

Electrification Business Strategy

Strengthening Competitiveness in Electrification Technologies at Honda

We are vigorously promoting electrification in all areas of motorcycle, automobile and power products. In pursuit of the early independence of our electrification business, we have established a specialized organization for swift decision-making in 2023. With this organizational structure at its core, we will further enhance Honda's unique appeal, cultivated through the pursuit of advanced and innovative technologies in the "Five Key Factors." By providing competitive products and services that realize "transcend various constraints associated with mobility and the augment people's possibilities," we aim to further enrich the lives of our customers.

Honda will Continue to Promote Electrification through Unique Products and Services

We have always embodied the "joy of driving" in all categories of automobiles, from family cars to sports cars. We've refined our technology by serving as a "driving laboratory" and by participating in various races, including F1. As a result, we have honed our technologies and fostered a corporate culture that prioritizes uncompromised driving and meets challenges head-on. Electrification is not a loss of the identity of "Honda, the engine specialist," but rather a "steppingstone" that elevates the joy of controlling at will, a pleasure we have built up thus far, to a higher level. To deliver the joy that comes from transcending constraints of movement and the augmenting people's possibilities that beyond electrification, Honda will never stop challenging ourselves.

In the lineup, we will introduce BEVs in succession, that is, tailored to each regional characteristics beginning in 2024. In North America, we have the Honda Prologue and Acura ZDX, developed in collaboration with General Motors (GM); in China, the e:NS2, e:NP2 and mass-production models based on the e:N SUV 序 concept; and in Japan, a commercial-use mini-EV model based on the N-VAN. In the Asian region, Honda will lead the electrification of emerging markets, launching two compact EVs, including an SUV model, in 2026. Furthermore, we will efficiently and vigorously promote electrification on a global scale, launching a global model founded on our original platform beyond 2025. We will continue to diversify our offerings, introducing flagship and sports models and producing highly competitive BEVs from our "state-of-the-art BEV manufacturing facility." Moreover, our vision extends beyond the traditional hardware-centric value of automobiles. We aim to introduce new and unique value through digital services, energy solutions and enhanced car interiors, leveraging advanced software technology.

To deliver these attractive products, Honda will enhance the "resonance between strong personalities," a core element of the Honda's DNA. And we will also optimize our value chain, spanning development, production, sales and service, through "individual challenges and co-creation activities."

Honda strives to meet diverse customer needs as the world's top manufacturer of motorcycles in a carbon-neutral society that emphasizes electrification. Our mission is to deliver the joy of mobility to global customers who require versatility, from daily commuting to long-range touring and beyond. We aim to address their needs with innovative ideas and technologies. As we navigate the era of electrification, Honda is actively addressing technological challenges, ensuring that batteries and charging methods will cater to all user profiles. To illustrate, Honda has introduced the EM1 e: electric scooter in Japan, equipped with the Honda Mobile Power Pack e: portable and swappable battery. This model is set to debut in Europe and Indonesia by the end of FY2024.

Honda is actively developing plug-in rechargeable models. Furthermore, we aim to harness digital technology to strengthen our bond with customers, enhancing the convenience and joy that motorcycles bring to their lives.

In the power products sector, we've consistently delivered products that enhance the work and lives of individuals globally, echoing our founder's vision of deriving joy from aiding others. As we look to the future, we will our commitment remains steadfast: to provide a diverse range of products that drive people while embracing the electrification challenge in domains like small-scale construction equipment, gardening and marine equipment, all in pursuit of a carbon-neutral society. Additionally, we are exploring new value avenues within Honda's electrification business strategy, including the automation technology for work equipment.

Please look forward to the next generation of Honda, which will lead the industry and manufacturing not by simply following big changes in the market, but by initiating transformations on its own in this period of great electrification.



Senior Managing
Executive Officer
Chief Officer, Electrification
Business Development
Operations

Katsushi Inoue

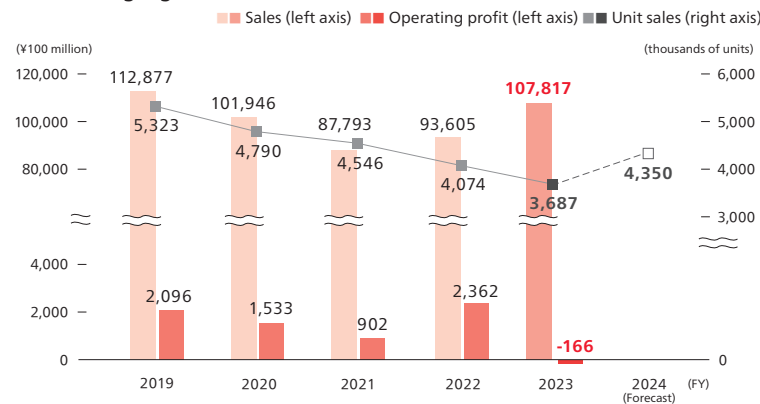
Automobile Business Strategy

Business Overview/ Revenue Highlights

Delivering Attractive Products and Services to the World

"Let's change the landscape of the automobile industry." In 1963, inspired by this rallying cry, Honda's automobile business began and has since expanded to offer products to customers in diverse regions worldwide. Evolving the cultivated "joy of driving" that Honda embodies, aligning with the changing times and relentlessly pursuing the development of innovative technologies within the "Five Key Factors," our goal is to achieve the realization of value in delivering "the transcendence of various constraints of movement and the augmentation of people's possibilities."

Revenue Highlights of the Automobile Business



Recognition of the External Environment / Key Challenges

In the BEV market, it's not just traditional automobile companies making a mark. Various manufacturers from different industries are now introducing a wide variety of BEVs, ranging from budget-friendly to premium models. As customer needs and values diversify, it's becoming increasingly challenging for Honda to differentiate its BEVs by traditional strengths like engine performance and other.

This highlights an urgent need for Honda to carve out a distinct identity in the BEV market, rooted in its unique value and UX.

With electrification on the rise, there's an anticipated surge in demand for minerals like nickel, lithium and cobalt, all essential for battery production. This has raised concerns about potential skyrocketing battery prices due to possible shortages in these raw materials. Honda is taking proactive measures against such risks, especially in parts procurement, including batteries. Our focus is on promoting recycling, reusing materials and incorporating sustainable materials, aligning with the vision of a resource circulation.

Moreover, we recognize the imperative to cultivate a flexible and resilient organizational structure for more rapid decision-making in order to swiftly transition our business focus towards electrification.

Electrification Business Strategy

Direction of the Electrification Business Strategy

The advancement of electric mobility is an initiative that stands as the cornerstone of our mission to achieve a society where "all individuals can feel the joy and freedom of mobility." As we amplify our endeavors to realize "zero environmental impact and zero traffic collision fatalities", addressing mobility-related challenges, our commitment to the "Joy of Driving" – a principle Honda has cherished since its founding – remains unwavering. Moreover, we aim to offer every customer "Surprise, Excitement and Trust" by introducing fresh mobility experiences. It is sustained by the "Joy of Using" and the "Joy of Connection," facilitated by connectivity and intelligence that align with the ever-evolving.

Medium- to Long-term Targets

By 2030, our goal is to set up a global BEV production system that produces over 2 million units annually. By 2040, we aim for a sales ratio where 100% of our global sales comprise EVs and FCVs.

Automobile Business Strategy

The Direction of the Product Lineup and Future Product Development Strategy

We view the shifts in business structure, value propositions and production processes in the BEV era as an opportunity to deliver a new value through UX in tune with diversifying customer values. As we pioneer new value propositions for electrified vehicles, our products will reflect the “spirit of sporty car-making” inherent in Honda’s DNA. Furthermore, by globalizing our product lineup, we aim to drive product development with a compelling brand message.

Region	Products to be introduced
North America	<ul style="list-style-type: none"> In 2024, Honda will introduce the “PROLOGUE,” while Acura will unveil the “ZDX,” both of which are co-developed with GM. In 2025, Honda will launch a mid- to large-sized EV incorporating a new E&E architecture*, built on Honda’s dedicated EV-specific platform.
China	<ul style="list-style-type: none"> The “e:NS2” and the “e:NP2” are set to launch in early 2024. A mass-production model inspired by the “e:N SUV 序” concept, which was unveiled at the Shanghai Motor Show in April 2023, is scheduled for release by the end of 2024. Including these three models, a total of 10 EV models will be introduced by 2027.
Japan	<ul style="list-style-type: none"> An N-VAN-based commercial-use mini-EV model will be launched in the first half of 2024. Following this, an EV based on the “N-ONE” will debut in 2025. Two compact EVs, including an SUV model, are slated for release in 2026.
Europe	<ul style="list-style-type: none"> The “e:Ny1,” a model from the “e:N” series for the European market, will be launched sequentially across European countries starting in the fall of 2023.

* E&E architecture: Integration of Electrification and Electronics Technologies (Electrification & Electronics Architecture)

Europe



e:Ny1



Honda e

China



e:NS1



e:NP1



e:N SUV 序 / e:NS2 Prototype / e:NP2 Prototype / e:N GT Concept

Japan



N-VAN-based commercial-use mini-EV

North America



Acura ZDX Type S



PROLOGUE

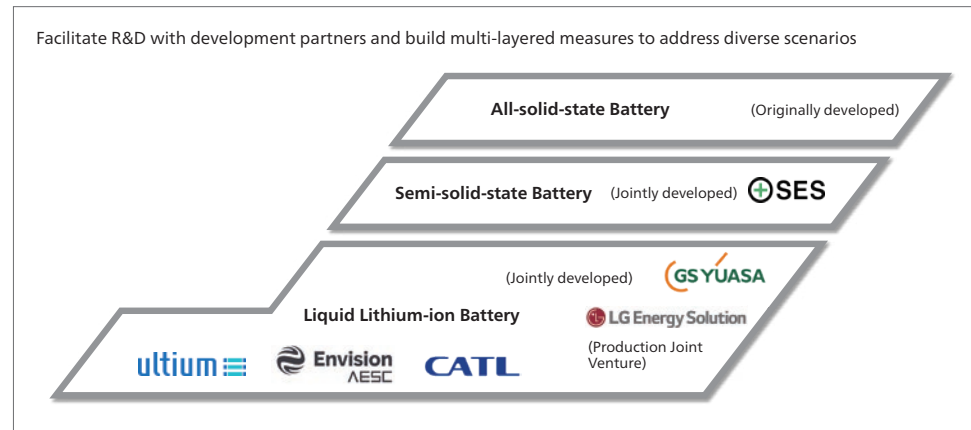
Automobile Business Strategy

Toward the Early Independence of the Electrification Business

To achieve early autonomy in the BEV business, we are committed to addressing the following themes:

- Initiate an allocation strategy with the battery as the focal point to bolster our business structure, emphasizing management resource allocation.
- Evolve the UX to align with the diversifying values of customers.
- Broaden customer touchpoints and augment service offerings through a lifecycle-centric approach.
- Forge a new brand identity by merging software and hardware, inclusive of establishing a digital service infrastructure.
- Enhance production efficiency and value by introducing a global model.
- Lay the groundwork and advance technology for an information infrastructure that paves the way for a sustainable society.

Initiatives in the Battery Area



Specific Initiatives

Battery Strategy

We will address the rapid pace of electrification by formulating a variety of battery procurement strategies to meet both current and anticipated needs.

Beyond our procurement of liquid lithium-ion batteries, we plan to initiate mass production of batteries in North America by 2025 through a joint venture with LG Energy Solution Ltd, aiming to establish a new value chain. For the procurement of essential minerals, we have formed partnerships with Hanwa Co., Ltd. and POSCO Holdings Inc. Additionally, we collaborate with Ascend Elements, Inc. and Cirba Solutions, LLC in the recycling sector.

From the late 2020s, we will not only advance our liquid lithium-ion batteries but also develop and introduce next-generation batteries, including semi-solid-state and all-solid-state varieties. To enhance the performance of our liquid lithium-ion batteries, we will collaborate with GS Yuasa Corporation to develop high-capacity and high-power versions specifically for EVs, supporting Japan's rapid electrification. Furthermore, our investment in SES Holdings Pte. Ltd. will bolster the joint development of semi-solid-state batteries. Our goal is to produce batteries that are safe, have high capacity and exhibit increased durability. Regarding all-solid-state batteries, we're ramping up efforts to initiate a demonstration line in Sakura City, Tochigi Prefecture by 2024, targeting a market launch by the late 2020s.

Charging and Infrastructure Strategy

We are actively working on expanding charging services in line with our growth in the BEV market. To promote the adoption of EVs in North America, seven companies, including Honda's U.S. subsidiary, American Honda Motor, BMW Group, GM, Hyundai, Kia, Mercedes-Benz Group and Stellantis N.V., have agreed to form a joint venture. Their goal is to establish a high-capacity EV charging network across the U.S. and Canada. The first charging station is slated to open in the U.S. by the summer of 2024, with subsequent expansions focusing initially on metropolitan areas and major highways.

The station will feature multiple high-output DC chargers compatible with all vehicles adhering to charging standards such as CCS*1 and NACS*2. With environmental considerations in mind, all power will be sourced exclusively from renewable energies. The initiative aims to deploy at least 30,000 chargers across the U.S. and Canada, establishing a high-power recharging network that is user-friendly for EV drivers. For home charging, we will utilize Honda Smart Charge, an established EV charging service in North America, and plan to gradually introduce smart energy services that leverage the power supply capabilities of EVs.

*1 CCS: Combined Charging System

*2 NACS: North American Charging Standard

Automobile Business Strategy

Specific Initiatives

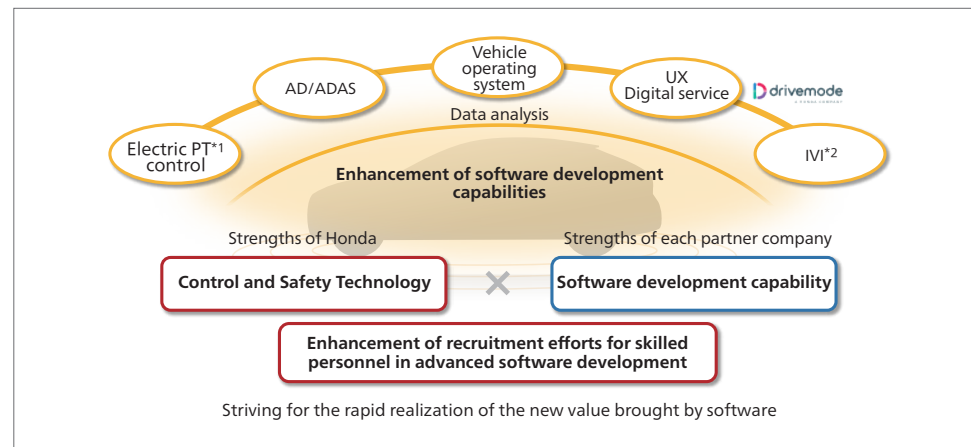
SW (Software) Strategy

Under the “Software-Defined Mobility” concept, which delineates the value of both hardware and services, we are accelerating our software development. Specifically, Honda is advancing the E&E architecture and developing its unique vehicle OS, aiming for its adoption in the mid-size and large EVs set to launch in North America in 2025. Using this vehicle OS as a foundation, Honda will continue to evolve its in-vehicle software, offering advanced functions and services even after the vehicle purchase. Furthermore, we will swiftly provide digital services highly compatible with BEVs, centered on safety, comfort and reliability. These services, designed with a focus on UX, will be offered under a unified management, including user-friendly charging guidance and other appealing features.

Regarding the proprietary development of software in areas such as vehicle OS, AD/ADAS, UX and digital services, we plan to double our recruitment of skilled professionals specializing in advanced software. We will also actively bolster our collaborations with partners to amplify our capabilities. Through our partnership with SCSK Corporation, we will merge Honda’s system control and safety control technologies with SCSK’s IT expertise. This synergy aims to maximize the potential of engineers from both companies, offering continuous training and skill enhancement. Furthermore, by deepening collaborations with development partners like KPIT Technologies Limited and by pioneering initiatives in fields like electrification and ADAS with Hitachi Astemo, Ltd., we seek to fuse Honda’s strengths in control and safety technologies with the software development prowess of our partners, thereby realizing the new value that software can bring.

In the realm of digital services, we aim to enhance software development to consistently provide outstanding user experiences (UX) from the customer’s perspective. To achieve this, we have appointed the CEO of Drivemode, Inc. as the new Global UX Officer, centralizing decision-making authority.

Advancements in Software Technology



*1 PT: Powertrain

*2 IVI: In-Vehicle Infotainment

BEV Production System

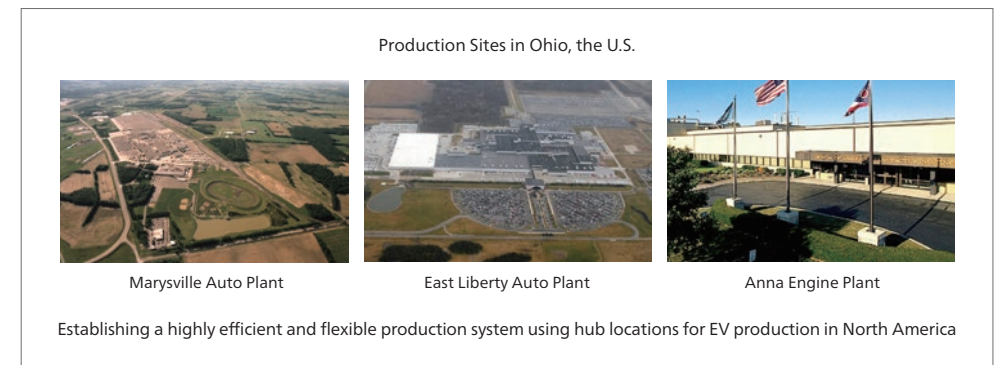
In response to the rapid electrification worldwide, we are advancing the establishment of an electric vehicle production system globally within Honda. In North America, Honda has identified its three existing plants in Ohio (Marysville and East Liberty, which produce automobiles, and the Anna Engine Plant, which manufactures automobile powertrains) as central locations for EV production. While utilizing these existing facilities, we are constructing efficient and highly flexible EV production lines.

Moreover, with an eye on the EVs set to launch in the late 2020s, we have initiated the transformation of our production system towards a “state-of-the-art BEV manufacturing facility.” We will approach this transformation from the following three perspectives:

- 1) Evolution of factories capable of producing products with strong appeal efficiently and flexibly, and the establishment of a supply chain.
- 2) Development of production lines that prioritize automation and intelligence to adapt to future workforce shifts.
- 3) Transition to production processes that emphasize resource circulation, with a commitment to minimizing CO₂ emissions to the greatest possible extent.

In anticipation of higher production volumes post-2030, we aim to offer competitive BEVs with significant product appeal and price competitiveness through the global expansion of the state-of-the-art BEV manufacturing facility.

Strengthening of the EV production



Automobile Business Strategy

ICE Business “Hybrid Evolution”

Alongside the acceleration of electrification, we remain committed to continuous development, ensuring we deliver attractive products to customers who choose ICE vehicles.

We’ve implemented the Honda Architecture, which distinctly differentiates between the “common components” and “unique components” for each vehicle model, in the full redesign of the CR-V and Accord. Building on this foundation, we will persist in advancing this initiative. By merging a “Modular Architecture with Unified Components and Layout” with the “Shared Utilization of BEV Advanced Technologies,” we aim to extend state-of-the-art features, including advanced safety technologies, to ICE vehicles as well. Starting in 2026, these features will be incorporated into our core model lineup for worldwide expansion. Furthermore, with the introduction of a lightweight platform, next-generation power units and electric AWD, we commit to delivering superior environmental performance and enhanced dynamic capabilities.

From a business perspective, we will accelerate the standardization of lineups and powertrains globally to enhance business efficiency and establish a complementary structure, including production across various regions.

To swiftly address evolving customer needs, we will continue to deliver appealing products by implementing measures such as shortening development timelines and utilizing derivative series.



CR-V



ACCORD (for North American market)

Masayuki Nakatsuka

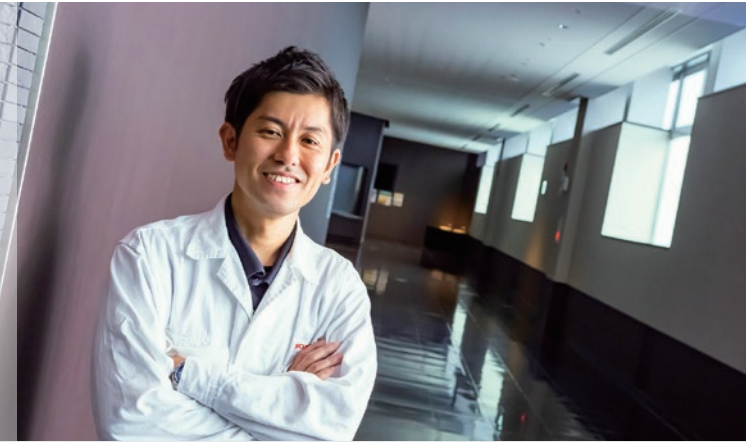
Advanced Safety System Software Development Department
Advanced Safety and Intelligent Solution Development Division
Software Defined Mobility Development Unit
Electrification Business Development Operations
BEV Development Center
Engaged in the development of behavior generation software for the bipedal robot “ASIMO,” and primarily involved in research and system development related to autonomous driving assistance.

Favorite motto

“As the rice plants bear fruit, they bow their heads.”

Honda-ism which he has empathy

“For the sake of the world and others, is there anything we can do?”



Interview

Alleviating Concerns Related to Accidents and Introducing the Exhilarating Transformation of Mobility to Society

Mobility possesses a profound ability to generate time. Guided by this notion, I found myself captivated by the mobility concept and deeply moved by the principles of the founder, Soichiro Honda. My decision to join Honda was driven by a desire to be a part of the legacy he had established. Shortly after becoming a member of Honda, I engaged in developing motion generation software for the bipedal robot “ASIMO” at the Fundamental Research Institute. Within this environment, associates discussed technology and aspirations equally, just as I expected. Nevertheless, I sensed a disparity with my personal aspirations. My true aspiration was to harness my engineering expertise to contribute towards eradicating traffic accidents.

During that period, the automated driving project was initiated, and I enthusiastically volunteered to be a part of it. Once assigned, my role has been centered around aiding drivers and minimizing the possibility of accidents as much as possible. My primary focus lies in the R&D of Advanced Driver Assistance Systems (ADAS). In more recent times, I have dedicated myself to crafting driver assistance systems for situations where the driver’s condition becomes abnormal, with the capability to halt the vehicle if the driver’s condition deteriorates.

When I initially joined, senior colleagues often posed the question, “What do you want to do, Nakatsuka?” In retrospect, I believe they were assisting me in discovering my genuine desires. Honda is an organization that unites associates’ ambitions. I firmly believe that the potency of this grassroots method forms the bedrock of Honda’s resilience and vigor.

Mobility that enables us to travel long distances in a short amount of time, experiencing a variety of things—an evolution of the “time machine,” so to speak. I aspire to create a society where we can enjoy the thrill and joy of this advancing dream tool without the worry of traffic accidents.

Motorcycle Business Strategy

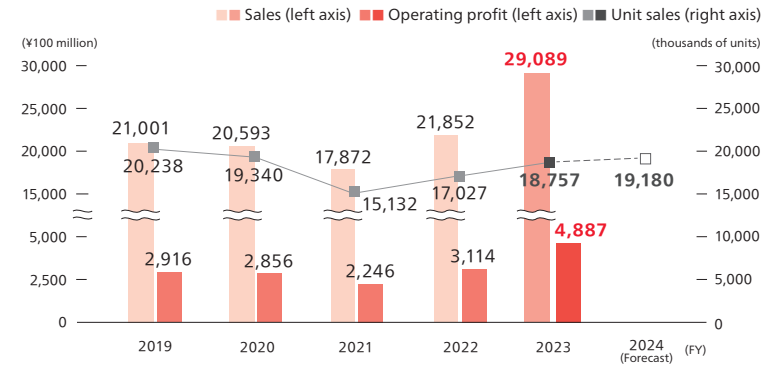
Business Overview/Revenue Highlights

Unveiling New Possibilities in the Motorcycle Market

The motorcycle business is foundational to Honda, deeply rooted in its origins. Through a manufacturing approach tailored to each country and region, Honda has grown into a premier manufacturer with a global network of over 30,000 dealers and 35 manufacturing bases for finished products. With an annual worldwide sales volume of approximately 20 million units, we capitalize on this extensive network, platform design and a global supply complementation system. This has enabled us to craft products that showcase Honda's unique appeal and exceptional cost competitiveness, thereby maintaining a notably profitable business framework.

By addressing the universal "mobility needs" of customers and uncovering new opportunities within the motorcycle market, we aim to lead the industry and become the foremost global motorcycle company.

Revenue Highlights of the Motorcycle Business



Motorcycle Business Strategy

Recognition of the External Environment / Key Challenges

Towards a Business for the New Era

The motorcycle market is anticipated to sustain its expansion, particularly in emerging countries characterized by burgeoning young populations. Additionally, global environmental regulations are undergoing tightening, and environmental awareness is growing as governments establish electrification targets not only in developed nations but also in emerging economies like India and Southeast Asian countries.

The electrification of mobility is expected to be a solution, while on the other hand, the demand for electric vehicles in emerging countries is significantly influenced by government incentives. Moreover, challenges persist on the infrastructure side, including stable power supply and the development of charging networks. Amidst the uncertainties related to the shift to electric vehicles, we will optimize resource allocation by identifying markets where demand for ICE vehicles persists and where electrification is progressing. We will harness Honda's strengths to distinguish ourselves from emerging electric vehicle manufacturers.

Business Targets (Our Initiative's Pathway)

Leading Environmental and Safety Innovations: "More Convenience, More Freedom"

Motorcycles serve as vital transportation means in emerging countries, particularly across the Asian region, contributing significantly to people's lives and serving as essential components of social infrastructure. To this end, Honda recognizes the importance of providing products at price points accessible to customers. We will sustain a superior level of cost competitiveness by consistently driving cost reductions through platform design enhancements that enhance production efficiency and the expansion of a global supply complement.

Moreover, we are poised to intensify our engagement with customers through digital technology. Through this approach, we will vigorously promote and extend the convenience and enjoyment that motorcycles bring to people's lives.

Furthermore, in pursuit of a secure and safe mobility society, we will persist in our worldwide deployment of driving safety education, a commitment we have upheld over an extended period. Additionally, by broadening the array of models equipped with advanced braking, LEDs and other safety technologies, we will deliver enhanced "convenience and freedom" to a broader spectrum of customers.

To address environmental concerns, we will accelerate our endeavors to achieve carbon neutrality, transcending mere electrification. Our efforts will encompass enhancements in fuel efficiency within the internal combustion engine (ICE) realm and technologies compatible with bioethanol fuel, all while adapting to the distinctive features of different regions.



Electrification Business Strategy

Direction of Electrification Business Strategy

Honda motorcycles address the global "mobility needs" of a diverse clientele and enjoy widespread use. Leveraging our competitive manufacturing technologies and the expertise amassed through the development of internal combustion engine (ICE) vehicle platforms, we will embark on crafting an array of electric motorcycle platforms catering to the demands of customers across different nations. Through streamlined manufacturing processes, we are committed to leading the worldwide electric motorcycle electrification movement, ensuring that electric vehicles provide the same exhilarating "joy of mobility" as their ICE counterparts, all at a more accessible cost.

To cater to the myriad needs across the globe, we are not only focusing on electric products intended for business use within somewhat restricted contexts but are also actively designing solutions for personal use across a multitude of scenarios. For personal-use models, the ability to select the most suitable battery type in accordance with usage environments and convenience holds paramount importance. To empower customers to opt for their preferred battery type, we are poised to offer two options, including swappable and plug-in battery, catering to a diverse range of demands.

Medium- to Long-Term Targets

By 2026, we intend to globally introduce a total of 10 or more electric motorcycle models, with the goal of achieving annual sales of 1 million units. By 2030, we aim to further expand the lineup and target sales of 3.5 million units.

Specific Initiatives

Advancing Electrified Product Development

We are poised to enter the market with a focus on business-oriented models that are witnessing escalating demand aligned with the principles of SDGs (Sustainable Development Goals) and ESG (Environmental, Social, and Governance) management. Among these models, the BENLY e:, GYRO e: and GYRO CANOPY e: stand as prime examples of business-oriented offerings, each equipped with the Honda Mobile Power Pack e: portable and swappable battery technology. The BENLY e: is now being manufactured not only in Japan but also in Thailand. Furthermore, these Thai-produced BENLY e: models are made available both for Thailand and for export to Vietnam.



Benly e:



GYRO e:



GYRO CANOPY e:

Motorcycle Business Strategy

In addition to these business-oriented models, we introduced the EM1 e: as a personal-use model in Japan in 2023. Our plans include expanding its presence into Europe and Indonesia, along with unveiling a new model in India. Our focus remains on accelerating the development and launch of electric motorcycles tailored for individuals, particularly in the burgeoning Asian region where demand for electric motorcycles is on the rise.



EM1 e:

We are concurrently engaged in the development of plug-in charging system products featuring fixed batteries, foreseeing a spectrum of customer applications and evolving market conditions. Our commitment endures in technological development that cater to the diverse needs and lifestyles of our global customer base, delivering a variety of battery and charging method options.

Procurement and Production Strategy

We are strategizing the ideal distribution of production resources for electric motorcycle components —battery, PCU and motor—to match demand. Among the crucial markets in Asia, we will focus on expanding in India and Indonesia.

Furthermore, we are contemplating the next-generation batteries designed for electric motorcycles, emphasizing high output, elevated energy density and extended lifespan, all while ensuring the paramount safety of this vital battery component.

To aptly serve the needs of diverse regional markets, we are propelling rapid development to furnish battery systems tailored to distinct usages, encompassing NCM-based (nickel-cobalt-manganese) and LFP-based (lithium-ion iron phosphate) solutions.

Promoting a Battery-Sharing Service

The popularity of electric motorcycles hinges on the resolution of concerns regarding battery cost, charging infrastructure and cruising range. As a targeted solution to these challenges, we have innovated the Honda Mobile Power Pack e, a portable and swappable battery. We introduced a battery-sharing service initiative in 2022, using the swappable battery technology. To facilitate this, we have established local subsidiaries in both India and Indonesia. In Japan, in April of 2022, ENEOS Holdings, Inc. and the four major Japanese motorcycle manufacturers (Honda, Kawasaki Motors, Ltd., SUZUKI MOTOR CORPORATION and Yamaha Motor Co., Ltd.) jointly incorporated Gachaco, Inc. We plan to further expand and develop this business in the future.



Enhancing the Foundation of Business Structure

Enhancing Adaptability to Environmental Shifts

Amidst profound transformations in the market landscape, encompassing escalating raw material and energy costs alongside growing societal expectations for environmental and safety considerations, Honda is heightening its competitive edge by striving for an adaptable framework poised to navigate environmental fluctuations. Tangible endeavors include component sharing, expedited development of mass production, cost innovation through the utilization of cost-effective catalysts and the establishment of a resilient supply chain embracing risk diversification. These actions collectively amplify efficiency across the entirety of the value chain, ensuring enduring profitability while fortifying the bedrock of our leadership in the electrification domain as we fervently pursue an augmented presence.

Power Products Business Strategy

Business Overview / Revenue Highlights

Providing Products for Work and Daily Life

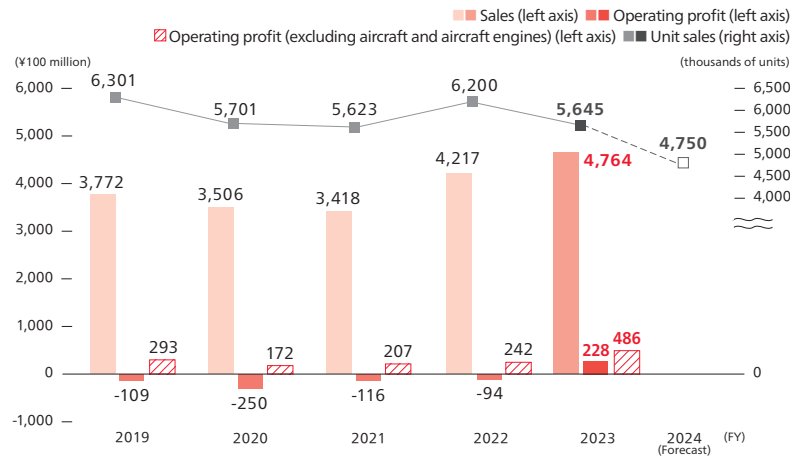
The power products business was inaugurated in 1953 with the introduction of versatile general-purpose engines. These engines, serving as power sources, found utility in diverse work equipment applications. Alongside this, we embarked on the development, manufacturing and commercialization of complete machines (work equipment) featuring these engines.

Our diverse product lineup garners widespread adoption across global clientele, culminating in the noteworthy milestone of surpassing 170 million units in cumulative power product production, commemorating our 70th anniversary in 2023.

Expanding beyond engine-centric offerings, our present power products business is set to encompass portable batteries and product electrification, broadening its horizons to become a business that “bestows novel value upon mobility and the everyday lives of individuals.”



Revenue Highlights: Power Products and Other Businesses



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

FY	2019	2020	2021	2022	2023
100 millions of yen	-402	-422	-323	-337	-257

Recognition of the External Environment / Key Challenges

Toward Realizing a Work Environment “Beneficial to Humanity and the Planet”

Against the backdrop of increasing environmental regulations, there is a growing shift towards electrification in the domain of small-scale construction equipment and gardening, particularly in the realm of “small-scale” and “short-duration operation” products.

Conversely, the demand for internal combustion engine (ICE) products persists, fueled by their attributes such as “high power output and extended operation hours” and their “cost-effectiveness,” well-suited to specific applications. Thus, Honda comprehends the imperative to cater to the diversified market demands, adroitly steering its environmental endeavors in the ICE sphere even as it maintains an unwavering focus on electrification.

Escalating labor shortages have instigated an ongoing quest for enhanced operational efficiency through mechanization, elevating the imperative for “attaining superior work efficiency of high quality,” irrespective of the power source at hand. In this light, there emerges a tangible necessity for products and services that cater to this scenario, presenting improvements in precision and technological advancements in work equipment, including automation.

Business Targets (Our Initiative’s Pathway)

Enriching Lives Through Technology, Sustaining Prosperity and Delight

Since its founding in 1948, Honda has navigated its course under the guiding belief of “enhancing lives, even in small ways” and “serving people through technology.”

Aligned with these enduring ideals, the power products business perseveres in its commitment. It seeks to address societal challenges by proffering products and services that globally inspire individuals to realize their potential. This aspiration will be realized through the delivery of Honda’s hallmark high-quality, appealing offerings—products and services tailored to regional characteristics and dynamic market shifts.

Concerning the cornerstones of our ICE business—the pivotal power units—our trajectory entails the continuous enhancement of their environmental performance. In the construction sector, where our engine sales hold substantial sway, we shall fortify the promotion of electric power units while concurrently offering installation support. This endeavor will also extend to initiatives for bolstering operational efficiency and catering to corporate demands. In the gardening domain, our efforts are directed towards propelling the electrification of lawnmowers brush cutters and analogous tools. Simultaneously, in the marine equipment domain, our scope expands as we diversify our lineup of sizable outboard motors to match the ever-growing market requirements.



Electrified power unit eGX



Large outboard motor BF250

Power Products Business Strategy

Electrification Business Strategy

Direction of Electrification Business Strategy

The electrification business strategy underscores the power products business' resolve to address societal challenges by introducing Honda's innovative value through product electrification. This commitment is poised to enhance both people's "work quality" and "life quality."

Within the realm of electric product development, our focal point resides in the electrification of small-scale construction equipment and gardening domain. Additionally, we are set to extend the reach of the "Honda Mobile Power Pack e," a portable and interchangeable battery introduced in the motorcycle business, to the sphere of power products.

In the small-scale construction equipment domain, our strategy revolves around leveraging our established B2B customer base from the core business to promote electrification. We will support the electrification of finished equipment manufacturers through the sale and installation assistance of the electric power unit "eGX." Beyond existing clientele, our efforts encompass the expansion of product integration to regions anticipated to adopt electrification in the future.



Honda Mobile Power Pack e:

Komatsu Ltd.'s PC01E-1 Electric Micro Excavator
Equipped with Honda Mobile Power Pack e:

Leveraging our strengths in the gardening domain, meticulously nurtured through attributes like the "precise cutting" ability and "endurance" of our walk-behind lawnmowers, we have solidified our presence. Alongside the consumer-oriented "Miimo" robot lawnmower, we are exploring products integrated with connected technology aimed at enhancing work efficiency for corporate clients. As we drive efficient development and production methodologies, we are poised to accelerate electrification, with external partnerships as a potential avenue. In the marine equipment domain, we are embarking on the initiation of demonstration trials for electric propulsion systems designed for small watercraft, anticipating future regulations pertaining to the utilization of internal combustion engines in lakes.

Robot lawnmower "Miimo"
(overseas model)Electric propulsion for small boat
prototype

Enhancing the Foundation of Business Structure

Cultivating Agility to Accommodate Diverse Demands

While flexibly responding to the diversified needs of different countries and regions, we will assess the market entry for ICE products, leverage synergistic benefits with the motorcycle business and pursue efficient operations in the development and production areas such as component sharing, production optimization and procurement streamlining. Through these efforts, we aim to enhance product appeal in the production realm as well and strengthen the business foundation for electrification. At the same time, we will enhance environmental performance through improvements in fuel efficiency and technologies compatible with carbon-neutral fuels. This will enable us to offer even more competitive products and services.

Power Products Business Strategy

Akifumi Fukaya

Power Products Electrification Business Planning Department
 Electrification Business Planning Division
 Motorcycle and Power Products
 Electrification Business Development Unit
 Electrification Business Development Operations
 Responsible for electric product and business planning for Power Products. Stationed at American Honda from 2019, returned to Japan in 2022.

Favorite motto

"Try everything with grit."

Honda-ism which he has empathy

"Work for yourself first."

"Eliminate no play, no error."

**Interview****Bringing Honda Products that Wholeheartedly Cater to People, to the World**

Throughout my childhood in the United States, Honda products were ubiquitous. The sight of the Honda logo in a foreign land instilled courage in me, even as a child. With the goal of advancing the brand in the U.S., I embarked on my journey in overseas sales for Power Products. From introducing new models of general-purpose engines to my current role in spearheading the development of electric lawn and garden equipment, my focus has been on expanding demand.

During my tenure at American Honda, the swift proliferation of the COVID-19 pandemic led to an environment of uncertainty. In such times, I gleaned valuable insights from my supervisor, who consistently worked hard prioritizing what was happening on-site. He would visit sales locations after meetings and offer support on the production floor. Additionally, I found inspiration in the commitment of local team members who approached their work from a customer-centric viewpoint, addressing critical needs. Honda boasts a workforce that upholds the "Three Reality Principle" regardless of race or nationality. Navigating crises alongside such colleagues has become a cherished asset in my personal and professional journey.

My dream is to explore diverse regions around the world, broadening my perspective and making contributions to Honda's American operations from a managerial role.

While the company's strategies may adapt to the changing world, the core values of Honda remain steadfast. My goal is to uphold the aspirations of those who paved the way before me, while also relentlessly pursuing my own dreams. Through this journey, I aim to create products that enhance people's lives and bring richness to their experiences.