

May 10, 2024

**HONDA MOTOR CO., LTD. REPORTS
CONSOLIDATED FINANCIAL RESULTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2024**

Tokyo, May 10, 2024--- Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal year ended March 31, 2024.

Fiscal Year Results

Honda's consolidated sales revenue for the fiscal year ended March 31, 2024 increased by 20.8%, to JPY 20,428.8 billion from the fiscal year ended March 31, 2023, due mainly to increased sales revenue in Automobile business as well as positive foreign currency translation effects. Operating profit increased by 77.0%, to JPY 1,381.9 billion from the previous fiscal year, due mainly to an increase in profit attributable to price and cost impacts as well as sales impacts, which was partially offset by increased expenses. Profit before income taxes increased by 86.7%, to JPY 1,642.3 billion from the previous fiscal year. Profit for the year attributable to owners of the parent increased by 70.0%, to JPY 1,107.1 billion from the previous fiscal year.

Earnings per share attributable to owners of the parent for the year amounted to JPY 225.88, an increase of JPY 97.87 from the previous fiscal year. One Honda American Depository Share represents one common share.

Note: As of the effective date of October 1, 2023, the Company implemented a three-for-one stock split of its common stock to shareholders as of the record date of September 30, 2023. Earnings per share attributable to owners of the parent are calculated based on the assumption that the stock split had been implemented at the beginning of the year ended March 31, 2023.

Consolidated Statements of Financial Position for the Fiscal Year Ended March 31, 2024

Total assets increased by JPY 5,104.0 billion, to JPY 29,774.1 billion from March 31, 2023 due mainly to an increase in receivables from financial services, cash and cash equivalents as well as positive foreign currency translation effects. Total liabilities increased by JPY 3,600.5 billion, to JPY 16,768.2 billion from March 31, 2023 due mainly to increased financing liabilities as well as positive foreign currency translation effects. Total equity increased by JPY 1,503.5 billion, to JPY 13,005.8 billion from March 31, 2023 due mainly to increased retained earnings attributable to profit for the year as well as positive foreign currency translation effects.

Consolidated Statements of Cash Flows for the Fiscal Year Ended March 31, 2024

Consolidated cash and cash equivalents on March 31, 2024 increased by JPY 1,151.5 billion from March 31, 2023, to JPY 4,954.5 billion. The reasons for the increases or decreases for each cash flow activity, when compared with the previous fiscal year, are as follows:

Net cash provided by operating activities amounted to JPY 747.2 billion of cash inflows. Cash inflows from operating activities decreased by JPY 1,381.7 billion compared with the previous fiscal year, due mainly to an increase in payments for parts and raw materials as well as in receivables from financial services, which was partially offset by increased cash received from customers.

Net cash used in investing activities amounted to JPY 867.2 billion of cash outflows. Cash outflows from investing activities increased by JPY 189.2 billion compared with the previous fiscal year, due mainly to increased payments for acquisitions of investments accounted for using the equity method.

Net cash provided by financing activities amounted to JPY 918.6 billion of cash inflows. Cash inflows from financing activities increased by JPY 2,387.0 billion compared with the previous fiscal year, due mainly to increased proceeds from financing liabilities.

Forecasts for the Fiscal Year Ending March 31, 2025

In regard to the forecasts of the financial results for the fiscal year ending March 31, 2025, Honda projects consolidated results to be as shown below:

Fiscal year ending March 31, 2025	<u>Yen (billions)</u>	<u>Changes from FY 2024</u>
Sales revenue	20,300.0	-0.6%
Operating profit	1,420.0	+2.8%
Profit before income taxes	1,500.0	-8.7%
Profit for the year	1,070.0	-9.5%
Profit for the year attributable to owners of the parent	1,000.0	-9.7%
	<u>Yen</u>	
Earnings per share attributable to owners of the parent		
Basic and diluted	210.23	

Note: The forecasts are based on the assumption that the average exchange rates for the Japanese yen to the U.S. dollar will be JPY 140 for the full year ending March 31, 2025.

The reasons for the increases or decreases in the forecasts of the operating profit, and profit before income taxes for the fiscal year ending March 31, 2025 from the previous year are as follows.

	Yen (billions)
Sales impacts	- 71.0
Price and cost impacts	+ 502.0
Expenses	- 71.0
R&D expenses	- 121.0
Currency effect	- 201.0
<hr/> Operating profit compared with fiscal year ended March 31, 2024	<hr/> + 38.0
Profit of equity method	- 100.8
Other	- 79.5
<hr/> Profit before income taxes compared with fiscal year ended March 31, 2024	<hr/> - 142.3

Dividend per Share of Common Stock

	Yen		
	<u>FY 2023 results</u>	<u>FY 2024 results</u>	<u>FY 2025 forecasts</u>
Interim dividend	60.00	87.00	34.00
Year-end dividend	60.00	39.00	34.00
Total annual dividend	120.00	—	68.00

Explanatory note:

As of the effective date of October 1, 2023, the Company implemented a three-for-one stock split of its common stock to shareholders as of the record date of September 30, 2023. The year-end dividend per share for the fiscal year ended March 31, 2024 is based on the number of shares after the stock split and the total annual dividend is disclosed as “—”. Based on the number of shares prior to the stock split, the year-end dividend and the total annual dividend for the fiscal year ended March 31, 2024 are expected to be JPY 117.00 per share and JPY 204.00 per share, respectively.

This announcement contains "forward-looking statements" as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on management's assumptions and beliefs taking into account information currently available to it. Therefore, please be advised that the actual results of the Company could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in the principal markets of the Company, its consolidated subsidiaries and its affiliates accounted for by the equity-method, and fluctuation of foreign exchange rates, as well as other factors detailed from time to time. The various factors for increases and decreases in profit have been classified in accordance with a method that Honda considers reasonable.

Basic Rationale for Selection of Accounting Standards

The Company adopted IFRS for the Company's consolidated financial statements from the year ended March 31, 2015 which have been included in the annual securities report (to be submitted to the Financial Services Agency of Japan) and Form 20-F (to be submitted to the U.S. Securities and Exchange Commission), aiming at improving comparability of financial information across international capital markets as well as standardization of financial information and enhancing efficiency of financial reporting of the Company and its consolidated subsidiaries.

[1] Consolidated Statements of Financial Position

March 31, 2023 and 2024

		Yen (millions)	
		Mar. 31, 2023	Mar. 31, 2024
Assets			
Current assets:			
Cash and cash equivalents		3,803,014	4,954,565
Trade receivables		1,060,271	1,240,090
Receivables from financial services		1,899,493	2,558,594
Other financial assets		263,892	229,583
Inventories		2,167,184	2,442,969
Other current assets		384,494	446,763
Total current assets		9,578,348	11,872,564
Non-current assets:			
Investments accounted for using the equity method		915,946	1,206,968
Receivables from financial services		3,995,259	5,616,676
Other financial assets		855,070	968,142
Equipment on operating leases		4,726,292	5,202,768
Property, plant and equipment		3,168,109	3,234,413
Intangible assets		870,900	999,689
Deferred tax assets		105,792	170,856
Other non-current assets		454,351	502,074
Total non-current assets		15,091,719	17,901,586
Total assets		24,670,067	29,774,150
Liabilities and Equity			
Current liabilities:			
Trade payables		1,426,333	1,609,836
Financing liabilities		3,291,195	4,105,590
Accrued expenses		419,570	638,319
Other financial liabilities		324,110	340,858
Income taxes payable		86,252	157,410
Provisions		362,701	566,722
Other current liabilities		741,963	904,757
Total current liabilities		6,652,124	8,323,492
Non-current liabilities:			
Financing liabilities		4,373,973	6,057,967
Other financial liabilities		288,736	316,919
Retirement benefit liabilities		255,852	284,844
Provisions		270,169	385,001
Deferred tax liabilities		877,300	855,067
Other non-current liabilities		449,622	544,988
Total non-current liabilities		6,515,652	8,444,786
Total liabilities		13,167,776	16,768,278
Equity:			
Common stock		86,067	86,067
Capital surplus		185,589	205,073
Treasury stock		(484,931)	(550,808)
Retained earnings		9,980,128	10,644,213
Other components of equity		1,417,397	2,312,450
Equity attributable to owners of the parent		11,184,250	12,696,995
Non-controlling interests		318,041	308,877
Total equity		11,502,291	13,005,872
Total liabilities and equity		24,670,067	29,774,150

[2] Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

For the years ended March 31, 2023 and 2024

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Sales revenue	16,907,725	20,428,802
Operating costs and expenses:		
Cost of sales	(13,576,133)	(16,016,659)
Selling, general and administrative	(1,669,908)	(2,106,539)
Research and development	(880,915)	(923,627)
Total operating costs and expenses	(16,126,956)	(19,046,825)
Operating profit	780,769	1,381,977
Share of profit of investments accounted for using the equity method	117,445	110,817
Finance income and finance costs:		
Interest income	73,071	173,695
Interest expense	(36,112)	(59,631)
Other, net	(55,608)	35,526
Total finance income and finance costs	(18,649)	149,590
Profit before income taxes	879,565	1,642,384
Income tax expense	(162,256)	(459,794)
Profit for the year	717,309	1,182,590
Profit for the year attributable to:		
Owners of the parent	651,416	1,107,174
Non-controlling interests	65,893	75,416
	Yen	
Earnings per share attributable to owners of the parent		
Basic and diluted	128.01	225.88

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and 2024

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Profit for the year	717,309	1,182,590
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	3,350	(18,931)
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	(18,465)	(25,469)
Share of other comprehensive income of investments accounted for using the equity method	292	8,300
Items that may be reclassified subsequently to profit or loss		
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	(474)	56
Exchange differences on translating foreign operations	422,960	875,050
Share of other comprehensive income of investments accounted for using the equity method	30,429	54,353
Total other comprehensive income, net of tax	438,092	893,359
Comprehensive income for the year	1,155,401	2,075,949
Comprehensive income for the year attributable to:		
Owners of the parent	1,081,429	1,981,448
Non-controlling interests	73,972	94,501

[3] Consolidated Statements of Changes in Equity

For the years ended March 31, 2023 and 2024

	Yen (millions)							
	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity			
Balance as of April 1, 2022	86,067	185,495	(328,309)	9,539,133	990,438	10,472,824	299,722	10,772,546
Comprehensive income for the year								
Profit for the year				651,416		651,416	65,893	717,309
Other comprehensive income, net of tax					430,013	430,013	8,079	438,092
Total comprehensive income for the year				651,416	430,013	1,081,429	73,972	1,155,401
Reclassification to retained earnings				3,054	(3,054)	—		—
Transactions with owners and other								
Dividends paid				(213,475)		(213,475)	(51,601)	(265,076)
Purchases of treasury stock			(157,001)			(157,001)		(157,001)
Disposal of treasury stock			379			379		379
Share-based payment transactions		94				94		94
Equity transactions and others							(4,052)	(4,052)
Total transactions with owners and other		94	(156,622)	(213,475)		(370,003)	(55,653)	(425,656)
Balance as of March 31, 2023	86,067	185,589	(484,931)	9,980,128	1,417,397	11,184,250	318,041	11,502,291
Comprehensive income for the year								
Profit for the year				1,107,174		1,107,174	75,416	1,182,590
Other comprehensive income, net of tax					874,274	874,274	19,085	893,359
Total comprehensive income for the year				1,107,174	874,274	1,981,448	94,501	2,075,949
Reclassification to retained earnings				(17,715)	17,715	—		—
Transactions with owners and other								
Dividends paid				(241,865)		(241,865)	(63,895)	(305,760)
Purchases of treasury stock			(250,513)			(250,513)		(250,513)
Disposal of treasury stock			504			504		504
Cancellation of treasury stock		(623)	184,132	(183,509)		—		—
Share-based payment transactions		3				3		3
Equity transactions and others		20,104			3,064	23,168	(39,770)	(16,602)
Total transactions with owners and other		19,484	(65,877)	(425,374)	3,064	(468,703)	(103,665)	(572,368)
Balance as of March 31, 2024	86,067	205,073	(550,808)	10,644,213	2,312,450	12,696,995	308,877	13,005,872

[4] Consolidated Statements of Cash Flows

For the years ended March 31, 2023 and 2024

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Cash flows from operating activities:		
Profit before income taxes	879,565	1,642,384
Depreciation, amortization and impairment losses excluding equipment on operating leases	721,630	794,366
Share of profit of investments accounted for using the equity method	(117,445)	(110,817)
Finance income and finance costs, net	(71,661)	(141,250)
Interest income and interest costs from financial services, net	(146,461)	(152,041)
Changes in assets and liabilities		
Trade receivables	(155,924)	(138,323)
Inventories	(171,467)	(67,833)
Trade payables	105,272	36,516
Accrued expenses	42,122	157,582
Provisions and retirement benefit liabilities	90,880	263,593
Receivables from financial services	(41,480)	(1,454,357)
Equipment on operating leases	768,070	12,661
Other assets and liabilities	218,369	58,325
Other, net	(1,222)	(48,219)
Dividends received	244,902	158,092
Interest received	324,234	560,709
Interest paid	(159,020)	(283,447)
Income taxes paid, net of refunds	(401,342)	(540,663)
Net cash provided by operating activities	2,129,022	747,278
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(475,048)	(348,680)
Payments for additions to and internally developed intangible assets	(157,440)	(259,985)
Proceeds from sales of property, plant and equipment and intangible assets	16,206	14,418
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	740	(18,544)
Payments for acquisitions of investments accounted for using the equity method	(23,826)	(173,767)
Payments for acquisitions of other financial assets	(527,334)	(282,076)
Proceeds from sales and redemptions of other financial assets	488,642	201,367
Net cash used in investing activities	(678,060)	(867,267)
Cash flows from financing activities:		
Proceeds from short-term financing liabilities	9,127,333	10,020,736
Repayments of short-term financing liabilities	(8,684,799)	(10,045,118)
Proceeds from long-term financing liabilities	971,067	3,654,964
Repayments of long-term financing liabilities	(2,382,190)	(2,056,083)
Dividends paid to owners of the parent	(213,475)	(241,865)
Dividends paid to non-controlling interests	(51,376)	(66,855)
Purchases and sales of treasury stock, net	(156,622)	(250,009)
Repayments of lease liabilities	(78,297)	(80,513)
Other, net	—	(16,611)
Net cash provided by (used in) financing activities	(1,468,359)	918,646
Effect of exchange rate changes on cash and cash equivalents	145,480	352,894
Net change in cash and cash equivalents	128,083	1,151,551
Cash and cash equivalents at beginning of year	3,674,931	3,803,014
Cash and cash equivalents at end of year	3,803,014	4,954,565

[5] Assumptions for Going Concern

None

[6] Notes to Consolidated Financial Statements

[A] Segment Information

Based on Honda's organizational structure and characteristics of products and services, Honda discloses segment information in four categories: Reportable segments of Motorcycle business, Automobile business and Financial services business, and other segments that are not reportable. The other segments are combined and disclosed in Power products and other businesses. Segment information is based on the components of Honda for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies used for segment information are consistent with the accounting policies used in the Company's consolidated financial statements.

Principal products and services, and functions of each segment are as follows:

Segment	Principal products and services	Functions
Motorcycle Business	Motorcycles, all-terrain vehicles (ATVs), side-by-sides (SxS) and relevant parts	Research and development Manufacturing Sales and related services
Automobile Business	Automobiles and relevant parts	Research and development Manufacturing Sales and related services
Financial Services Business	Financial services	Retail loan and lease related to Honda products Others
Power Products and Other Businesses	Power products and relevant parts, and others	Research and development Manufacturing Sales and related services Others

Segment information based on products and services

As of and for the year ended March 31, 2023

	Yen (millions)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Products and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	2,908,983	10,593,519	2,954,098	451,125	16,907,725	—	16,907,725
Intersegment	—	188,198	2,046	25,307	215,551	(215,551)	—
Total	2,908,983	10,781,717	2,956,144	476,432	17,123,276	(215,551)	16,907,725
Segment profit (loss)	488,709	(16,629)	285,857	22,832	780,769	—	780,769
Segment assets	1,580,521	10,082,519	11,197,017	480,166	23,340,223	1,329,844	24,670,067
Depreciation and amortization	65,746	600,617	908,942	21,571	1,596,876	—	1,596,876
Capital expenditures	59,101	613,351	1,546,683	14,386	2,233,521	—	2,233,521

As of and for the year ended March 31, 2024

	Yen (millions)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Products and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	3,220,168	13,567,565	3,248,808	392,261	20,428,802	—	20,428,802
Intersegment	—	223,950	2,976	30,068	256,994	(256,994)	—
Total	3,220,168	13,791,515	3,251,784	422,329	20,685,796	(256,994)	20,428,802
Segment profit (loss)	556,232	560,649	273,978	(8,882)	1,381,977	—	1,381,977
Segment assets	2,047,270	11,690,446	14,118,371	585,301	28,441,388	1,332,762	29,774,150
Depreciation and amortization	72,590	655,250	834,246	17,400	1,579,486	—	1,579,486
Capital expenditures	74,006	598,475	2,451,930	16,768	3,141,179	—	3,141,179

Explanatory notes:

- Intersegment sales revenues are generally made at values that approximate arm's-length prices.
- Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of March 31, 2023 and 2024 amounted to JPY 1,462,656 million and JPY 1,573,834 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

[B] Information about per common share

Equity per share attributable to owners of the parent as of March 31, 2023 and 2024 are calculated based on the following information.

	<u>2023</u>	<u>2024</u>
Equity attributable to owners of the parent (millions of yen)	11,184,250	12,696,995
The number of shares outstanding at the end of the year (excluding treasury stock) (shares)	4,993,021,767	4,828,907,376
Equity per share attributable to owners of the parent (yen)	2,239.98	2,629.37

Explanatory note:

* As of the effective date of October 1, 2023, the Company implemented a three-for-one stock split of its common stock to shareholders as of the record date of September 30, 2023. Equity per share attributable to owners of the parent is calculated based on the assumption that the stock split had been implemented at the beginning of the year ended March 31, 2023.

Earnings per share attributable to owners of the parent for the years ended March 31, 2023 and 2024 are calculated based on the following information. There were no significant potentially dilutive common shares outstanding for the years ended March 31, 2023 and 2024.

	<u>2023</u>	<u>2024</u>
Profit for the year attributable to owners of the parent (millions of yen)	651,416	1,107,174
Weighted average number of common shares outstanding, basic (shares)	5,088,921,345	4,901,560,332
Basic earnings per share attributable to owners of the parent (yen)	128.01	225.88

Explanatory note:

* As of the effective date of October 1, 2023, the Company implemented a three-for-one stock split of its common stock to shareholders as of the record date of September 30, 2023. Basic earnings per share attributable to owners of the parent are calculated based on the assumption that the stock split had been implemented at the beginning of the year ended March 31, 2023.

[C] Subsequent Event

Acquisition of the Company's Own Shares

The Board of Directors of the Company, at its meeting held on May 10, 2024, resolved that the Company will acquire its own shares pursuant to Article 459, Paragraph 1 of the Company Law and Article 36 of the Company's Articles of Incorporation.

1. Reason for acquisition of own shares

The Company will acquire its own shares for the purpose, among others, of improving efficiency of its capital structure and implementing a flexible capital strategy.

2. Details of the acquisition

(1) Class of shares to be acquired:

Shares of common stock

(2) Total number of shares to be acquired:

Up to 180,000,000 shares (3.7 % of total number of issued shares (excluding treasury stock))

(3) Total amount of shares to be acquired:

Up to 300,000 million yen

(4) Period of acquisition:

Starting on May 13, 2024 and ending on March 31, 2025

(5) Method of acquisition:

Market purchases on the Tokyo Stock Exchange

1. Purchases through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)
2. Market purchases based on a discretionary trading contract regarding acquisition of own shares

[D] Other

Loss related to airbag inflators

Honda has been conducting market-based measures in relation to airbag inflators. Honda recognizes a provision for specific warranty costs when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. There is a possibility that Honda will need to recognize additional provisions when new evidence related to the product recalls arise, however, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses as of the date of this report.