

August 5, 2020

**HONDA MOTOR CO., LTD. REPORTS
CONSOLIDATED FINANCIAL RESULTS
FOR THE FISCAL FIRST QUARTER
ENDED JUNE 30, 2020**

Tokyo, August 5, 2020--- Honda Motor Co., Ltd. today announced its consolidated financial results for the fiscal first quarter ended June 30, 2020.

First Quarter Results

The spread of coronavirus disease 2019 (COVID-19) has caused the global economic slowdown and also has affected Honda's consolidated financial results for the three months ended June 30, 2020.

Resulting from travel restriction measures by government, Honda's production bases in Japan and overseas were also affected by suspended or reduced production mainly due to restrictions on employees' commute to the workplaces and delays in the supply of parts within the supply chain. Some dealers in Japan and overseas were obliged to suspend business, shorten business hours, or reduce services such as inspections and repairs.

Honda's consolidated sales revenue for the three months ended June 30, 2020 decreased by 46.9%, to JPY 2,123.7 billion from the same period last year, due mainly to decreased sales revenue in all business operations. Operating loss was JPY 113.6 billion, a decrease of JPY 366.1 billion from the same period last year, due mainly to a decrease in profit attributable to decreased sales revenue and model mix, which was partially offset by decreased selling, general and administrative expenses. Loss before income taxes was JPY 73.4 billion, a decrease of JPY 363.2 billion from the same period last year. Loss for the period attributable to owners of the parent was JPY 80.8 billion, a decrease of JPY 253.1 billion from the same period last year.

Loss per share attributable to owners of the parent for the period amounted to JPY 46.84, a decrease of JPY 144.76 from the corresponding period last year. One Honda American Depository Share represents one common share.

Consolidated Statements of Financial Position for the Fiscal First Quarter Ended June 30, 2020

Total assets decreased by JPY 349.7 billion, to JPY 20,111.7 billion from March 31, 2020 due mainly to a decrease in receivables from financial services, cash and cash equivalents as well as property, plant and equipment, despite an increase in inventories. Total liabilities decreased by JPY 200.6 billion, to JPY 11,974.8 billion from March 31, 2020 due mainly to a decrease in trade payables, accrued expenses as well as deferred tax liabilities, despite increased financing liabilities. Total equity decreased by JPY 149.1 billion, to JPY 8,136.9 billion from March 31, 2020 due mainly to a decrease in retained earnings attributable to loss for the period.

Consolidated Statements of Cash Flows for the Fiscal First Quarter Ended June 30, 2020

Consolidated cash and cash equivalents on June 30, 2020 decreased by JPY 64.5 billion from March 31, 2020, to JPY 2,607.7 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 used in operating activities amounted to JPY 71.7 billion of cash outflows. Cash outflows from operating activities increased by JPY 267.3 billion from the same period last year, due mainly to a decrease in cash received from customers, despite decreased payments for parts and raw materials.

Net cash used in investing activities amounted to JPY 109.3 billion of cash outflows. Cash outflows from investing activities decreased by JPY 58.8 billion from the same period last year, due mainly to decreased payments for acquisitions of other financial assets as well as decreased payments for additions to property, plant and equipment.

Net cash provided by financing activities amounted to JPY 111.9 billion of cash inflows. Cash inflows from financing activities increased by JPY 195.7 billion from the same period last year, due mainly to increased proceeds from financing liabilities.

Forecasts for the Fiscal Year Ending March 31, 2021

Honda was unable to provide a reasonably calculated forecast of the consolidated financial results for the fiscal year ending March 31, 2021, due to impacts relating to the spread of COVID-19. However, based on various factors such as recent environment and trends in Honda's financial results, Honda projects consolidated results for the fiscal year ending March 31, 2021 to be as shown below:

| Fiscal year ending March 31, 2021 | <u>Yen (billions)</u> | <u>Changes from FY 2020</u> |
|--|-----------------------|-----------------------------|
| Sales revenue | 12,800.0 | -14.3% |
| Operating profit | 200.0 | -68.4% |
| Profit before income taxes | 365.0 | -53.8% |
| Profit for the year | 195.0 | -61.8% |
| Profit for the year attributable to owners of the parent | 165.0 | -63.8% |
| | <u>Yen</u> | |
| Earnings per share attributable to owners of the parent | | |
| Basic and diluted | 95.56 | |

Note: The forecasts are based on the assumption that the average exchange rates for the Japanese yen to the U.S. dollar will be JPY 106 for the full year ending March 31, 2021.

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, 2021 from the previous year are as follows.

| | <u>Yen (billions)</u> |
|--|-----------------------|
| Revenue, model mix, etc. | - 461.6 |
| Cost reduction, the effect of raw material cost fluctuations, etc. | + 51.0 |
| SG&A expenses | + 104.0 |
| R&D expenses | - 47.0 |
| Currency effect | - 80.0 |
| <u>Operating profit compared with fiscal year ended March 31, 2020</u> | <u>- 433.6</u> |
| Share of profit of investments accounted for using the equity method | + 0.7 |
| Finance income and finance costs | + 7.9 |
| <u>Profit before income taxes compared with fiscal year ended March 31, 2020</u> | <u>- 424.9</u> |

Dividend per Share of Common Stock

The dividend forecast for the fiscal year ending March 31, 2021 was undetermined, as Honda was unable to provide a reasonably calculated forecast of the consolidated financial results for the fiscal year ending March 31, 2021, due to impacts relating to the spread of COVID-19. However, based on the forecast of the consolidated financial results for the fiscal year ending March 31, 2021 as shown above, Honda hereby provides the dividend forecast for the fiscal year ending March 31, 2021, as below.

Fiscal first quarter dividend is JPY 11 per share of common stock.

The Company expects to distribute quarterly cash dividends of JPY 11 per share for each quarter for the fiscal year ending March 31, 2021. As a result, total cash dividends for the fiscal year ending March 31, 2021 are expected to be JPY 44 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.

[1] Condensed Consolidated Statements of Financial Position

March 31, 2020 and June 30, 2020

| | | Yen (millions) | |
|---|--|--------------------------|---------------------------------|
| | | Mar. 31, 2020 | Jun. 30, 2020 |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | | 2,672,353 | 2,607,760 |
| Trade receivables | | 633,909 | 609,222 |
| Receivables from financial services | | 1,878,358 | 1,684,860 |
| Other financial assets | | 190,053 | 176,902 |
| Inventories | | 1,560,568 | 1,651,700 |
| Other current assets | | 365,769 | 334,919 |
| Total current assets | | <u>7,301,010</u> | <u>7,065,363</u> |
| Non-current assets: | | | |
| Investments accounted for using the equity method | | 655,475 | 675,141 |
| Receivables from financial services | | 3,282,807 | 3,262,447 |
| Other financial assets | | 441,724 | 469,325 |
| Equipment on operating leases | | 4,626,063 | 4,587,433 |
| Property, plant and equipment | | 3,051,704 | 2,991,499 |
| Intangible assets | | 760,434 | 772,428 |
| Deferred tax assets | | 132,553 | 87,384 |
| Other non-current assets | | 209,695 | 200,714 |
| Total non-current assets | | <u>13,160,455</u> | <u>13,046,371</u> |
| Total assets | | <u><u>20,461,465</u></u> | <u><u>20,111,734</u></u> |
| Liabilities and Equity | | | |
| Current liabilities: | | | |
| Trade payables | | 958,469 | 781,767 |
| Financing liabilities | | 3,248,457 | 3,334,751 |
| Accrued expenses | | 449,716 | 372,092 |
| Other financial liabilities | | 209,065 | 221,456 |
| Income taxes payable | | 43,759 | 41,489 |
| Provisions | | 287,175 | 267,787 |
| Other current liabilities | | 593,447 | 530,972 |
| Total current liabilities | | <u>5,790,088</u> | <u>5,550,314</u> |
| Non-current liabilities: | | | |
| Financing liabilities | | 4,221,229 | 4,308,804 |
| Other financial liabilities | | 303,570 | 302,042 |
| Retirement benefit liabilities | | 578,909 | 588,867 |
| Provisions | | 238,439 | 245,811 |
| Deferred tax liabilities | | 698,868 | 638,493 |
| Other non-current liabilities | | 344,339 | 340,495 |
| Total non-current liabilities | | <u>6,385,354</u> | <u>6,424,512</u> |
| Total liabilities | | <u>12,175,442</u> | <u>11,974,826</u> |
| Equity: | | | |
| Common stock | | 86,067 | 86,067 |
| Capital surplus | | 171,823 | 171,811 |
| Treasury stock | | (273,940) | (273,817) |
| Retained earnings | | 8,142,948 | 8,013,714 |
| Other components of equity | | (114,639) | (113,535) |
| Equity attributable to owners of the parent | | <u>8,012,259</u> | <u>7,884,240</u> |
| Non-controlling interests | | 273,764 | 252,668 |
| Total equity | | <u>8,286,023</u> | <u>8,136,908</u> |
| Total liabilities and equity | | <u><u>20,461,465</u></u> | <u><u>20,111,734</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 June 30, 2019 and 2020

| | Yen (millions) | |
|--|--|---|
| | Three months ended Jun. 30, 2019 | Three months ended Jun. 30, 2020 |
| Sales revenue | 3,996,253 | 2,123,775 |
| Operating costs and expenses: | | |
| Cost of sales | (3,166,483) | (1,769,299) |
| Selling, general and administrative | (407,449) | (305,253) |
| Research and development | (169,852) | (162,914) |
| Total operating costs and expenses | <u>(3,743,784)</u> | <u>(2,237,466)</u> |
| Operating profit (loss) | <u>252,469</u> | <u>(113,691)</u> |
| Share of profit of investments accounted for using the equity method | 44,230 | 39,994 |
| Finance income and finance costs: | | |
| Interest income | 14,195 | 4,595 |
| Interest expense | (3,595) | (1,833) |
| Other, net | (17,488) | (2,498) |
| Total finance income and finance costs | <u>(6,888)</u> | <u>264</u> |
| Profit (loss) before income taxes | 289,811 | (73,433) |
| Income tax expense | (100,219) | (6,546) |
| Profit (loss) for the period | <u>189,592</u> | <u>(79,979)</u> |
| Profit (loss) for the period attributable to: | | |
| Owners of the parent | 172,302 | (80,871) |
| Non-controlling interests | 17,290 | 892 |
| | <u>Yen</u> | |
| Earnings (loss) per share attributable to owners of the parent | | |
| Basic and diluted | 97.92 | (46.84) |

Condensed Consolidated Statements of Comprehensive Income

For the three months ended June 30, 2019 and 2020

| | Yen (millions) | |
|---|--|---|
| | Three months ended Jun. 30, 2019 | Three months ended Jun. 30, 2020 |
| Profit (loss) for the period | 189,592 | (79,979) |
| Other comprehensive income, net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | — | — |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | (6,348) | 4,209 |
| Share of other comprehensive income of investments accounted for using the equity method | (825) | 529 |
| 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 | 110 | 56 |
| Exchange differences on translating foreign operations | (129,218) | 8,819 |
| Share of other comprehensive income of investments accounted for using the equity method | (14,259) | (5,193) |
| Total other comprehensive income, net of tax | (150,540) | 8,420 |
| Comprehensive income for the period | 39,052 | (71,559) |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | 28,277 | (79,767) |
| Non-controlling interests | 10,775 | 8,208 |

[3] Condensed Consolidated Statements of Changes in Equity

For the three months ended June 30, 2019

| | Yen (millions) | | | | | | | |
|---|---|-----------------|----------------|-------------------|----------------------------|---------------------------|--------------|-----------|
| | Equity attributable to owners of the parent | | | | | Non-controlling interests | Total equity | |
| | Common stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | | | Total |
| Balance as of April 1, 2019 | 86,067 | 171,460 | (177,827) | 7,973,637 | 214,383 | 8,267,720 | 298,070 | 8,565,790 |
| Comprehensive income for the period | | | | | | | | |
| Profit (loss) for the period | | | | 172,302 | | 172,302 | 17,290 | 189,592 |
| Other comprehensive income, net of tax | | | | | (144,025) | (144,025) | (6,515) | (150,540) |
| Total comprehensive income for the period | | | | 172,302 | (144,025) | 28,277 | 10,775 | 39,052 |
| Reclassification to retained earnings | | | | (2) | 2 | — | | — |
| Transactions with owners and other | | | | | | | | |
| Dividends paid | | | | (49,287) | | (49,287) | (44,226) | (93,513) |
| Purchases of treasury stock | | | | (3) | | (3) | | (3) |
| Disposal of treasury stock | | | | 79 | | 79 | | 79 |
| Share-based payment transactions | | 78 | | | | 78 | | 78 |
| Total transactions with owners and other | | 78 | 76 | (49,287) | | (49,133) | (44,226) | (93,359) |
| Other changes | | | | 176 | | 176 | | 176 |
| Balance as of June 30, 2019 | 86,067 | 171,538 | (177,751) | 8,096,826 | 70,360 | 8,247,040 | 264,619 | 8,511,659 |

For the three months ended June 30, 2020

| | Yen (millions) | | | | | | | |
|---|---|-----------------|------------------|-------------------|----------------------------|---------------------------|-----------------|------------------|
| | Equity attributable to owners of the parent | | | | | Non-controlling interests | Total equity | |
| | Common stock | Capital surplus | Treasury stock | Retained earnings | Other components of equity | | | Total |
| Balance as of April 1, 2020 | 86,067 | 171,823 | (273,940) | 8,142,948 | (114,639) | 8,012,259 | 273,764 | 8,286,023 |
| Comprehensive income for the period | | | | | | | | |
| Profit (loss) for the period | | | | (80,871) | | (80,871) | 892 | (79,979) |
| Other comprehensive income, net of tax | | | | | 1,104 | 1,104 | 7,316 | 8,420 |
| Total comprehensive income for the period | | | | (80,871) | 1,104 | (79,767) | 8,208 | (71,559) |
| Transactions with owners and other | | | | | | | | |
| Dividends paid | | | | (48,363) | | (48,363) | (31,555) | (79,918) |
| Purchases of treasury stock | | | | (1) | | (1) | | (1) |
| Disposal of treasury stock | | | | 124 | | 124 | | 124 |
| Share-based payment transactions | | (12) | | | | (12) | | (12) |
| Equity transactions and others | | | | | | | 2,251 | 2,251 |
| Total transactions with owners and other | | (12) | 123 | (48,363) | | (48,252) | (29,304) | (77,556) |
| Balance as of June 30, 2020 | 86,067 | 171,811 | (273,817) | 8,013,714 | (113,535) | 7,884,240 | 252,668 | 8,136,908 |

[4] Condensed Consolidated Statements of Cash Flows

For the three months ended June 30, 2019 and 2020

| | Yen (millions) | |
|--|--|---|
| | Three months ended Jun. 30, 2019 | Three months ended Jun. 30, 2020 |
| Cash flows from operating activities: | | |
| Profit (loss) before income taxes | 289,811 | (73,433) |
| Depreciation, amortization and impairment losses excluding equipment on operating leases | 170,016 | 149,419 |
| Share of profit of investments accounted for using the equity method | (44,230) | (39,994) |
| Finance income and finance costs, net | (9,127) | 6,752 |
| Interest income and interest costs from financial services, net | (32,344) | (28,354) |
| Changes in assets and liabilities | | |
| Trade receivables | 9,919 | 33,546 |
| Inventories | (12,930) | (91,946) |
| Trade payables | (53,045) | (134,776) |
| Accrued expenses | (34,712) | (87,180) |
| Provisions and retirement benefit liabilities | 10,907 | 9,395 |
| Receivables from financial services | 6,582 | 199,194 |
| Equipment on operating leases | (53,086) | 16,833 |
| Other assets and liabilities | (83,469) | (35,335) |
| Other, net | 1,866 | (2,402) |
| Dividends received | 26,632 | 5,468 |
| Interest received | 73,532 | 58,567 |
| Interest paid | (32,873) | (27,577) |
| Income taxes paid, net of refunds | (37,861) | (29,945) |
| Net cash provided by (used in) operating activities | 195,588 | (71,768) |
| Cash flows from investing activities: | | |
| Payments for additions to property, plant and equipment | (97,415) | (84,090) |
| Payments for additions to and internally developed intangible assets | (58,172) | (50,151) |
| Proceeds from sales of property, plant and equipment and intangible assets | 7,885 | 3,231 |
| Payments for acquisitions of subsidiaries, net of cash and cash equivalents acquired | — | 2,230 |
| Payments for acquisitions of investments accounted for using the equity method | (2,401) | — |
| Payments for acquisitions of other financial assets | (60,055) | (38,460) |
| Proceeds from sales and redemptions of other financial assets | 42,018 | 57,920 |
| Net cash used in investing activities | (168,140) | (109,320) |
| Cash flows from financing activities: | | |
| Proceeds from short-term financing liabilities | 2,049,304 | 2,847,881 |
| Repayments of short-term financing liabilities | (2,318,708) | (2,687,827) |
| Proceeds from long-term financing liabilities | 494,872 | 405,004 |
| Repayments of long-term financing liabilities | (219,727) | (376,788) |
| Dividends paid to owners of the parent | (49,287) | (48,363) |
| Dividends paid to non-controlling interests | (22,967) | (9,282) |
| Purchases and sales of treasury stock, net | 76 | 123 |
| Repayments of lease liabilities | (17,400) | (18,291) |
| Other, net | 2 | (555) |
| Net cash provided by (used in) financing activities | (83,835) | 111,902 |
| Effect of exchange rate changes on cash and cash equivalents | (46,546) | 4,593 |
| Net change in cash and cash equivalents | (102,933) | (64,593) |
| Cash and cash equivalents at beginning of year | 2,494,121 | 2,672,353 |
| Cash and cash equivalents at end of period | 2,391,188 | 2,607,760 |

[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 Life creation 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 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 |
| Life Creation and Other Businesses | Power products and relevant parts, and others | Research and development Manufacturing Sales and related services Others |

Segment information based on products and services

As of and for the three months ended June 30, 2019

| | Yen (millions) | | | | | | |
|-------------------------------|---------------------|---------------------|-----------------------------|------------------------------------|---------------|-------------------|--------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Life Creation and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | |
| External customers | 533,018 | 2,694,478 | 688,401 | 80,356 | 3,996,253 | — | 3,996,253 |
| Intersegment | — | 55,662 | 3,624 | 4,888 | 64,174 | (64,174) | — |
| Total | 533,018 | 2,750,140 | 692,025 | 85,244 | 4,060,427 | (64,174) | 3,996,253 |
| Segment profit (loss) | 69,873 | 120,375 | 65,782 | (3,561) | 252,469 | — | 252,469 |
| Segment assets | 1,500,514 | 8,104,744 | 10,076,682 | 338,134 | 20,020,074 | 286,628 | 20,306,702 |
| Depreciation and amortization | 17,072 | 146,891 | 206,866 | 3,579 | 374,408 | — | 374,408 |
| Capital expenditures | 13,552 | 101,076 | 576,451 | 3,058 | 694,137 | — | 694,137 |

As of and for the three months ended June 30, 2020

| | Yen (millions) | | | | | | |
|-------------------------------|---------------------|---------------------|-----------------------------|------------------------------------|-------------------|-------------------|-------------------|
| | Motorcycle Business | Automobile Business | Financial Services Business | Life Creation and Other Businesses | Segment Total | Reconciling Items | Consolidated |
| Sales revenue: | | | | | | | |
| External customers | 274,222 | 1,209,923 | 575,834 | 63,796 | 2,123,775 | — | 2,123,775 |
| Intersegment | — | 45,800 | 3,168 | 4,441 | 53,409 | (53,409) | — |
| Total | 274,222 | 1,255,723 | 579,002 | 68,237 | 2,177,184 | (53,409) | 2,123,775 |
| Segment profit (loss) | 11,202 | (195,888) | 71,568 | (573) | (113,691) | — | (113,691) |
| Segment assets | 1,386,342 | 7,641,611 | 10,202,227 | 352,249 | 19,582,429 | 529,305 | 20,111,734 |
| Depreciation and amortization | 16,775 | 126,793 | 206,150 | 3,888 | 353,606 | — | 353,606 |
| Capital expenditures | 8,550 | 89,371 | 396,701 | 2,082 | 496,704 | — | 496,704 |

Explanatory notes:

1. Intersegment sales revenues are generally made at values that approximate arm's-length prices.

2. Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of June 30, 2019 and 2020 amounted to JPY 551,689 million and JPY 820,941 million, 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:

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

As of and for the three months ended June 30, 2019

| | Yen (millions) | | | | | | Reconciling Items | Consolidated |
|---|----------------|------------------|---------|-----------|------------------|------------|----------------------|--------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | | |
| Sales revenue: | | | | | | | | |
| External customers | 594,300 | 2,213,126 | 155,392 | 844,102 | 189,333 | 3,996,253 | — | 3,996,253 |
| Inter-geographic areas | 556,455 | 102,919 | 50,838 | 175,163 | 1,943 | 887,318 | (887,318) | — |
| Total | 1,150,755 | 2,316,045 | 206,230 | 1,019,265 | 191,276 | 4,883,571 | (887,318) | 3,996,253 |
| Operating profit (loss) | 36,672 | 102,701 | 2,600 | 97,961 | 8,479 | 248,413 | 4,056 | 252,469 |
| Assets | 4,766,236 | 11,200,662 | 639,831 | 3,043,833 | 619,899 | 20,270,461 | 36,241 | 20,306,702 |
| Non-current assets other than financial instruments, deferred tax assets and net defined benefit assets | 2,922,170 | 4,653,618 | 94,351 | 673,137 | 142,292 | 8,485,568 | — | 8,485,568 |

As of and for the three months ended June 30, 2020

| | Yen (millions) | | | | | | Reconciling Items | Consolidated |
|---|------------------|-------------------|----------------|------------------|------------------|-------------------|----------------------|-------------------|
| | Japan | North America | Europe | Asia | Other Regions | Total | | |
| Sales revenue: | | | | | | | | |
| External customers | 471,450 | 1,061,689 | 90,628 | 444,317 | 55,691 | 2,123,775 | — | 2,123,775 |
| Inter-geographic areas | 295,730 | 78,816 | 14,109 | 89,674 | 524 | 478,853 | (478,853) | — |
| Total | 767,180 | 1,140,505 | 104,737 | 533,991 | 56,215 | 2,602,628 | (478,853) | 2,123,775 |
| Operating profit (loss) | (61,934) | (77,886) | 4,854 | 23,303 | (5,576) | (117,239) | 3,548 | (113,691) |
| Assets | 4,712,594 | 11,123,120 | 682,541 | 2,799,058 | 473,595 | 19,790,908 | 320,826 | 20,111,734 |
| Non-current assets other than financial instruments, deferred tax assets and net defined benefit assets | 2,991,617 | 4,672,911 | 57,515 | 661,518 | 106,492 | 8,490,053 | — | 8,490,053 |

Explanatory notes:

1. Major countries in each geographic area:

| | |
|---------------|---|
| North America | United States, Canada, Mexico |
| Europe | United Kingdom, Germany, Belgium, Italy, France |
| 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. Reconciling items include elimination of inter-geographic transactions and balances as well as unallocated corporate assets. Unallocated corporate assets, included in reconciling items as of June 30, 2019 and 2020 amounted to JPY 551,689 million and JPY 820,941 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.

[B] Other

Loss related to airbag inflators

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