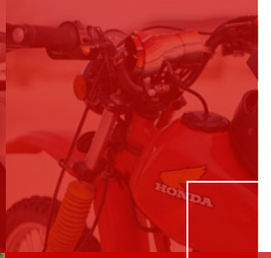
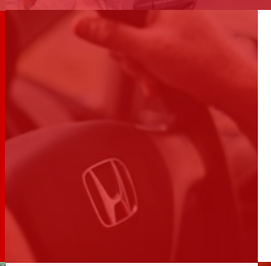
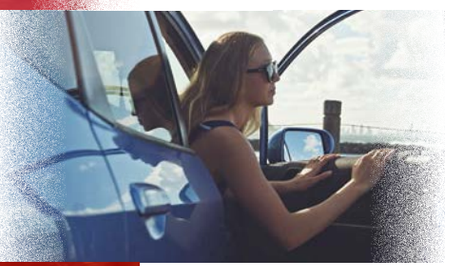
HONDA

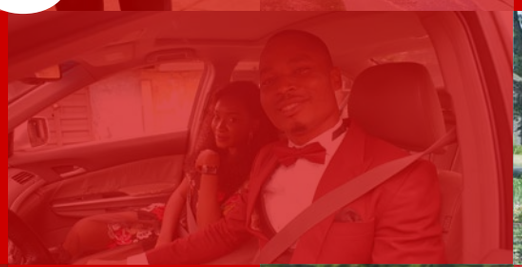
Honda Report 2026

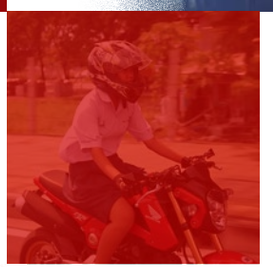


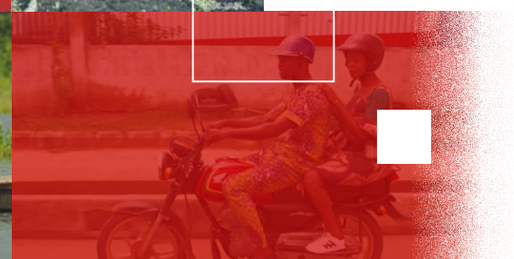








We create the joy and freedom of mobility and become the power that supports individuals who start moving toward their dreams

Since its founding, Honda has been driven by its own “dreams,” valuing unending passion, innovative technology, and ideas. It has continued to grow by boldly taking on challenges that everyone else may think impossible and persevering through relentless effort. Its corporate philosophy remains unchanged today, aiming to sustainably deliver the “joy and freedom of mobility” worldwide as a comprehensive mobility company.

HONDA
The Power of Dreams

How we move you.
CREATE ▸ TRANSCEND, AUGMENT

Editorial Policy

Honda aims for sustainable growth and the enhancement of corporate value over the medium- to long-term. To achieve this, it publishes an Integrated Report that shares the global activities of Honda and its Group companies with all stakeholders, including shareholders and investors. The report also communicates the unique value Honda provides, the value creation process that makes it possible, and how that process continues to evolve.

In the Honda Report 2026, we explain the feasibility of the roadmap and strategy for Honda to promote corporate transformation and chart a path of sustainable growth while explaining in detail the business environment surrounding the Company and our current initiatives. Furthermore, by demonstrating the effectiveness of our strategy, namely the strategic use of our unique technological capabilities and external resources, as well as our strong governance system with improved transparency, we restate Honda's unique reason to exist and our stance toward pursuing our future dreams. Through this report, we will demonstrate how Honda will continue to be a company that provides value to society long into the future and build a solid relationship of trust with our stakeholders.

Going forward, we will continue to disclose information to all stakeholders and expand opportunities for dialogue, striving to foster mutual understanding through constructive dialogue. We then promptly and appropriately share their opinions and requests with management for use in discussions to further raise corporate value.

Reference Framework
In producing this report, we referred to the International Integrated Reporting Framework published by the Value Reporting Foundation, which was consolidated into the IFRS Foundation on August 1, 2022, and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation.

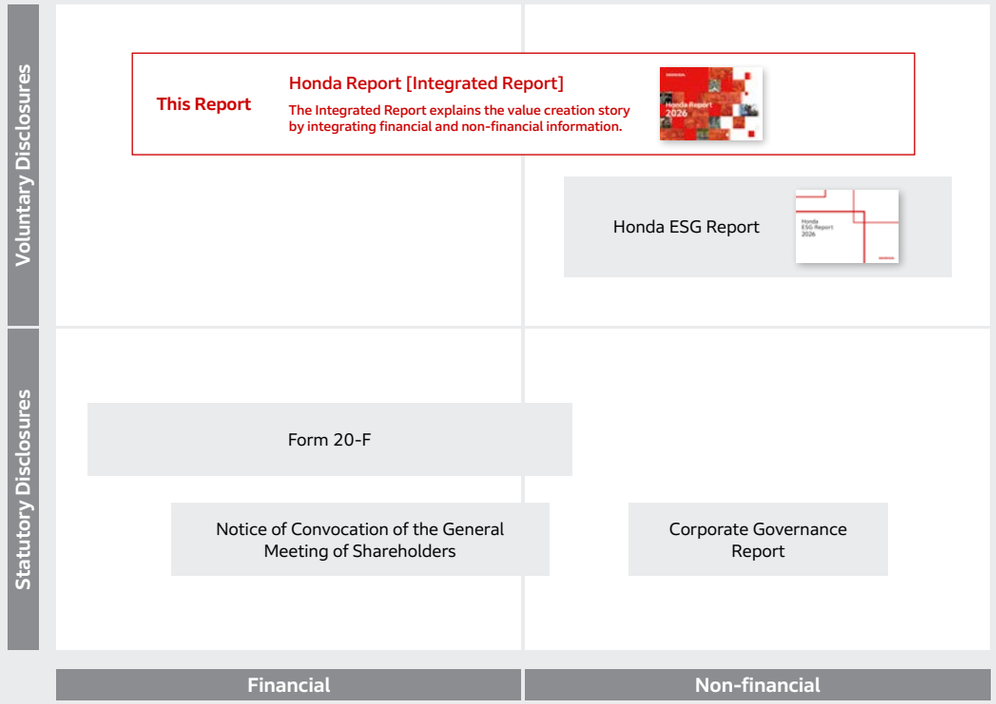
Organizations Covered
This report covers the entire Honda Group, which consists of Honda Motor Co., Ltd. and its 346 domestic and overseas companies (282 consolidated subsidiaries and 64 affiliates accounted for under the equity method). Where the entire Honda Group is not covered, the applicable scope is specified.

Reporting Period
This report focuses primarily on the activities undertaken from April 1, 2025 to March 31, 2026, and also includes past background information and activities conducted up to the time of publication, as well as other matters including future outlook and plans.

Production Structure
Corporate Strategy Operations　Corporate Planning Unit

Disclaimer
This report contains past and current factual data of Honda Motor Co., Ltd. as well as plans and outlook and future projections based on its management policies and management strategies as of the date of publication. These future projections are assumptions or judgements derived from the information available at the time this report was produced. Please note that the results of future business activities and events may vary depending on changes in conditions and circumstances. This report may also contain corrections, restatements, or significant changes to information provided in previous reports.

Disclosure Material



LINK
- Honda ESG Report 2026
- Corporate Governance Report
- Form 20-F
- Notice of Convocation of the General Meeting of Shareholders

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Honda’s starting point:

Our strong desire to help people

Shortly after World War II, Soichiro Honda thought to attach engines to bicycles, the primary means of transportation for people in Japan at the time. With his wife’s long and difficult daily shopping trip in mind, Honda designed a bicycle engine that soon became popular and spread throughout Japanese society. The desire to make people happier had been embodied in that little engine and that desire will continue to lead us into the future.

Honda's People-centered Philosophy

Since our founding, based on our strong desire to serve people and society and to expand the possibilities of people’s lives, Honda has continuously provided products that have pleased many customers and served them in their daily lives. Always central to this thinking is people. Honda believes in the potential of people.



Honda A-Type, Honda's First Original Product (1947)

Honda exists today because we continued to pursue our dreams.

At the core of Honda’s manufacturing is our desire to deliver everyone the “joy of expanding their life’s potential.” Driven by the dreams of each and every one of us, we create the mobility products and services we dream of. Through the creations born from our own creative power, “Create,” we will continue to deliver the values of “Transcend” and “Augment,” which represent Honda’s universal value proposition.

HONDA The Power of Dreams | How we move you. CREATE ▸ TRANSCEND, AUGMENT









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- Global Brand Campaign

Honda Philosophy

The Honda Philosophy is the corporate philosophy passed down by our two founders, Soichiro Honda and Takeo Fujisawa, and it serves as the foundation for all our corporate activities. It is shared as a common set of values across all Honda Group companies and by every associate who works there, serving as the standard for our actions and judgments. The Honda Philosophy should not be treated as mere words. It is something that each individual working at Honda should, by their own initiative, put into practice. This Honda Philosophy is composed of the Fundamental Beliefs (including "Respect for the Individual" and "The Three Joys"), the Company Principle, and Management Policies.



Fundamental Beliefs

Respect for the Individual	Initiative	Initiative means not to be bound by preconceived ideas, but to think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of those actions.
	Equality	Equality means to recognize and respect individual differences in one another and treat each other fairly. Our company is committed to this principle and to creating equal opportunities for each individual. An individual's race, gender, age, religion, national origin, educational background, social or economic status has no bearing on the individual's opportunities.
	Trust	The relationship among associates at Honda should be based on mutual trust. Trust is created by recognizing each other as individuals, helping out where others are deficient, accepting help where we are deficient, sharing our knowledge, and making a sincere effort to fulfill our responsibilities.
The Three Joys	The Joy of Buying	The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.
	The Joy of Selling	The joy of selling occurs when those who are engaged in selling and servicing Honda products develop relationships with a customer based on mutual trust. Through this relationship, Honda associates, dealers and distributors experience pride and joy in satisfying the customer and in representing Honda to the customer.
	The Joy of Creating	The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognize a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a job well done.

Company Principle (Mission Statement)

Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality, yet at a reasonable price for worldwide customer satisfaction.

Management Policies

- Proceed always with ambition and youthfulness.
- Respect sound theory, develop fresh ideas, and make the most effective use of time.
- Enjoy your work and encourage open communications.
- Strive constantly for a harmonious flow of work.
- Be ever mindful of the value of research and endeavor.

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Honda Philosophy

Honda's Growth Trajectory

Currently, Honda operates as a comprehensive mobility company. Its areas extend beyond motorcycles, automobiles, and power products to include aircraft, robotics, energy services, and even outer space research. Honda's mission is to advance mobility in all areas—land, sea, air, and outer space—and deliver value by "enabling people to transcend constraints of time and space" and "augmenting their abilities and possibilities."



1948
Honda Motor Co., Ltd. founded in Hamamatsu



1949
Production and sales of the first full-scale motorcycle Dream D-type



1953
Start of Power Products business

1954
Declaration of participation in Isle of Man TT race





1959
Established First Overseas Subsidiary in the United States

1963
Joined four-wheel vehicle business





1964
First appearance in F1™



2000
Humanoid robot ASIMO announced



2015
HondaJet Handover started



2021
LEGEND with the world's first autonomous driving Level 3 announced



2025
Honda Conducts Successful Launch and Landing Test of Sustainable Rocket Demonstrator



eVTOL



Multi-fingered Hand

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CEO Message

Delivering Enduring Value with Speed and Precision to Remain the Customers' Choice

Toshihiro Mibe

Director,
President and Representative Executive Officer
Chief Executive Officer

Returning to a Customer-centric Perspective to Turn a Challenging Reality into the Starting Point of Transformation

Since our founding out of a desire to use technology to help people, Honda has delivered the joy and freedom of mobility. Expanding our business into motorcycles, automobiles, power products, marine equipment, and aircraft is also based on the desire to support the lifestyles and possibilities of even more customers.

Our origin remains unchanged. However, we're now faced with a challenging reality that cannot be overcome with a continuation of the status quo. The losses recorded in the Fiscal Year Ended March 31, 2026 based on revisions to our automobile electrification strategy caused great concern for many of our stakeholders, starting with our shareholders. As Honda's chief executive, I take those results very seriously.

Honda has been taking initiatives toward achieving carbon neutrality by 2050, but we made a decision to cancel the market introduction of three EV models in North America to avoid future losses. However, this is by no means an indication that Honda is withdrawing from the EV business. We continue selling EVs in accordance with local customer needs and the pace of EV adoption in each market. In North America, as well, we continue to lay the groundwork while carefully monitoring market conditions and the trend of customer demand.

That said, the fundamental issue facing our automobile business is not simply the slowdown in the EV market. The real question is whether we have truly been developing and manufacturing products that deliver the value our customers seek at the right price and the right time.

Honda's hybrid vehicles are chosen by customers today because, even in challenging circumstances, we have remained focused on our customers and steadily refined our technologies and products. We will maintain this same approach in developing future products, including EVs. We will resolve technical issues one by one and steadily evolve our products so that customers can truly appreciate the value they offer.

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The origin of the Honda Philosophy is a desire to help people. Improving our technologies and growing our businesses only become meaningful when we produce value for the customers and society that lie beyond that process. This experience of recording losses and revising our strategy has created an opportunity for us to ask ourselves whether our decisions and actions were sufficient when considering our origin. To remain our customers' choice, we must review everything from our business structures to our decision-making and work processes.

Changing Honda's Work Processes by Rebuilding the Automobile Business

Our first task is to make the automobile business a reliable revenue base by 2030. This initiative doesn't only entail recovering profits. We must work to build a foundation that allows us to continue delivering attractive products to our customers and to continue making the necessary investments into the future.

We will pursue recovery in the automobile business through initiatives centered on three pillars. The first pillar is a strategic reallocation of our corporate resources. We will start by further improving our hybrid vehicles, one of Honda's strong suits, while creating more products chosen by customers in priority regions including North America, Japan, and India. Although hybrid vehicles are not the end goal, they will continue to be valuable in meeting customer needs during the transition period to carbon neutrality, and we will continue to evolve them both as an important technology and as products that support our business.

The second pillar driving our recovery in the automobile business is the thorough strengthening of our manufacturing structure. Competitive standards have changed dramatically. The speed of product development, costs, manufacturing systems, and application of digital technologies are all rapidly evolving. If development timeframes remain the same, technologies may already be out of date by the time sales launch. To deliver new value to our customers, Honda must review development cost, development timeframe, and development workload and change to a manufacturing framework that produces products more quickly and flexibly. As such, we are changing the entire flow of our manufacturing process from design and testing to manufacturing preparation and our supply chain, including our suppliers.

The third pillar driving recovery is the strategic utilization of external resources. In the age of software-defined vehicles (SDVs) whose value is updated through software, technologies in a wide range of fields including IT, communications, and energy enhance mobility value. As such, it's not realistic to try to handle everything in-house. While identifying the sectors that Honda needs to hone itself, we also need to flexibly incorporate external technologies and knowledge and improve our speed, flexibility, and cost competitiveness.

In our regional strategy, we will first establish the cost competitiveness needed to compete in any market as the foundation of our approach to developing and manufacturing products. Rather than applying globally uniform specifications to each region, we will reassess the functions needed based on the value and price customers in each region seek. We will then share the knowledge gained in each region across Honda, transforming how we develop and manufacture products to deliver both the value customers want and competitive prices.

It's the responsibility of management to balance fulfilling our social responsibility as a company and creating good products that are chosen by our customers.



In line with this direction, we will steadily rebuild our automobile business while drawing on the strong foundations of our motorcycle and financial services businesses to strengthen Honda as a whole. Furthermore, by bringing together the strengths of our motorcycle, automobile, power products, and financial services businesses to deliver a broader range of value to customers, we will drive sustainable growth across Honda.

Maintaining Our Environmental and Safety Targets While Evolving the Pathway toward Achievement

Our aim is not merely an immediate recovery in earnings. We are looking beyond that, asking ourselves what unique value will continue to make Honda the customers' choice. By confronting this question, we are shaping a strategy for sustainable growth.

Honda's goal is to realize a sustainable society in which everyone can enjoy the "joy and freedom of mobility." At the center of this goal are the keywords of "environment" and "safety." Even amid changes in the business environment and technology roadmap, our direction for 2050 remains unchanged: 1) to achieve carbon neutrality for all products and corporate activities Honda is involved in and 2) to achieve zero fatalities worldwide from traffic collisions involving Honda motorcycles and automobiles. This is not mere idealism, but a responsibility that must be fulfilled as a comprehensive mobility company.

However, there is more than one path to get there. Although we believe that EVs will play an important role in the future, not all applications will be replaced by a single technology. Rather, tailoring our to different factors such as regional energy policies, customer usage patterns, commercial or industrial applications, and mobility that

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supports daily life, we will combine a variety of methods including EVs, hybrid vehicles, fuel cells, carbon-neutral fuels, and carbon-offset technology.

It's the responsibility of management to balance fulfilling our social responsibility as a company and creating good products that are chosen by our customers. Honda has always valued and worked hard to develop environmental and safety technologies. We'll continue to face environmental challenges head on and deliver the joy and freedom of mobility in a sustainable format.

Our approach to safety is identical. The freedom of mobility is based on the ability to travel with peace of mind. Through next-generation ADAS, software, and data applications, we will balance the joy of driving with a secure and comfortable mobility experience. Honda's mission is to transform the environment and safety into values that the customer can truly experience in their everyday travel.

Connecting Technology to Our Business and Value Creation Process

Honda has many technologies that it has refined over the years, including engines, electrification technologies, safety technologies, intelligent technologies, control technologies, software, and data. However, possessing technologies is not the same as having the value of those technologies recognized by customers and the market. Even with superior technologies, if we cannot deliver the products and experiences chosen by our customers, we will not be able to continue to provide value to society.

We are further strengthening the link between our technologies and their commercialization. We are sharpening our execution to ensure we clearly identify our target customers, define the products and services that will resonate with them, and establish long-term commercial sustainability.

The possibilities for Honda as a comprehensive mobility company are not limited to land-based mobility. There is still plenty of room for growth in mobility that expands human possibility from the air, the sea, and space to any new mobility frontiers of the future. What is important is that these possibilities do not remain dreams and that they instead lead to value for our customers and growth for our businesses.

To realize these dreams, we are transforming the way we work. This transformation will be driven by the expectations of our customers and not be limited to improvements in individual divisions. Instead, we will link product planning, technology, development, manufacturing, sales, service, and data-driven improvement in a single process, creating a structure that will continuously generate value for all of Honda.

Connecting internal data is not the goal but the starting point. The real job beyond that of considering what kind of value we discover and deliver to our customers is a job that can only be performed by people. AI and digital technology will not replace people. Driven by the individuality, skills, experiences, and passion to make things better that are shared by every member of Honda, we will incorporate digitalization to enhance and accelerate the creation of new value.

Moving Forward with All Honda to Transform Dreams into Real Value

For Honda, dreams are not separate from reality. "Wouldn't it be great if we could do this?" "If we could achieve this, people's lives would really improve." At Honda, we believe in the power to turn those visions into reality.

Transforming the previously impossible into the possible and surprising the world in a positive way—this kind of track record creates new value. What "The Power of Dreams" means to Honda is the desire to transform individual dreams into the power to move people and society forward. Transforming dreams into reality and continuously delivering value that moves our customers' hearts and enriches their lives—this is the driving force behind growth unique to Honda.

Companies that grow are companies that transform value the customers themselves are not yet aware of into reality and deliver it to society. However, transforming dreams into reality is not only a matter of large-scale technological development. It's present in every job, from small improvements to monumental challenges.

In this sense, returning to our origin doesn't mean returning to the old way of doing things. Driven by the Honda Philosophy that acts as the starting point of all our activities, we must shape value that is useful to people in a way that fits the current age. Refusing to change is now our greatest risk. We need to be a company whose management supports individual associates challenging themselves by considering how to make things better, sharing their opinions, and taking action.

We need to move forward with both establishing a revenue base for our automobile business and fleshing out a sustainable growth strategy. As a comprehensive mobility company, we must transform ourselves to continue delivering the joy and freedom of mobility in a sustainable format while fulfilling our environmental and safety responsibilities. All of this is to meet the expectations of our customers and society—and go beyond them by delivering new excitement. With dreams as our driving force, Honda will continue to take on challenges. I invite you to, please, place your hopes in the future of Honda.

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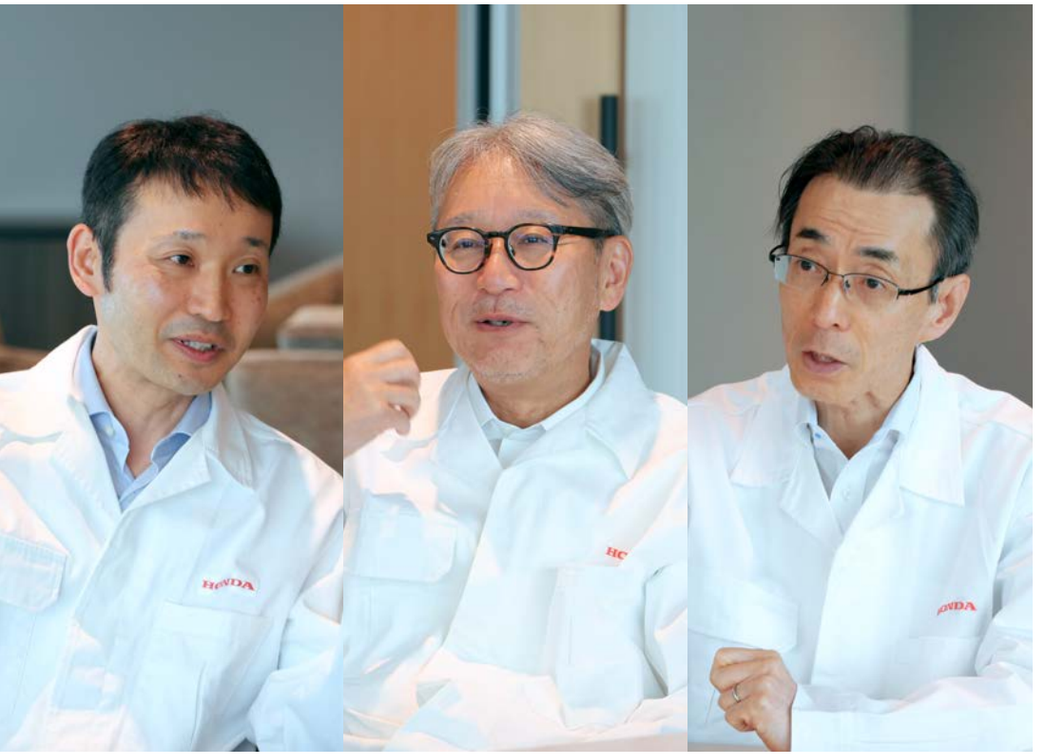

Executive Roundtable Discussion

Honda Is Transforming Itself to Remain the Customers' Choice

Mahito Shikama
Director, Executive Officer
Chief Transformation Officer

Toshihiro Mibe
Director, President and
Representative Executive Officer
Chief Executive Officer

Noriya Kaihara
Director, Executive Vice
President and Representative
Executive Officer
Culture Transformation Officer

Honda is now facing significant changes in its business environment.
Customer values, technologies, and the competitive environment are all changing at unprecedented speeds.
In response to this challenging reality, Honda itself must also change, but how do we change our corporate structures and work processes to transform Honda?
Chief Executive Officer Toshihiro Mibe, Culture Transformation Officer Noriya Kaihara, and Chief Transformation Officer Mahito Shikama discussed what needs to be done to transform Honda.

Updating Our Work Processes to Keep Delivering Value to Customers

Mibe What Honda now faces is not merely a temporary problem with its financial results. Rather, our business environment itself is undergoing significant changes.

Due to the policies and regulations of different countries, geopolitical risk, and changes in the competitive environment, there are an increasing number of situations in which business will not move forward based solely on conventional premises. The boundaries between the automotive industry and the IT industry are also diminishing, and efforts are accelerating to increase product value using software and data. Amid this trend, to keep customers choosing Honda, we need to revise our existing work processes and decision-making style to match the current business environment.

To continue delivering even better products and services to our customers even more quickly, we will fundamentally review how we work, and as a result, will achieve business growth and enhance corporate value.

I believe that it's essential that we get this order correct in implementing Honda's corporate transformation.

Shikama I feel strongly about the importance of speed. How quickly can we deliver the value required by our customers in a tangible form? To answer this question, we must change how we conduct development and operations, use data, and collaborate across departments.

Honda has invested time in building extremely careful processes in support of both quality and reliability. This is an invaluable strength of our company. However, amid a dramatically changing competitive environment, those processes alone are insufficient as our guiding premises.

An important role of our corporate transformation is to build a system that can capture changes in our customers and society, quickly make necessary decisions, and translate those decisions into front-line execution.

Kaihara Since our founding, Honda has always been a company that's created new value by looking closely at society and our customers and thinking about what would be useful for them.

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As our company has grown, we have accumulated experience and knowledge, and our rules and processes have taken shape. These are valuable assets supporting quality and trust. However, as the expectations of our customers also change, we must constantly re-examine whether we are only aiming to protect our existing systems.

There are people on the front lines who sense changes in customers or feel uneasy about our work processes. I believe that the transformation of our corporate culture starts with verbalizing and discussing those realizations and translating them into action.



My goal for our corporate transformation is to use data and digital technology to free up time for our front lines to dedicate to value creation.

Changing What Needs to Change to Protect Honda's Uniqueness

Mibe There are certain things that Honda should never change. These include the Honda Philosophy, deciding to take on new challenges based on people's dreams, expanding the possibilities for people through technology and ideas, and continuing to provide the joy and freedom of mobility in a sustainable format.

While these things don't need to be changed, the method through which we continue to deliver to our customers the joy and freedom of mobility must change to adapt to the times.

Our previous successes and established rules represent valuable assets for Honda. However, if they prevent us from changing and achieving the next stage of growth, they must be revisited. To create products and services that exceed our customers' expectations, we must rethink things, with value as the starting point, and without being limited by existing assumptions.

Kaihara We need to be careful with the phrase "Honda's uniqueness." If we see our past methods and rules themselves as Honda's uniqueness, that can become a reason not to change what needs changing.



True Honda uniqueness is an approach that looks at our customers and works to deliver even better value to them by holding real discussions, tackling challenges, and seeing things through to completion with our colleagues.

True Honda uniqueness is an approach that looks at our customers and works to deliver even better value to them by holding real discussions, tackling challenges, and seeing things through to completion with our colleagues.

To do so, it's essential that we voice objections and speak up when something doesn't feel right. Rather than saying, "This is always how we've done things," we need to reframe the question as, "Is this really meaningful for our current customers?" Only by having these types of discussions will we be able to identify what should be changed and what should be preserved.

Shikama The same approach is necessary as we advance corporate transformation. The goal is not just to promote efficiency and automation.

Honda's culture begins by asking, "Why are we doing this?" and by thinking thoroughly about our approach.

My goal in our corporate transformation process is not to reduce time spent on discussion or creation. Rather, it's to use data and digital technology to free up time for our front lines to dedicate to value creation. The time that we create will be used to think thoroughly about value for our customers. I believe that this will lead to making the necessary changes while preserving Honda's uniqueness.

Mibe Honda has a culture of open-minded discussion represented by Waigaya (Y-gaya). Rather than simply holding discussions, Waigaya is a process of gathering people with different approaches to talk in detail about how we achieve ambitious targets. Through the Waigaya process, we can identify solutions that are impossible for one person to reach. This is what has supported value creation at Honda.

What's required now is to make that

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fundamental approach function in our current business environment. To exceed our customers' expectations, we must think about what to change and what to improve. I'd like Honda to be a company in which every member can freely discuss this process in their own words.

Corporate Transformation (CX) Connects Top Management with the Front Lines and Changes the Systems That Deliver Value

Shikama Honda's corporate transformation is an initiative to reconnect our top management, front lines, talent, data, and operations from the starting point of what kind of value we deliver to our customers.

In our corporate transformation initiative, we are clarifying our targets and roadmap and linking them to the initiatives of each of our operations and projects.

Various transformation projects are already underway on the front lines, and we are visualizing the progress and results of each project as well as providing the necessary support.

Additionally, there are certain issues that cannot be resolved solely at the individual operational level. These include issues that span different departments, Honda's data infrastructure, and shortages of talent and resources.

Resolving these kinds of company-wide structural issues and connecting front-line activities to company-wide results will lead to faster and higher quality decision-making by top management.

Mibe Top management expects corporate transformation to improve the quality and speed of decision-making.

Management decisions require a wide range of information, including not only vehicle units and sales, but also customer value, profit, cash flow, and real data. If we can confirm the necessary information in a timely manner, it will have a significant positive impact on both the speed and accuracy of our management decisions.

When information is siloed within certain departments, it delays our response to change. We need to create conditions through which the necessary people can access the necessary data and leverage it as company-wide knowledge. That will allow us to deliver tangible value to our customers more quickly.

However, the Company will not change just because we use AI or data. What kind of decisions are we using it for? Which processes will we change? Where do people add value? It's important that we include these considerations in our AI and data use design.

Kaihara To leverage data and knowledge throughout the Company, our corporate culture must change. Each organization has roles and responsibilities. While these are necessary, if roles become too strongly defined, departments may consider their information and knowledge as "their property."

In principle, the Company's knowledge should be leveraged for the benefit of all of Honda. Although certain departments may manage certain information, we need to consider how we as a company leverage that information to enhance customer value. It's also important that we make the best use of the wisdom of the past. Past decision-making includes the background of the eras in which it took place and the challenges faced by our predecessors. Sharing that knowledge and leveraging it to make decisions in the present will foster decision-making that is unique to Honda.



How do we incorporate the Honda Philosophy into the process of digitalization? This is what we must consider in the ongoing process of our corporate transformation.

Corporate Culture Reform Provides the Power to Execute Strategy

Kaihara Transformation of our corporate culture is an important theme in terms of our ability to implement strategy.

No matter how good the strategy or process we create, we will be unable to implement it if people's actions don't change. Not speaking up when we feel something is off, or prioritizing protecting the role of the department does not translate into company-wide value and makes it more difficult to create value for our customers. The Honda Philosophy includes the three principles of "Initiative, Equality, and Trust." This entails that every person should think for themselves, share opinions regardless of their position, and hold discussions based on trust. It's important that we create conditions in which we can experience this more fully in our everyday work.

Waigaya is essentially an initiative aimed at leveraging diverse opinions. Opinions may not align at first; however, as different viewpoints clash, eventually our directions align. I believe that process is what creates new value.

To foster this process, the nature of our people and organizations must change. Without being limited by departmental boundaries, we need to ensure that the necessary people can exercise their strengths in the necessary locations. We also need to support actions that lead to better results through horizontal collaboration.

We also must enable management to support front-line initiatives and to connect this process to transforming individual action.

Mibe The nature of top management itself

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must also change. We need a structure and culture in which realizations and any sense of unease from the front lines are translated more quickly into management decisions. So that communication from top management does not become one-sided, we need to change both how we ask questions and how we receive feedback. If top management doesn't change, the Company won't change. This is precisely why we as the top management must lead from the front in advancing corporate transformation through dialogue with the front lines.

Transformation isn't something that's assigned to others. We must first change ourselves and then work together with the front lines to achieve transformation.

Shikama "Corporate transformation" and "corporate culture transformation" are not separate activities. Even if we change our processes and data flow, the changes will not last if our people's actions don't also change. Conversely, even with a culture that embraces challenge, without structure we can't produce results. That's exactly why we must pursue both simultaneously. The front lines must think, decide, and then act to produce tangible results. If we can produce this kind of cycle, our transformation will be long-lasting.

Small Actions Add up to a Company That Society Looks to

Shikama So that our corporate transformation is long-lasting, we must take whatever action we can, no matter how small. It's important that we create an environment in which we can quickly feel that something has changed.

Through a series of successful experiences, we will build an environment in which the front lines can feel how their actions have created positive changes. This accumulation of efforts will lead to company-wide change.

Kaihara The starting point for corporate culture transformation also includes each individual forming their own opinions. What issues do they feel exist in their current work? What could they do to deliver more value to customers and society? It's important that they ask these kinds of questions in their everyday work and speak with those around them.

To do so, we need an environment in which people can say what they want to say and engage in frank discussion while maintaining mutual care and attentiveness.

It's particularly important that Honda's management both be receptive to the opinions of the front lines and support them in tackling challenges.

Honda will be able to change once we combine the collective strengths of our individual talent. As the Culture Transformation Officer, my goal is to draw out these strengths.

Mibe We don't want Honda to be a company that struggles to keep up with change. We want to be a company that anticipates change and not only meets, but also exceeds our customers' expectations.

Our environmental and safety initiatives form the basis of our future initiatives. With that in mind, it's important that our customers desire and want to choose Honda.

I believe Honda is expected to continue developing products and technologies and taking on challenges that exceed the expectations of our customers and society, while also increasing profitability.

Since our founding, both our customers and society have always expected something different from Honda than from other companies.

Honda's uniqueness has always been our ability not only to meet but also to exceed those expectations.

It's important we understand the voice of the market. However, if we create based only on market feedback, we will not be able to exceed our customers' expectations. We must consider what lies beyond those expectations and propose value that our customers don't even know exists yet. That's the kind of company I want Honda to continue to be.

We must change what needs to be changed and refine our founding principles, whose essence must remain unchanged. To deliver the value that keeps customers choosing Honda, we are reconnecting our top management, front lines, talent, and data. Top management will lead the way while working hand-in-hand with our front lines to transform Honda into a company more capable of executing.



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Value Creation Process

INPUT
Honda's Capitals
➡ See p. 54

- Intellectual Capital
- Social and Relationship Capital
- Human Capital
- Natural Capital
- Manufacturing Capital
- Financial Capital

Recognition of the External Environment

Dreams

Original technologies and ideas

Honda Philosophy
➡ See p. 05

Driven by the power of each individual's dreams

Focus Areas
Electrification and Intelligence of Mobility

OUTPUT
Realization of the Mobility Honda Dreams of with Creativity as the Key

Automobiles
➡ See p. 28



Motorcycles
➡ See p. 32



Power Products
➡ See p. 35



Intelligence

Resource Circulation

Energy Management System

Carbon Neutrality of Power Units

Aircraft









Efforts Toward the Future
➡ See p. 38

Create
To realize through creativity

Transcend
To enable people to transcend the various constraints of time and place

Augment
To augment people's possibilities

OUTCOME

Creating New Value
➡ See p. 16
Advancement of Human Capital Management

Carbon Neutrality by 2050
➡ See p. 18
Realizing a Zero Environmental Impact Society

Zero Traffic Collision Fatalities by 2050
➡ See p. 20
Realizing a Zero Traffic Collision Society

Acquisition of Core Technologies
➡ See p. 22
Creating Innovative Technologies

Establishment of a Brand That Inspires Empathy and Resonance
➡ See p. 24
Brand Value Enhancement

Honda's Vision

We create the joy and freedom of mobility

and become the power that supports individuals who start moving toward their dreams

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Concept for Our Materiality and Forming Management Indicators

To sustainably provide the "joy and freedom of mobility" that we aspire to, it is essential to clearly define the issues and targets that the entire Company should focus on, and for every Honda associate to use them as a guide and move forward together in the same direction.

From this perspective, we have identified areas requiring focused initiatives as "priority issues" based on our vision for the future and our value proposition, as clarified through the redefinition of our Global Brand Slogan, as well as the changing environment surrounding Honda. Within each area, we have also identified issues requiring particular focus as our materialities. In addition, by organizing the corresponding indicators and targets, we will further enhance the effectiveness and speed of our initiatives.

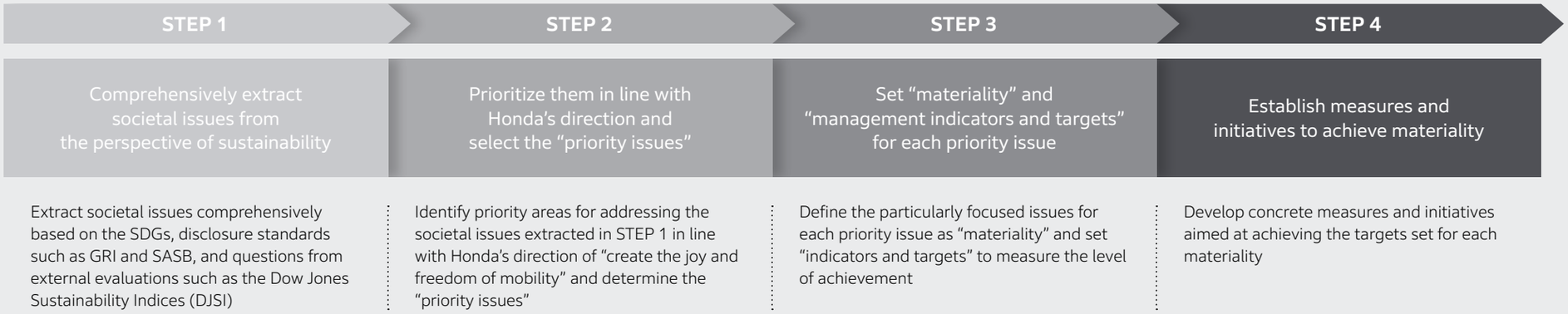
In identifying the "priority issues," we first comprehensively extract societal issues from the perspective of sustainability and prioritize them in line with Honda's direction. As a result, we identified five areas as priority issues: "environment" and "safety," which are Honda's responsibilities as a mobility company; "people" and "technology," which are the driving forces behind Honda's growth; and "brand," which can be considered the sum of all these corporate activities. By linking initiatives in these non-financial areas with our financial strategy and resource allocation, we aim to create both social and economic value.

We have established quantitative management indicators and target values to measure progress on our materiality as the areas requiring the strongest focus. As management indicators, we have defined key goal indicators (KGIs) to measure the extent to which each priority issue has been resolved, as well as key performance indicators (KPIs), which measure progress made on initiatives designed to achieve the KGIs. These indicators, together with our target values, are reflected in the strategies and activities that we are implementing in each business, region, and function.

Our priority issues and materiality are regularly reviewed in response to changes in the external environment and business conditions. Revisions are subject to approval by the Board of Directors based on exhaustive discussions by the Executive Council. Close monitoring of our management indicators and targets based on our materiality, as well as related measures, is essential in today's rapidly evolving business environment. Regular progress reviews are carried out at meetings of the Executive Council. Our structure also includes reporting of results and measures to the Board of Directors for appropriate oversight.

Honda will remain focused on its vision and value proposition, despite today's highly uncertain business environment. We will consistently formulate strategies and allocate resources from medium- to long-term perspectives as we strive to achieve our long-term goals while also ensuring that our management systems can adapt rapidly and flexibly to changes in the current environment.

Materiality Identification Process



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Priority Issues

01

Advancement of Human Capital Management

Materiality

- Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals
- Strengthening human and organizational foundations for future competitiveness

Strategy Overview

Ideal Vision

With the aim of sustainably creating the joy and freedom of mobility and becoming the power that supports individuals who start moving toward their dreams, Honda is building a talent portfolio that will be needed in the future by backcasting from the destination of its business strategies.

Philosophy and Approach

Honda Philosophy: "Respect for the Individual" and our Global Brand Slogan form the foundation for an accelerating cycle of challenge, integration, and growth driven by the power of dreams and speed, leading to transformation for both individuals and the organization.

Key Initiatives

1 Evolution of people management and organizational revitalization that encourages value-creating behavior

- Establishment of required behavioral principles: "Honda 6 ACTIONS for Change"
- Expansion of internal job posting system
- Implementation of engagement improvement activities

2 Cultivate an organizational culture where diverse individuals can fuse and thrive

- Visualization of organizational status through inclusion scores
- Provision of career coaching and career development training
- Promoting women's participation in the workplace

3 Investment in human capital to support future value creation

- Implementation of the Global Leadership Program (GLP)
- Industry-academia collaboration on AI and human resource development
- Expansion of the GenAI Expert System

Management Indicators

KGI

- Associate engagement score (positive response rate)

KPI

- Inclusion score
- Women in management positions (compared to FYE Mar. 31, 2021)
- Human capital investment

Main Achievements to Date

1 Evolution of people management and organizational revitalization that encourages value-creating behavior

- Established the "Honda 6 ACTIONS for Change" as required behavioral principles, promoting company-wide awareness about behaviors that embody Honda Philosophy by enabling individuals to share their views and foster an intersection of thoughts and ideas, without being limited to existing mindsets and behaviors.
- Expanded the scope of the internal job posting system to include mid-career recruitment positions for associates looking to challenge themselves in new areas.
- Strengthened global dialogue with Honda associates. For example, in Europe, Africa, and the Middle East, we not only strengthened dialogue with our associates, but also promoted region-specific engagement-raising activities.

2 Cultivate an organizational culture where diverse individuals can fuse and thrive

- Established the inclusion score as a Honda-specific global metric. This allows us to monitor whether diverse individuals are accepted and able to realize their authentic selves in the workplace, based on scores that reflect "acceptance of diversity," "people's sense of belonging, self-realization within the organization," and "psychological safety within the organization."
- Introduced online coaching and career development training designed to support self-directed career development. This system was used by a total of around 3,000 associates in the Fiscal Year Ended March 31, 2026.
- Developed positive action measures (mentoring programs and management training) for women expected to advance to management roles in the future.

3 Implemented human resource investment to support future value creation

- Established the Global Leadership Program (GLP), a tiered training course designed to nurture global talent. A total of 1,033 individuals have participated in the GLP since 2013. We also strengthened our talent development-to-appointment cycle by promoting strategic appointments irrespective of nationality or gender through the Global Talent Board, which is administered by senior management, and by introducing a standardized global system for succession management.
- In partnership with Keio University and Osaka University, we launched the BRIDGE project, an industry-academia collaboration aimed at the development of AI experts and cutting-edge AI technology.
- In addition to providing allowances in line with each associate's level of expertise through the GenAI Expert System, we promoted various enhancement measures, including the expansion of the eligible talent pool, enhancements to training and development systems, and the company-wide implementation of tiered AI education.
- In collaboration with Ohio State University in the United States, we provided students with opportunities for practical problem-solving activities, simultaneously recruiting job-ready talent and fostering their professional development.

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Priority Issues | 01 Advancement of Human Capital Management

Evolving Human Capital Management to Support Corporate Value Enhancement and Corporate Transformation

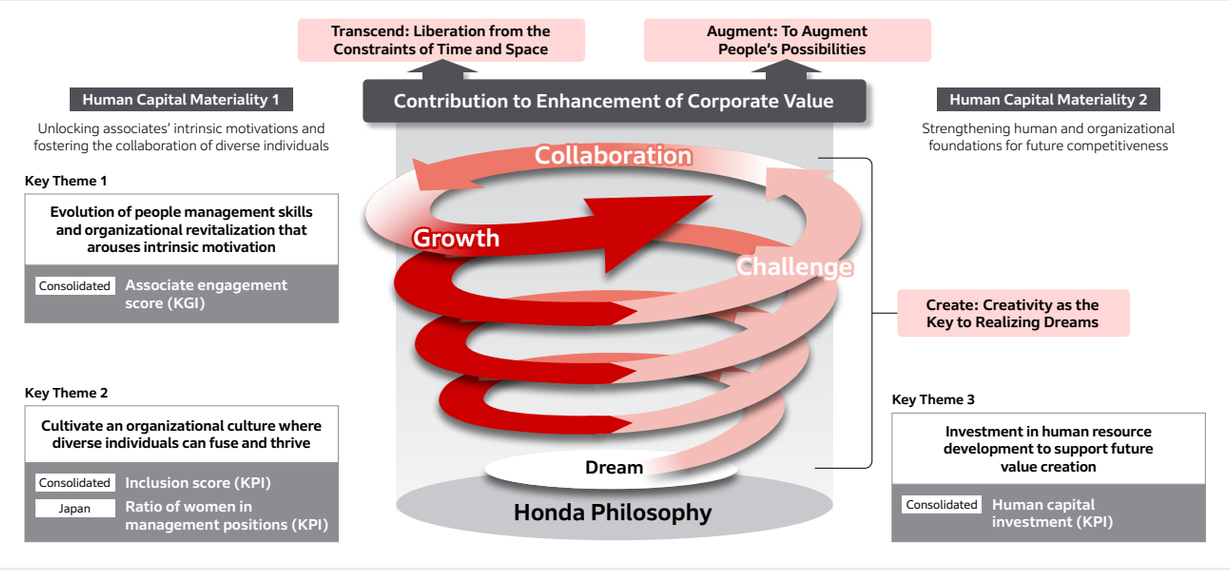
Honda Philosophy and Enduring Focus on People

"Respect for the Individual" is The Fundamental Beliefs of the Honda Philosophy. This means that we respect individual differences, work as equal partners, strive to build trust, and apply our fullest capabilities in order to share joy with one another. Under this philosophy, Honda has cultivated a bottom-up culture by creating an environment that enables individual associates with dreams and aspirations to develop their motivation and abilities and fulfill their potential. The Honda of today reflects the achievements of every associate who thought independently, took on challenges, and transformed new concepts and technologies into reality.

Honda's business environment is changing rapidly, and corporate transformation has become an imperative. Because that transformation will be driven by people, we will maintain and continue investing in human capital development, despite the challenging environment. We believe that we can build a future for Honda by fostering the growth of every associate and supporting them as they take on challenges, while also making continuous efforts to create an environment where diverse individuals can unleash their full potential. We will continue to invest in our people and organization to ensure that Honda remains a company where diverse individuals driven by dreams can continue to thrive.

Honda's Human Capital Management

Based on Honda Philosophy, Honda's human capital management drives personal and organizational transformation through a cycle of challenge, integration, and growth, starting from each individual's dreams, toward the realization of company-wide policies. To achieve this, we have set two materialities for human resources as well as management indicators (KGIs and KPIs). This fiscal year, we partially revised our materialities for our human resources as well as our management indicators. We clarified the linkage between the associate engagement score—a unique Honda metric—and customer value creation. Furthermore, rather than limiting human capital investment metrics to priority areas, we updated their positioning to cover the entire company in order to motivate all associates toward the improvement of corporate value. Through these initiatives, we will cultivate an environment where every individual can maximize their creative potential, contributing to business transformation and enhanced corporate value.



Strategic Direction for the Future Evolution of Human Capital Management

The power of Honda's approach to human capital management is derived from a corporate culture in which interactions among individuals foster a strong intrinsic motivation to take on new challenges, based on the Honda Philosophy. It is this intrinsic motivation that energizes the entire organization. By emphasizing respect for individual initiative, this culture channels proactive efforts into organizational strength. That is the source of Honda's unique competitiveness.

Our corporate culture enables us to create value that reflects Honda's unique identity on many levels, including talent development and innovation. Through the Global Leadership Program (GLP) launched in 2013, we support individuals who take on the challenge of personal growth, thereby cultivating next-generation leaders and successors capable of embodying the Honda Philosophy from a medium- to long-term perspective. In recent years, self-driven initiatives have expanded into activities that create new value. For example, a generative AI project launched by a voluntary workplace group has since evolved into a company-wide, AI talent.

However, business expansion and the increasing complexity of our internal and external environments are leading to situations that hinder the emergence of such initiatives, as well as the effectiveness of our bottom-up culture. Honda is responding to these challenges by driving the evolution of its organizational culture through company-wide initiatives, such as the "Honda 6 ACTIONS for Change." Through these initiatives, we will further enhance Honda's unique strengths and raise the productivity of individual associates to support the sustainable delivery of value to our customers and society in general.

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Priority Issues

02

Realizing a Zero Environmental Impact Society

Materiality

- Addressing climate change issues
- Addressing energy-related issues
- Efficient utilization of resources
- Biodiversity conservation

Strategy Overview

Ideal Vision

We are working to realize a Zero Environmental Impact Society in which we continue to sustainably create the joy and freedom of mobility. We have identified four materialities relating to the comprehensive reduction of our environmental impact: “addressing climate change,” “addressing energy issues,” “efficient utilization of resources,” and “biodiversity conservation.”

Philosophy and Approach

- Honda aims to achieve carbon neutrality by 2050 and has identified measures “addressing climate change” and “addressing energy issues” as priority actions. “Efficient utilization of resources” and “biodiversity conservation” will both require future-oriented preparations and will therefore be addressed in stages as long-term impact reduction measures.
- We have integrated our “carbon neutrality,” “clean energy,” and “resource circulation” initiatives under the Triple Action to ZERO concept, which will also foster harmony with nature. Our definition of coexistence with nature also encompasses biodiversity conservation, which is increasingly emerging as a global imperative. We also consider Nature-based Solutions (NbS)* when pursuing these initiatives.

* Nature-based Solutions (NbS) involve advancing societal challenges while conserving and restoring natural ecosystems.

Key Initiatives

1. **Expansion of carbon-neutral factories**
2. **Improvement of product environmental performance**
3. **Initiatives to minimize water withdrawal**
4. **Company-wide waste reduction and promotion of the 3Rs (reduce, reuse, and recycle)**
5. **Horizontal product recycling**

Management Indicators

KGI

- Reduction rate of CO_2 emissions from corporate activities*
- Total CO_2 emissions from products
- Reduction rate of industrial water withdrawal*
- Reduction rate of industrial waste (incineration and landfill disposal)*

KPI

- Reduction rate of product CO_2 emissions per unit*
- Recycled and biomass material usage rate

* compared to FYE Mar. 31, 2020

Main Achievements to Date

- Began recovering waste heat from painting processes and promoted electrification of drying facilities and other systems that previously used gas combustion at the Saitama Factory Automobile Plant resulting in net zero CO_2 emissions*1 for the first time at a Honda facility in the Fiscal Year Ended March 31, 2026.
- Expanded our use of renewable energy, such as solar and wind power generation, globally to reduce CO_2 emissions.
- Installed solar panels in spaces such as buildings, parking areas, and retention ponds located on Company sites. In Japan, we signed a Virtual Power Purchase Agreement (PPA) and began obtaining non-fossil fuel certificates for electricity generated since December 2025.
- Promoted and expanded the use of electrified products, which are the most effective means of reducing CO_2 emissions. In addition, we improved environmental performance by reducing the exhaust emissions and enhancing the fuel efficiency of Honda’s internal combustion engine (ICE) automobiles and HEVs, as well as enhancing the fuel efficiency of motorcycles. We also carried out research relating to carbon-neutral fuel and biofuel technologies.
- Implemented measures taking into account local water conditions, such as advancing wastewater recycling and introducing water-saving technologies.
- Virtually achieved a 100% wastewater recycling at the Tapukara Plant in India through the recovery and treatment of all wastewater.
- Began operating a wastewater recycling system at the Manaus Plant in Brazil in 2025.
- Took steps to reduce the amount of scrap generated by production processes and implemented various recycling measures, with the goal of minimizing waste.
- Reduced the amount of waste generated through improved yield in the manufacturing process, and implemented recycling measures for materials and components.
- Began applying pre-consumer recycled polypropylene materials*2 in 2024 as part of efforts to have “efficient utilization of resources.”
- Utilized pre-consumer recycled polypropylene materials in both the CB1000F and CB1000GT (European market model) motorcycles, which were released in 2025. Starting in March 2026, the Saitama Factory Automobile Plant began horizontal recycling, turning aluminum sheet offcuts into aluminum hoods for the Honda PRELUDE.
- Installed a biotope on the grounds of the Saitama Factory Automobile Plant as part of our consideration of biodiversity by maintaining a natural environment and preserving endangered species. In September 2024, the Saitama Factory Automobile Plant was certified as a Nature Symbiosis Site.

*1 For residual emissions, which are difficult to eliminate, we utilize offsetting through the use of high-quality carbon credits.
*2 Pre-consumer recycled materials are derived from scraps generated during the manufacturing or molding processes of products such as automobiles and home appliances.



Carbon-neutrality achieved at Saitama Factory Automobile Plant



Water discharge recycling system at the Tapukara Plant in India



PRELUDE

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Environment Initiatives

Continuing Initiatives to Realize a Zero Environmental Impact Society while Flexibly Responding to Change

Honda's ultimate goal is realizing a Zero Environmental Impact Society. To meet this goal, an important milestone is achieving carbon neutrality by 2050.

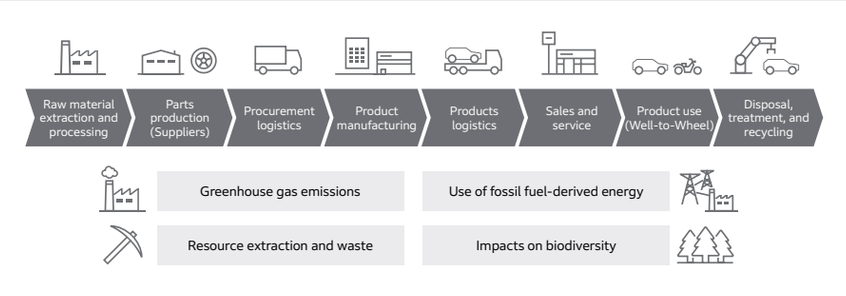
While flexibly responding to changes in the market environment, policies, and technologies, we are advancing initiatives to reduce environmental impact throughout the entire lifecycle of our products and corporate activities.

Our Vision

Honda aims to reduce environmental impact throughout the entire lifecycle of its products and corporate activities to realize a Zero Environmental Impact Society.

Honda recognizes that all business activities have environmental impacts. To address these challenges, it is important to consider the environmental impacts of each stage of the product lifecycle. Honda identifies the main environmental impacts as: greenhouse gas (GHG) emissions, use of fossil fuel-derived energy, extensive resource extraction and waste, and impacts on biodiversity.

Main Environmental Impacts in the Product Lifecycle



Honda, aiming for sustainable business practices, has set achieving a "Zero Environmental Impact Society" as one of its company-wide priority issues. To comprehensively reduce interlinked environmental impacts, Honda has established four materialities to guide its efforts.

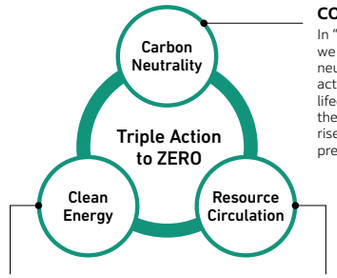
Comprehensively Reducing Environmental Impact Centered on Triple Action to ZERO

In our efforts to achieve a Zero Environmental Impact Society, we are working towards our vision of achieving CO_2 emissions neutrality, 100% utilization of carbon-free energy, and 100% use of sustainable materials in 2050. This vision is encapsulated in the concept of Triple Action to ZERO, a concept that consolidates three key initiatives: Carbon Neutrality, Clean Energy, and Resource Circulation. We position Triple Action to ZERO as the core concept guiding our efforts. The three initiatives of Triple Action to ZERO are closely related and we aim to maximize synergistic benefits by considering their linkages. The Triple Action to ZERO initiatives are also linked to the international demand for preserving biodiversity and fostering harmony with nature. In advancing these initiatives, we will consider Nature-based Solutions*1 as well.

Key Initiatives to Achieve Our Targets

Honda supports the Paris Agreement*2 and, with the goal of realizing a Zero Environmental Impact Society, aims to achieve carbon neutrality across all products and corporate activities involving Honda by 2050. Of the four materialities in the environmental domain, we are prioritizing efforts toward "addressing climate change issues" and "addressing energy issues" for achieving carbon neutrality. As priority actions, the Company is working on reducing CO_2 emissions from product use and corporate activities, breaking these efforts down into more specific initiatives that the Company plans to implement as concrete actions. Specifically, CO_2 emissions are tracked for various product groups within each business segment, as well as for individual production plants and manufacturing equipment. This approach helps in quantifying CO_2 reduction amounts for each product and factory. Honda will accelerate a multifaceted approach that combines EVs, hybrid vehicles (HEVs), carbon-neutral fuels, and carbon offset technologies, while carefully assessing market conditions and demand trends in each region. For long-term impact reduction measures related to the materiality of "efficient utilization of resources," there are initiatives that may require business transformation beyond existing frameworks. Honda is currently in the preparatory phase for reducing future CO_2 emissions across the entire product lifecycle from resource extraction (upstream) to disposal (downstream). We also recognize the importance of advancing these initiatives while considering our impact on nature, such as the materiality of "biodiversity conservation." Honda is aiming not only to achieve "carbon neutrality by 2050" but also to pursue a long-term perspective toward realizing a "Zero Environmental Impact Society."

Triple Action to ZERO



CO_2 emissions neutrality
In "addressing climate change," we aim to achieve CO_2 emissions neutrality from both our corporate activities and the product lifecycle, with the goal of limiting the global average temperature rise to 1.5°C compared to pre-industrial levels.

100% utilization of carbon-free energy
In "addressing energy issues," we aim to use clean energy during product use and corporate activities.

100% use of sustainable materials
In addressing the "efficient utilization of resources," we will strive to develop products and establish systems that use sustainable materials with no environmental impact. In corporate activities, we aim to achieve zero industrial water intake and zero industrial waste at Honda plants by 2050.

*1 Nature-based Solutions (NbS) involve advancing societal challenges while conserving and restoring natural ecosystems.
*2 The Paris Agreement sets as a global long-term goal to keep the rise in average global temperatures well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

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Priority Issues

03

Realizing a Zero Traffic Collision Society

Materiality

- Development of technology to capture and complement/enhance human intention
- Safety education and awareness-building activities
- Building a traffic ecosystem

Strategy Overview

Ideal Vision

Our goal is to continue providing the joy and freedom of mobility in a sustainable manner. To achieve that, we aim to realize a collision-free society in line with Honda's global safety slogan, "Safety for Everyone." Toward realizing this vision, Honda has set a goal of achieving zero traffic collision fatalities involving Honda motorcycles and automobiles*1 worldwide by 2050, with a milestone of halving traffic collision fatalities by 2030*2.

Philosophy and Approach

Honda has identified three elements of safety—"Mobility Performance (technological development)," "Human Ability (awareness-building activities)," and the "Traffic Ecosystem (collaboration, development of systems/services)." By combining our development efforts in these three areas, we are addressing the factors that cause traffic collisions.

Key Initiatives

Toward 2030

1. **Widespread adoption and functional evolution of advanced safety technology (Mobility Performance)**
2. **Strengthening instructor training globally (Human Ability)**
3. **Improvement of educational quality and establishment of global standards (Human Ability)**
4. **Support for road safety policies in collaboration with international organizations (Providing Honda's knowledge and practical know-how) (Traffic Ecosystem)**

Toward 2050

5. **Development, social implementation, and standardization of the Safe and Sound Network Technology (Traffic Ecosystem)**

*1 Traffic collisions involving Honda motorcycles and automobiles (rider, driver, and passengers), as well as pedestrians and bicycles and other involved parties (excluding intentional violation of traffic rules with malicious intent and cases of willful incapacitated status due to use of alcohol, drugs, or other substances).

*2 Halve the number of traffic collision fatalities per 10,000 vehicles involving Honda motorcycles and automobiles worldwide by 2030 compared to 2020 levels.

Management Indicators

KGI

- Traffic fatalities involving Honda automobiles in Japan and the United States

KPI

- Advanced safety technology application rate
  - Motorcycles (emerging countries)*3 Advanced Braking (ABS/CBS)
  - Automobiles (developed countries)*4 Honda SENSING 360
  - Automobiles (emerging countries)*5 Honda SENSING

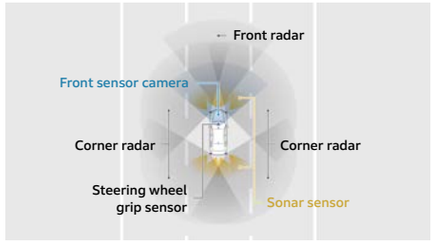
*3 Representative measurement countries: India, Indonesia, Vietnam, Thailand, and Brazil
*4 Japan, the United States, China, and Europe
*5 Representative measurement countries: India, Indonesia, Malaysia, Thailand, and Brazil

Main Achievements to Date

- Provided traffic safety education programs tailored to all age groups, from children to the elderly, in 43 countries and regions worldwide. Approximately 4.6 million people attend these programs each year.
- Supervised the production of interactive video learning materials for delivery riders of Uber. The materials are distributed in 21 countries worldwide, and have been viewed by approximately 500,000 delivery riders.
- Promoted the introduction of the Intelligent Driving Circuit (IDC), Honda's next-generation driver training and testing platform, at a driving school in Singapore. Through the deployment of IDC, Honda aims to standardize the quality of traffic safety education and establish a new approach to addressing the growing challenge of driving-instructor shortages.
- Became the first automobile manufacturer to partner with the United Nations Road Safety Fund (UNRSF). Supported road safety policies in multiple countries by working to understand the actual situations and causes of traffic collisions and by making recommendations regarding the development and strengthening of related laws and regulations and their enforcement.
- Participated in the Cabinet Office's Cross-ministerial Strategic Innovation Promotion Program (SIP) Phase 3 and conducted demonstration tests in Tsukuba City, Ibaraki Prefecture, in preparation for the real-world deployment of Safe and Sound Network Technology, which uses communication technology to help prevent collisions by enabling road users to share risk information. Verified the effectiveness in a public road environment of a system in which road users use smartphones to share information that helps prevent traffic collisions.
- Many Honda automobile models have received the highest safety performance ratings in third-party evaluations in various countries and regions, including Japan, the United States, and Asia. In addition, Honda became the world's first company to receive the highest possible 5-star rating in the products/services rating of the FIA Road Safety Index, set forth by the FIA, the global governing body for motor sport and the federation for mobility organizations worldwide, to enable businesses and organizations to assess, manage, improve and report their road safety footprint.



Countries and regions implementing traffic safety educational programs



Honda SENSING 360 System Configuration

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- Honda ESG Report 2026 Safety
- Safety
- Topics Honda Partners with United Nations Road Safety Fund (UNRSF) to Work Toward Reduction of Fatalities from Traffic Collisions
- Topics Honda Becomes World's First Company to Receive the Highest, 5-Star Rating in FIA Road Safety Index

By integrating and advancing Human Ability, Mobility Performance and the Traffic Ecosystem, Honda aims to realize zero traffic collision fatalities

Honda aims to achieve zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050, and has set a milestone of halving the number of traffic collision fatalities by 2030. Under its "Safety for Everyone" slogan, Honda is advancing initiatives toward a collision-free society where not only drivers and riders, but everyone who shares the road can enjoy safety and peace of mind.

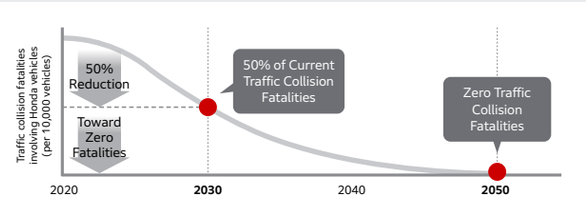
Our Vision

Honda aims for zero traffic collision fatalities involving Honda motorcycles and automobiles*1 globally by 2050. As a milestone, Honda targets to halve the number of traffic collision fatalities involving its motorcycles and automobiles worldwide by 2030 compared to 2020 levels*2. This includes not only new vehicles but all registered Honda motorcycles and automobiles on the market.

Honda has set "achieving a zero traffic collision society" as one of its important non-financial issues. As a key goal indicator (KGI) for tracking progress, Honda has adopted "traffic fatalities involving Honda automobiles in Japan and the United States" and is advancing efforts toward achieving the quantitative target (Not disclosed).

The focus is on these two countries due to insufficient accumulation of manufacturer specific traffic collision data in other countries. The reason for limiting the scope to automobiles is the lack of data for certain types of motorcycles. However, Honda's safety efforts are not limited to these regions nor to vehicle types. Within Honda, the number of traffic fatalities involving its motorcycles and automobiles in each country is also estimated, and countermeasures are developed accordingly. On the other hand, accurate data, including traffic collision fatalities, is essential for planning countermeasures. Since acquiring these data is a significant challenge, Honda has communicated its importance to international organizations, national agencies, and industry stakeholders, and is working to encourage them to address it.

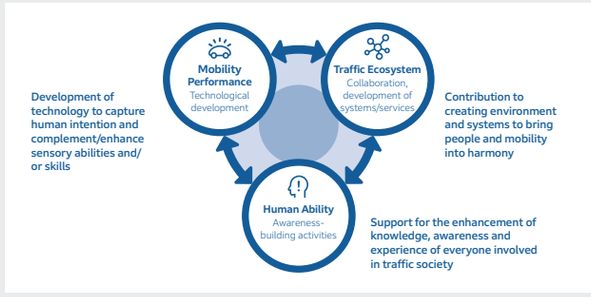
Honda safety goals scenario toward the realization of "zero traffic collision fatalities" by 2050



Addressing Collisions by Evolving and Combining the Honda's Three Elements of Safety

Honda is addressing various factors leading to collisions by evolving and combining "Human Ability (awareness-building activities)," "Mobility Performance (technological development)," and "Traffic Ecosystem (collaboration, development of systems/services)"—collectively referred to as the Honda's three elements of safety. These measures align with the Safe System Approach recently recommended by the United Nations to various countries, which is to promote safety measures with technologies and activities in various areas in response to a single collision case. Additionally, Honda's three elements of safety are established as material issues to be addressed.

Honda's three elements of safety



Key Initiatives to Achieve Our Targets

A key challenge toward 2030 is reducing fatal collisions involving motorcycles in emerging countries. To address this issue, Honda will actively develop instructor training programs, corporate training at Traffic Education Centers*3, and schools for individuals under "Human Ability (awareness-building activities)." Under "Mobility Performance (technological development)," for motorcycles, Honda will expand the adoption of advanced braking systems such as ABS and CBS (Combined Braking System), as well as lights with high visibility for both riders and other road users. For automobiles, Honda will actively promote the functional evolution and widespread use of advanced driver-assistance systems (ADAS), such as "Honda SENSING" with a motorcycle detection function in emerging countries and "Honda SENSING 360" in developed countries, tailored to the local realities of each region. Under "Traffic Ecosystem (collaboration, development of systems/services)," Honda is strengthening its collaboration with international organizations such as the United Nations in relation to traffic safety. Honda will support safety policies such as institutional reform, awareness-building, and infrastructure development by providing the knowledge and know-how cultivated through Honda's long-standing safety activities to countries around the world, with a focus on emerging countries, through such organizations.

A major challenge for 2050 is to reduce traffic collision fatalities among pedestrians, bicyclists, motorcyclists, and other vulnerable road users. To address this challenge, Honda will accelerate efforts related to the "Traffic Ecosystem (collaboration, development of systems/services)." Specifically, Honda will promote research and development relating to Safe and Sound Network Technology and standardization of technologies for social implementation. Safe and Sound Network Technology provides information through telecommunications to help all road users prepare for and avoid the risks of collision before they occur.

*1 Traffic collision involving Honda motorcycles and automobiles (rider, driver and passengers), as well as pedestrians and bicycles and other involved parties (excluding intentional violation of traffic rules with malicious intent and cases of willful incapacitated status due to use of alcohol, drugs, or other substances).
*2 Halve the number of traffic collision fatalities per 10,000 vehicles involving Honda motorcycles and automobiles worldwide by 2030 compared to 2020 levels.
*3 Honda facilities where internal and external traffic safety instructors are trained and safe driving education is provided to corporations, schools, and individual customers.

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Priority Issues

04

Creating Innovative Technologies

Materiality ● Establishing competitive advantage in focus areas

Strategy Overview

Ideal Vision

To achieve medium- to long-term growth and gain a competitive advantage that will contribute to future value five to ten years ahead, we are promoting intellectual capital management, which goes beyond traditional intellectual property (IP) activities. Our goal is to improve Honda's corporate value by creating innovative new technologies that will contribute to society in the future.

Philosophy and Approach

Integrating the IP Landscape (IPL)*1 with portfolio management:

After clarifying the rationale for owning IP in our various focus areas (e.g., in-house utilization, entry barriers against other companies, and licensing revenue), we integrate the IPL with our patent portfolio management as the basis for continual updating of our approaches to business and technology strategies.

Establishing a Competitive Advantage:

We select benchmark companies (competitors) for each technology relating to our "four focus areas," as well as "new value technologies," and establish KPIs on single-fiscal-year and cumulative bases. We evaluate competitiveness not only in terms of the number of patent applications (quantity), but also through detailed analysis of the content of each patent (quality). By feeding back results of these evaluations to the technology strategy division, we drive a cycle of strategy refinement (see Figure 2).

Key Initiatives

1. **Transformation of patent portfolio and establishment of competitive advantage**
2. **Expansion of IPL functions and acceleration of decision-making through the use of AI**
3. **Securing patent rights for "core applications" through portfolio management**
4. **Building of AI-based development support systems (ESS/GITEN)*2 and an IP AI platform (➡ P.23)**

*1 IPL (IP Landscape): A method of analyzing intellectual property information, such as patents, for technology trends, competitors, market needs, and other aspects from multiple perspectives and utilizing them in management and business strategies.
*2 ESS: Engineering Support System, GITEN: Generative Insight Technical Engineering Nexus

Management Indicators

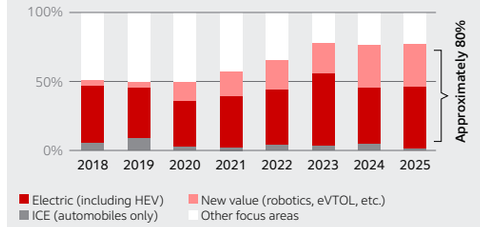
KPI

● Ability to create intellectual property

Main Achievements to Date

● In an effort to transform our patent portfolio and establish competitive advantage, we are boldly transforming our patent portfolio and have increased the proportion of patent applications related to electrification and new value technologies in our focus technology areas to approximately 80% (see Figure 1). As part of our efforts to build a highly competitive portfolio, we have also incorporated IPL analysis into new areas, such as multi-fingered hand technology. We currently hold over 37,100 patents, as well as over 14,700 pending patent applications in Japan and overseas (as of the end of the Fiscal Year Ended March 31, 2026).

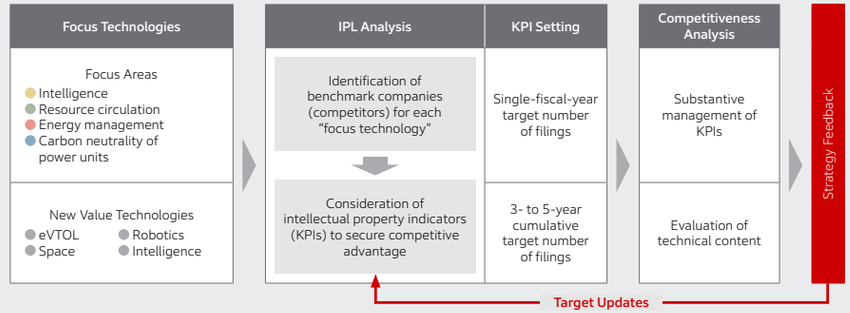
Figure 1



● Used portfolio management to prioritize securing patent rights for "core applications." By clearly managing utilization policies from the application stage, we have prioritized the core technologies ("core applications") that are the source of our competitive advantage. This approach is intended to strengthen our market advantage, improve our ability to defend our technologies, and support sustainable differentiation.
● Directly assigned IPL analysis specialists to the management strategy division to strengthen collaboration between our business and technology strategies.
● Took steps to accelerate our engineers' development activities by leveraging generative AI to structure patent information and historical development documentation to support the creation of innovative new technologies. We have also used business process DX based on an integrated AI platform to introduce IP support apps that allow multifaceted analysis, leading to the proposal of business and technology strategies to management. (➡ P.23)

Flow for Setting KPIs to Secure Competitive Advantage

Figure 2



LINK

Form 20-F

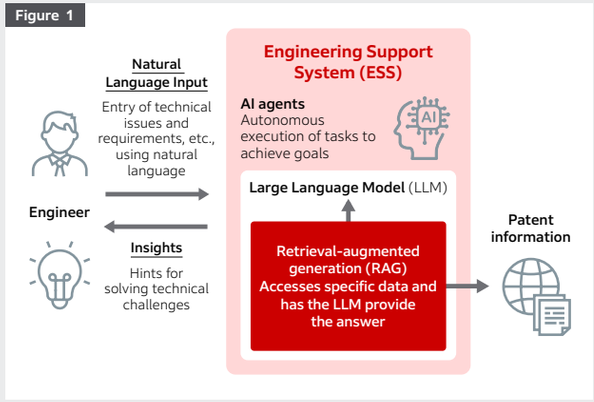
Using IP to Accelerate Development Speed

Utilizing AI Platforms to Develop New Opportunities for Collaboration between Development and IP

Delivering Insights with an AI-powered Development Support System: Engineering Support System (ESS)

To improve its future competitiveness, Honda is working to achieve 50% reductions in development timeframes, workloads, and costs through the Triple Half approach. This involves the timely monitoring of trends in competitors' technology and our own technological assets, and the strategic utilization of the insights gained, starting from the early stages of development. In the past, our intellectual property division would first analyze and organize data about patents held by Honda and other companies, and then provide the information to the development divisions. However, development staff wanted timely and direct access to primary information. To meet this demand, we conceived the ESS (see Figure 1), an AI-powered system that converts IP information into a more user-friendly format for use by development divisions, while also inspiring engineers to expand their thought processes.

Figure 1

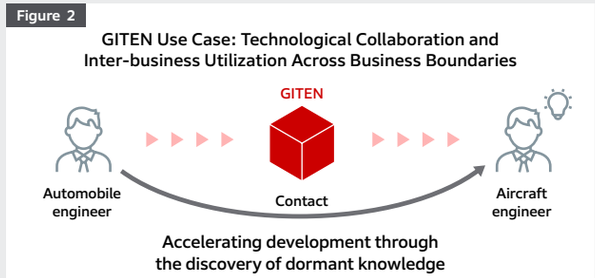


The ESS allows engineers to access relevant patent and technical information simply by submitting natural language inquiries, even if they lack specialized knowledge of patent systems. Using generative AI and RAG technology, it accurately finds and organizes technical insights and trends in competitors' development activities, tasks that were difficult when using conventional keyword searches. This creates an environment in which engineers can formulate hypotheses, consider technological directions, and apply this information to design decisions and the creation of new inventions.

GITEN: A Proprietary Generative AI platform Leveraging Honda's Dormant Knowledge to Foster Innovation

The ESS helps engineers to use patent information as the starting point for exploring technologies and making decisions. GITEN's role is to discover technology assets and development insights among Honda's vast collection of information. It supports company-wide innovation by enabling the discovery of new combinations of technologies that transcend the boundaries of individual business units (see Figure 2), as well as new business opportunities.

Figure 2

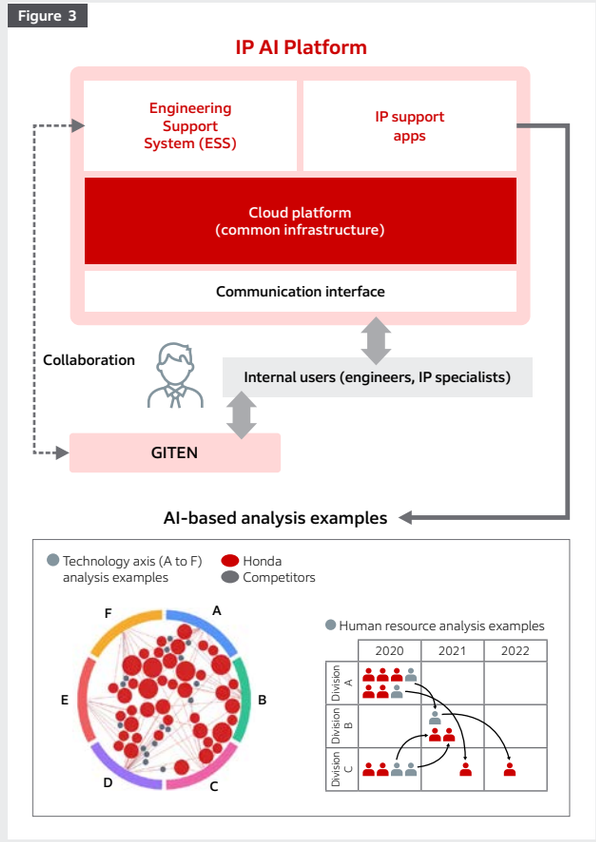


AI Transformation (AX)* Evolution Based on an IP AI Platform

We have developed a cloud-based IP AI platform (see Figure 3) as support infrastructure for the ESS. This serves as a common platform for IP-related data, search functions, and development environments.

Through this platform, we deploy IP support apps that enable the use of DX to support IP processes, from the discovery of existing inventions through to applications and patenting. By leveraging AI, we can rapidly analyze large amounts of information from various perspectives, such as technology and human resources, and propose business and technology strategies to management. Going forward, we intend to develop more advanced ways to utilize our intellectual capital through the combination of patent information and internal technical data, with the possible future linkage of ESS and GITEN in mind.

Figure 3



* A process in which activities and businesses are transformed through the application of AI.

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05

Brand Value Enhancement

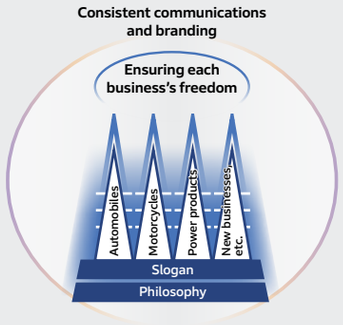
Materiality

- Enhancement of consistent brand management

Strategy Overview

Ideal Vision

At the foundation of all Honda's corporate activities as a comprehensive mobility company lie shared values and philosophies. Beyond those shared values and philosophies, our "diverse and multifaceted brand" that adapts to different regional and business contexts and represents "Honda's uniqueness" is an asset that will serve Honda long into our future. With our Global Brand Slogan (GBS) at the center of our brand management, by integrating Honda's "valuable consistency" with the individuality arising from the freedom of each business, we aim to further increase the value of Honda's overall brand.



Philosophy and Approach

Honda has established a system directly overseen by the Executive Council and built a global network to promote communication and branding activities that leverage company-wide shared brand assets with our GBS as the starting point. We are also honing our technologies and developing our talent through diverse activities that embody the spirit of challenge that is so important to Honda and returning the knowledge and experience that we gain through the process to our products and businesses.

Key Initiatives

1. **Strengthening our implementation structure by establishing a "Brand Council"**
2. **Strengthening Honda's "valuable consistency" by building and expanding brand assets**
3. **Enhancing Honda's brand value by taking on diverse challenges**
4. **Taking on greater challenges in motorsports, symbolizing Honda's spirit of challenge and innovation**

Management Indicators

KGI

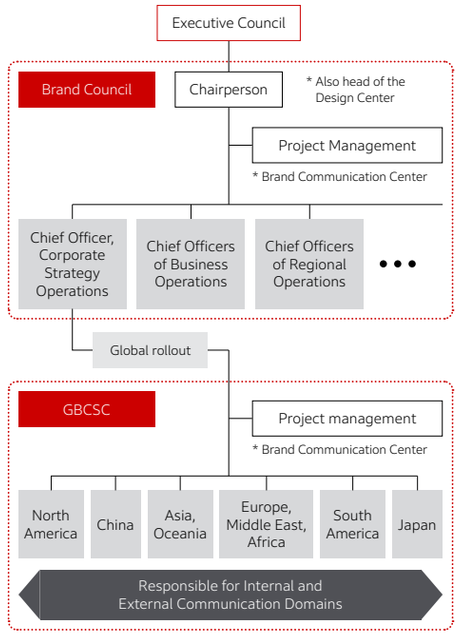
- Brand strength (Interbrand report)

* Upgraded from KPI to KGI

Main Achievements to Date

- Established a Brand Council directly overseen by the Executive Council to accelerate decisions on implementation measures and strengthen coordination with business strategy. Through a "Global Brand Communication Steering Committee (GBCSC)" with six centers including North America, China, and Europe, built a high-quality, highly effective brand management system and network.
- Operated the Brand Portal and created brand guidelines. Released a series of global corporate advertisements in 2025 to unify communications and strengthen the branding of Honda's diversity and our shared values and thoughts.
- Through motorcycle and automotive racing activities, corporate sports events, social contribution activities such as our Honda Beach Clean-up Activity, which marked its 20th anniversary, and educational activities, supported people sharing Honda's spirit of challenge and grew Honda's brand value.
- In 2026, began developing the new RA626H power unit and returned to F1™. Leveraging the technologies and knowledge of our personnel developed through elite races like F1™ and Japan's SUPER GT and SUPER FORMULA in our automobile products and rolling out HRC-spec models in a wide range of our production models to position these models as a pillar to strengthen our future sports models.

Brand Management System



Examples of Brand Assets



Operating our Brand Portal and creating brand guidelines More consistent brand communications.



Communicating Honda's diversity and shared values in our series of corporate advertisements.

Diverse Activities Supporting the Spirit of Challenge



Sports activities including official club operations and sponsoring competitions and athletes.



Honda Beach Clean-up Activity marks its 20th anniversary.



SUPER FORMULA automotive race.



MotoGP motorcycle race.

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LINK

- Corporate Brand
- Motorsports F1
- HRC
- Honda Sports Challenge
- Social Contribution Activities

Enhancing Honda's Brand Value through Diverse Challenges

Participating in motorsports starting with F1™ that symbolize Honda's spirit of challenge and innovation

Honda's Return to F1™

In 1964, after just starting to sell automobiles, Honda took on the challenge of F1™, the world's most elite automotive race. We overcame many obstacles and produced both results and many exciting moments. Our participation in F1™ has embodied the spirit of our founder Soichiro Honda to strive to be the best in the world and to take on even the most difficult challenges, and our participation in F1™ has symbolized the spirit of challenge and innovation that Honda has always cherished. Major changes were seen in 2026 to F1™'s regulations for both chassis and power units. Electrical output from the power unit increased to around three times its previous level, and the use of sustainable fuel was mandated for the internal combustion engine. This marked an evolution of F1™ to a next-generation motorsport balancing speed with carbon neutrality starting with electrification.

In the 2026 season, to mark Honda's return to F1™, Honda Racing Corporation (HRC), which is responsible for Honda's racing activities, developed a new power unit, the RA626H. Aiming to be the best in the world through our technology, through our return to F1™, we aim to share with the world the wonder of taking on challenges and enhance Honda's brand value. By continuing to test our limits, we are honing our technologies and developing our talent with the goal of returning the knowledge and experience that we gain to our automobile products and business.



Aston Martin Aramco Formula One™ Team

Reenergizing Motorsports and Returning the Results to Our Business

By appealing to the value of our motorsports, starting with F1™, Honda is striving to create empathy and resonance for our brand and to expand our fan base through diverse contact points.



F1™ Promotion movie



F1™ Public viewing





Celebrating 40 years of Acura with Lance Stroll

We also are positioning the HRC-spec model, which incorporates the technologies and racing driver feedback accumulated through racing activities, as the pillar to strengthen future sports models and rolling it out in a broad vehicle lineup. Starting with the Civic Type R HRC Concept announced at the Tokyo Auto Salon in January 2026, we are incorporating the knowledge and technologies developed in on-road and off-road motorsports in our market vehicles and delivering them to our customers. By providing Honda's unique motorsports value to our customers, we aim to expand the trust and technological image of our motorsports into our entire automobile business.



2026 SUPER GT race: Honda HRC PRELUDE-GT



CIVIC Type R HRC Concept



PRELUDE HRC Concept



HRC ORIGINALS TOKYO

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Targets and Progress of Priority Issues

Priority Issues	Materiality	KGI/KPI*1	Management Indicators	Category*2	Results*3		Targets*3
					Fiscal Year Ended March 31, 2025	Fiscal Year Ended March 31, 2026	Fiscal Year Ending March 31, 2031
Advancement of Human Capital Management	• Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals • Strengthening human and organizational foundations for future competitiveness	KGI	Associate engagement score (positive response rate)	Consolidated*4	Japan: 46%	Consolidated: 66%	Consolidated: 65% or higher
		KPI	Inclusion score	Consolidated	3.67 points (5-point scale)	3.7 points (5-point scale)	(Not disclosed)
			Women in management positions (compared to FYE Mar. 31, 2021)	Japan	1.7 times	2.1 times	4.0 times
			Human capital investment	Consolidated	—	—	(Not disclosed)
Realizing a Zero Environmental Impact Society	• Addressing climate change issues • Addressing energy-related issues • Efficient utilization of resources • Biodiversity conservation	KGI	Reduction rate of CO_2 emissions from corporate activities (compared to FYE Mar. 31, 2020)	Consolidated	47.5%	51.3%	46%
			Total CO_2 emissions from products	Consolidated	232.2 million t-CO_2e	232.7 million t-CO_2e	(Not disclosed)
			Reduction rate of industrial water withdrawal (compared to FYE Mar. 31, 2020)	Consolidated	—	—	12%
			Reduction rate of industrial waste (incineration and landfill disposal) (compared to FYE Mar. 31, 2020)	Consolidated	—	—	20%
		KPI	Reduction rate of product CO_2 emissions per unit (compared to FYE Mar. 31, 2020)	Motorcycles	3.1%	1.6%	15%
				Automobiles	3.5%	3.1%	13.6%
				Power products	12.5%	5.4%	13.4%
			Recycled and biomass material usage rate	Motorcycles	—	—	30% of motorcycles produced in Japan, for Europe market
				Automobiles	—	—	30% in EVs produced in Japan
Realizing a Zero Traffic Collision Society	• Development of technology to capture and complement/enhance human intention • Safety education and awareness-building activities • Building a traffic ecosystem	KGI	Traffic fatalities involving Honda automobiles in Japan and the United States	Consolidated	(Not disclosed)	(Not disclosed)	(Not disclosed)
		KPI	Advanced safety technology application rate	Motorcycles (emerging countries)	88%	91%	100%
				Automobiles (developed countries)	96%/1% (360*5)	95%/1% (360*5)	100%/100% (360*5)
				Automobiles (emerging countries)	61%	71%	100%
Creating Innovative Technologies	• Establishing competitive advantage in focus areas	KPI	Ability to create intellectual property	Consolidated	(Not disclosed)	(Not disclosed)	(Not disclosed)
Brand Value Enhancement	• Enhancement of consistent brand management	KGI	Brand strength (Interbrand report)	Consolidated	—	—	(Not disclosed)

*1 This table presents all KGIs and a selection of KPIs.
*2 For certain indicators, the applicable companies differ.
*3 New indicators for which no results are available, indicators for which targets are still being set are shown as "–."
*4 Indicators that until the FYE March 31, 2025 applied only to Japan have been expanded to cover the entire company, including overseas, from the FYE March 31, 2026.
*5 "360" refers to "Honda SENSING 360." From the FYE March 31, 2025, separate targets have been set for "Honda SENSING" and "Honda SENSING 360."

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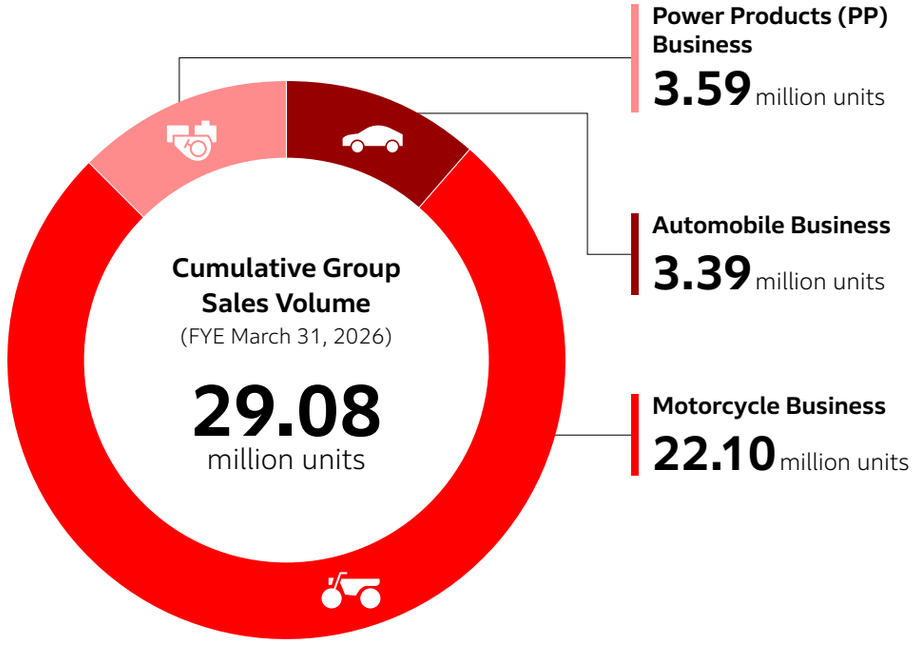
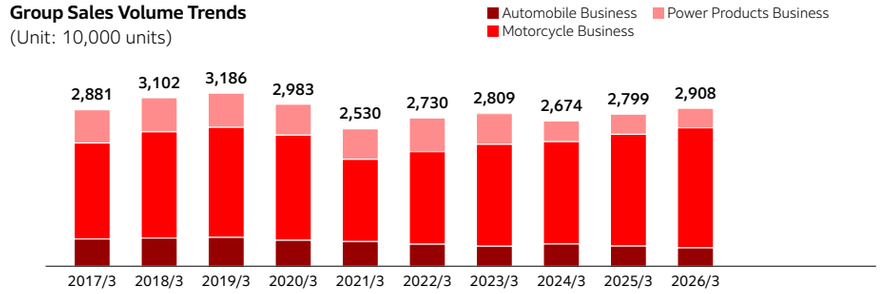
Diverse Array of Businesses Delivering the Joy and Freedom of Mobility through 29 Million Products

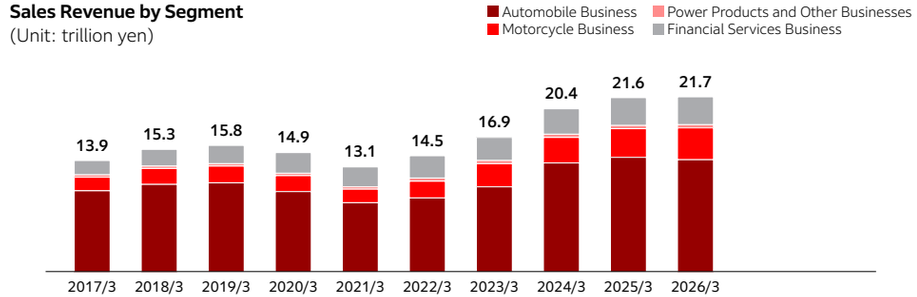
As a comprehensive mobility company, Honda operates a diversity of businesses including motorcycles, automobiles, and power products. While flexibly and swiftly responding to changes in the external environment, such as environmental regulations and trade policies in various countries, we will formulate growth strategies leveraging our unique strengths to increase the joy of our customers.



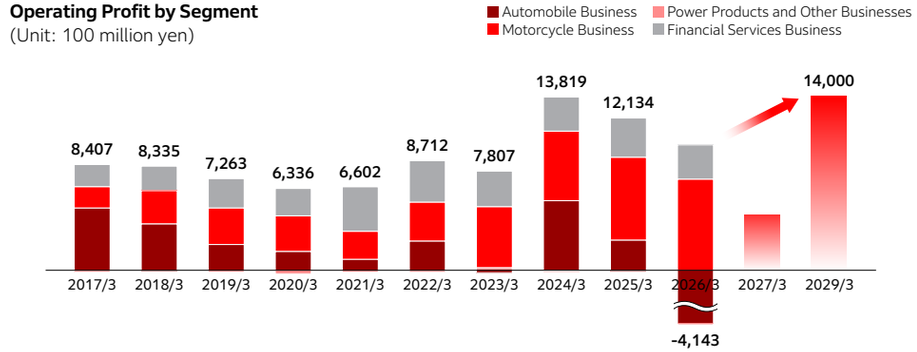
Group Sales Volume Trends
(Unit: 10,000 units)



Sales Revenue by Segment
(Unit: trillion yen)



Operating Profit by Segment
(Unit: 100 million yen)



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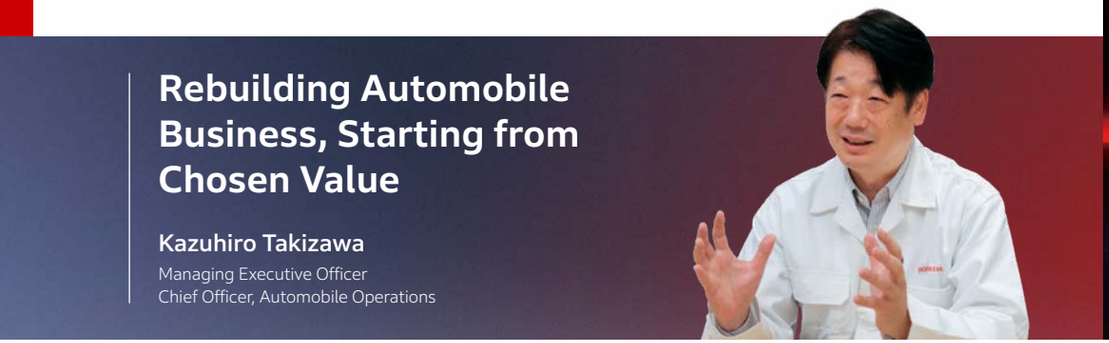
Automobile Business Strategy



Rebuilding Automobile Business, Starting from Chosen Value

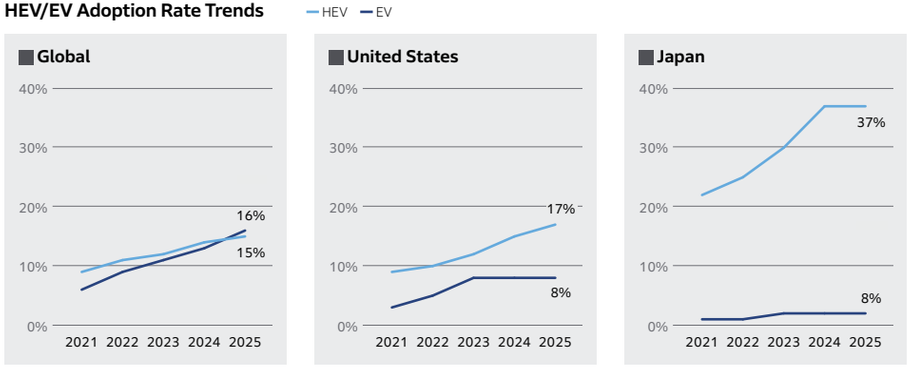
Kazuhiro Takizawa
Managing Executive Officer
Chief Officer, Automobile Operations



Changes in the Business Environment

Looking at the global automobile market currently, electrification centered on EVs and hybrid electric vehicles (HEVs) is making steady progress, but the rate of adoption and customer needs vary by region. In North America, the pace of expansion in EV demand has slowed, while demand for HEVs remains solid in North America and Japan. In light of these market changes, Honda decided to cancel the launch of three EV models in North America.

HEV/EV Adoption Rate Trends



Source: UK-based market research company GlobalData, analyzed independently by Honda

In addition, rising geopolitical risks are having a major impact on the earnings structure of the automobile business. In North America, an increased burden from tariffs is weighing on earnings, making it difficult to fully absorb through the earnings structure built in North America alone.

Furthermore, emerging brands are rising rapidly in China and the ASEAN region, and competition is intensifying not only in price competitiveness but also in areas that offer new value, such as automated driving, advanced driver assistance, and software-related services. As a result, Honda has been unable to effectively compete in certain markets and is facing a decline in unit sales.

Recognizing this, Honda will proceed with the rebuilding of its automobile business. The starting point is always with our customers. By accurately grasping the different needs of each region and delivering the value that customers seek more quickly, at a reasonable price, and as attractive products, Honda will strive to offer the “joy and freedom of fun mobility” and the “joy of changing and enriching lives.” While maintaining a diverse range of technological options, including EVs and HEVs, Honda will evolve into an automobile business that achieves both sustainable growth and profitability.

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News Release Summary of 2026 Honda Business Briefing

Strategies to Meet Customer Expectations

To rebuild its automobile business, Honda will work on the following three strategic pillars.

The first is the strategic reallocation of corporate resources. We will propose products and powertrains tailored to changes in customer lifestyles and region-specific needs. To this end, we will reallocate development and production resources to HEVs and draw up growth strategies with North America, Japan, and India as priority regions.

The second is the thorough strengthening of our manufacturing structure. To deliver valuable products to customers at reasonable prices in a timely manner, we will fundamentally overhaul our development, production, and procurement mechanisms themselves. By strengthening our ability to create products, we will establish a business foundation which is resilient to change.

The third is the strategic utilization of external resources. While honing the core parts of our own competitiveness in-house, we will proactively leverage external competitiveness and incorporate resources in areas determined suitable for enhancing speed, flexibility, and cost competitiveness to strengthen overall competitiveness.

Through these three pillars, by responding faster to region-specific customer needs, we will expand sales opportunities and lead to improvements in profitability and capital efficiency.

Initiatives for Rebuilding the Automobile Business

Strategy 01

Strategic Reallocation of Corporate Resources

- Reassessment of the powertrain portfolio with an eye on future demand trends
- Expansion of the product lineup in each of our priority regions

Strategy 02

Thorough Strengthening of Our Manufacturing Structure

- Strengthening cost structure, improving development and production efficiency

Strategy 03

Strategic Utilization of External Resources

Strategy 01

Strategic Reallocation of Corporate Resources

Honda will advance the strategic reallocation of corporate resources toward the restructuring of our automobile business.

As mentioned above, the starting point for Honda's automobile business restructuring is always with our customers. We will stay close to the changing lives of our customers and propose cars that allow them to feel the joy of free and fun mobility.

While the pace of growth for EV demand varies by region, HEV demand is expanding globally. Based on our approach to each market and the required powertrains, we will strategically reallocate development and production resources to HEVs, for which customer demand is high.

With North America, Japan, and India as priority regions, we will develop cars that customers will actively choose by deepening our understanding of market characteristics and customers.

Next-generation Hybrid System Honed with Technologies that Resonate with the Five Senses

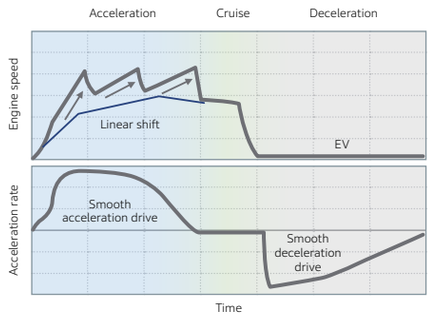
Honda Hybrid

Honda will renew component parts—including the engine and drive unit—and control technologies of its hybrid system, aiming to further enhance environmental performance and deliver a high-quality, exhilarating driving experience. We have named this next-generation hybrid system Honda Hybrid, and will apply it sequentially starting with a new model to be launched within the Fiscal Year Ending March 31, 2027.

The Honda Hybrid has a nimble response time, smooth acceleration, and is extremely quiet, all delivered by a high-output traction motor, while improving fuel economy by 10% in combination with

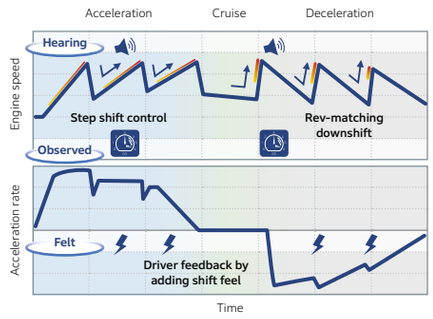
Base Control (Conventional e:HEV)

Refined, exhilarating driving resonating with the senses



Honda S+ Shift

Joy of driving created by unifying the driver and the vehicle



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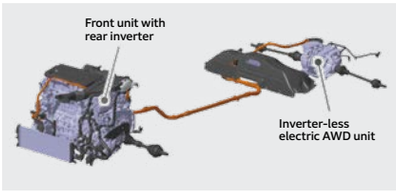
platform evolutions such as weight reduction. Furthermore, we apply Honda S+ Shift, which controls shift-up and shift-down operations during acceleration and deceleration to realize the "joy of driving" as if driving a vehicle with a stepped transmission, providing a sense of unity where the driver and the vehicle synchronize through technologies that resonate with the five senses.

Moreover, a high-quality and exhilarating driving experience can only be realized through excellent driving stability that allows the car to respond to driver steering and accelerator input exactly as the driver intends. One approach to achieving this is all-wheel drive (AWD).

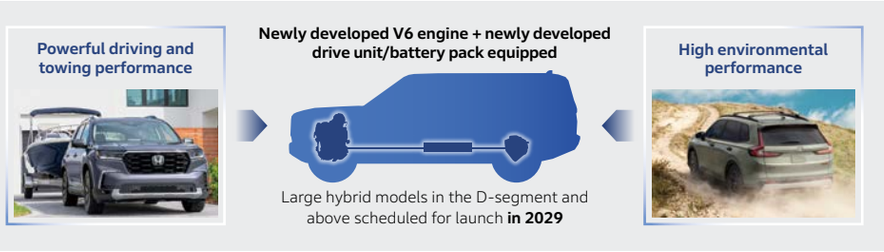
For the Honda Hybrid, we have newly developed a rear drive unit that drives the rear wheels with an electric motor, leveraging the motor and control technologies cultivated through Honda's EV development to date. This electric AWD, which adds the driving force of the rear drive unit to that of the front drive unit, enables even more powerful starting acceleration. In addition, the excellent response unique to motors enables precise front and rear driving force control according to the grip of each tire, which contributes to further stability improvements when starting on slippery road surfaces or turning.

Furthermore, by downsizing the rear motor control unit and integrating it into the front drive unit, we contribute to expanding cargo space.

Hybrid System for Next-Generation Midsize Models



New V6 engine-equipped hybrid system for the North American market



For the North American market, which is the largest business foundation supporting Honda's automobile business, we will expand our lineup of D-segment and larger vehicles equipped with the Honda Hybrid from 2029 onward.

In order to achieve both the powerful driving and towing performance and the high environmental performance demanded in North America, these large models with the Honda Hybrid in D-segment and above will be equipped with a newly developed V6 engine, drive unit, and battery pack. Compared to currently sold gasoline-powered models in the same segment, we aim to improve wide-open throttle acceleration performance by 10% or more and fuel economy by 30% or more.

Concept Behind the New H Mark Logo and Future Rollout

Starting with models launched this fiscal year, including the evolved Honda Hybrid-equipped models described earlier, we will apply the refreshed H mark logo, which embodies our determination to continue evolving toward the future.

This new H mark will also be applied sequentially starting this fiscal year to dealerships in each country, which serve as touchpoints with customers. Starting this fiscal year, dealerships will use AI and digital technologies in ways that are optimal for each country, aiming for operational evolution that supports customers throughout their lives with cars—including the period of ownership, not just sales, and stays close to them over the long term.

In this way, Honda will continue to aim not only to deliver the "joy and freedom of mobility" through the evolution of mobility, but also to remain an existence that supports the daily lives of individual customers around the world by enhancing, through Honda, the value of customer experiences.

Strategy 02

Thorough Strengthening of Our Manufacturing Structure

Honda will pursue three initiatives: fundamental cost reduction, thorough improvement of development efficiency, and establishment of a manufacturing structure which is resilient to changes in its business environment. These initiatives, designed to deliver products with strong competitiveness by strengthening our lean and agile manufacturing structure, go beyond mere cost-cutting. Our customers are always our starting point. Our aim is to deliver value that meets their needs more quickly and at reasonable prices. By steadily building on these efforts, we will expand sales opportunities and improve profitability.

For fundamental cost reduction, we will review Honda-specific standards, and proactively utilize global, standardized components as well as actively incorporate the strong cost competitiveness cultivated in growing markets such as China and India. Through these measures, we will establish a foundation for delivering valuable products at reasonable prices.

To thoroughly improve development efficiency, we will pursue our "Triple Half" approach, aiming to halve development cost, development timeframe, and development workload compared to their respective 2025 levels. We will improve efficiency in design, testing, and initial production through the use of a cutting-edge digital environment and AI technology. In addition to strengthening our manufacturing structure, these initiatives will enable us to introduce up-to-date products to customers more quickly and continuously.

For establishment of a manufacturing structure which is resilient to changes in its business environment, we aim to improve production efficiency by approximately 20% over the next five years by efficiently allocating resource investments in new models and facilities, as well as making operations more efficient and rapid through digital utilization.

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Strategy 03

Strategic Utilization of External Resources

Toward building future competitiveness, while honing technologies that form the core of our in-house sustainable competitiveness, Honda will proactively incorporate external competitiveness and resources in areas that enhance development speed, flexibility, and cost competitiveness to strengthen overall competitiveness. Specifically, in addition to strategically utilizing the cost competitiveness and speed of China and India, we will promote the use of industry-standard components. Under the premise of meeting the standards demanded by Honda, we will enhance development efficiency and product competitiveness by utilizing external expertise.

In the Chinese market, where we require further radical strengthening of competitiveness, we are considering launching models that leverage the expertise of local partners in 2027. We will respond to the electrification and intelligence needs demanded in China.

In addition, as previously announced, we are steadily considering collaborations and developing them into concrete plans with a wide range of partners globally across various fields. We aim to generate synergistic effects with our partners and capture new business opportunities.

Toward Future Growth

Honda positions the next three years as an intensive period to focus on rebuilding the structure of its automobile business.

Through the thorough strengthening of our manufacturing structure (Strategy 02) and the strategic utilization of external resources (Strategy 03), we will improve our cost structure and increase development efficiency. We will also proceed with reallocating resources to HEVs with an eye on future demand trends and introducing compelling products into each of our priority regions (Strategy 01). Specifically, starting in 2027, we will introduce next-generation HEVs, and from 2028 onward, we will deploy strategic vehicles for India and models equipped with next-generation ADAS. By the Fiscal Year Ending March 31, 2030, we plan to introduce 15 next-generation HEV models globally.

While Honda will strategically reallocate development and production resources to HEVs, this does not mean we are withdrawing from EVs. We will continuously make preparations for region-specific EV demand.

Super-ONE* offers an exciting and exhilarating driving experience by combining the "joy of driving" brought about by the nimble performance unique to small EVs with sensory effects that stimulate the five senses, such as sight and sound. Super-ONE has been well received in Japan and countries around the world. Starting in 2027, we will sequentially launch mass-production models of the Honda 0 α globally, which achieve sophisticated design and high comfort with a spacious interior.

In the medium to long term, amid a highly uncertain business environment, we will maintain flexibility and a range of options while steadily laying the groundwork for technologies that will enable us to reliably meet demand when it emerges. In addition to enhancing the application of intelligent technologies to provide new value to customers in a timely manner, as a comprehensive mobility company, we aim to achieve carbon neutrality through a multi-faceted approach—including EVs, HEVs, carbon-neutral fuels, and carbon-offset technologies—while carefully assessing the market environment and demand trends in each region. We do this to provide new value to customers in a timely manner beyond just strengthening our application of intelligence technology.

Results for the first quarter of the Fiscal Year Ending March 31, 2027 were solid due to strong sales in North America, among other factors. By continuing to accurately grasp region-specific needs and delivering the value customers seek more quickly, at reasonable prices, and as attractive products, we will evolve into an automobile business that achieves both sustainable growth and profitability.



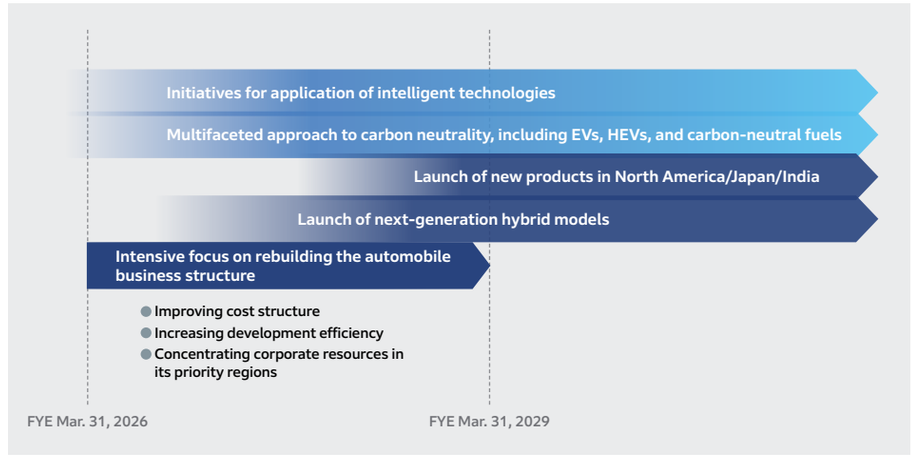
Super-ONE* (left)



Honda 0 α (Prototype)

* Sold under the name Super-N depending on the sales region/country.

Roadmap for Rebuilding the Automobile Business



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Motorcycle Business Strategy

Meeting Regional Expectations to Expand the Joy and Freedom of Mobility



Minoru Kato
Managing Executive Officer
Chief Officer, Motorcycle and Power Products Operations



CB400 SUPER FOUR E-Clutch

Changes in the Market Environment Surrounding the Business

Motorcycles support daily mobility in many parts of the world. While rooted in daily life as a means of transportation for commuting to work or school and traveling for work, they are also enjoyed as a means of recreation and self-expression. In the fiscal year Ended March 31, 2026, Honda's motorcycle sales reached 22.1 million units, representing approximately a 40% share of the global market, and in 2025, Honda achieved record-high sales in 33 countries and regions. Looking at motorcycle demand over the medium to long term, further expansion is expected, driven by population growth and rising incomes, particularly in the Global South, including India, the largest market. The global market is projected to grow from the current scale of 50 million units to around 60 million units by 2030.

In parallel with this market growth, the current competitive environment is also undergoing significant changes. Chinese manufacturers, backed by their strong cost competitiveness, are introducing high-spec products and advanced technologies one after another, rapidly increasing their presence in overseas markets, including Europe. Indian manufacturers are also accelerating their global rollout by utilizing prominent European brands and technological capabilities to enhance product appeal and brand recognition. Furthermore, the progress of electrification varies by region, and policy uncertainties, such as tariffs and local production requirements, are increasing.

Honda will accurately grasp this market growth and the changes in the market environment to meet the expectations of customers in each region and expand the joy and freedom of mobility.

Strategy to Meet Customer Expectations

Honda is advancing its motorcycle business operations aligned with the needs of customers in each region. The core pillars of this effort are initiatives centering on growth markets, mature markets, and electrification. We will identify the value required in each market and swiftly reflect it in our products, technologies, production systems, and services.

In our initiatives centering on growth markets, to meet expanding daily mobility needs, we will increase production capacity while promoting local sourcing and improving production efficiency. By delivering products that meet customer needs at reasonable prices, we will establish a supply foundation that supports customers' daily lives.

In our initiatives centering on mature markets, we will introduce high-value-added models and advanced technologies to enhance riding pleasure and comfort. At the same time, by advancing safety and environmental initiatives in all markets, we will expand the value that enables motorcycles to continue evolving alongside society.

In our initiatives centering on electrification, we will assess demand and regulations in each region and introduce products to the regions where they are needed first. By combining the fundamental performance cultivated through internal combustion engines (ICE) with the unique value of electric motorcycles, we will deliver an electric motorcycle experience that is unique to Honda.

Through these initiatives to establish a business foundation for continuing to provide products and services chosen by customers, we will achieve sustainable growth in our motorcycle business and contribute to enhancing Honda's overall corporate value.

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Strategy 01

Strengthening Product Supply Systems in Growth Markets

In growth markets, demand for daily mobility is expanding. Honda is advancing the expansion of production capacity, primarily in India, to stably deliver required products.

In India, we plan to expand current annual production capacity from 6.25 million units to approximately 8 million units in 2028. India is an important market for Honda's motorcycle business, and its role as a supply hub to other regions is also increasing. By expanding local sourcing and driving automation in our own factories, we will enhance the balance of quality and price, delivering products chosen by customers.

In growth markets such as Latin America and Africa, agile product introduction matched to market growth is required. Honda will utilize the cost competitiveness and development efficiency cultivated in India to deliver products at reasonable prices, thereby responding to daily mobility demand. We are also advancing our expansion of production capacity in Brazil.

In addition, by starting production in Turkey, we will expand our supply structure. Building products close to regional demand leads to a stable supply. It also makes it easier to respond to fluctuations in logistics and exchange rates, leading to the development of a business foundation that continues to deliver value to customers.

In product development, we will establish a system that can deploy a diverse range of models from a single platform. By efficiently introducing products tailored to regional usage and preferences, we will not only respond to expanding demand, but also expand a product lineup that continues to be chosen by customers.



Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI) Second Plant

Strategy 02

Enhancing Product Value in Mature Markets

In mature markets, increased value is being demanded from motorcycles. Honda is introducing high-value-added models to enhance riding pleasure, comfort, and ease of handling, thereby responding to replacement demand. The foundation for continuing to be chosen in mature markets is to deliver products that make customers feel they want to continue riding safely for a long time.

As new value, we will expand the range of models equipped with Honda RoadSync and Honda RoadSync Duo. Honda RoadSync is a connected feature that enhances information retrieval and convenience during travel. Going forward, we will also expand its functionality and broaden it to a more secure and comfortable mobility experience.

In highly competitive markets such as Europe, the value of proprietary technologies is crucial. Dual Clutch Transmission (DCT) and Honda E-Clutch reduce the burden of clutch operation while achieving sporty and smooth riding. In addition, we are continuing development of advanced models, exemplified by the V3 engine, to continuously refine the driving performance and reliability we have cultivated.

To ensure the healthy development of the motorcycle market, initiatives for safety and the environment are indispensable. Through increasing the application rate of safety equipment, reducing CO_2 emissions at each factory, and adopting sustainable materials, we will enhance the value of motorcycles so that they continue to be accepted together with society.

Additionally, through collaborations with Sanrio and Onitsuka Tiger, among others, we will deliver the appeal of motorcycles to people who previously had little connection with them. Through these initiatives, we will broaden the market base and execute long-term value creation.



Electronically Controlled
Clutch Technology for Motorcycles: E-Clutch



CBR1000RR-R FIREBLADE design image of
SANRIO CHARACTERS × Honda Kumamoto Racing



Onitsuka Tiger Honda Mid Sports Concept

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Strategy 03

Promoting Electrification Tailored to Regional Demand

Honda aims to achieve carbon neutrality for all motorcycle products during the 2040s. As an important means to achieve this, we are promoting the rollout of electric motorcycles. However, since the progress of electrification varies by region, we will flexibly introduce products while also assessing changes in the demand and regulations of each region.

The electrification Honda aims for is not simply replacing ICE with electric power. While valuing the fundamental performance of "riding, turning, and stopping" cultivated with ICE, we combine it with the quietness, acceleration feel, and design flexibility unique to electric motorcycles. We aim to deliver electric motorcycles that anyone can handle with peace of mind and that stimulate individual senses.

In 2025, we established the brand promise "Expected Life. Unexpected discoveries." aiming to resonate with people toward a world filled with comfort and excitement, offering a life as envisioned and unexpected discoveries.

In addition, we have announced the Honda WN7 as a model that embodies this brand promise. Starting with the WN7, we have refreshed the visual identity (VI) of the motorcycle electrification business, adopting "Honda" as the product mark. Under the new electric brand, we have already announced the Honda UC3 in Thailand, Vietnam, and the Philippines, and the Honda QC3 in India. Going forward, we will continue to introduce products suited to regional usage into markets with demand for electrification.

Furthermore, in India, our largest market, we plan to establish a factory dedicated to electric motorcycles. While assessing the extent of market expansion, we will establish a production system matched to demand, aiming to balance the reduction of environmental impact with a new mobility experience.

Toward Future Growth

Over the next three years, to reliably capture expanding demand, we will steadily strengthen supply capacity in growth markets. By developing supply systems centered on India, and flexibly responding to demand in each region including Latin America, we will build a business foundation capable of stably delivering value to customers through expanding local sourcing and improving production efficiency.

In mature markets, we will advance the introduction of high-value-added models and advanced technologies, further enhancing riding pleasure and comfort.

In response to diversifying customer expectations, we will refine the reasons Honda continues to be chosen, while contributing to the healthy development of the motorcycle market through environmental and safety initiatives.

Regarding electrification, we will steadily introduce appropriate products into markets where the need for electric motorcycles has materialized while also assessing the demands of those regions. Under our brand promise, while expanding the value of electric motorcycles unique to Honda, we will flexibly determine investments and product introductions according to market changes, advancing the establishment of a sustainable business foundation. In the medium to long term, we will further evolve our sales and service networks and strengthen relationships with customers that go beyond product sales. By expanding customer touchpoints through connected functions and digital services and providing experiences that enable customers to continue feeling the value after purchase, we will create new demand. In addition to advancing safety and environmental technologies, we will collaborate with companies in other industries to broaden the appeal of motorcycles themselves and continue delivering the freedom of mobility and the joy of riding. Through these initiatives, we aim to be No. 1 in both ICE and electric motorcycles in every country.



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Power Products Business Strategy



Expanding the Joy of Useful Products to Work and Everyday Life

Minoru Kato
Managing Executive Officer
Chief Officer, Motorcycle and Power Products Operations



Power Unit and Finished Machinery Sectors

Changes in the Market Environment Surrounding the Business

Market needs are shifting, with the performance and roles expected of products varying by region and application. Demand for internal combustion engine (ICE) products is expected to continue in emerging countries, and demand for ICE products that require durability and reliability remains solid in developed countries as well, centered on commercial use in areas such as construction machinery and generators.

On the other hand, in the garden sector, electrification of small products is progressing including walk-behind lawn mowers and some handheld products. Customers are choosing electrified products based on the operating environment and application, thanks to unique features of electrification such as ease of use, user-friendliness, and quietness. Additionally, in response to population aging and labor shortages, it has become common to search for ways to reduce worker burden and introduce labor saving. In particular, at work sites where operations are carried out by a limited number of personnel, the importance of autonomous and intelligent technologies—which support efficient work and lead to maintaining stable work quality—is increasing.

In this way, market changes are progressing against the backdrop of continued ICE demand, the progress of electrification, and expectations for autonomous and intelligent technologies.

Strategies to Meet Customer Expectations

Under the slogan “Helping people get things done” Honda’s power products business globally rolls out products that support people’s work and daily lives. In order to quickly respond to diversifying customer needs, we changed our organizational structure starting this fiscal year to one that promotes the ICE business and electrification business in an integrated manner.

Under the new structure, we will optimally allocate corporate resources according to customer needs and market characteristics and promote product creation leveraging the respective strengths of ICE and electrification. Furthermore, while also utilizing technologies cultivated in the motorcycle business, we will steadily link high-priority initiatives to commercialization, contributing through our products to solving social issues such as reducing environmental impact and addressing labor shortages.

Through these initiatives, we aim to enrich our product lineup and continue to provide new value to customers, thereby aiming for further enhancement of business value.

Strategy 01

Product Evolution in Finished Machinery

In the finished machinery sector, we are pursuing product evolution that balances customer user-friendliness and improved work efficiency. In snow throwers, we rolled out a model equipped with Honda’s proprietary hybrid system and the cross auger* snow removal mechanism on a small model favored for its ease of storage and maneuverability. In addition to speed controlled according to

* Coaxial snow-clearing mechanism featuring simultaneous counter-rotation

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workload and smooth travel, by enhancing capability to handle hard snow, it achieves both the maneuverability unique to a small model and high snow removal performance.

In addition, on the Komame F220 mini-tiller, "Silky Start"—which makes it easier to start the engine—is standard equipment, leading to reduced burden during work.

Elsewhere in the garden sector, in addition to electrification, we are rolling out products incorporating autonomous and intelligent technologies. The ProZision Autonomous electric automatic lawn mower announced in North America memorizes set mowing paths and patterns, realizing highly precise mowing operations through automated driving. This contributes to improved work efficiency in landscaping management, addressing labor shortages, and reducing worker burden. Moreover, a wireless model of the Miimo robotic lawn mower announced in Europe reduces the hassle and time associated with lawn maintenance, bringing more time and ease to daily life.



Hybrid Snow Thrower
HSS1370i



Mini-Tiller
Komame F220



Robotic Lawn Mower
Miimo 1500i

Strategy 02

Product Evolution in Power Units

In the power unit sector, leveraging our technology and product strength cultivated as a top manufacturer of general-purpose engines operating globally, we are strengthening product competitiveness in both ICE and electrification.

In ICE, based on the GX430, which has the largest displacement among Honda's single-cylinder general-purpose engines, we exhibited in Japan a concept model equipped with FI technology and an electronic governor. While achieving both higher output and improved fuel economy performance, by enhancing basic performance such as startability, we will further pursue the reliability and user-friendliness required at professional on-site.

Furthermore, to respond to future electrification needs, we are also advancing the deployment of electric power units featuring low noise and high maintainability, in addition to zero exhaust emissions during use. For the eGX electric power unit designed with compatibility with the GX engine series in mind, we newly added three models that enable high output, backing electrification by finished machinery manufacturers. Moreover, through the deployment of electrified products that respond to diverse needs, including the utilization of Honda Mobile Power Pack e:, we will lead market electrification.

Strategy 03

Strengthening Customer Touchpoints Supporting Competitiveness



Toward strengthening the business foundation supporting competitiveness, we are expanding sales and service systems tailored to market characteristics.

As an example, in India, we are expanding our product lineup in the construction machinery, agricultural machinery, and fishery sectors to promote the expansion of our customer base. At the same time, we are conducting initiatives to inspect and service Honda power products collected through authorized dealers and sell performance-verified reconditioned products with a warranty. As a result, customers can choose products from a wide range of options based on their budget and product use. Furthermore, through after-sales service by authorized dealers, we provide an environment where products can be used with peace of mind over a long period.

Moreover, we are working to strengthen dealership and customer touchpoints utilizing the "Honda Power Mobile App," to leverage sales data, and to establish service training centers for dealerships across five regions in India, thereby strengthening sales and service foundations from both digitization and human resource development aspects to enhance sustained, community-rooted competitiveness.

Toward Future Growth

The power products business operates globally with power units and generators as business pillars, aiming for stable growth and further enhancement of competitiveness centered on these. Positioning the next three to five years as an important period to connect the results of business transformation to growth, in the ICE sector, we will further strengthen our business structure toward establishing a stable revenue base. Amid continued solid demand, through higher output, improved fuel economy performance, and evolved user-friendliness, we will enhance our product competitiveness as a top manufacturer of general-purpose engines.

For electrified products, on the other hand, in addition to expanding power sources utilizing the eGX series and Honda Mobile Power Pack e:, we will promote product development of finished machinery incorporating autonomous and intelligent technologies, aiming to create new growth opportunities.



ProZision Autonomous electric automatic lawn mower.

Honda will continue to provide value that supports people's work and daily lives in the power products business, while aiming to enhance business value as a business chosen by customers. Furthermore, while enhancing competitiveness on the twin pillars of ICE and electrification, we will also contribute to realizing carbon neutrality through the deployment of diverse technologies, including electrification.

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Marine Sector

Changes in the Market Environment Surrounding the Business

The marine leisure sector is evolving, reflecting the increasingly diverse ways our customers interact with the water. From oceans to inland waterways, applications range from recreational fishing and cruising to commercial use—each usage scenario possessing unique performance and experience demands. Consequently, the value customers expect has evolved; it now extends beyond individual product performance to the enrichment of the time they spend on the water.

In addition, as boats become larger, steering assistance technologies and features required for handling are becoming more sophisticated. Furthermore, the base of marine leisure is broadening, with a wide range of customers, including beginners, coming to enjoy the water. As a result, expectations for enabling anyone to operate a boat safely, comfortably, and with peace of mind are higher than ever.

Amid these shifts, a significant growth opportunity for our future marine business lies in expanding our perspective: beyond the value of the outboard motor alone, we must focus on delivering a safe and comfortable experience for the entire vessel.

Strategies to Meet Customer Expectations

Honda's marine business is evolving from a business that provides outboard motors individually to one that supports the entire marine experience of our customers. Our goal is to enhance the value of the entire boat, allowing anyone to safely and confidently enjoy marine experiences with peace of mind, and to deliver experiences that make time spent on the water richer and freer to customers around the world. With the aim of achieving these goals, Honda will undertake the following three initiatives:

Strategy 01 Enhancing Outboard Motor Lineup

Honda offers a wide lineup of outboard motors ranging from 2 horsepower to 350 horsepower globally. In 2024, we introduced the flagship model BF350, and in 2025, we updated seven large outboard motor models. Going forward, we will continue to enrich our lineup, primarily focusing on the extra-large segment where demand is growing, while strengthening product competitiveness in each horsepower range. At the same time, we will strengthen development and supply systems for peripheral equipment that maximizes outboard motor performance. By enhancing product strength for both outboard motors and peripheral equipment, we will support increasing the value of the entire boat.

Strategy 02 Evolving Integrated Control Systems

Honda will advance the development of integrated control systems that optimally control the entire boat, not just outboard motors. While enhancing hull stability and boat handling performance, consolidating electronic control units (ECUs) improves connectivity with peripheral equipment, enabling a flexible system configuration aligned with customers' applications and needs. Through such integrated control, we will realize an experience where anyone can operate a boat comfortably and with peace of mind.

Strategy 03 Strengthening Collaboration with Boat Builders

To bring out the full inherent performance of a boat, collaboration with boat builders, who design and manufacture the boats, is indispensable. Honda will strengthen collaboration with boat builders in major markets to optimize outboard motors and systems according to the characteristics of each boat, thereby maximizing its inherent performance. Application engineers playing a core role in this effort will realize optimal combinations for each boat through performance evaluation and setting.

Toward Future Growth

Honda will extend its aspiration to create the joy and freedom of mobility to the water. In the marine business, we aim to accurately understand customers' changing values and needs and make the time people spend on the water richer and more liberating by enhancing the value delivered by each boat as a complete product.

To accelerate initiatives toward achieving this, over the next three to five years, we will enhance our outboard motor lineup, evolve integrated control systems, and strengthen collaboration with boat builders. Rather than merely manufacturing and selling outboard motors, we will evolve into a business that co-creates the value of the entire boat together with our customers.

Time spent on the water is an irreplaceable time enjoyed with loved ones. Precisely for this reason, Honda will strive to realize marine experiences where everyone can spend time comfortably and with peace of mind, aiming for a marine business that continues to be chosen by customers.

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- Global Brand Campaign MARINE
- Business Marine
- Honda Stories Developing the BF350, Honda's First V8-Powered Outboard Motor

Honda's Efforts Encompass Land, Sea, Air, and Space

Honda is combining our long-standing and diverse technologies and expertise to expand possibilities for people and society and to continuously create new value as a comprehensive mobility company.

HondaJet

Realizing high fuel efficiency and comfort through unique engine placement and aerodynamics



Honda eVTOL

Developing a vertical take-off and landing aircraft as a mode of transportation that makes air travel more accessible using Honda's unique electric hybrid system



Sustainable Rocket

Making space more accessible through rocket development based on reusability



Circulative Renewable Energy System

Supporting sustainable living in space through hydrogen-based energy circulation



Avatar Robots

Augmenting human capabilities to facilitate work in remote locations and activities in dangerous environments



Multi-fingered Hand

Building a society that is co-created by people and robots starting with industrial automation by realizing the same delicacy and power of human hand movement



Stationary Fuel Cell Power Station

Supporting data centers and infrastructure with hydrogen-based stationary fuel cell power station





Power Products (Marine)



Power Products (Power Units and Finished Machinery)



Automobiles



Motorcycles

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Honda's Efforts to Expand Possibilities for People and Society



HondaJet

In HondaJet, Honda has connected our long-standing aircraft research to our business. We are currently pursuing the next stage of growth in the aircraft business through HondaJet Echelon and our expansion into the service sector. Leveraging the technologies that we have developed and our business foundation, we will deliver new aircraft mobility value to our customers.



Honda eVTOL

Honda eVTOL represents the challenge of combining different technologies that Honda has developed in diverse fields, including aircraft technology, electric hybrid technology, and control technology. The goal is not only to build aircraft, but also to pursue technological evaluation aimed at connecting the land and the sky and realizing new forms of mobility that broaden people's mobility choices.



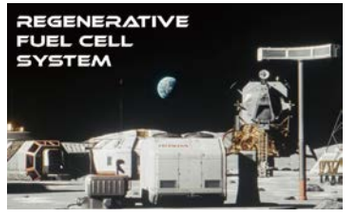
Multi-fingered Hand Technology

The goal of Honda's multi-fingered hand technology is to enable a single hand to perform the variety of tasks that humans currently do, so that robots can work alongside people and serve them. Honda has accumulated robotic technologies starting with the development of ASIMO. Our multi-fingered hand technology research has focused on balancing the ability of a human hand to delicately handle small objects with the force needed to grip objects strongly. We are challenging ourselves to achieve this balance between the dexterity and strength of a human hand by combining mechatronics systems, drive systems, and precision controls with AI.



Sustainable Rocket

Honda is pursuing research and development in proprietary reusable small-scale rockets focused on compatibility and applications with our core technologies. The goal of this project is to remove the bottleneck of space transportation to expand the scope of human activities and make life on earth more abundant by using space.



Circulative Renewable Energy System

To facilitate long-term human activities in space, Honda is working to build a system that creates and circulates oxygen, hydrogen, and electricity using sunlight and water. The system continuously creates oxygen, hydrogen, and electricity from solar energy and water by combining Honda's proprietary high-differential pressure water electrolysis system and fuel cell system. In this initiative, Honda is leveraging our long-standing fuel cell and hydrogen technologies to expand development into technologies that support activities in space, including manned space locations and space transport vehicles.



Avatar Robots

To recreate movements in machines that humans unconsciously perform such as grabbing, changing grip, and using tools, extremely delicate controls are required. Honda is pursuing research in multi-fingered hand technology that combines the dexterity and strength of a human hand. Cooperation between humans and robots supports tasks performed by humans and expands the places where work can be performed and the possibilities for Honda as a company.



Stationary Fuel Cell Power Station

Honda is expanding the hydrogen and fuel cell technologies that we have researched and developed for more than 30 years beyond the mobility sector into the power supply sector. Honda has defined four core domains for the use of fuel cell modules. In addition to fuel cell electric vehicles (FCEV), these include commercial vehicles, stationary fuel cell power station, and construction equipment. We are working to expand our business opportunities in each of these domains. In our stationary fuel cell power station initiative, in addition to accommodating the diverse power needs of our customers, we are offering end-to-end service from installation to after-sales service, aiming to contribute to the decarbonization initiatives of our customers.

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Honda R&D TOP Message

Transforming Technology into Value to Support Honda's Present and Future

Toshihiro Akiwa
Executive Officer
President and Representative Director,
Honda R&D Co., Ltd.

Using Technology to Help People—The Starting Point for Everything

Technology does not exist only to support our pride. We continue to create technology to help society and to help customers. What's important is to connect technology to questions like "What kinds of problems does this solve for customers?" and "What new kinds of value have customers not yet imagined?" Starting from the research and development stage, we consider how customers will use technology and in what conditions they will perceive its value. That is what it means to use technology to help people.

If you look at Honda's history, you will see that many of our products and technologies were created out of nowhere, simply by starting with the desire to help society and our customers. Times have changed, and the scope of technology has increased greatly. We live in an age in which not only manufacturing, but also software and data greatly influence value. Despite this, our founding principle of helping guide our customers' lives and society in a more positive direction through our products and technologies remains unchanged.

To describe the role of Honda R&D in simple terms, it's to create products that ensure that Honda can handle any situation that arises. This does not simply mean researching future technologies. Because Honda R&D is a research institute that exists within a company, we do not just research aimlessly without a goal in mind. However, at the same time, if we only focus on the next step for the company, nothing novel will ever be created. If we expand our perspective one, or even two, steps beyond our current reality, Honda will be able to create technologies that will continue delivering value to customers into the future. I believe that is our mission at Honda R&D.

Accelerating the Implementation of Technology into Products to Support Our Current Business

Honda is currently working to reinforce our business foundation while simultaneously creating the technologies and value that will lead to future growth. The business environment surrounding the automobile business is becoming increasingly challenging. Due to changes in the EV market, fluctuating trade policies, and the rise of emerging manufacturers, we are entering a phase in which we'll no longer be competitive if we simply maintain the status quo.

What's important in this process is turning the technologies that Honda has developed over the years into product value that makes customers choose Honda. Our hybrid system is one of the best examples of this kind of technology. Throughout the years, Honda has combined engine technology and electrification technology and honed their value into a form that is both realistic and easily usable for our customers. Even amid changes in the market environment, having continued to develop our hybrid technology has now given us a broader range of options.

At the same time, this does not mean we will suspend EV technology development. While calmly assessing the pace of market growth, we will continue to develop competitive technologies to serve a future wave of demand. We will continue to hone our technology in a way that leads to future value for our customers, including battery technology, vehicle control technology, energy management, and software.

Automated driving/advanced driver assistance systems (AD/ADAS) are also important technologies that dramatically increase vehicle attractiveness. Through our Level 3 automated driving (hands-off, eyes-off) technology that balances convenience and safety, in addition to evolving technology through AI, we aim to support driving in a greater number of environments, from highways to urban areas. Our goal is to create value that continues to be chosen by our customers by combining electrification

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technology, vehicle control, and software to improve safety, peace of mind, comfort, and usability.

To implement these technologies into products as quickly as possible, in April 2026 at Honda R&D, we integrated the research and development functions of the Automobile Development Operations and the SDV Business Development Unit. This new system will facilitate easier decision-making to accelerate the implementation of technologies customers are urgently demanding through unified management of the division responsible for building leading technology and the development division, which is closer to mass production.

Another current focus is updating our development process itself. Initiatives to reduce the development timeframe and workload are not simply about cutting development time. Rather than one division simply passing the baton to the next division like we've done in the past, relevant divisions will run alongside one another, racing toward the finish line together. This does not mean lowering our required quality or decision-making standards but accelerating decision-making and changing how we proceed with development.

What we want to accelerate is the speed at which we deliver innovative technology to our customers. We want to prioritize the time spent thinking about and developing technology. Therefore, by reducing the time it takes to create a final product, we will be able to deliver more up-to-date technology and value that meets our customers' needs at a faster pace. Delivering the value required by our customers at a faster pace not only improves our product appeal but also acts as a business foundation to continuously deliver value.

On the other hand, having time to engage in thorough evaluation is also essential in creating innovative technology. Using all-solid-state batteries as an example, in the Tochigi pilot line, we've reached the stage where we are thoroughly refining both specifications and the production technology to achieve them. Our goal is to fundamentally increase the value of EVs and to realize a world in which they are the natural choice for customers.

Cultivating Our Unique Technologies as Seeds for Growth to Support Our Future Business

Up to this point, I've discussed technologies that support the present and prepare us for the near future. However, that is not the only role of Honda R&D. Another role of R&D is to expand our future options so that we can deliver new value to customers when society or the market changes.

Customers' mobility needs are expanding. They want to travel, to feel freer, and to experience the unknown. These are everyone's fundamental desires. As part of meeting these expanding needs, Honda R&D is advancing initiatives including Honda eVTOL, robotics, and sustainable rocket. Not all these initiatives will connect immediately to our numbers; however, they are still extremely important activities in terms of increasing the possibilities available to the world and expanding Honda's future options.

The vision for Honda electric vertical take-off and landing (eVTOL) aircraft is a completely novel form of mobility that fuses the gas turbine engine expertise cultivated over many years, the electrification technology of our hybrid vehicles, the aerodynamic technologies developed in motorsports and HondaJet, and the Man Maximum, Machine Minimum (M/M) principle developed in our automobile business. In April 2026, we began flight testing of eVTOL with a full-scale technology demonstrator in California in the United States. We're moving forward step-by-step with our technology verification process toward the end goal of real-world implementation.

Our robotics initiative is also starting to take shape. Our multi-fingered hand



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technology aims to engineer a robotic hand that handles objects like a person does. We're working to apply this technology to the tools people use and the diverse tasks they perform by combining the sensitivity and strength of a human hand. By integrating this technology with collaborative AI, capable of understanding its surroundings and determining actions, we aim to create a core technology for robots that support humans in a wide range of environments. We have begun to evaluate actual manufacturing line applications at our own factories, including automotive part picking and battery pack assembly.

In June 2025, Honda R&D completed a successful launch and landing test of our sustainable rocket demonstrator as part of our continuing research aimed at realizing the technological capability of a suborbital launch by 2029.

These initiatives all share ambitious targets. They've required us to consider what's necessary to realize them and to create the technologies to do that by ourselves. This kind of work process is deeply ingrained in us as part of Honda's DNA.

All these endeavors also did not arise out of nowhere. I believe that Honda's unique strength lies at the intersection of our knowledge in control technology, energy, mechatronics, and manufacturing developed through our motorcycle, automobile, and power products businesses. What is essential is that these don't remain as dream technologies. How do we evolve our technologies? How do we connect them to our business? At what stage do we assess real-world implementation and business viability? We must develop our research initiatives into more options for future growth while more deeply linking them to Honda's overall management and the functionality of our business planning.

I'd like Honda R&D to create a cycle through which we transform people's imagination into technology, transform that technology into value, and ultimately connect that value to businesses that can deliver it to the world.



Creating a Place Where Young Engineers Can Develop New Technologies Themselves

Honda has always been a company that has valued philosophies and approaches. Among these, "The Power of Dreams" is a phrase that truly demonstrates the unique nature of Honda. I'd like Honda R&D to create a cycle through which we transform people's imagination into technology, transform that technology into value, and ultimately connect that value to businesses that can deliver it to the world.

People are the source of this strength. They develop their skills by creating technologies, which in turn build Honda's strength. To do so, I'd like to create an environment in which young engineers can experience creating new technologies themselves. I was personally entrusted with important work from a young age, and I gained valuable experience seeing things through to completion even amid challenges. That experience gave me confidence as an engineer and led me to take on new challenges. I truly wish for young people to have the same experience of thinking for themselves, setting targets, and creating their own technologies.

Creating a World of Mobility That Inspires People to Dream

As I have outlined, we will draw on the technologies that support our current business, those that serve as seeds for the future, and the people who develop them to support Honda's present and future, even in an era of rapid change.

The role of Honda R&D is not just to create technologies. It is to transform innovative technologies into value for customers and deliver that value to the world more quickly and in better ways.

Through these efforts, we aim to create a world of mobility that enables people to transcend the constraints of time and place and inspires them to dream.

The challenge facing Honda is to create value that continues to be chosen by our customers, to contribute to the happiness of people throughout the world through our technologies, and to balance creativity and speed to deliver the value demanded by our customers in an even better format. Honda R&D will continue to create high hopes for the future of Honda by tackling this challenge.

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CFO Message

Financial Strategy That Balances Growth with Discipline and Supports Sustainable Corporate Value Improvement

Masao Kawaguchi
Executive Officer
Chief Financial Officer
Chief Officer, Corporate Administration Operations

Being Appointed as CFO

Honda has always grown by developing unique technologies and products, driven by dreams, and creating new value. I'm convinced that this culture of challenge is the source of Honda's competitiveness and our greatest strength for supporting future growth.

The management environment surrounding Honda is becoming increasingly uncertain. In the motorcycle business, the rise of emerging OEMs is resulting in intensifying competition. Despite this, due to our stronger product appeal that involved better fuel economy and sales growth in major markets, in the Fiscal Year Ended March 31, 2026, Honda achieved all-time highs for both sales volume and operating profit.

Meanwhile, in the automobile business, the rise of emerging OEMs with superior cost competitiveness and development speed is creating even more intense competition in the global market. The business environment is also experiencing significant changes including changes in the tariff policy in the United States and revisions to environmental regulations by various countries.

To address these changes in the business environment, Honda has positioned the coming three years as a "focused period of rebuilding the automobile business structure." By steadily advancing the "strategic reallocation of corporate resources," the "thorough strengthening of our manufacturing structure," and the "strategic utilization of external resources," Honda will work to recover the competitiveness of our products and technologies as well as our profitability in the automobile business.

Additionally, to achieve sustainable growth for Honda, it is important not only to pursue short-term profit recovery, but also to continue expanding our businesses and investing in future growth opportunities. From a financial perspective, we will clarify the role of each business and our capital allocation policy, while supporting each business in taking on bold challenges. At the same time, we will strategically allocate Honda's limited corporate resources to areas where medium- to long-term returns exceeding the cost of capital can be expected. Through these initiatives, we will enhance sustainable cash generation and capital efficiency and strive to maximize corporate value.

I would like to discuss our three financial strategy initiatives aimed at achieving enhanced corporate value: "strategic resource allocation," "strengthening management with an awareness of capital costs," and "proactive dialogue with the capital markets."

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Strategic Resource Allocation

In a highly uncertain business environment, it's important both to pursue future growth opportunities and to engage in disciplined resource allocation that can respond flexibly to changes in that environment. To achieve sustainable growth, rather than uniformly investing the cash we generate into each sector evenly, Honda will concentrate our corporate resources in key fields and priority regions based on the market environment and business characteristics.

Over the three-year period through the Fiscal Year Ending March 31, 2029, we expect to generate more than ¥7 trillion in company-wide R&D-adjusted CFO, excluding electrification-related losses, with more than ¥5 trillion from the automobile business and more than ¥2 trillion from the motorcycle business.

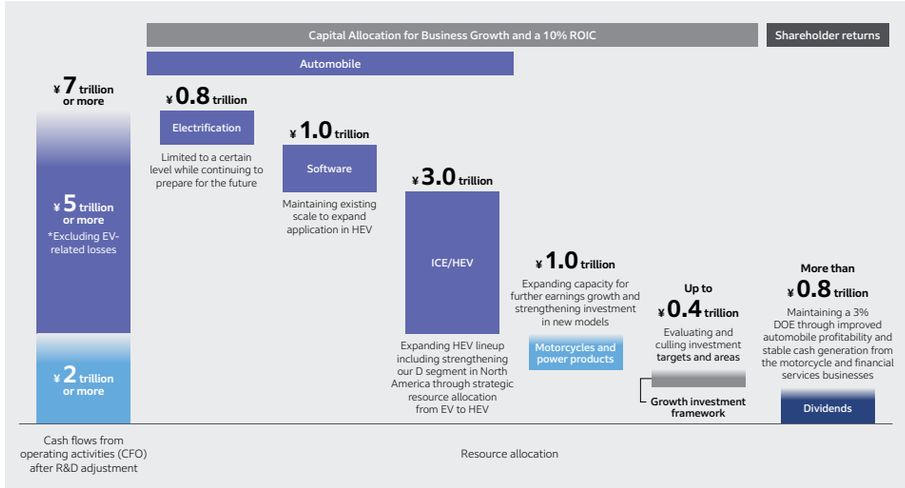
We will use the cash generated by our automobile business to strengthen investment, primarily in ICE and HEV technologies, which underpin our competitiveness in the near term. In the areas of electrification and software, we will continue to make the investments necessary to maintain competitiveness while enhancing investment efficiency through alliances and partnerships. In particular, in areas requiring significant investment, such as batteries and software-defined vehicles (SDVs), we will deepen collaboration with partners to optimize development and investment burdens while strengthening competitiveness.

Meanwhile, the motorcycle business will continue to serve as a stable source of cash generation supporting Honda's overall financial foundation. We will continue investing in capacity expansion and product competitiveness to drive further growth. Cash generated by the motorcycle business will be used not only for reinvestment to support future growth, but also as an important source of funding for stable and consistent shareholder returns.

The cash generated by the motorcycle business will also serve as a source of funding for our medium- to long-term growth as we work to create new pillars of growth. We will accelerate initiatives beyond R&D toward commercialization and monetization in areas such as software, intelligent technologies, battery and energy management, aviation and aerial mobility, and robotics. These are growth areas where Honda can leverage its technologies and expertise, and we aim to cultivate them into new pillars of growth alongside our motorcycle, automobile, power products, and financial services businesses.

In response to changes in the business environment, we will continue to flexibly review our resource allocation. In addition, by pursuing a balance among growth potential, profitability, and capital efficiency, we will strengthen our sustainable cash generation capability and achieve enhanced medium- to long-term corporate value.

Capital Allocation (Three Years from FYE Mar. 31, 2027–2029)



Strengthening Management with an Awareness of Capital Costs

Honda believes that sustainable corporate value enhancement requires each business to generate returns that consistently exceed the cost of capital. ROIC is a key management indicator, and we are targeting a company-wide ROIC of more than 10% in the Fiscal Year Ending March 31, 2031.

To achieve this goal, we must focus not only on revenue expansion, but also on what extent we can generate efficient returns on our invested capital. Honda aims to realize value creation that exceeds the expected returns of our stakeholders through the spread created between ROIC and our capital costs. In other words, through continuous value creation.

To achieve this goal, it is important to advance both profitability improvement and capital efficiency enhancement. We use ROIC as a key management indicator across all businesses and evaluate investment projects not only in terms of business viability and profitability, but also from the perspective of whether they are expected to generate returns exceeding the cost of capital. We will continue to review resource allocation in light of changes in the business environment and business characteristics and allocate corporate resources to areas with greater growth opportunities.

To improve capital efficiency, we are also optimizing our business portfolio and our invested capital and reducing cross-shareholdings. Our goal is to generate returns that exceed our capital costs by improving profitability, strengthening our cash generation capability, and streamlining invested capital to connect to sustainable corporate value enhancement and earn appropriate valuations from the market.

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A Financial Base Supporting Growth

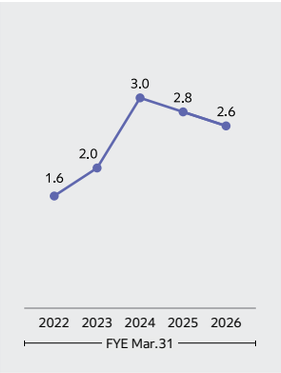
With our cash flows from operating activities (CFO) after R&D adjustment trending at the 3 trillion-yen level, Honda has maintained strong and stable cash generation capability from a financial base centered on ICE and HEV in our automobile business as well as from our motorcycle and financial businesses. I see this financial base as an important source of support for investment in the rebuilding of our automobile business and the electrification and intelligent technologies areas.

Although we recorded electrification-related losses, Honda continues to maintain a healthy cash position. At the Fiscal Year Ended March 31, 2026, the net cash balance of our operating companies stood at 3.3 trillion yen, maintaining a high level of liquidity.

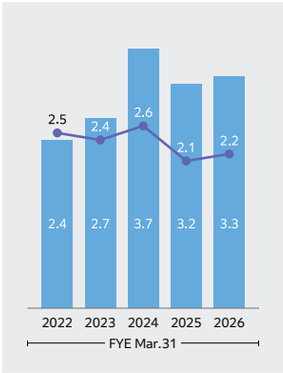
Additionally, to steadily capture future growth opportunities, it is essential to have the financial flexibility to dynamically implement growth investment according to changes in the business environment. As part of that directive, this July, Honda issued euro-denominated corporate bonds to diversify our fundraising methods. By strengthening our fundraising platform, we are securing an ample financial cushion even with an uncertain future business environment and are bolstering the system that allows us to continue making investments into the future.

Going forward, we plan to maintain sufficient on-hand liquidity and stable fundraising capabilities. At the same time, we will invest in rebuilding our automobile business and the electrification and intelligent technologies areas while also strategically investing resources in our steadily expanding motorcycle business and in new areas where we can leverage Honda's technologies and knowledge. Through these initiatives, we aim to balance our sustainable cash generation capability with financial soundness and to achieve enhanced medium- to long-term corporate value.

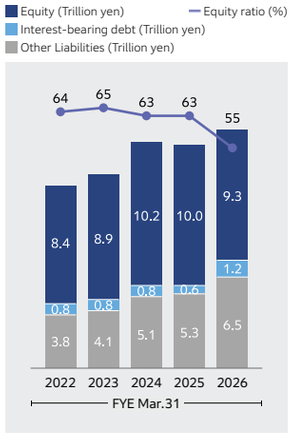
Cash Flows from Operating Activities (CFO) after R&D Adjustment*



Net Cash Fiscal Year-end Balance (Excluding cash and cash equivalents included in assets held for sale)



Equity Ratio and Interest-bearing Debt Balance



* R&D-adjusted cash flows from operating activities (operating companies excluding financial services business + R&D expenditures – transfers to development assets)

Shareholder Returns

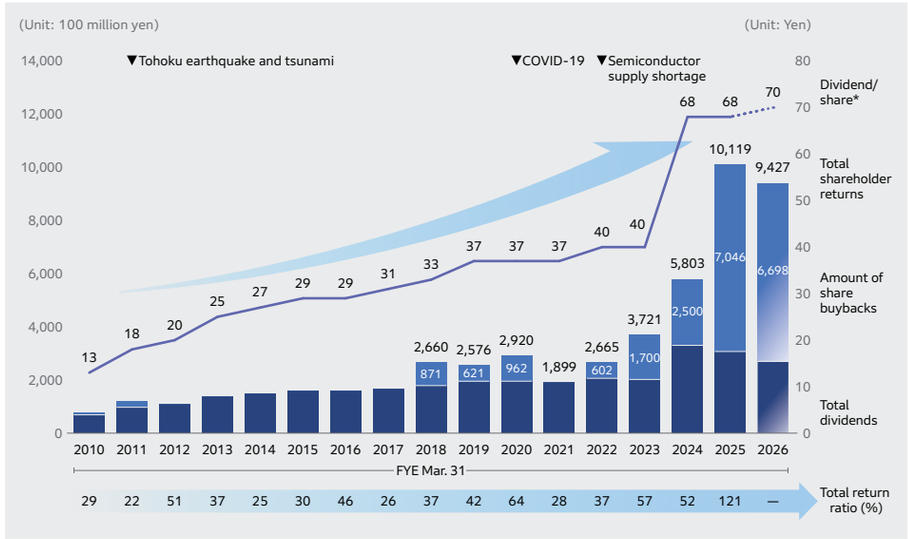
Honda positions returning profits to our shareholders as one of our most important management issues.

Regarding dividends, we returned approximately 1.3 trillion yen to shareholders over the five years through the Fiscal Year Ended March 31, 2026. Over the five years through the Fiscal Year Ending March 31, 2031, we aim to return more than 1.6 trillion yen. In May 2025, we introduced dividend on equity (DOE) as a new shareholder return indicator to support stable dividends and shareholder returns with an awareness of capital costs. Going forward, we will target a DOE of 3.0% as a benchmark for dividends.

This policy is a demonstration of Honda management's strong commitment to steadily returning profits to our shareholders based on a business portfolio that is resilient to changes in the business environment, even as its future remains uncertain due to factors such as tariff policies.

We will also appropriately carry out share buybacks based on the business environment and our financial conditions with the goal of increasing capital efficiency while realizing agile capital policy.

While pursuing the optimal balance between shareholder returns and growth investment, Honda will strive to achieve both enhanced medium- to long-term corporate value and enhanced shareholder value.



* A stock split was conducted with September 30, 2023 as the record date and October 1, 2023 as the effective date. Dividend per share figures have been adjusted accordingly.

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Proactive Dialogue with the Capital Markets

Honda regards constructive dialogue with shareholders and investors as an important management activity.

Through dialogue with our shareholders and investors, Honda works to create understanding of our management policy, business strategies, and approach to value creation, as well as to improve the quality of our management by reflecting the opinions and expectations of the capital markets. Additionally, through continuous dialogue with our shareholders and investors, top management looks for opportunities to review our business and capital efficiency based on objective perspectives.

Moreover, by increasing the transparency of Honda's management through proactive information disclosure and dialogue and deepening mutual understanding with the market, we aim to achieve accurate assessments of the Company's value and growth strategy. I believe that these initiatives will lead not only to improved capital efficiency but also to achieving value creation that exceeds our capital costs.

In addition to quarterly earnings briefings, we hold annual Honda Business Briefing to explain our medium- to long-term view of the business environment, business strategies, financial strategies, and capital allocation. We also hold dedicated briefings on topics of particular interest to the capital markets. In the Fiscal Year Ended March 31, 2026, we conducted an automobile technology workshop focused on next-generation technologies and our initiatives to strengthen competitiveness.

Top management, including our CEO, actively participates in these dialogues and places great importance on direct communication with the capital markets. By further enhancing dialogue and engagement with shareholders and investors, we will strengthen management transparency and accountability while leveraging feedback and expectations from the capital markets to drive management improvement and sustainable value creation.

In addition to expanding our individual shareholder base and encouraging long-term share ownership, Honda is strengthening engagement with shareholders to further expand the community of Honda supporters.

In recent years, we have also improved our experience-based shareholder benefits as opportunities for shareholders to directly experience Honda's uniqueness. Based on our shareholders' desire to experience Honda's products and services firsthand, we provide experience-based shareholder benefits unique to Honda, including the HondaJet Trial Event, Marine Test-Drive Event, Race Viewing, and Safety School Trial Event.

For the Fiscal Year Ending March 31, 2027, we have also adopted new shareholder benefits including apparel and original goods made by Honda's special subsidiary Honda Sun Co., Ltd. Honda Sun was established based on the desire of Soichiro Honda to realize a society in which anyone could be productive regardless of disabilities. It is an initiative that embodies one of the Fundamental Beliefs of the Honda Philosophy of "Respect for the Individual."

I hope that our shareholders can develop a deeper understanding of Honda's businesses and approaches to value creation by experiencing these kinds of initiatives in addition to our products and services. I also want to build a relationship of trust with the shareholders who will support Honda over the long term by helping them empathize with the Honda Philosophy.

By strengthening dialogue and engagement while valuing diverse points of contact with our shareholders, for our shareholders and other stakeholders, we aim to remain a company that the world values and looks to with expectations well into the future.

Topics of Interest to Investors

- Direction of automobile electrification strategy and growth strategy
- Competitive advantages of HEV
- Future direction of the SDV strategy
- Reasons for the strong profitability of the motorcycle business and future growth potential considering our electrification strategy
- Approach to shareholder returns
- Alliances with other companies



Marine Test-Drive Event



HondaJet Trial Event



Honda Sun Goods

Dialogue	FYE Mar. 31				
	2022	2023	2024	2025	2026
Financial results briefing	4	4	4	4	4
Non-deal tours (Japan, U.S., Europe, Asia, etc.)	(Online)	2	7	10	6
Conferences hosted by securities firms	7	6	14	14	12
Briefings for individual investors	—	1	4	6	6
ESG dialogue	25	64	40	49	39

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Corporate Governance

Basic Approach to Corporate Governance

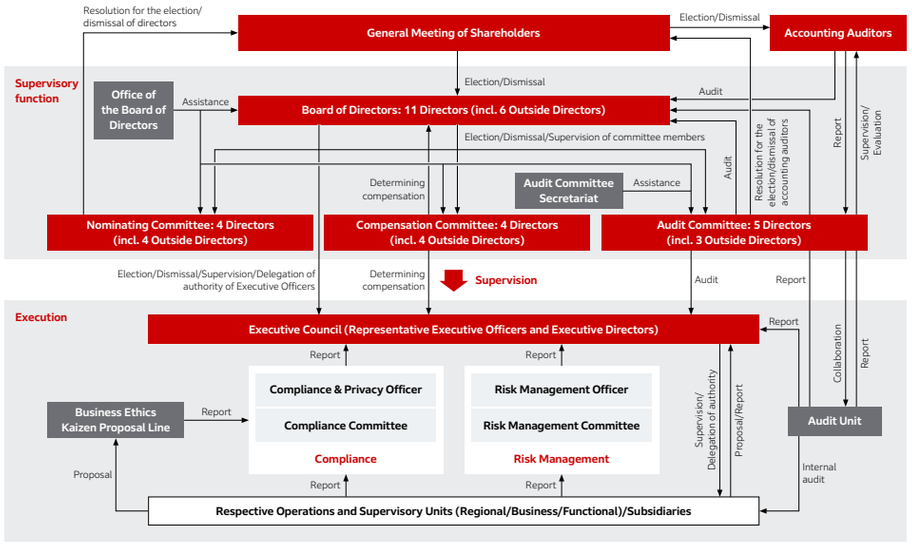
Based on its Fundamental Beliefs, Honda strives to enhance the trust of shareholders, investors, customers, and society, while encouraging prompt, decisive, and risk-conscious decision-making, thereby achieving sustainable growth and enhancing corporate value over the medium to long term. Through these efforts, we are working to enhance corporate governance as one of its key management priorities to become "a company that the world values and looks to with expectations."

Honda has adopted a "company with three committees" structure to clearly segregate the supervisory and execution functions of management, thereby strengthening supervisory functions and enabling prompt and agile decision-making.

The Board of Directors has established criteria for deliberation and has delegated some of its authority to the Executive Council. The Executive Council conducts preliminary deliberations on matters to be resolved by the Board of Directors and deliberates on important business execution matters within the scope of authority delegated by the Board. Furthermore, to strengthen each business and smoothly execute optimal operations globally, the Business Operating Board deliberates on important management matters in each area within the scope of authority delegated by the Executive Council.

To further enhance trust and empathy from our shareholders, investors, customers, and society, Honda is committed to the timely and accurate disclosure of corporate information, including quarterly financial results and management policies. Thus, Honda will continue to strive to ensure transparency.

Corporate Governance Structure (as of June 26, 2026)



Supervision by the Board of Directors

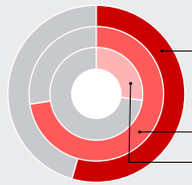
The Board of Directors consists of 11 Directors, including 6 Outside Directors, and is chaired by an Outside Director.

To respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium- to long-term, the duties of the Board of Directors include making decisions concerning key Company matters such as its basic management policies and the monitoring of operations by Directors and Executive Officers. Additionally, the Board of Directors discusses and makes decisions concerning matters specified in the regulations of the Board of Directors, as well as matters set forth in the Articles of Incorporation and applicable laws. All other matters are delegated to the Representative Executive Officers or the Executive Officers.

Following a resolution by the Board of Directors on June 26, 2026, an Outside Director was appointed Chairman of the Board, and all members of the Nominating Committee and Compensation Committee are now Outside Directors. Consequently, Honda is working to minimize information asymmetry among Directors and further enhance the effectiveness of Board oversight through measures such as regular information sharing between the Chairman of the Board and Executive Officers, as well as the prompt provision of information to Outside Directors.

Board of Directors

Composition of Members



Percentage of Outside Directors*
54.5%
(6/11 persons)

Percentage of Non-Executive Directors
72.7%
(8/11 persons)

Percentage of Female Directors
27.3%
(3/11 persons)

Attendance Rate
100%
(held 10 times)

Average term of office
4.54 years

* All six Outside Directors currently in office are Independent Directors who satisfy the Company's Criteria for Independence of Outside Directors.

Specific Discussion Topics

- Business strategy and capital policy
- Reassessment of the automobile electrification strategy
- Quarterly consolidated financial statements and business outlook
- Quarterly business execution status
- Duty execution statuses of committees
- Maintenance and operation of the internal control system
- Internal audit results, etc.

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Supervision by Committees

Honda enhances the effectiveness and transparency of supervision through its Nominating Committee, Audit Committee, and Compensation Committee.

1 Nominating Committee

The Nominating Committee decides on the content of proposals to be submitted to the General Meeting of Shareholders concerning the election and dismissal of Directors and performs other duties as stipulated by law or the Articles of Incorporation. The committee consists of four Outside Directors, with an Independent Outside Director serving as chairperson.

2 Audit Committee

To fulfill its mandate from shareholders and ensure the sound and sustainable growth of the Company, the Audit Committee conducts audits of the execution of duties by Directors and Executive Officers, and performs other duties as stipulated by law or the Articles of Incorporation. The committee consists of five Directors, including three Outside Directors, with an Independent Outside Director serving as chairperson. To ensure the effectiveness of the audit, full-time members of the Audit Committee are elected by resolutions of the Board of Directors.

3 Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer, and carries out other duties as stipulated by law or the Articles of Incorporation. The committee consists of four Outside Directors, with an Independent Outside Director serving as chairperson.

1 Nominating Committee	2 Audit Committee	3 Compensation Committee
Specific Discussion Topics ● Basic policy/annual activity plan ● Next-generation management candidates ● Prospective Director candidates, etc.	**Specific Discussion Topics** ● Basic policy/annual activity plan ● Quarterly audit implementation status ● Summary report on the status of annual audit and the results of consolidated financial statement review by the Accounting Auditor ● Implementation status of internal audits, etc.	**Specific Discussion Topics** ● Basic policy/annual activity plan ● Executive performance evaluation ● Short-term incentive (STI) and long-term incentive (LTI) performance evaluation criteria ● LTI and stock delivery regulations ● Compensation standards, etc.
Attendance Rate 100% (held 11 times)	**Attendance Rate** 100% (held 10 times)	**Attendance Rate** 100% (held 10 times)
Ratio of Outside Directors 100% (4/4 persons)	**Ratio of Outside Directors** 60% (3/5 persons)	**Ratio of Outside Directors** 100% (4/4 persons)

Approach to Director Candidates

The candidates for Director, regardless of gender, nationality, or other personal attributes, shall be persons of superior character and insight who are experts in company management, laws, politics, accounting, education, or the Company's business. The Nominating Committee shall consider the balance of gender, nationality, knowledge, and related experience among the candidates.

To realize the 2030 Vision, the following skills have been identified as requirements for the Board of Directors to fulfill its role of making decisions with respect to the basic management policies of the Company Group and other equivalent matters and overseeing the performance by the Directors and Executive Officers of their duties.

	Required skills
● **Demonstrate strong leadership to prevail in the once-in-a-century era of transformation.** Lead Honda by accurately understanding the rapidly changing environment and actively making decisions from global perspectives.	**Corporate management** **Internationality**
● **Reinforce our existing businesses and strengthen new business areas by creating value.** Help our existing businesses evolve continuously, and develop business strategies for new business categories which will be pioneered by new value creation, and make decisions on their execution.	**Industrial experience** **New business strategies**
● **Strengthen the corporate structure and control the resources for the future.** Manage Honda's human and capital resources to high standards and build a foundation for a strong business structure.	**HR** **Accounting & finance**
● **Prepare for risks and achieve sustainable corporate operations.** Properly address the various risks arising from business activities and oversee our business operations to ensure healthy operational practices and thereby drive permanent development of society and Honda.	**Legal & risk management** **ESG & sustainability**

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Basic Approach to Compliance

Honda defines compliance as "not merely observing laws and regulations but also ensuring that every executive and associate acts with integrity and ethics toward customers and society," and this is the Company's basic approach to compliance. To continuously earn the trust of customers and society and achieve sustainable growth, Honda regards compliance as one of the essential foundations of corporate activities, and will continue working to foster an organizational culture as well as raise the awareness of each individual associate.

Main Compliance Initiatives

1. Appointment of Compliance and Privacy Officer and Establishment/ Operation of Compliance Committee

Honda has appointed the Director, Executive Vice President and Representative Executive Officer as the Compliance and Privacy Officer to serve as the executive responsible for compliance. The Compliance Committee, chaired by the Compliance and Privacy Officer, has been established to enhance compliance across the Group. The committee determines important measures for the internal control system, checks on the status of the development and operation of the internal control system, and decides on recurrence prevention measures when significant incidents occur.

In the Fiscal Year Ended March 31, 2026, the Committee met seven times (four regular meetings, three extraordinary meetings).

2. Formulation and Dissemination of the Code of Conduct

Honda has formulated the Honda Code of Conduct, which summarizes the integrity of conduct to be practiced by all Honda associates around the world, and shares it throughout the Group, including subsidiaries in Japan and overseas. Honda works to instill the Honda Code of Conduct in every executive and associate through awareness-raising activities, such as distribution of applications to smartphones and leaflets, distributing educational videos, as well as conducting training sessions.

3. Establishment and Operation of the Business Ethics Kaizen Proposal Line

Honda has established the Business Ethics Kaizen Proposal Line to accept proposals and provide consultations from a fair and neutral standpoint for any violations of laws/regulations or internal rules in the workplace and issues that are difficult for associates to remedy or resolve in the workplace for some reason, such as difficulties in consulting with superiors. In the Fiscal Year Ended March 31, 2026, the helpline received 441 proposals and consultations, and the operational status is regularly reported to the Compliance Committee.

4. Awareness and Education for Officers and Associates

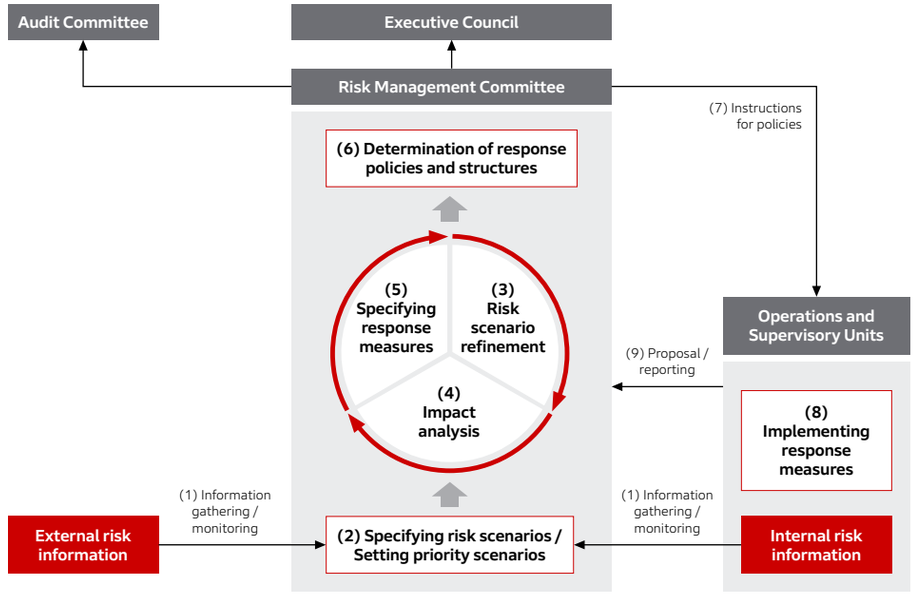
Through training for new associates, newly certified managerial personnel newly appointed executives, and other rank-specific and division-specific training opportunities, we conduct awareness-raising and education activities related to compliance, including the contents of the Code of Conduct and various laws and regulations (anti-bribery, insider trading regulations, competition law, personal information protection law, subcontract law, etc.). Through these efforts, the Company is continuously fostering and improving awareness of compliance.

Risk Management

Guided by the Honda Global Risk Management Policy, Honda promotes risk management activities globally, including Group subsidiaries, for risks affecting its business operations. The Risk Management Committee (chaired by a company-wide Risk Management Officer, met seven times in the Fiscal Year Ended March 31, 2026), which serves as the core of these activities, integrates a bottom-up perspective from risk assessment activities in each division with a top-down perspective capturing risk trends associated with changes in the external environment. Through this, it refines risk scenarios and determines response policies and structures linked to management strategies.

Risks with particularly significant business impacts are regularly reviewed and discussed as company-wide priority risks. In the Fiscal Year Ended March 31, 2026, geopolitical risks, purchasing and procurement risks, information security risks, market environmental change risks, and business alliances and joint ventures risks were designated as priority risks. In addition, Honda has built and operates a crisis management foundation, including risk-sensing activities to monitor signs of crisis and the establishment of a Global Emergency Headquarters in times of emergency. The effectiveness of these initiatives is ensured through timely reports to the Audit Committee and internal audits by the independent internal audit department. By properly identifying and responding early to risks, Honda aims to achieve sustainable growth and reinforce its business foundation.

Risk Management Committee



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Roundtable with the Three Outside Director Committee Chairpersons

Connecting Honda's Dreams to Corporate Value by Strengthening the Twin Pillars of Governance and Execution

Fumiya Kokubu
Chairperson of the Board of Directors
Nominating Committee Member (Chairperson)
Outside Director

Yoichiro Ogawa
Audit Committee Member (Chairperson)
Outside Director

Kazuhiro Higashi
Compensation Committee Member (Chairperson)
Outside Director

Falling Short in Translating Technological Capabilities into Business Growth

Kokubu Taking a bird's-eye view of current conditions, I still see Honda winning with its technological capabilities yet losing in the business realm. Honda has strong technological capabilities and high levels of R&D investment, but I believe it has not fully translated these strengths into business results. Additionally, looking at Honda's current valuation, I sense that investors are questioning the Company's growth potential. The automobile business has seen little growth for more than 20 years. The issue isn't only the large-scale impairment losses recorded due to the revised EV strategy, but also that similar issues have repeatedly occurred in the past on a smaller scale. I believe that the source of this issue is the product-out approach in which Honda believes that if it simply produces good products, they will be well received. In the current age in which consumer preferences are so highly diversified, Honda may not have sufficiently incorporated the market-in perspective. Additionally, despite holding such a wide range of assets, including motorcycles, automobiles, power products, and aircraft, Honda has mostly failed to realize synergies among these businesses. They all exist independently without a sufficient sense of overall unity. Going forward, it will come down to whether Honda can present a concrete and persuasive growth strategy.

Higashi I agree. Providing an outlook for money combined with an outlook for technology leads to a better outlook for the business overall. This starts with explanations regarding market forecasts and growth forecasts that are based on simple calculations (multiplying unit prices by number of customers). I also believe that the balance within the Honda Philosophy of the "Three Joys"—"The Joy of Buying, The Joy of Selling, and The Joy of Creating"—is starting to collapse. Although Honda is pursuing "The Joy of Creating," initiatives associated with "The Joy of Selling," and especially "The Joy of Buying," have weakened. Honda has two main groups of end users: core Honda fans and general customers. Honda isn't wrong to focus on the core fan base that loves it. However, it should also take a broader view of its overall customer base. As technology, manufacturing, and regional organizations have become siloed, we must heighten our perspective to question whether the products Honda considers good are truly good for the customer. We need to use this opportunity to take a step back and have a hard look at our current reality.

Honda's Resolve to Truly Change Will Determine Its Future

Ogawa Honda now faces a crucial moment in which it must regain trust. Investors, associates, and society overall may be losing trust in Honda. At the same time, properly recording and disclosing, rather than deferring, the current large-scale losses is representative of the honesty of Honda's culture. We are now at a turning point that will determine Honda's future in terms of whether we truly have the will to change, while still protecting what has always been important to us.

Honda's strength lies in pursuing dreams. However, a company can't survive if all its members pursue their dreams with no

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discipline. It's important to make a distinction between domains in which to pursue dreams and domains in which to generate revenue and ensure stable business. We also must ask ourselves whether the dreams that we hope to realize truly align with our customers' dreams. What really struck me this time was that we needed to evaluate the viability of our investment decision from a more realistic perspective. It's important to maintain a certain level of discipline when investing, to create rational assumptions in business strategy planning and investment decisions, and to constantly and properly monitor the initial assumptions and state of progress. If there is no structure in place to properly monitor progress amid daily changes in the business environment and to help adjust course as necessary, bold strategies can't be undertaken. It is essential that we have the discipline to properly communicate front line concerns to management and apply the brakes when things aren't going well. Honda has always had a unique culture of open and frank discussions, Waigaya, in which the front lines provide feedback to top management. However, at some point, this led to an organization in which whatever has been decided is often carried out unquestioningly. Management has become aware of this change and worked to reform Honda's corporate culture, but we need to further accelerate these efforts.

Higashi It is wonderful that Honda has strong technology; however, we tend to focus too strongly on that element alone. Honda's strength has always been its ability to attract customers through its novel technologies, but, in recent years, customer preferences and lifestyles are experiencing dramatic change. We will only be able to fulfill investors' expectations if we can demonstrate the future of our technology, how that leads to cash flow, and how our dreams connect to business growth.

Ogawa In that sense, I believe it is important to reassess our products and businesses with customers as the starting point.

For example, in India, we are changing our development approach to one that first considers the balance of performance and price demanded by local customers as the starting point of our products and then combines that with value unique to Honda. In this transition, it is critical that we return to our Waigaya culture that ensures these voices from the front lines reach management. While maintaining our goal of achieving carbon neutrality by 2050, we also need to rebuild our roadmap based on a review of our EV strategy. I would like to hold discussions at the Board of Directors on the compatibility of our targets and execution plan and present a convincing roadmap to our investors.

Kokubu To make steady progress with these changes, we need to take an active role in the work of the Board of Directors.

I'm not of the belief that Honda's governance hasn't been functioning. Both the Board of Directors and the various committees have functioned with a certain level of effectiveness. However, I also think that when Honda transitioned to a "company with three committees" structure and delegated a wide range of authority, we began to rely too heavily on a monitoring-type Board of Directors. The reality is that large-scale investment decisions were made through resolutions by the Executive Council, and the Board of Directors received reports only after the fact. This means that it is difficult for the Board to properly assess what kind of discussions led to the investment. I was recently appointed as Chairperson of the Board of Directors. I plan to approach the decision-making process with a sense of responsibility and resolve, and in my role as chairperson, I plan to participate as needed in Executive Council meetings as an observer to share important information with Outside Directors. Each Director needs to change their current mindset. However, because we cannot necessarily eliminate the asymmetry of information between Inside Directors and Outside Directors, our reason for existing as Outside Directors is to use our knowledge and experience to point out what seems to be questionable and to constantly ask whether what is common sense to Honda is also common sense to the outside world. This will require a high level of commitment, and we cannot act to oversee such a period of transformation without this level of resolve.

Higashi Some believe that if we strengthen oversight, we will lose speed in execution. This is incorrect. Internal discussions can sometimes proceed toward predetermined conclusions. The role of Outside Directors is not only to provide a check-and-balance function, but also to screen discussions (which tend to follow corporate internal logic) from a standpoint of common sense to prevent gaps in our evaluation. Asking why things are the way they are does not impede decision-making; rather, it helps move it forward. Important issues for the Board of Directors are accelerating the "explanation and discussion" loop and creating a framework for substantive discussions to take place.

Ogawa While we don't need to micromanage every little thing, information does need to be shared with the Board of Directors in a timely



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manner based on the strategic importance of key themes at Honda, including our strategies for China and India, cooperation with partners, and the choice of software technologies that form the lifeline of our automobile business. In addition to this information sharing, we need to take time to engage in deeper communication and hold discussions on the suitability, rationality, and viability of both Honda's management and business strategies. Then, once we take responsibility and commit to policies and strategies, we need to be deeply involved in their progress and establish KPIs to periodically track investment decisions, their progress, and results. The word "resolve" that Mr. Kokubu used really resonated with me. By having us Outside Directors take personal responsibility, I'm confident we can strengthen our relationships of trust with the execution team while improving the very nature of Honda's management.

Connecting Diverse Businesses and Customer Touchpoints to Generate New Growth

Kokubu Strengthening governance is not just about reinforcing safeguards. It is also about translating Honda's strengths into future growth.

First of all, the "uniqueness of Honda" isn't necessarily clear, and that concept itself may be undergoing significant change amid an age of increasing diversity. Do our dreams really match the market? We must consider not only how we provide the "hardware" of automobiles, but also how we become a beloved presence that is integrated into the daily lives of our customers. I believe our fundamental management issue isn't limited to our business and sales capabilities, but rather lies in how we paint an overall picture that's centered on our customers. In other words, how our businesses connect organically and how we build a true Honda ecosystem.

To make this a reality, an important consideration is how we combine Honda's diverse initiatives.

For example, HondaJet users do not necessarily own Honda vehicles, and we do not have a clear pathway to naturally convert Honda motorcycle users into automobile users. Even in Southeast Asia, our repeat purchase rate for automobiles has not reached satisfactory levels. The relationships of trust Honda has with our customers, as well as our global network and our business portfolio, are all assets with significant potential to realize continuous business growth. As such, rather than trying to achieve business growth through our individual business segments, the starting point of our growth strategy should be the big picture we paint with our customers at the center and our businesses connected organically.

Higashi Honda is Honda precisely because it has so many different businesses. This diversity acts not only to diversify risk, but also to develop future businesses. For those future businesses to grow, each business cannot function independently. Instead, we need a framework to integrate them. At the same time, customer value itself is transforming as new technologies such as automated driving become viable. In an age in which mobility itself is becoming automated, we must consider what kind of added value Honda can provide beyond the "joy of mobility." I believe that by integrating our businesses and combining their respective expertise, we will create new value that only Honda can provide.

Changing What Must Change to Turn "The Power of Dreams" into Future Growth

Higashi That is why I believe it is important to clearly identify what we should change and what we should preserve to drive future growth.

All companies have things that must not be changed and things that must be changed. The Honda Philosophy is a precious asset that is deeply rooted among both our associates and our shareholders. However, we should also have the courage to change our work processes and areas still bound by conventional wisdom. While this may be a painful process, I believe that now is the time to question conventional wisdom and seize the opportunity for transformation.

Ogawa In my profession as a CPA, I have dealt with many different companies, and Honda is one of my favorites. While visiting the front lines, I've seen each Honda associate approach their assigned role with passion and dedication. When I see the serious approach engineers take at Honda's yearly research presentations, I can sense the underlying strength of the Company. Honda has a track record of rising to the challenges of transformation. This is why it's important that we follow through on the three pillars and commitments laid out in Honda Business Briefing and provide a clear roadmap both externally and internally. As Outside Directors, we must approach management with an even greater sense of resolve than ever before and do our best to support both transformation and growth.

Kokubu If I were to tell Honda one thing right now, it would be "Don't let something like this make you shrink back." The exciting image of Honda that I loved as a child still lives on in the hearts of many today. I want Honda to make the most of its value as a company that inspires dreams and to continue to be a company that fills people with wonder and inspiration. This is definitely not the end of "The Power of Dreams" for Honda.



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10-Year Summary

IFRS: (Unit: million yen)

Fiscal year ended March 31	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Profit or Loss										
Sales revenue	13,999,200	15,361,146	15,888,617	14,931,009	13,170,519	14,552,696	16,907,725	20,428,802	21,688,767	**21,796,610**
Operating profit	840,711	833,558	726,370	633,637	660,208	871,232	780,769	1,381,977	1,213,486	**-414,346**
Profit before income taxes	1,006,986	1,114,973	979,375	789,918	914,053	1,070,190	879,565	1,642,384	1,317,640	**-403,300**
Profit for the year attributable to owners of the parent	616,569	1,059,337	610,316	455,746	657,425	707,067	651,416	1,107,174	835,837	**-423,941**
Cash Flows (operating companies excluding financial services business)										
Net cash provided by operating activities	1,079,340	1,149,458	1,138,346	1,055,023	1,050,956	1,051,818	1,352,796	2,288,129	1,883,139	**1,681,944**
Net cash used in investing activities	-511,411	-589,344	-524,825	-584,351	-747,138	-373,695	-666,929	-827,156	-1,217,274	**-623,941**
Free cash flow	567,929	560,114	613,521	470,672	303,818	678,123	685,867	1,460,973	665,865	**1,058,003**
Net cash used in financing activities	-231,219	-369,094	-397,507	-302,557	-328,121	-81,812	-564,865	-712,572	-1,390,352	**-608,456**
Financial Position										
Total assets	18,958,123	19,349,164	20,419,122	20,461,465	21,921,030	23,973,153	24,670,067	29,774,150	30,775,867	**33,509,285**
Cash and cash equivalents	2,105,976	2,256,488	2,494,121	2,672,353	2,758,020	3,674,931	3,803,014	4,954,565	4,528,795	**5,066,828**
Financing liabilities (Non-current liabilities)	4,022,190	3,881,749	4,142,338	4,221,229	4,715,361	4,984,252	4,373,973	6,057,967	6,953,520	**8,475,151**
Equity attributable to owners of the parent	7,295,296	7,933,538	8,267,720	8,012,259	9,082,306	10,472,824	11,184,250	12,696,995	12,326,529	**11,817,512**
Shareholder Returns										
Share buybacks	12	87,083	64,557	96,284	6	62,758	157,001	250,513	722,365	**670,933**
Dividends per share (yen)	31	33	37	37	37	40	40	68	68	**70**
Dividend payout ratio	26.9%	16.9%	32.1%	43.1%	28.9%	29.2%	31.2%	30.1%	38.0%	**—**
Dividend on equity (DOE)	2.4%	2.4%	2.4%	2.4%	2.2%	2.1%	1.9%	2.8%	2.5%	**2.4%**
Other Financial Data										
Operating margin	6.0%	5.4%	4.6%	4.2%	5.0%	6.0%	4.6%	6.8%	5.6%	**-1.9%**
Operating cash flows from operating activities (CFO) after R&D adjustment	1,618,221	1,747,392	1,797,151	1,684,104	1,629,132	1,696,669	2,084,052	3,056,976	2,806,661	**2,657,986**
Return on invested capital (ROIC)	8.4%	9.0%	7.3%	5.6%	7.4%	6.9%	5.9%	9.1%	6.7%	**-2.6%**
Return on equity (ROE)	8.8%	13.9%	7.5%	5.6%	7.7%	7.2%	6.0%	9.3%	6.7%	**-3.5%**
Research and development expenses	659,918	730,734	820,037	821,478	780,065	804,025	852,067	976,366	1,210,620	**1,174,848**
Depreciation*	484,133	513,455	499,036	470,320	428,063	438,269	512,501	563,954	531,809	**487,653**
Capital investment	541,041	433,892	426,519	375,643	321,294	278,405	493,908	387,986	537,427	**751,380**
Average exchange rate for the period (yen per U.S. dollar)	108	111	111	109	106	112	136	145	153	**151**

* including right-of-use assets

Company Overview

Company Overview (As of March 31, 2026)

Company Name	Honda Motor Co., Ltd.
Head Office	2-3, Toranomon 2-chome, Minato-ku, Tokyo *Relocated in June 2025
Established	September 1948
Capital	86 billion yen
Number of Associates	Consolidated: 195,109 Non-consolidated: 32,547
Consolidated Subsidiaries	282 companies
Affiliates Accounted for under the Equity Method	64 companies

Stock Information

Stock Exchange Listings	Domestic: Tokyo Stock Exchange Overseas: New York Stock Exchange
Securities Code Number	7267
Number of Shares per Trading	Unit 100
Transfer Agent for Common Stock	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Breakdown of Shareholders by Type

Number of Shares Authorized	7,086,000,000
Total Number of Shares Issued	4,533,000,000



Major Shareholders

Individual or Organization	Number of Shares Held (thousands)	Percentage Against Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	682,319	17.50
Custody Bank of Japan, Ltd. (Trust Account)	275,945	7.08
Moxley & Co. LLC	222,860	5.72
Meiji Yasuda Life Insurance Company	138,237	3.55
STATE STREET BANK AND TRUST COMPANY 505001	97,407	2.50
Nippon Life Insurance Company	58,565	1.50
JPMorgan Securities Japan Co., Ltd.	58,145	1.49
JPMorgan Chase Bank 385781	56,917	1.46
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	41,236	1.06
Custody Bank of Japan, Ltd. (Trust Account 4)	37,673	0.97

Honda's Capitals

Financial Capital*1

A strong financial base that allows us to invest resources for transformation

Net cash
(excluding financial services)
¥3.3 trillion

Total capital
¥12.1 trillion

Interest-bearing debt
(excluding financial services*2)
¥1.2 trillion

Human Capital*1

Support for individual and organizational growth that leads to value creation

Number of associates

Consolidated
195,109 associates

Non-consolidated
32,547 associates

Manufacturing Capital

Evolution of production system to achieve high product appeal

Number of product assembly sites
75 sites
(At end of FYE May. 31, 2026)

Capital investment*1,3
¥751.4 billion

Intellectual Capital*1

Enhancing the technological innovation capability to create compelling products and services

R&D expenses
¥1,174.8 billion

Number of domestic and overseas patents*4
More than 37,100 patents

Natural Capital*1

Reduction of environmental impact for coexistence and co-prosperity with nature

Energy inputs

Direct
16,200 TJ

Indirect
15,000 TJ

Water withdrawal
19.5 million m³

Social and Relationship Capital

Deepen and expand relationships of trust and cooperation with stakeholders

Number of group companies*1
Consolidated subsidiaries 282
Affiliates accounted for under the equity method 64
346 companies

Brand value*5
24,762 m USD
(2025)

Best Global Brands 2025 Automotive
5th in the world
(2025)

*1 Fiscal year ended March 31, 2026
*2 Including 1.75 billion USD Green Bond issue
*3 Capital investment for the introduction of new models, expansion, rationalization, renewal of production facilities, and expansion of sales and R&D facilities, etc.
*4 Number of registered patents both domestically and internationally (excluding pending applications)
*5 According to Interbrand research

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HONDA

The Power of Dreams

How we move you.

CREATE ► TRANSCEND, AUGMENT









