% to 10.3%	11,826	12,382
Vehicle loans, secured	Various through September 2027	2.1% to 4.3%	11,490	10,465
Total debt			93,150	80,648
Less: current maturities			6,650	5,876
Long-term debt, net			<u>\$ 86,500</u>	<u>\$ 74,772</u>

**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 six month periods ended July 31, 2022 and July 31, 2021:

	Foreign Currency Translation Adjustment	Net Investment Hedging Gain	Total Accumulated Other Comprehensive Income (Loss)
	(in thousands)		
Balance, January 31, 2022	\$ (4,883)	\$ 2,711	\$ (2,172)
Other comprehensive loss	(1,191)	—	(1,191)
Balance, April 30, 2022	(6,074)	2,711	(3,363)
Other comprehensive income	(2,963)	—	(2,963)
Balance, July 31, 2022	<u>\$ (9,037)</u>	<u>\$ 2,711</u>	<u>\$ (6,326)</u>

	Foreign Currency Translation Adjustment	Net Investment Hedging Gain (in thousands)	Total Accumulated Other Comprehensive Income (Loss)
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)
Other comprehensive income	938	—	938
Balance, July 31, 2021	<u>\$ (2,653)</u>	<u>\$ 2,711</u>	<u>\$ 58</u>

# 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; these 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. These 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 July 31,		Six Months Ended July 31,	
		2022	2021	2022	2021
		(in thousands)		(in thousands)	
Finance lease cost:					
Amortization of leased assets	Operating expenses	\$ 207	\$ 243	\$ 415	\$ 688
Interest on lease liabilities	Other interest expense	45	64	88	152
Operating lease cost	Operating expenses and rental and other cost of revenue	3,164	3,735	6,638	7,501
Short-term lease cost	Operating expenses	44	66	70	132
Variable lease cost	Operating expenses	473	639	1,018	1,252
Sublease income	Interest and other income	(360)	(219)	(729)	(416)
		<u>\$ 3,573</u>	<u>\$ 4,528</u>	<u>\$ 7,500</u>	<u>\$ 9,309</u>

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

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

		Classification	July 31, 2022	January 31, 2022
			(in thousands)	
Assets				
Operating lease assets	Operating lease assets		\$ 51,888	\$ 56,150
Finance lease assets <sup>(a)</sup>	Property and equipment, net of accumulated depreciation		2,442	9,045
Total leased assets			<u>\$ 54,330</u>	<u>\$ 65,195</u>
Liabilities				
Current				
Operating	Current operating lease liabilities		\$ 9,465	\$ 9,601
Finance	Accrued expenses and other		554	7,466
Noncurrent				
Operating	Operating lease liabilities		50,998	55,595
Finance	Other long-term liabilities		1,880	1,518
Total lease liabilities			<u>\$ 62,897</u>	<u>\$ 74,180</u>

<sup>(a)</sup> Finance lease assets are recorded net of accumulated amortization of \$1.8 million as of July 31, 2022 and \$1.7 million as of January 31, 2022.

Maturities of lease liabilities as of July 31, 2022 are as follows:

	Operating Leases	Finance Leases	Total
	(in thousands)		
Fiscal Year Ended January 31,			
2023 (remainder)	\$ 6,440	\$ 400	\$ 6,840
2024	12,484	607	13,091
2025	11,943	554	12,497
2026	11,552	460	12,012
2027	10,815	431	11,246
2028	9,394	297	9,691
Thereafter	9,839	343	10,182
Total lease payments	72,467	3,092	75,559
Less: Interest	12,005	657	12,662
Present value of lease liabilities	<u>\$ 60,462</u>	<u>\$ 2,435</u>	<u>\$ 62,897</u>

The weighted-average lease term and discount rate as of July 31, 2022 are as follows:

	July 31, 2022
<b>Weighted-average remaining lease term (years):</b>	
Operating leases	6.3
Financing leases	5.2
<b>Weighted-average discount rate:</b>	
Operating leases	6.2 %
Financing leases	8.2 %

#### 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, we may also provide short-term rentals of certain equipment inventory assets. Some 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 condensed consolidated balance sheet, of our Construction segment as of July 31, 2022 and January 31, 2022:

	July 31, 2022	(in thousands)	January 31, 2022
Rental fleet equipment	\$	73,014	\$ 65,117
Less accumulated depreciation		25,205	23,501
	\$	47,809	\$ 41,616

#### NOTE 12 - FAIR VALUE MEASUREMENTS

The Company also valued certain long-lived assets at fair value on a non-recurring basis as of January 31, 2022 as part of its long-lived asset impairment testing. The estimated fair value of such assets as of January 31, 2022 was \$3.1 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, in the prior year, 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 July 31, 2022 and January 31, 2022. Fair value of these financial instruments was estimated based on Level 2 fair value inputs. The estimated fair value of the Company's Level 2 long-term debt, which is provided for disclosure purposes only, is as follows:

	July 31, 2022	(in thousands)	January 31, 2022
Carrying amount	\$	81,324	\$ 63,237
Fair value	\$	72,516	\$ 68,267

#### NOTE 13 - INCOME TAXES

Our effective tax rate was 24.7% and 28.0% for the three months ended July 31, 2022 and 2021, respectively and was 25.1% and 25.6% for the six months ended July 31, 2022 and 2021, respectively. The effective tax rate for the six months ended July 31, 2022 and 2021 were subject to various factors such as the impact of certain discrete items, mainly the vesting of share-based compensation, the mix of domestic and foreign income, and recognition of a valuation allowance on certain of our foreign deferred tax assets.

# NOTE 14 - BUSINESS COMBINATIONS

## Fiscal 2023

On April 1, 2022, the Company acquired certain assets of Mark's Machinery, Inc. The acquired business consisted of two agricultural equipment stores in Wagner and Yankton, South Dakota. These locations are included in the Company's Agriculture segment. The total cash consideration transferred for the acquired business was \$7.7 million.

In connection with the acquisition, the Company acquired from CNH Industrial and certain other manufacturers equipment and parts inventory previously owned by Mark's Machinery, Inc. Upon acquiring such inventories, the Company was offered floorplan financing by the respective manufacturers. In total, the Company acquired inventory and recognized a corresponding financing liability of \$3.2 million. The recognition of these inventories and the associated financing liabilities are not included as part of the accounting for the business combination.

## Fiscal 2022

On December 1, 2021, the Company acquired certain assets of Jaycox Implement, Inc. The acquired business consisted of three agricultural equipment stores in Worthington and Luverne, Minnesota and Lake Park, Iowa. These locations are included in the Company's Agriculture segment. The total cash consideration transferred for the acquired business was \$28.2 million. The Company completed the real estate purchase on December 31, 2021 for a purchase price of \$5.5 million, which was partially financed with long-term debt and the remainder was 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 Jaycox Implement, Inc. Upon acquiring such inventories, the Company was offered floorplan financing by the respective manufacturers. In total, the Company acquired inventory and recognized a corresponding financing liability of \$5.3 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

Each of the above acquisitions 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. As of July 31, 2022, all business combinations completed in fiscal years 2023 and 2022 are preliminary. The following table presents the aggregate purchase price allocations for all acquisitions completed during the fiscal year ended January 31, 2022 and the period ended July 31, 2022:

	July 31, 2022	January 31, 2022
	(in thousands)	
Assets acquired:		
Cash	\$ 1	\$ 4
Receivables	478	1,197
Inventories	3,386	13,780
Prepaid expenses and other	66	47
Property and equipment	4,088	8,236
Intangible assets	917	4,121
Goodwill	583	7,519
	9,519	34,904
Liabilities assumed:		
Deferred revenue	1,844	1,261
Net assets acquired	\$ 7,675	\$ 33,643
Goodwill recognized by segment:		
Agriculture	\$ 583	\$ 7,519
Goodwill expected to be deductible for tax purposes	\$ 583	\$ 7,519

The recognition of goodwill in the above business combinations arose from the acquisition of an assembled workforce and anticipated synergies expected to be realized. For the Mark's Machinery acquisition the Company recognized a non-competition intangible asset of \$0.1 million and a distribution rights intangible asset of \$0.8 million. For the Jaycox acquisition the Company recognized a non-competition intangible asset of \$0.1 million and a distribution rights intangible asset of \$3.9 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, amounted to \$0.5 million for the period ended July 31, 2022, primarily related to the Heartland acquisition, and acquisition related costs for the period ended January 31, 2022, were not material. All acquisition related costs have been expensed as incurred and recognized as Operating Expenses in the condensed 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 its 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.

#### 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 July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Revenue				
Agriculture	\$ 348,956	\$ 219,364	\$ 667,503	\$ 448,915
Construction	70,022	80,943	136,986	149,550
International	77,565	77,323	153,060	151,869
Total	<u>\$ 496,543</u>	<u>\$ 377,630</u>	<u>\$ 957,549</u>	<u>\$ 750,334</u>
Income (Loss) Before Income Taxes				
Agriculture	\$ 24,895	\$ 12,067	\$ 41,344	\$ 23,292
Construction	3,923	2,815	7,132	2,953
International	5,870	430	10,195	3,238
Segment income before income taxes	<u>34,688</u>	<u>15,312</u>	<u>58,671</u>	<u>29,483</u>
Shared Resources	(1,538)	320	(1,937)	(172)
Total	<u>\$ 33,150</u>	<u>\$ 15,632</u>	<u>\$ 56,734</u>	<u>\$ 29,311</u>
	July 31, 2022		January 31, 2022	
	(in thousands)		(in thousands)	
Total Assets				
Agriculture	\$ 559,722	\$ 481,190		
Construction	196,085	157,846		
International	175,921	155,275		
Segment assets	<u>931,728</u>	<u>794,311</u>		
Shared Resources	146,143	152,356		
Total	<u>\$ 1,077,871</u>	<u>\$ 946,667</u>		

**NOTE 17 - SUBSEQUENT EVENTS**

On July 8, 2022, the Company entered into a definitive purchase agreement to acquire three entities, Heartland Agriculture, LLC, Heartland Solutions, LLC, and Heartland Leverage Lender, LLC, collectively, the "Heartland Companies", which operate a twelve store CaseIH commercial application agriculture dealership complex. In its most recently completed fiscal year ended December 31, 2021, Heartland Companies generated revenue of approximately \$214 million. The Company closed on the acquisition, on August 1, 2022 with cash consideration transferred of \$94.5 million. The Company primarily used cash on hand for the funding of the purchase price and drew down on the floorplan loan with the Bank Syndicate for the remaining balance.

The acquisition will be accounted in accordance with Accounting Standards Codification ("ASC") Topic 805, "Business Combinations". As the acquisition was completed subsequent to July 31, 2022, the consolidated financials statements do not include the results or the financial position of the Heartland Companies. Because the Company has not completed the work of the purchase price allocation needed under ASC 805, the initial accounting for the business combination was incomplete at the time of the issuance of the financial statements, therefore, the Company did not include all of the information regarding the effect of the business combination as permitted by ASC 805-10-50-4 and ASC 805-30-50-3.



**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 condensed 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, 2022.

**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 United States. 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, is impacted by agricultural commodity prices and net farm income. Based on February 2022 U.S. Department of Agriculture publications, the estimate of net farm income for calendar year 2022 indicated an approximate 4.5% decrease as compared to calendar year 2021, and an approximate 25.1% increase in net farm income for calendar year 2021 as compared to calendar year 2020.

For the second quarter of fiscal 2023, our net income was \$25.0 million, or \$1.10 per diluted share, compared to a fiscal 2022 second quarter net income of \$11.2 million, or \$0.50 per diluted share. Our adjusted diluted earnings per share was \$1.10 for the second quarter of fiscal 2023, compared to \$0.56 for the second quarter of fiscal 2022. 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 second quarter of fiscal 2023 increased by 31.5% compared to the second quarter of fiscal 2022. Total Company same store sales increased 32.1% compared to the prior year second quarter. Same store sales increased in each of our three reporting segments.
- Gross profit in the second quarter of fiscal 2023 increased 36.9% compared to the second quarter of fiscal 2022. The increase in gross profit was primarily the result of strong equipment sales and equipment gross profit margins increasing to 13.7% in the second quarter of fiscal 2023 from 11.9% in the second quarter of fiscal 2022.
- Gross profit was also positively impacted by strong parts sales, increasing by 30.0% from the prior year period, and strong parts gross profit margins, which increased to 32.2% in the second quarter of fiscal 2023 from 29.4% in the second quarter of fiscal 2022.

**Supply Chain**

Equipment availability continues to be challenging as supply chain disruptions throughout 2021 and continuing into 2022, along with increased domestic and global demand for equipment inventory, have caused many manufacturers to be unable to produce enough equipment to meet demand. Many manufacturers have partially built equipment at their factories waiting for certain parts and components in order to finish production and ship the equipment to dealers. The timing as to the receipt of those parts and components may move completion of that equipment and the resulting delivery to the end customer from quarter to quarter or in some cases, year to year, thereby potentially impacting when we are able to receive the inventory, enter into sales transactions with our customers, and recognize the revenue. These supply chain issues are further complicated by labor shortages including the ongoing strike at the CNH Industrial plants in Racine, Wisconsin and Burlington, Iowa, as well as the recent announcement by CNH Industrial that it will be implementing an equipment allocation methodology to determine production slots starting in late calendar year 2022. All of these factors may limit our ability to match customer demand on certain products in fiscal 2024. We will continue to work with our manufacturers to source future inventory to fulfill as much customer demand as possible.

**Russian-Ukrainian Conflict**

Since the onset of the active conflict in February 2022, most of Titan Machinery Ukraine's customers have been able to continue their work, although at a reduced capacity and schedule. The Company's business systems in Ukraine have continued to function but could be negatively impacted in the future. Some of Titan Machinery Ukraine's back office employees have

been able to relocate outside of Ukraine and continue to work, while the customer support and sales teams have remained in Ukraine. For the six months ended July 31, 2022, Titan Machinery Ukraine's revenues are down approximately 37.7% from the prior year period.

As of July 31, 2022, the Company had total assets of \$33.1 million in Ukraine. The physical assets (e.g. inventory and fixed assets) are almost exclusively located in central and western areas of the country. Total assets in Ukraine as of January 31, 2022, was \$32.7 million.

The situation is highly complex and continues to evolve. If the Company cannot provide efficient and uninterrupted services, this could worsen the conflict's adverse effect on the Company's operations and business in Ukraine. In addition, the Company's ability to maintain adequate liquidity for our operations in Ukraine is dependent on a number of factors, including Titan Machinery Ukraine's revenue and earnings, which have been and could continue to be significantly impacted by the conflict. Further, any additional military movement back into central and western Ukraine or any major threat to civilians in those areas or international banking disruption could materially impact the operations and liquidity of Titan Machinery Ukraine.

#### **Acquisitions**

##### *Fiscal 2023*

On August 1, 2022, the Company acquired all interests of three entities, Heartland Agriculture, LLC, Heartland Solutions, LLC, and Heartland Leveraged Lender, LLC, (collectively referred to as "Heartland Companies") for \$94.5 million in cash consideration. The Heartland Companies consist of twelve CaseIH commercial application agriculture locations, in Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Washington, and Wisconsin. The Heartland Companies have been a successful CaseIH commercial application dealer group and our acquisition of these entities provides the Company the opportunity for synergies due to the overlap of our footprints, which will allow us to package deals that will include both commercial application equipment as well as other agricultural and construction equipment to commercial customers within our core footprint. In the most recent completed fiscal year, the Heartland Companies generated revenue of approximately \$214 million.

On April 1, 2022, the Company acquired certain assets of Mark's Machinery, Inc. The acquired business consisted of two agricultural equipment stores in Wagner and Yankton, South Dakota. These locations are included in our Agriculture segment. In its most recent fiscal year, Mark's Machinery, Inc. generated revenue of approximately \$34.0 million. The total cash consideration paid for the acquired business was \$7.7 million.

##### *Fiscal 2022*

On December 1, 2021, the Company acquired certain assets of Jaycox Implement, Inc. The acquired business consisted of three agricultural equipment stores in Worthington and Luverne, Minnesota and Lake Park, Iowa. These locations are included in our Agriculture segment. In its most recent fiscal year, Jaycox Implement, Inc. generated revenue of approximately \$91 million. The total cash consideration paid for the acquired business was \$33.6 million.

#### **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 and also integrated the five stores acquired through the Jaycox Implement and Mark's Machinery acquisitions in December 2021 and April 2022, respectively. In June, the Company began the phased roll-out integrating three existing location to the new ERP. We will continue our phased roll-out to the remaining domestic locations, over the second half of fiscal 2023 and continue into fiscal 2024.

#### **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, 2022. There have been no changes in our critical accounting policies and estimates since January 31, 2022.

## Results of Operations

The results presented below include the operating results of any acquisition made during these periods, from the date of acquisition, as well as the operating results of any stores closed or divested 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 this Results of Operations section.

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

Comparative financial data for each of our four sources of revenue are expressed below.										
	Three Months Ended July 31,					Six Months Ended July 31,				
	2022		2021			2022		2021		
	(dollars in thousands)					(dollars in thousands)				
Equipment										
Revenue	\$	375,216	\$	272,733		\$	731,582	\$	548,713	
Cost of revenue		323,988		240,332			634,222		484,008	
Gross profit	\$	51,228	\$	32,401		\$	97,360	\$	64,705	
Gross profit margin		13.7	%	11.9	%		13.3	%	11.8	%
Parts										
Revenue	\$	77,693	\$	65,317		\$	146,255	\$	127,942	
Cost of revenue		52,706		46,089			100,015		90,529	
Gross profit	\$	24,987	\$	19,228		\$	46,240	\$	37,413	
Gross profit margin		32.2	%	29.4	%		31.6	%	29.2	%
Service										
Revenue	\$	33,365	\$	29,676		\$	62,887	\$	57,379	
Cost of revenue		11,072		9,771			21,832		19,065	
Gross profit	\$	22,293	\$	19,905		\$	41,055	\$	38,314	
Gross profit margin		66.8	%	67.1	%		65.3	%	66.8	%
Rental and other										
Revenue	\$	10,269	\$	9,904		\$	16,825	\$	16,300	
Cost of revenue		6,078		6,420			10,087		10,737	
Gross profit	\$	4,191	\$	3,484		\$	6,738	\$	5,563	
Gross profit margin		40.8	%	35.2	%		40.0	%	34.1	%

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

	Three Months Ended July 31,				Six Months Ended July 31,			
	2022		2021		2022		2021	
Revenue								
Equipment	75.6	%	72.2	%	76.4	%	73.1	%
Parts	15.6	%	17.3	%	15.3	%	17.1	%
Service	6.7	%	7.9	%	6.6	%	7.6	%
Rental and other	2.1	%	2.6	%	1.7	%	2.2	%
Total Revenue	100.0	%	100.0	%	100.0	%	100.0	%
Total Cost of Revenue	79.3	%	80.1	%	80.0	%	80.5	%
Gross Profit Margin	20.7	%	19.9	%	20.0	%	19.5	%
Operating Expenses	13.9	%	15.1	%	13.9	%	15.1	%
Income from Operations	6.8	%	4.4	%	6.1	%	4.1	%
Other Income (Expense)	(0.1)	%	(0.2)	%	(0.2)	%	(0.2)	%
Income Before Income Taxes	6.7	%	4.1	%	5.9	%	3.9	%
Provision for Income Taxes	1.6	%	1.2	%	1.5	%	1.0	%
Net Income	5.0	%	3.0	%	4.4	%	2.9	%

*Three Months Ended July 31, 2022 Compared to Three Months Ended July 31, 2021*

**Consolidated Results**

*Revenue*

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Equipment	\$ 375,216	\$ 272,733	\$ 102,483	37.6 %
Parts	77,693	65,317	12,376	18.9 %
Service	33,365	29,676	3,689	12.4 %
Rental and other	10,269	9,904	365	3.7 %
Total Revenue	\$ 496,543	\$ 377,630	\$ 118,913	31.5 %

Total revenue for the second quarter of fiscal 2023 was 31.5% or \$118.9 million higher than the second quarter of fiscal 2022 driven primarily by an increase in Company-wide same-store sales of 32.1% and our acquisitions of Jaycox Implement and Mark's Machinery, completed in December 2021 and April 2022, respectively. The same-store sales increase was primarily driven by favorable commodity prices, higher net farm income and increased construction activity in our footprint.

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 51,228	\$ 32,401	\$ 18,827	58.1 %
Parts	24,987	19,228	5,759	30.0 %
Service	22,293	19,905	2,388	12.0 %
Rental and other	4,191	3,484	707	20.3 %
Total Gross Profit	<u>\$ 102,699</u>	<u>\$ 75,018</u>	<u>\$ 27,681</u>	36.9 %
Gross Profit Margin				
Equipment	13.7 %	11.9 %	1.8 %	15.1 %
Parts	32.2 %	29.4 %	2.8 %	9.5 %
Service	66.8 %	67.1 %	(0.3)%	(0.4)%
Rental and other	40.8 %	35.2 %	5.6 %	15.9 %
Total Gross Profit Margin	20.7 %	19.9 %	0.8 %	4.0 %
Gross Profit Mix				
Equipment	49.9 %	43.2 %	6.7 %	15.5 %
Parts	24.3 %	25.6 %	(1.3)%	(5.1)%
Service	21.7 %	26.5 %	(4.8)%	(18.1)%
Rental and other	4.1 %	4.7 %	(0.6)%	(12.8)%
Total Gross Profit Mix	<u>100.0 %</u>	<u>100.0 %</u>		

Gross profit for the second quarter of fiscal 2023 increased 36.9% or \$27.7 million, as compared to the same period last year. Gross profit margin also improved to 20.7% in the current quarter from 19.9% in the prior year quarter. The increase in gross profit margin was primarily due to stronger equipment margins, which were positively impacted by a healthy inventory, favorable end market conditions, and a \$2.6 million benefit recognized on the expected achievement of annual manufacturer incentive programs. 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 90.6% for the second quarter of fiscal 2023 compared to 86.2% during the same period last year as the increase in gross profit from parts, rental fleet, and service in the second quarter of fiscal 2023 combined with lower floorplan interest expenses more than offset the increase in operating expenses during the period.

#### Operating Expenses

	Three Months Ended July 31,			Increase/ (Decrease)	Percent Change
	2022	2021			
	(dollars in thousands)				
Operating Expenses	\$ 68,828	\$ 57,074	\$ 11,754		20.6 %
Operating Expenses as a Percentage of Revenue	13.9 %	15.1 %	(1.2)%		(7.9) %

Our operating expenses in the second quarter of fiscal 2023 increased 20.6% as compared to the second quarter of fiscal 2022. The increase in operating expenses was primarily the result of an increase in variable expenses associated with increased sales. Operating expenses as a percentage of revenue decreased to 13.9% in the second quarter of fiscal 2023 from 15.1% in the second quarter of fiscal 2022. The decrease in operating expenses as a percentage of revenue was due to the increase in total revenue in the second quarter of fiscal 2023, as compared to the second quarter of fiscal 2022, which positively affected our ability to leverage our fixed operating costs.

# Impairment Charges

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Impairment of Intangible and Long-Lived Assets	—	1,498	(1,498)	100.0 %

We did not recognize any impairment charges in the second quarter of fiscal 2023. In the second quarter of fiscal 2022, we recognized \$1.5 million of impairment charges on certain intangible and long-lived assets in our International segment.

# Other Income (Expense)

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Interest and other income	\$ 873	\$ 654	\$ 219	33.5 %
Floorplan interest expense	(245)	(350)	(105)	(30.0) %
Other interest expense	(1,349)	(1,118)	231	20.7 %

Interest and other income increased by \$0.2 million in the second quarter of fiscal 2023, as compared to the second quarter of fiscal 2022, due to increased sublease rental income of facilities that were divested in January 2022. The decrease in floorplan interest expense of 30.0% was due to decreased levels of interest bearing inventory in the International segment. The increase in other interest expense was primarily due to increased fixed rate, long term debt from real estate purchases throughout fiscal 2022.

# Provision for Income Taxes

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Provision for Income Taxes	\$ 8,191	\$ 4,383	\$ 3,808	86.9 %

Our effective tax rate was 24.7% and 28.0% for the three months ended July 31, 2022 and July 31, 2021, respectively, and was 25.1% and 25.6% for the six months ended July 31, 2022 and 2021, respectively. The effective tax rate for each of the six months ended July 31, 2022 and 2021 is subject to variation due to factors such as the impact of certain discrete items, mainly the vesting of share-based compensation, the mix of domestic and foreign income and recognition of a valuation allowance on certain of our foreign deferred tax assets.

## 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 July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Revenue				
Agriculture	\$ 348,956	\$ 219,364	\$ 129,592	59.1 %
Construction	70,022	80,943	(10,921)	(13.5)%
International	77,565	77,323	242	0.3 %
Total	<u>\$ 496,543</u>	<u>\$ 377,630</u>	<u>\$ 118,913</u>	<u>31.5 %</u>
Income Before Income Taxes				
Agriculture	\$ 24,895	\$ 12,067	\$ 12,828	106.3 %
Construction	3,923	2,815	1,108	39.4 %
International	5,870	430	5,440	n/m
Segment Income Before Income Taxes	<u>34,688</u>	<u>15,312</u>	<u>19,376</u>	<u>126.5 %</u>
Shared Resources	<u>(1,538)</u>	<u>320</u>	<u>(1,858)</u>	<u>n/m</u>
Total	<u>\$ 33,150</u>	<u>\$ 15,632</u>	<u>\$ 17,518</u>	<u>112.1 %</u>

### Agriculture

Agriculture segment revenue for the second quarter of fiscal 2023 increased 59.1% compared to the second quarter of fiscal 2022. The higher revenue was driven primarily by an increase in same-store sales of 45.7% and our acquisitions of Jaycox Implement and Mark's Machinery, completed in December 2021 and April 2022, respectively. The same-store sales increase was primarily driven by favorable commodity prices and higher net farm income.

Agriculture segment income before income taxes for the second quarter of fiscal 2023 was \$24.9 million compared to \$12.1 million for the second quarter of fiscal 2022. The improvement in segment results was primarily the result of increased revenues and stronger equipment margins which were positively impacted by favorable end market conditions, healthy inventory, and a \$2.6 million benefit recognized on the expected achievement of annual manufacturer incentive programs.

### Construction

Construction segment revenue for the second quarter of fiscal 2023 decreased 13.5% compared to the second quarter of fiscal 2022. However, after taking into account the divestiture of the Billings, Great Falls, and Missoula, Montana, and Gillette, Wyoming stores in the fourth quarter of fiscal 2022 and the first quarter of fiscal 2023 divestiture of our consumer products store in North Dakota, same-store sales in our Construction segment increased 14.9% for the second quarter of fiscal 2023, as compared to the second quarter of fiscal 2022. The driving factor of the same-store sales increase was parts, service, and rental and other which increased 18.1%, 11.7%, and 20.0%, respectively, from the second quarter of fiscal 2023, as compared to the second quarter of fiscal 2022.

Our Construction segment income before taxes was \$3.9 million for the second quarter of fiscal 2023 compared to \$2.8 million in the second quarter of fiscal 2022. The improvement in segment results was primarily due to an increase in same store sales, as described above and an increase in rental fleet utilization, which led to an increase in rental gross profit margin. 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 26.6% in the second quarter of fiscal 2022 to 31.9% in the second quarter of fiscal 2023.

### International

International segment revenue was \$77.6 million for the second quarter of fiscal 2023 compared to \$77.3 million in the second quarter of fiscal 2022. While segment revenue was essentially flat, a 25% decrease in total revenue from our Ukrainian subsidiary due to the Russia-Ukraine conflict, and the significant devaluation of the Euro, the functional currency in much of our international footprint, were more than offset by a same-store sales increase of 5.9% due to many of the same macroeconomic factors as the Agriculture segment, driving an increase in equipment sales.

Our International segment income before income taxes was \$5.9 million for the second quarter of fiscal 2023 compared to segment income before income taxes of \$0.4 million for the same period last year. The increase in segment pre-tax income was primarily the result of improved equipment gross profit margin and an impairment of certain intangible and fixed assets in our German subsidiary in the second quarter of fiscal 2022.

*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, unallocated balances may occur. Shared Resources loss before income taxes was \$1.5 million for the second quarter of fiscal 2023 compared to income before income taxes of \$0.3 million for the same period last year. The lower shared resources results were driven by \$0.5 million of acquisition related expenses incurred for the Heartland Companies acquisition.



# Six Months Ended July 31, 2022 Compared to Six Months Ended July 31, 2021

## Consolidated Results

### Revenue

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Equipment	\$ 731,582	\$ 548,713	\$ 182,869	33.3 %
Parts	146,255	127,942	18,313	14.3 %
Service	62,887	57,379	5,508	9.6 %
Rental and other	16,825	16,300	525	3.2 %
Total Revenue	<u>\$ 957,549</u>	<u>\$ 750,334</u>	<u>\$ 207,215</u>	<u>27.6 %</u>

Total revenue for the first six months of fiscal 2023 was up 27.6% or \$207.2 million compared to the first six months of fiscal 2022, driven primarily by an increase in Company-wide same-store sales of 27.1% and our acquisitions of Jaycox Implement and Mark's Machinery, completed in December 2021 and April 2022, respectively. The same-store sales increase was primarily driven by favorable commodity prices, higher net farm income and increased construction activity in our footprint.

### Gross Profit

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 97,360	\$ 64,705	\$ 32,655	50.5 %
Parts	46,240	37,413	8,827	23.6 %
Service	41,055	38,314	2,741	7.2 %
Rental and other	6,738	5,563	1,175	21.1 %
Total Gross Profit	<u>\$ 191,393</u>	<u>\$ 145,995</u>	<u>\$ 45,398</u>	<u>31.1 %</u>
Gross Profit Margin				
Equipment	13.3 %	11.8 %	1.5 %	12.7 %
Parts	31.6 %	29.2 %	2.4 %	8.2 %
Service	65.3 %	66.8 %	(1.5)%	(2.2)%
Rental and other	40.0 %	34.1 %	5.9 %	17.3 %
Total Gross Profit Margin	20.0 %	19.5 %	0.5 %	2.6 %
Gross Profit Mix				
Equipment	50.8 %	44.3 %	6.5 %	14.7 %
Parts	24.2 %	25.6 %	(1.4)%	(5.5)%
Service	21.5 %	26.2 %	(4.7)%	(17.9)%
Rental and other	3.5 %	3.9 %	(0.4)%	(10.3)%
Total Gross Profit Mix	<u>100.0 %</u>	<u>100.0 %</u>		

Gross profit increased 31.1% or \$45.4 million for the first six months of fiscal 2023, as compared to the same period last year. The increase in gross profit was primarily the result of increased equipment sales and stronger equipment margins for the first six months of fiscal 2023. These higher equipment sales and margins were driven by a healthy inventory and favorable end market conditions. Higher equipment margins were also benefited from a \$2.6 million benefit recognized on the expected achievement of annual manufacturer incentive programs. The overall gross profit margin increase from 19.5% to 20.0% was primarily due to stronger equipment margins and rental margins, but was partially offset due to a shift in gross profit mix to lower margin equipment sales relative to parts, service, and rental sales.

Our Company-wide absorption rate for the first six months of fiscal 2023 increased to 85.6%, as compared to 81.0% during the same period last year, as the increase in gross profit from parts, rental, and service combined with lower floorplan

interest expense more than offset the increase in operating expenses during the six month period compared to that of the prior year six month period.

#### Operating Expenses

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Operating Expenses	\$ 132,980	\$ 113,516	\$ 19,464	17.2 %
Operating Expenses as a Percentage of Revenue	13.9 %	15.1 %	(1.2)%	(7.9) %

Our operating expenses for the first six months of fiscal 2023 increased \$19.5 million as compared to the first six months of fiscal 2022. The increase in operating expenses was a result of an increase in variable expenses associated with increased sales. Operating expenses as a percentage of revenue decreased to 13.9% in the first six months of fiscal 2023 from 15.1% in the first six months of fiscal 2022. The decrease in operating expenses as a percentage of total revenue was due to the increase in total revenue in the first six months of fiscal 2023, as compared to the first six months of fiscal 2022, which positively affected our ability to leverage our fixed operating costs.

#### Impairment Charges

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Impairment of Intangible and Long-Lived Assets	—	1,498	(1,498)	100.0 %

We did not recognize any impairment charges in the first six months of fiscal 2023. In the first six months of fiscal 2022, we recognized \$1.5 million of impairment charges on certain intangible and long-lived assets in our International segment.

#### Other Income (Expense)

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Interest and other income	\$ 1,365	\$ 1,320	\$ 45	3.4 %
Floorplan interest expense	(499)	(768)	(269)	(35.0)%
Other interest expense	(2,545)	(2,222)	323	14.5 %

Floorplan interest expense decreased 35.0% for the first six months of fiscal 2023, as compared to the same period last year, primarily due to lower interest bearing inventory, primarily in our international segment. The increase in other interest expense in the first six months of fiscal 2023, as compared to the first six months of fiscal 2022, is the result of increased long term debt on real estate purchased during fiscal 2022 and 2023.

#### Provision for Income Taxes

	Six Months Ended July 31,		Increase/ Decrease	Percent Change
	2022	2021		
	(dollars in thousands)			
Provision for Income Taxes	\$ 14,235	\$ 7,515	\$ 6,720	89.4 %

Our effective tax rate was 25.1% for the first six months of fiscal 2023 and 25.6% for the same period last year. The effective tax rate for the six months ended July 31, 2022 and 2021 is subject to variation due to factors such as the impact of certain discrete items, mainly the vesting of share-based compensation, the mix of domestic and foreign income, recognition of a valuation allowance on certain of our foreign deferred tax assets and foreign currency gains and losses.

## 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.

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(dollars in thousands)			
Revenue				
Agriculture	\$ 667,503	\$ 448,915	\$ 218,588	48.7 %
Construction	136,986	149,550	(12,564)	(8.4) %
International	153,060	151,869	1,191	0.8 %
Total	<u>\$ 957,549</u>	<u>\$ 750,334</u>	<u>\$ 207,215</u>	<u>27.6 %</u>
Income Before Income Taxes				
Agriculture	\$ 41,344	\$ 23,292	\$ 18,052	77.5 %
Construction	7,132	2,953	4,179	141.5 %
International	10,195	3,238	6,957	n/m
Segment Income Before Income Taxes	<u>58,671</u>	<u>29,483</u>	<u>29,188</u>	<u>99.0 %</u>
Shared Resources	(1,937)	(172)	(1,765)	n/m
Total	<u>\$ 56,734</u>	<u>\$ 29,311</u>	<u>\$ 27,423</u>	<u>93.6 %</u>

### Agriculture

Agriculture segment revenue for the first six months of fiscal 2023 increased 48.7% compared to the same period last year. The higher revenue was driven primarily by an increase in same-store sales of 35.8% for the first six months of fiscal 2023, as compared to the same period last year as well as the acquisitions of Jaycox Implement and Mark's Machinery in December 2021 and April 2022, respectively. The same-store sales increase was driven by increased equipment demand due to higher commodity prices and higher net farm income.

Agriculture segment income before income taxes was \$41.3 million for the first six months of fiscal 2023 compared to \$23.3 million over the first six months of fiscal 2022. The improvement in segment results was the result of higher equipment revenue along with higher gross profit margin on equipment driven by increased demand, healthy inventory, and a \$2.6 million benefit recognized on the expected achievement of annual manufacturer incentive programs.

### Construction

Construction segment revenue for the first six months of fiscal 2023 decreased 8.4% compared to the same period last year. However, when accounting for the divestitures of the Billings, Great Falls, and Missoula, Montana and Gillette, Wyoming stores in January 2022, and the North Dakota consumer products store in March 2022, same-store sales increased 19.5%. Higher same-store sales were driven by increased construction activity throughout the footprint.

Our Construction segment income before income taxes was \$7.1 million for the first six months of fiscal 2023 compared to income before income taxes of \$3.0 million for the first six months of fiscal 2022. The increase in segment results was primarily due to increased construction activity within our footprint and an increase in rental fleet utilization. The dollar utilization of our rental fleet increased from 22.9% in the first six months of fiscal 2022 to 28.6% in the first six months of fiscal 2023.

### International

International segment revenue for the first six months of fiscal 2023 increased 0.8% compared to the same period last year. Higher commodity prices are primarily driving demand for equipment sales. The increase in revenue was partially offset by a 9.0% devaluation of the Euro, the functional currency in much of our international footprint, in the first six months of fiscal 2023. The segment was also negatively impacted by a 38% decrease in revenues from our Ukrainian subsidiary due to the Russia-Ukraine conflict compared to the first six months of fiscal 2022.

Our International segment income before income taxes was \$10.2 million for the first six months of fiscal 2023 compared to income before income taxes of \$3.2 million for the same period last year. The higher segment results were

primarily the result and equipment gross profit margin. There were no fixed or intangible asset impairment charges recognized in the first six months of fiscal 2023 while \$1.5 million was recognized in the first six months of fiscal 2022, related to the impairment of certain intangible and long-lived assets of our German subsidiary.

*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 \$1.9 million for the first six months of fiscal 2023 compared to a loss before income taxes of \$0.2 million for the same period last year. The lower shared resources results were driven by \$0.5 million of acquisition related expenses incurred for the Heartland Companies acquisition.

## 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 adjustments for items such as foreign currency remeasurement gains/losses in Ukraine and impairment charges. 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 July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
	(dollars in thousands, except per share data)			
<b>Adjusted Net Income</b>				
Net Income	\$ 24,959	\$ 11,249	\$ 42,499	\$ 21,796
Adjustments				
Impairment charges	—	1,498	—	1,498
Ukraine remeasurement (gain) / loss (1)	21	(53)	315	(183)
Total Pre-Tax Adjustments	21	1,445	315	1,315
Adjusted Net Income	<u>\$ 24,980</u>	<u>\$ 12,694</u>	<u>\$ 42,814</u>	<u>\$ 23,111</u>
<b>Adjusted Diluted EPS</b>				
Diluted EPS	\$ 1.10	\$ 0.50	\$ 1.88	\$ 0.97
Adjustments (2)				
Impairment charges	—	0.07	—	0.07
Ukraine remeasurement (gain) / loss (1)	—	(0.01)	0.01	(0.01)
Total Pre-Tax Adjustments	—	0.06	0.01	0.06
Adjusted Diluted EPS	<u>\$ 1.10</u>	<u>\$ 0.56</u>	<u>\$ 1.89</u>	<u>\$ 1.03</u>

(1) Due to the income tax valuation allowance on the Ukrainian and German subsidiaries, there are no tax adjustments of the Ukraine remeasurement (gain)/loss for the periods ended July 31, 2022 and 2021 or the impairment charge for the period ended July 31, 2021.

(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 July 31, 2022, the Company had floorplan payable lines of credit for equipment purchases totaling \$743.0 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 \$50.0 million credit facility with DLL Finance.

Our equipment inventory turnover increased from 2.7 times for the rolling 12 month period ended July 31, 2021 to 3.6 times for the rolling 12 month period ended July 31, 2022. The increase in equipment turnover was attributable to an increase in equipment sales over the rolling 12 month period ended July 31, 2022 as compared to the same period ended July 31, 2021. Our

equity in equipment inventory, which reflects the portion of our equipment inventory balance that is not financed by floorplan payables, decreased to 38.3% as of July 31, 2022 from 58.2% as of January 31, 2022. The decrease was primarily due to drawing on our floorplan loan with the Bank Syndicate, in anticipation of the Heartland acquisition.

#### **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, and funding acquisitions. Based on our current operational performance and taking into account the use of cash to pay the purchase price on the Heartland acquisition, 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 July 31, 2022, 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 July 31, 2022. 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 used for operating activities was \$21.0 million for the first six months of fiscal 2023, compared to net cash provided by operating activities of \$28.6 million for the first six months of fiscal 2022. The change in net cash provided by (used for) operating activities is primarily the result of an increase in inventories partially offset by an increase in non-interest bearing floorplan lines of credit from manufacturers and higher net income for the first six months of fiscal 2023.

##### *Cash Flow Used for Investing Activities*

Net cash used for investing activities was \$20.7 million for the first six months of fiscal 2023, compared to \$19.4 million for the first six months of fiscal 2022. The increase in cash used for investing activities was primarily the result of the business acquisition of Mark's Machinery in the first six months of fiscal 2023.

##### *Cash Flow Provided by (Used for) Financing Activities*

Net cash provided by financing activities was \$39.6 million for the first six months of fiscal 2023 compared to cash used for financing activities of \$22.4 million for the first six months of fiscal 2022. The increase in cash provided by financing activities was primarily the result of increased non-manufactured floorplan payables in the first six months of fiscal 2023, as the Company drew on its Bank Syndicate floorplan loan in anticipation of the August 2022 acquisition of the Heartland Companies, compared to last year.

#### **Information Concerning Off-Balance Sheet Arrangements**

As of July 31, 2022, 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. Therefore, we are 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, 2022, and in other materials filed by the Company with the Securities and Exchange Commission (and included in oral statements or other written statements 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 the performance of our Ukrainian subsidiary within our International segment, the impact of farm income levels on customer demand for agricultural equipment and services, the impact of the COVID-19 pandemic on our business, the effectiveness of our new ERP system and the timing of the phased roll-out of the ERP system to the Company's domestic locations, the general market conditions of the agricultural and construction industries,

equipment inventory levels, 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. These statements are based upon the current beliefs and expectations of our management. These forward-looking statements involve important risks and uncertainties that could significantly affect anticipated results or outcomes in the future and, accordingly, actual results or outcomes 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 impact of the Russia -Ukraine conflict on our Ukrainian subsidiary, our ability to successfully integrate and realize growth opportunities and synergies in connection with the Heartland acquisition, the risk that we assume unforeseen or other liabilities in connection with the Heartland acquisition and the impact of those conditions and obligations imposed on us under the new CaseIH dealer agreements for the commercial application equipment business, our substantial dependence on CNH Industrial, including CNH Industrial's ability to design, manufacture and allocate inventory to our stores in quantities necessary to satisfy our customer's demands, the duration, scope and impact of the COVID-19 pandemic on the Company's operations and business, including the disruption of supply chains and associated impacts on the Company's supply vendors, 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. In addition to those matters, there may exist additional risks and uncertainties not currently known to us or that we currently deem to be immaterial that may materially adversely affect our business, financial condition or results of operations.

### 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 July 31, 2022, 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 \$0.6 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 \$0.6 million. At July 31, 2022, we had floorplan payables of \$274.2 million, of which approximately \$63.5 million was variable-rate floorplan payable and \$210.7 million was non-interest bearing. In addition, at July 31, 2022, we had total long-term debt, including finance lease obligations, of \$94.8 million, all of which 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 July 31, 2022, 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 July 31, 2022, our Ukrainian subsidiary had \$0.3 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. Many of the currency and payment controls the National Bank of Ukraine imposed in February 2022, have been relaxed, making it more practicable to manage our UAH exposure. However, the continuation of the Russia/Ukraine conflict could lead to more significant UAH devaluations, similar to the 24% devaluation that occurred in July 2022, or more stringent payment controls in the future. The inability to fully manage our net monetary asset position and continued UAH devaluations for an extended period of time, could have a significant adverse impact on our results of operations and cash flows.

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, 2022, as filed with the Securities and Exchange Commission. Among other things, 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 business, financial condition, or results of operations. In addition to those factors, 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 or results of operations.

**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
<a href="#">2.1</a>	Amendment No. 1 to Securities Purchase Agreement, dated as of July 28, 2022, by and among Titan Machinery Inc.; Heartland Agriculture, LLC; Gordon Glade, Jeff Keller, Robert Caldwell and Michael Stopkotte; Michael Anderson, Barb Anderson, David Clare, Scott Reins, Shawn Sterling, The Constance Kent Revocable Trust and Lenco Enterprises, LLC; and Robert Caldwell, solely in his capacity as Seller Representative.
<a href="#">2.2</a>	Amendment No. 1 to Securities Purchase Agreement, dated as of July 29, 2022, by and among Titan Machinery Inc.; Heartland Leverage Lender, LLC; Gordon Glade, Jeff Keller and Robert Caldwell; and Robert Caldwell, solely in his capacity as Seller Representative.
<a href="#">10.1</a>	Amendment, dated August 1, 2022, to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement, dated November 13, 2007, by and between Titan Machinery Inc. and CNH Industrial Capital America LLC
<a href="#">10.2</a>	Agreement to Grant Commercial Application Equipment Distribution Rights, dated as of August 1, 2022, by and between CNH Industrial America LLC and Titan Machinery Inc.
<a href="#">10.3</a>	Form of Case IH Agriculture Equipment Sales and Service Agreement between CNH Industrial America LLC and Titan Machinery Inc.
<a href="#">10.4</a>	Revision 1 to the Case IH Agricultural Equipment Sales and Service Agreement between CNH Industrial America LLC and Titan Machinery Inc.
<a href="#">10.5</a>	Joinder to Third Amended and Restated Credit Agreement, dated as of August 31, 2022, by and among Titan Machinery Inc., Heartland Agriculture, LLC, Heartland Ag Kansas, LLC and Bank of America, N.A.
<a href="#">10.6</a>	Joinder to Third Amended and Restated Guaranty and Security Agreement, dated as of August 31, 2022, by and among Titan Machinery Inc., Heartland Agriculture, LLC, Heartland Ag Kansas, LLC and Bank of America, N.A.
<a href="#">31.1</a>	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2</a>	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1</a>	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#">32.2</a>	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 July 31, 2022, formatted in XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) the Notes to the Condensed 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: September 8, 2022

**TITAN MACHINERY INC.**

By /s/ Mark Kalvoda  
Mark Kalvoda  
Chief Financial Officer  
(Principal Financial Officer)

## AMENDMENT NO. 1 TO SECURITIES PURCHASE AGREEMENT

This Amendment No. 1 to Securities Purchase Agreement (this "Amendment"), is dated as of July 28, 2022, and entered into by and among (i) Titan Machinery Inc., a Delaware corporation ("Buyer"), (ii) Heartland Agriculture, LLC, an Iowa limited liability company (the "Purchased Company"), (iii) Gordon Glade, Jeff Keller, Robert Caldwell and Michael Stoppkotte, (iv) Michael Anderson, Barb Anderson, David Clare, Scott Reins, Shawn Sterling, The Constance Kent Revocable Trust, and Lenco Enterprises, LLC ("Lenco"), and (v) Robert Caldwell, solely in his capacity as Seller Representative.

WHEREAS, the Buyer, the Purchased Company, the Sellers and the Seller Representative entered into that certain Securities Purchase Agreement, dated as of July 8, 2022 (the "Agreement");

WHEREAS, the Agreement may be amended by a written instrument executed by each of the parties thereto in accordance with Section 12.09 of the Agreement;

WHEREAS, the Purchased Company desires to redeem all of the Class B membership units (the "Lenco Class B Units") of the Purchased Company owned by Lenco (the "Redemption") pursuant to the terms of that certain redemption agreement, dated as of July \_\_, 2022 (the "Redemption Agreement"), which Redemption will be completed concurrently with the execution of this Amendment;

WHEREAS, in connection with the Redemption, the parties desire to amend the Agreement to eliminate and remove Lenco as a party to the Agreement for all purposes, including (i) terminating the requirement for Lenco to sell the Lenco Class B Units to the Buyer under the terms of the Agreement, (ii) terminating any requirement to pay to Lenco, or any right for Lenco to receive, any portion of the Purchase Price or any other amounts that may be payable to Sellers under the terms of the Agreement and (iii) terminating any obligation for Lenco to participate in, or receive the benefit of, any indemnification obligations set forth in the Agreement; and

WHEREAS, the parties also desire to amend certain other terms of the Agreement as more fully described herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used, but not defined in this Amendment, will have the meanings assigned to them in the Agreement.
2. Approval of Redemption by Buyer. Upon receipt of (a) a written consent to action in lieu of a special meeting of the members and managers of the Purchased Company approving the Redemption that has been duly executed by each of the members and managers of the Purchased Company and (b) a duly executed Redemption Agreement, the Buyer hereby consents to the Redemption.
3. Removal of Lenco from the Agreement. Each of the parties hereto acknowledges and agrees that, upon the execution of this Amendment, Lenco will be removed and eliminated, in full,

as a party to the Agreement, including as a Class B Holder and as a Seller under the Agreement, for all purposes, and, in connection therewith, shall no longer be a party to the Agreement for any purpose. In furtherance of the foregoing, upon execution of this Amendment, the defined term "Class B Holders" is hereby deleted and replaced with the following:

"Class B Holders" means "Michael Anderson, Barb Anderson, David Clare, Scott Reins, Shawn Sterling and The Constance Kent Revocable Trust."

4. Other Amendments to Agreement. In addition to the amendments set forth in Section 3 of this Amendment, the parties hereto agree that the Agreement shall be amended as follows:

(a) Section 2.01 of the Disclosure Schedules. In connection with the Redemption, Section 2.01 of the Disclosure Schedules is hereby amended and restated in full as set forth on Exhibit A hereto.

(b) Section 2.02 of the Disclosure Schedules. In connection with the Redemption, Section 2.02 of the Disclosure Schedules is hereby amended and restated in full as set forth on Exhibit B hereto.

(c) Section 3.02(a). The first sentence of Section 3.02(a) of the Agreement is hereby deleted and replaced with the following:

(a) The authorized membership interests of the Purchased Company consist of Class A membership units and Class B membership units, of which 671.58 Class A membership units and 142.46 Class B membership units are issued and outstanding and constitute the Securities.

(d) Section 3.02(d). The following sentence is hereby added to the end of Section 3.02(d) of the Agreement:

(d) The Company does not currently have outstanding any membership unit certificates with respect to any of the Securities.

(e) Section 3.07(e). Section 3.07(e) is hereby deleted and replaced with the following:

(e) declaration, setting aside or payment of any dividends or distributions on or in respect of any of its capital stock or membership units or interests or, except for the Redemption, redemption, purchase or acquisition of its capital stock or membership units or interests or of any of its rights to acquire its capital stock or membership units or interests;

(f) Section 9.04. Section 9.04 of the Agreement is hereby deleted and replaced with the following:

Section 9.04. Joint and Several Indemnification By Class A Holders. Each Class A Holder, jointly and severally, shall

indemnify and defend each Buyer Indemnitee against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnities based upon, arising out of, with respect to or by reason of:

(a) that certain letter agreement, dated October 21, 2019, between D.A. Davidson & Co. and the Purchased Company, as amended; provided, however, that the indemnification required by this Section 9.04 only shall be null and void after written notice to such effect is delivered from Buyer to Seller Representative upon receipt by the Buyer and the Heartland Companies of a release of the Heartland Companies from D.A. Davidson under the aforementioned letter agreement, which release is in form and substance acceptable to Buyer in its sole discretion; or

(b) that certain UCC-1 Financing Statement, File No. X20055878-1, filed on June 15, 2020 with the Secretary of State of the State of Iowa, against the Purchased Company naming the U.S. Small Business Administration as secured party and any Indebtedness (including, without limitation, through an Economic Injury Disaster Loan incurred by any of the Heartland Companies or otherwise) or any other Liabilities imposed upon, or incurred by, any of the Heartland Companies as a result of thereof or in connection therewith.

5. Conflicts. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the Agreement, the terms and conditions of this Amendment shall control.

6. Full Force and Effect All terms, conditions, and covenants of the Agreement not otherwise modified herein are hereby ratified and confirmed, and this Amendment when executed by the parties hereto will become a part of the Agreement and the Agreement shall remain in full force and effect.

7. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. The provisions of Section 12.10 of the Agreement shall apply to this Amendment and are hereby incorporated herein by reference.

8. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Amendment delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:

\_\_\_\_\_  
Gordon Glade


\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
Robert Caldwell

  
\_\_\_\_\_  
Michael Stoppkotte

  
\_\_\_\_\_  
Michael Anderson

\_\_\_\_\_  
Barb Anderson

  
\_\_\_\_\_  
David Clare

  
\_\_\_\_\_  
Scott Reins

  
\_\_\_\_\_  
Shawn Sterling

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:

\_\_\_\_\_  
Gordon Glade

\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
*Robert Caldwell*  
Robert Caldwell

\_\_\_\_\_  
Michael Stoppkotte

\_\_\_\_\_  
Michael Anderson

\_\_\_\_\_  
Barb Anderson

\_\_\_\_\_  
David Clare

\_\_\_\_\_  
Scott Reins

\_\_\_\_\_  
Shawn Sterling



IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:

\_\_\_\_\_  
Gordon Glade

\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
Robert Caldwell

\_\_\_\_\_  
Michael Stoppkotte

*Michael Anderson*

\_\_\_\_\_  
Michael Anderson

\_\_\_\_\_  
Barb Anderson

\_\_\_\_\_  
David Clare

\_\_\_\_\_  
Scott Reins

\_\_\_\_\_  
Shawn Sterling

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:

\_\_\_\_\_  
Gordon Glade

\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
Robert Caldwell

\_\_\_\_\_  
Michael Stoppkotte

\_\_\_\_\_  
Michael Anderson

*Barb Anderson*  
\_\_\_\_\_  
Barb Anderson

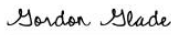
\_\_\_\_\_  
David Clare

\_\_\_\_\_  
Scott Reins

\_\_\_\_\_  
Shawn Sterling

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:



\_\_\_\_\_  
Gordon Glade



\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
Robert Caldwell

\_\_\_\_\_  
Michael Stoppkotte

\_\_\_\_\_  
Michael Anderson

\_\_\_\_\_  
Barb Anderson

\_\_\_\_\_  
David Clare

\_\_\_\_\_  
Scott Reins

\_\_\_\_\_  
Shawn Sterling

THE CONSTANCE KENT REVOCABLE  
TRUST

By: C. Kent  
Name: Constance Kent  
Title: Trustee

LENCO ENTERPRISES, LLC

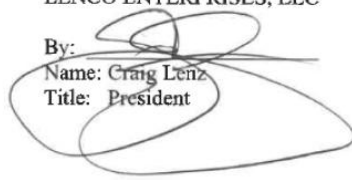
By: \_\_\_\_\_  
Name: Craig Lenz  
Title: President

THE CONSTANCE KENT REVOCABLE  
TRUST

By: \_\_\_\_\_  
Name: Constance Kent  
Title: Trustee

LENCO ENTERPRISES, LLC

By: \_\_\_\_\_  
Name: Craig Lenz  
Title: President



PURCHASED COMPANY:

HEARTLAND AGRICULTURE, LLC

By: Robert Caldwell  
Name:  
Title:

SELLER REPRESENTATIVE

*Robert Caldwell*

Robert Caldwell, as Seller Representative

BUYER:

TITAN MACHINERY INC.

By:   
Name: Mark Kellogg  
Title: CFO





## EXHIBIT A

### Section 2.01

#### Securities

##### Heartland Agriculture, LLC

Member	Class A Units	Class B Units	Total Units	Percent Interest
Gordon Glade	264.56		264.56	32.499631%
Jeff Keller	244.21		244.21	29.99975%
Bob Caldwell	122.11	10.18	132.29	16.25104%
Mike Stoppkotte	40.70		40.70	4.999754%
Mike Anderson		36.63	36.63	4.499779%
Barb Anderson		14.25	14.25	1.750528%
David Clare		20.35	20.35	2.499877%
Scott Reins		20.35	20.35	2.499877%
Shawn Sterling		20.35	20.35	2.499877%
The Constance Kent Revocable Trust		20.35	20.35	2.499877%
TOTAL	671.58	142.46	814.04	100%

##### Heartland Ag Kansas, LLC

Member Name	Percent Interest
Heartland Agriculture, LLC	100%

##### Heartland Guaranty, LLC

Member Name	Percent Interest
Heartland Agriculture, LLC	100%

**EXHIBIT B**

Section 2.02

Purchase Price Allocation Percentages

Recipient	Percentage
Gordon Glade	32.499631%
Jeff Keller	29.99975%
Bob Caldwell	16.25104%
Mike Stoppkotte	4.999754%
Mike Anderson	4.499779%
Barb Anderson	1.750528%
David Clare	2.499877%
Scott Reins	2.499877%
Shawn Sterling	2.499877%
The Constance Kent Revocable Trust	2.499877%
TOTAL	100%



**AMENDMENT NO. 1 TO SECURITIES PURCHASE AGREEMENT**

This Amendment No. 1 to Securities Purchase Agreement (this “**Amendment**”), is dated as of July 29, 2022, and entered into by and among (i) Titan Machinery Inc., a Delaware corporation (“**Buyer**”), (ii) Heartland Leverage Lender, LLC, a Nebraska limited liability company (the “**Purchased Company**”), (iii) Gordon Glade, Jeff Keller and Robert Caldwell (each a “**Seller**” and collectively the “**Sellers**”), and (iv) Robert Caldwell, solely in his capacity as Seller Representative.

WHEREAS, the Buyer, the Purchased Company, the Sellers and the Seller Representative entered into that certain Securities Purchase Agreement, dated as of July 8, 2022 (the “**Agreement**”);

WHEREAS, the Agreement may be amended by a written instrument executed by each of the parties thereto in accordance with Section 12.09 of the Agreement;

WHEREAS, the Purchased Company desires to make an entity classification for U.S. federal income tax purposes through the filing of IRS Form 8832 in order for the Purchased Company to elect to be treated as a corporation for U.S. federal income tax purposes effective as of July 25, 2022 (the “**Tax Election**”);

WHEREAS, in connection with the Tax Election, the parties desire to amend the Agreement certain terms of the Agreement as more fully described herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used, but not defined in this Amendment, will have the meanings assigned to them in the Agreement.
2. Approval of Tax Election by Buyer. As required pursuant to Sections 6.01 and 7.01(a) of the Agreement, the Buyer hereby consents to the Tax Election.
3. Amendments to Agreement. The parties hereto agree that the Agreement shall be amended as follows:

(a) Section 3.08(e). Section 3.08(e) of the Agreement is hereby deleted and replaced with the following:

(e) Since formation and until July 24, 2022, the Purchased Company has been classified as a partnership for U.S. federal income tax purposes. From July 25, 2022 until the Closing Date, the Purchased Company has been classified as a corporation for U.S. federal income tax purposes.

(b) Section 7.01(c). The first sentence of Section 7.01(c) of the Agreement is hereby deleted and replaced with the following:

(c) **Seller Returns.** Seller Representative will prepare or cause to be prepared and file (or cause to be filed) in a timely manner all income Tax Returns of the Purchased Company required to be filed after the Closing Date for any Pre-Closing Tax Period (taking into account any valid extensions of time to file) during which the Purchased Company was treated as a partnership for U.S. federal income tax purposes (the “**Seller Returns**”).

(c) Section 7.01(d). The following sentence is hereby added as the second sentence of Section 7.01(d) after the first sentence of Section 7.01(d) of the Agreement:

For the avoidance of doubt, this Section 7.01(d) applies to all income Tax Returns of the Purchased Company for any Pre-Closing Tax Period during which the Purchased Company was treated as a corporation for U.S. federal income tax purposes.

(d) Section 7.06. Section 7.06 of the Agreement is hereby deleted and replaced with the following:

Section 7.06 **Tax Consistency.** Except as Buyer and Seller Representative may otherwise agree or as may be required otherwise pursuant to a final determination within the meaning of Section 1313(a) of the Code or a corresponding provision of Tax Law, Buyer and Sellers shall take no position on any Tax Return, in any refund claim, in any litigation or proceeding, or otherwise, inconsistent with this ARTICLE VII, and, if Section 7.05 is applicable, no party shall agree to any proposed adjustment to the Allocation by any Governmental Authority without first giving the others prior written notice.

(e) Section 7.09. A new Section 7.09 is added to the Agreement as follows:

Section 7.09 **Limitation on Tax Covenants.** Sections 7.04 and 7.05 of this Agreement are only applicable and effective in the event that the Purchased Company is classified as a partnership for U.S. federal income tax purposes on the Closing Date.

4. Conflicts. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the Agreement, the terms and conditions of this Amendment shall control.

5. Full Force and Effect All terms, conditions, and covenants of the Agreement not otherwise modified herein are hereby ratified and confirmed, and this Amendment when executed by the parties hereto will become a part of the Agreement and the Agreement shall remain in full force and effect.

6. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. The provisions of Section 12.10 of the Agreement shall apply to this Amendment and are hereby incorporated herein by reference.

7. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Amendment delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:



\_\_\_\_\_  
Gordon Glade

\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
Robert Caldwell

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:

\_\_\_\_\_  
Gordon Glade

  
\_\_\_\_\_  
Jeff Keller

\_\_\_\_\_  
Robert Caldwell




IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above.

SELLERS:


\_\_\_\_\_  
Gordon Glade

\_\_\_\_\_  
Jeff Keller

  
\_\_\_\_\_  
Robert Caldwell

PURCHASED COMPANY:

HEARTLAND LEVERAGE LENDER, LLC

By:   
Name: Robert Caldwell  
Title: Manager

SELLER REPRESENTATIVE



Robert Caldwell, as Seller Representative

BUYER:

TITAN MACHINERY INC.

By:   
Name: Mark Kellogg  
Title: CFO





August 1, 2022

Titan Machinery, Inc.  
644 E Beaton Dr.  
West Fargo, ND 58078

Attn: Mark Kalvoda  
Chief Financial Officer  
*via electronic mail*

Re: Wholesale Floor Plan Credit Facility

Dear Mr. Kalvoda,

Titan Machinery, Inc. ("Titan") and CNH Industrial Capital America LLC ("CNH") are parties to that Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement dated November 13, 2007, as amended from time to time (the "Agreement"). This letter will confirm that, effective August 1, 2022, the total wholesale floor plan credit limit for Titan has been increased to \$410,000,000.00.

Best Regards,

CNH Industrial Capital America LLC

A handwritten signature in black ink that reads "Chris Maki".

Chris Maki, Strategic Accounts Manager

Titan agrees to the above described amendment to the Amended and Restated Wholesale Floor Plan Credit Facility and Security Agreement dated November 13, 2007, as amended.

Titan Machinery, Inc.

A handwritten signature in blue ink that reads "Mark Kalvoda".

Mark Kalvoda, Chief Financial Officer

CNH Industrial Capital America LLC  
5729 Washington Ave  
Racine WI 53406

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**AGREEMENT TO GRANT COMMERCIAL APPLICATION  
EQUIPMENT DISTRIBUTION RIGHTS**

This Agreement to Grant Commercial Application Equipment Rights (the “Agreement”), dated as of August 1, 2022 (the “Effective Date”) is by and between CNH Industrial America LLC, a limited liability company organized and existing under the State of Delaware (“Case IH”) and Titan Machinery Inc., a corporation organized and existing under the laws of Delaware (“Titan”). Case IH and Titan may each be referred to as a “Party”, and collectively as the “Parties.”

**RECITALS**

- A. Titan is an authorized dealer for Case IH products at dealership locations with designated primary sales and service markets throughout the U.S. Midwest (the “Titan SSAs”), under the terms of several Case IH Agricultural Equipment Sales and Service Agreements between the Parties (any current Sales and Service Agreements between the Parties will be referred to individually as the “Current Dealer Agreement” or collectively as the “Current Dealer Agreements”).
- B. Titan desires to purchase all of the membership interests of Heartland Agriculture, LLC, which purchase is subject to Case IH’s prior written consent in its sole discretion. (Heartland Agriculture, LLC is referred to as “Heartland” and Titan’s acquisition of it is referred to as the “Heartland Transaction”). Case IH has provided Titan directional consent for the Heartland Transaction subject to the terms and conditions of this Agreement.
- C. Heartland is currently an authorized distributor of new Case IH self-propelled sprayers and application equipment (the “Commercial Application Equipment”) throughout a multi-state sales and service area (the “Heartland Distribution Territory”).
- D. Titan has requested that, effective as of the closing of the Heartland Transaction, Heartland and/or Titan will be approved as an authorized dealer for the Commercial Application Equipment in the Heartland Distribution Territory to be effected as follows:
  - (i) The Current Dealer Agreements will be amended to add the Commercial Application Equipment for the current Titan SSA territory as stated in EXHIBIT A hereto (the “Titan Footprint”);
  - (ii) Certain of the Current Dealer Agreements will be amended to include additional sales and service markets authorizing Titan to represent the Commercial Application Equipment in those SSAs (“Current Dealer Agreement Add-On SSAs”) as stated in EXHIBIT B hereto; and



- (iii) New sales and service agreements (“Dealer Agreements”) for Commercial Application Equipment (“New Commercial Application Equipment Dealer Agreements”) will be entered into for the remaining Heartland Distribution Territory as stated in EXHIBIT B.

(The distribution territories represented by the Current Dealer Agreement Add-On SSAs and the New Commercial Application Equipment Dealer Agreements are sometimes collectively referred to herein as the “Commercial Application Equipment Only Distribution Territories”).

- E. Prior to the closing of the Heartland Transaction, Case IH and Heartland will enter into a “Resignation and General Mutual Release Agreement” that terminates Heartland’s Application Equipment Distributor Agreements effective as of the closing.

#### **AGREEMENT**

NOW, THEREFORE, in consideration of the recitals and mutual covenants and agreements herein set forth, the Parties, intending to be legally bound, hereby agree as follows:

1. Effective as of the closing of the Heartland Transaction, Case IH will amend Titan’s Current Dealer Agreements and enter into new Dealer Agreements as described in Recital “D” above.
2. If during the Term (as defined in Paragraph 5), Titan acquires a Case IH dealer(s) within any of the Commercial Application Equipment Only Distribution Territories, the acquired SSA will be added to EXHIBIT A and considered Titan Footprint; the new Dealer Agreement for the acquired location will include Commercial Application Equipment. Titan agrees to pay Case IH for the Commercial Application Equipment distribution rights for the acquired SSA in an amount agreed to by the Parties.
3. During the Term, Titan agrees to sell the commercial application businesses and/or SSAs for the Commercial Application Equipment Only Distribution Territories subject to the following conditions:
  - (a) Titan shall only sell the commercial application business to an entity pre-approved by Case IH;
  - (b) Case IH shall receive from Titan the sales consideration paid by the buyer for the applicable distribution rights in an amount pre-approved by Case IH, which amount will be paid by Titan immediately following the closing;

(c) Titan shall receive sales consideration from the buyer in an amount not less than the fair value of its facilities/lease cost, fixed assets, current assets, and other investments applicable to the location and market being sold; and

(d) Effective as of the closing of each sales transaction, Titan will resign from its Dealer Agreement for the divested SSA and will cease to conduct Case IH business out of any location(s) in the divested SSA.

4. The term (the “Term”) of this Agreement shall be eight (8) years commencing August 1, 2022. At the end of the Term, any non-divested Commercial Application Equipment Only Distribution Territories will be ceded to Case IH by way of an amendment to Titan’s Dealer Agreement for the Current Dealer Agreement Add-On SSAs or termination of the New Commercial Application Equipment Dealer Agreements. Upon any said termination or amendment, Case IH shall repurchase Titan’s inventory of Commercial Application Equipment and parts located in the applicable territory.

5. Until Titan sells and/or relinquishes its Commercial Application Equipment distribution rights as provided herein, Titan shall, in compliance with the terms of the applicable Dealer Agreements, represent, market, sell and service Commercial Application Equipment in the relevant market territory.

6. The Parties expressly understand and agree that this Agreement and its contents shall remain confidential and shall not be disclosed to any third party, except the Parties’ counsel, accountants, consultants or financial advisors retained by them or by reason of Titan’s public company reporting obligations or investor relations activities, or any federal, state, or local government taxing or regulatory authority or except as required by law or order of court. Any counsel, accountant or financial advisor to whom information concerning this Agreement is disclosed is bound by this confidentiality provision and the disclosing party shall be liable for any breaches of confidentiality by such persons.

7. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. The Parties may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the other Party, with the exception that Case IH may assign this Agreement and any rights and obligations hereunder to any affiliate of Case IH or to any entity that succeeds to the interests of Case IH.

8. In the event any part of this Agreement is held to be invalid or unenforceable under the law, the Agreement shall be enforceable to the maximum extent permitted by such law, without invalidating the remainder of this Agreement, or invalidating the effect of such portion of this Agreement elsewhere.

9. This Agreement is being entered into by competent and sophisticated parties who are experienced in business matters. Therefore, any language in this Agreement deemed to be

ambiguous by a court of law will not be construed against any particular party as the drafter of the language.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the below written dates.

CNH Industrial America LLC

Titan Machinery Inc.

By: /s/ Bradley Crews

By: /s/ David Meyer

Title: President, North America

Title: CEO

Date: 07/22/2022

Date: 07/22/2022

EXHIBIT A

“TITAN FOOTPRINT”

State	County	Sub-County	SPS
Iowa	Adair	Adair	100
Iowa	Adams	Adams	70
Iowa	Benton	Benton	100
Iowa	Black Hawk	Black Hawk	100
Iowa	Bremer	Bremer	100
Iowa	Buchanan	Buchanan	100
Iowa	Butler	Butler	85
Iowa	Cass	Cass	100
Iowa	Cherokee	Cherokee	100
Iowa	Dallas	Dallas	55
Iowa	Dickinson	Dickinson	30
Iowa	Fayette	Fayette	55
Iowa	Franklin	Franklin	85
Iowa	Grundy	Grundy	100
Iowa	Guthrie	Guthrie	55
Iowa	Hamilton	Hamilton	100
Iowa	Hardin	Hardin	100
Iowa	Iowa	Iowa	70
Iowa	Jasper	Jasper	55
Iowa	Johnson	Johnson	55
Iowa	Linn	Linn	100
Iowa	Madison	Madison	70
Iowa	Mahaska	Mahaska	100
Iowa	Marion	Marion	70
Iowa	Marshall	Marshall	55
Iowa	Mills	Mills	70
Iowa	Monroe	Monroe	70
Iowa	Montgomery	Montgomery	70
Iowa	Obrien	Obrien	55
Iowa	Osceola	Osceola	45
Iowa	Plymouth	Plymouth	100
Iowa	Pottawattamie	Pottawattamie	70
Iowa	Shelby	Shelby	70
Iowa	Tama	Tama	85
Iowa	Union	Union	70
Iowa	Webster	Webster	55
Iowa	Woodbury	Woodbury	70
Kansas	Decatur	Decatur	70
Minnesota	Becker	Becker	100
Minnesota	Beltrami	Beltrami	55
Minnesota	Big Stone	Big Stone	100
Minnesota	Clay	Clay	100
Minnesota	Clearwater	Clearwater	100
Minnesota	Douglas	Douglas	100
Minnesota	Grant	Grant	100
Minnesota	Jackson	Jackson	100
Minnesota	Kittson	Kittson	55
Minnesota	Lac Qui Parle	Lac Qui Parle	100
Minnesota	Lake Of The Woods	Lake Of The Woods	55
Minnesota	Lincoln	Lincoln	100
Minnesota	Lyon	Lyon	100
Minnesota	Mahnomen	Mahnomen	100

State	County	Sub-County	SPS
Minnesota	Marshall	Marshall	85
Minnesota	Murray	Murray	100
Minnesota	Nobles	Nobles	100
Minnesota	Norman	Norman	100
Minnesota	Otter Tail	Otter Tail	100
Minnesota	Pennington	Pennington	100
Minnesota	Pipestone	Pipestone	100
Minnesota	Polk	Polk	100
Minnesota	Pope	Pope	100
Minnesota	Red Lake	Red Lake	100
Minnesota	Redwood	Redwood	100
Minnesota	Renville	Renville	70
Minnesota	Rock	Rock	100
Minnesota	Roseau	Roseau	100
Minnesota	Stevens	Stevens	100
Minnesota	Swift	Swift	70
Minnesota	Todd	Todd	70
Minnesota	Traverse	Traverse	100
Minnesota	Wadena	Wadena	70
Minnesota	Wilkin	Wilkin	100
Minnesota	Yellow Medicine	Yellow Medicine	100
Nebraska	Adams	Adams	100
Nebraska	Arthur	Arthur	100
Nebraska	Banner	Banner	100
Nebraska	Box Butte	Box Butte	100
Nebraska	Boyd	Boyd	55
Nebraska	Buffalo	Buffalo	100
Nebraska	Butler	Butler	85
Nebraska	Cedar	Cedar	70
Nebraska	Chase	Chase	100
Nebraska	Cheyenne	Cheyenne	100
Nebraska	Clay	Clay	70
Nebraska	Custer	Custer	100
Nebraska	Dakota	Dakota	100
Nebraska	Dawson	Dawson	100
Nebraska	Deuel	Deuel	100
Nebraska	Dixon	Dixon	100
Nebraska	Dodge	Dodge	85
Nebraska	Douglas	Douglas	100
Nebraska	Dundy	Dundy	100
Nebraska	Franklin	Franklin	100
Nebraska	Frontier	Frontier	100
Nebraska	Furnas	Furnas	100
Nebraska	Garden	Garden	100
Nebraska	Garfield	Garfield	100
Nebraska	Gosper	Gosper	100
Nebraska	Grant	Grant	100
Nebraska	Greeley	Greeley	70
Nebraska	Hall	Hall	100
Nebraska	Harlan	Harlan	100
Nebraska	Hayes	Hayes	100
Nebraska	Hitchcock	Hitchcock	100
Nebraska	Hooker	Hooker	100
Nebraska	Howard	Howard	85
Nebraska	Kearney	Kearney	100
Nebraska	Keith	Keith	100
Nebraska	Kimball	Kimball	100
Nebraska	Knox	Knox	100

State	County	Sub-County	SPS
Nebraska	Lancaster	Lancaster	55
Nebraska	Lincoln	Lincoln	100
Nebraska	Logan	Logan	100
Nebraska	Mcpherson	Mcpherson	100
Nebraska	Merrick	Merrick	55
Nebraska	Morrill	Morrill	100
Nebraska	Nuckolls	Nuckolls	70
Nebraska	Perkins	Perkins	100
Nebraska	Phelps	Phelps	100
Nebraska	Red Willow	Red Willow	100
Nebraska	Saunders	Saunders	100
Nebraska	Scotts Bluff	Scotts Bluff	100
Nebraska	Sherman	Sherman	100
Nebraska	Sioux	Sioux	100
Nebraska	Thomas	Thomas	100
Nebraska	Thurston	Thurston	55
Nebraska	Valley	Valley	100
Nebraska	Washington	Washington	70
Nebraska	Wayne	Wayne	100
Nebraska	Webster	Webster	100
Nebraska	Wheeler	Wheeler	70
North Dakota	Barnes	Barnes	100
North Dakota	Cass	Cass	100
North Dakota	Dickey	Dickey	100
North Dakota	Emmons	Emmons	70
North Dakota	Grand Forks	Grand Forks	100
North Dakota	Griggs	Griggs	55
North Dakota	Kidder	Kidder	70
North Dakota	La Moure	La Moure	100
North Dakota	Logan	Logan	100
North Dakota	Mcintosh	Mcintosh	100
North Dakota	Nelson	Nelson	70
North Dakota	Ransom	Ransom	100
North Dakota	Richland	Richland	100
North Dakota	Sargent	Sargent	100
North Dakota	Steele	Steele	85
North Dakota	Stutsman	Stutsman	100
North Dakota	Trall	Trall	100
South Dakota	Beadle	Beadle	100
South Dakota	Bon Homme	Bon Homme	100
South Dakota	Brown	Brown	85
South Dakota	Brule	Brule	55
South Dakota	Butte	Butte	100
South Dakota	Charles Mix	Charles Mix	100
South Dakota	Clark	Clark	100
South Dakota	Clay	Clay	100
South Dakota	Codington	Codington	100
South Dakota	Custer	Custer	100
South Dakota	Day	Day	70
South Dakota	Deuel	Deuel	70
South Dakota	Douglas	Douglas	70
South Dakota	Edmunds	Edmunds	100
South Dakota	Fall River	Fall River	100
South Dakota	Faulk	Faulk	100
South Dakota	Grant	Grant	100
South Dakota	Gregory	Gregory	85
South Dakota	Hamlin	Hamlin	100
South Dakota	Hand	Hand	100

State	County	Sub-County	SPS
South Dakota	Hughes	Hughes	100
South Dakota	Hyde	Hyde	100
South Dakota	Jerauld	Jerauld	70
South Dakota	Jones	Jones	70
South Dakota	Lawrence	Lawrence	100
South Dakota	Lyman	Lyman	55
South Dakota	Marshall	Marshall	100
South Dakota	Mc Pherson	Mc Pherson	100
South Dakota	Meade	Meade	100
South Dakota	Moody	Moody	55
South Dakota	Oglala Lakota	Oglala Lakota	100
South Dakota	Pennington	Pennington	100
South Dakota	Roberts	Roberts	100
South Dakota	Sanborn	Sanborn	70
South Dakota	Shannon	Shannon	100
South Dakota	Spink	Spink	85
South Dakota	Stanley	Stanley	100
South Dakota	Turner	Turner	55
South Dakota	Union	Union	85
South Dakota	Walworth	Walworth	55
South Dakota	Yankton	Yankton	100
Wyoming	Converse	Converse	100
Wyoming	Goshen	Goshen	100
Wyoming	Laramie	Laramie	100
Wyoming	Natrona	Natrona	100
Wyoming	Niobrara	Niobrara	100
Wyoming	Platte	Platte	100

EXHIBIT B

“COMMERCIAL APPLICATION EQUIPMENT ONLY DISTRIBUTION AREA”

(“Current Dealer Agreement Add-On SSAs”)

State	County	Sub-County	SPS
Iowa	Allamakee	Allamakee	100
Iowa	Appanoose	Appanoose	40
Iowa	Audubon	Audubon	40
Iowa	Boone	Boone	40
Iowa	Buena Vista	Buena Vista	40
Iowa	Calhoun	Calhoun	40
Iowa	Carroll	Carroll	100
Iowa	Cedar	Cedar	100
Iowa	Cerro Gordo	Cerro Gordo	40
Iowa	Chickasaw	Chickasaw	40
Iowa	Clarke	Clarke	40
Iowa	Clay	Clay	40
Iowa	Clayton	Clayton	100
Iowa	Clinton	Clinton	40
Iowa	Crawford	Crawford	40
Iowa	Davis	Davis	100
Iowa	Decatur	Decatur	40
Iowa	Delaware	Delaware	100
Iowa	Des Moines	Des Moines	100
Iowa	Dubuque	Dubuque	100
Iowa	Emmet	Emmet	40
Iowa	Floyd	Floyd	40
Iowa	Fremont	Fremont	40
Iowa	Greene	Greene	100
Iowa	Hancock	Hancock	40
Iowa	Harrison	Harrison	40
Iowa	Henry	Henry	100
Iowa	Howard	Howard	40
Iowa	Humboldt	Humboldt	40
Iowa	Ida	Ida	40
Iowa	Jackson	Jackson	40
Iowa	Jefferson	Jefferson	100
Iowa	Jones	Jones	100
Iowa	Keokuk	Keokuk	100
Iowa	Kossuth	Kossuth	40
Iowa	Lee	Lee	100
Iowa	Louisa	Louisa	100
Iowa	Lucas	Lucas	40
Iowa	Lyon	Lyon	100
Iowa	Mitchell	Mitchell	40
Iowa	Monona	Monona	40
Iowa	Muscatine	Muscatine	100
Iowa	Page	Page	40
Iowa	Palo Alto	Palo Alto	40
Iowa	Pocahontas	Pocahontas	40
Iowa	Polk	Polk	40
Iowa	Poweshiek	Poweshiek	100
Iowa	Ringgold	Ringgold	40
Iowa	Sac	Sac	40
Iowa	Scott	Scott	40



State	County	Sub-County	SPS
Iowa	Sioux	Sioux	40
Iowa	Story	Story	40
Iowa	Taylor	Taylor	40
Iowa	Van Buren	Van Buren	100
Iowa	Wapello	Wapello	100
Iowa	Warren	Warren	40
Iowa	Washington	Washington	100
Iowa	Wayne	Wayne	40
Iowa	Winnebago	Winnebago	40
Iowa	Winneshiek	Winneshiek	100
Iowa	Worth	Worth	40
Iowa	Wright	Wright	40
Kansas	Allen	Allen	40
Kansas	Anderson	Anderson	40
Kansas	Atchison	Atchison	70
Kansas	Barber	Barber	40
Kansas	Barton	Barton	40
Kansas	Bourbon	Bourbon	40
Kansas	Brown	Brown	40
Kansas	Butler	Butler	40
Kansas	Chase	Chase	40
Kansas	Chautauqua	Chautauqua	100
Kansas	Cherokee	Cherokee	100
Kansas	Cheyenne	Cheyenne	40
Kansas	Clark	Clark	40
Kansas	Clay	Clay	40
Kansas	Cloud	Cloud	40
Kansas	Coffey	Coffey	40
Kansas	Comanche	Comanche	100
Kansas	Cowley	Cowley	40
Kansas	Crawford	Crawford	100
Kansas	Dickinson	Dickinson	40
Kansas	Doniphan	Doniphan	70
Kansas	Douglas	Douglas	40
Kansas	Edwards	Edwards	40
Kansas	Elk	Elk	100
Kansas	Ellis	Ellis	100
Kansas	Ellsworth	Ellsworth	40
Kansas	Finney	Finney	40
Kansas	Ford	Ford	40
Kansas	Franklin	Franklin	40
Kansas	Geary	Geary	40
Kansas	Gove	Gove	40
Kansas	Graham	Graham	40
Kansas	Grant	Grant	70
Kansas	Gray	Gray	40
Kansas	Greeley	Greeley	40
Kansas	Greenwood	Greenwood	40
Kansas	Hamilton	Hamilton	40
Kansas	Harper	Harper	40
Kansas	Harvey	Harvey	40
Kansas	Haskell	Haskell	40
Kansas	Hodgeman	Hodgeman	40
Kansas	Jackson	Jackson	40
Kansas	Jefferson	Jefferson	40
Kansas	Jewell	Jewell	100
Kansas	Johnson	Johnson	40
Kansas	Kearny	Kearny	40

State	County	Sub-County	SPS
Kansas	Kingman	Kingman	40
Kansas	Kiowa	Kiowa	40
Kansas	Labette	Labette	100
Kansas	Lane	Lane	40
Kansas	Leavenworth	Leavenworth	40
Kansas	Lincoln	Lincoln	40
Kansas	Linn	Linn	40
Kansas	Logan	Logan	40
Kansas	Lyon	Lyon	40
Kansas	Marion	Marion	40
Kansas	Marshall	Marshall	40
Kansas	Mcpherson	Mcpherson	40
Kansas	Meade	Meade	70
Kansas	Miami	Miami	55
Kansas	Mitchell	Mitchell	100
Kansas	Montgomery	Montgomery	100
Kansas	Morris	Morris	40
Kansas	Morton	Morton	100
Kansas	Nemaha	Nemaha	40
Kansas	Neosho	Neosho	100
Kansas	Ness	Ness	40
Kansas	Norton	Norton	40
Kansas	Osage	Osage	70
Kansas	Osborne	Osborne	100
Kansas	Ottawa	Ottawa	40
Kansas	Pawnee	Pawnee	40
Kansas	Phillips	Phillips	40
Kansas	Pottawatomie	Pottawatomie	40
Kansas	Pratt	Pratt	40
Kansas	Rawlins	Rawlins	40
Kansas	Reno	Reno	40
Kansas	Republic	Republic	40
Kansas	Rice	Rice	40
Kansas	Riley	Riley	40
Kansas	Rooks	Rooks	40
Kansas	Rush	Rush	40
Kansas	Russell	Russell	100
Kansas	Saline	Saline	40
Kansas	Scott	Scott	40
Kansas	Sedgwick	Sedgwick	40
Kansas	Seward	Seward	70
Kansas	Shawnee	Shawnee	85
Kansas	Sheridan	Sheridan	40
Kansas	Sherman	Sherman	40
Kansas	Smith	Smith	100
Kansas	Stafford	Stafford	40
Kansas	Stanton	Stanton	100
Kansas	Stevens	Stevens	100
Kansas	Sumner	Sumner	40
Kansas	Thomas	Thomas	40
Kansas	Trego	Trego	40
Kansas	Wabaunsee	Wabaunsee	40
Kansas	Wallace	Wallace	40
Kansas	Washington	Washington	40
Kansas	Wichita	Wichita	40
Kansas	Wilson	Wilson	100
Kansas	Woodson	Woodson	40
Kansas	Wyandotte	Wyandotte	100

State	County	Sub-County	SPS
Minnesota	Aitkin	Aitkin	100
Minnesota	Anoka	Anoka	40
Minnesota	Benton	Benton	40
Minnesota	Blue Earth	Blue Earth	40
Minnesota	Brown	Brown	100
Minnesota	Carlton	Carlton	100
Minnesota	Carver	Carver	40
Minnesota	Cass	Cass	100
Minnesota	Chippewa	Chippewa	40
Minnesota	Chisago	Chisago	100
Minnesota	Cook	Cook	100
Minnesota	Cottonwood	Cottonwood	100
Minnesota	Crow Wing	Crow Wing	100
Minnesota	Dakota	Dakota	40
Minnesota	Dodge	Dodge	40
Minnesota	Faribault	Faribault	40
Minnesota	Fillmore	Fillmore	100
Minnesota	Freeborn	Freeborn	40
Minnesota	Goodhue	Goodhue	40
Minnesota	Hennepin	Hennepin	100
Minnesota	Houston	Houston	100
Minnesota	Hubbard	Hubbard	40
Minnesota	Isanti	Isanti	40
Minnesota	Itasca	Itasca	100
Minnesota	Kanabec	Kanabec	40
Minnesota	Kandiyohi	Kandiyohi	40
Minnesota	Koochiching	Koochiching	100
Minnesota	Lake	Lake	100
Minnesota	Le Sueur	Le Sueur	40
Minnesota	Martin	Martin	100
Minnesota	McLeod	McLeod	40
Minnesota	Meeker	Meeker	40
Minnesota	Mille Lacs	Mille Lacs	40
Minnesota	Morrison	Morrison	40
Minnesota	Mower	Mower	40
Minnesota	Nicollet	Nicollet	40
Minnesota	Olmsted	Olmsted	40
Minnesota	Pine	Pine	100
Minnesota	Ramsey	Ramsey	40
Minnesota	Rice	Rice	40
Minnesota	Scott	Scott	100
Minnesota	Sherburne	Sherburne	40
Minnesota	Sibley	Sibley	40
Minnesota	St Louis	St Louis	100
Minnesota	Stearns	Stearns	40
Minnesota	Steele	Steele	40
Minnesota	Wabasha	Wabasha	40
Minnesota	Waseca	Waseca	40
Minnesota	Washington	Washington	40
Minnesota	Watsonwan	Watsonwan	100
Minnesota	Winona	Winona	100
Minnesota	Wright	Wright	40
Nebraska	Antelope	Antelope	100
Nebraska	Blaine	Blaine	100
Nebraska	Boone	Boone	100
Nebraska	Brown	Brown	100
Nebraska	Burt	Burt	100
Nebraska	Cass	Cass	100

State	County	Sub-County	SPS
Nebraska	Cherry	Cherry	100
Nebraska	Colfax	Colfax	55
Nebraska	Cuming	Cuming	100
Nebraska	Dawes	Dawes	100
Nebraska	Fillmore	Fillmore	100
Nebraska	Gage	Gage	100
Nebraska	Hamilton	Hamilton	100
Nebraska	Holt	Holt	55
Nebraska	Jefferson	Jefferson	100
Nebraska	Johnson	Johnson	85
Nebraska	Keya Paha	Keya Paha	70
Nebraska	Loup	Loup	100
Nebraska	Madison	Madison	70
Nebraska	Nance	Nance	85
Nebraska	Nemaha	Nemaha	70
Nebraska	Otoe	Otoe	100
Nebraska	Pawnee	Pawnee	70
Nebraska	Pierce	Pierce	100
Nebraska	Platte	Platte	40
Nebraska	Polk	Polk	85
Nebraska	Richardson	Richardson	40
Nebraska	Rock	Rock	40
Nebraska	Saline	Saline	100
Nebraska	Sarpy	Sarpy	100
Nebraska	Seward	Seward	100
Nebraska	Sheridan	Sheridan	100
Nebraska	Stanton	Stanton	85
Nebraska	Thayer	Thayer	100
Nebraska	York	York	100
North Dakota	Adams	Adams	40
North Dakota	Benson	Benson	40
North Dakota	Billings	Billings	40
North Dakota	Bottineau	Bottineau	40
North Dakota	Bowman	Bowman	40
North Dakota	Burke	Burke	40
North Dakota	Burleigh	Burleigh	40
North Dakota	Cavalier	Cavalier	40
North Dakota	Divide	Divide	40
North Dakota	Dunn	Dunn	40
North Dakota	Eddy	Eddy	40
North Dakota	Foster	Foster	40
North Dakota	Golden Valley	Golden Valley	40
North Dakota	Grant	Grant	40
North Dakota	Hettinger	Hettinger	40
North Dakota	Mchenry	Mchenry	40
North Dakota	Mckenzie	Mckenzie	40
North Dakota	Mclean	Mclean	40
North Dakota	Mercer	Mercer	40
North Dakota	Morton	Morton	40
North Dakota	Mountrail	Mountrail	40
North Dakota	Oliver	Oliver	40
North Dakota	Pembina	Pembina	40
North Dakota	Pierce	Pierce	40
North Dakota	Ramsey	Ramsey	40
North Dakota	Renville	Renville	40
North Dakota	Rolette	Rolette	40
North Dakota	Sheridan	Sheridan	40
North Dakota	Sioux	Sioux	40

State	County	Sub-County	SPS
North Dakota	Slope	Slope	40
North Dakota	Stark	Stark	40
North Dakota	Towner	Towner	40
North Dakota	Walsh	Walsh	40
North Dakota	Ward	Ward	40
North Dakota	Wells	Wells	40
North Dakota	Williams	Williams	40
South Dakota	Aurora	Aurora	40
South Dakota	Bennett	Bennett	100
South Dakota	Brookings	Brookings	100
South Dakota	Buffalo	Buffalo	100
South Dakota	Campbell	Campbell	100
South Dakota	Corson	Corson	40
South Dakota	Davison	Davison	40
South Dakota	Dewey	Dewey	40
South Dakota	Haakon	Haakon	100
South Dakota	Hanson	Hanson	40
South Dakota	Harding	Harding	70
South Dakota	Hutchinson	Hutchinson	40
South Dakota	Jackson	Jackson	100
South Dakota	Kingsbury	Kingsbury	100
South Dakota	Lake	Lake	100
South Dakota	Lincoln	Lincoln	40
South Dakota	Mccook	Mccook	40
South Dakota	Mellette	Mellette	100
South Dakota	Miner	Miner	40
South Dakota	Minnehaha	Minnehaha	40
South Dakota	Perkins	Perkins	40
South Dakota	Potter	Potter	100
South Dakota	Sully	Sully	100
South Dakota	Todd	Todd	100
South Dakota	Tripp	Tripp	100
South Dakota	Ziebach	Ziebach	40
Wyoming	Albany	Albany	100
Wyoming	Big Horn	Big Horn	100
Wyoming	Campbell	Campbell	100
Wyoming	Carbon	Carbon	100
Wyoming	Crook	Crook	100
Wyoming	Fremont	Fremont	100
Wyoming	Hot Springs	Hot Springs	100
Wyoming	Johnson	Johnson	100
Wyoming	Lincoln	Lincoln	100
Wyoming	Park	Park	100
Wyoming	Sheridan	Sheridan	40
Wyoming	Sublette	Sublette	100
Wyoming	Sweetwater	Sweetwater	100
Wyoming	Teton	Teton	100
Wyoming	Uinta	Uinta	100
Wyoming	Washakie	Washakie	100
Wyoming	Weston	Weston	100

EXHIBIT B

“COMMERCIAL APPLICATION EQUIPMENT ONLY DISTRIBUTION AREA”

(“New Commercial Application Equipment Dealer Agreements”)

State	County	Sub-County	SPS
Colorado	Adams	Adams	40
Colorado	Alamosa	Alamosa	100
Colorado	Arapahoe	Arapahoe	40
Colorado	Archuleta	Archuleta	100
Colorado	Baca	Baca	100
Colorado	Bent	Bent	100
Colorado	Boulder	Boulder	100
Colorado	Broomfield	Broomfield	100
Colorado	Chaffee	Chaffee	100
Colorado	Cheyenne	Cheyenne	40
Colorado	Clear Creek	Clear Creek	100
Colorado	Conejos	Conejos	100
Colorado	Costilla	Costilla	100
Colorado	Crowley	Crowley	100
Colorado	Custer	Custer	100
Colorado	Delta	Delta	100
Colorado	Denver	Denver	100
Colorado	Dolores	Dolores	100
Colorado	Douglas	Douglas	100
Colorado	Eagle	Eagle	100
Colorado	El Paso	El Paso	100
Colorado	Elbert	Elbert	40
Colorado	Fremont	Fremont	100
Colorado	Garfield	Garfield	100
Colorado	Gilpin	Gilpin	100
Colorado	Grand	Grand	100
Colorado	Gunnison	Gunnison	100
Colorado	Hinsdale	Hinsdale	100
Colorado	Huerfano	Huerfano	100
Colorado	Jackson	Jackson	100
Colorado	Jefferson	Jefferson	100
Colorado	Kiowa	Kiowa	100
Colorado	Kit Carson	Kit Carson	40
Colorado	La Plata	La Plata	100
Colorado	Lake	Lake	100
Colorado	Larimer	Larimer	100
Colorado	Las Animas	Las Animas	100
Colorado	Lincoln	Lincoln	40
Colorado	Logan	Logan	100
Colorado	Mesa	Mesa	100
Colorado	Mineral	Mineral	100
Colorado	Moffat	Moffat	100
Colorado	Montezuma	Montezuma	100
Colorado	Montrose	Montrose	100
Colorado	Morgan	Morgan	100
Colorado	Otero	Otero	100
Colorado	Ouray	Ouray	100
Colorado	Park	Park	100
Colorado	Phillips	Phillips	40
Colorado	Pitkin	Pitkin	100

State	County	Sub-County	SPS
Colorado	Prowers	Prowers	100
Colorado	Pueblo	Pueblo	100
Colorado	Rio Blanco	Rio Blanco	100
Colorado	Rio Grande	Rio Grande	100
Colorado	Routt	Routt	100
Colorado	Saguache	Saguache	100
Colorado	San Juan	San Juan	100
Colorado	San Miguel	San Miguel	100
Colorado	Sedgwick	Sedgwick	40
Colorado	Summit	Summit	100
Colorado	Teller	Teller	100
Colorado	Washington	Washington	55
Colorado	Weld	Weld	100
Colorado	Yuma	Yuma	40
Idaho	Ada	Ada	100
Idaho	Adams	Adams	100
Idaho	Bannock	Bannock	100
Idaho	Bear Lake	Bear Lake	100
Idaho	Benewah	Benewah	40
Idaho	Bingham	Bingham	100
Idaho	Blaine	Blaine	100
Idaho	Boise	Boise	100
Idaho	Bonner	Bonner	40
Idaho	Bonneville	Bonneville	100
Idaho	Boundary	Boundary	40
Idaho	Butte	Butte	100
Idaho	Camas	Camas	100
Idaho	Canyon	Canyon	100
Idaho	Caribou	Caribou	100
Idaho	Cassia	Cassia	100
Idaho	Clark	Clark	100
Idaho	Clearwater	Clearwater	100
Idaho	Custer	Custer	100
Idaho	Elmore	Elmore	100
Idaho	Franklin	Franklin	100
Idaho	Fremont	Fremont	100
Idaho	Gem	Gem	100
Idaho	Gooding	Gooding	100
Idaho	Idaho	Idaho	100
Idaho	Jefferson	Jefferson	100
Idaho	Jerome	Jerome	100
Idaho	Kootenai	Kootenai	40
Idaho	Latah	Latah	100
Idaho	Lemhi	Lemhi	100
Idaho	Lewis	Lewis	100
Idaho	Lincoln	Lincoln	100
Idaho	Madison	Madison	100
Idaho	Minidoka	Minidoka	100
Idaho	Nez Perce	Nez Perce	100
Idaho	Oneida	Oneida	100
Idaho	Owyhee	Owyhee	100
Idaho	Payette	Payette	100
Idaho	Power	Power	100
Idaho	Shoshone	Shoshone	100
Idaho	Teton	Teton	100
Idaho	Twin Falls	Twin Falls	100
Idaho	Valley	Valley	100
Idaho	Washington	Washington	100



State	County	Sub-County	SPS
Michigan	Alger	Alger	100
Michigan	Baraga	Baraga	100
Michigan	Chippewa	Chippewa	100
Michigan	Delta	Delta	100
Michigan	Dickinson	Dickinson	100
Michigan	Gogebic	Gogebic	100
Michigan	Houghton	Houghton	100
Michigan	Iron	Iron	100
Michigan	Luce	Luce	100
Michigan	Mackinac	Mackinac	100
Michigan	Marquette	Marquette	100
Michigan	Menominee	Menominee	100
Michigan	Ontonagon	Ontonagon	100
Michigan	Schoolcraft	Schoolcraft	100
Missouri	Adair	Adair	100
Missouri	Andrew	Andrew	100
Missouri	Atchison	Atchison	100
Missouri	Audrain	Audrain	40
Missouri	Barry	Barry	100
Missouri	Barton	Barton	40
Missouri	Bates	Bates	40
Missouri	Benton	Benton	100
Missouri	Boone	Boone	100
Missouri	Buchanan	Buchanan	100
Missouri	Caldwell	Caldwell	85
Missouri	Callaway	Callaway	100
Missouri	Camden	Camden	100
Missouri	Carroll	Carroll	100
Missouri	Carter	Carter	40
Missouri	Cass	Cass	40
Missouri	Cedar	Cedar	40
Missouri	Chariton	Chariton	100
Missouri	Christian	Christian	100
Missouri	Clark	Clark	100
Missouri	Clay	Clay	40
Missouri	Clinton	Clinton	40
Missouri	Cole	Cole	100
Missouri	Cooper	Cooper	100
Missouri	Crawford	Crawford	100
Missouri	Dade	Dade	40
Missouri	Dallas	Dallas	100
Missouri	Daviess	Daviess	100
Missouri	Dekalb	Dekalb	40
Missouri	Dent	Dent	100
Missouri	Douglas	Douglas	100
Missouri	Franklin	Franklin	100
Missouri	Gasconade	Gasconade	100
Missouri	Gentry	Gentry	100
Missouri	Greene	Greene	100
Missouri	Grundy	Grundy	100
Missouri	Harrison	Harrison	100
Missouri	Henry	Henry	40
Missouri	Hickory	Hickory	100
Missouri	Holt	Holt	100
Missouri	Howard	Howard	100
Missouri	Howell	Howell	100
Missouri	Iron	Iron	100
Missouri	Jackson	Jackson	40



State	County	Sub-County	SPS
Missouri	Jasper	Jasper	40
Missouri	Jefferson	Jefferson	100
Missouri	Johnson	Johnson	40
Missouri	Knox	Knox	100
Missouri	Laclede	Laclede	100
Missouri	Lafayette	Lafayette	100
Missouri	Lawrence	Lawrence	100
Missouri	Lewis	Lewis	100
Missouri	Lincoln	Lincoln	100
Missouri	Linn	Linn	100
Missouri	Livingston	Livingston	100
Missouri	Macon	Macon	100
Missouri	Maries	Maries	100
Missouri	Marion	Marion	55
Missouri	Mcdonald	Mcdonald	100
Missouri	Mercer	Mercer	100
Missouri	Miller	Miller	100
Missouri	Moniteau	Moniteau	100
Missouri	Monroe	Monroe	40
Missouri	Montgomery	Montgomery	40
Missouri	Morgan	Morgan	100
Missouri	Newton	Newton	100
Missouri	Nodaway	Nodaway	100
Missouri	Oregon	Oregon	100
Missouri	Osage	Osage	100
Missouri	Ozark	Ozark	100
Missouri	Pettis	Pettis	100
Missouri	Phelps	Phelps	100
Missouri	Pike	Pike	40
Missouri	Platte	Platte	100
Missouri	Polk	Polk	100
Missouri	Pulaski	Pulaski	100
Missouri	Putnam	Putnam	100
Missouri	Ralls	Ralls	40
Missouri	Randolph	Randolph	100
Missouri	Ray	Ray	70
Missouri	Reynolds	Reynolds	100
Missouri	Ripley	Ripley	40
Missouri	Saline	Saline	100
Missouri	Schuyler	Schuyler	100
Missouri	Scotland	Scotland	100
Missouri	Shannon	Shannon	100
Missouri	Shelby	Shelby	70
Missouri	St Charles	St Charles	40
Missouri	St Clair	St Clair	40
Missouri	St Louis	St Louis	40
Missouri	St Louis City	St Louis City	40
Missouri	Stone	Stone	100
Missouri	Sullivan	Sullivan	100
Missouri	Taney	Taney	100
Missouri	Texas	Texas	100
Missouri	Vernon	Vernon	40
Missouri	Warren	Warren	100
Missouri	Washington	Washington	100
Missouri	Webster	Webster	100
Missouri	Worth	Worth	100
Missouri	Wright	Wright	100
Montana	Beaverhead	Beaverhead	50

State	County	Sub-County	SPS
Montana	Big Horn	Big Horn	20
Montana	Blaine	Blaine	20
Montana	Broadwater	Broadwater	40
Montana	Carbon	Carbon	20
Montana	Carter	Carter	50
Montana	Cascade	Cascade	20
Montana	Chouteau	Chouteau	20
Montana	Custer	Custer	40
Montana	Daniels	Daniels	20
Montana	Dawson	Dawson	20
Montana	Deer Lodge	Deer Lodge	40
Montana	Fallon	Fallon	50
Montana	Fergus	Fergus	20
Montana	Flathead	Flathead	50
Montana	Gallatin	Gallatin	40
Montana	Garfield	Garfield	50
Montana	Glacier	Glacier	20
Montana	Golden Valley	Golden Valley	50
Montana	Granite	Granite	40
Montana	Hill	Hill	20
Montana	Jefferson	Jefferson	50
Montana	Judith Basin	Judith Basin	20
Montana	Lake	Lake	40
Montana	Lewis And Clark	Lewis And Clark	40
Montana	Liberty	Liberty	20
Montana	Lincoln	Lincoln	50
Montana	Madison	Madison	40
Montana	McCone	McCone	20
Montana	Meagher	Meagher	40
Montana	Mineral	Mineral	40
Montana	Missoula	Missoula	40
Montana	Musselshell	Musselshell	50
Montana	Park	Park	40
Montana	Petroleum	Petroleum	50
Montana	Phillips	Phillips	20
Montana	Pondera	Pondera	40
Montana	Powder River	Powder River	50
Montana	Powell	Powell	40
Montana	Prairie	Prairie	50
Montana	Ravalli	Ravalli	40
Montana	Richland	Richland	50
Montana	Roosevelt	Roosevelt	20
Montana	Rosebud	Rosebud	40
Montana	Sanders	Sanders	40
Montana	Sheridan	Sheridan	20
Montana	Silver Bow	Silver Bow	50
Montana	Stillwater	Stillwater	20
Montana	Sweet Grass	Sweet Grass	20
Montana	Teton	Teton	40
Montana	Toole	Toole	20
Montana	Treasure	Treasure	20
Montana	Valley	Valley	40
Montana	Wheatland	Wheatland	50
Montana	Wibaux	Wibaux	20
Montana	Yellowstone	Yellowstone	20
Montana	Yellowstone National	Yellowstone National	100
Oregon	Baker	Baker	100
Oregon	Benton	Benton	40

State	County	Sub-County	SPS
Oregon	Clackamas	Clackamas	40
Oregon	Clatsop	Clatsop	100
Oregon	Columbia	Columbia	40
Oregon	Coos	Coos	100
Oregon	Crook	Crook	40
Oregon	Curry	Curry	100
Oregon	Deschutes	Deschutes	40
Oregon	Douglas	Douglas	100
Oregon	Gilliam	Gilliam	100
Oregon	Grant	Grant	100
Oregon	Harney	Harney	100
Oregon	Hood River	Hood River	40
Oregon	Jackson	Jackson	100
Oregon	Jefferson	Jefferson	40
Oregon	Josephine	Josephine	100
Oregon	Klamath	Klamath	100
Oregon	Lake	Lake	100
Oregon	Lane	Lane	40
Oregon	Lincoln	Lincoln	100
Oregon	Linn	Linn	40
Oregon	Malheur	Malheur	100
Oregon	Marion	Marion	40
Oregon	Morrow	Morrow	100
Oregon	Multnomah	Multnomah	40
Oregon	Polk	Polk	40
Oregon	Sherman	Sherman	100
Oregon	Tillamook	Tillamook	40
Oregon	Umatilla	Umatilla	100
Oregon	Union	Union	100
Oregon	Wallowa	Wallowa	100
Oregon	Wasco	Wasco	100
Oregon	Washington	Washington	40
Oregon	Wheeler	Wheeler	100
Oregon	Yamhill	Yamhill	40
Utah	Beaver	Beaver	100
Utah	Box Elder	Box Elder	100
Utah	Cache	Cache	100
Utah	Carbon	Carbon	100
Utah	Daggett	Daggett	100
Utah	Davis	Davis	100
Utah	Duchesne	Duchesne	100
Utah	Emery	Emery	100
Utah	Garfield	Garfield	100
Utah	Grand	Grand	100
Utah	Iron	Iron	100
Utah	Juab	Juab	100
Utah	Kane	Kane	100
Utah	Millard	Millard	100
Utah	Morgan	Morgan	100
Utah	Piute	Piute	100
Utah	Rich	Rich	100
Utah	Salt Lake	Salt Lake	100
Utah	San Juan	San Juan	100
Utah	Sanpete	Sanpete	100
Utah	Sevier	Sevier	100
Utah	Summit	Summit	100
Utah	Tooele	Tooele	100
Utah	Uintah	Uintah	100

State	County	Sub-County	SPS
Utah	Utah	Utah	100
Utah	Wasatch	Wasatch	100
Utah	Washington	Washington	100
Utah	Wayne	Wayne	100
Utah	Weber	Weber	100
Washington	Adams	Adams	100
Washington	Asotin	Asotin	100
Washington	Benton	Benton	100
Washington	Chelan	Chelan	100
Washington	Clallam	Clallam	100
Washington	Clark	Clark	40
Washington	Columbia	Columbia	100
Washington	Cowlitz	Cowlitz	40
Washington	Douglas	Douglas	100
Washington	Ferry	Ferry	100
Washington	Franklin	Franklin	100
Washington	Garfield	Garfield	100
Washington	Grant	Grant	100
Washington	Grays Harbor	Grays Harbor	100
Washington	Island	Island	100
Washington	Jefferson	Jefferson	100
Washington	King	King	100
Washington	Kitsap	Kitsap	100
Washington	Kittitas	Kittitas	100
Washington	Klickitat	Klickitat	100
Washington	Lewis	Lewis	100
Washington	Lincoln	Lincoln	40
Washington	Mason	Mason	100
Washington	Okanogan	Okanogan	100
Washington	Pacific	Pacific	100
Washington	Pend Oreille	Pend Oreille	100
Washington	Pierce	Pierce	100
Washington	San Juan	San Juan	100
Washington	Skagit	Skagit	100
Washington	Skamania	Skamania	100
Washington	Snohomish	Snohomish	100
Washington	Spokane	Spokane	40
Washington	Stevens	Stevens	40
Washington	Thurston	Thurston	100
Washington	Wahkiakum	Wahkiakum	100
Washington	Walla Walla	Walla Walla	100
Washington	Whatcom	Whatcom	100
Washington	Whitman	Whitman	40
Washington	Yakima	Yakima	100
Wisconsin	Adams	Adams	40
Wisconsin	Ashland	Ashland	100
Wisconsin	Barron	Barron	100
Wisconsin	Bayfield	Bayfield	100
Wisconsin	Brown	Brown	40
Wisconsin	Buffalo	Buffalo	40
Wisconsin	Burnett	Burnett	100
Wisconsin	Calumet	Calumet	100
Wisconsin	Chippewa	Chippewa	40
Wisconsin	Clark	Clark	100
Wisconsin	Columbia	Columbia	40
Wisconsin	Crawford	Crawford	40
Wisconsin	Dane	Dane	40
Wisconsin	Dodge	Dodge	40

State	County	Sub-County	SPS
Wisconsin	Door	Door	40
Wisconsin	Douglas	Douglas	100
Wisconsin	Dunn	Dunn	40
Wisconsin	Eau Claire	Eau Claire	40
Wisconsin	Florence	Florence	100
Wisconsin	Fond Du Lac	Fond Du Lac	40
Wisconsin	Forest	Forest	100
Wisconsin	Grant	Grant	40
Wisconsin	Green	Green	40
Wisconsin	Green Lake	Green Lake	40
Wisconsin	Iowa	Iowa	40
Wisconsin	Iron	Iron	40
Wisconsin	Jackson	Jackson	40
Wisconsin	Jefferson	Jefferson	40
Wisconsin	Juneau	Juneau	100
Wisconsin	Kenosha	Kenosha	40
Wisconsin	Kewaunee	Kewaunee	40
Wisconsin	La Crosse	La Crosse	100
Wisconsin	Lafayette	Lafayette	40
Wisconsin	Langlade	Langlade	100
Wisconsin	Lincoln	Lincoln	40
Wisconsin	Manitowoc	Manitowoc	40
Wisconsin	Marathon	Marathon	40
Wisconsin	Marinette	Marinette	100
Wisconsin	Marquette	Marquette	100
Wisconsin	Menominee	Menominee	100
Wisconsin	Milwaukee	Milwaukee	40
Wisconsin	Monroe	Monroe	100
Wisconsin	Oconto	Oconto	100
Wisconsin	Oneida	Oneida	100
Wisconsin	Outagamie	Outagamie	40
Wisconsin	Ozaukee	Ozaukee	40
Wisconsin	Pepin	Pepin	40
Wisconsin	Pierce	Pierce	40
Wisconsin	Polk	Polk	100
Wisconsin	Portage	Portage	40
Wisconsin	Price	Price	40
Wisconsin	Racine	Racine	40
Wisconsin	Richland	Richland	100
Wisconsin	Rock	Rock	40
Wisconsin	Rusk	Rusk	100
Wisconsin	Sauk	Sauk	100
Wisconsin	Sawyer	Sawyer	100
Wisconsin	Shawano	Shawano	40
Wisconsin	Sheboygan	Sheboygan	40
Wisconsin	St Croix	St Croix	40
Wisconsin	Taylor	Taylor	100
Wisconsin	Trempealeau	Trempealeau	40
Wisconsin	Vernon	Vernon	100
Wisconsin	Vilas	Vilas	40
Wisconsin	Walworth	Walworth	40
Wisconsin	Washburn	Washburn	100
Wisconsin	Washington	Washington	40
Wisconsin	Waukesha	Waukesha	40
Wisconsin	Waupaca	Waupaca	40
Wisconsin	Waushara	Waushara	40
Wisconsin	Winnebago	Winnebago	40
Wisconsin	Wood	Wood	40







## AGRICULTURAL EQUIPMENT SALES & SERVICE AGREEMENT

This Case IH Agricultural Equipment Sales and Service Agreement (the "Agreement") is between CNH Industrial America LLC, a Delaware limited liability company with a principal place of business at 700 State Street, Racine, Wisconsin, 53404 ("Case IH"), and **Titan Machinery Inc.**, DBA Heartland Agriculture, a Delaware corporation with its address as listed on Schedule A ("Dealer") (hereinafter "Parties" when referring to Dealer and Case IH jointly). The "Effective Date" of this Agreement is the date of acceptance by Case IH as indicated by its authorized signature. Unless sooner terminated in accordance with its provisions, this Agreement will expire on December 31, 2030 (Expiration Date).

### 1. Purpose Statement

- 1.1 The purpose of this Agreement is to describe the respective functions, obligations and responsibilities of the Parties, so that each fully understands the nature of their required commitments of time, effort and capital. This Agreement establishes Dealer as an independent contractor for the promotion, retail sale and after-sale service and support of Products to Customers in Dealer's local market.

### 2. Definitions

- 2.1 **Affiliate:** as to Case IH, any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Case IH. For this definition, the term "control" means the power to direct the management and policies of an entity through the ownership of more than 50% of the voting securities, rights or other similar interests of that entity.
- 2.2 **Branch Location(s):** Dealer's additional place(s) of business listed in Schedule D for the sale, rental, lease and service of Products, separate from Dealer's Primary Location.
- 2.3 **Case IH IP:** any and all intellectual property including but not limited to patents, Trademarks (including the Licensed Trademarks), designs, copyrights, trade secrets, computer software (whether imbedded in Products or otherwise) and other proprietary technology and information, whether technical or business related, including registrations for and applications to register any of the foregoing, which are incorporated or used in or with Products or which are owned or licensed by Case IH for use with Products.
- 2.4 **Case IH Regional Market Share:** a percentage figure calculated by taking the number of units of new Case IH brand equipment for a given Product Line or Product Line grouping, sold by Case IH dealers in a regional sales area (a multi-state area determined by Case IH in its sole discretion) during a designated time period determined by Case IH, divided by the total industry volume of all comparable new units of equipment (including Case IH and competitive units) sold in that same regional sales area during that same time period. Total industry volume of new equipment sales shall be as reported by the Association of Equipment Manufacturers (or other replacement organization selected by Case IH, hereinafter "AEM").
- 2.5 **Case IH State Market Share:** a percentage figure calculated by taking the number of units of new Case IH brand equipment for a given Product Line or Product Line grouping, sold by Case IH dealers in a state during a designated time period determined by Case IH, divided by the total industry volume of all comparable new units of equipment (including Case IH and competitive units) sold in that same state during that same time period. Total industry volume of new equipment sales shall be as reported by AEM.
- 2.6 **Customer(s):** an end-user that purchases, leases or rents Products from an authorized dealer or Case IH for its own use and not for resale.
- 2.7 **Dealer Claims:** Dealer's claims to Case IH for Warranty Service, Other Required Service, or any retail promotional or sales incentive, including but not limited to refunds, credits, rebates, incentives, allowances, discounts, or payments under any Case IH program.
- 2.8 **Dealer Location(s):** Dealer's Primary Location and Branch Locations, if any, authorized by Case IH for the sale, rental, lease and service of Equipment and/or Parts.
- 2.9 **Dealer Market Share:** a percentage figure for measuring Dealer's sales performance calculated by taking the number of units of new Equipment, by Product Line or Product Line grouping, sold by Dealer to Customers located within Dealer's



- Sales and Service Market ("SSM") during a given time period as determined by Case IH, divided by the total industry volume of all new units of equipment of that same Product Line or Product Line grouping (including Case IH and competitive units) sold within Dealer's SSM during that same period, as determined and reported by AEM. For market share purposes, Dealer will only be measured against the industry sales in a given county of Dealer's SSM to the extent of the percentage of that county assigned to Dealer.
- 2.10 DOG: refers to both the Dealer Operating Guide and Parts Policy Manual or any equivalent or successor documents and amendments thereto issued by Case IH setting forth for all dealers the various policies, procedures and operating standards for doing business with Case IH.
- 2.11 Domestic: within the 50 states of the United States of America.
- 2.12 Equipment: whole good machinery and any related attachments designated on Schedule B by Product Line and Licensed Trademark.
- 2.13 Licensed Trademarks: the Trademarks listed in Schedule B that Case IH authorizes Dealer to use for the sole purpose of performing its obligations hereunder with respect to Products.
- 2.14 Limited Warranty: the Warranty and Limitation of Liability agreement furnished by Case IH with respect to any Product sold to Customers.
- 2.15 Other Required Service: service that Case IH, in its sole discretion, has deemed necessary or desirable and in the best interests of Customers and the goodwill associated with the Licensed Trademarks, including but not limited to, policy service, campaign service, or field improvement program service.
- 2.16 Parts: proprietary replacement parts sold by Case IH for Equipment listed on Schedule B (specifically not including replacement parts for Case IH equipment not listed on Schedule B), together with all other common service or maintenance items (for example, including but not limited to filters, hoses, lubricants, etc.) and accessories which are offered for sale by Case IH to Dealer (either directly from Case IH or from an authorized source of supply), which Case IH has authorized to be identified with the Licensed Trademarks. Parts do not include 'merchandise' items such as clothing, toys, binders, gloves, etc.
- 2.17 Primary Location: the primary Dealer facility location specified in Schedule D.
- 2.18 Product(s): Equipment and related Parts that Dealer is authorized to represent under this Agreement.
- 2.19 Product Line: the categories of Products set forth in Schedule B.
- 2.20 Sales and Service Market ("SSM"): a market comprised of the total industry sales of all new Equipment (as reported by AEM), including Case IH and competitive equipment, sold (including first rentals or leases) within the geographic area designated in Schedule C.
- 2.21 Strategic Accounts: customer accounts typically referred to as "national accounts," "corporate accounts," national or regional equipment rental companies, or any customer designated by Case IH as such an account.
- 2.22 Trademarks: all words, slogans, designs, pictures, logotypes or other symbols, including trademarks, service marks, trade dress, and trade names, regardless of whether registration has been sought or obtained therefor, used to (a) identify, distinguish or advertise the Products and services of Case IH or its Affiliates, (b) identify Case IH as the source or licensor of Products and services, or (c) identify the business of Case IH and its authorized dealers.
- 2.23 Warranty Service: service that is required for any Product (a) to ensure that Case IH is in compliance with Case IH's Limited Warranty obligations for such Product and (b) to comply with any extended service or maintenance plan purchased for that Product.
- 2.24 Will Call: a program whereby Case IH, in its sole discretion, may permit Dealer to take delivery and possession of Products directly from a Will Call Provider or Case IH, in lieu of such Products being transported to Dealer at Dealer Location(s). The procedures for the Will Call program will be as set forth in the DOG.
- 2.25 Will Call Provider: a third-party engaged by Case IH to facilitate Dealer's pick-up of Products at Case IH plant locations or port facilities under the terms of the Will Call program.

### 3. Appointment

- 3.1 Scope of Appointment. Pursuant to the provisions of this Agreement, Case IH hereby authorizes Dealer to market, promote, sell, lease or rent new Products and to provide Warranty Service for Products to Customers solely from the authorized Dealer Location(s) listed in Schedule D. The foregoing appointment is limited to Products identified with the Licensed Trademarks on Schedule B. Dealer accepts this appointment and agrees that the relationship between Dealer and Case IH shall be governed by the terms and conditions of this Agreement as well as the policies outlined in the DOG.
- 3.2 Incorporation of DOG. The DOG includes the standards of quality and performance that Case IH seeks to have associated with its Trademarks and is hereby incorporated by reference into this Agreement. It is expressly understood

and agreed that Case IH reserves the right to modify the DOG unilaterally to reflect reasonable standards of quality and performance so long as such standards do not conflict with the terms of this Agreement.

- 3.3 Material Inducement. Section 3.2 is a material inducement upon which Case IH relied in entering into this Agreement with Dealer, the breach or unenforceability of which represents a failure of consideration entitling Case IH to void this Agreement in its entirety.

#### 4. Owner and Management Requirements

- 4.1 Dealer Representations and Warranties. The appointment of Dealer is made in reliance on Dealer's representation and warranty that the information set forth in any dealer application provided to Case IH as well as in Schedule A regarding Dealer's legal name, ownership (if corporation, as listed in a Stock Ownership Certificate), management personnel, business structure, and state of residence or organization is accurate and complete. Dealer also represents and warrants that entering into this Agreement does not violate any other contract or agreement to which Dealer is a party and that any person signing this Agreement on behalf of Dealer has the authority to do so. Any breach of any of the foregoing representations and warranties represents a failure of consideration entitling Case IH to void this Agreement in its entirety.
- 4.2 Personal Services Nature of Agreement. Dealer ownership and management are important to the successful working relationship between the Parties. Case IH has chosen to contract with the present ownership and management of Dealer, and the Parties acknowledge that this Agreement represents a personal services relationship, and that any change to the ownership, management or business structure of Dealer could seriously and adversely impact such relationship. As such, Case IH may refuse to appoint as an authorized dealer any purchaser or prospective purchaser of any of the shares or assets of Dealer.
- 4.3 Changes in Dealer Form and Control. Except as otherwise stated in Section 4.4, Dealer shall provide Case IH with sixty (60) days' prior written notice of Dealer's intention to change its: (a) legal form or entity; or (b) control, ownership or management. Prior to consummating any such change, Dealer must obtain Case IH's written consent, which shall be in Case IH's sole discretion. A "change in control, ownership or management" shall mean one or more of the following events: (i) if Dealer is an individual proprietor, withdrawal of that individual proprietor from the operation or control of Dealer; (ii) if Dealer is a partnership or limited liability company, any addition to or subtraction from the partners or members involved; (iii) if Dealer is a corporation, any change in the beneficial ownership of any of Dealer's shares or the voting rights associated therewith; (iv) any sale of all or substantially all of Dealer's assets; (v) any change in the composition of Dealer's management as set forth on Schedule A; or (vi) any event, including entering into an agreement, that substantially affects, directly or indirectly, the operation or control of Dealer's business.
- 4.4 Death or Incapacity of Dealer Principals. In the event of the death or incapacity of any person listed in Schedule A or in the Stock Ownership Certificate ("Dealer Principal(s)"), Dealer shall provide Case IH: (a) notice of such occurrence within thirty (30) days; and (b) within ninety (90) days of such occurrence, an ownership or management succession plan for the replacement of such deceased or incapacitated Dealer Principal(s), if Dealer proposes to continue operation under this Agreement. Case IH retains sole discretion whether to approve Dealer's proposed succession plan or terminate the Agreement.
- 4.5 Succession Plan. Upon request, Dealer shall provide a succession plan to Case IH in the format approved by Case IH. The submission of such succession plan shall not imply that Case IH has automatically accepted such plan. Case IH retains sole discretion whether to approve Dealer's proposed succession plan.
- 4.6 Ancillary Documents. Dealer will execute such agreements or other documents as Case IH in its sole discretion may deem necessary to preserve Case IH's rights under this Agreement in response to (a) any change or proposed change in Dealer's legal form or entity, (b) any change in Dealer's control, ownership, or management, or (c) death or incapacity of any Dealer Principal.

#### 5. Products

- 5.1 Authorized Products.  
(a) The Products which Dealer is authorized to purchase from Case IH for retail sale, lease or rental are those Product Lines listed on Schedule B that Case IH has authorized to be identified with the Licensed Trademarks listed on Schedule B. Dealer only may sell Products to other authorized dealers or commercial end users, except as stated herein. A commercial end user is a customer who uses Equipment for hire to third parties. Dealer may not sell to grower end users, unless such grower end user is located in a market area where there is no other Case IH dealer assigned to sell Products. A grower end user is an end user of Equipment who will use the Equipment on its own behalf and not for hire to third parties.

- (b) Upon sixty (60) days' written notice to Dealer, Case IH in its sole discretion may amend Schedule B to i) add a Product Line(s), ii) remove a Product Line if Case IH is withdrawing such Product Line from the Domestic market, or iii) add or remove any Licensed Trademark(s).
- (c) In the event Dealer is not meeting its obligations under this Agreement with respect to a particular Product Line or specific Equipment in a Product Line, Case IH in its sole discretion may remove such Product Line or Equipment from Schedule B with sixty (60) days' written notice to Dealer. Dealer thereafter will no longer be authorized to sell or perform Warranty Service for such Products, and Case IH will repurchase such new Equipment from Dealer as provided in Section 29.1(a).
- (d) This Agreement does not give Dealer the right to, and under the terms of this Agreement Dealer may not, purchase, market, promote, sell, lease or rent any other new (i.e. not previously sold) CNH Industrial America LLC products that are not listed on Schedule B or are not authorized to be identified with the Licensed Trademarks listed on Schedule B.
- 5.2 Dealer Obligation to Support New Equipment Models. Case IH may introduce new models of Equipment for Product Lines that Dealer is authorized to sell on Schedule B. In order to provide service to Customers for such Equipment, Dealer shall support such new models by complying with Case IH-designated requirements for: (a) stocking all required Parts; (b) purchasing all required service tools; and (c) attending sales and service training for such new models. Case IH has no obligation to fill orders or ship such new models of Equipment to Dealer if Dealer fails to fulfill the foregoing Parts, tools and training requirements.
- 5.3 Product Packaging and Labels. Dealer shall not modify or remove any warning labels affixed to Products. Further, without Case IH's prior written consent, Dealer shall not modify any packaging or other labeling for Products.
- 5.4 Installation of Non-Standard Attachments or Accessories. Without prior written approval from Case IH, Dealer shall not install or attach non-standard, "self-designed," or "one-off" attachments or accessories to Equipment. Such non-standard, "self-designed," or "one-off" attachments or accessories are those that are not manufactured and sold by established equipment manufacturers for the application and purpose for which they are being used. Dealers that install standard attachments or accessories from established equipment manufacturers shall ensure that the Equipment can properly and safely operate with such attachment or accessory.
- 5.5 Prohibited Modifications to Product. Dealer shall not perform any of the following actions: (a) modify Equipment without Case IH's prior written consent; (b) install upon Equipment any attachment, accessory or equipment that is beyond the rated capacity of that Equipment as stated in the Operator's Manual furnished with the Equipment or as otherwise instructed by Case IH; or (c) perform any adjustment or assembly procedures to Equipment not recommended by or in contravention of the Operator's Manual, Service Manual or other Case IH instruction.

#### 6. Sales & Service Market

- 6.1 Assignment of SSM. The SSM assigned to Dealer is set forth in Schedule C. The Dealer's SSM may vary by Equipment or Product Line. Case IH's assignment to Dealer of an SSM is for the purpose of: (a) focusing Dealer's sales, marketing and product support efforts; (b) measuring Dealer Market Share performance; and (c) maximizing the goodwill associated with Products and Licensed Trademarks. Dealer Market Share shall be measured only within Dealer's SSM. Upon sixty (60) days' written notice to Dealer, Case IH in its sole discretion may amend Schedule C to add to, subtract from, or otherwise modify Dealer's SSM.
- 6.2 No Obligation to Support Sales Outside SSM. To the extent Case IH decides to offer marketing programs, retail sales incentives, or other promotions, it shall have no obligation to do so for Dealer's sales or marketing activities outside of Dealer's SSM.
- 6.3 Sales & Service Fee. Case IH may assess Dealer a sales and service fee for sales of new Equipment by Dealer that are registered in a county outside of Dealer's SSM. The amount of such fee, the operative regulations and policies, and the Equipment to which it applies are published in the DOG, and may be amended by Case IH in its sole discretion. Case IH reserves the right not to assess a sales and service fee against other dealers for their sales to Customers within Dealer's SSM, if Dealer is failing to meet the market share obligations contained in Section 9.1(a).
- 6.4 SSM Non-Exclusive. Dealer's SSM is non-exclusive. Without incurring any liability to Dealer, Case IH may determine the number and locations of authorized dealers necessary for adequate sales and service representation of Products within any geographic area, or within the designated SSM. Nothing in this Agreement shall be construed as requiring Dealer's consent to the establishment of new or additional dealer representation for Products in Dealer's SSM or elsewhere.

## 7. Dealer Financial Requirements

- 7.1 Wholesale Line of Credit. Dealer shall establish and at all times maintain an unrestricted wholesale line of credit for the purchase and stocking of new Products in an amount acceptable to Case IH in order to meet Dealer's inventory and sales obligations hereunder. If within any six (6)-month period, Dealer's primary wholesale line of credit is cumulatively reduced by twenty percent (20%) or more and such reduction is not for valid business reasons, said line of credit shall be deemed unacceptable to Case IH.
- 7.2 Adjusted Debt to Tangible Net Worth Ratio. Dealer hereby covenants and agrees that it will maintain an Adjusted Debt to Tangible Net Worth Ratio of not more than four to one (4.0:1.0). Unless specifically approved in advance in writing by Case IH, Dealer will not make any acquisitions or initiate new business activities if Dealer's Adjusted Debt to Tangible Net Worth Ratio exceeds four to one (4.0:1.0) or if such ratio would increase beyond four to one (4.0:1.0) as a result of such actions. This ratio shall be calculated using the consolidated balance sheets and income statements of Dealer (and of Dealer's related entities and affiliates, if Case IH so elects). All such balance sheets and income statements must be prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). For purposes of calculating this ratio, the following definitions will apply:
- (a) "Adjusted Debt to Tangible Net Worth Ratio" means the ratio of Debt minus Subordinated Debt to Tangible Net Worth plus Subordinated Debt.
  - (b) "Debt" shall mean the aggregate amount of the Dealer's items properly shown as liabilities on its balance sheet, determined in accordance with GAAP;
  - (c) "Subordinated Debt" shall mean Debt that is expressly subordinated to CNH Industrial Capital America LLC in writing acceptable to CNH Industrial Capital America LLC;
  - (d) "Net Worth" shall mean the aggregate amount of the items properly shown as assets on Dealer's balance sheet minus the aggregate amount of the items properly shown as liabilities on Dealer's balance sheet, determined in accordance with GAAP;
  - (e) "Tangible Net Worth" shall mean Net Worth, plus an amount equal to seventy percent (70%) of the amount reflected on Dealer's balance sheet as a LIFO reserve, minus the aggregate amount of the items properly shown as the following types of assets on Dealer's balance sheet determined in accordance with GAAP:
    - (i) goodwill, patents, non-competes, copyrights, mailing lists, trade names, trademarks, servicing rights, organizational costs, and other like assets properly classified as intangibles; and
    - (ii) receivables, loans and other amount due from any shareholder, director or officer of the Dealer, and receivables, loans and other amounts due from any other related or affiliated party of the Dealer.
- 7.3 Working Capital Requirements. Dealer shall maintain net working capital in amounts necessary for Dealer to comply with its obligations under this Agreement.

## 8. Dealer Inventory and Display Responsibilities

- 8.1 Equipment Stocking Requirements. Dealer shall order, maintain in inventory and prominently display, at all Dealer Locations unless otherwise excepted in writing by Case IH, representative models of each type of new Equipment Dealer is authorized to sell as set forth in Schedule B, at the level deemed necessary by Case IH to meet Dealer's Equipment sales obligations in accordance with Dealer's Business Plan provided pursuant to Section 13 of this Agreement.
- 8.2 Parts Stocking Requirements. For the purpose of providing prompt Customer support, Dealer agrees to order and maintain in inventory all Parts at the level deemed necessary by Case IH to meet Dealer's Parts sales obligations in accordance with Dealer's Business Plan provided pursuant to Section 13 of this Agreement. Dealer must provide a retail display area for Parts acceptable to Case IH.
- 8.3 Licensed Trademark Use. At any Dealer Location and in all advertising for such Dealer Locations, Dealer shall not use or display the Licensed Trademarks in any way that might cause confusion with, or dilute the distinctive quality of, the Licensed Trademarks, or in any way that violates any Case IH trademark guidelines. In furtherance of this provision, if Dealer represents non-Case IH products, Dealer shall at any such location: (a) maintain internal and external display areas for new Products separate from non-Case IH products; (b) display new Products in the most visible and desirable position and in an area of greater size or space than the area used to display non-Case IH products.

## 9. Dealer Sales Responsibilities

- 9.1 Sales Responsibilities. Dealer is solely responsible for developing its own plan for marketing and selling Products, and shall fulfill its sales obligations in several ways, including but not limited to the following:



- (a) Equipment Market Share. Dealer shall aggressively promote and sell new Equipment to attain within Dealer's SSM for all Equipment designated on Schedule B, a Dealer Market Share that is equal to at least 90% of either, in Case IH's sole discretion, the Case IH State Market Share or the Case IH Regional Market Share. In evaluating Dealer's market share performance, Case IH, in its sole discretion, may (i) group Product Lines and/or (ii) evaluate Dealer's performance on a per Dealer Location basis.
  - (b) Parts Sales Objectives. Dealer shall aggressively promote and sell all Parts offered by Case IH.
  - (c) Advertising and Promotion. Dealer shall conduct aggressive advertising and sales promotion activities, including but not limited to open houses, field days, product demonstrations, radio and/or television advertising, print advertising, trade shows and community events. Dealer shall appropriately display and distribute current Product sales literature, brochures and advertisements at its Dealer Locations, and shall also maintain a dealer website that prominently displays new Products. Dealer's use of Licensed Trademarks and its display of Products on Dealer's website shall be subject to Case IH's approval. Upon Case IH's request, Dealer shall participate in national or regional sales promotion and advertising programs as Case IH may periodically conduct.
  - (d) Sales Staff. Dealer shall employ a sufficient number of properly trained Product-dedicated sales personnel based on the industry potential in Dealer's SSM and as required by Case IH to call on all potential customers within the SSM. Such sales personnel shall attend Case IH's sales training sessions as required in the DOG.
  - (e) Extended Service Plans. Dealer shall promote and sell extended service and maintenance plans.
  - (f) Customer Surveys. Case IH from time to time may conduct surveys (by use of questionnaires or otherwise) of Dealer's Customers to determine the satisfaction of those Customers with the sales, leasing, rental and service efforts of Dealer. Case IH may use the results of these surveys in assessing Dealer's performance under this Agreement.
  - (g) Other Performance Standards. Dealer shall meet such other sales performance standards or best business practices as may be established by Case IH in the DOG.
- 9.2 Dealer Resource Commitment. The Parties mutually recognize that one of the purposes of this Agreement is to assure that Dealer focuses its resources and efforts on the sale of new Products and the performance of its obligations under this Agreement. Therefore, Dealer agrees that if Dealer undertakes or engages in another business activity at a Dealer Location(s) separate from its representation of new Products pursuant to this Agreement, which activity involves a considerable commitment of Dealer's effort and resources, Dealer agrees to make such separation of the personnel, facilities and other non-capital resources devoted to that business as is satisfactory to Case IH, provided that Case IH specifies in writing the separation of personnel, facilities and non-capital resources that are required. Case IH shall provide Dealer with two (2) years' prior written notice for Dealer to complete any required separation of facilities.
- 9.3 Sales Reporting. Dealer shall report all new Equipment retail sales to Case IH, and shall provide true and accurate information on such sales as required by Case IH, including but not limited to registering the location of such Equipment sales and the end-use designation in compliance with Case IH guidelines.

#### 10. Dealer Service Responsibilities

- 10.1 Warranty Service and Other Required Service. Dealer shall provide Warranty Service for any Product, regardless of whether Dealer sold that specific Product; provided, however, Dealer may not provide Warranty Service for any Case IH (or other CNH Industrial America LLC) products not listed on Schedule B. Dealer also shall provide Other Required Service as directed by Case IH in its sole discretion. Dealer shall provide Warranty Service and Other Required Service in a prompt, professional and courteous manner, and shall fulfill these responsibilities in several ways, including but not limited to the following:
- (a) Service Technicians. Dealer shall employ at all times a sufficient number of trained and fully certified service technicians based on industry sales in Dealer's SSM. Dealer must have service technicians at each Dealer Location who are trained and fully certified to service each type of Equipment listed on Schedule B, and Dealer's service technicians must attend Case IH service training sessions as required by Case IH in the DOG.
  - (b) Service Tools and Manuals. Dealer shall maintain, or have access to, at each Dealer Location all special service tools, electronic diagnostic tools or websites, electronic parts catalogs, service manuals, parts manuals and operator's manuals required by Case IH to service the Equipment listed in Schedule B. Dealer may comply with the service tool requirements by subscribing to any Case IH tool rental program.
  - (c) Service Standards. Dealer shall perform Warranty Service and/or Other Required Service in a timely manner and in strict compliance with the DOG and any service bulletins or other instructions issued by Case IH. Dealer

- shall give priority to performing such Warranty Service or Other Required Service before general maintenance if a Customer's Product is not operable.
- (d) Use of Case IH-Sourced Parts. Except as otherwise instructed by Case IH in writing, Dealer shall use only Parts obtained from Case IH or Case IH's authorized sources of supply in performing Warranty Service or Other Required Service.
  - (e) Certification Standards. Dealer shall meet or exceed Case IH's service certification standards including pre-delivery, delivery and after-delivery requirements for all Products, as defined by Case IH in the DOG.
  - (f) Compliance with Service Policies. Dealer shall abide by all Case IH policies and procedures contained in the DOG when performing Warranty Service and Other Required Service or when submitting Dealer Claims, including creating and retaining all supporting documentation for such claims.
- 10.2 Strategic Account Service. Dealer shall provide Warranty Service and/or Other Required Service for any Product sold by Case IH to Strategic Accounts, as well as for any Product sold or donated to charitable, educational or governmental entities.

#### **11. Dealer Pre-Delivery and Post-Delivery Responsibilities**

- 11.1 Product Setup. To ensure the proper operation of Products, before delivery of Products to a Customer Dealer shall perform the inspections, adjustments, conditioning, installations or servicing of such Products in accordance with instructions and procedures provided by Case IH.
- 11.2 Product Literature. Dealer shall deliver to each Customer of a Product the appropriate current publications and forms for owners covering operation, maintenance, warranty and other matters as determined by Case IH.
- 11.3 Customer Instruction. At the time of delivery, Dealer shall instruct each Customer of a Product in the safe use, proper operation and required maintenance of that Product. Such instruction shall include, at a minimum: (a) reference to the operators manual and decals identifying hazards and how to avoid them, (b) identification of the safety features and functions of the Equipment, and (c) demonstration of such features and functions.
- 11.4 Accident Reporting. Dealer shall promptly notify Case IH, pursuant to guidelines contained in the DOG, of any reports of accidents or injuries involving Products of which Dealer becomes aware, as well as any information concerning the existence of any significant Product failure or malfunction.
- 11.5 Post-Delivery Services. Dealer shall perform all required post-delivery inspections and adjustments to Products as prescribed by instructions and procedures provided by Case IH from time to time or as stated in the DOG.

#### **12. Facility Requirements and Dealer Locations**

- 12.1 Facility Requirements. Dealer shall establish and maintain at each authorized Dealer Location listed on Schedule D a facility to sell, service, display and store Products in accordance with facility standards contained in the DOG.
- 12.2 Unauthorized Locations. Without Case IH's prior written consent, Dealer shall not at any location other than those listed in Schedule D, directly or indirectly: (a) advertise or represent itself as an authorized dealer of Case IH Products; (b) use the Licensed Trademarks or any other Trademarks; (c) store, stock or display Products; (d) sell, advertise or market any Products; or (e) provide Warranty Service and/or Other Required Service.
- 12.3 Closure and Relocation. Without Case IH's prior written consent, Dealer may not close or relocate any Dealer Location listed on Schedule D. Dealer shall seek Case IH's consent for the closure or relocation of a Dealer Location at least sixty (60) days prior to the proposed closure or relocation. Should Case IH give its consent, Case IH, in its sole discretion, may modify or reassign the SSM associated with the relocated or closed Dealer Location. Dealer acknowledges and agrees that any consent granted by Case IH for the closure of a Dealer Location shall not initiate the inventory repurchase obligations set forth in Section 29.
- 12.4 Brand Identification. Dealer shall: (a) display a primary identification sign (flag mast or monument) and comply with dealer identity standards as specified in the DOG for each Dealer Location listed on Schedule D; and (b) comply with Case IH's vehicle identity standards as set forth in the DOG.
- 12.5 Trademark Display. Dealer's use of Trademarks or Licensed Trademarks at any Dealer Location, including but not limited to signs, banners or displays, shall be subject to Case IH approval. Any such use not approved by Case IH must be removed immediately by Dealer.

#### **13. Business Plan**

- 13.1 Business Plan Requirements. Annually, or as otherwise requested by Case IH, Dealer shall complete and make available for review by Case IH a written plan for the subsequent fiscal year (or additional years if requested by Case IH)

that shall contain the information and objectives required by Case IH for a business plan ("Business Plan"), which may include but not be limited to the following:

- (a) Equipment inventory stocking and sales objectives to maximize Dealer's Equipment sales in its SSM, but at a minimum to obtain Dealer Market Share requirements stated in Section 9.1(a), including action plans for obtaining such objectives;
  - (b) Parts inventory stocking plan and sales objectives to maximize Dealer's Parts sales;
  - (c) training plans for Dealer sales and service personnel, including Case IH provided training;
  - (d) advertising, promotional and marketing plans and budgets;
  - (e) action plans for Dealer's possible expansion or upgrading of its current facilities, or for the proposed addition of new facilities; and
  - (f) any additional information required by Case IH as set forth in the DOG.
- 13.2 Business Plan Acceptance. Dealer agrees that providing a Business Plan reasonably acceptable to Case IH is a requirement for Dealer to effectively promote and sell Products under this Agreement. Case IH may conduct periodic reviews of Dealer's performance against its approved Business Plan, and during such reviews Dealer agrees to make available all Dealer's records and employees which would contribute to the overall value of these reviews.

#### 14. Insurance and Taxes

- 14.1 Insurance Coverage. Dealer shall maintain an occurrence-based policy of Comprehensive General Liability insurance (including Products and Property Damage Liability) with a maximum per occurrence deductible of \$50,000; a minimum liability limit of \$5,000,000 per occurrence for personal injury claims; and a minimum liability limit of \$500,000 per occurrence for property damage claims. If Dealer is self-insured, the per occurrence deductible maximum is not applicable. Case IH may modify the deductible and policy limit amounts as set forth in the DOG. Any annual aggregate liability limits under such policies shall not be less than \$5,000,000. Upon request, Dealer shall furnish to Case IH certificates of such insurance, which shall provide for at least thirty (30) days' prior written notice to Case IH of an increase in deductible amounts or the cancellation, lapse, or expiration of said policy.
- 14.2 Payment of Taxes. Dealer shall pay all license fees, sales, use, personal property, and excise taxes, duties, and any other fees, assessments or taxes which may be assessed or levied by any governmental authority against any Products which are shipped to, or are in the possession of, Dealer.
- 14.3 Dealer Tax Representations. By submitting an order to Case IH for the purchase of any Product, Dealer represents and warrants that (a) such Products are being purchased for resale, lease or rent to Customers in the ordinary course of Dealer's business, and (b) Dealer has complied and will comply with all requirements for collection and payment of applicable sales, use and similar taxes. Upon request, Dealer shall provide evidence satisfactory to Case IH of Dealer's compliance with the foregoing representations and warranties.

#### 15. Warranty

- 15.1 Warranty Obligations. Case IH's warranties covering Products are as set forth in the Limited Warranty furnished by Case IH with respect to such Products. The performance and administration of the warranties so extended, and the reimbursement to Dealer for Warranty Service performed on Products, are as set forth herein and in the DOG in effect at the time warranty work is performed. The Parties shall promptly fulfill their respective warranty obligations as set forth in the Limited Warranty and DOG.
- 15.2 Dealer Obligations Upon Sale. At the time of any retail sale of Products pursuant to this Agreement, Dealer shall (a) deliver to and review with the Customer Case IH's Limited Warranty for such Products in force at the time of such sale, (b) have the Customer complete the operator's manual/warranty receipt verification section of the Limited Warranty, (c) obtain the Customer's signature on the Limited Warranty and (d) submit the signed Limited Warranty to Case IH within ten (10) days of the sales transaction. Case IH reserves the right not to reimburse Dealer for Warranty Service claims should Dealer fail to timely submit to Case IH the signed Limited Warranty.
- 15.3 No Other Warranty Provisions. Dealer is not authorized to assume or purport to assume for Case IH any additional obligations or liabilities in connection with the sale, lease, rental or service of Products covered by this Agreement, and Dealer shall not do so. Case IH shall not be liable nor shall it defend, indemnify or in any way be obligated to assist Dealer in defense of any notice, claim, or lawsuit alleging the existence of a warranty beyond the terms and conditions of Case IH's Limited Warranty for any Product.
- 15.4 Disclaimer of Other Warranties. Dealer agrees and acknowledges that, except for the warranty extended to Customers under Case IH's Limited Warranty, and to the extent allowed by law, Case IH makes no other representations or

warranties, express or implied (including implied warranties of merchantability and fitness for a particular purpose) to Dealer or any Customer with respect to Products.

- 15.5 Non-Case IH Equipment and Service. If Dealer installs on or attaches to a Product any non-Case IH equipment, attachment, accessory or part, Dealer shall advise Customer in writing that the non-Case IH equipment, attachment, accessory or part is not covered by the Limited Warranty. If Dealer sells any service contract not provided by Case IH or its Affiliates in conjunction with the sale of Equipment, Dealer will disclose to Customer the identity of the service contract provider and will further advise that Case IH has no responsibility to fulfill the obligations of such service contract.
- 15.6 Actions Voiding Limited Warranty. Dealer acknowledges and agrees that any breach of Sections 5.4 or 5.5 may result in Case IH voiding the Limited Warranty for Products in its sole discretion, and Dealer must so advise its Customer in writing to whom such Product has been sold. In such a case where Case IH elects to void the Limited Warranty, as between Dealer and Case IH, Dealer shall be solely responsible for any warranty service claims relating to such Product.
- 15.7 Use of Unauthorized Parts. In the event Dealer breaches Section 10.1(d), Case IH in its sole discretion may (a) refuse to reimburse Dealer for such Warranty Service and/or Other Required Service, (b) void Case IH's Limited Warranty for such Products, and/or (c) hold Dealer solely responsible for all Warranty Service relating to such Products.

#### 16. Records and Inspections

- 16.1 Financial Statements. Dealer shall submit to Case IH, within ninety (90) days after the end of Dealer's fiscal year, audited (or where audited are not available then certified) balance sheets and financial statements for that year.
- 16.2 Supplemental Financial Records. Dealer shall submit monthly financial statements to Case IH in the manner directed by Case IH. Case IH reserves the right to request at any time personal financial statements from the Dealer Principal(s) or guarantor(s) of Dealer, and Dealer shall supply such statements within thirty (30) days.
- 16.3 Sales Reports. Dealer shall maintain and provide to Case IH upon request current reports of Equipment or Parts sales, owner registration, inventory, service and warranty reports, as well as such other reports as may be requested by Case IH.
- 16.4 Inspections. Dealer shall permit Case IH or its authorized representatives during normal business hours to (a) enter and inspect all Dealer Locations, (b) examine Dealer's Product inventory, (c) test Equipment in Dealer's possession, custody or control, (d) examine and audit Dealer's books and records and all supporting data of Dealer's business, and (e) make copies of any such records or accounts.
- 16.5 Records Retention. Dealer shall maintain for at least two (2) years all original records and documents relating to Dealer Claims submitted to or paid by Case IH.
- 16.6 Chargeback for Improper or Unsubstantiated Claims. Dealer's submission of unsubstantiated Dealer Claims or Dealer Claims not in compliance with the requirements of the DOG will result in a chargeback to Dealer for such claims, including interest at the then current prime rate. If Dealer refuses to permit an audit, fails to maintain a substantial amount of the required records, or intentionally submits false or fraudulent Dealer Claims, the chargeback will include all amounts paid on Dealer Claims for the prior two (2) years, including any dealer settlement allowances, plus interest at the then current prime rate. This remedy is in addition to those available to Case IH for breach of this Agreement, including but not limited to termination of this Agreement.

#### 17. Computer Business System

- 17.1 Dealer Management System Requirements. Dealer shall install and maintain in good working order at each Dealer Location: (a) a computerized dealer management system ("DMS") satisfactory to Case IH that maintains Case IH-to-DMS interfaces and functions to communicate and conduct business with Case IH's computer applications and systems (the "System"); (b) a Dealer-to-Case IH network connection that meets or exceeds Case IH specified Dealer-to-Case IH connectivity requirements; and (c) all necessary hardware and software to maintain compatibility with the System.
- 17.2 Case IH Applications. Dealer shall subscribe to, install and maintain required software applications as communicated to Dealer by Case IH or as set forth in the DOG, including (but not limited to) the Electronic Parts Catalog applications.
- 17.3 Operating Costs. Dealer shall pay all costs, including taxes, for the DMS, the Dealer-to-Case IH network connection, and any monthly access charges for use of the System.
- 17.4 Confidentiality. Dealer shall keep confidential any information and data contained in the System, and shall not use the System or any information or data derived from the System for purposes unrelated to Dealer's performance of its obligations under this Agreement.
- 17.5 Disclaimer of Liability. Case IH shall not be responsible or liable for any defects, problems or resulting damages incurred by Dealer from the operation and use of the DMS, the Dealer-to-Case IH network connection, or the System.



#### 18. Marketing & Promotional Support

- 18.1 Marketing Assistance. To assist Dealer in its marketing and promotional efforts, Case IH will develop the following marketing and promotional materials: (a) training and videos of Product features, operations, demonstrations and competitive comparisons; (b) Product sales literature and brochures; (c) Product and promotional posters, banners and point of sale materials; (d) print and media copy for advertisements in newspapers, magazines, and trade publications; and (e) radio and television advertising scripts. Case IH may also make cooperative advertising funds available to Dealers, in its sole discretion.
- 18.2 Communications to Dealer. Dealer expressly consents to the receipt of unsolicited commercial faxes, emails, text messages, instant messages or other form of electronic communication, from Case IH, its Affiliates, or other Case IH-designated sender.
- 18.3 Products and Services Provided by Case IH. From time to time, Case IH will provide Dealer with certain products and services necessary for Dealer to market, sell and service Products. Dealer agrees that Case IH, in its discretion, may charge Dealer for any such products or services so provided.
- 18.4 Dealer Knowledge of SSM. Case IH expects Dealer to know and understand its market area and the promotional activities that would best be used to market Products within Dealer's SSM. As such, it is Dealer's responsibility to determine which marketing and promotional materials to use in its marketing efforts to meet its sales responsibilities under this Agreement.

#### 19. Orders, Delivery and Passage of Title

- 19.1 Purchase Orders. Dealer may seek to purchase Products from Case IH under this Agreement by submitting purchase orders through Case IH's System in accordance with instructions provided by Case IH. Case IH may specify in writing the minimum quantity of a given Product that Dealer shall be obligated to order at one time as a condition for filling such order, provided that such minimum quantity requirements will be consistently imposed on Dealers.
- 19.2 Offer and Acceptance. Dealer's transmission of an order for Products through Case IH's System will be a binding offer by Dealer to purchase the Products ordered, unless Case IH rejects the order. Purchase orders submitted by Dealer shall not be binding upon Case IH unless and until accepted in writing or electronically by Case IH. All orders for Products may not be canceled by Dealer, and shall be subject to Case IH's then applicable conditions of sale.
- 19.3 Delivery Dates. Case IH shall endeavor to meet the delivery date specified in the System, but shall have no liability for failing to timely fill or deliver any order.
- 19.4 Product Allocation. Case IH shall have the right to allocate delivery of Dealer's Product orders based on their relative order or sales status as compared to other pending orders.
- 19.5 Product Shipment. Case IH shall arrange delivery of Products to Dealer and reserves the right to determine the method and routing for such delivery. Case IH shall not be responsible for guaranteeing shipping rates or for delays in shipment. Case IH, in its discretion, may permit Dealer to designate orders for Will Call delivery pursuant to the terms of the DOG.
- 19.6 Risk of Loss / Passage of Title. Case IH's release of Products to any carrier for transportation to Dealer shall constitute delivery to Dealer for purposes of passage of title, and Dealer shall bear all risk of loss or damage to Products thereafter. For Will Call orders, risk of loss and passage of title shall be as set forth in the DOG.
- 19.7 Equipment Transfer. The transfer of Equipment from Dealer to other authorized dealers of Products shall be in accordance with Case IH's transfer program described in the DOG. Case IH shall have no liability as a result of any such transfer.
- 19.8 Product Return Authorization. Dealer agrees that no Products delivered to it hereunder are to be returned to Case IH without prior written authorization. Dealer shall pay all transportation charges on any returned Products authorized by Case IH, and Dealer is responsible for payment of all restocking charges stated in the DOG.

#### 20. Product Pricing and Payment

- 20.1 Prices. Unless otherwise authorized by Case IH, the price charged to Dealer for any Product shall be the price in effect at the time the Product is invoiced to Dealer.
- 20.2 Price Changes. Case IH reserves the right at any time to change its prices, terms, discounts and any other pricing provision for Products.
- 20.3 Payment. Dealer shall pay Case IH for all Products immediately upon invoicing of Products to Dealer. The terms and conditions of sale and payments for all Products invoiced to Dealer shall be subject to Case IH's applicable conditions of sale and prices as published and modified from time to time by Case IH. Failure to make payment in accordance with this provision may, in Case IH's sole discretion, result in Case IH revoking the sale and repossessing the Product without

- notice or formality. Case IH reserves the right, without liability, to refuse to sell or deliver Products to Dealer when in Case IH's opinion Dealer's financial condition does not warrant or support further sales or deliveries.
- 20.4 Equipment Relocation. Case IH may request Dealer to transfer new Equipment to another authorized dealer to accommodate such dealer's sale to another Customer. If Dealer refuses, Case IH, in its sole discretion, may decline to pay, on Dealer's behalf, the wholesale finance interest charges associated with that specific Equipment, and may decline to make available to Dealer any retail sales programs for such Equipment.
- 20.5 Application of Money and Credits. Any money or credits due and payable or becoming due and payable from Case IH to Dealer may be applied in any order Case IH may determine for the satisfaction, in full or in part, of any debts, liabilities or obligations due and payable or becoming due and payable or owing from Dealer to Case IH or its Affiliates.

## 21. Negative Covenants and Compliance

- 21.1 Domestic Sales Only. Without Case IH's prior written approval, Dealer shall not sell, lease or rent Products outside of the Domestic United States.
- 21.2 Retail Sales Only. Dealer shall sell Products only to retail Customers or to other authorized dealers of Products. As such, except for sales to authorized Case IH dealers, Dealer may not sell any Products at wholesale, including but not limited to sales to jobbers, jockeys, or other unauthorized dealers.
- 21.3 No Deceptive or Unethical Practices. Dealer shall conduct business in a manner that will reflect favorably at all times on Dealer, Case IH, Products, Licensed Trademarks and other authorized dealers of Products. Dealer shall refrain from business practices, advertisements, promotions and conduct that are unethical, deceptive, misleading, fraudulent, confusing or would likely contravene any voluntary or involuntary advertising standard or any law. Dealer shall not make, directly or indirectly, any false or misleading statement or representation concerning any Product, its source, condition, capabilities, price, or charges for the Product's distribution, delivery, taxes or other items.
- 21.4 Announcements. Dealer shall not publish public relation announcements that in any way involve or mention Case IH without Case IH's prior written consent.
- 21.5 Compliance with Federal, State and Local Laws. Dealer shall comply with all applicable federal, state, and local laws and regulations governing Dealer's operations and its ordering, sales and service of Products, including without limitation those laws or regulations concerning safety, emissions control and customer service. Dealer shall obtain all governmental approvals, permits or licenses required to do business in its SSM.
- 21.6 Compliance With Export Laws. Certain Products purchased by Dealer from Case IH may be subject to United States export control laws. Dealer agrees that it is responsible for knowing and complying with such laws. Diversion contrary to United States law is prohibited.
- 21.7 Compliance with Fraud and Anti-Corruption Laws.
- (a) Dealer and its Dealer Principals represent that they have not been convicted of, or pleaded guilty to, an offense involving fraud or corruption and that they are not now listed by any government agency as debarred, suspended, or proposed for suspension or debarment, or otherwise ineligible for any government bid or procurement programs. Dealer agrees to promptly inform Case IH of any change in this representation.
  - (b) Dealer shall become familiar with and strictly comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption, including but not limited to the United States Foreign Corrupt Practices Act and similar anti-corruption or anti-bribery laws. Dealer shall promptly report to Case IH any request or demand for any undue financial or other advantage of any kind received by Dealer in connection with the performance of this Agreement. Dealer warrants that it has no foreign public officials as direct or indirect owners, officers or employees at the date of this Agreement, and shall immediately notify Case IH in writing if a foreign public official becomes an officer or employee of Dealer or acquires a direct or indirect interest in Dealer.

## 22. Product Changes and Discontinuation

- 22.1 Product Changes and Improvements. Case IH may make changes or improvements at any time in the specifications, construction, color and design of Products without incurring any obligation to Dealer or Dealer's Customers.
- 22.2 Product Discontinuation. Case IH reserves the right at any time, without liability to Dealer, to discontinue the manufacture of any and all model(s), Equipment, or Product Line(s) under the Licensed Trademarks covered by this Agreement. Products shall be considered discontinued notwithstanding the fact that similar or identical products continue to be manufactured or sold by CNH Industrial America LLC or its Affiliates under Trademarks other than the Licensed Trademarks or brands for which this Agreement grants Dealer certain Product distribution rights. For any models, Equipment or Product Line(s) so discontinued, Case IH shall not be required to offer Dealer the right to represent a

similar model, Equipment or Product Line(s), if any, marketed, manufactured or sold by CNH Industrial America LLC or its Affiliates under Trademarks other than the Licensed Trademarks or brand(s) listed on Schedule B.

### 23. Case IH Sales of Products

- 23.1 Direct Sales in Dealer's SSM. Within Dealer's SSM or elsewhere, Case IH reserves the unrestricted right, without liability to Dealer, to directly sell, rent or lease Products to any Customer, person or entity, including both at wholesale or retail, and permit such Customer, person or entity to service Products, including but not limited to the following: (a) governmental entities, agencies, institutions or subdivisions thereof; (b) educational and charitable institutions; (c) rental companies; and (d) accounts classified by Case IH as Strategic Accounts or other similar designation.

### 24. Licensed Trademarks

- 24.1 Trademark License. Subject to and only in accordance with the terms and conditions of this Agreement, Case IH grants Dealer the right and Dealer accepts the obligation to make only Permitted Uses of the Licensed Trademarks set forth in Section 24.2 and to refrain from engaging in Prohibited Uses of the Licensed Trademarks set forth in Section 24.3. Dealer's right to use the Licensed Trademarks is limited to the Permitted Uses during the term of this Agreement. Any unauthorized use of the Licensed Trademarks (including any of the Prohibited Uses) shall constitute an infringement of Case IH's rights to the Licensed Trademarks in addition to a breach of this Agreement. In the event Dealer's use of Licensed Trademarks (even though a Permitted Use) is unacceptable to Case IH in its sole discretion, Dealer must immediately cease such use of the Licensed Trademark upon notice from Case IH.
- 24.2 Permitted Uses. Dealer shall and is permitted to: (a) use the Licensed Trademarks to identify and advertise its business at Dealer Locations in connection with the marketing, sale, distribution and service of Products under the Licensed Trademarks; (b) use the Licensed Trademarks only in connection with the marketing, sale, distribution and service of the Products for which Case IH has authorized them to be used; (c) identify itself (and not Case IH) as the owner of Dealer's business in conjunction with any use of the Licensed Trademarks, including the use thereof on leases, invoices, order forms, receipts, and business stationery, as well as at such other locations and in the manner as Case IH may designate in the DOG; and (d) use the Licensed Trademarks to identify itself as an authorized dealer of Products.
- 24.3 Prohibited Uses. Dealer shall not: (a) use the Licensed Trademarks (or any other Trademarks owned or licensed by Case IH or its Affiliates) as part of its corporate or other legal name without the prior written consent of Case IH; (b) sublicense or assign its right to use the Licensed Trademarks to any other person or entity; (c) use the Licensed Trademarks to incur any obligation or indebtedness on behalf of Case IH; (d) manufacture or purchase objects bearing Licensed Trademarks or Trademarks from unlicensed sources or apply, or have applied, Licensed Trademarks or Trademarks to objects that will be offered for sale or provided as promotional items by Dealer or any third party, specifically including but not limited to any clothing item (such as shirts, hats or other apparel), giftware, toys or other sundry items; and (e) register, attempt to register, obtain any ownership in, or otherwise use any Internet Registration (defined as any website, domain name, URL, internet/World Wide Web presence or feature, social media account designations, or other electronic communications portal) whose domain name, URL or other electronic communications portal contains, incorporates, or consists of the Licensed Trademarks or Trademarks without Case IH's express written consent, which may be withheld for any or no reason.
- 24.4 Unauthorized Internet Registrations. In the event that Dealer registers, attempts to register, obtains any ownership in, or otherwise uses any Internet Registration in violation of this Agreement, in addition to any rights Case IH may have under this Agreement, Dealer hereby acknowledges and agrees that any such Internet Registration, including any copyrights therein, shall be deemed to be the property of Case IH. Dealer will assign, transfer or assist in the perfection of any rights necessary to transfer said registration to Case IH with no compensation to Dealer and at no additional cost to Case IH. In the event that a court of competent jurisdiction determines that any ownership rights to any Internet Registration are not automatically transferred to Case IH pursuant to this Agreement, Dealer agrees to execute any documents deemed necessary by Case IH to give effect to this provision. Case IH may condition approval of Dealer's use of any such Internet Registration on the transfer to Case IH of any and all ownership rights therein, including any copyrights. In the event that this Agreement expires or is terminated, Dealer shall not use or register a domain name that includes, or in Case IH's sole discretion is confusingly similar to, a Licensed Trademark or any other Trademark.
- 24.5 Notice of Trademark Claims. Dealer shall promptly notify Case IH in writing of any suspected unauthorized or infringing use of the Licensed Trademarks, any challenge to the validity of the Licensed Trademarks, any challenge to Case IH's ownership of the Licensed Trademarks, any challenge to Case IH's right to use and license others to use such Licensed Trademarks, or any challenge to Dealer's right to use the Licensed Trademarks.

- 24.6 Validity of Licensed Trademarks. Dealer expressly understands and acknowledges that the Licensed Trademarks are valid and serve to identify Products and those authorized by Case IH to market, sell, distribute, and service Products. Dealer shall not directly or indirectly contest, attack, oppose, attempt to cancel or otherwise challenge in any manner or in any forum, the validity of the Licensed Trademarks or Case IH's ownership of, or Case IH's right to use or license others to use, the Licensed Trademarks, either during or after the term of this Agreement.
- 24.7 Ownership of Licensed Trademarks and Goodwill. Dealer acknowledges the Licensed Trademarks are exclusively owned by Case IH. Dealer's use of the Licensed Trademarks pursuant to this Agreement does not give Dealer any ownership interest or other interest in or to the Licensed Trademarks. Dealer shall execute any documents deemed necessary or useful by Case IH to obtain protection for the Licensed Trademarks or to maintain their validity and enforceability. Any and all goodwill arising from Dealer's use of the Licensed Trademarks shall inure solely and exclusively to the benefit of Case IH. Upon expiration or termination of this Agreement, no monetary amount shall be attributable to any goodwill associated with Dealer's use of the Licensed Trademarks or the sale and service of Products.
- 24.8 Nonexclusive License. This Agreement grants Dealer only a nonexclusive right and license to use the Licensed Trademarks. Case IH has and retains the rights to use the Licensed Trademarks itself in connection with selling Products and services and to grant other licenses for the Licensed Trademarks and for Trademarks.
- 24.9 Discontinuation and Substitution of Licensed Trademarks. Case IH reserves the right in its sole discretion to discontinue any Licensed Trademark and to substitute or add different Licensed Trademarks for use in identifying Products or the dealers authorized to sell or service Products. Dealer shall implement promptly any such substitution or addition of new Licensed Trademarks.
- 24.10 Copyrights. Dealer shall not copy any aspect or portion of Case IH's website or other electronically stored information or printed documents or publications without the express prior written consent of Case IH.

#### 25. Authorized Software

- 25.1 Software License. Dealer acknowledges that certain Products contain imbedded computer software and related technology (collectively, "Authorized Software") in which Case IH owns or licenses copyrights and/or other intellectual property rights. During the term of this Agreement, Case IH grants Dealer a non-transferable, royalty-free license to use Authorized Software in object code form only ("Software License"). The Software License is limited to the sale and service of any Product containing Authorized Software only in the manner authorized by Case IH in writing. Except as expressly authorized by this Agreement, Dealer may not sublicense Authorized Software to any other entity nor assign its Software License. This Agreement does not grant Dealer any right, title, or interest in Authorized Software anywhere in the world except the Software License granted herein. Dealer acknowledges that the use of any Product containing Authorized Software may require a Software License from Case IH. Case IH reserves the right to require all users of Products containing Authorized Software to possess a valid license in the form prescribed by Case IH, and in such case Dealer shall not transfer or permit the transfer or use of any Product containing Authorized Software unless the transferee or user is subject to such valid license. This Software License shall continue until it is terminated in accordance with this Agreement, or for the useful life of the Product in which Authorized Software is imbedded or of which Authorized Software is an integral part, or for the useful life of Authorized Software, whichever is shorter.
- 25.2 Automatic Termination. The Software License shall automatically terminate upon the occurrence of any of the following: (a) removal of Authorized Software from the Product for which it was obtained or authorized, (b) service by any unauthorized person, (c) use of Authorized Software on any product other than that for which it was obtained or authorized, or (d) any breach of this Software License by Dealer.

#### 26. Company Information and Case IH IP

- 26.1 Company Information. Periodically, Case IH will provide Dealer with proprietary, confidential information, technical knowledge and/or assistance, and other materials that derive value from not being generally known in the industry ("Company Information") that are reasonably necessary for the distribution, sale, promotion and service of Products. Case IH has sole discretion to determine what information it provides to Dealer is Company Information. Dealer agrees that Company Information remains the property of Case IH. Dealer must take commercially reasonable measures, but in any event no less strict than the measures Dealer uses with its own confidential information, to maintain the confidentiality of Company Information and to ensure that all Company Information is used only to sell and service Products in accordance with this Agreement. Dealer may disclose Company Information only to those of its employees who will need it and must take all necessary measures to ensure that those persons do not reveal Company Information to any third parties without the prior written authorization of Case IH. Dealer shall be responsible and liable to Case IH for any breach of this provision by its employees, agents or representatives.



- 26.2 Return of Company Information. Dealer acknowledges that Case IH provides Company Information to Dealer for use by Dealer pursuant to this Agreement. Therefore, upon expiration or termination of this Agreement for any reason, Dealer shall immediately return to Case IH all Company Information in any form.
- 26.3 No Reverse Engineering. Dealer shall not engage in, cause to be engaged in, or permit any reverse engineering of Authorized Software, Products, or component parts thereof. "Reverse engineering" is defined as attempting through analysis of Products or component parts thereof to determine their functionality and thereby gain the ability to alter or reproduce that functionality.
- 26.4 Right to Use Case IH IP. Dealer shall use Case IH IP only in accordance with the provisions of and for the purposes contemplated by this Agreement and in accordance with any procedures that Case IH may establish for use of Case IH IP.

## 27. Term and Termination

- 27.1 Term of Agreement and Renewal. This Agreement shall commence on the Effective Date and continue to the Expiration Date ("Term"). The Expiration Date of this Agreement shall be extended for additional successive five (5) year periods unless, at least ninety (90) days prior to the Expiration Date or the expiration date of any subsequent extension period, either party notifies the other of its intention not to extend. Upon such notification not to extend, this Agreement shall expire on the Expiration Date or at the expiration date of any extension period.
- 27.2 Replacement Agreement. In the event Case IH offers to all authorized dealers in the state of Dealer's Primary Location a new dealer agreement or an amendment to this Agreement ("Replacement Agreement"), Case IH may terminate this Agreement at any time by providing Dealer with at least one hundred eighty (180) days' prior written notice and shall furnish Dealer a copy of the Replacement Agreement with such notice. Dealer's return to Case IH of an executed Replacement Agreement shall not give rise to any repurchase rights and obligations provided for in Section 29.
- 27.3 Breach.
- (a) Except where termination of the Agreement due to Dealer's breach is allowed immediately pursuant to Section 27.4, and except as stated in Sections 27.3(b) and (c), in the event that either Dealer or Case IH fails to fulfill any of their responsibilities under this Agreement, the other party may terminate this Agreement by providing ninety (90) days' written notice listing the reasons for termination, within which period the other party will have sixty (60) days to rectify the identified breach and avoid termination.
  - (b) If Dealer breaches Section 7.2, Case IH may, in its sole discretion, terminate the Agreement upon ninety (90) days' advance written notice to Dealer. However, during this ninety (90)-day period, Dealer may cure its breach of Section 7.2 by providing Case IH, within sixty (60) days of Case IH's notice to Dealer, a written plan to return to compliance with Section 7.2 within twelve (12) months from the date of Case IH's notice. Thereafter, if Dealer fails to perform such submitted plan, Case IH may terminate the Agreement with thirty (30) days' written notice.
  - (c) If Dealer is in breach of Section 9.1(a), Case IH may terminate Dealer for such default only after providing Dealer with written notice and a twelve (12)-month period within which Dealer may cure such default to Case IH's sole satisfaction.
  - (d) A breach by Dealer of any other written agreements between Dealer and Case IH or its Affiliates that is due to fraud committed by Dealer, shall also be considered a breach under this Agreement allowing Case IH to immediately terminate the Agreement.
  - (e) As an additional or alternative remedy for any breach by Dealer of the Agreement, Case IH, in its sole discretion and after providing Dealer with an opportunity to cure said breach as provided in Sections 27.3(a), (b) or (c), may amend Schedule D to remove authorization for the Dealer Location at which such breach occurred. In such event, Dealer shall cease all activities related to the display, stocking, sales and service of Products at such Dealer Location, including the use of Licensed Trademarks, and Case IH will repurchase new Parts and Signs located only at such Dealer Location as provided in Sections 29.1(b) and (c).
- 27.4 Immediate Termination. Case IH may terminate this Agreement immediately upon the occurrence of any of the following events:
- (a) Dealer Financial Defaults: (i) Dealer's default in the payment when due of any obligations to Case IH or any of its Affiliates, including but not limited to CNH Industrial Capital America LLC ("CNH Capital"); (ii) Dealer's default under any chattel mortgage or other security agreement between Dealer and Case IH, any of its Affiliates or any other lender or financing entity; or (iii) the refusal or failure of Dealer upon demand to account to Case IH or any of its Affiliates for the proceeds of the sale of Products for which Dealer is indebted to Case IH or such Affiliates;

- (b) Loss of Wholesale Credit Line: the termination (or suspension where such suspension continues for more than sixty (60) calendar days), of any of Dealer's significant wholesale lines of credit for the purchase of new Products;
  - (c) Insolvency: (i) the filing of a voluntary or involuntary petition in bankruptcy by or against Dealer; (ii) the making of an assignment by Dealer for the benefit of creditors; (iii) a closeout or sale of a substantial part of Dealer's assets related to the business; (iv) the commencement of dissolution, receivership or liquidation proceedings by or against Dealer; (v) the insolvency of Dealer; or (vi) the levy of a writ of attachment or execution against Dealer;
  - (d) Change in Dealer Entity, Control, Ownership or Management: without the prior written consent of Case IH: (i) any change in Dealer's legal form or entity; (ii) any change in Dealer's control, ownership or management (as defined in Section 4.3) listed in Schedule A; or (iii) any assignment or attempted assignment by Dealer of this Agreement;
  - (e) Death or Incapacity: if Dealer fails to provide Case IH with an acceptable ownership or management succession plan as set forth in Section 4.4 upon the death or incapacity of any Dealer Principal;
  - (f) Misrepresented or False Information: Dealer or anyone acting on its behalf has: (i) submitted false records, contracts, statements, reports or documents to Case IH or any of its Affiliates, including CNH Capital; (ii) submitted any false or fraudulent documents for Dealer Claims or in support thereof; (iii) knowingly accepted any payment from Case IH for any work not performed by Dealer in accordance with the provisions of this Agreement or the DOG; or (iv) submitted false information in applying for appointment as an authorized dealer of Products;
  - (g) Failure to Operate: failure to operate any Dealer Location in the normal course of business for seven (7) consecutive calendar days;
  - (h) Criminal and/or Tortious Conduct: Dealer or any Dealer Principal has pleaded guilty to or been convicted of a felony or any other violation of law that in Case IH's opinion affects adversely the operation or business of Dealer, or the good name, goodwill or reputation of Case IH, Products, Licensed Trademarks, Dealer, or other authorized dealers of Products;
  - (i) Dealer Closure/Loss of License: (i) a permanent closure of any Dealer Location without the prior written consent of Case IH; or (ii) the revocation, suspension or other invalidation of any Dealer license, permit or authorization necessary to conduct business pursuant to this Agreement;
  - (j) Inspection/Audit Refusal: any failure by Dealer to permit Case IH to inspect or audit Dealer's inventory or business and financial records pursuant to Section 16.4;
  - (k) Detrimental Conduct: any conduct by Dealer or any Dealer Principal which in the sole discretion of Case IH: (i) is injurious or detrimental to Dealer's Customers, the public welfare, other authorized dealers of Products, or the reputation of Case IH, Products and the Licensed Trademarks; (ii) is unbecoming of a reputable business person; (iii) is abusive or threatening to any Case IH employee; or (iv) evidences a disagreement between any Dealer Principals that in Case IH's opinion adversely affects the operation of Dealer or the good name, goodwill or reputation of Case IH, Products, Licensed Trademarks, or Dealer;
  - (l) Breach of Confidentiality: any misuse or unauthorized disclosure of Case IH IP, Company Information or Authorized Software;
  - (m) Revocation of Guaranty: the withdrawal or revocation of a guaranty of Dealer's indebtedness to Case IH or its Affiliates by one or more personal or corporate guarantors;
  - (n) Incurable Breach: any breach of the Agreement that is incapable of being remedied by an affirmative present action by the Dealer;
  - (o) Repetitive Breach: breach of the Agreement by Dealer for which it has received notice by Case IH of that same type of breach on at least two (2) prior separate and distinct occasions;
  - (p) Unauthorized Location: any breach of Section 12.2 of the Agreement.
- 27.5 Case IH's Exercise of Termination Rights. Case IH may exercise its termination rights under Sections 27.3 and 27.4 without regard to the performance of other authorized dealers or to the circumstances under which Case IH has terminated or refrained from terminating the sales and service agreements of other authorized dealers.
- 27.6 Termination At Will. This Agreement may be terminated at any time at will, without cause, upon sixty (60) days' written notice by Dealer to Case IH, or as mutually agreed upon in writing by both Parties.

## 28. Effect of Termination or Expiration

- 28.1 Dealer's Obligations. Upon the termination or expiration of this Agreement, Dealer shall cease to operate or represent itself as an authorized dealer of Products under the Licensed Trademarks, and shall promptly: (a) cease using the Licensed Trademarks and remove from Dealer Locations and vehicles all signs or advertising displays that bear the Licensed Trademarks; (b) remove and discontinue the use of, and cause any third party to remove, any identification and any promotion or advertising that associates Dealer with Products, the Licensed Trademarks, or Case IH; and (c) at Case IH's request, provide to Case IH all sales records, mailing lists, customer lists, service history records, microfiche, catalogs, registrations and any other material of any kind relating to the promotion, marketing, sale, operation or servicing of Products covered by this Agreement. If Dealer fails to promptly comply with any of its obligations upon the termination or expiration of this Agreement, including but not limited to Dealer's obligations under this section, Case IH may take steps, as it deems necessary in its sole discretion, to effect Dealer's compliance with such obligations or the same result as would be realized by Dealer's compliance, and Dealer shall reimburse Case IH for all costs and expenses, including attorney's fees, incurred by Case IH in effecting or enforcing such compliance.
- 28.2 Pending Orders. Termination or expiration of this Agreement shall relieve Case IH of any obligation to make any further shipments of Products, and Case IH may without liability cancel any of Dealer's unshipped orders for Products. For any Products which Case IH may ship after termination or notice thereof, Case IH may require payment prior to shipment.
- 28.3 Financial Obligations. Upon the termination or expiration of this Agreement, all indebtedness of Dealer shall become immediately due and payable to Case IH, and Dealer shall promptly pay Case IH all sums owed by Dealer. Final settlement of Dealer's account with Case IH shall not be made until Dealer complies with all requirements of this Agreement.
- 28.4 Continued Market Presence. In advance of the effective date of termination, the scheduled Expiration Date or the expiration of any extension period of this Agreement, Case IH may consummate arrangements to appoint a replacement authorized dealer for Dealer's SSM.
- 28.5 Post-Termination Transactions. Any business relations or transactions between the Parties after expiration or termination of this Agreement shall not constitute a waiver of the expiration or termination of this Agreement or in any manner reinstate the Parties' contractual relationship, or establish any new contractual relationship, and all such relations shall be governed by terms and conditions identical to the relevant provisions of this Agreement unless the Parties execute a new agreement superseding this Agreement.
- 28.6 Pre-Termination Warranty Service. Case IH will reimburse Dealer for all Warranty Service claims performed prior to the expiration or termination of this Agreement that meet the requirements of the DOG.

## 29. Inventory Repurchase and Return Obligations

- 29.1 Items Subject to Repurchase. Within thirty (30) days after the termination or expiration of this Agreement, either Case IH or Dealer may request in writing the return for repurchase of all of the following items originally purchased from Case IH by Dealer, on the terms specified herein, and Dealer shall return such items to Case IH as follows:
- (a) Equipment.
- (i) Equipment Eligible for Repurchase. New, undamaged, salable, current, complete and unused Equipment, including attachments, purchased from Case IH and delivered to Dealer within twenty-four (24) months of the date this Agreement terminates or expires ("Repurchasable Equipment"). For purposes of this Section, "current" means the model or series of Equipment listed in Case IH's price book or price list at the date of termination or expiration of the Agreement. Case IH will only repurchase separate attachments that were not previously installed on Equipment and which were invoiced separately to Dealer.
- (ii) Equipment Repurchase Price. Repurchasable Equipment shall be repurchased at the price paid by Dealer (A) not including transportation costs actually paid or incurred by Dealer for initial delivery, (B) less any discounts which may have been allowed or paid thereon by Case IH, (C) adjusted where appropriate to account for any damage or weathering. Case IH shall not be obligated to reimburse Dealer's initial costs for unloading, set up, or preparation of Repurchasable Equipment.
- (b) Parts.
- (i) Parts Eligible for Repurchase. New, undamaged, salable, complete and unused Parts purchased from Case IH by Dealer, that are listed as of the date of termination or expiration of the Agreement in Case IH's then current Price List and not identified as discontinued in such Price List ("Repurchasable Parts"). Repurchasable Parts must be in original Case IH packaging with their original authorized Case IH identification label and must be properly identified prior to shipment to

- Case IH for repurchase. Case IH specifically excludes from repurchase Parts that: (A) have a limited shelf life or contain flammable or hazardous materials; (B) are direct shipped from a supplier other than Case IH; (C) have an altered or counterfeited identification label; (D) are in broken packaging; (E) are not in correct order multiples; (F) are coded non-returnable in the current parts Price List; or (G) are common service or 'maintenance' items, rather than repair parts, such as oil, filters, fluids, lubricants, tires, batteries, tracks, bucket edges and teeth.
- (ii) Parts Repurchase Price. Repurchasable Parts shall be repurchased at the then current dealer price (less discounts and freight), less a restocking charge as set forth in the Parts Return Policy.
  - (iii) Merchandise Items. 'Merchandise' items such as clothing, toys, binders, gloves, etc., are not eligible for repurchase.
- (c) Signs.
- (i) Signs Eligible for Repurchase. External flag mast, pole or monument sign purchased from a vendor authorized by Case IH that displays the Licensed Trademarks or any other Trademarks, excluding any building fascia ("Repurchasable Signs").
  - (ii) Sign Repurchase Price. Repurchasable Signs shall be repurchased at the amount paid by Dealer, less an annual depreciation of twenty-five percent (25%).
- 29.2 Return Procedures. Within sixty (60) days after the date of the written request made pursuant to Section 29.1, Dealer shall return to Case IH all items subject to repurchase or required to be returned pursuant to this Agreement. All items returned to Case IH shall be identified as required by Case IH, packed, boxed, crated and loaded by Dealer and shipped at Dealer's expense and risk of loss to the destination or destinations specified by Case IH. The procedure for the repurchase of Repurchasable Parts shall be further subject to the Parts Return Policy issued by Case IH and in effect on the date of termination or expiration of the Agreement. Upon receipt of returned items, Case IH shall inspect them and issue credit to Dealer for all such items returned that meet the requirements specified in this Agreement and the DOG, less any amounts owed to Case IH or its Affiliates by Dealer. Any items returned to Case IH facilities that are not properly returnable as prescribed by this Agreement, shall be, at Dealer's option, either destroyed or returned to Dealer at its cost. Dealer shall transfer all returned items by warranty bills of sale satisfactory to Case IH, if so requested.
- 29.3 Conditions Precedent to Payment. Any costs incurred by Case IH in discharging all or any part of Dealer's obligations under this Agreement, including but not limited to Dealer's obligations to cease all use of the Licensed Trademarks or to pack, load and ship Parts to Case IH, shall be deducted from any amount owed by Case IH to Dealer. Dealer shall not be entitled to payment or credit for returned items until Dealer has complied with all applicable laws, rules, regulations and other legal requirements governing the bulk transfer of inventory or similar protection of creditors. Case IH shall have the right to withhold from the price of any items repurchased pursuant to this section a sum sufficient to discharge any liens or encumbrances against such items and to discharge such liens or encumbrances. Dealer shall execute such documents and take any additional action requested by Case IH to transfer ownership of returned items, free and clear of any claims, liens or encumbrances.
- 29.4 Other Return Items. Upon expiration or termination of this Agreement, Dealer shall return to Case IH any materials (such as sales promotion, advertising and training materials, tools and signs) provided without charge to Dealer by Case IH or any predecessor.

### 30. Limitation of Liability

- 30.1 Dealer Responsibility for Operating Capital. This Agreement contemplates that Dealer, as an independent business, shall obtain on its own the capital investment necessary to operate its business. Nothing in this Agreement shall impose any liability on Case IH in connection with Dealer's operations under this Agreement or otherwise, or for any expenditure made or incurred by Dealer in preparation for performance or in performance of Dealer's responsibilities under this Agreement.
- 30.2 Disclaimer of Consequential Damages. The Parties both understand and agree that this Agreement is of a limited duration, and therefore, except as provided herein, neither party shall be liable to the other for any damages caused by the termination or expiration of this Agreement, whether based upon loss of anticipated sales or prospective profits, expenditures, investments, leases, property improvements or other matters related to the business of the Parties. The damages to which either party may be entitled for breach of this Agreement are limited to actual out-of-pocket expenses incurred as a direct result of the breach.
- 30.3 Waiver of Punitive Damages. The Parties hereby waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other that each party shall be limited to the recovery of actual damages sustained by it.



- 30.4 No Group Litigation. The Parties agree that any and all dispute resolution proceedings between them, including litigation, arising from or related to this Agreement shall be conducted on an individual basis only. Neither Party shall commence any dispute resolution with a third-party against the other, or join with any third party in any dispute resolution involving Case IH and Dealer. Neither of the Parties shall attempt to consolidate or otherwise combine in any manner a dispute resolution proceeding involving Case IH or Dealer with another dispute resolution proceeding of any kind.
- 30.5 Limitations Period. All claims for any breach of this Agreement, and all claims arising out of the relationship between the Parties established by this Agreement, shall be made within two (2) years from the date such claim accrued.

### 31. Indemnification

- 31.1 Indemnification By Case IH.
- (a) Licensed Trademarks. If Case IH reasonably determines that Dealer has used the Licensed Trademarks in accordance with this Agreement, Case IH shall defend, indemnify, and hold harmless Dealer from all loss, cost, liability, and expense arising out of any claim, suit or demand regarding Dealer's use of the Licensed Trademarks. If Case IH, in its sole discretion, determines that Dealer has not used the Licensed Trademarks in accordance with this Agreement, Dealer shall bear the cost of such defense, judgment or settlement.
  - (b) Authorized Software. Case IH shall defend, indemnify, and hold Dealer harmless from all loss, cost, liability, and expense arising out of any claim that Authorized Software used in accordance with its documentation infringes any valid patent, copyright, trade secret, or other enforceable proprietary right of any third party. Should any Authorized Software become (or in Case IH's opinion be likely to become) subject to such a claim, Dealer will permit Case IH, at Case IH's option and expense to (a) procure for Dealer or Dealer's Customers the right to continue to use Authorized Software or (b) modify the allegedly infringing Authorized Software so that it becomes non-infringing. Case IH's obligations under this Section will not apply if Authorized Software is modified without Case IH's consent.
  - (c) Case IH IP. Except as otherwise provided in this Section with respect to Authorized Software and Licensed Trademarks, Case IH will indemnify, defend and hold harmless Dealer from all loss, cost, liability, and expense arising out of any claim based on an allegation that any Product infringes a valid patent, copyright, or trademark or misappropriates any protectable and enforceable trade secret. Case IH shall have no obligations under this provision for any Product that has been the subject of unauthorized modifications by Dealer or any third party or for infringement that results from the use of intellectual property other than Case IH IP in conjunction with Case IH IP that would otherwise not be infringing. If any Product becomes, or in Case IH's opinion is likely to become, subject to such a claim of infringement, Case IH will, at its expense and at its option, either procure the right for Dealer and Dealer's Customers to continue using the infringing Product(s) or replace or modify the Case IH Product(s) so that they are no longer infringing. Upon failure of the foregoing provisions, Case IH may, at its option, refund the purchase price for the infringing Product(s) less a reasonable allowance for use. This section states the entire liability of Case IH for infringement by any Product.
  - (d) Dealer Cooperation. In the event of any litigation relating to Dealer's use of the Licensed Trademarks, Authorized Software, or Case IH IP, Dealer shall promptly notify Case IH of such litigation and shall execute any and all documents and undertake such acts as may, in the opinion of Case IH, be necessary or useful to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Dealer's use of the Licensed Trademarks, Authorized Software, or Case IH IP in a manner inconsistent with the terms and conditions of this Agreement, Case IH agrees to reimburse Dealer for its out-of-pocket costs in undertaking such acts.
  - (e) Control of Litigation. Dealer acknowledges that Case IH has the right to direct and control any administrative proceeding or litigation involving the Licensed Trademarks, Authorized Software, or Case IH IP, including any settlement thereof. Case IH agrees to consult with Dealer regarding any settlement in which Dealer would be required to financially participate and to obtain Dealer's consent to any such settlement, which consent will not be unreasonably withheld. Case IH has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Licensed Trademarks, Authorized Software or Case IH IP. If Dealer fails to notify Case IH promptly of any litigation or refuses to give Case IH sole control of the defense and/or prosecution of such litigation and all settlement negotiations, Case IH will be relieved of its obligations under this Section.
- 31.2 Indemnification by Dealer. Dealer agrees to defend, hold harmless and indemnify Case IH, its Affiliates and their respective shareholders, directors, officers, agents, employees, successors and assigns from and against any and all claims, damages, demands, settlements, judgments, legal actions, liabilities, costs and expenses of any nature, including

without limitation, attorney's fees and court costs, resulting from the acts and/or omissions of Dealer, including but not limited to: (i) Dealer's defrauding of or misrepresentations to customers; (ii) Dealer's actions in violation of Sections 5.3, 5.4, 5.5, 10.1(d), 11.1, 11.2, 11.3, 11.5, 14.2, 15.2, 15.3, 15.4, 15.5, 15.6, 21.3, 21.5, 21.6, and 21.7; or (iii) Dealer's negligent or improper, or alleged negligent or improper, repair or servicing of Products, whether such actions occur during or after the Term of this Agreement.

## 32. General Provisions

- 32.1 Governing Law. This Agreement shall be governed by and interpreted according to the laws of the state of Dealer's Primary Location, without regard to such state's conflicts of laws rules and except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Copyright Act, and the Patent Act.
- 32.2 Consent to Jurisdiction and Venue. Dealer irrevocably submits itself to the exclusive jurisdiction of the federal court of the Milwaukee Division of the Eastern District of Wisconsin for the purpose of any suit, action, or other proceeding arising out of or relating to this Agreement, or of any of the transactions contemplated thereby, and irrevocably agrees that all claims in respect of such suit, action or proceeding may be heard and determined in such federal court, provided that Case IH may apply to any court of competent jurisdiction for interim protection or equitable relief such as an interlocutory or interim injunction. If the federal court of the Eastern District of Wisconsin lacks jurisdiction for any reason to hear such claims, Dealer irrevocably submits itself to the exclusive jurisdiction of the Circuit Court of Racine County, Wisconsin. By execution and delivery of this Agreement, Dealer irrevocably waives, to the fullest extent it may effectively do so, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason whatsoever. The Parties agree that a final judgment (as to which all appeals have been exhausted or the time within which such appeals may be made has expired) in any such suit, action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.
- 32.3 Compliance With Local Laws. The rights and obligations of the Parties to this Agreement may be subject to certain laws, orders, regulations, directions, restrictions, and limitations of governments and governmental agencies having jurisdiction over the Parties. If a change in any such law, order, regulation, direction, or restriction (including any limitation, appropriation, seizure, or interpretation thereof) shall, in the judgment of either party, substantially alter the relationship between the Parties, this Agreement, or the advantages derived from the Parties' relationship, either party may request the other party to modify this Agreement. If, within thirty (30) days after such a request has been made, the Parties are unable to agree upon a mutually satisfactory modification of this Agreement, then the adversely affected party may terminate this Agreement on fifteen (15) days' notice given to the other party.
- 32.4 Information Sharing. Case IH shall be allowed to share information regarding Dealer, including but not limited to Dealer's financial and ownership information, with any of Case IH's Affiliates.
- 32.5 Dealer Relationship to Case IH. The Parties are independent businesses and neither has any fiduciary obligation to the other, and Dealer is an independent retailer which purchases Products for resale for Dealer's principal benefit. Nothing in this Agreement shall be construed as constituting Dealer to be an employee, franchisee, agent or legal representative of Case IH for any purpose whatsoever. Dealer has no right or authority, express or implied, to assume or create any obligation or responsibility on behalf of or in the name of Case IH, or to bind Case IH in any manner.
- 32.6 Entire Agreement. This Agreement, together with the DOG and any changes thereto issued by Case IH from time to time, is and shall be deemed to be the complete and final expression of the agreement between the Parties as to the matters herein contained and provided for and supersedes all previous agreements between the Parties pertaining to such matters except for the Agreement to Grant Commercial Application Equipment Distribution Rights between the Parties. IT IS CLEARLY UNDERSTOOD THAT NO PROMISE OR REPRESENTATION NOT CONTAINED HEREIN WAS AN INDUCEMENT TO EITHER PARTY OR WAS RELIED UPON BY EITHER PARTY IN ENTERING INTO THIS AGREEMENT.
- 32.7 Execution and Modification. Except as expressly provided for herein, this Agreement may not be executed, amended or altered, or any of its provisions waived on behalf of Case IH, except in writing, signed by Case IH's Director of Network Development or other authorized director in a similar capacity.
- 32.8 Severability. In the event any part of this Agreement is held to be invalid or unenforceable under the law, this Agreement shall be enforceable to the maximum extent permitted by such law, without invalidating the remainder of this Agreement, or invalidating the effect of such portion of this Agreement elsewhere.
- 32.9 Assignment.
- (a) By Dealer. In view of the personal nature of this Agreement, the rights, privileges and obligations conferred on Dealer under this Agreement are not transferable, assignable or salable by Dealer without the prior written

- consent of Case IH, and no property right or interest, direct or indirect, is sold, conveyed or transferred to Dealer under this Agreement. Any attempt by Dealer to assign its rights or obligations under this Agreement without Case IH's written consent shall be null and void.
- (b) By Case IH. Upon written notice to Dealer, Case IH may assign this Agreement and any rights and obligations thereunder to any Affiliate of Case IH or to any entity that succeeds to the interests of Case IH.
- 32.10 Waiver of Default. The waiver by Case IH of any default, or the failure of Case IH to exercise any of its rights, under this Agreement or otherwise shall not act as a waiver of such default or any subsequent default or a waiver of any of Case IH's rights hereunder.
- 32.11 Headings. The headings of sections and subsections in this Agreement are inserted for convenience of reference only and shall not in any way affect the construction, meaning or interpretation of any provision of this Agreement, and shall not be deemed or construed in any way to limit the meaning of such sections.
- 32.12 Interpretation. This Agreement is being entered into by and among competent and sophisticated parties who are experienced in business matters. Therefore, any language in this Agreement deemed to be ambiguous by a court of law will not be construed against any particular party as the drafter of the language.
- 32.13 Notice, Approval and Consent. Any notice, approval or consent required or allowed under this Agreement shall be given in writing and, without prejudice to other forms of actual service, shall be considered as served upon being mailed in a properly sealed envelope with first class, certified or registered postage prepaid. Notices to Case IH shall be addressed to the Case IH Regional Dealer Development Manager for Dealer's assigned region and shall be delivered or mailed to CNH Industrial America LLC, 621 State Street, Racine, Wisconsin 53402. Notices to Dealer shall be delivered or mailed to any person designated in Schedule A or to Dealer at Dealer's Primary Location.
- 32.14 Survival. The Parties' obligations in the following sections shall survive the expiration or termination of this Agreement: 5.5, 10.1(f), 16.6, 17.4, 24.4, 26.1, 26.2, 28.1, 28.3, 28.6, 29.1, 29.2, 29.3, 29.4, 30.2, 30.3, 30.4, 30.5, 31.1, 31.2, 32.1, 32.2, and 32.3.
- 32.15 Review by Counsel. Dealer acknowledges that it has had an adequate opportunity to review this Agreement and consult with legal counsel of its own choosing regarding the content and meaning of this Agreement.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the dates written below:

<b>Dealer</b>	Dealer Name Titan Machinery Inc. DBA Heartland Agriculture
	_____
	By
	_____
	Title (authorized owner, officer, partner, president)
	_____
	Date
	_____
	Signature of Other Partner(s) or Owner(s)
	_____
<b>Case IH</b>	CNH Industrial America LLC
	_____
	By
	_____
	Director, Case IH Network Development
	Title
	_____
	Date
	_____



SCHEDULE A  
Agricultural Equipment Sales and Service Agreement

CNH Industrial America LLC

DEALER LEGAL INFORMATION, OWNERSHIP AND MANAGEMENT

Legal Entity Name: Titan Machinery Inc.  
Trade (DBA) Name: Heartland Agriculture  
Primary Location Address: 3836 West Highway 30, Grand Island, NE 68803  
(Street, City, State and Zip Code)

Business Structure Dealer Conducts Business Under: Corporation  
State of Organization: Delaware

Owners of Dealer (individual(s) having a financial interest in Dealer):

Name	Percent of Ownership
Publicly Traded Corporation	

Management (person(s) responsible for key aspects of day to day operations of Dealer):

Name	Title
B.J. Knutson	COO
Mark Kalvoda	CFO
David Meyer	CEO







SCHEDULE C  
Agricultural Equipment Sales and Service Agreement

CNH Industrial America LLC

SALES AND SERVICE MARKET OF RESPONSIBILITY

Legal Entity Name: Titan Machinery Inc.  
Trade (DBA) Name: Heartland Agriculture  
Primary Location Address: 3836 West Highway 30, Grand Island, NE 68803  
(Street, City, Province and Postal Code)

The chart below identifies, by Product Line, the percentage portion of the market of industry unit sales within the geographic area for which the Dealer has sales and service responsibility.

EX: If the Dealer is assigned 50% of the industry sales volume in county "X" in which 100 units of a given product line is sold, then the Dealer's SSM for that Product Line is 50% of the 100 units, or 50 units.

				Product Lines and County SSM Assignment															
Dealer Code	Dealer City, Province	County Assignment	PR	LT	AL	AG	FW	GH	HF	DT	SF	FT	AS	PT	TF	SC	CT	TS	SL
				2WD Tractors < 55 HP	2WD Tractors 60-139 HP	2WD Tractors > 80 HP	4WD	Combine	H&F	Yield Tll	Strip Tll	Pul Fert	Air Seed	Pul Sprayer	Flower	Sugar-cane	Cotton	SP Sprayer	Skid Steer
062049C	Grand Island, NE	Adams	CO												40%			40%	
		Boulder	CO												100%			100%	
		Eagle	CO												100%			100%	
		Garfield	CO												100%			100%	
		Gilpin	CO												100%			100%	
		Grand	CO												100%			100%	
		Jackson	CO												100%			100%	
		Larimer	CO												100%			100%	
		Logan	CO												100%			100%	
		Moffat	CO												100%			100%	
		Morgan	CO												100%			100%	
		Phillips	CO												40%			40%	
		Rio Blanco	CO												100%			100%	
		Routt	CO												100%			100%	
		Sedgwick	CO												40%			40%	
		Summit	CO												100%			100%	
		Washington	CO												55%			55%	
		Weid	CO												100%			100%	
		Yuma	CO												40%			40%	
		Antelope	NE												100%			100%	
		Blaine	NE												100%			100%	
		Boone	NE												100%			100%	
		Brown	NE												100%			100%	
		Burt	NE												100%			100%	
		Cass	NE												100%			100%	
		Cherry	NE												100%			100%	
		Collax	NE												55%			55%	
		Cuming	NE												100%			100%	
		Dawes	NE												100%			100%	
		Fillmore	NE												100%			100%	
		Gage	NE												100%			100%	
		Hamilton	NE												100%			100%	
		Holt	NE												55%			55%	
		Jefferson	NE												100%			100%	
		Johnson	NE												85%			85%	
		Keya Paha	NE												70%			70%	
		Loup	NE												100%			100%	
		Madison	NE												70%			70%	
		Nance	NE												85%			85%	
		Nemaha	NE												70%			70%	
		Otoe	NE												100%			100%	
		Pawnee	NE												70%			70%	
		Pierce	NE												100%			100%	
		Platte	NE												40%			40%	
		Polk	NE												85%			85%	
		Richardson	NE												40%			40%	
		Rock	NE												40%			40%	
		Saline	NE												100%			100%	
		Sarpy	NE												100%			100%	
		Seward	NE												100%			100%	
		Sheridan	NE												100%			100%	
		Stanton	NE												85%			85%	



SCHEDULE C  
Agricultural Equipment Sales and Service Agreement

CNH Industrial America LLC

SALES AND SERVICE MARKET OF RESPONSIBILITY

Legal Entity Name: Titan Machinery Inc.  
Trade (DBA) Name: Heartland Agriculture  
Primary Location Address: 3836 West Highway 30, Grand Island, NE 68803  
(Street, City, Province and Postal Code)

The chart below identifies, by Product Line, the percentage portion of the market of industry unit sales within the geographic area for which the Dealer has sales and service responsibility.

EX: If the Dealer is assigned 50% of the industry sales volume in county "X" in which 100 units of a given product line is sold, then the Dealer's SSM for that Product Line is 50% of the 100 units, or 50 units.

EX: If the Dealer is assigned 50% of the industry sales volume in county "X" in which 100 units of a given product line is sold, then the Dealer's SSM for that Product Line is 50% of the 100 units, or 50 units.				Product Lines and County SSM Assignment															
				LT	AL	AG	FW	GH	HF	DT	SF	FT	AS	PT	TF	SC	CT	TS	SL
		Thayer	NE										100%				100%		
		York	NE										100%				100%		

Nate Burgers, Director Network Development

Date





SCHEDULE D  
Agricultural Equipment Sales and Service Agreement

CNH Industrial America LLC

DEALER LOCATIONS

Legal Entity Name: \_\_\_\_\_ Titan Machinery Inc.  
Trade (DBA) Name: \_\_\_\_\_ Heartland Agriculture

Type	Street Address	City	ST	Zip Code	Equipment, Parts & Service	Parts Only	Parts & Service Only	Set-up Facility	Corp Office	GSC	Dual Location
Primary	3836 West Highway 30	Grand Island	NE	68803	X						
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											
Branch											

\_\_\_\_\_  
Director, Network Development

\_\_\_\_\_  
Date





**REVISION 1 TO THE CASE IH  
AGRICULTURAL EQUIPMENT  
SALES & SERVICE AGREEMENT**

**THIS IS A REVISION** to the Case IH Sales and Service Agreement ("Agreement") between CNH Industrial America LLC ("Case IH") and Titan Machinery Inc. ("Dealer") dated May 31, 2017.

**Revised Schedules:**

	A	Dealer Legal Information, Ownership and Management
X	B	Products & Licensed Trademarks
X	C	Sales and Service Market of Responsibility
	D	Dealer Locations

**Purpose for Revision:**

This is a Revision to the Sales & Service Agreement

- Amending Schedules B and C to revise the assignments for the application equipment

This Revision also amends the Letter Agreement for SP Sprayers executed on 5/31/2017 to delete the restriction on sales to commercial end users.

**Effective Date**

**Dealer**

Titan Machinery Inc.

Dealer Name

By

CEO

Title (authorized owner, officer, partner, president)

Date

**Case IH**

CNH Industrial America LLC

By

Director, Network Development

Title

Date

## PRODUCTS & LICENSED TRADEMARKS

Legal Entity Name:	Titan Machinery Inc.
Trade (DBA) Name:	Titan Machinery Inc.
Primary Location Address:	(Street, City, State and Zip Code)

**AUTHORIZED PRODUCT LINE(S)**

[illegible]

\* SP Sprayer sales are permitted to commercial end users and grower end users.

**Authorized Licensed Trademark(s):** Case IH, Case Construction, CNH Industrial Parts

**Director, Network Development**

Date \_\_\_\_\_

## SALES AND SERVICE MARKET OF RESPONSIBILITY

Legal Entity Name:	Titan Machinery Inc.
Trade (DBA) Name:	Titan Machinery Inc.
Primary Location Address:	

(Street, City, State and Zip Code)

The chart below identifies, by Product Line, the percentage portion of the market of industry unit sales within the geographic area for which the Dealer has sales and service responsibility.

EX: If the Dealer is assigned 50% of the industry sales volume in county "X" in which 100 units of a given product line is sold, then the Dealer's SSM for that Product Line is 50% of the 100 units, or 50 units.

[illegible]

Director Network Development

Date \_\_\_\_\_



**JOINDER TO  
THIRD AMENDED AND RESTATED CREDIT AGREEMENT**

This **JOINDER TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT** (this “Joinder”) is entered into as of August 31, 2022, by and among **TITAN MACHINERY, INC.**, a Delaware corporation (“Titan”), **HEARTLAND AGRICULTURE, LLC**, an Iowa limited liability company (“Heartland Agriculture”), **HEARTLAND AG KANSAS, LLC**, a Kansas limited liability company (“Heartland Kansas”; together with Heartland Agriculture, each a “Joining Borrower” and collectively, “Joining Borrowers”; and together with Titan, each a “Borrower” and collectively, the “Borrowers”) and **BANK OF AMERICA, N.A.** a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, the “Agent”).

WHEREAS, Titan, the Lenders and Agent are parties to that certain Third Amended and Restated Credit Agreement dated as of April 3, 2020 (as amended, restated, modified or supplemented from time to time, the “Credit Agreement”); and

WHEREAS, pursuant to Section 5.11 of the Credit Agreement, Titan is required to, among other things, to cause the Joining Borrowers to join the Credit Agreement and the Guaranty and Security Agreement.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. In reliance upon the representations and warranties of each Loan Party set forth in Section 5 below and subject to the satisfaction of the conditions to effectiveness set forth in Section 4 below, the Credit Agreement is amended as follows:

(a) Joinder of Heartland Agriculture and Heartland Kansas to the Credit Agreement as a Borrower. Since Heartland Agriculture and Heartland Kansas are each a Subsidiary of Titan, Titan is required by Section 5.11 of the Credit Agreement to cause Heartland Agriculture and Heartland Kansas to become a “Borrower” thereunder. Accordingly, each of Heartland Agriculture and Heartland Kansas hereby acknowledges, agrees and confirms that, by its execution of this Joinder, it will be deemed to be a party to and a “Borrower” under the Credit Agreement and shall have all of the obligations of a Borrower thereunder. Each of Heartland Agriculture and Heartland Kansas hereby ratifies, as of the date hereof, and agrees to be bound by, all representations and warranties, covenants and other terms, conditions and provisions of the Credit Agreement and the other applicable Loan Documents. Each of Heartland Agriculture and Heartland Kansas acknowledges and confirms that it has received a copy of the Credit Agreement and the schedules and exhibits thereto and each Loan Document and the schedules and exhibits thereto. The schedules to the Credit Agreement are hereby supplemented with the information set forth in Exhibit A hereto.

Nature and Extent of Each Borrower’s Liability.

(A) Joint and Several Liability. Each Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent, Lenders and any other member

of the Lender Group the prompt payment and performance of, all Obligations. Each Borrower agrees that its guaranty obligations hereunder constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until full payment of the Obligations, and that such obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any Obligations or Loan Document, or any other document, instrument or agreement to which any Loan Party is or may become a party or be bound; (b) the absence of any action to enforce the Credit Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by any member of the Lender Group with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for any Obligations or any action or inaction of any member of the Lender Group in respect thereof (including the release of any security or guaranty); (d) insolvency of any Loan Party; (e) election by any member of the Lender Group in an insolvency proceeding for the application of Section 1111(b)(2) of the Bankruptcy Code; (f) any borrowing or grant of a Lien by any other Borrower as debtor-in-possession under Section 364 of the Bankruptcy Code or otherwise; (g) disallowance of any claims of a member of the Lender Group against a Loan Party for repayment of any Obligations under Section 502 of the Bankruptcy Code or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, other than full payment of the Obligations.

(B) Waivers. (i) Each Borrower expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel any member of the Lender Group to marshal assets or to proceed against any Loan Party, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Borrower. Each Borrower waives all defenses available to a surety, guarantor or accommodation co-obligor other than full payment of Obligations and waives, to the maximum extent permitted by law, any right to revoke any guaranty of Obligations as long as it is a Borrower. It is agreed among each Borrower and each member of the Lender Group that the provisions of this Section are of the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Agent and Lenders would decline to make Loans and issue Letters of Credit. Each Borrower acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business. (ii) the Lender Group may pursue such rights and remedies as they deem appropriate, including realization upon Collateral or any real estate by judicial foreclosure or nonjudicial sale or enforcement, without affecting any rights and remedies under this Section. If, in taking any action in connection with the exercise of any rights or remedies, a member of the Lender Group shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Borrower or other Person, whether because of any applicable laws pertaining to "election of remedies" or otherwise, each Borrower consents to such action and waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any Borrower might otherwise have had. Any election of remedies that results in denial or impairment of the right of a member of the Lender Group to seek a deficiency judgment against any Borrower shall not impair any other Borrower's obligation to pay the full amount of the Obligations. Each Borrower waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for Obligations, even though that election of remedies destroys such Borrower's rights of subrogation against any other Person. Agent may bid Obligations, in whole or part, at any foreclosure, trustee or other sale, including any private sale, and the amount of such bid need not be paid by Agent but may be credited against the Obligations. The amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under



this Section, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which a member of the Lender Group might otherwise be entitled but for such bidding at any such sale.

(C) Extent of Liability; Contribution. (i) Notwithstanding anything herein to the contrary, each Borrower's liability under this Section shall not exceed the greater of (i) all amounts for which such Borrower is primarily liable, as described in clause (iii) below, or (ii) such Borrower's Allocable Amount (as defined below). (ii) If any Borrower makes a payment under this Section of any Obligations (other than amounts for which such Borrower is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Guarantor Payments in the same proportion that such Borrower's Allocable Amount bore to the total Allocable Amounts of all Borrowers, then such Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other Borrower for the amount of such excess, ratably based on their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "Allocable Amount" for any Borrower shall be the maximum amount that could then be recovered from such Borrower under this Section without rendering such payment voidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law. (iii) This Section shall not limit the liability of any Borrower to pay or guarantee Loans made directly or indirectly to it (including Loans advanced hereunder to any other Person and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower), obligations relating to Letters of Credit issued to support its business, Bank Product Obligations incurred to support its business, and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder. Agent and Lenders shall have the right, at any time in their discretion, to condition Loans and Letters of Credit upon a separate calculation of borrowing availability for each Borrower and to restrict the disbursement and use of Loans and Letters of Credit to a Borrower based on that calculation. (iv) Each Loan Party that is a Qualified ECP when its guaranty of or grant of Lien as security for a Hedge Agreement becomes effective hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide funds or other support to each Specified Obligor with respect to such Hedge Agreement as may be needed by such Specified Obligor from time to time to honor all of its obligations under the Loan Documents in respect of such Hedge Agreement (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP's obligations and undertakings under this Section voidable under any applicable fraudulent transfer or conveyance act). The obligations and undertakings of each Qualified ECP under this Section shall remain in full force and effect until full payment of all Obligations. Each Loan Party intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support or other agreement" for the benefit of, each Obligor for all purposes of the Commodity Exchange Act.

(D) Joint Enterprise. Each Borrower has requested that Agent and Lenders make this credit facility available to Borrowers on a combined basis, in order to finance Borrowers' business most efficiently and economically. Borrowers' business is a mutual and collective enterprise, and the successful operation of each Borrower is dependent upon the successful performance of the integrated group. Borrowers believe that consolidation of their credit facility will enhance the borrowing power of each Borrower and ease administration of the facility, all to their mutual advantage. Borrowers acknowledge that Agent's and Lenders' willingness to extend credit and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to Borrowers and at Borrowers' request.

(E) Subordination. Each Borrower hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Loan Party, howsoever arising, to the full payment of its Obligations.

(F) Construction; Multiple Borrowers. If there is more than one Borrower party to the Credit Agreement, then any reference to "Borrower" in the Credit Agreement shall mean all Borrowers.

(b) Continuing Effect. Except as expressly set forth in Section 2 of this Joinder, nothing in this Joinder shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

3. Reaffirmation and Confirmation. Each Loan Party hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents, in each case as amended, supplemented or otherwise modified by this Joinder, to which it is a party represent the valid, enforceable and collectible obligations of such Loan Party, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party hereby agrees that this Joinder in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed in all respects by each Loan Party.

4. Conditions to Effectiveness. This Joinder shall become effective upon the satisfaction of the following conditions precedent:

- (a) Agent shall have received a copy of:
  - (i) this Joinder executed and delivered by Agent and Borrowers;
  - (ii) Amended and Restated Revolving Loan Notes and Floorplan Loan Notes for each requesting Lender;
  - (iii) Joinder by the Joining Borrower to the Third Amended and Restated Guaranty and Security Agreement;
  - (iv) Joinder by the Joining Borrower to the Amended and Restated Intercompany Subordination Agreement;
  - (v) Certificates and resolutions from the Joining Borrower authorizing this Joinder;
  - (vi) Solely with respect to Heartland Kansas, notwithstanding anything to the contrary in this Joinder, Heartland Kansas shall not be added as a Borrower to the Credit Agreement until (x) Agent and the Lenders have confirmed that they have completed their "know your customer" compliance with respect to Heartland Kansas to Agent and each Lender's satisfaction

and (y) completion of an appraisal with respect to the inventory of Heartland Kansas to Agent's satisfaction; and

(vii) Such other documents as requested by Agent.

(b) No Default or Event of Default shall have occurred and be continuing.

5. Representations and Warranties. In order to induce Agent to enter into this Joinder, each Borrower hereby represents and warrants to Agent and the Lenders that:

(a) All representations and warranties contained in the Loan Documents to which any Loan Party is a party are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of this Joinder (except to the extent that such representations and warranties expressly relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of such earlier date);

(b) No Default or Event of Default has occurred and is continuing; and

(c) This Joinder and the Loan Documents, as modified hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against each Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

6. Post-Closing Conditions.

(a) Within twenty-one (21) days of the date hereof, the Joining Borrowers shall deliver to Agent a (x) property insurance certificate and lender's loss payee endorsement and (y) a liability insurance certificate and additional insured endorsement; in each case, in form and substance satisfactory to Agent.

(b) Within ninety (90) days of the date hereof, the Joining Borrowers shall deliver to Agent a control agreement (in form and substance satisfactory to Agent) by and among, Joining Borrowers, Agent, and First Interstate Bank, as depository, with respect to the deposit accounts of the Joining Borrowers.

7. Release. In consideration of the agreements of Agent contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "Claims"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Joinder including, but not limited to, any Claims involving the extension of credit under or administration of this Joinder, the Credit Agreement or the Loan Documents, as each may be amended, or the obligations, liabilities and/or indebtedness incurred by Borrower or any other transactions evidenced by this Joinder, the Credit Agreement or the Loan Documents.

8. Miscellaneous.

(a) Expenses. Each Loan Party acknowledges and agrees that Section 15.7 of the Credit Agreement applies to this Joinder and the transactions, agreements and documents contemplated hereunder.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts; Electronic Execution. This Joinder may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Joinder. Delivery of an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Joinder. Any party delivering an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Joinder but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Joinder.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

**EXISTING BORROWER:**

**TITAN MACHINERY, INC.,**  
a Delaware corporation

By: /s./ Mark Kalvoda  
Name: Mark Kalvoda  
Title: CFO

**JOINING BORROWERS:**

**HEARTLAND AGRICULTURE, LLC,**  
an Iowa limited liability company

By: /s/ Arnie Sinclair  
Name: Arnie Sinclair  
Title: President

**HEARTLAND AG KANSAS, LLC,**  
a Kansas limited liability company

By: /s/ Arnie Sinclair  
Name: Arnie Sinclair  
Title: President

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**BANK OF AMERICA, N.A.,**  
as Agent

By: /s/ Gregory Kress

Name: Gregory Kress

Title: Senior Vice President

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**JOINDER TO THIRD AMENDED AND RESTATED  
GUARANTY AND SECURITY AGREEMENT**

Joinder to Third Amended and Restated Guaranty and Security Agreement (this “Joinder”), dated as of August 31, 2022, to the Third Amended and Restated Guaranty and Security Agreement, dated as of April 3, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the “Guaranty and Security Agreement”), by and among each of the parties listed on the signature pages thereto and those additional entities that thereafter become parties thereto (collectively, jointly and severally, “Grantors” and each, individually, a “Grantor”) and BANK OF AMERICA, N.A. (“Bank of America”), in its capacity as agent for the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, “Agent”).

W I T N E S S E T H:

WHEREAS, pursuant to that certain Third Amended and Restated Credit Agreement dated as of April 3, 2020 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “Credit Agreement”) by and among **TITAN MACHINERY INC.**, a Delaware corporation (“Titan Machinery”); together with any other borrower from time to time party thereto, each a “Borrower” and collectively, the “Borrowers”), the lenders party thereto from time to time as “Lenders” (each of such Lenders, together with its successors and assigns, is referred to hereinafter as a “Lender”), and **BANK OF AMERICA, N.A.**, a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, “Agent”), whereby the Lender Group has agreed to make certain financial accommodations available to Borrowers from time to time pursuant to the terms and conditions thereof;

WHEREAS, initially capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guaranty and Security Agreement or, if not defined therein, in the Credit Agreement, and this Joinder shall be subject to the rules of construction set forth in Section 1(b) of the Guaranty and Security Agreement, which rules of construction are incorporated herein by this reference, *mutatis mutandis*;

WHEREAS, Grantors have entered into the Guaranty and Security Agreement in order to induce the Lender Group and the Bank Product Providers to make certain financial accommodations to Borrower as provided for in the Credit Agreement, the other Loan Documents, and the Bank Product Agreements;

WHEREAS, pursuant to Section 5.11 of the Credit Agreement and Section 26 of the Guaranty and Security Agreement, certain Subsidiaries of Titan Machinery must execute and deliver certain Loan Documents, including this joinder to the Guaranty and Security Agreement by the undersigned new Grantor or Grantors (collectively, the “New Grantors”); and

WHEREAS, each New Grantor (a) is a Subsidiary of Titan Machinery and, as such, will benefit by virtue of the financial accommodations extended to Borrowers by the Lender Group or the Bank Product Providers and (b) by becoming a Grantor will benefit from certain rights granted to the Grantors pursuant to the terms of the Loan Documents and the Bank Product Agreements;



NOW, THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each New Grantor hereby agrees as follows:

1. In accordance with Section 26 of the Guaranty and Security Agreement, each New Grantor, by its signature below, becomes a “Grantor” and “Guarantor” under the Guaranty and Security Agreement with the same force and effect as if originally named therein as a “Grantor” and “Guarantor” and each New Grantor hereby (a) agrees to all of the terms and provisions of the Guaranty and Security Agreement applicable to it as a “Grantor” or “Guarantor” thereunder and (b) represents and warrants that the representations and warranties made by it as a “Grantor” or “Guarantor” thereunder are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof. In furtherance of the foregoing, each New Grantor hereby (a) jointly and severally unconditionally and irrevocably guarantees as a primary obligor and not merely as a surety the full and prompt payment when due, whether upon maturity, acceleration, or otherwise, of all of the Guaranteed Obligations, and (b) unconditionally grants, assigns, and pledges to Agent, for the benefit of the Lender Group and the Bank Product Providers, to secure the Secured Obligations, a continuing security interest in and to all of such New Grantor’s right, title and interest in and to the Collateral. Each reference to a “Grantor” or “Guarantor” in the Guaranty and Security Agreement shall be deemed to include each New Grantor. The Guaranty and Security Agreement is incorporated herein by reference.

2. Schedule 1, “Commercial Tort Claims”, Schedule 2, “Copyrights”, Schedule 3, “Intellectual Property Licenses”, Schedule 4, “Patents”, Schedule 5, “Pledged Companies”, Schedule 6, “Trademarks”, Schedule 7, Name; Chief Executive Office; Tax Identification Numbers and Organizational Numbers, Schedule 8, “Owned Real Property”, Schedule 9, “Deposit Accounts and Securities Accounts”, Schedule 10, “Controlled Account Banks”, Schedule 11, “List of Uniform Commercial Code Filing Jurisdictions”, and Schedule 12, “Motor Vehicles” attached hereto as Exhibit A supplement Schedule 1, Schedule 2, Schedule 3, Schedule 4, Schedule 5, Schedule 6, Schedule 7, Schedule 8, Schedule 9, Schedule 10, Schedule 11, and Schedule 12 respectively, to the Guaranty and Security Agreement and shall be deemed a part thereof for all purposes of the Guaranty and Security Agreement.

3. Each New Grantor authorizes Agent at any time and from time to time to file, transmit, or communicate, as applicable, financing statements and amendments thereto (i) describing the Collateral as “all personal property of debtor” or “all assets of debtor” or words of similar effect, (ii) describing the Collateral as being of equal or lesser scope or with greater detail, or (iii) that contain any information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance. Each New Grantor also hereby ratifies any and all financing statements or amendments previously filed by Agent in any jurisdiction in connection with the Loan Documents.

4. Each New Grantor represents and warrants to Agent, the Lender Group and the Bank Product Providers that this Joinder has been duly executed and delivered by such New Grantor and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, or other similar laws affecting creditors’ rights

generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

5. This Joinder is a Loan Document. This Joinder may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Joinder. Delivery of an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Joinder. Any party delivering an executed counterpart of this Joinder by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Joinder but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Joinder.

6. The Guaranty and Security Agreement, as supplemented hereby, shall remain in full force and effect.

7. THIS JOINDER SHALL BE SUBJECT TO THE PROVISIONS REGARDING CHOICE OF LAW AND VENUE, JURY TRIAL WAIVER, AND JUDICIAL REFERENCE SET FORTH IN SECTION 25 OF THE GUARANTY AND SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.

*[Remainder of This Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Third Amended and Restated Guaranty and Security Agreement to be executed and delivered as of the day and year first written above.

**NEW GRANTORS:**

**HEARTLAND AGRICULTURE, LLC,**  
an Iowa limited liability company

By: \_\_\_\_\_ /s/ Arnie Sinclair  
Name: \_\_\_\_\_ Arnie Sinclair  
Title: \_\_\_\_\_ President

**HEARTLAND AG KANSAS, LLC,**  
a Kansas limited liability company

By: \_\_\_\_\_ /s/ Arnie Sinclair  
Name: \_\_\_\_\_ Arnie Sinclair  
Title: \_\_\_\_\_ President

**AGENT:**

**BANK OF AMERICA, N.A.**

By: \_\_\_\_\_/s/ Gregory Kress\_\_\_\_\_  
Name: \_\_\_\_\_Gregory Kress\_\_\_\_\_  
Title: \_\_\_\_\_Senior Vice President\_\_\_\_\_



**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: September 8, 2022

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

**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: September 8, 2022

/s/ Mark Kalvoda

Mark Kalvoda  
Chief Financial Officer

**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 July 31, 2022 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: September 8, 2022

/s/ David J. Meyer

David J. Meyer

Board Chair and Chief Executive Officer



**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 July 31, 2022 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: September 8, 2022

/s/ Mark Kalvoda  
Mark Kalvoda  
*Chief Financial Officer*

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