



2026 Business Briefing

HONDA

本田技研工業株式会社

取締役 代表執行役社長

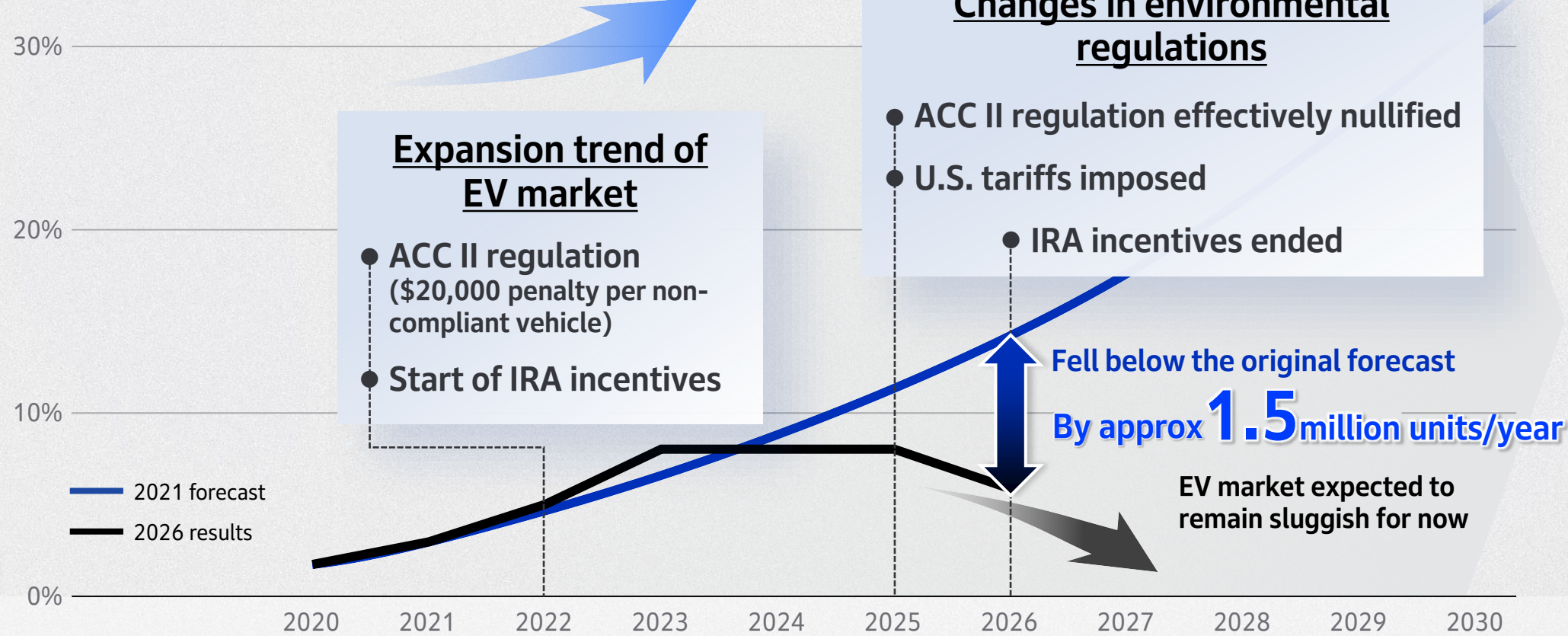
三部 敏宏

Toshihiro Mibe

Director, President and Representative Executive Officer
Honda Motor Co., Ltd.

Business environment surrounding automobile business

EV ratio in the U.S. market



Cancellation of development and market launch



Japan/Asia : Continue EV sales in line with customer needs and the pace of EV adoption in each region

North America : Continue to lay the groundwork for flexible product offerings while carefully assessing market conditions and demand trends

Roadmap toward rebuilding our automobile business

Slowdown
of the EV market

North America

Not able to absorb cost burden of tariffs and changes in environmental regulations, resulting in a decline in profit

China / ASEAN

Lost competitiveness against emerging OEMs in terms of cost and speed of offering new value, such as SDVs, resulting in a decline in unit sales

All-time high level
operating profit

Introducing new products in North America, Japan, India

Introducing next-generation hybrid models

Growth of motorcycle/financial services
businesses with solid profit structure

Focus on rebuilding automobile business

- Improving cost structure
- Increasing development efficiency
- Concentrating resource investment in priority regions

FYE March 31, 2026

FYE March 31, 2029

Pursue flexible approach and utilize both internal and external resources

Initiative for the turnaround of automobile business

Strategic reallocation of corporate resources

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

Thorough strengthening of our manufacturing structure

- Strengthen cost structure / Improve development / Production efficiency

Strategic utilization of external resources

Reassessment of the powertrain portfolio with an eye on future demand trends

Further accelerate the market launch of hybrid models ahead of the original schedule

Reallocate development/production resources to hybrid vehicles

Enhance lineup
Strengthen production

Introduction of next-generation hybrid models with an all-new hybrid system and platform

Introduce **15 models** globally, by the end of the fiscal year ending March 31, 2030, primarily in North America

2027

2030

Enhancement of the product lineup in North America

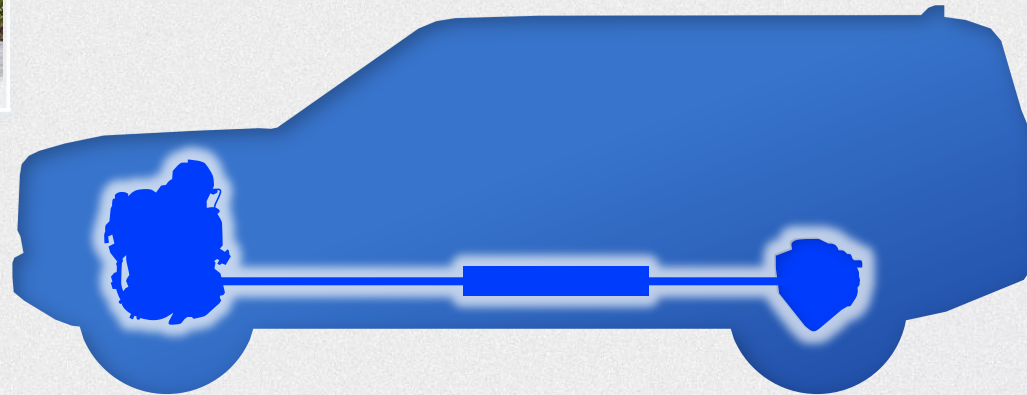
**Powerful driving and
towing capability**



**Scheduled for market
introduction in 2029**

Large-size hybrid models in
D-segment or above

**Highly efficient
environmental performance**



**Introducing next-generation large-size model equipped with newly-developed V6
engine + newly-developed drive units and battery pack**

Advancement of next-generation hybrid system

Expansion of range where the engine operates most efficiently

Realize the world's most efficient powertrain

Increase in driving efficiency of the hybrid unit

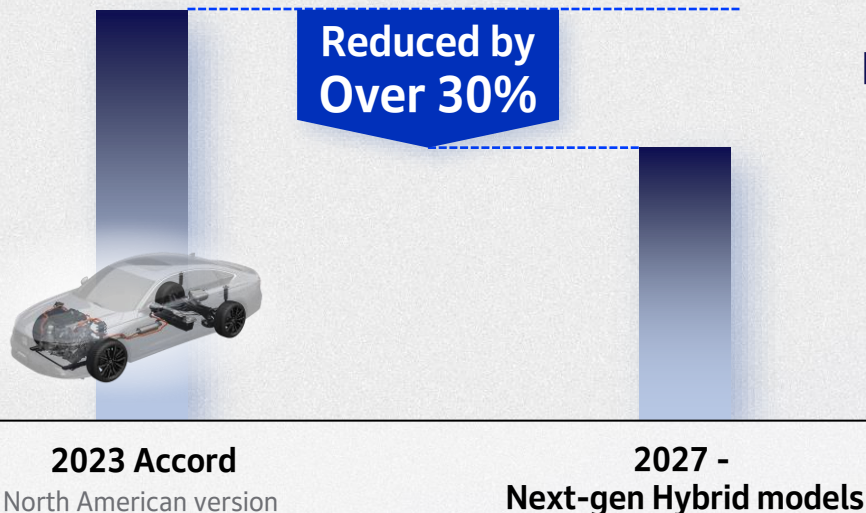
Advanced in all aspects, including driving stability, passive safety structure
Next-generation platform achieved further weight reduction
Electric AWD unit with precise and highly responsive motor control

Improve fuel economy by **more than 10%**
Further advance high-quality and exhilarating driving experience

Pursue cost reduction

- Co-creation with suppliers/partners
- Improve production efficiency
- Increase parts commonality

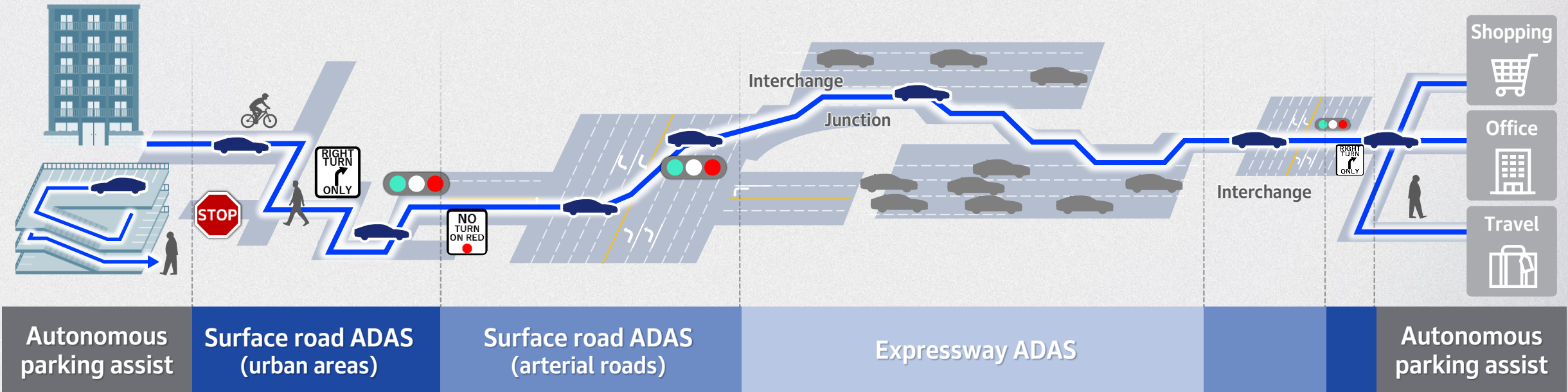
Cost of hybrid system (index)



More models equipped with next-generation ADAS

Apply to more than 15 models over a five-year period starting in 2028

Assists driver with vehicle operations such as acceleration and steering throughout **the entire route all the way to the destination**, seamlessly on both expressways and surface roads



Offer new value unique to Honda by combining the “joy of driving at the will of the driver,” and a stress-free and comfortable mobility experience

Solidify production/parts supply structure for hybrid models

HEVs

Reallocating all
excess capacity to
Production of hybrid vehicles



Auto plants in Ohio, U.S.A

HEV batteries

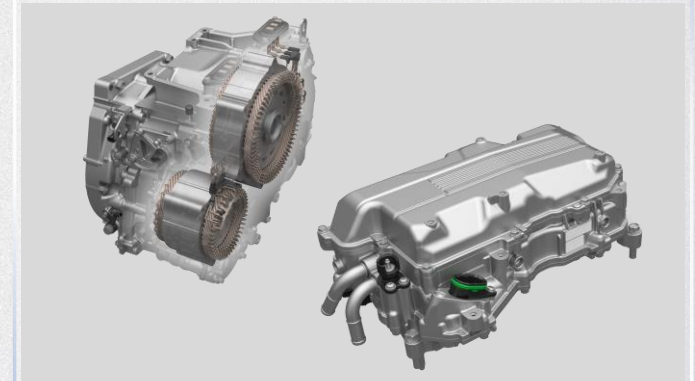
Converting part of EV battery
production lines to hybrid
battery production



L-H Battery Company, Inc

Motors/inverters

Increasing local content of ASSY
and component parts
by more than four times



Japan



Expand EV model lineup starting from mini-vehicle category as the way mini-vehicles are used in people's daily lives in Japan aligns well with the characteristics of EVs, including clean and quiet performance.

Japan



N-VAN e:



N-ONE e:

Coming in 2028



N-BOX



INSIGHT



Super-ONE

Offer a broad EV lineup and amass know-how for the future popularization of EVs

Japan



Next-generation hybrid



SPORT LINE



TRAIL LINE

Starting 2027



SUV models

Starting 2028



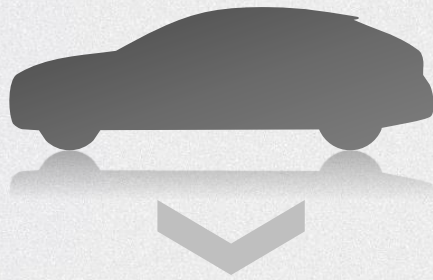
All-new Vezel equipped with next-generation ADAS

**Enhance the lineup of high-value added vehicles
to achieve new vehicle sales greater than current unit sales and establish a solid business foundation**

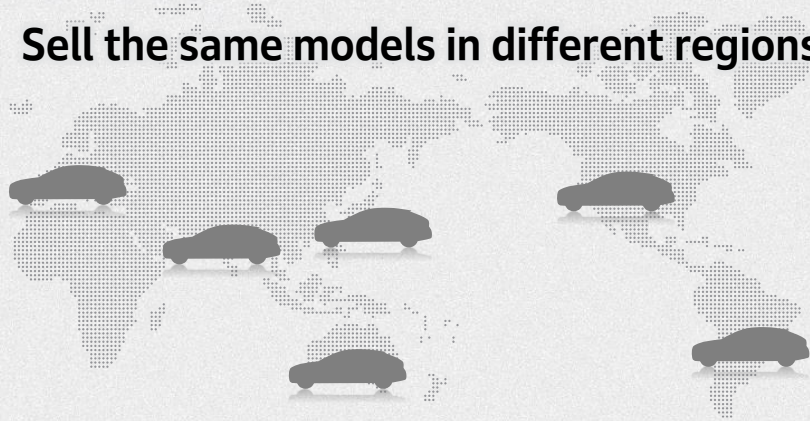
India

Current Honda product development approach

Development based on global standard
performance specifications



Sell the same models in different regions



Redefine the best specifications for India and pursue
an optimal balance of performance and price
that satisfies customers in India

Starting 2028



Category for vehicles under
4 meters in length



Mid-size category

Proactively utilize local development resources,
including external resources, and introduce new
models as quickly as possible.

India



Approx. **5.8** million units

FY ended March 31, 2026
Annual motorcycle unit sales in India



The price range of motorcycles is close to the price range of entry-level automobiles.

April 2026

Established a digital platform company,
Honda Digital Innovation India

Before the end of the current fiscal
year ending March 31, 2027

A captive finance company scheduled to begin operation,
Honda Finance India Private Ltd.

By leveraging the largest UIO (units-in-operation) among all Honda motorcycle operations, sales network and robust supply chain in India, Honda will strive to grow its business in India by effectively capturing demand from customers who are upgrading from motorcycles to automobiles.

China

**China
domestic
market**

**Reduce cost with the use of
locally sourced standardized
components**

- Utilize locally sourced next-generation technologies such as ADAS
- Introduce NEVs built on platforms provided by local partners

**ASEAN
and other
regions**

**Strengthen our products
and cost competitiveness
in ASEAN and other regions**

- Undertake initiatives to increase development efficiency within China, including utilization of standardized parts/components

Thorough strengthening of our manufacturing structure

Fundamental cost reduction

Cost of outsourced parts

Proactive utilization of standardized parts/components
+ Incorporating competitiveness of local businesses in China and India

Improve **cost structure** on a global basis

Thorough improvement of development efficiency

Reduce by 50%
Development timeframe

Reduce by 50%
Development cost

Reduce by 50%
Development workload

Achieve **“Triple Half”**: 50% reduction compared to 2025 level
through fundamental reassessment of engineering chain management

Establishment of a manufacturing structure resilient to changes in our business environment

Efficiently execute and allocate resource investments in new models and equipment

Increase efficiency and the speed of our work through the use of digital technologies.

Improve production efficiency by **approximately 20%**
over the next five years

Strategic utilization of external resources

Initiatives to increase competitiveness

Strategic leveraging of the cost competitiveness and speed of local business in China and India

Utilization of industry-standard components that meet Honda standards

Battery

Implement a battery procurement strategy with a focus on our competitiveness in North America with full utilization of L-H Battery facilities

Indefinite suspension of the project to build a comprehensive EV value chain in Canada

While working internally to further refine the core of Honda competitive advantages, we will proactively leverage external competitiveness and resources in areas that can increase our speed, flexibility and cost competitiveness, thereby strengthening the overall competitiveness of Honda.

Mid- to long-term vision and strategy

The Joy and Freedom of Mobility

Lay a solid technological groundwork while ensuring greater flexibility and a wider range of options, so that we will be well-prepared to meet demand when it emerges.

Understand market environment and demand trend of each

- EV/HEV powertrain options
- Carbon-neutral fuels
- Carbon offset technologies

Take a multi-faceted approach to achieving carbon neutrality

hardware

Continue laying the groundwork for the time when demand for EVs will expand again

Accelerate preparation for the introduction of EV hardware platform
Continue R&D for the advancement of next-gen batteries (liquid LiB/all-solid-state)

software

Flexible E&E Architecture that accelerates value creation

- Apply ASIMO OS to a wide range of Honda vehicles – from ICE to EV – so that we can increase the value of mobility through cross-domain integration.
- Adopt a “domain-based” architecture that can flexibly address changes in customer needs and market conditions, as well as the utilization of external resources.



2050



Carbon neutrality

Zero traffic collision fatalities

Responsibility of a comprehensive mobility company



Motorcycle business strategy

Global market share
(as of the FY ended March 31, 2026)

Approx. **40%**

Global motorcycle
unit sales
(FY ended March 31, 2026)

22.1 Million
units

Set all-time record for fiscal year unit sales
in 37 countries and territories

Industry-wide market size

Approx.
50 million units



Approx.
60 million units
Around 2030



- Introduce compelling products tailored to the diverse needs of our customers
- Efficient introduction of products/optimized production/supply structure

Motorcycle business strategy

India

Market share

(as of the FY ended March 31, 2026)

Approx.

28%

Motorcycle unit sales

(FY ended March 31, 2026)

Approx.

5.8 million units

100cc



125~160cc



Central and South America

Leverage resources in India/China

Introduce compelling products
and enhance sales network and services

125cc

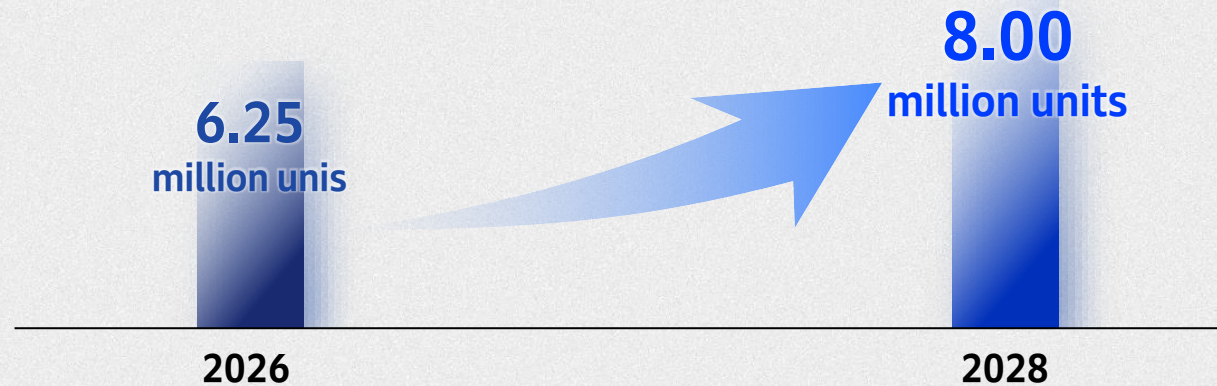


200cc



Motorcycle business strategy: Production operations

Increase overall production capacity in India



Continue to advance as a global export hub

In-house production of parts/modularization of chassis/
acceleration of local procurement

Increase exports to Central and South American countries,
such as Argentina

**Establish motorcycle supply structure in Indonesia, the Philippines,
and Brazil in anticipation of growing demand**

Motorcycle business strategy: Enhancement of product value

DCT

Dual Clutch Transmission



Honda E-Clutch



- Offer the “joy of riding” through the development of a wide range of original technologies
- Differentiate ourselves from emerging competitors by creating new value for customers using new and unique technologies of Honda

Motorcycle business strategy: Electric models

Vietnam



**Restrictions on gasoline models in city center:
Anticipate cases where the shift to electric
models progresses rapidly due to changes in
environmental regulations in each county**

India

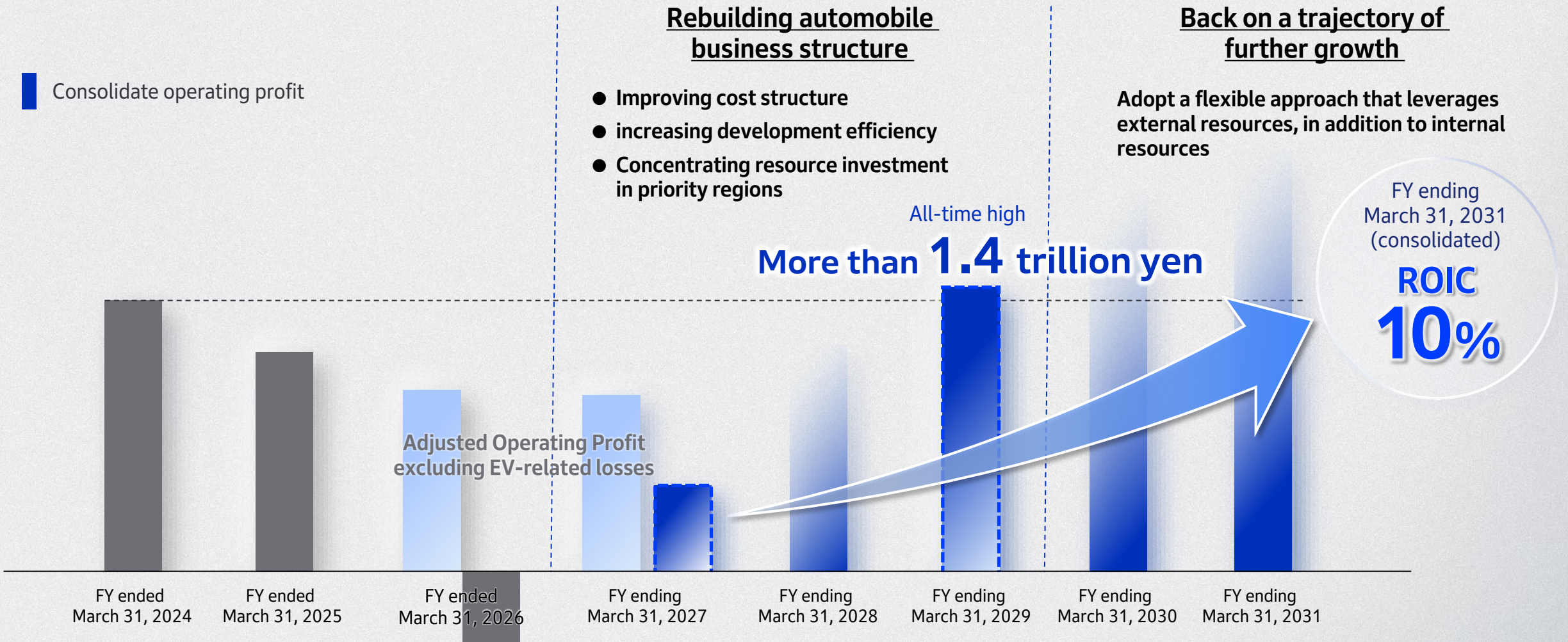


HMSI Third plant in Narasapura, Karnataka

- **Introduction of electric models tailored to local customer needs**
- **Planning to build a factory dedicated to production of electric models**

Continue to develop electric models, while also monitoring changes in the market environment and customer demand and taking a flexible and agile approach to product launches and establishment of production operations.

Consolidated financial forecasts



Rebuild automobile business structure in the next 3 years, and lay the foundation for sustainable growth thereafter

Capital allocation (consolidated)

- **Cash generation:** Generate more than 7 trillion yen in cash through structural improvements in automobile business
- **Resource allocation:** Shift more resources to HEVs to secure funding source for shareholder returns, while continuing to invest for future growth

FY ending March 31, 2027 – FY ending March 31, 2029

Cash generation

Due to controlled resource investment in EVs and improvement of the production operation structure, our automobile business will return to profitability, excluding EV-related losses.

*EV-related losses will be covered by cash on hand

Including profit from the growth of motorcycle business, we will strive to record all-time high operating profit of 1.4 trillion yen in the fiscal year ending March 31, 2029.

Operating cash flow after R&D adjustment

More than **7** trillion yen

Excluding EV-related losses

Investment in EV
0.8 trillion yen

Investment in software
1 trillion yen

Investment in ICE / HEV and others
4.4 trillion yen

Shareholder returns more than
0.8 trillion yen

Approach to resource investment in EV /Software

- **Investment in EV:** Continue investing for future growth, but at a controlled level
- **Investment in software:** Maintain the level of investment to expand applications for HEVs

Approach to resource investment in ICE / HEV

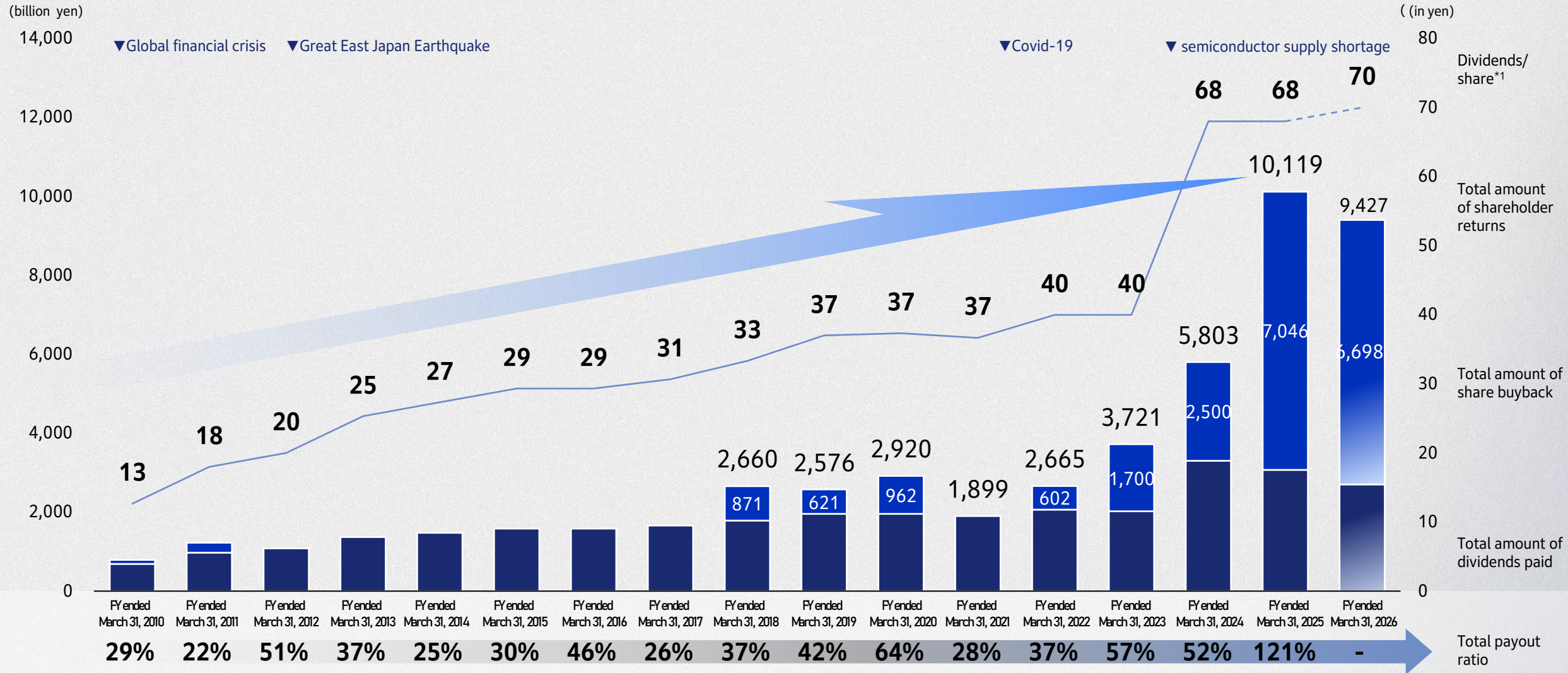
- Make strategic shift of resource allocation from EV to HEV to enhance HEV lineup, including D-segment models in North America
- Investment from FY ending March 31, 2030 onward will be decided flexibly based on market environment

Approach to shareholder returns

In addition to improving earnings of automobile business, Maintain DOE of 3%, solid cash generation capability of motorcycle and financial services business will be the funding source for stable and continuous shareholder return, maintaining DOE of 3%

Cash generation ► Resource allocation

Shareholder Returns



*1 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.

Pay dividends stably and continuously with target DOE of 3%.

Further advancement of corporate governance structure

Reassess corporate governance structure and accelerate its advancement in order to ensure steady execution of each business strategy, as well as bold and transparent decision-making necessary for strategy execution.

	Current		New
Composition of the Board of Directors	Outside directors: half	▶	Outside directors: majority
Chairperson of the Board	Internal director concurrently serving as executive officer	▶	Outside director
Composition of Nominating Committee and Compensation Committee	Outside directors: majority	▶	Outside directors: all

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HONDA
The Power of Dreams

How we move you.
CREATE ► TRANSCEND, AUGMENT