

WITH SHAREHOLDERS AND INVESTORS

Dialogue with Shareholders and Investors

For continued growth and enhancement of corporate value over the medium and long terms, Mazda engages in a variety of investor relations initiatives in keeping with its policy of timely and appropriate disclosure of information and with constructive dialogue. In addition to general shareholders' meetings, the Company holds frequent meetings with its shareholders and investors, providing quarterly announcements to explain its business results and other activities. The Company is working to increase opportunities for dialogue in such ways as holding business briefings for institutional investors, individual investors, and domestic and overseas securities analysts. Mazda's official website provides information such as the schedule for general shareholders' meetings and financial results announcements, performance / financial data, notices of the general meetings of shareholders (business reports), summary of financial results, briefing materials for the financial results, Securities Report (Japanese only), annual report, Corporate Governance Report. Mazda strives for highly transparent and fair disclosure. Mazda is planning to apply International Financial Reporting Standards (IFRS), in order to enhance the international comparability of its financial information, quality of Group management and corporate governance. Mazda will decide the appropriate timing of IFRS application, observing the trend of the adoption among Japanese companies as well as the domestic and overseas economic situations.

Management Conditions and Dividends for FY March 2020

In November 2019, Mazda announced its Medium-Term Management Plan. The automotive industry is currently experiencing the kind of transformation said to take place only once every 100 years. Reform is required in numerous areas, including product planning, development, production, sales and services, in order to respond to the demands of this period as represented by CASE—an acronym used to designate the new technologies of Connected technology, Autonomous driving technology, Shared services, and Electrification technology. Under the Medium-Term Management Plan, the Company defined the three priority areas to focus on in the next six years: investment in unique products, technologies and customer experience; curbing expenses that depreciate our brand value; and investment in areas in which we need to catch up. Mazda has developed specific initiatives and targets in each area and has been making investment to adapt to CASE trends in the future. In so doing, the Company is giving its utmost in promoting the Medium-Term Management Plan.

In this fiscal year, the first year of the Medium-Term Management Plan, Mazda introduced connected services and commercialized new technology in response to CASE, including electrification technologies such as the mild hybrid system, or Mazda M Hybrid, and advanced safety technologies leading to automated driving technology. While advancing its current-generation lineup by incorporating new technology, Mazda launched a second new-generation product, the CX-30, following the MAZDA3 as planned in response to the continued growth of the SUV market on a global basis. The Mazda3 and the CX-30 are equipped with the new-generation gasoline engine Skyactiv-X, which is the world's first commercial gasoline engine to make practical use of compression ignition. Furthermore, at the 46th Tokyo Motor Show in October 2019, the Company unveiled its first mass-production electric vehicle (EV), the Mazda MX-30, was released starting from Europe in September. Mazda M Hybrid model was introduced in Japan from October, and EV model will be introduced in January, 2021.

With regard to the operating environment surrounding the Mazda Group for FY March 2020, Mazda continued to face a challenging situation as demand has declined globally from the previous year due to issues such as the economic slowdown in China triggered by the U.S.–China trade dispute and Britain's exit from the European Union. In addition, uncertainty over future prospects rapidly escalated due to the COVID-19 pandemic in the fourth quarter. The outbreak of COVID-19 first impacted the Company's production and supply chain in China. The virus then spread globally, causing the suspension of economic activities and disruption in financial markets around the world, resulting in a significant impact on the Company's global sales activities.

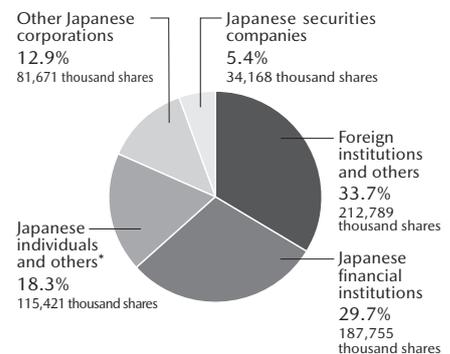
In the fiscal year, global sales volume was 1,419 thousand units, down 9.1% year on year because of the decline in demand in major markets and the impact of the COVID-19 outbreak. Net sales totaled 3,430.3 billion yen, a decrease of 133.9 billion yen from the previous fiscal year. Despite improvements from curbed marketing expenses and cost reduction initiatives, operating income decreased 38.7 billion yen to 43.6 billion yen owing to the impact of exchange rates, a fall in wholesales, increased investment for growth, one-time quality-related expenses, and the costs arising from the COVID-19 outbreak. Ordinary income fell 63.0 billion yen to 53.1 billion yen. Net income attributable to owners of the parent declined 51.1 billion yen to 12.1 billion yen.

As its policy, Mazda determines the amount of a dividend after comprehensively considering the Company's financial results for the fiscal year, the business environment and the Company's financial position, and it strives to pay a stable dividend with steady increases. For FY March 2020, a full-year dividend of 35 yen per share was paid, consisting of a 15 yen per share interim dividend and a 20 yen per share year-end dividend.

a

a Breakdown of Shareholders by Type

(as of March 31, 2020)



* Treasury stock is included in Japanese individuals and others

b

b Management Conditions

(consolidated /billion yen)

	FY March 2018	FY March 2019	FY March 2020
Net sales	3,474.0	3,564.2	3,430.3
Operating income	146.4	82.3	43.6
Net income attributable to owners of the parent company	112.1	63.2	12.1
Capital investment	104.1	119.7	132.6
R & D costs	136.0	134.7	135.0
Total assets	2,724.1	2,877.6	2,787.6
Equity	1,192.9	1,203.3	1,174.9

(thousand units)

	FY March 2018	FY March 2019	FY March 2020
Total	1,631	1,561	1,419
Japan	210	215	202
North America	435	421	397
Europe	269	270	264
China	322	247	212
Others	394	409	345

Investor Relations (includes financial results, annual reports)
<https://www.mazda.com/en/investors/>