

### Summary of 2026 Honda Business Briefing - Rebuilding Automobile Business and Ensuring Mid- to Long-term Growth -

TOKYO, Japan, May 14, 2026 -- Honda Motor Co., Ltd. Director, President and Representative Executive Officer (Global CEO) Toshihiro Mibe held a press briefing today, on Honda initiatives toward rebuilding of its automobile business and the future direction of Honda business.

Following is a summary of his formal remarks:

#### 1. Roadmap toward rebuilding our automobile business

In light of recent changes in the market environment, Honda strives to increase its competitiveness by 1) improving its cost structure, 2) increasing development efficiency, and 3) enhancing the lineup of compelling products by concentrating corporate resources in its priority regions. To this end, Honda will **focus on rebuilding its automobile business structure over the next three years** and strive to **achieve consolidated operating profit – including motorcycle and financial services businesses – of more than 1.4 trillion yen, setting an all-time high, in the fiscal year ending March 31, 2029.**

#### 2. Three pillars for initiatives toward rebuilding of automobile business

Honda has identified three pillars for its initiatives:

- 1) **strategic reallocation of corporate resources,**
- 2) **thorough strengthening of our manufacturing structure**
- 3) **strategic utilization of external resources**

##### 2-1. Strategic reallocation of corporate resources

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

- Honda will **reallocate more development and production resources into hybrid models which are currently in high demand.**
- **Starting in 2027, Honda will begin launching its next-generation hybrid models featuring both an all-new hybrid system and platform.** Honda is **planning to launch 15 next-generation hybrid models globally by the end of the fiscal year ending March 31, 2030, primarily in North America,** which is one of the priority regions. In North America, **in 2029,** Honda will launch **large-size hybrid models, in the D-segment or above.**
- Honda presented the world premiere of two prototypes of its next-generation hybrid models – the **Honda Hybrid Sedan Prototype** and the **Acura Hybrid SUV Prototype** – which are scheduled to **go on sale within the next two years.**

- Honda is striving to **reduce the cost of its next-generation hybrid system by more than 30% compared to the hybrid system introduced in 2023. By combining its next-generation hybrid system with the next-generation platform and newly-developed electric AWD unit,** Honda will strive to **improve the fuel economy** of the next-generation hybrid model **by more than 10%** and further advance a high-quality and exhilarating driving experience unique only to Honda, which resonates with all of the driver's senses.
- Honda is making progress, as planned, in the development of **next-generation ADAS** with plans for the market launch in 2028. Honda is planning to **apply its next-generation ADAS to more than 15 models over a five-year period.**
- Honda will **reallocate all excess capacity** at its auto plants in Ohio, **to production of gasoline and hybrid vehicles** and will make all of its auto plants in North America capable of producing hybrid models.
- Honda and its joint venture partner LG Energy Solution will convert part of the EV battery production lines at L-H Battery Company, a joint venture with LG Energy Solution, to hybrid battery production. Honda also will **increase the local content of ASSY (assemblies) and component parts of motors and inverters by more than four times** the current level, to prepare for the expansion of hybrid vehicle production, reducing risk of a supply shortage and mitigating the impact of U.S. tariffs.

#### ■ Enhancement of the product lineup in each of our priority regions

Honda has positioned North America, Japan and India as priority markets for its future growth strategy and will strategically allocate its resources to these markets. In addition to the initiatives targeting North America, explained above, Honda will pursue initiatives in Japan, India, as well as in China, where Honda strives to fundamentally strengthen its competitiveness.

##### Japan:

Honda will expand its EV model lineup mainly in the mini-vehicle (kei car) category, including **the introduction of the N-BOX EV scheduled for 2028.** From 2028 onward, starting with the all-new Vezel, Honda will roll out **next-generation hybrid models equipped with next-generation ADAS.** Honda will also **expand its high value-added lineup, including the addition of Sport Line and Trail Line models,** and achieve new vehicle sales greater than the current unit sales and establish a solid business foundation in Japan.

##### India:

Honda will **redefine the best specifications that are well-aligned with the characteristics and preferences of customers in India. In 2028, Honda will begin introducing strategic models tailored to the Indian market** in two vehicle categories: **category for vehicles under 4 meters in length and the mid-size category.** Honda will leverage the solid foundation of its motorcycle business in India, which sells nearly 6 million units of motorcycles annually. By steadily capturing demand from customers upgrading from motorcycles to automobiles, Honda will strive to grow its business in India. As a part of its strategy, **Honda established Honda Digital Innovation India, a digital platform company.** In addition, Honda will strive to expand sales through various measures including the utilization of its new **captive finance company in India, which is scheduled to become operational before the end of the current**

**fiscal year ending March 31, 2027.**

**China:**

While incorporating the overwhelming speed of local businesses, Honda will strengthen its products and cost competitiveness through utilization of **locally-sourced standard components** and local next-generation technologies, as well as the **introduction of new energy vehicles (NEVs) built on platforms provided by local partners.**

**2-2. Thorough strengthening of our manufacturing structure**

Honda will pursue 1) **fundamental cost reduction**, 2) **thorough improvement of development efficiency** and 3) **establishment of a manufacturing structure which is resilient to changes in its business environment.**

**Fundamental cost reduction:**

As for the cost of outsourced parts, Honda will improve its cost structure on a global basis by **reassessing Honda-specific standards and proactively utilizing standardized components**, and by incorporating the competitiveness of local businesses in China and India.

**Thorough improvement of development efficiency:**

With the thorough reassessment of its engineering chain management, Honda will pursue its **“Triple Half” approach, reducing 1) development cost, 2) development timeframe, and 3) development workload by half compared to those areas in 2025.** In addition to improving efficiency in the design, testing, and initial production through the use of a digital environment and AI technology, we will undertake transformation of our development process by reassessing development requirements themselves, as well as product planning and development management. Through these initiatives, Honda will **reduce the development timeframe for minor model change products by half, starting this fiscal year. For full model change products, Honda will also halve the development timeframe, starting with development projects which will start in 2028.**

**Establishment of a manufacturing structure which is resilient to changes in our business environment:**

Honda will strive to **improve production efficiency by approximately 20% over the next five years** by efficiently executing and allocating resource investments in new models and equipment.

**2-3. Strategic utilization of external resources**

Honda will **utilize external resources more flexibly and strategically**, including the cost competitiveness and speed of local businesses in China and India and **industry-standard components.** As for batteries, we will not pursue complete in-house sourcing at this time. Instead, Honda will fully utilize the L-H Battery facilities. While anticipating future growth in EV demand, Honda will improve operational efficiency by producing batteries for hybrid vehicles, which is currently in high demand, as well as for other applications. Honda will pursue a battery procurement strategy with a focus on our competitiveness in North America.

Honda will **indefinitely suspend the project to build a comprehensive EV value chain in Canada** and continue to reassess its procurement strategy. By combining core technology developed independently by Honda and external resources, Honda will enhance its competitiveness in an increasingly uncertain business environment.

### **3. Mid- to Long-term direction**

Honda will continue striving to **achieve carbon neutrality by 2050** as a responsibility of a comprehensive mobility company. While carefully assessing the market environment and demand trends in each region, Honda will accelerate a **multi-faceted approach to achieving carbon neutrality**, which will include EVs, hybrid vehicles, **carbon-neutral fuels and carbon-offset technologies**.

As for EVs, Honda will continue laying the groundwork for introducing a **highly competitive EV hardware platform** for the future, so that Honda will be well prepared to meet demand when it emerges, Honda will continue the groundwork for introducing a highly competitive EV hardware platform as well as the research and development of all-solid-state batteries. Striving to offer **new mobility and in-cabin experiences** made possible by increased application of intelligent technologies, Honda will apply its **ASIMO OS not only to EVs but also to hybrid models** to increase the value of mobility. As for the **E&E architecture**, Honda adopted a **“domain-based” architecture, that can flexibly address country-specific differences, changes in customer needs and market conditions, as well as the utilization of external resources**. By realizing highly efficient development with a unified software architecture, Honda will become capable of offering new values to customers in a timely manner, and will strive for both flexibility and competitiveness.

### **4. Direction of motorcycle business**

It is forecasted that the global motorcycle market will expand to around 60 million units by 2030. Honda will further increase market share and enhance its presence in the global market by introducing products and optimizing its production capability, well aligned with increasingly diverse customer needs.

#### **“Step-up demand” and increase of product value:**

To capture **demand from customers who are stepping up to the next category of mobility products in Asia and Central and South America**, Honda will introduce new products more aggressively by leveraging highly-competitive resources Honda has in India and China. Honda will differentiate itself from emerging competitors with its **original and new technologies** such as the Honda E-Clutch.

#### **Establishment of production system and capability:**

In India, which is the largest market for Honda motorcycle business, **Honda plans to expand its**

**annual production capacity from the current 6.25 million units to approximately 8 million units in 2028.** Honda production operations in India will also continue to advance as an **export hub for global markets**, including Central and South America and ASEAN.

#### **Electric motorcycles:**

Honda will closely monitor changes in customer demand and environmental regulations in each country and take a flexible and agile approach to product launches and establishment of production operations.

### **5. Financial Strategy**

Over the next three years, Honda will focus on rebuilding our automobile business structure. Then, in the following two years, based on the rebuilt business structure, Honda will introduce new products flexibly and in an agile manner and put its automobile business on a trajectory of further growth.

By the **fiscal year ending March 31, 2029**, EV-related losses will be resolved. Combined with further advancement of its structural transformation and enhancement of the lineup of new products, profitability of Honda automobile business is expected to improve substantially. By further building on this with the growth of our motorcycle and financial services businesses, which already have solid profitability, Honda will strive to achieve a fiscal year **operating profit of more than 1.4 trillion yen, setting an all-time high. In the fiscal year ending March 31, 2031**, Honda will strive to realize its long-standing **ROIC (Return on Invested Capital) target of 10%**.

#### **Capital allocation:**

During the **three-year period** until the fiscal year ending March 31, 2029, Honda will reallocate resources it had scheduled to invest in EVs to hybrid vehicles, and **control EV-related investments at a level of approximately 0.8 trillion yen.** Honda will **invest 1.0 trillion yen in software technologies** and **4.4 trillion yen in gasoline and hybrid vehicles**, resulting in total resource investment of 6.2 trillion yen during this 3-year period.

As for **operating cash flow after R&D adjustment**, Honda expects to generate **more than 7 trillion yen, excluding EV-related losses**, as its automobile business will return to profitability and motorcycle business maintains its cash-generating capability.

This cash flow will allow Honda to continue **making investments while delivering shareholder returns.** In the fiscal year ending March 31, 2030 onward, Honda will carefully assess EV demand trends and make decisions regarding investments in EVs. Honda will **further improve investment efficiency by proactively leveraging external resources without being overly focused on internalization of resources.**

#### **Shareholder returns:**

Honda will maintain **stable and continuous dividend payments, with a target DOE of 3%.**

### **6. Further advancement of corporate governance:**

To ensure the steady execution of each business strategy and enable bold and transparent decision-making, the Company will reassess its corporate governance structure. Specifically, in

addition to revising the composition of the Board of Directors to ensure a majority of the board members are outside directors, the Company will revise the composition of each committee and enhance the overall governance and operational framework of the Board.