

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

December 31, 2023

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated Financial Results

Overview of Operating Performance

Honda's consolidated sales revenue for the nine months ended December 31, 2023 increased by 19.8%, to ¥14,999.4 billion from the same period last year, due mainly to increased sales revenue in Automobile business as well as positive foreign currency translation effects. Operating profit increased by 46.7%, to ¥1,076.3 billion from the same period last year, due mainly to an increase in profit attributable to price and cost impacts as well as profit attributable to sales impacts, which was partially offset by increased expenses including product warranty expenses. Profit before income taxes increased by 47.1%, to ¥1,264.5 billion from the same period last year. Profit for the period attributable to owners of the parent increased by 49.1%, to ¥869.6 billion from the same period last year.

Business Segments

Motorcycle Business

For the nine months ended December 31, 2022 and 2023

| | Units (thousands) | | | | | | | |
|----------------------------|------------------------------------|------------------------------------|--------------|--------------|------------------------------------|------------------------------------|--------------|--------------|
| | Honda Group Unit Sales* | | | | Consolidated Unit Sales* | | | |
| | Nine months ended Dec. 31, 2022 | Nine months ended Dec. 31, 2023 | Change | % | Nine months ended Dec. 31, 2022 | Nine months ended Dec. 31, 2023 | Change | % |
| Motorcycle Business | 14,285 | 13,961 | (324) | (2.3) | 9,570 | 9,103 | (467) | (4.9) |
| Japan | 179 | 181 | 2 | 1.1 | 179 | 181 | 2 | 1.1 |
| North America | 339 | 374 | 35 | 10.3 | 339 | 374 | 35 | 10.3 |
| Europe | 223 | 324 | 101 | 45.3 | 223 | 324 | 101 | 45.3 |
| Asia | 12,310 | 11,884 | (426) | (3.5) | 7,595 | 7,026 | (569) | (7.5) |
| Other Regions | 1,234 | 1,198 | (36) | (2.9) | 1,234 | 1,198 | (36) | (2.9) |

* Honda Group Unit Sales is the total unit sales of completed motorcycle, ATV and side-by-side products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

Sales revenue from external customers increased by 7.1%, to ¥2,358.0 billion from the same period last year, due mainly to positive foreign currency translation effects. Operating profit increased by 9.3%, to ¥411.5 billion from the same period last year, due mainly to increased profit attributable to price and cost impacts, which was partially offset by increased expenses including product warranty expenses.

Automobile Business

For the nine months ended December 31, 2022 and 2023

| | Units (thousands) | | | | | | | |
|----------------------------|------------------------------------|------------------------------------|------------|-------------|------------------------------------|------------------------------------|------------|-------------|
| | Honda Group Unit Sales* | | | | Consolidated Unit Sales* | | | |
| | Nine months ended Dec. 31, 2022 | Nine months ended Dec. 31, 2023 | Change | % | Nine months ended Dec. 31, 2022 | Nine months ended Dec. 31, 2023 | Change | % |
| Automobile Business | 2,740 | 3,114 | 374 | 13.6 | 1,712 | 2,099 | 387 | 22.6 |
| Japan | 389 | 428 | 39 | 10.0 | 343 | 380 | 37 | 10.8 |
| North America | 860 | 1,211 | 351 | 40.8 | 860 | 1,211 | 351 | 40.8 |
| Europe | 63 | 68 | 5 | 7.9 | 63 | 68 | 5 | 7.9 |
| Asia | 1,341 | 1,307 | (34) | (2.5) | 359 | 340 | (19) | (5.3) |
| Other Regions | 87 | 100 | 13 | 14.9 | 87 | 100 | 13 | 14.9 |

* Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans and others by our Japanese finance subsidiaries and provided through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

Sales revenue from external customers increased by 29.1%, to ¥9,972.4 billion from the same period last year, due mainly to increased consolidated unit sales. Operating profit increased by 307.8%, to ¥460.5 billion from the same period last year, due mainly to an increase in profit attributable to sales impacts as well as profit attributable to price and cost impacts, which was partially offset by increased expenses including product warranty expenses.

Financial Services Business

Sales revenue from external customers increased by 5.5%, to ¥2,386.1 billion from the same period last year, due mainly to positive foreign currency translation effects. Operating profit decreased by 7.0%, to ¥204.8 billion from the same period last year, due mainly to increased expenses, which was partially offset by positive foreign currency effects.

Power Products and Other Businesses

For the nine months ended December 31, 2022 and 2023

| | Units (thousands) | | | |
|--------------------------------|---|------------------------------------|----------------|---------------|
| | Honda Group Unit Sales / Consolidated Unit Sales* | | | |
| | Nine months ended Dec. 31, 2022 | Nine months ended Dec. 31, 2023 | Change | % |
| Power Products Business | 4,121 | 2,548 | (1,573) | (38.2) |
| Japan | 267 | 204 | (63) | (23.6) |
| North America | 1,724 | 684 | (1,040) | (60.3) |
| Europe | 773 | 481 | (292) | (37.8) |
| Asia | 1,047 | 942 | (105) | (10.0) |
| Other Regions | 310 | 237 | (73) | (23.5) |

* Honda Group Unit Sales is the total unit sales of completed power products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power products of Honda and its consolidated subsidiaries. In Power products business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales since no affiliate and joint venture accounted for using the equity method were involved in the sale of Honda power products.

Sales revenue from external customers decreased by 15.9%, to ¥282.8 billion from the same period last year, due mainly to decreased consolidated unit sales in Power products business. Operating loss was ¥0.4 billion, a decrease of ¥24.5 billion from the same period last year, due mainly to decreased profit attributable to sales impacts in Power products business. In addition, operating loss of aircraft and aircraft engines included in Power products and other businesses was ¥24.5 billion, an increase of ¥5.8 billion from the same period last year.

Cash Flows

Consolidated cash and cash equivalents on December 31, 2023 increased by ¥541.4 billion from March 31, 2023, to ¥4,344.4 billion. The reasons for the increases or decreases for each cash flow activity, when compared with the same period last year, are as follows:

Net cash provided by operating activities amounted to ¥421.7 billion of cash inflows. Cash inflows from operating activities decreased by ¥1,291.0 billion from the same period last 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 ¥541.4 billion of cash outflows. Cash outflows from investing activities decreased by ¥43.2 billion from the same period last year, due mainly to decreased payments for additions to property, plant and equipment, which was partially offset by increased payments for acquisitions of investments accounted for using the equity method.

Net cash provided by financing activities amounted to ¥502.6 billion of cash inflows. Cash inflows from financing activities increased by ¥1,821.4 billion from the same period last year, due mainly to increased proceeds from financing liabilities.

Objective indicators for judging the achievement of management goals

Please note that the forward-looking statements contained herein are judgments made by Honda as of December 31, 2023 and may differ materially from actual results because of uncertainties that may arise in the future, including those discussed in Honda's Annual Report on Form 20-F for the fiscal year ended March 31, 2023, filed with the U.S. Securities and Exchange Commission on June 23, 2023, under "Item 3. Key Information—D. Risk Factors."

In the nine months ended December 31, 2023, Honda has formulated the Company's integrated report, the "Honda Report 2023," and has newly established a target for return on invested capital (ROIC)*1 of 10% or higher for the fiscal year ending March 31, 2031. Complementing the previously disclosed return on sales (ROS) target for the fiscal year ending March 31, 2026, we intend to boost cash generation capabilities by fortifying our business structure. Our objective is to uphold an optimal equilibrium between strategic resource allocation for transformation and shareholder returns, with the aim of achieving sustainable growth and enhanced capital efficiency.

*1 (Profit for the year attributable to owners of the parent + Interest expense (excluding Financial services business)) / Invested capital*2.

*2 Equity attributable to owners of the parent + Interest-bearing liabilities (excluding Financial services business). Invested capital is calculated using the average of the beginning and end of the period.

Research and Development

The changes in research and development activities by Honda and its subsidiaries for the nine months ended December 31, 2023 are as follows:

The Company has created the Electrification Business Development Operations based on the Business Development Operations, which was established in April, 2022 to strengthen electrification business, to further strengthen and accelerate Honda's electrification business. This operation consolidates the business strategy and electric vehicle (EV) product development functions of Automobile business and electrification-related strategy and development functions of Motorcycle business and Power products business, and Honda will strive to further accelerate its electrification business and create new value by leveraging its broad and expanding range of mobility products and services.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Position

March 31, 2023 and December 31, 2023

| Assets | Note | Yen (millions) | |
|---|------|---------------------|----------------------|
| | | March 31, 2023 | December 31, 2023 |
| | | unaudited | unaudited |
| Current assets: | | | |
| Cash and cash equivalents | 5 | ¥ 3,803,014 | ¥ 4,320,707 |
| Trade receivables | | 1,060,271 | 1,161,001 |
| Receivables from financial services | | 1,899,493 | 2,279,960 |
| Other financial assets | | 263,892 | 151,897 |
| Inventories | | 2,167,184 | 2,339,652 |
| Other current assets | | 384,494 | 498,795 |
| Total current assets | | <u>9,578,348</u> | <u>10,752,012</u> |
| Non-current assets: | | | |
| Investments accounted for using the equity method | | 915,946 | 1,102,724 |
| Receivables from financial services | | 3,995,259 | 5,128,976 |
| Other financial assets | | 855,070 | 917,042 |
| Equipment on operating leases | 6 | 4,726,292 | 4,887,194 |
| Property, plant and equipment | 7 | 3,168,109 | 3,061,316 |
| Intangible assets | | 870,900 | 934,260 |
| Deferred tax assets | | 105,792 | 132,291 |
| Other non-current assets | | 454,351 | 513,941 |
| Total non-current assets | | <u>15,091,719</u> | <u>16,677,744</u> |
| Total assets | | <u>¥ 24,670,067</u> | <u>¥ 27,429,756</u> |
| | | | |
| Liabilities and Equity | Note | Yen (millions) | |
| | | March 31, 2023 | December 31, 2023 |
| | | unaudited | unaudited |
| Current liabilities: | | | |
| Trade payables | | ¥ 1,426,333 | ¥ 1,386,271 |
| Financing liabilities | | 3,291,195 | 3,778,750 |
| Accrued expenses | | 419,570 | 473,881 |
| Other financial liabilities | | 324,110 | 294,659 |
| Income taxes payable | | 86,252 | 121,199 |
| Provisions | 8 | 362,701 | 570,878 |
| Other current liabilities | | 741,963 | 798,757 |
| Total current liabilities | | <u>6,652,124</u> | <u>7,424,395</u> |
| Non-current liabilities: | | | |
| Financing liabilities | | 4,373,973 | 5,391,323 |
| Other financial liabilities | | 288,736 | 299,724 |
| Retirement benefit liabilities | | 255,852 | 268,253 |
| Provisions | 8 | 270,169 | 332,324 |
| Deferred tax liabilities | | 877,300 | 864,535 |
| Other non-current liabilities | | 449,622 | 514,565 |
| Total non-current liabilities | | <u>6,515,652</u> | <u>7,670,724</u> |
| Total liabilities | | <u>13,167,776</u> | <u>15,095,119</u> |
| Equity: | | | |
| Common stock | | 86,067 | 86,067 |
| Capital surplus | | 185,589 | 205,627 |
| Treasury stock | | (484,931) | (697,506) |
| Retained earnings | | 9,980,128 | 10,608,372 |
| Other components of equity | | 1,417,397 | 1,852,665 |
| Equity attributable to owners of the parent | | <u>11,184,250</u> | <u>12,055,225</u> |
| Non-controlling interests | | 318,041 | 279,412 |
| Total equity | | <u>11,502,291</u> | <u>12,334,637</u> |
| Total liabilities and equity | | <u>¥ 24,670,067</u> | <u>¥ 27,429,756</u> |

See accompanying notes to condensed consolidated interim financial statements.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2022 and 2023

| | Yen (millions) | |
|--|----------------------|----------------------|
| | December 31, 2022 | December 31, 2023 |
| | Note | Note |
| Profit for the period | ¥ 633,874 | ¥ 924,691 |
| Other comprehensive income, net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | (12) | 3 |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | (34,472) | (24,361) |
| Share of other comprehensive income of investments accounted for using the equity method | (1,428) | 3,739 |
| 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 | (817) | 255 |
| Exchange differences on translating foreign operations | 345,693 | 420,937 |
| Share of other comprehensive income of investments accounted for using the equity method | 41,495 | 41,270 |
| Total other comprehensive income, net of tax | <u>350,459</u> | <u>441,843</u> |
| Comprehensive income for the period | <u>¥ 984,333</u> | <u>¥ 1,366,534</u> |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | 931,267 | 1,302,313 |
| Non-controlling interests | 53,066 | 64,221 |

See accompanying notes to condensed consolidated interim financial statements.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Income

For the three months ended December 31, 2022 and 2023

| | Note | Yen (millions) | |
|--|------|----------------------|----------------------|
| | | December 31, 2022 | December 31, 2023 |
| | | unaudited | unaudited |
| Sales revenue | 9 | ¥ 4,438,186 | ¥ 5,390,100 |
| Operating costs and expenses: | | | |
| Cost of sales | | (3,539,583) | (4,215,973) |
| Selling, general and administrative | | (397,362) | (567,118) |
| Research and development | | (220,750) | (227,197) |
| Total operating costs and expenses | | (4,157,695) | (5,010,288) |
| Operating profit | | 280,491 | 379,812 |
| Share of profit of investments accounted for using the equity method | | 65,941 | 543 |
| Finance income and finance costs: | | | |
| Interest income | | 22,998 | 42,982 |
| Interest expense | | (9,564) | (12,141) |
| Other, net | | (16,320) | (25,957) |
| Total finance income and finance costs | | (2,886) | 4,884 |
| Profit before income taxes | | 343,546 | 385,239 |
| Income tax expense | | (78,411) | (114,473) |
| Profit for the period | | ¥ 265,135 | ¥ 270,766 |
| Profit for the period attributable to: | | | |
| Owners of the parent | | 244,655 | 253,308 |
| Non-controlling interests | | 20,480 | 17,458 |
| Earnings per share attributable to owners of the parent | | | |
| Basic and diluted | 12 | ¥ 48.16 | ¥ 52.04 |

See accompanying notes to condensed consolidated interim financial statements.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

For the three months ended December 31, 2022 and 2023

| | Note | Yen (millions) | |
|--|------|----------------------|----------------------|
| | | December 31, 2022 | December 31, 2023 |
| | | unaudited | unaudited |
| Profit for the period | | ¥ 265,135 | ¥ 270,766 |
| Other comprehensive income, net of tax: | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans | | (1) | (1) |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | | (6,737) | (25,114) |
| Share of other comprehensive income of investments accounted for using the equity method | | (319) | (1,541) |
| 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 | | 76 | 684 |
| Exchange differences on translating foreign operations | | (572,014) | (347,489) |
| Share of other comprehensive income of investments accounted for using the equity method | | (27,653) | (10,663) |
| Total other comprehensive income, net of tax | | (606,648) | (384,124) |
| Comprehensive income for the period | | ¥ (341,513) | ¥ (113,358) |
| Comprehensive income for the period attributable to: | | | |
| Owners of the parent | | (345,614) | (122,273) |
| Non-controlling interests | | 4,101 | 8,915 |

See accompanying notes to condensed consolidated interim financial statements.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2022 and 2023

| | | Yen (millions) | | | | | | | |
|------|---|---|----------------|-------------------|----------------------------|-------------|--------------|---------------------------|--------------|
| | | Equity attributable to owners of the parent | | | | | Total | Non-controlling interests | Total equity |
| Note | Common stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | | | | |
| | Balance as of April 1, 2022 (unaudited) | ¥ 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 | | | | 583,169 | | 583,169 | 50,705 | 633,874 |
| | Other comprehensive income, net of tax | | | | | 348,098 | 348,098 | 2,361 | 350,459 |
| | Total comprehensive income for the period | | | | 583,169 | 348,098 | 931,267 | 53,066 | 984,333 |
| | Reclassification to retained earnings | | | | (262) | 262 | — | | — |
| | Transactions with owners and other | | | | | | | | |
| | Dividends paid | 13 | | | (213,475) | | (213,475) | (50,682) | (264,157) |
| | Purchases of treasury stock | | | (90,005) | | | (90,005) | | (90,005) |
| | Disposal of treasury stock | | | 263 | | | 263 | | 263 |
| | Share-based payment transactions | | 84 | | | | 84 | | 84 |
| | Total transactions with owners and other | | 84 | (89,742) | (213,475) | | (303,133) | (50,682) | (353,815) |
| | Balance as of December 31, 2022 (unaudited) | ¥ 86,067 | ¥185,579 | ¥(418,051) | ¥ 9,908,565 | ¥ 1,338,798 | ¥ 11,100,958 | ¥ 302,106 | ¥11,403,064 |

| | | Yen (millions) | | | | | | | |
|------|---|---|----------------|-------------------|----------------------------|-------------|--------------|---------------------------|--------------|
| | | Equity attributable to owners of the parent | | | | | Total | Non-controlling interests | Total equity |
| Note | Common stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | | | | |
| | Balance as of April 1, 2023 (unaudited) | ¥ 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 | | | | 869,609 | | 869,609 | 55,082 | 924,691 |
| | Other comprehensive income, net of tax | | | | | 432,704 | 432,704 | 9,139 | 441,843 |
| | Total comprehensive income for the period | | | | 869,609 | 432,704 | 1,302,313 | 64,221 | 1,366,534 |
| | Reclassification to retained earnings | | | | 500 | (500) | — | | — |
| | Transactions with owners and other | | | | | | | | |
| | Dividends paid | 13 | | | (241,865) | | (241,865) | (63,080) | (304,945) |
| | Purchases of treasury stock | | | (213,012) | | | (213,012) | | (213,012) |
| | Disposal of treasury stock | | | 437 | | | 437 | | 437 |
| | Share-based payment transactions | | (66) | | | | (66) | | (66) |
| | Equity transactions and others | | 20,104 | | | 3,064 | 23,168 | (39,770) | (16,602) |
| | Total transactions with owners and other | | 20,038 | (212,575) | (241,865) | 3,064 | (431,338) | (102,850) | (534,188) |
| | Balance as of December 31, 2023 (unaudited) | ¥ 86,067 | ¥205,627 | ¥(697,506) | ¥10,608,372 | ¥ 1,852,665 | ¥ 12,055,225 | ¥ 279,412 | ¥12,334,637 |

See accompanying notes to condensed consolidated interim financial statements.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

For the nine months ended December 31, 2022 and 2023

| | Note | Yen (millions) | |
|--|------|----------------------|----------------------|
| | | December 31, 2022 | December 31, 2023 |
| | | unaudited | unaudited |
| Cash flows from operating activities: | | | |
| Profit before income taxes | | ¥ 859,377 | ¥ 1,264,524 |
| Depreciation, amortization and impairment losses excluding equipment on operating leases | | 536,890 | 603,367 |
| Share of profit of investments accounted for using the equity method | | (148,887) | (67,267) |
| Finance income and finance costs, net | | (62,159) | (102,083) |
| Interest income and interest costs from financial services, net | | (113,821) | (113,840) |
| Changes in assets and liabilities | | | |
| Trade receivables | | 65,377 | (90,595) |
| Inventories | | (118,123) | (76,415) |
| Trade payables | | (122,455) | (57,560) |
| Accrued expenses | | (40,187) | 5,876 |
| Provisions and retirement benefit liabilities | | (42,037) | 256,484 |
| Receivables from financial services | | 191,359 | (1,151,028) |
| Equipment on operating leases | | 653,490 | 79,487 |
| Other assets and liabilities | | 109,352 | (71,910) |
| Other, net | | (4,953) | (41,841) |
| Dividends received | | 147,089 | 143,941 |
| Interest received | | 230,642 | 406,912 |
| Interest paid | | (102,890) | (181,948) |
| Income taxes paid, net of refunds | | (325,308) | (384,385) |
| Net cash provided by operating activities | | 1,712,756 | 421,719 |
| Cash flows from investing activities: | | | |
| Payments for additions to property, plant and equipment | | (386,751) | (229,107) |
| Payments for additions to and internally developed intangible assets | | (120,711) | (163,623) |
| Proceeds from sales of property, plant and equipment and intangible assets | | 14,740 | 5,049 |
| 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) | (108,882) |
| Payments for acquisitions of other financial assets | | (468,123) | (207,734) |
| Proceeds from sales and redemptions of other financial assets | | 386,494 | 165,816 |
| Net cash used in investing activities | | (584,691) | (541,421) |
| Cash flows from financing activities: | | | |
| Proceeds from short-term financing liabilities | | 6,782,961 | 8,096,458 |
| Repayments of short-term financing liabilities | | (6,364,866) | (7,947,417) |
| Proceeds from long-term financing liabilities | | 482,029 | 2,420,677 |
| Repayments of long-term financing liabilities | | (1,817,099) | (1,490,708) |
| Dividends paid to owners of the parent | | (213,475) | (241,865) |
| Dividends paid to non-controlling interests | | (40,214) | (49,160) |
| Purchases and sales of treasury stock, net | | (89,742) | (212,575) |
| Repayments of lease liabilities | | (58,406) | (58,860) |
| Other, net | | — | (13,875) |
| Net cash provided by (used in) financing activities | | (1,318,812) | 502,675 |
| Effect of exchange rate changes on cash and cash equivalents | | 110,903 | 158,488 |
| Net change in cash and cash equivalents | | (79,844) | 541,461 |
| Cash and cash equivalents at beginning of year | | 3,674,931 | 3,803,014 |
| Cash and cash equivalents at end of period | 5 | ¥ 3,595,087 | ¥ 4,344,475 |

See accompanying notes to condensed consolidated interim financial statements.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES**Notes to Condensed Consolidated Interim Financial Statements****(1) Reporting Entity**

Honda Motor Co., Ltd. (the “Company”) is a public company domiciled in Japan. The Company and its subsidiaries (collectively “Honda”) develop, manufacture and distribute motorcycles, automobiles, power products and others throughout the world, and also provide financial services to customers and dealers for the sale of those products. Principal manufacturing facilities are located in Japan, the United States of America, Canada, Mexico, China, India, Indonesia, Malaysia, Thailand, Vietnam and Brazil.

(2) Basis of Preparation*(a) Compliance with Interim Financial Reporting Standards*

The condensed consolidated interim financial statements of the Company have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the fiscal year ended March 31, 2023, since the condensed consolidated interim financial statements do not include all the information required in the annual consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

(b) Functional Currency and Presentation Currency

The condensed consolidated interim financial statements are presented in Japanese yen, which is the functional currency of the Company. All financial information presented in Japanese yen has been rounded to the nearest million Japanese yen, except when otherwise indicated.

(c) Use of Estimates and Judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amount of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. These estimates and underlying assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The condensed consolidated interim financial statements are prepared based on the same judgments and estimations as those applied and described in the Company’s consolidated financial statements for the fiscal year ended March 31, 2023.

(3) Summary of Material Accounting Policies

The condensed consolidated interim financial statements are prepared based on the same accounting policies as those applied and described in the Company’s consolidated financial statements for the fiscal year ended March 31, 2023.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(4) 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

Segment information as of and for the nine months ended December 31, 2022 and 2023 is as follows:

As of and for the nine months ended December 31, 2022

| | Yen (millions) | | | | Segment Total | Reconciling Items | Consolidated |
|-------------------------------|---------------------|---------------------|-----------------------------|-------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | | | |
| Sales revenue: | | | | | | | |
| External customers | ¥2,202,355 | ¥ 7,723,596 | ¥ 2,261,049 | ¥ 336,490 | ¥12,523,490 | ¥ — | ¥ 12,523,490 |
| Intersegment | — | 135,426 | 1,653 | 20,389 | 157,468 | (157,468) | — |
| Total | 2,202,355 | 7,859,022 | 2,262,702 | 356,879 | 12,680,958 | (157,468) | 12,523,490 |
| Segment profit (loss) | ¥ 376,535 | ¥ 112,934 | ¥ 220,371 | ¥ 24,103 | ¥ 733,943 | ¥ — | ¥ 733,943 |
| Segment assets | ¥1,549,384 | ¥ 9,754,332 | ¥11,120,960 | ¥ 465,635 | ¥22,890,311 | ¥ 1,252,280 | ¥ 24,142,591 |
| Depreciation and amortization | 49,966 | 440,624 | 695,034 | 13,906 | 1,199,530 | — | 1,199,530 |
| Capital expenditures | 33,651 | 500,630 | 1,125,920 | 8,987 | 1,669,188 | — | 1,669,188 |

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

As of and for the nine months ended December 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 | ¥2,358,037 | ¥ 9,972,438 | ¥ 2,386,150 | ¥ 282,867 | ¥14,999,492 | ¥ — | ¥ 14,999,492 |
| Intersegment | — | 148,090 | 1,940 | 23,664 | 173,694 | (173,694) | — |
| Total | 2,358,037 | 10,120,528 | 2,388,090 | 306,531 | 15,173,186 | (173,694) | 14,999,492 |
| Segment profit (loss) | ¥ 411,510 | ¥ 460,522 | ¥ 204,842 | ¥ (489) | ¥ 1,076,385 | ¥ — | ¥ 1,076,385 |
| Segment assets | ¥1,798,445 | ¥11,031,112 | ¥12,921,061 | ¥ 525,382 | ¥26,276,000 | ¥ 1,153,756 | ¥ 27,429,756 |
| Depreciation and amortization | 53,114 | 490,106 | 625,466 | 12,539 | 1,181,225 | — | 1,181,225 |
| Capital expenditures | 43,035 | 372,250 | 1,737,710 | 8,847 | 2,161,842 | — | 2,161,842 |

Segment information for the three months ended December 31, 2022 and 2023 is as follows:

For the three months ended December 31, 2022

| | Yen (millions) | | | | | | |
|-----------------------|---------------------|---------------------|-----------------------------|-------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | |
| External customers | ¥ 789,673 | ¥ 2,803,404 | ¥ 733,134 | ¥ 111,975 | ¥4,438,186 | ¥ — | ¥ 4,438,186 |
| Intersegment | — | 51,684 | 472 | 8,814 | 60,970 | (60,970) | — |
| Total | 789,673 | 2,855,088 | 733,606 | 120,789 | 4,499,156 | (60,970) | 4,438,186 |
| Segment profit (loss) | ¥ 151,760 | ¥ 49,366 | ¥ 67,322 | ¥ 12,043 | ¥ 280,491 | ¥ — | ¥ 280,491 |

For the three months ended December 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 | ¥ 785,479 | ¥ 3,710,149 | ¥ 809,542 | ¥ 84,930 | ¥5,390,100 | ¥ — | ¥ 5,390,100 |
| Intersegment | — | 63,274 | 684 | 7,277 | 71,235 | (71,235) | — |
| Total | 785,479 | 3,773,423 | 810,226 | 92,207 | 5,461,335 | (71,235) | 5,390,100 |
| Segment profit (loss) | ¥ 158,126 | ¥ 159,142 | ¥ 67,840 | ¥ (5,296) | ¥ 379,812 | ¥ — | ¥ 379,812 |

Explanatory notes:

1. Segment profit (loss) of each segment is measured in a consistent manner with consolidated operating profit, which is profit before income taxes before share of profit of investments accounted for using the equity method and finance income and finance costs. Expenses not directly associated with specific segments are allocated based on the most reasonable measures applicable.
2. Segment assets of each segment are defined as total assets including investments accounted for using the equity method, derivatives, and deferred tax assets. Segment assets are based on those directly associated with each segment and those not directly associated with specific segments are allocated based on the most reasonable measures applicable except for the corporate assets described below.
3. Intersegment sales revenues are generally made at values that approximate arm's-length prices.
4. Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of December 31, 2022 and 2023 amounted to ¥1,418,600 million and ¥1,410,833 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(5) Cash and Cash Equivalents

The reconciliation of the amount of cash and cash equivalents between condensed consolidated statements of financial position and condensed consolidated statements of cash flows is as follows.

| | Yen (millions) |
|--|---------------------------|
| | As of December 31, |
| | 2023 |
| Cash and cash equivalents in the condensed consolidated statements of financial position | ¥ 4,320,707 |
| Cash and cash equivalents included in assets held for sale | 23,768 |
| Cash and cash equivalents in the condensed consolidated statements of cash flows | ¥ 4,344,475 |

Assets held for sale as of December 31, 2023 are presented in other current assets in the condensed consolidated statements of financial position.

(6) Equipment on Operating Leases

The additions to equipment on operating leases for the nine months ended December 31, 2022 and 2023 are ¥1,123,373 million and ¥1,735,630 million, respectively.

The sales or disposals of equipment on operating leases for the nine months ended December 31, 2022 and 2023 are ¥1,081,513 million and ¥1,184,112 million, respectively.

(7) Property, Plant and Equipment

The additions to property, plant and equipment for the nine months ended December 31, 2022 and 2023 are ¥454,203 million and ¥275,859 million, respectively.

The sales or disposals of property, plant and equipment for the nine months ended December 31, 2022 and 2023 are ¥21,394 million and ¥26,481 million, respectively.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(8) Provisions

The components of and changes in provisions for the nine months ended December 31, 2023 are as follows:

| | Yen (millions) | | |
|--|---------------------|------------------|------------------|
| | Product warranties* | Other | Total |
| Balance as of April 1, 2023 | ¥ 535,099 | ¥ 97,771 | ¥ 632,870 |
| Provision | ¥ 461,185 | ¥ 19,925 | ¥ 481,110 |
| Write-offs | (170,399) | (17,770) | (188,169) |
| Reversal | (42,844) | (5,073) | (47,917) |
| Exchange differences on translating foreign operations | 19,275 | 6,033 | 25,308 |
| Balance as of December 31, 2023 | <u>¥ 802,316</u> | <u>¥ 100,886</u> | <u>¥ 903,202</u> |

Current liabilities and non-current liabilities of provisions as of March 31, 2023 and December 31, 2023 are as follows:

| | Yen (millions) | |
|-------------------------|----------------------|-------------------------|
| | As of March 31, 2023 | As of December 31, 2023 |
| Current liabilities | ¥ 362,701 | ¥ 570,878 |
| Non-current liabilities | 270,169 | 332,324 |
| Total | <u>¥ 632,870</u> | <u>¥ 903,202</u> |

Explanatory note:

- * Honda recognizes provisions for product warranties to cover future product warranty expenses. Honda recognizes costs for general warranties on products Honda sells and for specific warranty programs, including product recalls. Honda recognizes general estimated warranty costs at the time products are sold to customers. Honda also recognizes specific estimated warranty program 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. These provisions are estimated based on historical warranty claim experience with consideration given to the expected level of future warranty costs, including current sales trends, the expected number of units to be affected and the estimated average repair cost per unit for warranty claims. Provisions for product warranties are utilized for expenditures based on the demand from customers and dealers.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(9) Sales Revenue

As stated in Note 4, Honda discloses segment information in four categories.

The sales revenue disaggregated by geographical markets based on the location of the customer and the reconciliation of the disaggregated revenue with each segment for the nine months ended December 31, 2022 and 2023 are as follows:

For the nine months ended December 31, 2022

| | Yen (millions) | | | | Total |
|---|------------------------|------------------------|-----------------------------------|---|--------------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | |
| Revenue arising from Contracts with Customers | | | | | |
| Japan | ¥ 79,920 | ¥ 987,604 | ¥ 110,492 | ¥ 70,315 | ¥ 1,248,331 |
| North America | 220,528 | 4,318,570 | 1,047,600 | 137,927 | 5,724,625 |
| Europe | 155,111 | 249,547 | — | 63,518 | 468,176 |
| Asia | 1,361,906 | 1,887,402 | 18 | 42,773 | 3,292,099 |
| Other Regions | 384,569 | 271,791 | — | 21,771 | 678,131 |
| Total | <u>¥2,202,034</u> | <u>¥7,714,914</u> | <u>¥1,158,110</u> | <u>¥ 336,304</u> | <u>¥11,411,362</u> |
| Revenue arising from the other sources* | 321 | 8,682 | 1,102,939 | 186 | 1,112,128 |
| Total | <u>¥2,202,355</u> | <u>¥7,723,596</u> | <u>¥2,261,049</u> | <u>¥ 336,490</u> | <u>¥12,523,490</u> |

For the nine months ended December 31, 2023

| | Yen (millions) | | | | Total |
|---|------------------------|------------------------|-----------------------------------|---|--------------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | |
| Revenue arising from Contracts with Customers | | | | | |
| Japan | ¥ 87,105 | ¥1,125,423 | ¥ 119,029 | ¥ 69,238 | ¥ 1,400,795 |
| North America | 248,090 | 6,273,811 | 1,099,439 | 99,693 | 7,721,033 |
| Europe | 251,914 | 333,247 | — | 53,939 | 639,100 |
| Asia | 1,327,762 | 1,848,824 | 5 | 41,581 | 3,218,172 |
| Other Regions | 442,974 | 372,714 | — | 18,354 | 834,042 |
| Total | <u>¥2,357,845</u> | <u>¥9,954,019</u> | <u>¥1,218,473</u> | <u>¥ 282,805</u> | <u>¥13,813,142</u> |
| Revenue arising from the other sources* | 192 | 18,419 | 1,167,677 | 62 | 1,186,350 |
| Total | <u>¥2,358,037</u> | <u>¥9,972,438</u> | <u>¥2,386,150</u> | <u>¥ 282,867</u> | <u>¥14,999,492</u> |

Explanatory note:

* Revenue arising from the other sources primarily includes lease revenues recognized under IFRS 16 and interest recognized under IFRS 9.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

The sales revenue disaggregated by geographical markets based on the location of the customer and the reconciliation of the disaggregated revenue with each segment for the three months ended December 31, 2022 and 2023 are as follows:

For the three months ended December 31, 2022

| | Yen (millions) | | | | Total |
|---|------------------------|------------------------|-----------------------------------|---|--------------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | |
| Revenue arising from Contracts with Customers | | | | | |
| Japan | ¥ 29,311 | ¥ 365,508 | ¥ 41,847 | ¥ 27,086 | ¥ 463,752 |
| North America | 76,877 | 1,634,024 | 323,253 | 42,250 | 2,076,404 |
| Europe | 61,410 | 82,835 | — | 20,367 | 164,612 |
| Asia | 490,976 | 623,369 | 9 | 14,098 | 1,128,452 |
| Other Regions | 130,965 | 93,275 | — | 8,112 | 232,352 |
| Total | ¥ 789,539 | ¥ 2,799,011 | ¥ 365,109 | ¥ 111,913 | ¥ 4,065,572 |
| Revenue arising from the other sources* | 134 | 4,393 | 368,025 | 62 | 372,614 |
| Total | ¥ 789,673 | ¥ 2,803,404 | ¥ 733,134 | ¥ 111,975 | ¥ 4,438,186 |

For the three months ended December 31, 2023

| | Yen (millions) | | | | Total |
|---|------------------------|------------------------|-----------------------------------|---|--------------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | |
| Revenue arising from Contracts with Customers | | | | | |
| Japan | ¥ 26,776 | ¥ 442,548 | ¥ 46,639 | ¥ 22,843 | ¥ 538,806 |
| North America | 76,045 | 2,305,289 | 355,170 | 25,159 | 2,761,663 |
| Europe | 71,952 | 114,018 | — | 13,707 | 199,677 |
| Asia | 460,939 | 704,086 | 2 | 16,023 | 1,181,050 |
| Other Regions | 149,666 | 136,995 | — | 7,175 | 293,836 |
| Total | ¥ 785,378 | ¥ 3,702,936 | ¥ 401,811 | ¥ 84,907 | ¥ 4,975,032 |
| Revenue arising from the other sources* | 101 | 7,213 | 407,731 | 23 | 415,068 |
| Total | ¥ 785,479 | ¥ 3,710,149 | ¥ 809,542 | ¥ 84,930 | ¥ 5,390,100 |

Explanatory note:

* Revenue arising from the other sources primarily includes lease revenues recognized under IFRS 16 and interest recognized under IFRS 9.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(10) Fair Value

(a) Definition of Fair Value Hierarchy

Honda uses a three-level hierarchy when measuring fair value. The following is a description of the three hierarchy levels:

| | |
|---------|--|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly |
| Level 3 | Unobservable inputs for the assets or liabilities |

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest input that is significant to the fair value measurement in its entirety. Honda recognizes the transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(b) Method of Fair Value Measurement

The fair values of assets and liabilities are determined based on relevant market information and through the use of an appropriate valuation method.

The measurement methods and assumptions used in the measurement of assets and liabilities are as follows:

(Cash and cash equivalents, trade receivables and trade payables)

The fair values approximate their carrying amounts due to their short-term maturities.

(Receivables from financial services)

The fair value of receivables from financial services is measured primarily by discounting future cash flows using the current interest rates applicable for these receivables of similar remaining maturities. Fair value measurement for receivables from financial services is classified as Level 3.

(Debt securities)

Debt securities consist mainly of mutual funds, corporate bonds, local bonds and auction rate securities.

The fair value of mutual funds with an active market is measured by using quoted market prices. Fair value measurement for mutual funds with an active market is classified as Level 1.

The fair values of corporate bonds and local bonds are measured based on proprietary pricing models provided by specialists and/or market makers and the models obtain a wide array of market observable inputs such as credit ratings and discount rates. Fair value measurements for corporate bonds and local bonds are classified as Level 2.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES**Notes to Condensed Consolidated Interim Financial Statements**

The subsidiary's auction rate securities are A to AAA rated and are insured by qualified guarantee agencies, and reinsured by the Secretary of Education and the United States government, and guaranteed at approximately 95% by the United States government. To measure fair value of auction rate securities, Honda uses a third-party-developed valuation model which obtains a wide array of market observable inputs, as well as unobservable inputs including probability of passing or failing auction at each auction. Fair value measurement for auction rate securities is classified as Level 3.

(Equity securities)

The fair value of equity securities with an active market is measured by using quoted market prices. Fair value measurement for equity securities with an active market is classified as Level 1.

The fair value of equity securities with no active market is measured mainly by using a discounted cash flow method, a comparable company valuation method and other appropriate valuation methods. Fair value measurement for equity securities with no active market is classified as Level 3. In addition, in the case that cost represents the best estimate of fair value, fair value for the equity securities with no active market is measured at cost.

Cash flow forecasts and discount rate for the discounted cash flow model and price book-value ratio (PBR) of a comparable company for the comparable company valuation method are used as significant unobservable inputs in the fair value measurement of equity securities classified as Level 3. The fair value increases (decreases) as Cash flow forecasts increase (decrease), discount rate declines (rises) and PBR of a comparable company rises (declines). Such fair value measurements are conducted in accordance with the group accounting policy approved by the appropriate person of authority and based upon valuation methods determined by personnel in accounting divisions of Honda.

(Derivatives)

Derivatives consist mainly of foreign currency forward exchange contracts, foreign currency option contracts, currency swap agreements and interest rate swap agreements.

The fair values of foreign currency forward exchange contracts and foreign currency option contracts are measured by using market observable inputs such as spot exchange rates, discount rates and implied volatility. The fair values of currency swap agreements and interest rate swap agreements are measured by discounting future cash flows using market observable inputs such as interest rates and foreign exchange rates. Fair value measurements for these derivatives are classified as Level 2.

The credit risk of the counterparties is considered in the valuation of derivatives.

(Financing liabilities)

The fair value of financing liabilities is measured by discounting future cash flows using interest rates currently available for liabilities of similar terms and remaining maturities. Fair value measurement of financing liabilities is mainly classified as Level 2.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(c) Assets and Liabilities Measured at Fair Value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2023 and December 31, 2023 consist of the following:

| As of March 31, 2023 | Yen (millions) | | | |
|---|-----------------------|-----------------|-----------------|-----------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Other financial assets: | | | | |
| Financial assets measured at fair value through profit or loss: | | | | |
| Derivatives | | | | |
| Foreign exchange instruments | ¥ — | ¥ 29,026 | ¥ — | ¥ 29,026 |
| Interest rate instruments | — | 151,242 | — | 151,242 |
| Other | — | — | 5,700 | 5,700 |
| Total | <u>—</u> | <u>180,268</u> | <u>5,700</u> | <u>185,968</u> |
| Debt securities | 43,264 | 53,634 | 5,074 | 101,972 |
| Financial assets measured at fair value through other comprehensive income: | | | | |
| Debt securities | — | 26,555 | — | 26,555 |
| Equity securities | 325,318 | — | 149,820 | 475,138 |
| Total | <u>¥368,582</u> | <u>¥260,457</u> | <u>¥160,594</u> | <u>¥789,633</u> |
| Other financial liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss: | | | | |
| Derivatives | | | | |
| Foreign exchange instruments | ¥ — | ¥ 95,412 | ¥ — | ¥ 95,412 |
| Interest rate instruments | — | 141,786 | — | 141,786 |
| Other | — | 5,770 | — | 5,770 |
| Total | <u>—</u> | <u>242,968</u> | <u>—</u> | <u>242,968</u> |
| Total | <u>¥ —</u> | <u>¥242,968</u> | <u>¥ —</u> | <u>¥242,968</u> |

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2023.

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| As of December 31, 2023 | Yen (millions) | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Other financial assets: | | | | |
| Financial assets measured at fair value through profit or loss: | | | | |
| Derivatives | | | | |
| Foreign exchange instruments | ¥ — | ¥ 67,558 | ¥ — | ¥ 67,558 |
| Interest rate instruments | — | 110,230 | — | 110,230 |
| Other | — | — | 5,464 | 5,464 |
| Total | — | 177,788 | 5,464 | 183,252 |
| Debt securities | | | | |
| | 50,066 | 58,847 | 4,255 | 113,168 |
| Financial assets measured at fair value through other comprehensive income: | | | | |
| Debt securities | | | | |
| | — | 29,133 | — | 29,133 |
| Equity securities | | | | |
| | 344,524 | — | 165,459 | 509,983 |
| Total | ¥394,590 | ¥265,768 | ¥175,178 | ¥835,536 |
| Other financial liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss: | | | | |
| Derivatives | | | | |
| Foreign exchange instruments | ¥ — | ¥ 75,099 | ¥ — | ¥ 75,099 |
| Interest rate instruments | — | 126,482 | — | 126,482 |
| Other | — | 3,149 | — | 3,149 |
| Total | — | 204,730 | — | 204,730 |
| Total | ¥ — | ¥204,730 | ¥ — | ¥204,730 |

There were no transfers between Level 1 and Level 2 for the nine months ended December 31, 2023.

There were no significant effects of the measurements on profit or loss or other comprehensive income in Level 3 assets and liabilities measured at fair value on a recurring basis for the nine months ended December 31, 2023.

(d) Financial Assets and Financial Liabilities measured at amortized cost

The carrying amounts and fair values of financial assets and financial liabilities measured at amortized cost as of March 31, 2023 and December 31, 2023 are as follows:

| | Yen (millions) | | | |
|-------------------------------------|----------------------|------------|-------------------------|------------|
| | As of March 31, 2023 | | As of December 31, 2023 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Receivables from financial services | ¥5,894,752 | ¥5,696,283 | ¥7,408,936 | ¥7,211,399 |
| Debt securities | 85,235 | 85,235 | 37,342 | 37,342 |
| Financing liabilities | 7,665,168 | 7,440,205 | 9,170,073 | 9,035,735 |

The table does not include financial assets and financial liabilities measured at amortized cost whose fair values approximate their carrying amounts.

HONDA MOTOR CO., LTD. AND SUBSIDIARIES**Notes to Condensed Consolidated Interim Financial Statements****(11) Contingent Liabilities***Claims and Lawsuits*

Honda is subject to potential liability under various lawsuits and claims. Honda recognizes a provision for loss contingencies 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. Honda reviews these pending lawsuits and claims periodically and adjusts the amounts recognized for these contingent liabilities, if necessary, by considering the nature of lawsuits and claims, the progress of the case and the opinions of legal counsel.

With respect to product liability, personal injury claims or lawsuits, Honda believes that any judgment that may be recovered by any plaintiff for general and special damages and court costs will be adequately covered by Honda's insurance and provision. Punitive damages are claimed in certain of these lawsuits.

After consultation with legal counsel, and taking into account all known factors pertaining to existing lawsuits and claims, Honda believes that the ultimate outcome of such lawsuits and pending claims should not result in liability to Honda that would be likely to have an adverse material effect on its consolidated financial position or results of operations.

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 arises, 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.

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Notes to Condensed Consolidated Interim Financial Statements

(12) Earnings Per Share

Earnings per share attributable to owners of the parent for the nine months ended December 31, 2022 and 2023 are calculated based on the following information. There were no significant dilutive potential common shares outstanding for the nine months ended December 31, 2022 and 2023.

| | 2022 | 2023 |
|--|---------------|---------------|
| Profit for the period attributable to owners of the parent (millions of yen) | ¥ 583,169 | ¥ 869,609 |
| Weighted average number of common shares outstanding, basic (shares) | 5,109,858,508 | 4,919,185,238 |
| Basic earnings per share attributable to owners of the parent (yen) | ¥ 114.13 | ¥ 176.78 |

Earnings per share attributable to owners of the parent for the three months ended December 31, 2022 and 2023 are calculated based on the following information. There were no significant dilutive potential common shares outstanding for the three months ended December 31, 2022 and 2023.

| | 2022 | 2023 |
|--|---------------|---------------|
| Profit for the period attributable to owners of the parent (millions of yen) | ¥ 244,655 | ¥ 253,308 |
| Weighted average number of common shares outstanding, basic (shares) | 5,079,639,617 | 4,867,319,778 |
| Basic earnings per share attributable to owners of the parent (yen) | ¥ 48.16 | ¥ 52.04 |

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 and diluted 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.

(13) Dividend

Dividend payout

For the nine months ended December 31, 2022

| | |
|---|--|
| Resolution | The Board of Directors Meeting on May 13, 2022 |
| Type of shares | Common shares |
| Total amount of dividends (millions of yen) | 111,256 |
| Dividend per share (yen) | 65.00 |
| Record date | March 31, 2022 |
| Effective date | June 6, 2022 |

| | |
|---|--|
| Resolution | The Board of Directors Meeting on November 9, 2022 |
| Type of shares | Common shares |
| Total amount of dividends (millions of yen) | 102,219 |
| Dividend per share (yen) | 60.00 |
| Record date | September 30, 2022 |
| Effective date | December 5, 2022 |

For the nine months ended December 31, 2023

| | |
|---|--|
| Resolution | The Board of Directors Meeting on May 11, 2023 |
| Type of shares | Common shares |
| Total amount of dividends (millions of yen) | 99,915 |
| Dividend per share (yen) | 60.00 |
| Record date | March 31, 2023 |
| Effective date | June 6, 2023 |

| | |
|---|--|
| Resolution | The Board of Directors Meeting on November 9, 2023 |
| Type of shares | Common shares |
| Total amount of dividends (millions of yen) | 141,949 |
| Dividend per share (yen) | 87.00 |
| Record date | September 30, 2023 |
| Effective date | December 5, 2023 |

HONDA MOTOR CO., LTD. AND SUBSIDIARIES**Notes to Condensed Consolidated Interim Financial Statements****(14) Subsequent Event***Acquisition and Cancellation of the Company's Own Shares*

The Board of Directors of the Company, at its meeting held on February 8, 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 and cancel its own shares pursuant to Article 178 of that law.

(a) Reason for acquisition and cancellation of own shares

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

*(b) 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 34,000,000 shares (0.7 % of total number of issued shares (excluding treasury stock))

3) Total amount of shares to be acquired:

Up to 50,000 million yen

4) Period of the acquisition:

Starting on March 1, 2024 and ending on April 30, 2024

5) Method of the 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

*(c) Details of the cancellation**1) Class of shares to be cancelled:*

Shares of common stock

2) Total number of shares to be cancelled:

154,285,290 shares (2.8% of total number of issued shares)

3) Scheduled date of the cancellation:

February 29, 2024

4) Total number of shares issued after the cancellation:

5,280,000,000 shares

HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements

(15) Approval of Release of Condensed Consolidated Interim Financial Statements

The release of the condensed consolidated interim financial statements was approved by Toshihiro Mibe, Director, President and Representative Executive Officer and Eiji Fujimura, Executive Officer and Chief Financial Officer on February 13, 2024.