Motorcycle Business Strategy

Business Overview / Recognition of the External Environment

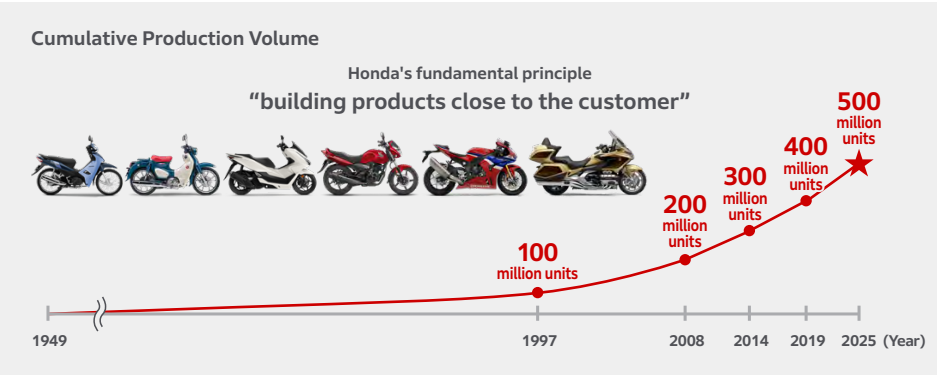
Achieving a 40% Global Market Share by Continuously Providing Compelling Products

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.

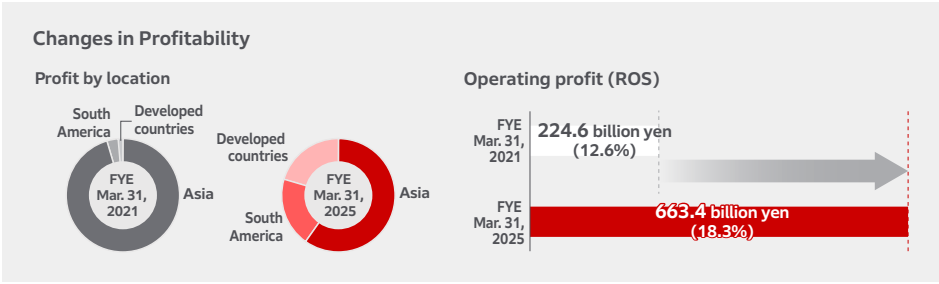
Achieving a Cumulative Production of 500 Million Units

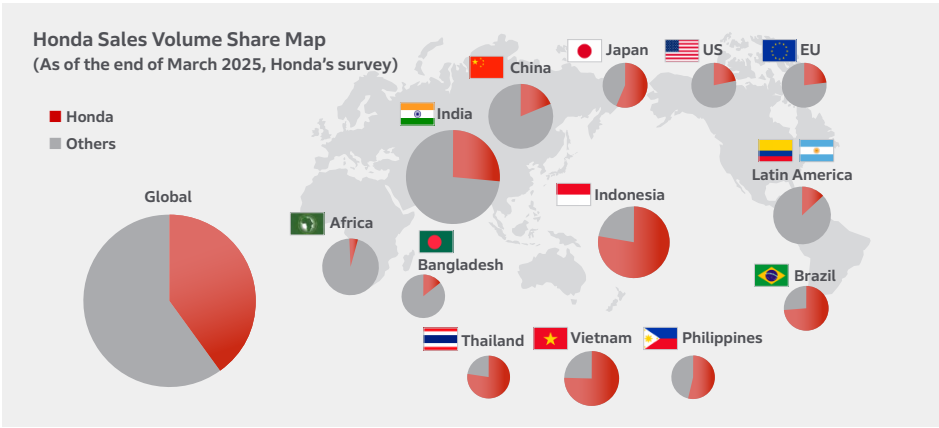
Since establishing the first overseas production site in Belgium in 1962, Honda has practiced manufacturing rooted in each country and region, based on the fundamental principle of "building products close to the customer." Today, we have built an annual production system exceeding 20 million units across 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.

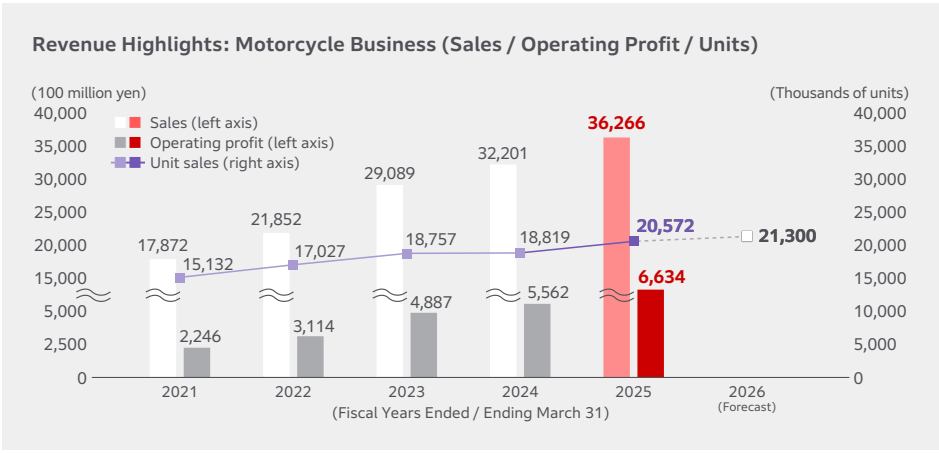


Achieving a Geographically Balanced Profitability

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%.







Motorcycle Business Strategy

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

Motorcycle Business Strategy

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

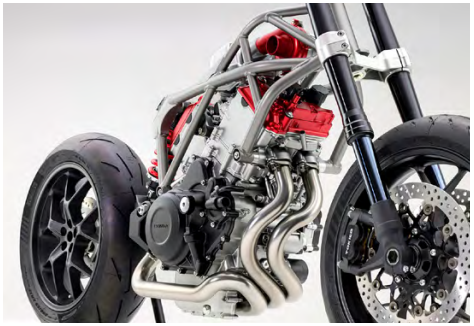
The dual clutch transmission (DCT)*5 and the electronically controlled clutch (E-Clutch)*6 are Honda's unique drivetrain technologies that achieve comfort, safety, and efficiency while maintaining sporty riding and the enjoyment of riding. These technologies have earned high praise as they respond to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

Motorcycle Business Strategy

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.

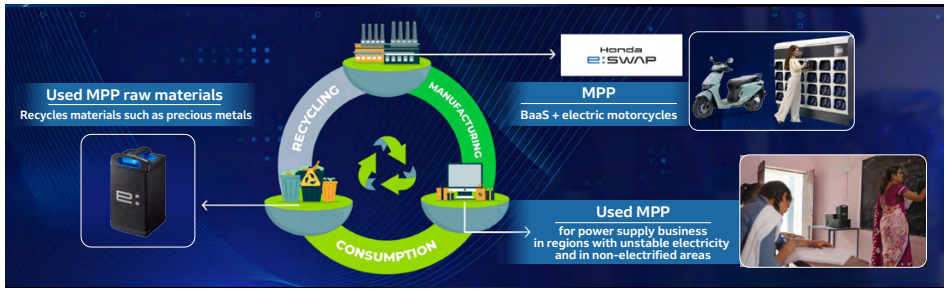
*7 IVI: In-Vehicle Infotainment. A system that integrates information and entertainment provided within automobiles or motorcycles.
*8 Honda RoadSync: Honda's connectivity technology that utilizes a Bluetooth-connected smartphone to provide calling, music, and navigation features using the screen display 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."

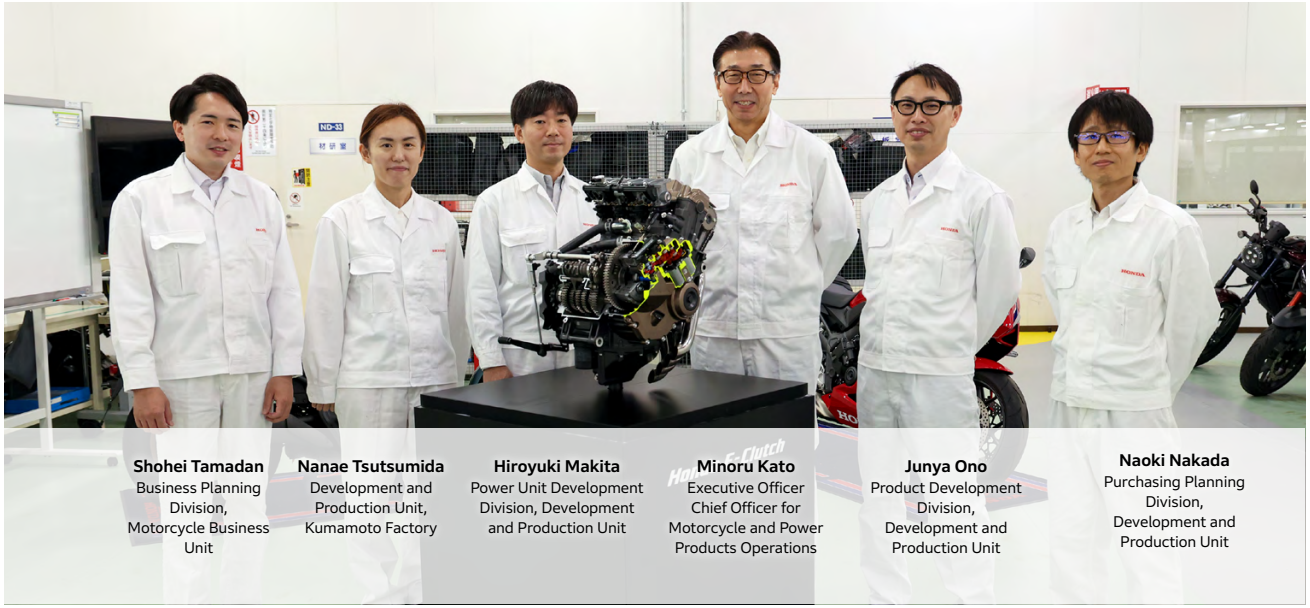
Under the policy of Triple Action to ZERO, Honda is also taking a comprehensive approach through both products and business activities. In India, we have launched a project in collaboration with external partners to reuse the "Mobile Power Pack e:" to supply electricity to small businesses, schools, 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



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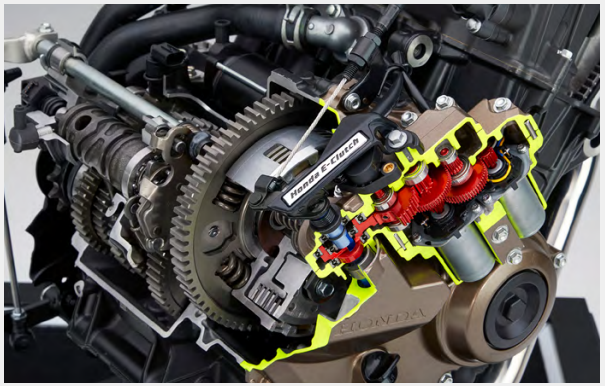
Power Unit Development Division, Development and Production Unit

Minoru Kato
Executive Officer Chief Officer for Motorcycle and Power Products Operations

Junya Ono
Product Development Division, Development and Production Unit

Naoki Nakada
Purchasing Planning Division, Development and Production Unit

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

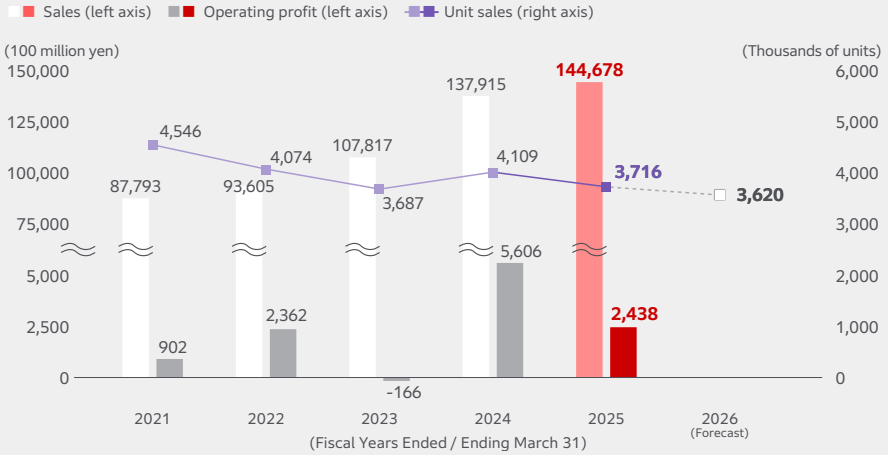
Business Overview / Recognition of the External Environment

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.

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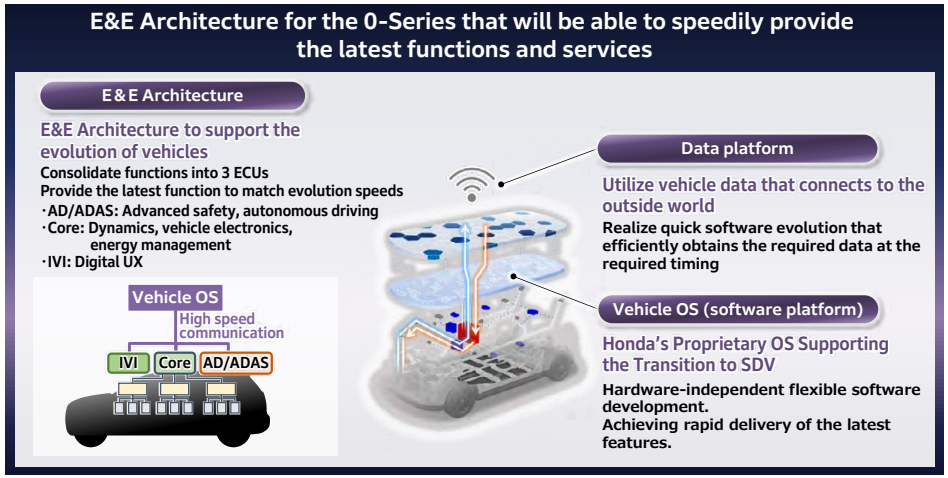
SDV defines a vehicle's functions and value through software, enabling continuous feature expansion and performance improvements via updates. In addition to the underlying E&E architecture, Honda is independently developing its own vehicle OS and applications to provide the rapid delivery of the latest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



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.

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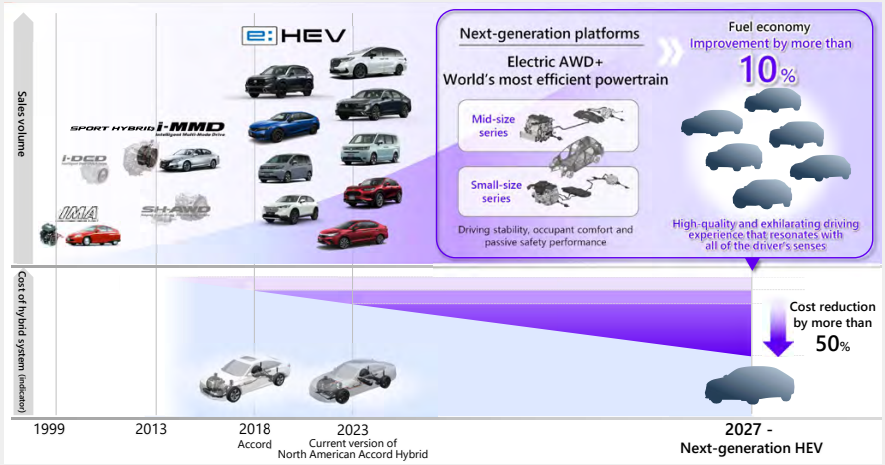
In addition, by adopting an electric AWD unit*3 that can be shared with EVs, we will optimize powerful starting acceleration performance and driving force distribution, as well as improve the vehicle's ability to trace the desired driving line and driving stability regardless of road surface conditions, 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

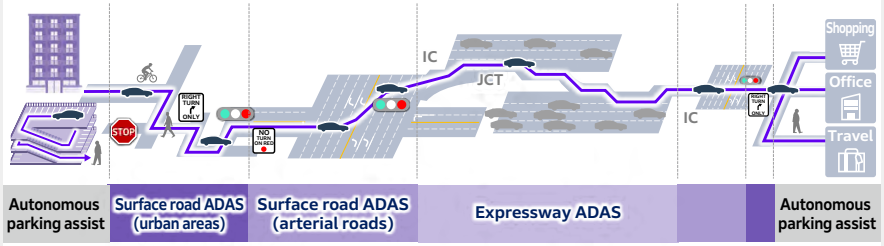


Broad Application of Next-Generation ADAS Across EV and HEV Lineups

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



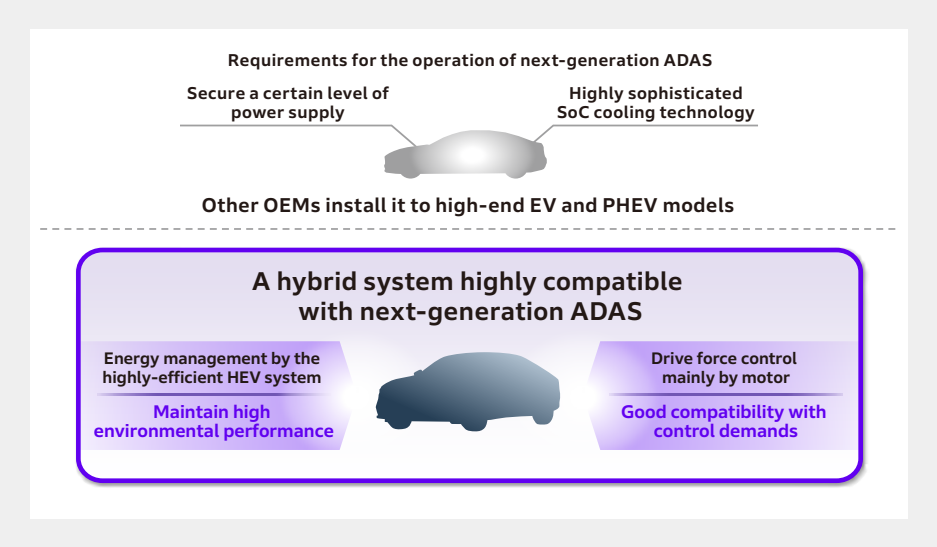
Honda will apply next-generation ADAS technologies to a broader range of models faster than other OEMs by leveraging its recognition and behavior planning technologies amassed through the development of automated driving technology

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.

Automobile Business Strategy

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.

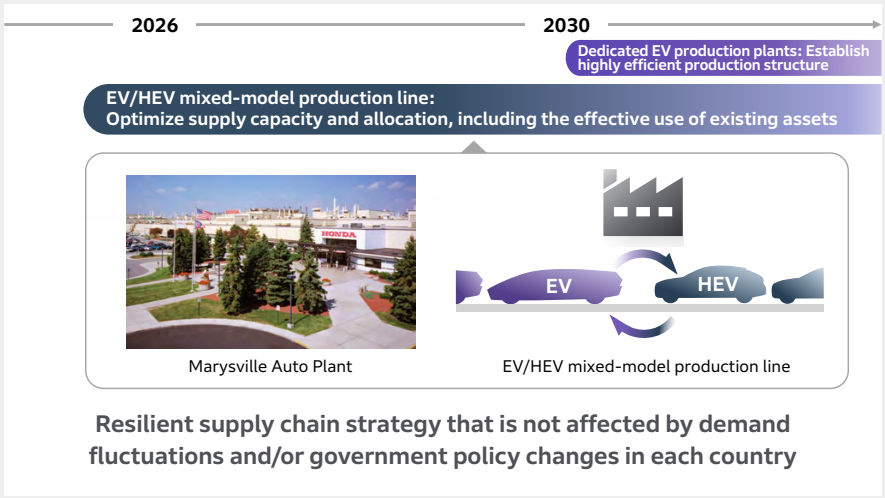
Automobile Business Strategy

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

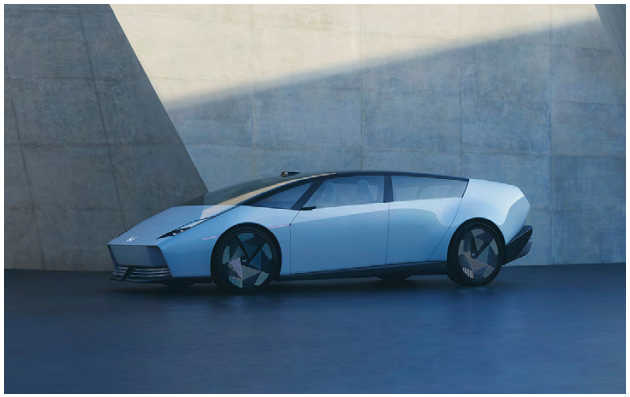
Katsushi Inoue
Director, Senior Managing Executive Officer, Chief Officer for Automobile Operations

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

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

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

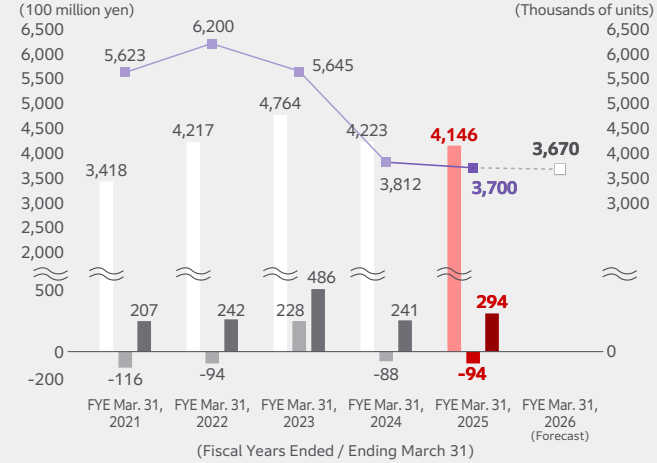
The power products business was born from our founder's aspirations to "make people's lives a little easier and more abundant" and "contribute to their daily lives through technology."

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.

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

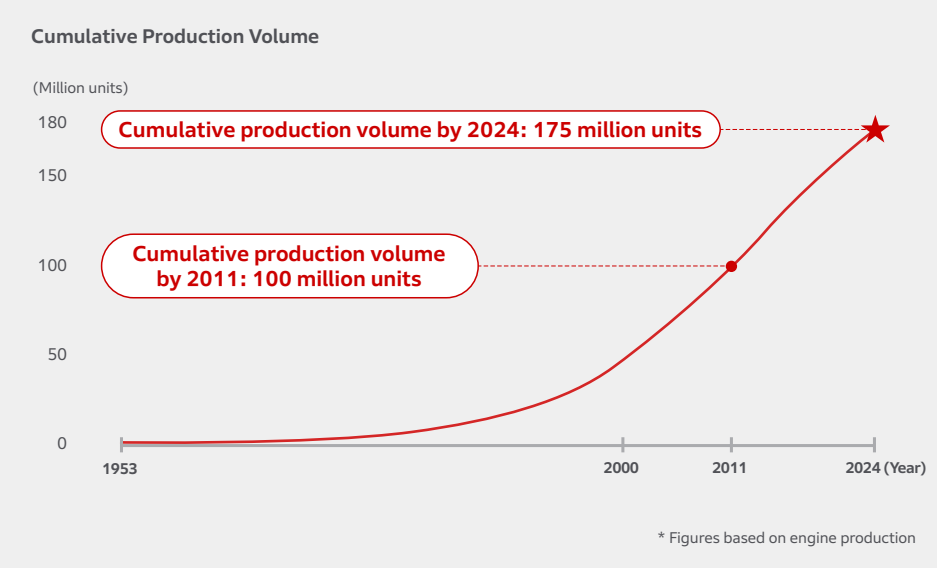


Operating Profit of Aircraft and Aircraft Engines Business Included in Total Operating Profit

(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.