

February 2, 2018

**HONDA MOTOR CO., LTD. REPORTS
CONSOLIDATED FINANCIAL RESULTS
FOR THE FISCAL THIRD QUARTER AND
THE FISCAL NINE-MONTH PERIOD ENDED DECEMBER 31, 2017**

Tokyo, February 2, 2018--- Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal third quarter and the fiscal nine-month period ended December 31, 2017.

Third Quarter Results

Honda's consolidated profit for the period attributable to owners of the parent for the fiscal third quarter ended December 31, 2017 totaled JPY 570.2 billion, an increase of 237.8% from the same period last year, due mainly to impacts of the enactment of the U.S. Tax cuts and Jobs Act. Earnings per share attributable to owners of the parent for the quarter amounted to JPY 318.50, an increase of JPY 224.83 from the corresponding period last year. One Honda American Depository Share represents one common share.

Consolidated sales revenue for the quarter amounted to JPY 3,957.1 billion, an increase of 13.0% from the same period last year, due primarily to increased revenue in all business operations.

Consolidated operating profit for the quarter amounted to JPY 284.5 billion, an increase of 37.0% from the same period last year, due primarily to an increase in sales volume and model mix, despite increased SG&A expenses.

Share of profit of investments accounted for using the equity method for the quarter amounted to JPY 54.5 billion, an increase of 11.0% from the corresponding period last year.

Consolidated profit before income taxes for the quarter totaled JPY 346.8 billion, an increase of 32.9% from the same period last year.

Nine Months Results

Honda's consolidated profit for the period attributable to owners of the parent for the fiscal nine months ended December 31, 2017 totaled JPY 951.5 billion, an increase of 82.8% from the same period last year, due mainly to impacts of the enactment of the U.S. Tax cuts and Jobs Act. Earnings per share attributable to owners of the parent for the fiscal nine months amounted to JPY 529.39, an increase of JPY 240.53 from the same period last year.

Consolidated sales revenue for the fiscal nine months amounted to JPY 11,446.4 billion, an increase of 11.8% from the same period last year, due primarily to increased revenue in all business operations as well as favorable foreign currency translation effects.

Consolidated operating profit for the fiscal nine months amounted to JPY 706.7 billion, an increase of 0.6% from the same period last year, due primarily to an increase in sales volume and model mix and continuing cost reduction efforts, despite the loss related to the settlement of multidistrict class action litigation and reverse effect from the impact of pension plan amendments in the previous fiscal year.

Share of profit of investments accounted for using the equity method for the fiscal nine months amounted to JPY 189.7 billion, an increase of 63.3% from the corresponding period last year.

Consolidated profit before income taxes for the fiscal nine months totaled JPY 924.5 billion, an increase of 12.7% from the same period last year, mainly due to increased share of profit of investments accounted for using the equity method.

Consolidated Statements of Financial Position for the Fiscal Nine Months Ended December 31, 2017

Total assets increased by JPY 803.3 billion, to JPY 19,761.4 billion from March 31, 2017, mainly due to an increase in Receivables from financial services and Equipment on operating leases. Total liabilities decreased by JPY 77.1 billion, to JPY 11,311.3 billion from March 31, 2017, mainly due to a decrease in Deferred tax liabilities and Trade payables, despite an increase in Financing liabilities as well as foreign currency translation effects. Total equity increased by JPY 880.4 billion, to JPY 8,450.1 billion from March 31, 2017 due mainly to increased Retained earnings attributable to increased Profit for the period, despite a decrease attributable to purchases of Treasury stock.

Consolidated Statements of Cash Flows for the Fiscal Nine Months Year Ended December 31, 2017

Consolidated cash and cash equivalents on December 31, 2017 increased by JPY 104.5 billion from March 31, 2017, to JPY 2,210.4 billion. The reasons for the increases or decreases for each cash flow activity, when compared with the same period of the previous fiscal year, are as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to JPY 622.6 billion for the fiscal nine months ended December 31, 2017. Cash inflows from operating activities increased by JPY 164.3 billion compared with the same period of the previous fiscal year due mainly to an increase in cash received from customers, despite increased payments for parts and raw materials.

Cash flows from investing activities

Net cash used in investing activities amounted to JPY 431.3 billion. Cash outflows from investing activities decreased by JPY 100.6 billion compared with the same period of the previous fiscal year, due mainly to a decrease in Payments for additions to property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities amounted to JPY 130.3 billion. Cash outflows from financing activities increased by JPY 219.4 billion compared with the same period of the previous fiscal year, due mainly to a decrease in proceeds from financing liabilities and purchases of treasury stock.

Forecasts for the Fiscal Year Ending March 31, 2018

In regard to the forecasts of the financial results for the fiscal year ending March 31, 2018, Honda projects consolidated results to be as shown below:

Fiscal year ending March 31, 2018

| | <u>Yen (billions)</u> | <u>Changes from FY 2017</u> |
|--|-----------------------|-----------------------------|
| Sales revenue | 15,200.0 | +8.6% |
| Operating profit | 775.0 | -7.8% |
| Profit before income taxes | 1,045.0 | +3.8% |
| Profit for the year | 1,070.0 | +57.5% |
| Profit for the year attributable to owners of the parent | 1,000.0 | +62.2% |
| | <u>Yen</u> | |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | 557.70 | |

Note: The forecasts are based on the assumption that the average exchange rate for the Japanese yen to the U.S. dollar will be JPY 110 for the full year ending March 31, 2018.

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, 2018 from the previous year are as follows.

| | <u>Yen (billions)</u> |
|--|-----------------------|
| Revenue, model mix, etc. | + 122.0 |
| Cost reduction, the effect of raw material cost fluctuations, etc. | + 64.0 |
| SG&A expenses | - 77.0 |
| R&D expenses | - 47.0 |
| Currency effect | + 10.0 |
| The impact of pension plan amendments | - 84.0 |
| The loss related to the settlement of multidistrict class action litigation | - 53.7 |
| <u>Operating profit compared with fiscal year ended March 31, 2017</u> | <u>- 65.7</u> |
| Share of profit of investments accounted for using the equity method | + 75.2 |
| Finance income and finance costs | + 28.5 |
| <u>Profit before income taxes compared with fiscal year ended March 31, 2017</u> | <u>+ 38.0</u> |

Dividend per Share of Common Stock

Fiscal third quarter dividend is JPY 25 per share of common stock. The total expected annual dividend per share of common stock for the fiscal year ending March 31, 2018, is JPY 98 per share.

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.

Consolidated Financial Summary

For the three months and nine months ended December 31, 2016 and 2017

Financial Highlights

| | Yen (millions) | | | |
|---|--|--|---------------------------------------|---------------------------------------|
| | Three months ended Dec. 31, 2016 | Three months ended Dec. 31, 2017 | Nine months ended Dec. 31, 2016 | Nine months ended Dec. 31, 2017 |
| Sales revenue | 3,501,068 | 3,957,123 | 10,235,766 | 11,446,418 |
| Operating profit | 207,685 | 284,576 | 702,609 | 706,732 |
| Profit before income taxes | 260,935 | 346,897 | 819,993 | 924,525 |
| Profit for the period attributable to owners of the parent | 168,815 | 570,251 | 520,610 | 951,592 |
| | Yen | | | |
| Earnings per share attributable to owners of the parent | | | | |
| Basic and diluted | 93.67 | 318.50 | 288.86 | 529.39 |

[1] Condensed Consolidated Statements of Financial Position

| | | Yen (millions) | |
|---|--|--------------------------|--------------------------|
| | | Mar. 31, 2017 | Dec. 31, 2017 |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | | 2,105,976 | 2,210,485 |
| Trade receivables | | 764,026 | 723,955 |
| Receivables from financial services | | 1,878,938 | 1,880,929 |
| Other financial assets | | 149,427 | 223,960 |
| Inventories | | 1,364,130 | 1,495,779 |
| Other current assets | | 292,970 | 332,242 |
| Total current assets | | <u>6,555,467</u> | <u>6,867,350</u> |
| Non-current assets: | | | |
| Investments accounted for using the equity method | | 597,262 | 649,563 |
| Receivables from financial services | | 3,070,615 | 3,299,406 |
| Other financial assets | | 364,612 | 448,435 |
| Equipment on operating leases | | 4,104,663 | 4,298,630 |
| Property, plant and equipment | | 3,200,378 | 3,147,554 |
| Intangible assets | | 778,192 | 749,771 |
| Deferred tax assets | | 121,509 | 125,529 |
| Other non-current assets | | 165,425 | 175,227 |
| Total non-current assets | | <u>12,402,656</u> | <u>12,894,115</u> |
| Total assets | | <u><u>18,958,123</u></u> | <u><u>19,761,465</u></u> |
| Liabilities and Equity | | | |
| Current liabilities: | | | |
| Trade payables | | 1,183,344 | 1,082,213 |
| Financing liabilities | | 2,786,928 | 3,028,423 |
| Accrued expenses | | 417,736 | 395,428 |
| Other financial liabilities | | 119,784 | 105,168 |
| Income taxes payable | | 45,507 | 51,683 |
| Provisions | | 348,095 | 272,240 |
| Other current liabilities | | 527,448 | 549,919 |
| Total current liabilities | | <u>5,428,842</u> | <u>5,485,074</u> |
| Non-current liabilities: | | | |
| Financing liabilities | | 4,022,190 | 4,105,310 |
| Other financial liabilities | | 47,241 | 70,072 |
| Retirement benefit liabilities | | 494,131 | 459,087 |
| Provisions | | 248,935 | 225,679 |
| Deferred tax liabilities | | 900,450 | 674,087 |
| Other non-current liabilities | | 246,708 | 292,056 |
| Total non-current liabilities | | <u>5,959,655</u> | <u>5,826,291</u> |
| Total liabilities | | <u><u>11,388,497</u></u> | <u><u>11,311,365</u></u> |
| Equity: | | | |
| Common stock | | 86,067 | 86,067 |
| Capital surplus | | 171,118 | 171,118 |
| Treasury stock | | (26,189) | (113,269) |
| Retained earnings | | 6,712,894 | 7,511,626 |
| Other components of equity | | 351,406 | 495,550 |
| Equity attributable to owners of the parent | | <u>7,295,296</u> | <u>8,151,092</u> |
| Non-controlling interests | | 274,330 | 299,008 |
| Total equity | | <u><u>7,569,626</u></u> | <u><u>8,450,100</u></u> |
| Total liabilities and equity | | <u><u>18,958,123</u></u> | <u><u>19,761,465</u></u> |

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

Condensed Consolidated Statements of Income

For the three months ended December 31, 2016 and 2017

| | Yen (millions) | |
|--|--|--|
| | Three months ended Dec. 31, 2016 | Three months ended Dec. 31, 2017 |
| Sales revenue | 3,501,068 | 3,957,123 |
| Operating costs and expenses: | | |
| Cost of sales | (2,736,728) | (3,063,005) |
| Selling, general and administrative | (380,356) | (422,923) |
| Research and development | (176,299) | (186,619) |
| Total operating costs and expenses | <u>(3,293,383)</u> | <u>(3,672,547)</u> |
| Operating profit | <u>207,685</u> | <u>284,576</u> |
| Share of profit of investments accounted for using the equity method | 49,129 | 54,512 |
| Finance income and finance costs: | | |
| Interest income | 8,331 | 11,381 |
| Interest expense | (2,593) | (3,142) |
| Other, net | (1,617) | (430) |
| Total finance income and finance costs | <u>4,121</u> | <u>7,809</u> |
| Profit before income taxes | 260,935 | 346,897 |
| Income tax expense | <u>(74,457)</u> | <u>242,871</u> |
| Profit for the period | <u><u>186,478</u></u> | <u><u>589,768</u></u> |
| Profit for the period attributable to: | | |
| Owners of the parent | 168,815 | 570,251 |
| Non-controlling interests | 17,663 | 19,517 |
| | <u>Yen</u> | |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | 93.67 | 318.50 |

Condensed Consolidated Statements of Comprehensive Income

For the three months ended December 31, 2016 and 2017

| | Yen (millions) | |
|---|--|---|
| | Three months ended Dec. 31, 2016 | Three months ended Dec. 31, 2017 |
| Profit for the period | 186,478 | 589,768 |
| Other comprehensive income, net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | — | (24,210) |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | 17,135 | 16,360 |
| Share of other comprehensive income of investments accounted for using the equity method | 2,442 | 2,450 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | 588,833 | 18,673 |
| Share of other comprehensive income of investments accounted for using the equity method | 25,597 | 7,752 |
| Total other comprehensive income, net of tax | <u>634,007</u> | <u>21,025</u> |
| Comprehensive income for the period | <u>820,485</u> | <u>610,793</u> |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | 778,852 | 587,954 |
| Non-controlling interests | 41,633 | 22,839 |

Condensed Consolidated Statements of Income

For the nine months ended December 31, 2016 and 2017

| | Yen (millions) | |
|--|---------------------------------------|---------------------------------------|
| | Nine months ended Dec. 31, 2016 | Nine months ended Dec. 31, 2017 |
| Sales revenue | 10,235,766 | 11,446,418 |
| Operating costs and expenses: | | |
| Cost of sales | (7,937,259) | (8,926,648) |
| Selling, general and administrative | (1,126,640) | (1,280,195) |
| Research and development | (469,258) | (532,843) |
| Total operating costs and expenses | <u>(9,533,157)</u> | <u>(10,739,686)</u> |
| Operating profit | <u>702,609</u> | <u>706,732</u> |
| Share of profit of investments accounted for using the equity method | 116,212 | 189,723 |
| Finance income and finance costs: | | |
| Interest income | 23,139 | 30,194 |
| Interest expense | (8,784) | (9,293) |
| Other, net | (13,183) | 7,169 |
| Total finance income and finance costs | <u>1,172</u> | <u>28,070</u> |
| Profit before income taxes | 819,993 | 924,525 |
| Income tax expense | <u>(251,911)</u> | <u>82,396</u> |
| Profit for the period | <u>568,082</u> | <u>1,006,921</u> |
| Profit for the period attributable to: | | |
| Owners of the parent | 520,610 | 951,592 |
| Non-controlling interests | 47,472 | 55,329 |
| | <u>Yen</u> | |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | 288.86 | 529.39 |

Condensed Consolidated Statements of Comprehensive Income

For the nine months ended December 31, 2016 and 2017

| | Yen (millions) | |
|--|---------------------------------------|--|
| | Nine months ended Dec. 31, 2016 | Nine months ended Dec. 31, 2017 |
| Profit for the period | 568,082 | 1,006,921 |
| Other comprehensive income, net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | 11,561 | (24,210) |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | 18,042 | 28,417 |
| Share of other comprehensive income of investments accounted for using the equity method | 1,643 | 2,352 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translating foreign operations | 135,535 | 104,807 |
| Share of other comprehensive income of investments accounted for using the equity method | (32,088) | 19,033 |
| Total other comprehensive income, net of tax | 134,693 | 130,399 |
| Comprehensive income for the period | 702,775 | 1,137,320 |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | 661,259 | 1,072,640 |
| Non-controlling interests | 41,516 | 64,680 |

[3] Condensed Consolidated Statements of Changes in Equity

As of and for the nine months ended December 31, 2016

| | 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, 2016 | 86,067 | 171,118 | (26,178) | 6,194,311 | 336,115 | 6,761,433 | 270,355 | 7,031,788 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the period | | | | 520,610 | | 520,610 | 47,472 | 568,082 |
| Other comprehensive income, net of tax | | | | | 140,649 | 140,649 | (5,956) | 134,693 |
| Total comprehensive income for the period | | | | 520,610 | 140,649 | 661,259 | 41,516 | 702,775 |
| Reclassification to retained earnings | | | | 16,829 | (16,829) | — | | — |
| Transactions with owners and other | | | | | | | | |
| Dividends paid | | | | (118,950) | | (118,950) | (34,172) | (153,122) |
| Purchases of treasury stock | | | (7) | | | (7) | | (7) |
| Total transactions with owners and other | | | (7) | (118,950) | | (118,957) | (34,172) | (153,129) |
| Balance as of December 31, 2016 | 86,067 | 171,118 | (26,185) | 6,612,800 | 459,935 | 7,303,735 | 277,699 | 7,581,434 |

As of and for the nine months ended December 31, 2017

| | 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, 2017 | 86,067 | 171,118 | (26,189) | 6,712,894 | 351,406 | 7,295,296 | 274,330 | 7,569,626 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the period | | | | 951,592 | | 951,592 | 55,329 | 1,006,921 |
| Other comprehensive income, net of tax | | | | | 121,048 | 121,048 | 9,351 | 130,399 |
| Total comprehensive income for the period | | | | 951,592 | 121,048 | 1,072,640 | 64,680 | 1,137,320 |
| Reclassification to retained earnings | | | | (23,096) | 23,096 | — | | — |
| Transactions with owners and other | | | | | | | | |
| Dividends paid | | | | (129,764) | | (129,764) | (40,002) | (169,766) |
| Purchases of treasury stock | | | (87,080) | | | (87,080) | | (87,080) |
| Total transactions with owners and other | | | (87,080) | (129,764) | | (216,844) | (40,002) | (256,846) |
| Balance as of December 31, 2017 | 86,067 | 171,118 | (113,269) | 7,511,626 | 495,550 | 8,151,092 | 299,008 | 8,450,100 |

[4] Consolidated Statements of Cash Flows

| | Yen (millions) | |
|--|---------------------------------------|---------------------------------------|
| | Nine months ended Dec. 31, 2016 | Nine months ended Dec. 31, 2017 |
| Cash flows from operating activities: | | |
| Profit before income taxes | 819,993 | 924,525 |
| Depreciation, amortization and impairment losses excluding equipment on operating leases | 491,994 | 531,230 |
| Share of profit of investments accounted for using the equity method | (116,212) | (189,723) |
| Finance income and finance costs, net | (47,547) | 11,628 |
| Interest income and interest costs from financial services, net | (89,139) | (96,331) |
| Changes in assets and liabilities | | |
| Trade receivables | 108,895 | 57,230 |
| Inventories | (57,852) | (104,753) |
| Trade payables | (136,278) | (72,579) |
| Accrued expenses | (34,530) | (39,806) |
| Provisions and retirement benefit liabilities | (224,411) | (79,965) |
| Receivables from financial services | 45,959 | (121,704) |
| Equipment on operating leases | (358,848) | (136,548) |
| Other assets and liabilities | 2,583 | (64,373) |
| Other, net | (5,353) | 4,483 |
| Dividends received | 66,158 | 79,542 |
| Interest received | 161,616 | 184,581 |
| Interest paid | (69,291) | (79,611) |
| Income taxes paid, net of refunds | (99,461) | (185,174) |
| Net cash provided by operating activities | 458,276 | 622,652 |
| Cash flows from investing activities: | | |
| Payments for additions to property, plant and equipment | (384,071) | (318,457) |
| Payments for additions to and internally developed intangible assets | (115,128) | (112,706) |
| Proceeds from sales of property, plant and equipment and intangible assets | 15,585 | 15,089 |
| Payments for acquisitions of subsidiaries, net of cash and cash equivalents acquired | (2,835) | — |
| Payments for acquisitions of investments accounted for using the equity method | — | (2,450) |
| Proceeds from sales of investments accounted for using the equity method | 6,466 | — |
| Payments for acquisitions of other financial assets | (169,010) | (188,995) |
| Proceeds from sales and redemptions of other financial assets | 117,439 | 175,488 |
| Other, net | (435) | 719 |
| Net cash used in investing activities | (531,989) | (431,312) |
| Cash flows from financing activities: | | |
| Proceeds from short-term financing liabilities | 6,270,259 | 5,723,203 |
| Repayments of short-term financing liabilities | (6,001,894) | (5,537,683) |
| Proceeds from long-term financing liabilities | 1,247,002 | 1,203,256 |
| Repayments of long-term financing liabilities | (1,240,192) | (1,228,275) |
| Dividends paid to owners of the parent | (118,950) | (129,764) |
| Dividends paid to non-controlling interests | (32,597) | (39,392) |
| Purchases and sales of treasury stock, net | (7) | (87,080) |
| Other, net | (34,497) | (34,630) |
| Net cash provided by (used in) financing activities | 89,124 | (130,365) |
| Effect of exchange rate changes on cash and cash equivalents | 27,144 | 43,534 |
| Net change in cash and cash equivalents | 42,555 | 104,509 |
| Cash and cash equivalents at beginning of year | 1,757,456 | 2,105,976 |
| Cash and cash equivalents at end of period | 1,800,011 | 2,210,485 |

[5] Assumptions for Going Concern

None

[6] Notes to Consolidated Financial Statements

[A] Segment Information

Honda has four reportable segments: Motorcycle business, Automobile business, Financial services business and Power product and other businesses, which are based on Honda's organizational structure and characteristics of products and services. Operating segments are defined as 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 these reportable segments are consistent with the accounting policies used in the Company's condensed 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 (S×S) 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 Retail loan and lease related to Honda products |
| Financial Services Business | Financial services | Others Research and Development |
| Power Product and Other Businesses | Power products and relevant parts, and others | Manufacturing Sales and related services Others |

1. Segment information

For the three months ended December 31, 2016

| | Yen (millions) | | | | | | |
|-----------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | |
| External customers | 420,630 | 2,555,102 | 452,503 | 72,833 | 3,501,068 | — | 3,501,068 |
| Intersegment | — | 41,315 | 3,282 | 7,492 | 52,089 | (52,089) | — |
| Total | 420,630 | 2,596,417 | 455,785 | 80,325 | 3,553,157 | (52,089) | 3,501,068 |
| Segment profit (loss) | 41,874 | 129,835 | 42,354 | (6,378) | 207,685 | — | 207,685 |

For the three months ended December 31, 2017

| | Yen (millions) | | | | | | |
|-----------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | |
| External customers | 499,117 | 2,849,328 | 523,558 | 85,120 | 3,957,123 | — | 3,957,123 |
| Intersegment | — | 52,085 | 3,572 | 8,362 | 64,019 | (64,019) | — |
| Total | 499,117 | 2,901,413 | 527,130 | 93,482 | 4,021,142 | (64,019) | 3,957,123 |
| Segment profit (loss) | 64,823 | 167,497 | 50,701 | 1,555 | 284,576 | — | 284,576 |

As of and for the nine months ended December 31, 2016

| | Yen (millions) | | | | | | Consolidated |
|-------------------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | |
| Sales revenue: | | | | | | | |
| External customers | 1,262,410 | 7,395,747 | 1,360,378 | 217,231 | 10,235,766 | — | 10,235,766 |
| Intersegment | — | 114,181 | 9,751 | 17,580 | 141,512 | (141,512) | — |
| Total | 1,262,410 | 7,509,928 | 1,370,129 | 234,811 | 10,377,278 | (141,512) | 10,235,766 |
| Segment profit (loss) | 132,582 | 446,198 | 130,709 | (6,880) | 702,609 | — | 702,609 |
| Segment assets | 1,388,175 | 7,547,247 | 9,643,394 | 346,414 | 18,925,230 | (53,413) | 18,871,817 |
| Depreciation and amortization | 54,563 | 425,096 | 483,903 | 10,128 | 973,690 | — | 973,690 |
| Capital expenditures | 34,651 | 443,014 | 1,417,986 | 7,973 | 1,903,624 | — | 1,903,624 |

As of and for the nine months ended December 31, 2017

| | Yen (millions) | | | | | | Consolidated |
|-------------------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Power Product and Other Businesses | Segment Total | Reconciling Items | |
| Sales revenue: | | | | | | | |
| External customers | 1,517,766 | 8,087,128 | 1,595,750 | 245,774 | 11,446,418 | — | 11,446,418 |
| Intersegment | — | 131,939 | 10,633 | 18,625 | 161,197 | (161,197) | — |
| Total | 1,517,766 | 8,219,067 | 1,606,383 | 264,399 | 11,607,615 | (161,197) | 11,446,418 |
| Segment profit (loss) | 212,185 | 347,064 | 147,816 | (333) | 706,732 | — | 706,732 |
| Segment assets | 1,489,767 | 7,875,109 | 9,867,147 | 334,638 | 19,566,661 | 194,804 | 19,761,465 |
| Depreciation and amortization | 55,986 | 459,241 | 559,239 | 11,654 | 1,086,120 | — | 1,086,120 |
| Capital expenditures | 35,228 | 357,005 | 1,374,254 | 7,213 | 1,773,700 | — | 1,773,700 |

Explanatory notes:

- Intersegment sales revenues are generally made at values that approximate arm's-length prices.
- Unallocated corporate assets, included in reconciling items, amounted to JPY 409,969 million as of December 31, 2016 and JPY 523,929 million as of December 31, 2017 respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

In addition to the disclosure required by IFRS, Honda provides the following supplemental information for the financial statements users:

2. Supplemental geographical information based on the location of the Company and its subsidiaries

For the three months ended December 31, 2016

| | Yen (millions) | | | | | | Reconciling Items | Consolidated |
|-------------------------|----------------|---------------|---------|---------|---------------|-----------|-------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | | |
| Sales revenue: | | | | | | | | |
| External customers | 551,837 | 1,928,816 | 131,812 | 702,134 | 186,469 | 3,501,068 | — | 3,501,068 |
| Inter-geographic areas | 601,336 | 127,122 | 56,094 | 145,005 | 705 | 930,262 | (930,262) | — |
| Total | 1,153,173 | 2,055,938 | 187,906 | 847,139 | 187,174 | 4,431,330 | (930,262) | 3,501,068 |
| Operating profit (loss) | 80,383 | 83,771 | (4,642) | 82,096 | (762) | 240,846 | (33,161) | 207,685 |

For the three months ended December 31, 2017

| | Yen (millions) | | | | | | Reconciling Items | Consolidated |
|-------------------------|----------------|---------------|---------|-----------|---------------|-----------|-------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | | |
| Sales revenue: | | | | | | | | |
| External customers | 557,410 | 2,114,553 | 148,354 | 926,136 | 210,670 | 3,957,123 | — | 3,957,123 |
| Inter-geographic areas | 600,637 | 123,255 | 69,242 | 180,876 | 1,452 | 975,462 | (975,462) | — |
| Total | 1,158,047 | 2,237,808 | 217,596 | 1,107,012 | 212,122 | 4,932,585 | (975,462) | 3,957,123 |
| Operating profit (loss) | 63,275 | 106,063 | 2,575 | 111,139 | 7,751 | 290,803 | (6,227) | 284,576 |

As of and for the nine months ended December 31, 2016

| | Yen (millions) | | | | | | | |
|---|----------------|---------------|---------|-----------|---------------|------------|-------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | | |
| External customers | 1,529,395 | 5,638,046 | 443,951 | 2,092,797 | 531,577 | 10,235,766 | — | 10,235,766 |
| Inter-geographic areas | 1,507,016 | 325,940 | 88,046 | 416,916 | 2,114 | 2,340,032 | (2,340,032) | — |
| Total | 3,036,411 | 5,963,986 | 531,997 | 2,509,713 | 533,691 | 12,575,798 | (2,340,032) | 10,235,766 |
| Operating profit (loss) | 146,449 | 293,154 | (3,291) | 263,699 | 26,990 | 727,001 | (24,392) | 702,609 |
| Assets | 4,216,681 | 10,908,222 | 623,919 | 2,591,532 | 668,010 | 19,008,364 | (136,547) | 18,871,817 |
| Non-current assets other than financial instruments and deferred tax assets | 2,428,822 | 4,900,395 | 109,938 | 692,492 | 189,708 | 8,321,355 | — | 8,321,355 |

As of and for the nine months ended December 31, 2017

| | Yen (millions) | | | | | | | |
|---|----------------|---------------|---------|-----------|---------------|------------|-------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | | |
| External customers | 1,612,740 | 6,060,094 | 473,183 | 2,686,496 | 613,905 | 11,446,418 | — | 11,446,418 |
| Inter-geographic areas | 1,628,595 | 375,822 | 166,646 | 496,432 | 4,720 | 2,672,215 | (2,672,215) | — |
| Total | 3,241,335 | 6,435,916 | 639,829 | 3,182,928 | 618,625 | 14,118,633 | (2,672,215) | 11,446,418 |
| Operating profit (loss) | 119,135 | 206,992 | 11,757 | 319,285 | 34,482 | 691,651 | 15,081 | 706,732 |
| Assets | 4,332,709 | 11,128,906 | 685,811 | 2,921,112 | 677,332 | 19,745,870 | 15,595 | 19,761,465 |
| Non-current assets other than financial instruments and deferred tax assets | 2,498,753 | 4,885,452 | 106,163 | 711,057 | 169,757 | 8,371,182 | — | 8,371,182 |

Explanatory notes:

1. Major countries or regions in each geographic area:

| | |
|---------------|---|
| North America | United States, Canada, Mexico |
| Europe | United Kingdom, Germany, Belgium, Turkey, Italy |
| Asia | Thailand, Indonesia, China, India, Vietnam |
| Other Regions | Brazil, Australia |

2. Sales revenues between geographic areas are generally made at values that approximate arm's-length prices.

3. Unallocated corporate assets, included in reconciling items, amounted to JPY 409,969 million as of December 31, 2016 and JPY 523,929 million as of December 31, 2017 respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

[B] Other

1. 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. In the United States and Canada, various class action lawsuits and civil lawsuits related to the above mentioned market-based measures have been filed against Honda. The plaintiffs have claimed for properly functioning airbag inflators, compensation of economic losses including incurred costs and the decline in the value of vehicles, as well as punitive damages. Most of the class action lawsuits in the United States were transferred to the United States District Court for the Southern District of Florida and consolidated into a multidistrict class action litigation.

For the nine months ended December 31, 2017, Honda has reached a settlement with the plaintiffs regarding the multidistrict class action litigation in the United States. This settlement is subject to final court approval. Honda recognized the settlement of JPY 53,739 million as selling, general and administrative expenses, which includes funds to support airbag inflator recall efforts and such.

Except for the class action lawsuits in the United States which have been settled, other class action lawsuits and civil lawsuits have not been resolved yet. Honda did not recognize a provision for loss contingencies because the conditions for a provision have not been met as of the date of this report. Therefore, it is not possible for Honda to reasonably estimate the amount and timing of potential future losses as of the date of this report because there are some uncertainties, such as the period when these lawsuits will be concluded.

2. Impairment loss and reversal of impairment loss on investments accounted for using the equity method

For the nine months ended December 31, 2016, the Company recognized impairment losses of JPY 12,871 million on certain investments accounted for using the equity method because there is objective evidence of impairment from declines in quoted market values. The impairment losses are included in share of profit of investments accounted for using the equity method in the condensed consolidated statement of income. For the nine months ended December 31, 2017, the Company did not recognize any significant impairment losses.

In addition, for the nine months ended December 31, 2017, the Company recognized reversal of impairment losses of JPY 15,782 million, which had been previously recognized, on certain investments accounted for using the equity method mainly due to the recovery of quoted market values. The reversal of impairment losses are included in share of profit of investments accounted for using the equity method in the condensed consolidated statement of income.

3. Impact of the pension plan amendment on the Company's consolidated financial position and results of operations in previous fiscal year

In August 2016, the Company and its certain subsidiaries in Japan decided, effective April 1, 2017, to extend mandatory retirement age from 60 years old to 65 years old and introduce a flexible retirement scheme that enables employees to choose retirement age between 60 years old and 65 years old, along with amendments to their defined benefit pension plans to align with the postponement of the retirement age, to fulfill diversifying needs of individual employees. The plan amendments include the revision of the benefit curve, to make a lump-sum benefit payment at the retirement age between 60 years old and 65 years old under the new plan consistent with that at the mandatory retirement age, 60 years old. In addition, one of the defined benefit pension plans is replaced by a defined contribution plan.

These plan amendments resulted in a reduction of the defined benefit obligations and recognition of the past service cost in profit or loss. Honda recognized JPY 84,024 million of past service cost in a credit to profit or loss, of which JPY 37,197 million is included in cost of sales, JPY 21,385 million is included in selling, general and administrative and JPY 25,442 million is included in research and development in the condensed consolidated statements of income for the nine months ended December 31, 2016. The defined benefit obligations and plan assets were also remeasured.

4. Impacts of the Enactment of the U.S. Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act was enacted in the U.S. on December 22, 2017. Due to the Act, the federal corporate income tax rate in the U.S. applicable to the Company's U.S. businesses was reduced from 35 percent to a blended corporate rate of 31.55 percent for the current fiscal year ending March 31, 2018 and to 21 percent from the fiscal year commencing on April 1, 2018.

Based on the reduction of the federal corporate income tax rate, the Company reevaluated deferred tax assets and liabilities in its U.S. consolidated subsidiaries. As a result, the Company has recognized impacts of the enactment of the Tax Cuts and Jobs Act, including a decrease in income tax expenses of JPY 346,129 million, in the third quarter of the fiscal year ending March 31, 2018.