UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended July 31, 2022

OR

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

For the transition period from _________ to _________

Commission File Number 001-09097

REX AMERICAN RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**31-1095548**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

7720 Paragon Road, Dayton, Ohio	**45459**
(Address of principal executive offices)	**(Zip Code)**

(937) 276-3931
(Registrant's telephone number, including area code)

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, $0.01 par value	REX	New York Stock Exchange

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 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 definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

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

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

At the close of business on August 31, 2022 the registrant had 17,640,042 shares of Common Stock, par value $.01 per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
Unaudited

(In Thousands)	July 31, 2022	January 31, 2022
Assets:		
Current assets:		
Cash and cash equivalents	$ 54,639	$ 229,846
Short-term investments	190,471	25,877
Restricted cash	3,332	2,222
Accounts receivable	38,559	25,821
Inventory	49,928	42,225
Refundable income taxes	5,898	6,677
Prepaid expenses and other	14,505	12,499
Total current assets	357,332	345,167
Property and equipment, net	131,580	137,554
Operating lease right-of-use assets	12,893	11,221
Deferred taxes and other assets	21,950	25,853
Equity method investment	36,115	30,566
Total assets	$ 559,870	$ 550,361
Liabilities and equity:		
Current liabilities:		
Accounts payable, trade (includes $0.6 million and $0.5 million with related parties at July 31, 2022 and January 31, 2022, respectively)	$ 21,194	$ 32,266
Current operating lease liabilities	4,376	4,600
Accrued expenses and other current liabilities	16,383	13,617
Total current liabilities	41,953	50,483
Long-term liabilities:		
Deferred taxes	3,132	3,132
Long-term operating lease liabilities	8,386	6,390
Other long-term liabilities	2,959	2,794
Total long-term liabilities	14,477	12,316
Equity:		
REX shareholders' equity:		
Common stock	299	299
Retained earnings	629,481	611,607
Treasury stock	(186,996)	(181,114)
Total REX shareholders' equity	442,784	430,792
Noncontrolling interests	60,656	56,770
Total equity	503,440	487,562
Total liabilities and equity	$ 559,870	$ 550,361

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Operations
Unaudited

(In Thousands, Except Per Share Amounts)	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
Net sales and revenue	$ 240,328	$ 195,678	$ 434,556	$ 359,720
Cost of sales (includes $35,319 and $20,650 with related parties for the quarters ended July 31, 2022 and 2021, respectively, and $66,077 and $37,383 with related parties for the six months ended July 31, 2022 and 2021, respectively)	223,744	181,524	406,060	326,089
Gross profit	16,584	14,154	28,496	33,631
Selling, general and administrative expenses	(9,148)	(6,231)	(14,351)	(16,134)
Equity in income of unconsolidated affiliates	3,598	1,844	5,549	2,414
Interest and other income, net	8,181	39	8,355	82
Income before income taxes	19,215	9,806	28,049	19,993
Provision for income taxes	(4,330)	(1,767)	(6,178)	(3,991)
Net income from continuing operations	14,885	8,039	21,871	16,002
Net income attributable to noncontrolling interests (continuing operations)	(3,715)	(2,329)	(5,519)	(3,023)
Net income attributable to REX common shareholders (continuing operations)	11,170	5,710	16,352	12,979
Net income from discontinued operations, net of tax (includes expense of $154 with related parties for the quarter ended July 31, 2021 and $191 with related parties for the six months ended July 31, 2021)	-	2,013	-	2,448
Net loss attributable to noncontrolling interests (discontinued operations)	-	153	-	233
Net income attributable to REX common shareholders (discontinued operations)	-	2,166	-	2,681
Net income attributable to REX common shareholders	$ 11,170	$ 7,876	$ 16,352	$ 15,660
Weighted average shares outstanding – basic and diluted	17,772	18,034	17,777	18,031
Basic and diluted net income per share from continuing operations attributable to REX common shareholders	$ 0.63	$ 0.32	$ 0.92	$ 0.72
Basic and diluted net income per share from discontinued operations attributable to REX common shareholders	-	0.12	-	0.15
Basic and diluted net income per share attributable to REX common shareholders	$ 0.63	$ 0.44	$ 0.92	$ 0.87

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Equity
For the Three and Six Months Ended July 31, 2022 and 2021
Unaudited

(In Thousands)

	REX Shareholders						
	Common Shares Issued		Treasury				
	Shares	Amount	Shares	Amount	Retained Earnings	Noncontrolling Interests	Total Equity
Balance at January 31, 2022	29,853	$ 299	12,092	$ (181,114)	$ 611,607	$ 56,770	$ 487,562
Net income					5,182	1,804	6,986
Noncontrolling interests distribution and other						(1)	(1)
Issuance of equity awards and stock based compensation expense				8	36		44
Balance at April 30, 2022	29,853	299	12,092	(181,106)	616,825	58,573	494,591
Net income					11,170	3,715	14,885
Treasury stock acquired			222	(6,193)			(6,193)
Noncontrolling interests distribution and other						(1,632)	(1,632)
Issuance of equity awards and stock based compensation expense			(101)	303	1,486		1,789
Balance at July 31, 2022	29,853	$ 299	12,213	$ (186,996)	$ 629,481	$ 60,656	$ 503,440

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REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Equity
Unaudited

(In Thousands)

Continued from the previous page

	REX Shareholders						
	Common Shares Issued		Treasury				
	Shares	Amount	Shares	Amount	Retained Earnings	Noncontrolling Interests	Total Equity
Balance at January 31, 2021	29,853	$ 299	11,877	$ (174,535)	$ 559,019	$ 52,400	$ 437,183
Net income					7,784	614	8,398
Noncontrolling interests distribution and other						(75)	(75)
Capital contributions						68	68
Issuance of equity awards and stock based compensation expense				8	34		42
Balance at April 30, 2021	29,853	299	11,877	(174,527)	566,.837	53,007	445,616
Net income					7,876	2,176	10,052
Treasury stock acquired			52	(1,356)			(1,356)
Noncontrolling interests distribution and other						(1,229)	(1,229)
Capital contributions						71	71
Issuance of equity awards and stock based compensation expense			(37)	24	119		143
Balance at July 31, 2021	29,853	$ 299	11,892	$ (175,859)	$ 574,832	$ 54,025	$ 453,297

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
Unaudited

(In Thousands)	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
Cash flows from operating activities:		
Net income including noncontrolling interests	$ 21,871	$ 18,450
Net income from discontinued operations, net of tax	-	2,448
Net income from continuing operations	21,871	16,002
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,984	9,056
Amortization of operating lease right-of-use assets	2,835	2,734
Income from equity method investments	(5,549)	(2,414)
Interest income from investments	(488)	(27)
Deferred income tax	4,153	3,158
Stock based compensation expense	856	567
Loss (gain) on sale of property and equipment – net	5	(3)
Changes in assets and liabilities:		
Accounts receivable	(12,738)	(9,808)
Inventories	(7,703)	(3,886)
Refundable income taxes	779	(1,132)
Other assets	(2,153)	282
Accounts payable, trade	(11,254)	4,800
Other liabilities	1,173	902
Net cash provided by operating activities from continuing operations	771	20,231
Net cash used in operating activities from discontinued operations	-	(3,074)
Net cash provided by operating activities	771	17,157
Cash flows from investing activities:		
Capital expenditures	(2,936)	(2,693)
Purchase of short-term investments	(189,988)	(49,281)
Sale of short-term investments	25,882	52,220
Other	-	30
Net cash (used in) provided by investing activities	(167,042)	276
Cash flows from financing activities:		
Treasury stock acquired	(6,193)	(1,356)
Payments to noncontrolling interests holders	(1,633)	(1,304)
Net cash used in financing activities from continuing operations	(7,826)	(2,660)
Net cash provided by financing activities from discontinued operations	-	139
Net cash used in financing activities	(7,826)	(2,521)
Net (decrease) increase in cash, cash equivalents and restricted cash	(174,097)	14,912
Cash, cash equivalents and restricted cash, beginning of period	232,068	146,158
Cash, cash equivalents and restricted cash, end of period	$ 57,971	$ 161,070

Continued on the following page

REX AMERICAN RESOURCES CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
Unaudited

(In Thousands)

Continued from the previous page

Non cash investing activities – Accrued capital expenditures	$	260	$	67
Non cash financing activities – Stock awards accrued	$	563	$	482
Non cash financing activities – Stock awards issued	$	1,539	$	100
Right-of-use assets acquired and liabilities incurred upon lease execution	$	4,507	$	3,267
Reconciliation of total cash, cash equivalents and restricted cash:				
Cash and cash equivalents	$	54,639	$	154,312
Restricted cash		3,332		6,758
Total cash, cash equivalents and restricted cash	$	57,971	$	161,070

The accompanying notes are an integral part of these unaudited consolidated condensed financial statements.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
July 31, 2022

Note 1. ***Consolidated Condensed Financial Statements***

References to the Company – References to "REX" or the "Company" in the consolidated condensed financial statements and in these notes to the consolidated condensed financial statements refer to REX American Resources Corporation, a Delaware corporation, and its majority and wholly owned subsidiaries.

The consolidated condensed financial statements included in this report have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and include, in the opinion of management, all adjustments necessary to state fairly the information set forth therein. Any such adjustments were of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. Financial information as of January 31, 2022 included in these financial statements has been derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 31, 2022 (fiscal year 2021). It is suggested that these unaudited consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 2022. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the year.

Basis of Consolidation – The consolidated condensed financial statements in this report include the operating results and financial position of the Company. All intercompany balances and transactions have been eliminated. The Company consolidates the results of its wholly owned and majority owned subsidiaries. The Company includes the results of operations of One Earth Energy, LLC ("One Earth") in its Consolidated Condensed Statements of Operations on a delayed basis of one month as One Earth has a fiscal year end of December 31. On November 18, 2021, the Company ceased operation of its refined coal business as tax credits could no longer be earned on its operations. Beginning in the third quarter of fiscal year 2021, the results of the operation of the refined coal business were recognized in discontinued operations. Prior period amounts have been reclassified to conform with discontinued operations reporting.

Stock Split – On June 21, 2022, the Board of Directors of the Company adopted resolutions declaring a three-for-one split of the Company's Common Stock to be effectuated in the form of a 200% stock dividend, payable on August 5, 2022 to stockholders of record at the close of business on July 29, 2022. The stock split has been retroactively reflected in the accompanying consolidated financial statements.

Nature of Operations – Beginning in the third quarter of fiscal year 2021, the Company now has one reportable segment, ethanol and by-products. Within the ethanol and by-products segment, the Company has equity investments in three ethanol limited liability companies, two of which are majority ownership interests. Prior period amounts have been reclassified to conform to the current segment reporting.

Note 2. ***Accounting Policies***

The interim consolidated condensed financial statements have been prepared in accordance with the accounting policies described in the notes to the consolidated financial statements included in the Company's fiscal year 2021 Annual Report on Form 10-K. While management believes that the procedures followed in the preparation of interim financial information are reasonable, the accuracy of some estimated amounts is dependent upon facts that will exist or calculations that will be accomplished at fiscal year-end. Examples of such estimates include accrued liabilities, such as management bonuses, and the provision for income taxes. Any adjustments pursuant to such estimates during the quarter were of a normal recurring nature. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes bank deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Revenue Recognition

The Company recognizes sales of ethanol, distillers grains and non-food grade corn oil when obligations under the terms of the respective contracts with customers are satisfied; this occurs with the transfer of control of products, generally upon shipment from the ethanol plant or upon loading of the rail car used to transport the products.

Cost of Sales

Cost of sales includes depreciation, costs of raw materials, inbound freight charges, purchasing and receiving costs, inspection costs, other distribution expenses, warehousing costs, plant repair and maintenance costs, plant management, certain compensation costs and general facility overhead charges.

Selling, General and Administrative ("SG&A") Expenses

The Company includes non-production related costs such as professional fees, outbound freight charges, selling charges and certain payroll in SG&A expenses. Outbound freight charges were approximately $2,627,000 and $1,561,000 in the second quarter of fiscal years 2022 and 2021, respectively and approximately $2,900,000 and $7,156,000 in the first six months of fiscal years 2022 and 2021, respectively.

Financial Instruments

Certain of the forward grain purchase and ethanol, distillers grains and non-food grade corn oil sale contracts are accounted for under the "normal purchases and normal sales" scope exemption of Accounting Standards Codification ("ASC") 815, "*Derivatives and Hedging*" ("ASC 815") because these arrangements are for purchases of grain that will be delivered in quantities expected to be used by the Company and sales of ethanol, distillers grains and non-food grade corn oil quantities expected to be produced by the Company over a reasonable period of time in the normal course of business.

The Company uses derivative financial instruments (exchange-traded futures contracts) to manage a portion of the risk associated with changes in commodity prices, primarily related to corn. The Company monitors and manages this exposure as part of its overall risk management policy. As such, the Company seeks to reduce the potentially adverse effects that the volatility of these markets may have on its operating results. The Company may take hedging positions in these commodities as one way to mitigate risk. While the Company attempts to link its hedging activities to purchase and sales activities, there are situations in which these hedging activities can themselves result in losses. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The changes in fair value of these derivative financial instruments are recognized in current period earnings as the Company does not use hedge accounting.

Income Taxes

Prior to the third quarter of fiscal year 2021, the Company determined that small changes in estimated "ordinary" income could result in significant changes in the estimated annual effective tax rate. Thus, the Company used a discrete effective tax rate method to calculate the provision or benefit for income taxes for the three and six months ended July 31, 2021. Beginning on November 18, 2021, the Company was unable to earn additional tax credits related to the refined coal facility, and therefore, ceased operation of that facility. As earning these credits is what had caused the significant changes in the estimated annual effective tax rate from small changes in estimated "ordinary" income and the Company has now classified the refined coal segment as discontinued operations, the Company returned to using the annual effective tax rate method to calculate the provision or benefit for income taxes from continuing operations beginning in the three and nine month periods ended October 31, 2021.

The Company provides for deferred tax liabilities and assets for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. The Company provides for a valuation allowance if, based on the weight of available positive and negative evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company paid income taxes of approximately $1.1 million and $1.9 million and received no refunds during the six months ended July 31, 2022 and 2021, respectively.

As of July 31, 2022, and January 31, 2022, total unrecognized tax benefits were approximately $16,827,000 and $16,741,000, respectively. Accrued penalties and interest were approximately $46,000 and approximately $40,000 at July 31, 2022 and January 31, 2022, respectively. If the Company were to prevail on all unrecognized tax benefits recorded, the provision for income taxes would be reduced by approximately $16.7 million. In addition, the impact of penalties and interest would also benefit the effective tax rate. Interest and penalties associated with unrecognized tax benefits are recorded within income tax expense. On a quarterly basis, the Company accrues for the effects of open uncertain tax positions and the related potential penalties and interest.

Inventories

Inventories are carried at the lower of cost or net realizable value on a first-in, first-out basis. Inventory includes direct production costs and certain overhead costs such as depreciation, property taxes and utilities associated with producing ethanol and related by-products. Inventory is written down for instances when cost exceeds estimated net realizable value; such write-downs are based primarily upon commodity prices as the market value of inventory is often dependent upon changes in commodity prices. The Company recorded approximately $0.8 million and $0.5 million of inventory write-downs in cost of sales at July 31, 2022 and January 31, 2022, respectively. Fluctuations in the write-down of inventory generally relate to the levels and composition of such inventory and changes in commodity prices at a given point in time.

The components of inventory are as follows as of the dates presented (amounts in thousands):

	July 31, 2022	January 31, 2022
Ethanol and other finished goods	$ 21,571	$ 13,158
Work in process	6,693	5,473
Grain and other raw materials	21,664	23,594
Total	$ 49,928	$ 42,225

Property and Equipment

Property and equipment is recorded at cost or the fair value on the date of acquisition (for property and equipment acquired in a business combination). Depreciation is computed using the straight-line method. Estimated useful lives are 15 to 40 years for buildings and improvements, and 3 to 20 years for fixtures and equipment.

In accordance with ASC 360-10 "*Impairment or Disposal of Long-Lived Assets*", the carrying value of long-lived assets is assessed for recoverability by management when changes in circumstances indicate that the carrying amount may not be recoverable. The Company did not identify any indicators of impairment during the first six months of fiscal year 2022 or 2021, thus there were no impairment charges in the first six months of fiscal year 2022 or 2021.

The Company tests for recoverability of an asset group by comparing its carrying amount to its estimated undiscounted future cash flows. If the carrying amount exceeds its estimated undiscounted future cash flows, the Company recognizes an impairment charge for the amount by which the asset group's carrying amount exceeds its fair value, if any.

Investments

The method of accounting applied to long-term investments, whether consolidated, equity or cost, involves an evaluation of the significant terms of each investment that explicitly grant or suggest evidence of control or influence over the operations of the investee and also includes the identification of any variable interests in which the Company is the primary beneficiary. The Company accounts for investments in a limited liability company in which it has a less than 20% ownership interest using the equity method of accounting when the factors discussed in ASC 323, "*Investments-Equity Method and Joint Ventures*" are met. The excess of the carrying value over the underlying equity in the net assets of equity method investees is allocated to specific assets and liabilities. Investments in businesses that the Company does not control but for which it has the ability to exercise significant influence over operating and financial matters are accounted for using the equity method. The Company accounts for its investment in Big River Resources, LLC ("Big River") using the equity method of accounting and includes the results on a delayed basis of one month as Big River has a fiscal year end of December 31.

The Company periodically evaluates its investments for impairment due to declines in market value considered to be other than temporary. Such impairment evaluations include general economic and company-specific evaluations. If the Company determines that a decline in market value is other than temporary, then a charge to earnings is recorded in the Consolidated Condensed Statements of Operations and a new cost basis in the investment is established.

Short-term investments are considered held to maturity, and therefore are carried at amortized historical cost.

Other Income

As part of the Coronavirus Aid, Relief, and Economic Security Act, passed in 2020, $700 million in funds were made available to the U.S. Department of Agriculture to distribute to impacted producers of ethanol, biodiesel, and other renewable fuels under the Biofuel Producer Program. The USDA distributed funds to applicants in May 2022. Our consolidated plants received a total of approximately $7.8 million from this program, which was recorded within "Interest and other income, net" in the Consolidated Condensed Statements of Operations.

Discontinued Operations

On November 18, 2021, the Company ceased operation of its refined coal business as tax credits could no longer be earned on its operation. Beginning in the third quarter of fiscal year 2021, the results of the operation of the refined coal business have been recognized in discontinued operations. Prior period amounts have been reclassified to conform with discontinued operations reporting.

Comprehensive Income

The Company has no components of other comprehensive income, and therefore, comprehensive income equals net income.

Accounting Changes and Recently Issued Accounting Standards

In November 2021, the FASB issued ASU 2021-10, "*Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*", which increases the transparency of government assistance received by businesses by expanding the disclosure requirements for annual reporting periods. The Company plans to provide necessary disclosures required related to government assistance received in the annual reporting for the year ending January 31, 2023, as required.

The Company does not expect this accounting guidance to materially impact its consolidated financial statements.

Note 3. ***Net Sales and Revenue***

The Company recognizes sales of products when obligations under the terms of the respective contracts with customers are satisfied. This occurs with the transfer of control of products, generally upon shipment from the ethanol plant or upon loading of the rail car used to transport the products. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods. Sales, value added and other taxes the Company collects concurrent with revenue producing activities are excluded from net sales and revenue.

The majority of the Company's sales have payment terms ranging from 5 to 10 days after transfer of control. The Company has determined that sales contracts do not generally include a significant financing component. The Company has not historically, and does not intend to, enter sales contracts in which payment is due from a customer prior to transferring product to the customer. Thus, the Company does not record unearned revenue.

The following tables shows disaggregated revenue by product (amounts in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	**2021**	**2022**	**2021**
Sales of products, continuing operations				
Ethanol	$ 190,807	$ 153,990	$ 337,269	$ 280,059
Dried distillers grains	34,261	31,573	66,158	62,691
Non-food grade corn oil	14,223	9,813	25,325	15,407
Modified distillers grains	2,456	1,934	6,811	4,227
Derivative financial instruments losses	(1,474)	(1,638)	(1,152)	(2,764)
Other	55	6	145	100
Total	$ 240,328	$ 195,678	$ 434,556	$ 359,720
Sales of products, discontinued operations:				
Refined coal[1]	$ -	$ 165	$ -	$ 227

[1] Refined coal sales were recorded net of the cost of coal as the Company purchased the coal feedstock from the customer to which the processed refined coal was sold.

Note 4. ***Leases***

At July 31, 2022, the Company had lease agreements, as lessee, for railcars. All of the leases are accounted for as operating leases. The lease agreements do not contain a specified implicit interest rate; therefore, the Company's estimated incremental borrowing rate was used to determine the present value of future minimum lease payments. The exercise of any lease renewal is at the Company's sole discretion. The lease term for all of the Company's leases includes the noncancelable period of the lease and any periods covered by renewal options that the Company is reasonably certain to exercise. Certain leases include rent escalations pre-set in the agreements, which are factored into the lease payment stream. The components of lease expense, classified as SG&A expenses on the Consolidated Condensed Statement of Operations are as follows (amounts in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
Operating lease expense	$ 1,991	$ 1,565	$ 3,601	$ 3,115
Variable lease expense	271	520	665	564
Total lease expense	$ 2,262	$ 2,085	$ 4,266	$ 3,679

The following table is a summary of future minimum rentals on such leases at July 31, 2022 (amounts in thousands):

Years Ended January 31,	Minimum Rentals
Remainder of 2023	$ 2,438
2024	4,870
2025	3,422
2026	1,249
2027	1,185
Thereafter	713
Total	13,877
Less: present value discount	1,115
Operating lease liabilities	$ 12,762

At July 31, 2022, the weighted average remaining lease term is 2.7 years, and the weighted average discount rate is 4.63% for the above leases.

The following table is a summary of future minimum rentals on such leases at January 31, 2022 (amounts in thousands):

Years Ended January 31,	Minimum Rentals
2023	$ 5,015
2024	3,856
2025	2,408
2026	235
2027	171
Total	11,685
Less: present value discount	695
Operating lease liabilities	$ 10,990

At January 31, 2022, the weighted average remaining lease term was 2.5 years, and the weighted average discount rate was 4.85% for the above leases.

Note 5. ***Fair Value***

The Company applies ASC 820, "*Fair Value Measurements and Disclosures*" ("ASC 820"), which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. This accounting standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Company determines the fair market values of its financial instruments based on the fair value hierarchy established by ASC 820 which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair values which are provided below. The Company carries certain cash equivalents, investments and derivative instruments at fair value.

The fair values of derivative assets and liabilities traded in the over-the-counter market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices and indices to generate pricing and volatility factors, which are used to value the position. The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available or are unobservable, in which case interest rate, price or index scenarios are extrapolated in order to determine the fair value. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality, the Company's own credit standing and other specific factors, where appropriate.

To ensure the prudent application of estimates and management judgment in determining the fair value of derivative assets and liabilities, investments and property and equipment, various processes and controls have been adopted, which include: (i) model validation that requires a review and approval for pricing, financial statement fair value determination and risk quantification; and (ii) periodic review and substantiation of profit and loss reporting for all derivative instruments. Financial assets and liabilities measured at fair value on a recurring basis at July 31, 2022 are summarized below (amounts in thousands):

	Level 1	**Level 2**	**Level 3**	**Fair Value**
Investment in cooperative (1)	$ -	$ -	$ 354	$ 354
Commodity futures asset (2)	-	3,501	-	3,501
Total assets	$ -	$ 3,501	$ 354	$3,855
Forward purchase contracts liability (3)	$ -	$ 3,461	$ -	$3,461

Financial assets and liabilities measured at fair value on a recurring basis at January 31, 2022 are summarized below (amounts in thousands):

	Level 1	Level 2	Level 3	Fair Value
Investment in cooperative (1)	$ -	$ -	$ 354	$ 354
Forward purchase contracts (2)	-	993	-	993
Total assets	$ -	$ 993	$ 354	$1,347
Commodity futures liability (3)	$ -	$ 933	$ -	$ 933

(1) The investment in cooperative is included in "Other assets" on the accompanying Consolidated Condensed Balance Sheets.
(2) The forward purchase contracts and commodity futures assets are included in "Prepaid expenses and other current assets" on the accompanying Consolidated Condensed Balance Sheets.
(3) The commodity futures and forward purchase contracts liabilities are included in "Accrued expenses and other current liabilities" on the accompanying Consolidated Condensed Balance Sheets.

The Company determined the fair value of the investment in cooperative by using a discounted cash flow analysis on the expected cash flows. Inputs used in the analysis include the face value of the allocated equity amount, the projected term for repayment based upon a historical trend and a risk adjusted discount rate based on the expected compensation participants would demand because of the uncertainty of the future cash flows. The inherent risk and uncertainty associated with unobservable inputs could have a significant effect on the actual fair value of the investment.

There were no assets measured at fair value on a non-recurring basis at July 31, 2022 or January 31, 2022.

Note 6. *Property and Equipment*

The components of property and equipment are as follows for the periods presented (amounts in thousands):

	July 31, 2022	January 31, 2022
Land and improvements	$ 27,461	$ 27,329
Buildings and improvements	23,617	23,617
Machinery, equipment and fixtures	298,427	296,243
Construction in progress	2,106	1,515
	351,611	348,704
Less: Accumulated depreciation	(220,031)	(211,150)
Total	$ 131,580	$ 137,554

Note 7. ***Accrued Expenses and Other Current Liabilities***

The components of accrued expenses and other current liabilities are as follows for the periods presented (amounts in thousands):

	July 31, 2022	January 31, 2022
Accrued payroll and related items	$ 2,759	$ 5,407
Accrued utility charges	5,041	4,297
Accrued transportation related items	952	593
Accrued real estate taxes	2,482	1,857
Commodity futures	-	933
Forward purchase contracts	3,461	-
Accrued income taxes	69	95
Other	1,619	435
Total	$ 16,383	$ 13,617

Note 8. ***Derivative Financial Instruments***

The Company is exposed to various market risks, including changes in commodity prices (raw materials and finished goods). To manage risks associated with the volatility of these natural business exposures, the Company enters into commodity agreements and forward purchase (corn and natural gas) and sale (ethanol, distillers grains and non-food grade corn oil) contracts. The Company does not purchase or sell derivative financial instruments for trading or speculative purposes. The Company does not purchase or sell derivative financial instruments for which a lack of marketplace quotations would require the use of fair value estimation techniques. The changes in fair value of these derivative financial instruments are recognized in current period earnings as the Company does not use hedge accounting.

The following table provides information about the fair values of the Company's derivative financial instruments (that are not accounted for under the "normal purchases and normal sales" scope exemption of ASC 815) and the line items on the Consolidated Condensed Balance Sheets in which the fair values are reflected (in thousands):

	Asset Derivatives Fair Value		Liability Derivatives Fair Value	
	July 31, 2022	January 31, 2022	July 31, 2022	January 31, 2022
Commodity futures (1)	$ 3,501	$ -	$ -	$ 933
Forward purchase contracts (2)	-	993	3,461	-
Total	$ 3,501	$ 993	$ 3,461	$ 933

(1) Commodity futures assets are included in "Prepaid expenses and other current assets" on the accompanying Consolidated Condensed Balance Sheets. These contracts included short/sell positions and

long/buy positions for approximately 7.4 million bushels and 25,000 bushels, respectively at July 31, 2022. Commodity futures liabilities are included in accrued expenses and other current liabilities. These contracts include short/sell positions for approximately 7.4 million bushels of corn at January 31, 2022.

(2) Forward contract liabilities, are included in "Accrued expenses and other current liabilities" on the accompanying Consolidated Condensed Balance Sheets. These contracts were for purchases of approximately 12.3 million bushels of corn at July 31, 2022. Forward purchase contracts assets are included in prepaid expenses and other current assets. These contracts were for purchases of approximately 19.2 million bushels of corn at January 31, 2022.

As of July 31, 2022, and January 31, 2022, all of the derivative financial instruments held by the Company were subject to enforceable master netting arrangements with the counterparty. The Company's accounting policy is to offset positions and amounts owed or owing with the same counterparty. As of July 31, 2022, and January 31, 2022, the gross positions of the enforceable master netting agreements were not significantly different from the net positions presented in the table above. Depending on the amount of an unrealized loss on a derivative contract held by the Company, the counterparty may require collateral to secure the Company's derivative contract position. The Company was required to maintain collateral in the amount of approximately $3,332,000 and approximately $2,222,000 to secure the Company's derivative liability position at July 31, 2022 and January 31, 2022, respectively, which is recorded as "Restricted cash" on the accompanying Consolidated Condensed Balance Sheets.

See Note 5 which contains fair value information related to derivative financial instruments.

The Company recognized losses, which are included in "Net sales and revenue" in the accompanying Consolidated Condensed Statement of Operations, on derivative financial instruments of approximately $1,474,000 and $1,638,000 for the second quarter of fiscal years 2022 and 2021, respectively. The Company recognized losses on derivative financial instruments of approximately $1,152,000 and $2,764,000 for the first six months of fiscal years 2022 and 2021, respectively.

The Company recognized losses, which are included in "Cost of sales" in the accompanying Consolidated Condensed Statement of Operations, on derivative financial instruments of approximately $1,152,000 and $6,142,000 for the second quarter of fiscal years 2022 and 2021, respectively. The Company recognized losses on derivative financial instruments of approximately $12,928,000 and $8,036,000 for the first six months of fiscal years 2022 and 2021, respectively.

Note 9. ***Investments***

Equity Method Investment in Big River

The following table summarizes the Company's equity method investment at July 31, 2022 and January 31, 2022 (dollars in thousands):

		Carrying Amount	
Entity	**Ownership Percentage**	**July 31, 2022**	**January 31, 2022**
Big River	10.3%	$36,115	$30,566

Undistributed earnings of the Company's equity method investee totaled approximately $16.1 million and approximately $10.5 million at July 31, 2022 and January 31, 2022, respectively. The Company did not receive any dividends from its equity method investee in the first six months of fiscal year 2022 and 2021.

Summarized financial information for the Company's equity method investee is presented in the following table for the periods presented (amounts in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
Net sales and revenue	$ 450,396	$ 363,383	$ 802,142	$ 619,799
Gross profit	$ 27,137	$ 19,357	$ 49,161	$ 20,901
Income from continuing operations	$ 34,891	$ 17,877	$ 53,816	$ 23,412
Net income	$ 34,891	$ 17,877	$ 53,816	$ 23,412

Short-term Investments

At July 31, 2022, the Company owned United States Treasury Bills that had an amortized cost, or carrying value, of approximately $190.5 million. The contractual maturity of these investments was less than one year. The yield to maturity rate was approximately 0.9%. Unrealized gains or losses were insignificant.

At January 31, 2022, the Company owned certificates of deposit that had an amortized cost, or carrying value, of approximately $25,877,000. The contractual maturity of these investments was less than one year. The yield to maturity rate was approximately 0.1%. Unrealized gains or losses were insignificant.

Note 10. ***Employee Benefits***

The Company maintains the REX 2015 Incentive Plan, approved by its shareholders, which reserves a total of 1,650,000 shares of common stock for issuance pursuant to its terms. The plan provides for the granting of shares of stock, including options to purchase shares of common stock, stock appreciation rights tied to the value of common stock, restricted stock, and restricted stock unit awards to eligible employees, non-employee directors and consultants. Until the current year, the Company had only granted restricted stock awards. In May 2022, the Company issued restricted stock units to certain officers of the Company which vest based on the Company's Total Shareholder Return (TSR) compared to the TSRs of companies that comprise the Russell 2000 Index over a three year performance period. The Company measures share-based compensation grants at fair value on the grant date, adjusted for estimated forfeitures. The Company records noncash compensation expense related to liability and equity awards in its consolidated financial statements over the requisite service period on a straight-line basis. At July 31, 2022, 1,342,392 shares remain available for issuance under the Plan.

Restricted Stock Awards

As a component of their compensation, restricted stock has been granted to directors at the closing market price of REX common stock on the grant date. In addition, one quarter (one third prior to 2022) of executives' incentive compensation is payable by an award of restricted stock based on the then closing market price of REX common stock on the grant date. The Company's board of directors has determined that the grant date will be June 15th, or the next business day if June 15th is not a business day, for all grants of restricted stock.

At July 31, 2022 and January 31, 2022, unrecognized compensation cost related to nonvested restricted stock was approximately $621,000 and $97,000 respectively. The following tables summarize non-vested restricted stock award activity for the periods presented:

	Six Months Ended July 31, 2022		
	Non-Vested Shares	Weighted Average Grant Date Fair Value (000's)	Weighted Average Remaining Vesting Term (in years)
Non-Vested at January 31, 2022	30,167	$ 773	1
Granted	70,689	2,032	
Forfeited	-	-	
Vested	18,403	451	
Non-Vested at July 31, 2022	82,453	$ 2,354	3

	Six Months Ended July 31, 2021		
	Non-Vested Shares	Weighted Average Grant Date Fair Value (000's)	Weighted Average Remaining Vesting Term (in years)
Non-Vested at January 31, 2021	59,102	$ 1,398	1
Granted	8,409	275	
Forfeited	-	-	
Vested	37,344	900	
Non-Vested at July 31, 2021	30,167	$ 773	2

Restricted Stock Units (RSUs)

In May 2022, the Company issued a total of 67,500 RSUs to certain officers. The number of RSUs eligible to vest will be determined based on how the Company's Total Shareholder Return (TSR) compares to that of a peer group of companies that comprise the Russell 2000 Index during the performance period ending December 31, 2024. The number of RSUs eligible to vest ranges from zero percent to two hundred percent, depending on actual performance during the performance period.

For the three and six month period ended July 31, 2022, the Company recognized compensation cost of approximately $188,000 related to the RSUs.

Note 11. *Income Taxes*

The Company's income tax provision from continuing operations was approximately $4.3 million and approximately $1.8 million for the three months ended July 31, 2022 and 2021, respectively. The Company's income tax provision from continuing operations was approximately $6.2 million and approximately $4.0 million for the six months ended July 31, 2022 and 2021, respectively.

The Company did not have any activity classified as discontinued operations in the current fiscal year and therefore, did not have an income tax provision or benefit from discontinued operations. The Company's income tax benefit from discontinued operations was approximately $5.4 million and approximately $7.6 million for the three and six months ended July 31, 2021, respectively. The benefit is derived from the level of tax credits generated from the refined coal business and the tax benefit of the loss from operations. Through its refined coal business, the Company earned production tax credits pursuant to IRC Section 45. The credits can be used to reduce future income tax liabilities for up to 20 years.

The Company assessed all available positive and negative evidence to determine whether it expects sufficient future taxable income will be generated to allow for the realization of existing federal deferred tax assets. The Company ceased operation of its refined coal business on November 18, 2021. There is sufficient objectively verifiable income for management to conclude that it is more likely than not that the Company will utilize available federal deferred tax assets prior to their expiration.

The Company files a U.S. federal income tax return and various state income tax returns. In general, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years ended January 31, 2014 and prior. The Company is currently undergoing a federal income tax examination for the years ended January 31, 2015 through January 31, 2020.

On a quarterly and annual basis, the Company accrues for the effects of open uncertain tax positions and the related potential penalties and interest. It is reasonably possible that the amount of the unrecognized tax benefit with respect to certain unrecognized tax positions will increase or decrease during the next 12 months; however, the Company does not expect the change to have a material effect on results of operations or financial position. A reconciliation of the beginning and ending amount of unrecognized tax benefits, including interest and penalties, is as follows (amounts in thousands):

	Six Months Ended July 31, 2022	2021
Unrecognized tax benefits, beginning of period	$ 16,781	$ 8,400
Changes for prior years' tax positions	93	10
Changes for current year tax positions	—	275
Unrecognized tax benefits, end of period	$ 16,874	$ 8,685

Note 12. ***Discontinued Operations***

On November 18, 2021, the Company ceased operation of its refined coal business as tax credits could no longer be earned on its operation. Beginning in the third quarter of fiscal year 2021, the results of the operation of the refined coal business have been recognized as discontinued operations. Below is a table reflecting certain items of the Consolidated Condensed Statement of Operations that were reclassified as discontinued operations for the periods indicated (amounts in thousands):

	Three Months Ended July 31, 2021	Six Months Ended July 31, 2021
Net sales and revenue[1]	$ 165	$ 227
Cost of Sales	3,245	4,982
Gross loss	(3,080)	(4,755)
Selling, general and administrative	(351)	(436)
Loss before income taxes	(3,431)	(5,191)
Benefit for income taxes	5,444	7,639
Net income from discontinued operations, net of tax	2,013	2,448
Net loss attributable to noncontrolling interests	153	233
Net income attributable to REX common shareholders	$ 2,166	$ 2,681

[1] Refined coal sales were recorded net of the cost of coal as the Company purchased the coal feedstock from the customer to which the processed refined coal was sold.

Note 13. ***Commitments and Contingencies***

The Company may be involved in various legal actions arising in the normal course of business, from time to time. After taking into consideration legal counsels' evaluations of any such action(s), management is of the opinion that their outcome will not have a material adverse effect on the Company's Consolidated Condensed Financial Statements.

One Earth and NuGen have combined forward purchase contracts for approximately 12.3 million bushels of corn, the principal raw material for their ethanol plants, and they have combined forward purchase contracts for approximately 1.1 million MmBtu (million British thermal unit) of natural gas.

One Earth and NuGen have combined sales commitments for approximately 36.8 million gallons of ethanol, approximately 82,000 tons of distillers grains and approximately 8.9 million pounds of non-food grade corn oil.

The refined coal entity had various agreements (site license, operating agreements, etc.) containing payment terms based upon production of refined coal under which the Company was required to pay various fees. As production ceased in November 2021, there were no fees paid in fiscal year 2022. These fees totaled approximately $2.2 million and approximately $3.1 million for the three and six months ended July 31, 2021, respectively.

Note 14. *Related-Party Transactions*

During the second quarters of fiscal years 2022 and 2021, One Earth and NuGen purchased approximately $35.3 million and approximately $20.7 million, respectively, of corn (and other supplies) from minority equity investors and board members of those subsidiaries. Such purchases totaled approximately $66.1 million and approximately $37.4 million for the six months ended July 31, 2022 and 2021, respectively. The Company had amounts payable to related parties of approximately $0.6 and approximately $0.5 million at July 31, 2022 and January 31, 2022, respectively.

During the three and six months ended July 31, 2021 the Company recognized commission expense of approximately $0.2 million, payable to the minority investor in the refined coal entity. The commission expense is associated with the refined coal business which is classified within discontinued operations.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Ethanol and By-Products

At July 31, 2022, we had investments in three ethanol limited liability companies, in two of which we have a majority ownership interest. The following table is a summary of ethanol entity ownership interests at July 31, 2022:

Entity	REX's Current Ownership Interest
One Earth Energy, LLC	75.8%
NuGen Energy, LLC	99.7%
Big River Resources, LLC:	
Big River Resources W Burlington, LLC	10.3%
Big River Resources Galva, LLC	10.3%
Big River United Energy, LLC	5.7%
Big River Resources Boyceville, LLC	10.3%

Our ethanol operations and the results thereof are highly dependent on commodity prices, especially prices for corn, ethanol, distillers grains, non-food grade corn oil and natural gas, and availability of corn. As a result of price volatility for these commodities, our operating results can fluctuate substantially. The price and availability of corn is subject to significant fluctuations depending upon several factors that affect commodity prices in general, including crop conditions, the amount of corn stored on farms, weather, federal policy and foreign trade. Because the market prices of ethanol and distillers grains are not always directly related to corn prices (for example, demand for crude and other energy and related prices, the export market demand for ethanol and distillers grains, soybean meal prices, and the results of federal policy decisions and trade negotiations can impact ethanol and distillers grains prices), at times ethanol and distillers grains prices may not follow movements in corn prices and, in an environment of higher corn prices or lower ethanol or distillers grains prices, reduce the overall margin structure at the plants. As a result, at times, we may operate our plants at negative or minimally positive operating margins.

We expect our ethanol plants to produce at least 2.8 gallons of denatured ethanol for each bushel of grain processed in the production cycle. We refer to the actual gallons of denatured ethanol produced per bushel of grain processed as the realized yield. We refer to the difference between the price per gallon of ethanol and the price per bushel of grain (divided by the realized yield) as the "crush spread". Should the crush spread decline, it is possible that our ethanol plants will generate operating results that do not provide adequate cash flows for sustained periods of time. In such cases, production at the ethanol plants may be reduced or stopped altogether in order to minimize variable costs at individual plants.

We attempt to manage the risk related to the volatility of commodity prices by utilizing forward grain purchase, forward ethanol, distillers grains and corn oil sale contracts and commodity futures agreements, as management deems appropriate. We attempt to match quantities of these sale contracts with an appropriate quantity of grain purchase contracts over a given period of time when we can obtain an adequate gross margin resulting from the crush spread inherent in the contracts we have executed. However, the market for future ethanol sales contracts generally lags the spot market with respect to ethanol price. Consequently, we generally execute fixed price ethanol contracts for no more than four months into the future at any given time and we may lock in our corn or ethanol price without having a corresponding locked in ethanol or corn price for short durations of time. As a result of the relatively short period of time our fixed price contracts cover, we generally cannot predict the future movements in our realized crush spread for more than four months; thus, we are unable to predict the likelihood or amounts of future income or loss from the operations of our ethanol facilities. We utilize derivative financial instruments, primarily exchange traded commodity future contracts and swap contracts, in conjunction with certain of our grain procurement activities and commodity marketing activities.

Refined Coal

On August 10, 2017, we purchased, through a 95.35% owned subsidiary, for approximately $12.0 million, the entire ownership interest of an entity that owned a refined coal facility. We began operating the refined coal facility immediately after the acquisition. As the plant was no longer eligible to receive federal production tax credits beginning on November 18, 2021, we ceased operations on that date. We began classifying this operation as discontinued operations in the third quarter of fiscal 2021.

Carbon Sequestration

The Company is working with the University of Illinois and is in the exploratory stage of a carbon sequestration project near the One Earth Energy ethanol plant. A test well has been drilled and three-dimensional seismic testing has been performed. We are working on simulation models to predict the movement of carbon dioxide injection into the subsurface, additional testing and completion of a class VI permit application. A front-end engineering design study has been completed for a carbon dioxide liquification facility for the One Earth Energy plant. We have received bids on construction of the facility and are in the review process. At this time we do not know total cost to complete or the feasibility of the project.

Future Energy

During fiscal year 2013, we entered into a joint venture to file and defend patents for eSteam technology. The patented technology is an enhanced method of heavy oil recovery involving zero emissions downhole steam generation. To date, we have not successfully had a field operation nor demonstrated that the technology is commercially feasible. We own 60% and our partner owns 40% of the entity named Future Energy, LLC, an Ohio limited liability company. We have no current plans to operate this technology and are maintaining patents in limited countries.

Critical Accounting Policies and Estimates

During the three months ended July 31, 2022, we did not change any of our critical accounting policies as disclosed in our 2021 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on April 6, 2022.

Fiscal Year

All references in this report to a particular fiscal year are to REX's fiscal year ended January 31. For example, "fiscal year 2022" means the period February 1, 2022 to January 31, 2023.

Results of Operations

Trends and Uncertainties

Renewable Fuel Standard II ("RFS II"), established in October 2010, has been an important factor in the growth of ethanol usage in the United States. In recent years, there has been much uncertainty on the enforcement of RFS II. When it was originally established, RFS II required the volume of "conventional" or corn derived ethanol to be blended with gasoline to increase each year until it reached 15.0 billion gallons in 2015 and required that it remain at that level through 2022. There are no established congressional target volumes beginning in 2023. The EPA has the authority to waive the biofuel mandate, in whole or in part, if there is inadequate domestic renewable fuel supply or the requirement severely harms the domestic economy or environment. In addition, under RFS II, a small refiner that processes less than 75,000 barrels of oil per day can petition the EPA for a waiver of their requirement to submit renewable identification numbers ("RINs"). The EPA, through consultation with the Department of Energy and the Department of Agriculture, can grant the refiner a full or partial waiver, or deny the waiver. The EPA issued 85 refinery exemptions for 2016-2018 compliance years, undercutting the statutory renewable fuel volumes by a total of 4.0 billion gallons.

The EPA has finalized volumes for 2021 and 2022 and reduced the previously finalized volumes for 2020 to account for challenges for that year including the COVID-19 pandemic. The volumes for conventional biofuels are 13.8 billion gallons and 15.0 billion gallons for 2021 and 2022, respectively. The 2020 volumes were reduced to 12.5 billion gallons, down from the previously finalized 15.0 billion gallons. In addition, the EPA at the same time denied all pending applications for Small Refinery Exemptions (SREs). The EPA also added 250 million gallons of "supplemental obligation" to the 2022 proposed volumes and stated its intent to add another 250 million gallons to 2023 to address the remand of the 2016 waiver by the D.C Circuit. There are multiple legal challenges to how the EPA has handled SREs and RFS II rulemakings.

Due to the Russian-Ukraine conflict, the corn and natural gas supplies worldwide have been adversely affected, and have had a negative impact on prices for both commodities and corn availability in the United States.

The recently enacted Inflation Reduction Act of 2022 has numerous potential impacts on our business which we are still evaluating. The economics for carbon sequestration will benefit from raising the carbon capture tax credit from $50 per metric ton to $85 per metric ton. The credit will be "direct pay", meaning it would be a refundable credit, for the first five years, starting with the year the facility is placed in service, but not beyond December 31, 2032. In addition, the law would provide other potential impacts to our business or industry, such as (a) creating a new Clean Fuel Production Credit that would be dependent on the level of greenhouse gas emissions reduction for each gallon; (b) extending the biodiesel tax credit, which could impact our renewable corn oil values, as this co-product serves as a low-carbon feedstock for renewable diesel and biomass based diesel production; (c) creating a new tax credit for sustainable aviation fuel; (d) funding biofuel refueling infrastructure which could impact the availability of higher level ethanol blended fuel; and (e) providing for the production and purchase credits for electric vehicles, which could impact the amount of internal combustion engines on the road over time, and ultimately reduce the demand for gasoline, diesel fuels and ethanol.

On August 25, 2022, the California Air Resources Board approved the Advanced Clean Cars II rule that requires all new cars and light trucks sold in the state be zero-emissions vehicles, including plug-in hybrid electric vehicles beginning in 2035.

Should these trends and uncertainties continue, our future operating results could be negatively impacted.

Comparison of Three and Six Months Ended July 31, 2022 and 2021

The following table summarizes our results from operations (amounts in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
Net sales and revenue	$ 240,328	$ 195,678	$ 434,556	$ 359,720
Cost of sales	223,744	181,524	406,060	326,089
Gross profit	$ 16,584	$ 14,154	$ 28,496	$ 33,631
Income before income taxes	$ 19,215	$ 9,806	$ 28,049	$ 19,993
Provision for income taxes	$ (4,330)	$ (1,767)	$ (6,178)	$ (3,991)
Net income attributable to REX common shareholders (continuing operations)	$ 11,170	$ 5,710	$ 16,352	$ 12,979
Net income attributable to REX common shareholders (discontinued operations)	$ -	$ 2,166	$ -	$ 2,681

The following table summarizes net sales and revenue by product group (amounts in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2022	2021	2022	2021
Ethanol	$ 190,807	$ 153,990	$ 337,269	$ 280,059
Dried distillers grains	34,261	31,573	66,158	62,691
Non-food grade corn oil	14,223	9,813	25,325	15,407
Modified distillers grains	2,456	1,934	6,811	4,227
Derivative financial instruments losses	(1,474)	(1,638)	(1,152)	(2,764)
Other	55	6	145	100
Total, continuing operations	$ 240,328	$ 195,678	$ 434,556	$ 359,720
Refined coal (discontinued operations) [1]	$ -	$ 165	$ -	$ 227

[1] Refined coal sales were recorded net of the cost of coal as the Company purchased the coal feedstock from the customer to which the processed refined coal was sold.

The following table summarizes selected operating data:

	Three Months Ended July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
Average selling price per gallon of ethanol (net of hedging)	$ 2.65	$ 2.21	$ 2.47	$ 2.02
Gallons of ethanol sold (in millions)	71.4	69.0	135.9	139.0
Average selling price per ton of dried distillers grains	$ 249.62	$ 206.78	$ 233.80	$ 207.84
Tons of dried distillers grains sold	137,250	152,689	282,964	301,640
Average selling price per pound of non-food grade corn oil	$ 0.72	$ 0.47	$ 0.68	$ 0.41
Pounds of non-food grade corn oil sold (in millions)	19.7	20.7	37.4	37.8
Average selling price per ton of modified distillers grains	$ 128.50	$ 90.54	$ 121.65	$ 79.13
Tons of modified distillers grains sold	19,110	21,361	55,989	53,421
Average cost per bushel of grain	$ 7.78	$ 6.45	$ 7.18	$ 5.86
Average cost of natural gas (per MmBtu)	$ 7.04	$ 3.30	$ 6.48	$ 3.24

Net sales and revenue in the quarter ended July 31, 2022 increased approximately 23% compared to the prior year's second quarter. Net sales and revenue in the first six months ended July 31, 2022 increased approximately 21% compared to the first six months of fiscal year 2021. Quantities sold at our consolidated plants during the second quarter of fiscal year 2022 and the first six months of 2022 did not change significantly from the prior year comparable periods. The increase in net sales and revenue was driven primarily by stronger commodity pricing in the second quarter and first six months of 2022.

Ethanol sales increased in the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021 as the average price per gallon sold increased 20%, along with a slight increase in gallons sold of 3%. Ethanol sales increased in the first six months of fiscal year 2022 compared to the first six months of fiscal year 2021 as the average price per gallon sold increased 22%, offset slightly by a decrease in gallons sold of 2%. The increase in the ethanol selling price resulted primarily from an increase in commodity prices.

Dried distillers grains sales increased in the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021 as the average price per ton sold increased 21%, offset partially by a 10% decrease in tons sold. Dried distillers grains sales increased in the first six months of fiscal year 2022 compared to the first six months of fiscal year 2021 as the average price per ton sold increased 12%, offset slightly by a 6% decrease in tons sold. The increase in the dried distillers grains selling price resulted primarily from an increase in corn prices as dried distillers grains prices often correlate with corn pricing. Logistics issues contributed to the decrease in tons sold.

Non-food grade corn oil sales increased in the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021 as the average selling price per pound increased 53% over the prior year second quarter, offset slightly by a decrease in pounds sold of 5%. Non-food grade corn oil sales increased in the first six months of fiscal year 2022 compared to the first six months of fiscal year 2021 as the average selling price per pound increased 66%, offset slightly by a decrease in pounds sold of 1%. The increase in the non-food grade corn oil selling price resulted primarily from an increase in demand from the biodiesel industry.

Modified distillers grains sales increased in the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021 as the average price per ton sold increased 42%, offset partially by an 11% decrease in tons sold. Modified distillers grains sales increased in the first six months of fiscal year 2022 compared to the first six months of fiscal year 2021 as the average price per ton sold increased 54%, coupled with a 5% increase in tons sold. The increase in the modified distillers grains selling price resulted primarily from an increase in corn prices.

Losses on derivative financial instruments, included in net sales and revenue, of approximately $1.5 million in the second quarter of fiscal year 2022 related to our risk management activities and were impacted by the increase in ethanol prices during that quarter. There were losses on derivative financial instruments of approximately $1.6 million during the second quarter of fiscal year 2021. Losses on derivative financial instruments, included in net sales and revenue, were approximately $1.2 million in the first six months of fiscal year 2022 compared to $2.8 million in the first six months of fiscal year 2021.

Gross profit for the second quarter of fiscal year 2022 increased approximately $2.4 million compared to the prior year's second quarter. Selling prices overall increased significantly year over year, but were offset by a significant increase in the price of corn and natural gas. The crush spread decreased slightly from break-even in the second quarter of 2021 to $(0.02) in the second quarter of 2022. In addition, fewer ethanol contracts were sold net of freight in the second quarter of fiscal year 2022 compared to fiscal year 2021, which increased revenue in fiscal year 2022. The selling price per gallon of ethanol sold increased 20% for the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021. There was a 21% increase in the cost per bushel of corn during the same periods.

Grain accounted for approximately 84% ($186.9 million) of our cost of sales during the second quarter of fiscal year 2022 compared to approximately 86% ($156.2 million) during the second quarter of fiscal year 2021. Natural gas accounted for approximately 6% ($12.8 million) of our cost of sales during the second quarter of fiscal year 2022 compared to approximately 3% ($6.2 million) during the second quarter of fiscal year 2021. The grain and natural gas expenditure increases were primarily attributable to the higher costs of both corn and natural gas with stable production levels in the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021.

Gross profit for the first six months of fiscal year 2022 decreased approximately $5.1 million compared to the first six months of fiscal year 2021. Selling prices increased significantly year over year, but were offset by the significant increase in the cost of corn. The crush spread did not change from $0.02 over the first six months of fiscal year 2021 compared to the first six months of fiscal year 2022. However, more ethanol contracts were sold net of freight in the first six months of fiscal year 2022 compared to fiscal year 2021, which reduced revenue in fiscal year 2022. The selling price per gallon of ethanol sold increased 22% for the first six months of fiscal year 2022 compared to the first half of fiscal year 2021. There was a 23% increase in the cost per bushel of corn during the same periods.

Grain accounted for approximately 84% ($339.6 million) of our cost of sales during the first six months of fiscal year 2022 compared to approximately 85% ($278.2 million) during the first six months of fiscal year 2021. Natural gas accounted for approximately 6% ($23.7 million) of our cost of sales during the first six months of fiscal year 2022 compared to approximately 3% ($9.9 million) during the first six months of fiscal year 2021. The grain and natural gas expenditure increases were primarily attributable to the higher costs of both corn and natural gas with stable production levels in the first six months of fiscal year 2022 compared to the first six months of fiscal year 2021.

We attempt to match quantities of ethanol, distillers grains and non-food grade corn oil sales contracts with an appropriate quantity of grain purchase contracts over a given time period when we can obtain a satisfactory margin resulting from the crush spread inherent in the contracts we have executed. However, the market for future ethanol sales contracts generally lags the spot market with respect to ethanol price. Consequently, we generally execute fixed price sales contracts for no more than four months into the future at any given time and we may lock in our corn or ethanol price without having a corresponding locked in ethanol or corn price for short durations of time. As a result of the relatively short period of time our contracts cover, we generally cannot predict the future movements in our realized crush spread for more than four months.

SG&A expenses were approximately $9.1 million for the second quarter of fiscal year 2022, higher than the approximately $6.2 million of expenses for the second quarter of fiscal year 2021. Higher shipping costs of $1.1 million contributed to a portion of the increase in the second quarter of fiscal year 2022 as more sales contracts provided for shipping to be paid by us compared to the second quarter of fiscal year 2021. In addition, performance bonuses increased approximately $0.9 million in the second quarter of fiscal year 2022 compared to the second quarter of fiscal year 2021. SG&A expenses were approximately $14.4 million for the first six months of fiscal year 2022, slightly lower than the approximately $16.1 million of expenses for the first six months of fiscal year 2021. Shipping costs declined approximately $4.3 million for the six months ended July 31, 2022 comparted to the prior year as fewer ethanol contracts required us to pay the freight. This was offset by increases in railcar lease expense of approximately $0.7 million and performance bonus of approximately $0.9 million in the first six months of fiscal year 2022 compared to the first six months of fiscal year 2021.

During the second quarter of fiscal year 2022, we recognized income of approximately $3.6 million compared to income of approximately $1.8 million for the second quarter of fiscal year 2021, from our equity investment in Big River. We recognized income of approximately $5.5 million during the first six months of fiscal year 2022 compared to income of approximately $2.4 million during the first six months of fiscal year 2021. During the second quarter of 2022, COVID-19 relief grants from the U.S. Department of Agriculture (USDA) received by Big River contributed $1.6 million to the increase in income we recognized in 2022. Big River has interests in four ethanol production plants that shipped approximately 429 million gallons in the trailing twelve months ended July 31, 2022 and has an effective ownership of ethanol gallons shipped for the same period of approximately 372 million gallons. Big River's operations also include agricultural elevators. Due to the inherent volatility of commodity prices within the ethanol industry, we cannot predict the likelihood of future operating results from Big River being similar to historical results.

Interest and other income was approximately $8.2 million for the second quarter of fiscal year 2022 versus approximately $39,000 for the second quarter of fiscal year 2021. Interest and other income was approximately $8.4 million for the first six months of fiscal year 2022 versus approximately $82,000 for the first six months of fiscal year 2021. During the second quarter of 2022, the Company's consolidated plants received COVID-19 relief grants from the USDA totaling approximately $7.8 million based on reduced production in 2020. The remaining increase is due to an increase in interest income as yields on our excess cash increased in the second quarter and first six months of fiscal year 2022 compared to the second quarter and first six months of fiscal year 2021.

As a result of the foregoing, income before income taxes was approximately $19.2 million for the second quarter of fiscal year 2022 versus approximately $9.8 million for the second quarter of fiscal year 2021. Income before income taxes was approximately $28.0 million for the first six months of fiscal year 2022 versus approximately $20.0 million for the first six months of fiscal year 2021.

Prior to the third quarter of fiscal year 2021, the Company determined that small changes in estimated "ordinary" income would result in significant changes in the estimated annual effective tax rate. Thus, the Company used a discrete effective tax rate method to calculate the provision or benefit for income taxes for the three and six months ended July 31, 2021. Beginning on November 18, 2021, we are unable to earn tax credit related to the refined coal business, and as such, have ceased operation of that business. As earning these credits is what had caused the significant changes in the estimated annual effective tax rate from small changes in estimated "ordinary" income and we have now classified the refined coal business as discontinued operations, we have returned to using the annual effective tax rate method to calculate the provision or benefit for income taxes from continuing operations beginning in the three and nine month periods ending October 31, 2021. Our income tax provision from continuing operations was approximately $4.3 million and approximately $1.8 million for the three months ended July 31, 2022 and 2021, respectively. Our income tax provision from continuing operations was approximately $6.2 millions and approximately $4.0 million for the six months ended July 31, 2022 and 2021, respectively.

As a result of the foregoing, net income from continuing operations was approximately $14.9 million for the second quarter of fiscal year 2022 compared to approximately $8.0 million for the second quarter of fiscal year 2021. Net income from continuing operations was approximately $21.9 million for the first six months of fiscal year 2022 compared to approximately $16.0 million for the first six months of fiscal year 2021.

Income from continuing operations related to noncontrolling interests was approximately $3.7 million for the second quarter of fiscal year 2022 compared to $2.3 million for the second quarter of fiscal year 2021. Income from continuing operations related to noncontrolling interests was approximately $5.5 million for the first six months of fiscal year 2022 compared to $3.0 million for the first six months of fiscal year 2021. These amounts represent the other owners' share of the income or loss of NuGen and One Earth. Noncontrolling interests related to the refined coal entity is included in discontinued operations.

As a result of the foregoing, net income attributable to REX common shareholders from continuing operations for the second quarter of fiscal year 2022 was approximately $11.2 million, an increase of approximately $5.5 million from net income attributable to REX common shareholders from continuing operations of approximately $5.7 million for the second quarter of fiscal year 2021. Net income attributable to REX common shareholders from continuing operations for the first six months of fiscal year 2022 was approximately $16.4 million, an increase of approximately $3.4 million from net income attributable to REX common shareholders from continuing operations of approximately $13.0 million for the first six months of fiscal year 2021.

The Company ceased operation of its refined coal business as tax credits could no longer be earned on its operation beginning November 18, 2021. Beginning in the third quarter of fiscal year 2021, the results of the operation of the refined coal business have been recognized as discontinued operations. The refined coal business operated at a pre-tax loss but generated tax credits that normally exceeded the operating loss. There was no activity related to discontinued operations in the first six months of fiscal year 2022. Net income attributable to REX common shareholders from discontinued operations, net of tax, for the three and six months ended July 31, 2021 was approximately $2.2 million and $2.7 million, respectively.

Through its refined coal operation, the Company earned production tax credits pursuant to IRC Section 45. The credits can be used to reduce future income tax liabilities for up to 20 years. The income tax benefit generated from discontinued operations was approximately $5.4 million and approximately $7.6 million for the three and six months ended July 31, 2021.

Liquidity and Capital Resources

Net cash provided by operating activities was approximately $0.8 million for the first six months of fiscal year 2022, compared to cash provided by operating activities of approximately $17.2 million for the first six months of fiscal year 2021. For the first six months of fiscal year 2022, cash was provided by net income from continuing operations of approximately $21.9 million, adjusted for non-cash items of approximately $10.8 million, which consisted of depreciation, amortization of operating lease right-of-use assets, income from equity method investments, interest income from short-term investments, the deferred income tax provision and stock based compensation expense. An increase in the balance of accounts receivable used cash of approximately $12.7 million, primarily a result of the timing of products shipped and the receipt of customer payments at One Earth and NuGen in addition to higher sales and pricing. Inventories increased by approximately $7.7 million, primarily a result of the timing of receipt of raw materials and the shipment of finished goods, as well as an increase in commodity prices. An increase in the balance of other assets of approximately $2.2 million primarily relates to changes in the carrying value of forward purchase contracts recorded at fair value. A decrease in the balance of refundable income taxes of approximately $0.8 million primarily relates to amount currently payable on income from the first three months of the fiscal year. A decrease in the balance of accounts payable used cash of approximately $11.3 million, which was primarily a result of the timing of inventory receipts and vendor payments. An increase in the balance of other liabilities provided cash of approximately $1.2 million.

Net cash provided by operating activities was approximately $17.2 million for the first six months of fiscal year 2021. For the first six months of fiscal year 2021, cash was provided by net income from continuing operations of approximately $16.0 million, adjusted for non-cash items of approximately $13.1 million, which consisted of depreciation, amortization of operating lease right-of-use assets, income from equity method investments, interest income from short-term investments, the deferred income tax provision and stock based compensation expense. An increase in the balance of accounts receivable used cash of approximately $9.8 million, primarily a result of the timing of products shipped and the receipt of customer payments at One Earth and NuGen in addition to higher sales and pricing. Inventories increased by approximately $3.9 million, primarily a result of the timing of receipt of raw materials and the shipment of finished goods, as well as an increase in the pricing of raw materials. A decrease in the balance of other assets of approximately $0.3 million primarily relates to changes in the carrying value of forward purchase contracts recorded at fair value. An increase in the balance of refundable income taxes of approximately $1.1 million primarily relates to estimated federal and state income tax payments made during fiscal year 2021. An increase in the balance of accounts payable provided cash of approximately $4.8 million, which was primarily a result of the timing of inventory receipts and vendor payments. An increase in the balance of other liabilities provided cash of approximately $0.9 million, which was primarily a result of operating lease payments. Discontinued operations used cash of $3.1 million during the first six months of 2021.

At July 31, 2022, working capital was approximately $315.4 million, compared to approximately $294.7 million at January 31, 2022. The ratio of current assets to current liabilities was 8.5 to 1 at July 31, 2022 and 6.8 to 1 at January 31, 2022.

Cash of approximately $167.0 million was used in investing activities for the first six months of fiscal year 2022, compared to approximately $0.3 million provided by investing activities during the first six months of fiscal year 2021. During the first six months of fiscal year 2022, we had capital expenditures of approximately $2.9 million, primarily for improvements at the One Earth and NuGen facilities. We expect capital expenditures to be in the range of approximately $10.0 million to $15.0 million for the remainder of fiscal year 2022. During the first six months of fiscal year 2022, we purchased short-term U.S. Treasury Bills of approximately $190.0 million while certificates of deposit of approximately $25.9 million matured. The certificates of deposit and U.S Treasury Bills had maturities of less than one year and we classified them as short-term investments. Depending on investment options available, we may elect to retain the funds, or a portion thereof, in cash, short-term investments or long-term investments.

Cash of approximately $0.3 million was provided by investing activities for the first six months of fiscal year 2021. During the first six months of fiscal year 2021, we had capital expenditures of approximately $2.7 million, primarily for improvements at the One Earth and NuGen facilities. During the first six months of fiscal year 2021, we purchased certificates of deposit (classified as short-term investments) of approximately $49.3 million. During the first six months of fiscal year 2021, certificates of deposit (classified as short-term investments) of approximately $52.2 million matured.

Cash of approximately $7.8 million was used in financing activities for the first six months of fiscal year 2022, compared to approximately $2.7 million for the first six months of fiscal year 2021. During the first six months of fiscal year 2022, we used cash of approximately $6.2 million to purchase approximately 222,000 shares of our common stock in open market transactions. We also made payments of $1.6 million to noncontrolling interests holders.

Cash of approximately $2.7 million was used in financing activities from continuing operations in the first six months of 2021 as we used cash of approximately $1.4 million to purchase approximately 52,000 shares of our common stock in open market transactions and we made payments of approximately $1.3 million to noncontrolling interests holders.

We are investigating various uses for our excess cash and short-term investments. We have a stock buyback program, and given our current authorization level, can repurchase a total of approximately 1,126,000 shares at July 31, 2022. We typically repurchase our common stock when our stock price is trading at a price we deem to be a discount to the underlying value of our net assets. We plan to seek and evaluate various investment opportunities including ethanol and/or energy related, carbon sequestration related, agricultural or other ventures we believe fit our investment criteria.

Forward-Looking Statements

This Form 10-Q contains or may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements can be identified by use of forward-looking terminology such as “may,” “expect,” “believe,” “estimate,” “anticipate” or “continue” or the negative thereof or other variations thereon or comparable terminology. Readers are cautioned that there are risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. These risks and uncertainties include the risk factors set forth from time to time in the Company’s filings with the Securities and Exchange Commission and include among other things: the effect of pandemics such as COVID-19 on the Company’s business operations, including impacts on supplies, demand, personnel and other factors, the impact of legislative and regulatory changes, the price volatility and availability of corn, distillers grains, ethanol, non-food grade corn oil, gasoline and natural gas, commodity market risk, ethanol plants operating efficiently and according to forecasts and projections, logistical interruptions, changes in the international, national or regional economies, the impact of inflation, the ability to attract employees, weather, results of income tax audits, changes in income tax laws or regulations, the impact of U.S. foreign trade policy, changes in foreign currency exchange rates and the effects of terrorism or acts of war. The Company does not intend to update publicly any forward-looking statements except as required by law. Other factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2022 (File No. 001-09097).

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

We are exposed to the impact of market fluctuations associated with commodity prices as discussed below.

We manage a portion of our risk with respect to the volatility of commodity prices inherent in the ethanol industry by using forward purchase and sale contracts and exchange traded commodity futures contracts. Our exposure to market risk, which includes the impact of our risk management activities, is based on the estimated effect on pre-tax income starting on July 31, 2022 is as follows, assuming normal operating capacity (amounts in thousands):

Commodity	Estimated Total Volume for 12 Months	Unit of Measure	Decrease in Pre-tax Income From a 10% Adverse Change in Price
Ethanol	280,000	Gallons	$66,933
Corn	100,000	Bushels	$67,382
Distillers Grains	705	Tons	$13,473
Non-food grade Corn Oil	76,000	Pounds	$ 4,929
Natural Gas	7,400	MmBtu	$ 4,004

Item 4. ***Controls and Procedures***

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

We are not party to any legal proceedings that we believe would, individually or in the aggregate, have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. ***Risk Factors***

There have been no material changes to the risk factors discussed in our Annual Report on Form 10-K for the year ended January 31, 2022.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Not Applicable

Item 3. ***Defaults upon Senior Securities***

Not Applicable

Item 4. ***Mine Safety Disclosures***

Not Applicable

Item 5. ***Other Information***

None

Item 6. ***Exhibits***

The following exhibits are filed with this report:

31 Rule 13a-14(a)/15d-14(a) Certifications

32 Section 1350 Certifications

101 The following information from REX American Resources Corporation Quarterly Report on Form 10-Q for the quarter ended July 31, 2022, formatted in iXBRL: (i) Consolidated Condensed Balance Sheets, (ii) Consolidated Condensed Statements of Operations, (iii) Consolidated Condensed Statements of Equity, (iv) Consolidated Condensed Statements of Cash Flows and (v) Notes to Consolidated Condensed Financial Statements.

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.

REX American Resources Corporation
Registrant

Signature	Title	Date
/s/ Zafar A. Rizvi (Zafar A. Rizvi)	Chief Executive Officer and President (Chief Executive Officer)	September 1, 2022
/s/ Douglas L. Bruggeman (Douglas L. Bruggeman)	Vice President, Finance and Treasurer (Chief Financial Officer)	September 1, 2022

CERTIFICATIONS

I, Zafar A. Rizvi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of REX American Resources Corporation;

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 Rule 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 1, 2022

/s/ Zafar A. Rizvi
Zafar A. Rizvi
Chief Executive Officer and President

CERTIFICATIONS

I, Douglas L. Bruggeman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of REX American Resources Corporation;

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 Rule 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 1, 2022

/s/ Douglas L. Bruggeman
Douglas L. Bruggeman
Vice President, Finance, Treasurer and Chief Financial Officer

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

The undersigned officers of REX American Resources Corporation (the “Company”) hereby certify, to their knowledge, that the Company’s Quarterly Report on Form 10-Q for the period ended July 31, 2022 which this certificate accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained therein fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Zafar A. Rizvi
Zafar A. Rizvi
Chief Executive Officer and President

/s/ Douglas L. Bruggeman
Douglas L. Bruggeman
Vice President, Finance, Treasurer and
Chief Financial Officer

Date: September 1, 2022