

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-Q

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

**For the quarterly period ended April 30, 2023
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 May 30, 2023, 22,667,166 shares of Common Stock, \$0.00001 par value, of the registrant were outstanding

TITAN MACHINERY INC.
QUARTERLY REPORT ON FORM 10-Q

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

	April 30, 2023	January 31, 2023
Assets		
Current Assets		
Cash	\$ 38,357	\$ 43,913
Receivables, net of allowance for expected credit losses	131,284	95,844
Inventories, net	854,154	703,939
Prepaid expenses and other	19,792	25,554
Total current assets	1,043,587	869,250
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	233,830	217,782
Operating lease assets	47,684	50,206
Deferred income taxes	2,169	1,246
Goodwill	30,691	30,622
Intangible assets, net of accumulated amortization	18,330	18,411
Other	1,814	1,178
Total noncurrent assets	334,518	319,445
Total Assets	\$ 1,378,105	\$ 1,188,695
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 43,195	\$ 40,834
Floorplan payable	442,950	258,372
Current maturities of long-term debt	7,481	7,241
Current operating lease liabilities	9,888	9,855
Deferred revenue	97,532	119,845
Accrued expenses and other	48,042	58,159
Income taxes payable	11,151	3,845
Total current liabilities	660,239	498,151
Long-Term Liabilities		
Long-term debt, less current maturities	93,445	89,950
Operating lease liabilities	45,770	48,513
Deferred income taxes	9,567	9,563
Other long-term liabilities	5,051	6,212
Total long-term liabilities	153,833	154,238
Commitments and Contingencies (Note 15)		
Stockholders' Equity		
Common stock, par value \$.00001 per share, 45,000 shares authorized; 22,669 shares issued and outstanding at April 30, 2023; 22,698 shares issued and outstanding at January 31, 2023	—	—
Additional paid-in-capital	256,207	256,541
Retained earnings	311,749	284,784
Accumulated other comprehensive loss	(3,923)	(5,019)
Total stockholders' equity	564,033	536,306
Total Liabilities and Stockholders' Equity	\$ 1,378,105	\$ 1,188,695

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 April 30,	
	2023	2022
Revenue		
Equipment	\$ 429,376	\$ 356,366
Parts	96,606	68,562
Service	34,933	29,523
Rental and other	8,716	6,556
Total Revenue	569,631	461,007
Cost of Revenue		
Equipment	368,262	310,234
Parts	65,103	47,310
Service	12,409	10,760
Rental and other	5,277	4,009
Total Cost of Revenue	451,051	372,313
Gross Profit	118,580	88,694
Operating Expenses	81,315	64,152
Income from Operations	37,265	24,542
Other Income (Expense)		
Interest and other income	720	492
Floorplan interest expense	(1,272)	(254)
Other interest expense	(1,274)	(1,196)
Income Before Income Taxes	35,439	23,584
Provision for Income Taxes	8,474	6,044
Net Income	\$ 26,965	\$ 17,540
Earnings per Share:		
Basic	\$ 1.19	\$ 0.78
Diluted	\$ 1.19	\$ 0.78
Weighted Average Common Shares:		
Basic	22,441	22,312
Diluted	22,448	22,321

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended April 30,	
	2023	2022
Net Income	\$ 26,965	\$ 17,540
Other Comprehensive Income (Loss)		
Foreign currency translation adjustments	1,096	(1,191)
Comprehensive Income	<u>\$ 28,061</u>	<u>\$ 16,349</u>

See Notes to Condensed Consolidated Financial Statements

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

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Accumulated Other</u>	<u>Total</u>
	<u>Shares Outstanding</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Comprehensive</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Income (Loss)</u>	<u>Equity</u>
BALANCE, January 31, 2023	22,698	\$ —	\$ 256,541	\$ 284,784	\$ (5,019)	\$ 536,306
Common stock issued on grant of restricted stock, net of restricted stock forfeitures and restricted stock withheld for employee withholding tax	(29)		(993)			(993)
Stock-based compensation expense			659			659
Net income				26,965		26,965
Other comprehensive income					1,096	1,096
BALANCE, April 30, 2023	<u>22,669</u>	<u>\$ —</u>	<u>\$ 256,207</u>	<u>\$ 311,749</u>	<u>\$ (3,923)</u>	<u>\$ 564,033</u>

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Accumulated Other</u>	<u>Total</u>
	<u>Shares Outstanding</u>	<u>Amount</u>	<u>Paid-In</u>	<u>Earnings</u>	<u>Comprehensive</u>	<u>Stockholders'</u>
			<u>Capital</u>		<u>Income (Loss)</u>	<u>Equity</u>
BALANCE, January 31, 2022	22,588	\$ —	\$ 254,455	\$ 182,916	\$ (2,172)	\$ 435,199
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	(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	<u>22,569</u>	<u>\$ —</u>	<u>\$ 254,390</u>	<u>\$ 200,456</u>	<u>\$ (3,363)</u>	<u>\$ 451,483</u>

See Notes to Condensed Consolidated Financial Statements

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

	Three Months Ended April 30,	
	2023	2022
Operating Activities		
Net income	\$ 26,965	\$ 17,540
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,948	5,224
Deferred income taxes	(904)	(998)
Stock-based compensation expense	659	620
Noncash interest expense	64	58
Other, net	1,663	2,059
Changes in assets and liabilities, net of effects of acquisitions		
Receivables	(32,307)	9,846
Prepaid expenses and other assets	1,274	3,600
Inventories	(140,107)	(69,321)
Manufacturer floorplan payable	86,259	51,069
Deferred revenue	(23,987)	(6,413)
Accounts payable, accrued expenses and other and other long-term liabilities	(4,231)	(7,963)
Net Cash Provided by (Used for) Operating Activities	(77,704)	5,321
Investing Activities		
Rental fleet purchases	(1,329)	(1,046)
Property and equipment purchases (excluding rental fleet)	(9,599)	(4,065)
Proceeds from sale of property and equipment	2,850	836
Acquisition consideration, net of cash acquired	(17,463)	(7,675)
Other, net	(759)	6
Net Cash Used for Investing Activities	(26,300)	(11,944)
Financing Activities		
Net change in non-manufacturer floorplan payable	97,266	2,000
Proceeds from long-term debt borrowings	5,131	8,415
Principal payments on long-term debt and finance leases	(3,207)	(1,743)
Other, net	(994)	(683)
Net Cash Provided by Financing Activities	98,196	7,989
Effect of Exchange Rate Changes on Cash	252	(420)
Net Change in Cash	(5,556)	946
Cash at Beginning of Period	43,913	146,149
Cash at End of Period	<u>\$ 38,357</u>	<u>\$ 147,095</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period		
Income taxes, net of refunds	<u>\$ 84</u>	<u>\$ 102</u>
Interest	<u>\$ 2,090</u>	<u>\$ 1,386</u>
Supplemental Disclosures of Noncash Investing and Financing Activities		
Net property and equipment financed with long-term debt, finance leases, accounts payable and accrued liabilities	<u>\$ 1,473</u>	<u>\$ 1,247</u>
Net transfer of assets to property and equipment from inventories	<u>\$ (935)</u>	<u>\$ (891)</u>

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 three-months ended April 30, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2024. The information contained in the consolidated balance sheet as of January 31, 2023 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, 2023 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 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 nine locations throughout Ukraine primarily in western and central Ukraine. The conflict has caused disruptions in our Ukrainian operations, with our revenues for the three months ended April 30, 2023 down 10.7% 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.

Recently Adopted Accounting Guidance

In September 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2022-04, Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations. This new standard requires that the buyer in a supplier finance program discloses information about the key terms of the program, outstanding confirmed amounts as of the end of the period, a rollforward of such amounts during each annual period, and a description of where in the financial statements outstanding amounts are presented. This ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the disclosure of rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption of this ASU is permitted. Entities must apply the amendments of this ASU retrospectively to all periods in which a balance sheet is presented, with the exception of the amendment on disclosure of rollforward information, which entities only need to apply prospectively.

The Company has agreements with financial institutions to facilitate the purchase of inventory from designated suppliers under certain terms and conditions. Under these agreements, the Company receives extended payment terms and agrees to pay the financial institution a stated amount of confirmed invoices from its designated suppliers. The Company may incur interest in accordance with the terms of the agreements. Additionally, the Company has no involvement in establishing the terms or conditions of the arrangements between its suppliers and the financial institution.

The amounts outstanding under these agreements as of April 30, 2023 and January 31, 2023 were \$26.3 million and \$13.0 million, respectively, and are presented as Floorplan payable on the Condensed Consolidated Balance Sheet.

NOTE 2 - EARNINGS PER SHARE

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

	Three Months Ended April 30,	
	2023	2022
	(in thousands, except per share data)	
Numerator:		
Net income	\$ 26,965	\$ 17,540
Allocation to participating securities	(295)	(210)
Net income attributable to Titan Machinery Inc. common stockholders	\$ 26,670	\$ 17,330
Denominator:		
Basic weighted-average common shares outstanding	22,441	22,312
Plus: incremental shares from vesting of restricted stock units	7	9
Diluted weighted-average common shares outstanding	22,448	22,321
Earnings Per Share:		
Basic	\$ 1.19	\$ 0.78
Diluted	\$ 1.19	\$ 0.78

NOTE 3 - REVENUE

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

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

	Three Months Ended April 30, 2023			
	Agriculture	Construction	International	Total
	(in thousands)			
Equipment	\$ 325,660	\$ 45,458	\$ 58,258	\$ 429,376
Parts	69,547	13,664	13,395	96,606
Service	26,266	6,336	2,331	34,933
Other	1,167	360	359	1,886
Revenue from contracts with customers	422,640	65,818	74,343	562,801
Rental	555	6,178	97	6,830
Total revenues	\$ 423,195	\$ 71,996	\$ 74,440	\$ 569,631

	Three Months Ended April 30, 2022			
	Agriculture	Construction	International	Total
	(in thousands)			
Equipment	\$ 251,093	\$ 43,819	\$ 61,454	\$ 356,366
Parts	44,506	12,063	11,993	68,562
Service	21,953	5,823	1,747	29,523
Other	799	303	205	1,307
Revenue from contracts with customers	318,351	62,008	75,399	455,758
Rental	197	4,956	96	5,249
Total revenues	\$ 318,548	\$ 66,964	\$ 75,495	\$ 461,007

Unbilled Receivables and Deferred Revenue

Unbilled receivables from contracts with customers amounted to \$29.5 million and \$19.8 million as of April 30, 2023 and January 31, 2023, 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 \$96.2 million and \$118.1 million as of April 30, 2023 and January 31, 2023, 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 three months ended April 30, 2023 and 2022, the Company recognized \$66.4 million and \$64.6 million, respectively, of revenue that was included in the deferred revenue balance as of January 31, 2023 and January 31, 2022, respectively. No material amount of revenue was recognized during the three months ended April 30, 2023 or 2022 from performance obligations satisfied in previous periods.

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.

	April 30, 2023	January 31, 2023
	(in thousands)	
Trade and unbilled receivables from contracts with customers		
Trade receivables due from customers	\$ 69,409	\$ 47,298
Unbilled receivables	29,549	19,764
Less allowance for expected credit losses	3,288	3,080
	95,670	63,982
Trade receivables due from finance companies	20,275	11,212
Trade and unbilled receivables from rental contracts		
Trade receivables	3,228	3,629
Unbilled receivables	839	776
Less allowance for expected credit losses	363	360
	3,704	4,045
Other receivables		
Due from manufacturers	10,242	15,007
Other	1,393	1,598
	11,635	16,605
Receivables, net of allowance for expected credit losses	\$ 131,284	\$ 95,844

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, 2023	\$ 367	\$ 124	\$ 2,589	\$ 3,080
Current expected credit loss provision	30	62	191	283
Write-offs charged against allowance	44	42	15	101
Credit loss recoveries collected	12	1	2	15
Foreign exchange impact	—	—	11	11
Balance at April 31, 2023	\$ 365	\$ 145	\$ 2,778	\$ 3,288
	Agriculture	Construction	International	Total
	(in thousands)			
Balance at January 31, 2022	\$ 232	\$ 166	\$ 1,502	\$ 1,900
Current expected credit loss provision	3	43	768	814
Write-offs (recoveries) charged against allowance	(4)	45	39	80
Credit loss recoveries collected	16	2	—	18
Foreign exchange impact	—	—	(15)	(15)
Balance at April 30, 2022	\$ 255	\$ 166	\$ 2,216	\$ 2,637

The increase in the credit loss provision in the International segment, during the three months ended April 30, 2023, was driven by a \$0.2 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 April 30,	
	2023	2022
	(in thousands)	
Impairment losses (recoveries) on:		
Receivables from sales contracts	\$ 282	\$ 813
Receivables from rental contracts	52	(11)
	<u>\$ 334</u>	<u>\$ 802</u>

NOTE 5 - INVENTORIES

	April 30, 2023	January 31, 2023
	(in thousands)	
New equipment	\$ 497,655	\$ 369,828
Used equipment	181,558	164,761
Parts and attachments	168,695	164,553
Work in process	6,246	4,797
	<u>\$ 854,154</u>	<u>\$ 703,939</u>

NOTE 6 - PROPERTY AND EQUIPMENT

	April 30, 2023	January 31, 2023
	(in thousands)	
Rental fleet equipment	\$ 76,928	\$ 75,386
Machinery and equipment	28,605	27,220
Vehicles	85,039	80,122
Furniture and fixtures	55,154	53,937
Land, buildings, and leasehold improvements	153,284	140,773
	<u>399,010</u>	<u>377,438</u>
Less accumulated depreciation	165,180	159,656
	<u>\$ 233,830</u>	<u>\$ 217,782</u>

The Company includes depreciation expense related to its rental fleet and its trucking fleet, for hauling equipment, in Cost of Revenue, which was \$1.8 million and \$1.5 million for the three months ended April 30, 2023 and 2022, respectively. All other depreciation expense is included in Operating Expenses, which was \$4.8 million and \$3.5 million for the three months ended April 30, 2023 and 2022, 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. Due to the results of the analyses, the Company concluded no impairments were necessary, thus no impairment was recognized for the three months ended April 30, 2023 and 2022.

NOTE 7 - INTANGIBLE ASSETS AND GOODWILL

Finite-Lived Intangible Assets

The Company's finite-lived intangible assets consist of customer relationships and covenants not to compete. The following is a summary of intangible assets with finite lives as of April 30, 2023 and January 31, 2023.

	April 30, 2023			January 31, 2023		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
	(in thousands)			(in thousands)		
Customer relationships	\$ 538	\$ (207)	\$ 331	\$ 538	\$ (180)	\$ 358
Covenants not to compete	1,025	(276)	749	1,025	(222)	803
	<u>\$ 1,563</u>	<u>\$ (483)</u>	<u>\$ 1,080</u>	<u>\$ 1,563</u>	<u>\$ (402)</u>	<u>\$ 1,161</u>

Future amortization expense, as of April 30, 2023, is expected to be as follows:

Fiscal Year Ended January 31,

	Amount
	(in thousands)
2024 (remainder)	\$ 232
2025	288
2026	246
2027	220
2028	94
Thereafter	—
	<u>\$ 1,080</u>

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 three months ended April 30, 2023:

	Agriculture	Construction	Total
	(in thousands)		
January 31, 2023	\$ 17,178	\$ 72	\$ 17,250
April 30, 2023	<u>\$ 17,178</u>	<u>\$ 72</u>	<u>\$ 17,250</u>

Goodwill

The following presents changes in the carrying amount of goodwill, by segment, for the three months ended April 30, 2023:

	Agriculture	Total
	(in thousands)	
January 31, 2023	\$ 30,622	\$ 30,622
Arising from business combinations	69	69
April 30, 2023	<u>\$ 30,691</u>	<u>\$ 30,691</u>

NOTE 8 - FLOORPLAN PAYABLE/LINES OF CREDIT

As of April 30, 2023, the Company had floorplan lines of credit totaling \$781.0 million, which is primarily comprised of three floorplan lines of credit: (i) a \$500.0 million credit facility with CNH Industrial, (ii) a \$185.0 million line of credit under the Bank Syndicate Agreement, and (iii) a \$50.0 million credit facility with DLL Finance LLC.

The Company's outstanding balances of floorplan lines of credit as of April 30, 2023 and January 31, 2023, consisted of the following:

	April 30, 2023	January 31, 2023
	(in thousands)	
CNH Industrial	\$ 245,668	\$ 177,337
Bank Syndicate Agreement Floorplan Loan	120,050	35,550
DLL Finance	22,411	9,914
Other outstanding balances with manufacturers and non-manufacturers	54,821	35,571
	<u>\$ 442,950</u>	<u>\$ 258,372</u>

As of April 30, 2023, the interest bearing U.S. floorplan payables carried a variable interest rate of 6.42% compared to 5.94% as of January 31, 2023. As of April 30, 2023, foreign floorplan payables carried a variable interest rate with a range of 5.37% to 5.72%, compared to a range of 4.16% to 4.96% as of January 31, 2023 on multiple lines of credit. The Company had non-interest bearing floorplan payables of \$303.8 million and \$213.0 million, on April 30, 2023 and January 31, 2023, respectively.

NOTE 9 - LONG TERM DEBT

The following is a summary of long-term debt as of April 30, 2023 and January 31, 2023:

Description	Maturity Dates	Interest Rates	April 30, 2023	January 31, 2023
			(in thousands)	
Mortgage loans, secured	Various through May 2039	2.1% to 6.0%	\$ 72,432	\$ 68,689
Sale-leaseback financing obligations	Various through December 2030	3.4% to 10.3%	10,957	11,252
Vehicle loans, secured	Various through November 2028	2.1% to 6.2%	12,946	12,659
Other	Various through July 2039	3.6%	4,591	4,591
Total debt			100,926	97,191
Less: current maturities			7,481	7,241
Long-term debt, net			<u>\$ 93,445</u>	<u>\$ 89,950</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 three month periods ended April 30, 2023 and April 30, 2022:

	Foreign Currency Translation Adjustment	Net Investment Hedging Gain	Total Accumulated Other Comprehensive Income (Loss)
	(in thousands)		
Balance, January 31, 2023	\$ (7,730)	\$ 2,711	\$ (5,019)
Other comprehensive income (loss)	1,096	—	1,096
Balance, April 30, 2023	(6,634)	2,711	(3,923)

	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 income (loss)	(1,191)	—	(1,191)
Balance, April 30, 2022	(6,074)	2,711	(3,363)

NOTE 11 - LEASES
As Lessor

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 April 30, 2023 and January 31, 2023:

	April 30, 2023	January 31, 2023
	(in thousands)	
Rental fleet equipment	\$ 76,928	\$ 75,386
Less accumulated depreciation	27,694	26,959
	<u>\$ 49,234</u>	<u>\$ 48,427</u>

NOTE 12 - FAIR VALUE MEASUREMENTS

As of April 30, 2023, the fair value of the Company's foreign currency contracts, which are either assets or liabilities measured at fair value on a recurring basis, was not material. These foreign currency contracts were valued using a discounted cash flow analysis, which is an income approach, utilizing readily observable market data as inputs, which is classified as a Level 2 fair value measurement.

The Company also has financial instruments that are not recorded at fair value in the consolidated balance sheets, including cash, receivables, payables and long-term debt. The carrying amounts of these financial instruments approximated their fair values as of April 30, 2023 and January 31, 2023. 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:

	April 30, 2023	January 31, 2023
	(in thousands)	
Carrying amount	\$ 86,576	\$ 81,349
Fair value	\$ 75,426	\$ 70,434

NOTE 13 - INCOME TAXES

Our effective tax rate was 23.9% and 25.6% for the three months ended April 30, 2023 and 2022, respectively. The effective tax rates for the three months ended April 30, 2023 and 2022 were subject to various other factors such as the impact of certain discrete items, mainly the vesting of share-based compensation, the mix of domestic and foreign income, and the change of valuation allowances in certain foreign jurisdictions.

NOTE 14 - BUSINESS COMBINATIONS*Fiscal 2024*

On February 1, 2023, the Company acquired certain assets of Pioneer Farm Equipment Co. The acquired business consists of five agriculture equipment stores in American Falls, Blackfoot, Idaho Falls, Rexburg, and Rupert, Idaho. These locations will be included in the Company's Agriculture segment. The total consideration transferred for the acquired business was \$10.1 million paid in cash. The Company has agreed to acquire the real estate of Pioneer Farm Equipment Co., subject to customary closing conditions, for a purchase price of \$9.4 million. The Company anticipates completing the one remaining real estate acquisition by July 31, 2023.

In connection with the acquisition, the Company acquired from CNH Industrial and certain other manufacturers, equipment and parts inventory previously owned by Pioneer Farm Equipment Co. Upon acquiring such inventories, the Company has been offered floorplan financing by the manufacturer. In total, the Company acquired inventory and recognized a corresponding liability of \$12.7 million. The recognition of these inventories and associated financing liabilities are not included as part of the accounting for the business combination.

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 \$94.4 million in cash consideration. The Heartland Companies consist of 12 CaseIH commercial application agriculture locations, in the states of 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. These locations are included in the Company's Agriculture segment. In the most recent completed fiscal year prior to the acquisition, the Heartland Companies generated revenue of approximately \$214 million. The Company incurred \$1.1 million in acquisition related expenses in connection with this acquisition, which are included in operating expenses in the condensed consolidated statement of operations.

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.

Purchase Price Allocation

Each of the above acquisitions have 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 April 30, 2023, the purchase price allocation for all business combinations completed in fiscal year 2024 are preliminary as we finalize the valuation of our intangible assets acquired. The purchase price allocation for all business combinations completed in fiscal year 2023 are complete. The following table presents the purchase price allocations for all acquisitions completed during the fiscal year ended January 31, 2023 and the three months ended April 30, 2023:

	April 30, 2023	January 31, 2023
Assets acquired:		
Cash	\$ 3	\$ 1,584
Receivables	885	9,485
Inventories	9,294	106,890
Prepaid expenses and other	—	668
Property and equipment	8,711	24,292
Operating lease assets	—	3,928
Intangible assets	—	8,017
Goodwill	69	21,670
	18,962	176,534
Liabilities assumed:		
Accounts payable	—	18,547
Floorplan payable	—	31,699
Current operating lease liabilities	—	541
Deferred revenue	1,499	7,039
Accrued expenses and other	—	3,523
Long-term debt	—	4,591
Operating lease liabilities	—	3,387
Other long-term liabilities	—	5,152
	1,499	74,479
Net assets acquired	\$ 17,463	\$ 102,055
Goodwill recognized by segment:		
Agriculture	\$ 69	\$ 21,670
Goodwill expected to be deductible for tax purposes	\$ 69	\$ 21,670

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 business combinations occurring during the year ended January 31, 2023, the Company recognized a non-competition intangible asset of \$0.8 million and a customer relationship intangible asset of \$0.2 million. The non-competition and customer relationship assets will be amortized over five year periods. 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 \$1.1 million for the period ended January 31, 2023, and acquisition related costs for the period ended April 30, 2023, were not material. All acquisition related costs have been expensed as incurred and recognized as operating expenses in the condensed consolidated statements of operations.

Pro Forma Information

The following summarized unaudited pro forma condensed statement of operations information for the three months ended April 30, 2023 and 2022, assumes that the Heartland Companies acquisition occurred as of February 1, 2021. The Company prepared the following summarized unaudited pro forma financial results for comparative purposes only. The summarized unaudited pro forma information may not be indicative of the results that would have occurred had the Company completed the acquisition as of February 1, 2021 or that will be attained in the future.

	Three Months Ended April 30,	
	2023	2022
	(in thousands)	
Total Revenues	\$ 569,631	\$ 556,410
Net Income	\$ 26,965	\$ 24,059

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 April 30,	
	2023	2022
	(in thousands)	
Revenue		
Agriculture	\$ 423,195	\$ 318,548
Construction	71,996	66,964
International	74,440	75,495
Total	<u>\$ 569,631</u>	<u>\$ 461,007</u>
Income (Loss) Before Income Taxes		
Agriculture	\$ 24,152	\$ 16,449
Construction	4,533	3,210
International	6,384	4,325
Segment income before income taxes	<u>35,069</u>	<u>23,984</u>
Shared Resources	370	(400)
Total	<u>\$ 35,439</u>	<u>\$ 23,584</u>
	April 30, 2023	January 31, 2023
	(in thousands)	
Total Assets		
Agriculture	\$ 918,600	\$ 788,265
Construction	214,298	187,739
International	205,975	170,647
Segment assets	<u>1,338,873</u>	<u>1,146,651</u>
Shared Resources	39,232	42,044
Total	<u>\$ 1,378,105</u>	<u>\$ 1,188,695</u>

NOTE 17 - SUBSEQUENT EVENTS

On May 1, 2023, the Company, through its German Subsidiary, Titan Machinery Deutschland GmbH, acquired certain assets of MAREP GmbH "MAREP" related to full-service agriculture dealership businesses located in the following cities of Germany: Mühlengiez and Radelübbe. Our acquisitions of MAREP further expands our presence in the German market. The total consideration transferred for the acquired business was \$2.1 million paid in cash. The business assets acquired consisted of \$0.5 million of inventory and \$1.6 million of other tangible assets. The real estate of the Mühlengiez location was also purchased for \$2.3 million. Due to the limited time since the acquisition, the estimated fair values of acquired assets are provisional estimates but are based on the best information currently available. These provisional estimates are subject to changes as the Company completes all remaining steps in finalizing the purchase price allocation. Acquisition-related transaction costs were not material. These locations will be included in the Company's international segment.

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, 2023.

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 2023 U.S. Department of Agriculture publications, the estimate of net farm income for calendar year 2023 indicated an approximate 15.9% decrease as compared to calendar year 2022, and an approximate 15.5% increase in net farm income for calendar year 2022 as compared to calendar year 2021.

For the first quarter of fiscal 2024, our net income was \$27.0 million, or \$1.19 per diluted share, compared to a fiscal 2023 first quarter net income of \$17.5 million, or \$0.78 per diluted share. Significant factors impacting the quarterly comparisons were:

- Revenue in the first quarter of fiscal 2024 increased by 23.6% compared to the first quarter of fiscal 2023. The revenue increase was primarily driven by the acquisitions of Mark's Machinery, the Heartland Companies, and Pioneer Farm Equipment in April 2022, August 2022, and February 2023, respectively. Total Company same store sales, (for a description of how we compute same store sales, see discussion under Results of Operations), also increased by 3.8% compared to the prior year first quarter.
- Gross profit in the first quarter of fiscal 2024 increased 33.7% compared to the first quarter of fiscal 2023. The increase in gross profit was primarily the result of increased sales due to the aforementioned acquisitions and strong gross profit margins particularly in equipment where margins increased to 14.2% in the first quarter of fiscal 2024 from 12.9% in the first quarter of fiscal 2023. Parts gross profit margins also increased to 32.6% in the first quarter of fiscal 2024 from 31.0% in the first quarter of fiscal 2023.

Supply Chain

Equipment availability continues to be constrained as supply chain disruptions and labor shortages have caused many manufacturers to be unable to produce enough of certain product categories to meet demand. Meanwhile, customer demand has remained strong, driven by favorable agriculture fundamentals. This has caused certain product categories to be supplied on an allocation basis with abnormally long lead times. While we continue to experience less than desired shipments of certain product categories, primarily cash crop equipment, there are other product categories that we have been able to receive enough to meet demand and have stock available for sale. We will continue to work with our manufacturers to source the high demand equipment to fulfill as much customer demand as possible.

Russian-Ukrainian Conflict

In February 2022, Russian military forces invaded Ukraine, and although the length, impact, and outcome of the ongoing conflict in Ukraine is highly unpredictable, this conflict has led, and could continue to lead, to significant market and other disruptions, including instability in financial markets, supply chain interruptions, political and social instability, and increases in cyberattacks. We are actively monitoring the situation in Ukraine and assessing its impact on our business. For the three months ended April 30, 2023, Titan Machinery Ukraine's revenues are down approximately 10.7% from the prior year period.

As of April 30, 2023, the Company had total assets of \$29.1 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, 2023, was \$27.4 million.

If the Company cannot provide efficient and uninterrupted services to its customers, 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 major breakdown or closure of utility services, any major threat to civilians in our footprint, disruption of commodity exports from Ukraine, or international banking disruption could materially impact the operations and liquidity of Titan Machinery Ukraine.

Acquisitions

Fiscal 2024

On February 1, 2023, the Company acquired certain assets of Pioneer Farm Equipment Co. The acquired business consists of five agriculture equipment stores in American Falls, Blackfoot, Idaho Falls, Rexburg, and Rupert, Idaho. These locations will be included in the Company's Agriculture segment. The total consideration transferred for the acquired business was \$10.1 million paid in cash. The Company has agreed to acquire the real estate of Pioneer Farm Equipment Co., subject to customary closing conditions, for a purchase price of \$9.4 million. The Company anticipates completing the one remaining real estate acquisition by July 31, 2023.

In connection with the acquisition, the Company acquired from CNH Industrial and certain other manufacturers, equipment and parts inventory previously owned by Pioneer Farm Equipment Co. Upon acquiring such inventories, the Company has been offered floorplan financing by the manufacturer. In total, the Company acquired inventory and recognized a corresponding liability of \$12.7 million. The recognition of these inventories and associated financing liabilities are not included as part of the accounting for the business combination.

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 \$94.4 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. The Heartland Companies are included in the Agriculture segment. In the most recent completed fiscal year prior to the acquisition, 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 the Company's Agriculture segment. In its most recent fiscal year prior to the acquisition, Mark's Machinery, Inc. generated revenue of approximately \$34.0 million. The total cash consideration paid for the acquired business was \$7.7 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 has implemented a phased roll-out plan to integrate all of its domestic stores to the new ERP. We will continue the phased rollout until all remaining domestic locations have been transitioned to the new ERP.

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, 2023. There have been no changes in our critical accounting policies and estimates since January 31, 2023.

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.

		Three Months Ended April 30,			
		2023		2022	
		(dollars in thousands)			
Equipment					
Revenue		\$	429,376	\$	356,366
Cost of revenue			368,262		310,234
Gross profit		\$	61,114	\$	46,132
Gross profit margin			14.2	%	12.9
Parts					
Revenue		\$	96,606	\$	68,562
Cost of revenue			65,103		47,310
Gross profit		\$	31,503	\$	21,252
Gross profit margin			32.6	%	31.0
Service					
Revenue		\$	34,933	\$	29,523
Cost of revenue			12,409		10,760
Gross profit		\$	22,524	\$	18,763
Gross profit margin			64.5	%	63.6
Rental and other					
Revenue		\$	8,716	\$	6,556
Cost of revenue			5,277		4,009
Gross profit		\$	3,439	\$	2,547
Gross profit margin			39.5	%	38.9

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

	Three Months Ended April 30,			
	2023		2022	
Revenue				
Equipment	75.4	%	77.3	%
Parts	17.0	%	14.9	%
Service	6.1	%	6.4	%
Rental and other	1.5	%	1.4	%
Total Revenue	100.0	%	100.0	%
Total Cost of Revenue	79.2	%	80.8	%
Gross Profit Margin	20.8	%	19.2	%
Operating Expenses	14.3	%	13.9	%
Income from Operations	6.5	%	5.3	%
Other Expense	(0.3)	%	(0.2)	%
Income Before Income Taxes	6.2	%	5.1	%
Provision for Income Taxes	1.5	%	1.3	%
Net Income	4.7	%	3.8	%

Three Months Ended April 30, 2023 Compared to Three Months Ended April 30, 2022

Consolidated Results

Revenue

	Three Months Ended April 30,		Increase/	Percent
	2023	2022	(Decrease)	Change
	(dollars in thousands)			
Equipment	\$ 429,376	\$ 356,366	\$ 73,010	20.5 %
Parts	96,606	68,562	28,044	40.9 %
Service	34,933	29,523	5,410	18.3 %
Rental and other	8,716	6,556	2,160	32.9 %
Total Revenue	\$ 569,631	\$ 461,007	\$ 108,624	23.6 %

Total revenue for the first quarter of fiscal 2024 was 23.6% or \$108.6 million higher than the first quarter of fiscal 2023 driven primarily our recent acquisitions of Mark's Machinery, the Heartland Companies, and Pioneer Farm Equipment completed in April 2022, August 2022, and February 2023, respectively, as well as an increase in Company-wide same-store sales of 3.8%. Strong same-store sales was primarily driven by agriculture equipment sales, which benefited from high demand levels that were supported by favorable commodity prices and higher net farm income.

	Three Months Ended April 30,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 61,114	\$ 46,132	\$ 14,982	32.5 %
Parts	31,503	21,252	10,251	48.2 %
Service	22,524	18,763	3,761	20.0 %
Rental and other	3,439	2,547	892	35.0 %
Total Gross Profit	<u>\$ 118,580</u>	<u>\$ 88,694</u>	<u>\$ 29,886</u>	<u>33.7 %</u>
Gross Profit Margin				
Equipment	14.2 %	12.9 %	1.3 %	10.1 %
Parts	32.6 %	31.0 %	1.6 %	5.2 %
Service	64.5 %	63.6 %	0.9 %	1.4 %
Rental and other	39.5 %	38.8 %	0.7 %	1.8 %
Total Gross Profit Margin	<u>20.8 %</u>	<u>19.2 %</u>	<u>1.6 %</u>	<u>8.3 %</u>
Gross Profit Mix				
Equipment	51.5 %	52.0 %	(0.5)%	(1.0)%
Parts	26.6 %	24.0 %	2.6 %	10.8 %
Service	19.0 %	21.2 %	(2.2)%	(10.4)%
Rental and other	<u>2.9 %</u>	<u>2.8 %</u>	<u>0.1 %</u>	<u>3.6 %</u>
Total Gross Profit Mix	<u>100.0 %</u>	<u>100.0 %</u>		

Gross profit for the first quarter of fiscal 2024 increased 33.7% or \$29.9 million, as compared to the same period last year. Gross profit margin also improved to 20.8% in the current quarter from 19.2% in the prior year quarter. The increase in gross profit margin was primarily due to stronger equipment margins, which were positively impacted by favorable end market conditions.

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 83.5% for the first quarter of fiscal 2024 compared to 80.3% during the same period last year as the increase in gross profit from parts, service, and rental fleet in the first quarter of fiscal 2024 more than offset increased floorplan interest expenses and operating expenses less commission expense on equipment sales.

Operating Expenses

	Three Months Ended April 30,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Operating Expenses	\$ 81,315	\$ 64,152	\$ 17,163	26.8 %
Operating Expenses as a Percentage of Revenue	14.3 %	13.9 %	0.4 %	2.9 %

Our operating expenses in the first quarter of fiscal 2024 increased 26.8% as compared to the first quarter of fiscal 2023. The increase in operating expenses was primarily the result of an increase in variable expenses associated with increased sales as well as additional operating expenses due to acquisitions that have taken place in the past year. Operating expenses as a percentage of revenue increased to 14.3% in the first quarter of fiscal 2024 from 13.9% in the first quarter of fiscal 2023. The prior year benefited from a \$1.4 million gain on the sale of our consumer products store in March 2022, which offset operating expenses. Operating expenses as a percentage of revenue, net of this one time gain, would have been 14.2% for the first quarter of fiscal 2023.

	Three Months Ended April 30,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Interest and other income	\$ 720	\$ 492	\$ 228	46.3 %
Floorplan interest expense	(1,272)	(254)	1,018	n/m
Other interest expense	(1,274)	(1,196)	78	6.5 %

The increase in floorplan interest expense for the first quarter of fiscal 2024 as compared to the first quarter of fiscal 2023 was primarily due to a higher level of interest-bearing inventory in the first quarter of fiscal 2024.

Provision for Income Taxes

	Three Months Ended April 30,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Provision for Income Taxes	\$ 8,474	\$ 6,044	\$ 2,430	40.2 %

Our effective tax rate was 23.9% and 25.6% for the three months ended April 30, 2023 and April 30, 2022, respectively. The effective tax rates for the three months ended April 30, 2023 and 2022 were subject to various factors such as the impact of certain discrete items, mainly the vesting of share-based compensation and the mix of domestic and foreign income.

Segment Results

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

	Three Months Ended April 30,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Revenue				
Agriculture	\$ 423,195	\$ 318,548	\$ 104,647	32.9 %
Construction	71,996	66,964	5,032	7.5 %
International	74,440	75,495	(1,055)	(1.4) %
Total	\$ 569,631	\$ 461,007	\$ 108,624	23.6 %
Income Before Income Taxes				
Agriculture	\$ 24,152	\$ 16,449	\$ 7,703	46.8 %
Construction	4,533	3,210	1,323	41.2 %
International	6,384	4,325	2,059	47.6 %
Segment Income Before Income Taxes	35,069	23,984	11,085	46.2 %
Shared Resources	370	(400)	770	n/m
Total	\$ 35,439	\$ 23,584	\$ 11,855	50.3 %

Agriculture

Agriculture segment revenue for the first quarter of fiscal 2024 increased 32.9% compared to the first quarter of fiscal 2023. The higher revenue was driven primarily by the recent acquisitions of Mark's Machinery, the Heartland Companies, and Pioneer Farm Equipment, in April 2022, August 2022, and February 2023, respectively, as well as an increase in same-store sales in our Agriculture segment of 3.8%. Same-store sales growth was constrained by availability of key equipment categories due to ongoing supply chain constraints.

Agriculture segment income before income taxes for the first quarter of fiscal 2024 was \$24.2 million compared to \$16.4 million for the first quarter of fiscal 2023. The improvement in segment results was primarily the result of higher equipment revenue, led by the acquisitions stated above, as well stronger gross profit margin on equipment driven by robust demand.

Construction

Construction segment revenue for the first quarter of fiscal 2024 increased 7.5% compared to the first quarter of fiscal 2023. Same-store sales in our Construction segment increased 9.9% for the first quarter of fiscal 2024, as compared to the first quarter of fiscal 2023, which more than offset the lost sales from the divestiture of our consumer products store in North Dakota. Construction activity in our footprint continued to be elevated, which was the primary factor in the same store sales growth.

Our Construction segment income before taxes was \$4.5 million for the first quarter of fiscal 2024 compared to \$3.2 million in the first quarter of fiscal 2023. The improvement in segment results was primarily due to an increase in same store sales, as described above as well as an increase in rental fleet utilization, which led to an increase in rental gross profit margin. These items more than offset the gain of \$1.4 million on the sale of our consumer products store, in the first quarter of fiscal 2023. 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 24.5% in the first quarter of fiscal 2023 to 26.8% in the first quarter of fiscal 2024.

International

International segment revenue was \$74.4 million for the first quarter of fiscal 2024 compared to \$75.5 million in the first quarter of fiscal 2023. The decrease in segment revenues was primarily due to a 4.6% devaluation from the prior year period of the Euro, the functional currency in much of our international footprint, as compared to the U.S. Dollar. Revenue, net of the effect of foreign currency fluctuations, was up \$2.1 million or 2.8%. The segment was also negatively impacted by a 10.7% decrease in total revenue from our Ukrainian subsidiary due to the Russia-Ukraine conflict, compared to the first quarter of fiscal 2023.

Our International segment income before income taxes was \$6.4 million for the first quarter of fiscal 2024 compared to segment income before income taxes of \$4.3 million for the same period last year. The increase in segment pre-tax income was primarily the result of improved gross profit margin of the three main revenue streams, equipment, parts, and service.

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 income before income taxes was \$0.4 million for the first quarter of fiscal 2024 compared to a loss before income taxes of \$0.4 million for the same period last year.

Non-GAAP Financial Measures

Change in Non-GAAP Financial Measures

Beginning in the first quarter of fiscal 2024, the Company decided to discontinue the use of a non-GAAP adjustment for Ukraine foreign exchange gains and losses given its immaterial nature. Due to this change, there are no non-GAAP financial measures different from the comparable GAAP financial measure.

Liquidity and Capital Resources

Sources of Liquidity

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

Equipment Inventory and Floorplan Payable Credit Facilities

As of April 30, 2023, the Company had floorplan payable lines of credit for equipment purchases totaling \$781.0 million, which is primarily comprised of a \$500.0 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 decreased from 3.5 times for the rolling 12 month period ended April 30, 2022 to 3.0 times for the rolling 12 month period ended April 30, 2023. The decrease in equipment turnover was attributable to an increase in equipment inventory over the rolling 12 month period ended April 30, 2023 as compared to the same period ended April 30, 2022. Our equity in equipment inventory, which reflects the portion of our equipment inventory balance that is not financed by floorplan payables, decreased to 34.8% as of April 30, 2023 from 51.7% as of January 31, 2023. The decrease in our equity in equipment inventory is primarily due to the stocking of new equipment inventories and the higher level of floorplan financing available on such inventories as well as increased borrowing on our floorplan lines of credit.

Adequacy of Capital Resources

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

As of April 30, 2023, we were in compliance with the financial covenants under our CNH Industrial and DLL Finance credit agreements and we were not subject to the fixed charge coverage ratio covenant under the Bank Syndicate Agreement as our adjusted excess availability plus eligible cash collateral (as defined therein) was not less than 15% of the lesser of (i) aggregate borrowing base and (ii) maximum credit amount as of April 30, 2023. 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 \$77.7 million for the first three months of fiscal 2024, compared to net cash provided by operating activities of \$5.3 million for the first three months of fiscal 2023. 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 three months of fiscal 2024.

Cash Flow Used for Investing Activities

Net cash used for investing activities was \$26.3 million for the first three months of fiscal 2024, compared to \$11.9 million for the first three months of fiscal 2023. The increase in cash used for investing activities was primarily the result of the business acquisition of the five store Pioneer Farm Equipment dealership in the first three months of fiscal 2024, compared to the two store Mark's Machinery dealership in the first three months of fiscal 2023.

Cash Flow Provided by Financing Activities

Net cash provided by financing activities was \$98.2 million for the first three months of fiscal 2024 compared to \$8.0 million for the first three months of fiscal 2023. The increase in cash provided by financing activities was primarily the result of increased non-manufactured floorplan payables in the first three months of fiscal 2024, as the Company drew on its Bank Syndicate floorplan loan in fiscal 2024, to purchase available inventory.

Information Concerning Off-Balance Sheet Arrangements

As of April 30, 2023, 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, 2023, 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, and the impact of the Russia-Ukraine conflict on our Ukrainian subsidiary, the effectiveness and expected benefits 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 and sources of liquidity. 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, disruptions of supply chains and associated impacts on the Company's supply vendors and their ability to provide the Company with sufficient and timely inventory to meet customer demand, 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 April 30, 2023, 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 \$1.4 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 \$1.4 million. At April 30, 2023, we had floorplan payables of \$443.0 million, of which approximately \$139.1 million was variable-rate floorplan payable and \$303.8 million was non-interest bearing. In addition, at April 30, 2023, we had total long-term debt, including finance lease obligations, of \$102.5 million, primarily 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 April 30, 2023, holding other variables constant, we believe that a hypothetical 10% increase or decrease in all applicable foreign exchange rates would not have a material impact on our results of operations or cash flows. As of April 30, 2023, 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, 2023, 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
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Financial statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended April 30, 2023, 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: June 1, 2023

TITAN MACHINERY INC.

By /s/ Robert Larsen
Robert Larsen
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, David J. Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titan Machinery Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2023

/s/ David J. Meyer

David J. Meyer

Board Chair and Chief Executive Officer

**CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Robert Larsen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Titan Machinery Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2023

/s/ Robert Larsen

Robert Larsen

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 April 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, David J. Meyer, Board Chair and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: June 1, 2023

/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 April 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Robert Larsen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: June 1, 2023

/s/ Robert Larsen

Robert Larsen

Chief Financial Officer