

U-HAUL HOLDING CO /NV/

FORM 10-Q (Quarterly Report)

Filed 11/08/23 for the Period Ending 09/30/23

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, 2023

OR

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

For the transition period from _____ to _____

Commission File 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.

Nevada



88-0106815

U-Haul Holding Company

(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:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.25 par value	UHAL	New York Stock Exchange
Series N Non-Voting Common Stock, \$0.001 par value	UHAL.B	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 Common Stock, \$0.25 par value, were outstanding as of November 3, 2023.

176,470,092 shares of Series N Non-Voting Common Stock, \$0.001 par value, were outstanding as of November 3, 2023.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	September 30, 2023	March 31, 2023
	(Unaudited)	
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 2,145,131	\$ 2,060,524
Reinsurance recoverables and trade receivables, net	212,565	189,498
Inventories and parts	161,535	151,474
Prepaid expenses	263,541	241,711
Investments, fixed maturities and marketable equities	2,534,164	2,770,394
Investments, other	650,151	575,540
Deferred policy acquisition costs, net	121,365	128,463
Other assets	52,769	51,052
Right of use assets - financing, net	377,733	474,765
Right of use assets - operating, net	65,316	58,917
Related party assets	40,140	48,308
	<u>6,624,410</u>	<u>6,750,646</u>
Property, plant and equipment, at cost:		
Land	1,613,871	1,537,206
Buildings and improvements	7,649,849	7,088,810
Furniture and equipment	966,211	928,241
Rental trailers and other rental equipment	912,046	827,696
Rental trucks	<u>5,921,507</u>	<u>5,278,340</u>
	17,063,484	15,660,293
Less: Accumulated depreciation	<u>(4,666,444)</u>	<u>(4,310,205)</u>
Total property, plant and equipment, net	<u>12,397,040</u>	<u>11,350,088</u>
Total assets	<u>\$ 19,021,450</u>	<u>\$ 18,100,734</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 757,988	\$ 761,039
Notes, loans and finance leases payable, net	6,400,899	6,108,042
Operating lease liabilities	64,580	58,373
Policy benefits and losses, claims and loss expenses payable	865,397	880,202
Liabilities from investment contracts	2,393,590	2,398,884
Other policyholders' funds and liabilities	7,677	8,232
Deferred income	56,821	52,282
Deferred income taxes, net	<u>1,444,120</u>	<u>1,329,489</u>
Total liabilities	<u>11,991,072</u>	<u>11,596,543</u>
Commitments and contingencies (notes 4 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	—	—
Series B preferred stock, with no par value, 100,000 shares authorized; none		
issued and outstanding	—	—
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	—	—
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	10,497	10,497
Series N Non-Voting Common Stock with \$0.001 par value, 250,000,000 shares authorized		
Series N Non-Voting Common Stock, with \$0.001 par value, 250,000,000 shares authorized;		
176,470,092 shares issued and outstanding	176	176
Additional paid-in capital	453,643	453,643
Accumulated other comprehensive loss	(275,664)	(285,623)
Retained earnings	7,519,376	7,003,148
Cost of common stock in treasury, net (22,377,912 shares)	(525,653)	(525,653)
Cost of preferred stock in treasury, net (6,100,000 shares)	<u>(151,997)</u>	<u>(151,997)</u>
Total stockholders' equity	<u>7,030,378</u>	<u>6,504,191</u>
Total liabilities and stockholders' equity	<u>\$ 19,021,450</u>	<u>\$ 18,100,734</u>

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

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$ 1,069,405	\$ 1,162,025
Self-storage revenues	208,890	185,586
Self-moving and self-storage products and service sales	91,571	96,864
Property management fees	9,267	9,277
Life insurance premiums	22,498	25,456
Property and casualty insurance premiums	25,571	25,718
Net investment and interest income	64,738	30,509
Other revenue	<u>157,920</u>	<u>167,429</u>

Total revenues	1,649,860	1,702,864
Costs and expenses:		
Operating expenses	835,258	811,594
Commission expenses	111,961	125,341
Cost of sales	66,620	72,625
Benefits and losses	42,553	39,512
Amortization of deferred policy acquisition costs	6,826	6,972
Lease expense	8,450	7,684
Depreciation, net of gains on disposal (\$46,803 and \$64,342 respectively)	154,122	117,318
Net losses on disposal of real estate	1,715	1,872
Total costs and expenses	1,227,505	1,182,918
Earnings from operations	422,355	519,946
Other components of net periodic benefit costs	(364)	(304)
Interest expense	(63,943)	(57,193)
Fees on early extinguishment of debt	—	(959)
Pretax earnings	358,048	461,490
Income tax expense	(84,540)	(111,624)
Net earnings available to common stockholders	\$ 273,508	\$ 349,866
Basic and diluted earnings per share of Common Stock	\$ 1.36	\$ 2.23
Weighted average shares outstanding of Common Stock: Basic and diluted	19,607,788	19,607,788
Basic and diluted earnings per share of Series N Non-Voting Common Stock	\$ 1.40	\$ 1.73
Weighted average shares outstanding of Series N Non-Voting Common Stock: Basic and diluted	176,470,092	176,470,092

Related party revenues for the second quarter of fiscal 2024 and 2023, net of eliminations, were \$9.3 million and \$9.3 million, respectively.

Related party costs and expenses for the second quarter of fiscal 2024 and 2023, net of eliminations, were \$25.6 million and \$27.0 million, respectively.

Please see Note 10, Related Party Transactions, of the Notes to Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Revenues:		
Self-moving equipment rentals	\$ 2,068,611	\$ 2,252,800
Self-storage revenues	407,851	358,763
Self-moving and self-storage products and service sales	192,443	206,215
Property management fees	18,444	18,416
Life insurance premiums	45,629	51,237
Property and casualty insurance premiums	45,893	45,690
Net investment and interest income	129,330	64,082
Other revenue	281,967	303,501
Total revenues	3,190,168	3,300,704
Costs and expenses:		
Operating expenses	1,598,499	1,544,761
Commission expenses	218,888	243,834
Cost of sales	137,295	152,296
Benefits and losses	87,897	79,269
Amortization of deferred policy acquisition costs	14,871	14,644
Lease expense	16,033	15,159
Depreciation, net of gains on disposal (\$102,464 and \$128,690 respectively)	291,936	231,114
Net losses on disposal of real estate	2,736	4,179
Total costs and expenses	2,368,155	2,285,256
Earnings from operations	822,013	1,015,448
Other components of net periodic benefit costs	(729)	(608)
Interest expense	(124,541)	(106,992)
Fees on early extinguishment of debt	—	(959)
Pretax earnings	696,743	906,889
Income tax expense	(166,397)	(218,678)
Net earnings available to common stockholders	\$ 530,346	\$ 688,211
Basic and diluted earnings per common share	\$ 2.63	\$ 4.41
Weighted average common shares outstanding: Basic and diluted	19,607,788	19,607,788
Basic and diluted earnings per share of Series N Non-Voting Common Stock	\$ 2.71	\$ 3.41
Weighted average shares outstanding of Series N Non-Voting Common Stock: Basic and diluted	176,470,092	176,470,092

Related party revenues for the first six months of fiscal 2024 and 2023, net of eliminations, were \$18.4 million and \$18.4 million, respectively.

Related party costs and expenses for the first six months of fiscal 2024 and 2023, net of eliminations, were \$49.3 million and \$52.5 million, respectively.

Please see Note 10, Related Party Transactions, of the Notes to Consolidated Financial Statements for more information on the related party revenues and costs and expenses.

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Quarter Ended September 30, 2023	Pre-tax Tax Net		
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 358,048	\$ (84,540)	\$ 273,508
Other comprehensive income (loss):			
Foreign currency translation	(2,849)	—	(2,849)
Unrealized net loss on investments and impact of LFPB discount rates	(16,867)	3,570	(13,297)

Change in fair value of cash flow hedges	4,418	(1,085)	3,333
Amounts reclassified into earnings on hedging activities	(1,345)	330	(1,015)
Total other comprehensive income (loss)	(16,643)	2,815	(13,828)

Total comprehensive income \$ 341,405 \$ (81,725) \$ 259,680

Quarter Ended September 30, 2022

	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 461,490	\$ (111,624)	\$ 349,866
Other comprehensive income (loss):			
Foreign currency translation	(739)	—	(739)
Unrealized net loss on investments and impact of LFPB discount rates	(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)	(130,215)	27,340	(102,875)
Total comprehensive income	\$ 331,275	\$ (84,284)	\$ 246,991

Six Months Ended September 30, 2023

	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 696,743	\$ (166,397)	\$ 530,346
Other comprehensive income (loss):			
Foreign currency translation	(2,380)	—	(2,380)
Unrealized net gain on investments and impact of LFPB discount rates	8,676	(1,629)	7,047
Change in fair value of cash flow hedges	9,511	(2,336)	7,175
Amounts reclassified into earnings on hedging activities	(2,495)	612	(1,883)
Total other comprehensive income (loss)	13,312	(3,353)	9,959
Total comprehensive income	\$ 710,055	\$ (169,750)	\$ 540,305

Six Months Ended September 30, 2022

	Pre-tax	Tax	Net
	(Unaudited)		
	(In thousands)		
Comprehensive income:			
Net earnings	\$ 906,889	\$ (218,678)	\$ 688,211
Other comprehensive income (loss):			
Foreign currency translation	(542)	—	(542)
Unrealized net loss on investments and impact of LFPB discount rates	(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)	(302,328)	63,823	(238,505)
Total comprehensive income	\$ 604,561	\$ (154,855)	\$ 449,706

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Series N Non-Voting Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Less: Treasury Common Stock	Less: Treasury Preferred Stock	Total Stockholders' Equity
	(Unaudited)							
	(In thousands)							
Balance as of June 30, 2023	\$ 10,497	\$ 176	\$ 453,643	\$ (261,836)	\$ 7,252,927	\$ (525,653)	\$ (151,997)	\$ 6,777,757
Foreign currency translation	—	—	—	(2,849)	—	—	—	(2,849)
Unrealized net loss on investments and impact of LFPB discount rates, net of tax	—	—	—	(13,297)	—	—	—	(13,297)
Change in fair value of cash flow hedges, net of tax	—	—	—	3,333	—	—	—	3,333
Amounts reclassified into earnings on hedging activities	—	—	—	(1,015)	—	—	—	(1,015)
Net earnings	—	—	—	—	273,508	—	—	273,508
Series N Non-Voting Common Stock dividends: (\$0.04 per share)	—	—	—	—	(7,059)	—	—	(7,059)
Net activity	—	—	—	(13,828)	266,449	—	—	252,621
Balance as of September 30, 2023	\$ 10,497	\$ 176	\$ 453,643	\$ (275,664)	\$ 7,519,376	\$ (525,653)	\$ (151,997)	\$ 7,030,378
Balance as of June 30, 2022	\$ 10,497	\$ —	\$ 453,819	\$ (140,622)	\$ 6,440,942	\$ (525,653)	\$ (151,997)	\$ 6,086,986
Foreign currency translation	—	—	—	(739)	—	—	—	(739)
Unrealized net loss on investments and impact of LFPB discount rates, 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	—	—	—	—	349,866	—	—	349,866
Common stock dividends: (\$0.50 per share)	—	—	—	—	(9,804)	—	—	(9,804)
Net activity	—	—	—	(102,875)	340,062	—	—	237,187
Balance as of September 30, 2022	\$ 10,497	\$ —	\$ 453,819	\$ (243,497)	\$ 6,781,004	\$ (525,653)	\$ (151,997)	\$ 6,324,173

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Series N

Accumulated

Less:

Less:

	Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Other Comprehensive Income (Loss)	Retained Earnings	Treasury Common Stock	Treasury Preferred Stock	Total Stockholders' Equity
				(Unaudited) (In thousands)				
Balance as of March 31, 2023	\$ 10,497	\$ 176	\$ 453,643	\$ (285,623)	\$ 7,003,148	\$ (525,653)	\$ (151,997)	\$ 6,504,191
Foreign currency translation	—	—	—	(2,380)	—	—	—	(2,380)
Unrealized net gain on investments and impact of LFPB discount rates, net of tax	—	—	—	7,047	—	—	—	7,047
Change in fair value of cash flow hedges, net of tax	—	—	—	7,175	—	—	—	7,175
Amounts reclassified into earnings on hedging activities	—	—	—	(1,883)	—	—	—	(1,883)
Net earnings	—	—	—	—	530,346	—	—	530,346
Series N Non-Voting Common Stock dividends: (\$0.08)	—	—	—	—	(14,118)	—	—	(14,118)
Net activity	—	—	—	9,959	516,228	—	—	526,187
Balance as of September 30, 2023	\$ 10,497	\$ 176	\$ 453,643	\$ (275,664)	\$ 7,519,376	\$ (525,653)	\$ (151,997)	\$ 7,030,378
Balance as of March 31, 2022	\$ 10,497	\$ —	\$ 453,819	\$ (4,992)	\$ 6,112,401	\$ (525,653)	\$ (151,997)	\$ 5,894,075
Foreign currency translation	—	—	—	(542)	—	—	—	(542)
Unrealized net loss on investments and impact of LFPB discount rates, 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	—	—	—	—	688,211	—	—	688,211
Common stock dividends: (\$1.00 per share)	—	—	—	—	(19,608)	—	—	(19,608)
Net activity	—	—	—	(238,505)	668,603	—	—	430,098
Balance as of September 30, 2022	\$ 10,497	\$ —	\$ 453,819	\$ (243,497)	\$ 6,781,004	\$ (525,653)	\$ (151,997)	\$ 6,324,173

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

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities:		
Net earnings	\$ 530,346	\$ 688,211
Adjustments to reconcile net earnings to cash provided by operations:		
Depreciation	394,400	359,804
Amortization of deferred policy acquisition costs	14,871	14,644
Amortization of premiums and accretion of discounts related to investments, net	8,441	10,249
Amortization of debt issuance costs	3,427	3,356
Interest credited to policyholders	36,329	24,690
Provision for allowance (recoveries) for losses on trade receivables, net	578	(5,494)
Provision for allowance for inventories and parts reserves	3,461	7,125
Net gains on disposal of personal property	(102,464)	(128,690)
Net losses on disposal of real estate	2,736	4,179
Net (gains) losses on sales of investments	(917)	7,207
Net (gains) losses on equity securities	(2,745)	7,963
Deferred income taxes	107,751	103,828
Net change in other operating assets and liabilities:		
Reinsurance recoverables and trade receivables	(23,402)	32,342
Inventories and parts	(13,520)	(14,416)
Prepaid expenses	(21,824)	3
Capitalization of deferred policy acquisition costs	(7,773)	(14,900)
Other assets and right-of-use assets operating, net	(8,751)	2,432
Related party assets	7,403	(1,640)
Accounts payable and accrued expenses	23,248	64,297
Policy benefits and losses, claims and loss expenses payable and operating lease liabilities	(18,553)	11,460
Other policyholders' funds and liabilities	(554)	1,314
Deferred income	4,115	9,458
Related party liabilities	828	742
Net cash provided by operating activities	<u>937,431</u>	<u>1,188,164</u>
Cash flows from investing activities:		
Escrow deposits	573	9,688
Purchases of:		
Property, plant and equipment	(1,664,387)	(1,335,528)
Short term investments	(44,903)	(36,173)
Fixed maturities investments	(106,777)	(202,265)
Equity securities	(309)	(4,356)
Real estate investments	(537)	(4,931)
Mortgage loans	(97,702)	(75,635)
Proceeds from sales and paydowns of:		
Property, plant and equipment	408,279	329,611
Short term investments	15,959	33,373
Fixed maturities investments	389,216	106,527
Equity securities	300	717
Preferred stock	913	—
Mortgage loans	13,049	74,165
Net cash used by investing activities	<u>(1,086,326)</u>	<u>(1,104,807)</u>
Cash flows from financing activities:		
Borrowings from credit facilities	704,960	792,654
Principal repayments on credit facilities	(351,893)	(441,019)
Payment of debt issuance costs	(4,018)	(3,942)
Finance lease payments	(59,752)	(65,831)
Securitization deposits	151	49
Common stock dividends paid	—	(19,608)
Series N Non-Voting Common Stock dividends paid	(14,118)	—
Investment contract deposits	132,630	169,017
Investment contract withdrawals	(174,256)	(139,917)
Net cash provided by financing activities	<u>233,704</u>	<u>291,403</u>
Effects of exchange rate on cash	(202)	(13,782)
Increase in cash and cash equivalents	84,607	360,978
Cash and cash equivalents at the beginning of period	<u>2,060,524</u>	<u>2,704,137</u>
Cash and cash equivalents at the end of period	<u>\$ 2,145,131</u>	<u>\$ 3,065,115</u>

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.Basis of Presentation

U-Haul Holding Company, a Nevada corporation ("U-Haul Holding Company"), has a second fiscal quarter that ends on the 30th of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 30th 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 consolidated financial position or consolidated results of operations. We disclose material events, if any, occurring during the intervening period. Consequently, all references to our insurance subsidiaries' years 2023 and 2022 correspond to fiscal 2024 and 2023 for U-Haul Holding Company.

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

The accompanying interim consolidated financial statements are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in conformity with the accounting principles generally accepted in the United States of America ("GAAP"). Interim results are not necessarily indicative of full year performance. Except for balances affected by the adoption of Accounting Standards Update ("ASU") 2018-12, *Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* ("ASU 2018-12") noted below, the year-end consolidated balance sheet data was derived from audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, which include all disclosures required by GAAP. Therefore, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023.

In our opinion, all adjustments necessary for the fair presentation of such consolidated financial statements have been included. Such adjustments consist only of normal recurring items.

Intercompany accounts and transactions have been eliminated.

Tax regulations may require items to be included in our tax return at different times than when those items are reflected in our financial statements. Some of the differences are permanent, such as expenses that are not deductible on our tax return, and some are temporary differences, such as the timing of depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that will be used as a tax deduction or credit in our tax return in future years which we have already recorded in our financial statements. Deferred tax liabilities generally represent deductions taken on our tax return that have not yet been recognized as an expense in our financial statements. We establish valuation allowances for our deferred tax assets if the amount of expected future taxable income is more likely than not to allow for the use of the deduction credit. Our effective tax rates for the six months ended September 30, 2023 and 2022 was a provision of 23.9% and 24.17%, respectively. Such rates differed from the Federal Statutory rate of 21.0% primarily due to state and local income taxes for both periods.

Description of Legal Entities

U-Haul Holding Company 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 U-Haul Holding Company and all of its legal subsidiaries.

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Description of Operating Segments

U-Haul Holding Company 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 U-Haul Holding Company, 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 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 reinsuring of life insurance, Medicare supplement and annuity policies.

Accounting Policy Updates:

The following accounting policies were updated since the filing of our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 due to the adoption of ASU 2018-12. Please refer to Note 17, Accounting Pronouncements for additional information on the financial statement impacts related to the adoption of this standard.

Deferred Policy Acquisition Costs

Certain costs of acquiring new insurance business are deferred and recorded as an asset. These costs are capitalized on a grouped contract basis and amortized over the expected term of the related contracts and are essential for the acquisition of new insurance business. Deferred acquisition costs ("DAC") are directly related to the successful issuance of an insurance contract, and primarily include sales commissions, policy issue costs, direct to consumer advertising costs, and underwriting costs. Additionally, DAC includes the value of business acquired ("VOBA"), which are the costs of acquiring blocks of insurance from other companies or through the acquisition of other companies. These costs represent the difference between the fair value of the contractual insurance assets acquired and liabilities assumed, compared against the assets and liabilities for insurance contracts that the Company issues or holds measured in accordance with GAAP.

DAC is amortized on a constant-level basis over the expected term of the grouped contracts, with the related expense included in amortization of deferred acquisition costs. The in-force metric used to compute the DAC amortization rate is premium deposit in-force for deferred annuities, policy count in-force for health insurance, and face amount in-force for life insurance. The assumptions used to amortize acquisition costs include mortality, morbidity, and persistency. These assumptions are reviewed at least annually and revised in conjunction with any change in the future policy benefit assumptions. The effect of changes in the assumptions are recognized over the remaining expected contract term as a revision of future amortization amounts.

Policy Benefits and Losses, Claims and Loss Expenses Payable

The liability for future policy benefits for traditional and limited-payment long duration life and health products comprises approximately 83% of the total liability for future policy benefits. The liability is determined each reporting period based on the net level premium method. This method requires the liability

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for future policy benefits be calculated as the present value of estimated future policyholder benefits and the related termination expenses, less the present value of estimated future net premiums to be collected from policyholders. Net level premiums reflect a recomputed net premium ratio using actual experience since the issue date or the Transition Date of April 1, 2021 and expected future experience. The liability is accrued as premium revenue and is recognized and adjusted for differences between actual and expected experience. Long-duration insurance contracts issued by the Company are grouped into cohorts based on the contract issue year, distribution channel, legal entity and product type.

Both the present value of expected future benefit payments and the present value of expected future net premiums are based primarily on assumptions of discount rates, mortality, morbidity, lapse, and persistency. Each quarter, the Company remeasures its liability for future policy benefits using current discount rates with the effect of the change recognized in Other Comprehensive Income, a component of stockholders' equity. In addition, the Company recognizes a liability remeasurement gain or using original discount rates, and relating to actual experience under the net premium calculation, as compared to the prior reporting period expected cash flows.

The Company reviews, and updates as necessary, its cash flow assumptions (mortality, morbidity, lapses and persistency) used to calculate the change in the liability for future policy benefits at least annually. These cash flow assumptions are reviewed at the same time every year, or more frequently, if suggested by experience. If cash flow assumptions are changed, the net premium ratio is recalculated from the original issue date, or the Transition Date, using actual experience and projected future cash flows. When the expected future net premiums exceed the expected future gross premiums, or the present value of future policyholder benefits exceeds the present value of expected future gross premiums, the liability for future policy benefits is adjusted with changes recognized in policyholder benefits. The cash flow assumptions do not include an adjustment for adverse deviation. Mortality tables used for individual life insurance include various industry tables and reflect modifications based on Company experience. Morbidity assumptions for individual health are based on Company experience and industry data. Lapse and persistency assumptions are based on Company experience.

The liability for future policy benefits is discounted as noted above, using a current upper-medium grade fixed-income instrument yield that reflects the duration characteristics of the liability for future policy benefits. The methodology for determining current discount rates consists of constructing a discount rate curve intended to be reflective of the currency and tenor of the insurance liability cash flows. The methodology is designed to prioritize observable inputs based on market data available in the local debt markets denominated in the same currency as the policies. For the discount rates applicable to tenors for which the single-A debt market is not liquid or there is little or no observable market data, the Company will use estimation techniques consistent with the fair value guidance in Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*. We further accrete interest as a component of policyholder benefits using the original discount rate that is locked-in during the year of contract issuance. The original discount rates (or the locked-in discount rates) are used for interest accretion purposes and for the determination of net premiums, whereas the current discount rates are used for purposes of valuing the liability.

The liability for future policy benefits for annuity and interest sensitive life-type products is represented by policy account value. For limited-payment contracts, a deferred profit liability is also recorded, with changes recognized in income over the life of the contract in proportion to the amount of insurance in-force.

2. Earnings per Share

We calculate earnings per share using the two-class method in accordance with ASC Topic 260, *Earnings Per Share*. The two-class method allocates the undistributed earnings available to common stockholders to the Company's outstanding common stock, \$0.25 par value (the "Voting Common Stock") and the Series N Non-Voting Common Stock, \$0.001 par value (the "Non-Voting Common Stock") based on each share's percentage of total weighted average shares outstanding. The Voting Common Stock and Non-Voting Common Stock are allocated 10% and 90%, respectively, of our undistributed earnings

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

available to common stockholders. This represents earnings available to common stockholders less the dividends declared for both the Voting Common Stock and Non-Voting Common Stock.

Our undistributed earnings per share is calculated by taking the undistributed earnings available to common stockholders and dividing this number by the weighted average shares outstanding for the respective stock. If there was a dividend declared for that period, the dividend per share is added to the undistributed earnings per share to calculate the basic and diluted earnings per share. The process is used for both Voting Common Stock and Non-Voting Common Stock.

The calculation of basic and diluted earnings per share for the quarters ended September 30, 2023 and 2022 for our Voting Common Stock and Non-Voting Common Stock were as follows:

For the Quarters Ended	
September 30,	
2023	2022
(Unaudited)	

(In thousands, except share
and per share amounts)

Weighted average shares outstanding of Voting Common Stock	19,607,788	19,607,788
Total weighted average shares outstanding for Voting Common Stock and Non-Voting Common Stock	196,077,880	196,077,880
Percent of weighted average shares outstanding of Voting Common Stock	10%	10%
Net earnings available to common stockholders	\$ 273,508	\$ 349,866
Voting Common Stock dividends declared and paid	—	(9,804)
Non-Voting Common Stock dividends declared and paid	(7,059)	—
Undistributed earnings available to common stockholders	\$ 266,449	\$ 340,062
Undistributed earnings available to common stockholders allocated to Voting Common Stock	\$ 26,645	\$ 34,006
Undistributed earnings per share of Voting Common Stock	\$ 1.36	\$ 1.73
Dividends declared per share of Voting Common Stock	\$ —	\$ 0.50
Basic and diluted earnings per share of Voting Common Stock	\$ 1.36	\$ 2.23
Weighted average shares outstanding of Non-Voting Common Stock	176,470,092	176,470,092
Total weighted average shares outstanding for Voting Common Stock and Non-Voting Common Stock	196,077,880	196,077,880
Percent of weighted average shares outstanding of Non-Voting Common Stock	90%	90%
Net earnings available to common stockholders	\$ 273,508	\$ 349,866
Voting Common Stock dividends declared and paid	—	(9,804)
Non-Voting Common Stock dividends declared and paid	(7,059)	—
Undistributed earnings available to common stockholders	\$ 266,449	\$ 340,062
Undistributed earnings available to common stockholders allocated to Non-Voting Common Stock	\$ 239,804	\$ 306,056
Undistributed earnings per share of Non-Voting Common Stock	\$ 1.36	\$ 1.73
Dividends declared per share of Non-Voting Common Stock	\$ 0.04	\$ —
Basic and diluted earnings per share of Non-Voting Common Stock	\$ 1.40	\$ 1.73

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The calculation of basic and diluted earnings per share for the six months ended September 30, 2023 and 2022 for our Voting Common Stock and Non-Voting Common Stock were as follows:

	For Six Months Ended	
	September 30,	
	2023	2022
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Weighted average shares outstanding of Voting Common Stock	19,607,788	19,607,788
Total weighted average shares outstanding for Voting Common Stock and Non-Voting Common Stock	196,077,880	196,077,880
Percent of weighted average shares outstanding of Voting Common Stock	10%	10%
Net earnings available to common stockholders	\$ 530,346	\$ 688,211
Voting Common Stock dividends declared and paid	—	(19,608)
Non-Voting Common Stock dividends declared and paid	(14,118)	—
Undistributed earnings available to common stockholders	\$ 516,228	\$ 668,603
Undistributed earnings available to common stockholders allocated to Voting Common Stock	\$ 51,623	\$ 66,860
Undistributed earnings per share of Voting Common Stock	\$ 2.63	\$ 3.41
Dividends declared per share of Voting Common Stock	\$ —	\$ 1.00
Basic and diluted earnings per share of Voting Common Stock	\$ 2.63	\$ 4.41
Weighted average shares outstanding of Non-Voting Common Stock	176,470,092	176,470,092
Total weighted average shares outstanding for Voting Common Stock and Non-Voting Common Stock	196,077,880	196,077,880
Percent of weighted average shares outstanding of Non-Voting Common Stock	90%	90%
Net earnings available to common stockholders	\$ 530,346	\$ 688,211
Voting Common Stock dividends declared and paid	—	(19,608)
Non-Voting Common Stock dividends declared and paid	(14,118)	—
Undistributed earnings available to common stockholders	\$ 516,228	\$ 668,603
Undistributed earnings available to common stockholders allocated to Non-Voting Common Stock	\$ 464,605	\$ 601,743
Undistributed earnings per share of Non-Voting Common Stock	\$ 2.63	\$ 3.41
Dividends declared per share of Non-Voting Common Stock	\$ 0.08	\$ —
Basic and diluted earnings per share of Non-Voting Common Stock	\$ 2.71	\$ 3.41

3. Investments

We deposit bonds with insurance regulatory authorities to meet statutory requirements. The adjusted cost of bonds on deposit with insurance regulatory authorities was \$21.2 million and \$23.4 million as of September 30, 2023 and March 31, 2023, respectively.

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Available-for-Sale Investments

Available-for-sale investments as of September 30, 2023 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	Fair Market Value
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(Unaudited)						
(In thousands)						
U.S. treasury securities and government obligations	\$ 172,987	\$ 335	\$ (2,315)	\$ (116)	\$ —	\$ 170,891
U.S. government agency mortgage-backed securities	99,230	1	(3,703)	(5,009)	—	90,519
Obligations of states and political subdivisions	154,547	441	(4,261)	(5,064)	—	145,663
Corporate securities	1,817,003	983	(154,177)	(47,305)	(1,697)	1,614,807
Mortgage-backed securities	514,679	206	(40,394)	(24,243)	—	450,248
	<u>\$ 2,758,446</u>	<u>\$ 1,966</u>	<u>\$ (204,850)</u>	<u>\$ (81,737)</u>	<u>\$ (1,697)</u>	<u>\$ 2,472,128</u>

Available-for-sale investments as of March 31, 2023 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	Fair Market Value
(In thousands)						
U.S. treasury securities and government obligations	\$ 353,189	\$ 3,061	\$ (7,639)	\$ (3,935)	\$ —	\$ 344,676
U.S. government agency mortgage-backed securities	34,126	40	(6,707)	(228)	—	27,231
Obligations of states and political subdivisions	161,960	649	(4,014)	(8,090)	—	150,505
Corporate securities	2,086,432	1,491	(60,224)	(156,365)	(2,101)	1,869,233
Mortgage-backed securities	370,880	78	(40,359)	(13,207)	—	317,392
	<u>\$ 3,006,587</u>	<u>\$ 5,319</u>	<u>\$ (118,943)</u>	<u>\$ (181,825)</u>	<u>\$ (2,101)</u>	<u>\$ 2,709,037</u>

We sold available-for-sale securities with a fair value of \$165.4 million and \$105.5 million during the first six months of fiscal 2024 and 2023, respectively. The gross realized gains on these sales totaled \$1.5 million and \$0.8 million during the first six months of fiscal 2024 and 2023, respectively. The gross realized losses on these sales totaled \$1.1 million and \$0.3 million during the first six months of fiscal 2024 and 2023, respectively. In the first six months of fiscal 2024, we received \$225.0 million from the Moving and Storage Treasuries that matured.

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 (\$0.4) million and \$1.9 million net impairment charge recorded in the first six months ended September 30, 2023 and 2022, respectively.

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.

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

	September 30, 2023		March 31, 2023	
	Amortized Cost	Fair Market Value	Amortized Cost	Fair Market Value
(Unaudited)				
(In thousands)				
Due in one year or less	\$ 251,106	\$ 249,366	\$ 354,875	\$ 354,184
Due after one year through five years	599,626	569,012	754,175	717,552
Due after five years through ten years	659,400	590,567	736,089	665,708
Due after ten years	733,486	612,788	790,568	654,201
	<u>2,243,618</u>	<u>2,021,733</u>	<u>2,635,707</u>	<u>2,391,645</u>
Mortgage-backed securities	514,828	450,395	370,880	317,392
	<u>\$ 2,758,446</u>	<u>\$ 2,472,128</u>	<u>\$ 3,006,587</u>	<u>\$ 2,709,037</u>

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

	September 30, 2023		March 31, 2023	
	Amortized Cost	Fair Market Value	Amortized Cost	Fair Market Value
(Unaudited)				
(In thousands)				
Common stocks	\$ 29,602	\$ 42,045	\$ 29,577	\$ 39,375
Non-redeemable preferred stocks	25,144	19,991	26,054	21,982
	<u>\$ 54,746</u>	<u>\$ 62,036</u>	<u>\$ 55,631</u>	<u>\$ 61,357</u>

Investments, other

The carrying value of the other investments was as follows:

	September 30, 2023	March 31, 2023
	(Unaudited)	(Unaudited)
(In thousands)		
Mortgage loans, net	\$ 550,913	\$ 466,531
Short-term investments	—	15,921
Real estate	72,036	72,178
Policy loans	10,986	10,921
Other equity investments	16,216	9,989
	<u>\$ 650,151</u>	<u>\$ 575,540</u>

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Notes, Loans and Finance Leases Payable, net

Long Term Debt

Long term debt was as follows:

	Fiscal Year 2024		Maturities		Weighted Avg Interest Rates (c)	September 30, 2023	March 31, 2023
	Interest Rates					(Unaudited)	
						(In thousands)	
Real estate loans (amortizing term) (a)	4.30 %	- 6.80 %	2027 -	2037	5.89 %	\$ 283,707	\$ 289,647
Senior mortgages	2.70 %	- 5.66 %	2024 -	2042	4.18 %	2,487,320	2,371,231
Real estate loans (revolving credit)	- %	- - %	- -	2027	- %	-	-
Fleet loans (amortizing term)	1.61 %	- 5.68 %	2024 -	2029	3.76 %	90,071	111,856
Fleet loans (revolving credit) (b)	2.36 %	- 6.68 %	2026 -	2028	5.97 %	593,889	615,000
Finance leases (rental equipment)	2.39 %	- 5.01 %	2023 -	2026	4.00 %	163,453	223,205
Finance liabilities (rental equipment)	1.60 %	- 6.48 %	2024 -	2031	4.38 %	1,544,608	1,255,763
Private placements	2.43 %	- 2.88 %	2029 -	2035	2.65 %	1,200,000	1,200,000
Other obligations	1.50 %	- 8.00 %	2023 -	2049	6.10 %	73,752	76,648
Notes, loans and finance leases payable						6,436,800	6,143,350
Less: Debt issuance costs						(35,901)	(35,308)
Total notes, loans and finance leases payable, net						\$ 6,400,899	\$ 6,108,042

(a) Certain loans have interest rate swaps fixing the rate for the relevant loans between 2.72% and 2.86% based on current margin. The weighted average interest rate calculation for these loans was 4.10% using the swap adjusted interest rate.

(b) A loan has an interest rate swap fixing the rate \$100 million of the relevant loan at 4.71% based on current margin. The weighted average interest rate calculation for these loans was 5.87% using the swap adjusted interest rate.

(c) Weighted average rates as of September 30, 2023

Real Estate Backed Loans

Real Estate Loans (Amortizing Term)

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 \$202.1 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, 2023, the applicable SOFR was 5.33% and applicable margin was between 0.65% and 1.38%, the sum of which, including the credit spread, was between 6.08% and 6.80%. The remaining \$81.6 million of these loans was fixed with an interest rate of 4.30%. The default provisions of these real estate loans include non-payment of principal or interest and other standard reporting and change-in-control covenants. We are in compliance with the covenants as of September 30, 2023.

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. 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. 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. We are in compliance with the covenants as of September 30, 2023. There are limited restrictions regarding our use

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of the funds.

Real Estate Loans (Revolving Credit)

U-Haul Holding Company is a borrower under a multi-bank syndicated real estate loan. As of September 30, 2023, the maximum credit commitment is \$465.0 million. As of September 30, 2023, the full capacity was available to borrow. This loan agreement provides for revolving loans, subject to the terms of the loan agreement. If there was a loan outstanding as of September 30, 2023, the applicable SOFR would be 5.33% and applicable margin would be 1.55% the sum of which would be 6.88% 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. We are in compliance with the covenants as of September 30, 2023. There is a 0.30% fee charged for unused capacity.

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 are fixed rates. 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%. U-Haul Holding Company, 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. We are in compliance with the covenants as of September 30, 2023. The net book value of the corresponding rental equipment was \$202.6 million and \$213.1 million as of September 30, 2023 and March 31, 2023, respectively.

Rental Truck Revolvers

Various subsidiaries of U-Haul entered into three revolving fleet loans with an aggregate borrowing capacity of \$615.0 million. The interest rates are SOFR plus the applicable margin and a credit spread adjustment of 0.10%. As of September 30, 2023, SOFR was between 5.31% and 5.33% and the margin was between 1.15% and 1.25%, the sum of which, including the credit spread, was between 6.56% and 6.68%. Of the \$593.9 million outstanding, \$88.9 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. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. We are in compliance with the covenants as of September 30, 2023. These fleet loans are collateralized by the rental equipment purchased. The net book value of the corresponding rental equipment was \$772.3 million and \$822.0 million as of September 30, 2023 and March 31, 2023, respectively.

Finance Leases

The Finance Lease balance represents our sale-leaseback transactions of rental equipment. The agreements are generally seven (7) year terms. All of our finance leases are collateralized by our rental fleet. The net book value of the corresponding rental equipment was \$377.7 million and \$474.8 million as of September 30, 2023 and March 31, 2023, respectively. There were no new financing leases entered into during the first six months of fiscal 2024. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. We are in compliance with the covenants as of September 30, 2023.

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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. These finance liabilities are collateralized by the related assets of our rental fleet. The net book value of the corresponding rental equipment was \$1,815.2 million and \$1,499.1 million as of September 30, 2023 and March 31, 2023, respectively. The default provisions of these loans include non-payment of principal or interest and other standard reporting and change-in-control covenants. We are in compliance with the covenants as of September 30, 2023.

Private Placements

In September 2021, U-Haul Holding Company 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. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. We are in compliance with the covenants as of September 30, 2023.

In December 2021, U-Haul Holding Company 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 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. The default provisions of the loan include non-payment of principal or interest and other standard reporting and change-in-control covenants. We are in compliance with the covenants as of September 30, 2023.

Other Obligations

In February 2011, U-Haul Holding Company 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. U-Haul Holding Company 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, certain 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, 2023, the aggregate outstanding principal balance of the U-Notes® issued was \$75.4 million, of which \$1.7 million is held by our insurance subsidiaries and eliminated in consolidation.

Annual Maturities of Notes, Loans and Finance Leases Payable

The annual maturities of our notes, loans and finance leases payable, before debt issuance costs, as of September 30, 2023 for the next five years and thereafter are as follows:

Year Ending September 30,						
2024	2025	2026	2027	2028	Thereafter	Total
(Unaudited)						
(In thousands)						

Notes, loans and finance leases payable \$ 657,998 \$ 487,551 \$ 829,219 \$ 1,023,289 \$ 513,160 \$ 2,925,583 \$ 6,436,800

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interest on Borrowings

Interest Expense

Components of interest expense included the following:

		Quarter Ended September 30,	
		2023	2022
		(Unaudited)	
		(In thousands)	
Interest expense	\$	67,524	\$ 57,604
Capitalized interest		(3,669)	(2,248)
Amortization of transaction costs		1,432	1,814
Interest expense resulting from cash flow hedges		(1,344)	23
Total interest expense	\$	63,943	\$ 57,193

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Interest expense	\$ 131,924	\$ 108,009
Capitalized interest	(7,732)	(4,866)
Amortization of transaction costs	2,843	3,260
Interest expense resulting from cash flow hedges	(2,494)	589
Total interest expense	\$ 124,541	\$ 106,992

Interest paid in cash was \$74.2 million and \$63.1 million for the second quarter of fiscal 2024 and 2023, respectively, and \$129.7 million and \$104.8 million for the first six months of fiscal 2024 and 2023, respectively. Interest paid (received) in cash on derivative contracts was (\$1.3) million and \$0.0 million for the second quarter of fiscal 2024 and 2023, respectively. Interest paid (received) in cash on derivative contracts was (\$2.3) million and \$0.6 million for the first six months of fiscal 2024 and 2023, respectively.

Interest Rates

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

Revolving Credit Activity			
Quarter Ended September 30,			
	2023	2022	
	(Unaudited)		
	(In thousands, except interest rates)		
Weighted average interest rate during the quarter	6.51 %		3.32 %
Interest rate at the end of the quarter	6.61 %		3.80 %
Maximum amount outstanding during the quarter	\$ 605,000	\$ 1,102,000	
Average amount outstanding during the quarter	\$ 596,322	\$ 877,522	
Facility fees	\$ 306	\$ 111	

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revolving Credit Activity			
Six Months Ended September 30,			
	2023	2022	
	(Unaudited)		
	(In thousands, except interest rates)		
Weighted average interest rate during the period	6.38 %		2.66 %
Interest rate at the end of the period	6.61 %		3.80 %
Maximum amount outstanding during the period	\$ 715,000	\$ 1,105,000	
Average amount outstanding during the period	\$ 628,151	\$ 984,464	
Facility fees	\$ 571	\$ 169	

5. Derivatives

We manage exposure to changes in market interest rates. We have used interest rate swap agreements and forward swaps to reduce our exposure to changes in 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.

The derivative fair values reflected in prepaid expense in the consolidated balance sheet were as follows:

	Derivatives Fair Values as of	
	September 30, 2023	March 31, 2023
	(Unaudited)	
	(In thousands)	
Interest rate swaps designated as cash flow hedges:		
Assets	\$ 12,328	\$ 5,311
Notional amount	\$ 302,107	\$ 206,347

	The Effect of Interest Rate Contracts on the	
	Statements of Operations for the Quarters Ended	
	September 30, 2023	September 30, 2022
	(Unaudited)	
	(In thousands)	
Gain recognized in AOCI on interest rate contracts	\$ (3,073)	\$ (8,360)
(Gain) loss reclassified from AOCI into income	\$ 1,345	\$ (24)

(Gains) or losses recognized in income on interest rate derivatives are recorded as interest expense in the consolidated statements of operations. During the first six months of fiscal 2024 and 2023, we recognized an increase in the fair value of our cash flow hedges of \$7.2 million and \$6.4 million, respectively, net of taxes. During the first six months of fiscal 2024 and 2023, we reclassified \$1.9 million and \$0.4 million, respectively, from accumulated other comprehensive income (loss) ("AOCI") to interest expense, net of tax. As of September 30, 2023, we expect to reclassify \$5.7 million of net gains on interest rate contracts from AOCI to earnings as interest expense over the next twelve months.

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We use derivatives to economically hedge our equity market exposure to indexed annuity products sold by our Life Insurance company. These contracts earn a return for the contract holder 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 consolidated balance sheets. 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. Net (gains) losses recognized in net investment and interest income for the first six months of June 30, 2023 and 2022 were (\$4.7) million and \$7.8 million, respectively.

	Derivatives Fair Values as of	
	September 30, 2023	March 31, 2023
	(Unaudited)	
	(In thousands)	
Equity market contracts as economic hedging instruments:		
Assets	\$ 10,526	\$ 4,295
Notional amount	\$ 509,519	\$ 465,701

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 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.

6. Accumulated Other Comprehensive Loss

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

	Foreign Currency Translation	Unrealized Net Gains (Losses) on Investments and Impact of LFPB Discount Rates	Fair Market Value of Cash Flow Hedges	Postretirement Benefit Obligation Net Loss	Accumulated Other Comprehensive Loss
	(Unaudited)				
	(In thousands)				
Balance as of March 31, 2023	\$ (56,539)	\$ (232,740)	\$ 4,007	\$ (351)	\$ (285,623)
Foreign currency translation	(2,380)	—	—	—	(2,380)
Unrealized net gain on investments	—	7,047	—	—	7,047
Change in fair value of cash flow hedges	—	—	7,175	—	7,175
Amounts reclassified into earnings on hedging activities	—	—	(1,883)	—	(1,883)
Other comprehensive income (loss)	(2,380)	7,047	5,292	—	9,959
Balance as of September 30, 2023	\$ (58,919)	\$ (225,693)	\$ 9,299	\$ (351)	\$ (275,664)

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Stockholders' Equity

The following table lists the dividends that have been declared and issued for the first six months of fiscal years 2024 and 2023:

Non-Voting Common Stock Dividends			
Declared Date	Per Share Amount	Record Date	Dividend Date
August 17, 2023	\$ 0.04	September 19, 2023	September 29, 2023
June 7, 2023	0.04	June 20, 2023	June 30, 2023
Common Stock Dividends			
Declared Date	Per Share Amount	Record Date	Dividend Date

August 18, 2022	\$	0.50	September 6, 2022	September 20, 2022
April 6, 2022		0.50	April 18, 2022	April 29, 2022

As of September 30, 2023, no awards had been issued under the 2016 AMERCO Stock Option Plan.

8. Leases

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

As of September 30, 2023			
	Finance	Operating	Total
	(Unaudited)		
	(In thousands)		
Buildings and improvements	\$ —	\$ 142,467	\$ 142,467
Furniture and equipment	7,109	—	7,109
Rental trailers and other rental equipment	115,072	—	115,072
Rental trucks	816,075	—	816,075
Right-of-use assets, gross	938,256	142,467	1,080,723
Less: Accumulated depreciation	(560,523)	(77,151)	(637,674)
Right-of-use assets, net	\$ 377,733	\$ 65,316	\$ 443,049

As of March 31, 2023			
	Finance	Operating	Total
	(In thousands)		
Buildings and improvements	\$ —	\$ 128,221	\$ 128,221
Furniture and equipment	9,687	—	9,687
Rental trailers and other rental equipment	152,294	—	152,294
Rental trucks	949,838	—	949,838
Right-of-use assets, gross	1,111,819	128,221	1,240,040
Less: Accumulated depreciation	(637,054)	(69,304)	(706,358)
Right-of-use assets, net	\$ 474,765	\$ 58,917	\$ 533,682

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2023 and March 31, 2023, we had finance lease liabilities for the ROU assets, net of \$163.5 million and \$223.2 million, respectively and operating lease liabilities of \$64.6 million and \$58.4 million, respectively.

Finance leases	
September 30, 2023	March 31, 2023
(Unaudited)	
Weighted average remaining lease term (years)	2
Weighted average discount rate	4.0 %

Operating leases	
September 30, 2023	March 31, 2023
(Unaudited)	
Weighted average remaining lease term (years)	18.9
Weighted average discount rate	4.6 %

For the six months ended September 30, 2023 and 2022, cash paid for leases included in our operating cash flow activities were \$17.4 million and \$16.0 million, respectively, and our financing cash flow activities were \$59.8 million and \$65.8 million, respectively. Non-cash activities of ROU assets in exchange for lease liabilities were \$14.4 million and \$3.6 million for the first six months of fiscal 2024 and 2023, respectively.

The components of lease costs, including leases of less than 12 months, were as follows:

Six Months Ended	
September 30, 2023	September 30, 2022
(Unaudited)	
(In thousands)	
Operating lease costs	\$ 16,033 \$ 16,181
Finance lease cost:	
Amortization of right-of-use assets	\$ 31,465 \$ 43,173
Interest on lease liabilities	4,002 6,142
Total finance lease cost	\$ 35,467 \$ 49,315

The short-term lease costs for the first six months of fiscal 2024 and 2023 were not material.

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturities of lease liabilities were as follows:

	Finance leases	Operating leases
	(Unaudited)	
	(In thousands)	
Year ending March 31,		
2024 (6 months)	\$ 85,789	\$ 22,913
2025	61,189	10,059
2026	24,371	6,879
2027	—	6,265

2028	—	5,708
Thereafter	—	60,853
Total lease payments	171,349	112,677
Less: imputed interest	(7,896)	(48,097)
Present value of lease liabilities	\$ 163,453	\$ 64,580

9. 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 have been consolidated into one action in the U.S. District Court for the District of Arizona 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, provincial and local governments may 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 the Company's financial position, results of operations or cash flows.

Other

We are named as a defendant in various other litigation and claims arising out of the normal course of business. 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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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Related Party Transactions

As set forth in the Company's Audit Committee Charter and consistent with the NYSE Listed Company Manual, 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.

U-Haul Holding Company 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

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
U-Haul management fee revenue from Blackwater	\$ 7,754	\$ 7,827
U-Haul management fee revenue from Mercury	1,513	1,450
	<u>\$ 9,267</u>	<u>\$ 9,277</u>
	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
U-Haul management fee revenue from Blackwater	\$ 15,450	\$ 15,556
U-Haul management fee revenue from Mercury	2,994	2,860
	<u>\$ 18,444</u>	<u>\$ 18,416</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 \$17.0 million and \$16.9 million from the above-mentioned entities during the first six months of fiscal 2024 and 2023, respectively. 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 benefiting 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; Mercury has notified W.P. Carey, the lessor, of its intent to purchase the properties.

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Related Party Costs and Expenses

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
U-Haul lease expenses to Blackwater	\$ 604	\$ 604
U-Haul printing expenses to Blackwater	968	—
U-Haul commission expenses to Blackwater	24,035	26,385
	<u>\$ 25,607</u>	<u>\$ 26,989</u>
	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	

	(In thousands)	
U-Haul lease expenses to Blackwater	\$ 1,208	\$ 1,208
U-Haul printing expenses to Blackwater	1,317	—
U-Haul commission expenses to Blackwater	46,738	51,267
	<u>\$ 49,263</u>	<u>\$ 52,475</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.

On May 15, 2023, SAC Holdings began providing ancillary and specialty printing services to us. The financial and other terms of the transactions are substantially identical to the terms of additional specialty printing vendors.

As of September 30, 2023, 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 \$15.4 million and \$15.6 million, expenses of \$1.2 million and \$1.2 million and cash flows of \$14.3 million and \$14.3 million, respectively, during the first six months of fiscal 2024 and 2023. Revenues were \$214.5 million and \$245.0 million and commission expenses were \$46.7 million and \$51.3 million, respectively, related to the Dealer Agreements, during the first six months of fiscal 2024 and 2023.

Management determined that we do not have a variable interest pursuant to the variable interest entity model under ASC 810, *Consolidation* in the holding entities of Blackwater.

Related Party Assets

	September 30, 2023	March 31, 2023
	(Unaudited)	(Unaudited)
	(In thousands)	(In thousands)
U-Haul receivable from Blackwater	\$ 37,791	\$ 42,141
U-Haul receivable from Mercury	6,654	8,402
Other (a)	(4,305)	(2,235)
	<u>\$ 40,140</u>	<u>\$ 48,308</u>

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Consolidating Financial Information by Operating Segment:

U-Haul Holding Company's three reportable segments are:

- Moving and Storage, comprised of U-Haul Holding Company, U-Haul, and Real Estate and the subsidiaries of U-Haul 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 consolidating statements. The information includes elimination entries necessary to consolidate U-Haul Holding Company, the parent, with its subsidiaries

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating balance sheets by operating segment as of September 30, 2023 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	U-Haul Holding Company Consolidated
	(Unaudited)				
	(In thousands)				
Assets:					
Cash and cash equivalents	\$ 2,068,790	\$ 44,272	\$ 32,069	\$ —	\$ 2,145,131
Reinsurance recoverables and trade receivables, net	130,372	50,525	31,668	—	212,565
Inventories and parts	161,535	—	—	—	161,535
Prepaid expenses	263,541	—	—	—	263,541
Investments, fixed maturities and marketable equities	97,372	268,769	2,168,023	—	2,534,164
Investments, other	23,330	115,583	511,238	—	650,151
Deferred policy acquisition costs, net	—	—	121,365	—	121,365
Other assets	46,667	800	5,302	—	52,769
Right of use assets - financing, net	377,733	—	—	—	377,733
Right of use assets - operating, net	64,378	785	153	—	65,316
Related party assets	62,931	1,223	11,808	(35,822) (c)	40,140
	<u>3,296,649</u>	<u>481,957</u>	<u>2,881,626</u>	<u>(35,822)</u>	<u>6,624,410</u>
Investment in subsidiaries	462,493	—	—	(462,493) (b)	—
Property, plant and equipment, at cost:					
Land	1,613,871	—	—	—	1,613,871
Buildings and improvements	7,649,849	—	—	—	7,649,849
Furniture and equipment	966,211	—	—	—	966,211
Rental trailers and other rental equipment	912,046	—	—	—	912,046
Rental trucks	5,921,507	—	—	—	5,921,507
	<u>17,063,484</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,063,484</u>
Less: Accumulated depreciation	(4,666,444)	—	—	—	(4,666,444)
Total property, plant and equipment, net	<u>12,397,040</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,397,040</u>
Total assets	<u>\$ 16,156,182</u>	<u>\$ 481,957</u>	<u>\$ 2,881,626</u>	<u>\$ (498,315)</u>	<u>\$ 19,021,450</u>

(a) Balances as of June 30, 2023

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating balance sheets by operating segment as of September 30, 2023, continued:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	U-Haul Holding Company Consolidated
	(Unaudited)				
	(In thousands)				
Liabilities:					
Accounts payable and accrued expenses	\$ 745,606	\$ 4,472	\$ 7,910	\$ —	\$ 757,988
Notes, loans and finance leases payable, net	6,400,899	—	—	—	6,400,899
Operating lease liabilities	63,627	800	153	—	64,580
Policy benefits and losses, claims and loss expenses payable	324,642	150,148	390,607	—	865,397
Liabilities from investment contracts	—	—	2,393,590	—	2,393,590
Other policyholders' funds and liabilities	—	2,126	5,551	—	7,677
Deferred income	56,821	—	—	—	56,821
Deferred income taxes, net	1,514,732	3,973	(74,585)	—	1,444,120
Related party liabilities	25,754	2,969	13,376	(42,099) (c)	—
Total liabilities	9,132,081	164,488	2,736,602	(42,099)	11,991,072
Stockholders' equity:					
Series preferred stock:					
Series A preferred stock	—	—	—	—	—
Series B preferred stock	—	—	—	—	—
Series A common stock	—	—	—	—	—
Voting Common stock	10,497	3,301	2,500	(5,801) (b)	10,497
Non-Voting Common stock	176	—	—	—	176
Additional paid-in capital	453,853	91,120	26,271	(117,601) (b)	453,643
Accumulated other comprehensive income (loss)	(281,941)	(13,532)	(218,470)	238,279 (b)	(275,664)
Retained earnings	7,519,166	236,580	334,723	(571,093) (b)	7,519,376
Cost of common stock in treasury, net	(525,653)	—	—	—	(525,653)
Cost of preferred stock in treasury, net	(151,997)	—	—	—	(151,997)
Total stockholders' equity	7,024,101	317,469	145,024	(456,216)	7,030,378
Total liabilities and stockholders' equity	\$ 16,156,182	\$ 481,957	\$ 2,881,626	\$ (498,315)	\$ 19,021,450

(a) Balances as of June 30, 2023

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating balance sheets by operating segment as of March 31, 2023 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	U-Haul Holding Company Consolidated
	(In thousands)				
Assets:					
Cash and cash equivalents	\$ 2,034,242	\$ 11,276	\$ 15,006	\$ —	\$ 2,060,524
Reinsurance recoverables and trade receivables, net	107,823	48,344	33,331	—	189,498
Inventories and parts	151,474	—	—	—	151,474
Prepaid expenses	241,711	—	—	—	241,711
Investments, fixed maturities and marketable equities	227,737	271,156	2,271,501	—	2,770,394
Investments, other	23,314	125,130	427,096	—	575,540
Deferred policy acquisition costs, net	—	—	128,463	—	128,463
Other assets	46,438	730	3,884	—	51,052
Right of use assets - financing, net	474,765	—	—	—	474,765
Right of use assets - operating, net	57,978	914	25	—	58,917
Related party assets	69,144	2,347	12,268	(35,451) (c)	48,308
	<u>3,434,626</u>	<u>459,897</u>	<u>2,891,574</u>	<u>(35,451)</u>	<u>6,750,646</u>
Investment in subsidiaries	426,779	—	—	(426,779) (b)	—
Property, plant and equipment, at cost:					
Land	1,537,206	—	—	—	1,537,206
Buildings and improvements	7,088,810	—	—	—	7,088,810
Furniture and equipment	928,241	—	—	—	928,241
Rental trailers and other rental equipment	827,696	—	—	—	827,696
Rental trucks	<u>5,278,340</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,278,340</u>
	15,660,293	—	—	—	15,660,293
Less: Accumulated depreciation	<u>(4,310,205)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,310,205)</u>
Total property, plant and equipment, net	11,350,088	—	—	—	11,350,088
Total assets	\$ 15,211,493	\$ 459,897	\$ 2,891,574	\$ (462,230)	\$ 18,100,734

(a) Balances as of December 31, 2022

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating balance sheets by operating segment as of March 31, 2023, continued:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	U-Haul Holding Company Consolidated
	(In thousands)				
Liabilities:					
Accounts payable and accrued expenses	\$ 729,679	\$ 4,470	\$ 26,890	\$ —	\$ 761,039

Notes, loans and finance leases payable, net	6,108,042	—	—	—	6,108,042
Operating lease liabilities	57,418	928	27	—	58,373
Policy benefits and losses, claims and loss expenses payable	335,227	153,007	391,968	—	880,202
Liabilities from investment contracts	—	—	2,398,884	—	2,398,884
Other policyholders' funds and liabilities	—	2,702	5,530	—	8,232
Deferred income	52,282	—	—	—	52,282
Deferred income taxes, net	1,405,391	1,713	(77,615)	—	1,329,489
Related party liabilities	25,082	2,544	13,644	(41,270) (c)	—
Total liabilities	8,713,121	165,364	2,759,328	(41,270)	11,596,543

Stockholders' equity:

Series preferred stock:					
Series A preferred stock	—	—	—	—	—
Series B preferred stock	—	—	—	—	—
Series A common stock	—	—	—	—	—
Voting Common stock	10,497	3,301	2,500	(5,801) (b)	10,497
Non-Voting Common Stock	176	—	—	—	176
Additional paid-in capital	453,853	91,120	26,271	(117,601) (b)	453,643
Accumulated other comprehensive income (loss)	(291,442)	(14,720)	(225,904)	246,443 (b)	(285,623)
Retained earnings	7,002,938	214,832	329,379	(544,001) (b)	7,003,148
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	6,498,372	294,533	132,246	(420,960)	6,504,191
Total liabilities and stockholders' equity	\$ 15,211,493	\$ 459,897	\$ 2,891,574	\$ (462,230)	\$ 18,100,734

(a) Balances as of December 31, 2022

(b) Eliminate investment in subsidiaries

(c) Eliminate intercompany receivables and payables

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating statement of operations by operating segment for the quarter ended September 30, 2023 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	U-Haul Holding Company Consolidated
			(Unaudited)		
			(In thousands)		
Revenues:					
Self-moving equipment rentals	\$ 1,070,688	\$ —	\$ —	(1,283) (c)	\$ 1,069,405
Self-storage revenues	208,890	—	—	—	208,890
Self-moving and self-storage products and service sales	91,571	—	—	—	91,571
Property management fees	9,267	—	—	—	9,267
Life insurance premiums	—	—	22,498	—	22,498
Property and casualty insurance premiums	—	26,371	—	(800) (c)	25,571
Net investment and interest income	28,520	5,481	31,621	(884) (b)	64,738
Other revenue	156,642	—	1,403	(125) (b)	157,920
Total revenues	1,565,578	31,852	55,522	(3,092)	1,649,860
Costs and expenses:					
Operating expenses	820,617	12,113	4,731	(2,203) (b,c)	835,258
Commission expenses	111,961	—	—	—	111,961
Cost of sales	66,620	—	—	—	66,620
Benefits and losses	—	4,229	38,324	—	42,553
Amortization of deferred policy acquisition costs	—	—	6,826	—	6,826
Lease expense	8,839	91	33	(513) (b)	8,450
Depreciation, net of gains on disposals	154,122	—	—	—	154,122
Net losses on disposal of real estate	1,715	—	—	—	1,715
Total costs and expenses	1,163,874	16,433	49,914	(2,716)	1,227,505
Earnings from operations before equity in earnings of subsidiaries	401,704	15,419	5,608	(376)	422,355
Equity in earnings of subsidiaries	16,862	—	—	(16,862) (d)	—
Earnings from operations	418,566	15,419	5,608	(17,238)	422,355
Other components of net periodic benefit costs	(364)	—	—	—	(364)
Interest expense	(64,199)	—	(120)	376 (b)	(63,943)
Pretax earnings	354,003	15,419	5,488	(16,862)	358,048
Income tax expense	(80,495)	(3,181)	(864)	—	(84,540)
Net earnings available to common stockholders	\$ 273,508	\$ 12,238	\$ 4,624	\$ (16,862)	\$ 273,508

(a) Balances for the quarter ended June 30, 2023

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations	U-Haul Holding Company Consolidated
			(Unaudited)		
			(In thousands)		
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	1,636,858	23,363	45,696	(3,053)	1,702,864

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	33,437	—		39,512
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 disposals	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>45,993</u>	<u>(2,667)</u>		<u>1,182,918</u>

Earnings from operations before equity in earnings of subsidiaries	514,943	5,686	(297)	(386)		519,946
Equity in earnings of subsidiaries	3,906	—	—	(3,906)	(d)	—
Earnings (losses) from operations	518,849	5,686	(297)	(4,292)		519,946
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 (losses)	460,127	5,686	(417)	(3,906)		461,490
Income tax expense	(110,261)	(1,167)	(196)	—		(111,624)
Net earnings (losses) available to common stockholders	<u>\$ 349,866</u>	<u>\$ 4,519</u>	<u>\$ (613)</u>	<u>\$ (3,906)</u>		<u>\$ 349,866</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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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating statements of operations by operating segment for the six months ended September 30, 2023 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		U-Haul Holding Company Consolidated
			(Unaudited)			
			(In thousands)			
Revenues:						
Self-moving equipment rentals	\$ 2,070,767	\$ —	\$ —	(2,156)	(c)	\$ 2,068,611
Self-storage revenues	407,851	—	—	—		407,851
Self-moving and self-storage products and service sales	192,443	—	—	—		192,443
Property management fees	18,444	—	—	—		18,444
Life insurance premiums	—	—	45,629	—		45,629
Property and casualty insurance premiums	—	47,418	—	(1,525)	(c)	45,893
Net investment and interest income	55,815	12,273	63,132	(1,890)	(b)	129,330
Other revenue	279,771	—	2,442	(246)	(b)	281,967
Total revenues	<u>3,025,091</u>	<u>59,691</u>	<u>111,203</u>	<u>(5,817)</u>		<u>3,190,168</u>
Costs and expenses:						
Operating expenses	1,568,900	23,420	10,097	(3,918)	(b,c)	1,598,499
Commission expenses	218,888	—	—	—		218,888
Cost of sales	137,295	—	—	—		137,295
Benefits and losses	—	8,687	79,210	—		87,897
Amortization of deferred policy acquisition costs	—	—	14,871	—		14,871
Lease expense	16,941	183	61	(1,152)	(b)	16,033
Depreciation, net of gains on disposals	291,936	—	—	—		291,936
Net losses on disposal of real estate	2,736	—	—	—		2,736
Total costs and expenses	<u>2,236,696</u>	<u>32,290</u>	<u>104,239</u>	<u>(5,070)</u>		<u>2,368,155</u>
Earnings from operations before equity in earnings of subsidiaries	788,395	27,401	6,964	(747)		822,013
Equity in earnings of subsidiaries	27,092	—	—	(27,092)	(d)	—
Earnings from operations	815,487	27,401	6,964	(27,839)		822,013
Other components of net periodic benefit costs	(729)	—	—	—		(729)
Interest expense	(125,048)	—	(240)	747	(b)	(124,541)
Pretax earnings	689,710	27,401	6,724	(27,092)		696,743
Income tax expense	(159,364)	(5,653)	(1,380)	—	(b)	(166,397)
Net earnings available to common stockholders	<u>\$ 530,346</u>	<u>\$ 21,748</u>	<u>\$ 5,344</u>	<u>\$ (27,092)</u>		<u>\$ 530,346</u>

(a) Balances for the six months ended June 30, 2023

(b) Eliminate intercompany lease / interest income

(c) Eliminate intercompany premiums

(d) Eliminate equity in earnings of subsidiaries

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Eliminations		U-Haul Holding Company Consolidated
			(Unaudited)			
			(In thousands)			
Revenues:						
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	<u>3,160,456</u>	<u>46,445</u>	<u>99,799</u>	<u>(5,996)</u>		<u>3,300,704</u>
Costs and expenses:						
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	68,815	—	79,269
Amortization of deferred policy acquisition costs	—	—	14,644	—	14,644
Lease expense	16,181	184	54	(1,260)	15,159
Depreciation, net of gains on disposals	231,114	—	—	—	231,114
Net gains on disposal of real estate	4,179	—	—	—	4,179
Total costs and expenses	2,163,896	32,408	94,180	(5,228)	2,285,256
Earnings from operations before equity in earnings of subsidiaries	996,560	14,037	5,619	(768)	1,015,448
Equity in earnings of subsidiaries	15,915	—	—	(15,915)	—
Earnings from operations	1,012,475	14,037	5,619	(16,683)	1,015,448
Other components of net periodic benefit costs	(608)	—	—	—	(608)
Interest expense	(107,520)	—	(240)	768	(106,992)
Fees on early extinguishment of debt	(959)	—	—	—	(959)
Pretax earnings	903,388	14,037	5,379	(15,915)	906,889
Income tax expense	(215,177)	(2,922)	(579)	—	(218,678)
Net earnings available to common stockholders	\$ 688,211	\$ 11,115	\$ 4,800	\$ (15,915)	\$ 688,211

(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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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating cash flow statements by operating segment for the six months ended September 30, 2023 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	U-Haul Holding Company Consolidated
			(Unaudited) (In thousands)		
Cash flows from operating activities:					
Net earnings	\$ 530,346	\$ 21,748	\$ 5,344	\$ (27,092)	\$ 530,346
Earnings from consolidated entities	(27,092)	—	—	27,092	—
Adjustments to reconcile net earnings to the cash provided by operations:					
Depreciation	394,400	—	—	—	394,400
Amortization of deferred policy acquisition costs	—	—	14,871	—	14,871
Amortization of premiums and accretion of discounts related to investments, net	—	794	7,647	—	8,441
Amortization of debt issuance costs	3,427	—	—	—	3,427
Interest credited to policyholders	—	—	36,329	—	36,329
Provision for allowance (recoveries) for losses on trade receivables, net	646	(68)	—	—	578
Provision for allowance for inventories and parts reserve	3,461	—	—	—	3,461
Net gains on disposal of personal property	(102,464)	—	—	—	(102,464)
Net losses on disposal of real estate	2,736	—	—	—	2,736
Net gains on sales of investments	—	(9)	(908)	—	(917)
Net gains on equity securities	—	(2,745)	—	—	(2,745)
Deferred income taxes	108,291	501	(1,041)	—	107,751
Net change in other operating assets and liabilities:					
Reinsurance recoverables and trade receivables	(23,200)	(1,865)	1,663	—	(23,402)
Inventories and parts	(13,520)	—	—	—	(13,520)
Prepaid expenses	(21,824)	—	—	—	(21,824)
Capitalization of deferred policy acquisition costs	—	—	(7,773)	—	(7,773)
Other assets and right of use assets - operating, net	(7,339)	134	(1,546)	—	(8,751)
Related party assets	6,279	1,124	—	—	7,403
Accounts payable and accrued expenses and operating lease liabilities	38,562	1,446	(16,760)	—	23,248
Policy benefits and losses, claims and loss expenses payable	(10,609)	(2,859)	(5,085)	—	(18,553)
Other policyholders' funds and liabilities	—	(576)	22	—	(554)
Deferred income	4,532	—	(417)	—	4,115
Related party liabilities	671	425	(268)	—	828
Net cash provided by operating activities	887,303	18,050	32,078	—	937,431
Cash flows from investing activities:					
Escrow deposits	573	—	—	—	573
Purchases of:					
Property, plant and equipment	(1,664,387)	—	—	—	(1,664,387)
Short term investments	—	—	(44,903)	—	(44,903)
Fixed maturities investments	(97,331)	(2,216)	(7,230)	—	(106,777)
Equity securities	—	(308)	(1)	—	(309)
Real estate investments	(16)	—	(521)	—	(537)
Mortgage loans	—	(7,300)	(90,402)	—	(97,702)
Proceeds from sales and paydowns of:					
Property, plant and equipment	408,279	—	—	—	408,279
Short term investments	—	15,959	—	—	15,959
Fixed maturities investments	224,999	7,180	157,037	—	389,216
Equity securities	—	296	4	—	300
Preferred stock	—	913	—	—	913
Mortgage loans	—	422	12,627	—	13,049
Net cash used by investing activities	(1,127,883)	14,946	26,611	—	(1,086,326)

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(a) Balance for the period ended June 30, 2023

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidating cash flow statements by operating segment for the six months ended September 30, 2023 are as follows:

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	U-Haul Holding Company Consolidated
			(Unaudited) (In thousands)		
Cash flows from financing activities:					
Borrowings from credit facilities	704,960	—	—	—	704,960
Principal repayments on credit facilities	(351,893)	—	—	—	(351,893)
Payments of debt issuance costs	(4,018)	—	—	—	(4,018)
Finance lease payments	(59,752)	—	—	—	(59,752)
Securitization deposits	151	—	—	—	151
Series N Non-Voting Common Stock dividends paid	(14,118)	—	—	—	(14,118)
Investment contract deposits	—	—	132,630	—	132,630
Investment contract withdrawals	—	—	(174,256)	—	(174,256)
Net cash provided by financing activities	275,330	—	(41,626)	—	233,704
Effects of exchange rate on cash	(202)	—	—	—	(202)
Increase (decrease) in cash and cash equivalents	34,548	32,996	17,063	—	84,607
Cash and cash equivalents at beginning of period	2,034,242	11,276	15,006	—	2,060,524
Cash and cash equivalents at end of period	\$ 2,068,790	\$ 44,272	\$ 32,069	\$ —	\$ 2,145,131

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(a) Balance for the period ended June 30, 2023

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	U-Haul Holding Company Consolidated
			(Unaudited)		
			(In thousands)		
Cash flows from operating activities:					
Net earnings	\$ 688,211	\$ 11,115	\$ 4,800	\$ (15,915)	\$ 688,211
Earnings from consolidated entities	(15,915)	—	—	15,915	—
Adjustments to reconcile net earnings to 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 (recoveries) for losses on trade receivables, net	(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 gains on equity securities	—	7,963	—	—	7,963
Deferred income taxes	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)	(4,799)	—	11,460
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)
Real estate investments	—	(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)

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Moving & Storage Consolidated	Property & Casualty Insurance (a)	Life Insurance (a)	Elimination	U-Haul Holding Company 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)
Payment 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

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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Geographic Area Data

	United States	Canada	Consolidated
			(Unaudited)
			(All amounts are in thousands of U.S. \$'s)
Quarter Ended September 30, 2023			
Total revenues	\$ 1,559,205	\$ 90,655	\$ 1,649,860
Depreciation and amortization, net of (gains) on disposals	161,085	1,578	162,663
Interest expense	63,182	761	63,943
Pretax earnings	348,442	9,606	358,048
Income tax expense	82,035	2,505	84,540
Identifiable assets	18,279,234	742,216	19,021,450
Quarter Ended September 30, 2022			
Total revenues	\$ 1,610,067	\$ 92,797	\$ 1,702,864
Depreciation and amortization, net of (gains) on disposals	124,735	1,427	126,162
Interest expense	56,477	716	57,193
Pretax earnings	444,220	17,270	461,490
Income tax expense	107,254	4,370	111,624
Identifiable assets	17,515,009	628,334	18,143,343

	United States	Canada	Consolidated
	(Unaudited)		
	(All amounts are in thousands of U.S. \$'s)		
Six Months Ended September 30, 2023			
Total revenues	\$ 3,020,489	\$ 169,679	\$ 3,190,168
Depreciation and amortization, net of (gains) on disposals	309,398	145	309,543
Interest expense	123,128	1,413	124,541
Pretax earnings	675,514	21,229	696,743
Income tax expense	160,630	5,767	166,397
Identifiable assets	18,279,234	742,216	19,021,450
Six Months Ended September 30, 2022			
Total revenues	\$ 3,120,453	\$ 180,251	\$ 3,300,704
Depreciation and amortization, net of (gains) on disposals	245,721	4,216	249,937
Interest expense	105,425	1,567	106,992
Pretax earnings	876,101	30,788	906,889
Income tax expense	210,867	7,811	218,678
Identifiable assets	17,515,009	628,334	18,143,343

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

13. Employee Benefit Plans

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

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Service cost for benefits earned during the period	\$ 297	\$ 331
Other components of net periodic benefit costs:		
Interest cost on accumulated postretirement benefit	368	287
Other components	(4)	17
Total other components of net periodic benefit costs	364	304
Net periodic postretirement benefit cost	\$ 661	\$ 635

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Service cost for benefits earned during the period	\$ 594	\$ 663
Other components of net periodic benefit costs:		
Interest cost on accumulated postretirement benefit	735	574
Other components	(6)	34
Total other components of net periodic benefit costs	729	608
Net periodic postretirement benefit cost	\$ 1,323	\$ 1,271

14. Fair Value Measurements

Certain assets and liabilities are recorded at fair value on the 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 are based on quoted market prices.

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Fair values of investments available-for-sale are based on quoted market prices, dealer quotes or discounted cash flows.

Fair values on interest rate swap contracts are based on using pricing valuation models which include broker quotes.

Fair values of long-term investment and mortgage loans and notes on real estate are based on quoted market prices, dealer quotes or discounted cash flows. Fair values of reinsurance recoverables and trade receivables approximate their recorded value.

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 loans, which potentially expose us to credit risk. The portfolio of loans is principally collateralized by self-storage facilities and commercial properties. We have not experienced any material losses related to the loans from individual or groups of loans 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 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:

Fair Value Hierarchy	
Carrying	Total Estimated

As of September 30, 2023	Value	Level 1	Level 2	Level 3	Fair Value
	(Unaudited)				
	(In thousands)				
Assets					
Reinsurance recoverables and trade receivables, net	\$ 212,565	\$ —	\$ —	\$ 212,565	\$ 212,565
Mortgage loans, net	550,913	—	—	521,831	521,831
Other investments	88,712	—	—	88,712	88,712
Total	<u>\$ 852,190</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 823,108</u>	<u>\$ 823,108</u>
Liabilities					
Notes, loans and finance leases payable	\$ 6,436,800	\$ —	\$ 5,961,511	\$ —	\$ 5,961,511
Total	<u>\$ 6,436,800</u>	<u>\$ —</u>	<u>\$ 5,961,511</u>	<u>\$ —</u>	<u>\$ 5,961,511</u>

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Hierarchy

As of March 31, 2023	Carrying Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In thousands)				
Assets					
Reinsurance recoverables and trade receivables, net	\$ 189,498	\$ —	\$ —	\$ 189,498	\$ 189,498
Mortgage loans, net	466,531	—	—	444,957	444,957
Other investments	109,009	—	—	109,009	109,009
Total	<u>\$ 765,038</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 743,464</u>	<u>\$ 743,464</u>
Liabilities					
Notes, loans and finance leases payable	6,143,350	—	5,710,735	—	5,710,735
Total	<u>\$ 6,143,350</u>	<u>\$ —</u>	<u>\$ 5,710,735</u>	<u>\$ —</u>	<u>\$ 5,710,735</u>

The following tables represent the financial assets and liabilities on the consolidated balance sheets as of September 30, 2023 and March 31, 2023 that are measured at fair value on a recurring basis and the level within the fair value hierarchy.

As of September 30, 2023	Total	Level 1	Level 2	Level 3
	(Unaudited)			
	(In thousands)			
Assets				
Short-term investments	\$ 1,808,130	\$ 1,807,142	\$ 988	\$ —
Fixed maturities - available for sale	2,472,128	168,287	2,303,782	59
Preferred stock	19,991	19,991	—	—
Common stock	42,045	42,045	—	—
Derivatives	22,854	10,526	12,328	—
Total	<u>\$ 4,365,148</u>	<u>\$ 2,047,991</u>	<u>\$ 2,317,098</u>	<u>\$ 59</u>
Liabilities				
Embedded derivatives	\$ 9,630	\$ —	\$ —	\$ 9,630
Total	<u>\$ 9,630</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,630</u>

As of March 31, 2023	Total	Level 1	Level 2	Level 3
	(In thousands)			
Assets				
Short-term investments	\$ 1,809,441	\$ 1,808,797	\$ 644	\$ —
Fixed maturities - available for sale	2,709,037	251,832	2,457,146	59
Preferred stock	21,982	21,982	—	—
Common stock	39,375	39,375	—	—
Derivatives	9,606	4,295	5,311	—
Total	\$ 4,589,441	\$ 2,126,281	\$ 2,463,101	\$ 59

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. 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.

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, 2023 and March 31, 2023.

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 2024 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

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Revenue Recognized in Accordance with Topic 842

ASC Topic 842, Leases (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 8, Leases, of the Notes to Consolidated Financial Statements.

Self-moving equipment 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 September 30,					
	2024	2025	2026	2027	2028	Thereafter
	(Unaudited)					
	(In thousands)					
Self-moving equipment rentals	\$ 7,139	\$ —	\$ —	\$ —	\$ —	\$ —
Property lease revenues	<u>20,722</u>	<u>14,491</u>	<u>11,509</u>	<u>8,275</u>	<u>5,678</u>	<u>37,972</u>
Total	<u>\$ 27,861</u>	<u>\$ 14,491</u>	<u>\$ 11,509</u>	<u>\$ 8,275</u>	<u>\$ 5,678</u>	<u>\$ 37,972</u>

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

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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.

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:

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Revenues recognized over time:	\$ 118,368	\$ 127,091
Revenues recognized at a point in time:	<u>111,759</u>	<u>118,966</u>
Total revenues recognized under ASC 606	<u>230,127</u>	<u>246,057</u>
Revenues recognized under ASC 842	1,305,523	1,373,925
Revenues recognized under ASC 944	49,472	52,373
Revenues recognized under ASC 320	<u>64,738</u>	<u>30,509</u>
Total revenues	<u>\$ 1,649,860</u>	<u>\$ 1,702,864</u>

	Six Months Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	

Revenues recognized over time:	\$ 209,683	\$ 230,285
Revenues recognized at a point in time:	<u>229,352</u>	<u>245,321</u>
Total revenues recognized under ASC 606	<u>439,035</u>	<u>475,606</u>
Revenues recognized under ASC 842	2,527,839	2,661,956
Revenues recognized under ASC 944	93,964	99,060
Revenues recognized under ASC 320	<u>129,330</u>	<u>64,082</u>
Total revenues	<u>\$ 3,190,168</u>	<u>\$ 3,300,704</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.

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
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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.

16. 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 month 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 customer which varies depending on the assessment of risk. Management estimated the loss rate at approximately 4% as of September 30, 2023 and March 31, 2023, 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, 2023 and March 31, 2023 was \$4.4 million and \$3.8 million, respectively.

Accrued Interest Receivable

Accrued interest receivables on available for sale securities totaled \$28.7 million, and \$29.6 million as of June 30, 2023 and December 31, 2022, respectively and are excluded from the estimate of credit losses.

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.

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.

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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, 2023 which is immaterial based on historical loss experience and high credit rating of the reinsurers.

Premium Receivables

Premium receivables were \$7.0 million and \$4.1 million as of June 30, 2023 and December 31, 2022, respectively, 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, Fixed Maturities	Investments, other	Total
	(Unaudited) (in thousands)			
Balance as of March 31, 2022	\$ 8,649	\$ 60	\$ 501	\$ 9,210
Provision for (reversal of) credit losses	(4,860)	2,041	16	(2,803)
Write-offs against allowance	—	—	—	—
Recoveries	—	—	—	—
Balance as of March 31, 2023	\$ 3,789	\$ 2,101	\$ 517	\$ 6,407
Provision for (reversal of) credit losses	578	(429)	300	449
Write-offs against allowance	—	—	—	—
Recoveries	—	—	—	—
Balance as of September 30, 2023	\$ 4,367	\$ 1,672	\$ 817	\$ 6,856

17. Accounting Pronouncements

Adoption of new Accounting Pronouncements

On April 1, 2023, the Company adopted ASU 2018-12 which is applicable to Oxford. The Company adopted ASU 2018-12 effective April 1, 2023 and used the modified retrospective method with a transition date of April 1, 2021.

The updated accounting guidance required changes to the measurement and disclosure of long-duration contracts. For the Company, this includes all life insurance products, annuities, Medicare supplement products and our long-term care business. Entities will be required to review, and update if there is a change to cash flow assumptions (including morbidity and persistency) at least annually, and to update discount rate assumptions quarterly using an upper-medium grade fixed-income instrument yield. The effect of changes in cash flow assumptions will be recorded in the Company's results of operations and the effect of changes in discount rate assumptions will be recorded in other comprehensive income.

The most significant impact will be the effect of updating the discount rate assumption quarterly to reflect an upper-medium grade fixed-income instrument yield, rather than

Oxford Life's expected investment portfolio yield. This will be partially offset by the de-recognition of cumulative adjustments to DAC associated with unrealized gains and losses associated with long-duration contracts. The Company uses a published spot rate curve constructed from "A"-rated U.S. dollar denominated corporate bonds matched to the duration of the corresponding insurance liabilities, to calculate discount rates. The Company groups its long-duration contracts into calendar year cohorts based on the contract issue date.

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DAC and other capitalized costs such as unearned revenue are amortized on a constant level or straight-line basis over the expected term of the contracts. Under ASU 2018-12, the annual amortization of DAC in our Consolidated Statements of Operations will differ from previous trends due to: (1) the requirement to no longer defer renewal commissions until such year as the commissions are actually incurred, (2) the requirement to no longer accrue and amortize interest on our DAC balances, and (3) the modification of the method for amortizing DAC including the updating of assumptions. For business with deferrals of renewal commissions, as is the case with our final expense life insurance policies, the expected amortization rate, as a percentage of premium, for certain blocks of business will no longer be level but will increase over the period of time during which commissions are deferred. The decrease in amortization in the near term will primarily impact our life insurance line of business.

Upon adoption, the Company made adjustments to AOCI for the removal of cumulative adjustments to DAC associated with unrealized gains and losses previously recorded in AOCI. In total, we expect the impact on net earnings, largely from the decrease in amortization, to be immaterial during fiscal 2024, but could become material with a large increase in sales.

Market risk benefits, which are contracts or contract features that provide protection to the policyholder from capital market risk and expose the Company to other-than-nominal capital market risk, are measured at fair value. Market risk benefits are contracts or contract features that guarantee benefits, such as guaranteed life withdrawal benefits, in addition to an account balance which expose insurance companies to other than nominal capital market risk and protect the contract holder from the same risk. Certain contracts or contract features to be identified as market risk benefits were accounted for as embedded derivatives and measured at fair value, while others transitioned to fair value measurement upon the adoption of ASU 2018-12.

Also in consideration of market risk benefits, upon adoption, there were impacts to (1) AOCI for the cumulative effect of changes in the instrument-specific credit risk between contract issue date and transition date and (2) retained earnings for the difference between fair value and carrying value at the transition date, excluding the changes in the instrument-specific credit risk. The requirement to review, and update if there is a change, cash flow assumptions at least annually is expected to change the pattern of earnings being recognized. Adoption significantly expanded the Company's disclosures, and will impact systems, processes, and controls. While the requirements of the new guidance represent a material change from existing GAAP, the accounting adoption had no economic impact on the cash flows of our business nor influence on our business model of providing basic mortality and longevity protection-oriented products to the underserved senior market. In addition, it did not impact our statutory earnings, statutory capital, or capital management philosophies.

The following tables present the effect of the adoption of ASU 2018-12 on selected consolidated balance sheet data for the fiscal years ended March 31, 2023 and 2022.

	Year Ended March 31,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Total Assets		
Prior to adoption	\$ 18,124,648	\$ 17,299,581
Effect of adoption:		
Derecognition of shadow DAC	(25,141)	26,131
Re-measurement due to discount rate	—	—
Other adjustments	1,227	1,471
Subtotal	\$ (23,914)	\$ 27,602
After adoption	\$ 18,100,734	\$ 17,327,183

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended March 31,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Total Liabilities		
Prior to adoption	\$ 11,596,313	\$ 11,347,089
Effect of adoption:		
Deferred income tax adjustment on Shadow removal	(5,280)	5,488
Re-measurement due to discount rate	(1,626)	87,258
Deferred income tax adjustment on discount rate	342	(18,324)
Other adjustments	6,794	8,511
Subtotal	\$ 230	\$ 82,933
After adoption	\$ 11,596,543	\$ 11,430,022

	Year Ended March 31,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Accumulated other comprehensive income (loss)		
Prior to adoption	\$ (267,046)	\$ 46,384
Effect of adoption:		
Derecognition on shadow DAC (tax effect)	(19,861)	20,644
Re-measurement due to discount rate	1,626	(87,258)
Re-measurement due to discount rate (tax effect)	(342)	18,324
Other adjustments	—	—
Subtotal	\$ (18,577)	\$ (48,290)
After adoption	\$ (285,623)	\$ (1,906)

	Year Ended March 31,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Total Stockholders' equity		
Prior to adoption	\$ 6,528,335	\$ 5,952,492
Effect of adoption:		

Derecognition on shadow DAC (tax effect)	(19,861)	20,644
Re-measurement due to discount rate (tax effect)	1,284	(68,934)
Other adjustments	(5,567)	(7,042)
Subtotal	\$ (24,144)	\$ (55,332)

After adoption	\$ 6,504,191	\$ 5,897,160
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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2023

	As previously reported	Adoption impact	As adjusted
		(Unaudited)	
		(In thousands)	
Deferred policy acquisition costs, net	\$ 152,377	(23,914)	\$ 128,463
Total assets	18,124,648	(23,914)	18,100,734
Policy benefits and losses, claims and loss expenses payable	875,034	5,168	880,202
Deferred income taxes, net	1,334,427	(4,938)	1,329,489
Total liabilities	11,596,313	230	11,596,543
Accumulated other comprehensive loss	(267,046)	(18,577)	(285,623)
Retained earnings	7,008,715	(5,567)	7,003,148
Total stockholders' equity	6,528,335	(24,144)	6,504,191
Total liabilities and stockholders' equity	18,124,648	(23,914)	18,100,734

April 1, 2021 **March 31, 2021**

		(Unaudited)	
		(In thousands)	
Deferred policy acquisition costs, net	\$ 131,187	\$ 89,749	
Total assets	14,693,044	14,651,606	
Policy benefits and losses, claims and loss expenses payable	1,040,951	909,701	
Deferred income taxes, net	1,182,123	1,199,280	
Total liabilities	9,846,608	9,732,515	
Accumulated other comprehensive income	42,319	106,857	
Retained earnings	5,017,451	5,025,568	
Total stockholders' equity	4,846,436	4,919,091	
Total liabilities and stockholders' equity	14,693,044	14,651,606	

The following tables present the balances of and changes in deferred acquisition costs, future policy benefits and market risk benefits and balances amortized on a basis consistent with DAC on April 1, 2021 due to the adoption of ASU 2018-12 by Oxford.

Deferred Policy Acquisition Costs	Payout Annuities	Life Insurance	Health Insurance	Total
		(Unaudited)		
		(In thousands)		
Balance, end of year March 31, 2021	\$ 15,654	\$ 64,552	\$ 9,543	\$ 89,749
Adjustments for removal of related balances in accumulated other comprehensive income	41,438	—	—	41,438
Adjusted balance, beginning of year April 1, 2021	\$ 57,092	\$ 64,552	\$ 9,543	\$ 131,187

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Future Policy Benefit	Payout Annuities	Life Insurance	Health Insurance	Total
		(Unaudited)		
		(In thousands)		
Balance, end of year March 31, 2021	\$ 8,370	\$ 310,311	\$ 18,341	\$ 337,022
Change in discount rate assumptions	2,307	115,978	4,847	123,132
Change in cash flow assumptions, effect of net premiums exceeding gross premiums	—	1,747	—	1,747
Change in cash flow assumptions, effect of decrease of the deferred profit liability	—	2,580	—	2,580
Adjusted balance, beginning of year April 1, 2021	\$ 10,677	\$ 430,616	\$ 23,188	\$ 464,481

Market Risk Benefits	Deferred Annuities
	(Unaudited)
	(In thousands)
Balance, end of year March 31, 2021	\$ 7,339
Adjustment for the difference between carrying amount and fair value, except for the difference due to instrument-specific credit risk	3,791
Adjusted balance, beginning of year April 1, 2021	\$ 11,130

	Retained Earnings	Accumulated Other Comprehensive Loss
	(Unaudited)	(Unaudited)
	(In thousands)	(In thousands)
Liability for future policy benefits	\$ (4,327)	\$ (123,132)
Market risk benefits	(3,791)	—
Deferred acquisition costs and related asset balances	—	41,438
Tax effect	—	17,156
Total	\$ (8,118)	\$ (64,538)

Recent Accounting Pronouncements

In March 2023, the FASB issued ASU 2023-01, *Leases (Topic 842 – Common Control Arrangements* (“ASU 2023-01”). ASU 2023-01, accounting for leasehold improvements, requires a lessee in a common-control lease arrangement to amortize leasehold improvements that it owns over the improvements’ useful life to the common control group, regardless of the lease term, if the lessee continues to control the use of the underlying asset through a lease. The amendment is effective for fiscal years beginning after December 15, 2023. We are currently in the process of evaluating the impact if any of the adoption of ASU 2023-01

U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

on our financial statements.

18. Deferred Policy Acquisition Costs, Net

The following tables present a rollforward of deferred policy acquisition costs related to long-duration contracts for the six-month periods ended September 30, 2023 and 2022.

Six Months Ended September 30, 2023

	Payout Annuities	Life Insurance	Health Insurance	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(In thousands)	(In thousands)	(In thousands)	(In thousands)
Balance, beginning of year	\$ 55,396	\$ 66,954	\$ 6,113	\$ 128,463
Capitalization	5,441	2,212	120	7,773
Amortization expense	(9,631)	(4,515)	(725)	(14,871)
Balance, end of period	\$ 51,206	\$ 64,651	\$ 5,508	\$ 121,365

Six Months Ended September 30, 2022

	Payout Annuities	Life Insurance	Health Insurance	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(In thousands)	(In thousands)	(In thousands)	(In thousands)
Balance, beginning of year	\$ 56,175	\$ 68,676	\$ 8,718	\$ 133,569
Capitalization	10,468	4,212	220	14,900
Amortization expense	(9,457)	(3,872)	(1,315)	(14,644)
Balance, end of period	\$ 57,186	\$ 69,016	\$ 7,623	\$ 133,825

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Policy Benefits and Losses, Claims and Loss Expenses Payable

The following tables present the balances and changes in the policy benefits and a reconciliation of the net liability for future policy benefits to the liability for future policy benefits for Oxford.

Six Months Ended September 30, 2023

	Life Insurance	Health Insurance	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	(In thousands)	(In thousands)	(In thousands)
Present value of expected net premiums			
Balance, beginning of year	\$ 223,118	\$ 196,569	\$ 419,687
Beginning balance at original discount rate	\$ 225,071	\$ 212,454	\$ 437,525
Effect of changes in cash flow assumptions	—	—	—
Effect of actual variances from expected experience	(187)	(5,644)	(5,831)
Adjusted beginning of year balance	\$ 224,884	\$ 206,810	\$ 431,694
Issuances	5,072	77	5,149
Interest accrual	5,554	4,096	9,650
Net premium collected	(19,833)	(13,357)	(33,190)
Other	—	—	—
Ending balance at original discount rate	\$ 215,677	\$ 197,626	\$ 413,303
Effect of changes in discount rate assumptions (AOCI)	(1,650)	(14,337)	(15,987)
Balance, end of period	\$ 214,027	\$ 183,289	\$ 397,316

Present value of expected future policy benefits

Balance, beginning of year	\$ 530,938	\$ 210,054	\$ 740,992
Beginning balance at original discount rate	\$ 533,688	\$ 226,510	\$ 760,198
Effect of changes in cash flow assumptions	—	—	—
Effect of actual variances from expected experiences	(565)	(4,215)	(4,780)
Adjusted beginning of year balance	\$ 533,123	\$ 222,295	\$ 755,418
Issuances	5,211	77	5,288
Interest accrual	13,166	4,402	17,568

Benefit payments	(27,720)	(16,162)	(43,882)
Other	—	—	—
Ending balance at original discount rate	\$ 523,780	\$ 210,612	\$ 734,392
Effect of changes in discount rate assumptions (AOCI)	949	(14,760)	(13,811)
Balance, end of period	\$ 524,729	\$ 195,852	\$ 720,581
End of period, LFPB net			323,265
Payout annuities and market risk benefits			30,685
Life and annuity ICOS and IBNR / Reinsurance losses payable			10,101
Life DPL / Other life and health			26,556
Oxford end of period balance			390,607
Moving and Storage balance			324,642
Property and Casualty balance			150,148
Policy benefit and losses, claims and loss expense balance, end of period		\$	865,397

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended September 30, 2022			
	Life Insurance	Health Insurance	Total
		(Unaudited)	
		(In thousands)	
Present value of expected net premiums			
Balance, beginning of year	\$ 280,371	\$ 280,732	\$ 561,103
Beginning balance at original discount rate	\$ 242,741	\$ 253,307	\$ 496,048
Effect of changes in cash flow assumptions	—	—	—
Effect of actual variances from expected experience	748	1,026	1,774
Adjusted beginning of year balance	\$ 243,489	\$ 254,333	\$ 497,822
Issuances	14,083	2,453	16,536
Interest accrual	6,037	5,062	11,099
Net premium collected	(21,946)	(15,041)	(36,987)
Other	—	—	—
Ending balance at original discount rate	\$ 241,663	\$ 246,807	\$ 488,470
Effect of changes in discount rate assumptions (AOCI)	7,814	(7,959)	(145)
Balance, end of period	\$ 249,477	\$ 238,848	\$ 488,325

Present value of expected future policy benefits

Balance, beginning of year	\$ 672,254	\$ 299,628	\$ 971,882
Beginning balance at original discount rate	\$ 552,109	\$ 269,177	\$ 821,286
Effect of changes in cash flow assumptions	—	—	—
Effect of actual variances from expected experiences	1,031	1,713	2,744
Adjusted beginning of year balance	\$ 553,140	\$ 270,890	\$ 824,030
Issuances	14,083	2,453	16,536
Interest accrual	13,714	5,391	19,105
Benefit payments	(29,783)	(17,653)	(47,436)
Other	—	—	—
Ending balance at original discount rate	\$ 551,154	\$ 261,081	\$ 812,235
Effect of changes in discount rate assumptions (AOCI)	25,907	(7,779)	18,128
Balance, end of period	\$ 577,061	\$ 253,302	\$ 830,363
End of period, LFPB net			342,038
Payout annuities and market risk benefits			33,157
Life and annuity ICOS and IBNR / Reinsurance losses payable			11,226
Life DPL / Other life and health			37,130
Oxford end of period balance			423,551
Moving and Storage balance			348,854
Property and Casualty balance			156,998
Policy benefit and losses, claims and loss expense balance, end of period		\$	929,403

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended September 30, 2023			
	Life Insurance	Health Insurance	Total
		(Unaudited)	
		(In thousands, except for percentages and weighted average information)	
Expected gross premiums			
Undiscounted balance	\$ 387,141	\$ 331,852	\$ 718,993
Discounted balance at original discount rate	\$ 299,161	\$ 256,658	\$ 555,819
Discounted balance at current discount rate	\$ 296,505	\$ 239,939	\$ 536,444
Expected policy benefits			
Undiscounted balance	\$ 761,261	\$ 273,079	\$ 1,034,340
Discounted balance at original discount rate	\$ 523,777	\$ 210,612	\$ 734,389
Discounted balance at current discount rate	\$ 524,726	\$ 195,852	\$ 720,578
Mortality, lapses and morbidity			
Mortality actual experience	5.02 %	— %	
Mortality expected experience	5.06 %	— %	
Lapses actual experience	1.87 %	— %	
Lapses expected experience	2.65 %	— %	
Morbidity actual experience	— %	85.53 %	
Morbidity expected experience	— %	73.50 %	

Premiums and interest expense						
Gross premiums	\$	26,667	\$	18,432	\$	45,099
Other premiums						—
Total premiums					\$	45,099
Interest expense	\$	7,612	\$	306	\$	7,918

Expected duration (persistence) of policies in-force (years) 6.9 6.5

Weighted average original interest rate of the liability for future policy benefits 5.00 % 4.00 %

Weighted average current interest rate of the liability for future policy benefits 5.00 % 5.00 %

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Six Months Ended September 30, 2022

Life Insurance	Health Insurance	Total
(Unaudited)		
(In thousands, except for percentages and weighted average information)		

Expected gross premiums					
Undiscounted balance	\$	427,457	\$	434,063	\$ 861,520
Discounted balance at original discount rate	\$	329,233	\$	333,001	\$ 662,234
Discounted balance at current discount rate	\$	339,434	\$	325,323	\$ 664,757

Expected policy benefits					
Undiscounted balance	\$	807,725	\$	342,371	\$ 1,150,096
Discounted balance at original discount rate	\$	551,153	\$	261,081	\$ 812,234
Discounted balance at current discount rate	\$	577,060	\$	253,302	\$ 830,362

Mortality, lapses and morbidity				
Mortality actual experience	5.07 %	— %		
Mortality expected experience	4.78 %	— %		
Lapses actual experience	2.04 %	— %		
Lapses expected experience	2.53 %	— %		
Morbidity actual experience	— %	79.25 %		
Morbidity expected experience	— %	71.30 %		

Premiums and interest expense						
Gross premiums	\$	29,158	\$	21,703	\$	50,861
Other premiums						—
Total premiums					\$	50,861
Interest expense	\$	7,677	\$	329	\$	8,006

Expected duration (persistence) of policies in-force (years) 7.1 6.8

Weighted average original interest rate of the liability for future policy benefits 5.00 % 4.00 %

Weighted average current interest rate of the liability for future policy benefits 1.00 % 1.00 %

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U-HAUL HOLDING COMPANY AND CONSOLIDATED SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables present the balances and changes in Liabilities from investment contracts account balances:

		Six Months Ended September 30, 2023
		Deferred Annuities
		(Unaudited)
		(In thousands, except for the average credited rate)
Policyholder contract deposits account balance		
Beginning of year	\$	<u>2,398,884</u>
Deposits received		125,122
Surrenders and withdrawals		(146,647)
Benefit payments		(20,761)
Interest credited		36,992
Other		—
End of period	\$	<u>2,393,590</u>
Weighted average credited rate		<u>3.09</u>
Cash surrender value	\$	<u>2,062,233</u>

**Six Months Ended
September 30, 2022**

Deferred Annuities

(Unaudited)

(In thousands, except
for the average
credited rate)**Policyholder contract deposits account balance**

Beginning of year	\$ 2,336,238
Deposits received	169,008
Surrenders and withdrawals	(122,450)
Benefit payments	(18,334)
Interest credited	25,566
Other	—
End of period	\$ 2,390,028
Weighted average credited rate	2.16
Cash surrender value	\$ 2,082,936

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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 U-Haul Holding Company, 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 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 2024, compared with the second quarter and first six months of fiscal 2023, 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 2024.

This MD&A should be read in conjunction with the other sections of this Quarterly Report, including the Notes to 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, 2023. Many of these risks and uncertainties are beyond our control and our actual results may differ materially from these forward-looking statements.

U-Haul Holding Company, a Nevada corporation, has a second fiscal quarter that ends on the 30th of September for each year that is referenced. Our insurance company subsidiaries have a second quarter that ends on the 30th 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 2023 and 2022 correspond to fiscal 2024 and 2023 for U-Haul Holding Company.

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 and company operated locations in our network.

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

U-Haul Holding Company's three reportable segments are:

- Moving and Storage, comprised of U-Haul Holding Company, 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.

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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 and center 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 mobile app, 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 have been consolidated into one action in the U.S. District Court for the District of Arizona and will be vigorously defended by the Company; however the outcome of such lawsuits cannot be predicted or guaranteed with any certainty.

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Critical Accounting Policies and Estimates

Please refer to our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

U-Haul Holding Company and Consolidated Entities

Quarter Ended September 30, 2023 compared with the Quarter Ended September 30, 2022

Listed below, on a consolidated basis, are revenues for our major product lines for the second quarter of fiscal 2024 and the second quarter of fiscal 2023:

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$ 1,069,405	\$ 1,162,025
Self-storage revenues	208,890	185,586
Self-moving and self-storage products and service sales	91,571	96,864
Property management fees	9,267	9,277
Life insurance premiums	22,498	25,456
Property and casualty insurance premiums	25,571	25,718
Net investment and interest income	64,738	30,509
Other revenue	157,920	167,429
Consolidated revenue	<u>\$ 1,649,860</u>	<u>\$ 1,702,864</u>

Self-moving equipment rental revenues decreased \$92.6 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. Transactions, revenue and average miles driven per transaction decreased. The declines were more pronounced for our one-way business. Compared to the same period last year, we increased the number of Company operated retail locations as well as the number of box trucks, and trailers in the rental fleet.

Self-storage revenues increased \$23.3 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. The average monthly number of occupied units increased by 7%, or 38,046 units, during the second quarter of fiscal 2024 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains, the addition of new capacity to the portfolio and a 6% improvement in average revenue per occupied foot. During the quarter, we added approximately 0.9 million of new net rentable square feet.

Sales of self-moving and self-storage products and services decreased \$5.3 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. This was due to decreased sales of hitches, moving supplies and propane. The decrease in self-moving transactions has negatively impacted the sales of moving supplies.

Life insurance premiums decreased \$3.0 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023 due primarily to decreased life and Medicare supplement premiums.

Property and casualty insurance premiums decreased \$0.1 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023.

Net investment and interest income increased \$34.2 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. Moving and Storage accounted for \$13.6 million of the improvement due to an increase in interest rates on short-term deposits. Changes in the market value of unaffiliated common stocks held at our Property and Casualty Insurance subsidiary accounted for \$6.7 million of the increase. Our Life Insurance subsidiaries investment income increased \$12.6 million primarily from gains on derivatives used as hedges to fixed indexed annuities.

Other revenue decreased \$9.5 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023, caused primarily by decreases in our U-Box® program.

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Listed below are revenues and earnings from operations at each of our operating segments for the second quarter of fiscal 2024 and the second quarter of fiscal 2023. The insurance companies' second quarters ended June 30, 2023 and 2022.

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Moving and storage		
Revenues	\$ 1,565,578	\$ 1,636,858
Earnings from operations before equity in earnings of subsidiaries	401,704	514,943
Property and casualty insurance		
Revenues	31,852	23,363
Earnings from operations	15,419	5,686
Life insurance		
Revenues	55,522	45,696
Earnings (losses) from operations	5,608	(297)
Eliminations		
Revenues	(3,092)	(3,053)
Earnings from operations before equity in earnings of subsidiaries	(376)	(386)
Consolidated results		
Revenues	1,649,860	1,702,864
Earnings from operations	422,355	519,946

Total costs and expenses increased \$44.6 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. Operating expenses for Moving and Storage increased \$24.1 million. Repair expenses associated with the rental fleet experienced a \$17.2 million increase during the quarter due to the higher cost of preventative maintenance along with the costs associated with selling more retired trucks. Other increases included property taxes, building maintenance and utilities. Other operating costs including freight and payment processing decreased \$20.5 million during the quarter.

Depreciation expense associated with our rental fleet increased \$11.1 million for the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023 due to an increase in the pace of new additions to the fleet combined with their higher cost. Net gains from the disposal of rental equipment decreased \$17.5 million as resale values have decreased while the average cost of units being sold has increased. We increased the number of retired trucks sold compared to the same quarter last year. Depreciation expense on all other assets, largely from buildings and improvements, increased \$8.1 million. Net losses on the disposal or retirement of land and buildings decreased \$0.2

million. Additional details are available in the following Moving and Storage section.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations decreased \$97.6 million to \$422.4 million for the second quarter of fiscal 2024, compared with \$519.9 million for the second quarter of fiscal 2023.

Interest expense for the second quarter of fiscal 2024 was \$63.9 million, compared with \$57.2 million for the second quarter of fiscal 2023, due to an increase in our average cost of debt.

Income tax expense was \$85.2 million for the second quarter of fiscal 2024, compared with \$111.6 million for the second quarter of fiscal 2023.

As a result of the above-mentioned items, earnings available to common stockholders were \$273.5 million for the second quarter of fiscal 2024, compared with \$349.9 million for the second quarter of fiscal 2023.

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Moving and Storage

Quarter Ended September 30, 2023 compared with the Quarter Ended September 30, 2022

Listed below are revenues for our major product lines at Moving and Storage for the second quarter of fiscal 2024 and the second quarter of fiscal 2023:

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$ 1,070,688	\$ 1,163,376
Self-storage revenues	208,890	185,586
Self-moving and self-storage products and service sales	91,571	96,864
Property management fees	9,267	9,277
Net investment and interest income	28,520	15,077
Other revenue	156,642	166,678
Moving and Storage revenue	<u>\$ 1,565,578</u>	<u>\$ 1,636,858</u>

Self-moving equipment rental revenues decreased \$92.7 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. Transactions, revenue and average miles driven per transaction decreased. The declines were more pronounced for our one-way business. Compared to the same period last year, we increased the number of Company operated retail locations as well as the number of box trucks, and trailers in the rental fleet.

Self-storage revenues increased \$23.3 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. The average monthly number of occupied units increased by 7%, or 38,046 units, during the second quarter of fiscal 2024 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains, the addition of new capacity to the portfolio and a 6% improvement in average revenue per occupied foot. During the quarter, we added approximately 0.9 million of new net rentable square feet.

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:

	Quarter Ended September 30,	
	2023	2022
	(Unaudited)	
	(In thousands, except occupancy rate)	
Unit count as of September 30	691	638
Square footage as of September 30	58,402	53,303
Average monthly number of units occupied	578	540
Average monthly occupancy rate based on unit count	84.2%	85.4%
End of September occupancy rate based on unit count	83.5%	84.8%
Average monthly square footage occupied	49,931	46,538

Over the last twelve months we added approximately 5.1 million net rentable square feet of new storage to the system. This was a mix of approximately 1.4 million square feet of existing storage locations we acquired and 3.7 million square feet of new development.

Sales of self-moving and self-storage products and services decreased \$5.3 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. This was due to decreased sales of hitches, moving supplies and propane. The decrease in self-moving transactions has negatively impacted the sales of moving supplies.

Net investment and interest income increased \$13.4 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023, due to higher interest rates on short-term deposits.

Other revenue decreased \$10.0 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023, caused primarily by decreases in our U-Box® program.

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Total costs and expenses increased \$42.0 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023. Operating expenses increased \$24.1 million. Repair costs associated with the rental fleet experienced a \$17.2 million increase during the quarter due to the higher cost of preventative maintenance along with the costs associated with selling more retired trucks. Other increases included property taxes, building maintenance and utilities. Other operating costs including freight and payment processing decreased \$20.5 million during the quarter.

Depreciation expense associated with our rental fleet increased \$11.1 million for the second quarter of fiscal 2024 compared with the second quarter of fiscal 2023 due to an increase in the pace of new additions to the fleet combined with their higher cost. Net gains from the disposal of rental equipment decreased \$17.5 million as resale values have decreased while the average cost of units being sold has increased. We increased the number of retired trucks sold compared to the same quarter last year. Depreciation expense on all other assets, largely from buildings and improvements, increased \$8.1 million. Net losses on the disposal or retirement of land and buildings decreased \$0.2 million. Additional details are available in the following Moving and Storage section.

The components of depreciation, net of gains on disposals are as follows:

	Quarter Ended September 30	
	2023	2022
	(Unaudited)	
	(In thousands)	
Depreciation expense - rental equipment	\$ 140,341	\$ 129,220
Depreciation expense - non rental equipment	23,392	21,546
Depreciation expense - real estate	37,192	30,895
Total depreciation expense	\$ 200,925	\$ 181,661
Gains on disposals of rental equipment	(46,928)	(64,312)
(Gain) loss on disposals of non-rental equipment	125	(31)
Total gains on disposals equipment	\$ (46,803)	\$ (64,343)
Depreciation, net of gains on disposals	\$ 154,122	\$ 117,318
Losses on disposals of real estate	\$ 1,715	\$ 1,872

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 \$113.2 million to \$401.7 million for the second quarter of fiscal 2024, compared with \$514.9 million for the second quarter of fiscal 2023.

Equity in the earnings of U-Haul Holding Company's insurance subsidiaries was \$16.9 million for the second quarter of fiscal 2024, compared with \$3.9 million for the second quarter of fiscal 2023.

As a result of the above-mentioned changes in revenues and expenses, consolidated earnings from operations for Moving and Storage decreased to \$418.6 million for the second quarter of fiscal 2024, compared with \$518.8 million for the second quarter of fiscal 2023.

Property and Casualty Insurance

Quarter Ended June 30, 2023 compared with the Quarter Ended June 30, 2022

Net premiums were \$26.4 million and \$26.0 million for the quarters ended June 30, 2023 and 2022, respectively. A significant portion of Repwest's premiums were from policies sold in conjunction with U-Haul rental transactions. The premium written corresponded with the change in moving and storage transactions at U-Haul during the same period.

Net investment and interest income (loss) was \$5.5 million and \$(2.6) million for the quarters ended June 30, 2023 and 2022, respectively. The main driver of the change in net investment income was the increase in the market value of unaffiliated common stocks.

Operating expenses were \$12.1 million and \$11.6 million for the quarters ended June 30, 2023 and 2022, respectively. The change was due to an increase in commissions.

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Benefits and losses incurred were \$4.2 million and \$6.1 million for the quarters ended June 30, 2023 and 2022, respectively. Benefits and losses incurred corresponded with the change in moving and storage transactions at U-Haul during the same period.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$15.4 million and \$5.7 million for the quarters ended June 30, 2023 and 2022, respectively.

Life Insurance

Quarter Ended June 30, 2023 compared with the Quarter Ended June 30, 2022

Net premiums were \$22.5 million and \$25.5 million for the quarters ended June 30, 2023 and 2022, respectively. Medicare supplement premiums decreased \$1.6 million from the policy decrements offset by premium rate increases. Life premiums decreased \$1.2 million primarily from the decrease in sales of single premium life and final expense. Both decreases are due to policyholder lapses currently outweighing sales levels. Deferred annuity deposits were \$81.4 million or \$1.9 million below prior year and are accounted for on the balance sheet as deposits rather than premiums.

Net investment income was \$31.6 million and \$19.0 million for the quarters ended June 30, 2023 and 2022, respectively. Realized gain on derivatives used as hedges to fixed indexed annuities was \$9.9 million. The change in the provision for expected credit losses resulted in a \$1.7 million additional increase to investment income.

Operating expenses were \$4.7 million and \$5.6 million for the quarters ended June 30, 2023 and 2022, respectively. The decrease is primarily due to the reduction in administrative expenses on final expense products due to decreased premiums.

Benefits and losses incurred were \$38.3 million and \$33.4 million for the quarters ended June 30, 2023 and 2022, respectively. Interest credited to policyholders increased \$10.1 million due to an increase in the interest credited rates on equity - indexed annuities. Life benefits decreased \$0.5 due to lower death claims related to COVID-19 and lower sales. Medicare supplement benefits decreased by \$2.0 million from the declined policies in-force. Benefits on the annuities decreased \$0.7 million.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings (losses) from operations were \$5.5 million and \$(0.4) million for the quarters ended June 30, 2023 and 2022, respectively.

U-Haul Holding Company and Consolidated Entities

Six Months Ended September 30, 2023 compared with the Six Months Ended September 30, 2022

Listed below on a consolidated basis are revenues for our major product lines for the first six months of fiscal 2024 and the first six months of fiscal 2023:

	<u>Six Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$ 2,068,611	\$ 2,252,800
Self-storage revenues	407,851	358,763
Self-moving and self-storage products and service sales	192,443	206,215
Property management fees	18,444	18,416
Life insurance premiums	45,629	51,237
Property and casualty insurance premiums	45,893	45,690
Net investment and interest income	129,330	64,082
Other revenue	281,967	303,501
Consolidated revenue	<u>\$ 3,190,168</u>	<u>\$ 3,300,704</u>

Self-moving equipment rental revenues decreased \$184.2 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023. Transactions, revenue and average miles driven per transaction decreased. The declines were more pronounced for our one-way business. Compared to the same period last year, we increased the number of Company operated retail locations as well as the number of box trucks, and trailers in the rental fleet.

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Self-storage revenues increased \$49.1 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023. The average monthly number of occupied units increased by 8%, or 41,501 units, during the first six months of fiscal 2024 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains, the addition of new capacity to the portfolio and a 6% improvement in average revenue per occupied foot. During the first six months, we added approximately 2.0 million of new net rentable square feet.

Sales of self-moving and self-storage products and services decreased \$13.8 million for the first six months of fiscal 2024, compared with the first six months of fiscal 2023. This was due to decreased sales of hitches, moving supplies and propane. The decrease in self-moving transactions has negatively impacted the sales of moving supplies.

Life insurance premiums decreased \$5.6 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023 due primarily to decreased Medicare supplement premiums.

Property and casualty insurance premiums increased \$0.2 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023.

Net investment and interest income increased \$65.2 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023. Moving and Storage accounted for \$36.0 million of the improvement due to an increase in interest rates on short-term deposits. Changes in the market value of unaffiliated common stocks held at our Property and Casualty Insurance subsidiary accounted for \$10.7 million of the increase. Our Life Insurance subsidiaries investment income increased \$16.7 million primarily from gains on derivatives used as hedges to fixed indexed annuities.

Other revenue decreased \$21.5 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023, caused primarily by decreases in 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 2024 and the first six months of fiscal 2023. The insurance companies' first six months ended June 30, 2023 and 2022.

<u>Six Months Ended September</u>	
<u>30</u>	
<u>2023</u>	<u>2022</u>
(Unaudited)	

(In thousands)

Moving and storage			
Revenues	\$	3,025,091	\$ 3,160,456
Earnings from operations before equity in earnings of subsidiaries		788,395	996,560
Property and casualty insurance			
Revenues		59,691	46,445
Earnings from operations		27,401	14,037
Life insurance			
Revenues		111,203	99,799
Earnings from operations		6,964	5,619
Eliminations			
Revenues		(5,817)	(5,996)
Earnings from operations before equity in earnings of subsidiaries		(747)	(768)
Consolidated results			
Revenues		3,190,168	3,300,704
Earnings from operations		822,013	1,015,448

Total costs and expenses increased \$82.9 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023. Operating expenses for Moving and Storage increased \$52.6 million. Repair costs associated with the rental fleet experienced a \$46.8 million increase during the first six months of fiscal 2024 due to the higher cost of preventative maintenance along with the costs associated with selling more retired trucks. Other increases included personnel, property taxes, utilities and building maintenance. Other operating costs including freight and payment processing decreased \$42.3 million during the quarter.

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Depreciation expense associated with our rental fleet increased \$19.8 million for the first six months of fiscal 2024 compared with the first six months of fiscal 2023 due to an increase in the pace of new additions to the fleet combined with their higher cost. Net gains from the disposal of rental equipment decreased \$26.2 million as resale values have decreased while the average cost of units being sold has increased. We increased the number of retired trucks sold compared to the same quarter last year. Depreciation expense on all other assets, largely from buildings and improvements, increased \$14.8 million. Net losses on the disposal or retirement of land and buildings decreased \$1.4 million. Additional details are available in the following Moving and Storage section.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations decreased \$193.4 million to \$822.0 million for the first six months of fiscal 2024, as compared with \$1,015.4 million for the first six months of fiscal 2023.

Interest expense for the first six months of fiscal 2024 was \$124.5 million, compared with \$107.0 million for the first six months of fiscal 2023, due to an increase in our average cost of debt.

Income tax expense was \$167.0 million for the first six months of fiscal 2024, compared with \$218.7 million for the first six months of fiscal 2023.

As a result of the above-mentioned items, earnings available to common stockholders were \$530.3 million for the first six months of fiscal 2024, compared with \$688.3 million for the first six months of fiscal 2023.

Moving and Storage

Six Months Ended September 30, 2023 compared with the Six Months Ended September 30, 2022

Listed below are revenues for the major product lines at our Moving and Storage operating segment for the first six months of fiscal 2024 and the first six months of fiscal 2023:

	Six Months Ended September 30	
	2023	2022
	(Unaudited)	
	(In thousands)	
Self-moving equipment rentals	\$ 2,070,767	\$ 2,255,086
Self-storage revenues	407,851	358,763
Self-moving and self-storage products and service sales	192,443	206,215
Property management fees	18,444	18,416
Net investment and interest income	55,815	20,017
Other revenue	279,771	301,959
Moving and Storage revenue	<u>\$ 3,025,091</u>	<u>\$ 3,160,456</u>

Self-moving equipment rental revenues decreased \$184.3 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023. Transactions, revenue and average miles driven per transaction decreased. The declines were more pronounced for our one-way business. Compared to the same period last year, we increased the number of Company operated retail locations as well as the number of box trucks, and trailers in the rental fleet.

Self-storage revenues increased \$49.1 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023. The average monthly number of occupied units increased by 8%, or 41,501 units, during the first six months of fiscal 2024 compared with the same period last year. The growth in revenues and square feet rented comes from a combination of occupancy gains, the addition of new capacity to the portfolio and a 6% improvement in average revenue per occupied foot. During the first six months, we added approximately 2.0 million of new net rentable square feet.

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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:

	Six Months Ended September 30	
	2023	2022
	(Unaudited)	
	(In thousands, except occupancy rate)	
Unit count as of September 30	691	638
Square footage as of September 30	58,402	53,303
Average monthly number of units occupied	529	529
Average monthly occupancy rate based on unit count	83.5%	85.0%
End of September occupancy rate based on unit count	83.5%	84.8%
Average monthly square footage occupied	49,279	45,692

Over the last twelve months we added approximately 5.1 million net rentable square feet of new storage to the system. This was a mix of approximately 1.4 million square feet of existing storage locations we acquired and 3.7 million square feet of new development.

Sales of self-moving and self-storage products and services decreased \$13.8 million for the first six months of fiscal 2024, compared with the first six months of fiscal 2023. This was due to decreased sales of hitches, moving supplies and propane. The decrease in self-moving transactions has negatively impacted the sales of moving supplies.

Net investment and interest income increased \$35.8 million during the second quarter of fiscal 2024, compared with the second quarter of fiscal 2023, due to higher interest rates on short-term deposits.

Other revenue decreased \$22.2 million during the first six months of fiscal 2024, compared with the first six months of fiscal 2023, caused primarily by decreases in our U-Box® program.

Total costs and expenses increased \$72.8 million during the first six months of fiscal 2024, compared with the six months of fiscal 2023. Operating expenses increased \$52.6 million. Repair costs associated with the rental fleet experienced a \$46.8 million increase during the first six months of fiscal 2024 due to the higher cost of preventative maintenance along with the costs associated with selling more retired trucks. Other increases included personnel, property taxes, utilities and building maintenance. Other

operating costs including freight and payment processing decreased \$42.3 million during the quarter.

Depreciation expense associated with our rental fleet increased \$19.8 million for the first six months of fiscal 2024 compared with the first six months of fiscal 2023 due to an increase in the pace of new additions to the fleet combined with their higher cost. Net gains from the disposal of rental equipment decreased \$26.2 million as resale values have decreased while the average cost of units being sold has increased. We increased the number of retired trucks sold compared to the same quarter last year. Depreciation expense on all other assets, largely from buildings and improvements, increased \$14.8 million. Net losses on the disposal or retirement of land and buildings decreased \$1.4 million. Additional details are available in the following Moving and Storage section.

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The components of depreciation, net of gains on disposals for the first six months of fiscal 2024 were as follows:

Six Months Ended September 30			
	2023	2022	
	(Unaudited)		
	(In thousands)		
Depreciation expense - rental equipment	\$ 275,533	\$ 255,741	
Depreciation expense - non rental equipment	45,694	43,167	
Depreciation expense - real estate	73,173	60,897	
Total depreciation expense	\$ 394,400	\$ 359,805	
Gains on disposals of rental equipment	\$ (102,735)	\$ (128,313)	
(Gain) loss on disposals of non-rental equipment	271	(378)	
Total gains on disposals equipment	\$ (102,464)	\$ (128,691)	
Depreciation, net of gains on disposals	\$ 291,936	\$ 231,114	
Losses on disposals of real estate	\$ 2,736	\$ 4,179	

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 \$788.4 million for the first six months of fiscal 2024, compared with \$996.6 million for the first six months of fiscal 2023.

Equity in the earnings of U-Haul Holding Company's insurance subsidiaries was \$27.1 million for the first six months of fiscal 2024, compared with \$15.9 million for the first six months of fiscal 2023.

As a result of the above-mentioned changes in revenues and expenses, earnings from operations decreased to \$815.5 million for the first six months of fiscal 2024, compared with \$1,012.5 million for the first six months of fiscal 2023.

Property and Casualty Insurance

Six Months Ended June 30, 2023 compared with the Six Months Ended June 30, 2022

Net premiums were \$47.4 million and \$46.8 million for the six months ended June 30, 2023 and 2022, respectively. A significant portion of Repwest's premiums come from policies sold in conjunction with U-Haul rental transactions. The premium written corresponded with the change in moving and storage transactions at U-Haul during the same period.

Net investment and interest income (loss) was \$12.3 million and \$(0.3) million for the six months ended June 30, 2023 and 2022, respectively. The main driver of the change in net investment income was the increase in the market value of unaffiliated common stock.

Operating expenses were \$23.4 million and \$21.8 million for the six months ended June 30, 2023 and 2022, respectively. The change was due to an increase in commissions and loss adjusting fees.

Benefits and losses incurred were \$8.7 million and \$10.5 million for the six months ended June 30, 2023 and 2022, respectively. Benefits and losses incurred corresponded with the change in moving and storage transactions at U-Haul during the same period.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$27.4 million and \$14.0 million for the six months ended June 30, 2023 and 2022, respectively.

Life Insurance

Six Months Ended June 30, 2023 compared with the Six Months Ended June 30, 2022

Net premiums were \$45.6 million and \$51.2 million for the six months ended June 30, 2023 and 2022, respectively. Medicare supplement premiums decreased \$3.3 million from policy decrements. Life premiums decreased \$2.2 million primarily from the decrease in sales of single premium life and final expense. Deferred annuity deposits were \$125.1 million or \$43.9 million below prior year and are accounted for on the balance sheet as deposits rather than premiums.

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Net investment income was \$63.1 million and \$46.4 million for the six months ended June 30, 2023 and 2022, respectively. Realized gain on derivatives used as hedges to fixed indexed annuities was \$12.0 million current year-to-date. The change in the provision for expected credit losses resulted in a current year-to-date \$2.0 million additional increase to the investment income. Net interest income and realized gain on the invested assets increased \$2.6 million, primarily on bonds, and \$1.2 million on mortgage loans.

Operating expenses were \$10.1 million and \$10.7 million for the six months ended June 30, 2023 and 2022, respectively.

Benefits and losses incurred were \$79.2 million and \$68.8 million for the six months ended June 30, 2023 and 2022, respectively. Interest credited to policyholders increased \$13.4 million due to an increase in the interest credited rates on equity - indexed annuities. Life benefits decreased \$2.5 million due to lower death claims related to COVID-19 and lower sales of new policies. Medicare supplement benefits decreased by \$2.1 million from the declining policies in-force.

Amortization of DAC, SIA and VOBA were \$14.9 million and \$14.6 million for the six months ended June 30, 2023 and 2022, respectively.

As a result of the above-mentioned changes in revenues and expenses, pretax earnings from operations were \$6.7 million and \$5.5 million for the six months ended June 30, 2023 and 2022, 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 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.

As of September 30, 2023, cash and cash equivalents totaled \$2,145.6 million, compared with \$2,060.5 million as of March 31, 2023. The assets of our insurance subsidiaries are generally unavailable to fulfill the obligations of non-insurance operations (Moving and Storage). As of September 30, 2023 (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:

	Moving & Storage	Property & Casualty Insurance (a)	Life Insurance (a)
	(Unaudited)		
	(In thousands)		
Cash and cash equivalents	\$ 2,068,790	\$ 44,272	\$ 32,069
Other financial assets	314,005	436,100	2,722,737
Debt obligations (b)	6,436,800	—	—

(a) As of June 30, 2023

(b) Excludes (\$35,901) of debt issuance costs

As of September 30, 2023, Moving and Storage had additional cash available under existing credit facilities of \$486.1 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 \$250.7 million in the first six months of fiscal 2024 compared with the first six months of fiscal 2023 due to a decrease in operating profits combined with an increase in claim payments at Moving and Storage.

Net cash used in investing activities decreased \$18.5 million in the first six months of fiscal 2024, compared with the first six months of fiscal 2023. Purchases of property, plant and equipment increased \$328.9 million, with fleet spending accounting for \$256.2 million and real estate \$49.0 million. Cash from the sales of property, plant and equipment increased \$78.7 million largely due to fleet sales. For our insurance subsidiaries, net cash provided in investing activities increased \$150.1 million due to a decrease in purchases in fixed maturity investments and net cash provided by investing activities for Moving and Storage increased \$127.7 million on short-term Treasury notes.

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Net cash provided by financing activities decreased \$57.7 million in the first six months of fiscal 2024, as compared with the first six months of fiscal 2023. This was due to a combination of decreased debt payments of \$89.1 million, decreased finance lease repayments of \$6.1 million, a decrease in cash from borrowings of \$87.7 million, a decrease in dividend payments of \$5.5 million and an increase in net annuity withdrawals from Life Insurance of \$70.7 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 2024, the Company will reinvest in its rental equipment fleet approximately \$870 million, net of equipment sales and excluding any lease buyouts. Through the first six months of fiscal 2024, the Company invested, net of sales, approximately \$569 million before any lease buyouts in its rental equipment fleet. Fleet investments in fiscal 2024 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 2024 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.

The Company has traditionally funded 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 2024, the Company invested \$633 million in real estate acquisitions, new construction and renovation and repair. For fiscal 2024, 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 and the availability of labor and materials. We are likely to maintain a high level of real estate capital expenditures in fiscal 2024. 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) at Moving and Storage were \$1,256.1 million and \$1,005.9 million for the first six months of fiscal 2024 and 2023, respectively. The components of our net capital expenditures are provided in the following table:

		Six Months Ended September 30	
		2023	2022
		(Unaudited)	
		(In thousands)	
Purchases of rental equipment	\$	974,436	\$ 718,231
Purchases of real estate, construction and renovations		632,902	583,889
Other capital expenditures		57,049	33,408
Gross capital expenditures		<u>1,664,387</u>	<u>1,335,528</u>
Less: Sales of property, plant and equipment		<u>(408,279)</u>	<u>(329,611)</u>
Net capital expenditures	\$	<u>1,256,108</u>	<u>1,005,917</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, repurchase shares of common stock or reduce existing indebtedness where possible.

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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 U-Haul Holding Company 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 U-Haul Holding Company will be restricted per state regulations.

Property and Casualty Insurance's stockholder's equity was \$317.5 million and \$294.5 million as of June 30, 2023 and December 31, 2022, respectively. The increase resulted from net earnings of \$21.7 million and an increase in other comprehensive income of \$1.2 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 withdrawals as of June 30, 2023 were \$41.6 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 U-Haul Holding Company or its legal subsidiaries.

Life Insurance's stockholder's equity was \$145.0 million and \$132.2 million as of June 30, 2023 and December 31, 2022, respectively. The increase resulted from net earnings of \$5.3 million and an increase in other comprehensive income of \$7.5 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, 2023, Oxford had outstanding deposits of \$60.0 million in the FHLB with an availability of \$76.7 million, for which Oxford pays fixed interest rates between 0.49% and 4.30% with maturities between March 30, 2024 and September 30, 2027. As of June 30, 2023, available-for-sale-investments held with the FHLB totaled \$93.9 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 consolidated balance sheets.

Cash Provided from Operating Activities by Operating Segments

Moving and Storage

Net cash provided from operating activities were \$887.3 million and \$1,129.9 million for the first six months of fiscal 2024 and 2023, respectively, due to a decrease in operating profits combined with an increase in claim payments.

Property and Casualty Insurance

Net cash provided by operating activities were \$18.1 million and \$16.2 million for the first six months ended June 30, 2023 and 2022, respectively. The increase was due to the timing of payables activity within the normal course of business.

Property and Casualty Insurance's cash and cash equivalents and short-term investment portfolios amounted to \$44.3 million and \$27.2 million as of June 30, 2023 and December 31, 2022, 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 \$32.1 million and \$42.1 million for the first six months ended June 30, 2023 and 2022, respectively. The decrease 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.

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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, 2023 and December 31, 2022, cash and cash equivalents and short-term investments amounted to \$32.1 million and \$15.0 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 with the remaining amount 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.

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, 2023, we had available borrowing capacity under existing credit facilities of \$486.1 million. While 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 4, Notes, Loans and Finance Lease Payable, net, of the Notes to 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, 2023.

Fiscal 2024 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 2024. 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 2024, 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 2024. We will continue to invest capital and resources in the U-Box® program throughout fiscal 2024.

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.

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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.

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 their obligations. Following is a summary of our interest rate swap agreements as of September 30, 2023:

Notional Amount	Fair Value	Effective Date	Expiration Date	Fixed Rate	Floating Rate
(Unaudited)					
(In thousands)					
\$ 59,107	\$ 5,083	7/15/2022	7/15/2032	2.86%	1 Month SOFR
71,750	3,468	8/1/2022	8/1/2026	2.72%	1 Month SOFR
71,250	3,399	8/1/2022	8/31/2026	2.75%	1 Month SOFR
100,000	378	8/31/2023	8/31/2025	4.71%	1 Month SOFR

As of September 30, 2023, we had \$707.1 million of variable rate debt obligations, of this amount, \$405.0 million is not fixed through interest rate swaps. If Secured Overnight Funding Rate ("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 \$4.9 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 contract holder 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. As of June 30, 2023 and December 31, 2022, these derivative hedges had a net market value of \$10.5 million and \$4.3 million, with notional amounts of \$509.5 million and \$465.7 million, respectively. These derivative instruments are included in Investments, other, on the 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.

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Foreign Currency Exchange Rate Risk

The exposure to market risk for changes in foreign currency exchange rates relates primarily to our Canadian business. Approximately 5.3% and 5.5% of our revenue was generated in Canada during the first six months of fiscal 2024 and 2023, respectively. The result of a 10% 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.

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 system members or customers; the impact of the economic environment on demand for our products and the cost and availability of debt and capital; estimates of capital expenditures; plans for future operations, products or services, financing needs, 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 sustainability 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; the availability and economics of electric vehicles for our rental fleet; 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; and expectations regarding the potential impact to our information technology infrastructure and on our financial performance and business operations of technology, cybersecurity or data security breaches, 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 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.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the CEO and CFO, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2023. Based upon that evaluation, our CEO and CFO have concluded that as of September 30, 2023, our disclosure controls and procedures were not effective due to the material weakness in internal control over financial reporting described below.

Previously Disclosed Material Weaknesses and Remediation Plan

Two-Class Method of Earnings per Share. As previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, we implemented a plan to address the material weakness related to the accounting for the two-class method of earnings per share associated with the recently issued UHAL.B common stock, including:

- Redesigning the related control
- Conducting relevant training for personnel involved in the process and control functions
- Enhancing the procedures and control activity documentation

These actions were completed in advance of our year end close process as of March 31, 2023, and the redesigned control operated as planned as part of our March 31, 2023, year-end close process.

In conjunction with our interim period close process as of June 30, 2023, the redesigned control again operated as designed. Therefore, based upon our testing of the redesigned control over these instances, we have concluded that the material weakness related to the calculation of earnings per share using the two-class method associated with the recently issued UHAL.B common stock, has been remediated.

General Information Technology Controls. As previously disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, we determined a material weakness existed as management did not fully design, implement and monitor general information technology controls in the areas of program change management, user access, segregation of duties, and cyber security for systems supporting substantially all of the Company's internal control processes. A substantial portion of the Company's controls are dependent upon the information derived from the information technology systems and therefore the dependent controls were concluded to be ineffective. Our management, under the oversight of our Audit Committee, has begun evaluating and implementing new controls or redesigning controls to remediate the control deficiencies giving rise to this material weakness. These remediations measures have included:

- Assessing and formalizing the design of certain information technology policies
- Implementing controls and procedures relating to program change management, user access, segregation of duties and cyber security for systems supporting substantially all of the Company's internal control processes
- Developing monitoring controls and protocols that will allow us to timely assess the design and operating effectiveness of the new and redesigned controls
- Strengthening of password policies
- Conducting more frequent end-user access reviews
- Enhancing the process for timely review of program management changes

We are committed to maintaining a strong internal control environment, and believe that these remediation actions represent significant improvements in our controls under the Internal Control – Integrated Framework Issued by the Committee of Sponsoring Organizations of the Treadway Commission. As we continue to evaluate and work to improve our internal control over financial reporting, additional remediation measures may be required, which may require additional implementation time, or we may modify certain of our remediation measures. The material weakness related to the general information technology controls will not be considered remediated, until the applicable controls operate for a sufficient

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period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control Over Financial Reporting

Other than the material weakness described above, 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 quarter ended September 30, 2023 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 9, Contingencies, of the Notes to Consolidated Financial Statements is incorporated by reference herein.

Item 1A. Risk Factors

The following discussion of potential risks under the caption "We are highly dependent upon our automated systems and the Internet for managing our business" contains material updates to the risk factor described under the same heading in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023. Other than the following updated risk factor, we are not aware of any material updates to the risk factors described in that Annual Report.

We are highly dependent upon our automated systems and the Internet for managing our business.

Our information systems are largely Internet-based, including our point-of-sale reservation system, payment processing and telephone systems. While our reliance on this technology lowers our cost of providing service and expands our abilities to better serve customers, it exposes us to various risks, including natural and man-made disasters, terrorist attacks and cyber-attacks. We have put into place extensive security protocols, backup systems and alternative procedures to mitigate these risks. However, disruptions or breaches, detected or undetected by us, for any period of time in any portion of these systems could adversely affect our results of operations and financial condition and inflict reputational damage.

In addition, the provision of service to our customers and the operation of our networks and systems involve the storage and transmission of proprietary information and sensitive or confidential data, including personal information of customers, system members and others. Our information technology systems may be susceptible to computer viruses, attacks by computer hackers, malicious insiders or catastrophic events. Hackers, acting individually or in coordinated groups, may also launch distributed denial of service attacks or ransom or other coordinated attacks that may cause service outages or other interruptions in our business and access to our data. In addition, breaches in security could expose us, our customers, or the individuals affected, to a risk of loss or misuse of proprietary information and sensitive or confidential data.

In 2022 and 2021, we experienced a cybersecurity incident, which is described in this Form 10-Q under the heading "Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operation – Cybersecurity Incident". We have also experienced and continue to experience a significant increase in the number of attempted attacks on our technology systems, which could increase the likelihood that any of the risks described in this risk factor may be realized. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, may be difficult to detect for a long time and often are not recognized until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative or remedial measures.

Any of these occurrences could result in disruptions in our operations, the loss of existing or potential customers, damage to our brand and reputation, and litigation and potential liability for the Company. In addition, the cost and operational consequences of implementing further data or system protection measures could be significant, and our efforts to deter, identify, mitigate and/or eliminate any security breaches may not be successful.

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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

During the quarter ended September 30, 2023, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement", as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following documents are filed as part of this report:

Exhibit Number	Description	Page or Method of Filing
3.1	Amended and Restated Articles of Incorporation of U-Haul Holding Company	Incorporated by reference to U-Haul Holding Company's Current Report on Form 8-K, filed on June 9, 2016, file no. 1-11255
3.2	U-Haul Holding Company Certificate of Designation of Series N Non-Voting Common Stock	Incorporated by reference to U-Haul Holding Company's Current Report on Form 8-A, filed on October 24, 2022, file no. 1-11255
3.3	Restated Bylaws of U-Haul Holding Company	Incorporated by reference to U-Haul Holding Company's Current Report on Form 8-K filed on December 19, 2022, file no. 1-11255
3.4	Articles of Conversion/Exchange/Merger	Incorporated by reference to U-Haul Holding Company's Current Report on Form 8-K filed on December 19, 2022, file no. 1-11255
31.1	Rule 13a-14(a)/15d-14(a) Certificate of Edward J. Shoen, President and Chairman of the Board of U-Haul Holding Company	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certificate of Jason A. Berg, Chief Financial Officer of U-Haul Holding Company	Filed herewith
32.1	Certificate of Edward J. Shoen, President and Chairman of the Board of U-Haul Holding Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certificate of Jason A. Berg, Chief Financial Officer of U-Haul Holding Company 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

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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.

U-Haul Holding Company

Date: November 8, 2023

/s/ Edward J. Shoen

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

Date: November 8, 2023

/s/ Jason A. Berg

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

Date: November 8, 2023

/s/ Maria L. Bell

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

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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 U-Haul Holding Company;
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 8, 2023

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 U-Haul Holding Company;
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 8, 2023

**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, 2023 of U-Haul Holding Company (the "Company"), as filed with the Securities and Exchange Commission on November 8, 2023 (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 18 U.S.C. §1350, as adopted 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, as amended and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

U-Haul Holding Company

a Nevada corporation

/s/ Edward J. Shoen

Edward J. Shoen
President and Chairman of the Board

Date: November 8, 2023

**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, 2023 of U-Haul Holding Company (the "Company"), as filed with the Securities and Exchange Commission on November 8, 2023 (the "Report"), I, Jason A. Berg, Chief Financial Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. §1350, as adopted 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, as amended and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

U-Haul Holding Company

a Nevada corporation

/s/ Jason A. Berg

Jason A. Berg
Chief Financial Officer

Date: November 8, 2023