

November 9, 2023

**HONDA MOTOR CO., LTD. REPORTS
CONSOLIDATED FINANCIAL RESULTS
FOR THE FISCAL SECOND QUARTER AND
THE FISCAL FIRST HALF YEAR ENDED SEPTEMBER 30, 2023**

Tokyo, November 9, 2023--- Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal second quarter and the fiscal first half year ended September 30, 2023.

[1] Condensed Consolidated Statements of Financial Position

March 31, 2023 and September 30, 2023

		Yen (millions)	
		Mar. 31, 2023	Sep. 30, 2023
Assets			
Current assets:			
Cash and cash equivalents		3,803,014	4,440,513
Trade receivables		1,060,271	1,080,383
Receivables from financial services		1,899,493	2,245,322
Other financial assets		263,892	176,801
Inventories		2,167,184	2,355,959
Other current assets		384,494	399,154
Total current assets		<u>9,578,348</u>	<u>10,698,132</u>
Non-current assets:			
Investments accounted for using the equity method		915,946	1,065,636
Receivables from financial services		3,995,259	5,075,054
Other financial assets		855,070	964,151
Equipment on operating leases		4,726,292	5,069,161
Property, plant and equipment		3,168,109	3,229,919
Intangible assets		870,900	922,122
Deferred tax assets		105,792	125,688
Other non-current assets		454,351	526,740
Total non-current assets		<u>15,091,719</u>	<u>16,978,471</u>
Total assets		<u><u>24,670,067</u></u>	<u><u>27,676,603</u></u>
Liabilities and Equity			
Current liabilities:			
Trade payables		1,426,333	1,433,191
Financing liabilities		3,291,195	3,755,650
Accrued expenses		419,570	450,583
Other financial liabilities		324,110	411,764
Income taxes payable		86,252	107,982
Provisions		362,701	440,982
Other current liabilities		741,963	790,698
Total current liabilities		<u>6,652,124</u>	<u>7,390,850</u>
Non-current liabilities:			
Financing liabilities		4,373,973	5,254,792
Other financial liabilities		288,736	308,222
Retirement benefit liabilities		255,852	284,354
Provisions		270,169	298,826
Deferred tax liabilities		877,300	947,149
Other non-current liabilities		449,622	514,437
Total non-current liabilities		<u>6,515,652</u>	<u>7,607,780</u>
Total liabilities		<u>13,167,776</u>	<u>14,998,630</u>
Equity:			
Common stock		86,067	86,067
Capital surplus		185,589	185,458
Treasury stock		(484,931)	(629,546)
Retained earnings		9,980,128	10,496,889
Other components of equity		1,417,397	2,225,307
Equity attributable to owners of the parent		<u>11,184,250</u>	<u>12,364,175</u>
Non-controlling interests		318,041	313,798
Total equity		<u>11,502,291</u>	<u>12,677,973</u>
Total liabilities and equity		<u><u>24,670,067</u></u>	<u><u>27,676,603</u></u>

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

Condensed Consolidated Statements of Income

For the six months ended September 30, 2022 and 2023

	Yen (millions)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Sales revenue	8,085,304	9,609,392
Operating costs and expenses:		
Cost of sales	(6,505,911)	(7,521,751)
Selling, general and administrative	(744,778)	(986,874)
Research and development	(381,163)	(404,194)
Total operating costs and expenses	(7,631,852)	(8,912,819)
Operating profit	453,452	696,573
Share of profit of investments accounted for using the equity method	82,946	66,724
Finance income and finance costs:		
Interest income	25,025	77,845
Interest expense	(15,650)	(19,895)
Other, net	(29,942)	58,038
Total finance income and finance costs	(20,567)	115,988
Profit before income taxes	515,831	879,285
Income tax expense	(147,092)	(225,360)
Profit for the period	368,739	653,925
Profit for the period attributable to:		
Owners of the parent	338,514	616,301
Non-controlling interests	30,225	37,624
	Yen	
Earnings per share attributable to owners of the parent		
Basic and diluted	66.03	124.63

Condensed Consolidated Statements of Comprehensive Income

For the six months ended September 30, 2022 and 2023

	Yen (millions)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Profit for the period	368,739	653,925
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(11)	4
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	(27,735)	753
Share of other comprehensive income of investments accounted for using the equity method	(1,109)	5,280
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	(893)	(429)
Exchange differences on translating foreign operations	917,707	768,426
Share of other comprehensive income of investments accounted for using the equity method	69,148	51,933
Total other comprehensive income, net of tax	957,107	825,967
Comprehensive income for the period	1,325,846	1,479,892
Comprehensive income for the period attributable to:		
Owners of the parent	1,276,881	1,424,586
Non-controlling interests	48,965	55,306

Condensed Consolidated Statements of Income

For the three months ended September 30, 2022 and 2023

	Yen (millions)	
	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023
Sales revenue	4,255,754	4,984,396
Operating costs and expenses:		
Cost of sales	(3,441,741)	(3,893,860)
Selling, general and administrative	(383,205)	(582,171)
Research and development	(199,572)	(206,239)
Total operating costs and expenses	(4,024,518)	(4,682,270)
Operating profit	231,236	302,126
Share of profit of investments accounted for using the equity method	60,337	23,871
Finance income and finance costs:		
Interest income	15,893	44,990
Interest expense	(8,223)	(10,853)
Other, net	(20,816)	4,227
Total finance income and finance costs	(13,146)	38,364
Profit before income taxes	278,427	364,361
Income tax expense	(73,268)	(93,381)
Profit for the period	205,159	270,980
Profit for the period attributable to:		
Owners of the parent	189,295	253,232
Non-controlling interests	15,864	17,748
	Yen	
Earnings per share attributable to owners of the parent		
Basic and diluted	36.95	51.49

Condensed Consolidated Statements of Comprehensive Income

For the three months ended September 30, 2022 and 2023

	Yen (millions)	
	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023
Profit for the period	205,159	270,980
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(8)	(2)
Net changes in revaluation of financial assets measured at fair value through other comprehensive income	(40,167)	(14,956)
Share of other comprehensive income of investments accounted for using the equity method	(665)	2,455
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	(557)	(274)
Exchange differences on translating foreign operations	268,761	187,182
Share of other comprehensive income of investments accounted for using the equity method	22,592	28,084
Total other comprehensive income, net of tax	249,956	202,489
Comprehensive income for the period	455,115	473,469
Comprehensive income for the period attributable to:		
Owners of the parent	435,831	452,049
Non-controlling interests	19,284	21,420

[3] Condensed Consolidated Statements of Changes in Equity

For the six months ended September 30, 2022

	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 period								
Profit for the period				338,514		338,514	30,225	368,739
Other comprehensive income, net of tax					938,367	938,367	18,740	957,107
Total comprehensive income for the period				338,514	938,367	1,276,881	48,965	1,325,846
Reclassification to retained earnings				(45)	45	—		—
Transactions with owners and other								
Dividends paid				(111,256)		(111,256)	(47,493)	(158,749)
Purchases of treasury stock			(29,004)			(29,004)		(29,004)
Disposal of treasury stock			263			263		263
Share-based payment transactions		(42)				(42)		(42)
Total transactions with owners and other		(42)	(28,741)	(111,256)		(140,039)	(47,493)	(187,532)
Balance as of September 30, 2022	86,067	185,453	(357,050)	9,766,346	1,928,850	11,609,666	301,194	11,910,860

For the six months ended September 30, 2023

	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, 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 period								
Profit for the period				616,301		616,301	37,624	653,925
Other comprehensive income, net of tax					808,285	808,285	17,682	825,967
Total comprehensive income for the period				616,301	808,285	1,424,586	55,306	1,479,892
Reclassification to retained earnings				375	(375)	—		—
Transactions with owners and other								
Dividends paid				(99,915)		(99,915)	(59,549)	(159,464)
Purchases of treasury stock			(145,009)			(145,009)		(145,009)
Disposal of treasury stock			394			394		394
Share-based payment transactions		(131)				(131)		(131)
Total transactions with owners and other		(131)	(144,615)	(99,915)		(244,661)	(59,549)	(304,210)
Balance as of September 30, 2023	86,067	185,458	(629,546)	10,496,889	2,225,307	12,364,175	313,798	12,677,973

[4] Condensed Consolidated Statements of Cash Flows

For the six months ended September 30, 2022 and 2023

	Yen (millions)	
	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Cash flows from operating activities:		
Profit before income taxes	515,831	879,285
Depreciation, amortization and impairment losses excluding equipment on operating leases	357,304	373,775
Share of profit of investments accounted for using the equity method	(82,946)	(66,724)
Finance income and finance costs, net	(69,589)	(92,349)
Interest income and interest costs from financial services, net	(75,593)	(75,284)
Changes in assets and liabilities		
Trade receivables	32,586	24,114
Inventories	(129,729)	(905)
Trade payables	(49,839)	(69,898)
Accrued expenses	(62,296)	(16,454)
Provisions and retirement benefit liabilities	(8,720)	65,507
Receivables from financial services	302,319	(728,165)
Equipment on operating leases	493,778	95,596
Other assets and liabilities	165,071	6,255
Other, net	1,465	(44,023)
Dividends received	131,572	126,630
Interest received	143,741	255,998
Interest paid	(68,304)	(110,717)
Income taxes paid, net of refunds	(255,317)	(242,689)
Net cash provided by operating activities	1,341,334	379,952
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(249,421)	(141,404)
Payments for additions to and internally developed intangible assets	(76,441)	(97,504)
Proceeds from sales of property, plant and equipment and intangible assets	13,623	4,239
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	—	(2,940)
Payments for acquisitions of investments accounted for using the equity method	(10,340)	(38,734)
Payments for acquisitions of other financial assets	(322,025)	(118,990)
Proceeds from sales and redemptions of other financial assets	215,952	106,207
Net cash used in investing activities	(428,652)	(289,126)
Cash flows from financing activities:		
Proceeds from short-term financing liabilities	4,219,027	6,065,976
Repayments of short-term financing liabilities	(4,152,744)	(5,805,967)
Proceeds from long-term financing liabilities	362,289	1,498,319
Repayments of long-term financing liabilities	(1,165,699)	(1,185,750)
Dividends paid to owners of the parent	(111,256)	(99,915)
Dividends paid to non-controlling interests	(36,752)	(45,228)
Purchases and sales of treasury stock, net	(28,741)	(144,615)
Repayments of lease liabilities	(38,890)	(39,773)
Net cash provided by (used in) financing activities	(952,766)	243,047
Effect of exchange rate changes on cash and cash equivalents	300,501	303,626
Net change in cash and cash equivalents	260,417	637,499
Cash and cash equivalents at beginning of year	3,674,931	3,803,014
Cash and cash equivalents at end of period	3,935,348	4,440,513

[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 condensed consolidated interim 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 six months ended September 30, 2022

	Yen (millions)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Products and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	1,412,682	4,920,192	1,527,915	224,515	8,085,304	—	8,085,304
Intersegment	—	83,742	1,181	11,575	96,498	(96,498)	—
Total	1,412,682	5,003,934	1,529,096	236,090	8,181,802	(96,498)	8,085,304
Segment profit (loss)	224,775	63,568	153,049	12,060	453,452	—	453,452
Segment assets	1,614,071	10,241,643	12,041,882	469,044	24,366,640	1,461,253	25,827,893
Depreciation and amortization	33,600	282,801	465,827	9,615	791,843	—	791,843
Capital expenditures	20,451	304,206	712,321	5,779	1,042,757	—	1,042,757

As of and for the six months ended September 30, 2023

	Yen (millions)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Products and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	1,572,558	6,262,289	1,576,608	197,937	9,609,392	—	9,609,392
Intersegment	—	84,816	1,256	16,387	102,459	(102,459)	—
Total	1,572,558	6,347,105	1,577,864	214,324	9,711,851	(102,459)	9,609,392
Segment profit (loss)	253,384	301,380	137,002	4,807	696,573	—	696,573
Segment assets	1,803,540	10,962,398	12,977,324	511,240	26,254,502	1,422,101	27,676,603
Depreciation and amortization	34,486	328,359	415,578	8,592	787,015	—	787,015
Capital expenditures	26,781	233,741	1,115,856	6,036	1,382,414	—	1,382,414

For the three months ended September 30, 2022

	Yen (millions)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Products and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	736,632	2,628,707	778,531	111,884	4,255,754	—	4,255,754
Intersegment	—	47,056	502	5,169	52,727	(52,727)	—
Total	736,632	2,675,763	779,033	117,053	4,308,481	(52,727)	4,255,754
Segment profit (loss)	126,946	25,306	74,248	4,736	231,236	—	231,236

For the three months ended September 30, 2023

	Yen (millions)						
	Motorcycle Business	Automobile Business	Financial Services Business	Power Products and Other Businesses	Segment Total	Reconciling Items	Consolidated
Sales revenue:							
External customers	815,603	3,269,950	803,579	95,264	4,984,396	—	4,984,396
Intersegment	—	45,807	627	9,865	56,299	(56,299)	—
Total	815,603	3,315,757	804,206	105,129	5,040,695	(56,299)	4,984,396
Segment profit (loss)	109,864	124,398	67,474	390	302,126	—	302,126

Explanatory notes:

1. Intersegment sales revenues are generally made at values that approximate arm's-length prices.
2. Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of September 30, 2022 and 2023 amounted to JPY 1,569,670 million and JPY 1,605,913 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] Subsequent Event

The Board of Directors of the Company, at its meeting held on August 9, 2023, resolved that the Company will implement a stock split, and accordingly, change in ratio of American Depositary Receipts (ADRs) to underlying shares and modify acquisition of own shares program. Based on the resolution, the Company implemented a stock split and accordingly, change in ratio of American Depositary Receipts (ADRs) on October 1, 2023.

1. Stock split

(1) Purpose of the stock split

The purpose is to expand the investor base by reducing the Company's stock price per investment unit.

(2) Method of the stock split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2023 (Due to non-working day of the shareholder registry administrator on the same day, the substantial record date was September 29, 2023) was split into 3 shares per share.

(3) Number of shares increased by the stock split

1. Total number of issued shares before the stock split:	1,811,428,430 shares
2. Number of shares increased by the stock split:	3,622,856,860 shares
3. Total number of issued shares following the stock split:	5,434,285,290 shares
4. Total number of authorized shares following the stock split:	7,086,000,000 shares

(4) Schedule of the stock split

Public notice of record date: September 15, 2023

Record date: September 30, 2023

Effective date: October 1, 2023

(5) Others

- There is no change in the amount of stated capital as a result of this stock split.
- As the stock split took effect on October 1, 2023, the interim dividend for the fiscal year ending March 31, 2024 which has a dividend record date of September 30, 2023 will be paid based on the shares before the stock split.

2. Change in ratio of American Depositary Receipts (ADRs) to underlying shares

(1) Purpose of the ratio change

The purpose is to continuously offer the current investment environment for ADR holders by maintaining present level of ADRs trading price.

(2) Outline of the change of ratio

Ratio before change: 1 ADR = 1 Share

Ratio after change: 1 ADR = 3 Shares

Effective date of the new ratio: October 1, 2023 (EST)

First trading date with new ratio: October 2, 2023 (EST)

3. Modification to acquisition of own shares program

(1) Reason for the modification

In the details of acquisition of the Company's own shares resolved at the meeting of the Board of Directors held on May 11, 2023, "total number of shares to be acquired" shall be modified in connection with the stock split.

(2) Details of the modification

Current Program: Total number of shares to be acquired: Up to 64,000,000 shares

Amended Program: Total number of shares to be acquired: Up to 192,000,000 shares

(Reference)

Details of the resolution concerning acquisition of the Company's own shares at the meeting of the Board of Directors held on May 11, 2023

(1) Class of shares to be acquired:

Shares of common stock

(2) Total number of shares to be acquired:

Up to 64,000,000 shares (3.8 % of the total number of issued shares (excluding treasury stock))

(3) Total amount of shares to be acquired:

Up to 200,000 million yen

(4) Period of acquisition:

Starting on May 12, 2023 and ending on March 31, 2024

(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

4. Impact on earnings per share

Basic earnings per share attributable to owners of the parent for the six months ended September 30, 2022 and 2023 assuming the stock split had been conducted at the beginning of the year ended March 31, 2023 are as follows. There were no significant dilutive potential common shares outstanding for the six months ended September 30, 2022 and 2023.

	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023
Basic earnings per share attributable to owners of the parent (yen)	66.03	124.63

Basic earnings per share attributable to owners of the parent for the three months ended September 30, 2022 and 2023 assuming the stock split had been conducted at the beginning of the year ended March 31, 2023 are as follows. There were no significant dilutive potential common shares outstanding for the three months ended September 30, 2022 and 2023.

	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023
Basic earnings per share attributable to owners of the parent (yen)	36.95	51.49

[C] 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.

[7] Forecast for the Fiscal Year Ending March 31, 2024

	Yen (billions)		Change (%)
	FY 2023 results	FY 2024 forecasts	
Sales revenue	16,907.7	20,000.0	18.3
Operating profit	780.7	1,200.0	53.7
Profit before income taxes	879.5	1,395.0	58.6
Profit for the year	717.3	1,000.0	39.4
Profit for the year attributable to owners of the parent	651.4	930.0	42.8
	Yen		
	FY 2023 results	FY 2024 forecasts	
Earnings per share attributable to owners of the parent Basic and diluted	384.02	189.64	

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 for the fiscal year ending March 31, 2024 are based on the number of shares after the stock split. Based on the number of shares prior to the stock split, basic earnings per share for the fiscal year ending March 31, 2024 are expected to be JPY 568.92.

[8] Dividend per Share of Common Stock

	Yen		
	FY 2023 results	FY 2024 results	FY 2024 forecasts
Interim dividend	60.00	87.00	
Year-end dividend	60.00		29.00
Total annual dividend	120.00		—

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 ending 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 ending March 31, 2024 are expected to be JPY 87.00 per share and JPY 174.00 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.