Honda Report 2025

HONDA

What drives your dreams?

HONDA
The Power of Dreams

How we move you.
CREATE ▸ TRANSCEND, AUGMENT

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Key Points of Honda Report

Value Creation Story

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.

Priority Issues and Materiality

Based on our vision and the value we provide, as well as changes in the surrounding environment, we set our priority issues and materiality requiring particular focus going forward, along with associated medium- to long-term goals on a five-year cycle. We also regularly monitor the progress of goals and their associated initiatives on an annual basis, ensuring steady execution.

Business Strategies

Honda operates diverse 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 are formulating growth strategies leveraging strengths unique to Honda and working as one from management to the front lines.

Efforts Toward the Future

As a comprehensive mobility company, Honda will continue to take on challenges to deliver the values of "enabling people to transcend constraints of time and space" and "augmenting their abilities and possibilities."

Financial and Digital Strategies

Honda will strive to enhance corporate value by focusing on strategic resource allocation over the medium to long term, strengthening management with an awareness of capital costs, and improving management quality and transparency through proactive dialogue.
We will also strengthen our global initiatives in the digital domain to accelerate our corporate transformation.

Governance

Honda strives to enhance the trust of all stakeholders and achieve sustainable growth and increased corporate value through prompt, decisive, and risk-conscious decision-making. To remain a company that the world values and looks to with expectations, we are committed to strengthening our governance.

CEO Message

Believing in our "power of dreams," we will create the joy and freedom of mobility by taking on the challenge of advancing mobility with our original technologies and ideas.

Director,
President and Representative Executive Officer
Chief Executive Officer

Toshihiro Mibe

Unwavering Passion Since Our Founding

Since its founding, Honda has always been a company that is driven by its own dreams and continues to grow by taking on challenges that others deemed impossible, while cherishing its unwavering passion, original technologies and ideas.

Shortly after World War II, when bicycles were the primary means of transportation for people in Japan, our founder, Soichiro Honda, commercialized auxiliary engines to power bicycles, with the desire to use technology to help people. Initially, he used generator engines that had been designed to power wireless radios for the army, but he soon began pursuing originality and took on the challenge of developing his own engine. This led to the launch of Honda's first product, the Honda A-type auxiliary bicycle engine, which achieved remarkable success.

Amid fierce competition against other motorcycle OEMs with greater capital and scale, Honda embraced an ambitious dream from the very beginning—to become the world's number one motorcycle OEM. Just five years after its founding, Honda declared its entry in the Isle of Man TT Races, which was the world's most prestigious motorcycle race at the time. Despite the initial shock of realizing how far behind its racing technology was compared to the rest of the world, Honda never gave up and continued to take on challenges. Then, in third year, Honda finally won the race outright and took the top five spots in both the 125 cc and 250 cc classes and proved to be number one in the world.

What we have learned from this story from the founding period is the importance of having dreams and working relentlessly to make them a reality. In other words, if we believe in our dreams and keep working hard, nothing is impossible. Today, our motorcycle business has grown into the most chosen brand by customers around the world. I believe this success was the result of relentless research, efforts and challenges taken on by many passionate associates who joined Honda while being resonated with the founder's dream.

As this history tells us, Honda is a group of individuals who truly believe in the power we gain from our dreams. At Honda, we believe that "The Power of Dreams" is more important than anything else for us to continue to be a company society wants to exist into the future.

Future Honda Vision

Driven by our dreams, Honda is striving to further advance mobility products and services with our original technologies and ideas. By doing so, Honda aspires to be a comprehensive mobility company which will play a leading role in society which will only be better in the future.

Since people have expanded their living areas through mobility, and the desire to "go to places farther, faster and more freely" is a fundamental desire of all people, we believe mobility is an essential element of our society. That is why we are striving to be a company that continues to advance mobility products and services with our own technologies and ideas.

In 2023, we redefined our Global Brand Slogan—The Power of Dreams. While embracing our own dreams as the starting point, Honda will create the essential value of mobility: enabling people to "transcend" constraints and "augment" possibilities. Then, such mobility products and services Honda creates will become the driving force for people who are taking steps toward their own dreams. Furthermore, the power of dreams of such people who took steps forward will spread and create new connections, resulting in an expanse of dreams throughout society. As a result of such a ripple effect, we want to make society a better place. That is our desire represented by our brand slogan.

Honda Commitment to Creating Original Technologies

Various companies and stakeholders have told me: "Honda is a company that takes pride in its original technology." Indeed, since its founding, Honda has a strong commitment to creating value for our customers through our original technologies and ideas. Needless to say, in order to come up with solutions to complex challenges, it is important to co-create new value with many partners who have expertise Honda does not possess, and we are currently strengthening our collaborative initiatives. Nevertheless, we believe that such collaboration is unlikely to succeed unless we have a solid base with our own original technologies and ideas.

From this perspective, having a corporate culture that continuously nurtures original technologies and ideas is essential.

Honda has a diverse range of talented associates who share the same strong desire to further advance mobility products and services to make society a better place. Such associates are passionately taking on continuous challenges to create new value for our customers while embodying a unique Honda culture, represented by Waigaya (Y-gaya), to delve deeper into the very essence of things. This involves engaging in ongoing exchanges of opinions based on their respective competencies and unique individual qualities. This corporate culture we have inherited since the founding will continue to be a precious asset for Honda, and we are committed to cherishing it forever.

Mission of Honda as a Comprehensive Mobility Company

In order to offer the "joy and freedom of mobility" to people around the world in a sustainable manner, we believe it is important to pursue the creation of mobility products and services that have no negative impact on people and society. Based on this belief, Honda has been sincerely facing and striving to address the two major societal challenges—environment and safety—as a responsibility of mobility companies.

For example, regarding environmental responsibility, Honda not only developed the CVCC engine—the world's first engine to comply with standards set forth in the 1970 U.S. Clean Air Act (the Muskie Act), which were considered the most stringent emissions regulations of the time—but also offered our CVCC technology to other automakers, making a significant contribution to reducing air pollution caused by motorization.

Regarding responsibility for safety, even before the public became widely concerned with automobile safety, Honda persistently pursued research on airbags. This included developing the first driver-side SRS airbag system installed in any Japan-built automobile product and the first upward-deploying front passenger airbag and openly shared the technology. This significantly contributed to the subsequent widespread adoption of airbags.

Our sincere commitment to addressing environmental and safety issues will remain steadfast. Honda is currently working toward two 2050 targets: 1) to realize 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. We are aware that we have set very ambitious targets and we will face a number of difficult challenges to achieve them. However, as long as Honda aspires to contribute to society as a mobility company, we absolutely must address these societal issues.

Honda has long been at the forefront of the times in striving to establish environmental and safety technologies and in promoting safe driving/riding around the world. Moving forward, we believe it is important to elevate these initiatives from independent efforts of Honda to the collective efforts of society as a whole. Unless someone sets forth a vision and takes action toward the future, nothing will begin and nothing will change. Honda will strive to offer the "joy and freedom of mobility" in a sustainable manner by working together with many companies and organizations, transcending the boundaries of individual companies and industries.

Growth Strategy in Light of Current Business Environment

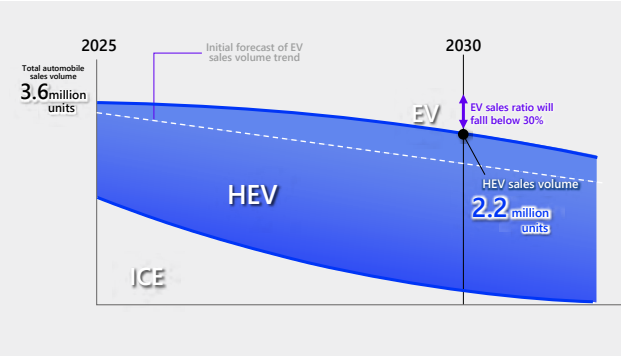
Turning to the current situation, the future outlook for the automobile business is becoming increasingly uncertain due to factors such as a slowdown in the momentum of the electric vehicle (EV) market caused mainly by changes in environmental regulations and changes in trade policy trends.

Given the present circumstances, as announced at the 2025 Honda Business Briefing held in May 2025, we decided to realign our automobile electrification strategy.

In light of the prediction that the full-scale popularization of EVs will take time, we will position our highly competitive HEVs at the core of our strategy. Specifically, we will work to 1) further enhance the competitiveness of our EV and HEV models with the core focus on application of intelligent technologies and 2) strengthen our business foundation through a reassessment of the powertrain portfolio.

Intelligent technologies will enable a dramatic expansion of the potential of mobility products and services. In this increasingly competitive business environment, creation of new value for the customer through the enhanced application of intelligent technologies will become a crucial factor in differentiating ourselves from our competitors. Based on this belief, we will put primary focus on adopting our independently developed next-generation Advanced Driver Assistance System (ADAS) not only to EVs but also to increasingly popular HEVs, starting around 2027. By doing so, we will leverage the scale of sales to achieve both high competitiveness and low cost, and strive to offer a high value-added "joy of mobility" for our customers.

Along with this strategy realignment, we have reassessed our resource investments, including the postponement of the project to establish a comprehensive EV value chain in Canada. The Honda global EV sales ratio in 2030 is now expected to be 20%, lower than the previously announced target of 30%. Nevertheless, Honda will remain fully committed to its initiatives to offer the "joy and freedom of mobility" in a sustainable manner without changing the goal to achieve carbon neutrality and zero traffic collision fatalities by 2050.



We are capable of rearranging multiple solutions and realigning our strategy quickly and flexibly because we had taken a forward-looking approach to fundamental research and

technology development and developed core technologies in-house for ICE, HEV, BEV and FCEV models.

By staying ahead of changes and placing importance on our fundamental research and technological development, we have built a resilient business structure which will enable Honda to address changes happening in our business environment and make timely management decisions. That is one of the strengths of Honda.

Toward the Realization of Our Dreams

With our mobility products and services, Honda will strive to offer the "joy and freedom of mobility" to all people in a sustainable manner, and we will play a leading role in making our society a better place by further advancing mobility products and services. We believe this is our "reason to exist" as a comprehensive mobility company.

Honda is currently delivering various products and services to 28 million customers a year, and we envision that our products and services that create and offer the joy and freedom of mobility to people will continue to advance beyond our current motorcycles, automobiles, power products and aircraft, as people's desire to go places and the range of activities expand in the future. Honda wants to lead such advancement of mobility not only for mobility on land, but in the ocean, in the skies, and even in outer space. My dream is to realize a world where all types of mobility products wearing the Honda brand go across all areas of mobility and all people enjoy the freedom of mobility. In June of this year, we announced the successful completion of a launch and landing test of a Honda rocket. It is still in the fundamental research phase, but we will continue working on it while believing in "The Power of Dreams" in order to expand the lineup of our future mobility products.

As mentioned earlier, driven by the power we have gained from a wide range of dreams, Honda has continuously taken on challenges and overcome seemingly impossible obstacles. This Honda DNA, inherited from our company founder, continues to be passed down vibrantly to each and every one of us at Honda, even today. While addressing the two major societal challenges of the environment and safety, as a comprehensive mobility company, Honda wants to offer a broad range of mobility products and services that offer the value of enabling people to "transcend various constraints such as time and space," and "augment their abilities and possibilities." We may face a number of difficulties in the process of pursuing our desire. However, Honda will continue taking on challenges while keeping strong faith in the power of our dreams, maintaining our unwavering passion, working together with those who are inspired by our dreams and fully demonstrating our original ideas and technologies.

Starting next year, another activity driven by the power of our dreams will begin once again. As our founder Soichiro Honda took on the challenge to compete in the world's most prestigious motorcycle race at the time to prove out the true technological strength of Honda, we will make our return to the FIA Formula One (F1) World Championship. Even in this era of electrification, we hold fast to our desire for Honda power units to be number one in the world. With this passion in our hearts, we will push the limits of technology toward carbon neutrality and, through victories, share inspirational experiences with many Honda and motorsports fans around the world. Please keep your expectations high for the challenges Honda takes on in the coming years.

Value Creation Process

INPUT
Sources of Value Creation by Numbers
➡See p. 7

Recognition of the External Environment

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

Honda Philosophy
➡See p. 6

Dreams

Original technologies and ideas

Driven by the power of each individual's dreams

Focus Areas
Electrification and Intelligence of Mobility

- Intelligence
- Resource Circulation
- Energy Management System
- Carbon Neutrality of Power Units

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

Automobiles
➡See p. 44

Motorcycles
➡See p. 37

Power Products
➡See p. 52

Aircraft

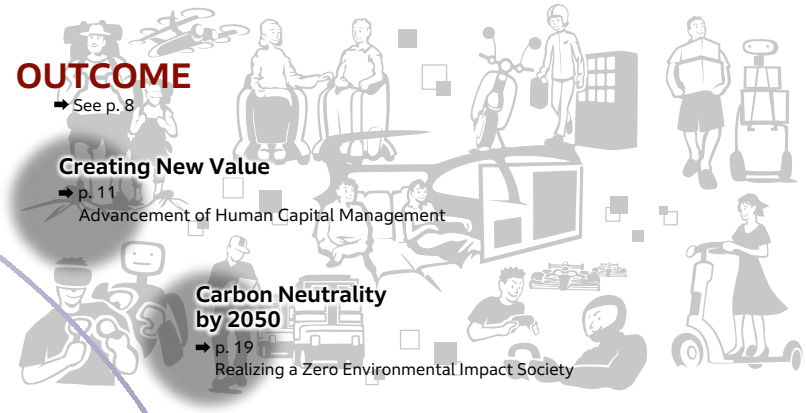
Efforts Toward the Future
➡See p. 56

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
➡See p. 8



Creating New Value
➡p. 11
Advancement of Human Capital Management

Carbon Neutrality by 2050
➡p. 19
Realizing a Zero Environmental Impact Society

Zero Traffic Collision Fatalities by 2050
➡p. 25
Realizing a Zero Traffic Collision Society

Acquisition of Core Technologies
➡p. 29
Creating Innovative Technologies

Establishment of a Brand That Inspires Empathy and Resonance
➡p. 32
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

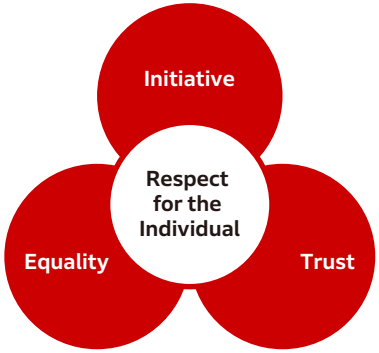
HONDA
The Power of Dreams

How we move you.
CREATE ▸ TRANSCEND, AUGMENT

Honda Philosophy

Fundamental Beliefs

Respect for the Individual

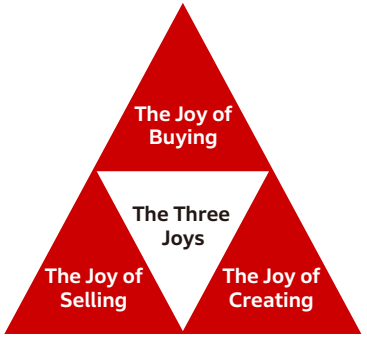


Initiative : Initiative means not to be bound by preconceived ideas, but to think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of those actions.

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, sex, age, religion, national origin, educational background, and social or economic status have 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

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.**

Sources of Value Creation by Numbers

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

Net cash (excluding financial services)
3.2 tn YEN
(At end of FYE Mar. 31, 2025)

Total capital
12.6 tn YEN
(At end of FYE Mar. 31, 2025)

Interest-bearing debt (excluding financial services*1)
0.6 tn YEN
(At end of FYE Mar. 31, 2025)

*1 Including 1.75 billion USD Green Bond issue

Human Capital
Support for individual and organizational growth that leads to value creation

Number of associates
Consolidated
194,173 associates

Non-consolidated
32,088 associates
(Number of associates at end of FYE Mar. 31, 2025)

Manufacturing Capital
Evolution of production system to achieve high product appeal

Number of product assembly sites
75 sites
(At end of FYE Mar. 31, 2025)

Capital investment*2
537.4 bn YEN
(At end of FYE Mar. 31, 2025)
*2 Capital investment for the introduction of new models, expansion, rationalization, renewal of production facilities, and expansion of sales and R&D facilities, etc.

Intellectual Capital
Enhancing the technological innovation capability to create compelling products and services

R&D expenses
1,210.6 bn YEN
(FYE Mar. 31, 2025 results)

Number of domestic and overseas patents*3
More than 37,000 patents
(At end of FYE Mar. 31, 2025)
*3 Number of registered patents both domestically and internationally (excluding pending applications)

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

Energy input
Direct
18,300 TJ

Indirect
22,100 TJ
(FYE Mar. 31, 2025)

Resource input
Water withdrawal
30,200 km³
(FYE Mar. 31, 2025)

Social and Relationship Capital
Deepen and expand relationships of trust and cooperation with stakeholders

Number of group companies
357 companies
(including 284 consolidated subsidiaries and 73 affiliates accounted for under the equity method)
(At end of FYE Mar. 31, 2025)

Brand value*4
26,705 m USD
(2024)

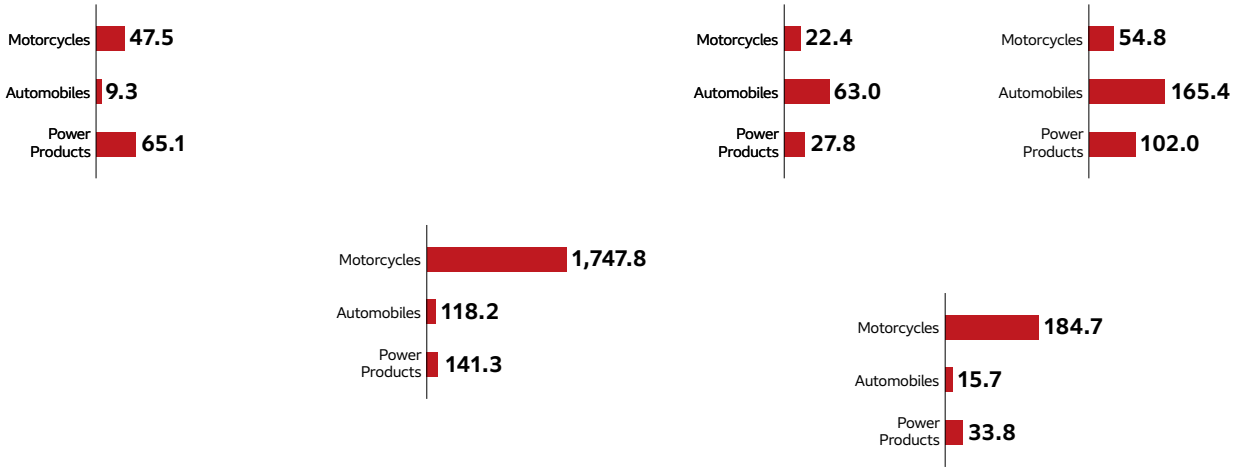
Best Global Brands 2024 Automotive*4
5th in the world
(2024)
*4 According to Interbrand research

Global Sales Figures for FYE Mar. 31, 2025 (10 thousand units)

2,798.8

Motorcycles
2,057.2
+
Automobiles
371.6
+
Power Products
370.0

Unit Sales in Major Markets (10 thousand units)



Concept for Forming Management Indicators

Bringing Our Vision and Value Proposition to Life

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. Each person working at Honda use these as a guiding principle to move forward in the same direction with full effort. From this perspective, we define the areas we will particularly focus on in the future, and in relation to these areas, organize the "priority issues" and "materiality," as well as the indicators and targets linked to them. These are based on our clearly defined "vision" and "value proposition" through the redefinition of our Global Brand Slogan, as well as the rapid changes in the business environment surrounding Honda, which enhances the effectiveness and speed of our initiatives.

In the materiality identification process, we first comprehensively extract societal issues from the perspective of sustainability, prioritize them in line with Honda's direction, and then identify areas to focus on to determine the "priority issues." Specifically, we identify five areas: "environment" and "safety," as well as "people" and "technology," which are the driving forces behind Honda's growth, and "brand," which can be considered the sum of all corporate activities. By linking initiatives in these nonfinancial areas with our financial strategy, we aim to create social and economic value.

In addition, in terms of non-financial indicators, Honda is clarifying its focus areas toward its "vision" by defining the materiality that should be addressed under each theme.

Next, to achieve these materialities, we need to establish strategies and allocate resources from a medium- to long-term perspective, even under a rapidly changing and highly uncertain environment, without being overly fixated on short-term fluctuations. From this viewpoint, we set medium- to long-term targets over five- and ten-year spans, clearly defining the milestones to be achieved in each phase as KGI and KPI targets for the Fiscal Years Ending March 31, 2026 and 2031. Management members regularly monitor the progress of these management indicators and targets linked to the "priority issues" and "materiality," as well as the measures connected to them, on an annual basis to strengthen our management governance. Additionally, we will continue to regularly review these priority issues and materialities in light of changes in the external environment and business conditions.

Honda will continue to swiftly implement effective initiatives toward achieving materiality, realizing our "vision" and "value proposition."

Materiality Identification Process

STEP 1	STEP 2	STEP 3	STEP 4
Comprehensively extract societal issues from the perspective of sustainability	**Prioritize them in line with Honda's direction and select the "priority issues"**	**Set "materiality" and "management indicators and targets" for each priority issue**	**Establish measures and initiatives to achieve materiality**
Extract societal issues comprehensively based on the SDGs, disclosure standards such as GRI and SASB, and questions from external evaluations such as the Dow Jones Sustainability Indices (DJSI)	Identify priority areas for addressing the societal issues extracted in STEP 1 in line with Honda's direction of "create the joy and freedom of mobility" and determine the "priority issues"	Define the particularly focused issues for each priority issue as "materiality" and set "indicators and targets" to measure the level of achievement	Develop concrete measures and initiatives aimed at achieving the targets set for each materiality

Concept for Forming Management Indicators

Honda's Management System for Creating Corporate Value

Honda has identified priority issues that it must focus on in order to achieve its ambitious goals for 2050 to realize its vision. Based on them, it sets long-term goals looking 10 years ahead every five years, while also setting annual goals and formulating, executing, and evaluating strategies each year. In the past, Honda formulated and operated on three-year medium- term goals. However, with the shift to the current management approach, Honda is now able to both pursue long-term objectives even in a highly uncertain business environment and, at the same time, respond to immediate changes in the business environment with agility and flexibility.

Concept for Forming Management Indicators

Identifying Priority Issues and Materiality / Setting the Corresponding Company-Wide Indicators and Targets

Priority Issues	Materiality	KGI/KPI*1	Management Indicators (KGI*1)	Category*2	Results*3		Targets*3		Reference page
					Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2025	Fiscal Year Ending March 31, 2026	Fiscal Year Ending March 31, 2031	
Economic Value Enhancement	• Improvement of capital efficiency • Sustainable growth of cash flows	KGI	ROIC	Consolidated	9.1%	6.7%	-	10% or higher	P. 62 ➡ Financial Strategy
			ROS	Consolidated	6.8%	5.6%	2.5% or higher	-	
Evolution of Human Resource Management	• Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals • Ensuring both the quantity and quality sufficiency of human resources in business focus areas	KGI	Associate engagement score (positive response rate)	Consolidated*4	Japan: 40%	Japan: 46%	Consolidated: 60% or higher	Consolidated: 65% or higher	P. 11 ➡ Advancement of Human Capital Management
		KPI	Inclusion Score 〈New〉	Consolidated	-	3.67 points (5-point scale)	(Confidential)	(Confidential)	
			Ratio of Female Managers (compared to FYE Mar. 31, 2021)	Japan	1.4 times	1.7 times	2.1 times	4.0 times	
			Focus Area: Personnel Fulfillment Rate (Annual Fulfillment Rate)	Consolidated	-	97%	100%	100%	
			Focus Area: Personnel Development Investment	Consolidated	-	(Confidential)	Globally top level	Globally top level	
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	37.7%	47.5%	(Confidential)	46%	P. 19 ➡ Realizing a Zero Environmental Impact Society
			Total CO_2 emissions from products	Consolidated	212.2 million t-CO_2e	232.2 million t-CO_2e	(Confidential)	(Confidential)	
			Reduction rate of industrial water withdrawal 〈New〉 (compared to FYE Mar. 31, 2020)	Consolidated	-	-	-	12%	
			Reduction rate of industrial waste (incineration and landfill disposal) 〈New〉 (compared to FYE Mar. 31, 2020)	Consolidated	-	-	-	20%	
		KPI	Electric product sales ratio	Motorcycles	0.30%	0.58%	(Confidential)	7%	
				Automobiles	0.51%	2.14%	(Confidential)	20%	
				Power products	1.27%	1.21%	(Confidential)	26%	
			Reduction rate of product CO_2 emissions per unit (compared to FYE Mar. 31, 2020)	Motorcycles	5.4%	3.1%	(Confidential)	15%	
				Automobiles	1.1%	3.5%	(Confidential)	27.2%	
				Power products	2.8%	12.5%	(Confidential)	13.4%	
			Usage rate of recycled and biomass materials 〈New〉	Motorcycles	-	-	-	30% of motorcycles produced in Japan, for Europe market	
				Automobiles	-	-	-	30% in EVs produced in North America and 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	(Confidential)	(Confidential)	(Confidential)	(Confidential)	P. 25 ➡ Realizing a Zero Traffic Collision Society
		KPI	Advanced safety equipment application rate	Motorcycles (emerging countries)	85%	88%	(Confidential)	100%	
				Automobiles (developed countries)	94%	96%/1% (360*5)	(Confidential)	100%/100% (360*5)	
				Automobiles (emerging countries)	60%	61%	(Confidential)	100%	
Creating Innovative Technologies	• Establishing competitive advantage in focus areas	KPI	Ability to create intellectual property	Consolidated	(Confidential)	(Confidential)	(Confidential)	(Confidential)	P. 29 ➡ Creating Innovative Technologies
Brand Value Enhancement	• Enhancement of consistent brand management	KGI	Brand value (Interbrand research) (compared to FYE Mar. 31, 2022)	Consolidated	1.2 times	1.3 times	(Confidential)	(Confidential)	P. 32 ➡ Brand Value Enhancement

*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." Please refer to page 26 for further details.

Advancement of Human Capital Management

Each individual who generates the power of dreams respects each other's unique personalities and strengths. We fully unleash our individual potential and harness our collective strength as a company.

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

Consistent Pursuit of "Respect for the Individual" Since the Founding of Honda

Driven by our dreams, Honda has continued to take on challenges with original technologies and ideas, delivering a wide range of products and services to our customers. We believe Honda was able to grow because so many customers purchased our products and shared the joy as they identified with the Honda corporate spirit. Another driving force behind this growth was the leadership of our founders, Soichiro Honda and Takeo Fujisawa. The most valuable legacy they left us is our corporate philosophy—the Honda Philosophy—which has always been the foundation guiding the actions of each and every one of us working at Honda.

The Fundamental Beliefs of Honda Philosophy, include "Respect for the Individual." Honda believes that the human being is born as a free and unique individual with the capacity to think, reason and create—and the ability to dream." Based on this view of people, "Respect for the Individual" calls on us to nurture and promote these characteristics in our company by respecting individual differences and trusting each other as equal partners, built on the three pillars of "Initiative, Equality and Trust, " and a commitment to apply our fullest capabilities in order to share joy with one another. Based on "Respect for the Individual," Honda has a longstanding commitment to three principles of our human resources policy—self-reliance, fairness and mutual trust. Guided by these principles, we have been working to establish a workplace environment where each and every member of Honda can enhance their motivation and abilities and demonstrate their competence with energy and enthusiasm.

As of today, approximately 190,000 associates are working at Honda around the world. Our vision for the future is to demonstrate the collective strengths of Honda by ensuring equal opportunity for each and every one of us, respecting diverse personalities and unique strengths, and fully leveraging our respective individuality. To this end, we are going to roll out various initiatives to promote inclusion.

Human Resource Strategy to Support the Advancement of Honda

Honda is striving to be a comprehensive mobility company that keeps advancing mobility products and services and plays a lead role in making our society a better place. To continue offering the joy and freedom of mobility into the future, in the long term, we are working toward application of electrification and intelligent technologies to various businesses and products. As Honda undergoes major business transformation, our people and organizations must also transform accordingly. Given the rapid changes taking place in society, self-motivated career development and continuous self-growth are becoming increasingly important. We believe it is essential to provide an environment where people with aspirations can make use of Honda as a platform to build their own careers and realize personal growth. Therefore, it is important for us to 1) envision a talent portfolio aligned with the future vision of Honda, as well as the management and business strategies derived from the vision and 2) strengthen our initiatives to secure the necessary human resources at the optimal timing.

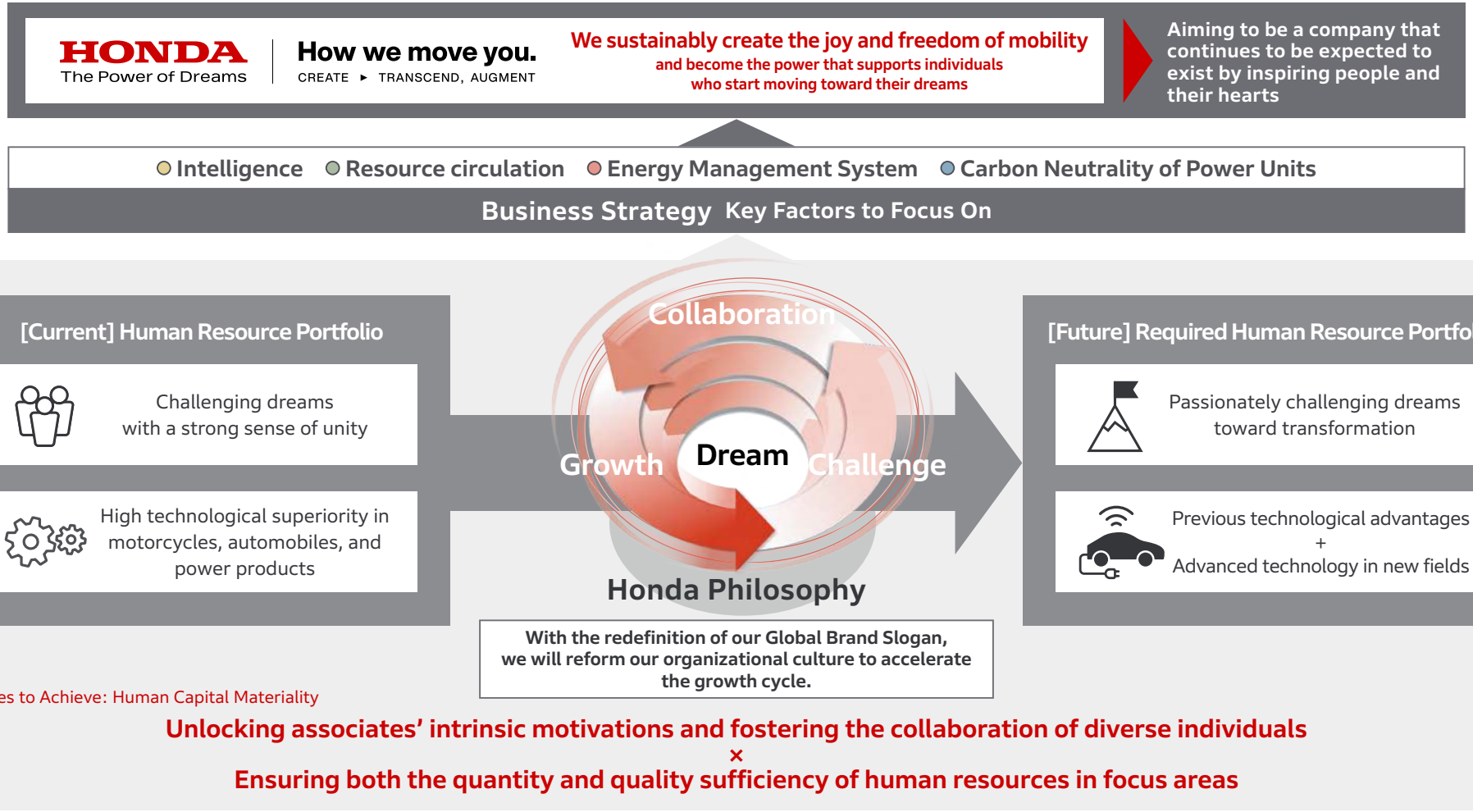
Human Resource Materialities for the Enhancement of Corporate Value

Honda has identified two materialities related to human resource strategy and human capital management. The first is to stimulate the intrinsic motivation of associates and integrate diverse individualities from a mid- to long-term perspective. We will accelerate the creation of a work environment where every Honda associate can fully demonstrate their abilities in pursuit of their dreams. At the same time, to achieve further innovation, we will thoroughly implement changes to fulfill Honda corporate culture to raise the overall energy of the company and a merit-based principle in human resource utilization as well as associate compensation and treatment. The second materiality is the short to mid-term quantitative and qualitative fulfillment of human resource requirements in key business focus areas. In order to build a future talent portfolio based on backcasting from the business strategy goals, we are making progress in visualizing our global human resource needs. Especially in the area of enhanced application of intelligent technologies and electrification, we are working to ensure prompt recruitment of the necessary talent in key focus areas such as software and batteries while also working to enhance the knowledge and skills required of each associate. For these two materialities, we have set quantitative targets as KPIs and conduct regular monitoring by management members.

Based on the Honda Philosophy, our shared set of values, we will continue to implement various initiatives to create enhanced opportunities and work environments so that Honda continues to be a place where passionate associates come together, and diverse associates can shine by taking on challenges while being driven by their own dreams.

Honda's Human Capital Management

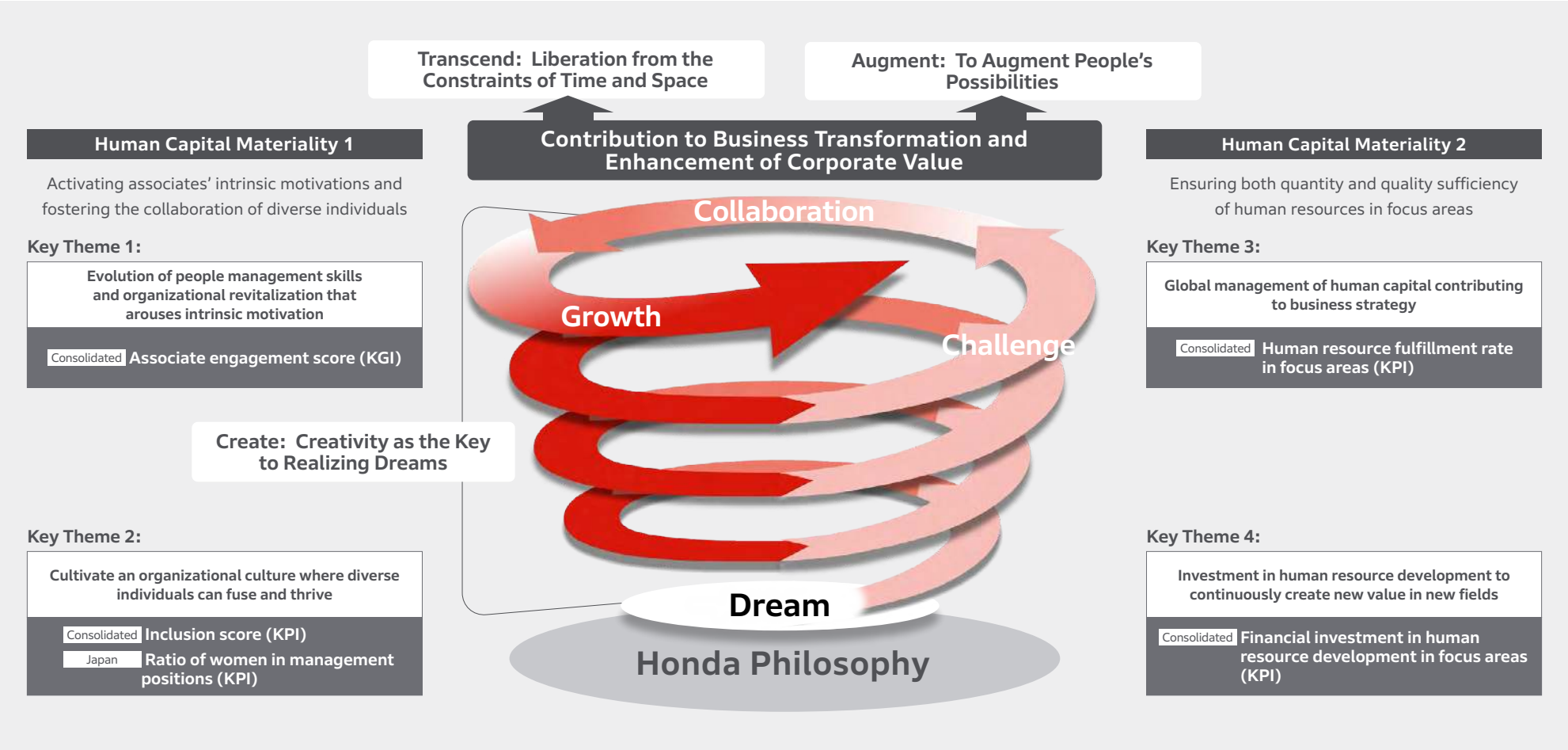
Honda's human capital management involves building a talent portfolio that will be needed in the future by backcasting from the destination of its business strategies, with the aim of sustainably creating the joy and freedom of mobility and becoming the power that supports individuals who start moving toward their dreams as our company-wide policy. Using the power of dreams and speed as our winning strategies, we will drive transformation in our people and organization through a cycle of challenge, integration, and growth based on the Honda Philosophy. To achieve this, we have set two human resource materialities: "unlocking associates' intrinsic motivation and fostering the collaboration of diverse individuals" from a medium-to long -term perspective, and "ensuring both the quantity and quality sufficiency of human resources in business focus areas" from a short- to medium- to long- term perspective.



Building an organization that takes on challenges, integrates, and grows toward creating new value

In this period of transformation in mobility, which could be called Honda's "second founding," we believe that in order for Honda to remain a company that the world values and looks to with expectations, it is necessary to create value that is driven by the dreams of each individual. While cherishing the Honda Philosophy, we will rapidly execute a cycle of challenge, integration, and growth, and by maximizing the creativity of each individual, we will contribute to business transformation and the improvement of corporate value.

Specifically, we have defined four key themes linked to human resource materiality, established management indicators (KGIs and KPIs) to be achieved for each, and set targets for the Fiscal Year Ending March 31, 2026 and 2031. Furthermore, since April 2024, we have established an advisory body to the Executive Council called the People and Organization Committee to consider important issues related to people and organizations, further strengthening the link between management strategy, business strategy, and human resource strategy.



Management Indicators for Achieving Human Resource Materiality

For human resource materiality, we have defined the initiatives and management indicators (KGIs and KPIs) that must be prioritized, and are executing them toward achievement. In addition, progress on each indicator is monitored at the management level on a quarterly basis, establishing a framework for timely decision-making grounded in quantitative evidence.

Human Resource Materiality	Goals	KGI/KPI
Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals	Highly motivated and driven by goals, with supervisors actively supporting them in taking on challenges	Associate engagement score
	Synergy is optimized through the collaboration of diverse knowledge	Inclusion score/ Ratio of women in management positions
Ensuring both the quantity and quality sufficiency of human resources in business focus areas	There are sufficient human resources in the focus areas	Human resource fulfillment rate in focus areas
	Resources are proactively invested in the development of human resources	Financial investment in human resource development in focus areas

Management Indicators and Targets

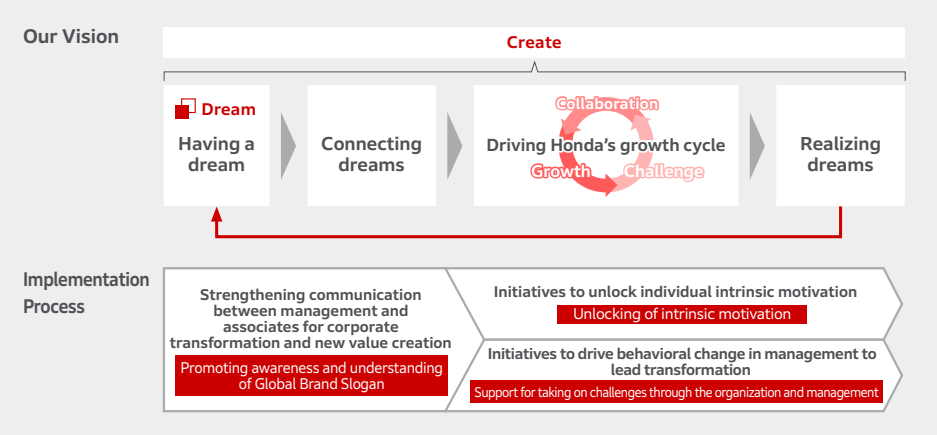
Priority Issues	Materiality	KGI/KPI	Management Indicators	Category*1	Targets	
					Fiscal Year Ending March 31, 2026	Fiscal Year Ending March 31, 2031
Evolution of Human Resource Management	• Unlocking associates' intrinsic motivations and fostering the collaboration of diverse individuals • Ensuring both the quantity and quality sufficiency of human resources in business focus areas	KGI	Associate engagement score (positive response rate)	Consolidated*2	Consolidated: 60% or higher	Consolidated: 65% or higher
		KPI	Inclusion Score 〈New〉	Consolidated	(Confidential)	(Confidential)
			Ratio of Female Managers (compared to FYE Mar. 31, 2021)	Japan	2.1 times	4.0 times
			Focus Area: Personnel Fulfillment Rate (Annual Fulfillment Rate)	Consolidated	100%	100%
			Focus Area: Personnel Development Investment	Consolidated	Globally top level	Globally top level

*1 For certain indicators, the applicable companies differ.
*2 Indicators that until the fiscal year ended March 2025 applied only to Japan have been expanded to cover the entire company, including overseas, from the fiscal year ending March 2026.

Unlocking associates' Intrinsic Motivations and Fostering the Collaboration of Diverse Individuals

Among the key themes of the aforementioned human resource materiality, we will introduce some of our efforts in Key Theme 1: Evolution of people management skills to activate intrinsic motivation and revitalizing organizations.

We are carrying out initiatives to unlock the intrinsic motivation of each person and encourage them to take on challenges, in order to transform into individuals and organizations that embody the power of dreams and speed as winning strengths. We are also strengthening support from superiors and the organization to achieve these goals with a sense of speed.



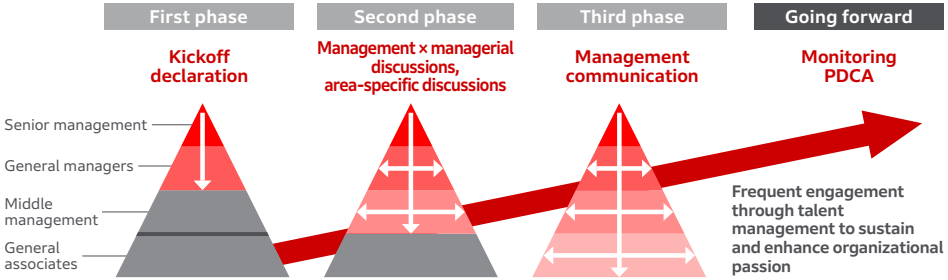
Efforts at Engaging Associates and Embodying Corporate Culture to Raise Company-Wide Passion for Continuously Creating Overwhelming Differentiation

The mobility industry is currently undergoing unprecedented change with unprecedented speed and complexity. Even in these times, for Honda to continue to be needed by society, it is essential that we keep creating surprises and excitement that make customers say, "That's Honda." The driving force behind this is people, and the actions of each and every person who embodies the Honda Philosophy are the true source of Honda's uniqueness. To further raise the passion across the company that continues to create this difference, we are working on engaging associates and embodying corporate culture.

This initiative is being carried out in stages, starting under the leadership of senior management leaders and instilled through "Waigaya (Y-gaya)" discussions with general managers. It has since been expanded to middle management and then to the general associate level, with communications also delivered directly from top management. Going forward, we will continue monitoring through fixed-point observations and pursue the PDCA cycle in human resource management. In some divisions, on-the-ground practices are already underway, such as messages from senior management leaders, roundtable discussions, more frequent one-on-one meetings, and enhanced internal communications.

In promoting changes in order to fulfill corporate culture, we aim to build a relationship in which each individual sets goals aligned with their role, engages autonomously, and is supported and encouraged in those challenges by management. To broaden this movement, we established "Honda 6 ACTIONS for Change" as the required behavioral principles for embodying our corporate philosophy. This serves as a guide for reflecting on daily actions and linking them to practical implementation.

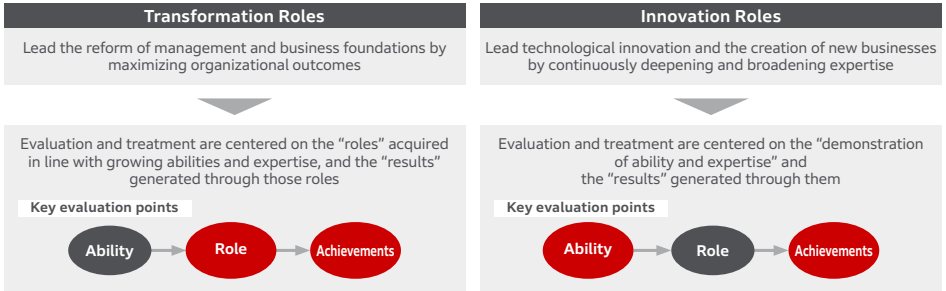
Going forward, we will share initiatives across divisions, establish mechanisms to respond at the management, institutional, and company-wide levels as needed, and plan to expand these efforts globally.



HR System Reforms to Accelerate the Cycle of Challenge, Integration, and Growth

In the Fiscal Year Ended March 31, 2025, we revised the personnel system for managers and, beginning in June 2025, launched it as a system designed to reward those who lead transformation, regardless of age or years of experience. Under this framework, managers are expected to embody challenge, integration, and growth themselves, while continually driving transformation by supporting their members, thereby advancing organizational reform and technological innovation in parallel.

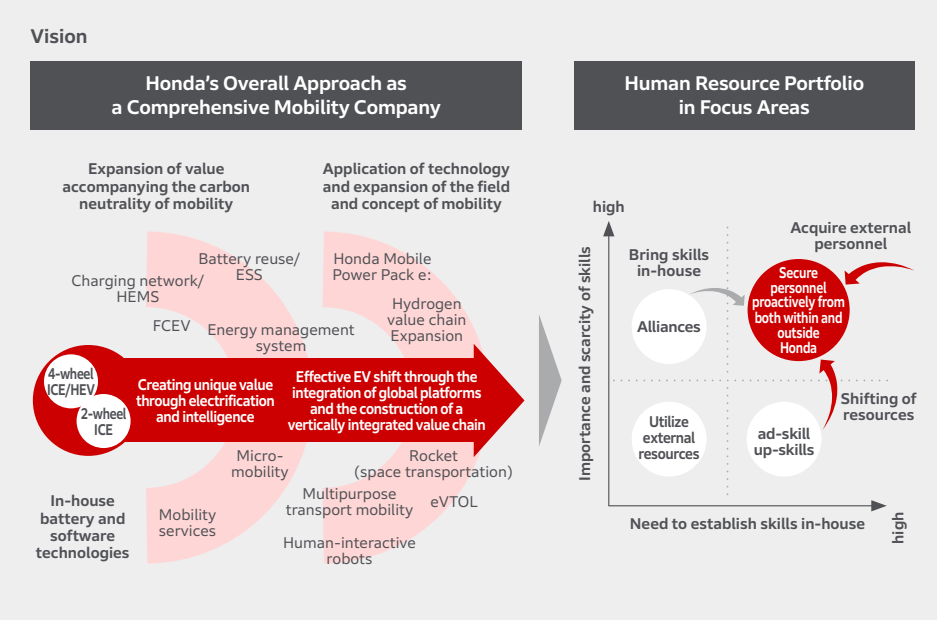
Specifically, positions have been divided into "Transformation Roles," which drive the reform of management and business foundations, and "Innovation Roles," which are responsible for technological innovation and new business development. Each is now supported by a compensation and evaluation system tailored to its characteristics. As a result, the evaluation framework has become one that, more than ever before, provides treatment based on ability, expertise, role, and performance, regardless of age.



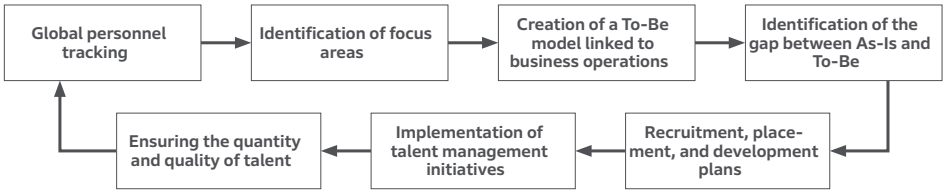
Ensuring Both the Quantity and Quality Sufficiency of Human Resources in Business Focus Areas

Next, let's turn to Key Theme 3 of the human resource materiality: Global human capital management that supports business strategy, and highlights some of our initiatives.

To support business success, we are creating talent portfolios in priority areas aligned with our business strategy, while at the same time promoting both the quantitative and qualitative fulfillment of talent needs through initiatives such as defining resource management processes, formulating workforce strategies, and implementing talent acquisition activities.



Furthermore, we have defined a resource management process to ensure the necessary talent for achieving our business plans. By integrating each step, we will achieve resource management aligned with our management policies and business plans.



Formulating a Staffing Strategy for Optimal Global Resource Allocation

To formulate medium- to long- term workforce plans aligned with our business strategy, we are building a scheme to visualize both the quantity and quality of talent on a global basis and to enable the development of such plans.

In the Fiscal Year Ended March 31, 2025, we conducted an assessment of workforce conditions, including globally, and are currently using the results to examine global workforce strategies in conjunction with our medium- to long- term business plans. From the Fiscal Year Ending March 31, 2026 onward, we will place greater focus on the quality of talent. By visualizing the number of personnel and capabilities required to enhance medium- to long- term competitiveness, and by applying this framework globally, we aim to further strengthen the alignment of recruitment, development, placement, and treatment with our business strategy. Specifically, we are currently working on defining globally common standards for the detailed visualization of capabilities.

In addition, with respect to talent in the SDV (software-defined vehicle) and electrification domains, where upfront investment plays a significant role, we are advancing initiatives to allocate talent and acquire capabilities in line with business conditions, while also working to build a more productive organizational structure.

Continuation of Global Recruitment Activities

We have long continued global recruitment activities in order to acquire engineers with advanced expertise in AI and software. One example is recruitment at the Indian Institute of Technology, where we have steadily increased the number of hires by strengthening our relationship with the university through alumni and by establishing a structured recruitment scheme that includes highly competitive compensation.

Additionally, as a new initiative, we began expanding mid-career recruitment activities to overseas markets in 2024. From approximately 2,000 applicants, we hired 23 engineers with advanced expertise locally in 10 countries, including India and Indonesia.

We will continue our global recruitment activities to hire talented individuals who are expected to thrive in our focus areas.

Honda's Health and Productivity Management

At Honda, the foundation of our health and productivity management initiatives is the principle of "Respect for the Individual," which represents our basic philosophy.

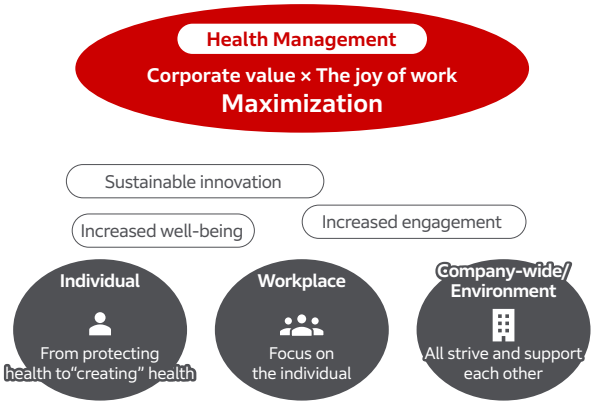
We also regard associate "health," like "safety," as a shared aspiration across the entire company.

Guided by the top management message, "The foundation of strong individuals is being healthy, and each one of us should be a challenger in maintaining and improving our health," we have incorporated health and productivity management into our Safety and Health Policy. Under this policy, we are rolling out initiatives company-wide to address both mental and physical health issues.

We are also actively working to raise awareness of health, with the aim of creating a workplace environment where every associate can demonstrate their abilities to the fullest with motivation and vitality. We believe that health and productivity management is not only connected to associate happiness and peace of mind, but also constitutes a vital management theme that underpins the company's sustainable growth. In this section, we introduce some of Honda's initiatives related to health and productivity management.

Based on a foundation that enables associates to work with vitality, we are pursuing the maximization of corporate value and workplace satisfaction through three pillars: the individual, the workplace, and the company/environment.

Three-Pillar Framework for Achieving Health and Productivity Management



Building a Foundation for Vibrant Work

In 2009, Honda issued the "Mental Health Policy," which sets out a basic stance based on our philosophy of Respect for the Individual. Since then, we have been working in an organized, planned, and continuous manner both to promote the vitality of associates and workplaces and to support problem solving.

To advance mental health initiatives, we have established a Company-wide Mental Health Promotion Team that plans and manages programs professionally, and at each business site we have set up a Site Mental Health Promotion Team, which works in coordination with the Company-wide Safety and Health Committee.

At each site, activities are developed in line with actual conditions, focusing on five measures: preventive education, workplace environment improvement, stress checks, enhancement of consultation and cooperation with medical institutions, and support for returning to work.

In addition, we have positioned addressing mental health issues as the highest priority in the field of occupational health. Since 2024, we have welcomed external experts to serve as advisors to the Company-wide Mental Health Promotion Team. By holding roundtable discussions with the vice president, external experts, and occupational health professionals, we are drawing on knowledge from both inside and outside the company to drive more effective initiatives.

Roundtable Discussion on Mental Health

Based on the belief that "health is not merely a matter of personal responsibility but also a workplace issue," we are placing particular focus on presenteeism measures, such as addressing male menopause (LOH syndrome) and enhancing literacy on women's health issues, including menstruation, menopause, and preconception care. To deepen understanding of menopause in both men and women, we are also actively advancing initiatives such as hosting roundtable discussions with the vice president, external experts, and occupational health professionals.

Seminar for Managers and Supervisors on Women's Specific Health Issues

Roundtable Discussion on Menopause for Men and Women

Looking Ahead

As technological innovation and changes in the business environment advance at unprecedented speed, companies are required to manage their organizations with greater flexibility and agility than ever before. Furthermore, we recognize that in order to continue responding to such changes, it is essential not only for our people themselves to evolve, but also to strengthen the environment and support systems that underpin them. Even in the execution of our current strategies, human capital challenges are becoming increasingly diverse and complex, and Honda recognizes their critical importance. In particular, risks such as shifting and growing skill requirements, imbalances in the supply and demand of talent arising from technological and business transformation, and the outflow of highly skilled talent are issues that cannot be overlooked in realizing sustainable growth for the future. To address these challenges, we will promote the visualization of individual associates' skills, support for autonomous career development, and the fostering of a culture that encourages continuous learning. At the same time, we will strengthen our organizational foundation for adapting flexibly to change by advancing initiatives such as optimizing talent portfolios from a global perspective in line with business strategies, enhancing engagement with key data, and promoting the placement of the right people in the right positions.

Moreover, by developing an environment in which every associate can look to the future with dreams and goals, and fully demonstrate their motivation and abilities, we will steadily advance initiatives aimed at further advancing human capital management.

In this section, we highlight selected elements from Honda's overall approach to human capital management. For more detailed information, please refer to the ESG Report.

WEB **"Honda ESG Report 2025"**
https://global.honda/en/sustainability/cq_img/report/pdf/2025/honda-SR-2025-en-all.pdf#page=77

Associate Column Series | Words from Honda Colleagues Who Chase Their Dreams

At Honda, we believe that dreams have the power to move people.
In this series, Honda associates share the dreams that drive them—dreams they have discovered through their personal journeys and professional challenges. Their words reflect the passion Honda has always cherished and the unwavering spirit to keep pursuing dreams.

Words from Honda Colleagues Who Chase Their Dreams

Maximizing Honda's Global Workforce of 190,000 People

Human Resources Division
Toshihiko Kondo

Honda currently has more than 190,000 associates working worldwide. Until now, however, workforce planning had been carried out independently in each region, and there had not been sufficient discussion of workforce strategies at the global level. While this approach functioned under our traditional business model, in this period of transformation—where new challenges such as Software Defined Vehicles (SDVs) are required—it has become essential for Honda as a whole to redefine the capabilities needed and rebuild the workforce strategies that support them.

Against this backdrop, we have launched global workforce planning aligned with our medium- to long- term business strategies. Advancing this initiative is by no means easy, as it involves integrating headquarters and regional perspectives, balancing optimization at the business level with optimization at the company-wide level, and addressing many interrelated factors. In particular, confronting the question of "what quantity and quality of human resources are optimal for the organization, given limited resources"—a question with no single correct answer—has been a major challenge.

Through repeated candid discussions with colleagues from diverse backgrounds, I was exposed to perspectives and ways of thinking I had not considered before, and gradually ideas took shape that made me think, "This must be the right direction." This was truly an insight gained through practicing the Honda Philosophy of "love your work and value communication," and it was also a moment when I deeply felt the strength of Honda's associates, who come from such diverse backgrounds. While this initiative is still a work in progress, I am convinced it is essential for Honda's future.

Honda has many people with technologies and capabilities that can amaze the world, and I strongly want to help create a future where, even five or ten years from now as the environment changes, people will still feel excited about Honda's products and services. That is why I am committed to advancing this initiative further.

Realizing a Zero Environmental Impact Society

Consistent Commitment to the Environment

Continuing to Take on Challenges as an Environmental Front-Runner

Honda recognizes that all corporate activities have environmental impact. To sustainably provide the joy and freedom of mobility, we consider the environment to be one of our top priority issues.

Ever since the 1960s, Honda has actively addressed environmental issues. In the 1970s, we developed the low-emission "CVCC*1 engine," which reduced emissions of carbon monoxide, hydrocarbons, and nitrogen oxides and became the first in the world to meet the U.S. Muskie Act, widely regarded as the most stringent automobile emission regulation in the world at the time. In 1992, Honda established the Honda Environment Statement, which serves as the guiding framework for all our environmental initiatives. This statement organizes and clarifies our fundamental stance on reducing environmental impact throughout the entire product lifecycle, including material procurement, design, development, production, transportation, sales, usage, and disposal. To further advance our environmental initiatives and remain a "company that the world values and looks to with expectations," Honda established the Honda Environmental and Safety Vision in 2011. This vision aims to achieve the "joy and freedom of mobility" and a "sustainable society where people can enjoy life." Across our global operations, Honda is committed to reducing all forms of environmental impact. Our efforts include reducing greenhouse gas (GHG) emissions, which are considered one of the causes of climate change, as well as lowering energy consumption, improving resource efficiency for water and minerals, proper waste management and reduction, and preserving biodiversity as part of our commitment to protecting the global environment.

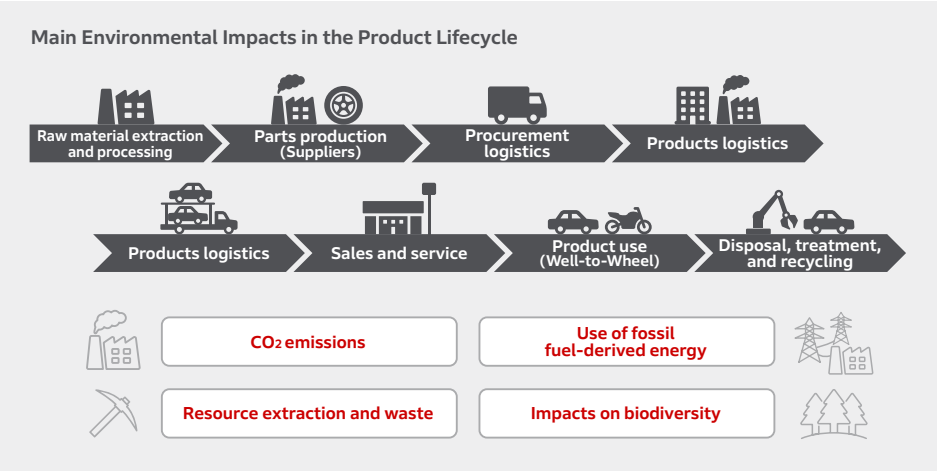
By sharing the Environment Statement with our Company, Group companies, suppliers, dealers, and all other stakeholders associated with Honda, we aim to achieve our vision through collaborative efforts with all involved parties.

*1 CVCC: Compound Vortex Controlled Combustion

Vision

Realizing a Zero Environmental Impact Society

To address these challenges, it is essential to divide corporate activities into each stage of the product life cycle and consider the environmental impacts at each stage. Honda has identified the main environmental impacts as CO_2 emissions, use of fossil fuel-derived energy, extensive resource extraction and waste, and impacts on biodiversity.



Aiming for sustainable corporate activities, and in order to comprehensively reduce interlinked environmental impacts, Honda has set the "realizing a zero environmental impact society" as one of its company-wide priority issues, and has defined four materialities to address environmental impact.

Priority Issue			
Realizing a zero environmental impact society			
Materialities			
Addressing climate change	Addressing energy issues	Efficient utilization of resources	Biodiversity conservation

Triple Action to ZERO

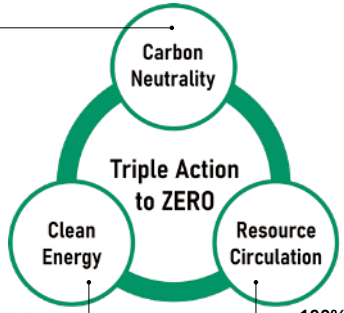
To achieve the "realizing a zero environmental impact society," we envision CO_2 emissions neutrality by 2050, 100% utilization of carbon-free energy, and 100% use of sustainable materials, and are working on initiatives centered around the Triple Action to ZERO, a concept that consolidates three key initiatives: "carbon neutrality," "clean energy," and "resource circulation."

The Triple Action to ZERO initiatives are closely related, and we aim to maximize synergistic benefits by considering the links between them. We also believe that these initiatives lead to coexistence with nature, including biodiversity conservation, which is increasingly emphasized internationally. In advancing these initiatives, we will also take into account "nature-based solutions*2."

*2 Nature-based Solutions (NbS) involve addressing societal issues while conserving and restoring natural ecosystems.

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 1.5ºC 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 withdrawal and zero industrial waste at Honda plants by 2050.

Achieving Carbon Neutrality by 2050

Honda supports the Paris Agreement*3 and aims to achieve carbon neutrality across all Honda products and corporate activities by 2050, with the aim of realizing a society with zero environmental impact. Among the four materialities, Honda is prioritizing and working on "addressing climate change" and "addressing energy issues" in pursuit of carbon neutrality.

As priority measures, we have set the reduction of CO_2 emissions from product use (Scope 3*4, Category 11*5) and from corporate activities (Scopes 1*6 and 2*7) as key initiatives, and subdivide them into more specific measures. Specifically, CO_2 emissions from individual product groups in each business area, as well as from each product plant and manufacturing equipment are aggregated to quantify the reduction of CO_2 emissions by product and by plant.

With respect to long-term measures for reducing environmental impact associated with the materiality of "efficient utilization of resources," some require new initiatives beyond the existing frameworks. We are in the preparatory stage for the future reduction of CO_2 emissions throughout the product lifecycle from resource extraction (upstream) to disposal (downstream) processes. We also recognize the importance of advancing these initiatives while considering impacts on nature, including the materiality of "biodiversity conservation." Honda will continue initiatives not only toward "carbon neutrality by 2050" but also toward the future with a long-term perspective for the "realizing a zero environmental impact society."

Furthermore, to realize carbon neutrality across society as a whole, we are taking on challenges through a multifaceted approach in addition to the electrification of mobility.

*3 In the Paris Agreement, the approach of reducing CO_2 emissions is set forth with the aim of achieving the goal of limiting the rise in the Earth's average temperature to 1.5°C compared to pre-industrial levels.
*4 Scope 3: Other indirect GHG emissions not included in Scope 1 and Scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories. For each category, Honda has defined the calculation targets.
*5 Category 11: Use of motorcycles, automobiles, power products, and aircraft sold by Honda
*6 Scope 1: Direct GHG emissions from corporate activities, as defined by the GHG Protocol (e.g., combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). In Japan, Honda uses the emission factor based on the Act on Promotion of Global Warming Countermeasures and in each region except Japan, emission factors from the 2006 IPCC Guidelines for National GHG Inventories. Global Warming Potential (GWP) is based on the IPCC's Fifth Assessment Report.
*7 Scope 2: Indirect GHG emissions from the use of energy in corporate activities , as defined by the GHG Protocol (e.g., electrical energy used by a manufacturing plant or office). Honda adopts the GHG Protocol's standard market-based method. In Japan, Honda uses adjusted emission factors by electric utility based on the Act on Promotion of Global Warming Countermeasures. In each region except Japan, Honda uses emission factors by electricity utility or the latest regional emission factors, and if these are unavailable, national emission factors from the IEA's CO_2 Emissions from Fuel Combustion.

Looking Ahead to 2030

Adjustment of Electrification Targets in Light of Changes in the EV Market Environment

To realize carbon neutrality, we have considered that in the area of small mobility including passenger vehicles, electric vehicles (EVs) are the optimal solution from a long-term perspective, and have made a significant shift toward their widespread adoption and advanced initiatives. On the other hand, the speed of EV market expansion has been slowing for reasons such as changes in environmental regulations in each region, which are prerequisites for EV adoption, as well as changes in trade policy trends among others, leading to increasing uncertainty in the business environment.

In response to these changes in the EV market environment, we have reviewed our powertrain portfolio and product launch plans, including EVs and hybrid electric vehicles, and revised the target sales ratio of electrified products for automobiles for the Fiscal Years Ending March 31, 2031 from 30% to 20%. During the transitional period toward full-scale EV adoption, we will shift the composition to focus on hybrid electric vehicles, for which demand is high. By also achieving further improvements in the efficiency of the current hybrid system and improvements in the fuel economy of internal combustion engines (ICE), we will proceed with the conventional target for the reduction rate of CO_2 emissions intensity of product use for automobiles.

Similarly, for motorcycles, based on the reality that demand for electrified products has not expanded as much as expected, we have revised the target sales ratio of electrified products. As a leading motorcycle company, Honda aims to lead carbon neutrality in motorcycles by actively working to expand demand for electrified products, including establishing a plant dedicated to electrified products in India and launching new models. In addition to electrification, we will contribute to reducing CO_2 by further improving fuel economy in ICE and expanding flex-fuel models capable of using high-concentration ethanol blended fuels according to region-specific circumstances.

Furthermore, we will not change our long-term goal, and in aiming for carbon neutrality by 2050, we will carefully assess the timing and steadily implement the measures we have prepared for the period of EV adoption. At the same time, we will continue to strengthen initiatives to reduce CO_2 through broad and multifaceted approaches such as research and application of carbon-negative technologies.

Setting New Targets for "Efficient Utilization of Resources"

Honda has set more fundamental and challenging long-term targets for "efficient utilization of resources," which are linked to our ideal state by 2050.

As interim milestones for the Fiscal Years Ending March 31, 2031, we have newly established the "reduction rate of industrial water withdrawal" and the "reduction rate of industrial waste (incineration and landfill disposal)" as KGIs, and the "usage rate of recycled and biomass materials" as a KPI, and set target values for them.

Management Indicators and Targets

Priority Issue	Materialities	KGI/KPI*8	Management Indicators	Category	Targets*9 Fiscal Year Ending March 31, 2026	Targets*9 Fiscal Year Ending March 31, 2031
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	(Confidential)	46%
			Total CO_2 emissions from products	Consolidated	(Confidential)	(Confidential)
			Reduction rate of industrial water withdrawal 〈New〉 (compared to FYE Mar. 31, 2020)	Consolidated	-	12%
			Reduction rate of industrial waste (incineration and landfill disposal) 〈New〉 (compared to FYE Mar. 31, 2020)	Consolidated	-	20%
		KPI	Electric product sales ratio	Motorcycles	(Confidential)	7%
				Automobiles		20%
				Power products		26%
			Reduction rate of product CO_2 emissions per unit (compared to FYE Mar. 31, 2020)	Motorcycles	(Confidential)	15%
				Automobiles		27.2%
				Power products		13.4%
			Usage rate of recycled and biomass materials 〈New〉	Motorcycles	-	30% of motorcycles produced in Japan, for Europe market
				Automobiles		30% in EVs produced in North America and Japan

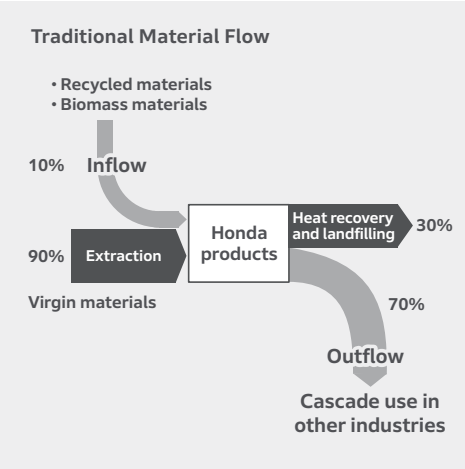
Looking Ahead to 2050

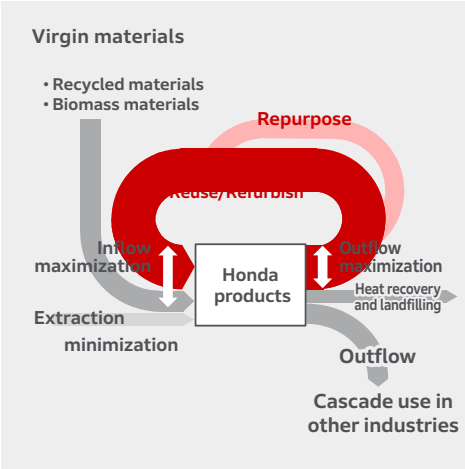
Resource Circulation Initiatives (Product Area)

Our lives involve production, consumption, and disposal, relying on various resources. Driven by global population growth and economic development, the demand for resources continues to rise, and extensive resource extraction has become a societal issue.

Electrification of products is an effective means of reducing CO_2 emissions during product use. However, compared to traditional internal combustion engine vehicles, electric vehicles use larger amounts of scarce resources such as copper, nickel, cobalt, lithium, and rare earth elements. The extraction of scarce resources not only involves substantial energy consumption and significant CO_2 emissions but also affects natural capital such as biodiversity and water through land alteration. To move away from these environmental impacts caused by resource consumption, "resource circulation (efficient utilization of resources)" is crucial.

Currently, approximately 90% of the resources used in new car manufacturing rely on newly mined materials. Although about 70% of the resources from dismantled vehicles are recycled and reused, they are often subjected to cascade use*10 in other industries, with the remaining 30% either incinerated for heat recovery or landfilled. Advancing the electrification of products increases the demand for scarce resources, leading to potential risks of rising resource prices and supply constraints, which could affect the availability of products and services. In addition, since the quality requirements for materials in today's automobiles are high, using recycled materials increases costs. Therefore, it is essential to implement resource circulation initiatives with economic feasibility to make recycled materials more viable.





Honda has set "efficient utilization of resources" as a materiality and aims to achieve a "100% use of sustainable materials" by 2050. To achieve this, it is necessary to maximize the inflow during the product manufacturing stage and the outflow after the end of the product lifespan.

*10 Cascade use: A method of using resources and energy in stages to maximize their use while allowing for a decline in quality.

Setting New Targets with a View to 2050

To maximize the inflow, we have set the new management indicator (KPI) "usage rate of recycled and biomass materials." For motorcycle models produced in Japan for the European market, and for automobiles (EVs) produced in North America and Japan, in the Fiscal Years Ending March 31, 2031, we will aim for a target of 30%. To achieve this new target, we will further collaborate with suppliers of materials and parts in the upstream processes and apply recycled and biomass materials.

Management Indicator and Targets

	Management Indicators	Classification	Targets Fiscal Year Ending March 31, 2031
KPI	Usage rate of recycled and biomass materials	Motorcycles	30% of motorcycles produced in Japan, for Europe market
		Automobiles	30% in EVs produced in North America and Japan

To maximize the outflow, we will advance the establishment of horizontal recycling, which maximizes the use of end-of-life vehicles (ELVs). For the high-efficiency recycling of ELVs, it is crucial to incorporate "circular-oriented materials and design" into the products. For the products currently under development, we are advancing the replacement of materials with those designed for circularity, integrating material types, and adapting material specifications and manufacturing methods to accommodate the use of recycled materials. Additionally, we are working on designs that facilitate easy disassembly of ELVs and are aiming to transform components made of multiple materials into structures that allow for easy separation into single materials, avoiding the inclusion of contaminants during the recycling process.

In addition to incorporating these strategies into product design, we will also focus on expanding future horizontal recycling efforts. To achieve both environmental sustainability and economic viability, we are working with our partners to develop advanced recycling technologies, including those for dismantling, shredding, sorting, and reprocessing materials.

Through the maximization of inflow and outflow, we are striving to achieve a 50% usage rate of recycled and biomass materials in our next-generation models in the future.

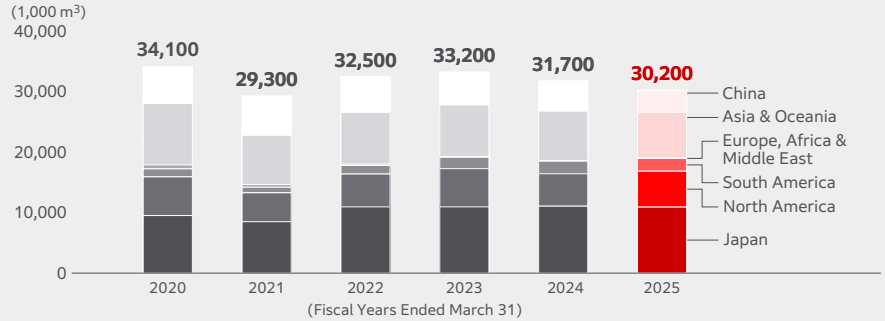
WEB **"Honda ESG Report 2025"**
https://global.honda/en/sustainability/cq_img/report/pdf/2025/honda-SR-2025-en-all.pdf#page=52

Resource Circulation Initiatives (Corporate Activities Area)

Honda will take on the challenge of achieving "zero industrial water withdrawal" and "zero industrial waste" by 2050 to conserve water resources upstream and downstream in the region and to prevent environmental pollution.

Results for the Fiscal Year Ended March 31, 2025

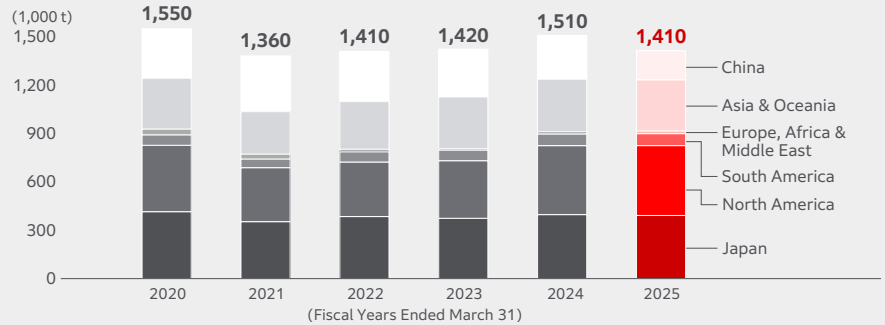
Water withdrawal ✓



Calculation method: Amount of water intake = Σ (Purchased from water utilities + Groundwater intake + Rainwater utilization + Intake of surface water, such as from rivers)
• Expressed in three significant digits

Recycled water usage (global manufacturing sites): 3,160,000 m³/year (approximately 14% of total usage)

Generation of waste and other outputs ✓



Calculation method: Amount generated = Σ (Industrial waste + General business waste + Valuable materials)
• With the exception of Japan, industrial waste other than hazardous waste (as defined by each country's regulations) and general business waste are excluded from the scope.
• Expressed in three significant digits

* The data marked with ✓ have received third-party assurance.

We are also working to reduce water withdrawal and the generation of waste*11 in our corporate activities. However, regarding water resource conservation and waste reduction, with no standardized targets or indicators established globally or within the industry, Honda has continuously worked on voluntary management and reduction.

To reduce total water withdrawal and the total generation of waste across all corporate activities, we have continued initiatives such as water conservation through the utilization of recycled water and the 3Rs (reduce, reuse, and recycle). As a result, we have maintained and sustained the reduction levels for both water withdrawal and generation of waste since the Fiscal Years Ended March 31, 2020.

*11 Total amount of waste based on the GRI Standards

Setting New Targets with a View to 2050

For more fundamental issue solving, as interim targets linked to our ideal state by 2050, we have set new KGIs and targets to reduce industrial water withdrawal by 12% and industrial waste (incineration and landfill disposal) by 20% by the Fiscal Years Ending March 31, 2031.

New Targets for the Fiscal Year Ending March 31, 2031

Management Indicators and Targets

	Classification	Classification	Targets Fiscal Year Ending March 31, 2031
KGI	Industrial water withdrawal*12 (compared to FYE Mar. 31, 2020)	Consolidated	12%
	Industrial waste (incineration and landfill disposal)*13 (compared to FYE Mar. 31, 2020)	Consolidated	20%

*12 Industrial water withdrawal: The annual amount of water withdrawn that is directly used in product development and manufacturing in corporate activities. This indicator excludes domestic water use, such as drinking water and handwashing facilities for associates, which are provided as safe water, sanitation facilities, and hygiene practices (WASH: water, sanitation, and hygiene) under the Alliance for Water Stewardship (AWS) standard, which requires the provision of hygienic water and facilities.
*13 Industrial waste: The annual amount of waste generated in product development and manufacturing in corporate activities. This indicator excludes resources to be reused because of their small environmental impact.

For water resources, we will introduce water conservation technologies and expand the utilization of recycled water. For waste, we will work to reduce generation through improved yield in the manufacturing process and expand recycling measures for materials and components.

We will also pursue the establishment of new treatment technologies to replace incineration and landfill, striving to further reduce environmental impact. Going forward, taking into consideration the characteristics and challenges of water resources in each region, we will conduct water risk assessments at each production site, as well as emphasize consideration for biodiversity and contribute to the conservation of water environments and local communities in upstream and downstream areas around our sites.

Words from Honda Colleagues Who Chase Their Dreams

Creating a Future-Oriented Environmental Strategy, Aiming for the "Realizing a Zero Environmental Impact Society"

Environment Planning Division,
Corporate Planning Unit
Takashi Iwasa

When I joined Honda, my dream was to see automobiles equipped with materials and parts that contribute to reducing environmental impact being driven around the world. To realize that dream, I worked in the motorcycle development division to develop environmental technologies for low-fuel-consumption tires and applied them to mass production in small models in Southeast Asia and India. Later, as the large project leader for recycled and biomass materials development, the technologies to which I contributed were projected to be applied in mass production in the NC Series*14, which were launched in 2024. At that point, I felt that I had achieved my dream as an engineer that I had held since joining Honda. At the same time, I developed a desire to more actively communicate Honda's environmental technologies and deliver them to many customers. I then embraced a new dream: to formulate an All Honda environmental strategy and convey Honda's commitment and initiatives for the environment. With a growing desire to take on this challenge, I transferred to the Environment Planning Division, Corporate Planning Unit, in 2024.

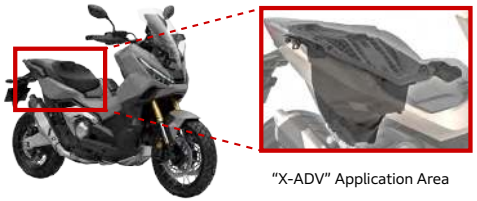
Since transferring, I have been responsible for setting company-wide targets in the area of resource circulation. I have engaged in extensive discussions with planning and development divisions in each business and established the new KPI "usage rate of recycled and biomass materials." Initiatives for resource circulation are important not only for solving the issue of "efficient utilization of resources" set as a materiality but also for contributing to reducing CO_2 emissions by curbing resource extraction and conserving natural capital and biodiversity. By setting this new target, I believe we can drive behavioral transformation among internal and external stakeholders and accelerate the introduction of products that contribute to reducing environmental impact.

Currently, I am also responsible for formulating strategies and setting targets for lifecycle CO_2 emissions. Going forward, I aim to link the four materialities toward the priority issue "realizing a zero environmental impact society" and develop Honda's new environmental strategy with a future-oriented perspective.

*14 NC Series: "NC750X" "FORZA750" "X-ADV"

Recycled and Biomass Materials Implemented in Mass Production

Recycled materials



"X-ADV" Application Area

X-ADV

FORZA750 Application Area
(Yellow Area)

Biomass materials

NC750X Painted Exterior Parts
(Highlighted in Green)

"X-ADV" Application Area

"FORZA750"
Application Area

WEB **"Honda ESG Report 2025"**
https://global.honda/en/sustainability/cq_img/report/pdf/2025/honda-SR-2025-en-all.pdf#page=57

Realizing a Zero Traffic Collision Society

Consistent Commitment to Safety

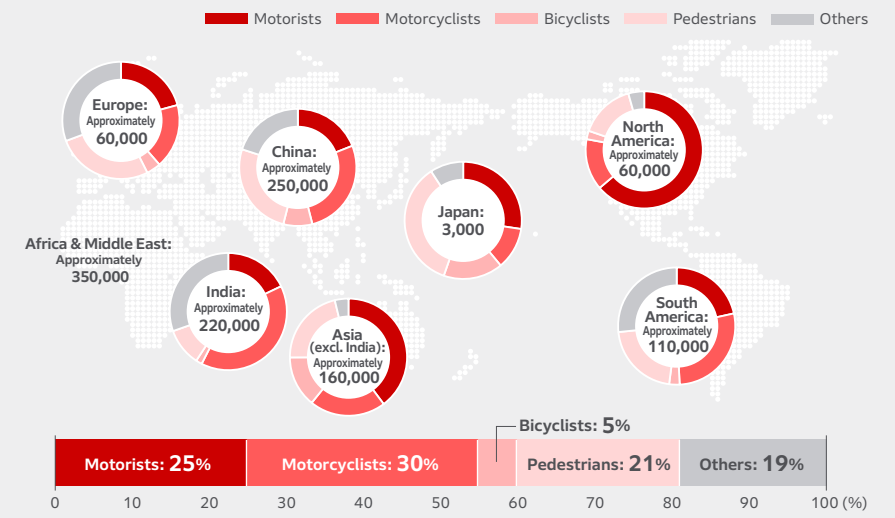
Pursuing the Safety of All People in a Mobility Society

Honda has made its vision to continue to sustainably provide the joy and freedom of mobility to people, and has consistently worked toward making it a reality. To continuously deliver the "joy and freedom of mobility," safety initiatives are one of the key challenges.

Currently, global road traffic fatalities remain a serious issue, with approximately 1.19 million annually. The majority of fatalities are among vulnerable road users such as motorcyclists, bicyclists, and pedestrians. In emerging countries in particular, including Asia-Pacific and South America, ensuring the safety of these vulnerable road users is an urgent issue.

In response to this background, in April 2021, Honda set the goal of achieving zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050. A major challenge in realizing this goal lies in eliminating fatal collisions involving motorcycles in emerging countries. Honda has a social responsibility as the world's leading manufacturer in the motorcycle industry. By acting as a frontrunner in these efforts, Honda aims to enhance overall safety and realize a safe and secure mobility society where all road users can coexist.

Global Traffic Accident Statistics (WHO)



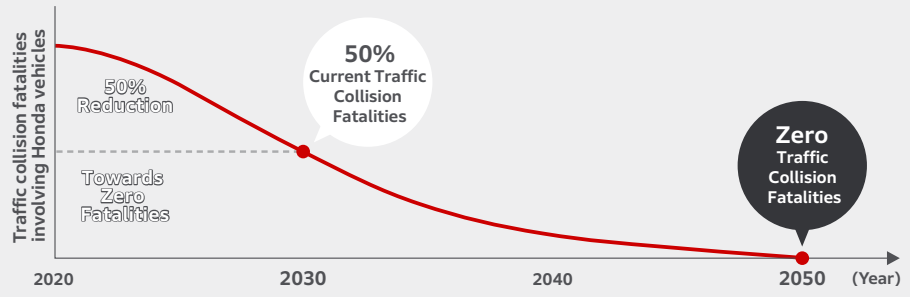
Source: Honda's own compilation based on the WHO Global status report on road safety 2023

Vision

Realizing a Zero Traffic Collision Fatalities

As a milestone for 2050, Honda has set a target of reducing worldwide traffic fatalities involving our vehicles by half by 2030 compared to 2020 levels. These targets include not only new vehicles but all existing motorcycles and automobiles on the market. We have made "traffic fatalities involving Honda automobiles in Japan and the United States" a management indicator (KGI) for monitoring progress toward these targets, and are advancing efforts towards achieving the quantitative targets. The focus is on these two countries due to the limited availability of OEM-specific traffic collision data in other countries. The reason for limiting the scope to automobiles is that sufficient collision data are not available for certain motorcycle categories, such as those based on engine displacement. However, Honda's safety efforts are not limited to these regions nor to vehicle types. Internally, we independently estimate traffic collision fatalities involving Honda motorcycles, in addition to automobiles, in various countries and develop safety measures based on these estimates. At the same time, we recognize that accurate data, including traffic collision fatalities, is an essential foundation for planning safety measures. We therefore communicate the importance of such data to international organizations, national government agencies, and industry stakeholders, and advocate for the improvement and sharing of this data. To realize zero traffic collision fatalities, involving Honda motorcycles and automobiles, we will continue to improve our effective traffic safety initiatives by accurately understanding the collision realities in each region.

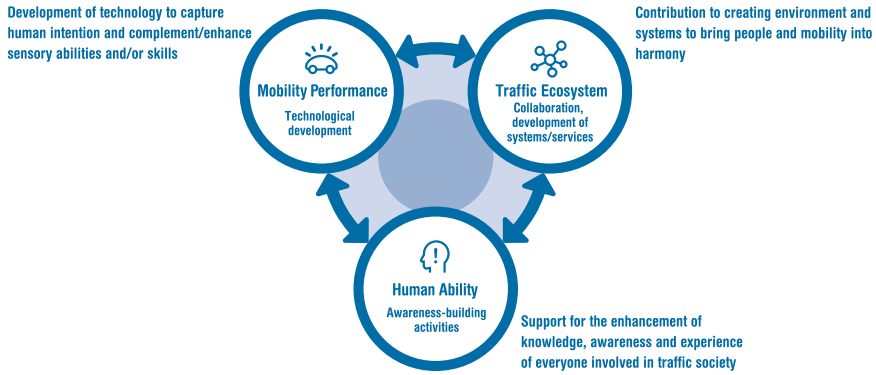
Honda Safety Goals Scenario for Zero Traffic Collision Fatalities by 2050



Creating a Future That Balances Freedom of Mobility and Safety in Society

Honda is carrying out safety initiatives based on three matelialities: "the development of technologies that capture, complement, and expand human intention," "safety education and awareness-building activities," and "the construction of a traffic ecosystem." These matelialities extend not only to the evolution of vehicles through advanced technologies but also to support for human behavior and cognition, as well as the development of traffic infrastructure that connects society as a whole. Through this multifaceted approach, we aim to realize a collision-free society.

Honda's Three Elements of Safety



Toward 2030

Development of Technologies that Interpret, Complement, and Expand Human Intentions

To further enhance the safety of mobility, vehicles must be equipped with advanced safety performance features that accurately complement and enhance human capabilities. Honda is working on the development of comprehensive safety performance features, including technologies that protect the human body, those that avoid collisions, and those that interpret human intentions and communicate them to the vehicle and its surroundings.

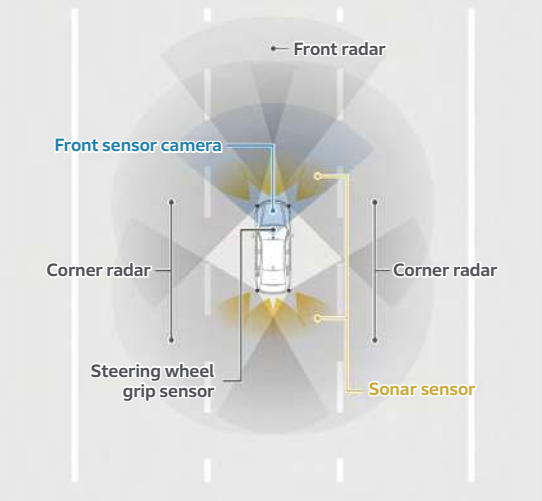
Since announcing the advanced driver assistance system "Honda SENSING"*1 in 2014, Honda has been promoting the deployment of safety technologies tailored to the collision realities in each region. In developed countries, where the penetration rate of automobiles is high and various collision risks exist, such as those at intersections, we are focusing on expanding the adoption and enhancing the functionality of "Honda SENSING 360,"*2 with omnidirectional sensing that covers the front, rear, left, and right. We are also expanding the deployment of "Honda SENSING Elite,"*3 which enables conditional automated driving on highways. We are working to realize new safety technologies that allow coordination between the driver and the vehicle.

As motorcycles account for the majority of traffic collisions in emerging countries, we are introducing Honda SENSING with a motorcycle detection function. We are also installing safety equipment, including advanced braking systems such as ABS*4 and CBS*5, as well as lights that enhance rider visibility to other road users. In particular, we are accelerating the installation of safety equipment in emerging markets, and the installation rate of advanced braking systems grew to approximately 88% as of the Fiscal Years Ended March 31, 2025. We quantitatively monitor the progress of these initiatives by using the advanced safety equipment application rate as a KPI.

Management Indicators and Targets

	Management Indicators	Targets Fiscal Year Ending March 31, 2031		
KPI	Advanced safety equipment application rate	Automobiles in developed countries*6 Honda SENSING 360 100%	Automobiles in emerging countries*7 Honda SENSING 100%	Motorcycles in emerging countries*8 Advanced braking systems (ABS/CBS) 100%

Honda SENSING 360 System Configuration



*1 Honda SENSING: Primarily senses the front of the vehicle and detects pedestrians and other objects to support safe and comfortable driving and collision avoidance.
*2 Honda SENSING 360: Expands collision avoidance support to all directions, further enhancing the capability to avoid imminent collisions or mitigate damage.
*3 Honda SENSING Elite: Incorporating advanced technology called "Traffic Jam Pilot (traffic jam driving function)," which conforms to conditional automated driving in limited areas, the system takes over driving operations under certain conditions, such as during highway traffic jams.
*4 ABS: Anti-lock braking system. A system that prevents the wheels from locking during braking on slippery surfaces, helping stabilize the vehicle's posture and maintain steering capability.
*5 CBS: Combined braking system. A system that links the front and rear brakes to assist the rider's operation, enabling safer and more comfortable braking.
*6 Japan, the United States, China, Europe
*7 India, Indonesia, Malaysia, Thailand, Brazil
*8 India, Indonesia, Vietnam, Thailand, Brazil

Safety Education and Awareness Activities

In addition to technological advancements, changes in human awareness and behavior are also essential to achieving traffic safety. Honda is working to enhance the human abilities of all participants in the traffic environment, including driving skills, cognition, judgment, and courtesy and consideration for others. Guided by the principles of "safety handed from person to person" and "practical experience-based learning," we are developing instructor training programs, corporate training at traffic education centers*9, and schools for individuals. Currently, Honda delivers safety education in 43 countries and regions worldwide. In 2024, the cumulative number of participants in our safety education programs surpassed 4.5 million globally.

Furthermore, we are advancing our traffic safety awareness activities to meet each individual's level of awareness, experience, and physical ability. By introducing individually optimized education programs that utilize generative AI and digital tools, we are working to expand the quality and quantity of our education. In addition to the "Honda Driver Coaching" app, which supports mastering safe driving through driving diagnosis and voice advice, we are aiming to innovate training systems and are developing new solutions, particularly in emerging countries where low rates of driver's license acquisition remain a challenge.

*9 Traffic education centers: Honda's facilities that conduct internal and external instructional programs on traffic safety and offer safe driving education to companies, schools, and individual customers.

Countries and Regions Where We Conduct Traffic Safety and Driving Education

Building a Traffic Ecosystem (Collaboration and System/Service Development)

Honda is striving to realize a traffic ecosystem in which road users and mobility create a traffic environment while interacting with each other. This envisions a system where various types of mobility, such as motorcycles, automobiles, and bicycles, and a diverse range of road users from children to the elderly collaborate to enhance traffic smoothness and safety performance.

Based on this approach, we are advancing the service of the "SAFETY MAP," which analyzes data such as sudden braking information collected from vehicles, traffic collision information from police and local governments, and road information provided by local residents and allows users to know collision-prone areas in advance on our website. Local governments utilize this service for road improvements, such as adding pavement markings.

Global Contribution Through Support for Traffic Safety Policies

Honda has also entered into a partnership with the United Nations Road Safety Fund (UNRSF), donating a total of 3 million USD to the UNRSF over the five years from 2025 to 2030. This partnership has set two focus areas: traffic collision analysis and traffic safety policy support. Through collaboration with various countries, we will contribute to the reduction of traffic collision fatalities and injuries. Furthermore, in emerging countries, which account for a large number of traffic collision fatalities and injuries, we aim to reduce fatal collisions involving motorcycles. Drawing on our long-standing experience in the development of safety technologies and safe driving promotion activities, we will work to advocate for the legislation of appropriate speed limits, helmet and seatbelt use, and licensing systems, as well as to support the strengthening of enforcement against traffic rule violations.

In February 2025, Honda became the first company in the automotive industry to receive the highest "three-star" rating in the FIA Road Safety Index, an assessment index established by the Fédération Internationale de l'Automobile (FIA) for corporate and organizational initiatives toward traffic safety. This rating reflects the high regard for Honda's initiatives based on a long-term strategy for traffic safety.

FIA Road Safety Index Awards

Toward 2050

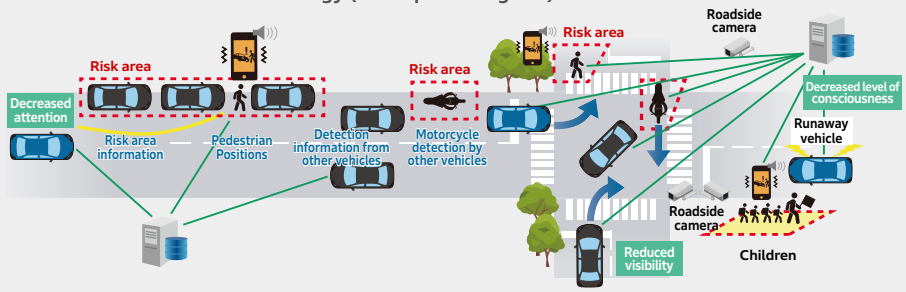
Realization of a Cooperative and Safe Society Through Communication and Data Utilization

Honda positions the building of a society in which all road users, including vulnerable road users such as pedestrians, bicyclists, and motorcyclists, collaborate and create safety as one of the key challenges to realize a zero traffic collision society. To achieve this cooperative and safe society, we believe that, in addition to advanced vehicle technologies, a transformation of the social system itself is required: one that encourages awareness reform and behavioral transformation among all road users. Based on this belief, we are carrying out innovative initiatives under our unique strategy.

At the core of these initiatives is the "Safe and Sound Network Technology," which is currently under research and development. Various types of data obtained from roadside units, in-vehicle cameras, smartphones, and other sources are aggregated in the cloud to recreate the traffic environment in a virtual space. Taking into account the conditions and characteristics of each road user, the technology predicts and simulates the occurrence of dangerous behavior, and derives optimal support information for avoidance. This information is conveyed in real time via interfaces such as voice-interactive AI, prompting drivers and pedestrians to take evasive action before a collision occurs. Honda plans to launch this technology in the latter half of the 2020s and aims for its full-scale rollout in or after 2030. In Japan, we are also participating in the Cabinet Office-led SIP Phase 3 Smart Mobility Platform, accelerating initiatives through industry-government-academia collaboration.

In addition, utilizing Understanding Human Characteristics, a core element of the "Safe and Sound Network Technology," Honda has begun a demonstration aimed at creating safety value through collaboration between healthcare and mobility service. Physical and mental changes during driving, such as fatigue and stress, can lead to serious human errors. To prevent collisions before they occur and raise safety awareness, we are working on the development of a monitoring system that detects and predicts such changes before they manifest in driving behavior. Going forward, Honda will continue to take on challenges and aim to create a "cooperative and safe society" in which all road users are connected and coexist by making full use of communications and data, aiming for the realization of a society where no one is involved in traffic collisions.

Safe and Sound Network Technology (Conceptual Diagram)



Words from Honda Colleagues Who Chase Their Dreams

Toward Visualization of Traffic Safety

Safety Planning Division, Corporate Planning Unit
Miwako Ikeda

After joining the Company, I worked on improving vehicle safety from the perspective of biomechanics for automobile crash safety. Since about five years ago, I have been in charge of the company-wide traffic safety strategy and have been involved in planning and promoting company-wide policies and measures, mainly in collaboration with internal and external stakeholders based outside Japan. In November 2022, the FIA Road Safety Index was announced, and a movement began to comprehensively visualize the progress of corporate traffic safety activities. I was involved in promoting the initial introduction of this safety index, and as a result, Honda became the first automobile company to receive the highest three-star rating in February 2025.

Through this initiative, involving more exchanges with external stakeholders, I have become more conscious of how Honda's activities are being received. This is because I feel that Honda's overall initiatives toward society, not just associate-oriented measures, are being incorporated into strategies from the perspective of effectiveness and accountability. Through repeated dialogue with people from international organizations, I have witnessed the global impact of those who have built relationships of trust, and I feel a great sense of fulfillment and responsibility in knowing that I am able to play a part in this.

Progress in traffic safety can be quantitatively monitored through data such as traffic collision fatalities. However, in emerging countries, which account for a large number of the world's traffic collision fatalities, data infrastructure is not yet fully developed. To address this issue, Honda is considering further contributions through collaboration with international organizations to develop effective activities in these countries and regions. I hope that such efforts will lead to improved traffic safety throughout society, and I intend to continue learning and playing my part.

Creating Innovative Technologies

Research Systems and Innovation Measures to Create New Value

Honda's research and development subsidiary, Honda R&D Co., Ltd., is operated under a system that enables it to focus on technological development for creating new value and conducting fundamental research with a long-term perspective. The company is committed to expanding the possibilities of mobility and to achieving a future society with zero environmental impact and zero traffic collision fatalities. Having defined key focus areas, experts in each field lead technological development. Honda R&D has also established the Honda Research Institute as its subsidiary, with locations in Japan, the United States, and Europe. This institute specializes in cutting-edge areas such as computer science and collaborates with various research institutions worldwide to explore and integrate global knowledge.

Strengthening collaboration with external parties through initiatives such as venturing is also one of our efforts for technology creation. Honda established a department responsible for corporate development in 2021, and has continued to strengthen its functions to enhance corporate competitiveness by consolidating internal and external knowledge, experience, and expertise. Within this initiative, Honda has secured an annual budget of around 10 billion yen for exploring and investing in startups, actively implementing the "Honda Xcelerator Ventures" program. Honda Innovations Co., Ltd. collaborates with Honda Innovations Silicon Valley, Inc. in the United States to globally expand exploration activities, and by building up results in investment and collaboration, it is accelerating corporate transformation. In addition, Honda is actively creating new businesses through a bottom-up approach, leveraging associates' unique ideas and technologies. In 2017, we launched the internal new business creation program "IGNITION." Through this program, venture companies Ashirase, Inc., Striemo, Inc., and UMIAILE Co., Ltd. were established, and the in-house business SmaChari was launched. Together, they are taking on the challenge of solving social issues and creating new value."

List of CVC Portfolio Companies (Drivemode, Inc. joined our Group through an acquisition.)

In addition, Honda is actively creating new businesses through a bottom-up approach, leveraging associates' unique ideas and technologies. In 2017, we launched the internal new business creation program "IGNITION." Through this program, venture companies Ashirase Inc., Strimo Inc., and UMIAILE Inc. were established, and the in-house business SmaChari was launched. Together, they are taking on the challenge of solving social issues and creating new value."

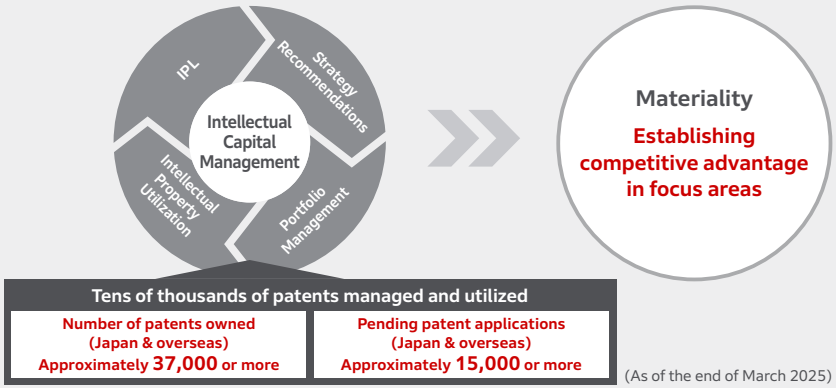
Intellectual Capital Management for Establishing Competitive Advantage in Focus Areas

Intellectual property is an essential element for a company to gain competitive advantage and continuously enhance its value. In particular, it represents an important asset that leads to medium- to long- term growth, especially contributing to future value five to ten years ahead. To utilize intellectual property more strategically, we clarify the purpose of owning intellectual property (e.g., in-house utilization, entry barriers against other companies, and licensing revenue) mainly in our focus areas, and utilize the IP Landscape (IPL)*1 for updating our business and technology strategies.

Furthermore, to maintain and strengthen filed patents as optimal rights, we implement portfolio management*2 (described below) in combination, thereby practicing intellectual capital management.

*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 Portfolio management: An initiative to strategically manage the overall composition (portfolio) of owned patents to enhance alignment with and effectiveness for businesses.

Honda's Vision for Intellectual Capital Management



(As of the end of March 2025)

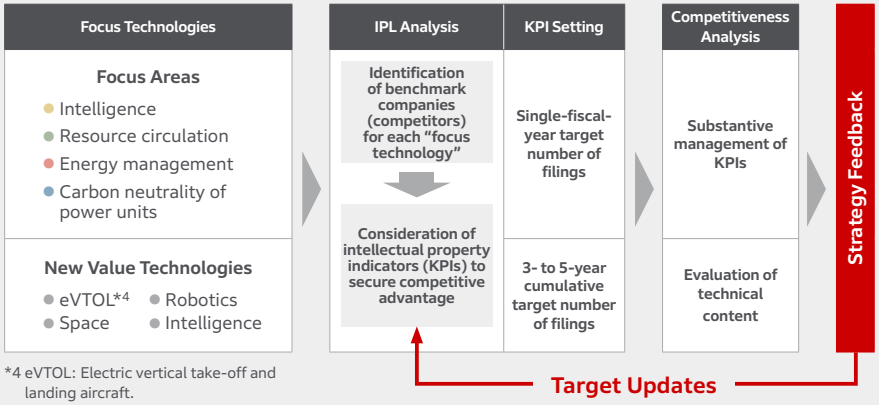
Intellectual Property Creation (Shift to Electrification and New Value Creation)

To support Honda's transformation into a company that enables new growth and value creation, referred to as the period of the "second founding," we conduct IPL analysis for each focus technology within the "four focus areas"*3 and the "new value technologies," set KPIs for establishing competitive advantage, and file patents accordingly. Specifically, for each focus technology, we identify benchmark companies and establish KPIs on single-fiscal-year and

cumulative bases. In addition to comparing the number of patent applications (quantity), we also conduct detailed analysis of the content of each patent (quality) to evaluate competitiveness. These results are provided as feedback to the technology strategy division, where they are reflected in the revision of KPIs and the refinement of strategies.

*3 Four focus areas: The following four areas on which Honda focuses in the near term in promoting the "creation of innovative technologies": Intelligence, Resource circulation, Energy management and Carbon neutrality of power units.

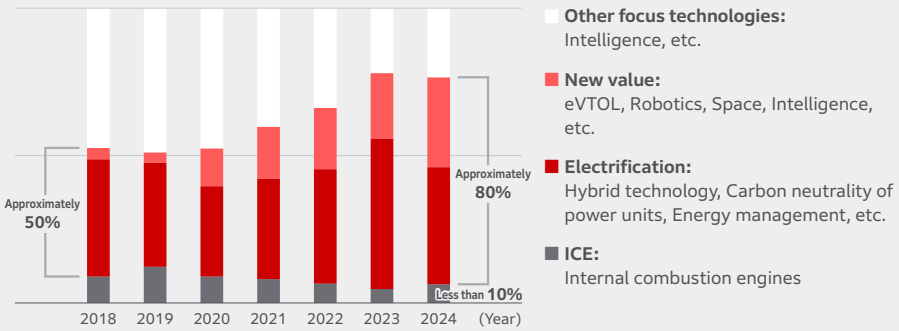
Flow for Setting KPIs to Secure Competitive Advantage



*4 eVTOL: Electric vertical take-off and landing aircraft.

As an achievement, the graph shows the proportion of patent applications in our focus areas, including hybrid technology as part of electrification. The proportion of applications related to electrification technologies and new value technologies with future commercial potential was approximately 50% in 2018 and now accounts for approximately 80%.

Trends in the Proportion of Patent Applications for Electrification and New Value Technologies in Focus Areas (Including Hybrid Technology)



In addition, the "other focus technologies" in the graph include ADAS and intelligent technologies related to automated driving, with a consistent number of patent applications filed each year. Meanwhile, patent applications related to engines continue on a downward trend, and their proportion in the overall focus areas remains less than 10%.

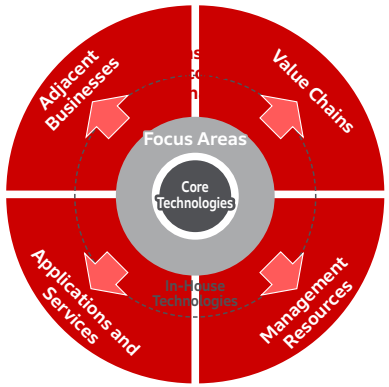
Robotics technologies classified in the "new value" area in the graph include "multi-fingered hand technology." This integrates AI technologies with the mechatronics technologies developed through our previous robotics research and development, and aims to provide new value to society. For these technologies, we have set KPIs that incorporate IPL analysis utilizing intellectual property information, and implement a strategy update process to continuously file and evaluate patents. This has enabled us to steadily build a patent portfolio with strong competitive advantage. Through the accumulation of intellectual capital, Honda aims to create innovative technologies that will contribute to future society.

Expansion of IPL Function: Expanding into the Entire Ecosystem and into Technologies for New Value Creation

In recent years, as the external environment has become complex and changes have accelerated, there has been a growing need to comprehensively understand the environment and to rapidly review strategies.

In response to this situation, since 2024, Honda has strengthened the collaboration between business and technology strategies and intellectual property strategies by directly assigning personnel responsible for analysis functions to the management strategy division to realize agile strategy updates starting with IPL. We have also expanded the scope of IPL utilization beyond the analysis of technologies themselves to include analysis aimed at establishing the entire ecosystem, encompassing the creation of services and the development of value chains utilizing technologies, and application to other use cases. This allows us to comprehensively understand the competitive environment, including adjacent industries and related technologies, identify new collaboration opportunities, and gain insights into future market structures, thereby aiming to improve the accuracy of technology and business strategy planning.

Going forward, we will further expand the utilization of IPL and have our intellectual property division analyze patent information from multiple angles for management resources (e.g., analyzing our own and other companies' development resources) to promote transformation into a system that will provide information contributing to management strategies.



Acceleration of the IPL Process

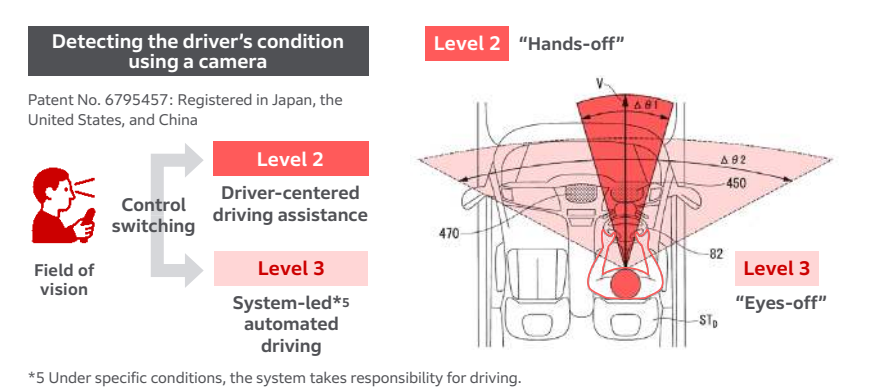
In initiatives to create new value, open innovation with diverse companies is becoming increasingly important, and Honda is also utilizing IPL analysis to evaluate the technological capabilities of such innovation partners.

In investment and other decision-making processes, prompt and timely due diligence is required, making the acceleration of the IPL process a challenge. Honda has built an AI-based patent analysis system that utilizes generative AI, realizing a significant improvement in analytical efficiency.

Portfolio Management: Securing the Grant of Core Applications

A patent acquires value as a "right" once it has been examined and registered after filing. Honda is strategically securing the grant of rights in line with the purpose of ownership. To effectively realize this, portfolio management is required. By clarifying the policy for utilization from the filing stage, we can build a robust portfolio aligned with our objectives. As part of this, "core applications" are patent applications related to a company's core technologies, thereby enabling the securing of competitive advantage in the market. By giving the highest priority to securing the grant of these "core applications," Honda strengthens the ability to defend technologies that serve as the source of our business competitiveness, further enhancing our differentiation and competitive advantage in the market.

Example of a Core Application: Mode-Switching Control for Automated Driving



Words from Honda Colleagues Who Chase Their Dreams

Transforming Honda's Technology into Solid Competitiveness

Corporate Planning Division,
Corporate Planning Unit
Yuichiro Maeda

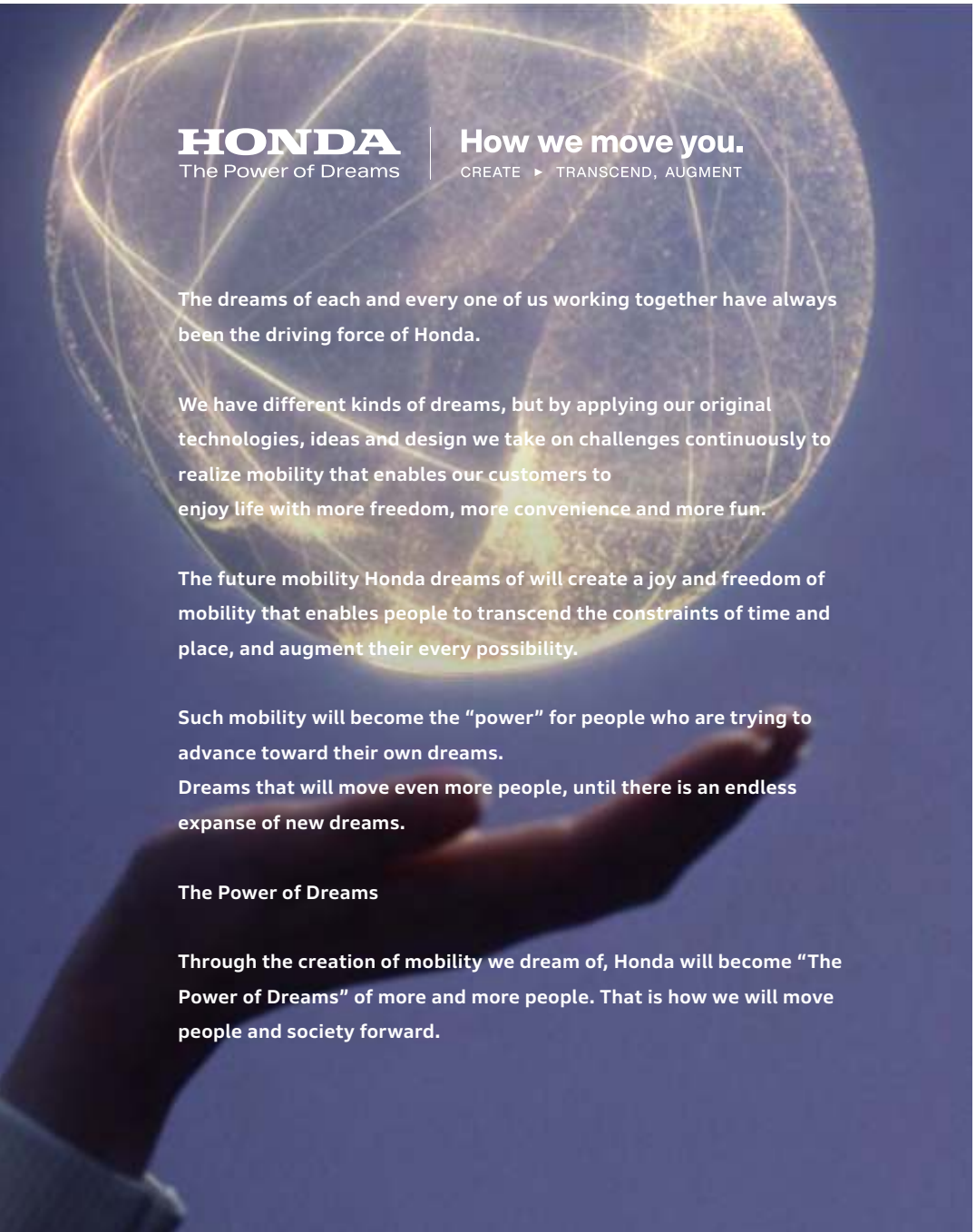
I joined Honda with the aspiration to contribute to the creation and evolution of technological capabilities, which are a source of Honda's competitiveness. To realize this dream, I was initially assigned to the intellectual property division, where I worked on protecting innovative technologies and supporting the creation of new technologies through utilizing intellectual property, mainly patents.

As part of this, I launched a project called Evolution of the Strategic Update Process, where I established KPI standards and developed an analysis flow to ensure Honda's medium- to long- term competitiveness. This activity was also included in last year's Honda Report, and I strongly feel that it has contributed to strengthening our technology strategy and optimizing resource allocation.

Motivated by my aspiration to contribute to solving Honda's overall challenges from a broader perspective, I later decided to transfer to the Corporate Planning Division as part of our human resource rotation. Since my transfer, I have been working on planning and evaluating businesses aimed at realizing carbon neutrality by 2050. Through these activities, I have strongly felt the importance of collaboration between technological development and commercialization. Honda is a company specialized in its technological capabilities, and the process of commercializing its technologies presents many challenges. This is an important step in sustainably creating value, and while serving as a bridge, I take on challenges every day to ensure the successful launch of new businesses.

Going forward, I will utilize the perspective and experience I have gained in this role to further strengthen collaboration between the intellectual property division and management. By building robust strategies aligned with management, I will further improve Honda's technological capabilities and corporate value.

Brand Value Enhancement



Starting Point: "Redefining the Honda Global Brand Slogan"

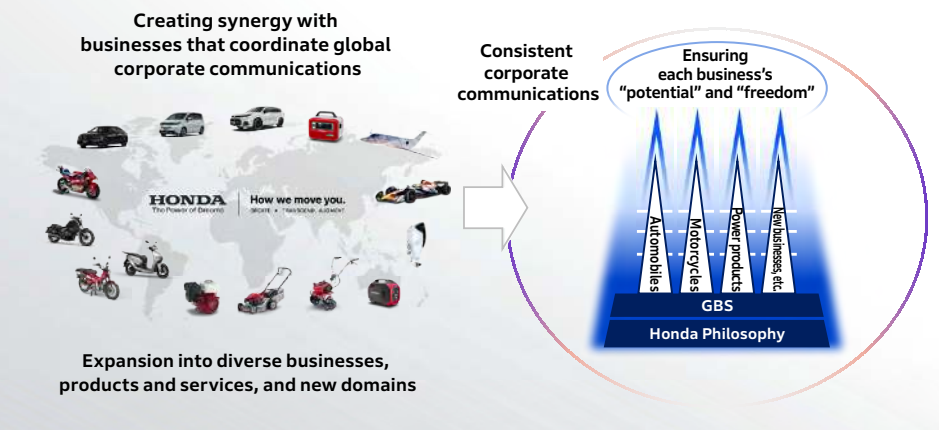
Honda's brand has been built over time through all of its corporate activities alongside its customers since its founding. Even in the midst of a significant transformative period said to occur once in a century, enhancing the Honda brand and continuously increasing its value for the future is one of the most important challenges.

To achieve this, Honda redefined the Global Brand Slogan (GBS) "The Power of Dreams," established in 2001, in 2023, and positioned it once again as the "starting point for all brand management." By embodying the aspirations embedded in this slogan through all corporate activities, we aim to highlight the uniqueness of Honda and continue to be a company that the world values and looks to with expectations.

Furthermore, as a comprehensive mobility company and the world's leading power unit manufacturer, Honda has delivered a diverse range of products and services to customers across the globe.

At the foundation of all Honda's corporate activities lies shared "values and philosophies." While strongly embracing the shared "values and philosophies," the Honda brand is recognized as a "diverse and multifaceted brand" that is not uniform in contexts such as regions, businesses, products, and services. We believe that this distinctive brand personality represents the "uniqueness of Honda" developed for 75 long years and an asset for the future even in the era of transformation.

To Remain "More Honda-Like" in the Era of Transformation

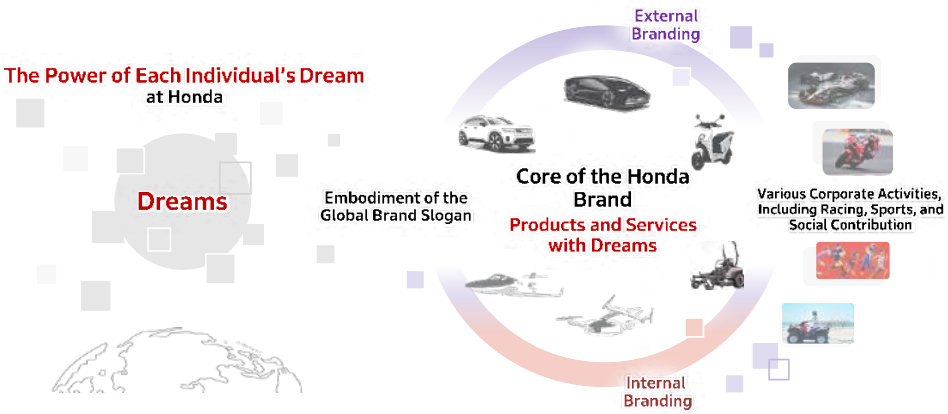


Achievements of the Redefinition of the Global Brand Slogan and Future

Since the redefinition of the GBS, Honda has been conducting activities to disseminate its aspirations inside and outside the company with full effort, as well as working on reviews and improvements in all corporate activities, placing the GBS at the core. We recognize that, for approximately three years since the redefinition, diverse initiatives have started with the transformation of each associate's awareness and behavior, extended to products and services, and gradually been expressed as concrete achievements. Particularly, the EV "0 Series" announced in 2024 is positioned as one of the expressions of Honda's brand transformation, and at the same time as a symbol embodying the mobility we dream of.

Honda will continue to place the GBS at the core of brand management and, through various products, services, and corporate activities, integrate individual brand identities with the valuable consistency as Honda, further enhancing the overall value of the Honda brand.

Elements that Shape the Honda Brand



Honda's Design, Continuously Challenging with Creativity

Managing Director
Chief Operating Officer,
Design Center
Honda R&D Co., Ltd.
Toshinobu Minami

I was drawn to become a Honda designer by my strong interest in both mobility and design. Motorcycles are fun to ride, and automobiles captivated me even more after I obtained my license. I also felt I could make the most of my strengths in the field of design. During that time, Honda's automobiles of that era such as the "Wonder Civic" and the "second-generation Prelude" strongly inspired me, and I decided to join Honda.

I believe design is not merely the work of considering an object's appearance, but rather of envisioning "the world beyond the object" and creating the future through the object. Honda's Design Center brings together members from different product cultures, including motorcycles, automobiles, and power products. However, we do not try to forcibly unify these differences. Rather, I believe an environment that respects individual differences while naturally seeing and hearing what colleagues are working on and inspiring one another is a source of Honda's creativity.

The aim of our work as designers is to deliver not "what our customers want" but "what serves them." I believe that, while functionality such as performance and convenience is essential, even small moments, such as when someone steps out of an automobile, looks back, and thinks "This is cool" or "This is a great automobile," can also serve our customers well in terms of emotional fulfillment.

However, achieving this balance is never easy. It requires time and effort, and not every attempt succeeds. Yet, I believe continuing to take on challenges leads to Honda's creativity and the environment of mutually supporting colleagues in their pursuits is another major appeal of Honda.

Without being constrained by the past, we envision new dreams and keep taking on challenges. I am confident that the creativity that emerges going forward has shaped, and will continue to shape, the Honda brand.

Further Enhancing Brand Value

Evolution of Branding Strategies

In brand management, we believe it is crucial to create synergies between "common values and thought as a company" and "the diversity and uniqueness of products and services" based on the unique personality of the Honda brand. As part of this, we are working on developing and expanding "brand assets" that serve as guidelines for various communications and branding practices to ensure valuable brand commonality on a global scale.

First, we have enhanced the Brand Playbook, which has been in operation since 2024, into the Brand Portal for broader application. Going forward, we will work on the intelligence and automation of this function, with the aim of creating an environment in which all associates working at Honda can independently improve the quality of the brand.

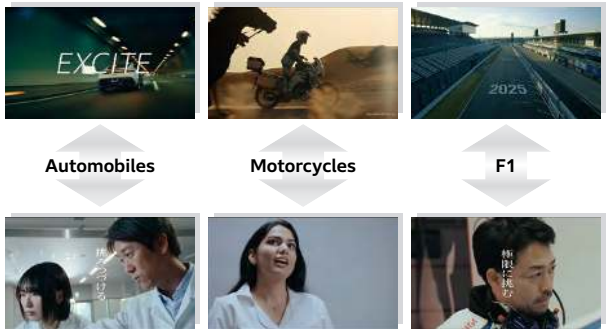
In 2025, Honda commenced company-wide implementation of the Honda Global Font as a new brand asset, serving as the foundation for all typographic communications.

In addition, a new series of corporate advertisements launched this year is one of our brand assets intended for global application.

This series of advertisements spotlights Honda's essential value proposition of diverse mobility presented through the redefinition of the GBS as "Transcend" and "Augment," and the "embodiment of the dreams and endeavors" of each associate who realizes them through "Create."

Starting with the already released installments: Automobiles, Motorcycles, and F1, we will further develop its successive installments to communicate both the "diversity and multifaceted nature" of Honda, a comprehensive mobility company, and the shared "values and thought" underlying it.

New Series of Corporate Advertisements



Automobiles | Motorcycles | F1

Starting with the installments: Automobiles, Motorcycles, and F1, we plan to further develop successive installments.

Essential value proposition of Honda, a comprehensive mobility company,

Brand's "diversity and multifaceted nature"

Embodiment of dreams and challenges of associates who realize value through "Create"

Shared "philosophies and values"

"Content Linked with Corporate Advertising"

DREAMS

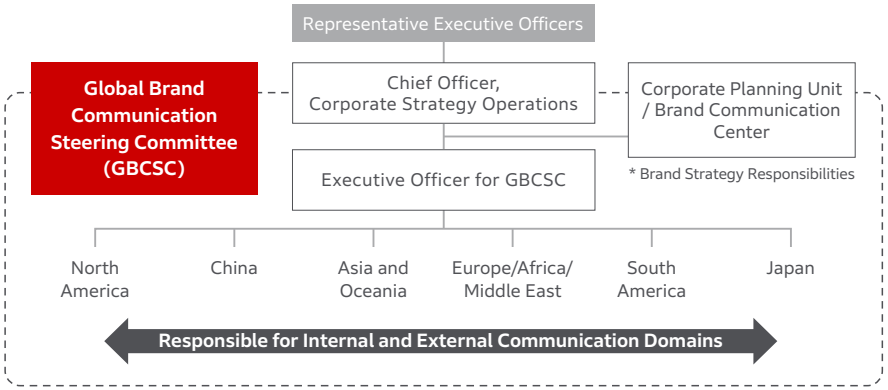
Honda's Partners Chase Their Dreams

Enhancing the Global Brand Strategy Coordination System

To consistently enhance the value of our brand globally, not only strategy but also the management of its execution and expansion is essential. Based on this approach, the Global Brand Communication Steering Committee, established in 2024, aims to ensure that the intended direction is shared with all global associates and each region can autonomously develop its initiatives. The committee is strengthening activities in collaboration with each region and business.

We recognize that brand initiatives that are grounded in globally shared understanding and at the same time reflecting regional needs are accelerating. By continuing to strengthen these initiatives, we will refine the personality of the Honda brand, which is diverse yet consistent.

The effectiveness of these efforts will be monitored using "brand value" as a management indicator, as published by Interbrand. This monitoring will help to assess the situation and contribute to the further enhancement of our activities.



Implementation of brand training and other initiatives that combine global consistency and regional optimization

At the experience center in Thailand, which opened in August, visitors can engage all five senses to experience Honda's diverse business areas, including challenges toward electrification.

Expansion of the Honda Brand Through Taking on Diverse Challenges

Since our founding, we have maintained a strong commitment to support individuals who "take on challenges" toward ambitious goals in realizing their dreams, just as we pursue our own dreams.

Our initiatives based on this value extend from racing activities to corporate sports, social contribution activities, and even the field of education, broadening the scope of the Honda brand's value.

Corporate Sports and Contribution to Sports

Through the operation of official clubs in Japan and sponsorship of competitions and athletes, we support athletes who pursue their dreams through challenges.

As an official partner, we supported the World Athletics Championships held in Tokyo for the first time in 34 years. By providing official vehicles, we helped amplify the excitement and inspiration born from the performances of the world's top athletes.

Social Contribution Activities, Etc.

Honda Beach Clean-up Activity: Cleaning up beaches using a proprietary beach cleaner

Click here for more information about the activity

The Children's Idea Contest invites children to create artwork based on ideas for what they wish existed in the future.

Honda Sports Challenge

Motorsports

Japan's premier automobile touring car racing series, SUPER GT

World's premier motorcycle road racing series, MotoGP

World's premier motorcycle trial racing series, TrialGP

The FIA Formula One World Championship (F1), which is a symbol of challenge, marks the 60th anniversary of our first victory this year. By continuously pursuing victory in F1, the world's premier racing series, Honda hones cutting-edge technologies and applies personnel's knowledge and experience developed through racing to the evolution of products and businesses. At the same time, F1 is not merely a competition for Honda but an invaluable stage to share dreams and excitement with our customers. In 2026, under new regulations with a significantly higher proportion of electrification, we will move to a stage of taking on further challenges. The passion and trust cultivated through our efforts toward F1 will continue to be a major force in enhancing the value of the Honda brand.

Mr. Lawrence Stroll, Chairman of the Aston Martin Aramco Formula One® Team, and Toshihiro Mibe, President and Representative Executive Officer, together pursuing the championship from 2026

Words from Honda Colleagues Who Chase Their Dreams

Honda's F1 Spirit, a Chain of Challenges

Racing Department
Honda Racing Corporation UK Ltd.
Shintaro Orihara

When I was a child, I felt somewhat embarrassed about the Honda automobile my father drove. Around me, Toyota and Nissan were the mainstream, and Honda was somewhat unusual. My feeling changed dramatically one late-night F1 broadcast. When McLaren Honda won and I saw the staff wearing the Honda logo celebrating on television, the automobile at home suddenly connected with the world, and a sense of pride surged within me. From that moment, I decided in my heart, "I will join Honda and work in F1."

However, even after I joined Honda, opportunities did not come easily. A quarter of my Honda career was spent continuously searching for ways to get involved in F1. I still cannot forget the joy I felt when our fourth era in F1 began and I was finally assigned to F1. In 2021, the moment we won the championship and I realized my dream remains the greatest event of my life.

The uniqueness of Honda, as I feel it, is its flexibility and sense of speed. The F1 team engineers tell me, "Honda's responsiveness is exceptional." If it is necessary to win, Honda overcomes any difficulties and tries to take on challenges at the fastest pace. That is Honda.

I also strongly feel that the successful experience of continuing to challenge and winning in the world of racing, where victory and defeat are clear, leads to the growth of engineers. Honda frequently rotates engineers between mass-produced vehicles and racing activities, and I think spreading the mindset of engineers focused on victory throughout Honda has a significant impact. I believe this is unique on a global scale and represents one of Honda's strengths.

Until now, I have lived for my own dream of "winning in F1." From now on, I wish to deliver dreams to young people who, like my former self, see Honda on television and dream. By never compromising and continuously achieving results, I wish to pass the baton to the next generation.

Motorcycle Business Strategy

Business Overview / Recognition of the External Environment

Achieving a 40% Global Market Share by Continuously Providing Compelling Products

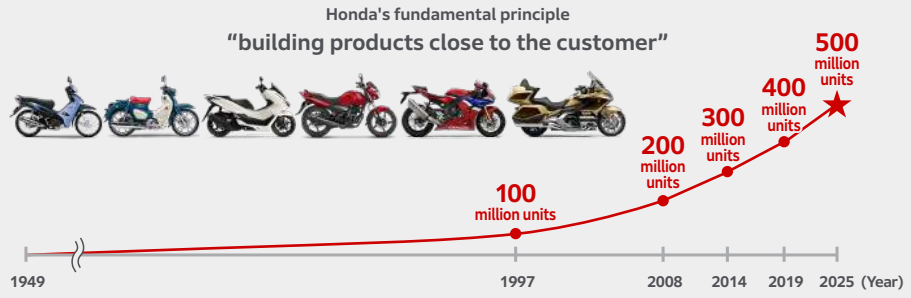
The motorcycle business is the origin of Honda's manufacturing and value creation. Since beginning production of "Dream D-Type" in 1949, we have provided the joy of mobility and the fun of riding through a diverse lineup from commuter models*1 that support daily life, such as "Super Cub," to FUN models*2 that can be enjoyed in a variety of riding situations. By continuing to provide such compelling products, we now play a leading role in the global motorcycle market as a top manufacturer.

*1 Commuter models: Those including motorcycles and scooters for commuting to work or school, focusing on everyday mobility and practicality.
*2 Fun models: Medium- and large-size models that emphasize the fun of riding.

Achieving a Cumulative Production of 500 Million Units

Since establishing the first overseas production site in Belgium in 1962, Honda has practiced manufacturing rooted in each country and region, based on the fundamental principle of "building products close to the customer." Today, we have built an annual production system exceeding 20 million units across 37 sites in 23 countries, and we strive to deliver products and services through a global sales network of over 30,000 dealerships. In the Fiscal Years Ended March 31, 2025, we achieved sales of 20.57 million units, equivalent to approximately 40% of the global market share, and marked the highest-ever unit sales across 37 countries and regions. In May 2025, we reached a historic milestone by surpassing 500 million units in cumulative production.

Cumulative Production Volume

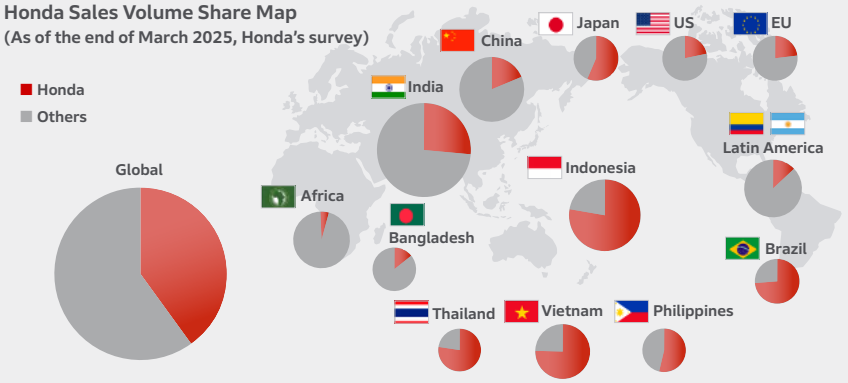


Achieving a Geographically Balanced Profitability

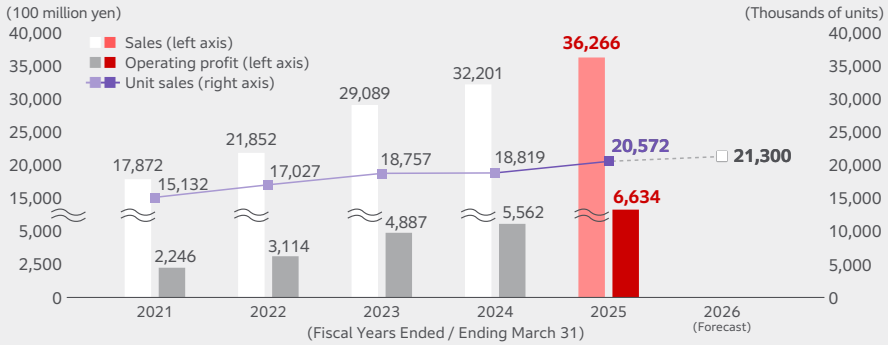
Our profit portfolio, which had previously been weighed toward Asia, has significantly improved, achieving a geographically balanced profitability. In addition to achieving extremely high market shares in Indonesia, Vietnam, Thailand, and Brazil, we also secured the top share in five European countries (Italy, Germany, France, Spain, and the United Kingdom). As a result, operating profit has approximately tripled over the five years since 2020, and the return on sales (ROS) for the Fiscal Year Ended March 31, 2025, stood at 18.3%.

Changes in Profitability

Honda Sales Volume Share Map
(As of the end of March 2025, Honda's survey)



Revenue Highlights: Motorcycle Business (Sales / Operating Profit / Units)



Capturing Growing Demand and Leading Market Growth

The motorcycle market continues to see growing demand, particularly in the Global South, including India. Driven by population and economic growth, the market is expected to grow from its current annual volume of 50 million units to 60 million units by around 2030.

Honda will seize the dynamism of this growing market and lead its growth by swiftly introducing competitive products and providing high-quality services that are tailored to our customers.

Initiatives in Growth Markets

We plan to expand the production line at our Vithalapur plant in India, the world's largest motorcycle market, with operations scheduled to begin in 2027. This expansion will add capacity for 650,000 units annually, bringing the total annual production capacity across our four plants in India to approximately 7 million units in 2027. Through these initiatives, we will strengthen our supply capacity to expand our market share in small motorcycles, which are in particularly high demand. In the scooter market, where we achieved the top share, we will also aim to increase unit sales by capturing demand from female users, whose participation in society is expected to grow further in the future.

To expand production capacity while also building an efficient and competitive production system, we are conducting initiatives such as in-house manufacturing of parts and modularization of vehicle bodies. In addition, by thoroughly pursuing "Make in India" in procurement and accelerating local sourcing, we will further strengthen our cost competitiveness.

Furthermore, we will leverage this foundation to accelerate exports to Central and South American markets. For markets with similar road environments and needs, we will develop businesses that combine adaptability and product appeal. In addition, we will actively promote the establishment of local production systems in the Middle East and Africa, regions expected to see future growth. We will expand Honda's presence in the global market.

Initiatives in Mature Markets

In mature markets such as Thailand and Vietnam, where Honda maintains a leading market share, there is a growing demand for upgrading to high-value-added models. To meet this demand, we will continue to actively introduce high-value-added models equipped with smart keys and advanced connected functions.

In the European market, the competitive environment is becoming increasingly intense due to the rise of emerging manufacturers. We have conducted flexible and efficient platform development based on our architectural philosophy*3 and have provided products in a timely manner and at appropriate prices in response to diversifying needs. We are working to establish a competitive advantage while achieving both agility and profitability.

Furthermore, in March 2025, we unveiled "CB1000F Concept" to the world for the first time in Japan, the birthplace of Honda. This next-generation CB concept model embodies the standard of evolving sport bikes as the product brand "CB," which represents Honda's road sport bikes.

We aimed to create a presence that evokes the "CB stories" in its styling and instills a sense of pride in ownership.

*3 Architectural philosophy: A design philosophy in which structures and functions common to multiple models are designed from the top down, achieving both efficiency and flexibility through the standardization of parts and development assets.

CB1000F Concept

To provide new experiences and acquire new customers, we are also focusing on generating buzz and empathy through collaborations with other industries.

Super Cub 50 HELLO KITTY Edition

Honda Koraidon

©Pokémon. ©Nintendo/
Creatures Inc./GAME FREAK inc. TM,®,
and character names are trademarks of Nintendo.

Business Targets

Business Growth and Technological Advancements with a View Toward 50% Global Market Share

Response to and Progress on Electrification Demand

The year 2024 marks the first year of Honda's global rollout of electric motorcycles, and we began sales of "CUV e:" with swappable batteries and "ICON e:" with a fixed battery, starting with Indonesia. Additionally, in February 2025, we launched the India-exclusive models "ACTIVA e:" and "QC1." By the end of 2025, we plan to globally introduce an electric model for the FUN area, which has adopted a new logo symbolizing electric mobility.

ACTIVA e:

As with the ICE business, the Indian market is key to the expansion of the electric business. Under the government's proactive policy of promoting electrification, the electric motorcycle market in India has expanded to a volume of 1.1 million units (Fiscal Years Ended March 31, 2025). To respond to this growing demand, we are planning to establish a new factory dedicated to electric motorcycles, which is scheduled to start operations in 2028. At the factory, by adopting modularization technology and other measures, we aim to create a flexible and highly efficient production system by reducing the length of the assembly line by about 40% compared to the conventional setup. We will continue to reduce costs by improving production efficiency through automation and labor-saving, and by promoting local production and consumption, in order to provide electric motorcycles at competitive prices.

Two electric concept models announced at EICMA 2024*4: EV Fun Concept (left) and EV Urban Concept (right)

*4 EICMA 2024: One of the world's leading motorcycle industry exhibitions, held every November in Milan.

Together with these initiatives, we will create new value that only Honda can offer by combining the strengths developed through our ICE with the unique value of electrification, aiming for the top market share in electric motorcycles as well.

Advancements and Innovations in ICE Technologies

The dual clutch transmission (DCT)*5 and the electronically controlled clutch (E-Clutch)*6 are Honda's unique drivetrain technologies that achieve comfort, safety, and efficiency while maintaining sporty riding and the enjoyment of riding. These technologies have earned high praise as they respond to the growing demand for FUN motorcycles in countries around the world.

*5 Dual clutch transmission (DCT): A transmission mechanism that automatically controls gear shifting using two sets of clutches.
*6 E-Clutch: A clutch control system that enables starting, stopping, and shifting without clutch operation.

DCT-equipped model "X-ADV"

E-Clutch-equipped model "CB650R"

At EICMA 2024, held in Milan, Italy, we unveiled a new V3 engine with an electrical compressor. Despite its compact size, this new technology realizes powerful riding and handling performance, while also achieving environmental performance, including improved fuel economy and reduced emissions. We plan to install this engine in future FUN models and will continue to advance development for mass production.

V3 engine with electrical compressor

Technological Progress in the Production Area

Honda is also carrying out advanced initiatives in terms of production technology. For example, to achieve lighter products, we are thinning aluminum parts and replacing materials with lightweight steel, thereby realizing high-quality vehicle bodies that achieve both lightness and strength through advanced processing technologies.

In addition, we are working to reduce environmental impact by gradually expanding the application of recycled materials to our models. In terms of energy supply at our factories, we are increasing the installation area of solar panels while also introducing equipment to store the electricity generated.

As we advance our initiatives toward carbon neutrality, we will establish a highly efficient and flexible production system throughout the entire value chain, including production and procurement.

Connectivity Initiatives

Honda RoadSync Duo

We are actively introducing motorcycles with equipment that utilizes connected technologies, such as IVI*7, which have been developed through our automobiles. By incorporating functions such as navigation, music, and calling, we aim to achieve both convenience and safety. "Honda RoadSync"*8 is Honda's official smartphone-linked system for riders, which includes a simple navigation feature. Going forward, we will expand the range of models to which this system is applied. We have introduced "Honda RoadSync Duo,"*9 which includes additional features, starting with the electric motorcycle "CUV e:," and will expand its application to ICE vehicles as well.

Our connectivity initiatives go beyond infotainment. For electric motorcycles, we support FOTA*10, which is related to vehicle performance, such as the battery management system. Through the addition of new features and the improvement of existing ones, we will continue to advance product value even after purchase. Looking ahead, by analyzing riding data and usage status, we will deepen our understanding of customers and swiftly identify potential needs and risks, aiming to deliver an even safer and more comfortable experience.

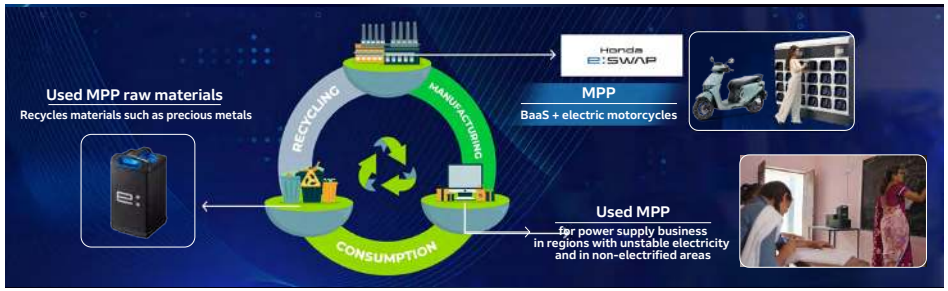
*7 IVI: In-Vehicle Infotainment. A system that integrates information and entertainment provided within automobiles or motorcycles.
*8 Honda RoadSync: Honda's connectivity technology that utilizes a Bluetooth-connected smartphone to provide calling, music, and navigation features using the screen display and handlebar switches.
*9 Honda RoadSync Duo: A recommendation-based navigation system that suggests optimal routes and charging timings in real time based on information such as remaining battery level, driving distance, and charging station status.
*10 FOTA: Firmware Over-The-Air. A technology and system that enables the remote updating of software (firmware) for in-vehicle computers and control systems installed in motorcycles and automobiles via wireless communication.

Initiatives for Carbon Neutrality and Zero Traffic Collision Fatalities

We are accelerating initiatives to realize carbon neutrality in ways tailored to the realities in each region and the needs of our customers. In addition to expanding our lineup of electric motorcycles, we will make improvements in fuel economy and deploy flex-fuel models*11 for ICE vehicles. Particularly in emerging countries, while steadily assessing the transition process toward electrification, we provide products that achieve both environmental performance and convenience. For example, responding to the Indian government's energy policy promoting the use of bioethanol fuel, we were among the first to introduce the E85*12-compatible flex-fuel model "CB300F."

Under the policy of Triple Action to ZERO, Honda is also taking a comprehensive approach through both products and business activities. In India, we have launched a project in collaboration with external partners to reuse the "Mobile Power Pack e:" to supply electricity to small businesses, schools, and other facilities in areas with unstable power infrastructure or in those without electricity. Going forward, we will also work on establishing a circular value chain that includes the recovery of materials such as rare earth elements in batteries.

*11 Flex-fuel model: An internal combustion engine vehicle capable of using multiple types of fuel (fuel with different blending ratios), such as gasoline mixed with ethanol.
*12 E85 fuel: A fuel blended with 85% ethanol and 15% gasoline. Usable in flex-fuel models.



Initiatives for motorcycle traffic safety are also essential for realizing a safe mobility society. As motorcycle ownership increases mainly in emerging countries, Honda, as the top motorcycle manufacturer in the world, has set the ambitious goal of zero traffic collision fatalities involving Honda's motorcycles and automobiles worldwide by 2050. In cooperation with the industry and governments, we are implementing global safety measures through both hardware and software. We are accelerating the development of technologies such as advanced braking systems and lights with high visibility for both riders and other road users, with a plan to increase their installation rate on motorcycles by 2030. We are also working to strengthen traffic safety awareness activities for individuals from the young to the elderly. Through such rider education, we help raise safety awareness around the world.

Roundtable Discussion on Motorcycles Challenge for E-Clutch: Expanding the Enjoyment of Riding for Customers

World's First Electronically Controlled Clutch Technology for Motorcycles: E-Clutch

Honda has developed the world's first electronically controlled clutch technology for motorcycles, the E-Clutch. This technology enables starting, shifting, and stopping without operating the clutch lever. It allows riders to maintain mental and physical comfort and experience the enjoyment of riding even more than with conventional manual transmission (MT) motorcycles.

The E-Clutch was first introduced on the CBR650R and CB650R in 2024, gaining strong customer support immediately after the launch. It has received high praise from a wide range of riders, from beginners to experienced riders. Despite being priced higher than the MT specification, it has been selected by many riders and is expected to be one of the reasons riders choose Honda motorcycles. Furthermore, the E-Clutch system can be installed on existing engines, and plans are in place to expand its use to many models in the future.

Our Vision for the E-Clutch Development

Kato: Honda leads the global motorcycle market as a top manufacturer. As a company dedicated to "monozukuri" (manufacturing), our commitment to creating new value and delivering it to our customers remains unwavering. This E-Clutch was precisely such a challenge to create new value.

Makita: Honda has developed various transmission systems for motorcycles over the years. Honda was the first in the world to install Dual Clutch Transmission (DCT), an original automatic transmission (AT) system that automates clutch operation and shifting, on motorcycles. Its excellent operability has earned widespread acceptance among customers. On the other hand, one of the great joys of riding a motorcycle lies in using your entire body and becoming one with the machine on the road. Operating the clutch and shifting gears yourself with a MT motorcycle truly leads to the enjoyment of riding. We began developing the E-Clutch with the desire to let more customers enjoy motorcycles by automating clutch operation, while preserving the enjoyment of riding inherent to MT motorcycles.

Ono: The E-Clutch is an electronically controlled technology that provides optimal clutch control in various riding scenarios, such as starting, shifting gears, and stopping. Furthermore, just like a conventional MT motorcycle, riders can manually control the clutch by operating the clutch lever. This delivers smooth riding while preserving the enjoyment of riding. Experienced riders can enjoy more fun and sporty riding, while beginners can enjoy easier and more comfortable riding, allowing a wide range of customers to enjoy riding MT motorcycles even further.

Offering a Lighter and more Compact System at an Attractive Price for Customers

Ono: I joined Honda with the desire to develop a completely new drive system. Fortunately, I was assigned to my desired department, but for about ten years, I had a hard time because I was unable to bring the technology I worked on to market. So, in the development of E-Clutch, I was determined to do everything possible as if my back were against the wall.

Makita: We focused on how to miniaturize and reduce the weight of the actuator equipped with the core motor for the E-Clutch. It was also important to enable this unit to be installed in a wide

variety of models. To get customers to ride E-Clutch-equipped models, we needed to contain costs effectively, and there were many hurdles we had to overcome.

Nakada: I spent most of my career in the development field, but later aspired to move into purchasing. This time, I volunteered to be involved in the E-Clutch project. The most challenging part was selecting the motor to be installed in the E-Clutch. Motorcycles operate in high-temperature environments with significant vibration, so we struggled to find a motor that could withstand such conditions without breaking down and still offer solid quality assurance. While we could have developed a motor from scratch, we wanted to offer the E-Clutch-equipped models at an attractive price so that many people could enjoy riding them. After repeated trial and error, we ultimately settled on a motor widely used in Honda's automobiles. However, installing the motor as-is required a redesign of the layout on the development drawings, so we requested the development team's cooperation.

Ono: As the development team, we honestly felt a sense of pride in what we had already accomplished. Nevertheless, our desire to deliver an appealing product to our customers as soon as possible was shared with the purchasing department. Therefore, after numerous discussions with them, we decided to reexamine the layout to ensure compatibility with the motor they proposed.

Makita: In the standard process, it is common to modify parts to fit the vehicle, but this time, we tried the opposite approach.

Ono: The key to this development is using two motors. Using just one would have been best, but that was not possible. We then focused our efforts on how we could make it as compact as possible using two motors and proceeded with our examination. Given the limited conditions, we had no choice but to rack our brains and keep coming up with solutions, but this ultimately led to the creation of something new.

Where to Produce it and How to Sell It?

Makita: Until now, mass production of products using new technologies has traditionally been based in Japan. However, this time, we decided to assemble the actuators at our factory in Thailand. This also involved various challenges.

Tsutsumida: The configuration and equipment of the production lines at each facility are different in reality. Moreover, since this actuator is also supplied to other countries, quality assurance was required not only for individual components and finished vehicles but also at the supply stage. Since this was a new challenge, we held numerous meetings with local associates in Thailand, Japanese development members, and production members from our Kumamoto Factory in Japan who possessed the necessary expertise, with interpreters in attendance. The members in Thailand also set extremely ambitious goals, saying, "If we're going to do this, we'll do it right," and we all brainstormed ideas together, transcending nationality and expertise, to figure out how to accomplish our goals.

I joined the company with the desire to work overseas, and this time, I feel I was able to take on the challenge of creating a new system on a global scale.

Tamadan: As a salesperson, I was able to participate from the early stages of this development project, and I think it was a great experience to work as a team to consider what kind of customers we would target and how we would sell to them. My first impression after riding in the prototype was, "This is going to work." I wanted to quickly share this with sales teams around the world, so I decided to bring the prototype to Europe first. There, we held test rides at locations resembling actual riding courses, allowing dealership staff to experience it for themselves. By having them experience it firsthand, we deepened our discussion on price sensitivity. We also discussed how to effectively convey its appeal to customers who have not yet ridden it, by focusing on what key selling points to emphasize. The E-Clutch is a world-first innovation, but I believe it has gained such global acceptance precisely because it accurately captured customer needs. As a salesperson, I want to continue communicating its appeal to customers even more effectively.

Makita: There was also a discussion about whether first-time customers might find it a bit confusing to understand how to use the new system, wasn't there? After repeated discussions about creating something that could easily explain the new value, we actually prepared a quick start guide.

Tamadan: I think it takes courage for anyone to shift into gear without holding the clutch lever. Since we thought we had to find a good way to explain this to our customers, we contacted the service department many times and collaborated with the development team to create the guide. We have translated it into multiple languages and distributed it globally.

What are Honda's Strengths in Motorcycles?

Ono: This E-Clutch has a simple structure, but I believe the control technology used within it still cannot be replicated overnight. We possess the know-how gained from developing DCT systems and other technologies, as well as the accumulated results of years of pioneering research. We have also gained inspiration for our approach to the control technology from the robotics area at our research institute. This is a strength unique to Honda that no other company possesses, enabling us to create diverse mobility solutions.

Makita: In fact, our clutch control is quite sophisticated

technology, and honestly, I think you will notice a huge difference just by riding our models. Leveraging this strength, we aim to pursue further evolution that will allow us to pull even further ahead of our competitors.

Ono: Honda is working on various initiatives toward achieving zero traffic collision fatalities, involving Honda motorcycles and automobiles, by 2050, but our commitment to ensuring customers can enjoy motorcycles safely and with peace of mind remains unchanged.

We repeatedly conduct various tests, anticipating every possible scenario, to ensure that even if a customer makes an operational error, it will not lead to dangerous situations or cause a breakdown.

To Continue Delivering New Value to Our Customers

Nakada: In this E-Clutch project, the relevant divisions, such as S (Sales), E (Engineering), D (Development), and B (Buying), worked together from an early stage, and we were able to solve every issue through trial and error. I hope to see such collaboration take place in other areas as well.

Ono: I do not think the development team alone could have overcome the hurdle to mass production. When developing new technologies, I believe we could bring even more unprecedented products and technologies to market by further expanding collaboration across domains, for instance, by establishing cross-functional teams across SEDB domains from the initial phase of preliminary research. Additionally, I think it was beneficial to gain experience in cross-disciplinary collaboration, such as integrating with robotics technology. I believe that by continuing to successfully integrate technologies across All of Honda, we can deliver products that will excite and delight our customers even more.

Kato: Honda is a company dedicated to "monozukuri" (manufacturing). When I joined the company, founder Soichiro Honda was still in good health, and I was deeply moved by his desire to contribute to society through "monozukuri." Decades later, just as we are doing now, each division of SEDB strives toward a single goal: creating and delivering products that delight our customers. We share our wisdom across divisional boundaries, overcome obstacles through trial and error, and create new value. I believe this is precisely Honda's strength.

Automobile Business Strategy

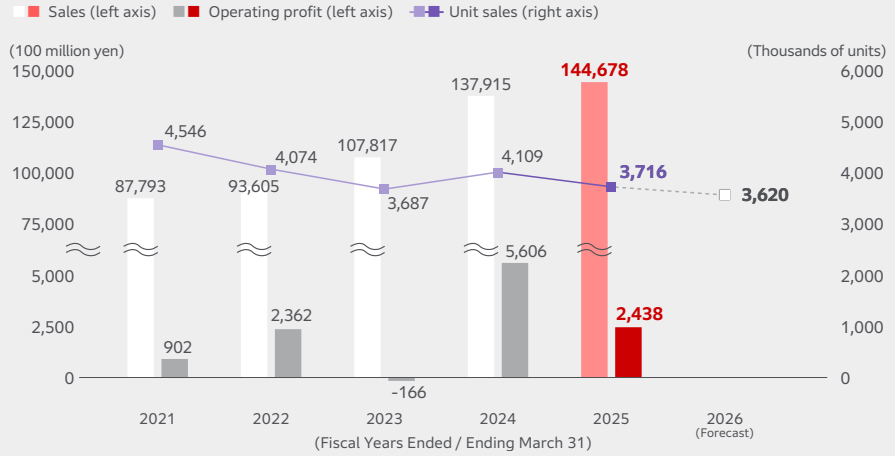
Business Overview / Recognition of the External Environment

A Changing Market Environment and Honda's Efforts

The operating environment surrounding the automobile industry is undergoing rapid change, with continued uncertainty ahead. The global economy remains unstable, and the expansion of the EV (Electric Vehicle) market is slowing amid shifting environmental regulations and trade policies in various countries. In the United States, revisions to industrial and tariff policies, EV subsidies, and the easing of fossil fuel regulations have weakened momentum for EV adoption. In Europe and other regions, economic slowdowns are prompting reconsideration of electrification policies, while in China, intensifying competition is being driven by the rise of emerging EV manufacturers.

Amid these circumstances, Honda's automobile business is facing two challenges: reviewing resource allocation that flexibly responds to market changes, and achieving both preparations for the future and improving profitability. We need to think thoroughly about how we can realize a society filled with the "joy and freedom of mobility" and respond with flexibility on that basis.

Revenue Highlights: Automobile Business (Sales / Operating Profit / Units)



Business Targets

Initiatives to Promote EV Adoption

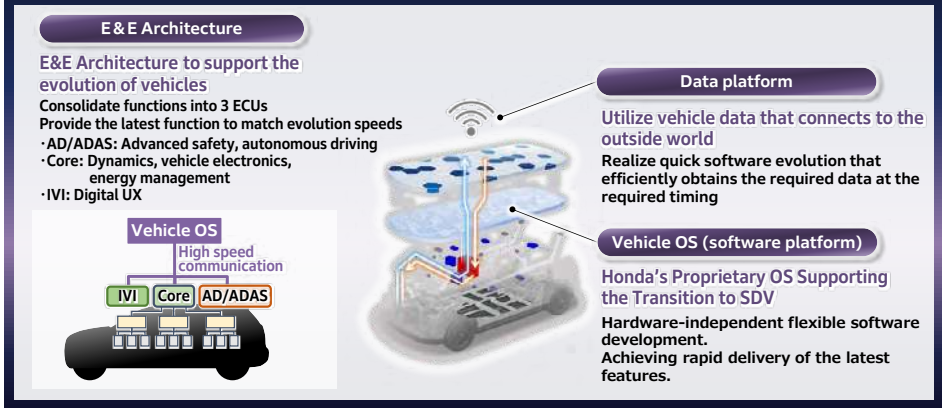
Even amid significant changes in the market, our long-term goals of achieving carbon neutrality and zero traffic collision fatalities involving Honda motorcycles and automobiles by 2050 remain steadfast. Honda is steadily advancing electrification initiatives toward realizing long-term carbon neutrality.

"Honda 0 Series," scheduled to be launched in 2026, is an entirely new EV series created based on a fresh development approach called "Thin, Light, and Wise."

The flagship of the series, the "Honda 0 SALOON," and the first model in the Honda 0 Series, the mid-size SUV "Honda 0 SUV," will offer new value as software-defined vehicle (SDVs) optimized for each user through technologies such as automated driving / advanced driver assistance systems (AD/ADAS) based on the ASIMO OS.

SDV defines a vehicle's functions and value through software, enabling continuous feature expansion and performance improvements via updates. In addition to the underlying E&E architecture, Honda is independently developing its own vehicle OS and applications to provide the rapid delivery of the latest functions and services.

E&E Architecture for the 0-Series that will be able to speedily provide the latest functions and services



Furthermore, in preparation for the coming era of EVs, Honda will continue to proactively contribute toward the development of a safe and secure charging environment, enabling our customers to use EVs without concerns about charging.

In the Fiscal Years Ended March 31, 2024, we joined IONNA, a rapid charging network initiative in the United States through collaboration with OEMs. We are also gradually expanding our network in collaboration with major charging operators, aiming to build a network of 100,000 stations by 2030.

In Japan, following the conclusion of a business partnership agreement with PLUGO Inc., we are promoting public charging installations with a focus on users' residential areas. Additionally, from September 2025, we began offering "Honda Charge,"*1 a charging service that pursues safety, security, and usability for our customers, featuring functions such as plug-and-charge conforming to the CHAdeMO standard*2.

Through the development and widespread adoption of these next-generation EVs, Honda aims to achieve a carbon-neutral society alongside sustainable corporate growth. Going forward, we will continue to create new value, including electrification, and work to strengthen our global competitiveness and deliver optimal mobility experiences.

*1 Honda Charge: Honda's proprietary charging and energy-related service for EV users. In addition to supporting charging at home and on the go, it serves as a mobility energy platform that centrally manages functions such as locating charging spots, handling payments, and visualizing CO_2 emissions.
*2 CHAdeMO standard: An international standard for rapid charging of EVs. Supports bidirectional communication between the vehicle and charger, enabling safe, high-output DC charging.

Business Strategy to Address an Uncertain Era

While looking ahead to the medium- to long- term transition to EVs, strengthening our current business structure is indispensable. We will position hybrid electric vehicles (HEVs) as core products and focus on further enhancing their appeal while leveraging our strengths of the hybrid technology we have developed to date. At the same time, we will proceed to develop and promote the widespread adoption of next-generation ADAS, establishing a system that can respond to both current and future needs.

Evolution of HEVs

We will newly add "Honda S+ Shift," a new function designed to pursue a high-quality and exhilarating driving experience that resonates with all of the driver's senses and the "joy of driving" that accentuates the sense of oneness between the driver and the vehicle, while leveraging the characteristics of HEVs. The Honda S+ Shift precisely controls the engine RPM during acceleration and deceleration to achieve direct drive response and sharp gear shifting. Moreover, equipped with the Active Sound Control system, which enhances engine sound quality, and a coordinated, highly responsive meter display, the Honda S+ Shift will stimulate all of the driver's senses and provide exhilarating driving at the will of the driver, further synchronizing the driver and the vehicle. Honda S+ Shift will be installed gradually, starting with the "PRELUDE," released in 2025.

Honda has long offered unique hybrid systems that achieve both outstanding fuel economy (environmental performance) and a high-quality and exhilarating driving experience (driving performance) delivered by a high-powered traction motor.

These systems achieve highly efficient driving in all situations by seamlessly and automatically switching between three modes: the EV Drive Mode, where the vehicle runs using only electricity from the battery; the Hybrid Drive Mode, where the vehicle runs on the motor alone using electricity generated by the engine; and the Engine Drive Mode, unique to Honda, where the engine is directly connected to the wheels via a clutch. Furthermore, in the evolved next-generation hybrid system, we will renew the engine, drive unit, and other component parts, as well as control technology, and aim to achieve a 10% or higher improvement in fuel economy.

In addition, by adopting an electric AWD unit*3 that can be shared with EVs, we will optimize powerful starting acceleration performance and driving force distribution, as well as improve the vehicle's ability to trace the desired driving line and driving stability regardless of road surface conditions, pursuing driving at the will of the driver and with greater peace of mind. For this next-generation hybrid system, we will aim to reduce costs by 50% or more compared to the 2018 model and 30% or more compared to the current 2023 model, aligned with the increase in unit sales, thereby strengthening our competitiveness.

In line with this advancement of our hybrid system, we will completely renew the vehicle platform for HEVs and pursue further advancement. Through new technologies such as a lightweight frame body, which adopts new body rigidity management to achieve high driving stability and weight reduction, we will aim for the lightest platform in its class by reducing weight by approximately 90 kg compared to current mid-size models. Furthermore, while achieving a high commonality ratio based on the modular architecture concept, we will pursue cost reductions centered on major parts such as batteries, power control units, and motors, thereby improving profitability.

In the North American market, a pillar of our business, there is steady demand for large vehicles with spacious interiors and high cargo capacity. To sustainably meet this demand going forward, we are developing a new hybrid system that achieves powerful driving and towing performance alongside high environmental performance, aiming to launch products in the latter half of the 2020s.

*3 AWD unit: This system optimally distributes driving force to the front and rear wheels through electronic control, improving starting and driving stability on slippery roads.

Advancing Hybrid system and platforms in all aspects

Broad Application of Next-Generation ADAS Across EV and HEV Lineups

Automated driving and driver assistance technologies, symbolizing intelligence, will be important technologies in the future competitive environment. We will broadly apply next-generation ADAS across our mainstay EV and HEV lineups, aiming to deliver the "joy of mobility" to our customers at competitive price levels.

Next-generation ADAS

Assists the driver with acceleration and steering operations throughout the entire route to the destination, whether on expressways or surface roads

Honda will apply next-generation ADAS technologies to a broader range of models faster than other OEMs by leveraging its recognition and behavior planning technologies amassed through the development of automated driving technology

We are developing our unique next-generation ADAS that, once a destination is set in the car navigation system, assists with driving operations such as acceleration and steering along the entire route, whether on expressways or surface roads. The technical challenge is particularly high in urban areas, where road users are diverse and turns at intersections are frequent. By leveraging the recognition and behavior planning technologies cultivated through the development of AD technology, Honda is developing next-generation ADAS that enables safe and comfortable driving to the destination, including in urban areas. Going forward, we will aim to deliver a new product experience that combines both the "Fun" element, which allows the driver to enjoy driving, with "Easy," which makes it effortless to reach the destination through technology. This will expand the value of SDVs experience, including digital products. By broadly applying this to our mainstay EV and HEV lineups, we will aim to provide more customers with advanced technologies in an accessible form and offer safety and security, as well as expand the value unique to Honda.

In the current market, next-generation ADAS are mainly installed in high-end EV and PHEV models due to technical challenges such as securing power and cooling a system-on-chip (SoC)*4. However, Honda's hybrid system is a full-fledged hybrid system that executes highly efficient energy management with precision, and we believe it has the advantage of being able to overcome these technical challenges. Furthermore, when installing related devices, we will design the interior space based on Honda's unique M/M principle*5, minimizing their impact on design, thereby making it possible to install them even in compact automobiles.

*4 SoC (System on Chip): An integrated circuit that integrates functions such as computation, communication, and image processing, which were previously implemented on separate semiconductors, into a single chip.
*5 M/M principle: The concept of "Man-Maximum, Mecha-Minimum," which means maximizing space for people while minimizing space for mechanisms.

In delivering these technologies, it is essential to launch services that take into account the rapid pace of change and widespread adoption in the software area. Honda is accelerating the application of next-generation ADAS to surface roads and preparing development technologies, including a data platform that advances AI functions by utilizing vehicle data and virtual development for rapid software development. In China, where technological advancements are particularly fast, we are strengthening collaboration with local companies to swiftly deliver products that meet customer expectations.

As described above, Honda is working on both strengthening hybrid technology and developing next-generation ADAS, aiming for sustainable growth and strengthened competitiveness even amid uncertainties in the progress of electrification. As a symbol of this transformation in our automobile business, starting with next-generation models to be launched from 2027 onward, we will apply our new H mark not only to EVs but also to ICE vehicles, including HEVs. In parallel, we will implement new measures in marketing, sales and service, and operations across the entire value chain. Going forward, we will continue to respond flexibly to environmental changes while providing our customers worldwide with the "joy and freedom of mobility" and new value through the evolution of mobility.

Lineup Strategy

We aim to continuously deliver value to our existing customers worldwide through efficient lineups and diverse touchpoints. To flexibly respond to changing demand, we will offer efficient lineups that combine HEVs and EVs, strengthening our product appeal while covering a wide range of customer segments.

For HEVs, which are currently in high demand, we will strengthen our product lineups as transitional powertrains until EV adoption becomes widespread, focusing on the next-generation models to be launched starting in 2027. Specifically, by launching 13 next-generation hybrid models globally over the four years starting in 2027, we will build broad lineups and steadily meet the growing demand going forward.

For EVs, we will also progressively expand various product lineups, including "Honda 0 Series," compact EVs, "e:N" series, and "烨 (Ye)" series.

For the Acura brand, we will expand our customer base in both EV and ICE areas, while strengthening our product appeal by utilizing integrated control technology and SDV value, thereby aiming to establish its position as a performance brand.

Advancement of Production and Procurement Systems

To respond to rapidly changing market trends, we are working to establish flexible and robust production and procurement systems. In particular, to swiftly respond to demand fluctuations in EVs and ICE vehicles, including HEVs, we are centering on a mixed-model production system that allows both to be produced on the same lines, aiming to maximize the utilization of existing facilities and optimize production capacity. This allows us to minimize the impact of changes in policies and markets in each country, while maintaining stable supply systems.

In particular, in the North American market, to meet growing demand for HEVs, we are reviewing production capacity and strengthening the battery supply system, and are working to increase the local production ratio and the local procurement ratio of parts.

As we evolve our existing plants in Ohio, USA, into a hub for EV production in North America, we will establish a mixed-model production system. We are also working to introduce new technologies, such as mega-casting, which is essential for realizing the "Thin" and "Light" concepts of the Honda 0 Series. In preparation for the widespread adoption of EVs, it will be important to secure a stable supply of key electrified components, such as batteries in particular, even while we restrain current investments. In the short term, we will utilize our existing assets for supply, and in the long term, we aim for "local production for local consumption" by continuously exploring the expansion of local production and procurement.

Through the launch of operations at the joint-venture battery plant in the United States with LG Energy Solution, and the future launch of the in-house production of batteries co-developed with GS Yuasa International Ltd., we will aim to build a vertically-integrated value chain for EVs. Through this, we will enhance the resilience of the entire supply chain and strengthen our cost competitiveness, as well as establish a system that can flexibly respond to policy changes in each region.

This strengthening of our production and procurement systems is based on Honda's founding principle of "building products close to the customer" and is our initiative aimed at balancing a stable supply and cost competitiveness on a global scale. We will continue to strengthen our business foundation toward sustainable growth and the realization of carbon neutrality.

Resilient supply chain strategy that is not affected by demand fluctuations and/or government policy changes in each country

Welfare Vehicles

Under the slogan "Fun for Everyone. Honda—Bringing the joy of mobility to everyone," Honda has been developing welfare vehicles for over 40 years, driven by people's heartfelt wishes. A woman with no arms, who expressed the wish to take her mother on a trip on her own, inspired the developers, leading to the creation of the "Honda Franz System," a foot-operated driving assist system that enables driving using only the feet. This development stands as an embodiment of Honda's principle of responding with technology to the wish to drive.

By continuing its endeavor to turn such wishes into a driving force, Honda has been developing unique technologies. The product "N-BOX Slope," which supports caregiving, is the culmination of welfare vehicle technologies, offering ease of wheelchair mobility while maintaining the original usability and appearance of the N-BOX. In addition to the "Super Flex Slope," which transforms from a flat cargo area floor when simply pulled out, the vehicle is equipped with an electric winch incorporating Honda's integrated technologies, which stabilizes movement during wheelchair boarding to bring peace of mind.

Honda is also developing a unique metric to quantitatively monitor the contribution of welfare vehicles to the expansion of customers' social activities and networks. Through continuous monitoring, this initiative aims to enhance the value we deliver and achieve sustainable well-being for the future.

We will continue to refine people-centered functions and gradually expand vehicle models and countries where our products are sold to deliver the joy of mobility to more people. We will also continue to develop products that support people's dreams and aspirations.

Roundtable Discussion on Automobile Achieving Both Intelligence and the Joy of Driving

Sho Ehara
Product & Business Planning Division, Automobile Business Strategy Unit

Shota Ishikawa
Advanced Safety & Intelligent Solution Development Division, SDV Business Development Unit

Katsushi Inoue
Director, Senior Managing Executive Officer, Chief Officer for Automobile Operations

Shou Ohtake
Vehicle Development Division IV, Automobile Development Unit

Terumasa Kotada
Large Project Leader Office (Model Team LPL), Automobile Development Unit

What is Honda's Vision for Automobiles?

Inoue: Honda has been consistently and thoroughly pursuing the "joy of driving," while also thoroughly pursuing safety to aim for zero traffic collision fatalities involving Honda motorcycles and automobiles globally by 2050. Looking ahead, we are entering the era of SDVs, and I believe that offering automobiles that combine both the "joy of driving," which we have been pursuing to date, and "intelligence" will be our winning strategy. I believe that addressing only one of the two will not be enough. That said, addressing both of these opposing ends is extremely challenging.
Kotada: I believe it is important to think hard about what kind of worldview we can offer when these two aspects are combined and to create it as Honda. To ensure that our customers can drive EVs with peace of mind, we see energy efficiency and a safe battery as integral parts of the value we provide to our customers through each vehicle.

What is the Joy of Driving and Intelligence?

Kotada: Over the past several decades, Honda has placed importance on human control and has carried out human-centered design and development to ensure that vehicle behavior and handling respond faithfully to the driver's intentions. On the other hand, as we pursue "intelligence," as represented by automated driving, people may often think that the "joy of driving" is no longer necessary. However, Honda does not see it that way, and we would like to communicate this to our customers. I believe that everyone has moments when they wish to take the wheel themselves and times when they would prefer to leave the driving to someone else. I wish to preserve the option for drivers to take the wheel themselves when they wish to, and I have always hoped, and will continue to hope, that our customers can experience the "joy of driving."

What Aspects do you Find Challenging, and Why are you Committed to Those?

Ishikawa: I used to conduct automated driving research at university, but I felt frustrated that research alone could not deliver value to customers. To fulfill my dream of doing a job of actually delivering it into their hands, I joined Honda. Currently, I am working on intelligent driver-assistance technologies, and I have strongly felt that what is most important in this area is the quality of data. To avoid relying solely on the amount of data, I believe that, by developing unique systems that can intelligently learn even from limited data, we can offer features to our customers at lower cost. However, even if reproducibility of the

data is confirmed, it is difficult to determine whether that feature can truly be reproduced in an actual vehicle. I believe what becomes important here is to collect a large amount of excellent data. If our automobiles are easy to drive and we can easily collect excellent driving data, Honda's automated driving technologies will continue to evolve steadily and allow us to deliver safe, secure, and comfortable automated driving to our customers. I believe this is the brilliance of combining "intelligence" and the "joy of driving" and I am working hard every day.

Ohtake: I was very impressed by the brisk and nimble driving of the CIVIC I drove when I was a student. I was surprised to discover such a fun automobile, and I wished to create automobiles like that. These impressions inspired me to join Honda. I am currently in charge of vehicle dynamics performance. I work every day toward intuitive driving so that when you turn the steering wheel this much, the vehicle moves as you expected. However, when it comes to various controls such as automated driving and vehicle posture control, I think our customers may still feel a sense of discomfort. While ensuring absolute safety and security, I wish to enable comfortable driving without our customers even noticing that the automobile is being controlled by the system.

Inoue: I think the following kind of seamlessness is also important: when driving in automated mode, you come across a winding mountain road, and at the moment you take the wheel, the system switches from automated to manual driving, allowing you to drive with pleasure. I feel there is an aspect that, as automated driving is pursued more, automobiles may become increasingly impersonal. If all we needed was a machine for transportation, we might as well just put wheels on a living room. That is not what we are aiming for. While prioritizing safety and security, we wish to create enjoyable automobiles that deliver the value of the joy of driving as a driver's car when the driver wishes to take the wheel.

Kotada: I also wish to create automobiles that people genuinely find enjoyable, whether they are driving or riding in them. Understanding what people perceive as fun or enjoyable is no less important. That is where the added value lies, and it would broaden the range of options available to our customers. I think that "Honda S+ Shift," for example, is something that only Honda could have delivered. I believe this is a technology that stimulates the driver's senses through sight (meter display), hearing (engine sound), and touch (paddle shifters and acceleration feedback) to enhance the sense of synchronization with the vehicle.

Ehara: I was working on the ground in China until recently, and our dealerships often asked me when Honda would release something that surpassed what other manufacturers were offering. I think that, when "intelligence" and the "joy of driving" are combined into a single automobile, we would struggle greatly to find ways to communicate this to our customers without needing them to drive it. As every automaker pursues automated driving, the uniqueness of each automaker becomes less apparent. When asked what makes Honda automobiles stand out, I wish to clearly communicate what exactly makes them outstanding. However, it is difficult to communicate the sensory aspects that the driver will experience when driving the vehicle, such as how outstanding it is or how it differs from others. For example, customers who purchase an automobile for the first time may still be young, while facing rising prices. I believe purchasing an automobile is a major decision for them. Even on their very first drive, they should be able to travel long distances with peace of mind, enjoy the journey itself, experience ultimate safety, and even express themselves. How we can communicate this value to our customers may be where I believe sales can offer the greatest added value.

Inoue: Both "intelligence" and the "joy of driving" are extremely difficult to express in numbers. How we communicate the value that we have all worked hard to develop to our customers is challenging. If the difference were clearly recognizable to anyone who drives the vehicle, that would make things easier.

Ohtake: I also feel the difficulty of expressing things in numbers even during development. Even when we refine actual vehicle performance by relying on fragmented numerical targets determined by mechanical characteristics, we often encounter discrepancies between those and our senses. I realize every day that there are still a wide range of areas of human senses that we have not been able to quantify yet.

It would be desirable if we could create automobiles like ones with steering-by-wire technology, where the steering wheel and wheels are physically disconnected but respond even more precisely to the driver's intentions and provide a greater sense of security than if they were physically connected. I also believe that, if we could quantify that sense and incorporate it into system design, we could dramatically improve the precision and speed of development. To achieve this, I think we need to continue honing our own sensibilities and skills and it is important to always think about what characteristics would bring joy to people.

Kotada: Human research is really important. Human senses are more nuanced than we imagine, and expressing them through an automobile as an industrial product is not easy. People perceive things differently, and what makes them feel the joy and freedom of mobility also varies widely. I myself own multiple automobiles to study, but when I drive a Honda, I find an indescribable sense of comfort and some fun elements that I just do not get from other manufacturers.

Once Again, What is Honda's Winning Strategy for Automobiles?

Ishikawa: While spending time in an automobile, especially for customers seated in the driver's seat, they have to concentrate on driving. However, with intelligent driver-assistance technologies, the time previously spent concentrating on the driving task can be repurposed for other tasks. We believe this will allow our customers to have options and allow us to offer various types of value. For example, they may be able to watch movies, play games, have face-to-face conversations with their family or friends, or do other activities while on the move that make their travel time more enjoyable. As various people become able to do various things, some will still love driving itself. With Honda automobiles that pursue the "joy of driving," they can enjoy driving while also having the option not to drive. We hope this is where they will appreciate the value unique to Honda, and I am determined to achieve this "intelligence."

Kotada: We wish to deliver the value of an automobile that offers greater peace of mind than human driving.
People who walk do not collide with each other when passing by, but when running, they sometimes do. As a comprehensive mobility company, I believe that we have the responsibility to definitely overcome this, and I wish to achieve this with Honda's technology. If the world becomes one where automobiles do not collide with people or objects, automobiles can be made much lighter than they are now. The freedom of design will also increase significantly. I believe that we will be able to offer the joy of mobility that we have not yet delivered to the world.

Inoue: We have absolute confidence in Honda's products, and we believe that we will definitely achieve both "intelligence" and the "joy of driving."

Power Products Business Strategy (Power Unit and Finished Machinery Sectors)

Business Overview / Recognition of the External Environment

Offering Products That Support People's Lives and Society

The power products business was born from our founder's aspirations to "make people's lives a little easier and more abundant" and "contribute to their daily lives through technology."

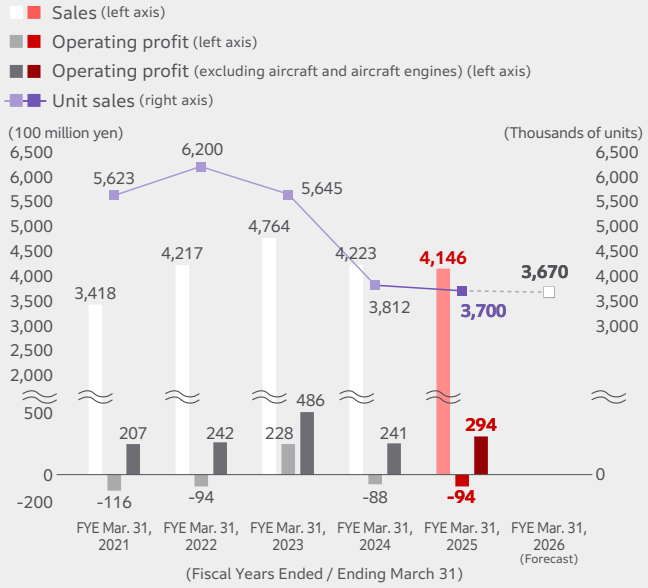
We have offered "power" to reduce workloads and bring joy to people, through products such as the "H-Type engine," a general-purpose engine that can be mounted on various types of work machinery, as well as tillers, generators, lawn mowers, snow throwers, and pumps.

In the Fiscal Years Ended March 31, 2025, we sold 3.7 million units, and the cumulative production volume exceeded 175 million units. We offer products appreciated by customers in more than 100 countries, from 11 sites across 10 countries worldwide.

While the core of our business currently lies in the ICE products, mainly consisting of engine sales to finished machinery manufacturers, generators used during disasters and at construction sites, and snow throwers that support life in snowy regions, we are also focusing on the development of electrification. We aim to achieve both greater convenience and carbon neutrality.

Launch of the H-type engine

Revenue Highlights: Power Products and Other Businesses (Sales / Operating Profit / Units)

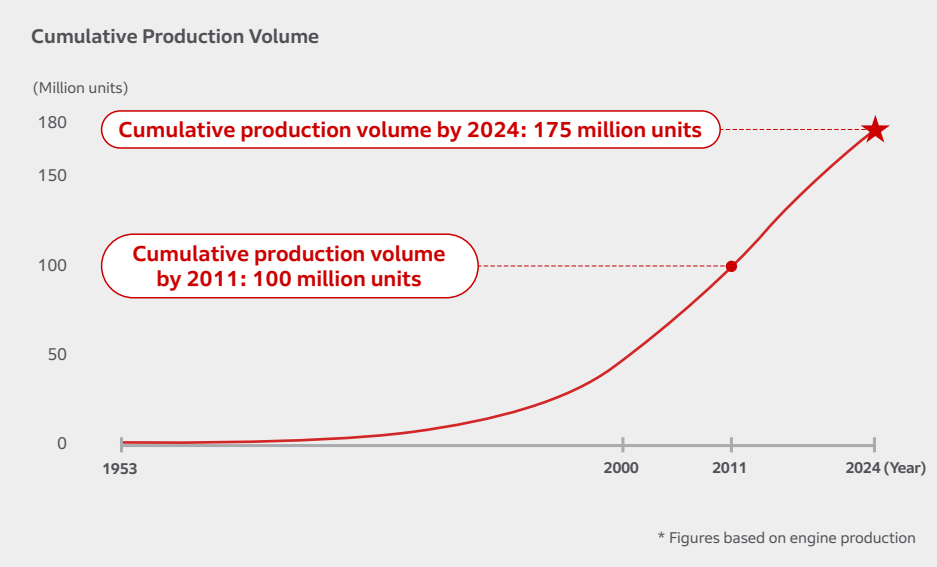


Operating Profit of Aircraft and Aircraft Engines Business Included in Total Operating Profit

(100 million yen)

FYE Mar. 31, 2021	FYE Mar. 31, 2022	FYE Mar. 31, 2023	FYE Mar. 31, 2024	FYE Mar. 31, 2025
-323	-337	-257	-329	-388

Power Products Business Strategy (Power Unit and Finished Machinery Sectors)



Continued ICE Product Demand and Diversifying Needs

While the global trend toward carbon neutrality continues, the pace of electrification is slowing in certain markets due to factors such as relaxed environmental regulations and changes in trade policy trends.

In particular, for professional-use commercial equipment, such as construction and industrial machinery, demand for ICE equipment remains strong from the perspectives of cost and operational efficiency.

That said, we believe the long-term global movement toward carbon neutrality will remain unchanged. For small products for individual users, especially garden products such as walk-behind lawn mowers and handheld products*1, electric products are increasingly being chosen regardless of regulatory trends, owing to their comfort and convenience.

In addition, due to factors such as population aging and labor shortages, demand is rapidly growing for automated products, including robotic lawn mowers.

*1 Handheld products: A general term for work machinery held and operated by hand, such as brush cutters, chainsaws, and blowers. These are integrated products with an engine or motor as the power source.

Business Targets

Business Development Anticipating a Diversifying Market Environment

Following the start of mass production of electric walk-behind lawn mowers in March 2025, we are proceeding with the development for mass production of electric riding lawn mowers and automatic lawn mowers for the North American market.

In addition, we have begun initiatives to enhance development efficiency through collaboration with external partners, enabling us to respond quickly and flexibly to the diverse customer needs that vary by region.

For batteries and motors, which are at the core of electrification, we are working to improve the efficiency of development and production processes by promoting their shared use with motorcycle products. Furthermore, aiming to improve stability and efficiency in procurement and supply, we will standardize the specifications of core components, including battery cells, and optimize our supply chain to enhance the competitiveness of the entire business.

Technological Advancements for the Sustainable Development of Society and Our Business

To resolve societal issues including environmental problems and achieve sustainable corporate growth, advancements in both power unit and finished machinery sectors are essential. To respond to multifaceted changes in the market environment, we need to strategically strengthen both ICE and electrification and enhance our business resilience.

Going forward, in the ICE business, Honda will work to establish a stable revenue base by further strengthening the business structure, while accelerating resource investment in electrification and future technologies to enhance competitiveness in anticipation of the next generation.

Power Unit Sector

In markets primarily in emerging countries where demand for ICE products remains strong, we have commenced sales of the "GX430," which has the largest displacement among Honda's single-cylinder general-purpose engines. This engine can be mounted on work machinery covering a broader power output range, further reinforcing the foundation of our power unit business*2.

In addition, we will further enhance the added value of our general-purpose engines by expanding our "iGX series lineup," which offers improved startability through FI*3 and realizes better fuel economy and lower noise through the adoption of an electronic governor*4. At the same time, leveraging our strength as a leading manufacturer of general-purpose engines, we will take a strong lead in electrification while actively engaging with our power unit customer companies.

*2 Power unit business: A business that supplies engines, motors, and batteries as power sources to a wide variety of finished machinery manufacturers in countries around the world.
*3 FI: A technology that electronically controls fuel supply to improve startability, fuel economy, and environmental performance.
*4 Electronic governor: A device that electronically controls engine RPM and output.

Power Products Business Strategy (Power Unit and Finished Machinery Sectors)

The electric power unit "eGX" is a next-generation model that maintains compatibility with the mainstay GX engine series while incorporating the advantages of electrification, such as zero emissions, low noise, and improved maintainability. A major feature is its usability in locations where conventional engines were difficult to use, such as indoors or at night.

In addition, the portable battery "Honda Mobile Power Pack e:" was first installed in a product from a construction equipment manufacturer aiming for electrification in 2022, and its range of applications has been expanding since then.

iGX430 Concept

Electric Power Unit "eGX"

Honda Mobile Power Pack e:

Finished Machinery Sector

For finished machinery, we also offer products that support people's lives by advancing our unique technologies, while addressing regional emission regulations. Our snow throwers, equipped with the cross auger mechanism*5 and a unique hybrid mechanism that drives the auger unit with an engine and the travel system with a motor, have been well received by many customers, supported by a robust sales and service network.

Snow Thrower "HSS1370i (JX)"

Electric Automatic Lawn Mower Prototype

Robotic Lawn Mower Miimo "HRM2200i"

We will also continue contributing to the resolution of societal issues such as population aging and labor shortages through our garden products. By further advancing our electric automatic lawn mowers for landscaping professionals and the robotic lawn mower "Miimo," we will offer power that seamlessly integrates into daily life and supports people's lives.

*5 Cross auger mechanism: A mechanism that enhances snow removal performance by simultaneously rotating the blades in both forward and reverse directions.

Bringing New Enrichment Through Automated and Intelligent Work Machinery

To offer unprecedented value to people's lives and contribute to resolving societal issues, Honda is taking on the challenge of enhancing intelligent technologies.

In 2026, we plan to launch an electric automatic lawn mower equipped with automated and intelligent technologies in the North American market. With 360-degree omnidirectional sensing to detect surrounding obstacles and the advanced traction control technology*6 for operation on slopes, the mower will ensure high safety and reliability. It will contribute to resolving labor shortages in the North American landscaping market and freeing workers from harsh working environments, such as those under the scorching sun during the peak of summer.

For the robotic lawn mower "Miimo," we aim to improve operational efficiency and convenience through high-precision positioning technology using network RTK*7 and advancements in user interfaces via applications.

Honda's power products will not be limited to these products, and we will continue to advance automated and intelligent technologies and expand their adoption, creating products that contribute to people's lives in a wider range of situations.

*6 Traction control technology: A technology that reduces excessive driving force and restrains the machine's movement (swaying).
*7 Network RTK: A method that corrects positional information from satellites to enable centimeter-level real-time positioning.

Initiatives for Carbon Neutrality

Recognizing the continued necessity of ICE in many regions and applications, Honda is advancing both ICE and electrification technologies while continuing to take on the challenge of achieving zero environmental impact involving Honda motorcycles and automobiles.

In the ICE products, we will pursue the reduction of environmental impact through further improving fuel economy and addressing emission regulations. We will also accelerate the expansion and global rollout of our electric product lineup to drive market transformation toward the realization of carbon neutrality.

Power Products Business Strategy (Marine Sector)

Business Overview / Recognition of the External Environment

Delivering Richer Marine Experiences that Expand Possibilities on the Water

Since entering the market in 1964 with the outboard motor "GB30," Honda has delivered outboard motors to the world that achieve both environmental performance and motoring performance. Currently, we offer a total of 25 models globally, ranging from 2 to 350 horsepower, mainly in the small- to medium-power range, with 45,000 units sold in the Fiscal Years Ended March 31, 2025. In 2024, we launched the "BF350," our most powerful model to date. This full-scale entry into the continuously expanding large outboard motor market is strengthening the revenue base of the business.

In recent years, there has been growing demand for advanced steering assistance technologies due to the increase in boat size and for compliance with emission regulations, particularly in Europe and the United States. Anticipating these changes, Honda is striving to maximize the value of onboard customer experiences.

Business Targets

Combining High-Output Models with Steering Assistance Technologies to Increase the Value of Experience

The flagship model, the "BF350," delivers excellent motoring performance through powerful driving force, significantly improves passenger comfort through excellent quietness and low vibration achieved by a newly designed crankshaft*1 and through the newly equipped trimming support function*2, and allows for easier boat handling. Going forward, we will progressively extend these technologies to other models and sequentially launch new models. We are also pushing forward with the development of steering assistance technologies.

*1 Crankshaft: A key internal engine part that converts the reciprocating motion of the pistons into rotational motion. Because it affects the smoothness of rotation and control of vibration, it greatly affects quietness and comfort.
*2 Trimming support function: A function that automatically adjusts the angle of the outboard motor (trim angle) to maintain optimal boat hull attitude.

For example, an advanced system that integrates and electronically controls multiple engines assists smooth and precise operation even in situations requiring delicate boat handling, such as narrow waterways or near docks, and reduces stress. By further combining high-output models with steering assistance technologies, we will aim to increase the value of onboard customer experiences.

Under Honda's founding corporate spirit, "technology is for people" and "manufacturing starts with understanding people," we aim to provide value that connects people and water through the boating experience. Centered on the experience value of "secure, easy, and comfortable," we will maximize the individuality and appeal of each boat, thereby expanding possibilities for marine experiences. We will also deliver experiences to people around the world that connect them with nature, making their time on the water even more meaningful and freer.

Achieving Both Environmental Performance and Motoring Performance

"Watercraft should not pollute the water"—the founder Soichiro Honda's belief is still passed down to Honda's environmental initiatives. In 1964, when lightweight, high-output two-stroke engines*3 were mainstream, Honda made the decision to enter the market with a four-stroke engine, which causes less water pollution. Since then, we have refined our four-stroke technology, continuously taking on the challenge of achieving both low fuel consumption and low emissions, and high output. Going forward, we will leverage this technological foundation to develop products with excellent environmental performance and power performance, even in high-output models.

Alongside the evolution of ICE, we also focus on electrification. By applying battery control technologies developed through our motorcycles and automobiles, we are conducting demonstration tests of quiet, low-environmental-impact electric outboard motors in Japan. Through this and other initiatives, we continue to take on new challenges in the electrification area, with a focus on small boats and short-distance sightseeing boats.

Meanwhile, because water mobility requires more energy than automobiles due to higher resistance during cruising, we are exploring the use of carbon-neutral fuels in addition to electrification, including biofuels, e-fuels*4, and hydrogen fuel. Through these initiatives, Honda will continue to take on challenges toward carbon neutrality on the water.

"BF350" Large-size Outboard Motor

*3 Two-stroke engine: Completes the combustion cycle in two piston strokes (one up-and-down movement). Its simple structure enables light weight and high output, but it is inferior to four-stroke engines in terms of fuel efficiency and emissions.
*4 e-fuels: Liquid fuels chemically synthesized from hydrogen derived from renewable energy, and CO_2.

Taking on the Challenge of Creating the Future

We will pursue even more human-centered technologies and continue to take on every challenge to create valuable technologies that benefit people and society.

President and Representative Director
Honda R&D Co., Ltd.
Managing Executive Officer
Keiji Otsu

All Technology is for People

Honda's origins lie in a product called the "Batabata," a bicycle equipped with a generator engine. Since our founding, we have continued to sincerely address the question, "What kind of technology is needed to help people?" Honda R&D is not simply a place for pursuing technology; we place importance on deeply understanding and researching people. The significance of technology becomes clear only when we identify what people need. In other words, our essential purpose is to help people, and technology is merely a means to achieve that goal.

"If i02BCt can help people, let's take on the challenge." Based on this spirit, we have expanded our products across land, sea, and air, from motorcycles and automobiles to generators, tillers, outboard motors, and the HondaJet that soars through the skies. In 2024, we delivered approximately 28 million products to customers around the world. With 31,536,000 seconds in a year, a simple calculation shows that one product was sold every 1.1 seconds. In other words, we believe that every 1.1 seconds, somewhere in the world, our products are supporting people's lives and industries.

No matter how society changes in the future, our philosophy of "technology for people" will remain unchanged. Now, at a time when we are at a major technological turning point, with AI, electrification, and intelligence technologies, we will pursue "human-centered technology" more than ever, aiming to contribute to society.

Unrelenting Passion for Technological Innovation

Honda is often said to be a company that continues to hone its technology with dreams as its driving force. We believe that a strong desire to serve people and create a better society is what makes a "dream." This desire gives us the strength to face challenges, becomes the energy that maximizes each associate's capabilities, and leads to the realization of technology. To realize such a society, it is essential to have an unwavering conviction that this technology is absolutely necessary, and to have the attitude to overcome obstacles. We believe that it is through repeated challenges like this that new technology is born.

There are two phrases from our founder, Soichiro Honda, that I particularly remember. One is, "Success is the 1% supported by the 99% of failures." The other is, "Rather than fearing to take on a challenge and fail, be afraid to do nothing." The road to technological development is never smooth, and you will inevitably face challenges. However, fear of failure will not lead to innovative technology. Even if things do not go as expected, investigating the cause and continuing to take on the challenge with faith in success will lead to technological innovation.

Technological Development That Opens up the Future

As an independent research and development division of Honda Motor Co., Ltd., Honda R&D fosters an environment where researchers can pursue research with free thinking and a spirit of inquiry, unconstrained by short-term business results. Conversely, our role is to constantly prepare forward-looking technologies to ensure Honda is prepared for any situation. Therefore, engineers must constantly consider the future and people's lives, and maintain a perspective of "what kind of technology will help realize the ideal society?" By setting targets and conducting research and development based on this mindset, the resulting technology will naturally be highly competitive. When I joined the company and worked on engine development, even while it was still in the planning stage, I was often asked, "Will that be the best in the world if we can achieve it?" The founder's commitment to becoming the best is still cherished in our everyday work. Respecting each engineer's curiosity, inquisitiveness, and passion for realizing their dreams is the starting point for the creation of new technologies. I believe that creating an environment where people can immerse themselves in technology is my mission as president of Honda R&D. In this environment, we have taken on various challenges and brought new technologies to the world. For example, the CVCC engine, the world's first map-based

automotive navigation system "Honda Electro-Gyrocator," Collision Mitigation Braking System "CMBS," Level 3 autonomous driving and "Honda SENSING Elite" — all of these technologies were world-firsts and were the result of our engineers' strong desire to make them a reality, no matter what. Although these are past achievements, that spirit continues to this day.

For example, the electric vertical take-off and landing (eVTOL) aircraft we are currently developing combines our gas turbine engine expertise, cultivated over many years, the electrification technologies cultivated through our hybrid vehicles, and the aerodynamics expertise we've built up through motorsports and the HondaJet. Furthermore, in line with the trend toward electrification, we are also developing all-solid-state batteries as next-generation battery technology. Compared to conventional liquid lithium-ion batteries, these batteries offer the same range while being approximately 50% more compact, 35% lighter, and potentially costing more than 25% less. This is the core technology that enables us to deliver more affordable EVs with longer driving ranges to our customers. As we steadily prepare these highly competitive technologies, we aim to create valuable technologies and deliver them to society as useful products, even in the coming era of increasing intelligence and electrification.

Taking on Challenges in New Domains

We are currently taking on a new challenge: the space domain. Space is considered a field with great business potential in the future. We are working on three main initiatives within this field, the first of which is the construction of a circular renewable energy system. Water is said to exist on the moon, and it is possible to produce oxygen and hydrogen by electrolyzing water using electricity obtained from sunlight. The oxygen can be supplied to human habitation, while the hydrogen can be used as an energy source. Furthermore, by combining hydrogen and oxygen and feeding it into a fuel cell system for which we possess technology, electricity can be generated. In this way, we envision using our technology to supply the resources necessary for life in space.

Our second initiative is the development of a reusable rocket, which successfully completed a takeoff and landing test of an experimental vehicle in June 2025. This initiative began with an engineer's attempt to see if rocket development could be achieved by leveraging the core technologies we have cultivated. Rocket development brings together multiple advanced technologies, including combustion technology, fluid technology, and thermal management technology. Furthermore, because it is reusable, the vehicle must return to Earth after launch, and autonomous driving technology is applied for guidance and control. Additionally, we are considering applying cost-reduction technologies that utilize our manufacturing know-how, with the aim of realizing future mass production and more convenient transport technology. In this way, we are taking on the challenge of developing an affordable, reusable rocket, something that only

Launch of the Reusable Rocket Demonstrator, June 2025

an automobile manufacturer can achieve.

Our third initiative is avatar robots. If avatar robots become a reality, it may not be impossible to work in space while remaining on Earth. We call this technology “4D (fourth-dimensional) mobility,” and we see it as a technology that will realize a new concept of movement that transcends time and space.

In the field of robotics, we are particularly focused on developing multi-joint, multi-fingered hand technology, aiming to engineer the movements of the human hand. If robots can perform tasks autonomously through integration with AI technology, it will be possible to replace human work with robots. In fact, there are processes in current factories that cannot be handled by industrial robots, but we believe that by using these technologies, we can achieve a higher level of automation.

Looking Ahead

Even as we work on developing technologies for the future, society is undergoing rapid change. For example, as we move toward an electrified society, the lineup of our competitors has changed dramatically. Amid these changes, it is becoming increasingly important not only to advance and combine existing technologies, but also to create new technologies. We need to think more flexibly than ever before, foresee the future, understand our competitors, and surpass them.

Honda R&D is celebrating its 65th anniversary this year. We will continue to strive for greater competitiveness and take on all challenges, while cherishing the perspectives of “for people” and “for society.” We take on challenges again and again, and even if things don’t go well, we keep thinking deeply about why they didn’t work out, and never give up, but instead get to the root cause and resolve it. This is how technology is developed, and each and every person involved grows. Honda R&D has such an environment, and I believe it is the driving force behind Honda.

New Efforts to Connect Carbon Neutrality to Economic Value

Vision

To realize zero environmental impact involving Honda motorcycles and automobiles globally by 2050, Honda is advancing the Triple Action to ZERO concept, which integrates three pillars of "carbon neutrality," "clean energy," and "resource circulation". We view the reduction of environmental impact not only as a corporate social responsibility but also as an opportunity to create new economic value for building a sustainable future.

To achieve this, Honda is advancing the carbon neutrality of mobility. Utilizing diverse energy solutions, including electricity, clean hydrogen, e-fuel, and Biofuel*1, we aim to optimally utilize renewable energy. For small mobility such as passenger vehicles, battery EVs directly using electricity are considered optimal. For large mobility such as trucks, fuel-cell EVs using clean hydrogen are considered optimal. For ultra-high-load areas such as aircraft, clean gas turbines*2 using sustainable aviation fuel (SAF)*3 derived from e-fuel or Biofuel are considered optimal. Honda is actively advancing the in-house development of powertrains*4 for these applications.

*1 Biofuel: Renewable fuel produced from biomass such as corn, waste oil, or algae.
*2 Clean gas turbine (Clean Gas Turbine Hybrid System): A next-generation hybrid drive system combining gas turbine power generation, batteries, and motors for Honda's electric vertical take-off and landing aircraft (eVTOL) under development.
*3 SAF: Aviation liquid fuel manufactured from renewable resources or waste-derived materials.
*4 Powertrain: A series of systems that transmit power generated by an engine, a motor, or other power sources to the wheels or other outputs through the transmission, clutch, driveshaft, and other components, converting it into driving force.

Honda is also focusing on the development of energy management systems. In the current situation where the stable supply of renewable energy is challenging, systems for energy management, such as energy storage and regulation, are essential. In advancing the carbon neutrality of mobility, Honda deeply recognizes the importance of effective energy management. Leveraging our long-standing experience in energy-related products, we believe that we can harness Honda's unique strengths. By developing energy management systems that connect mobility with homes, buildings, factories, and communities, and through the efficient utilization of renewable energy, we are also taking on the challenge of creating new economic value.

Starting with the carbon neutrality of mobility, Honda is advancing the utilization of diverse energy solutions and the development of energy management systems. By realizing a balance between the environment and the economy, we will contribute to building a sustainable society and passing a hopeful future on to the next generation.

Solving Emerging Custormer Issues

	HEMS*5 (Individual homes)	BEMS*6 (Businesses) (apartment buildings/buildings)	FEMS*7 (Factories, warehouses, etc.)
Issues	Rising energy costs Restrictions on daily life due to disasters, etc.	Rising energy costs Restrictions on daily life due to disasters, etc. BCP (Business Continuity Plan)	Large-scale investments for high-power systems Restrictions on activities due to disasters Initiatives for RE100*8 and other initiatives
Components	Solar power generation Home storage batteries Chargers, EVs, etc.	Solar power generation Large storage batteries Chargers, EVs, etc.	Solar/wind power generation Large storage batteries and chargers EVs, trucks, and forklifts Hydrogen, cogeneration, DAC*9, etc.

*5 HEMS (Home Energy Management System): A system for monitoring and optimizing household electricity consumption, in coordination with solar power generation, storage batteries, home appliances, and other devices, supporting energy savings and comfort throughout the living environment.
*6 BEMS (Building Energy Management System): A system that visualizes and controls the energy usage of systems such as air conditioning, lighting, and elevators in office buildings, commercial facilities, and other establishments.
*7 FEMS (Factory Energy Management System): A management system for factories that monitors the use of energy such as electricity, heat, and air at manufacturing sites in real time, balancing productivity and energy savings.
*8 RE100 (Renewable Energy 100): A global corporate initiative aiming to source 100% of electricity used in business activities from renewable energy.
*9 DAC (Direct Air Capture): Innovative carbon removal technology that directly captures CO_2 from the air.

Transformation into a Circular Business Utilizing Battery EVs

As the first step toward realizing Honda's vision for a carbon-neutral world, we are advancing a transformation into a circular business utilizing battery EVs. This endeavor was initiated in earnest in Japan through ALTNA, a joint venture established with Mitsubishi Corporation. At ALTNA, a new business model is being developed that aims for the carbon neutrality of mobility and the maximum utilization of energy and resources.

Through its power service business utilizing battery EVs, ALTNA realizes the affordable and stable supply of electricity derived from renewable energy and promotes the reliable collection of batteries through its EV leasing business. During the lease period, battery usage is continuously monitored to assess its state of degradation, leading to optimal reuse after collection. Collected batteries are deployed in the repurposed energy storage system (ESS) business*10 for reuse as ESS, contributing to the stable supply of renewable energy. In addition, pricing is designed based on the assumption that batteries will transition from in-vehicle use to ESS use, helping reduce the financial burden on EV users. Furthermore, a scheme will be established whereby batteries that have completed their role as a repurposed ESS and end-of-life vehicles are taken back by Honda and, after undergoing dismantling and recycling processes, are utilized in the production of next-generation mobility.

These initiatives enhance the maximum utilization of energy and resources throughout the EV lifecycle, provide flexibility to the power network through power service and energy storage businesses, and contribute to the wider adoption of renewable energy. Honda is advancing the realization of a sustainable society that can stand proudly for future generations through technological innovation and the promotion of a circular business.

*10 Repurposed energy storage system (ESS) business: An initiative that reutilizes end-of-life batteries removed from electric vehicles as storage batteries within energy storage systems after re-inspection and condition evaluation.

Expansion and Deployment of a Next-Generation Fuel Cell Module

To accelerate the carbon neutrality of mobility, Honda is advancing the development of a next-generation fuel cell module that uses hydrogen as an energy carrier, as part of diverse energy solutions. In February 2025, we released the specifications of a compact, high-performance module with more than three times the volumetric power density of the current model. This next-generation fuel cell module aims to more than double the durability while halving manufacturing costs.

Medium and large commercial mobility require highly efficient operation, such as long-distance driving, continuous operation, high output, and rapid refueling, making complete battery replacement challenging. As part of carbon-neutral solutions in the logistics area, Honda is exploring the introduction of fuel cells. Since December 2023, we have launched a public road demonstration of heavy-duty fuel-cell trucks in collaboration with Isuzu Motors Limited, and we will conduct public road demonstrations in collaboration with multiple transportation operators going forward. Honda will also address challenges in hydrogen supply infrastructure to accelerate the initiatives toward the practical deployment of fuel-cell trucks.

Furthermore, Honda started a demonstration project jointly with Tokuyama Corporation (Tokuyama) and Mitsubishi Corporation (MC), to operate a data center using by-product hydrogen and a stationary fuel cell (FC) power station designed to reuse FC systems from fuel cell electric vehicles (FCEVs). In this demonstration project, by-product hydrogen produced by Tokuyama's salt water electrolysis business will be utilized to generate electricity with a stationary FC power station that Honda is developing designed to reuse fuel cells recovered from FCEVs, and the electricity will be supplied to a distributed data center operated by MC, at the demonstration site. Through this demonstration project, the three companies will explore the potential of reusing automotive FC systems for stationary FC power station applications, and verify the possibility of contributing to 1) a reduction in the economic burden on customers who will install and operate stationary FC power stations and 2) the decarbonization of electric power, through effective use of FC systems, which are expected to see broader adoption in the future.

Through these demonstration projects, in addition to providing power units for medium- and large-sized commercial mobility applications that are difficult to electrify, Honda will also consider supplying stationary FC power stations utilizing both new and reused fuel cells to data centers, logistics warehouses, factories, and other facilities. By widely delivering hydrogen-derived clean energy to society, Honda aims to help achieve carbon neutrality.

Opening ceremony of the demonstration project for stationary FC power stations for data centers

Demonstrations for Carbon Neutrality at European Research Sites

Starting with the carbon neutrality of mobility, Honda is utilizing diverse energy solutions and developing energy management systems to take on the challenges of realizing a sustainable society and creating new businesses. We are combining various energy and mobility technologies, including electricity and hydrogen, as well as battery EVs and fuel-cell EVs, and are also working on developing advanced energy management systems that integrate electricity and hydrogen.

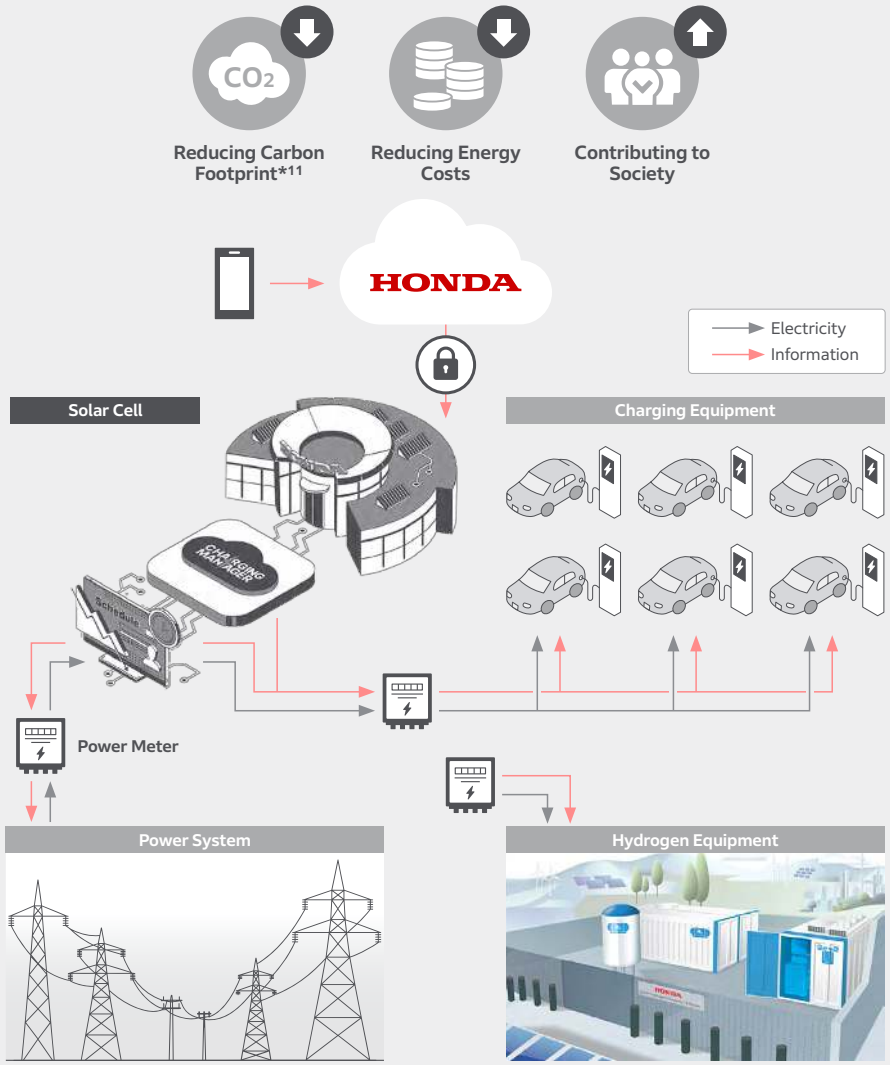
This advanced initiative is implemented through demonstration tests at our research site in Germany, which is at the forefront of the energy transition. Since 2016, Honda has been working on creating new value from EVs and renewable energy at this site. We have developed a BEMS that integrates multiple bidirectional chargers coordinated with EVs; solar power generation; repurposed ESSs; hydrogen production equipment using water electrolysis; and other equipment, realizing comfortable EV charging and the achievement of carbon neutrality and energy cost optimization for buildings. Furthermore, we received the world's first prequalification for participation in balancing markets with multiple aggregated bidirectional chargers and aggregated EVs. Through an advanced vehicle-to-grid (V2G) demonstration, we have proven that EVs can go beyond being mere means of transportation and create new value as distributed energy assets that contribute to stabilizing power grids.

These endeavors are not limited to technological development alone; they also have the potential to create new business models and achieve global rollout, forming a key pillar of Honda's carbon-neutral strategy. These initiatives constitute the core of Honda's Triple Action to ZERO, symbolizing technological innovation and business model evolution toward a zero environmental impact society involving Honda motorcycles and automobiles globally. Our strategy to address the challenge of the instability of renewable energy by maximizing the utilization of energy and resources throughout the lifecycle is positioned as a solid opportunity for growth toward a carbon-neutral society. Starting with the carbon neutrality of mobility, we will serve people worldwide with the "joy of expanding their life's potential."

Research Facility in Europe (Germany)

Hydrogen Facility

Aims of Carbon Neutral Demonstration



*11 Refers to the total amount of greenhouse gases emitted directly or indirectly from product manufacturing and corporate activities, generally expressed in carbon dioxide (CO_2) equivalents. It is an important indicator for assessing a company's progress toward carbon neutrality.

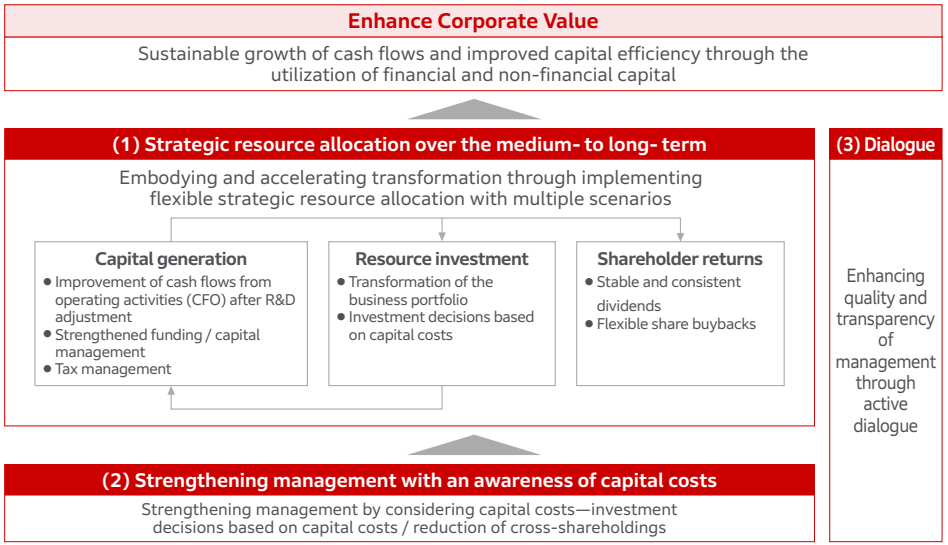
Financial Strategy

We will generate stable cash flow with a business portfolio resistant to changes in the business environment and enhance corporate value through flexible resource allocation.

Director, Managing Executive Officer
Chief Financial Officer
Chief Officer for Corporate Administration
Operations
Eiji Fujimura

Initiatives to Enhance Corporate Value

To enhance corporate value, we recognize the need to utilize both financial and non-financial capital to achieve sustainable cash flow growth and improve capital efficiency. To realize this, it is crucial to focus on (1) strategic resource allocation over the medium- to long- term, (2) strengthening management with an awareness of capital costs, and (3) improving management quality and transparency through proactive dialogue. I will explain the current situation and these initiatives in detail.



Results for the Fiscal Year Ended March 31, 2025

The results for the Fiscal Years Ended March 31, 2025, were operating profit of 1,213.4 billion yen and profit for the year attributable to owners of the parent of 835.8 billion yen. Profit declined from the previous fiscal year, but it maintained the same structure as the previous fiscal year, excluding the effects of changes in accounting treatment. The motorcycle business expanded mainly in Asia and South America, and continued to perform well. Its sales volume reached a record high, and operating profit also reached all-time highs.

The automobile business was mainly affected by a decrease in the number of units in the China/ASEAN region and the strengthening of incentives for electric vehicle (EV) sales in North America, but on the other hand, the business structure is steadily improving due to increased sales volume of hybrid electric vehicles (HEVs) and improvements in profitability. Furthermore, a resolution to acquire 1,100 billion yen of treasury stock was made in December 2024 for the purpose of optimizing capital accumulated from the past. From the perspective of improving capital efficiency and strengthening corporate governance, we are also accelerating the reduction of cross-shareholdings. Specifically, the number of such holdings was reduced by 13, from 46 stocks totaling 231.5 billion yen at the end of March 2024 to 33 stocks totaling 155.3 billion yen at the end of March 2025.

Forecast for the Fiscal Year Ending March 31, 2026

The forecast for the Fiscal Years Ending March 31, 2026 is based on operating profit of 700 billion yen and profit for the year attributable to owners of the parent of 420 billion yen, reflecting a negative impact of 450 billion yen from tariffs. Regarding the impact of tariffs, all effects known at the time of the announcement of financial results in August 2025 are reflected, but we will update them as appropriate according to changes in the situation.

The motorcycle business, which continues to perform well, is planning to achieve record-high sales volume. The automobile business is expected to expand further with HEVs, such as the "CIVIC HYBRID," which was launched in North America in September 2024, despite the impact of tariffs and upfront investment in electric vehicles and software. In the financial services business, we are planning to generate stable profits based on a strong customer base.

Even in a highly uncertain environment with significant changes, we recognize Honda's business portfolio resistant to changes in the business environment—including the motorcycle and financial services businesses—together with the automobile business, where profitability continues to improve centered on HEVs, as a strength Honda has cultivated over the years.

Strategic resource allocation over the medium- to long- term

Financial Targets

Honda has set a financial target, company-wide ROIC*1 of 10% or more for the Fiscal Years Ending March 31, 2031.

*1 ROIC: (Profit for the year attributable to owners of the parent + Interest expenses (excluding financial services business)) ÷ Deployed capital*2

*2 Deployed capital: Equity attributable to owners of the parent + Interest-bearing liabilities (Excluding those from financial services business sector). Deployed capital is calculated using the average of the beginning and end of the period.

Capital Allocation

I will explain capital allocation (operating companies excluding financial services business) for future growth by dividing it into two phases: the five years from the Fiscal Years Ended March 31, 2022 through the Fiscal Years Ended March 31, 2026, and the five years through the Fiscal Years Ending March 31, 2031.

Cash Generation

In the five years through the Fiscal Years Ending March 31, 2026, we expect to generate 12 trillion yen of operating cash flows after R&D adjustment*3, and in the subsequent five years through the Fiscal Years Ending March 31, 2031, we aim to generate more cash than in the preceding period. While earnings are currently weighed down by the impact of tariffs, we will enhance our cash generation capability through steady business expansion in the motorcycle business, stable cash generation in the financial services business, and improved profitability and higher sales volumes of next-generation HEVs to be introduced in the automobile business in 2027.

*3 Cash flows from operating activities (CFO) excluding R&D expenses: CFO of non-financial services businesses + R&D expenditures – amount transferred to capitalized development cost

Investment for Future Growth

In order to advance Honda's electrification strategy, a key initiative toward achieving carbon neutrality by 2050, it is essential to allocate resources strategically at the right time. To achieve this, we plan to invest 7 trillion yen in the electrification and software domains over the 10 years through the Fiscal Years Ending March 31, 2031, to promote the adoption of EVs.

Also, in an uncertain environment where the pace of EV adoption is difficult to predict and rapid changes are taking place, we believe that flexible control of investment timing is crucial. Over the past year, in line with adjustments to our electrification strategy, we postponed comprehensive value chain construction in Canada and reviewed the timing for establishing a next-generation EV plant. As a result, resources allocated to the electrification and software domains over the ten years through the Fiscal Years Ending March 31, 2031, were reduced by 3 trillion yen, from 10 trillion yen to 7 trillion yen. Meanwhile, looking ahead to the future evolution of ADAS and autonomous driving, we see the creation of new value through intelligence as the source of future competitiveness, and we will continue to advance investment in the software domain as initially planned. As for next-generation ADAS, we plan to apply it broadly across the core lineup of EVs and HEVs, and will maximize the benefits of mass production.

Going forward, while considering multiple scenarios and carefully assessing changes in the market environment, we will pursue strategic resource allocation and agile capital policies.

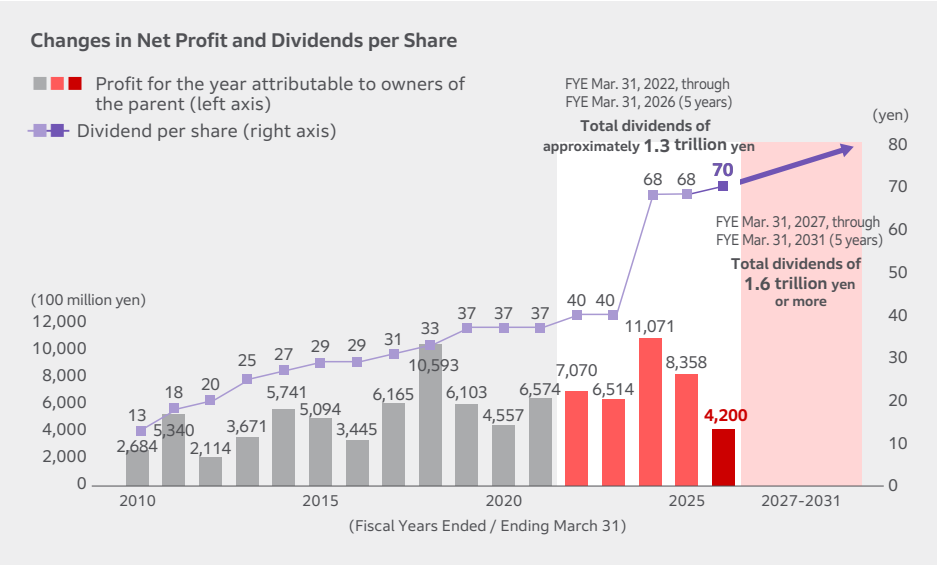
Capital Allocation (Operating Companies Excluding Financial Services Business)

Returns to Shareholders

Honda positions shareholder returns as one of its most important management priorities. With respect to dividends, we plan to pay a total of about 1.3 trillion yen over the five years through the Fiscal Years Ending March 31, 2026, and approximately 1.6 trillion yen over the five years through the Fiscal Years Ending March 31, 2031. In May 2025, we decided to adopt DOE*4 as a new return indicator to enable more stable and continuous dividends while maintaining appropriate equity capital. Although the environment remains uncertain, including the impact of tariffs, management has expressed its commitment to stable and continuous shareholder returns, supported by a resilient business portfolio that has maintained profitability even under severe conditions in the past. From the Fiscal Years Ending March 31, 2026, we will strive to pay dividends with DOE of 3.0% as a benchmark. Looking ahead, we aim to further enhance both capital efficiency and dividend levels.

With respect to treasury stock acquisitions, we will continue to carry them out as appropriate, with the aim of enhancing capital efficiency and pursuing agile capital policies.

*4 DOE: Ratio of dividend on adjusted equity attributable to owners of the parent



Strengthening Management by Considering Capital Cost

In order to respond flexibly and appropriately to changes in the business environment and enhance corporate value, Honda is embedding management practices that are conscious of capital costs, developing multiple scenarios based on different time horizons, and implementing flexible resource allocation. During this transformation phase, investments for the future will take precedence. At the same time, we are making investment decisions based on capital costs by utilizing net present value (NPV), while aiming to maintain company-wide ROIC above capital costs as a management threshold.

Toward Further Enhancing Corporate Value

Honda's corporate value in the stock market has continued to remain below 1.0x Price Book-value Ratio (PBR). However, when estimating the value of each business by applying the average sector multiple to the profits generated by each segment, we believe that Honda's theoretical corporate value would significantly exceed its current market valuation.

While stock prices reflect factors beyond our control, such as policy trends in each country and the global economy, we believe that one reason for the divergence between Honda's theoretical corporate value and its current market valuation is that we have not fully conveyed the cash generation capability of each business or the resource allocation strategies within our overall capital allocation.

In explaining cash generation capability and resource allocation for each business toward the Fiscal Years Ended March 31, 2031, the motorcycle business recorded record-high sales volume in the Fiscal Years Ending March 31, 2025, and by continuing to capture demand growth—particularly in the Global South, including India, which is expected to become the largest market—we aim to sustain growth and generate cash while laying the groundwork for electrification.

The automobile business is generating cash mainly from ICEs and HEVs. Going forward, by positioning HEVs as a core pillar of earnings, we aim to further expand and improve profitability through initiatives such as creating new customer value by broadly applying next-generation ADAS to HEVs and introducing next-generation HEVs from 2027 onward. The cash generated in this way will be used to cover development costs and capital investments for intelligent technologies and electrification.

The financial services business generates profits mainly from stable vehicle sales and a strong customer base in North America. Given the nature of the business, which involves holding financial assets (receivables) over the contract period, we expect to continue securing stable earnings over the medium- to long- term.

Looking ahead to the Fiscal Years Ending March 31, 2031, we will use cash generated primarily from the motorcycle business, four-wheel ICE/HEVs, and the financial services business to support shareholder returns, resource allocation to electrification and software, and research and development of new businesses for the future. In the longer term, through the four-wheel electrification strategy, we will build a business structure capable of generating earnings with EVs, further enhancing our company-wide cash generation capability.

Approach to Resource Allocation up to the Fiscal Year Ending March 31, 2031

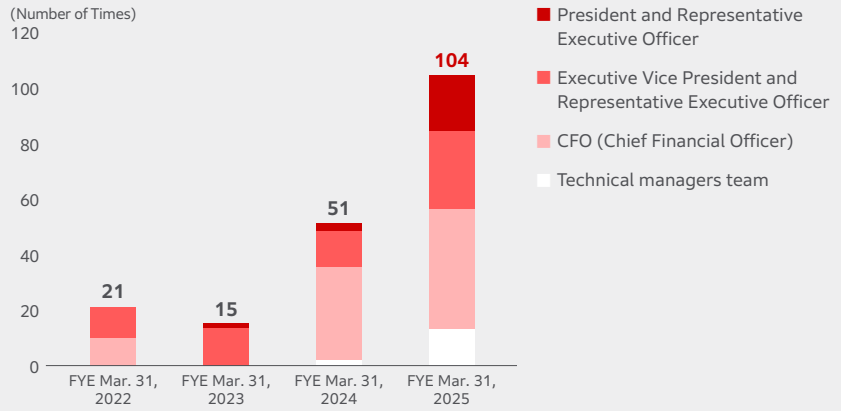
Active Engagement with Stakeholders

To ensure that stakeholders, including investors and individual shareholders, properly understand and evaluate the company's management direction, the management team itself will take the lead in engaging in more proactive dialogue than ever before through events, individual meetings, and other opportunities.

At the beginning of each fiscal year, we hold a Business Update to communicate our mid- to long-term strategy, providing a forum to explain the environment surrounding Honda and the direction we aim to pursue going forward.

Following the Business Update, we conduct IR tours in Japan and overseas with the participation of management, actively engaging in two-way dialogue with investors to share details of our mid- to long-term strategy. In recent years, we have also increased the number of dialogues led by technology management in order to more clearly communicate Honda's differentiating strengths.

Record of Engagement with Analysts and Institutional Investors



At each quarterly earnings announcement, we explain both short-term results and the progress of our mid- to long-term strategy, with presentations given by the President, Executive Vice President, or CFO. To clearly communicate our technological strengths, we also host technology events on themes of high interest to the capital markets. In the Fiscal Years Ended March 31, 2025, these included the Honda 0 Tech Meeting 2024, where we unveiled next-generation technologies planned for the Honda 0 Series, a tour of the pilot line for all-solid-state batteries, and the Honda e:HEV Business and Technology Workshop, where we introduced next-generation e:HEV technologies.

Financial Strategy

In addition to domestic events, we also hold on-site events overseas, such as IR briefings in the United States—our main market for the automobile business—including small meetings at CES, and factory tours in India, a growth market for the motorcycle business.

Honda 0 Tech Meeting 2024

Honda e:HEV Business and Technology Workshop

Honda is also actively implementing initiatives aimed at expanding its individual shareholder base, encouraging longer-term shareholding, and increasing its fan base. In July 2024, with the aim of accelerating the reduction of cross-shareholdings, Honda conducted a secondary offering of shares held by non-life insurance companies and banks, with the majority of the offering allocated to individual shareholders.

We have also expanded briefings for individual shareholders, and in the Fiscal Years Ended March 31, 2025, we held a total of six sessions, combining both in-person and online formats.

Responding to shareholder requests for opportunities to experience Honda's products and services, in recent years we have also focused on experience-based shareholder benefits. Starting in the Fiscal Years Ended March 31, 2024, we began offering flight experiences on the HondaJet light business jet as a shareholder benefit, which proved extremely popular with an application ratio exceeding 850 times in the previous fiscal year. This fiscal year, in addition to the HondaJet Trial Event, we are offering other Honda-unique benefits such as a Marine Test-Drive Event, Race Viewing, and a Safety School Trial Event.

HondaJet Trial Event

Marine Test-Drive Event

Through these dialogues, we seek to convey management's and each technology leader's commitment to our growth strategy, while directly understanding the expectations of the capital markets and reflecting them in our management and business strategies. In doing so, we aim to continuously enhance corporate value and remain a company that stakeholders look to with high expectations.

Other Events

Dialogues	FYE Mar. 31, 2022	FYE Mar. 31, 2023	FYE Mar. 31, 2024	FYE Mar. 31, 2025
Financial results briefing for securities analysts and institutional investors	4	4	4	**4**
IR tours (Japan, U.S., Europe, Asia)	(Online)	2	7	**10**
Conferences hosted by securities firms	7	6	14	**14**
Business and technology briefing sessions	3	2	3	**6**
Regional and office visits	4	5	10	**9**
Briefings for individual investors (Japanese only)	-	1	4	**6**
ESG dialogue	25	64	40	**49**
(Reference) Stock offering roadshow	-	-	-	**101**

Digital Strategy

Establishing a Digital Platform That Brings Together Company-Wide Knowledge

To steadily advance the electrification and intelligence of our products and services and our efforts to address sustainability issues, it is essential to enhance operations on a company-wide basis. This foundation lies in urgently renewing our core IT systems and establishing a digital platform that connects business operations and data across the organization.

By centrally utilizing data dispersed across our businesses and regional sites, we are working to maximize the value of data utilization across the company and to build a data-driven management and operational model that seamlessly connects the value chain on a global scale. In particular, by proactively introducing advanced technologies such as generative AI across the company, we aim to significantly improve operational efficiency and create new value.

Three Business Values Aimed at Through the Digital Platform

In the business model centered on electrification and intelligence, and sustainability management, data integration through digital technologies is indispensable. This includes building a comprehensive value chain from production and procurement to secondary use and recycling focused on batteries, as well as real-time decision-making on costs and profits. We are working on the evolution of the digital platform to realize the further sophistication of our overall business operations.

In developing the above business model, we have clearly defined the three values we should aim for: “customer value,” “product value,” and “social value.” To maximize these values, we are proactively promoting the optimal utilization of business systems and data.

Customer Value: Providing Personalized Purchasing Experiences

To accurately meet the diversifying needs of each customer, we are undertaking sales operation reforms utilizing digital technologies. We are working on new sales measures, such as distribution of advertisements tailored to customer preferences, systems that individually display optimal product information and recommendations on sales websites and emails, and interactive product introductions using AI. We aim to fully roll them out from the Fiscal Years Ending March 31, 2026.

By providing more personalized purchasing experiences, we will further deepen our relationships with customers to strengthen customer engagement.

Product Value: Building a Global Common Infrastructure for SDV (Software Defined Vehicle)

Honda is developing a digital infrastructure for next-generation SDV to maximize product value. This infrastructure centrally integrates lifecycle data such as usage conditions and maintenance history of individual vehicles after shipment, building a system that can continuously manage and utilize data throughout the vehicle lifecycle. This enables continuous product evolution through software updates and recommendations for solutions that lead to enhanced customer engagement, aiming to maximize product lifetime value*1.

In addition, we leverage accumulated data for management decisions, thereby improving the speed and accuracy of decision-making and planning.

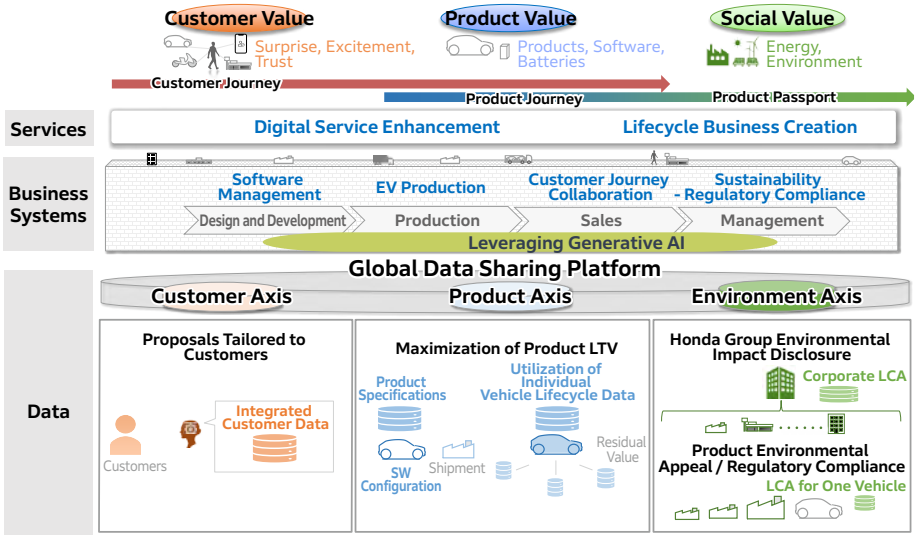
Honda will standardize this infrastructure globally and continue to gradually expand and strengthen it.

*1 Lifetime value: The comprehensive economic value a product brings from vehicle delivery to end of vehicle life.

Social Value: Enhancing Visualization and Transparency of Environmental Data

Honda aims to maximize the value of environmental data by promoting the aggregation and utilization of the data for the entire Group and on an individual product basis. From the Fiscal Years Ended March 31, 2024, we entered a full-scale implementation phase and established a system to

Overview of Digital Platform



accurately measure and disclose CO_2 emissions from our corporate activities (Scopes 1 and 2)*2. As internally controlled data that can withstand reasonable assurance, we have improved the accuracy of disclosure in the Honda ESG Report 2025.

In addition, to respond to battery regulations advancing in Europe and the Digital Product Passport*3, which enables verification of the reuse value of vehicles and parts (vehicle residual value and resource residual value), we are working to establish an environment for the company-wide utilization of lifecycle data, and are steadily building an environment for the cross-functional utilization of information previously siloed within each division. We will continue to expand this globally, further accelerating the creation of concrete achievements in environmental value. Furthermore, the Digital Product Passport is an initiative designed for society-wide utilization, and Honda contributes to the development of the Ouranos Ecosystem*4, which serves as its foundation.

Through this, we are standardizing data from business systems based on business processes in our businesses and regions with a company-wide optimization perspective, and are building a digital platform that supports the advancement of our global business models.

*2 Scope 1: CO_2 emissions directly from corporate activities. Scope 2: CO_2 emissions indirectly from energy use.
*3 Digital Product Passport: A system that digitally and centrally manages and shares information on product raw materials, manufacturing processes, usage status, repair history, possibilities for reuse and recycling, etc.
*4 Ouranos Ecosystem: A public-private collaborative data platform aiming to realize cross-sectional data and system collaboration across companies and industries, crossing national borders

Aiming to Realize a "Human-Centered AI Society"

To promote the innovative advancements brought about by AI and its safe and secure utilization, Honda has formulated the Honda AI Basic Policies based on the Honda Philosophy. By aiming to realize a human-centered AI society, we will build trust-based relationships with all stakeholders. While ensuring alignment with policies, and laws and regulations in each region, we are promoting the deployment of the basic policies as global AI basic policies.

Extensive Utilization of Generative AI in Business Activities

We are advancing the application of AI to our mobility products and services, such as automated driving and autonomous driving technologies, as well as its utilization in various business operations including development, production, and sales.

The utilization of generative AI is effective for improving such diverse business processes, and we have formulated the Generative AI Utilization Guidelines to promote the safe and secure utilization of AI. Regarding governance for the safe and secure application of rapidly evolving AI technologies, we have collaborated with internal and external experts, including those in charge of security and legal affairs, to establish a flexible system capable of implementing risk management from the user's perspective.

By utilizing AI technologies that have an impact on society, Honda will contribute to the creation of new value.

Developing Digital Talent and Cultivating an Organizational Culture

Honda focuses on developing talent that supports the development of the digital area and cultivating an organizational culture that accelerates transformation. Honda is conducting various initiatives including the company-wide rollout of software education, the development of division promotion leaders (Top Guns) who drive transformation in each division, and the introduction of the Gen-AI Expert Program to utilize advanced AI technologies.

Members gathered through the Gen-AI Expert Program have produced advanced technologies such as a multi-agent AI system, in which AI agents debate with each other, designed inspired by Honda's corporate culture of free, open-minded discussion called Waigaya, and a 3D model generation AI, which can generate within minutes numerous 3D models that meet design requirements such as design concepts, functions, and performance by proceeding with design work while interacting with AI. Some of these achievements have been accepted and highly praised at the official workshop of ICLR*5, an international conference in the AI field.

Furthermore, through initiatives such as the in-house DX community "Borders" and the in-house DX event "Honda DX Expo," we are working to cultivate a culture in which associates share knowledge and voluntarily utilize digital technologies. Through these initiatives, Honda aims to create further value in an environment where all associates, driven by their "dreams," take on challenges themselves and diverse knowledge and dreams interact with each other throughout the organization.

*5 ICLR: International Conference on Learning Representations

Improving Structure for New Value Creation

To optimize the allocation of management resources for new value creation, we are also promoting company-wide improvements in operational efficiency by utilizing digital technologies, including generative AI. Through initiatives such as reducing routine and redundant tasks and standardizing business processes, we have created an environment where associates can focus on more creative and high value-added work, achieving an approximately 20% improvement in operational efficiency.

To Bring Surprise and Inspiration to Future Society

Even amid a turbulent business environment, we will further accelerate our corporate transformation centered on the integration of digital technology and human capital, aiming for sustainable growth and the creation of value in society. Driven by our "dreams," we will continue to take on global competition and remain a presence that brings new surprises and inspiration to the future mobility society.

Corporate Governance

Basic Approach

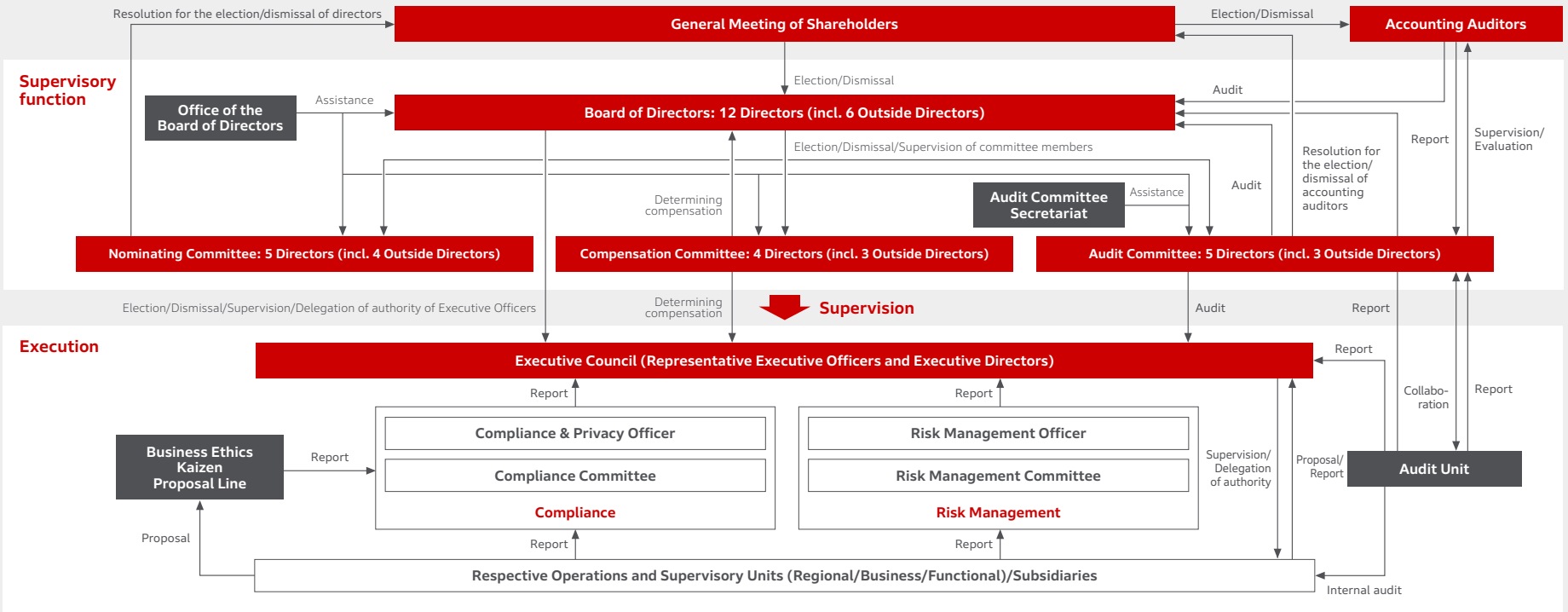
Enhancing Corporate Governance to Become "A Company People and Society Want to Exist"

Based on its basic principles, 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 society wants to exist."

To clearly segregate the supervisory and execution functions of management, strengthen the supervisory function, and enable prompt and flexible decisions, Honda has created a Nominating Committee, Audit Committee, and Compensation Committee, each of which consists of over 50% Outside Directors. We also have adopted a "company with three committees" structure, which allows the broad delegation of the business execution authority from the Board of Directors to the Executive Officers.

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

Corporate Governance Structure (as of June 19, 2025)



WEB **"Honda Corporate Governance Basic Policies" "Corporate Governance Report"**
https://global.honda/en/investors/policy/governance.html

Evolution of the Corporate Governance Structure

	Fiscal Years Ended March 31											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*1
Total number of Directors	13	13	13	14	14	13	13	11	11	11	12	12
Number of Outside Directors	2	2	2	5	5	5	5	5	5	5	6	6
Number of Independent Directors	1	1	1	5	5	5	5	5	5	5	6	6
Number of female Directors	1	1	1	2	2	2	2	2	2	2	3	3
Organizational structure and system	Company with Board of Auditors			Company with Audit and Supervisory Committee				Company with Three Committees				
				• Enhancing the Board's oversight function to further expedite decision-making • Expanding the delegation of executive authority from the Board to Directors • Promoting the separation of oversight and executive functions				• Further strengthening of management "agility" and "supervision" • Significantly delegating executive authority from the Board to legally accountable Executive Officers • Selecting committee chairs from among the Independent Outside Directors				
	—			—				Nominating Committee				
	Board of Auditors			Audit and Supervisory Committee				Audit Committee				
	—			—				Compensation Committee				
Key initiatives for improving governance / **Evolution of support system** — Supervisory Side	• Introduction of Monitoring Subsidiaries with Issues											• Introduction of Monitoring Segments with Issues
		• Introduction of Pre-board Briefings										
			• Introduction of Board Effectiveness Evaluation									
								• Establishment of Standards and Regulations for the Three Committees				
								• Disclosure of Board Effectiveness Evaluation				
								• Introduction of Effectiveness Evaluation for the Three Committees				
									• Expansion of Disclosure on Compensation Systems			
										• Establishment of Clawback Policy • Revision of Long-Term Incentive (LTI) Program		
	~ Auditors' Office							• Disclosure of the Skill Matrix				
				• Establishment of the Audit and Supervisory Committee Division				• Establishment of the Board of Directors Office				
Executive Side	Compliance Committee											
	~ Compliance Officer										• CPO*2	
	Enterprise Risk Management Committee			Global Emergency Headquarters				Risk Management Committee				
	~ Risk Management Officer											
	Internal Audit Office			Audit Division								Audit Unit

Decision-Making for Executing Business Matters

Strengthening Supervisory Functions and Implementing Swift and Agile Decision-Making

Honda has adopted a "company with three committees" system to delegate the decision-making authority of the Board of Directors to execute important business matters to the Executive Officers in accordance with the provisions of the Company's Articles of Incorporation and resolutions approved by the Board. This system enables quick decision-making and prompt business execution while clearly separating the functions of management supervision and business execution so that the Board is focused on overseeing business execution.

The Board of Directors has established criteria for deliberation and has delegated some of its authority to the Executive Council, which, in turn, delegates some of its authority to the Business Operating Board.

The Executive Council conducts preliminary deliberations on matters to be resolved by the Board of Directors and deliberates on important management matters within the scope of authority delegated by the Board of Directors. The Business Operating Board deliberates important management matters in each area within the scope of authority delegated by the Executive Council.

Board of Directors

The Board of Directors is comprised of twelve Directors including six Outside Directors.

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.

Specific Discussion Topics at the Board of Directors in FYE Mar. 31, 2025
• Business strategy and capital policy
• 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.

To fulfill the above roles, 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.

Term of Office

Attendance Rate (FYE Mar. 31, 2025)

Composition of Members

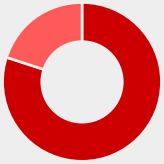
Nominating Committee

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 Nominating Committee is composed of five Directors, including four Outside Directors. The chairperson of the committee is selected from among the Independent Outside Directors.

Nominating Committee Members (as of June 19, 2025)
Fumiya Kokubu (Chairperson) (Outside Director)
Toshihiro Mibe
Kunihiko Sakai (Outside Director)
Kazuhiro Higashi (Outside Director)
Mika Agatsuma (Outside Director)

Specific Discussion Topics at the Nominating Committee in FYE Mar. 31, 2025
• Basic policy / annual activity plan
• Succession plan for Directors
• Prospective Director candidates, etc.

Ratio of Outside Directors



Attendance Rate (FYE Mar. 31, 2025)

Audit Committee

To respond to the mandate of the shareholders, the Audit Committee conducts audits of the execution of duties by the Directors and Executive Officers and performs other duties as prescribed by laws and regulations and the Articles of Incorporation to ensure the sound and sustainable growth of the Honda Group. The Audit Committee is composed of five Directors, including three Outside Directors. The chairperson of the committee is selected from among the Independent Outside Directors. To ensure the effectiveness of the audit, full-time members of the Audit Committee are elected by resolutions of the Board of Directors.

Audit Committee Members (as of June 19, 2025)
Yoichiro Ogawa (Chairperson) (Outside Director)
Asako Suzuki (Full-time Audit Committee Member)
Jiro Morisawa (Full-time Audit Committee Member)
Kunihiko Sakai (Outside Director)
Ryoko Nagata (Outside Director)

Specific Discussion Topics at the Audit Committee in FYE Mar. 31, 2025
• 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.

Ratio of Outside Directors

Attendance Rate (FYE Mar. 31, 2025)

Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer and carries out other duties as prescribed by laws and regulations and the Articles of Incorporation. The Compensation Committee is composed of four Directors, including three Outside Directors. The chairperson of the committee is selected from among the Independent Outside Directors.

Compensation Committee Members (as of June 19, 2025)
Kazuhiro Higashi (Chairperson) (Outside Director)
Eiji Fujimura
Fumiya Kokubu (Outside Director)
Yoichiro Ogawa (Outside Director)

Specific discussion topics at the Compensation Committee in FYE Mar. 31, 2025
● Basic Policy / annual activity plan
● Executive performance evaluation
● LTI and stock delivery regulations
● Compensation standards, etc.

Ratio of Outside Directors

Attendance Rate (FYE Mar. 31, 2025)

Reasons for Selecting the Skills

We have identified the following skills required 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 skaills

● **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

Board and Committee Members

Name	Term of office	Position	Responsibilities	Attendance in FYE Mar. 31, 2025 (Attendance / Number of times held)				Skills							
				Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Corporate management	Internationality	Industrial experience	New business strategies	HR	Accounting & finance	Legal & risk management	ESG & sustainability*
Toshihiro Mibe	5 years	● Director ● President and Representative Executive Officer	● Member of the Nominating Committee ● Chairman of the Board of Directors ● Chief Executive Officer	11/11 100%	8/8 100%	-	-	●	●	●	●	●	●	●	●
Noriya Kaihara	6 years (total)	● Director ● Executive Vice President and Representative Executive Officer	● Compliance and Privacy Officer ● Culture Transformation Officer	11/11 100%	-	-	-	●	●	●		●		●	●
Katsushi Inoue	-	● Director ● Senior Managing Executive Officer	● Chief Officer for Automobile Operations ● Risk Management Officer	-	-	-	-		●	●	●			●	●
Eiji Fujimura	1 year	● Director ● Managing Executive Officer	● Member of the Compensation Committee ● Chief Financial Officer ● Chief Officer for Corporate Administration Operations	9/9 100%	-	-	5/5 100%	●	●	●		●	●	●	
Asako Suzuki	4 years	● Director	● Member of the Audit Committee (Full-time)	11/11 100%	-	13/13 100%	-		●	●		●	●	●	
Jiro Morisawa	1 year	● Director	● Member of the Audit Committee (Full-time)	9/9 100%	-	9/9 100%	-		●	●			●		
Kunihiko Sakai	6 years	● Director	● Member of the Nominating Committee ● Member of the Audit Committee	11/11 100%	8/8 100%	13/13 100%	-		●					●	●
Fumiya Kokubu	5 years	● Director	● Member of the Nominating Committee (Chairperson) ● Member of the Compensation Committee	11/11 100%	8/8 100%	-	7/7 100%	●	●		●	●			
Yoichiro Ogawa	4 years	● Director	● Member of the Audit Committee (Chairperson) ● Member of the Compensation Committee	11/11 100%	-	13/13 100%	7/7 100%	●	●			●	●		
Kazuhiro Higashi	4 years	● Director	● Member of the Nominating Committee ● Member of the Compensation Committee (Chairperson)	11/11 100%	8/8 100%	-	7/7 100%	●			●	●	●	●	
Ryoko Nagata	4 years	● Director	● Member of the Audit Committee	11/11 100%	-	13/13 100%	-				●	●			●
Mika Agatsuma	1 year	● Director	● Member of the Nominating Committee	9/9 100%	7/7 100%	-	-		●		●			●	

* ESG & sustainability include areas such as the environment, including climate change issues, safety, and human rights.

Reason for Appointment of Outside Directors

Six Outside Directors Having Abundant Experience and Deep Insight

Honda appoints Outside Directors who have abundant experience and deep insight and who are capable of overseeing the business management of the Company from an objective, highly sophisticated, and broad viewpoint thanks to their independent position outside the Company.

The Company has at least two Outside Directors, and at least one-third of the members of the Board of Directors are Independent Outside Directors who fulfill the Company's Criteria for the Independence of Outside Directors. All six Outside Directors currently in office satisfy the Criteria for Independence of Outside Directors and their interests are not in conflict with those of the Company or the shareholders.

The six Outside Directors are specified as Independent Directors as prescribed by a provision of the Tokyo Stock Exchange (TSE). The names of these Directors have been submitted to the TSE.

Please see "Honda Corporate Governance Basic Policies" for Honda's Criteria for Independence of Outside Directors. (Please use the link below.) If any Outside Director also serves as an officer at another listed company, such Director shall only serve at four companies other than the Company so that they can secure sufficient time to perform their duties for the Company.

WEB **"Honda Corporate Governance Basic Policies"**
https://global.honda/en/investors/policy/governance.html

Kunihiko Sakai

Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017. He has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member since June 2019, and as Outside Director and a Member of the Nominating Committee and the Audit Committee since June 2021, by auditing and overseeing the entire business management of the Company from an independent standpoint.

Fumiya Kokubu

Mr. Fumiya Kokubu held positions of President and CEO, and then Chairman of the Board of Marubeni Corporation from April 2013 to March 2025, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director since June 2020, and as the Chairperson of the Nominating Committee and a Member of the Compensation Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.

Yoichiro Ogawa

Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018. He has properly fulfilled his duties as Outside Director, the Chairperson of the Audit Committee and a Member of the Compensation Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

Kazuhiro Higashi

Mr. Kazuhiro Higashi held positions of President and then Chairman of Resona Holdings, Inc. from April 2013 to June 2022, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director, the Chairperson of the Compensation Committee and a Member of the Nominating Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.

Ryoko Nagata

Ms. Ryoko Nagata held positions of Executive Officer and then Audit & Supervisory Board Member of Japan Tobacco Inc. from June 2008 to March 2023, and has abundant experience and deep insight regarding new business strategies and audit. She has properly fulfilled her duties as Outside Director and a Member of the Audit Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

Mika Agatsuma

Ms. Mika Agatsuma held a position of Managing Partner of IBM Japan, Ltd. from October 2022 until March 2024 and has abundant experience and deep insight regarding the area of IT. She has properly fulfilled her duties as Outside Director and a Member of the Nominating Committee since June 2024 by overseeing the entire business management of the Company from an independent standpoint.

Support Systems for Outside Directors

Board of Directors Office Providing Necessary Support as Appropriate

Honda's Board of Directors Office plays a central role in providing the following support to Outside Directors to ensure they can maximize their functions as Outside Directors.

1. Orientation at the time of taking office

Honda provides training in industry trends, as well as the Company's history, business, finances, organizations, internal control system, and other matters to newly appointed Outside Directors.

2. Preliminary briefing and information-sharing

Preliminary briefing sessions are held for Outside Directors in advance of each Board of Directors' meeting for the following purposes: to ensure that they fully understand the details and background of each agenda item to be submitted to the Board of Directors, its position in the medium- to long-term management plan, and other relevant information, and to ensure that the Board of Directors holds substantial deliberations. Honda also provides opportunities for information sharing and discussion among Directors on important matters such as the status of company-wide risk management and medium- to long-term strategies by business segment, as appropriate.

3. Opinion exchange meetings on matters of management concern

Honda holds opinion exchange meetings for Directors regarding matters of concern to management. These meetings aim to share with Outside Directors an awareness of the Honda Group's long-term challenges and directions to be pursued and to deepen their understanding of management initiatives. Such meetings are also intended to utilize the knowledge of Outside Directors in discussing future management policies.

4. Dialogue with Executive Officers / Dialogue among Outside Directors

To facilitate forthright communication among Directors, Honda provides opportunities for dialogue between Outside Directors and Executive Officers or Inside Directors, as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites

Honda has conducted inspection visits to its production, sales, development, and other business sites to promote Outside Directors' understanding of the Company's business.

Visit to Mobile Power Pack e: Charging Station in India

Evaluation of the Effectiveness of the Board of Directors

Conducting Questionnaire and Interviews in Each Fiscal Year to Increase Effectiveness

Each fiscal year, the Company evaluates the overall effectiveness of the Board of Directors to confirm the current status of the Board's functions and with the aim of further improving its effectiveness and promoting understanding among shareholders and stakeholders.

Evaluation Process

Survey of all Directors (self-assessment) → External lawyers conduct hearings and collect the results. → Under the Chairperson's supervision, the Board of Directors discusses the evaluation results submitted by the Secretariat and issues a resolution.

(Summary of Evaluation Results)

The results of the effectiveness evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured through the following initiatives: setting appropriate items for deliberation and frequency of meetings, providing information to Outside Directors and enhancing opportunities for exchange of opinions, including business site visits, as well as the appropriate operation of the three committees.

Going forward, the Company will further enhance the effectiveness of the monitoring-type Board of Directors by stimulating discussion within the Board of Directors and by further strengthening cooperation between the Board of Directors and the three committees.

Evaluation Results

	P Initiative policy for FYE Mar. 31, 2025	D Main initiatives for FYE Mar. 31, 2025	C Evaluation/tasks for FYE Mar. 31, 2025	A Initiative policy for the future
Composition	Further deepen the discussion on the expertise and diversity of future Directors (continued)	Exchanged views among all Directors on the future composition of the BOD	The current composition of the BOD is appropriate.	Further deepen the discussion on the expertise and diversity of future Directors (continued)
Shared information	Provide information and inspection opportunities with a greater focus (continued)	• Added information sharing items for Outside Directors • Improved opportunities for Outside Directors to inspect business sites and events	• Information is adequately provided. • Outside Directors have good opportunities to inspect business sites and events. • It was meaningful for them to have a deeper understanding of the business and to experience the corporate culture.	Provide information and inspection opportunities with a greater focus (continued)
Agenda items for deliberation, etc.	• Conduct discussions on business environment recognition • Further enhance feedback on opinions of Outside Directors	• Shared information and exchanged opinions on the business environment and business strategies • Conducted questionnaire on the deliberation items for the BOD	• Deliberation items are narrowed down to important matters. • Opportunities for information sharing / exchange of opinions are effectively set up and functioning.	• Conduct discussions with a greater focus on the deliberation items listed for the BOD • Provide feedback on opinions of Outside Directors (continued)
Deliberation at the BOD	Further activate discussions at the BOD (continued)	Updated proposals and explanations at the BOD meetings as appropriate, based on questions raised at the pre-briefings	• Deliberations at the BOD meetings should be further activated based on the pre-briefings. • Directors provide thought-provoking comments and questions.	Further activate discussions at the BOD based on the pre-briefings
Committees	Maintain and enhance coordination between the committees and the BOD (continued)	Conducted deliberations among all Directors based on discussions at the committees	The deliberations at each committee are being properly reported to the BOD.	• Set up opportunities for information sharing among Outside Directors only • Maintain and enhance coordination between the committees and the BOD (continued)

Remuneration Structure for Directors and Executive Officers

Remuneration Structure Linked to Medium- to Long- Term Business Performance

Honda views executive remuneration, the cornerstone of corporate governance, as an important driving force for the realization of Our Fundamental Beliefs, management policy, and vision. The Compensation Committee has established the following decision-making policy to encourage appropriate risk-taking to promote speedy change toward the achievement of the Company's vision amid a drastically changing environment and to ensure that the content of the system accurately reflects management responsibility.

The Company's executive remuneration system is designed to motivate executives to contribute not only in the short-term but also in the medium- to long- term to improve the Company's business performance so that it can continuously increase its corporate value. The system consists of monthly remuneration, which is a fixed amount paid monthly in compensation for the execution of duties, STI (Short Term Incentive), which is linked to the performance of the relevant fiscal year, and LTI (Long Term Incentive), which is linked to the performance of the medium- to long- term.

Monthly remuneration is a fixed monthly amount based on the remuneration criteria resolved by the Compensation Committee.

Total Amount of Remuneration by Category

Category of Directors	Total amount of remuneration (millions of yen)	Total amount by type of remunerations (millions of yen)			Number of eligible Directors (Number of persons)
		Fixed remuneration	Performance-linked remuneration		
			STI (Short Term Incentive)	LTI (Long Term Incentive)	
Directors (excluding Outside Directors)	151	151	-	-	4
Outside Directors	103	103	-	-	6
Executive Officers	1,378	589	408	380	14
Total	1,633	844	408	380	24

- "Directors" in the table above does not include the four Directors who concurrently serve as Executive Officers.
- These amounts indicate remuneration paid to Directors during the fiscal year. The above includes the amount paid to two Directors who retired at the closing of the 100th Ordinary General Meeting of Shareholders held on June 19, 2024, as well as the amount paid to one Executive Officer who retired on April 1, 2024. It also includes the amount paid to one Director concurrently serving as Executive Officer who resigned as of April 7, 2025. However, for the Director concurrently serving as Executive Officer, the Compensation Committee resolved not to pay STI and LTI for the FYE March 31, 2025, in accordance with the Company's clawback policy, at its meeting held on April 24, 2025. LTIs for which the performance evaluation period had not expired at the time of resignation were forfeited in accordance with the stock delivery regulations.
- The amount of STI for Executive Officers was determined by the Compensation Committee held on May 8, 2025.
- The total amount of LTI is the expenses recorded for stock delivery points granted during the fiscal year in relation to the Board Incentive Plan (BIP) trust and falls under non-monetary remuneration.

STI is determined and paid by resolution of the Compensation Committee, taking into consideration the performance of each fiscal year.

LTI grants its own shares and cash linked to medium- to long- term performance in accordance with the criteria and procedures approved by the Compensation Committee to serve as a sound incentive for sustainable growth.

The compensation of Executive Officers and Directors who also serve as Executive Officers is composed of monthly compensation, STI and LTI, the composition of which is determined in accordance with the compensation criteria approved by the Compensation Committee. The composition ratio of variable compensation is increased in proportion to the severity of management responsibility for each position.

Compensation for Outside Directors and other Directors who do not concurrently serve as Executive Officers consists solely of monthly compensation.

Directors and Executive Officers who are not subject to LTI also contribute a certain amount of their remuneration to the Directors' Shareholding Association to acquire their own shares to realize shareholder-oriented management and promote the company's sustainable growth and medium- to long- term enhancement of corporate value through the holding of their own shares.

Directors and Executive Officers are required to continue to hold the company's shares acquired as LTI and through the Directors' Shareholding Association for one year after leaving office, in addition to their term of office.

Please refer to Article 13 of the "Honda Corporate Governance Basic Policies" (link below) for the Company's policy for determining executive compensation.

WEB **"Honda Corporate Governance Basic Policies"**
https://global.honda/en/investors/policy/governance.html

An Evaluation System That Supports the Creation of Social and Economic Value

LTI is a non-monetary, performance-linked incentive that delivers shares through a trust structure, based on financial and non-financial performance. It is designed to enhance awareness of contributions to sustainably increasing corporate value over the medium- to long- term and to promote the sharing of benefits with shareholders.

Performance evaluations are intended to accelerate initiatives on key themes and further support the creation of social and economic value. They are conducted using key indicators that measure the degree of contribution to enhancing corporate value over the medium- to long- term.

Financial indicators use consolidated operating profit margin and profit for the year attributable to owners of the parent as KPIs, both of which are important indicators for achieving the ROIC target set for the Fiscal Years Ending March 31, 2031. Non-financial indicators use brand value, total CO_2 emissions, and associate engagement, which are directly linked to key themes, as KPIs. Stock price indicators use Total Shareholder Return as a KPI, reflecting market evaluations of the creation of social and economic value. Depending on the results for the evaluation year, each indicator fluctuates between 40% and 240%.

WEB **"Form 20-F"**
https://global.honda/en/investors/library/form20_f.html

KPIs		Evaluation method	Weights	Range of fluctuation
Financial indicators	Consolidated operating profit margin	Evaluation based on target achievement for the assessed year	60%	40-240%
	Profit for the year attributable to owners of the parent			
Non-financial indicators	Brand value		20%	
	Total CO_2 emissions			
	Associate engagement			
Stock price indicators	Total shareholder return	Evaluation based on comparison with the dividend-inclusive TOPIX growth rate for the assessed year	20%	

Note: For non-financial indicators, the evaluation will be based on the following metrics.
- Brand value: Brand value assessment conducted by a third-party research company
- Total CO_2 emissions: CO_2 emissions from corporate activities and products, calculated using standardized methods applicable in Japan (and globally)
- Associate engagement: Associate engagement survey conducted by a third-party research company

Remuneration of Accounting Auditors

Determining Remuneration with Prior Approval to Uphold Independence

The Company has had its financial statements audited in accordance with the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Securities Act of 1933 (United States) by KPMG AZSA LLC.

The duration of continuous auditing by KPMG AZSA LLC is 20 years.

This period refers to the period during which KPMG AZSA LLC, the current auditor, has continuously audited the consolidated financial statements and financial statements included in the Company's Form 20-F. In addition, KPMG, to which KPMG AZSA LLC belongs as a member firm, has been conducting audits of the Company for U.S. SEC registration purposes since 1962.

Within KPMG AZSA LLC, a total of 110 staff members conducted external audits of the Company's financial statements. These accounting firm staff members are composed of 3 certified public accountants (Isao Kamizuka, Takeshi Kamada and Ryosuke Kikuchi), who are in overall charge of the outside audits, and 107 professional staff members (including 26 certified public accountants and 81 other staff members).

In deciding the amount of remuneration for services rendered by the Accounting Auditor, various factors are taken into consideration in discussions with the accounting firm, including the Company's size/characteristics, the time schedule for the audit and other matters. In addition, to preserve the independence of the Accounting Auditor, remuneration to be paid is required to obtain the prior approval of the Audit Committee.

CPO Message

To Remain a "Company That the World Values and Looks to with Expectations"

Director, Executive Vice President and Representative Executive Officer
Compliance & Privacy Offcer
Noriya Kaihara

In 1962, the founder, Soichiro Honda, gave a speech to associates stating, "Before making a profit, there is one important condition: whether something is 'right' or not."

At Honda, compliance means not only adhering to laws and regulations but also being sincere and ethical toward customers and society. This concept is connected to the words of the founder and remains the unchanging foundation from the Company's inception to the present, guiding Honda in conducting transparent and trustworthy business operations.

As a concrete compliance initiative, in 2016, Honda established the "Honda Code of Conduct," which outlines the sincere actions that associates should practice. Currently, global efforts are ongoing to raise awareness of this code. Additionally, an internal reporting system called the "Business Ethics Kaizen Proposal Line (Corporate Ethics Improvement Proposal Hotline)" has been established for Honda group and business partners to accept reports of legal violations, fraud, and other issues.

Through training for new associates, newly certified executives, 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.

To manage and oversee the progress of these initiatives, Honda has appointed the Executive Vice President and Representative Executive Officer as the Compliance & Privacy Officer, who is responsible for compliance across the Honda Group. The Compliance & Privacy Officer also serves as the Chair of the "Compliance Committee," which deliberates on important compliance matters within the Group.

In recent years, with the advancement of digital transformation and the increasing collection and utilization of various types of data, the global importance of personal information management and privacy protection, through compliance with related laws, has grown significantly. In this environment, to fulfill its corporate responsibilities, we changed the title of the former Compliance Officer to "Compliance & Privacy Officer" as of April 1, 2024, clarifying the role responsible for data governance.

Honda is driving significant transformations for further growth as it works toward realizing its "vision." Moving forward, we aim to maintain a transparent and trustworthy corporate operation while fostering a foundation for the unique challenges Honda undertakes. By ensuring that every member of management and each associate acts with integrity and ethics toward customers and society, we strive to continue being a "company that the world values and looks to with expectations."

WEB **"Honda Code of Conduct"**
https://global.honda/en/about/codeofconduct.html

Compliance

Honda Code of Conduct

Formulation and Dissemination of Integrity Guidelines to be Observed by Honda Associates Around the World

To earn the trust of customers and society and achieve sustainable growth, we must not only comply with laws and regulations but also practice sincere and ethical conduct.

Recognizing this, 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.

The Company 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, display on posters, distributing educational videos, and introducing case studies and other information on the intranet, as well as conducting training sessions. The status of these activities is regularly reported to the Compliance Committee after confirmation by each division and subsidiary of the Company.

WEB **"Honda Code of Conduct"**
https://global.honda/en/about/codeofconduct.html

Honda Code of Conduct

Intranet

Compliance Committee

Establishment and Operation of Committees to Improve the Group's Compliance

To enhance compliance across the Group, Honda has established a Compliance Committee, headed by a Compliance & Privacy Officer designated by the Board of Directors. This Committee is composed of the Compliance & Privacy Officer as well as Executive Officers and other business execution managers who are appointed by the Executive Council. The Committee determines important measures for the internal control system, including the formulation and revision of compliance policies, checks the status of the development and operation of the internal control system, supervises the proper operation of the Business Ethics Kaizen Proposal Line, and decides measures to prevent recurrences of serious compliance-related matters when they arise. When a particularly important compliance-related matter arises, it will be deliberated or reported at a meeting of the Executive Council or the Board of Directors, depending on the nature of the matter.

The Compliance Committee met six times (four regular meetings, two extraordinary meetings) in the Fiscal Years Ended March 31, 2025, to report on the status of development and operation of internal control systems as well as the operation status of the Business Ethics Kaizen Proposal Line, among other things. In the same fiscal year, the Executive Council approved the details of the recurrence prevention measures regarding the Finding of Improper Incident in Model Application for Automobiles dated June 3, 2024, and the Compliance Committee confirmed the progress of the measures.

Business Ethics Kaizen Proposal Line

Establishment and Operation of a Consultation Desk that Provides Consultation from a Fair and Neutral Standpoint

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline accepts proposals and provides consultation 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 their superiors.

Furthermore, in addition to cases of a clear violation of laws/regulations or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable cases have occurred and engages in fact checking related to such cases. Proposals are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from Honda. This hotline ensures protection of the Kaizen proposers and accepts also anonymous proposals.

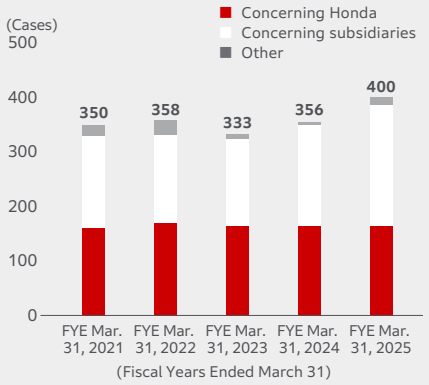
Proposals received are investigated to confirm the facts, and if an issue is identified, appropriate action is taken in cooperation with the relevant departments.

Moreover, the Company established a point of contact within an external law office to facilitate associates to submit proposals. As for overseas, local points of contact have been established in all Regional Operations, while some subsidiaries set up their own points of contact.

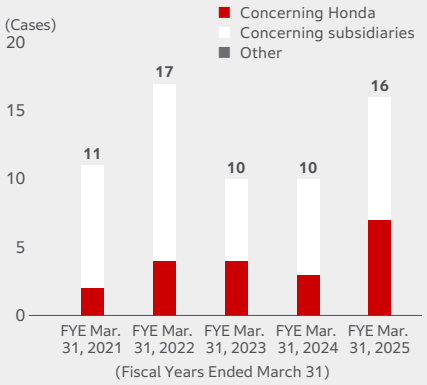
In the Fiscal Year Ended March 31, 2025, 400 proposals and consultations were received by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 165 concerned Honda, 222 concerned subsidiaries, and 13 concerned other matters. As a result of investigations into the cases submitted through the Line, disciplinary actions were taken in 7 cases concerning Honda and 9 cases concerning subsidiaries during the Fiscal Year Ended March 31, 2025, including 1 case of dismissal concerning Honda. There were no proposals alleging violations of the Group's Anti-Bribery Policy.

In order to raise internal awareness of the points of contact, Honda provides notice on its intranet, distributes information cards to all associates, including fixed term Associates and temporary workers, and displays information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, Honda observes how well the point of contact is recognized through an annual associate vitality survey for all associates. For departments found in these surveys to have low recognition of the point of contact, the Company makes additional efforts to increase their awareness.

Proposals and Consultations with the Business Ethics Kaizen Proposal Line (including External Contacts)



Number of Disciplinary Actions Taken as a Result of Investigating Cases Proposed to the Office



Initiatives to Prevent Bribery and Corruption

Developing and Disseminating Anti-Bribery Policies to Ensure the Soundness of Corporate Activities

Honda prohibits bribery and corruption.

The Honda Code of Conduct requires that the Company complies with laws and regulations, and states that "as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)" and "will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies." Moreover, the Code stipulates that the associates "will not receive from or provide to business partners benefits in the form of goods (both monetary and non-monetary) or entertainment beyond what is generally considered appropriate by society."

In addition to the above, the Company also established the Honda Policy on the Prevention of Bribery and Corruption, which stipulates basic policy about bribery and corruption, and the Honda Guideline for the Prevention of Bribery and Corruption, which stipulates specific compliance items and prohibited items. These are posted on the intranet for Honda associates along with related educational content.

Honda strives to further reduce the risk of bribery and corruption by educating all associates on the bribery and corruption prevention through awareness-raising activities in accordance with the Honda Code of Conduct, and by providing training to personnel stationed overseas and newly appointed managers based on their positions and roles. Regarding its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.

Risk Management

Risk Management Structure

Establishing a Framework to Cover All Risks with Business Impact Globally

Honda formulated the Honda Global Risk Management Policy with Group subsidiaries included in its scope of application.

The Policy aims to drive the Company's sustainable growth and stabilize management based on the Honda Philosophy, targeting all risks with the potential to impact operations on a global scale.

In implementing risk management activities, a company-wide Risk Management Officer, who is elected by the Board of Directors, plays a central role in creating a relevant framework and taking follow-up measures to ensure that the activities take root. Honda has established the Risk Management Committee to deliberate important matters related to risk management. Each of the Operations and Supervisory Units has appointed its Risk Management Officer of the Operation/ Supervisory Unit and set up a Risk Management Secretariat under the supervision of the Officer in accordance with the basic rules of the Policy. Thus, by establishing an independent risk management system, they are promoting risk management activities under their own responsibility.

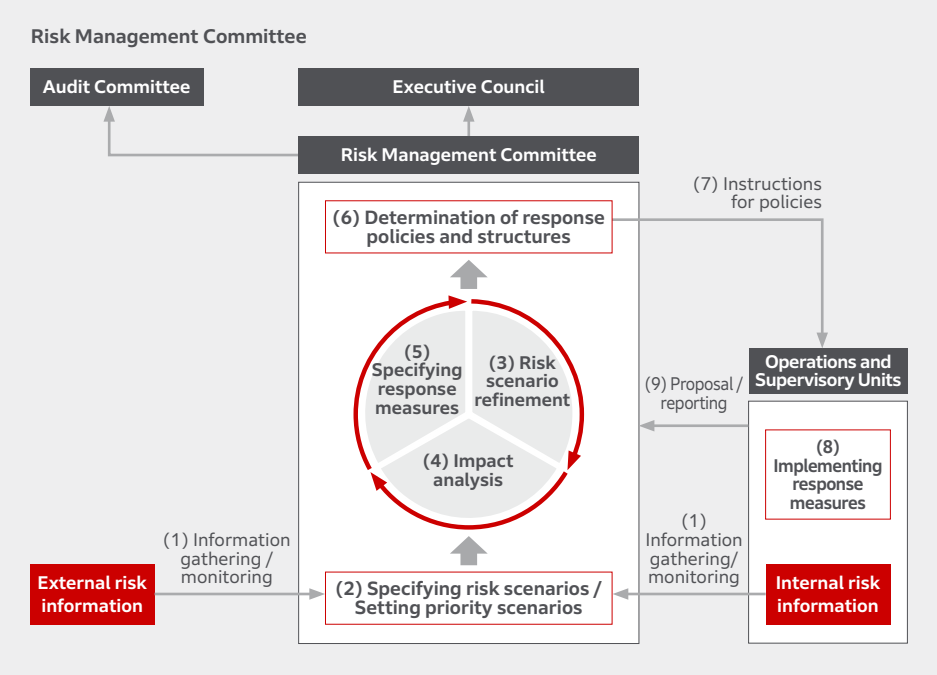
As a key initiative, they conduct risk assessment activities to identify, evaluate, and address risks in the business operations of the Operations and Supervisory Units by using company-wide common methods. Honda has also established a system to ensure a high level of global risk management systems in Operations and Supervisory Units by providing training for all associates, disclosing policies and manuals on the Company's intranet, and conducting seminars for managers and the Risk Management Secretariats of overseas subsidiaries. Additionally, when a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response. Such risk management efforts by the Company as a whole, as well as by the Operations and Supervisory Units, are reported at the Audit Committee meetings. Also, in the Fiscal Years Ended March 31, 2025, an internal audit was conducted by an independent internal audit department under the direct control of the President.

The business environment has undergone drastic changes in recent years in all business categories. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide Risk Management Officer (RMO), to identify, address, and monitor important risks from a holistic perspective. In the Fiscal Years Ended March 31, 2025, the Risk Management Committee held a total of seven meetings.

The Risk Management Committee not only identifies internal risks but also gathers and monitors information on external risk trends associated with changes in the external environment. The Committee uses internal and external information to ascertain specific risk scenarios and conduct impact analyses in relation to Honda's business strategies. Based on this objective risk analysis, management members engage in discussions to determine the response policies and structures for the company-wide risks linked to management strategies, which Honda should address.

Of these, risks that are particularly important in terms of business strategy are designated as company-wide priority risks, and the status of response to these risks is regularly checked and discussed.

The discussions and monitoring activities of the Risk Management Committee are reported to the Executive Council in a timely and appropriate manner. After each meeting of the Risk Management Committee, the details are reported to the Audit Committee, and any matters pointed out by the Audit Committee are addressed in coordination with the reporting division.



Company-Wide Priority Risks

Identifying Company-Wide Priority Risks and Addressing Them in the Lead Department

For various risks identified through analysis of external risk trends and risk assessment activities, Honda evaluates their risk levels in terms of the amount of their impact on Honda's business operations, their frequency of occurrence, etc. Risks judged to be high-level risks are discussed by the Risk Management Committee, and risks judged to have a particularly large impact on Honda's business operations are identified as company-wide priority risks in each fiscal year. The identified company-wide priority risks are addressed mainly by the responsible departments, and their progress is confirmed and discussed at the Risk Management Committee meetings.

Company-Wide Priority Risks

Company-wide priority risk items	Risk perspectives
Geopolitical risk	Stoppages or delays of business activities due to the strengthening of economic security policies and human rights laws and regulations, or the conflicts between nations or regional conflicts
Purchasing and procurement risk	Stoppages or delays of production activities due to difficulties in receiving parts supplies from suppliers or increases in the prices of raw materials and parts, etc., or quality defects caused by suppliers
Natural disaster risk	Stoppages or delays of business activities due to natural disasters (earthquakes, floods, etc.) or spread of infectious diseases
Information security risk	Suspension of important operations/services due to cyberattacks and other incidents, and leakage of confidential or personal information
Risk related to brand image	Business impact associated with damage to brand image
Market environmental change risk	Inability to keep pace with rapid changes in market environment and demand, such as the rise of emerging powers, changes in environmental policies, and expansion of trade wars
Business alliances and joint ventures risk	Conflicts of interest between parties in business alliances, etc., leakage of profits or technology, delays in decision-making, poor business performance of business partners, etc., or changes to or dissolution of alliances
Financial and economic risk	Business impact from economic trends, economic fluctuations, or currency fluctuations

Risk Assessment Activities

Foreseeing the Potential Risks to Honda's Business and Responding Pre-Emptively

Honda globally carries out risk assessment activities. The purpose of these activities is to foresee the potential risks to Honda's business and respond pre-emptively to minimize these risks.

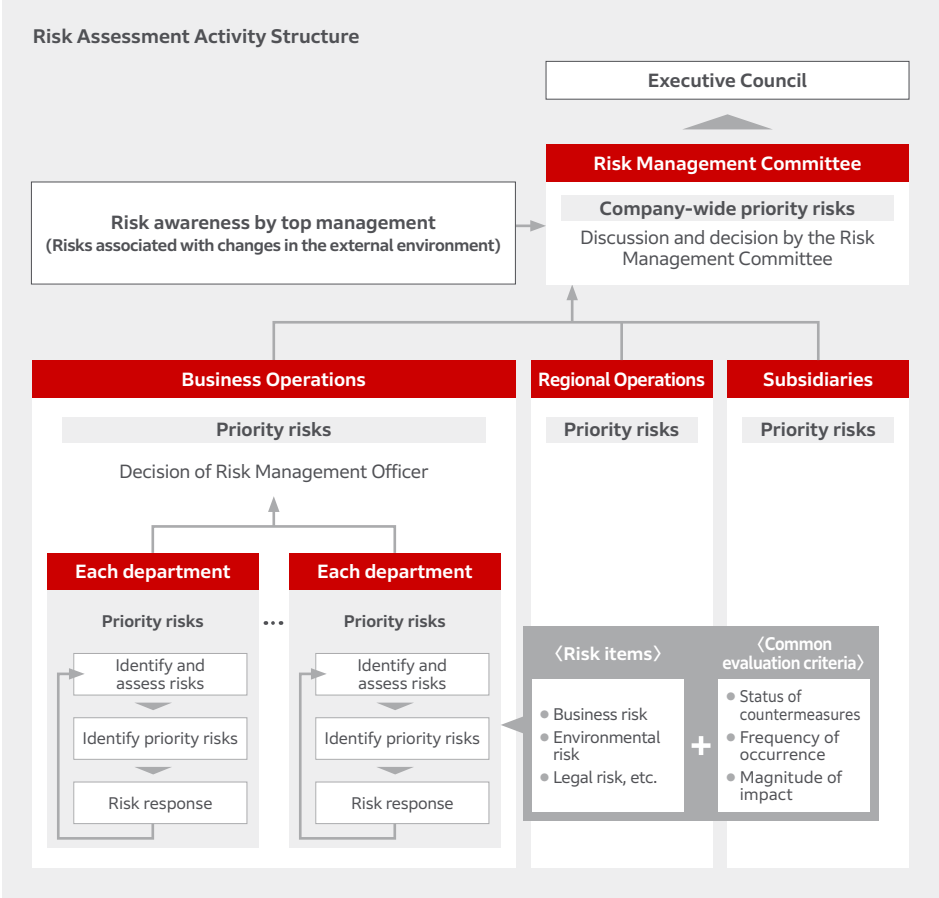
Each department performs an annual risk evaluation using the Group's common risk items and evaluation criteria to identify the divisional priority risks.

Each of the Operations and Supervisory Units carries out repeated discussions based on the results of the risk assessments of each department.

They then identify and respond to priority risks of the Operations and Supervisory Units based on the judgment of Risk Management Officer of the Operations and Supervisory Units.

Additionally, the status of priority risks of the Operations and Supervisory Units based on the risk awareness of the Operations and Supervisory Units is reported to the Risk Management Committee. Internal and external risk trends are then considered in order to identify and respond to company-wide priority risks.

Through these efforts, Honda aims to firmly establish risk management activities within each Operations and Supervisory Unit, reduce the risk faced by the entire Group, and raise the risk awareness of every associate.



Crisis Response

Monitoring, Reporting and Quickly Responding to Signs of Crisis

Honda carries out risk-sensing activities to monitor and report on signs of a crisis. While collecting a wide range of crisis information that may have an impact on Honda, the Company has established an information coordination system in case a crisis becomes apparent.

When a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response. In this way, Honda creates a structure to prevent the crisis from spreading and to quickly bring the situation under control.

Honda's Global Emergency Headquarters is working to strengthen its functions based on its initiatives to deal with crisis events and other situations experienced in the past.

Honda regularly coordinates information with each response group and reconfirms basic actions in crisis response (confirming the coordination among the teams).

Also, for disaster drills, besides ensuring the safety of human life and confirming associates' safety, the Company continuously conducts information coordination drills to quickly ascertain the crisis impact on business from a business continuity planning (BCP) viewpoint.

Global Emergency Headquarters Structure

Information Management

Protection of Information Assets, Including Confidential and Personal Information, Throughout the Group

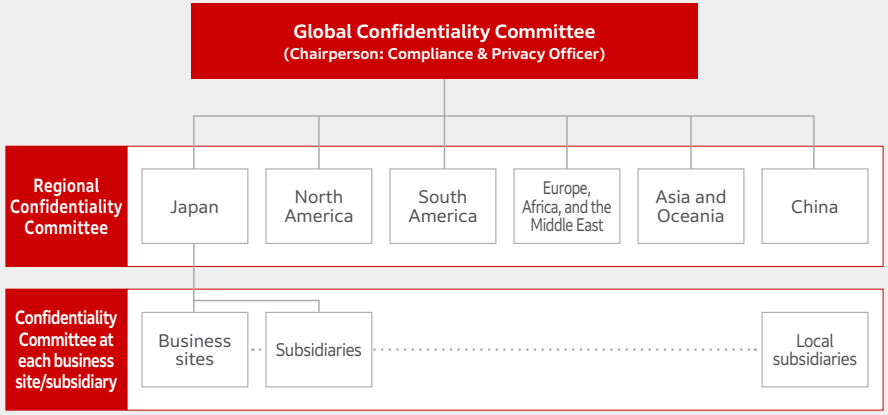
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy and the Global IT Security Policy, the scope of which extends to Group subsidiaries. These policies stipulate the adoption of a systematic response structure, the use of Honda Group's common compliance items when handling confidential information and personal information, and the implementation of security standards for information systems and networks. They also specify the line of reporting in the event of an information leak.

In addition to its efforts to effectively implement these policies, Honda has set up the Global Confidentiality Committee chaired by the Compliance & Privacy Officer to ensure timely responses to changes in information flows and other issues.

The Global Confidentiality Committee determines globally common medium term policies and an annual activity plan. Based on this plan, each Regional Confidentiality Committee takes the lead in promoting activities to safely handle information obtained through Honda's business activities, including personal information and confidential information.

Besides continuously strengthening its activities to ensure information security against cyberattacks, which are becoming increasingly sophisticated and complex, the Company performs daily monitoring while establishing systems capable of immediately responding to events that must be addressed.

Global Emergency Headquarters Structure



Directors and Executive Officers

Director (as of June 19, 2025)

Director
President and Representative Executive Officer
Toshihiro Mibe
- Member of the Nominating Committee
- Chief Executive Officer
- Chairman of the Board of Directors

Apr. 1987 Joined Honda Motor Co., Ltd.
Apr. 2014 Operating Officer
Apr. 2014 Executive in Charge of Powertrain Business for Automobile Operations
Apr. 2014 Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations
Apr. 2015 Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations
Apr. 2015 Head of Drivetrain Business Unit in Automobile Production for Automobile Operations
Apr. 2016 Senior Managing Officer and Director of Honda R&D Co., Ltd.
Apr. 2018 Managing Officer of the Company
Apr. 2018 Executive Vice President and Director of Honda R&D Co., Ltd.
Apr. 2019 President and Representative Director of Honda R&D Co., Ltd.
Apr. 2019 In Charge of Intellectual Property and Standardization of the Company
Apr. 2020 Senior Managing Officer
Apr. 2020 In Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT)
Apr. 2020 Risk Management Officer
Jun. 2020 Senior Managing Director
Jun. 2020 Director in Charge of Mono-zukuri (Research & Development, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT)
Apr. 2021 President and Representative Director
Apr. 2021 Chief Executive Officer (present)
Jun. 2021 Director, President and Representative Executive Officer (present)
Jun. 2021 Member of the Nominating Committee (present)
Apr. 2024 Chairman of the Board of Directors (present)

Director
Executive Vice President and Representative Executive Officer
Noriya Kaihara
- Compliance and Privacy Officer
- Culture Transformation Officer

Apr. 1984 Joined Honda Motor Co., Ltd.
Apr. 2012 General Manager of Automobile Quality Assurance Division
Apr. 2013 Operating Officer
Apr. 2013 Chief Quality Officer
Jun. 2013 Operating Officer and Director
Apr. 2014 Chief Officer for Customer Service Operations
Apr. 2014 Head of Service Supervisory Unit for Automobile Operations
Apr. 2016 Chief Officer for Customer First Operations
Jun. 2017 Operating Officer (resigned from position as Director)
Apr. 2018 Managing Officer
Apr. 2018 Chief Officer for Purchasing Operations
Apr. 2020 Head of Business Supervisory Unit for Automobile Operations
Apr. 2021 Chief Officer for Customer First Operations
Apr. 2021 Risk Management Officer
Jun. 2021 Managing Executive Officer
Oct. 2021 Managing Officer
Oct. 2021 Chief Officer for Regional Operations (North America)
Oct. 2021 President, Chief Executive Officer and Director of American Honda Motor Co., Inc.
Apr. 2023 Senior Managing Executive Officer of the Company
Jun. 2023 Director, Senior Managing Executive Officer
Apr. 2024 Director, Executive Vice President and Representative Executive Officer (present)
Apr. 2024 Compliance and Privacy Officer (present)
Apr. 2025 Culture Transformation Officer (present)

Director
Senior Managing Executive Officer
Katsushi Inoue
- Chief Officer for Automobile Operations
- Risk Management Officer

Apr. 1986 Joined Honda Motor Co., Ltd.
Apr. 2010 President of Honda Poland Ltd.
Apr. 2012 President of Honda Deutschland GmbH
Apr. 2012 President of Honda Belgium N.V.
Apr. 2012 President of Honda Nederland B.V.
Feb. 2013 Branch President of Honda Motor Europe Ltd.'s branches in Germany, the Netherlands and Belgium
Apr. 2014 General Manager, Marketing Planning Office, Business Planning Supervisory Unit, Automobile Operations of the Company
Apr. 2015 President and Chief Executive Officer of Honda Cars India Ltd.
Apr. 2016 Operating Officer of the Company
Apr. 2016 Chief Officer for Regional Operations (Europe)
Apr. 2016 President and Director of Honda Motor Europe Ltd.
Apr. 2020 Managing Officer of the Company
Apr. 2020 Chief Officer for Regional Operations (China)
Apr. 2020 President of Honda Motor (China) Investment Co., Ltd.
Apr. 2020 President of Honda Motor (China) Technology Co., Ltd.
Apr. 2023 Senior Managing Executive Officer of the Company (present)
Apr. 2023 Chief Officer for Electrification Business Development Operations
Apr. 2025 Risk Management Officer (present)
Apr. 2025 Chief Officer for Automobile Operations (present)
Jun. 2025 Director, Senior Managing Executive Officer (present)

Director
Managing Executive Officer
Eiji Fujimura
- Member of the Compensation Committee
- Chief Financial Officer
- Chief Officer for Corporate Administration Operations

Apr. 1993 Joined Honda Motor Co., Ltd.
Apr. 2017 General Manager of Finance Division for Business Management Operations
Apr. 2019 General Manager of Regional Operation Planning Division for Regional Operations (North America)
Apr. 2021 Operating Executive
Apr. 2021 Chief Officer for Business Management Operations and General Manager of Accounting Division for Business Management Operations
Apr. 2022 Head of Accounting and Finance Supervisory Unit
Apr. 2023 Executive Officer
Apr. 2023 Chief Financial Officer (present)
Apr. 2023 Chief Officer for Corporate Administration Operations (present)
Apr. 2024 Managing Executive Officer
Jun. 2024 Director, Managing Executive Officer (present)
Jun. 2024 Member of the Compensation Committee (present)

Director
Asako Suzuki
- Member of the Audit Committee (Full-time)

Apr. 1987 Joined Honda Motor Co., Ltd.
Apr. 2014 President of Dongfeng Honda Automobile Co., Ltd.
Apr. 2016 Operating Officer of the Company
Apr. 2018 Vice Chief Officer for Regional Operations (Japan)
Apr. 2019 Chief Officer for Human Resources and Corporate Governance Operations
Apr. 2020 Operating Officer
Jun. 2021 Director (present)
Jun. 2021 Member of the Audit Committee (Full-time) (present)

Director
Jiro Morisawa
- Member of the Audit Committee (Full-time)

Apr. 1989 Joined Honda Motor Co., Ltd.
Apr. 2016 General Manager of Regional Operation Planning Office for Regional Operations (Japan)
Apr. 2017 General Manager of Accounting Division for Business Management Operations
Apr. 2018 Vice Chief Officer for Business Management Operations and General Manager of Accounting Division for Business Management Operations
Apr. 2019 Operating Officer
Apr. 2019 Chief Officer for Business Management Operations
Apr. 2020 Operating Executive
Apr. 2020 Chief Officer for Business Management Operations
Apr. 2021 President and Director of American Honda Finance Corporation
Jun. 2024 Director of the Company (present)
Jun. 2024 Member of the Audit Committee (Full-time) (present)

Director
Kunihiko Sakai
- Member of the Nominating Committee
- Member of the Audit Committee

Apr. 1979 Public Prosecutor of Tokyo District Public Prosecutors' Office
Jul. 2014 Superintending Prosecutor of Takamatsu High Public Prosecutors' Office
Sep. 2016 Superintending Prosecutor of Hiroshima High Public Prosecutors' Office (resigned in March 2017)
Apr. 2017 Registered with the Dai-Ichi Tokyo Bar Association
Apr. 2017 Advisor Attorney to TMI Associates (present)
Jun. 2018 Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd. (present)
Jun. 2019 Outside Director (Audit and Supervisory Committee Member) of the Company
Jun. 2021 Outside Director (present)
Jun. 2021 Member of the Nominating Committee (present)
Jun. 2021 Member of the Audit Committee (present)

Director
Fumiya Kokubu
- Member of the Nominating Committee (Chairperson)
- Member of the Compensation Committee

Apr. 1975 Joined Marubeni Corporation
Apr. 2013 President and CEO, Member of the Board of Marubeni Corporation
Apr. 2019 Chairman of the Board of Marubeni Corporation
Jun. 2019 Outside Director of Taisei Corporation (present)
Jun. 2020 Outside Director of the Company (present)
Jun. 2021 Member of the Nominating Committee (Chairperson) (present)
Jun. 2021 Member of the Compensation Committee (present)
May 2022 Chairperson of Japan Machinery Center for Trade and Investment (present)
May. 2022 Chairman of Japan Foreign Trade Council, Inc. (resigned in May 2024)
Apr. 2025 Director, Member of the Board, Executive Corporate Advisor of Marubeni Corporation (present)
Jun. 2025 Chairman, International University of Japan (Present)

Director
Yoichiro Ogawa
- Member of the Audit Committee (Chairperson)
- Member of the Compensation Committee

Oct. 1980 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
Mar. 1984 Registered as Japanese Certified Public Accountant
Oct. 2013 Deputy CEO of Deloitte Touche Tohmatsu LLC
Oct. 2013 Deputy CEO of Tohmatsu Group (currently Deloitte Tohmatsu Group)
Jun. 2015 Global Managing Director for Asia Pacific of Deloitte Touche Tohmatsu Limited (United Kingdom) (resigned in May 2018)
Jul. 2015 CEO of Deloitte Tohmatsu Group
Jun. 2018 Senior Advisor of Deloitte Tohmatsu Group (resigned in October 2018)
Nov. 2018 Founder of Yoichiro Ogawa CPA Office (present)
Jun. 2020 Independent Audit and Supervisory Board Member of Recruit Holdings Co., Ltd. (present)
Jun. 2021 Outside Director of the Company (present)
Jun. 2021 Member of the Audit Committee (Chairperson) (present)
Jun. 2021 Member of the Compensation Committee (present)

Director
Kazuhiro Higashi
- Member of the Nominating Committee
- Member of the Compensation Committee (Chairperson)

Apr. 1982 Joined Resona Group
Apr. 2013 Director of Resona Holdings, Inc.
Apr. 2013 President and Representative, Executive Officer of Resona Holdings, Inc.
Apr. 2013 Representative Director, President and Executive Officer of Resona Bank, Limited
Jun. 2013 Chairman of Osaka Bankers Association (resigned in June 2014)
Apr. 2017 Chairman of the Board, President and Representative Director of Resona Bank, Limited
Jun. 2017 Chairman of Osaka Bankers Association (resigned in June 2018)
Apr. 2018 Chairman of the Board, President, Representative Director and Executive Officer of Resona Bank, Limited
Apr. 2020 Chairman and Director of Resona Holdings, Inc. (resigned in June 2022)
Apr. 2020 Chairman and Director of Resona Bank, Limited (resigned in June 2022)
Jun. 2020 Outside Director of Sompo Holdings, Inc. (present)
Jun. 2021 Outside Director of the Company (present)
Jun. 2021 Member of the Nominating Committee (present)
Jun. 2021 Member of the Compensation Committee (Chairperson) (present)
Jun. 2022 Senior Advisor of Resona Holdings, Inc. (present)
Jun. 2022 Senior Advisor of Resona Bank, Limited (present)

Director
Ryoko Nagata
- Member of the Audit Committee

Apr. 1987 Joined Japan Tobacco Inc.
Jun. 2008 Executive Officer of Japan Tobacco Inc.
Mar. 2018 Standing Audit & Supervisory Board Member of Japan Tobacco Inc. (resigned in March 2023)
Jun. 2021 Outside Director of the Company (present)
Jun. 2021 Member of the Audit Committee (present)
Mar. 2023 External Corporate Auditor of Medley, Inc. (present)
Jun. 2023 Outside Director of UACJ Corporation (present)

Director
Mika Agatsuma
- Member of the Nominating Committee

Apr. 1987 Joined IBM Japan, Ltd.
Aug. 2017 Vice President of IBM Japan, Ltd.
Aug. 2017 In Charge of Cloud Application Innovation for Global Business Services of IBM Japan, Ltd.
Oct. 2022 Managing Partner of IBM Japan, Ltd. (resigned in March 2024)
Oct. 2022 In Charge of Hybrid Cloud Services for IBM Consulting of IBM Japan, Ltd.
Jun. 2023 In Charge of Hybrid Cloud Platform for IBM Consulting of IBM Japan, Ltd.
Jun. 2024 Outside Director of the Company (present)
Jun. 2024 Member of the Nominating Committee (present)
Jun. 2024 Outside Director of SQUARE ENIX HOLDINGS CO., LTD. (present)
Oct. 2024 Executive Corporate Officer of ID Holdings Corporation (present)

Executive Officers (as of Aug 1, 2025)

For the detailed information on Executive Officers, please click here. (https://global.honda/en/about/management.html).

Outside Directors Roundtable Honda's Business Strategy and Governance

Nominating Committee Member (Chairperson) Outside Director **Fumiya Kokubu**

Audit Committee Member (Chairperson) Outside Director **Yoichiro Ogawa**

Compensation Committee Member (Chairperson) Outside Director **Kazuhiro Higashi**

How do you view the changes in the EV strategy announced in May?

Kokubu: The revision was ultimately triggered by California's new environmental regulations, but shifts in Europe's stance on environmental and four-wheel EV policies had already emerged. I see it as an agile management decision. With more time and financial flexibility now available, the key will be to articulate our growth strategy and effectively communicate this to stakeholders.

Higashi: Observing our policy change surrounding a possible integration with Nissan in mind, some stakeholders may interpret the recent revision of the EV strategy as another step backwards. However, in times when external conditions change so quickly, flexible adjustments are essential. In the auto industry, where each decision entails massive investment, management will inevitably face moments of last-minute change. What matters is accountability, explaining that this strategic flexibility itself is one of Honda's strengths.

Ogawa: It is never easy to revisit a strategy and targets once they have been set, but I think it was the right call to adjust our investment plans in response to changes in the external environment, rather than persisting with making cars the market does not demand. From a broader perspective, I also see Honda's firm commitment to sustainability in maintaining the 2050 goal of carbon neutrality while altering only the path to get there.

What is required to achieve both environmental goals and business strategy?

Higashi: Rather than simply continuing to produce conventional hybrid models, Honda should leverage its full technological capabilities and expertise to develop next-generation hybrid models that meet higher environmental standards.

Ogawa: Even if demand for EVs grows, they will not become widespread unless the surrounding environment, such as charging infrastructure, is adequately developed. Looking ahead, I believe the real point for Honda will be not only producing EVs but also advancing the broader environment that supports them. To do so, Honda must leverage the investment capacity gained from the strategy revision to deliver vehicles that meet expectations, generate profits, and solidify its business foundation.

Kokubu: What matters most is maintaining an unwavering stance in exploring and executing diverse pathways toward the goal of achieving carbon neutrality by 2050. This stance is consistent with Honda's philosophy, and I believe Honda's true value lies in being an organization where it is shared by all.

Where should Honda direct its surplus investment capacity?

Higashi: Besides the new hybrid vehicle I mentioned, I think we could also consider investing in other areas, for example in providing power supply.

Ogawa: Software investment is also critical. AI has advanced rapidly over the past two years. In the near term, AI capable of outperforming humans could power features such as advanced driver-assistance systems (ADAS). Now that we have room to invest, I think it's a good chance to build up knowledge in semiconductors and other areas, and I believe we can both expand into new fields and grow our existing businesses at the same time.

Kokubu: It's hard to pin them down precisely, but I think they can broadly be divided into two growth areas: one is solving social issues like safety and the environment, and the other is new fields that spark people's dreams. For example, in the global business landscape, one well-known example is a company that goes beyond EV production and sales to build fast-charging

networks and home energy storage systems worldwide, while another has successfully monetized the rocket business. Honda should broaden its vision to address social issues while also exploring new and aspirational domains.

Higashi: Until recently, as China pursued an all-out EV strategy, there was strong momentum for EVs to dominate globally. Under this trend, Japan's hybrid technology was unable to secure a position as the global standard. Now, however, with shifts in the international landscape, hybrid technology is once again drawing worldwide attention. This presents a significant opportunity for Japan.

Kokubu: I believe capital allocation should change significantly, depending on external conditions. Management must take into account the balance among diverse perspectives and elements, such as shareholder returns, growth investment, retained earnings, and associate relations, and set priorities accordingly. In times of geopolitical and economic instability, retaining higher cash reserves may also be a prudent option. Executives should avoid decisions driven by media appeal, assess reality carefully, and make decisions true to ourselves.

Higashi: I agree. With escalating protectionist tariffs coming from the U.S., the risk of a global recession is rising. Considering these conditions, it may be necessary to consider rebuilding supply chains that do not rely on free trade, to ensure resilience against all scenarios.

How do you view the challenges in market valuation and the measures to address them?

Ogawa: The board frequently discusses issues related to price-to-book ratio (PBR) and share price. Raising PBR generally requires efficient capital use, strengthening the earnings base, and presenting the market with a clear outlook for future profit growth. Management understands this well. Honda is working to improve capital efficiency through measures such as share buybacks, but a major challenge is how to achieve high return on sales (ROS) in the automobile business. While the motorcycle business is already delivering high ROS, we need to show investors and the market how we can secure the same level of profitability for hybrid and EV models as well.

In addition, Honda has not yet fully demonstrated to the market how "The Power of Dreams" will translate into future earnings. The recent success of our reusable rocket test highlighted Honda's vision and technical strength, drawing broad public attention. Yet Honda has not shown how this contributes to corporate value. To enhance Honda's value, we must appeal both to a vision that fosters expectations for future earnings and to tangible improvements in current profitability.

Higashi: In today's volatile global environment, improving PBR means demonstrating how "The Power of Dreams" translates into financial value. Many seeds exist between non-financial and financial value, but these dreams remain largely conceptual. For instance, even reusable rockets must be brought to the stage where they can be presented in terms of cash flow. Amid global economic turmoil, hybrid vehicles may gain renewed recognition. But they must evolve into more environmentally adaptive technologies rather than remain conventional products.

Kokubu: Low valuations are an industry-wide issue in the mobility sector. Globally, very few companies trade at a PBR above one, and the market questions whether the automobile industry can be considered a growth sector at all. Honda's uniqueness lies in its diversified portfolio, such as motorcycles, automobiles, and jets, but these businesses are not sufficiently connected as an ecosystem, limiting value creation. If we can show clearer linkages and synergies among them, the market's view may change.

Ogawa: While a wide range of technological developments are underway, it remains an industry-wide challenge to realistically anticipate their financial returns. High profit margins are not guaranteed with EVs or ADAS, and if we can't continue to deliver value that exceeds the market price, we'll ultimately have no choice but to rely on cost reductions. In the end, the real question is whether we can create a structure where we provide genuine value to customers and have them willing to pay for it.

Kokubu: Honda tends to have a strong product-out approach—believing that if we make good products, people will evaluate them—but it seems to fall a bit short on the market-in perspective.

Ogawa: Honda's strong commitment to craftsmanship, the desire to build products it can truly take pride in, is part of its DNA and a core asset. At the same time, I believe Honda needs to incorporate more external perspectives in order to align the value it creates more closely with how the market evaluates it.

Higashi: For KPIs and performance evaluation of non-financial value, we need to consider not just financial metrics but also qualitative factors, and that's not an easy process. On the technical side as well, there is a great deal of confidential information that cannot yet be disclosed to investors. With these constraints in mind, we must carefully consider how to frame non-financial value and communicate it effectively to investors.

What efforts and challenges do you see in enhancing the effectiveness of the board of directors?

Higashi: Even within the limited time available at Board meetings, each business unit provides very thorough explanations, covering not only financial results but also quarterly developments. Overseas divisions also participate despite time differences. We often devote half a day or more to detailed reporting and ample discussion.

Ogawa: As outside directors, it's really important for us to understand Honda well. Each year, we're invited to new research presentations to get the latest on technology, and there are

opportunities for us outside directors to visit India and see the situation firsthand. In board meetings, discussions are expected to start from this shared understanding, which really shows Honda's commitment to making the board more effective.

Kokubu: In six years on the Board, my impression has changed significantly since my appointment. Today, the board is truly a forum for dialogue, which I believe reflects a major shift in management's mindset. A turning point was when President Mibe, upon assuming office, expressed a strong determination to change the way the Board should function. In the past, emphasis was placed on meeting formal requirements such as the number of female directors or the overall size of the Board. Now, however, the Board has moved beyond such formalism and created an environment where outside directors can speak openly and share their expertise. I believe these changes have been made possible by the combination of management's determination and a well-balanced set of skills. Going forward, it will remain essential to further enhance the effectiveness of the Board on a continuous basis.

Ogawa: When Honda became a company with three committees (nominating, audit and compensation), there were concerns that "just setting up committees in name only won't improve governance." In practice, however, the three outside directors each serve as chairs of a committee and dedicate significant time to their work. Each committee has clear authority and repeatedly evaluates and improves its activities. While further enhancements in effectiveness will be necessary in the future, I feel that they are already functioning well today.

Higashi: I believe that the small structure, which makes discussions easier and enables the swift sharing of information on issues, is a distinctive feature and strength of the company with three committees.

Kokubu: At off-site board meetings, we have plenty of time to freely discuss the industry and global market trends, so everyone is well-informed about changes in the environment. These updates take sufficient time, meaning decisions aren't made right after a briefing; instead, we spend time deepening our understanding before deciding. It really feels like the company and the board can discuss things on the same level.

Ogawa: Management doesn't just come to us with finished plans—they share information openly and encourage discussion and exchange of ideas. Because of this, it rarely feels like things are moving forward without our awareness. Even on matters like quality issues or business integration, we get enough information and can share our opinions, which I feel has helped build a strong, collaborative relationship.

Higashi: We spend a considerable amount of time in discussions and hold numerous committee meetings. I recognize that the level of activity goes far beyond what is visible to the public.

What challenges and actions do you see ahead for the board of directors?

Kokubu: Board members' knowledge and experience need to be constantly updated to stay in line with the times. I think management and the committees should also make sure to discuss the insights needed, considering the current environment.

Ogawa: I believe that the responsibility of outside directors is to speak and make recommendations from the perspective of stakeholders. To do so, it is essential to have a solid understanding of stakeholders' views and opinions. Since the company operates with capital provided by shareholders, it is especially important to listen carefully to their opinions. At the Audit Committee, we frequently visit sites and conduct inspections at dozens of domestic and overseas locations each year, and the ability to hear opinions directly from the field is a major strength. For this reason, I recognize the need to make greater use of the feedback, sentiments, and issues sensed on-site, and to share these insights as much as possible with other members.

Higashi: I also believe it is essential to respond appropriately to global changes and to show the resolve to overcome them.

10-Year Summary

IFRS: (Unit: million yen)

	FYE Mar. 31 2016	FYE Mar. 31 2017	FYE Mar. 31 2018	FYE Mar. 31 2019	FYE Mar. 31 2020	FYE Mar. 31 2021	FYE Mar. 31 2022	FYE Mar. 31 2023	FYE Mar. 31 2024	FYE Mar. 31 2025
Profit or Loss										
Sales revenue	14,601,151	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
Operating profit	503,376	840,711	833,558	726,370	633,637	660,208	871,232	780,769	1,381,977	1,213,486
Profit before income taxes	635,450	1,006,986	1,114,973	979,375	789,918	914,053	1,070,190	879,565	1,642,384	1,317,640
Profit for the year attributable to owners of the parent	344,531	616,569	1,059,337	610,316	455,746	657,425	707,067	651,416	1,107,174	835,837
Cash Flows (operating companies excluding financial services business)										
Net cash provided by operating activities	1,430,526	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
Net cash used in investing activities	-709,088	-511,411	-589,344	-524,825	-584,351	-747,138	-373,695	-666,929	-827,156	-1,217,274
Free cash flow	721,438	567,929	560,114	613,521	470,672	303,818	678,123	685,867	1,460,973	665,865
Net cash used in financing activities	-306,812	-231,219	-369,094	-397,507	-302,557	-328,121	-81,812	-564,865	-712,572	-1,390,352
Financial Position										
Total assets	18,229,294	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
Cash and cash equivalents	1,757,456	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
Financing liabilities (Non-current liabilities)	3,736,628	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
Equity attributable to owners of the parent	6,761,433	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
Shareholder Returns										
Total amount returned to shareholders	158,615	165,821	266,062	260,102	292,155	190,005	269,144	359,135	580,881	1,029,712
(including share buybacks)	14	12	87,083	64,557	96,284	6	62,758	157,001	250,513	722,365
Dividends per share (yen)	29	31	33	37	37	37	40	40	68	68
Dividend payout ratio	46.0%	26.9%	16.9%	32.1%	43.1%	28.9%	29.2%	31.2%	30.1%	38.0%
Dividend on equity (DOE)	2.3%	2.4%	2.4%	2.4%	2.4%	2.2%	2.1%	1.9%	2.8%	2.5%
Other Financial Data										
Operating margin	3.4%	6.0%	5.4%	4.6%	4.2%	5.0%	6.0%	4.6%	6.8%	5.6%
Operating cash flows from operating activities (CFO) after R&D adjustment	1,959,344	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
Return on invested capital (ROIC)	4.9%	8.4%	9.0%	7.3%	5.6%	7.4%	6.9%	5.9%	9.1%	6.7%
Return on equity (ROE)	5.0%	8.8%	13.9%	7.5%	5.6%	7.7%	7.2%	6.0%	9.3%	6.7%
Research and development expenses	719,810	659,918	730,734	820,037	821,478	780,065	804,025	852,067	976,366	1,210,620
Depreciation*	486,410	484,133	513,455	499,036	470,320	428,063	438,269	512,501	563,954	531,809
Capital investment	647,498	541,041	433,892	426,519	375,643	321,294	278,405	493,908	387,986	537,427
Average exchange rate for the period (yen per U.S. dollar)	120	108	111	111	109	106	112	136	145	153

* including right-of-use assets

Company Overview

Company Overview (As of March 31, 2025)

Company Name	Honda Motor Co., Ltd.
Head Office*	2-3, Toranomon 2-chome, Minato-ku, Tokyo
Established	September 1948
Capital	86 billion yen

* Relocated in June 2025

Number of Associates
Consolidated: 194,173
Non-consolidated: 32,088

Consolidated Subsidiaries 284 companies

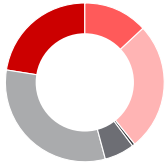
Affiliates Accounted for under the Equity Method 73 companies

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
(As of March 31, 2025)

Number of Shares Authorized	7,086,000,000
Total Number of Shares Issued	5,280,000,000



Individuals/Others	13.1%
Financial institutions	26.3%
Securities companies	0.4%
Other domestic corporations	6.2%
Foreign investors	31.5%
Treasury stock	22.5%

Major Shareholders (As of March 31, 2025)

Individual or Organization	Number of Shares Held (thousands)	Percentage Against Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	773,501	17.77
Custody Bank of Japan, Ltd. (Trust Account)	282,587	6.49
Moxley & Co. LLC	247,552	5.69
STATE STREET BANK AND TRUST COMPANY 505001	143,430	3.30
Meiji Yasuda Life Insurance Company	138,237	3.18
STATE STREET BANK WEST CLIENT – TREATY 505234	91,703	2.11
JPMorgan Chase Bank 385781	69,455	1.60
JPMorgan Securities Japan Co., Ltd.	64,730	1.49
Nippon Life Insurance Company	58,565	1.35
AXA Life Insurance Co., Ltd.	57,000	1.31

Production Structure

Corporate Planning Division takes the lead in planning the Honda Report and formulating its overall structure.

With the cooperation of each division, we published the Integrated Report after holding repeated discussions regarding the value creation diagrams, concepts, composition, content, and designs and obtaining the approval of management.

This report has been structured to communicate to all stakeholders in and outside Honda its initiatives for further improving its corporate value and how it will continue bringing joy to society.

Editorial Committee

Corporate Strategy Operations		Managing Executive Officer	Manabu Ozawa (Chairperson)
	Corporate Planning Division	General Manager	Rikako Suzuki
		Corporate Planning Execution	Department Manager	Hiroshi Ohno
				Yuki Ueno
				Takashi Masuzawa
				Natsumi Kirihara
		Corporate Planning and Management Department		Kaho Nakano
		Technology Strategy Department		Ryu Sato
	Brand Communication Center	General Manager	Ryusaku Senda
		Brand Planning Studio		Tomoya Hirano
				Chiharu Tada

Corporate site
https://global.honda/en/

Sustainability site
https://global.honda/en/sustainability/

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 2025, we emphasize how we are leveraging our strengths to adapt amid major shifts in the business environment, and reaffirm our commitment to contribute to society through mobility to address the societal issues related to the environment and safety. Even when faced with barriers that anyone would consider difficult, we believe in the power of dreams, and without ever letting our passion fade, we continue to persevere, taking on and overcoming challenges together with our associates. Even today, Honda's DNA continues to be passed down from management to associates on the front lines.

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 Integrated Reporting for Corporate Value Creation.

Organizations Covered

This report covers the entire Honda Group, which consists of Honda Motor Co., Ltd. and its 357 domestic and overseas companies (284 consolidated subsidiaries and 73 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, 2024, to March 31, 2025, 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.

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

Voluntary Disclosures

This Report

Honda Report [Integrated Reports]

The Integrated Report explains the value creation story by integrating financial and nonfinancial information.

Websites

Investors

Sustainability

Honda ESG Report

Statutory Disclosures

Form 20-F

Notice of Convocation of the General Meeting of Shareholders

Corporate Governance Reports

Financial | Nonfinancial

The power of dreams, how we move you.
2025
2026
2027
Honda Dream
HONDA
The Power of Dreams
How we move you.
CREATE ▸ TRANSCEND, AUGMENT

HONDA
The Power of Dreams

How we move you.

CREATE ► TRANSCEND, AUGMENT