



Honda Suffers First Annual Loss in 70 Years: Impact on F1 Explained

Description

Honda has reported its worst financial loss since it became a public company in 1957. The company revealed a loss of 423 billion yen (about \$2.68 billion) for the financial year ending in March, confirming earlier predictions made in March. These figures are worse than during the pandemic years when Honda fully committed to electric vehicles (EVs) and withdrew from Formula 1 at the end of 2021.

Despite these losses, Honda stated that its financial situation will not impact Honda Racing Corporation (HRC) or its Formula 1 project. CEO Toshihiro Mibe explained that the loss is mainly due to significant investment costs in EVs. However, these investments have not yet produced the expected results, especially in the United States, where certain tax credits for EV purchases were removed.

As a response to its financial difficulties, Honda has paused an \$11 billion investment plan to produce EVs and batteries in Canada. The company has also abandoned its earlier target to have 20% of new car sales be EVs by 2030 and the goal of selling only electric cars by 2040.

In the context of Formula 1, there are ongoing discussions about returning to internal combustion engines, such as V8s, powered by sustainable fuels. Some F1 teams, including Mercedes, have expressed interest in new engine regulations that would include internal combustion technology.

Vocabulary List:

1. **investment** //ɪn'vestmənt// (noun): money put into a business or project
2. **committed** //kə'mɪtɪd// (verb): decided to support or do something
3. **abandoned** //ə'bændənd// (verb): stopped supporting or using something any longer
4. **sustainable** //sə'steɪnəbəl// (adjective): able to continue without harming the environment
5. **regulations** //ˌrɛɡjə'leɪʃənz// (noun): official rules made by a government or group
6. **combustion** //kəm'bʌstʃən// (noun): burning that makes heat or power

Comprehension Questions

Multiple Choice

1. What was Honda's reported financial loss for the year ending in March?



- Option: 423 billion yen
- Option: 300 billion yen
- Option: 200 billion yen
- Option: 500 billion yen

2. When did Honda become a public company?

- Option: 1950
- Option: 1957
- Option: 1965
- Option: 1970

3. What significant strategy did Honda implement before withdrawing from Formula 1?

- Option: Increased production of gas vehicles
- Option: Committed to electric vehicles
- Option: Invested in hybrid technology
- Option: Focused on racing improvement

4. How much was the paused investment plan for EVs and batteries in Canada?

- Option: \$5 billion
- Option: \$8 billion
- Option: \$11 billion
- Option: \$15 billion

5. What target did Honda abandon for EV sales by 2030?

- Option: 30%
- Option: 50%
- Option: 20%
- Option: 10%

6. Which company is mentioned alongside interest in internal combustion engine regulations?

- Option: Ferrari
- Option: Red Bull
- Option: Mercedes
- Option: McLaren

True-False

7. Honda's financial loss was greater than during the pandemic years.



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8. Honda Racing Corporation will be impacted by the company's financial losses.
 9. CEO Toshihiro Mibe believes the investments in EVs will soon produce expected results.
 10. Honda has set a goal to only sell electric cars by 2040.
 11. Honda is still planning to proceed with their investment in EVs in Canada despite their financial loss.
 12. There are discussions regarding returning to internal combustion engines in Formula 1.

Gap-Fill

13. Honda reported a financial loss of 423 billion yen for the financial year ending in March, confirming earlier predictions made in _____.
14. Honda's financial loss became the worst since it became a public company in _____.
15. The company has abandoned its earlier target to have _____ of new car sales be EVs by 2030.
16. CEO Toshihiro Mibe explained that the loss is mainly due to significant investment costs in _____.
17. Honda has paused an _____ billion investment plan to produce EVs and batteries in Canada.
18. Some F1 teams are interested in new engine regulations that would include internal combustion technology powered by _____.

Answer

- Multiple Choice:** 1. 423 billion yen 2. 1957 3. Committed to electric vehicles 4. \$11 billion 5. 20% 6. Mercedes
- True-False:** 7. True 8. False 9. False 10. True 11. False 12. True
- Gap-Fill:** 13. March 14. 1957 15. 20% 16. EVs 17. 11 18. sustainable fuels



CATEGORY

1. Business - LEVEL3

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Author

aimeeyoung99

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