

**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, 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 September 1, 2023, 22,863,911 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)**

	July 31, 2023	January 31, 2023
Assets		
Current Assets		
Cash	\$ 52,765	\$ 43,913
Receivables, net of allowance for expected credit losses	119,753	95,844
Inventories, net	979,427	703,939
Prepaid expenses and other	13,543	25,554
Total current assets	1,165,488	869,250
Noncurrent Assets		
Property and equipment, net of accumulated depreciation	252,187	217,782
Operating lease assets	44,241	50,206
Deferred income taxes	3,769	1,246
Goodwill	31,157	30,622
Intangible assets, net of accumulated amortization	18,354	18,411
Other	1,820	1,178
Total noncurrent assets	351,528	319,445
Total Assets	\$ 1,517,016	\$ 1,188,695
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 41,254	\$ 40,834
Floorplan payable	595,728	258,372
Current maturities of long-term debt	11,174	7,241
Current operating lease liabilities	9,533	9,855
Deferred revenue	63,083	119,845
Accrued expenses and other	49,360	58,159
Income taxes payable	7,871	3,845
Total current liabilities	778,003	498,151
Long-Term Liabilities		
Long-term debt, less current maturities	87,052	89,950
Operating lease liabilities	42,168	48,513
Deferred income taxes	9,569	9,563
Other long-term liabilities	3,543	6,212
Total long-term liabilities	142,332	154,238
Commitments and Contingencies (Note 15)		
Stockholders' Equity		
Common stock, par value \$.00001 per share, 45,000,000 shares authorized; 22,863,628 shares issued and outstanding at July 31, 2023; 22,697,761 shares issued and outstanding at January 31, 2023	—	—
Additional paid-in-capital	256,984	256,541
Retained earnings	343,070	284,784
Accumulated other comprehensive loss	(3,373)	(5,019)
Total stockholders' equity	596,681	536,306
Total Liabilities and Stockholders' Equity	\$ 1,517,016	\$ 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 July 31,		Six Months Ended July 31,	
	2023	2022	2023	2022
Revenue				
Equipment	\$ 480,122	\$ 375,216	\$ 909,498	\$ 731,582
Parts	108,510	77,693	205,116	146,255
Service	42,478	33,365	77,411	62,887
Rental and other	11,458	10,269	20,174	16,825
Total Revenue	642,568	496,543	1,212,199	957,549
Cost of Revenue				
Equipment	414,800	323,988	783,062	634,222
Parts	73,086	52,706	138,190	100,015
Service	14,208	11,072	26,617	21,832
Rental and other	7,075	6,078	12,351	10,087
Total Cost of Revenue	509,169	393,844	960,220	766,156
Gross Profit	133,399	102,699	251,979	191,393
Operating Expenses	88,751	68,828	170,066	132,980
Income from Operations	44,648	33,871	81,913	58,413
Other Income (Expense)				
Interest and other income	641	873	1,362	1,365
Floorplan interest expense	(2,457)	(245)	(3,729)	(499)
Other interest expense	(1,241)	(1,349)	(2,514)	(2,545)
Income Before Income Taxes	41,591	33,150	77,032	56,734
Provision for Income Taxes	10,270	8,191	18,745	14,235
Net Income	\$ 31,321	\$ 24,959	\$ 58,287	\$ 42,499
Earnings per Share:				
Basic	\$ 1.38	\$ 1.10	\$ 2.56	\$ 1.88
Diluted	\$ 1.38	\$ 1.10	\$ 2.56	\$ 1.88
Weighted Average Common Shares:				
Basic	22,476	22,387	22,474	22,350
Diluted	22,484	22,392	22,480	22,357

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,	
	2023	2022	2023	2022
Net Income	\$ 31,321	\$ 24,959	\$ 58,287	\$ 42,499
Other Comprehensive Income (Loss)				
Foreign currency translation adjustments	550	(2,963)	1,646	(4,153)
Comprehensive Income	<u>\$ 31,871</u>	<u>\$ 21,996</u>	<u>\$ 59,933</u>	<u>\$ 38,346</u>

See Notes to Condensed Consolidated Financial Statements

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares Outstanding	Amount				
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	22,669	\$ —	\$ 256,207	\$ 311,749	\$ (3,923)	\$ 564,033
Common stock issued on grant of restricted stock, net of restricted stock forfeitures and restricted stock withheld for employee withholding tax	195	—	(7)	—	—	(7)
Stock-based compensation expense	—	—	784	—	—	784
Net income	—	—	—	31,321	—	31,321
Other comprehensive income	—	—	—	—	550	550
BALANCE, July 31, 2023	22,864	\$ —	\$ 256,984	\$ 343,070	\$ (3,373)	\$ 596,681

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares Outstanding	Amount				
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	22,569	\$ —	\$ 254,390	\$ 200,456	\$ (3,363)	\$ 451,483
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	126	—	(5)	—	—	(5)
Stock-based compensation expense	—	—	803	—	—	803
Net income	—	—	—	24,959	—	24,959
Other comprehensive loss	—	—	—	—	(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,	
	2023	2022
Operating Activities		
Net income	\$ 58,287	\$ 42,499
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	14,637	10,987
Deferred income taxes	(2,495)	(1,005)
Stock-based compensation expense	1,443	1,423
Noncash interest expense	129	121
Other, net	3,250	4,583
Changes in assets and liabilities, net of effects of acquisitions		
Receivables	(20,623)	(2,913)
Prepaid expenses and other assets	7,540	8,357
Inventories	(263,121)	(137,708)
Manufacturer floorplan payable	150,906	105,415
Deferred revenue	(58,482)	(43,530)
Accounts payable, accrued expenses and other and other long-term liabilities	(14,166)	(9,182)
Net Cash Used for Operating Activities	(122,695)	(20,953)
Investing Activities		
Rental fleet purchases	(2,690)	(6,020)
Property and equipment purchases (excluding rental fleet)	(25,347)	(8,487)
Proceeds from sale of property and equipment	6,029	1,628
Acquisition consideration, net of cash acquired	(27,935)	(7,675)
Other, net	(795)	(182)
Net Cash Used for Investing Activities	(50,738)	(20,736)
Financing Activities		
Net change in non-manufacturer floorplan payable	185,026	35,716
Proceeds from long-term debt borrowings	6,503	8,415
Principal payments on long-term debt and finance leases	(8,701)	(3,879)
Other, net	(1,009)	(689)
Net Cash Provided by Financing Activities	181,819	39,563
Effect of Exchange Rate Changes on Cash	466	(1,966)
Net Change in Cash	8,852	(4,092)
Cash at Beginning of Period	43,913	146,149
Cash at End of Period	\$ 52,765	\$ 142,057
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period		
Income taxes, net of refunds	\$ 15,215	\$ 11,116
Interest	\$ 5,377	\$ 2,851
Supplemental Disclosures of Noncash Investing and Financing Activities		
Net property and equipment financed with long-term debt, finance leases, accounts payable and accrued liabilities	\$ 5,175	\$ 2,667
Net transfer of assets to property and equipment from inventories	\$ (1,232)	\$ (2,849)

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, 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.

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. On February 1st, 2023 we adopted ASU No. 2022-04 with no impact to our consolidated financial statements.

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 July 31, 2023 and January 31, 2023 were \$42.1 million and \$13.0 million, respectively, and are presented as Floorplan payable on the Company's 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 July 31,		Six Months Ended July 31,	
	2023	2022	2023	2022
(in thousands, except per share data)				
Numerator:				
Net income	\$ 31,321	\$ 24,959	\$ 58,287	\$ 42,499
Allocation to participating securities	(400)	(291)	(689)	(502)
Net income attributable to Titan Machinery Inc. common stockholders	<u>\$ 30,921</u>	<u>\$ 24,668</u>	<u>\$ 57,598</u>	<u>\$ 41,997</u>
Denominator:				
Basic weighted-average common shares outstanding	22,476	22,387	22,474	22,350
Plus: incremental shares from vesting of restricted stock units	8	5	6	7
Diluted weighted-average common shares outstanding	<u>22,484</u>	<u>22,392</u>	<u>22,480</u>	<u>22,357</u>
Earnings Per Share:				
Basic	<u>\$ 1.38</u>	<u>\$ 1.10</u>	<u>\$ 2.56</u>	<u>\$ 1.88</u>
Diluted	<u>\$ 1.38</u>	<u>\$ 1.10</u>	<u>\$ 2.56</u>	<u>\$ 1.88</u>

NOTE 3 - REVENUE

Revenue is 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, 2023				Six Months Ended July 31, 2023			
	Agriculture	Construction	International	Total	Agriculture	Construction	International	Total
	(in thousands)				(in thousands)			
Equipment	\$ 352,533	\$ 53,697	\$ 73,892	\$ 480,122	\$ 678,193	\$ 99,155	\$ 132,150	\$ 909,498
Parts	82,246	12,537	13,727	108,510	151,793	26,202	27,121	205,116
Service	32,526	7,347	2,605	42,478	58,793	13,683	4,935	77,411
Other	1,235	588	193	2,016	2,402	948	552	3,902
Revenue from contracts with customers	<u>468,540</u>	<u>74,169</u>	<u>90,417</u>	<u>633,126</u>	<u>891,181</u>	<u>139,988</u>	<u>164,758</u>	<u>1,195,927</u>
Rental	529	8,694	219	9,442	1,085	14,872	315	16,272
Total revenue	<u>\$ 469,069</u>	<u>\$ 82,863</u>	<u>\$ 90,636</u>	<u>\$ 642,568</u>	<u>\$ 892,266</u>	<u>\$ 154,860</u>	<u>\$ 165,073</u>	<u>\$ 1,212,199</u>

	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 revenue	\$ 348,956	\$ 70,022	\$ 77,565	\$ 496,543	\$ 667,503	\$ 136,986	\$ 153,060	\$ 957,549

Unbilled Receivables and Deferred Revenue

Unbilled receivables from contracts with customers amounted to \$32.1 million and \$19.8 million as of July 31, 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 \$62.0 million and \$118.1 million as of July 31, 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 six months ended July 31, 2023 and 2022, the Company recognized \$107.7 million and \$105.1 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 six months ended July 31, 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.

	July 31, 2023	January 31, 2023
	(in thousands)	
Trade and unbilled receivables from contracts with customers		
Trade receivables due from customers	\$ 57,220	\$ 47,298
Unbilled receivables	32,110	19,764
Less allowance for expected credit losses	3,251	3,080
	86,079	63,982
Trade receivables due from finance companies	17,556	11,212
Trade and unbilled receivables from rental contracts		
Trade receivables	3,804	3,629
Unbilled receivables	1,076	776
Less allowance for expected credit losses	436	360
	4,444	4,045
Other receivables		
Due from manufacturers	10,766	15,007
Other	908	1,598
	11,674	16,605
Receivables, net of allowance for expected credit losses	\$ 119,753	\$ 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 (benefit) provision	(15)	123	244	352
Write-offs charged against allowance	143	56	53	252
Credit loss recoveries collected	13	1	42	56
Foreign exchange impact	—	—	15	15
Balance at July 31, 2023	\$ 222	\$ 192	\$ 2,837	\$ 3,251
	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 (recoveries) 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

The following table presents impairment losses (recoveries) on receivables arising from sales contracts with customers and receivables arising from rental contracts reflected in Operating Expenses in the Condensed Consolidated Statements of

Operations:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2023	2022	2023	2022
	(in thousands)			
Impairment losses on:				
Receivables from sales contracts	\$ 69	\$ 186	\$ 351	\$ 999
Receivables from rental contracts	71	43	123	32
	<u>\$ 140</u>	<u>\$ 229</u>	<u>\$ 474</u>	<u>\$ 1,031</u>

NOTE 5 - INVENTORIES

	July 31, 2023	January 31, 2023
	(in thousands)	
New equipment	\$ 598,926	\$ 369,828
Used equipment	194,730	164,761
Parts and attachments	179,527	164,553
Work in process	6,244	4,797
	<u>\$ 979,427</u>	<u>\$ 703,939</u>

NOTE 6 - PROPERTY AND EQUIPMENT

	July 31, 2023	January 31, 2023
	(in thousands)	
Rental fleet equipment	\$ 77,848	\$ 75,386
Machinery and equipment	31,241	27,220
Vehicles	87,816	80,122
Furniture and fixtures	56,069	53,937
Land, buildings, and leasehold improvements	169,601	140,773
	<u>422,575</u>	<u>377,438</u>
Less accumulated depreciation	<u>170,388</u>	<u>159,656</u>
	<u>\$ 252,187</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 \$2.2 million and \$2.0 million for the three months ended July 31, 2023 and 2022, and \$3.9 million and \$3.5 million for the six months ended July 31, 2023 and 2022, respectively. All other depreciation expense is included in Operating Expenses, which was \$5.2 million and \$3.6 million for the three months ended July 31, 2023 and 2022, and \$10.0 million and \$7.1 million for the six months ended July 31, 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 and six months ended July 31, 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 July 31, 2023 and January 31, 2023.

	July 31, 2023			January 31, 2023		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
	(in thousands)			(in thousands)		
Customer relationships	\$ 538	\$ (234)	\$ 304	\$ 538	\$ (180)	\$ 358
Covenants not to compete	1,133	(333)	800	1,025	(222)	803
	<u>\$ 1,671</u>	<u>\$ (567)</u>	<u>\$ 1,104</u>	<u>\$ 1,563</u>	<u>\$ (402)</u>	<u>\$ 1,161</u>

Future amortization expense, as of July 31, 2023, is expected to be as follows:

Fiscal Year Ended January 31,

	Amount
	(in thousands)
2024 (remainder)	\$ 173
2025	325
2026	282
2027	232
2028	92
Thereafter	—
	<u>\$ 1,104</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 six months ended July 31, 2023:

	Agriculture	Construction	Total
	(in thousands)		
January 31, 2023	\$ 17,178	\$ 72	\$ 17,250
July 31, 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 six months ended July 31, 2023:

	Agriculture	International	Total
	(in thousands)		
January 31, 2023	\$ 30,622	\$ —	\$ 30,622
Arising from business combinations	69	471	540
Foreign currency translation	—	(5)	(5)
July 31, 2023	<u>\$ 30,691</u>	<u>\$ 466</u>	<u>\$ 31,157</u>

NOTE 8 - FLOORPLAN PAYABLE/LINES OF CREDIT

As of July 31, 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 Third Amended and Restated Credit Agreement (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 July 31, 2023 and January 31, 2023, consisted of the following:

	July 31, 2023	January 31, 2023
	(in thousands)	
CNH Industrial	\$ 318,447	\$ 177,337
Bank Syndicate Agreement Floorplan Loan	185,000	35,550
DLL Finance	37,739	9,914
Other outstanding balances with manufacturers and non-manufacturers	54,542	35,571
	<u>\$ 595,728</u>	<u>\$ 258,372</u>

As of July 31, 2023, the interest-bearing U.S. floorplan payables carried a variable interest rate with a range of 6.72% to 11.00% compared to a range of 5.94% to 10.25% as of January 31, 2023. As of July 31, 2023, foreign floorplan payables carried a variable interest rate with a range of 5.36% to 6.17%, 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 \$360.4 million and \$213.0 million, as of July 31, 2023 and January 31, 2023, respectively.

NOTE 9 - LONG TERM DEBT

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

Description	Maturity Dates	Interest Rates	July 31, 2023	January 31, 2023
			(in thousands)	
Mortgage loans, secured	Various through May 2039	2.1% to 7.3%	\$ 69,682	\$ 68,689
Sale-leaseback financing obligations	Various through December 2030	3.4% to 10.3%	10,658	11,252
Vehicle loans, secured	Various through May 2029	2.1% to 6.8%	13,295	12,659
Other	Various through July 2039	3.6%	4,591	4,591
Total debt			<u>98,226</u>	<u>97,191</u>
Less: current maturities			<u>11,174</u>	<u>7,241</u>
Long-term debt, net			<u>\$ 87,052</u>	<u>\$ 89,950</u>

NOTE 10 - DERIVATIVE INSTRUMENTS

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

From time to time, the Company uses foreign currency forward contracts to hedge the effects of fluctuations in exchange rates on outstanding intercompany loans. The Company does not formally designate and document such derivative instruments as hedging instruments; however, the instruments are an effective economic hedge of the underlying foreign currency exposure. Both the gain or loss on the derivative instrument and the offsetting gain or loss on the underlying intercompany loan are recognized in earnings immediately, thereby eliminating or reducing the impact of foreign currency exchange rate fluctuations on net income. The Company's foreign currency forward contracts generally have three-month maturities, maturing on the last day of each fiscal quarter. The notional value of outstanding foreign currency contracts as of July 31, 2023 was \$5.1 million. There were no outstanding foreign currency contracts as of January 31, 2023.

As of July 31, 2023 and January 31, 2023, the fair value of the Company's outstanding derivative instruments was not material. Derivative instruments recognized as assets are recorded in prepaid expenses and other in the condensed consolidated balance sheets, and derivative instruments recognized as liabilities are recorded in accrued expenses and other in the condensed consolidated balance sheets.

The following table sets forth the gains and losses recognized in income from the Company's derivative instruments for the three and six months ended July 31, 2023 and 2022. Gains and losses are recognized in Interest and other income in the condensed consolidated statements of operations:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2023	2022	2023	2022
	(in thousands)			
Foreign currency contract gain (loss)	\$ 21	\$ —	\$ (39)	\$ —

NOTE 11 - 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, 2023 and July 31, 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)
Other comprehensive income (loss)	550	—	550
Balance, July 31, 2023	<u>\$ (6,084)</u>	<u>\$ 2,711</u>	<u>\$ (3,373)</u>
	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)
Other comprehensive income (loss)	(2,963)	—	(2,963)
Balance, July 31, 2022	<u>\$ (9,037)</u>	<u>\$ 2,711</u>	<u>\$ (6,326)</u>

NOTE 12 - 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 July 31, 2023 and January 31, 2023:

	July 31, 2023	January 31, 2023
	(in thousands)	
Rental fleet equipment	\$ 77,848	\$ 75,386
Less accumulated depreciation	28,494	26,959
	<u>\$ 49,354</u>	<u>\$ 48,427</u>

NOTE 13 - FAIR VALUE MEASUREMENTS

As of July 31, 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 July 31, 2023 and January 31, 2023. The 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, 2023		January 31, 2023	
	(in thousands)			
Carrying amount	\$	82,977	\$	81,349
Fair value	\$	72,939	\$	70,434

NOTE 14 - INCOME TAXES

Our effective tax rate was 24.7% for each of the three months ended July 31, 2023 and 2022 and was 24.3% and 25.1% for the six months ended July 31, 2023 and 2022, respectively. The effective tax rate for the three and six months ended July 31, 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 15 - BUSINESS COMBINATIONS*Fiscal 2024*

On June 1, 2023, the Company acquired certain assets of Midwest Truck Parts Inc., ("Midwest Truck"). The acquired business consists of one location in Dawson, Minnesota. This location is included in the Company's Agriculture segment. The total consideration transferred for the acquired business was \$4.0 million paid in cash, which includes the purchase of the real estate.

On May 1, 2023, the Company, through its German subsidiary, Titan Machinery Deutschland GmbH, acquired certain assets of MAREP GmbH ("MAREP") related to its full-service agriculture dealership business located in Mühlengiez and Radelübbe, Germany. Our acquisition of these assets from MAREP further expands our presence in the German market. The total consideration transferred for the acquired business was \$4.4 million paid in cash, which includes the real estate of the Mühlengiez location. These locations are included in the Company's international segment.

On February 1, 2023, the Company acquired certain assets of Pioneer Farm Equipment Co., ("Pioneer Farm Equipment"). The acquired business consists of five agriculture equipment stores in American Falls, Blackfoot, Idaho Falls, Rexburg, and Rupert, Idaho. These locations are included in the Company's Agriculture segment. The total consideration transferred for the acquired business was \$19.5 million paid in cash, which includes \$9.4 million for the purchase of the real estate.

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 these inventories, the Company was 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 outstanding equity 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 recently 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 these 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. The purchase price allocation for all business combinations completed in the six months ended July 31, 2023 are preliminary as we finalize the valuation of our intangible assets acquired. The purchase price allocations 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 six months ended July 31, 2023:

	July 31, 2023		January 31, 2023	
	(in thousands)			
Assets acquired:				
Cash	\$	4	\$	1,584
Receivables		885		9,485
Inventories		11,237		106,890
Prepaid expenses and other		—		668
Property and equipment		16,659		24,292
Operating lease assets		148		3,928
Intangible assets		—		8,017
Goodwill		540		21,670
Other	\$	110		—
		29,583		176,534
Liabilities assumed:				
Accounts payable		—		18,547
Floorplan payable		—		31,699
Current operating lease liabilities		58		541
Deferred revenue		1,499		7,039
Accrued expenses and other		—		3,523
Long-term debt		—		4,591
Operating lease liabilities		91		3,387
Other long-term liabilities		—		5,152
		1,648		74,479
Net assets acquired	\$	27,935	\$	102,055
Goodwill recognized by segment:				
Agriculture	\$	69	\$	21,670
International	\$	471	\$	—
Goodwill expected to be deductible for tax purposes	\$	540	\$	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 completed during the six months ended July 31, 2023, the Company recognized a non-competition intangible asset of \$0.1 million in its International segment, which will be amortized over a three year period. For the business combinations completed during the fiscal 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 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 for the six month period ended July 31, 2023 amounted to \$0.5 million, primarily related to the O'Connors, see Subsequent Event Note 18, acquisition. Acquisition related costs amounted to \$1.1 million for the fiscal year ended January 31, 2023. 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 July 31, 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 July 31,		Six Months Ended July 31,	
	2023	2022	2023	2022
	(in thousands)			
Total Revenues	\$ 642,568	\$ 561,194	\$ 1,212,199	\$ 1,117,622
Net Income	\$ 31,321	\$ 27,523	\$ 58,287	\$ 51,904

NOTE 16 - 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 17 - 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,	
	2023	2022	2023	2022
	(in thousands)		(in thousands)	
Revenue				
Agriculture	\$ 469,069	\$ 348,956	\$ 892,266	\$ 667,503
Construction	82,863	70,022	154,860	136,986
International	90,636	77,565	165,073	153,060
Total	<u>\$ 642,568</u>	<u>\$ 496,543</u>	<u>\$ 1,212,199</u>	<u>\$ 957,549</u>
Income (Loss) Before Income Taxes				
Agriculture	\$ 33,029	\$ 24,895	\$ 57,181	\$ 41,344
Construction	5,156	3,923	9,689	7,132
International	5,568	5,870	11,952	10,195
Segment income before income taxes	43,753	34,688	78,822	58,671
Shared Resources	(2,162)	(1,538)	(1,790)	(1,937)
Total	<u>\$ 41,591</u>	<u>\$ 33,150</u>	<u>\$ 77,032</u>	<u>\$ 56,734</u>
	July 31, 2023		January 31, 2023	
	(in thousands)		(in thousands)	
Total Assets				
Agriculture	\$ 985,419	\$ 788,265		
Construction	224,478	187,739		
International	242,177	170,647		
Segment assets	1,452,074	1,146,651		
Shared Resources	64,942	42,044		
Total	<u>\$ 1,517,016</u>	<u>\$ 1,188,695</u>		

NOTE 18 - SUBSEQUENT EVENTS

On August 29, 2023, the Company entered into a definitive purchase agreement to acquire J.J. O'Connor & Sons Pty. Ltd. ("O'Connors"), which operates 15 CaseIH dealership locations and one parts center in the states of New South Wales, South Australia, and Victoria in Southeastern Australia. In its most recently completed fiscal year ended June 30, 2023, O'Connors generated revenue of approximately \$258 million. The Company plans to close on the acquisition in the fourth quarter of calendar 2023. The consideration paid is estimated to be \$63 million, subject to final working capital and other purchase price closing adjustments. The acquisition will be accounted for in accordance with Accounting Standards Codification ("ASC") Topic 805, "Business Combinations".

The Company plans to fund the acquisition with cash on hand and additional indebtedness under the floorplan and working capital loans of the Bank Syndicate. On September 1, 2023, the Company entered into Amendment No. 3 to the Third Amended and Restated Credit Agreement with the Bank Syndicate, the amendment increased the Floorplan loan capacity from \$185 million to \$250 million and the Revolver loan capacity from \$65 million to \$75 million.

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 second quarter of fiscal 2024, our net income was \$31.3 million, or \$1.38 per diluted share, compared to a fiscal 2023 second quarter net income of \$25.0 million, or \$1.10 per diluted share. Significant factors impacting the quarterly comparisons were:

- Revenue in the second quarter of fiscal 2024 increased by 29.4% compared to the second quarter of fiscal 2023. The revenue increase was led by additional revenue resulting from the acquisitions of the Heartland Companies and Pioneer Farm Equipment, in August 2022 and February 2023, respectively. In addition, total Company same-store sales also increased by 12.1% compared to the prior year second quarter (for a description of how we compute same-store sales, see discussion under Results of Operations),
- Gross profit in the second quarter of fiscal 2024 increased 29.9% compared to the second quarter of fiscal 2023. The increase in gross profit was primarily the result of increased sales due to the aforementioned acquisitions and strong same-store sales.

Supply Chain

Equipment availability of certain product categories continues to be constrained as supply chain disruptions and labor shortages have caused many manufacturers to be unable 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 high-horsepower tractors and self-propelled sprayers, there are other product categories for which we have been able to receive enough inventory to meet demand and also 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 six months ended July 31, 2023, Titan Machinery Ukraine's revenues are down approximately 13.6% from the prior year period.

As of July 31, 2023, the Company had total assets of \$33.5 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 August 29, 2023, the Company entered into a definitive purchase agreement to acquire J.J. O'Connor & Sons Pty. Ltd. ("O'Connors"), which operates 15 CaseIH dealership locations and one parts center in the states of New South Wales, South Australia, and Victoria in Southeastern Australia. In its most recently completed fiscal year ended June 30, 2023, O'Connors generated revenue of approximately \$258 million. The Company plans to close on the acquisition in the fourth quarter of calendar 2023. The consideration paid is estimated to be \$63 million, subject to final working capital and other purchase price closing adjustments. The acquisition will be accounted for in accordance with Accounting Standards Codification ("ASC") Topic 805, "Business Combinations".

The Company plans to fund the acquisition with cash on hand and additional indebtedness under the floorplan and working capital loans of the Bank Syndicate. On September 1, 2023, the Company entered into Amendment No. 3 to the Third Amended and Restated Credit Agreement with the Bank Syndicate, the amendment increased the Floorplan loan capacity from \$185 million to \$250 million and the Revolver loan capacity from \$65 million to \$75 million.

On June 1, 2023, the Company acquired certain assets of Midwest Truck. The acquired business consists of one location in Dawson, Minnesota. This location is included in the Company's Agriculture segment. The total consideration transferred for the acquired business was \$4.0 million paid in cash which includes the purchase of the real estate.

On May 1, 2023, the Company, through its German Subsidiary, Titan Machinery Deutschland GmbH, acquired certain assets of MAREP related to its full-service agriculture dealership businesses located in Mühlengiez and Radelibbe, Germany. Our acquisition of these assets from MAREP further expands our presence in the German market. The total consideration transferred for the acquired business was \$4.4 million paid in cash, which includes the real estate of the Mühlengiez location. These locations are included in the Company's international segment.

On February 1, 2023, the Company acquired certain assets of Pioneer Farm Equipment. The acquired business consists of five agriculture equipment stores in American Falls, Blackfoot, Idaho Falls, Rexburg, and Rupert, Idaho. These locations are included in the Company's Agriculture segment. The total consideration transferred for the acquired business was \$19.5 million paid in cash, which includes \$9.4 million for the purchase of the real estate.

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. Upon acquiring these inventories, the Company was 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 outstanding equity 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.

Comparative financial data for each of our four sources of revenue are expressed below:										
	Three Months Ended July 31,					Six Months Ended July 31,				
	2023		2022			2023		2022		
	(dollars in thousands)						(dollars in thousands)			
Equipment										
Revenue	\$	480,122	\$	375,216		\$	909,498	\$	731,582	
Cost of revenue		414,800		323,988			783,062		634,222	
Gross profit	\$	65,322	\$	51,228		\$	126,436	\$	97,360	
Gross profit margin		13.6	%	13.7	%		13.9	%	13.3	%
Parts										
Revenue	\$	108,510	\$	77,693		\$	205,116	\$	146,255	
Cost of revenue		73,086		52,706			138,190		100,015	
Gross profit	\$	35,424	\$	24,987		\$	66,926	\$	46,240	
Gross profit margin		32.6	%	32.2	%		32.6	%	31.6	%
Service										
Revenue	\$	42,478	\$	33,365		\$	77,411	\$	62,887	
Cost of revenue		14,208		11,072			26,617		21,832	
Gross profit	\$	28,270	\$	22,293		\$	50,794	\$	41,055	
Gross profit margin		66.6	%	66.8	%		65.6	%	65.3	%
Rental and other										
Revenue	\$	11,458	\$	10,269		\$	20,174	\$	16,825	
Cost of revenue		7,075		6,078			12,351		10,087	
Gross profit	\$	4,383	\$	4,191		\$	7,823	\$	6,738	
Gross profit margin		38.3	%	40.8	%		38.8	%	40.0	%

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,			
	2023		2022		2023		2022	
Revenue								
Equipment	74.7	%	75.6	%	75.0	%	76.4	%
Parts	16.9	%	15.6	%	16.9	%	15.3	%
Service	6.6	%	6.7	%	6.4	%	6.6	%
Rental and other	1.8	%	2.1	%	1.7	%	1.7	%
Total Revenue	100.0	%	100.0	%	100.0	%	100.0	%
Total Cost of Revenue	79.2	%	79.3	%	79.2	%	80.0	%
Gross Profit Margin	20.8	%	20.7	%	20.8	%	20.0	%
Operating Expenses	13.8	%	13.9	%	14.0	%	13.9	%
Income from Operations	6.9	%	6.8	%	6.8	%	6.1	%
Other Expense	(0.5)	%	(0.1)	%	(0.4)	%	(0.2)	%
Income Before Income Taxes	6.5	%	6.7	%	6.4	%	5.9	%
Provision for Income Taxes	1.6	%	1.6	%	1.5	%	1.5	%
Net Income	4.9	%	5.0	%	4.8	%	4.4	%

Three Months Ended July 31, 2023 Compared to Three Months Ended July 31, 2022

Consolidated Results

Revenue

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Equipment	\$ 480,122	\$ 375,216	\$ 104,906	28.0 %
Parts	108,510	77,693	30,817	39.7 %
Service	42,478	33,365	9,113	27.3 %
Rental and other	11,458	10,269	1,189	11.6 %
Total Revenue	\$ 642,568	\$ 496,543	\$ 146,025	29.4 %

Total revenue for the second quarter of fiscal 2024 was 29.4% or \$146.0 million higher than the second quarter of fiscal 2023 driven primarily by our recent acquisitions of the Heartland Companies and Pioneer Farm Equipment completed in August 2022 and February 2023, respectively, as well as an increase in Company-wide same-store sales of 12.1%. Strong same-store sales were primarily driven by equipment sales, which benefited from improved availability of inventory in certain product categories and the sustained high demand of both agriculture and construction equipment.

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 65,322	\$ 51,228	\$ 14,094	27.5 %
Parts	35,424	24,987	10,437	41.8 %
Service	28,270	22,293	5,977	26.8 %
Rental and other	4,383	4,191	192	4.6 %
Total Gross Profit	<u>\$ 133,399</u>	<u>\$ 102,699</u>	<u>\$ 30,700</u>	29.9 %
Gross Profit Margin				
Equipment	13.6 %	13.7 %	(0.1)%	(0.7)%
Parts	32.6 %	32.2 %	0.4 %	1.2 %
Service	66.6 %	66.8 %	(0.2)%	(0.3)%
Rental and other	38.3 %	40.8 %	(2.5)%	(6.1)%
Total Gross Profit Margin	20.8 %	20.7 %	0.1 %	0.5 %
Gross Profit Mix				
Equipment	49.0 %	49.9 %	(0.9)%	(1.8)%
Parts	26.6 %	24.3 %	2.3 %	9.5 %
Service	21.2 %	21.7 %	(0.5)%	(2.3)%
Rental and other	3.2 %	4.1 %	(0.9)%	(22.0)%
Total Gross Profit Mix	<u>100.0 %</u>	<u>100.0 %</u>		

Gross profit for the second quarter of fiscal 2024 increased 29.9% or \$30.7 million, as compared to the same period last year. Gross profit margin also improved slightly to 20.8% in the current quarter from 20.7% in the prior year quarter. The increase in gross profit margin was primarily due to a shift to higher margin parts sales relative to equipment sales. Equipment gross profit was impacted in the prior year by a \$2.6 million benefit recognized on the expected achievement of annual manufacturer incentive programs, which is not included in the results for the second quarter of fiscal 2024.

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 — decreased to 88.9% for the second quarter of fiscal 2024 compared to 90.6% during the same period last year, due to increased floorplan interest expense in the second quarter of fiscal 2024 compared to the same period last year.

Operating Expenses

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Operating Expenses	\$ 88,751	\$ 68,828	\$ 19,923	28.9 %
Operating Expenses as a Percentage of Revenue	13.8 %	13.9 %	(0.1)%	(0.7) %

Our operating expenses in the second quarter of fiscal 2024 increased 28.9% as compared to the second quarter of fiscal 2023. The increase in operating expenses was primarily the result of the additional operating expenses due to acquisitions that have taken place in the past year as well as an increase in variable expenses associated with increased sales. Operating expenses as a percentage of revenue decreased to 13.8% in the second quarter of fiscal 2024 from 13.9% in the second quarter of fiscal 2023. The decrease in operating expenses as a percentage of revenue was due to the increase in total revenue in the second quarter of fiscal 2024, as compared to the second quarter of fiscal 2023, which positively affected our ability to leverage our fixed operating costs.

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Interest and other income	\$ 641	\$ 873	\$ (232)	(26.6)%
Floorplan interest expense	(2,457)	(245)	2,212	n/m
Other interest expense	(1,241)	(1,349)	(108)	(8.0)%

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

Provision for Income Taxes

	Three Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Provision for Income Taxes	\$ 10,270	\$ 8,191	\$ 2,079	25.4 %

Our effective tax rate was 24.7% for each of the three months ended July 31, 2023 and July 31, 2022. The effective tax rates for the three months ended July 31, 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 July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Revenue				
Agriculture	\$ 469,069	\$ 348,956	\$ 120,113	34.4 %
Construction	82,863	70,022	12,841	18.3 %
International	90,636	77,565	13,071	16.9 %
Total	<u>\$ 642,568</u>	<u>\$ 496,543</u>	<u>\$ 146,025</u>	29.4 %
Income Before Income Taxes				
Agriculture	\$ 33,029	\$ 24,895	\$ 8,134	32.7 %
Construction	5,156	3,923	1,233	31.4 %
International	5,568	5,870	(302)	(5.1)%
Segment Income Before Income Taxes	43,753	34,688	9,065	26.1 %
Shared Resources	(2,162)	(1,538)	(624)	(40.6)%
Total	<u>\$ 41,591</u>	<u>\$ 33,150</u>	<u>\$ 8,441</u>	25.5 %

Agriculture

Agriculture segment revenue for the second quarter of fiscal 2024 increased 34.4% compared to the second quarter of fiscal 2023. The higher revenue was driven primarily by the recent acquisitions of the Heartland Companies and Pioneer Farm Equipment, completed in August 2022 and February 2023, respectively, as well as an increase in same-store sales in our Agriculture segment of 10.0%. Strong same-store sales were primarily driven by equipment sales, which benefited from improved inventory availability of inventory in certain product categories and the sustained high demand of equipment.

Agriculture segment income before income taxes for the second quarter of fiscal 2024 was \$33.0 million compared to \$24.9 million for the second 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 as higher same-store sales.

Construction

Construction segment revenue for the second quarter of fiscal 2024 increased 18.3% compared to the second quarter of fiscal 2023. Construction activity in our footprint has remained at high levels, which was the primary factor in the year-over-year growth.

Our Construction segment income before taxes was \$5.2 million for the second quarter of fiscal 2024 compared to \$3.9 million in the second quarter of fiscal 2023. The improvement in segment results was primarily due to an increase in revenue. 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 decreased slightly from 31.9% in the second quarter of fiscal 2023 to 30.2% in the second quarter of fiscal 2024.

International

International segment revenue was \$90.6 million for the second quarter of fiscal 2024 compared to \$77.6 million in the second quarter of fiscal 2023. The increase in segment revenue benefited from improved availability of inventory in certain product categories and the sustained high demand of equipment, which more than offset a 16.0% decrease in total revenue from our Ukrainian subsidiary due to the Russia-Ukraine conflict, compared to the second quarter of fiscal 2023.

Our International segment income before income taxes was \$5.6 million for the second quarter of fiscal 2024 compared to segment income before income taxes of \$5.9 million for the same period last year. The decrease in segment pre-tax income was primarily the result of increased operating expenses.

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 \$2.2 million for the second quarter of fiscal 2024 compared to a loss before income taxes of \$1.5 million for the same period last year. The lower shared resources results were led by \$0.5 million of acquisition related expenses incurred for the pending O'Connors acquisition.

Six Months Ended July 31, 2023 Compared to Six Months Ended July 31, 2022

Consolidated Results

Revenue

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Equipment	\$ 909,498	\$ 731,582	\$ 177,916	24.3 %
Parts	205,116	146,255	58,861	40.2 %
Service	77,411	62,887	14,524	23.1 %
Rental and other	20,174	16,825	3,349	19.9 %
Total Revenue	<u>\$ 1,212,199</u>	<u>\$ 957,549</u>	<u>\$ 254,650</u>	<u>26.6 %</u>

Total revenue for the first six months of fiscal 2024 was up 26.6% or \$254.7 million compared to the first six months of fiscal 2023, driven primarily by an increase in Company-wide same-store sales of 8.2% and our acquisitions of Mark's Machinery, the Heartland Companies, and Pioneer Farm Equipment completed in April 2022, August 2022, and February 2023, respectively. The same-store sales increase was primarily driven by equipment sales, which benefited from improved availability of inventory in certain product categories and the sustained high demand of both agriculture and construction equipment.

Gross Profit

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Gross Profit				
Equipment	\$ 126,436	\$ 97,360	\$ 29,076	29.9 %
Parts	66,926	46,240	20,686	44.7 %
Service	50,794	41,055	9,739	23.7 %
Rental and other	7,823	6,738	1,085	16.1 %
Total Gross Profit	<u>\$ 251,979</u>	<u>\$ 191,393</u>	<u>\$ 60,586</u>	<u>31.7 %</u>
Gross Profit Margin				
Equipment	13.9 %	13.3 %	0.6 %	4.5 %
Parts	32.6 %	31.6 %	1.0 %	3.2 %
Service	65.6 %	65.3 %	0.3 %	0.5 %
Rental and other	38.8 %	40.0 %	(1.2)%	(3.0)%
Total Gross Profit Margin	<u>20.8 %</u>	<u>20.0 %</u>	<u>0.8 %</u>	<u>4.0 %</u>
Gross Profit Mix				
Equipment	50.2 %	50.8 %	(0.6)%	(1.2)%
Parts	26.6 %	24.2 %	2.4 %	9.9 %
Service	20.2 %	21.5 %	(1.3)%	(6.0)%
Rental and other	<u>3.0 %</u>	<u>3.5 %</u>	<u>(0.5)%</u>	<u>(14.3)%</u>
Total Gross Profit Mix	<u>100.0 %</u>	<u>100.0 %</u>		

Gross profit increased 31.7% or \$60.6 million for the first six months of fiscal 2024, as compared to the same period last year. Gross profit margin also improved to 20.8% in the first six months of fiscal 2024 from 20.0% in the same period last year. The increase in gross profit margin was primarily due to gross profit mix shift, to higher margin parts sales relative to equipment sales.

Our Company-wide absorption rate for the first six months of fiscal 2024 increased to 86.3%, as compared to 85.6% during the same period last year, as the increase in gross profit from parts, rental, and service more than offset the increase in operating expenses and interest expense on floorplan payables, 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
	2023	2022		
	(dollars in thousands)			
Operating Expenses	\$ 170,066	\$ 132,980	\$ 37,086	27.9 %
Operating Expenses as a Percentage of Revenue	14.0 %	13.9 %	0.1 %	0.7 %

Our operating expenses for the first six months of fiscal 2024 increased \$37.1 million as compared to the first six months of fiscal 2023. The increase in operating expenses was a result of an increase in variable expenses associated with increased sales as well as acquisitions that have occurred in the last twelve months. Operating expenses as a percentage of revenue increased slightly to 14.0% in the first six months of fiscal 2024 from 13.9% in the first six months of fiscal 2023.

Other Income (Expense)

	Six Months Ended July 31,		Increase/ (Decrease)	Percent Change
	2023	2022		
	(dollars in thousands)			
Interest and other income	\$ 1,362	\$ 1,365	\$ (3)	(0.2) %
Floorplan interest expense	(3,729)	(499)	3,230	n/m
Other interest expense	(2,514)	(2,545)	(31)	(1.2) %

Floorplan interest expense increased \$3.2 million for the first six months of fiscal 2024, as compared to the same period last year, primarily due to increased interest bearing borrowings, resulting from higher inventory levels.

Provision for Income Taxes

	Six Months Ended July 31,		Increase/ Decrease	Percent Change
	2023	2022		
	(dollars in thousands)			
Provision for Income Taxes	\$ 18,745	\$ 14,235	\$ 4,510	31.7 %

Our effective tax rate was 24.3% for the first six months of fiscal 2024 and 25.1% for the same period last year. The effective tax rate for the six months ended July 31, 2023 and 2022 was subject to variation due to 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.

	Six Months Ended July 31,		Increase/	Percent
	2023	2022	(Decrease)	Change
	(dollars in thousands)			
Revenue				
Agriculture	\$ 892,266	\$ 667,503	\$ 224,763	33.7 %
Construction	154,860	136,986	17,874	13.0 %
International	165,073	153,060	12,013	7.8 %
Total	<u>\$ 1,212,199</u>	<u>\$ 957,549</u>	<u>\$ 254,650</u>	<u>26.6 %</u>
Income Before Income Taxes				
Agriculture	\$ 57,181	\$ 41,344	\$ 15,837	38.3 %
Construction	9,689	7,132	2,557	35.9 %
International	11,952	10,195	1,757	17.2 %
Segment Income Before Income Taxes	78,822	58,671	20,151	34.3 %
Shared Resources	(1,790)	(1,937)	147	7.6 %
Total	<u>\$ 77,032</u>	<u>\$ 56,734</u>	<u>\$ 20,298</u>	<u>35.8 %</u>

Agriculture

Agriculture segment revenue for the first six months of fiscal 2024 increased 33.7% compared to the same period last year. The higher revenue was driven primarily by the 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 of 7.2% for the first six months of fiscal 2024, as compared to the same period last year. The same-store sales increase was primarily driven by equipment sales, which benefited from improved availability of inventory in certain product categories and the sustained high demand of new and used equipment.

Agriculture segment income before income taxes was \$57.2 million for the first six months of fiscal 2024 compared to \$41.3 million over the first six months of fiscal 2023. The improvement in segment results was primarily the result of higher equipment revenue.

Construction

Construction segment revenue for the first six months of fiscal 2024 increased 13.0% compared to the same period last year. When accounting for the divestitures of the North Dakota consumer products store in March 2022, same-store sales increased 14.3%. 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 income taxes was \$9.7 million for the first six months of fiscal 2024 compared to \$7.1 million for the first six months of fiscal 2023. The increase in segment results was primarily due to an increase in same-store sales, as described above. The dollar utilization of our rental fleet decreased slightly from 28.6% in the first six months of fiscal 2023 to 28.5% in the first six months of fiscal 2024.

International

International segment revenue for the first six months of fiscal 2024 increased 7.8% compared to the same period last year. The increase in segment revenues benefited from improved availability of inventory in certain product categories and the sustained high demand of equipment in the first six months of fiscal 2024, which more than offset a 13.6% decrease in revenues from our Ukrainian subsidiary due to the Russia-Ukraine conflict compared to the first six months of fiscal 2023.

Our International segment income before income taxes was \$12.0 million for the first six months of fiscal 2024 compared to \$10.2 million for the same period last year. The higher segment results were primarily the result of increased equipment sales and improved equipment gross profit margin.

Shared Resources/Eliminations

We incur centralized expenses/income at our general corporate level, which we refer to as "Shared Resources," and then allocate most of these net expenses to our segments. Since these allocations are set early in the year, and a portion is planned to be unallocated, unallocated balances may occur. Shared Resources loss before income taxes was \$1.8 million for the first six months of fiscal 2024, which included \$0.5 million of acquisition related expenses incurred for the O'Connors acquisition, compared to a loss before income taxes of \$1.9 million for the same period last year.

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, 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 3.6 times for the rolling 12 month period ended July 31, 2022 to 2.7 times for the rolling 12 month period ended July 31, 2023. The decrease in equipment turnover was attributable to an increase in equipment inventory over the rolling 12 month period ended July 31, 2023 as compared to the same period ended July 31, 2022. Our equity in equipment inventory, which reflects the portion of our equipment inventory balance that is not financed by floorplan payables, decreased to 24.9% as of July 31, 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.

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 July 31, 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 July 31, 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 Used for Operating Activities

Net cash used for operating activities was \$122.7 million for the first six months of fiscal 2024, compared to net cash used for operating activities of \$21.0 million for the first six months of fiscal 2023. The change in net cash used for operating activities is primarily the result of an increase in inventories and a decrease in deferred revenue, which were 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 2024.

Cash Flow Used for Investing Activities

Net cash used for investing activities was \$50.7 million for the first six months of fiscal 2024, compared to \$20.7 million for the first six months of fiscal 2023. The increase in cash used for investing activities was primarily the result of the acquisitions of Pioneer Farm Equipment, MAREP, and Midwest Truck in the first six months of fiscal 2024, compared to the acquisition of Mark's Machinery in the first six months of fiscal 2023.

Cash Flow Provided by Financing Activities

Net cash provided by financing activities was \$181.8 million for the first six months of fiscal 2024 compared to \$39.6 million for the first six months of fiscal 2023. The increase in cash provided by financing activities was primarily the result of increased non-manufacture floorplan payables in the first six months of fiscal 2024, as the Company drew on its Bank Syndicate floorplan loan in fiscal 2024, to finance higher inventory levels.

Information Concerning Off-Balance Sheet Arrangements

As of July 31, 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, the impact of farm income levels on customer demand for agricultural equipment and services, 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 consummate, integrate and realize growth opportunities and synergies in connection with the pending O'Connors acquisition, the risk that we assume unforeseen or other liabilities in connection with the pending O'Connors acquisition and the impact of those conditions and obligations imposed on us under the CaseIH dealer agreements entered into in connection with the Heartland Companies acquisition 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 July 31, 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 \$2.4 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 \$2.4 million. At July 31, 2023, we had floorplan payables of \$595.7 million, of which approximately \$235.3 million was variable-rate floorplan payable and \$360.5 million was non-interest bearing. In addition, at July 31, 2023, we had total long-term debt, including finance lease obligations, of \$100.0 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 July 31, 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 July 31, 2023, our Ukrainian subsidiary had \$0.5 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

(a) On September 1, 2023, the Company entered into Amendment No. 3 ("Amendment No. 3") to the Third Amended and Restated Credit Agreement with the Bank Syndicate (the "Bank Syndicate Agreement"). Among other items, Amendment No. 3 (i) increased the Bank Syndicate Agreement lenders' aggregate floorplan loan commitments under the Bank Syndicate Agreement from \$185.0 million to \$250.0 million and the Bank Syndicate Agreement lenders' aggregate revolving loan commitments under the Bank Syndicate Agreement from \$65.0 million to \$75.0 million and (ii) amended the terms of the Bank Syndicate Agreement to permit the Company's pending acquisition of O'Connors. The description of Amendment No. 3 is qualified in its entirety by reference to the complete text of Amendment No. 3, a copy of which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

(c) During the fiscal quarter ended July 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

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

EXHIBIT INDEX
TITAN MACHINERY INC.
FORM 10-Q

No.	Description
10.1	Amendment No. 3 to Third Amended and Restated Credit Agreement, dated September 1, 2023, by and among Titan Machinery Inc., Heartland Agriculture, LLC, Heartland Ag Kansas, LLC, Bank of America, N.A., as administrative agent, and the lenders party there to.
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 July 31, 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: September 7, 2023

TITAN MACHINERY INC.

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

**AMENDMENT NO. 3 TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT**

This **AMENDMENT NO. 3 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment") is entered into as of September 1, 2023, 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 and Titan, each a "Borrower" and collectively, the "Borrowers"), the Lenders party hereto 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, Borrowers, 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");

WHEREAS, Borrowers have requested that Agent and the Lenders amend the Credit Agreement as set forth herein, and Agent and the Lenders have agreed to the foregoing, on the terms and conditions set forth herein;

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.

(a) Effective on the Third Amendment Date, the following definitions are hereby added to Schedule 1.1 of the Credit Agreement in alphabetical order:

"AUS Acquisition" means the indirect acquisition of all of the equity interests of AUS Target by Titan pursuant to the AUS Acquisition Documents and all amendments thereto which are in form and substance satisfactory to Agent.

"AUS Acquisition Agreement" means the Share Sale Agreement executed by Titan and its Subsidiaries, as purchaser and Beckon Investments Pty Ltd (ACN 653 838 003), Glashabee Pty Ltd (ACN 606 488 635), Hudarli Pty Ltd (ACN 134 149 161) as trustee for the Hudarli Family Trust, Tanis Investments Pty Ltd (ACN 133 696 698) as trustee for the McGough Family Discretionary Trust, 1878 Pty Ltd (ACN 660 370 874) as trustee for the 36 Red Family Trust, Thomas Paul Sheridan as trustee for Hillview Investments Trust, and Ballina Holmes Pty Ltd (ACN 660 410 917) as trustee for the Holmes Investments Family Trust, Haminty Investments Pty Ltd, as vendors.

"AUS Acquisition Closing Date" means the date on which all conditions to the closing of the AUS Acquisition have been satisfied and the AUS Acquisition has been consummated.

“AUS Acquisition Documents” means the AUS Acquisition Agreement and all related documents executed in connection with the transactions set forth therein.

“AUS Target” means J.J. O’Connor & Sons Pty Ltd, an Australian corporation.

“Permitted AUS Acquisition Indebtedness” means, the Indebtedness of the AUS Target owed to National Australia Bank in the aggregate amount not to exceed AUS\$9,800,000 which was incurred by the AUS Target for the purpose of financing the acquisition of dealership locations.

“Third Amendment Date” means September 1, 2023.

(b) Effective on the AUS Acquisition Closing Date, the definition of “Acquired Indebtedness” set forth in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Acquired Indebtedness” means (i) the Permitted AUS Acquisition Indebtedness and (ii) Indebtedness of a Person whose assets or Equity Interests are acquired by Borrower or any of its Subsidiaries in a Permitted Acquisition; provided, that such Indebtedness (a) constitutes Permitted Shortline Debt, purchase money Indebtedness or a Capital Lease with respect to Equipment or mortgage financing with respect to Real Property, (b) was in existence prior to the date of such Permitted Acquisition, and (c) was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

(c) Effective on the Third Amendment Date, the definition of “Maximum Floorplan Amount” set forth in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Maximum Floorplan Amount” means \$250,000,000, decreased by the amount of reductions in the Floorplan Commitments made in accordance with Section 2.4(c) of the Agreement and increased in accordance with Sections 2.14 and 2.15 of the Agreement.

(d) Effective on the Third Amendment Date, the definition of “Maximum Revolver Amount” set forth in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Maximum Revolver Amount” means \$75,000,000, decreased by the amount of reductions in the Revolver Commitments made in accordance with Section 2.4(c) of the Agreement and increased in accordance with Sections 2.14 and 2.15 of the Agreement.

(e) Effective on the AUS Acquisition Closing Date, the lead-in sentence to the definition of “Permitted Acquisition” set forth in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Permitted Acquisition” means (i) the AUS Acquisition and (ii) any other Acquisition so long as with respect to such other Acquisitions:

(f) Effective on the AUS Acquisition Closing Date, clause (d) of the definition of “Permitted Intercompany Advances” set forth in Schedule 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(d) a Loan Party to (or, in the case of guaranties, for the benefit of) a Subsidiary of Borrower that is not a Loan Party so long as (i) with respect to all intercompany loans and other Investments (other than guaranties as provided in clause (ii) below), the aggregate amount of all such intercompany loans and other Investments (by type, not by the borrower) does not exceed \$200,000,000 at any time outstanding (it being agreed and understood that all investments outstanding under this clause (i) on the Closing Date are as set forth on a schedule of permitted intercompany Investments delivered to Agent and Lenders prior to the Closing Date), (ii) with respect to all guaranties, such guaranties shall be unsecured, and (iii) at the time of the making of such loan, guarantee or other Investment, no Event of Default has occurred and is continuing or would result therefrom.

(g) Effective on the Third Amendment Date, clause (a) of Section 2.14 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(a) At any time during the period from and after the Closing Date through but excluding the Maturity Date, at the option of Borrower (but subject to the conditions set forth in clause (b) below), the Revolver Commitments and the Maximum Revolver Amount or the Floorplan Commitments and the Maximum Floorplan Amount may be increased by an amount in the aggregate for all such increases of the Revolver Commitments and the Maximum Revolver Amount and the Floorplan Commitments and the Maximum Floorplan Amount not to exceed the Available Increase Amount (each such increase, an “Increase”). Agent shall invite each Lender to increase its Revolver Commitments or its Floorplan Commitments (as the case may be) (it being understood that no Lender shall be obligated to increase its Revolver Commitments or its Floorplan Commitments) in connection with a proposed Increase at the interest margin proposed by Borrower, and if sufficient Lenders do not agree to increase their Revolver Commitments and/or their Floorplan Commitments (as the case may be) in connection with such proposed Increase, then Agent or Borrower may invite any prospective lender who is reasonably satisfactory to Agent and Borrower to become a Lender in connection with a proposed Increase. Any Increase shall be in an amount of at least \$10,000,000 and integral multiples of \$5,000,000 in excess thereof. In no event may the Revolver Commitments and the Maximum Revolver Amount and/or the Floorplan Commitments and the Maximum Floorplan Amount be

increased pursuant to this Section 2.14 on more than 4 occasions in the aggregate for all such Increases. Additionally, for the avoidance of doubt, it is understood and agreed that in no event shall the aggregate amount of the Increases to the Revolver Commitments and the Floorplan Commitments exceed \$25,000,000.

(h) Effective on the Third Amendment Date, Schedule C-1 to the Credit Agreement is hereby amended and restated in its entirety by deleting it and replacing it with Schedule C-1 attached hereto.

3. Continuing Effect. Except as expressly set forth in Section 2 of this Amendment, nothing in this Amendment 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.

4. 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 Amendment, 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 Amendment 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.

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

(a) Agent shall have received a copy of this Amendment executed and delivered by Agent, the Lenders and Borrowers;

(b) Agent shall have received any amendments to the AUS Acquisition Agreement and other AUS Acquisition Documents which were delivered to Agent prior to the date hereof and all such Amendments are in form and substance satisfactory to Agent;

(c) Agent shall have received evidence that all of the conditions to the consummation of the AUS Acquisition agreement have been satisfied and upon the payment of the consideration thereof by Titan in an amount not greater than \$75,000,000, the AUS Acquisition will be consummated in accordance with the AUS Acquisition Documents; and

(d) No Default or Event of Default shall have occurred and be continuing or result after giving effect to this Amendment or the transactions set forth herein.

6. Post Third Amendment Date Obligations. Borrowers shall comply with each of the following within the time periods prescribed therein. Any failure to comply with the following in a timely manner shall be deemed to be an Event of Default under the Credit Agreement without the benefit of any cure or grace period.

(a) By no later than December 31, 2023 (or such later date as approved by Agent), Borrowers shall comply with Section 5.11 of the Credit Agreement with respect to the AUS Target.

(b) By no later than December 31, 2023 (or such later date as approved by Agent), Borrowers shall cause the AUS Target to use Bank of America, N.A. and its Affiliates as its primary banking institution for all cash management and treasury needs.

7. Representations and Warranties. In order to induce Agent and the Lenders to enter into this Amendment, Borrowers hereby represent and warrant 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 Amendment (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 Amendment 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.

8. Release. In consideration of the agreements of Agent and the Lenders 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 Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Amendment, the Credit Agreement or the Loan Documents, as each may be amended, or the obligations, liabilities and/or indebtedness incurred by Borrowers or any other transactions evidenced by this Amendment, the Credit Agreement or the Loan Documents.

9. Miscellaneous.

(a) Expenses. Each Loan Party acknowledges and agrees that Section 15.7 of the Credit Agreement applies to this Amendment 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 Amendment 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 Amendment. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

(signature pages follow)

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.

BORROWERS:

TITAN MACHINERY, INC.

By: /s/ Robert Larsen
Name: Robert Larsen
Title: CFO

HEARTLAND AGRICULTURE, LLC

By: /s/ Bryan J. Knutson
Name: Bryan J. Knutson
Title: Manager

HEARTLAND AG KANSAS, LLC

By: /s/ Bryan J. Knutson
Name: Bryan J. Knutson
Title: Manager

BANK OF AMERICA, N.A.

as Agent and as a Lender

By: /s/ Gregory Kress
Name: Gregory Kress
Title: Senior Vice President

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as a Lender**

By: /s/ Laura Wheeland
Name: Laura Wheeland
Title: Authorized Signatory

**AGCOUNTRY FARM CREDIT SERVICES, PCA,
as a Lender**

By: /s/ Nicole Hatlen
Name: Nicole Hatlen
Title: Vice President

**PNC BANK, NATIONAL ASSOCIATION,
as a Lender**

By: /s/ Sohaib Alvi
Name: Sohaib Alvi
Title: AVP, Relationship Manager

Schedule C-1

Commitments

Lender	Revolver Commitment	Floorplan Commitment	Total Commitments
Bank of America, N.A.	\$24,166,666.67	\$ 85,833,333.33	\$110,000,000.00
Wells Fargo Bank, N.A.	\$18,733,333.33	\$ 64,766,666.67	\$ 83,500,000.00
PNC Bank, National Association	\$12,000,000.00	\$ 40,000,000.00	\$ 52,000,000.00
Regions Bank	\$13,000,000.00	\$ 37,000,000.00	\$ 50,000,000.00
AG Country Farm Credit Services	\$ 4,500,000.00	\$ 15,000,000.00	\$ 19,500,000.00
Webster Bank, National Association	\$ 2,600,000.00	\$ 7,400,000.00	\$ 10,000,000.00
Total:	\$75,000,000.00	\$250,000,000.00	\$325,000,000.00

**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 7, 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: September 7, 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 July 31, 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: September 7, 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 July 31, 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: September 7, 2023

/s/ Robert Larsen

Robert Larsen

Chief Financial Officer