

# **U-HAUL HOLDING CO /NV/**

## **FORM 10-Q** (Quarterly Report)

Filed 11/09/22 for the Period Ending 09/30/22

Address	5555 KIETZKE LANE STE 100 RENO, NV, 89511
Telephone	7756886300
CIK	0000004457
Symbol	UHAL
SIC Code	7510 - Services-Auto Rental and Leasing (No Drivers)
Industry	Ground Freight & Logistics
Sector	Industrials
Fiscal Year	03/31

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 September 30, 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 001-11255

State or other jurisdiction of incorporation or organization

Registrant, State of Incorporation,  
Address and Telephone Number

I.R.S. Employer  
Identification No.

**AMERCO**

Nevada

AMERCO

88-0106815

(A Nevada Corporation)

5555 Kietzke Lane Suite 100

Reno, Nevada 89511

Telephone (775) 688-6300

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.25 par value	UHAL	NASDAQ Global Select Market

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

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

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

Large Accelerated Filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

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

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

19,607,788 shares of AMERCO Common Stock, \$0.25 par value, were outstanding at November 4, 2022.

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## PART I FINANCIAL INFORMATION

### ***Item 1. Financial Statements***

#### **AMERCO AND CONSOLIDATED SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>September 30, 2022</u>	<u>March 31, 2022</u>
	(Unaudited)	
	(In thousands, except share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,065,115	\$ 2,704,137
Reinsurance recoverables and trade receivables, net	203,202	229,343
Inventories and parts, net	166,136	158,888
Prepaid expenses	236,035	236,915
Investments, fixed maturities and marketable equities	2,615,758	2,893,399
Investments, other	548,198	543,755
Deferred policy acquisition costs, net	146,778	103,828
Other assets	47,900	60,409
Right of use assets - financing, net	529,000	620,824
Right of use assets - operating, net	68,208	74,382
Related party assets	48,337	47,851
	<u>7,674,667</u>	<u>7,673,731</u>
Property, plant and equipment, at cost:		
Land	1,427,781	1,283,142
Buildings and improvements	6,390,317	5,974,639
Furniture and equipment	876,515	846,132
Rental trailers and other rental equipment	727,953	615,679
Rental trucks	5,087,235	4,638,814
	<u>14,509,801</u>	<u>13,358,406</u>
Less: Accumulated depreciation	(4,041,125)	(3,732,556)
Total property, plant and equipment, net	10,468,676	9,625,850
Total assets	<u>\$ 18,143,343</u>	<u>\$ 17,299,581</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 706,402	\$ 677,785
Notes, loans and finance leases payable, net	6,298,831	6,022,497
Operating lease liabilities	67,858	74,197
Policy benefits and losses, claims and loss expenses payable	990,233	978,254
Liabilities from investment contracts	2,390,028	2,336,238
Other policyholders' funds and liabilities	12,126	10,812
Deferred income	56,871	49,157
Deferred income taxes, net	1,307,807	1,265,358
Total liabilities	<u>11,830,156</u>	<u>11,414,298</u>
Commitments and contingencies (notes 3, 7, 8 and 9)		
Stockholders' equity:		
Series preferred stock, with or without par value, 50,000,000 shares authorized:		
Series A preferred stock, with no par value, 6,100,000 shares authorized:		
6,100,000 shares issued and none outstanding as of September 30 and March 31, 2022	-	-
Series B preferred stock, with no par value, 100,000 shares authorized; none issued and outstanding as of September 30 and March 31, 2022	-	-
Serial common stock, with or without par value, 250,000,000 shares authorized:		
Serial common stock of \$0.25 par value, 10,000,000 shares authorized; none issued and outstanding as of September 30 and March 31, 2021	-	-
Common stock, with \$0.25 par value, 250,000,000 shares authorized:		
Common stock of \$0.25 par value, 250,000,000 shares authorized; 41,985,700 issued and 19,607,788 outstanding as of September 30 and March 31, 2022	10,497	10,497
Additional paid-in capital	453,819	453,819
Accumulated other comprehensive income (loss)	(192,121)	46,384
Retained earnings	6,718,642	6,052,233
Cost of common stock in treasury, net (22,377,912 shares as of September 30 and March 31, 2022)	(525,653)	(525,653)
Cost of preferred stock in treasury, net (6,100,000 shares as of September 30 and March 31, 2022)	(151,997)	(151,997)
Total stockholders' equity	<u>6,313,187</u>	<u>5,885,283</u>
Total liabilities and stockholders' equity	<u>\$ 18,143,343</u>	<u>\$ 17,299,581</u>

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

#### **AMERCO AND CONSOLIDATED SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

Quarter Ended September 30,		
	2022	2021
(Unaudited)		
(In thousands, except share and per share amounts)		
<b>Revenues:</b>		
Self-moving equipment rentals	\$ 1,162,025	\$ 1,179,061
Self-storage revenues	185,586	153,485
Self-moving and self-storage products and service sales	96,864	92,191
Property management fees	9,277	8,747
Life insurance premiums	25,456	28,913
Property and casualty insurance premiums	25,718	22,499
Net investment and interest income	30,509	36,780
Other revenue	167,429	142,578
<b>Total revenues</b>	<b>1,702,864</b>	<b>1,664,254</b>
<b>Costs and expenses:</b>		
Operating expenses	811,594	696,074
Commission expenses	125,341	127,896
Cost of sales	72,625	66,491
Benefits and losses	37,363	44,630
Amortization of deferred policy acquisition costs	6,972	6,750
Lease expense	7,684	7,441
Depreciation, net of gains on disposal of \$64,342 and \$36,075, respectively	117,318	135,748
Net losses on disposal of real estate	1,872	523
<b>Total costs and expenses</b>	<b>1,180,769</b>	<b>1,085,553</b>
<b>Earnings from operations</b>	<b>522,095</b>	<b>578,701</b>
Other components of net periodic benefit costs	(304)	(280)
Interest expense	(57,193)	(39,545)
Fees on early extinguishment of debt	(959)	—
<b>Pretax earnings</b>	<b>463,639</b>	<b>538,876</b>
Income tax expense	(111,624)	(128,978)
<b>Earnings available to common stockholders</b>	<b>\$ 352,015</b>	<b>\$ 409,898</b>
Basic and diluted earnings per common share	\$ 17.95	\$ 20.90
Weighted average common shares outstanding: Basic and diluted	19,607,788	19,607,788

Related party revenues for the second quarter of fiscal 2023 and 2022, net of eliminations, were \$9.3 million and \$8.7 million, respectively.

Related party costs and expenses for the second quarter of fiscal 2023 and 2022, net of eliminations, were \$27.0 million and \$27.1 million, respectively.

Please see Note 9, Related Party Transactions, of the Notes to Condensed Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

### AMERCO AND CONSOLIDATED SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Six Months Ended September 30,		
	2022	2021
(Unaudited)		
(In thousands, except share and per share amounts)		
<b>Revenues:</b>		
Self-moving equipment rentals	\$ 2,252,800	\$ 2,214,438
Self-storage revenues	358,763	290,878
Self-moving and self-storage products and service sales	206,215	197,076
Property management fees	18,416	17,196
Life insurance premiums	51,237	57,618
Property and casualty insurance premiums	45,690	39,368
Net investment and interest income	64,082	71,779
Other revenue	303,501	248,757
<b>Total revenues</b>	<b>3,300,704</b>	<b>3,137,110</b>
<b>Costs and expenses:</b>		
Operating expenses	1,544,761	1,310,603
Commission expenses	243,834	241,045
Cost of sales	152,296	136,406
Benefits and losses	81,463	91,928
Amortization of deferred policy acquisition costs	14,644	15,573
Lease expense	15,159	15,088
Depreciation, net of gains on disposal of \$128,690 and \$86,398 respectively	231,114	257,465
Net (gains) losses on disposal of real estate	4,179	(3,907)
<b>Total costs and expenses</b>	<b>2,287,450</b>	<b>2,064,201</b>
<b>Earnings from operations</b>	<b>1,013,254</b>	<b>1,072,909</b>
Other components of net periodic benefit costs	(608)	(560)
Interest expense	(106,992)	(78,723)
Fees on early extinguishment of debt	(959)	—
<b>Pretax earnings</b>	<b>904,695</b>	<b>993,626</b>
Income tax expense	(218,678)	(238,553)
<b>Earnings available to common stockholders</b>	<b>\$ 686,017</b>	<b>\$ 755,073</b>
Basic and diluted earnings per common share	\$ 34.99	\$ 38.51
Weighted average common shares outstanding: Basic and diluted	19,607,788	19,607,788

Related party revenues for the first six months of fiscal 2023 and 2022, net of eliminations, were \$18.4 million and \$17.2 million, respectively.

Related party costs and expenses for the first six months of fiscal 2023 and 2022, net of eliminations, were \$52.5 million and \$50.7 million, respectively.

Please see Note 9, Related Party Transactions, of the Notes to Condensed Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

Quarter Ended September 30, 2022	Pre-tax	Tax	Net
	(Unaudited) (In thousands)		
Comprehensive income:			
Net earnings	\$ 463,639	\$ (111,624)	\$ 352,015
Other comprehensive income (loss):			
Foreign currency translation	(739)	—	(739)
Unrealized net loss on investments	(137,836)	29,392	(108,444)
Change in fair value of cash flow hedges	8,336	(2,047)	6,289
Amounts reclassified into earnings on hedging activities	24	(5)	19
Total other comprehensive income (loss)	<u>(130,215)</u>	<u>27,340</u>	<u>(102,875)</u>
Total comprehensive income	<u>\$ 333,424</u>	<u>\$ (84,284)</u>	<u>\$ 249,140</u>
Quarter Ended September 30, 2021	Pre-tax	Tax	Net
(Unaudited) (In thousands)			
Comprehensive income:			
Net earnings	\$ 538,876	\$ (128,978)	\$ 409,898
Other comprehensive income (loss):			
Foreign currency translation	992	—	992
Unrealized net gain on investments	52,525	(11,143)	41,382
Change in fair value of cash flow hedges	(74)	18	(56)
Amounts reclassified into earnings on hedging activities	1,003	(246)	757
Total other comprehensive income (loss)	<u>54,446</u>	<u>(11,371)</u>	<u>43,075</u>
Total comprehensive income	<u>\$ 593,322</u>	<u>\$ (140,349)</u>	<u>\$ 452,973</u>
Six Months Ended September 30, 2022	Pre-tax	Tax	Net
(Unaudited) (In thousands)			
Comprehensive income:			
Net earnings	\$ 904,695	\$ (218,678)	\$ 686,017
Other comprehensive income (loss):			
Foreign currency translation	(542)	—	(542)
Unrealized net loss on investments	(310,882)	66,056	(244,826)
Change in fair value of cash flow hedges	8,506	(2,089)	6,417
Amounts reclassified into earnings on hedging activities	590	(144)	446
Total other comprehensive income (loss)	<u>(302,328)</u>	<u>63,823</u>	<u>(238,505)</u>
Total comprehensive income	<u>\$ 602,367</u>	<u>\$ (154,855)</u>	<u>\$ 447,512</u>
Six Months Ended September 30, 2021	Pre-tax	Tax	Net
(Unaudited) (In thousands)			
Comprehensive income:			
Net earnings	\$ 993,626	\$ (238,553)	\$ 755,073
Other comprehensive income (loss):			
Foreign currency translation	(2,400)	—	(2,400)
Unrealized net loss on investments	(39,926)	8,281	(31,645)
Change in fair value of cash flow hedges	(142)	35	(107)
Amounts reclassified into earnings on hedging activities	1,990	(488)	1,502
Total other comprehensive income (loss)	<u>(40,478)</u>	<u>7,828</u>	<u>(32,650)</u>
Total comprehensive income	<u>\$ 953,148</u>	<u>\$ (230,725)</u>	<u>\$ 722,423</u>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Unaudited) (In thousands)	Less: Treasury Common Stock	Less: Treasury Preferred Stock	Total Stockholders' Equity
<b>Balance as of June 30, 2022</b>	\$ 10,497	\$ 453,819	\$ (89,246)	\$ 6,376,431	\$ (525,653)	\$ (151,997)	\$ 6,073,851
Foreign currency translation	—	—	(739)	—	—	—	(739)
Unrealized net loss on investments, net of tax	—	—	(108,444)	—	—	—	(108,444)
Change in fair value of cash flow hedges, net of tax	—	—	6,289	—	—	—	6,289
Amounts reclassified into earnings on hedging activities	—	—	19	—	—	—	19
Net earnings	—	—	—	352,015	—	—	352,015
Common stock dividends: (\$0.50 per share)	—	—	—	(9,804)	—	—	(9,804)
Net activity	—	—	(102,875)	342,211	—	—	239,336

<b>Balance as of September 30, 2022</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ (192,121)</b>	<b>\$ 6,718,642</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 6,313,187</b>
<b>Balance as of June 30, 2021</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ 31,132</b>	<b>\$ 5,293,730</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 5,111,528</b>
Foreign currency translation	—	—	992	—	—	—	992
Unrealized net gain on investments, net of tax	—	—	41,382	—	—	—	41,382
Change in fair value of cash flow hedges, net of tax	—	—	(56)	—	—	—	(56)
Amounts reclassified into earnings on hedging activities	—	—	757	—	—	—	757
Net earnings	—	—	—	409,898	—	—	409,898
Common stock dividends: (\$0.50 per share)	—	—	—	(9,804)	—	—	(9,804)
Net activity	—	—	43,075	400,094	—	—	443,169
<b>Balance as of September 30, 2021</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ 74,207</b>	<b>\$ 5,693,824</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 5,554,697</b>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Retained Earnings</b> (Unaudited) (In thousands)	<b>Less: Treasury Common Stock</b>	<b>Less: Treasury Preferred Stock</b>	<b>Total Stockholders' Equity</b>
<b>Balance as of March 31, 2022</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ 46,384</b>	<b>\$ 6,052,233</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 5,885,283</b>
Foreign currency translation	—	—	(542)	—	—	—	(542)
Unrealized net loss on investments, net of tax	—	—	(244,826)	—	—	—	(244,826)
Change in fair value of cash flow hedges, net of tax	—	—	6,417	—	—	—	6,417
Amounts reclassified into earnings on hedging activities	—	—	446	—	—	—	446
Net earnings	—	—	—	686,017	—	—	686,017
Common stock dividends: (\$1.00 per share)	—	—	—	(19,608)	—	—	(19,608)
Net activity	—	—	(238,505)	666,409	—	—	427,904
<b>Balance as of September 30, 2022</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ (192,121)</b>	<b>\$ 6,718,642</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 6,313,187</b>
<b>Balance as of March 31, 2021</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ 106,857</b>	<b>\$ 4,958,359</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 4,851,882</b>
Foreign currency translation	—	—	(2,400)	—	—	—	(2,400)
Unrealized net loss on investments, net of tax	—	—	(31,645)	—	—	—	(31,645)
Change in fair value of cash flow hedges, net of tax	—	—	(107)	—	—	—	(107)
Amounts reclassified into earnings on hedging activities	—	—	1,502	—	—	—	1,502
Net earnings	—	—	—	755,073	—	—	755,073
Common stock dividends: (\$1.00 per share)	—	—	—	(19,608)	—	—	(19,608)
Net activity	—	—	(32,650)	735,465	—	—	702,815
<b>Balance as of September 30, 2021</b>	<b>\$ 10,497</b>	<b>\$ 453,819</b>	<b>\$ 74,207</b>	<b>\$ 5,693,824</b>	<b>\$ (525,653)</b>	<b>\$ (151,997)</b>	<b>\$ 5,554,697</b>

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

**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

Six Months Ended September 30,	(Unaudited)	
2022	2021	(In thousands)

**Cash flows from operating activities:**

Net earnings	\$ 686,017	\$ 755,073
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	359,804	343,863
Amortization of deferred policy acquisition costs	14,644	15,573
Amortization of premiums and accretion of discounts related to investments, net	10,249	9,151
Amortization of debt issuance costs	3,356	2,791
Interest credited to policyholders	24,690	31,894
Provision for allowance for losses on trade receivables	(5,494)	222
Provision for allowance for inventories and parts reserves	7,125	8,352
Net gains on disposal of personal property	(128,690)	(86,398)
Net (gains) losses on disposal of real estate	4,179	(3,907)
Net (gains) losses on sales of investments	7,207	(3,432)
Net (gains) losses on equity investments	7,963	(4,342)
Deferred income taxes, net	103,828	138,916
Net change in other operating assets and liabilities:		
Reinsurance receivables and trade receivables	32,342	(3,771)
Inventories and parts	(14,416)	(45,718)
Prepaid expenses	3	266,780
Capitalization of deferred policy acquisition costs	(14,900)	(17,807)
Other assets	2,432	(1,327)
Related party assets	(1,640)	(2,724)
Accounts payable and accrued expenses	64,297	91,548
Policy benefits and losses, claims and loss expenses payable	13,654	18,968
Other policyholders' funds and liabilities	1,314	(1,477)
Deferred income	9,458	7,592
Related party liabilities	742	(700)
Net cash provided by operating activities	<u>1,188,164</u>	<u>1,519,120</u>

**Cash flows from investing activities:**

Escrow deposits	9,688	(2,341)
Purchases of:		
Property, plant and equipment	(1,335,528)	(1,039,688)
Short term investments	(36,173)	(21,669)
Fixed maturities investments	(202,265)	(415,640)
Equity securities	(4,356)	(36)
Preferred stock	–	(8,000)
Real estate	(4,931)	(124)
Mortgage loans	(75,635)	(106,963)
Proceeds from sales and paydowns of:		
Property, plant and equipment	329,611	306,946
Short term investments	33,373	16,673
Fixed maturities investments	106,527	230,043
Equity securities	717	1,894
Mortgage loans	74,165	26,612
Net cash used by investing activities	<u>(1,104,807)</u>	<u>(1,012,293)</u>

**Cash flows from financing activities:**

Borrowings from credit facilities	792,654	987,048
Principal repayments on credit facilities	(441,019)	(227,072)
Payment of debt issuance costs	(3,942)	(2,092)
Finance lease payments	(65,831)	(87,500)
Securitization deposits	49	–
Common stock dividends paid	(19,608)	(19,608)
Investment contract deposits	169,017	199,426
Investment contract withdrawals	(139,917)	(116,021)
Net cash provided by financing activities	<u>291,403</u>	<u>734,181</u>

Effects of exchange rate on cash	(13,782)	(4,787)
Increase in cash and cash equivalents	360,978	1,236,221
Cash and cash equivalents at the beginning of period	<u>2,704,137</u>	<u>1,194,012</u>
Cash and cash equivalents at the end of period	<u>\$ 3,065,115</u>	<u>\$ 2,430,233</u>

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

## 1. Basis of Presentation

AMERCO, a Nevada corporation ("AMERCO" or the "Company"), has a second fiscal quarter that ends on the 30<sup>th</sup> of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 30<sup>th</sup> of June for each year that is referenced. They have been consolidated on that basis. Our insurance companies' financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the presentation of financial position or results of operations. We disclose material events, if any, occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2022 and 2021 correspond to fiscal 2023 and 2022 for AMERCO.

Accounts denominated in non-U.S. currencies have been translated into U.S. dollars.

The condensed consolidated balance sheet as of September 30, 2022 and the related condensed consolidated statements of operations, comprehensive income (loss), stockholders' equity for the second quarter and first six months of fiscal 2023 and 2022 and cash flows for the first six months of fiscal 2023 and 2022 are unaudited.

In our opinion, all adjustments necessary for the fair presentation of such condensed consolidated financial statements have been included. Such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The information in this Quarterly Report on Form 10-Q ("Quarterly Report") should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

Intercompany accounts and transactions have been eliminated.

#### Description of Legal Entities

AMERCO is the holding company for:

- U-Haul International, Inc. ("U-Haul");
- Amerco Real Estate Company ("Real Estate");
- Repwest Insurance Company ("Repwest"); and
- Oxford Life Insurance Company ("Oxford").

Unless the context otherwise requires, the terms "Company," "we," "us" or "our" refer to AMERCO and all of its legal subsidiaries.

#### Description of Operating Segments

AMERCO has three (3) reportable segments. They are Moving and Storage, Property and Casualty Insurance and Life Insurance.

The Moving and Storage operating segment ("Moving and Storage") includes AMERCO, U-Haul and Real Estate and the wholly owned subsidiaries of U-Haul and Real Estate. Operations consist of the rental of trucks and trailers, sales of moving supplies, sales of towing accessories, sales of propane, and the rental of fixed and portable moving and storage units to the "do-it-yourself" mover and management of self-storage properties owned by others. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

The Property and Casualty Insurance operating segment ("Property and Casualty Insurance") includes Repwest and its wholly owned subsidiaries and ARCOA Risk Retention Group ("ARCOA"). Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul® through regional offices in the United States and Canada. Property and Casualty Insurance also underwrites components of the Safemove®, Safetow®, Safemove Plus®, Safestor® and Safestor Mobile® protection packages to U-Haul customers. The business plan for Property and Casualty Insurance includes offering property and casualty insurance products in other U-Haul-related programs. ARCOA is a group captive insurer owned

### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

by us and our wholly owned subsidiaries whose purpose is to provide insurance products related to our moving and storage business.

The Life Insurance operating segment ("Life Insurance") includes Oxford and its wholly owned subsidiaries. Life Insurance provides life and health insurance products primarily to the senior market through the direct writing and reinsurance of life insurance, Medicare supplement and annuity policies.

#### 2. Investments

Expected maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

We deposit bonds with insurance regulatory authorities to meet statutory requirements. The adjusted cost of bonds on deposit with insurance regulatory authorities was \$ 22.4 million and \$ 27.1 million as of September 30, 2022 and March 31, 2022, respectively.

#### Available-for-Sale Investments

Available-for-sale investments as of September 30, 2022 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Allowance for Expected Credit Losses	Estimated Market Value
(Unaudited) (In thousands)						
U.S. treasury securities and government obligations	\$ 127,788	\$ 735	\$ (2,289)	\$ (4,121)	–	\$ 122,113
U.S. government agency mortgage-backed securities	36,023	102	(3,440)	(1,897)	–	30,788
Obligations of states and political subdivisions	165,048	1,853	(1,759)	(5,521)	–	159,621
Corporate securities	2,054,320	5,535	(17,759)	(134,689)	(2,008)	1,905,399
Mortgage-backed securities	364,654	394	–	(30,658)	–	334,390
	<u>\$ 2,747,833</u>	<u>\$ 8,619</u>	<u>\$ (25,247)</u>	<u>\$ (176,886)</u>	<u>\$ (2,008)</u>	<u>\$ 2,552,311</u>

Available-for-sale investments as of March 31, 2022 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses More than 12 Months	Gross Unrealized Losses Less than 12 Months	Allowance for Expected Credit Losses	Estimated Market Value
(In thousands)						
U.S. treasury securities and government obligations	\$ 128,078	\$ 7,984	\$ –	\$ (969)	–	\$ 135,093
U.S. government agency mortgage-backed securities	44,678	280	(42)	(3,111)	–	41,805
Obligations of states and political subdivisions	178,040	15,450	–	(508)	–	192,982
Corporate securities	1,989,212	138,909	(402)	(6,604)	(60)	2,121,055
Mortgage-backed securities	324,029	7,671	(1)	(1,542)	–	330,157
	<u>\$ 2,664,037</u>	<u>\$ 170,294</u>	<u>\$ (445)</u>	<u>\$ (12,734)</u>	<u>\$ (60)</u>	<u>\$ 2,821,092</u>

We sold available-for-sale securities with a fair value of \$105.5 million during the first six months of fiscal 2023 and \$352.3 million for the full year of fiscal 2022. The gross realized gains on these sales totaled \$0.8 million during the first six months of fiscal 2023 and \$9.5 million for the full year of fiscal 2022. The gross realized losses on these sales totaled \$0.3 million during the first six months of fiscal 2023 and \$1.4 million for the full year of fiscal 2022.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

For available-for-sale debt securities in an unrealized loss position, we first assess whether the security is below investment grade. For securities that are below investment grade, we evaluate whether the decline in fair value has resulted from credit losses or other factors such as the interest rate environment. Declines in value due to credit are recognized as an allowance. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse market conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, cumulative default rates based on ratings are used to determine the potential cost of default, by year. The present value of these potential costs is then compared to the amortized cost of the security to determine the credit loss, limited by the amount that the fair value is less than the amortized cost basis.

Declines in fair value that have not been recorded through an allowance for credit losses, such as declines due to changes in market interest rates, are recorded through accumulated other comprehensive income, net of applicable taxes. If we intend to sell a security, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis, the security is written down to its fair value and the write down is charged against the allowance for credit losses, with any incremental impairment reported in earnings. Reversals of the allowance for credit losses are permitted and should not exceed the allowance amount initially recognized.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. There was a \$ 1.9 million net impairment charge recorded in the first six months ended September 30, 2022.

The adjusted cost and estimated market value of available-for-sale investments by contractual maturity were as follows:

	September 30, 2022		March 31, 2022	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
	(Unaudited)			
(In thousands)				
Due in one year or less	\$ 114,799	\$ 114,987	\$ 97,969	\$ 99,432
Due after one year through five years	589,259	580,364	541,840	570,135
Due after five years through ten years	754,434	709,509	704,295	765,073
Due after ten years	924,687	813,061	995,904	1,056,295
	<u>2,383,179</u>	<u>2,217,921</u>	<u>2,340,008</u>	<u>2,490,935</u>
Mortgage-backed securities	364,654	334,390	324,029	330,157
	<u>\$ 2,747,833</u>	<u>\$ 2,552,311</u>	<u>\$ 2,664,037</u>	<u>\$ 2,821,092</u>

As of September 30, 2022 and March 31, 2022, our common stock and non-redeemable preferred stock that are included in Investments, fixed maturities and marketable equities on our balance sheet are stated in the table below. The changes in the fair value of these equity investments are recognized through Net investment and interest income.

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## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Equity investments of common stock and non-redeemable preferred stock were as follows:

	September 30, 2022		March 31, 2022	
	Amortized Cost	Estimated Market Value	Amortized Cost	Estimated Market Value
	(Unaudited)			
(In thousands)				
Common stocks	\$ 29,680	\$ 40,526	\$ 27,674	\$ 46,212
Non-redeemable preferred stocks	26,054	22,921	26,054	26,095
	<u>\$ 55,734</u>	<u>\$ 63,447</u>	<u>\$ 53,728</u>	<u>\$ 72,307</u>

Investments, other

The carrying value of the other investments was as follows:

	September 30,	March 31,
	2022	2022
	(Unaudited)	
(In thousands)		
Mortgage loans, net	\$ 424,633	\$ 423,163
Short-term investments	33,540	30,916
Real estate	72,165	67,824
Policy loans	10,506	10,309
Other equity investments	7,354	11,543
	<u>\$ 548,198</u>	<u>\$ 543,755</u>

## 3. Borrowings

### Long Term Debt

Long term debt was as follows:

	2023 Rates	Maturities	September	March 31,
			30, 2022	2022
	(Unaudited)		(In thousands)	\$
Real estate loan (amortizing term) (a)	3.06 %	-	4.29 %	2027 - 2037 \$ 294,737 50,259
Senior mortgages	2.70 %	-	5.50 %	2024 - 2042 2,416,027 2,206,268

Real estate loans (revolving credit)	3.76 %	-	4.02 %	2024	-	2025	150,000	535,000
Fleet loans (amortizing term)	1.61 %	-	4.99 %	2023	-	2029	113,518	124,651
Fleet loans (revolving credit)	3.53 %	-	3.95 %	2025	-	2027	615,000	560,000
Finance leases (rental equipment)	2.16 %	-	5.04 %	2022	-	2026	281,562	347,393
Finance liabilities (rental equipment)	1.60 %	-	5.55 %	2024	-	2030	1,186,855	949,936
Private placements	2.43 %	-	2.88 %	2029	-	2035	1,200,000	1,200,000
Other obligations	1.50 %	-	8.00 %	2022	-	2049	78,871	86,206
Notes, loans and finance leases payable							6,336,570	6,059,713
Less: Debt issuance costs							(37,739)	(37,216)
Total notes, loans and finance leases payable, net							\$ 6,298,831	6,022,497

(a) Certain loans have interest rate swaps fixing the rates between 2.72% and 2.86% based on current margins.

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## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

#### Real Estate Backed Loans

##### Real Estate Loans

Certain subsidiaries of Real Estate and U-Haul Company of Florida are borrowers under real estate loans. These loans require monthly or quarterly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. These loans are secured by various properties owned by the borrowers. The interest rates per the provisions of \$ 210.6 million of these loans, are the applicable Secured Overnight Funding Rate ("SOFR") plus the applicable margins and a credit spread adjustment of 0.10 %. As of September 30, 2022, the applicable SOFR was between 2.31 % and 2.51 % and applicable margin was between 0.65 % and 1.38 %, the sum of which was between 3.06 % and 3.99 %. The remaining \$ 84.2 million of these loans was fixed with an interest rate of 4.29 %. The default provisions of these real estate loans, include non-payment of principal or interest and other standard reporting and change-in-control covenants.

##### Senior Mortgages

Various subsidiaries of Real Estate and U-Haul are borrowers under certain senior mortgages. The senior mortgages require monthly principal and interest payments. The senior mortgages are secured by certain properties owned by the borrowers. The fixed interest rates, per the provisions of the senior mortgages, range between 2.70 % and 5.50 %. The weighted average interest rate of these loans as of September 30, 2022 was 4.09 %. Certain senior mortgages have an anticipated repayment date and a maturity date. If these senior mortgages are not repaid by the anticipated repayment date, the interest rate on these mortgages would increase from the current fixed rate. We are using the anticipated repayment date for our maturity schedule. Real Estate and U-Haul have provided limited guarantees of the senior mortgages. The default provisions of the senior mortgages include non-payment of principal or interest and other standard reporting and change-in-control covenants. There are limited restrictions regarding our use of the funds.

##### Real Estate Loans (Revolving Credit)

Various subsidiaries of Real Estate are borrowers under asset-backed real estate loans with an aggregate borrowing capacity of \$ 150.0 million. As of September 30, 2022, the outstanding balance was \$ 150.0 million. These loans are secured by certain properties owned by the borrowers. The loans require monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The interest rate, per the provision of the loan agreements, is the applicable LIBOR plus the applicable margin. As of September 30, 2022, the applicable LIBOR was between 2.26 % and 2.52 % and the margin was between 1.40 % and 1.50 %, the sum of which was between 3.76 % and 4.02 %. AMERCO is the guarantor of these loans. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. These loan agreements contain fallback language for the replacement of LIBOR.

AMERCO is a borrower under a real estate loan. As of September 30, 2022, the maximum credit commitment is \$150.0 million. As of September 30, 2022, the full capacity was available to borrow. This loan agreement provides for revolving loans, subject to the terms of the loan agreement. This loan requires monthly interest payments with the unpaid loan balance and accrued and unpaid interest due at maturity. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. There is a 0.30% fee charged for unused capacity. This loan was amended in October 2022 and the maximum credit limit was increased to \$465 million, the maturity extended to October 2027 and LIBOR based rates were replaced with SOFR based rates.

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## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

#### Fleet Loans

##### Rental Truck Amortizing Loans

The amortizing loans require monthly principal and interest payments, with the unpaid loan balance and accrued and unpaid interest due at maturity. These loans were used to purchase new trucks. The interest rates, per the provision of the loan agreements, are carried at fixed rates ranging between 1.61 % and 4.99 %. All of our rental truck amortizing loans are collateralized by the rental equipment purchased. The majority of these loans are funded at 70%, but some may be funded at 100%.

AMERCO, and in some cases U-Haul, is guarantor of these loans. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants.

##### Rental Truck Revolvers

Various subsidiaries of U-Haul entered into three revolving fleet loans with an aggregate borrowing capacity of \$ 615.0 million. The aggregate outstanding balance for these revolvers as of September 30, 2022 was \$ 615.0 million. The interest rates, per the provision of the loan agreements, are SOFR plus the applicable margin. As of September 30, 2022, SOFR was between 2.28 % and 2.60 % and the margin was between 1.15 % and 1.25 %, the sum of which was between 3.53 % and 3.95 %. Of the \$ 615.0 million outstanding, \$ 100.0 million was fixed with an interest rate of 2.36 %. Only interest is paid on the loans until the last nine months of the respective loan terms when principal becomes due monthly.

##### Finance Leases

The Finance Lease balance represents our sale-leaseback transactions of rental equipment. The agreements are generally seven (7) year terms with interest rates ranging from 2.16 % to 5.04 %. All of our finance leases are collateralized by our rental fleet. The net book value of the corresponding rental equipment was \$ 529.0 million and \$ 620.8 million as of September 30, 2022 and March 31, 2022, respectively. There were no new financing leases, as assessed under the new leasing guidance, entered into during the first six months of fiscal 2023.

##### Finance Liabilities

Finance liabilities represent our rental equipment financing transactions, and we assess if these sale-leaseback transactions qualify as a sale at initiation by determining if a transfer of ownership occurs. We have determined that our equipment sale-leasebacks do not qualify as a sale, as the buyer-lessors do not obtain control of the assets in our ongoing sale-leaseback arrangements. As a result, these sale-leasebacks are accounted for as a financial liability and the leased assets are capitalized at cost. Our finance liabilities have an average term of seven (7) years and interest rates ranging from 1.60 % to 5.55 %. These

finance liabilities are collateralized by the related assets of our rental fleet. The net book value of the corresponding rental equipment was \$ 1,369.8 million and \$ 1,068.3 million as of September 30, 2022 and March 31, 2022, respectively.

#### Private Placements

In September 2021, AMERCO entered into a note purchase agreement to issue \$ 600.0 million of fixed rate senior unsecured notes in a private placement offering. These notes consist of four tranches each totaling \$ 150.0 million and funded in September 2021. The fixed interest rates range between 2.43 % and 2.78 % with maturities between 2029 and 2033. Interest is payable semiannually.

In December 2021, AMERCO entered into a note purchase agreement to issue \$600.0 million of fixed rate senior unsecured notes in a private placement offering. These notes funded in January 2022. These notes consist of three tranches each totaling \$100.0 million and two tranches each totaling \$150.0 million. The fixed interest rates range between 2.55% and 2.88% with maturities between 2030 and 2035. Interest is payable semiannually.

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## AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

#### Other Obligations

In February 2011, AMERCO and U.S. Bank Trust Company, NA, as successor in interest to U.S. Bank National Association (the "Trustee"), entered into the U-Haul Investors Club® Indenture. AMERCO and the Trustee entered into this indenture to provide for the issuance of notes by us directly to investors over our proprietary website, uhaulinvestorsclub.com ("U-Notes®"). The U-Notes® are secured by various types of collateral, including, but not limited to, rental equipment and real estate. U-Notes® are issued in smaller series that vary as to principal amount, interest rate and maturity. U-Notes® are obligations of the Company and secured by the associated collateral; they are not guaranteed by any of the Company's affiliates or subsidiaries.

As of September 30, 2022, the aggregate outstanding principal balance of the U-Notes® issued was \$ 80.7 million, of which \$ 1.8 million is held by our insurance subsidiaries and eliminated in consolidation. Interest rates range between 1.50 % and 8.00 % and maturity dates range between 2022 and 2049.

Oxford is a member of the Federal Home Loan Bank ("FHLB") and, as such, the FHLB has made deposits with Oxford. As of June 30, 2022, the deposits had an aggregate balance of \$ 60.0 million, for which Oxford pays fixed interest rates between 0.49 % and 1.72 % with maturities between September 30, 2022 and September 29, 2025. As of June 30, 2022, available-for-sale investments held with the FHLB totaled \$ 94.0 million, of which \$ 62.8 million were pledged as collateral to secure the outstanding advances. The balances of these advances are included within Liabilities from investment contracts on the condensed consolidated balance sheets.

#### Annual Maturities of Notes, Loans and Finance Leases Payable

The annual maturities of our notes, loans and finance leases payable, as of September 30, 2022 for the next five years and thereafter are as follows:

Year Ending September 30,						
2023	2024	2025	2026	2027	Thereafter	Total
(Unaudited) (In thousands)						
Notes, loans and finance leases payable, secured						

Notes, loans and finance leases payable, secured \$ 505,734 \$ 712,067 \$ 659,201 \$ 747,211 \$ 928,575 \$ 2,783,782 \$ 6,336,570

#### Interest on Borrowings

##### Interest Expense

Components of interest expense include the following:

Quarter Ended September 30,		
2022		
(Unaudited) (In thousands)		
Interest expense	\$ 57,604	\$ 39,804
Capitalized interest	(2,248)	(2,722)
Amortization of transaction costs	1,814	1,460
Interest expense resulting from cash flow hedges	23	1,003
Total interest expense	\$ 57,193	\$ 39,545

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## AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Six Months Ended September 30,		
2022		
(Unaudited) (In thousands)		
Interest expense	\$ 108,009	\$ 78,739
Capitalized interest	(4,866)	(4,752)
Amortization of transaction costs	3,260	2,746
Interest expense resulting from cash flow hedges	589	1,990
Total interest expense	\$ 106,992	\$ 78,723

Interest paid in cash, including payments related to derivative contracts, amounted to \$ 63.1 million and \$ 40.8 million for the second quarter of fiscal 2023 and 2022, respectively, and \$ 105.4 million and \$ 81.7 million for the first six months of fiscal 2023 and 2022, respectively.

#### Interest Rates

Interest rates and Company borrowings related to our revolving credit facilities were as follows:

Revolving Credit Activity		
Quarter Ended September 30,		
2022		
(Unaudited) (In thousands, except interest rates)		
Weighted average interest rate during the quarter		
	3.32 %	1.39 %
Interest rate at the end of the quarter	3.80 %	1.38 %
Maximum amount outstanding during the quarter	\$ 1,102,000	\$ 1,093,000
Average amount outstanding during the quarter	\$ 877,522	\$ 1,090,283

<b>Revolving Credit Activity</b>		
<b>Six Months Ended September 30,</b>		
<b>2022 2021</b>		
(Unaudited)		
(In thousands, except interest rates)		
Weighted average interest rate during the period	2.66 %	1.38 %
Interest rate at the end of the period	3.80 %	1.38 %
Maximum amount outstanding during the period	\$ 1,105,000	\$ 1,093,000
Average amount outstanding during the period	\$ 984,464	\$ 1,081,716
Facility fees	\$ 169	\$ 131

#### 4. Derivatives

We manage exposure to changes in market interest rates. Our use of derivative instruments is limited to highly effective interest rate swaps to hedge the risk of changes in cash flows (future interest payments) attributable to changes in SOFR swap rates with the designated benchmark interest rate being hedged on certain of our SOFR indexed variable rate debt. The interest rate swaps effectively fix our interest payments on certain SOFR indexed variable rate debt through July 2032. We monitor our positions and the credit ratings of our counterparties and do not currently anticipate non-performance by the counterparties. Interest rate swap agreements are not entered into for trading purposes. These fair values are determined using pricing valuation models which include broker quotes for which significant inputs are observable. They include adjustments for counterparty credit quality and other deal-specific factors, where appropriate and are classified as Level 2 in the fair value hierarchy.

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The derivative fair values reflected in prepaid expense and accounts payable and accrued expenses in the condensed consolidated balance sheet were as follows:

<b>Derivatives Fair Values as of</b>		
<b>September 30, 2022 March 31, 2022</b>		
(Unaudited)		
(In thousands)		

Interest rate contracts designated as cash flow hedging instruments:

Assets	\$ 8,508	\$ –
Liabilities	\$ –	\$ 587
Notional amount	\$ 210,587	\$ 235,000

<b>The Effect of Interest Rate Contracts on the Statements of Operations for the Quarters Ended</b>		
<b>September 30, 2022 September 30, 2021</b>		
(Unaudited)		
(In thousands)		

Gain recognized in AOCI on interest rate contracts	\$ (8,360)	\$ (929)
Gain loss reclassified from AOCI into income	\$ (24)	\$ (1,003)

Gains or losses recognized in income on interest rate derivatives are recorded as interest expense in the condensed consolidated statements of operations. During the first six months of fiscal 2023 and 2022, we recognized an increase in the fair value of our cash flow hedges of \$ 6.4 million and \$ 0.1 million, respectively, net of taxes. During the first six months of fiscal 2023 and 2022, we reclassified \$ 0.4 million and \$ 105 million, respectively, from accumulated other comprehensive income (loss) ("AOCI") to interest expense, net of tax. As of September 30, 2022, we expect to reclassify \$ 0.4 million of net gains on interest rate contracts from AOCI to earnings as interest expense over the next twelve months.

We use derivatives to hedge our equity market exposure to indexed annuity products sold by our Life Insurance company. These contracts earn a return for the contractholder based on the change in the value of the S&P 500 index between annual index point dates. We buy and sell listed equity and index call options and call option spreads. The credit risk is with the party in which the options are written. The net option price is paid up front and there are no additional cash requirements or additional contingent liabilities. These contracts are held at fair value on our balance sheet. These derivative instruments are included in Investments, other, on the condensed consolidated balance sheets. Net losses of \$7.8 million were recognized in Net investment and interest income for the first six months of fiscal 2023 and a net gain of \$1.9 million for the first six months of fiscal 2022. The fair values of these call options are determined based on quoted market prices from the relevant exchange and are classified as Level 1 in the fair value hierarchy.

<b>Derivatives Fair Values as of</b>		
<b>September 30, 2022 March 31, 2022</b>		
(Unaudited)		
(In thousands)		

Equity market contracts as hedging instruments:

Assets	\$ 1,659	\$ 7,474
Liabilities	\$ –	\$ –
Notional amount	\$ 502,457	\$ 416,739

Although the call options are employed to be effective hedges against our policyholder obligations from an economic standpoint, they do not meet the requirements for hedge accounting under generally accepted accounting principles ("GAAP"). Accordingly, the changes in fair value of the call options are recognized each reporting date as a component of net investment and interest income. The change in fair value of the call options include the gains or losses recognized at the expiration of the option term and the changes in fair value for open contracts.

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

#### 5. Accumulated Other Comprehensive Income (Loss)

A summary of AOCI components, net of tax, were as follows:

	Foreign Currency Translation	Unrealized Net Gains (Losses) on Investments	Fair Market Value of Cash Flow Hedges	Postretirement Benefit Obligation Net Loss	Accumulated Other Comprehensive Income (Loss)
(Unaudited) (In thousands)					
Balance as of March 31, 2022	\$ (55,757)	\$ 105,027	\$ (444)	\$ (2,442)	\$ 46,384
Foreign currency translation	(542)	–	–	–	(542)
Unrealized net loss on investments	–	(244,826)	–	–	(244,826)
Change in fair value of cash flow hedges	–	–	6,417	–	6,417
Amounts reclassified into earnings on hedging activities	–	–	446	–	446
Other comprehensive income (loss)	(542)	(244,826)	6,863	–	(238,505)
Balance as of September 30, 2022	\$ (56,299)	\$ (139,799)	\$ 6,419	\$ (2,442)	\$ (192,121)

## 6. Stockholders' Equity

The following table lists the dividends that have been declared and issued during the first six months of fiscal year 2023:

Common Stock Dividends			
Declared Date	Per Share Amount	Record Date	Dividend Date
April 6, 2022	\$ 0.50	April 18, 2022	April 29, 2022
August 18, 2022	0.50	September 6, 2022	September 20, 2022

As of September 30, 2022, no awards had been issued under the 2016 AMERCO Stock Option Plan.

## 7. Leases

The following tables show the components of our right-of-use ("ROU") assets, net:

	As of September 30, 2022		
	Finance	Operating	Total
	(Unaudited)	(In thousands)	
Buildings and improvements	\$ –	\$ 141,302	\$ 141,302
Furniture and equipment	14,731	–	14,731
Rental trailers and other rental equipment	153,020	–	153,020
Rental trucks	996,946	–	996,946
Right-of-use assets, gross	1,164,697	141,302	1,305,999
Less: Accumulated depreciation	(635,697)	(73,094)	(708,791)
Right-of-use assets, net	\$ 529,000	\$ 68,208	\$ 597,208

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## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

	As of March 31, 2022		
	Finance	Operating	Total
	(In thousands)		
Buildings and improvements	\$ –	\$ 136,444	\$ 136,444
Furniture and equipment	14,731	–	14,731
Rental trailers and other rental equipment	169,514	–	169,514
Rental trucks	1,114,248	–	1,114,248
Right-of-use assets, gross	1,298,493	136,444	1,434,937
Less: Accumulated depreciation	(677,669)	(62,062)	(739,731)
Right-of-use assets, net	\$ 620,824	\$ 74,382	\$ 695,206

As of September 30, 2022 and March 31, 2022, we had finance lease liabilities for the ROU assets, net of \$ 281.6 million and \$ 347.4 million, respectively and operating lease liabilities of \$ 67.9 million and \$ 74.2 million, respectively.

	Finance leases	
	September 30, 2022	March 31, 2022
	(Unaudited)	
Weighted average remaining lease term (years)	2	3
Weighted average discount rate	3.8 %	3.7 %

	Operating leases	
	September 30, 2022	March 31, 2022
	(Unaudited)	
Weighted average remaining lease term (years)	17.2	16.5

Weighted average remaining lease term (years)

For the six months ended September 30, 2022 and 2021, cash paid for leases included in our operating cash flow activities were \$ 16.0 million and \$ 15.2 million, respectively, and our financing cash flow activities were \$ 65.8 million and \$ 87.5 million, respectively. Non-cash activities of ROU assets in exchange for lease liabilities were \$ 3.6 million and \$ 3.8 million for the first six months of fiscal 2023 and 2022, respectively. The components of lease costs, including leases of less than 12 months, were as follows:

Six Months Ended		
September 30, 2022		September 30, 2021
(Unaudited)		
(In thousands)		
Operating lease costs	\$ 16,181	\$ 16,101
Finance lease cost:		
Amortization of right-of-use assets	\$ 43,173	\$ 62,243
Interest on lease liabilities	6,142	8,780
Total finance lease cost	<u>\$ 49,315</u>	<u>\$ 71,023</u>

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

The short-term lease costs for the first six months of fiscal 2023 and 2022 were not material.

Maturities of lease liabilities were as follows:

Year ending September 30,	Finance leases	Operating leases
	(Unaudited)	
	(In thousands)	
2023	\$ 128,721	\$ 24,635
2024	86,959	18,692
2025	62,221	6,647
2026	20,767	3,599
2027	–	3,172
Thereafter	–	57,924
Total lease payments	<u>298,668</u>	<u>114,669</u>
Less: imputed interest	<u>(17,106)</u>	<u>(46,811)</u>
Present value of lease liabilities	<u>\$ 281,562</u>	<u>\$ 67,858</u>

## 8. Contingencies

### **Cybersecurity Incident**

On September 9, 2022, we announced that the Company was made aware of a data security incident involving U-Haul's information technology network. U-Haul detected a compromise of two unique passwords used to access U-Haul customers' information. U-Haul took immediate steps to contain the incident and promptly enhanced its security measures to prevent any further unauthorized access. U-Haul retained cybersecurity experts and incident response counsel to investigate the incident and implement additional security safeguards. The investigation determined that between November 5, 2021, and April 8, 2022, the threat actor accessed customer contracts containing customers' names, dates of birth, and driver's license or state identification numbers. None of U-Haul's financial, payment processing or email systems were involved. U-Haul has notified impacted customers and relevant governmental authorities.

Several class action lawsuits related to the incident have been filed against U-Haul. The lawsuits are in their early consolidation phase and will be vigorously defended by the Company; however the outcome of such lawsuits cannot be predicted or guaranteed with any certainty.

### **Environmental**

Compliance with environmental requirements of federal, state and local governments may significantly affect Real Estate's business operations. Among other things, these requirements regulate the discharge of materials into the air, land and water and govern the use and disposal of hazardous substances. Real Estate is aware of issues regarding hazardous substances on some of its properties. Real Estate regularly makes capital and operating expenditures to stay in compliance with environmental laws and has put in place a remedial plan at each site where it believes such a plan is necessary.

Based upon the information currently available to Real Estate, compliance with the environmental laws and its share of the costs of investigation and cleanup of known hazardous waste sites are not expected to result in a material adverse effect on AMERCO's financial position or results of operations.

### **Other**

We are named as a defendant in various other litigation and claims arising out of the normal course of business, including various class actions related to AMERCO's cybersecurity incident described above. In management's opinion, none of these other matters will have a material effect on our financial position and results of operations.

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

## 9. Related Party Transactions

As set forth in the Company's Audit Committee Charter and consistent with NASDAQ Listing Rules, our Audit Committee (the "Audit Committee") reviews and maintains oversight over related party transactions, which are required to be disclosed under the Securities and Exchange Commission ("SEC") rules and regulations and in accordance with GAAP. Accordingly, all such related party transactions are submitted to the Audit Committee for ongoing review and oversight. Our internal processes are designed to ensure that our legal and finance departments identify and monitor potential related party transactions that may require disclosure and Audit Committee oversight.

AMERCO has engaged in related party transactions and has continuing related party interests with certain major stockholders, directors and officers of the consolidated group as disclosed below.

SAC Holding Corporation and SAC Holding II Corporation (collectively "SAC Holdings") were established in order to acquire and develop self-storage properties. These properties are being managed by us pursuant to management agreements. SAC Holdings, Four SAC Self-Storage Corporation, Five SAC Self-Storage Corporation, Galaxy Investments, L.P. and 2015 SAC-Self-Storage, LLC are substantially controlled by Blackwater Investments, Inc. ("Blackwater"). Blackwater is wholly owned by Willow Grove Holdings LP, which is owned by Mark V. Shoen (a significant stockholder), and various trusts associated with Edward J. Shoen (our Chairman of the Board, President and a significant stockholder) and Mark V. Shoen.

**Related Party Revenue**

	<b>Quarter Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
	(In thousands)	
U-Haul management fee revenue from Blackwater	\$ 7,827	\$ 7,428
U-Haul management fee revenue from Mercury	1,450	1,319
	<u>\$ 9,277</u>	<u>\$ 8,747</u>

	<b>Six Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
	(In thousands)	
U-Haul management fee revenue from Blackwater	\$ 15,556	\$ 14,608
U-Haul management fee revenue from Mercury	2,860	2,588
	<u>\$ 18,416</u>	<u>\$ 17,196</u>

We currently manage the self-storage properties owned or leased by Blackwater and Mercury Partners, L.P. ("Mercury"), pursuant to a standard form of management agreement, under which we receive a management fee of between 4% and 10% of the gross receipts plus reimbursement for certain expenses. We received management fees, exclusive of reimbursed expenses, of \$16.9 million and \$19.4 million from the above-mentioned entities during the first six months of fiscal 2023 and 2022, respectively. The decrease in management fees received in the first six months of fiscal 2023 compared with the first six months of fiscal 2022 was due to a timing difference of the incentive fee of \$4.0 million being paid in March of fiscal 2022. This management fee is consistent with the fee received for other properties we previously managed for third parties. Mark V. Shoen controls the general partner of Mercury. The limited partner interests of Mercury are owned indirectly by James P. Shoen and various trusts benefitting Edward J. Shoen and James P. Shoen or their descendants. Mercury holds the option to purchase a portfolio of properties currently leased by Mercury and a U-Haul subsidiary, which option is exercisable in 2024.

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**Related Party Costs and Expenses**

	<b>Quarter Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to Blackwater	\$ 604	\$ 611
U-Haul commission expenses to Blackwater	26,385	26,536
	<u>\$ 26,989</u>	<u>\$ 27,147</u>

	<b>Six Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to Blackwater	\$ 1,208	\$ 1,237
U-Haul commission expenses to Blackwater	51,267	49,416
	<u>\$ 52,475</u>	<u>\$ 50,653</u>

We lease space for marketing company offices, vehicle repair shops and hitch installation centers from subsidiaries of Blackwater. The terms of the leases are similar to the terms of leases for other properties owned by unrelated parties that are leased to us.

As of September 30, 2022, subsidiaries of Blackwater acted as independent dealers. The financial and other terms of the dealership contracts are substantially identical to the terms of those with our other independent dealers whereby commissions are paid by us based upon equipment rental revenues.

These agreements with subsidiaries of Blackwater, excluding Dealer Agreements, provided revenues of \$ 15.6 million and \$ 14.6 million, expenses of \$ 1.2 million and \$ 1.2 million and cash flows of \$ 14.3 million and \$ 13.3 million, respectively, during the first six months of fiscal 2023 and 2022. Revenues were \$ 245.0 million and \$ 234.6 million and commission expenses were \$ 51.3 million \$ 49.4 million, respectively, related to the Dealer Agreements during the first six months of fiscal 2023 and 2022.

Management determined that we do not have a variable interest pursuant to the variable interest entity model under Accounting Standards Codification ("ASC") 810 – *Consolidation* in the holding entities of Blackwater.

**Related Party Assets**

	<b>September 30,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2022</b>
	(Unaudited)	
	(In thousands)	
U-Haul receivable from Blackwater	\$ 44,109	\$ 41,364
U-Haul receivable from Mercury	5,399	5,708
Other (a)	(1,171)	779
	<u>\$ 48,337</u>	<u>\$ 47,851</u>

(a) Timing differences for intercompany balances with insurance subsidiaries resulting from the three-month difference in reporting periods.

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

## 10. Consolidating Financial Information by Industry Segment:

AMERCO's three reportable segments are:

- Moving and Storage, comprised of AMERCO, U-Haul, and Real Estate and the subsidiaries of UHaul and Real Estate,
- Property and Casualty Insurance, comprised of Repwest and its subsidiaries and ARCOA, and
- Life Insurance, comprised of Oxford and its subsidiaries.

Management tracks revenues separately, but does not report any separate measure of the profitability for rental vehicles, rentals of self-storage spaces and sales of products that are required to be classified as a separate operating segment and accordingly does not present these as separate reportable segments. Deferred income taxes are shown as liabilities on the condensed consolidating statements. The information includes elimination entries necessary to consolidate AMERCO, the parent, with its subsidiaries. Investments in subsidiaries are accounted for by the parent using the equity method of accounting.

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### AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating balance sheets by industry segment as of September 30, 2022 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,025,390	\$ 11,196	\$ 28,529	–	\$ 3,065,115
Reinsurance recoverables and trade receivables, net	117,336	51,720	34,146	–	203,202
Inventories and parts, net	166,136	–	–	–	166,136
Prepaid expenses	236,035	–	–	–	236,035
Investments, fixed maturities and marketable equities	–	267,482	2,348,276	–	2,615,758
Investments, other	20,653	119,926	407,619	–	548,198
Deferred policy acquisition costs, net	–	–	146,778	–	146,778
Other assets	44,194	698	3,008	–	47,900
Right of use assets - financing, net	529,000	–	–	–	529,000
Right of use assets - operating, net	67,107	1,039	62	–	68,208
Related party assets	66,682	5,862	13,234	(37,441) (c)	48,337
	<u>4,272,533</u>	<u>457,923</u>	<u>2,981,652</u>	<u>(37,441)</u>	<u>7,674,667</u>
Investment in subsidiaries	502,299	–	–	(502,299) (b)	–
<b>Property, plant and equipment, at cost:</b>					
Land	1,427,781	–	–	–	1,427,781
Buildings and improvements	6,390,317	–	–	–	6,390,317
Furniture and equipment	876,515	–	–	–	876,515
Rental trailers and other rental equipment	727,953	–	–	–	727,953
Rental trucks	5,087,235	–	–	–	5,087,235
	<u>14,509,801</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,509,801</u>
Less: Accumulated depreciation	(4,041,125)	–	–	–	(4,041,125)
Total property, plant and equipment, net	10,468,676	–	–	–	10,468,676
Total assets	<u>\$ 15,243,508</u>	<u>\$ 457,923</u>	<u>\$ 2,981,652</u>	<u>\$ (539,740)</u>	<u>\$ 18,143,343</u>

(a) Balances as of June 30, 2022

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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### AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating balance sheets by industry segment as of September 30, 2022, continued:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited)	Eliminations	AMERCO Consolidated
(In thousands)					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 695,610	\$ 5,245	\$ 5,547	–	\$ 706,402
Notes, loans and finance leases payable, net	6,298,831	–	–	–	6,298,831
Operating lease liabilities	66,743	1,048	67	–	67,858
Policy benefits and losses, claims and loss expenses payable	436,854	156,998	396,381	–	990,233
Liabilities from investment contracts	–	–	2,390,028	–	2,390,028
Other policyholders' funds and liabilities	–	3,633	8,493	–	12,126
Deferred income	56,871	–	–	–	56,871
Deferred income taxes, net	1,354,154	5,189	(51,536)	–	1,307,807
Related party liabilities	26,124	3,001	13,182	(42,307) (c)	–
Total liabilities	<u>8,935,187</u>	<u>175,114</u>	<u>2,762,162</u>	<u>(42,307)</u>	<u>11,830,156</u>
<b>Stockholders' equity:</b>					
Series preferred stock:					
Series A preferred stock	–	–	–	–	–

Series B preferred stock	—	—	—	—	—
Series A common stock	—	—	—	—	—
Common stock	10,497	3,301	2,500	(5,801) (b)	10,497
Additional paid-in capital	454,029	91,120	26,271	(117,601) (b)	453,819
Accumulated other comprehensive income (loss)	(196,987)	(7,804)	(136,861)	149,531 (b)	(192,121)
Retained earnings	6,718,432	196,192	327,580	(523,562) (b)	6,718,642
Cost of common shares in treasury, net	(525,653)	—	—	—	(525,653)
Cost of preferred shares in treasury, net	(151,997)	—	—	—	(151,997)
Total stockholders' equity	<u>6,308,321</u>	<u>282,809</u>	<u>219,490</u>	<u>(497,433)</u>	<u>6,313,187</u>
Total liabilities and stockholders' equity	<u>\$ 15,243,508</u>	<u>\$ 457,923</u>	<u>\$ 2,981,652</u>	<u>\$ (539,740)</u>	<u>\$ 18,143,343</u>

(a) Balances as of June 30, 2022

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2022 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
<b>Assets:</b>					
	\$	\$	\$	\$	\$
Cash and cash equivalents	2,643,213	10,800	50,124	—	2,704,137
Reinsurance recoverables and trade receivables, net	142,895	50,235	36,213	—	229,343
Inventories and parts, net	158,888	—	—	—	158,888
Prepaid expenses	236,915	—	—	—	236,915
Investments, fixed maturities and marketable equities	—	297,488	2,595,911	—	2,893,399
Investments, other	20,653	114,269	408,833	—	543,755
Deferred policy acquisition costs, net	—	—	103,828	—	103,828
Other assets	57,305	371	2,733	—	60,409
Right of use assets - financing, net	620,824	—	—	—	620,824
Right of use assets - operating, net	74,190	93	99	—	74,382
Related party assets	64,611	6,713	16,911	(40,384) (c)	47,851
	<u>4,019,494</u>	<u>479,969</u>	<u>3,214,652</u>	<u>(40,384)</u>	<u>7,673,731</u>
Investment in subsidiaries	737,073	—	—	(737,073) (b)	—
Property, plant and equipment, at cost:					
Land	1,283,142	—	—	—	1,283,142
Buildings and improvements	5,974,639	—	—	—	5,974,639
Furniture and equipment	846,132	—	—	—	846,132
Rental trailers and other rental equipment	615,679	—	—	—	615,679
Rental trucks	4,638,814	—	—	—	4,638,814
	<u>13,358,406</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,358,406</u>
Less: Accumulated depreciation	(3,732,556)	—	—	—	(3,732,556)
Total property, plant and equipment, net	9,625,850	—	—	—	9,625,850
Total assets	<u>14,382,417</u>	<u>479,969</u>	<u>3,214,652</u>	<u>(777,457)</u>	<u>17,299,581</u>

(a) Balances as of December 31, 2021

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Consolidating balance sheets by industry segment as of March 31, 2022, continued:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	AMERCO Consolidated
<b>Liabilities:</b>					
	\$	\$	\$	\$	\$
Accounts payable and accrued expenses	663,482	3,849	10,454	—	677,785
Notes, loans and finance leases payable, net	6,022,497	—	—	—	6,022,497
Operating lease liabilities	73,998	93	106	—	74,197
Policy benefits and losses, claims and loss expenses payable	418,890	160,379	398,985	—	978,254
Liabilities from investment contracts	—	—	2,336,238	—	2,336,238
Other policyholders' funds and liabilities	—	3,521	7,291	—	10,812
Deferred income	49,157	—	—	—	49,157
Deferred income taxes, net	1,244,639	12,803	7,916	—	1,265,358
Related party liabilities	25,668	3,196	12,717	(41,581) (c)	—
Total liabilities	<u>8,498,331</u>	<u>183,841</u>	<u>2,773,707</u>	<u>(41,581)</u>	<u>11,414,298</u>
Stockholders' equity:					

Stockholders' equity:

Series preferred stock:	—	—	—	—	—
Series A preferred stock	—	—	—	—	—
Series B preferred stock	—	—	—	—	—
Series A common stock	—	—	—	—	—
Common stock	10,497	3,301	2,500	(5,801) (b)	10,497
Additional paid-in capital	454,029	91,120	26,271	(117,601) (b)	453,819
Accumulated other comprehensive income (loss)	45,187	16,630	87,200	(102,633) (b)	46,384
Retained earnings	6,052,023	185,077	324,974	(509,841) (b)	6,052,233
Cost of common shares in treasury, net	(525,653)	—	—	—	(525,653)
Cost of preferred shares in treasury, net	(151,997)	—	—	—	(151,997)
Total stockholders' equity	5,884,086	296,128	440,945	(735,876)	5,885,283
Total liabilities and stockholders' equity	\$ 14,382,417	\$ 479,969	\$ 3,214,652	\$ (777,457)	\$ 17,299,581

(a) Balances as of December 31, 2021

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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## AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statement of operations by industry segment for the quarter ended September 30, 2022 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited) (In thousands)	Eliminations	AMERCO Consolidated
Revenues:					
Self-moving equipment rentals	\$ 1,163,376	\$ —	\$ (1,351)	(c) \$	1,162,025
Self-storage revenues	185,586	—	—	—	185,586
Self-moving and self-storage products and service sales	96,864	—	—	—	96,864
Property management fees	9,277	—	—	—	9,277
Life insurance premiums	—	—	25,456	—	25,456
Property and casualty insurance premiums	—	25,960	—	(242) (c)	25,718
Net investment and interest income (loss)	15,077	(2,597)	19,041	(1,012) (b)	30,509
Other revenue	166,678	—	1,199	(448) (b)	167,429
Total revenues	<u>1,636,858</u>	<u>23,363</u>	<u>45,696</u>	<u>(3,053)</u>	<u>1,702,864</u>
Costs and expenses:					
Operating expenses	796,498	11,576	5,558	(2,038) (b,c)	811,594
Commission expenses	125,341	—	—	—	125,341
Cost of sales	72,625	—	—	—	72,625
Benefits and losses	—	6,075	31,288	—	37,363
Amortization of deferred policy acquisition costs	—	—	6,972	—	6,972
Lease expense	8,261	26	26	(629) (b)	7,684
Depreciation, net of gains on disposal	117,318	—	—	—	117,318
Net losses on disposal of real estate	1,872	—	—	—	1,872
Total costs and expenses	<u>1,121,915</u>	<u>17,677</u>	<u>43,844</u>	<u>(2,667)</u>	<u>1,180,769</u>
Earnings from operations before equity in earnings of subsidiaries	514,943	5,686	1,852	(386)	522,095
Equity in earnings of subsidiaries	6,055	—	—	(6,055) (d)	—
Earnings from operations	520,998	5,686	1,852	(6,441)	522,095
Other components of net periodic benefit costs	(304)	—	—	—	(304)
Interest expense	(57,459)	—	(120)	386 (b)	(57,193)
Fees on early extinguishment of debt	(959)	—	—	—	(959)
Pretax earnings	462,276	5,686	1,732	(6,055)	463,639
Income tax expense	(110,261)	(1,167)	(196)	—	(111,624)
Earnings available to common stockholders	<u>\$ 352,015</u>	<u>\$ 4,519</u>	<u>\$ 1,536</u>	<u>\$ (6,055)</u>	<u>\$ 352,015</u>

(a) Balances for the quarter ended June 30, 2022

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

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## AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statements of operations by industry segment for the quarter ended September 30, 2021 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited) (In thousands)	Eliminations	AMERCO Consolidated
Revenues:					
Self-moving equipment rentals	\$ 1,180,329	\$ —	\$ (1,268)	(c) \$	1,179,061
Self-storage revenues	153,485	—	—	—	153,485
Self-moving and self-storage products and service sales	92,191	—	—	—	92,191
Property management fees	8,747	—	—	—	8,747
Life insurance premiums	—	—	28,913	—	28,913
Property and casualty insurance premiums	—	23,357	—	(858) (c)	22,499
Net investment and interest income	675	6,182	30,942	(1,019) (b)	36,780

Other revenue	141,572	—	1,130	(124)	(b)	142,578
Total revenues	1,576,999	29,539	60,985	(3,269)		1,664,254
<b>Costs and expenses:</b>						
Operating expenses	682,329	10,768	5,223	(2,246)	(b,c)	696,074
Commission expenses	127,896	—	—	—		127,896
Cost of sales	66,491	—	—	—		66,491
Benefits and losses	—	3,560	41,070	—		44,630
Amortization of deferred policy acquisition costs	—	—	6,750	—		6,750
Lease expense	8,024	22	29	(634)	(b)	7,441
Depreciation, net of gains on disposal	135,748	—	—	—		135,748
Net losses on disposal of real estate	523	—	—	—		523
Total costs and expenses	1,021,011	14,350	53,072	(2,880)		1,085,553
Earnings from operations before equity in earnings of subsidiaries	555,988	15,189	7,913	(389)		578,701
Equity in earnings of subsidiaries	18,289	—	—	(18,289)	(d)	—
Earnings from operations	574,277	15,189	7,913	(18,678)		578,701
Other components of net periodic benefit costs	(280)	—	—	—		(280)
Interest expense	(39,814)	—	(120)	389	(b)	(39,545)
Pretax earnings	534,183	15,189	7,793	(18,289)		538,876
Income tax expense	(124,285)	(3,176)	(1,517)	—		(128,978)
Earnings available to common stockholders	\$ 409,898	\$ 12,013	\$ 6,276	\$ (18,289)		\$ 409,898

(a) Balances for the quarter ended June 30, 2021  
 (b) Eliminate intercompany lease / interest income  
 (c) Eliminate intercompany premiums  
 (d) Eliminate equity in earnings of subsidiaries

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statements of operations by industry segment for the six months ended September 30, 2022 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited) (In thousands)	Eliminations	AMERCO Consolidated
<b>Revenues:</b>					
Self-moving equipment rentals	\$ 2,255,086	\$ —	\$ —	\$ (2,286)	\$ (c) 2,252,800
Self-storage revenues	358,763	—	—	—	358,763
Self-moving and self-storage products and service sales	206,215	—	—	—	206,215
Property management fees	18,416	—	—	—	18,416
Life insurance premiums	—	—	51,237	—	51,237
Property and casualty insurance premiums	—	46,790	—	(1,100)	(c) 45,690
Net investment and interest income (loss)	20,017	(345)	46,429	(2,019)	(b) 64,082
Other revenue	301,959	—	2,133	(591)	(b) 303,501
Total revenues	3,160,456	46,445	99,799	(5,996)	3,300,704
<b>Costs and expenses:</b>					
Operating expenses	1,516,292	21,770	10,667	(3,968)	(b,c) 1,544,761
Commission expenses	243,834	—	—	—	243,834
Cost of sales	152,296	—	—	—	152,296
Benefits and losses	—	10,454	71,009	—	81,463
Amortization of deferred policy acquisition costs	—	—	14,644	—	14,644
Lease expense	16,181	184	54	(1,260)	(b) 15,159
Depreciation, net of gains on disposal	231,114	—	—	—	231,114
Net losses on disposal of real estate	4,179	—	—	—	4,179
Total costs and expenses	2,163,896	32,408	96,374	(5,228)	2,287,450
Earnings from operations before equity in earnings of subsidiaries	996,560	14,037	3,425	(768)	1,013,254
Equity in earnings of subsidiaries	13,721	—	—	(13,721)	(d) —
Earnings from operations	1,010,281	14,037	3,425	(14,489)	1,013,254
Other components of net periodic benefit costs	(608)	—	—	—	(608)
Interest expense	(107,520)	—	(240)	768	(b) (106,992)
Fees on early extinguishment of debt	(959)	—	—	—	(959)
Pretax earnings	901,194	14,037	3,185	(13,721)	904,695
Income tax expense	(215,177)	(2,922)	(579)	—	(218,678)
Earnings available to common stockholders	\$ 686,017	\$ 11,115	\$ 2,606	\$ (13,721)	\$ 686,017

(a) Balances for the six months ended June 30, 2022  
 (b) Eliminate intercompany lease / interest income  
 (c) Eliminate intercompany premiums  
 (d) Eliminate equity in earnings of subsidiaries

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating statements of operations by industry segment for the six months ended September 30, 2021 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited) (In thousands)	Eliminations	AMERCO Consolidated
Revenues:					
Self-moving equipment rentals	\$ 2,216,542	\$ —	\$ (2,104)	(c) \$	2,214,438
Self-storage revenues	290,878	—	—	—	290,878
Self-moving and self-storage products and service sales	197,076	—	—	—	197,076
Property management fees	17,196	—	—	—	17,196
Life insurance premiums	—	—	57,618	—	57,618
Property and casualty insurance premiums	—	40,800	—	(1,432)	(c) 39,368
Net investment and interest income	1,355	12,195	60,266	(2,037)	(b) 71,779
Other revenue	247,206	—	1,760	(209)	(b) 248,757
Total revenues	2,970,253	52,995	119,644	(5,782)	3,137,110
Costs and expenses:					
Operating expenses	1,284,160	19,581	10,598	(3,736)	(b,c) 1,310,603
Commission expenses	241,045	—	—	—	241,045
Cost of sales	136,406	—	—	—	136,406
Benefits and losses	—	8,787	83,141	—	91,928
Amortization of deferred policy acquisition costs	—	—	15,573	—	15,573
Lease expense	16,101	206	53	(1,272)	(b) 15,088
Depreciation, net of gains on disposal	257,465	—	—	—	257,465
Net gains on disposal of real estate	(3,907)	—	—	—	(3,907)
Total costs and expenses	1,931,270	28,574	109,365	(5,008)	2,064,201
Earnings from operations before equity in earnings of subsidiaries	1,038,983	24,421	10,279	(774)	1,072,909
Equity in earnings of subsidiaries	27,408	—	—	(27,408)	(d) —
Earnings from operations	1,066,391	24,421	10,279	(28,182)	1,072,909
Other components of net periodic benefit costs	(560)	—	—	—	(560)
Interest expense	(79,257)	—	(240)	774	(b) (78,723)
Pretax earnings	986,574	24,421	10,039	(27,408)	993,626
Income tax expense	(231,501)	(5,106)	(1,946)	—	(238,553)
Earnings available to common stockholders	\$ 755,073	\$ 19,315	\$ 8,093	\$ (27,408)	\$ 755,073

(a) Balances for the six months ended June 30, 2021

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

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## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating cash flow statements by industry segment for the six months ended September 30, 2022 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a) (Unaudited) (In thousands)	Elimination	AMERCO Consolidated
Cash flows from operating activities:					
Net earnings	\$ 686,017	\$ 11,115	\$ 2,606	\$ (13,721)	\$ 686,017
Earnings from consolidated entities	(13,721)	—	—	13,721	—
Adjustments to reconcile net earnings to the cash provided by operations:					
Depreciation	359,804	—	—	—	359,804
Amortization of deferred policy acquisition costs	—	—	14,644	—	14,644
Amortization of premiums and accretion of discounts related to investments, net	—	857	9,392	—	10,249
Amortization of debt issuance costs	3,356	—	—	—	3,356
Interest credited to policyholders	—	—	24,690	—	24,690
Provision for allowance for losses on trade receivables	(5,404)	(90)	—	—	(5,494)
Provision for allowance for inventories and parts reserve	7,125	—	—	—	7,125
Net gains on disposal of personal property	(128,690)	—	—	—	(128,690)
Net losses on disposal of real estate	4,179	—	—	—	4,179
Net (gains) losses on sales of investments	—	(58)	7,265	—	7,207
Net losses on equity investments	—	7,963	—	—	7,963
Deferred income taxes, net	107,281	(1,119)	(2,334)	—	103,828
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	30,678	(1,088)	2,752	—	32,342
Inventories and parts	(14,416)	—	—	—	(14,416)
Prepaid expenses	3	—	—	—	3
Capitalization of deferred policy acquisition costs	—	—	(14,900)	—	(14,900)
Other assets	2,877	(169)	(276)	—	2,432
Related party assets	(2,479)	839	—	—	(1,640)
Accounts payable and accrued expenses	65,366	1,396	(2,465)	—	64,297
Policy benefits and losses, claims and loss expenses payable	19,640	(3,381)	(2,605)	—	13,654
Other policyholders' funds and liabilities	—	112	1,202	—	1,314
Deferred income	7,809	—	1,649	—	9,458
Related party liabilities	460	(183)	465	—	742
Net cash provided by operating activities	1,129,885	16,194	42,085	—	1,188,164
Cash flows from investing activities:					
Escrow deposits	9,688	—	—	—	9,688
Purchases of:					
Property, plant and equipment	(1,335,528)	—	—	—	(1,335,528)
Short term investments	—	(35,975)	(198)	—	(36,173)

Fixed maturities investments	–	(18,573)	(183,692)	–	(202,265)
Equity securities	–	(2,705)	(1,651)	–	(4,356)
Preferred stock	–	–	–	–	–
Real estate	–	(4,920)	(11)	–	(4,931)
Mortgage loans	–	(12,715)	(62,920)	–	(75,635)
Proceeds from sales and paydowns of:					
Property, plant and equipment	329,611	–	–	–	329,611
Short term investments	–	33,373	–	–	33,373
Fixed maturities investments	–	10,587	95,940	–	106,527
Equity securities	–	711	6	–	717
Mortgage loans	–	14,419	59,746	–	74,165
Net cash used by investing activities	(996,229)	(15,798)	(92,780)	–	(1,104,807)

(a) Balance for the period ended June 30, 2022

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating cash flow statements by industry segment for the six months ended September 30, 2022 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(Unaudited) (In thousands)					
Cash flows from financing activities:					
Borrowings from credit facilities	792,654	–	–	–	792,654
Principal repayments on credit facilities	(441,019)	–	–	–	(441,019)
Payments of debt issuance costs	(3,942)	–	–	–	(3,942)
Finance lease payments	(65,831)	–	–	–	(65,831)
Securitization deposits	49	–	–	–	49
Common stock dividends paid	(19,608)	–	–	–	(19,608)
Investment contract deposits	–	–	169,017	–	169,017
Investment contract withdrawals	–	–	(139,917)	–	(139,917)
Net cash provided by financing activities	262,303	–	29,100	–	291,403
Effects of exchange rate on cash	(13,782)	–	–	–	(13,782)
Increase (decrease) in cash and cash equivalents	382,177	396	(21,595)	–	360,978
Cash and cash equivalents at beginning of period	2,643,213	\$ 10,800	\$ 50,124	\$ –	\$ 2,704,137
Cash and cash equivalents at end of period	3,025,390	\$ 11,196	\$ 28,529	–	\$ 3,065,115

(a) Balance for the period ended June 30, 2022

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### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating cash flow statements by industry segment for the six months ended September 30, 2021 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(Unaudited) (In thousands)					
Cash flows from operating activities:					
Net earnings	\$ 755,073	\$ 19,315	\$ 8,093	\$ (27,408)	\$ 755,073
Earnings from consolidated entities	(27,408)	–	–	27,408	–
Adjustments to reconcile net earnings to cash provided by operations:					
Depreciation	343,863	–	–	–	343,863
Amortization of deferred policy acquisition costs	–	–	15,573	–	15,573
Amortization of premiums and accretion of discounts related to investments, net	–	754	8,397	–	9,151
Amortization of debt issuance costs	2,791	–	–	–	2,791
Interest credited to policyholders	–	–	31,894	–	31,894
Provision for allowance for losses on trade receivables	253	(30)	(1)	–	222
Provision for allowance for inventories and parts reserve	8,352	–	–	–	8,352
Net gains on disposal of personal property	(86,398)	–	–	–	(86,398)
Net gains on disposal of real estate	(3,907)	–	–	–	(3,907)
Net gains on sales of investments	–	(207)	(3,225)	–	(3,432)
Net gains on equity investments	–	(4,342)	–	–	(4,342)
Deferred income taxes, net	140,780	865	(2,729)	–	138,916
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	6,159	(148)	(9,782)	–	(3,771)
Inventories and parts	(45,718)	–	–	–	(45,718)
Prepaid expenses	266,780	–	–	–	266,780
Capitalization of deferred policy acquisition costs	–	–	(17,807)	–	(17,807)
Other assets	(1,033)	(1,563)	(115)	–	(1,327)
Related party assets	(1,161)	(1,563)	–	–	(2,724)
Accounts payable and accrued expenses	89,479	1,547	522	–	91,548
Policy benefits and losses, claims and loss expenses payable	15,250	174	3,544	–	18,968
Other policyholders' funds and liabilities	–	(222)	(1,255)	–	(1,477)
Deferred income	8,626	–	(1,034)	–	7,592
Related party liabilities	543	(2,098)	855	–	(700)
Net cash provided by operating activities	1,472,324	13,866	32,930	–	1,519,120
Cash flows from investing activities:					
Escrow deposits	(2,341)	–	–	–	(2,341)
Purchases of:					

Property, plant and equipment	(1,039,688)	–	–	–	(1,039,688)
Short term investments	–	(21,669)	–	–	(21,669)
Fixed maturities investments	–	(7,749)	(407,891)	–	(415,640)
Equity securities	–	–	(36)	–	(36)
Preferred stock	–	–	(8,000)	–	(8,000)
Real estate	(12)	–	(112)	–	(124)
Mortgage loans	(12)	(10,700)	(96,251)	–	(106,963)
Proceeds from sales and paydowns of:					
Property, plant and equipment	306,946	–	–	–	306,946
Short term investments	–	16,594	79	–	16,673
Fixed maturities investments	–	10,728	219,315	–	230,043
Equity securities	–	–	1,894	–	1,894
Mortgage loans	–	565	26,047	–	26,612
Net cash used by investing activities	(735,107)	(12,231)	(264,955)	–	(1,012,293)

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(a) Balance for the period ended June 30, 2021

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## AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Consolidating cash flow statements by industry segment for the six months ended September 30, 2021 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	AMERCO Consolidated
(Unaudited) (In thousands)					
Cash flows from financing activities:					
Borrowings from credit facilities	987,048	–	–	–	987,048
Principal repayments on credit facilities	(226,791)	–	(281)	–	(227,072)
Payment of debt issuance costs	(2,092)	–	–	–	(2,092)
Finance lease payments	(87,500)	–	–	–	(87,500)
Common stock dividends paid	(19,608)	–	–	–	(19,608)
Investment contract deposits	–	–	199,426	–	199,426
Investment contract withdrawals	–	–	(116,021)	–	(116,021)
Net cash provided (used) by financing activities	651,057	–	83,124	–	734,181
Effects of exchange rate on cash	(4,787)	–	–	–	(4,787)
Increase (decrease) in cash and cash equivalents	1,383,487	1,635	(148,901)	–	1,236,221
Cash and cash equivalents at beginning of period	1,010,275	5,658	178,079	–	1,194,012
Cash and cash equivalents at end of period	\$ 2,393,762	7,293	29,178	–	\$ 2,430,233

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(a) Balance for the period ended June 30, 2021

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## AMERCO AND CONSOLIDATED SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

### 11. Industry Segment and Geographic Area Data

	United States	Canada	Consolidated			
	(Unaudited)					
(All amounts are in thousands of U.S. \$'s)						
<b>Quarter Ended September 30, 2022</b>						
Total revenues	\$ 1,610,067	\$ 92,797	\$ 1,702,864			
Depreciation and amortization, net of (gains) on disposal	124,735	1,427	126,162			
Interest expense	56,477	716	57,193			
Pretax earnings	446,369	17,270	463,639			
Income tax expense	107,254	4,370	111,624			
Identifiable assets	17,515,009	628,334	18,143,343			

### Quarter Ended September 30, 2021

	United States	Canada	Consolidated
(Unaudited)			
(All amounts are in thousands of U.S. \$'s)			
Total revenues	\$ 1,576,830	\$ 87,424	\$ 1,664,254
Depreciation and amortization, net of (gains) on disposal	141,956	1,065	143,021
Interest expense	38,588	957	39,545
Pretax earnings	521,658	17,218	538,876
Income tax expense	124,620	4,358	128,978
Identifiable assets	15,849,380	487,848	16,337,228

### Six Months Ended September 30, 2022

	United States	Canada	Consolidated
(Unaudited)			
(All amounts are in thousands of U.S. \$'s)			
Total revenues	\$ 3,120,453	\$ 180,251	\$ 3,300,704
Depreciation and amortization, net of (gains) on disposal	245,721	4,216	249,937
Interest expense	105,425	1,567	106,992
Pretax earnings	873,907	30,788	904,695
Income tax expense	210,867	7,811	218,678
Identifiable assets	17,515,009	628,334	18,143,343

### Six Months Ended September 30, 2021

Total revenues	\$ 2,973,191	\$ 163,919	\$ 3,137,110
Depreciation and amortization, net of (gains) on disposal	269,606	(475)	269,131
Interest expense	76,716	2,007	78,723
Pretax earnings	959,607	34,019	993,626
Income tax expense	229,922	8,631	238,553
Identifiable assets	15,849,380	487,848	16,337,228

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

**12. Employee Benefit Plans**

The components of the net periodic benefit costs with respect to postretirement benefits were as follows:

	<u>Quarter Ended September 30,</u>	
	2022	2021
	(Unaudited) (In thousands)	(Unaudited) (In thousands)
Service cost for benefits earned during the period	\$ 331	\$ 351
Other components of net periodic benefit costs:		
Interest cost on accumulated postretirement benefit	287	227
Other components	17	53
Total other components of net periodic benefit costs	<u>304</u>	<u>280</u>
Net periodic postretirement benefit cost	<u>\$ 635</u>	<u>\$ 631</u>
<u>Six Months Ended September 30,</u>		
	2022	2021
	(Unaudited) (In thousands)	(Unaudited) (In thousands)
Service cost for benefits earned during the period	\$ 663	\$ 701
Other components of net periodic benefit costs:		
Interest cost on accumulated postretirement benefit	574	454
Other components	34	106
Total other components of net periodic benefit costs	<u>608</u>	<u>560</u>
Net periodic postretirement benefit cost	<u>\$ 1,271</u>	<u>\$ 1,261</u>

**13. Fair Value Measurements**

Certain assets and liabilities are recorded at fair value on the condensed consolidated balance sheets and are measured and classified based upon a three-tiered approach to valuation. Financial assets and liabilities are recorded at fair value and are classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for identical or similar financial instruments in markets that are not considered to be active, or similar financial instruments for which all significant inputs are observable, either directly or indirectly, or inputs other than quoted prices that are observable, or inputs that are derived principally from or corroborated by observable market data through correlation or other means; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. These reflect management's assumptions about the assumptions a market participant would use in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values of cash equivalents approximate carrying value due to the short period of time to maturity. Fair values of short-term investments, investments available-for-sale, long-term investments, mortgage loans and notes on real estate, and interest rate swap contracts are based on quoted market prices, dealer quotes or discounted cash flows. Fair values of trade receivables approximate their recorded value.

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

Our financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments, trade receivables, reinsurance recoverables and notes receivable. Limited credit risk exists on trade receivables due to the diversity of our customer base and their dispersion across broad geographic markets. We place our temporary cash investments with financial institutions and limit the amount of credit exposure to any one financial institution.

We have mortgage receivables, which potentially expose us to credit risk. The portfolio of notes is principally collateralized by self-storage facilities and commercial properties. We have not experienced any material losses related to the notes from individual or groups of notes in any particular industry or geographic area. The estimated fair values were determined using the discounted cash flow method and using interest rates currently offered for similar loans to borrowers with similar credit ratings.

Other investments, including short-term investments, are substantially current or bear reasonable interest rates. As a result, the carrying values of these financial instruments approximate fair value.

The carrying values and estimated fair values for the financial instruments stated above and their placement in the fair value hierarchy are as follows:

As of September 30, 2022	<u>Fair Value Hierarchy</u>				Total Estimated Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
	(Unaudited) (In thousands)				
<b>Assets</b>					
Reinsurance recoverables and trade receivables, net	\$ 203,202	\$ –	\$ –	\$ 203,202	\$ 203,202
Mortgage loans, net	424,633	–	–	424,633	417,894
Other investments	123,565	–	–	123,565	123,565

Total \$ 751,400 \$ — — \$ 751,400 \$ 744,661

**Liabilities**

Notes, loans and finance leases payable	\$ 6,336,570	\$ —	\$ 6,336,570	\$ —	\$ 5,930,507
Total	\$ 6,336,570	\$ —	\$ 6,336,570	\$ —	\$ 5,930,507

**Fair Value Hierarchy**

As of March 31, 2022	Carrying Value	Total Estimated Fair Value			
		Level 1	Level 2	Level 3	
(In thousands)					
<b>Assets</b>					
Reinsurance recoverables and trade receivables, net	\$ 229,343	\$ —	\$ 229,343	\$ 229,343	
Mortgage loans, net	423,163	—	423,163	450,347	
Other investments	120,592	—	120,592	120,592	
Total	\$ 773,098	\$ —	\$ 773,098	\$ 800,282	

**Liabilities**

Notes, loans and finance leases payable	\$ 6,059,713	\$ —	\$ 6,059,713	\$ —	\$ 5,875,781
Total	\$ 6,059,713	\$ —	\$ 6,059,713	\$ —	\$ 5,875,781

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

The following tables represent the financial assets and liabilities on the condensed consolidated balance sheets as of September 30, 2022 and March 31, 2022 that are measured at fair value on a recurring basis and the level within the fair value hierarchy.

As of September 30, 2022	Total	Level 1			Level 3						
		(Unaudited)									
(In thousands)											
<b>Assets</b>											
Short-term investments	\$ 2,823,208	\$ 2,821,751	\$ 1,457	\$ —	\$ —						
Fixed maturities - available for sale	2,552,311	24,803	2,527,416	92	—						
Preferred stock	22,921	22,921	—	—	—						
Common stock	40,526	40,526	—	—	—						
Derivatives	10,167	1,659	8,508	—	—						
Total	\$ 5,449,133	\$ 2,911,660	\$ 2,537,381	\$ 92	\$ —						
<b>Liabilities</b>											
Derivatives	\$ —	\$ —	\$ —	\$ —	\$ —						
Total	\$ —	\$ —	\$ —	\$ —	\$ —						
As of March 31, 2022											
Assets	Total	Level 1			Level 3						
		(In thousands)									
Short-term investments	\$ 2,482,154	\$ 2,482,154	\$ —	\$ —	\$ —						
Fixed maturities - available for sale	2,821,092	26,914	2,794,086	92	—						
Preferred stock	26,095	26,095	—	—	—						
Common stock	46,212	46,212	—	—	—						
Derivatives	7,474	7,474	—	—	—						
Total	\$ 5,383,027	\$ 2,588,849	\$ 2,794,086	\$ 92	\$ —						
Liabilities											
		587	—	587							
Derivatives	\$ 587	\$ —	\$ 587	\$ —	\$ —						
Total	\$ 587	\$ —	\$ 587	\$ —	\$ —						

The fair value measurements for our assets using significant unobservable inputs (Level 3) were \$0.1 million for both September 30, 2022 and March 31, 2022.

**14. Revenue Recognition**

*Revenue Recognized in Accordance with Topic 606*

ASC Topic 606, *Revenue from Contracts with Customers (Topic 606)*, outlines a five-step model for entities to use in accounting for revenue arising from contracts with customers. The standard applies to all contracts with customers except for leases, insurance contracts, financial instruments, certain nonmonetary exchanges and certain guarantees. The standard also requires disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments.

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**AMERCO AND CONSOLIDATED SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)**

We enter into contracts that may include various combinations of products and services, which are generally capable of being distinct and accounted for as

separate performance obligations. Revenue is recognized net of amounts collected from customers for taxes, such as sales tax, and remitted to the applicable taxing authorities. We account for a contract under Topic 606 when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. For contracts scoped into this standard, revenue is recognized when (or as) the performance obligations are satisfied by means of transferring goods or services to the customer as applicable to each revenue stream as discussed below. There were no material contract assets or liabilities as of September 30, 2022 and March 31, 2022.

Sales of self-moving and self-storage related products are recognized at the time that title passes and the customer accepts delivery. The performance obligations identified for this portfolio of contracts include moving and storage product sales, installation services and/or propane sales. Each of these performance obligations has an observable stand-alone selling price. We concluded that the performance obligations identified are satisfied at a point in time. The basis for this conclusion is that the customer does not receive the product/propane or benefit from the installation services until the related performance obligation is satisfied. These products/services being provided have an alternative use as they are not customized and can be sold/provided to any customer. In addition, we only have the right to receive payment once the products have been transferred to the customer or the installation services have been completed. Although product sales have a right of return policy, our estimated obligation for future product returns is not material to the financial statements at this time.

Property management fees are recognized over the period that agreed-upon services are provided. The performance obligation for this portfolio of contracts is property management services, which represents a series of distinct days of service, each of which is comprised of activities that may vary from day to day. However, those tasks are activities to fulfill the property management services and are not separate promises in the contract. We determined that each increment of the promised service is distinct. This is because the customer can benefit from each increment of service on its own and each increment of service is separately identifiable because no day of service significantly modifies or customizes another and no day of service significantly affects either the entity's ability to fulfill another day of service or the benefit to the customer of another day of service. As such, we concluded that the performance obligation is satisfied over time. Additionally, in certain contracts the Company has the ability to earn an incentive fee based on operational results. We measure and recognize the progress toward completion of the performance obligation on a quarterly basis using the most likely amount method to determine an accrual for the incentive fee portion of the compensation received in exchange for the property management service. The variable consideration recognized is subject to constraints due to a range of possible consideration amounts based on actual operational results. The amount accrued in the second quarter of fiscal 2023 did not have a material effect on our financial statements.

Other revenue consists of numerous services or rentals, of which U-Box contracts and service fees from Moving Help are the main components. The performance obligations identified for U-Box contracts are fees for rental, storage and shipping of U-Box containers to a specified location, each of which are distinct. A contract may be partially within the scope of Topic 606 and partially within the scope of other topics. The rental and storage obligations in U-Box contracts meet the definition of a lease in Topic 842, while the shipping obligation represents a contract with a customer accounted for under Topic 606. Therefore, we allocate the total transaction price between the performance obligations of storage fees and rental fees and the shipping fees on a standalone selling price basis. U-Box shipping fees are collected once the shipment is in transit. Shipping fees in U-Box contracts are set at the initiation of the contract based on the shipping origin and destination, and the performance obligation is satisfied over time. U-Box shipping contracts span over a relatively short period of time, and the majority of these contracts begin and end within the same fiscal year. Moving Help services fees are recognized in accordance with Topic 606. Moving Help services are generated as we provide a neutral venue for the connection between the service provider and the customer for agreed upon services. We do not control the specified services provided by the service provider before that service is transferred to the customer.

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#### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

##### *Revenue Recognized in Accordance with Topic 842*

The Company's self-moving rental revenues meet the definition of a lease pursuant to the guidance in Topic 842 because those substitution rights do not provide an economic benefit to the Company that would exceed the cost of exercising the right. Please see Note 7, Leases, of the Notes to the Condensed Consolidated Financial Statements.

Self-moving rentals are recognized over the contract period that trucks and moving equipment are rented. We offer two types of self-moving rental contracts, one-way rentals and in-town rentals, which have varying payment terms. Customer payment is received at the initiation of the contract for one-way rentals which covers an allowable limit for equipment usage. An estimated fee in the form of a deposit is received at the initiation of the contract for in-town rentals, and final payment is received upon the return of the equipment based on actual fees incurred. The contract price is estimated at the initiation of the contract, as there is variable consideration associated with ratable fees incurred based on the number of days the equipment is rented and the number of miles driven. Variable consideration is estimated using the most likely amount method which is based on the intended use of the rental equipment by the customer at the initiation of the contract. Historically, the variability in estimated transaction pricing compared to actual is not significant due to the relatively short duration of rental contracts. Each performance obligation has an observable stand-alone selling price. The input method of passage of time is appropriate as there is a direct relationship between our inputs and the transfer of benefit to the customer over the life of the contract. Self-moving rental contracts span a relatively short period of time, and the majority of these contracts began and ended within the same fiscal year.

Self-storage revenues are recognized as earned over the contract period based upon the number of paid storage contract days.

We lease portions of our operating properties to tenants under agreements that are classified as operating leases. We recognize the total minimum lease payments provided for under the leases on a straight-line basis over the lease term. Generally, under the terms of our leases, the majority of our rental expenses, including common area maintenance, real estate taxes and insurance, are recovered from our customers.

The following table summarizes the minimum lease payments due from our customers and operating property tenants on leases for the next five years and thereafter:

Years Ending March 31,					
2023	2024	2025	2026	2027	Thereafter
(Unaudited) (In thousands)					
Self-moving equipment rentals	\$ 6,605	\$ -	\$ -	\$ -	\$ -
Property lease revenues	17,916	11,354	8,694	6,937	4,884
Total	\$ 24,521	\$ 11,354	\$ 8,694	\$ 6,937	\$ 4,884
					\$ 39,491

The amounts above do not reflect future rental revenue from the renewal or replacement of existing leases.

##### *Revenue Recognized in Accordance with Other Topics*

Traditional life and Medicare supplement insurance premiums are recognized as revenue over the premium-paying periods of the contracts when due from the policyholders. For products where premiums are due over a significantly shorter duration than the period over which benefits are provided, such as our single premium whole life product, premiums are recognized when received and excess profits are deferred and recognized in relation to the insurance in force.

Property and casualty insurance premiums are recognized as revenue over the policy periods. Interest and investment income are recognized as earned.

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#### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Net investment and interest income has multiple components. Interest income from bonds and mortgage notes are recognized when earned. Dividends on common and preferred stocks are recognized on the ex-dividend dates. Realized gains and losses on the sale or exchange of investments are recognized at

the trade date.

In the following tables, revenue is disaggregated by timing of revenue recognition:

	<b>Quarter Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Revenues recognized over time:	\$ 127,091	\$ 108,038
Revenues recognized at a point in time:	<u>118,966</u>	<u>110,924</u>
Total revenues recognized under ASC 606	<u>246,057</u>	<u>218,962</u>
Revenues recognized under ASC 842	1,373,925	1,355,934
Revenues recognized under ASC 944	52,373	52,578
Revenues recognized under ASC 320	<u>30,509</u>	<u>36,780</u>
Total revenues	<u>\$ 1,702,864</u>	<u>\$ 1,664,254</u>

  

	<b>Six Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Revenues recognized over time:	\$ 230,285	\$ 187,853
Revenues recognized at a point in time:	<u>245,321</u>	<u>231,642</u>
Total revenues recognized under ASC 606	<u>475,606</u>	<u>419,495</u>
Revenues recognized under ASC 842	2,661,956	2,546,944
Revenues recognized under ASC 944	99,060	98,892
Revenues recognized under ASC 320	<u>64,082</u>	<u>71,779</u>
Total revenues	<u>\$ 3,300,704</u>	<u>\$ 3,137,110</u>

In the above tables, the revenues recognized over time include property management fees, the shipping fees associated with U-Box container rentals and a portion of other revenues. Revenues recognized at a point in time include self-moving equipment rentals, self-moving and self-storage products and service sales and a portion of other revenues.

We recognized liabilities resulting from contracts with customers for self-moving equipment rentals, self-storage revenues, U-Box revenues and tenant revenues, in which the length of the contract goes beyond the reported period end, although rental periods of the equipment, storage and U-Box contract are generally short-term in nature. The timing of revenue recognition results in liabilities that are reflected in deferred income on the balance sheet.

#### AMERCO AND CONSOLIDATED SUBSIDIARIES

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

##### 15. Allowance for Credit Losses

###### *Trade Receivables*

Moving and Storage has two ( 2 ) primary components of trade receivables, receivables from corporate customers and credit card receivables from customer sales and rental of equipment. For credit card receivables, the Company uses a trailing 13 months average historical chargeback percentage of total credit card receivables to estimate a credit loss reserve. The Company rents equipment to corporate customers in which payment terms are 30 days.

The Company performs ongoing credit evaluations of its customers and assesses each customer's credit worthiness. In addition, the Company monitors collections and payments from its customers and maintains an allowance based upon applying an expected credit loss rate to receivables based on the historical loss rate from similar high-risk customers adjusted for current conditions, including any specific customer collection issues identified, and forecasts of economic conditions. Delinquent account balances are written off after management has determined that the likelihood of collection is remote.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables because the composition of trade receivables as of that date is consistent with that used in developing the historical credit loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). To adjust the historical loss rates to reflect the effects of these differences in current conditions and forecasted changes, management assigns a rating to each corporate customer which varies depending on the assessment of risk. Management estimated the loss rate at approximately 2.5% and 6% as of September 30, 2022 and March 31, 2022, respectively. Management developed this estimate based on its knowledge of past experience for which there were similar improvements in the economy. As a result, management applied the applicable credit loss rates to determine the expected credit loss estimate for each aging category. Accordingly, the allowance for expected credit losses as of September 30, 2022, was \$ 3.1 million.

###### *Accrued Interest Receivable*

Accrued interest receivables on available for sale securities totaled \$ 28.5 million as of June 30, 2022 and are excluded from the estimate of credit losses.

As outlined in subtopic 326-20-30-5A, we have elected not to measure an allowance on accrued interest receivables as our practice is to write off the uncollectible balance in a timely manner. Furthermore, we have elected to write off accrued interest receivables by reversing interest income (in accordance with subtopic 326-20-35-8A).

###### *Mortgage loans, net*

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at amortized cost. Modeling for the Company's mortgage loans is based on inputs most highly correlated to defaults, including loan-to-value, occupancy, and payment history. Historical credit loss experience provides additional support for the estimation of expected credit losses. In assessing the credit losses, the portfolio is reviewed on a collective basis, using loan-specific cash flows to determine the fair value of the collateral in the event of default. Adjustments to this analysis are made to assess loans with a loan-to-value of 65% or greater. These loans are evaluated on an individual basis and loan specific risk characteristics such as occupancy levels, expense, income growth and other relevant available information from internal and external sources relating to past events, current conditions, and reasonable

and supportable forecasts.

When management determines that credit losses are expected to occur, an allowance for expected credit losses based on the fair value of the collateral is recorded.

#### *Reinsurance recoverables*

Reinsurance recoverables on paid and unpaid benefits was less than 1% of the total assets as of June 30, 2022 which is immaterial based on historical loss experience and high credit rating of the reinsurers.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

#### *Premium receivables*

Premium receivables were \$ 4.3 million as of June 30, 2022, in which the credit loss allowance is immaterial based on our ability to cancel the policy if the policyholder does not pay premiums.

The following details the changes in the Company's reserve allowance for credit losses for trade receivables, fixed maturities and investments, other:

	Allowance for Credit Losses			
	Trade Receivables	Investments,		Total
		Fixed Maturities	Investments, other	
(Unaudited) (in thousands)				
Balance as of March 31, 2021	\$ 4,421	\$ 1,320	\$ 501	\$ 6,242
Provision for (reversal of) credit losses	4,228	(1,260)	–	2,968
Write-offs against allowance	–	–	–	–
Recoveries	–	–	–	–
Balance as of March 31, 2022	\$ 8,649	\$ 60	\$ 501	\$ 9,210
Provision for (reversal of) credit losses	(5,506)	1,948	4	(3,554)
Write-offs against allowance	–	–	–	–
Recoveries	–	–	–	–
Balance as of September 30, 2022	\$ 3,143	\$ 2,008	\$ 505	\$ 5,656

## 16. Subsequent Events

### *Background of the Independent Special Committee*

The Board of Directors (the "Board") created an Independent Special Committee (the "Committee") to consider various matters and actions. The Committee retained outside advisors to help examine multiple options aimed at enhancing the marketability and liquidity of the Company's stock. The Committee paid particular attention to actions intended to make stock ownership more inclusive and accessible for retail investors, including team members and customers of the Company. The Committee approved the following actions.

#### *Creation of the Series N Non-Voting Common Stock*

The Committee authorized the creation of a new series of Common Stock, designated as Series N Non-Voting Common Stock (the "Series N Common Stock"). The Series N Common Stock will have a par value of \$ 0.001 per share. Application to the Nasdaq Global Select Market has been made to list the new Series N Common Stock under the ticker symbol "Nasdaq: UHALB". Shares of the Company's outstanding common stock, \$ 0.25 par value (the "Voting Common Stock") will continue to trade under the symbol "Nasdaq: UHAL".

#### *9-for-1 Stock Dividend Involving Non-Voting Common Stock*

The Committee approved issuance of shares of the Non-Voting Common Stock through a stock dividend, on a 9-for-1 basis, to all existing holders of the Company's Voting Common Stock. The stock dividend is intended to have the same general effects as a 10-for-1 stock split.

The shares of Non-Voting Common Stock will be distributed after the close of trading on, or about, November 9, 2022 to stockholders of record of Voting Common Stock at the close of business on November 3, 2022. We anticipate trading of the 176,470,092 shares of Non-Voting Common Stock to begin on November 10, 2022.

## AMERCO AND CONSOLIDATED SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

#### *Name Change*

The Committee approved changing the company name of AMERCO to U-Haul Holding Company to help alleviate any perceived disconnect by institutional or retail investors alike. We intend to make this name change by the end of the calendar year 2022.

#### *Dividend Policy*

In response to the Committee's recommendation to consider a dividend policy, the Board adopted a dividend policy for the new Series N Common Stock.

**Series N Non-Voting Common Stock:** Unless the Board in its sole discretion determines otherwise, it shall be the policy of the Company to declare and pay a quarterly cash dividend on each share of the Company's Series N Non-Voting Common Stock, in the amount of \$ 0.04 per share, commencing with the third quarter of fiscal year 2023.

## 17. Accounting Pronouncements

### *Recent Accounting Pronouncements*

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts* ("ASU 2018-12"). The amendments in this update require insurance companies to annually review and update the assumptions used for measuring the liability under long-duration contracts, such as life insurance, disability income, and annuities. The amendment prescribes standardized liability discount rate, consistency in measurement of market risk benefits, simplified amortization of deferred acquisition costs and enhanced disclosures. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2020. In November 2020, FASB issued ASU 2020-11, *Financial Services – Insurance (Topic 944)*, which deferred the effective date of ASU 2018-12 to years beginning after December 15, 2022. We are currently in the process of evaluating the impact of the adoption of ASU 2018-12 on our financial statements; however, the adoption of ASU 2018-12 will impact the statements of operations because the effect of any update to the assumptions we used at the inception of the contracts will be recorded in net income.

From time to time, new accounting pronouncements are issued by the FASB or the SEC that are adopted by us as of the specified effective date. Unless otherwise discussed, these ASUs entail technical corrections to existing guidance or affect guidance related to specialized industries or entities and therefore

will have minimal, if any, impact on our financial position or results of operations upon adoption.

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

### **General**

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") with the overall strategy of AMERCO, followed by a description of, and strategy related to, our operating segments to give the reader an overview of the goals of our businesses and the direction in which our businesses and products are moving. We then discuss our critical accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. Next, we discuss our results of operations for the second quarter and first six months of fiscal 2023, compared with the second quarter and first six months of fiscal 2022, which is followed by an analysis of liquidity changes in our balance sheets and cash flows, and a discussion of our financial commitments in the sections entitled Liquidity and Capital Resources - Summary and Disclosures about Contractual Obligations and Commercial Commitments. We conclude this MD&A by discussing our current outlook for the remainder of fiscal 2023.

This MD&A should be read in conjunction with the other sections of this Quarterly Report, including the Notes to Condensed Consolidated Financial Statements. The various sections of this MD&A contain a number of forward-looking statements, as discussed under the caption, Cautionary Statements Regarding Forward-Looking Statements, all of which are based on our current expectations and could be affected by the uncertainties and risks described throughout this filing or in our most recent Annual Report on Form 10-K for the fiscal year ended March 31, 2022. Many of these risks and uncertainties are beyond our control and our actual results may differ materially from these forward-looking statements.

AMERCO, a Nevada corporation, has a second fiscal quarter that ends on the 30<sup>th</sup> of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 30<sup>th</sup> of June for each year that is referenced. They have been consolidated on that basis. Our insurance companies' financial reporting processes conform to calendar year reporting as required by state insurance departments. Management believes that consolidating their calendar year into our fiscal year financial statements does not materially affect the presentation of financial position or results of operations. We disclose material events, if any, occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2022 and 2021 correspond to fiscal 2023 and 2022 for AMERCO.

### **Overall Strategy**

Our overall strategy is to maintain our leadership position in the United States and Canada "do-it-yourself" moving and storage industry. We accomplish this by providing a seamless and integrated supply chain to the "do-it-yourself" moving and storage market. As part of executing this strategy, we leverage the brand recognition of U-Haul® with our full line of moving and self-storage related products and services and the convenience of our broad geographic presence.

Our primary focus is to provide our customers with a wide selection of moving rental equipment, convenient self-storage rental facilities, portable moving and storage units and related moving and self-storage products and services. We are able to expand our distribution and improve customer service by increasing the amount of moving equipment and storage units and portable moving and storage units available for rent, expanding the number of independent dealers in our network and expanding and taking advantage of our eMove® capabilities.

Property and Casualty Insurance is focused on providing and administering property and casualty insurance to U-Haul and its customers, its independent dealers and affiliates.

Life Insurance is focused on long term capital growth through direct writing and reinsuring of life insurance, Medicare supplement and annuity products in the senior marketplace.

### **Description of Operating Segments**

AMERCO's three reportable segments are:

- Moving and Storage, comprised of AMERCO, U-Haul, and Real Estate and the wholly owned subsidiaries of U-Haul and Real Estate;
- Property and Casualty Insurance, comprised of Repwest and its wholly owned subsidiaries and ARCOA; and
- Life Insurance, comprised of Oxford and its wholly owned subsidiaries.

### **Moving and Storage**

Moving and Storage consists of the rental of trucks, trailers, portable moving and storage units, specialty rental items and self-storage spaces primarily to the household mover as well as sales of moving supplies, towing accessories and propane. Operations are conducted under the registered trade name U-Haul® throughout the United States and Canada.

With respect to our truck, trailer, specialty rental items and self-storage rental business, we are focused on expanding our dealer network, which provides added convenience for our customers, and expands the selection and availability of rental equipment to satisfy the needs of our customers.

U-Haul® branded self-moving related products and services, such as boxes, pads and tape, allow our customers to, among other things, protect their belongings from potential damage during the moving process. We are committed to providing a complete line of products selected with the "do-it-yourself" moving and storage customer in mind.

uhaul.com® is an online marketplace that connects consumers to our operations as well as independent Moving Help® service providers and thousands of independent Self-Storage Affiliates. Our network of customer-rated affiliates and service providers furnish pack and load help, cleaning help, self-storage and similar services throughout the United States and Canada. Our goal is to further utilize our web-based technology platform to increase service to consumers and businesses in the moving and storage market.

U-Haul's Truck Share 24/7, Skip-the-Counter Self-Storage rentals and Self-checkout for moving supplies provide our customers methods for conducting business with us directly via their mobile devices and also limiting physical exposure.

Since 1945, U-Haul has incorporated sustainable practices into its everyday operations. We believe that our basic business premise of equipment sharing helps reduce greenhouse gas emissions and reduces the inventory of total large capacity vehicles. We continue to look for ways to reduce waste within our business and are dedicated to manufacturing reusable components and recyclable products. We believe that our commitment to sustainability, through our products and services and everyday operations, has helped us to reduce our impact on the environment.

### **Property and Casualty Insurance**

Property and Casualty Insurance provides loss adjusting and claims handling for U-Haul through regional offices across the United States and Canada. Property and Casualty Insurance also underwrites components of the Safemove®, Safetow®, Safemove Plus®, Safestor® and Safestor Mobile® protection packages to U-Haul customers. We continue to focus on increasing the penetration of these products into the moving and storage market. The business plan for Property and Casualty Insurance includes offering property and casualty insurance products in other U-Haul related programs.

### **Life Insurance**

Life Insurance provides life and health insurance products primarily to the senior market through the direct writing and reinsuring of life insurance, Medicare supplement and annuity policies.

### **Cybersecurity Incident**

On September 9, 2022, we announced that the Company was made aware of a data security incident involving U-Haul's information technology network. U-

Haul detected a compromise of two unique passwords used to access U-Haul customers' information. U-Haul took immediate steps to contain the incident and promptly enhanced its security measures to prevent any further unauthorized access. U-Haul retained cybersecurity experts and incident response counsel to investigate the incident and implement additional security safeguards. The investigation determined that between November 5, 2021, and April 8, 2022, the threat actor accessed customer contracts containing customers' names, dates of birth, and driver's license or state identification numbers. None of U-Haul's financial, payment processing or email systems were involved. U-Haul has notified impacted customers and relevant governmental authorities.

Several class action lawsuits related to the incident have been filed against U-Haul. The lawsuits are in their early consolidation phase and will be vigorously defended by the Company; however the outcome of such lawsuits cannot be predicted or guaranteed with any certainty.

#### Critical Accounting Policies and Estimates

Please refer to our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### Impairment of Investments

Under the current expected credit loss model, a valuation allowance is recognized in earnings for credit losses. If we intend to sell a debt security, or it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis, the debt security is written down to its fair value and the write down is charged against the allowance for credit losses, with any incremental impairment reported in earnings. Reversals of the allowance for credit losses are permitted and should not exceed the allowance amount initially recognized.

There was a \$1.9 million net impairment charge associated with this allowance recorded for the first six months ended September 30, 2022.

#### Results of Operations

##### AMERCO and Consolidated Entities

###### *Quarter Ended September 30, 2022 compared with the Quarter Ended September 30, 2021*

Listed below, on a consolidated basis, are revenues for our major product lines for the second quarter of fiscal 2023 and the second quarter of fiscal 2022:

	<u>Quarter Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
	(Unaudited) (In thousands)	
	\$	\$
Self-moving equipment rentals	1,162,025	1,179,061
Self-storage revenues	185,586	153,485
Self-moving and self-storage products and service sales	96,864	92,191
Property management fees	9,277	8,747
Life insurance premiums	25,456	28,913
Property and casualty insurance premiums	25,718	22,499
Net investment and interest income	30,509	36,780
Other revenue	167,429	142,578
 Consolidated revenue	 \$ 1,702,864	 \$ 1,664,254

Self-moving equipment rental revenues decreased \$17.0 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. Transactions and revenue for In-Town business increased but were offset by declines in one-way business. Compared to the same period last year, we increased the number of retail locations, independent dealers, trucks, and trailers in the rental fleet.

Self-storage revenues increased \$32.1 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. The average monthly number of occupied units increased by 14%, or 64,500 units, during the second quarter of fiscal 2023 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains at existing locations, the addition of new capacity to the portfolio and from an improvement in average revenue per occupied foot. Over the last twelve months, we added approximately 5.4 million net rentable square feet, or an 11% increase, with approximately 1.5 million of that coming on during the second quarter of fiscal 2023.

Sales of self-moving and self-storage products and services increased \$4.7 million during the second quarter of fiscal 2023, compared with second quarter of fiscal 2022. This was due to increased sales of hitches and propane offset by decreases in moving supplies.

Life insurance premiums decreased \$3.5 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022 due primarily to decreased life and Medicare supplement premiums.

Property and casualty insurance premiums increased \$3.2 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium increase corresponded with the increased moving and storage transactions.

Net investment and interest income decreased \$6.3 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. Changes in the market value of unaffiliated equity stocks held at our Property and Casualty Insurance subsidiary accounted for \$8.5 million of the decrease for the second quarter. Our Life Insurance subsidiaries investment income decreased \$11.9 million primarily from losses on derivatives used as hedges to fixed indexed annuities. This was partially offset by a \$14.3 million increase from Moving and Storage due to an increase in invested cash combined with higher interest rates on these short-term deposits.

Other revenue increased \$24.9 million during the first six months of fiscal 2023, compared with the same six months of fiscal 2022, primarily coming from increased moving and storage transactions within our U-Box® program.

Listed below are revenues and earnings from operations at each of our operating segments for the second quarter of fiscal 2023 and the second quarter of fiscal 2022. The insurance companies' second quarters ended June 30, 2022 and 2021.

	<u>Quarter Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
	(Unaudited) (In thousands)	
	\$	\$
Moving and storage		
Revenues	1,636,858	1,576,999
Earnings from operations before equity in earnings of subsidiaries	514,943	555,988
Property and casualty insurance		

Revenues	23,363	29,539
Earnings from operations	5,686	15,189
Life insurance		
Revenues	45,696	60,985
Earnings from operations	1,852	7,913
Eliminations		
Revenues	(3,053)	(3,269)
Earnings from operations before equity in earnings of subsidiaries	(386)	(389)
Consolidated results		
Revenues	1,702,864	1,664,254
Earnings from operations	522,095	578,701

Total costs and expenses increased \$95.2 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. Operating expenses for Moving and Storage increased \$114.2 million. Repair costs associated with the rental fleet experienced a \$33.7 million increase during the quarter due to preventative maintenance resulting from higher fleet activity combined with the slower rotation of new equipment into the fleet and older equipment out of the fleet. The addition of new equipment has been affected by delays with our original equipment manufacturers. Other increases included personnel, liability costs, non-rental equipment maintenance and shipping associated with U-Box transactions. Net gains from the disposal of rental equipment increased \$28.3 million from an increase in resale values. Depreciation expense associated with our rental fleet was \$129.2 million and \$125.4 million for the second quarter of fiscal 2023 and 2022, respectively. Depreciation expense on all other assets, largely from buildings and improvements, increased \$6.0 million to \$52.4 million. Net losses on the disposal or retirement of land and buildings increased \$1.3 million.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations decreased \$56.6 million to \$522.1 million for the second quarter of fiscal 2023, compared with \$578.7 million for the second quarter of fiscal 2022.

Interest expense for the second quarter of fiscal 2023 was \$57.2 million, compared with \$39.5 million for the second quarter of fiscal 2022, due to an increase in our outstanding debt of \$972.3 million in the second quarter of fiscal 2023 compared with the second quarter of fiscal 2022.

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Income tax expense was \$111.6 million for the second quarter of fiscal 2023, compared with \$129.0 million for the second quarter of fiscal 2022.

As a result of the above-mentioned items, earnings available to common stockholders were \$352.0 million for the second quarter of fiscal 2023, compared with \$409.9 million for the second quarter of fiscal 2022.

Basic and diluted earnings per share for the second quarter of fiscal 2023 were \$17.95, compared with \$20.90 for the second quarter of fiscal 2022.

The weighted average common shares outstanding basic and diluted were 19,607,788 for both the second quarter of fiscal 2023 and fiscal 2022.

#### **Moving and Storage**

##### ***Quarter Ended September 30, 2022 compared with the Quarter Ended September 30, 2021***

Listed below are revenues for our major product lines at Moving and Storage for the second quarter of fiscal 2023 and the second quarter of fiscal 2022:

	<b>Quarter Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited) (In thousands)	
\$	\$	\$
Self-moving equipment rentals	1,163,376	1,180,329
Self-storage revenues	185,586	153,485
Self-moving and self-storage products and service sales	96,864	92,191
Property management fees	9,277	8,747
Net investment and interest income	15,077	675
Other revenue	166,678	141,572
<b>Moving and Storage revenue</b>	<b>\$ 1,636,858</b>	<b>\$ 1,576,999</b>

Self-moving equipment rental revenues decreased \$17.0 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. Transactions and revenue for In-Town business increased but were offset by declines in one-way business. Compared to the same period last year, we increased the number of retail locations, independent dealers, trucks, and trailers in the rental fleet.

Self-storage revenues increased \$32.1 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. The average monthly number of occupied units increased by 14%, or 64,500 units, during the second quarter of fiscal 2023 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains at existing locations, the addition of new capacity to the portfolio and from an improvement in average revenue per occupied foot. Over the last twelve months, we added approximately 5.4 million net rentable square feet, or an 11% increase, with approximately 1.5 million of that coming on during the second quarter of fiscal 2023.

We own and manage self-storage facilities. Self-storage revenues reported in the consolidated financial statements represent Company-owned locations only. Self-storage data for our owned storage locations follows:

	<b>Quarter Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited) (In thousands, except occupancy rate)	
Unit count as of September 30	638	568
Square footage as of September 30	53,303	47,903
Average monthly number of units occupied	540	476
Average monthly occupancy rate based on unit count	85.4%	84.3%
Average monthly square footage occupied	46,538	41,743

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Over the last twelve months we added approximately 5.4 million net rentable square feet of new storage to the system. This was a mix of existing storage locations we acquired and new development.

Sales of self-moving and self-storage products and services increased \$4.7 million during the second quarter of fiscal 2023, compared with second quarter of fiscal 2022. This was due to increased sales of hitches and propane offset by decreases in moving supplies.

Net investment and interest income increased \$14.4 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022, due

to increases in invested cash combined with higher interest rates on these short-term deposits.

Other revenue increased \$25.1 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022 primarily coming from increased moving and storage transactions within our U-Box® program.

Total costs and expenses increased \$100.9 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022. Operating expenses increased \$114.2 million. Repair costs associated with the rental fleet experienced a \$33.7 million increase during the quarter due to preventative maintenance resulting from higher fleet activity combined with the slower rotation of new equipment into the fleet and older equipment out of the fleet. The addition of new equipment has been affected by delays with our original equipment manufacturers. Other increases included personnel, liability costs, non-rental equipment maintenance and shipping associated with U-Box transactions. Net gains from the disposal of rental equipment increased \$28.3 million from an increase in resale values. Depreciation expense associated with our rental fleet was \$129.2 million and \$125.4 million for the second quarter of fiscal 2023 and 2022, respectively. Depreciation expense on all other assets, largely from buildings and improvements, increased \$6.0 million to \$52.4 million. Net losses on the disposal or retirement of land and buildings increased \$1.3 million.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations for Moving and Storage, before consolidation of the equity in the earnings of the insurance subsidiaries, decreased \$41.1 million to \$514.9 million for the second quarter of fiscal 2023, compared with \$556.0 million for the second quarter of fiscal 2022.

Equity in the earnings of AMERCO's insurance subsidiaries was \$6.1 million for the second quarter of fiscal 2023, compared with \$18.3 million for the second quarter of fiscal 2022.

As a result of the above-mentioned changes in revenues and expenses, consolidated earnings from operations for Moving and Storage decreased to \$521.0 million for the second quarter of fiscal 2023, compared with \$574.3 million for the second quarter of fiscal 2022.

#### **Property and Casualty Insurance**

##### ***Quarter Ended June 30, 2022 compared with the Quarter Ended June 30, 2021***

Net premiums were \$26.0 million and \$23.4 million for the second quarters ended June 30, 2022 and 2021, respectively. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium increase corresponded with the increased moving and storage transactions at U-Haul during the same period.

Net investment and interest income (loss) was (\$2.6) million and \$6.2 million for the second quarters ended June 30, 2022 and 2021, respectively. The main driver for the decrease was the \$8.5 million decrease in the market value of unaffiliated equity stocks.

Net operating expenses were \$11.6 million and \$10.8 million for the second quarters ended June 30, 2022 and 2021, respectively, due to an increase in commissions offset by a decrease in loss adjusting fees.

Benefits and losses incurred were \$6.1 million and \$3.6 million for the second quarters ended June 30, 2022 and 2021, respectively. The increase was due to unfavorable loss experience.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$5.7 million and \$15.2 million for the second quarters ended June 30, 2022 and 2021, respectively.

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#### **Life Insurance**

##### ***Quarter Ended June 30, 2022 compared with the Quarter Ended June 30, 2021***

Net premiums were \$25.5 million and \$28.9 million for the quarters ended June 30, 2022 and 2021, respectively. Medicare Supplement premiums decreased \$1.9 million from the policy decrements offset by premium rate increases. Life premiums decreased \$1.5 million primarily from the decrease in sales of single premium life and final expense. Deferred annuity deposits were \$83.2 million or \$2.4 million below prior year and are accounted for on the balance sheet as deposits rather than premiums.

Net investment income was \$19.0 million and \$30.9 million for the quarters ended June 30, 2022 and 2021, respectively. The decrease was primarily due to \$8.2 million of realized losses on derivatives used as economic hedges to fixed indexed annuities, along with the change in the provision for expected credit losses that resulted in a decrease of \$2.5 million. Additionally, net interest income and realized gains on invested assets decreased \$1.2 million.

Net operating expenses were \$5.6 million and \$5.2 million for the quarters ended June 30, 2022 and 2021, respectively. The increase was primarily due to the increase in administrative expenses offset by the decreased commissions on single premium life due to decreased premiums.

Benefits and losses incurred were \$31.3 million and \$41.1 million for the quarters ended June 30, 2022 and 2021, respectively. Interest credited to policyholders decreased \$6.9 million due to a reduction in the interest credited rates on equity indexed annuities driven by market fluctuations. Life benefits decreased \$1.4 million due to lower death claims related to COVID-19 and lower sales due to premium adjustments that took place in late 2021. Medicare supplement benefits decreased by \$1.3 million from the declined policies in force. Benefits on the annuities decreased \$0.2 million.

Amortization of deferred acquisition costs ("DAC"), sales inducement asset ("SIA") and the value of business acquired ("VOBA") was \$7.0 million and \$6.8 million for the quarters ended June 30, 2022 and 2021, respectively.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$1.7 million and \$7.8 million for the quarters ended June 30, 2022 and 2021, respectively.

#### **AMERCO and Consolidated Entities**

##### ***Six Months Ended September 30, 2022 compared with the Six Months Ended September 30, 2021***

Listed below on a consolidated basis are revenues for our major product lines for the first six months of fiscal 2023 and the first six months of fiscal 2022:

	<b>Six Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited) (In thousands)	
Self-moving equipment rentals	\$ 2,252,800	2,214,438
Self-storage revenues	358,763	290,878
Self-moving and self-storage products and service sales	206,215	197,076
Property management fees	18,416	17,196
Life insurance premiums	51,237	57,618
Property and casualty insurance premiums	45,690	39,368
Net investment and interest income	64,082	71,779
Other revenue	303,501	248,757
Consolidated revenue	<u>\$ 3,300,704</u>	<u>\$ 3,137,110</u>

Self-moving equipment rental revenues increased \$38.4 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. Transactions for both our In-Town and one-way markets increased as did revenue per transaction. Compared to the same period last year, we increased the number of retail locations, independent dealers, trucks and trailers in the rental fleet.

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Self-storage revenues increased \$67.9 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. The average monthly number of occupied units increased by 16%, or 73,200 units, during the first six months of fiscal 2023 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains at existing locations, the addition of new capacity to the portfolio and from an improvement in average revenue per occupied foot. Over the last twelve months we added approximately 5.4 million net rentable square feet, or an 11% increase, with approximately 2.2 million of that coming on during the first six months of fiscal 2023.

Sales of self-moving and self-storage products and services increased \$9.1 million for the first six months of fiscal 2023, compared with the first six months of fiscal 2022. This was due to increased sales of hitches, moving supplies and propane.

Life insurance premiums decreased \$6.4 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022 due primarily to decreased Medicare supplement premiums.

Property and casualty insurance premiums increased \$6.3 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium increase corresponded with the increased moving and storage transactions at U-Haul during the same period.

Net investment and interest income decreased \$7.7 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. Changes in the market value of unaffiliated equity stocks held at our Property and Casualty Insurance subsidiary accounted for \$12.3 million of the decrease for the six months. Our Life Insurance subsidiaries investment income decreased \$13.9 million primarily from a net loss of \$9.7 million on derivatives used as hedges to fixed index annuities. In addition, the change in the provision for expected credit losses resulted in a \$3.0 million decrease to the investment income. This was partially offset by a \$18.7 million increase from Moving and Storage due to an increase in invested cash combined with higher interest rates on these short-term deposits.

Other revenue increased \$54.7 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022, primarily coming from increased moving and storage transactions within our U-Box® program.

Listed below are revenues and earnings from operations at each of our operating segments for the first six months of fiscal 2023 and the first six months of fiscal 2022. The insurance companies' first six months ended June 30, 2022 and 2021.

	Six Months Ended September 30	
	2022	2021
(Unaudited) (In thousands)		
<b>Moving and storage</b>		
Revenues	\$ 3,160,456	\$ 2,970,253
Earnings from operations before equity in earnings of subsidiaries	996,560	1,038,983
<b>Property and casualty insurance</b>		
Revenues	46,445	52,995
Earnings from operations	14,037	24,421
<b>Life insurance</b>		
Revenues	99,799	119,644
Earnings from operations	3,425	10,279
<b>Eliminations</b>		
Revenues	(5,996)	(5,782)
Earnings from operations before equity in earnings of subsidiaries	(768)	(774)
<b>Consolidated results</b>		
Revenues	3,300,704	3,137,110
Earnings from operations	1,013,254	1,072,909

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Total costs and expenses increased \$223.2 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. Operating expenses for Moving and Storage increased \$232.1 million. Repair costs associated with the rental fleet experienced a \$65.8 million increase during the first six months of fiscal 2023 due to preventative maintenance resulting from higher fleet activity combined with the slower rotation of new equipment into the fleet and older equipment out of the fleet. The addition of new equipment has been affected by delays with our original equipment manufacturers. Other increases included personnel, liability costs, non-rental equipment maintenance and shipping associated with U-Box transactions. Net gains from the disposal of rental equipment increased \$42.3 million from an increase in resale values. Depreciation expense associated with our rental fleet was \$255.7 million and \$251.9 million for the first six months of fiscal 2023 and 2022, respectively. Depreciation expense on all other assets, largely from buildings and improvements, increased \$12.1 million to \$104.1 million. Net losses on the disposal or retirement of land and buildings increased \$8.1 million as the first six months of fiscal 2022 included a condemnation gain of \$4.9 million.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations decreased \$59.6 million to \$1,013.3 million for the first six months of fiscal 2023, as compared with \$1,072.9 million for the first six months of fiscal 2022.

Interest expense for the first six months of fiscal 2023 was \$107.0 million, compared with \$78.7 million for the first six months of fiscal 2022, due to an increase in our outstanding debt of \$972.3 million in the first six months of fiscal 2023 compared with the first six months of fiscal 2022.

Income tax expense was \$218.7 million for the first six months of fiscal 2023, compared with \$238.6 million for the first six months of fiscal 2022.

As a result of the above-mentioned items, earnings available to common shareholders were \$686.0 million for the first six months of fiscal 2023, compared with \$755.1 million for the first six months of fiscal 2022.

Basic and diluted earnings per common share for the first six months of fiscal 2023 were \$34.99, compared with \$38.51 for the first six months of fiscal 2022.

The weighted average common shares outstanding basic and diluted were 19,607,788 for both the first six months of fiscal 2023 and fiscal 2022.

#### **Moving and Storage**

##### ***Six Months Ended September 30, 2022 compared with the Six Months Ended September 30, 2021***

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the first six months of fiscal 2023 and the first six months of fiscal 2022:

	<b>Six Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
	(In thousands)	
	\$	\$
Self-moving equipment rentals	2,255,086	2,216,542
Self-storage revenues	358,763	290,878
Self-moving and self-storage products and service sales	206,215	197,076
Property management fees	18,416	17,196
Net investment and interest income	20,017	1,355
Other revenue	<u>301,959</u>	<u>247,206</u>
<b>Moving and Storage revenue</b>	<b><u>3,160,456</u></b>	<b><u>2,970,253</u></b>

Self-moving equipment rental revenues increased \$38.5 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. Transactions for both our In-Town and one-way markets increased as did revenue per transaction. Compared to the same period last year, we increased the number of retail locations, independent dealers, trucks and trailers in the rental fleet.

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Self-storage revenues increased \$67.9 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. The average monthly number of occupied units increased by 16%, or 73,200 units, during the first six months of fiscal 2023 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains at existing locations, the addition of new capacity to the portfolio and from an improvement in average revenue per occupied foot. Over the last twelve months we added approximately 5.4 million net rentable square feet, or an 11% increase, with approximately 2.2 million of that coming on during the first six months of fiscal 2023.

We own and manage self-storage facilities. Self-storage revenues reported in the consolidated financial statements represent Company-owned locations only. Self-storage data for our owned storage locations follows:

	<b>Six Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited)	
	(In thousands, except occupancy rate)	
Unit count as of September 30	638	568
Square footage as of September 30	53,303	47,903
Average monthly number of units occupied	529	456
Average monthly occupancy rate based on unit count	85.0%	82.1%
Average monthly square footage occupied	45,692	40,207

Over the last twelve months we added approximately 5.4 million net rentable square feet of new storage to the system. This was a mix of existing storage locations we acquired and new development.

Sales of self-moving and self-storage products and services increased \$9.1 million for the first six months of fiscal 2023, compared with the first six months of fiscal 2022. This was due to increased sales of hitches, moving supplies and propane.

Net investment and interest income increased \$18.7 million during the second quarter of fiscal 2023, compared with the second quarter of fiscal 2022, due to increases in invested cash combined with higher interest rates on these short-term deposits.

Other revenue increased \$54.8 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022, primarily coming from increased moving and storage transactions within our U-Box® program.

Total costs and expenses increased \$232.6 million during the first six months of fiscal 2023, compared with the first six months of fiscal 2022. Operating expenses increased \$232.1 million. Repair costs associated with the rental fleet experienced a \$65.8 million increase during the first six months of fiscal 2023 due to preventative maintenance resulting from higher fleet activity combined with the slower rotation of new equipment into the fleet and older equipment out of the fleet. The addition of new equipment has been affected by delays with our original equipment manufacturers. Other increases included personnel, liability costs, non-rental equipment maintenance and shipping associated with U-Box transactions. Net gains from the disposal of rental equipment increased \$42.3 million from an increase in resale values. Depreciation expense associated with our rental fleet was \$255.7 million and \$251.9 million for the first six months of fiscal 2023 and 2022, respectively. Depreciation expense on all other assets, largely from buildings and improvements, increased \$12.1 million to \$104.1 million. Net losses on the disposal or retirement of land and buildings increased \$8.1 million as the first six months of fiscal 2022 included a condemnation gain of \$4.9 million.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations for Moving and Storage before consolidation of the equity in the earnings of the insurance subsidiaries decreased to \$996.6 million for the first six months of fiscal 2023, compared with \$1,039.0 million for the first six months of fiscal 2022.

Equity in the earnings of AMERCO's insurance subsidiaries was \$13.7 million for the first six months of fiscal 2023, compared with \$27.4 million for the first six months of fiscal 2022.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations decreased to \$1,010.3 million for the first six months of fiscal 2023, compared with \$1,066.4 million for the first six months of fiscal 2022.

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## Property and Casualty Insurance

### **Six Months Ended June 30, 2022 compared with the Six Months Ended June 30, 2021**

Net premiums were \$46.8 million and \$40.8 million for the six months ended June 30, 2022 and 2021, respectively. A significant portion of Repwest's premiums are from policies sold in conjunction with U-Haul rental transactions. The premium increase corresponded with the increased moving and storage transactions at U-Haul during the same period.

Net investment and interest income (loss) was (\$0.3) million and \$12.2 million for the six months ended June 30, 2022 and 2021, respectively. The main driver of the change was the decrease in valuation of unaffiliated common stock of \$12.3 million.

Net operating expenses were \$21.8 million and \$19.6 million for the six months ended June 30, 2022 and 2021, respectively. The change was due to an increase in commissions offset by a decrease in loss adjusting fees.

Benefits and losses incurred were \$10.5 million and \$8.8 million for the six months ended June 30, 2022 and 2021, respectively. The increase was due to unfavorable loss experience.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$14.0 million and \$24.4 million for the six months ended June 30, 2022 and 2021, respectively.

## Life Insurance

### **Six Months Ended June 30, 2022 compared with the Six Months Ended June 30, 2021**

Net premiums were \$51.2 million and \$57.6 million for the six months ended June 30, 2022 and 2021, respectively. Medicare Supplement premiums decreased \$3.8 million from the policy decrements offset by premium rate increases. Life premiums decreased \$2.6 million primarily from the decrease in sales of single premium life and final expense. Deferred annuity deposits were \$169.0 million or \$15.4 million below prior year and are accounted for on the balance sheet as deposits rather than premiums.

Net investment income was \$46.4 million and \$60.3 million for the six months ended June 30, 2022 and 2021, respectively. The decrease was primarily due to \$9.7 million of realized losses on derivatives used as economic hedges to fixed indexed annuities, along with the change in the provision for expected credit losses that resulted in a decrease of \$2.7 million. Additionally, net interest income and realized gains on invested assets decreased \$1.5 million.

Benefits and losses incurred were \$71.0 million and \$83.1 million for the six months ended June 30, 2022 and 2021, respectively. Interest credited to policyholders decreased \$7.4 million due to a reduction in the interest credited rates on equity indexed annuities driven by stock market fluctuations. Life benefits decreased \$2.8 million due to lower death claims related to COVID-19 and lower sales due to premium adjustments that took place in late 2021. Medicare supplement benefits decreased by \$1.9 million from the declined policies in force.

Amortization of DAC, SIA and VOBA were \$14.6 million and \$15.6 million for the six months ended June 30, 2022 and 2021, respectively. The decrease in DAC amortization was primarily associated with annuities. In addition, there was a steady decrease in Medicare supplement DAC Amortization from a decline in the in-force.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$3.2 million and \$10.2 million for the six months ended June 30, 2022 and 2021, respectively.

## **Liquidity and Capital Resources**

We believe our current capital structure is a positive factor that will enable us to pursue our operational plans and goals and provide us with sufficient liquidity for the foreseeable future. There are many factors that could affect our liquidity, including some of which are beyond our control, and there is no assurance that future cash flows and liquidity resources will be sufficient to meet our outstanding debt obligations and our other future capital needs.

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As of September 30, 2022, cash and cash equivalents totaled \$3,065.1 million, compared with \$2,704.1 million as of March 31, 2022. The assets of our insurance subsidiaries are generally unavailable to fulfill the obligations of non-insurance operations (Moving and Storage). As of September 30, 2022 (or as otherwise indicated), cash and cash equivalents, other financial assets (receivables, short-term investments, other investments, fixed maturities, and related party assets) and debt obligations of each operating segment were:

	<b>Moving &amp; Storage</b>	<b>Property &amp; Casualty Insurance (a)</b>	<b>Life Insurance (a)</b>
(Unaudited) (In thousands)			
Cash and cash equivalents			
	\$ 3,025,390	\$ 11,196	\$ 28,529
Other financial assets	204,671	444,990	2,803,275
Debt obligations	6,298,831	—	—

(a) As of June 30, 2022

As of September 30, 2022, Moving and Storage had additional cash available under existing credit facilities of \$150.0 million. The majority of invested cash at the Moving and Storage segment is held in government money market funds.

Net cash provided by operating activities decreased \$331.0 million in the first six months of fiscal 2023 compared with the first six months of fiscal 2022. The decrease was primarily due to reduced net earnings and the payment of \$42.0 million in federal income tax in fiscal 2023 compared with the receipt of \$243 million of federal income tax refunds in fiscal 2022.

Net cash used in investing activities increased \$92.5 million in the first six months of fiscal 2023, compared with the first six months of fiscal 2022. Purchases of property, plant and equipment increased \$295.8 million. Reinvestment in the rental fleet was less than our projection due to delays in receiving new equipment from our original equipment manufacturers during the first six months of fiscal 2023; however, the level of reinvestment in the rental fleet has increased in comparison to the first six months of fiscal 2022. Cash from the sales of property, plant and equipment increased \$22.7 million largely due to fleet sales. For our insurance subsidiaries, net cash used in investing activities decreased \$168.6 million due to a decrease in purchases in fixed maturity investments.

Net cash provided by financing activities decreased \$442.8 million in the first six months of fiscal 2023, as compared with the first six months of fiscal 2022. This was due to a combination of increased debt payments of \$213.9 million, decreased finance lease repayments of \$21.7 million, a decrease in cash from borrowings of \$194.4 million and a decrease in net annuity deposits from Life Insurance of \$54.3 million.

## **Liquidity and Capital Resources and Requirements of Our Operating Segments**

### **Moving and Storage**

To meet the needs of our customers, U-Haul maintains a large fleet of rental equipment. Capital expenditures have primarily consisted of new rental equipment acquisitions and the buyouts of existing fleet from leases. The capital to fund these expenditures has historically been obtained internally from operations and the sale of used equipment and externally from debt and lease financing. U-Haul estimates that during fiscal 2023, the Company will reinvest in its rental equipment fleet approximately \$760 million, net of equipment sales and excluding any lease buyouts. Through the first six months of fiscal 2023, the Company invested, net of sales, approximately \$393 million before any lease buyouts in its rental equipment fleet. Fleet investments in fiscal 2023 and beyond will be dependent upon several factors including the availability of capital, the truck rental environment, the availability of equipment from our original equipment manufacturers and the used-truck sales market. We anticipate that the fiscal 2023 investments will be funded largely through debt financing, external lease financing and cash from operations. Management considers several factors including cost and tax consequences when selecting a method to fund capital expenditures. Our allocation between debt and lease financing can change from year to year based upon financial market conditions which may alter the cost or availability of financing options.

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The Company has traditionally financed the acquisition of self-storage properties to support U-Haul's growth through debt financing and funds from operations. The Company's plan for the expansion of owned storage properties includes the acquisition of existing self-storage locations from third parties, the acquisition and development of bare land, and the acquisition and redevelopment of existing buildings not currently used for self-storage. For the first six months of fiscal 2023, the Company invested \$584 million in real estate acquisitions, new construction and renovation and repair. For fiscal 2023, the timing of new projects will be dependent upon several factors, including the entitlement process, availability of capital, weather, and the identification and successful acquisition of target properties. U-Haul's growth plan in self-storage also includes the expansion of the U-Haul Storage Affiliate program, which does not require significant capital.

Net capital expenditures (purchases of property, plant and equipment less proceeds from the sale of property, plant and equipment and lease proceeds) were \$1,005.9 million and \$732.7 million for the first six months of fiscal 2023 and 2022, respectively. The components of our net capital expenditures are

provided in the following table:

	<b>Six Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
	(Unaudited) (In thousands)	\$
Purchases of rental equipment	718,231	564,331
Purchases of real estate, construction and renovations	583,889	444,334
Other capital expenditures	33,408	31,023
Gross capital expenditures	<u>1,335,528</u>	<u>1,039,688</u>
Less: Sales of property, plant and equipment	(329,611)	(306,946)
Net capital expenditures	<u>1,005,917</u>	<u>732,742</u>

Moving and Storage continues to hold significant cash and we believe has access to additional liquidity. Management may invest these funds in our existing operations, expand our product lines or pursue external opportunities in the self-moving and storage marketplace, pay dividends or reduce existing indebtedness where possible.

#### **Property and Casualty Insurance**

State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Property and Casualty Insurance's assets are generally not available to satisfy the claims of AMERCO or its legal subsidiaries. We believe that stockholders' equity at Property and Casualty Insurance remains sufficient, and we do not believe that its ability to pay ordinary dividends to AMERCO will be restricted per state regulations.

Property and Casualty Insurance's stockholder's equity was \$282.8 million and \$296.1 million as of June 30, 2022 and December 31, 2021, respectively. The decrease resulted from net earnings of \$11.1 million and a decrease in other comprehensive income of \$24.4 million due to the decrease in the market value of its investment portfolio. Property and Casualty Insurance does not use debt or equity issues to increase capital and therefore has no direct exposure to capital market conditions other than through its investment portfolio.

#### **Life Insurance**

Life Insurance manages its financial assets to meet policyholder and other obligations, including investment contract withdrawals and deposits. Life Insurance's net deposits as of June 30, 2022 were \$29.1 million. State insurance regulations restrict the amount of dividends that can be paid to stockholders of insurance companies. As a result, Life Insurance's assets are generally not available to satisfy the claims of AMERCO or its legal subsidiaries.

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Life Insurance's stockholder's equity was \$219.5 million and \$440.9 million as of June 30, 2022 and December 31, 2021, respectively. The decrease resulted from net earnings of \$2.6 million and a decrease in other comprehensive income of \$224.0 million primarily due to the effect of interest rate changes on the fixed maturity portion of the investment portfolio. Outside of its membership in the Federal Home Loan Bank ("FHLB") system, Life Insurance has not historically used debt or equity issues to increase capital and therefore has not had any significant direct exposure to capital market conditions other than through its investment portfolio. As of June 30, 2022, Oxford had outstanding deposits of \$60.0 million in the FHLB. For a more detailed discussion of this deposit, please see Note 3, Borrowings, of the Notes to Condensed Consolidated Financial Statements.

#### **Cash Provided from Operating Activities by Operating Segments**

##### **Moving and Storage**

Net cash provided from operating activities were \$1,129.9 million and \$1,472.3 million for the first six months of fiscal 2023 and 2022, respectively. The decrease was primarily due to reduced net earnings and the payment of \$42.0 million in federal income tax in fiscal 2023 compared with the receipt of \$243 million of federal income tax refunds in fiscal 2022.

##### **Property and Casualty Insurance**

Net cash provided by operating activities were \$16.2 million and \$13.9 million for the first six months ended June 30, 2022 and 2021, respectively. The increase was the result of changes in intercompany balances and the timing of payables activity.

Property and Casualty Insurance's cash and cash equivalents and short-term investment portfolios amounted to \$44.7 million and \$41.7 million at June 30, 2022 and December 31, 2021, respectively. These balances reflect funds in transition from maturity proceeds to long term investments. Management believes this level of liquid assets, combined with budgeted cash flow, is adequate to meet foreseeable cash needs. Capital and operating budgets allow Property and Casualty Insurance to schedule cash needs in accordance with investment and underwriting proceeds.

##### **Life Insurance**

Net cash provided by operating activities were \$42.1 million and \$32.9 million for the first six months ended June 30, 2022 and 2021, respectively. The increase in operating cash flows was primarily due to timing of settlement of receivables for securities. This was offset by the decrease in premiums net of benefits and commissions.

In addition to cash flows from operating activities and financing activities, a substantial amount of liquid funds are available through Life Insurance's short-term portfolio and its membership in the FHLB. As of June 30, 2022 and December 31, 2021, cash and cash equivalents and short-term investments amounted to \$28.5 million and \$50.1 million, respectively. Management believes that the overall sources of liquidity are adequate to meet foreseeable cash needs.

#### **Liquidity and Capital Resources - Summary**

We believe we have the financial resources needed to meet our business plans, including our working capital needs. We continue to hold significant cash and have access to existing credit facilities and additional liquidity to meet our anticipated capital expenditure requirements for investment in our rental fleet, rental equipment and storage acquisitions and build outs.

As a result of the federal income tax provisions of the Coronavirus Aid, Relief and Economic Security Act, we have filed applicable forms with the Internal Revenue Service to carryback net operating losses. These refund claims total approximately \$366 million, of which we have received approximately \$243 million and are reflected in Prepaid expense. These amounts are expected to provide us additional liquidity whenever received. It is possible future legislation could negatively impact our ability to receive these tax refunds.

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Our borrowing strategy has primarily focused on asset-backed financing, rental equipment leases and private placement borrowings limited by the amount of unencumbered assets available. As part of this strategy, we seek to ladder maturities and fix interest rates. While each of these loans typically contains provisions governing the amount that can be borrowed in relation to specific assets, the overall structure is flexible with no limits on overall Company borrowings. Management believes it has adequate liquidity between cash and cash equivalents and unused borrowing capacity in existing credit facilities to meet the current and expected needs of the Company over the next several years. As of September 30, 2022, we had available borrowing capacity under existing credit facilities of \$150.0 million. Effective in October 2022, we have increased borrowing capacity under existing credit facilities to \$465.0 million. It is possible that circumstances beyond our control could alter the ability of the financial institutions to lend us the unused lines of credit. We believe that there are additional opportunities for leverage in our existing capital structure. For a more detailed discussion of our long term debt and borrowing capacity, please see Note 3, Borrowings, of the Notes to Condensed Consolidated Financial Statements.

## **Disclosures about Contractual Obligations and Commercial Commitments**

Our estimates as to future contractual obligations have not materially changed from the disclosure included under the subheading Disclosures about Contractual Obligations and Commercial Commitments in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended March 31, 2022.

### **Fiscal 2023 Outlook**

We will continue to focus our attention on increasing transaction volume and improving pricing, product and utilization for self-moving equipment rentals. Maintaining an adequate level of new investment in our truck fleet is an important component of our plan to meet our operational goals and is likely to increase in fiscal 2023. Revenue in the U-Move® program could be adversely impacted should we fail to execute in any of these areas. Should we be unable to acquire enough new rental equipment to properly rotate our fleet, repair and maintenance costs will continue to increase. Even if we execute our plans, we could see declines in revenues primarily due to unforeseen events including adverse economic conditions or heightened competition that is beyond our control.

With respect to our storage business, we have added new locations and expanded existing locations. In fiscal 2023, we are actively looking to complete current projects, increase occupancy in our existing portfolio of locations and acquire new locations. New projects and acquisitions will be considered and pursued if they fit our long-term plans and meet our financial objectives. It is likely spending on acquisitions and new development will increase in fiscal 2023. We will continue to invest capital and resources in the U-Box® program throughout fiscal 2023.

Inflationary pressures may challenge our ability to maintain or improve upon our operating margin.

Property and Casualty Insurance will continue to provide loss adjusting and claims handling for U-Haul and underwrite components of the Safemove®, Safetow®, Safemove Plus®, Safestor® and Safestor Mobile® protection packages to U-Haul customers.

Life Insurance is pursuing its goal of expanding its presence in the senior market through the sales of its Medicare supplement, life and annuity policies. This strategy includes growing its agency force, expanding its new product offerings, and pursuing business acquisition opportunities.

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

We are exposed to financial market risks, including changes in interest rates and currency exchange rates. To mitigate these risks, we may utilize derivative financial instruments, among other strategies. We do not use derivative financial instruments for speculative purposes.

#### **Interest Rate Risk**

The exposure to market risk for changes in interest rates relates primarily to our variable rate debt obligations and one variable rate operating lease. We have used interest rate swap agreements and forward swaps to reduce our exposure to changes in interest rates. We enter into these arrangements with counterparties that are significant financial institutions with whom we generally have other financial arrangements. We are exposed to credit risk should these counterparties not be able to perform on their obligations. Following is a summary of our interest rate swap agreements as of September 30, 2022:

<b>Notional Amount</b>	<b>Fair Value</b>	<b>Effective Date</b>	<b>Expiration Date</b>	<b>Fixed Rate</b>	<b>Floating Rate</b>
(Unaudited) (In thousands)					
\$ 61,587	\$ 2,957	7/15/2022	7/15/2032	2.86%	1 Month SOFR
74,750	2,806	8/1/2022	8/1/2026	2.72%	1 Month SOFR
74,250	2,745	8/1/2022	8/31/2026	2.75%	1 Month SOFR

As of September 30, 2022, we had \$975.6 million of variable rate debt obligations. If SOFR were to increase 100 basis points, the increase in interest expense on the variable rate debt would decrease future earnings and cash flows by \$7.7 million annually (after consideration of the effect of the above derivative contracts). Certain senior mortgages have an anticipated repayment date and a maturity date. If these senior mortgages are not repaid by the anticipated repayment date the interest rate on these mortgages would increase from the current fixed rate. We are using the anticipated repayment date for our maturity schedule.

Additionally, our insurance subsidiaries' fixed income investment portfolios expose us to interest rate risk. This interest rate risk is the price sensitivity of a fixed income security to changes in interest rates. As part of our insurance companies' asset and liability management, actuaries estimate the cash flow patterns of our existing liabilities to determine their duration. These outcomes are compared to the characteristics of the assets that are currently supporting these liabilities assisting management in determining an asset allocation strategy for future investments that management believes will mitigate the overall effect of interest rates.

We use derivatives to hedge our equity market exposure to indexed annuity products sold by our Life Insurance company. These contracts earn a return for the contractholder based on the change in the value of the S&P 500 index between annual index point dates. We buy and sell listed equity and index call options and call option spreads. The credit risk is with the party in which the options are written. The net option price is paid up front and there are no additional cash requirements or additional contingent liabilities. These contracts are held at fair market value on our balance sheet. At June 30, 2022 and December 31, 2021, these derivative hedges had a net market value of \$1.7 million and \$7.5 million, with notional amounts of \$502.5 million and \$416.7 million, respectively. These derivative instruments are included in Investments, other, on the condensed consolidated balance sheets.

Although the call options are employed to be effective hedges against our policyholder obligations from an economic standpoint, they do not meet the requirements for hedge accounting under GAAP. Accordingly, the call options are marked to fair value on each reporting date with the change in fair value, plus or minus, included as a component of net investment and interest income. The change in fair value of the call options includes the gains or losses recognized at the expiration of the option term and the changes in fair value for open contracts.

#### **Foreign Currency Exchange Rate Risk**

The exposure to market risk for changes in foreign currency exchange rates relates primarily to our Canadian business. Approximately 5.5% and 5.2% of our revenue was generated in Canada during the first six months of fiscal 2023 and 2022, respectively. The result of a 10.0% change in the value of the U.S. dollar relative to the Canadian dollar would not be material to net income. We typically do not hedge any foreign currency risk since the exposure is not considered material.

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#### **Cautionary Statements Regarding Forward-Looking Statements**

This Quarterly Report contains "forward-looking statements" regarding future events and our future results of operations. We may make additional written or oral forward-looking statements from time to time in filings with the SEC or otherwise. We believe such forward-looking statements are within the meaning of the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements may include, but are not limited to, the risk associated with COVID-19 or similar events on employees or customers, impact on the economic environment or demand of our products and the cost and availability of debt and capital, estimates of capital expenditures, plans for future operations, products or services, financing needs, plans and strategies, our perceptions of our legal positions and anticipated outcomes of government investigations and pending litigation against us, liquidity and the availability of financial resources to meet our needs, goals and strategies, plans for new business, storage occupancy, growth rate assumptions, pricing, costs, and access to capital and leasing markets, the impact of our compliance with environmental laws and cleanup costs, our beliefs regarding our sustainable practices, our used vehicle disposition strategy, the sources and availability of funds for our rental equipment and self-storage expansion and replacement strategies and plans, our plan to expand our U-Haul storage affiliate program, that additional leverage can be supported by our operations and business, the availability of alternative vehicle manufacturers, our estimates of the residual values

of our equipment fleet, our plans with respect to off-balance sheet arrangements, our plans to continue to invest in the U-Box® program, the impact of interest rate and foreign currency exchange rate changes on our operations, the sufficiency of our capital resources, the sufficiency of capital of our insurance subsidiaries, inflationary pressures that may challenge our ability to maintain or improve upon our operating margin, expectations regarding the potential impact to our information technology infrastructure and on our financial performance and business operations, including any related costs, fines or lawsuits, and our ability to continue ongoing operations and safeguard the integrity of our information technology infrastructure, data, and employee customer and vendor information, as well as assumptions relating to the foregoing. The words "believe," "expect," "anticipate," "plan," "may," "will," "could," "estimate," "project" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could significantly affect results include, without limitation, the degree and nature of our competition; our leverage; general economic conditions; fluctuations in our costs to maintain and update our fleet and facilities; the limited number of manufacturers that supply our rental trucks; our ability to effectively hedge our variable interest rate debt; that we are controlled by a small contingent of stockholders; fluctuations in quarterly results and seasonality; changes in, and our compliance with, government regulations, particularly environmental regulations and regulations relating to motor carrier operations; outcomes of litigation; our reliance on our third party dealer network; liability claims relating to our rental vehicles and equipment; our ability to attract, motivate and retain key employees; reliance on our automated systems and the internet; our credit ratings; our ability to recover under reinsurance arrangements and other factors described in our Annual Report on Form 10-K in Item 1A, Risk Factors, and in this Quarterly Report or the other documents we file with the SEC. The above factors, as well as other statements in this Quarterly Report and in the Notes to Condensed Consolidated Financial Statements, could contribute to or cause such risks or uncertainties, or could cause our stock price to fluctuate dramatically. Consequently, the forward-looking statements should not be regarded as representations or warranties by us that such matters will be realized. We assume no obligation to update or revise any of the forward-looking statements, whether in response to new information, unforeseen events, changed circumstances or otherwise, except as required by law.

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

Attached as exhibits to this Quarterly Report are certifications of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), which are required in accordance with Rule 13a-14 of the Exchange Act. This "Controls and Procedures" section includes information concerning the controls and procedures evaluation referred to in the certifications and it should be read in conjunction with the certifications for a more complete understanding of the topics presented in the section titled Evaluation of Disclosure Controls and Procedures.

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#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of the CEO and CFO, conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as such term is defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) ("Disclosure Controls") as of the end of the most recently completed fiscal quarter covered by this Quarterly Report. Our Disclosure Controls are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Quarterly Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our Disclosure Controls are also designed to ensure that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Based upon the controls evaluation, our CEO and CFO have concluded that as of the end of the period covered by this Quarterly Report, our Disclosure Controls were effective at a reasonable assurance level related to the above stated design purposes.

#### **Inherent Limitations on the Effectiveness of Controls**

Our management, including our CEO and CFO, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of our controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

#### **Changes in Internal Control Over Financial Reporting**

There have not been any changes in our internal control over financial reporting as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) during the most recently completed 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**

The information regarding our legal proceedings in Note 8, Contingencies, of the Notes to Condensed Consolidated Financial Statements is incorporated by reference herein.

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

We refer you to documents filed by us with the SEC, specifically "Item 1A. Risk Factors" of our most recent annual report on Form 10-K for the year ended March 31, 2022, which identify important risk factors that could materially affect our business, financial condition and future results. We also refer you to the factors and cautionary language set forth in the section entitled "Cautionary Statements Regarding Forward-Looking Statements" in our MD&A of this quarterly report on Form 10-Q. MD&A and the consolidated financial statements and related notes should be read in conjunction with such risks and other factors for a full understanding of our operations and financial conditions. The risks described in our Form 10-K and herein are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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Below we set forth material updates to the risk factors contained in "Item 1A. Risk Factors" of our most recently filed Form 10-K:

**The trading price for our outstanding Common Stock may continue to be volatile and the trading price for our newly distributed Series N Non-Voting Common Stock may also be volatile.**

An Independent Special Committee of the Board of Directors authorized the creation of a new Series of Common Stock, designated as Series N Non-Voting Common Stock, par value of \$0.001 per share (the "Non-Voting Common Stock"). This series of stock is in addition to our outstanding common stock, \$0.25 par value (the "Voting Common Stock"). On November 9, 2022, each holder of our Voting Common Stock as of November 3, 2022 received nine shares of Non-Voting Common Stock for every outstanding share of Voting Common Stock through a stock dividend. The stock dividend is intended to have the same general effects as a 10-for-1 stock split.

We expect that the market price for the shares of our Voting Common Stock will generally reflect the effect of a stock split once the dividend is distributed. Although we plan to list the Non-Voting Common Stock on the NASDAQ Global Select Market, we cannot predict whether, or to what extent, a liquid trading market will develop for the Non-Voting Common Stock. If a liquid trading market does not develop or if the Non-Voting Common Stock is not attractive to retail

investors, including team members and customers of the Company, we may not achieve our objectives in creating this new class.

The trading price of our stock has at times experienced substantial price volatility and may continue to be volatile, including as a result of the distribution of shares of Non-Voting Common Stock. The market prices of our two series of stock and the allocation of value between the two may be volatile and their respective values may decline. The trading price of our Voting Common Stock and Non-Voting Common Stock may fluctuate widely in response to various factors, some of which are beyond our control. These factors include, among others:

- Quarterly variations in our results of operations or those of our competitors.
- Announcements by us or our competitors of acquisitions, new products, significant contracts, commercial relationships, or capital commitments.
- Recommendations by securities analysts or changes in earnings estimates.
- Announcements about our earnings that are not in line with analyst expectations.
- Announcements by our competitors of their earnings that are not in line with analyst expectations.
- Commentary by industry and market professionals about our products, strategies, and other matters affecting our business and results, regardless of its accuracy.
- The volume of shares of Voting Common Stock and Non-Voting Common Stock available for public sale.
- Sales of Voting Common Stock and Non-Voting Common Stock by us or by our stockholders (including sales by our directors, executive officers, and other employees).
- Short sales, hedging, and other derivative transactions on shares of our Voting Common Stock and Non-Voting Common Stock.
- The perceived values of Voting Common Stock and Non-Voting Common Stock relative to one another.

#### **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**

Not applicable.

#### **Item 6. Exhibits**

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The following documents are filed as part of this report:

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
<a href="#">3.1</a>	Amended and Restated Articles of Incorporation of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on June 9, 2016, file no. 1-11255
<a href="#">3.2</a>	Restated Bylaws of AMERCO	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 5, 2013, file no. 1-11255
<a href="#">4.1</a>	Series UIC-9K, 10K, 11K, 12K, 13K, 14K, 15K, 18K, 19K, 20K and 21K Amendment to the Amended and Restated Forty-Second Supplemental Indenture, dated July 19, 2022, by and between AMERCO and U.S. Bank Trust Company, National Association as successor in interest to U.S. Bank National Association, as trustee.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on July 19, 2022 file no. 1-11255.
<a href="#">4.2</a>	Series UIC-1L Amendment to the Amended and Restated Forty-Third Supplemental Indenture, dated July 19, 2022, by and between AMERCO and U.S. Bank Trust Company, National Association as successor in interest to U.S. Bank National Association, as trustee.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on July 19, 2022 file no. 1-11255.
<a href="#">4.3</a>	Series UIC-9L, 10L, and 11L Forty-Fifth Supplemental Indenture and Pledge and Security Agreement dated July 19, 2022, by and between AMERCO and U.S. Bank Trust Company, National Association as successor in interest to U.S. Bank National Association, as trustee.	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on July 19, 2022 file no. 1-11255.
<a href="#">4.4</a>	Series UIC-9K, 10K, 11K, 12K, 13K, 14K and 15K Amendment to the Amendment to the Amended and Restated Forty-Second Supplement Indenture and Pledge and Security Agreement dated September 27, 2022 by and between AMERCO and U.S. Bank Trust Company, National Association as successor in interest to U. S Bank National Association, as trustee	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 27, 2022 file no. 1-11255.
<a href="#">4.5</a>	Series 12L, 13L, 14L, 15L, 16L, 17L, 18L, 19L, 20L and 21L Forty-Sixth Supplemental Indenture and Pledge and Security Agreement dated September 27, 2022, by and between AMERCO and U.S Bank Trust Company, National Association as successor in interest to U.S Bank National Association, as trustee	Incorporated by reference to AMERCO's Current Report on Form 8-K, filed on September 27, 2022 file no. 1-11255.

**Exhibit  
Number****Description****Page or Method of Filing**

31.1 Rule 13a-14(a)/15d-14(a) Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO

Filed herewith

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31.2 Rule 13a-14(a)/15d-14(a) Certificate of Jason A. Berg, Chief Financial Officer of AMERCO

Filed herewith

32.1 Certificate of Edward J. Shoen, President and Chairman of the Board of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Furnished herewith

32.2 Certificate of Jason A. Berg, Chief Financial Officer of AMERCO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Furnished herewith

101.INS Inline XBRL Instance Document

Filed herewith

101.SCH Inline XBRL Taxonomy Extension Schema

Filed herewith

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase

Filed herewith

101.LAB Inline XBRL Taxonomy Extension Label Linkbase

Filed herewith

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase

Filed herewith

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase

Filed herewith

104 Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)

Filed herewith

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**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.

AMERCO

Date: November 9, 2022

/s/ Edward J. Shoen

Edward J. Shoen  
President and Chairman of the  
Board  
(Principal Executive Officer)

Date: November 9, 2022

/s/ Jason A. Berg

Jason A. Berg  
Chief Financial Officer  
(Principal Financial Officer)

Date: November 9, 2022

/s/ Maria L. Bell

Maria L. Bell  
Chief Accounting Officer  
(Principal Accounting Officer)

**Rule 13a-14(a)/15d-14(a) Certification**

I, Edward J. Shoen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) 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.

/s/ Edward J. Shoen

Edward J. Shoen  
President and Chairman of the Board

Date: November 9, 2022

**Rule 13a-14(a)/15d-14(a) Certification**

I, Jason A. Berg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AMERCO;
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) 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.

/s/ Jason A. Berg

Jason A. Berg  
Chief Financial Officer

Date: November 9, 2022

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

In connection with the Form 10-Q for the quarter ended September 30, 2022 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on November 9, 2022 (the "Report"), I, Edward J. Shoen, President and Chairman of the Board of the Company, certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

AMERCO  
a Nevada corporation  
/s/ Edward J. Shoen

Edward J. Shoen  
President and Chairman of the Board

Date: November 9, 2022

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

In connection with the Form 10-Q for the quarter ended September 30, 2022 of AMERCO (the "Company"), as filed with the Securities and Exchange Commission on November 9, 2022 (the "Report"), I, Jason A. Berg, Chief Financial Officer of the Company, certify, to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

AMERCO  
a Nevada corporation

/s/ Jason A. Berg

Jason A. Berg  
Chief Financial Officer

Date: November 9, 2022