

CHAPTER

1

ABOUT MAZDA



CORPORATE PHILOSOPHY

PURPOSE: Enrich life-in-motion for those we serve

PROMISE: Uplifting experiences, emotionally and physically

We uplift the human body, mind and spirit
We uplift communities

VALUES: Radically human/Challenger spirit/Omotenashi

In a rapidly changing world,
where people benefit from greater levels of
comfort and convenience,
how people feel and live their lives will always remain center
to our purpose.

Joy is the feeling that curiosity and excitement bring
to our lives and is something we naturally want to share
with the people around, today and in the future.
This joy is a source of positivity.

Imagine the freedom to go anywhere
and find the adventures awaiting.
Just the thought of it,
the possibility to do whatever you want,
ignites the motivation to explore something new.

Mazda continues to expand the Joy of Driving.
The pleasure of going wherever one pleases.
And the excitement of sharing that pleasure
with family and friends.
With a belief in people and a Challenger Spirit,
Mazda continues to engineer and manufacture.
Creating human connections and celebrating the joy of living.
For society, the world, and the future.

Enrich life-in-motion for those we serve.

MESSAGE FROM THE PRESIDENT

Contributing to the joy of living
through the joy of driving



Masahiro Moro
Representative Director, President and CEO
Mazda Motor Corporation

UNDERSTANDING TRENDS IN THE EXTERNAL ENVIRONMENT

TURNING CHANGES IN SOCIETY OFFER OPPORTUNITIES FOR GROWTH

The automotive industry at present is going through what can be called a once-in-a-century transformation. We live in an era of uncertainty due to pandemics, energy crises triggered by international conflicts, and geopolitical risks that make predicting the future a monumental challenge. Amid the significant changes occurring at present, we are being challenged to tackle global issues like climate change, adapt to the aging of populations in society due to longer lifespans, and solve problems arising from rapid advancements in digital technology. In this era of immense change, companies are required to find solutions to global challenges and turn them into opportunities for growth.

MAZDA'S NORTH STAR

UNIQUE VALUE DERIVED FROM MAZDA DNA AND PASSION

To help navigate the era in which we live, Mazda has established a corporate philosophy to serve as our North Star—our fundamental truth. This philosophy draws on Mazda's 103-year history and is the culmination of a Group-wide effort by those of us at Mazda who live in this era of immense change to articulate the significance of Mazda's existence in society.

We came to realize that Mazda's DNA embodies the spirit of believing in people, trusting in their capabilities and facing any difficulties or challenges with an unwavering spirit of continuous innovation and wherewithal to do the right thing and get things done. This tenacious mindset, which we call the Challenger Spirit, was on display when Mazda became the first car maker to mass produce the rotary engine, a demonstration of our determination to forge new frontiers.

What's more, as a company born and raised in Hiroshima—the City of Peace—our people, as corporate citizens, long to contribute to society by enriching lives and doing things that elevate the human spirit, to serve as a testament to a peaceful world. This way of thinking was demonstrated when, a mere four months after the devastating atomic bombing on August 6, 1945, Mazda's people resumed production, playing an integral part in the city's reconstruction from ruins.

This "DNA" and "passion" that have been passed down from generation to generation since our founding are now deeply ingrained in our corporate philosophy. No matter how the times may change, Mazda will continue to be Mazda, and we will continue to cherish this "North Star," which will guide us to the future so that we can become a company needed by people living in the society of the future.

At Mazda, we hold three things dear—purpose, promise and values, the very elements that comprise our corporate philosophy.

Our purpose of *enriching life-in-motion for those we serve* represents Mazda's raison d'être. We believe that we can enrich people's lives by extending the value of creating moving experiences through the joy of driving to the joy of living. For example, our brand icon, the MX-5 (Roadster in Japan), has given rise to fan clubs organized by owners around the world, creating a spirited *community* where customers can connect and share fulfilling experiences with each other, and enjoy the true joy of living. This community purpose will remain timeless, regardless of changing eras or power sources. To become a company chosen by future generations, we recognize the importance of empowering communities through our corporate activities.

Our promise of *uplifting experiences, emotionally & physically* is what we offer to all individuals, including our customers and others outside of the organization, as part of realizing our company purpose. Uplifting experiences not only invigorate people's minds, bodies and souls but also foster a sense of community as people connect with the likeminded, contributing to the joy of living for all.

We confirm our values of *radically human, challenger spirit* and *omotenashi* (serving from the heart) as we act and make decisions on a daily basis.

In 2023, we are focusing on our purpose of *enriching life-in-motion for those we serve* by leveraging Mazda's strengths in *Monozukuri* (engineering and manufacturing), *Tsunagarizukuri* (creating human connections) and *Hitozukuri* (nurturing the development of individuals) through various activities that will deliver uplifting experiences and enhance lives.

We want to further drive our purpose by looking into establishing new business entities dedicated to creating unique Mazda customer experiences with the aim of creating a brand that will bring us closer to our customers.

MESSAGE FROM THE PRESIDENT

BRAND VALUE MANAGEMENT

A BRAND THAT CREATES THE MOVING EXPERIENCES THROUGH THE JOY OF DRIVING AND IS CONTINUALLY CHOSEN BY CUSTOMERS

In the face of advancing digitalization and diversifying values, Mazda must continuously be *chosen by customers* for its unique value. To remain relevant and needed in society, it is essential for Mazda to be selected for this distinct trait regardless of what is happening in the world. Therefore, Mazda has enacted its 2030 vision, which embodies the aspiration to be a car-loving company that creates moving experiences by expanding the joy of driving in line with the times. To make this happen, we will consistently promote brand value management as our fundamental policy of management.

Mazda’s brand value management philosophy aims to enhance corporate value by creating emotional connections through shared resonance of the value we offer among stakeholders, including our customers. Through this approach, we strive to foster long-lasting relationships with the Mazda brand, leading to an improvement in brand value and subsequently enhancement of corporate value. Brand value management places our customers—people—as the starting point, and we will strive to grow into a brand and company that continues to be chosen by customers by discovering and providing the Mazda-like value that customers desire. We aim to grow and evolve continuously by working towards being a brand and company that will be consistently chosen by customers.



MANAGEMENT POLICY UP TO 2030

THREE BASIC POLICIES FOR BRAND VALUE MANAGEMENT FOR ACHIEVING THE 2030 VISION

It is our responsibility to further enhance management efficiency and steadily implement measures to achieve Mazda’s 2030 vision set out in the Medium-Term Management Plan update and Management Policy up to 2030 announced in November 2022.

With the understanding that people are Mazda’s most important asset, we will initiate reforms to foster an internal culture where all individuals can fully demonstrate their abilities and promote a team-oriented approach, akin to a baseball club.

Focusing on the promotion of brand value management, the Management Policy up to 2030 is underpinned by three pillars: reducing global warming (which is the social responsibility of an automobile company), realizing an automotive society that offers safety and peace of mind, and creating value that is unique to Mazda.

First are our efforts in carbon neutrality (CN), which tie in with reducing global warming in Basic Management Policy 1. In addition to taking on the challenge of achieving carbon neutrality across the entire supply chain by 2050 in the manufacture, transport, use and recycling of cars (announced in January 2021), in June 2022 we announced our goal to achieve CN at all Mazda plants globally by 2035. To achieve our medium-term goal in CN by 2035, we are promoting efforts in three areas: energy saving, renewable energy, and carbon-neutral fuels.

In energy saving, we are first focusing on the automobile manufacturing process, which generates a significant amount of CO₂ emissions, and are implementing measures such as reducing thermal energy and improving energy conversion efficiency through more efficient processing technology.

In renewable energy, we are working in cooperation with local communities through initiatives of the Chugoku Region Carbon Neutrality Promotion Council, and we are implementing measures such as regional coexistence initiatives by promoting the use of renewable energy and, at Mazda group companies, initiatives such as the introduction of off-site corporate PPAs.

In the area of carbon-neutral fuels, in addition to conducting research on next-generation biofuels and carbon-neutral fuels to replace gasoline as well as initiatives to increase the use of these by partner companies, we are also participating in initiatives to introduce and utilize fuel ammonia.

To achieve carbon neutrality across the entire supply chain by 2050, it is essential for not only Mazda but also every player in the entire supply chain to take action. Therefore, we will work with various stakeholders step by step to promote activities for reducing CO₂ emissions.

Initiatives in electrification constitute the second part of our efforts to reduce global warming. In the automobile industry, the development of electrification as well as other new technologies such as digitalization and smart systems is accelerating. Mazda will also steadily move forward with its electrification efforts to achieve carbon neutrality.

Looking ahead to 2030, we will steadily work on the transition to electrification in three phases.

Phase 1, up to 2024, focuses on accumulating resources for future electrification efforts and strengthening technology development in the field of electric vehicle development and production.

Phase 2, from 2025 to 2027, involves transitioning towards electrification, which includes facing heightened regulatory hurdles. During this period, we will continue to generate profits from internal combustion engine vehicles while securing and strengthening our financial foundation to be well-prepared for the full-scale electrification era.

In Phase 3, covering 2028 to 2030, we will move to the full-scale introduction of battery electric vehicles (BEVs). As we approach the full-scale electrification era, we will consider various possibilities including battery production and decide on the direction we will take after carefully assessing market demand, policies, and technological advancements.

During the transition period until around 2030, when BEVs are expected to become mainstream, we will respond with a “multi-solution” approach that will offer various combinations and solutions such as internal combustion engines, electrification technology, and carbon-neutral fuels depending on regional customer needs and power supply conditions.

At the same time, we estimate the global ratio of BEVs in 2030 to be around 25-40% based on stricter regulations and policies of various countries and regions. At this stage, we will take the approach of an intentional follower, during which time we will learn, accumulate and develop new technology and information while steadily advancing our efforts.

In addition to collaborating with other car makers, we will foster the development of electrification technology locally and strive for coexistence and co-prosperity with business partners, including suppliers in the Chugoku region.

Basic Management Policy 2 is aimed at realizing an automotive society that offers safety and peace of mind.

Needless to say, to truly experience the joy of driving, safety is essential. Although the number of fatalities in traffic accidents in Japan has decreased significantly, that number has not yet reached zero. Unfortunately, in other countries including the United States, the number of traffic accidents is actually increasing. We will continue to improve automobile technology, actively listen to not only those in the automobile world but also society at large, and contribute to realizing a safe and secure society free of accidents by putting people’s happiness first. This is an important mandate of Mazda. In addition to developing safety technology, we will work together with local communities and society to achieve *zero fatal accidents*.

In the development of safety technology, under our unique safety philosophy, Mazda Proactive Safety, we will integrate digital technology with our human-centered approach to manufacturing, which we have valued up until now. We will also further refine our safety technology in line with the demands of the times, including technology that helps prevent carelessness during driving, by supporting drivers in ways that will enable them to maximize their abilities.

MESSAGE FROM THE PRESIDENT

Basic Management Policy 3 is aimed at “value creation unique to Mazda.” With the advancement of digital technology, autonomous driving will become widespread, thereby eliminating the need for humans to take control of the wheel. While some people will view autonomous driving in this way, we want our customers to experience the joy of driving, a sense of exhilaration and self-empowerment that comes from driving in a car, and the exciting discoveries and enjoyment people can experience from expanding their range of activities. To deliver such experiences, we study people very deeply to understand the mechanisms of the human body and mind, and model them to create products that allow people to perform at their best while behind the wheel, free of stress and anxiety.

STRENGTHENING OUR FOUNDATION

AN ORGANIZATIONAL CULTURE THAT SUPPORTS THE FRONT LINE AND GROWTH THROUGH IT

To implement the outlined plans and ensure steady progress in brand value management, strengthening the foundation supporting Mazda’s business is essential. We will focus on the following three points to reinforce our business foundation.

1. Value creation through investment in people and IT
As I mentioned earlier, people are Mazda’s most important asset, and the sum total of the improvement and growth of each person’s abilities is also the source of the company’s growth. Focusing more on the front line, we will foster an organizational culture that supports people there, and create an environment in which all employees who are working hard on the front line every day can demonstrate their creativity as individuals and create value.

To empower all employees to create value, we will invest in digital education which will provide opportunities for them to acquire and apply IT and AI knowledge, and we will create an environment where they can work together in a stimulating atmosphere. Through such initiatives, we aim to double productivity by 2030 by increasing the added value of our operations.

2. Value chain and supply chain resilience
In line with the changing times, we will thoroughly eliminate waste, irregularities and overburdens in the supply chain and value chain in efforts to optimize costs. In the supply chain, we aim to achieve “total process optimization” where goods will flow seamlessly with maximum speed throughout all processes from material procurement to delivery to customers. By restructuring our parts procurement structure and expanding the use of highly versatile materials and semiconductors, we will minimize external environmental impacts including geopolitical risks that affect business continuity. In the value chain, we will shift toward integrated value development of technologies and services to deliver the value that customers seek. By doing so, we believe that our business partners including suppliers will be able to focus on delivering the value that our customers truly need.

3. Continuous improvement in corporate governance and active dialogue with stakeholders

We are committed to continuous improvements aimed at enhancing the effectiveness of our governance structure, taking into account dialogue with shareholders and investors as well as the spirit of the Corporate Governance Code. In our corporate governance, we have appointed six outside directors, including two females, bringing diverse perspectives and experience to the Board of Directors, which consists of a total of 15 members. Aiming to further diversify gender, skills and backgrounds and refine our management practices, we have also appointed one female executive officer from within the company.

To address the myriad of complex challenges we face, we are committed to promoting the concept of Team Management, which combines the newly established functional axis Chief Officer system (CXO) with traditional organizational axes, enabling cross-functional and flexible responses. This approach will enhance the speed of decision-making and operations.

Regarding sustainability, with the formulation of the Basic Policy on Sustainability in December 2021, we have clarified the direction of our initiatives. In August 2023, we established a human rights policy, firmly stating that Mazda will not tolerate any human rights violations in any of our business activities, either internally or externally, and that respect for human rights is fundamental to our corporate activities. Alongside these efforts, we will work on enhancing information disclosure.

In investor relations (IR), we will continue to focus on timely and appropriate disclosure, including non-financial information, to our shareholders and investors. Moreover, through active dialogue, we seek to foster an understanding of Mazda’s management philosophy, contributing to improving our corporate value, including PBR enhancement.

EVOLVING THE JOY OF DRIVING TO THE JOY OF LIVING

The speed of external environmental changes, such as frequent and stringent revisions in environmental regulations and the emergence of important social issues, has brought us to a stage where we face significant challenges in transitioning to a sustainable business. To address these challenges, it is essential to amplify the collective efforts and growth of each and every employee, and for the company to unite as one to surmount the significant transformations. We will leverage diverse technologies and collaborate with numerous partners, combining wisdom and passion to realize carbon neutrality and create a society where safety, security and freedom in mobility are achieved. In doing so, we aim to bring emotion in motion and excitement to everyday life, sharing happiness with family, friends and those around us.

Through these initiatives, Mazda will continue to evolve the joy of driving and contribute to society through the joy of living experienced by our customers.

To our valued shareholders and investors, we thank you for your continued support, trust and confidence.




Masahiro Moro
Representative Director,
President and CEO
Mazda Motor Corporation

HISTORY OF MAZDA’S GROWTH

More than 100 years of history of Mazda, which has continued to provide new value to society by Challenge Spirit

Since its founding in 1920, Mazda has always strived to create ideal products by tackling various challenges and overcoming crises and adversities again and again to become the Mazda of today. The Company will continue to value its originality and provide new value to society, taking on Challenge Spirit.

1920–1959

Shift from cork manufacturing to machining business with three-wheeled trucks as main products

Mazda was founded as Toyo Cork Kogyo Co., Ltd. in Hiroshima. Under the slogan “Contribute to society through machine industry,” the Company entered the fields of machine tools, rock drills, and automobiles. The Company expanded its business, leveraging its high technological capabilities.

1927
Company renamed as Toyo Kogyo Co., Ltd.

1931
“Mazda-Go” Type-DA launched

The first Mazda model “Mazda-Go” Type-DA was an epoch-making new product for a three-wheeled truck at the time, with all parts made in Japan, including an engine developed in-house.



1936
Innovative means of sales promotion implemented
Promotional caravan from Kagoshima to Tokyo

1945
Production of three-wheeled trucks resumed just four months after the A-bombing

1953
Production of casts using the shell-molding method began

Introducing cutting-edge overseas technologies in casting and surface treatments, Mazda worked actively to streamline production and in the latter half of the 1950s, the Company made great strides in strengthening its system for the mass production of vehicles.

1960–1979

A great leap to become a full-line automaker

Commencing with the launch of passenger cars, Mazda rapidly expanded the lineup from micro-minis to midsize trucks and constructed Ujina Plant and Toyo Long Bridge which connects the headquarters area with the Ujina Plant area. The Company also completed the Miyoshi Proving Ground that promise the world-class vehicle performance and began full-scale exports to the European and U.S. markets. The Company strengthened its management base through a capital tie-up with Ford Motor Company in the U.S.

1960
Entry into the passenger car market with R360 Coupe

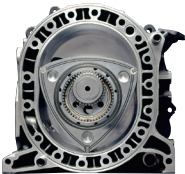
Advanced technology was fully used for the development of the first passenger car to realize a lightweight, high-performance, and friendly design. The car was released at an affordable price for citizens, attracting great attention.



1966
A new passenger car plant constructed in Ujina

1967
A rotary engine successfully put into practical use

Mazda was devoted to the development of a high-output, low-vibration “dream engine,” which had been attracted the attention of engineers around the world, and finally put it into practical use after six years of efforts. This world’s first* two-rotor rotary engine was installed in Cosmo Sport (110s), which went on the market.



1975
Corporate identity (CI) introduced

Mazda became the first Japanese company to introduce a corporate identity (a corporate strategy to communicate a corporate image in a unified manner) on a full scale.



1979
Ford Motor Company and Mazda entered into a capital tie-up (The tie-up is dissolved now)

*As of 1967, according to Mazda data.

1980–1999

Aggressive product development to overcome international competition

Aiming to become an automobile manufacturer with a global presence, Mazda implemented aggressive product development and sales measures. Taking on the challenge of developing groundbreaking advanced technology and an “exciting design,” the Company created many unique and attractive products.

1984
Company renamed as Mazda Motor Corporation

1987
Operation of a U.S. plant began as the first overseas plant

1989
Roadster (MX-5) launched

As a lightweight sports car characterized by the beautifully curved design and an exhilarating *Jinba-ittai*—a sense of connectedness between the car and the driver—driving feel, it received enthusiastic support from many users, mainly in the North American market.



1990
The world’s first GPS navigation (car navigation) system developed

1991
Mazda won the Le Mans 24-Hour Endurance Race

It was 17 years since Mazda participated in the Le Mans 24-Hour Endurance Race for the first time, and in the 13th challenge, the Company won the race, claiming the first ever victory for a Japanese automobile. The Company’s Endless Challenges to widely demonstrate the performance and reliability of rotary engines came to fruition in the best possible way.



1996
Mazda Digital Innovation (MDI) launched

With the aim of significantly shortening the development period for new vehicles, Mazda started an advanced initiative to innovate all processes from development to production, on the basis of 3D digital data.

2000–Present

Aiming for a sustainable society by strengthening brand strategy

Based on a new brand strategy that emphasizes Joy of Driving, Mazda has worked to enhance both environmental and safety performance. While promoting Monotsukuri Innovation on a company-wide basis, the Company has achieved both diversity and commonality at a high level. On the basis of a consistent human-centered development philosophy, the Company will continue to strive to offer an enriched car ownership experience.

2002
Atenza, which fully embodies Mazda brand DNA, launched

Mazda pursued Joy of Driving, represented by the new brand message “Zoom-Zoom.” With the continued launch of Demio, RX-8, and Axela, the Company opened up a new era.



2007
“Sustainable Zoom-Zoom”

In response to the issues facing the automobile industry, Mazda declared that it would work on technological development toward a sustainable future for the global environment and traffic environment.

2010
Next-generation Skyactiv Technology and new design theme “Kodo” announced

Skyactiv Technology is a blanket term for Mazda’s innovative technologies that realize its Building Block concept. “Kodo—Soul of Motion” is a design theme that aims to express movement that offers a strong sense of vitality and speed. Starting with CX-5 launched in 2012, Skyactiv Technology and the Kodo Design philosophy have been introduced in all Mazda vehicles.

2018
Mazda’s construction of a new joint-venture plant with Toyota Motor Corporation in the U.S. announced
(Production of CX-50 starts from January 2022)



2022
DEA adopted for CX-60 and subsequent vehicles to realize a motorized society free from traffic accidents

Driver Emergency Assist (DEA) was newly introduced to support accident avoidance and damage mitigation by detecting abnormalities in the driver and decelerating or stopping the vehicle.

2023
Mass production of the MX-30 e-Skyactiv R-EV began

After its success with battery EVs in 2020, Mazda started the mass production of a PHEV model of the MX-30, using a rotary engine as the power generator.



Cumulative global production volume
Approximately 61.09 million units
(As of the end of December 2022)

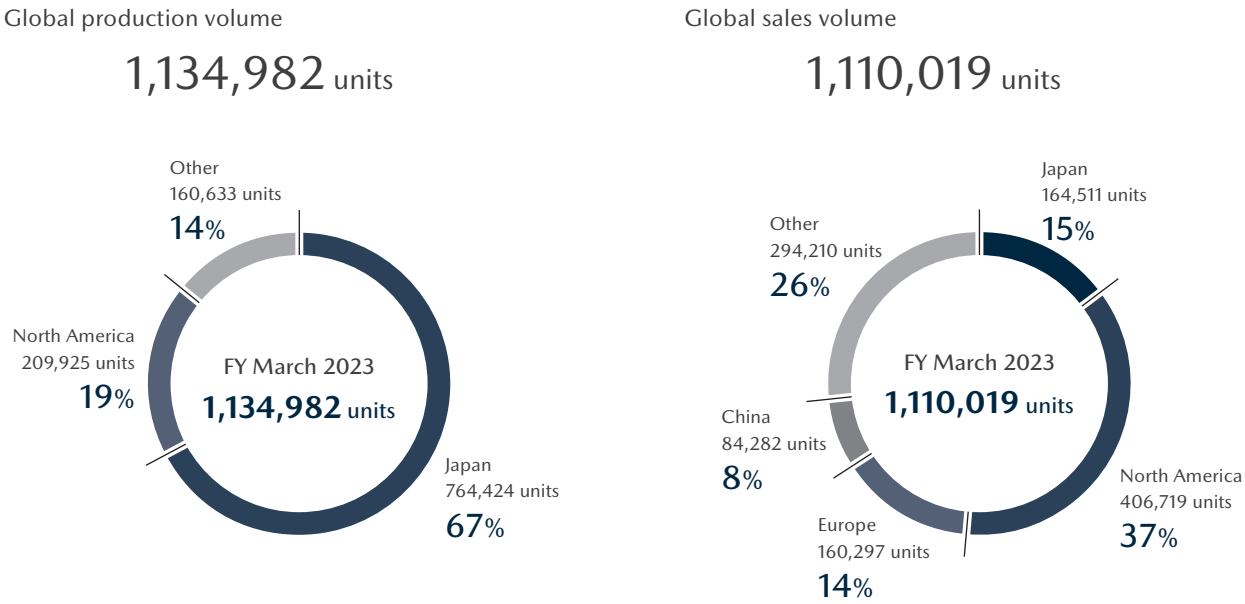
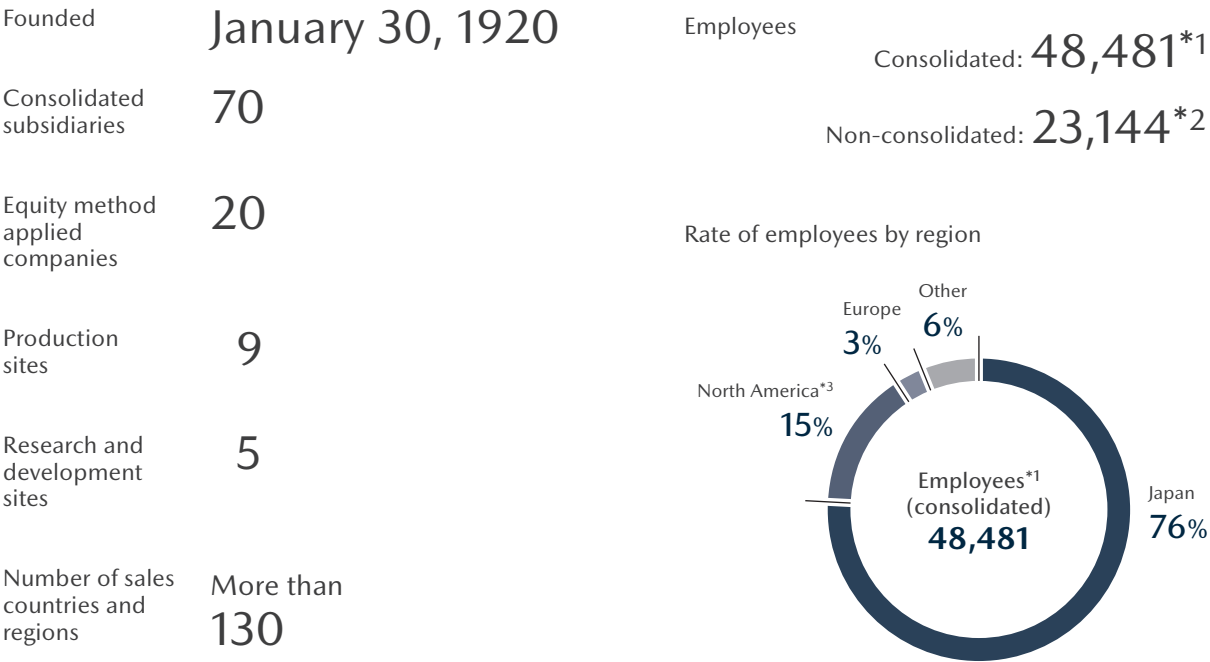
(million units)
—60

—40

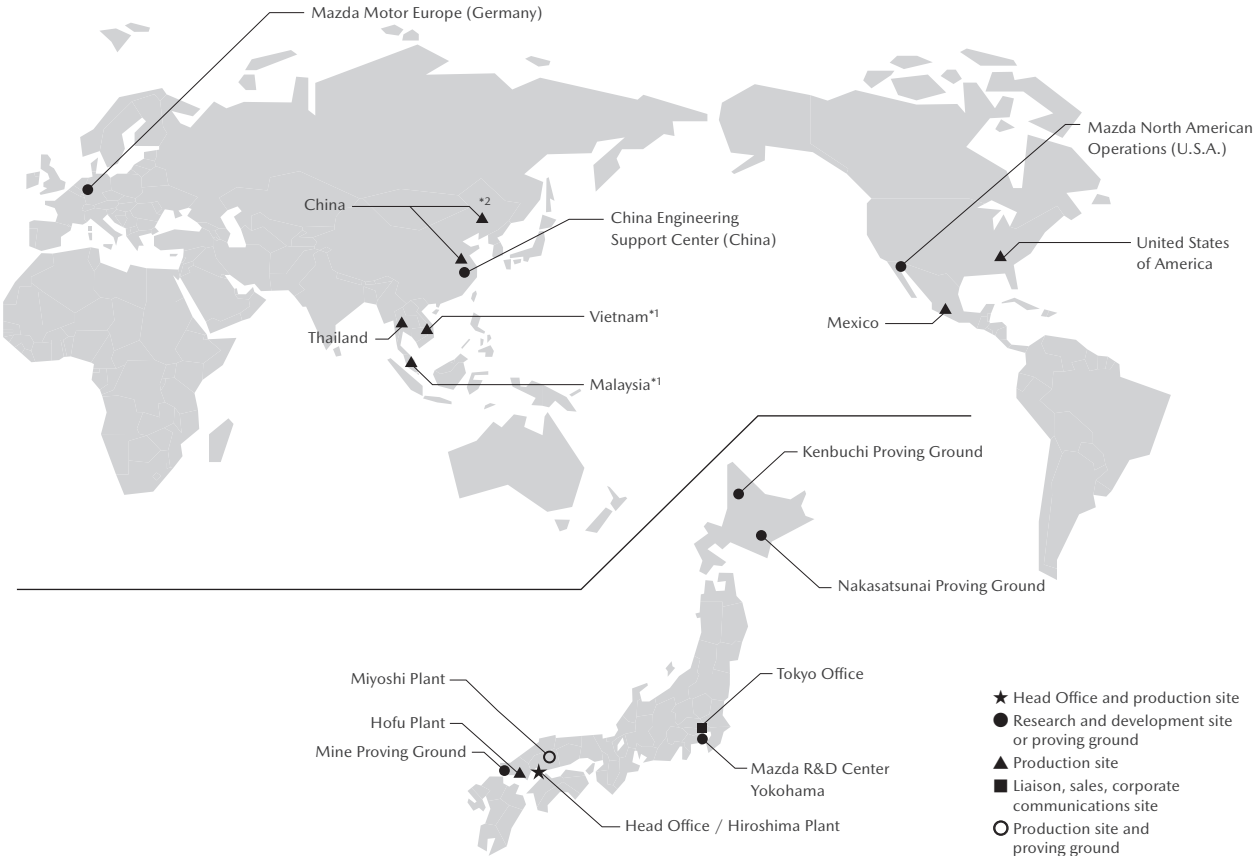
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AT A GLANCE

As of March 31, 2023



Global Network



*1 The "Consolidated" numbers exclude the number of Mazda Group employees dispatched to companies outside the Group, but include the number of employees dispatched to Mazda Group companies from outside the Group.
*2 The "Non-consolidated" numbers exclude the number of employees dispatched to Mazda Motor Corporation from other companies, but include the number of Mazda Motor Corporation employees dispatched to other companies.
*3 Including Mexico.

*1 Assembly only (Volume is not disclosed.)
*2 Production outsourcing at China FAW Group Corporation Limited ended in July 2023.