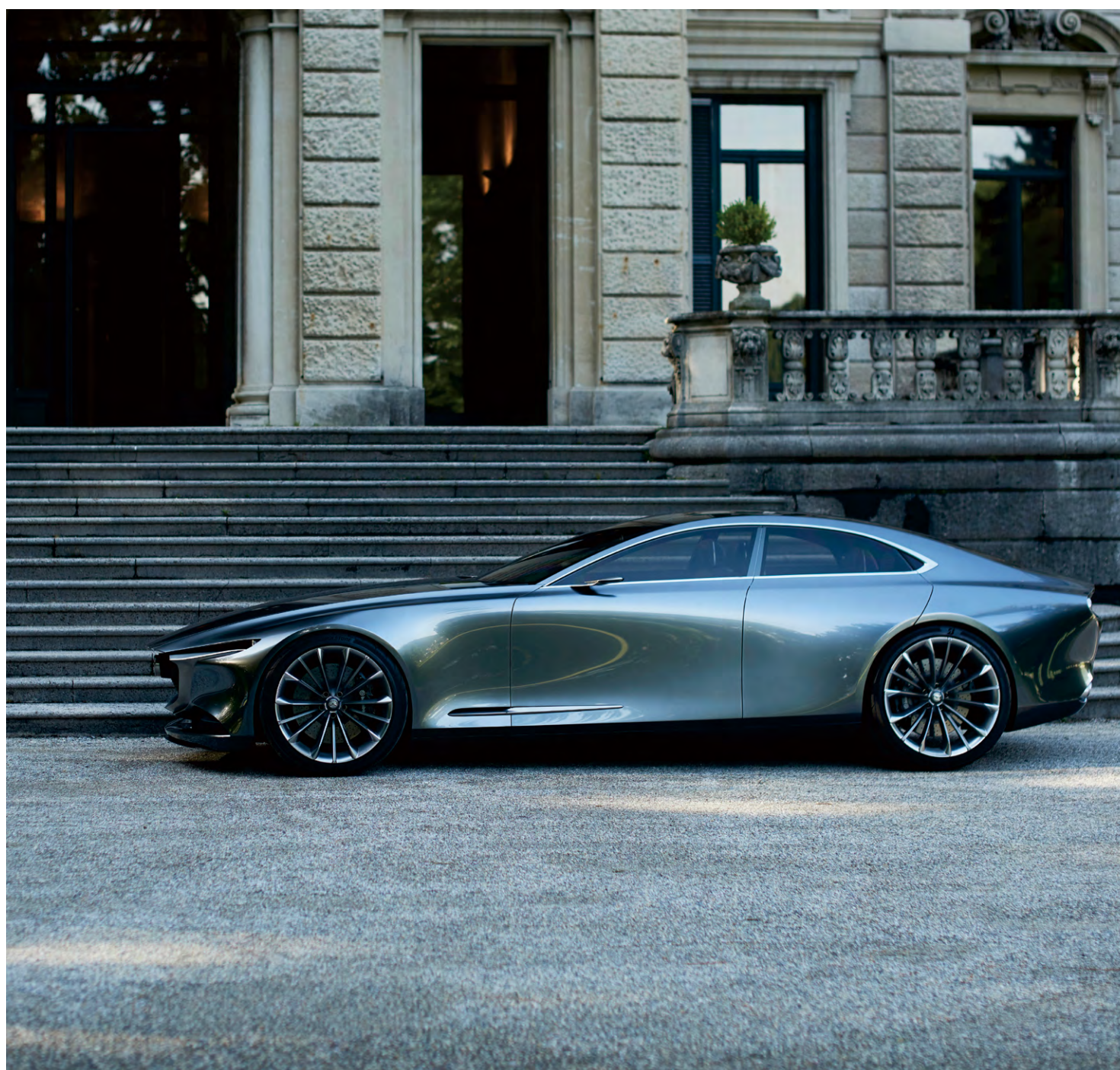




ANNUAL REPORT 2018

YEAR ENDED MARCH 31, 2018







CORPORATE PROFILE

Since its establishment in 1920, Mazda has continued to be an automobile manufacturer that embodies the spirit of “never stop challenging.”

In 2012, Mazda introduced its new-generation products, which extensively employ Skyactiv Technology and Kodo—Soul of Motion design, thereby making efforts toward structural reforms leveraging Skyactiv Technology. With our Structural Reform Stage 2 medium-term business plan, which commenced in the March 2017 fiscal year, we are working to realize sustainable growth by offering attractive products that achieve both driving pleasure and outstanding environmental and safety performance. At the same time, we are making efforts to achieve qualitative business growth and further improve brand value.

In August 2017, we announced “Sustainable Zoom-Zoom 2030,” a new long-term vision for technology development. Based on our Corporate Vision, this new long-term vision aims to resolve issues facing people, the earth, and society through the utilization of driving pleasure, which represents the fundamental appeal of the automobile.

Going forward, we hope to create a future in which people, the earth, and society can coexist with cars, to enrich people’s lives through a car ownership experience that celebrates driving, and to become a brand with which customers feel a strong emotional connection.

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HISTORY OF MAZDA

Since its establishment in January 1920, Mazda has continued to embody the spirit of “never stop challenging” and worked to provide products and services that delight customers. In 2020, the Company will reach the 100th anniversary of its establishment. The following section provides an overview of Mazda’s history.

* Launching date is based on the Japanese market.

Jan. 1920	Toyo Cork Kogyo Co., Ltd., is founded
Sep. 1927	Company becomes Toyo Kogyo Co., Ltd.
Sep. 1930	New plant is constructed in Hiroshima (Aki-gun, Fuchu-cho)
Jul. 1961	Enters into technical cooperation with NSU / Wankel on rotary engines
May 1965	Miyoshi Proving Ground is completed
Nov. 1966	Operations at new passenger car plant (Ujina) in Hiroshima are started
Nov. 1979	Ford Motor Company and Mazda enter into a capital tie-up
Dec. 1981	Operations at Hofu Transmission Plant (Nakanoseki District) are started
Sep. 1982	Operations at Hofu Plant (Nishinoura District) are started
May 1984	Company is renamed Mazda Motor Corporation
Jan. 1985	Mazda Motor Manufacturing (USA) Corporation (MMUC), later called AutoAlliance International (AAI), is established (Ended Mazda6 production in August 2012)
Nov. 1995	Mazda and Ford jointly establish AutoAlliance (Thailand) Company Limited (AAT), a joint venture production company
May 1996	Ratio of Ford's ownership of Mazda stock is increased from 25% to 33.4%
Oct. 1997	North American operations are streamlined (Mazda North American Operations commences operations)
Mar. 1998	European business is consolidated (Mazda Motor Europe commences operations)
Aug. 1998	Mazda Motor Logistics Europe N.V. is established
Nov. 2000	Medium-term plan “Millennium Plan” is announced
Jan. 2003	Production of Mazda6 commences at FAW Car Company in China
Nov. 2004	Medium-term plan “Mazda Momentum” is announced
Jan. 2005	Mazda Motor (China) is established
Sep. 2005	Joint venture engine production company in China (CFME) is established
Mar. 2007	Medium-term plan “Mazda Advancement Plan” is announced
Mar. 2007	Long-term vision for technology development “Sustainable Zoom-Zoom” is announced
Oct. 2007	Changan Ford Mazda Automobile (present Changan Mazda Automobile) Nanjing Plant commences production of the Mazda2
Nov. 2008	Ratio of Ford's ownership of Mazda stock is being gradually reduced from 33.4%

<p>Oct. 1931 Production of 3-wheel truck “Mazda-go DA model,” Mazda’s first automobile, begins</p> 	<p>May 1960 Introduction of “R360 Coupe,” Mazda’s first passenger car</p> 
<p>Oct. 1963 Introduction of the first “Familia”</p> 	<p>May 1967 Introduction of the “Cosmo Sports (110S),” Mazda’s first rotary engine vehicle</p> 
<p>Sep. 1971 Introduction of the first “Savanna”</p> 	<p>Mar. 1978 Introduction of the first “Savanna RX-7”</p> 

<p>Jun. 1980 “Familia (GLC/323)” is fully redesigned</p> 	<p>May 2002 Introduction of the first “Mazda6”</p> 
<p>Oct. 2010 Next-generation Skyactiv Technology announced</p> 	<p>Feb. 2012 Introduction of “CX-5”</p> 

Apr. 2010	“Framework for Medium- and Long-term Initiatives” is announced
Feb. 2012	“Structural Reform Plan” is announced
Sep. 2012	Mazda and Sollers establish Mazda Sollers, a joint venture production company in Russia
Nov. 2012	Agreement is reached with Toyota on Toyota vehicle production at Mazda’s new plant in Mexico
Jan. 2013	Business agreement is concluded for the production of sports cars for Fiat Chrysler Automobiles
Jan. 2014	Operations at the Mexico plant (MMVO) are started
Jan. 2015	Production at the Transmission Plant (MPMT) in Thailand is started
Apr. 2015	“Structural Reform Stage 2” medium-term business plan is announced
May 2015	Toyota and Mazda enter into an agreement geared toward the establishment of a business partnership
Mar. 2016	The fourth Mazda MX-5 wins both 2016 World Car of the Year and World Car Design of the Year
Aug. 2017	Long-term vision for technology development “Sustainable Zoom-Zoom 2030” is announced
Aug. 2017	Memorandum of understanding with Toyota concerning a business and capital alliance is concluded
Mar. 2018	MTMUS, a joint venture company with Toyota is established

MAJOR PRODUCT LINEUP

Starting in 2012, Mazda began to introduce new-generation models featuring the full range of Skyactiv Technology and Kodo—Soul of Motion design, which provide both driving pleasure and outstanding environmental and safety performance. Since our new-generation products were launched, they have been highly evaluated in markets around the world.

MAZDA CX-3



Global Sales Volume
160,000

Sales markets
J N E C O
Production bases
J O

MAZDA 2

(Japanese name: Demio)



Global Sales Volume
156,000

Sales markets
J N E O
Production bases
J N O

MAZDA CX-4



Global Sales Volume
72,000

Sales markets
C
Production bases
C

MAZDA 3

(Japanese name: Axela)



Global Sales Volume
442,000

Sales markets
J N E C O
Production bases
J N C O

MAZDA CX-5



Global Sales Volume
445,000

Sales markets
J N E C O
Production bases
J E C O

MAZDA 6

(Japanese name: Atenza)



Global Sales Volume
152,000

Sales markets
J N E C O
Production bases
J E C O

MAZDA CX-8



Global Sales Volume
13,000

Sales markets
J
Production bases
J

MAZDA MX-5

(Japanese name: Roadster)



Global Sales Volume
36,000

Sales markets
J N E O
Production bases
J

MAZDA CX-9



Global Sales Volume
53,000

Sales markets
N E O
Production bases
J

MAZDA BT-50



Global Sales Volume
36,000

Sales markets
O
Production bases
O

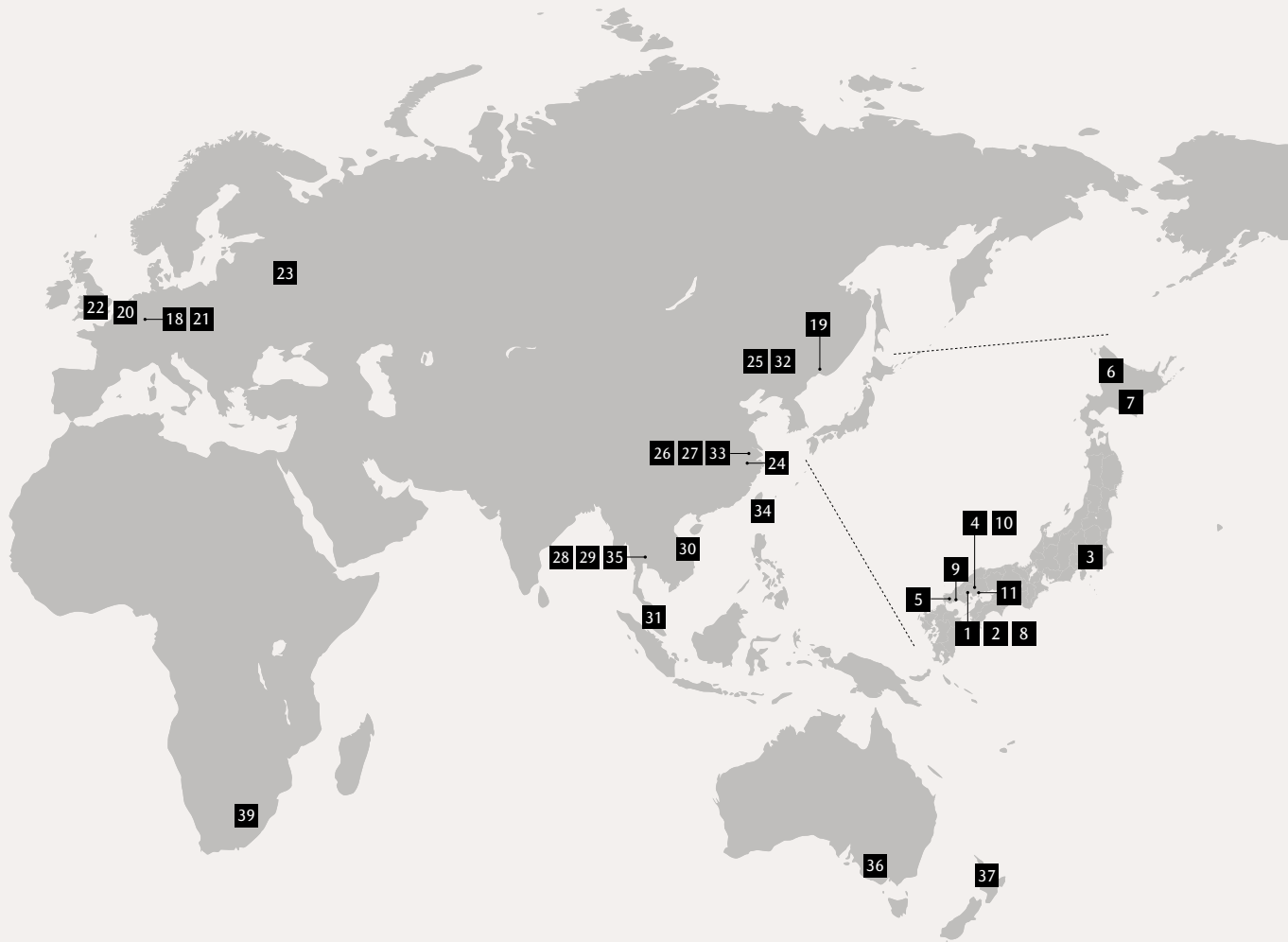
Sales markets and production bases: **J** Japan **N** North America **E** Europe **C** China **O** Other markets

Notes: 1. Global sales volume is for the March 2018 fiscal year; sales markets and production bases are as of March 31, 2018.

2. Vehicle specifications differ by market.

GLOBAL NETWORK

Mazda is based in Hiroshima Prefecture and has major production sites in Japan, Mexico, Thailand, and China. The Company conducts sales in more than 130 countries and regions around the world. Mazda has established a global network of headquarters, R&D bases, production facilities, dealerships, and other facilities.



Major Facilities (As of March 31, 2018)

Japan		(Number of dealerships: 969)
Headquarters	1 Headquarters	
R&D	2 Headquarters R&D Divisions	
	3 Mazda R&D Center (Yokohama)	
	4 Miyoshi Proving Ground	
	5 Mine Proving Ground	
	6 Hokkaido Kenbuchi Proving Ground	
Production facilities	7 Hokkaido Nakasatsunai Proving Ground	
	8 Hiroshima Plant	
	9 Hofu Plant	
	10 Miyoshi Plant	
	11 Press Kogyo Onomichi Plant*1	

North America		(Number of dealerships: 803)
Regional headquarters / R&D	12 Mazda North American Operations	
Production facilities	13 Mazda Toyota Manufacturing, U.S.A., Inc.*2	
	14 Mazda de Mexico Vehicle Operation	
Distributors	15 Mazda Motor of America	
	16 Mazda Canada	
	17 Mazda de Mexico Sales & Commercial Operation	

Europe		(Number of dealerships: 1,729)
Regional headquarters / R&D	18 Mazda Motor Europe / European R&D Centre	
Production facilities	19 Mazda Sollers Manufacturing Rus	
Logistics / Sales	20 Mazda Motor Logistics Europe	
	21 Mazda Motors (Deutschland)	
Distributors	22 Mazda Motors UK	
	23 Mazda Motor Russia	
	19 others in major markets	



1 Headquarters

Location: Aki-gun, Hiroshima, Japan



8 Hiroshima Plant

Location: Aki-gun, Hiroshima, Japan
 Production capacity: 569,000 units per year
 Models in production: CX-3, CX-5, CX-8, CX-9, MX-5, Bongo, Sports car for Fiat Chrysler Automobiles



3 Mazda R&D Center (Yokohama)

Location: Yokohama, Kanagawa, Japan



9 Hofu Plant

Location: Hofu, Yamaguchi, Japan
 Production capacity: 416,000 units per year
 Models in production: CX-3, CX-5, Mazda2, Mazda3, Mazda6



12 Mazda North American Operations

Location: California, USA



14 Mazda de Mexico Vehicle Operation

Location: Guanajuato, Mexico
 Production capacity: 250,000 units per year
 Models in production: Mazda2, Mazda3, Compact vehicles for Toyota



18 Mazda Motor Europe

Location: Leverkusen, Germany



26 Changan Mazda Automobile

Location: Nanjing, China
 Production capacity: 220,000 units per year
 Models in production: CX-5, Mazda3



28 AutoAlliance (Thailand)

Location: Rayong, Thailand
 Production capacity: 135,000 units per year
 Models in production: CX-3, Mazda2, Mazda3, BT-50



Asia

(Number of dealerships: 817)

Regional headquarters / R&D

24 Mazda Motor (China) (MCO) / MCO China Engineering Support Center

Production facilities

- 25** FAW Car*¹
- 26** Changan Mazda Automobile (Nanjing Company)
- 27** Changan Ford Mazda Engine
- 28** AutoAlliance (Thailand)
- 29** Mazda Powertrain Manufacturing (Thailand)
- 30** Thaco Premium Automobile Assembly and Manufacturing Limited Liability Company*¹
- 31** Mazda Malaysia

Distributors

- 32** FAW Mazda Motor Sales
- 33** Changan Mazda Automobile Sales
- 34** Mazda Motor Taiwan
- 35** Mazda Sales (Thailand)

Oceania, Central and South America, Middle East, Africa

(Number of dealerships: 778)

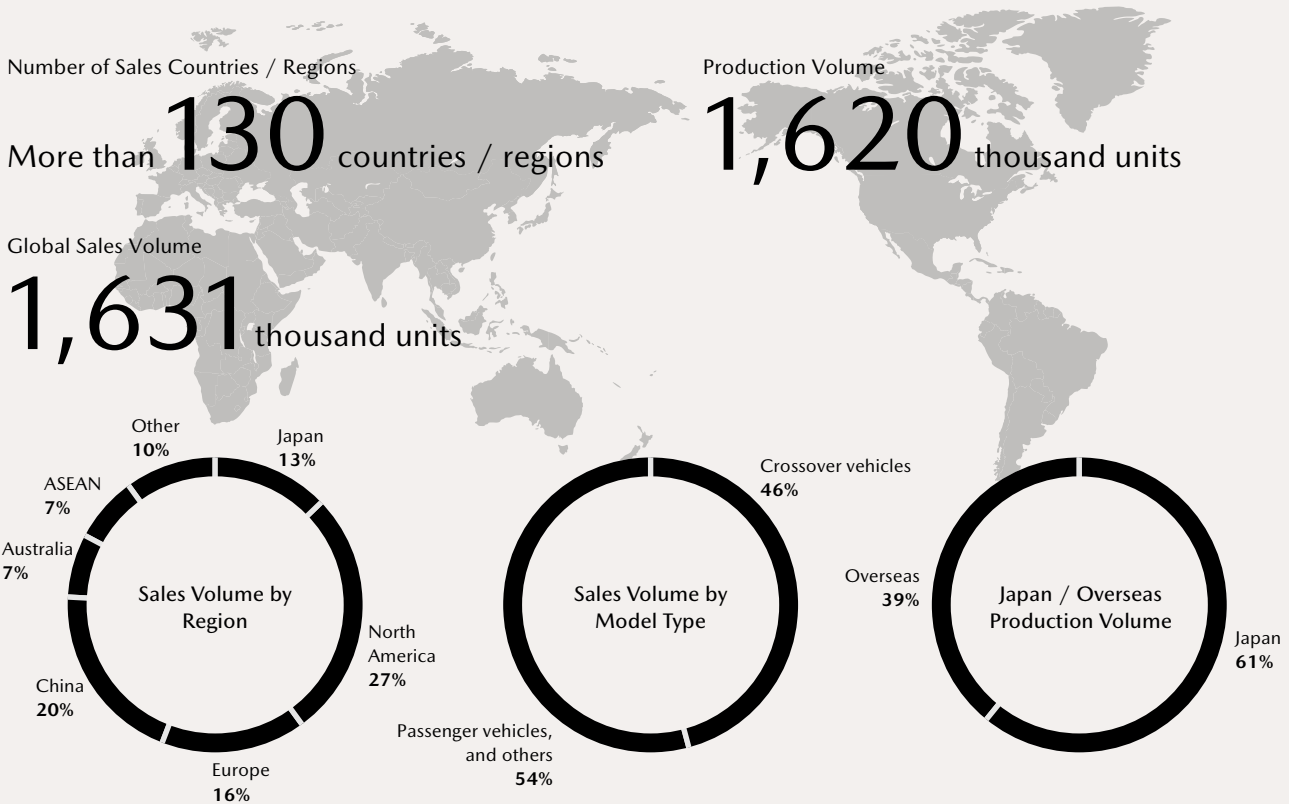
Distributors

- 36** Mazda Australia
- 37** Mazda Motors of New Zealand
- 38** Mazda De Colombia
- 39** Mazda Southern Africa

*1 Consignment production facilities
 *2 Start of operations planned for 2021

AT A GLANCE (March 2018 Fiscal Year)

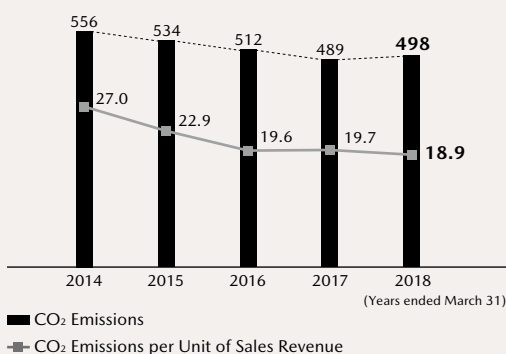
In the March 2018 fiscal year, Mazda worked to achieve qualitative business growth and to further enhance brand value in accordance with the Structural Reform Stage 2 medium-term business plan.



CO₂ Emissions per Unit of Sales Revenue from Production (Four principal domestic sites*1)

18.9 t-CO₂/¥100 million

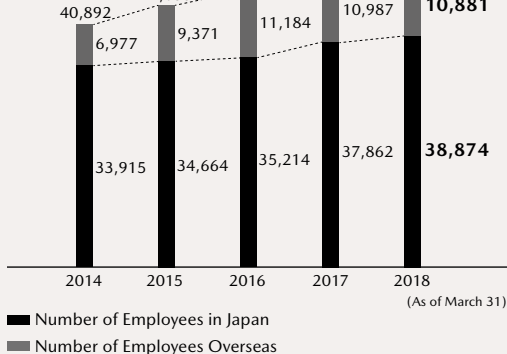
CO₂ Emissions from Mazda's Four Principal Domestic Sites*2 / CO₂ Emissions per Unit of Sales Revenue (Thousands of tons-CO₂/year / t-CO₂/¥100 million)



Number of Employees

49,755 people

Number of Employees in Japan / Number of Employees Overseas (People)



*1 Head Office (Hiroshima); Miyoshi Plant; Hofu Plant, Nishinoura District; and Hofu Plant, Nakanoseki District (including R&D and other indirect areas)

*2 CO₂ emissions at Mazda's four principal domestic sites are calculated using the CO₂ coefficient based on standards from the Japan Automobile Manufacturers Association Inc. (JAMA) "Commitment to a Low Carbon Society." Following the revisions to the coefficient implemented on August 10, 2017, the data for each year has been recalculated.

Furthermore, the power coefficient for the March 2018 fiscal year is undetermined as of May 25, 2018; the March 2017 fiscal year power coefficient is used for the March 2018 fiscal year. Figures for the CO₂ emissions at Mazda's four principal domestic sites in the March 2018 fiscal year have been verified by a third party.

Net Sales

¥**3,474.0** billion

Operating Income

¥**146.4** billion

Operating Income Ratio

4.2%

Net Income Attributable to Owners of the Parent

¥**112.1** billion

Return on Equity

10.0%

Equity

¥**1,192.9** billion

Equity Ratio

43.7%

Interest-Bearing Debt

¥**497.9** billion

Full-Year Dividend

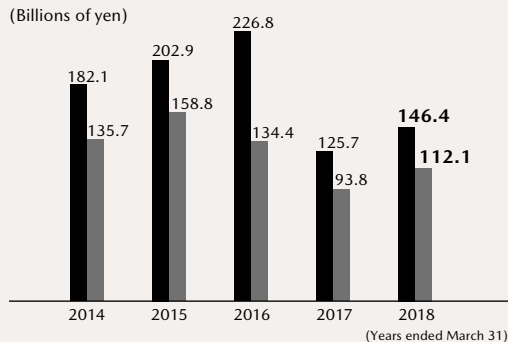
¥**35** per share

Dividend Payout Ratio

19.1%

Operating Income / Net Income Attributable to Owners of the Parent

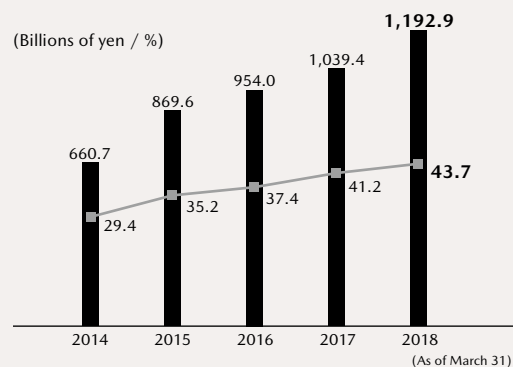
(Billions of yen)



■ Operating Income
■ Net Income Attributable to Owners of the Parent

Equity / Equity Ratio

(Billions of yen / %)



■ Equity
■ Equity Ratio

MESSAGE FROM THE PRESIDENT AND CEO



My name is Akira Marumoto, and I was recently appointed Representative Director, President and CEO of Mazda Motor Corporation.

I would like to thank all of the Mazda Group's stakeholders, including our shareholders, investors, customers, suppliers, and local communities, for their ongoing understanding and support.

First, on behalf of everyone at Mazda, I would like to express our heartfelt sympathy to everyone affected by the record rains in western Japan in July 2018, and to offer our deepest condolences to all those who lost loved ones in the disaster. As a local company, Mazda will strive to contribute to a rapid recovery and reconstruction process, and will take steps to assist the disaster-affected regions, such as providing materials and participating in support activities.

In 2020, Mazda will celebrate its 100th anniversary. Moving forward, we will continue aiming to enrich people's lives through various touchpoints, including the manufacture of highly appealing cars, and become a brand with which customers feel a strong emotional bond. Under a new management system, we will reinforce our strengths and distinctiveness as we continue to embody the spirit of "never stop challenging" and take steps to foster sustained growth.

August 2018

A handwritten signature in black ink that reads "A. Marumoto". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'M'.

Akira Marumoto
Representative Director, President and CEO

Overview of the March 2018 Fiscal Year

In the March 2018 fiscal year, under the Structural Reform Stage 2 medium-term business plan, Mazda worked to offer appealing products that provide both driving pleasure and outstanding environmental and safety performance, to achieve qualitative growth in all areas of its business, and to further enhance its brand value.

Looking at product initiatives, in the Japanese market we launched the Mazda CX-8, a new three-row crossover SUV. Since its launch in December 2017, the model has continually exceeded sales volume targets. We also expanded and improved our lineup of advanced safety technologies in an effort to provide safety and peace of mind to a wider range of customers. In production, we worked to create a flexible production system in order to respond rapidly to the growing demand for crossovers around the world. In August 2017, for example, we expanded the crossover vehicle production capacity at our Hiroshima Plant, and in October we commenced production of the all-new Mazda CX-5 crossover at the Hofu Plant.

Also in August 2017, Mazda announced “Sustainable Zoom-Zoom 2030,” its long-term vision for technology development that looks ahead to the year 2030. In light of the significant changes in the automobile industry, the new vision takes a longer-term perspective and sets out how Mazda will make use of driving pleasure—the fundamental appeal of the automobile—to help resolve issues facing people, the earth, and society. We announced plans for the introduction in 2019 of our next-generation engine, Skyactiv-X, the world’s first commercial gasoline engine to use compression ignition, as the first step toward the realization of this vision.

Furthermore, in August 2017 Mazda and Toyota Motor Corporation (hereinafter called Toyota) signed an agreement to enter a business and capital alliance, with the aim of further strengthening our lasting partnership. Specifically, the two companies agreed to establish a joint venture final assembly plant to produce vehicles in the United States, to jointly develop technologies for electric vehicles (EVs), to collaborate in the area of next-generation technologies, including connected technologies and advanced safety technologies, and to further complement each other’s product lineup. In October 2017, in accordance with the agreement, Mazda and Toyota each acquired shares of the other company in order to develop and strengthen their long-term partnership and to pursue ongoing collaboration in a manner that respects the autonomy and equality of each company.

Moving forward, the two companies will further accelerate and enhance mutual cooperation as long-term partners with the aim of creating new types of value for future mobility and will strive to contribute to the development of a sustainable society by meeting customers’ expectations.

Outlook for the March 2019 Fiscal Year

In the March 2019 fiscal year, the Company will take steps to bolster sales and improve profits. To that end, we will strengthen our competitiveness through the introduction of updated models, and plan to launch the first next-generation product at the end of the fiscal year. Furthermore, we will introduce the CX-8, which is enjoying strong sales in Japan, to overseas markets, including Australia and China. In terms of production, we will further enhance the flexibility of our crossover production system by starting two-shift operations at Hofu Plant No. 2.

As for business targets for the March 2019 fiscal year, which is the final year of Structural Reform Stage 2, we expect to exceed the global sales volume target of 1.65 million units. Although the equity ratio will be slightly below target, we do expect it to show steady improvement. On the other hand, the operating income ratio is expected to be 3.0 percent, below our target of 5 percent or more. This is mainly due to missed volume and profit targets in the United States, as well as costs to comply with environmental regulations and expenses associated with the sales network reform in the United States.

Targets for the March 2019 Fiscal Year

	Announced in April 2017	Announced in April 2018
Global sales volume	1.65 million units	1.662 million units
Operating income ratio	5% or more	3.0%
Equity ratio	45% or more	44%
Dividend payout ratio	20% or more	28%

Review of the Structural Reform Plan and the Structural Reform Stage 2 Medium-Term Business Plans

Mazda started the Structural Reform Plan in the March 2013 fiscal year and the Structural Reform Stage 2 in the March 2017 fiscal year. Under these plans, we have worked to implement major initiatives in the areas of products, sales, production, and finance. We achieved stable growth in global sales volume of 50,000 units a year, from 1.25 million units in the March 2012 fiscal year to a forecast 1.66 million units in the March 2019 fiscal year.

This growth in sales volume was driven by the introduction of new-generation models featuring the full range of Skyactiv Technology and Kodo—Soul of Motion design. We began to launch these new-generation models in 2012. Furthermore, by continually updating models with our latest technologies and new equipment, including advanced safety features, we created an appealing lineup.

In sales, we promoted “right price” sales by emphasizing our brand value, and took steps to enhance trade cycle management by improving residual values. In these ways, we strengthened our sales capabilities globally. Moreover, we promoted sales network reforms in the United States and other countries to improve customer care and launch new-generation dealerships.

In the area of Monotsukuri, Mazda advanced highly efficient development and production through bundled product planning and common architecture as well as computer modeling-based development. In manufacturing, we strengthened overseas production in Mexico, Thailand, and other countries, and established a flexible production system that makes it possible for plants to complement each other when changes in demand occur. In March 2018, in cooperation with Toyota we established a joint venture company for the production of vehicles in the United States, and preparations are under way for the start of production in 2021.

Looking at alliances, in addition to our previous tie-up strategy calling for optimal complementarity in products, technologies, and regions, we have begun the process of building a medium- to long-term business partnership with Toyota based on cooperation and competition in line with our business and capital alliance agreement.

In finance, we strengthened our financial foundation, achieving a net cash position and improving our equity ratio. In regard to shareholder returns, we are working to pay stable and steadily increasing dividends, making a dividend payout ratio of 20 percent or more our standard.

The Company did achieve quantitative growth during the periods covered by the Structural Reform Plan and the Structural Reform Stage 2. However, I believe that

our results in the area of qualitative growth, which we positioned as Mazda's most important challenge, were not satisfactory. Due to intensifying sales competition globally, profit per unit declined, and unit sales and profit did not meet targets, principally in the U.S. market. This resulted in a decline in profitability in the final year of Structural Reform Stage 2.

Direction of Future Frameworks

We are currently formulating the next medium-term business plan, taking into account progress made during Structural Reform Stage 2. In advance of its release, we have announced the “Direction of Future Frameworks” as the basic direction of our future initiatives for sustainable growth.

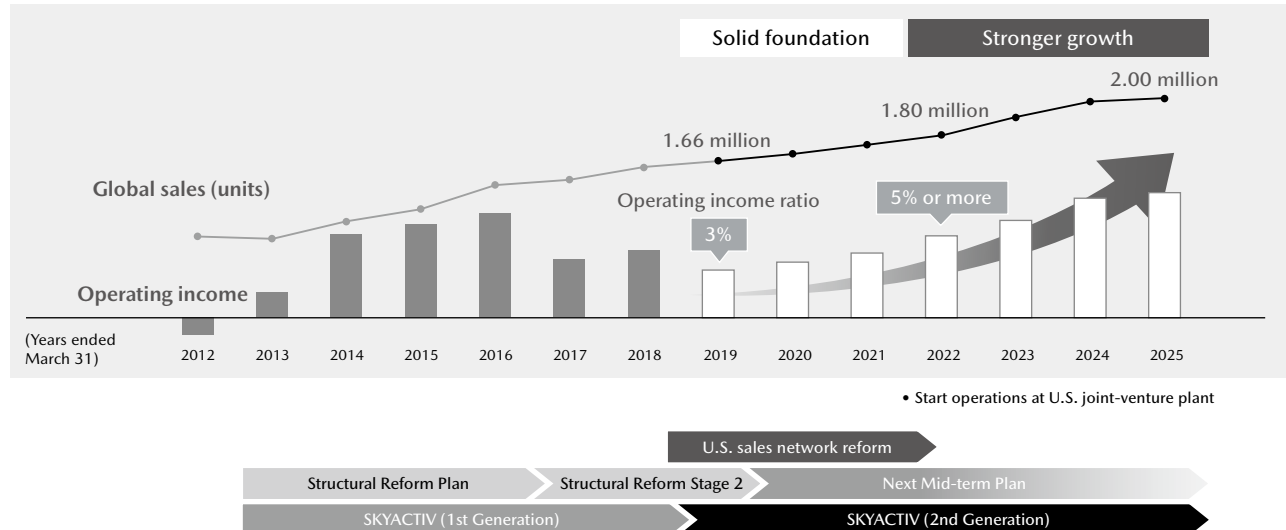
Mazda regards the next three years as a time to secure a solid foundation for strong growth from the March 2022 fiscal year. On that basis, we will work to enhance product competitiveness through the development and introduction of next-generation technologies and products, and will accelerate the reform of our sales network, particularly in the United States, while maintaining stable growth of 50,000 units per year. In addition, we will progress our alliances with Toyota and other companies and leverage the start of operations at the new plant in the United States as we work to establish a global production and sales framework with a capacity of 2 million units annually by the March 2025 fiscal year.

In product and technology development, we will strive to create a competitive new product lineup. We will enhance product competitiveness through advances in the internal combustion engine and by accelerating the development of next-generation technologies and products, such as electrification technologies, autonomous driving, and connectivity, and next-generation design.

At the same time, Mazda will strengthen its sales foundation on a global basis. In our most important market, the United States, we aim to create a sales network capable of selling 400,000 units per year by 2021. To that end, we will roll out marketing strategies that address market characteristics and increase the number of new-generation branded dealers in an effort to improve customer retention rates and increase sales volume per dealer. Over the next four years, in order to reinforce the sales network we will invest approximately ¥40 billion in the realignment of the sales network.

Targeting the establishment of a 2-million-unit production system, the Company will work to generate profit and cash flow to invest in growth. Over the next four years, investments to secure future growth are

Image of Future Growth



* Forecast for the March 2019 fiscal year onward. As these forecasts involve risks and uncertainties, there is a possibility that our actual business performance will differ significantly from the forecasts.

expected to boost overall investment by ¥250 billion compared to usual levels. The increase will include investment in the new U.S. plant and in next-generation products. A high level of investment will continue, but we will strive to generate operating cash flows by maximizing production efficiency and stepping up cost improvement activities to invest in growth.

Moving forward, these investments will enable Mazda to increase sales in major markets and improve profitability as we aim to achieve both sustainable growth and shareholder returns.

Shareholder Returns

Mazda positions shareholder returns as one of its most important management issues. Our basic policy is to determine the dividend amount in consideration of our financial results for the fiscal year, the business environment, our financial position, and other factors. Under this policy, we strive to pay a stable and steadily increasing dividend.

For the March 2018 fiscal year, we paid a full-year dividend of ¥35 per share, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend. For the March 2019 fiscal year, we also plan to pay a full-year dividend of ¥35 per share, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend.

Targeting Sustainable Growth

By introducing products with outstanding environmental and safety performance, we aim to contribute to social issues, such as environmental conservation and the realization of a safe and secure society, while enhancing our corporate value over the medium to long term.

Under our new management system, we will reinforce our strengths and distinctiveness as we continue to embody the spirit of “never stop challenging” and take steps to foster sustained growth.

We will also work to disclose information to our shareholders and other investors in a timely and appropriate manner and engage in constructive dialogue with them. At the same time, we will continue to place the utmost priority on further enhancing our corporate governance structure with the aim of realizing sustainable growth. Going forward, we will draw on the comprehensive strengths of the Mazda Group in an effort to be a company that earns the sincere trust of all our shareholders, investors, and other stakeholders.

I would like to ask our shareholders and other investors for their continued support as we pursue these endeavors.

INTERVIEW WITH THE EXECUTIVE VICE PRESIDENT



Kiyoshi Fujiwara
Representative Director and
Executive Vice President

The operating environment in the automobile industry is undergoing significant change, and in this setting as “One Mazda” we will steadily implement initiatives to achieve strong growth from the March 2022 fiscal year.

Q1 Would you provide an overview of future initiatives in product and technology development?

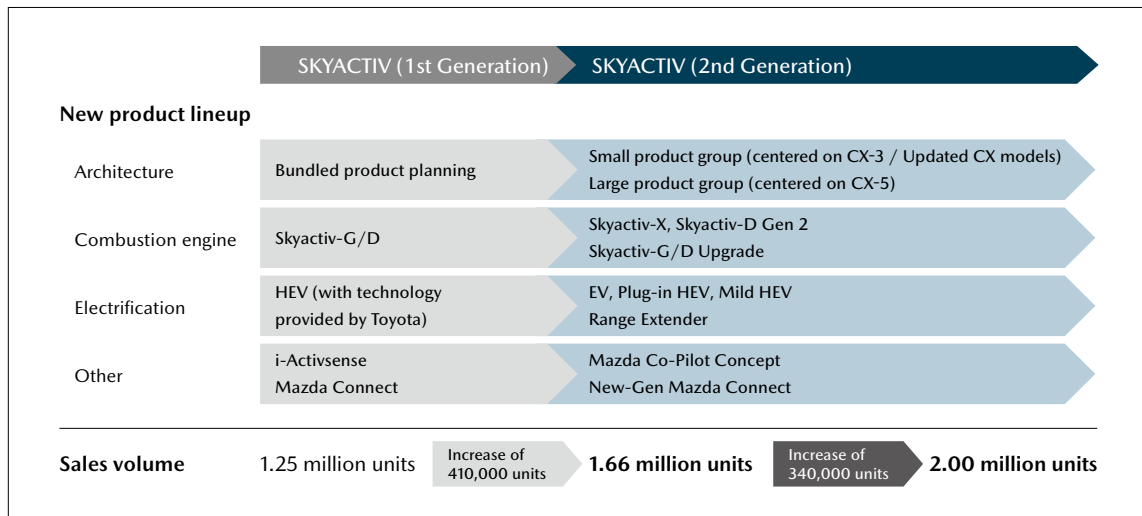
With the second generation of Skyactiv, Mazda will advance toward a competitive new product lineup. We will optimize our product strategy in terms of customer needs, segment characteristics, profit, and costs.

Mazda developed Skyactiv Technology, thoroughly improving the fundamental vehicle technologies that decide a car’s basic performance, and began introducing new-generation models that feature the full range of these technologies, starting with the CX-5 in 2012. Skyactiv Technology and new-generation products delivered outstanding driving and fuel economy performance. In addition, through initiatives in Monotsukuri Innovation, such as common architecture and bundled product planning, under which optimized structures for each function are shared across models in different vehicle

classes and deployed to all car lines, Skyactiv Technology and new-generation products have also supported increased efficiency in development and production and cost improvements, and driven growth in unit sales and structural reforms.

Targeting the realization of “Sustainable Zoom-Zoom 2030,” the long-term vision for technology development that we announced in August 2017, Mazda is moving forward with the development of next-generation technologies, including the second generation of Skyactiv Technology. At the 45th Tokyo Motor Show in 2017, we unveiled the Mazda Kai Concept, which features the Skyactiv-X next-generation gasoline engine; Skyactiv-Vehicle Architecture, which takes the Company’s human-centered car-making philosophy to a new level; and a matured Kodo—Soul of Motion design. We also unveiled the next-generation design vision model, the Mazda Vision Coupe. We plan to introduce next-generation technologies, including Skyactiv-X, from 2019.

In regard to the Direction of Future Frameworks, we will aim to establish a highly competitive new lineup with the



second generation of Skyactiv technologies. Specifically, to achieve further progress from the first generation, we will move on from the single architecture that we developed under the bundled product planning concept with a 1.25-million-unit system. We will divide our architecture into two product lineup categories—small products and large products. With a view toward a 2-million-unit system, under these two categories we will optimize our product strategy from such perspectives as customer needs, segment characteristics, profit, and costs.

Furthermore, looking at our production capacity, which supports sales, we will strive to make better use of existing capacity, and will add the new U.S. plant, which is scheduled to start operations in 2021. In these ways, we will build a system that can produce 2 million units and will enhance our ability to provide customers with the vehicles that they truly want.

Q2 What are the objectives of the new product strategy?

By dividing the product lineup into two architectures, Mazda will expand global production of crossover models, improve net revenue by strengthening high-value-added products, and strengthen its business in the U.S. market.

In small products, we will aim for annual sales of around 1.2 million units, centered on the Mazda CX-3 and a new crossover model. We will respond to the demand for crossovers by leveraging the high cost competitiveness our efficient car making enables, and by continuing to

enhance our flexible global production system, particularly with overseas production of the CX-3. Moreover, we plan to build a model belonging to the small products category at the new U.S. plant. In conjunction with the Mexico plant, we will improve business efficiency to enhance our cost competitiveness in the United States, while bolstering our ability to provide customers with the vehicles that they truly want.

In large products, we will aim for annual sales of around 800,000 units, centered on the CX-5 but also including the CX-8 and CX-9. We will work to build product competitiveness and enhance brand value, and will offer a wider range of powertrains, including electrification. In these ways, we will strive to improve net revenue (sales minus sales incentives) with a lineup of high-value-added products that meet the high expectations of customers. In other words, we will offer a lineup of products that people truly want.

Through this new product strategy, we will aim to expand global production of crossover models, improve net revenue by strengthening high-value-added products, and strengthen our business in the U.S. market. We will announce details of these initiatives at an appropriate time.

Q3 Please discuss the sales network reforms in the United States.

Mazda is aiming to build a U.S. sales network that can sell 400,000 units per year in 2021. To that end, we will promote qualitative growth through higher brand engagement and medium- to long-term quantitative growth, and will reinforce investment in realignment of the sales network.

Looking back at our initiatives to date, over the two-year period from 2016 we worked to reestablish our sales network based on Mazda brand value management. The objective of these initiatives was to increase the quality of dealerships, so that our locations and staff create exciting venues that draw customers who look forward to engaging with products that they truly want. Specifically, we implemented a conversion to strong dealers who endorse Mazda's brand value management, and began to establish next-generation branded dealers. In addition, we created a roadmap for the reestablishment of the optimal sales network in 35 priority markets.

Results to date include steady improvements in repurchase rates, sales of certified pre-owned vehicles, service retention, and dealer profitability. Business quality is improving. We will continue working to improve the customer experience through enhanced training for dealer staff and trade cycle management initiatives. In these ways, we will improve residual values, keep incentives in check, and achieve "right price" sales. Over the period to 2021, we will execute network enhancement and focus on growth in priority markets. Specifically, we will expand to 300 next-generation branded dealers, mainly in 35 priority markets. We will also strive to achieve an average of 1,000 unit sales per year among next-generation branded dealers and a repurchase rate of 55 percent in 35 priority markets.

At the same time, we will overhaul our marketing strategy and roll out a strategy that addresses the characteristics of each market.



Next-generation branded dealers in the United States

We will implement these initiatives and accelerate the construction of a U.S. sales network that can sell 400,000 units per year by 2021, when the U.S. plant will start operations. In these ways, we will advance quantitative growth over the medium to long term.

Q4 What is Mazda's approach to alliances?

In addition to optimal complementarity, we will continue to deepen our strategic collaboration with Toyota and suppliers.

Mazda is promoting alliance strategies that foster optimal complementarity in the areas of product, technology, and regions, based on equal partnerships.

In particular, in the development of next-generation technologies, in addition to strengthening our competitiveness through next-generation Skyactiv engines and other advances in the internal combustion engine, we also need to address a wide range of fields, such as electrification, autonomous driving, and connectivity.

Our basic approach is to work together with each alliance partner leveraging our strengths to implement co-creation based on equal effort by equal partners, while advancing our technologies and development and production processes such as bundled product planning and computer modeling-based development, which are our strengths. In a number of fields, we will aim to further deepen strategic alliances with Toyota and suppliers and realize win-win alliances. Of course, we will also advance collaboration with other partners.

Q5 Would you describe the Company's progress in its alliance with Toyota?

In accordance with the agreement signed in August 2017, we are moving ahead with initiatives to foster collaboration in joint projects.

In regard to the establishment of a joint venture to produce vehicles in the United States, we will build a new plant with an annual production capacity of 300,000 units, and are advancing preparations for the start of operations in 2021. In January 2018, we decided to build the new plant in Huntsville, Alabama, and in March 2018 we established Mazda Toyota Manufacturing, U.S.A., Inc., a joint venture company. With equal funding contributions, Mazda and Toyota are investing \$1.6 billion toward the

new plant, which is expected to create approximately 4,000 jobs. Mazda and Toyota will each have a production line, and plans call for the production of 150,000 units of a Mazda crossover model to be newly introduced to the North American market and 150,000 units of the Toyota Corolla. Currently, the two companies are leveraging their expertise, primarily through project members, as they consider planning and supply chain for the construction of a competitive plant. Full-scale construction of the new plant is expected to commence in 2019.

Looking at the joint development of technologies for EVs, there is rising demand and anticipation for EVs around the world. There is a need to respond flexibly and efficiently to the trends of the developing EV market, which are difficult to predict as this is a transitional period in which related technologies are making significant progress, and the market is in its early stages. To that end, Mazda and Toyota have agreed to mobilize their capacities and exchange expertise freely and actively while jointly developing basic structural technologies for EVs that are competitive and can flexibly and promptly respond to regulations and market trends in various countries. In September 2017, Mazda, Denso, and Toyota signed a joint technology development contract for EVs and established a new company, EV C.A. Spirit Co., Ltd. Subsequently, other automakers who agree with the underlying premise of the project also decided to participate. The agreement covers a diverse range of models, from micro-minis to passenger vehicles, SUVs, and light trucks. By combining

the strengths of each company, including Mazda's bundled product planning and prowess in computer modeling-based development, Denso's electronics technologies, and Toyota's electrified vehicle technologies, which have been cultivated through its hybrid vehicles over more than 20 years, the partners will innovatively and efficiently advance the development of basic structural technologies for EVs capable of covering a wide variety of vehicle segments and types.

In addition, in accordance with the agreement, we are moving forward with initiatives involving collaboration in areas of next-generation technologies, including connected technologies and advanced safety technologies, and working to further complement each other's product lineups.

The operating environment in the automobile industry is undergoing significant change. In this setting, as "One Mazda" we will steadily implement initiatives to achieve strong growth from the March 2022 fiscal year.

August 2018



Kiyoshi Fujiwara
Representative Director and
Executive Vice President

Details of the Business and Capital Alliance

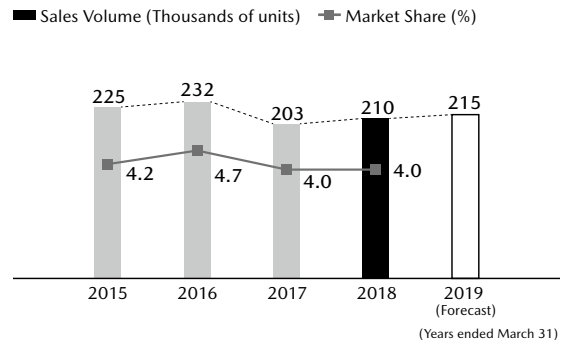
1. Establish a joint venture that produces vehicles in the United States	<ul style="list-style-type: none"> ▶ Establishment of joint-venture company Mazda Toyota Manufacturing, U.S.A., Inc. <ul style="list-style-type: none"> • Location: Huntsville, Alabama • Ratio of capital contribution: Mazda: 50%, Toyota: 50% • Date of establishment: March 1, 2018 • Production capacity: 300,000 units per year (150,000 units each for Mazda and Toyota) • Production model: <ul style="list-style-type: none"> Mazda: Crossover model that will be newly introduced in the North American market Toyota: Corolla • Start of production: 2021 • Employment: Approximately 4,000 employees
2. Jointly develop technologies for EVs	<ul style="list-style-type: none"> ▶ Joint development of technologies related to the basic structure of highly competitive EVs with the aim of responding swiftly and efficiently to trends in the EV market, which are difficult to predict
3. Collaborate in areas of next-generation technologies, including connected technologies and advanced safety technologies	<ul style="list-style-type: none"> ▶ Jointly develop in-vehicle multimedia system technologies in order to be prepared for increased use of in-car information and heightened demand for connected technologies that link the inside of a car with the outside world ▶ With the aim of realizing an accident-free and safe automotive society, collaborate in the development of Toyota's technology for communication between vehicles and between the road and vehicles
4. Further supplement each other's product lineup	<ul style="list-style-type: none"> ▶ Continue supply of compact sedans to Toyota in North America ▶ Receive supply of compact commercial "two-box" vans from Toyota in Japan ▶ Further explore the possibilities of other complementary products on a global scale

REVIEW BY MARKET JAPAN



Mazda Demio

Sales Volume



Overview of March 2018 Fiscal Year Results

- Total demand in the Japanese market rose 2% year on year, to 5.20 million units. While demand for registered vehicles declined 1%, demand for light vehicles recovered from the negative impact of tax hikes, rising 8%.
- Mazda's sales volume increased 4% from the previous fiscal year, to 210,000 units. This increase was due to the contributions of the all-new Mazda CX-5, which was fully redesigned in March 2017, as well as the new Mazda CX-8, which commenced sales in December 2017.
- Mazda promoted the standardization of i-Activsense advanced safety technology, which helps drivers recognize potential hazards, exercise good judgment and operate their vehicle in an appropriate fashion. As a result of this promotion, all of the major seven models Mazda sells in Japan (Mazda Demio, Mazda Axela, Mazda Atenza, Mazda CX-3, CX-5, CX-8, and Mazda Roadster*) qualify for the "Safety Support Car S-Wide" ranking among "Safety Support Cars," which represent a type of vehicle being promoted by the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism to enhance driving safety.

*1 The Roadster qualifies for the "Safety Support Car S-Wide" due to updates announced in June 2018.

March 2019 Fiscal Year Forecast

- Mazda's sale volume is expected to increase 2% year on year, to 215,000 units.
- In addition to the CX-8, which is realizing solid sales, Mazda will continue to enhance and update its products, including the CX-3, which has been outfitted with the newly developed clean diesel engine Skyactiv-D1.8. This engine has improved fuel efficiency and environmental performance.
- Through marketing efforts that draw on Mazda's superior product strength, as well as its brand and art of car making, the Company will aim to increase sales volume and enhance the customer experience of owning a vehicle.

The CX-8 Receives JNCAP's Highest Rating in the Fiscal 2017 Preventative Safety Performance Assessment and Collision Safety Performance Assessment

Within the Fiscal 2017 JNCAP^{*2} Automobile Assessments, the CX-8 achieved the highest rating of all vehicles that received the Collision Safety Performance Five Star Award. In addition, the CX-8 received the highest ASV++ rating within the JNCAP Preventative Safety Performance Assessment. The receipt of these ratings verified the safety performance of the CX-8 in all areas, from reducing the risk of accidents to mitigating collision damage.



CX-8

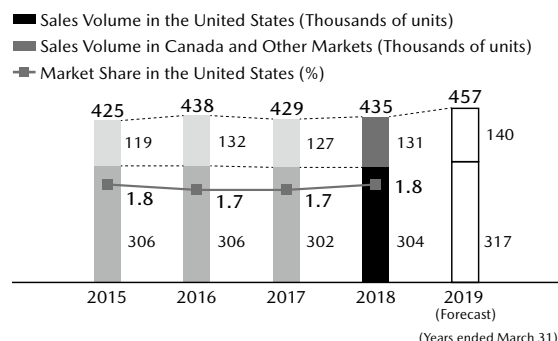
*2 The Japan New Car Assessment Program (JNCAP) is a vehicle safety performance evaluation started in the March 1996 fiscal year by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victims' Aid for promoting the spread of safe automobiles. JNCAP evaluates various aspects regarding the safety performance of vehicles currently on the market, and has been disclosing the results of evaluations on collision safety performance and preventative safety performance.

NORTH AMERICA



Mazda6

Sales Volume



Overview of March 2018 Fiscal Year Results

- Total demand in the United States declined 1% compared with the previous fiscal year, to 17.31 million units. In Canada, total demand was up 4%, to 2.05 million units, while total demand in Mexico fell 9%, to 1.49 million units. As a result, overall demand in North America decreased 1%. Mazda's sales volume grew in the North American market at a rate that surpassed growth in demand in each country, rising 1%, to 435,000 units.
- In the United States, despite a decline in demand for sedans and stiffer competition in the sedan market, brisk sales of crossovers—including a 29% increase in sales of the new CX-5 and a 28% increase in sales of the Mazda CX-9—resulted in a 1% increase in Mazda's sales volume, to 304,000 units.
- In Canada, demand declined for sedans. On the other hand, higher demand for crossovers led to sales growth for the CX-3, CX-5, and CX-9. As a result, Mazda's sales volume increased 5%, to 75,000 units.
- In Mexico, amid a trend of declining overall demand, Mazda's sales volume rose 2%, to 55,000 units, thanks to the contributions of the new CX-5, and the updated CX-3 and Mazda2.

March 2019 Fiscal Year Forecast

- Mazda's sales volume is expected to increase 5% year on year, to 457,000 units.
- In the United States, sales volume is projected to rise 4%, to 317,000 units. Mazda will continue efforts to increase sales volume through crossovers such as the CX-5 and the CX-9, which are achieving healthy sales, in addition to the updated Mazda6. Furthermore, Mazda will continue to improve the quality of its businesses by such means as strengthening its sales network and increasing the owner retention ratio.
- In Canada, sales volume is expected to increase 3%, to 77,000 units, as a result of the increased sales volume of crossovers. In Mexico, where overall demand is expected to continue to decline, Mazda is anticipating a 13% increase in sales volume, to 62,000 units, owing to the introduction of the Mazda2 sedan in July 2018 as well as the updated Mazda6 and the strong-selling CX-5.

TOPIC

Mazda Leads Manufacturer Adjusted Fuel Economy in U.S. Environmental Protection Agency Report for Fifth Straight Year

The Light-Duty Fuel Economy Trends Report of the U.S. Environmental Protection Agency summarizes fuel economy trends of various vehicle types sold in the United States for the 2016 model year. The report presents such items as the results of calculations for manufacturer adjusted fuel economy by company. Mazda's overall adjusted fuel economy for the 2016 model year was 29.6 miles per gallon (MPG), a 0.4 mpg improvement over the previous year, ranking the Company No. 1 overall for the fifth consecutive year.



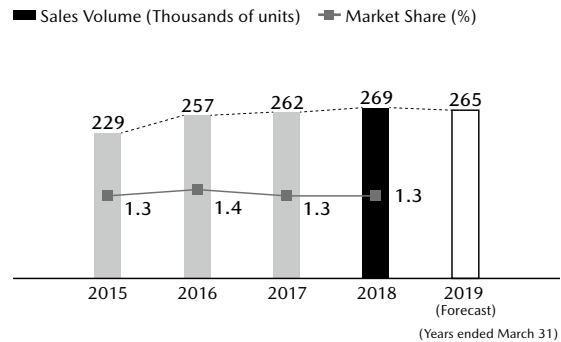
Mazda CX-9

EUROPE



Mazda CX-5

Sales Volume



Overview of March 2018 Fiscal Year Results

- Total demand in Europe was up 2% from the previous fiscal year, to 20.25 million units, while Mazda's sales volume rose 3%, to 269,000 units. While the Company recorded robust sales in Germany and Russia, sales in the United Kingdom declined due to the impact of decreasing demand.
- By vehicle, amid the falling demand for sedans, sales volume of crossovers rose on the back of solid sales of such models as the CX-3 and the new CX-5, with sales for the latter commencing in full in May 2017.

March 2019 Fiscal Year Forecast

- While demand in Russia is expected to continue to improve, the decline in the ratio of diesel-powered vehicles and tightening environmental regulations will likely have an impact on the Company's performance. Accordingly, Mazda is projecting a decrease of 1% year on year in sales volume, to 265,000 units.
- By vehicle, sales volume of the strong-selling CX-5 is expected to increase. On the other hand, Mazda expects the sales volume of the Mazda3 and Mazda6 to decline amid a forecast of a continued decrease in demand for sedans.
- Mazda will continue to roll out various initiatives in Europe related to sales, marketing, communication, services, and finance, with the aim of improving brand value centered on an enhanced customer experience.

Mazda Vision Coupe Wins Concept Car of the Year in Europe

The Mazda Vision Coupe won Concept Car of the Year at the 11th Car Design Night in Geneva, Switzerland, which was held on March 6, 2018 (local time), and hosted by Car Design News.

This was the second global award received by the Mazda Vision Coupe, after being named the "Most Beautiful Concept Car of the Year" at the 33rd Festival Automobile International, which was held on January 30 (local time) in Paris.



Mazda Vision Coupe

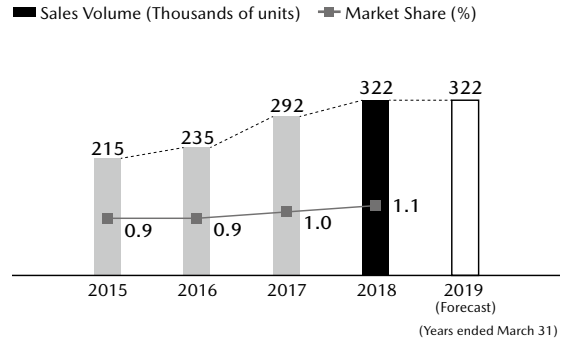
TOPIC

CHINA



Mazda CX-4

Sales Volume



Overview of March 2018 Fiscal Year Results

- Total demand increased 2% year on year, to 29.06 million units. This increase was driven by the steady sales growth of crossovers, although demand for sedans continued on a downward trend.
- The Mazda3 Axela continued to enjoy robust sales even after the conclusion of tax reductions on small-engine vehicles in January 2018. In addition, sales volume rose for the Mazda6 Atenza, the Mazda CX-4, and the new CX-5. These results contributed to a sales volume increase of 11%, to a record-high 322,000 units.

March 2019 Fiscal Year Forecast

- Mazda is projecting that sales volume will remain on a par with the previous fiscal year, at 322,000 units. Although the Company anticipates a decline in sales of the Mazda3 Axela due to a reactionary loss following the conclusion of tax reductions for small-engine vehicles and the lower demand for sedans, it believes the full-year contributions from the new CX-5 and the introduction of the new CX-8 will contribute to maintaining sales volume levels.
- To improve brand value in China, Mazda has been implementing initiatives to strengthen its primary brand. These initiatives work to raise the level of recognition for Skyactiv Technology and Kodo design as well as enhance Mazda's brand image. To prepare for the introduction of next-generation products, Mazda plans on holding explanatory meetings for new technologies and design forums with the aim of raising the level of recognition and promoting an understanding of the next-generation gasoline engine Skyactiv-X and the evolution of the Kodo design.

Mazda Exhibits the CX-8 at the Beijing Motor Show, Plans to Launch CX-8 in Second Half of 2018

As SUVs that can fit seven people gain popularity in the Chinese market, Mazda exhibited the CX-8 at the 2018 Beijing International Automotive Exhibition. The CX-8 is slated to hit the Chinese market in the second half of 2018 and will be produced at the Changan Mazda Automobile production facility. The Chinese version of the CX-8 will be able to fit seven people and will be equipped with a 2.5-liter gasoline engine.



new Mazda CX-8

TOPIC

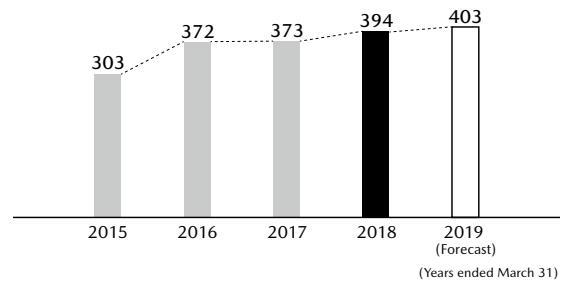
OTHER MARKETS



Mazda CX-3

Sales Volume

■ Sales Volume (Thousands of units)



Overview of March 2018 Fiscal Year Results

- Mazda's sales volume in other markets, which include the markets of Australia and ASEAN, rose 5% year on year, to 394,000 units.
- Sales volume in Australia fell 2%, to 116,000 units. Although the sales volume of the Mazda3 decreased due to an intensifying competitive environment, the CX-5 and the CX-9 were able to maintain solid sales. Mazda also continued to achieve the second-highest sales in Australia by manufacturer. Furthermore, since its launch in 2012, the CX-5 has remained in the No. 1 position in terms of sales volume in its segment.
- Sales volume in the ASEAN market climbed 11%, to 116,000 units, on the back of solid sales in such major markets as Thailand and Singapore.

March 2019 Fiscal Year Forecast

- Mazda's overall sales volume in other markets is expected to rise 2% year on year, to 403,000 units.
- In Australia, the Company forecasts a 1% increase in sales volume, to 117,000 units, as it aims to expand sales of crossovers, which continue to grow, centered on the strong-selling CX-5 and the CX-9 as well as the recently introduced new CX-8.
- In the ASEAN market, sales volume is expected to be up 6%, to 123,000 units. Throughout the ASEAN region, starting with the major markets of Thailand and Vietnam, Mazda aims to achieve growth in sales volume by strengthening efforts to enhance customer satisfaction levels.

Mazda Opens Engine Machining Factory at Thai Powertrain Plant

Working to enhance its comprehensive production system in Thailand for engines, transmissions and complete vehicles, Mazda has invested an additional ¥22.1 billion to establish the machining factory and increase the capacity of the existing engine assembly line in order to raise engine production capacity at Mazda Powertrain Manufacturing (Thailand) Co., Ltd. from 30,000 to 100,000 units per year.

TOPIC

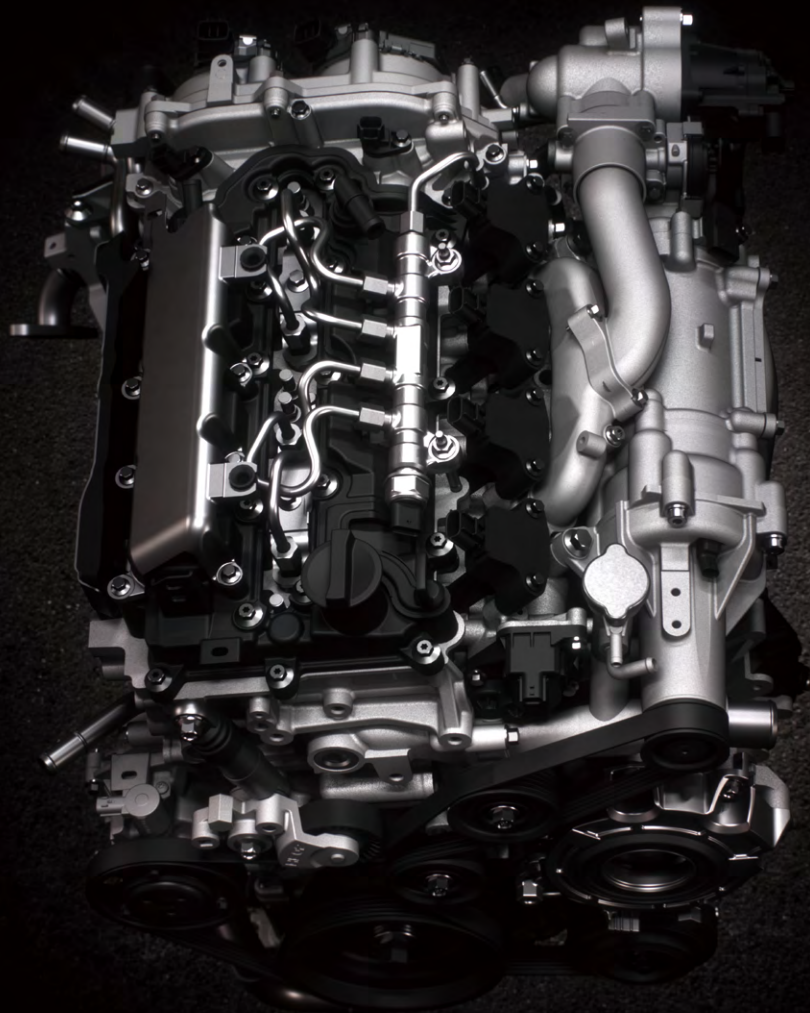


The engine plant at MPMT

INCREASING CORPORATE VALUE

22 Long-Term Vision for Technology Development

28 Monotsukuri Innovation



Skyactiv-X

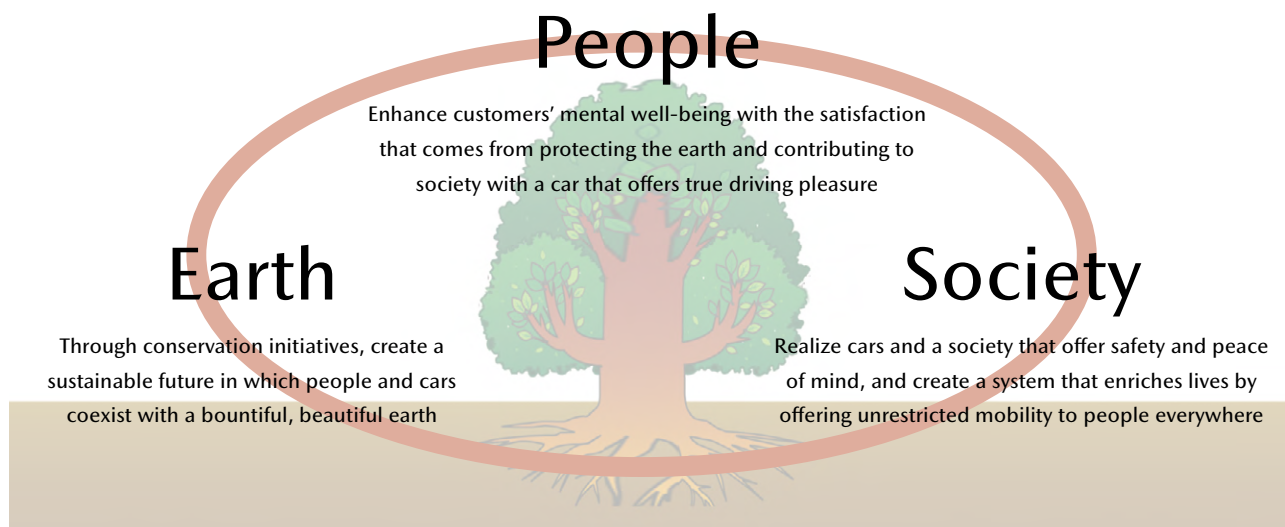
LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

In 2007, Mazda announced the “Sustainable Zoom-Zoom” long-term vision for technology development. Based on that vision, Mazda has worked to provide both driving pleasure and outstanding environmental and safety performance.

In August 2017, Mazda announced “Sustainable Zoom-Zoom 2030,” its long-term vision for technology development that looks ahead to the year 2030. In light of the significant changes in the global automobile industry, the new vision takes a longer-term perspective and sets out how Mazda will make use of driving pleasure—the fundamental appeal of the automobile—to help resolve issues facing people, the earth, and society.

Sustainable Zoom-Zoom 2030

At Mazda, we see it as our mission to bring about a beautiful earth and to enrich people’s lives as well as society. We will continue to seek ways to inspire people through the value found in cars.



Earth

Through conservation initiatives, create a sustainable future in which people and cars coexist with a bountiful, beautiful earth

Issues and the External Environment

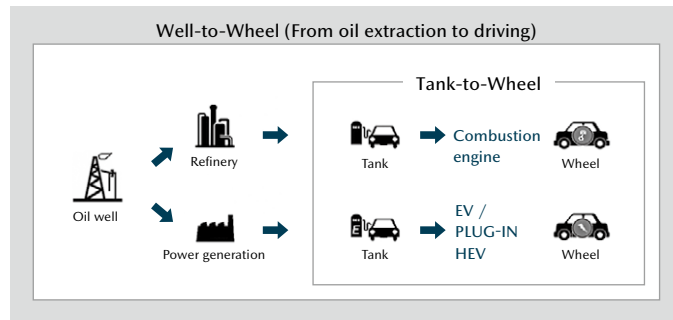
- Need for substantial reductions in CO₂ emissions in order to reduce greenhouse gases, which are a primary cause of global warming
- Increasingly serious air pollution in major cities around the world

Mazda's Approach to Issue Resolution

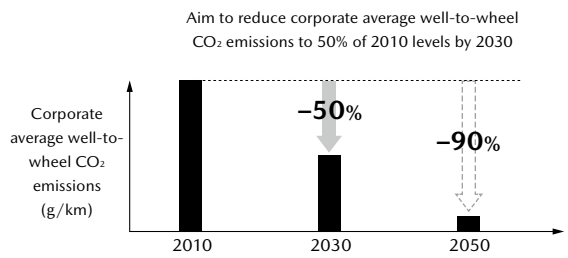
- Working to reduce CO₂ emissions throughout a vehicle's life cycle
- Approaching CO₂ emissions reduction from a well-to-wheel perspective
- Promoting the reduction of CO₂ emissions to the greatest extent possible by leveraging vehicles with internal combustion engines

To address these issues and truly reduce greenhouse gases, we must work to reduce CO₂ emissions throughout a vehicle's life cycle. Accordingly, we are promoting the reduction of CO₂ emissions not just from the previous perspective, which evaluates CO₂ emissions while driving, but also from a well-to-wheel perspective, which evaluates CO₂ emissions from oil extraction to product manufacture and shipping as well. As specific objectives, in comparison with 2010 levels, we will aim to achieve reductions in corporate average well-to-wheel CO₂ emissions by 50% by 2030 and by 90% by 2050.

CO₂ Emissions Reduction from Well-to-Wheel Perspective

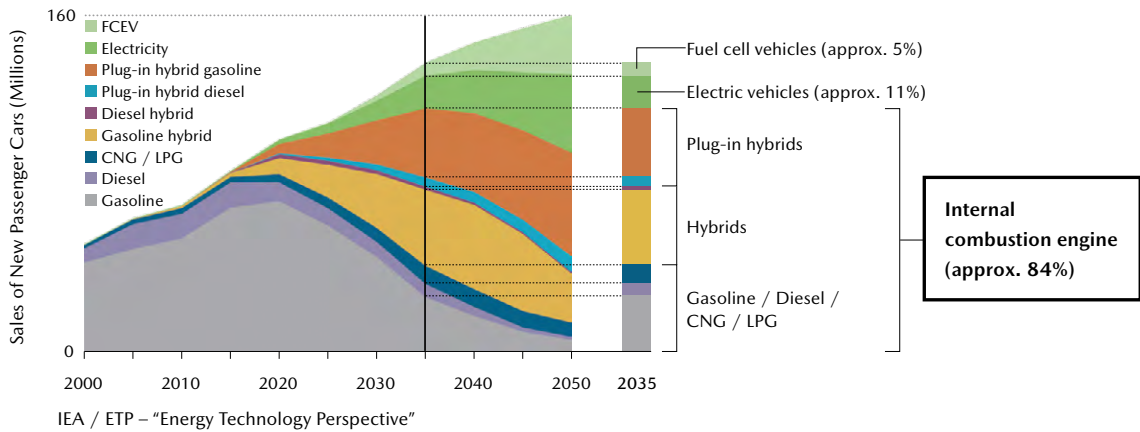


Targets



To achieve these objectives, we need multiple solutions that enable us to offer appropriate powertrains in consideration of each region's energy situation and electricity generation method.

Vehicles with internal combustion engines, which are projected to power the majority of cars worldwide well into the future (see illustration below), will play a central role in these endeavors. We believe that Mazda needs to promote the reduction of CO₂ emissions to the greatest extent possible by leveraging vehicles with internal combustion engines.



Means to Achieve Our Targets

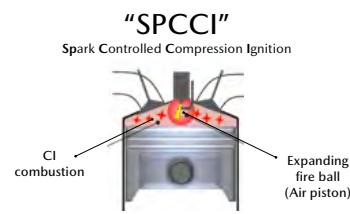
To protect the earth, we will implement the following initiatives in order to maximize the effect of reduced greenhouse gas emissions under real-world conditions.

1. Aspire to make the best internal combustion engine in the world
2. Combine the ideal internal combustion engine with efficient electrification technologies
3. Introduce EVs and other electric-powered technologies in regions that use clean energy to curb global warming and in regions that implement government policies to reduce air pollution

Mazda's Approach to Issue Resolution


Next-Generation Gasoline Engine — Skyactiv-X

Skyactiv-X is an innovative internal combustion engine that combines the distinctive high-revving performance of a gasoline engine with the fuel efficiency, torque, and response of a diesel. With its proprietary combustion method called Spark Controlled Compression Ignition (SPCCI), Skyactiv-X is set to become the world's first commercial gasoline engine to use compression ignition. In comparison with the current Skyactiv-G gasoline engine, Skyactiv-X is expected to improve fuel efficiency by 20% to 30% and increase torque by 10% up to a maximum of 30%. It will dramatically increase both environmental performance and driving pleasure. Skyactiv-X is an engine that stands by the earth and people while supporting the *Jinba-ittai* (horse and rider as one) enjoyment that we strive to offer our customers.




"SPCCI"
Spark Controlled Compression Ignition


	Gasoline Engine	Next-Gen Engine	Diesel Engine
Customer Value	Fuel economy	▲	◎
	Torque	▲	◎
	Response	▲	◎
	Output (expansion)	◎	◎
	Heating	◎	◎
	Exhaust purification	◎	◎



Gasoline engine
Skyactiv-G lineup



Skyactiv-X



Diesel engine
Skyactiv-D lineup

Our Skyactiv-G and Skyactiv-D engines have been receiving high evaluations around the world. By continuing to evolve these engines and by introducing Skyactiv-X, we will be able to realize an extensive engine lineup and meet a broad range of customer needs including regional characteristics.

Society

Realize cars and a society that offer safety and peace of mind, and create a system that enriches lives by offering unrestricted mobility to people everywhere

Issues and the External Environment

- Emergence of new causes of traffic accidents, especially in developed nations
 - Accidents caused by young and inexperienced drivers
 - Distracted driving due to increase in the volume of information from smartphones, etc.
 - Driving errors by elderly drivers
 - Dangerous driving under the effects of overwork and illness

- Emergence of issues accompanying changes in the structure of society
 - Weakening / disappearance of public transport in areas of depopulation
 - Increase in numbers of elderly or disabled who have difficulty getting around

Mazda's Approach to Issue Resolution

- Continuously evolve fundamental safety technologies and standardize them across all models
- Promote standardization of i-Activsense advanced safety technology

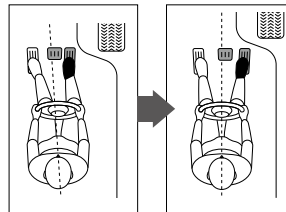
- Mazda Co-Pilot Concept, a human-centric concept for autonomous driving
- Advancement of Mazda Connect

With the goal of realizing a motorized society without traffic accidents, we are striving to develop more advanced safety technologies under the Mazda Proactive Safety philosophy.

Means to Achieve Our Targets

1. Continuously evolve fundamental safety technologies and standardize them across all models

- Driving position
- Pedal layout
- Visibility
- Active Driving Display



A natural pedal layout



Pillar and side mirror shape that minimize blind spots

2. Promote standardization of i-Activsense advanced safety technology, which helps drivers recognize and assess potential hazards

- Technologies to reduce accidents involving rear-end collisions, pedestrians, pedal mix-ups, and lane changes
March 2018 fiscal year: Standardize in Japan
2018 and onward: Standardize globally
- The Mazda Co-Pilot Concept centers on people and leverages automated driving technologies
2020: Commence testing
By 2025: Aim for standardization

3. Utilize connectivity technologies

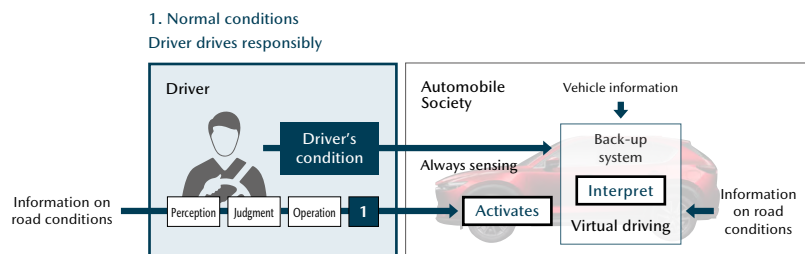
Using an advanced version of Mazda Connect, we will create a new business model that enables car owners to support the mobility needs of people in depopulated areas and those who have difficulty getting around

Mazda's Approach to Issue Resolution

Human-Centric Autonomous Driving Concept – Mazda Co-Pilot Concept

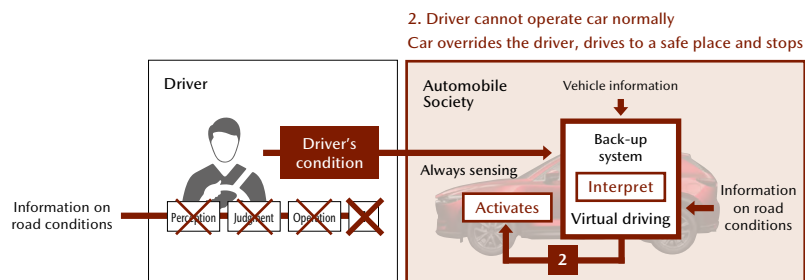
When the driver's condition is normal

Under normal conditions, drivers can enjoy driving themselves while the car constantly monitors their condition and conducts "virtual driving," meaning it is ready to drive itself at any time.



When the driver cannot operate the vehicle in a normal manner

When it is determined that the driver cannot operate the vehicle normally, the car overrides the driver to avoid collisions and moves to a safe location to stop the vehicle.



People

Enhance customers' mental well-being with the satisfaction that comes from protecting the earth and contributing to society with a car that offers true driving pleasure

Issues and the External Environment

- People today enjoy a more affluent lifestyle thanks to mechanization and automation. However, stress levels have also been rising due to a lack of exercise and opportunities for direct social contact.

Mazda's Approach to Issue Resolution

- We aim to have even more people experience the driving pleasure of our cars and to enrich customers' lifestyles by offering them exhilaration and a sense of accomplishment through driving.
- We will further enhance the *Jinba-ittai* experience, which unlocks people's potential and revitalizes them mentally and physically, as well as designs that uplift the feelings of the people who see them.

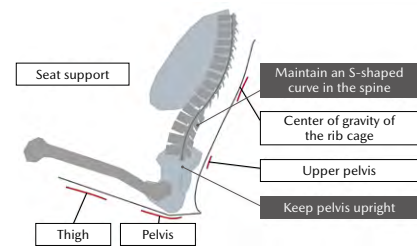
Mazda's Approach to Issue Resolution

Next-Generation Skyactiv-Vehicle Architecture Platform

Mazda's Skyactiv-Vehicle Architecture was developed with an intensified focus on its human-centered design philosophy to maximize the human body's inherent ability to balance itself and to realize the ultimate connection between driver and car.

In this way, it offers all occupants a more comfortable and less tiring ride and enables them to respond quickly to environmental changes. As the human body is easily able to balance itself in response to driving inputs, the new vehicle architecture provides responsive driving and the ultimate *Jinba-ittai* driving feel.

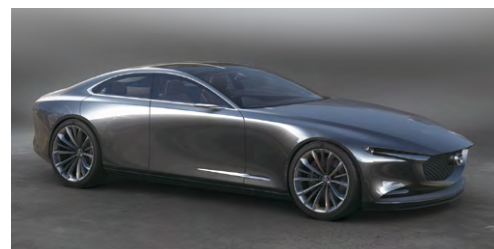
To realize these advantages, the development team reviewed every aspect of the car platform from the viewpoint of comprehensive vehicle optimization. The resulting innovations include redesigned seats that keep the pelvis upright to maintain the spine's natural "S-curve," a body with multi-directional ring structures to transmit inputs without delay, a chassis structure with each part interacting to smoothly control energy transfer to the sprung mass, and NVH performance meticulously optimized based on vibration energy characteristics and the mechanisms by which humans perceive sound.



Next-Generation Design

Since 2010, Mazda has striven to create cars that embody the dynamic beauty of life through application of its Kodo—Soul of Motion design philosophy. Taking a step forward, next-generation design will pursue the expression of a "new elegance" based on Japanese aesthetic sensibilities.

Here, the word "elegance" implies a beauty that is subtle and restrained yet rich and abundant. Within its conveyed impression of dignified tension, next-generation design also allows people to sense a hint of warmth and seductiveness. Japanese aesthetics call for a delicate sense of balance rather than a show of ostentation. Next-generation design aims to breathe life into cars with a "less is more" aesthetic. Eliminating all but the truly essential elements creates precious blank spaces surrounding simple forms. To these, Mazda applies effective use of light and shadow to create subtle details and achieve the desired result.



Next-Generation Design Model—Mazda Vision Coupe

Plan for Introducing Next-Generation Technologies

Targeting the realization of “Sustainable Zoom-Zoom 2030,” we will introduce next-generation technologies from 2019 with the objective of helping to resolve the issues facing the earth, society, and people and of achieving sustainable growth.

In regard to the earth, Mazda is evolving the technology of internal combustion engines. At the same time, Mazda intends to leverage its highly efficient combustion engines by commercializing a mild hybrid system that is lightweight, small, and low cost, in addition to launching an EV which is necessary for meeting structural requirements, such as ZEV* standards in the U.S. state of California. Following the introduction of these vehicles, the Company plans to add plug-in hybrids to its lineup.

For society, Mazda is working to continuously improve the performance of its advanced safety technologies and to make these technologies standard equipment for its vehicles. In addition, the Company is promoting development geared toward the introduction and the standardization of the Mazda Co-Pilot Concept, a human-centric autonomous driving concept. Mazda is also continuously making advancements with Mazda Connect, which offers a pleasant driving experience and a safe driving environment through connected technologies. In doing so, Mazda will deliver high-quality, high-performance connectivity to drivers going forward.

In regard to people, we will successively introduce Skyactiv-Vehicle Architecture, which fully leverages inherent human abilities and realizes the ultimate connection between driver and car, as well as next-generation designs that further enhance Kodo—Soul of Motion design.

* A zero emission vehicle (ZEV) refers to an electric or fuel cell vehicle that does not emit any exhaust gases. California’s ZEV regulations stipulate that for automakers that sell vehicles in the state, a certain percentage of those vehicles must be ZEV vehicles.

A Compact Hatchback that Leads the Way for Mazda’s Next-Generation Products — Mazda Kai Concept

The Mazda Kai Concept made its world premiere at the Tokyo Motor Show in 2017. This concept for a compact hatchback reflects the pursuit of representing the ideal vehicle powered by an internal combustion engine and skillfully blends next-generation technologies with next-generation design.

The powertrain selected for the Mazda Kai Concept is the next-generation Skyactiv-X engine. The concept also utilizes Skyactiv-Vehicle Architecture. Combined with the Skyactiv-X engine, it delivers highly refined driving dynamics in every respect, from the performance feel and comfort to the quietness of the ride. The design features deeply honed beauty created by shaving away all unnecessary elements to produce a hatchback that presents itself as a strong, solid mass.



Mazda Kai Concept

MONOTSUKURI INNOVATION

We are realizing high levels of diversity, which enhances the competitive edge of our products, and commonality, which boosts the efficiency of mass production, through efforts in Monotsukuri Innovation.

Looking five to 10 years into the future, we have implemented Monotsukuri Innovation for efficiently developing and manufacturing products. Common development methods and manufacturing processes are made possible by using bundled product planning for models to be introduced in the future, spanning market segments and model classes.

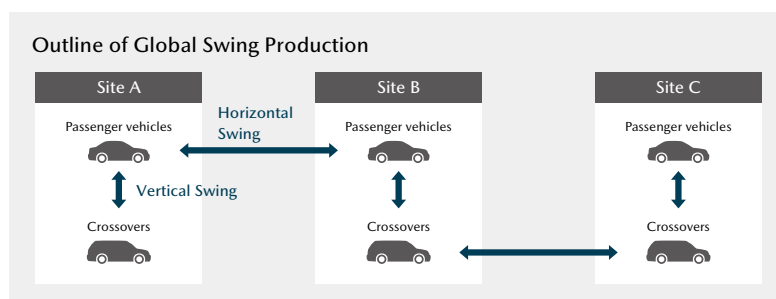
Optimized structures of each function are shared across all car lines and laterally spread to each car line based on the bundled product planning. A flexible production system is used to produce products engineered based on a common architecture concept in a highly efficient and flexible way. We are aiming to raise operational efficiency through building a flexible production process that can handle changes in volumes and can quickly introduce new models with a minimum of investment.

Through Monotsukuri Innovation, our new-generation products since the CX-5 and Skyactiv Technology have achieved improved efficiency in terms of both product development and manufacturing facility investment as well as significant improvements in vehicle costs. Through design based on common architecture under Monotsukuri Innovation, Mazda is able to promptly apply the latest technologies and designs to all its products. Design based on common architecture also allows Mazda to pursue scale merits for its entire lineup, thereby enabling the Company to develop and produce products with high base performance at low costs. Furthermore, in next-generation technology development, we are working to enhance the efficiency of development processes through bundled planning and computer modeling-based development.

Maximization of Production Efficiency

Mazda is fully leveraging the effects of bundled planning under Monotsukuri Innovation to establish a flexible production structure at its production sites around the world. This structure makes it possible for operations to complement each other, within a site or between sites, by changing the production volumes of passenger vehicles and crossover vehicles at a production site, or by flexibly changing the production volume of the same model between production sites in accordance with demand and other conditions.

At our plant in Thailand, we commenced production of the Mazda CX-3 in October 2015, and at the Hofu Plant we started production of the CX-3 in December 2016 and the all-new CX-5 in October 2017. In August 2017, Mazda increased the production capacity for crossover vehicles at its Hiroshima Plant. Moving forward, we will address increasing demand for crossover vehicles and support stable sales volume growth.



Computer Modeling-Based Development

Cars are being called on to provide increasingly advanced and diverse functions, while at the same time vehicle architecture and control systems are becoming more complex. To continue to rapidly develop complex systems with limited resources, the use of computer modeling-based development, which realizes efficient development, is extremely important.

Computer modeling-based development is an efficient and optimal development method in which we create models and conduct thorough computer simulations involving various elements of the development process, including vehicle types, control systems, drivers and passengers, and driving environments. By carrying out development through simulations from design to vehicle evaluation, we are able to reduce the number of prototype parts and actual unit verification, thereby enabling us to develop complex, highly sophisticated new products with minimum resources while also ensuring quality.

In the development of Skyactiv Technology, which started in 2006, we pursued development that fully leveraged computer modeling with the aim of realizing the world's best fuel economy and driving performance. We completely revised our control systems from square one and have developed combustion systems that achieve similar combustion characteristics regardless of engine displacement. With Skyactiv Technology, we have been able to realize engines, transmissions, and vehicle bodies with outstanding driving and fuel economy performance, including Skyactiv-G, which boasts the world's best high compression ratio. Going forward, through computer modeling-based development, we will further advance Skyactiv Technology and provide more customers with driving pleasure and outstanding environmental and safety performance.

MAZDA CSR

For specific Mazda CSR activities, please see *Mazda Sustainability Report*.
<http://www.mazda.com/en/csr/report/download/>

Basic Approach

Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way. While striving to meet the requests and expectations of all of Mazda's stakeholders, all employees pursue CSR (Corporate Social Responsibility) initiatives in the course of their daily business activities, thereby striving to the sustainable development of both society and the Company itself.

Areas of CSR Initiatives

Referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren), etc., Mazda classifies and evaluates its CSR initiatives. The areas of CSR initiatives are periodically reviewed and revised in light of issues in the business activities of the automotive industry and Mazda, as well as social issues to which stakeholders attach particular importance. The most recent review was made in July 2016, by which the Company defined the following as the key areas of its CSR initiatives: Customer Satisfaction, Quality, Safety, Environment, Respect for People, and Social Contributions.

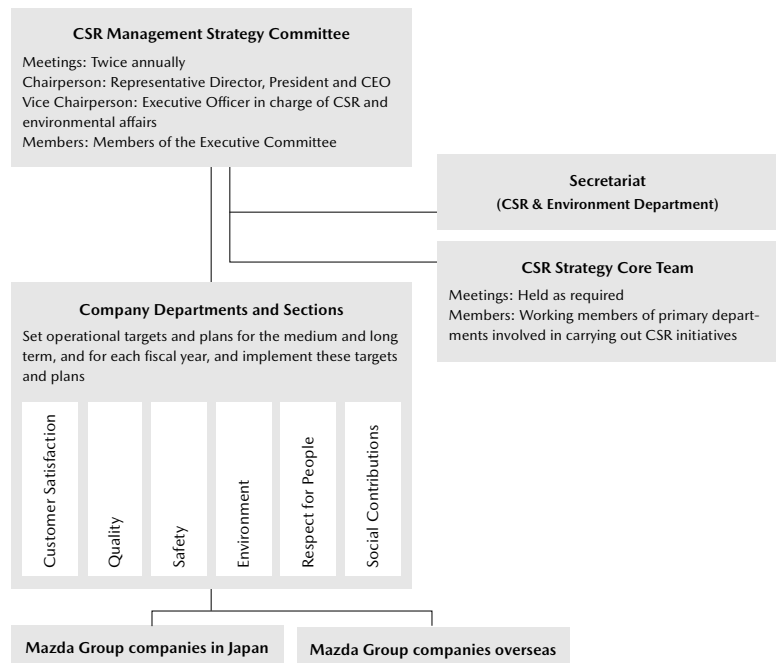
Areas of CSR Initiatives

Customer Satisfaction	Providing a Mazda brand experience that exceeds customer expectations <ul style="list-style-type: none"> • Commitment to customers • Sales and customer service, etc.
Quality	Offering products and services that please our customers <ul style="list-style-type: none"> • Establishing stable product quality • Achieving quality that exceeds customer expectations • Cultivating human resources capable of thinking and acting for the happiness of customers
Safety	Promoting safety initiatives to achieve a safe and accident-free automotive society <ul style="list-style-type: none"> • Safety initiatives based on three viewpoints; vehicles, people, and roads and infrastructure
Environment	Reducing environmental impact throughout the entire vehicle life cycle <ul style="list-style-type: none"> • Environmental management, efforts regarding product and technology development, efforts regarding manufacturing and logistics, recycling, biodiversity, communication, etc.
Respect for People	Developing human resources, who are the foundations of the Company and society, and respecting for human rights <ul style="list-style-type: none"> • Initiatives with employees (including occupational safety and health) • Respect for human rights, etc.
Social Contributions	Contributing to local communities as a good corporate citizen <ul style="list-style-type: none"> • Activities based on the three pillars (environment and safety performance, human resources development, and community contributions), etc.

CSR Promotion Organization

Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the CSR Management Strategy Committee, which the president chairs, and in cooperation with other Group companies. From the March 2016 fiscal year, the Board of Directors held discussions on issues concerning sustainability.

Organization

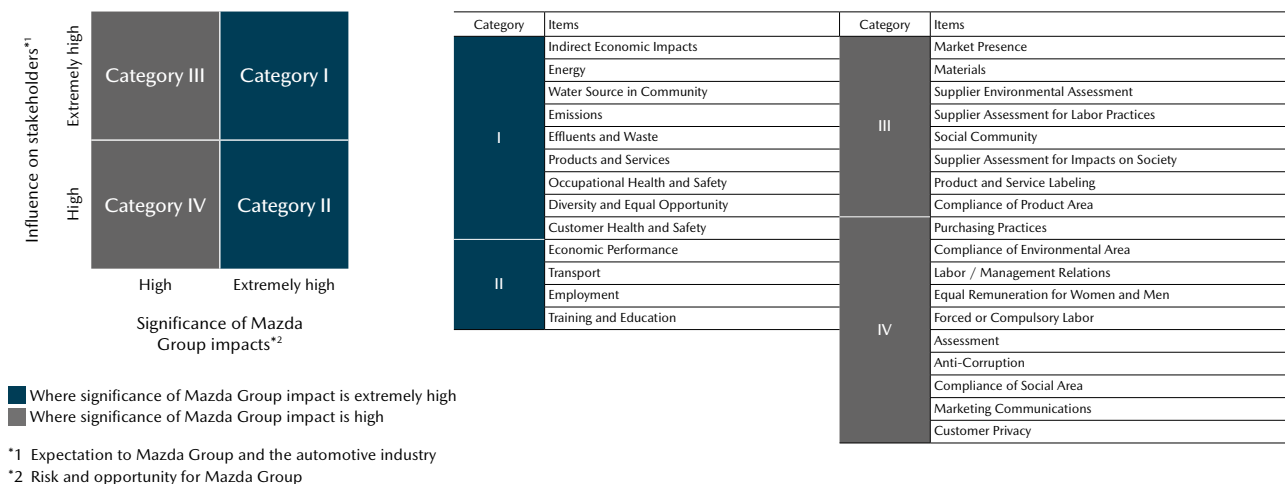


Review and Identification of Key CSR Issues (Materiality)

Mazda has been implementing a four-phase process to identify the key CSR issues (materiality), and reviewing the social issues that the Company should address, starting in FY March 2014. In identifying materiality, Mazda reflects the external opinions of experts and various other stakeholders, while taking into account opinions both from management and the relevant divisions.

During the materiality identifying process, Mazda has also referenced the Sustainable Development Goals (SDGs) adopted by the United Nations. In the future, Mazda will continue to review materiality, while further clarifying the relationship between SDGs and materiality.

Mazda Group's Key Issues of CSR (Materiality) (as of Aug. 2018)



■ Where significance of Mazda Group impact is extremely high
 ■ Where significance of Mazda Group impact is high

*1 Expectation to Mazda Group and the automotive industry
 *2 Risk and opportunity for Mazda Group

Promoting Initiatives Based on the SDGs

The Mazda Group is promoting various initiatives that contribute to realizing the Sustainable Development Goals (SDGs), which were adopted by the United Nations. In the March 2018 fiscal year, the CSR Management Strategy Committee worked to enhance the SDG-related information available to the Company's management and to raise awareness of the SDGs among employees through level-specific training. Mazda's initiatives that contribute to achieving the 17 goals of the SDGs are introduced in *Mazda Sustainability Report* detailed version.



CHECK External Evaluations of CSR (As of Aug. 2018)

Mazda identifies key external ratings and evaluations both from within Japan and overseas. By analyzing the results, Mazda evaluates its own initiatives. Mazda continuously makes active efforts to disclose information by responding to both domestic and global surveys and evaluations, such as those by socially responsible investment (SRI) and environment, social, and governance (ESG) rating organizations.

- ▶ Inclusion in the Dow Jones Sustainability Index (DJSI)* World Index and Asia Pacific Index (Newly selected in September 2017).
 ESG index developed by the S&P Dow Jones Indices and RobecoSAM's cooperation.
 *Mazda was awarded "Silver Class" in RobecoSAM Sustainability Award 2018, as an excellent company in Automobile sector.
- ▶ Inclusion in the FTSE4Good Index series since March 2011.
 ESG indices developed by the FTSE Russell, a fully owned subsidiary of the London Stock Exchange.
- ▶ Inclusion in the FTSE Blossom Japan Index (Selected since the index was established in July 2017).
- ▶ Inclusion in the MSCI ESG Leaders Indexes since June 2015.
 ESG indices developed by MSCI (Morgan Stanley Capital International).
- ▶ Inclusion in the MSCI Japan ESG Select Leaders Index (Selected since the index was established in July 2017).
- ▶ Inclusion in the Ethibel EXCELLENCE Investment Register since October 2013.
 Forum ETHIBEL is a Belgium-based non-profit organization that promotes socially responsible investment (SRI) and CSR in Europe.
- ▶ Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI) since January 2008.
 The first SRI index developed in Japan.
- ▶ In the CDP (formerly Carbon Disclosure Project) Climate Change and Water Report 2017, Mazda's score was A- (2nd level score).
 On behalf of institutional investors, the CDP organization conducts research and discloses information and evaluation result about climate change, water, and others.

BUSINESS MANAGEMENT SYSTEM

Please refer to the Corporate Governance Report for basic philosophy, policies, and details on Mazda's initiatives regarding the Corporate Governance Code.

<http://www.mazda.com/en/investors/library/governance/>

Corporate Governance

Mazda is enhancing its corporate governance by working to increase management transparency and expedite decision making. The Company respects the intent of the Corporate Governance Code set by the Tokyo Stock Exchange (published on June 1, 2015) and shall implement all of its principles.

While working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community, and its employees, the Company shall strive to sustain growth and enhance its corporate value over the medium and long terms through transparent, fair, prompt, and decisive decision making and to continue to enhance its corporate governance.

Overview of the Corporate Governance Structure

Format	Company with Audit & Supervisory Board
Number of directors	10
Number of outside directors	2
Term of directors	2 years
Incentives for directors	Short-term incentives: Earnings-based compensation Medium-to-long-term incentives: Compensation in the form of stock options
Number of Audit & Supervisory Board members	5
Number of outside Audit & Supervisory Board members	3
Independent officers (filed with Tokyo Stock Exchange)	5 (2 outside directors, 3 outside auditors)
Procedures in appointing and determining remuneration of the officers	Officer Lineup Advisory Committee Officer Remuneration Advisory Committee
Accounting auditor	KPMG AZSA LLC
Adoption of executive officer system	Yes

CHECK Efforts to Improve Corporate Governance

Initiatives to Increase the Effectiveness of the Board of Directors

In the March 2018 fiscal year, the Company carried out its third analysis and evaluation of the Board of Directors' effectiveness. In terms of improvements made based on the previous evaluation, efforts were made to further enhance the provision of information to outside corporate officers and to strengthen progress reports and debate on important matters at Board meetings. It was found that, as a result, the outside corporate officers gained a better understanding of the Company's operations and more constructive discussions took place at Board meetings at appropriate times.

In addition, discussions are being held on making improvements in regard to new issues that were identified through this year's evaluation and analysis.

Approach to Nominating and Appointing Outside Directors and Outside Audit & Supervisory Board Members

When nominating and appointing officers, under the basic premise that they are healthy both physically and mentally, the Company shall consider whether they have the proper attitude to fulfill the mandate of shareholders, customers, and other stakeholders, high ethical standards, the ability to take action, leadership qualities, and the experience and ability to carry out their duties as well as their professional and personal achievements. Candidates for director must have exceptional character, insight, ability, and a wealth of experience. The overall structure and balance of the Board must also be considered.

The Company shall confirm that, in addition to the above, candidates for outside director and outside Audit & Supervisory Board member meet the Company's requirements for independence and have the time and energy necessary to properly fulfill their roles and responsibilities.

Advancing the Promotion of Women to Management Positions

To further the promotion of women to management positions, the Company has set a target of increasing the number of female middle managers to three times the figure as of March 31, 2014 by 2020. The Human Resources Development Committee is also formulating individual training programs for female candidates for middle manager.

Mazda also supports and participates in the "Action Plans on Promotion of Women to Managerial and Board Position" by the Japan Business Federation (Nippon Keidanren). For details on Mazda's efforts with regard to respect and diversity, please refer to the Company's website.

http://www2.mazda.com/en/csr/csr_vision/employee/pdf/diversity.pdf

1 Board of Directors

Mazda's Board of Directors decides on the execution of important Company operations and oversees the execution of operations by individual directors. The Board is made up of 10 directors, two of whom are highly independent outside directors. The outside directors are expected to help strengthen the auditing functions of the Board of Directors and further boost the transparency of management by offering advice on Mazda's management activities based on their knowledge, experience, and insights, and by taking part in the decision-making process.

2 Audit & Supervisory Board

The Company's Audit & Supervisory Board has five members, including two full-time and three outside Audit & Supervisory Board members. Audit & Supervisory Board members audit the directors in the performance of their duties as per an annual audit plan formulated by the Audit & Supervisory Board. The Audit & Supervisory Board possesses knowledge based on the unique expertise of its members, and each outside Audit & Supervisory Board member has a substantial amount of knowledge related to finance and accounting. Aside from attendance at the Board of Directors' meetings, the Audit & Supervisory Board members attend management meetings, etc.

3 Executive Officers

The Company has introduced an executive officer system. By separating execution and management, the effectiveness of the oversight of the Board of Directors is enhanced, and decision making is speeded up through expanded debate by the Board of Directors and by delegating authority to executive officers. In this way, the Company is working to further managerial efficiency.

4 Internal Auditing Department

In an effort to contribute to sound and efficient management, the internal auditing department audits the appropriateness of the business activities of the Company or its Group companies. It also audits the appropriateness and effectiveness of internal control.

5 Accounting Auditor

Accounting audits are conducted by KPMG AZSA LLC, with whom the Company has concluded an audit contract. The certified public accountants who conducted the Company's accounting audits have been working on the Company's audits for less than seven years. Those assisting with the Company's accounting audits include 14 certified public accountants, two public accountants with U.S. certification, and 16 others, three of whom have passed the certified public accountant examination.

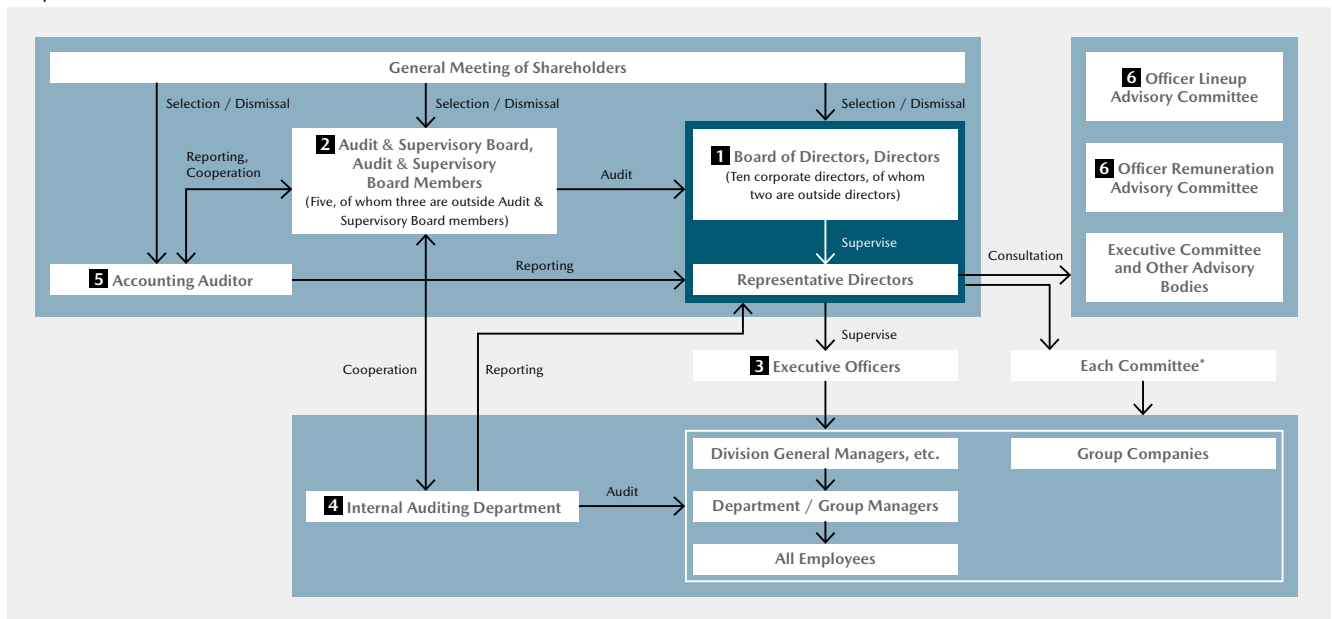
6 Officer Lineup Advisory Committee and Officer Remuneration Advisory Committee

For nominating and appointing candidates for director, Audit & Supervisory Board member, or executive officer, the Company has established an Officer Lineup Advisory Committee to discuss the makeup of the officer lineup and policies for the development and selection of candidates.

For determining the remuneration of directors and executive officers, the Company has established an Officer Remuneration Advisory Committee to discuss remuneration policy and a structure and process based on the policy to enable the Company's continued growth and to enhance its corporate value over the medium and long terms.

The Officer Lineup Advisory Committee consists of eight inside directors and two outside directors, and the Officer Remuneration Advisory Committee comprises three inside directors and two outside directors. Both committees are advisory bodies to the president and are chaired by an outside director.

Corporate Governance Framework



* Company-wide Safety and Health Committee Meeting, Quality Committee Meeting, Risk Compliance Committee, Human Rights Committee, Security and Export Control Committee, etc.

Efforts to Increase Transparency and Fairness of the Process for Nominating and Appointing Directors

In order to enhance the transparency, fairness, and objectivity of the process for nominating and appointing officers (candidates for director, Audit & Supervisory Board member, or executive officer), the Company has established an Officer Lineup Advisory Committee made up of all directors and with an outside director as chair to serve as an advisory body to the president and offer advice on the makeup of the officer lineup and on policies on the training and selection of candidates. Based on the committee's advice, the president submits to the Board proposals on the nomination and appointment of corporate officers.

When nominating and appointing officers, under the basic premise that they are healthy both physically and mentally, the Company shall consider whether they have the proper attitude to fulfill the mandate of shareholders, customers, and other stakeholders, high ethical standards, the ability to take action, leadership qualities, and the experience and ability to carry out their duties as well as their professional and personal achievements. Candidates for director must have exceptional character, insight, ability, and a wealth of experience. The overall structure and balance of the Board must also be considered.

The Company shall confirm that, in addition to the above,

candidates for outside director and outside Audit & Supervisory Board member meet the Company's requirements for independence and have the time and energy necessary to properly fulfill their roles and responsibilities.

The reasons for the appointment of the directors and Audit & Supervisory Board members are described in the Notice of the Ordinary General Meeting of Shareholders.

Policy on the Training of Directors and Audit & Supervisory Board Members

When directors or Audit & Supervisory Board members assume their posts, the Company shall hold training for them to ensure that they can fulfill their respective roles and responsibilities. Even after they assume their posts, the Company shall provide them with opportunities to undergo training in corporate governance, internal control, compliance, and other areas, as necessary.

In addition to the above, outside directors and outside Audit & Supervisory Board members shall be given opportunities to learn more about the nature and status of the Company's business, such as tours of dealerships and plants, participation in events, and meetings with executive officers.

Outside Directors and Outside Audit & Supervisory Board Members

Outside director	Professional background	Reasons for assignment	Attendance at Board of Directors' meetings (Number of meetings attended / Total number of meetings)	
Ichiro Sakai	Attorney at law	Mr. Sakai served as a prosecutor and attorney and has extensive experience in and knowledge of the legal profession. He offers valuable advice and suggestions based on this experience and knowledge to further strengthen the Board's supervisory function, and further enhance management transparency.	18/18	
Kazuaki Jono	Local government	Mr. Jono has held important posts with Hiroshima Prefecture, including vice governor, and has extensive experience and knowledge acquired in the administration of a local government. He offers valuable advice and suggestions based on this experience and knowledge to further strengthen the Board's supervisory function, and further enhance management transparency.	18/18	
Outside Audit & Supervisory Board member	Professional background	Reasons for assignment	Attendance at meetings (Number of meetings attended / Total number of meetings)	
			Board of Directors' meetings	Audit & Supervisory Board meetings
Takao Hotta	Unrelated company	Mr. Hotta held key posts at the Ministry of Finance and has experience in management at a company in a field different from that of the Company. Because of his great knowledge of finance and accounting and his considerable experience and insight, Mr. Hotta is an appropriate person to conduct audits from an outside perspective.	18/18	17/17
Kunihiko Tamano	Unrelated company	Mr. Tamano served as managing executive officer and assistant to the chief financial officer at a trading company. Because he has worked in risk management and the management of a corporate group and has great knowledge of finance and accounting as well as extensive experience and insight into the management of an international company, Mr. Tamano is an appropriate person to conduct audits from an outside perspective.	15/15	13/13
Akira Kitamura	Unrelated company	Mr. Kitamura has held key posts at a financial institution, including representative director & senior managing executive officer and chairman of the board and chief executive officer (representative director). Because of his great knowledge of finance and accounting as well as extensive experience and insight into the management of a company, Mr. Kitamura is an appropriate person to conduct audits from an outside perspective.	(Appointed in June 2018)	

*1 The attendance at Board of Directors' meetings and Audit & Supervisory Board meetings in the March 2018 fiscal year is shown.

*2 Based on its criteria for independence, the Company has determined that the Company's outside directors and outside Audit & Supervisory Board members have sufficient independence such that no risk of conflict of interest with general shareholders will result and has notified the Tokyo Stock Exchange that all five individuals are designated as independent directors. Please refer to the Corporate Governance Report for the Company's criteria for the independence of an outside officer.

Supporting System for Outside Directors and/or Audit & Supervisory Board Members

The Company provides explanations of matters to be brought before the Board of Directors as necessary so that outside officers can freely state their opinions at Board meetings and so that outside directors can easily participate in decision making. The Company also arranges for outside officers to interview executive officers and provides opportunities for them to inspect facilities and participate in events both inside and outside the Company.

Full-time Audit & Supervisory Board members offer observations based on information they have acquired or opinions they have formed through their attendance at important internal meetings or through their audit activities. The departments concerned work together to provide information based on the opinions of the outside officers and to support them.

Efforts to Increase Transparency and Fairness of the Process for Determining Compensation of Directors

Basic Policy on Director Compensation

In order to further enhance the transparency, fairness, and objectivity of the process for determining the remuneration of directors and executive officers, the Company has established an Officer Remuneration Advisory Committee made up of representative and outside directors and with an outside director to serve as chair of the meetings. Remuneration policy and a structure and process based on the policy will be decided, taking into account the advice of the committee in order to enable the Company's continued growth and enhancement of its corporate value over the medium and long terms.

The remuneration of inside directors and executive officers consists of 1) a fixed amount of basic remuneration commensurate with their responsibilities, 2) performance-based remuneration determined at the end of the fiscal year in accordance with a designated standard and process after evaluating how much has been achieved toward personal goals set based on an annual business plan formulated based on the medium-term business plan, and 3) compensation in the form of stock options under a system introduced after approval of a resolution at the 150th Ordinary General Meeting of Shareholders on June 28, 2016, in order to enhance the desire to contribute to enhancing corporate value over the medium and long terms and to share the benefits with shareholders.

Considering their status independent from the execution of operations, outside directors shall receive a fixed amount of basic remuneration only.

By resolution of the 141st Ordinary General Meeting of Shareholders held on June 26, 2007, the annual compensation for directors is to be payable within the limit of ¥1.2 billion.

March 2018 Fiscal Year

Category	People	Amount (Millions of yen)
Directors	11	677
Audit & Supervisory Board members	7	109
Total (of which, outside auditors)	18 (6)	786 (65)

* The above number of persons includes one director and two Audit & Supervisory Board members who retired at the conclusion of the 151st Ordinary General Meeting of Shareholders held on June 28, 2017.

Basic Policy on Corporate Audit Compensation

The corporate audit compensation paid to the Company's certified public accountants is decided by agreement with the Audit & Supervisory Board. Based on audit duration estimates, which are based on the audit

plan for the next fiscal period, comprehensive consideration is given to whether the appropriate business conduct of the certified public accountants and others was to the ensured level.

March 2018 Fiscal Year

Category	Compensation based on audit certification work (Millions of yen)	Compensation based on non-auditing work (Millions of yen)
Mazda Motor Corporation	221	7
Consolidated subsidiaries	72	3
Total	293	10

Furthermore, as another important detail concerning remuneration, the Company and its consolidated subsidiaries entrust auditing certification work and non-auditing work to offices that are affiliated closely with KPMG and which belong to the same network as the Company's certified public accountants. In the March 2018 fiscal year, the total amount of compensation paid by the Company and its consolidated subsidiaries was ¥539 million.

Analysis and Evaluation of the Board's Effectiveness

In order to steadily advance measures for the further enhancement of its efficiency, the Company's Board of Directors analyzed and evaluated the meetings conducted in the March 2018 fiscal year. The method and results are outlined below.

Method of analysis and evaluation

Based on a survey prepared by the Board's secretariat, all of the directors and members of the Audit & Supervisory Board evaluated the Board's effectiveness. After the results were compiled by the secretariat, an analysis of the current situation was shared at a Board meeting, and the ideal to be pursued and improvements were discussed.

Contents of analysis and evaluation

The survey primarily covered debate on the composition of the Board of Directors, the business strategy, debate on compliance and internal control, the provision of information (the amount of information, materials, explanations, and support for outside directors), and involvement in the debate.

Overview of the results

It was found that members of the Board of Directors are properly involved in determining the Company's business strategy and share an understanding of its content, that the outside directors express their opinions from an independent perspective after gaining an understanding of the Company's situation by receiving explanations of resolutions in advance and other forms of support, and that the oversight function of the execution of operations has been ensured.

Based on the previous survey (March 2017 fiscal year), efforts were made to further enhance the provision of information to outside corporate officers and to strengthen progress reports and debate on important matters at Board meetings. It was found that, as a result, the outside corporate officers gained a better understanding of the Company's operations and more constructive discussions took place at Board meetings at appropriate times.

Meanwhile, the Company recognized the need for further improvements, including strengthened monitoring of the business strategy and other important matters, enhanced debate on risks and profitability, and continued debate on the diversity of Board members.

The Company will analyze and evaluate the Board's effectiveness annually and continue to make improvements in order to enhance corporate value over the medium and long term.

Cooperation Among Audit & Supervisory Board Members, Accounting Auditors, and the Internal Auditing Department

The Audit & Supervisory Board members, accounting auditors, and internal auditing department regularly hold joint meetings and cooperate with each other.

The Audit & Supervisory Board members and the Audit & Supervisory Board regularly meet with the accounting auditors and hear explanations of their audit plan, audit issues, and results. The Audit & Supervisory Board members also provide necessary information on their audit plan and the status and results of audits. In this way, information is exchanged in both directions, and the Company is working to strengthen this close cooperation. Also, some audits, such as inventory and the inspection of securities, are conducted jointly by the Audit & Supervisory Board members and the accounting auditors.

The Audit & Supervisory Board members and the Audit & Supervisory Board regularly meet with the internal auditing department and the departments in charge of promoting internal and financial control. The Audit & Supervisory Board members get reports from the internal auditing department on the plans for and results of internal audits of the Company and its Group companies. They also get reports from the departments in charge of promoting internal and financial control on plans for efforts to enhance internal and financial control in the Company and its Group companies and the status of these efforts. In addition, the Audit & Supervisory Board members provide information acquired in the process of conducting their audits or convey requests from their perspective as Audit & Supervisory Board members, making for a two-way exchange of information. The internal auditing department also attends the Group auditor briefings conducted by the Audit & Supervisory Board members.

Dialogue with Shareholders and Investors

For continued growth and enhancement of corporate value over the medium and long terms, the Company shall promote investor relations through the timely and appropriate disclosure of information to shareholders and investors and through constructive dialogue.

The officer who oversees finance shall have overall responsibility for dialogue with shareholders, and the officer in charge of finance and the financial planning department (investor relations department) shall be in charge. In order to enhance dialogue, they shall cooperate with departments in charge, including the Corporate Planning & Development Division and the Corporate Services Division, and create a framework for the proper provision of information.

In addition to general shareholders' meetings, the Company holds meetings with shareholders and investors to explain its quarterly business results, management, and other business activities. Mazda 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 website provides information including the schedule for general shareholders' meetings and financial results announcements, performance / financial data, notice of the general meeting of shareholders (business report), shareholders' reports (in Japanese only), summary of financial results, briefing materials for the financial results, asset securities reports (in Japanese only), annual reports, and Corporate Governance Report as the Company shall endeavor to disclose information impartially and with a high degree of transparency.

Opinions from shareholders will be relayed to the Board of Directors or the management team as necessary by the officer in charge of finances. In dialogues with shareholders, insider

information (undisclosed material facts) shall be handled appropriately in accordance with laws and regulations and internal regulations.

Basic Strategy for Capital Policy

In order to enhance corporate value over the medium and long terms and build a solid financial foundation for stable, continued growth, the Company shall endeavor to reduce its interest-bearing debt and increase its equity capital.

The Company shall also endeavor to use its management resources effectively and enhance its capital efficiency.

With regard to shareholder returns, the Company shall endeavor to strengthen its financial foundation for a higher dividend payout ratio, with the payment of dividends based on performance as its basis.

Cross-Shareholdings

Taking into overall consideration the business strategy, the necessity to business activities such as maintaining and strengthening business dealings, and the economic rationality of cross-shareholdings, the Company shall have cross-shareholdings when mutual cooperation between companies will lead to the enhancement of corporate value over the medium and long terms.

Every year at a Board of Directors' meeting, the Company shall verify the economic rationality of its cross-shareholdings and the outlook over the medium and long terms based on the returns on and risks of its principal cross-shareholdings.

Initiatives to Invigorate General Shareholders' Meetings and Ensure the Smooth Exercise of Voting Rights

Date for general shareholders' meetings

General shareholders' meetings are held on dates that avoid concentrations of other companies' general meetings.

Exercise of voting rights

To improve convenience, voting by electromagnetic methods was introduced from the general shareholders' meeting held in June 2004.

Environment for exercise of voting rights for institutional investors

Mazda has participated in the electronic voting platform operated by ICJ Co., Ltd., for the exercise of voting rights by institutional investors from the general shareholders' meeting held in June 2008.

English convocation notice

An English version of the convocation notice is prepared as a reference for the exercise of voting rights.

Others

The convocation notice is mailed early and disclosed on the corporate website prior to mailing.

For the general shareholders' meeting held in June 2018, we introduced a service that enables shareholders to view convocation notices and related information, etc., and to access a website to exercise their voting rights on smartphones.

English: <http://www.mazda.com/en/investors/stockinfo/meeting/>
Japanese: <http://www.mazda.com/ja/investors/stockinfo/meeting/>

Internal Controls

Mazda has established the Mazda Corporate Ethics Code of Conduct, which states action guidelines for employees, the Finance Control Guideline for global financial control, and other guidelines. Based on these guidelines, each department develops rules, procedures, manuals, etc., to promote establishment of internal control.

For Group companies, cooperative systems have been established in accordance with the affiliate administration rules.

The responsible department at Mazda supports training and system improvement for each Group company.

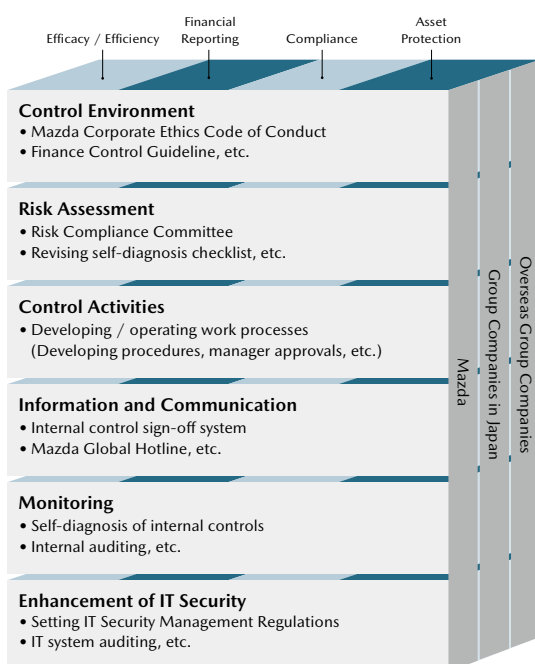
Risk Management

Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure continuous and stable progress of business activities. Among the risks identified, considering the level of importance, individual business risks are managed by the department in charge of that business area, while Company-wide risks are handled by departments that carry out business on a Company-wide basis. These departments manage the risks appropriately, following the PDCA cycle.

In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response task force when necessary.

In the March 2018 fiscal year, Mazda revised its Risk Management Regulations, clarifying in writing necessary matters for the continuous promotion of activities in collaboration with affiliates. Mazda also worked to make these revisions well known. Based on a mid-term activity plan formulated in the previous fiscal year, the Risk Compliance Committee has been striving to further visualize risks at Mazda and its Group companies and strengthen risk management activities. Every six months, the committee assesses the progress of such efforts. In the

Mazda Internal Controls



March 2018 fiscal year, the committee assessed the response to identified risks in each Company division. Based on the results of this assessment, the committee has identified key issues shared across the Group and is working to address these issues. The committee also periodically reports its initiatives to the Board of Directors.

Moreover, to prevent suspension of its businesses from causing a serious impact on society, Mazda has been developing measures to be prepared for possible future large-scale earthquakes, such as the expected Nankai Trough Earthquake.

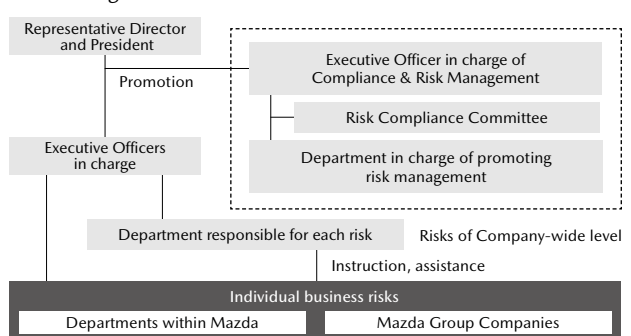
Response to Accidents and Other Emergencies

Mazda has been systematically undertaking preparatory measures for major earthquakes since the March 2004 fiscal year. Examples of such “hardware” and “software” measures include quake-proofing buildings and facilities and raising embankments, as well as maintaining emergency-contact networks, organizing self-disaster defense teams, developing response manuals, selecting tsunami evacuation areas, and carrying out evacuation drills. Moreover, disaster drills are held annually both jointly with the fire authorities and solely by Mazda’s self-disaster-defense teams to confirm initial response to an emergency, based on lessons learned from the Great East Japan Earthquake and the earthquakes that occurred in Kumamoto and Tottori prefectures.

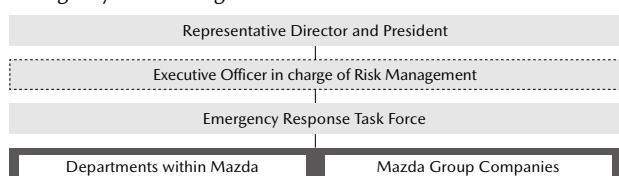
In the March 2018 fiscal year, Mazda introduced a trial system in certain divisions to automatically confirm employees’ safety in the event of a large-scale disaster. Starting from the March 2019 fiscal year, Mazda intends to introduce this system Company-wide and, in the future, extend this system to cover overseas locations as well.

Steady efforts to enhance both the “hardware” and “software” aspects of emergency readiness will continue in preparation for the expected Nankai Trough Earthquake or other large earthquakes and tsunami associated therewith. Mazda also supports local communities’ disaster prevention activities through the dispatching of fire engines and other means.

Risk Management Structure in Normal Times



Emergency Risk Management Structure



For incidents that fall outside the scope of existing risk management organizations and require a coordinated interdepartmental response, the executive officer in charge of risk management will consult with the president, establish an emergency response task force, and appoint a general manager for this task force.

Information Security

Personal information and other important information are appropriately managed and protected based on the established information management policies and internal regulations, so as to ensure information security. To raise employees' awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security. When newly joining the Company, management of confidential information is covered in the introduction program, while e-learning is used for personal information protection and IT security training. Other continuous education efforts are also available, including an Intranet site dedicated to information and knowledge on information security.

For companies in the Mazda Group, Mazda provides guidelines and educational tools regarding information security, realizing a Group-wide effort to ensure information security.

IT Security Management Rules

The IT security policy based on the BS 7799* framework has been established as IT security management rules, under which the mechanisms for security control and monitoring that should be incorporated into IT systems are determined. Whether such mechanisms are properly installed and operated is confirmed on both a regular and random basis.

* Standards on information security management established by the British Standards Institution (BSI), on which ISO/IEC 27001 & 27002, the current international standards for information security management, are based.

Protection of Personal Information

Mazda rigorously protects personal information in line with its own Personal Information Protection Policy. Handling rules are set out in order to ensure appropriate management of personal information, regular examination of management records for retained personal data is taken, and management statuses are checked once a year. In cases in which the handling of personal information is entrusted to outside parties, such contractors are carefully selected based on a checklist which determined the necessary items including security management. The Mazda Call Center responds to customers who wish to inquire about the Company's handling of personal information and those who request disclosure regarding privacy issues.

In the March 2018 fiscal year, Mazda revised its regulations and procedures regarding the handling of personal information in accordance with the enactment of the Revisions to the Act on the Protection of Personal Information. Mazda also established a new e-learning program on the basic rules for handling personal information. Furthermore, Mazda worked to provide information to Group companies and support their response to the Act's revisions. Mazda is currently assessing the impact of the EU General Data Protection Regulation, which went into effect in 2018, on its businesses and is making efforts to respond appropriately to this regulation.

Basic Policy on Intellectual Property

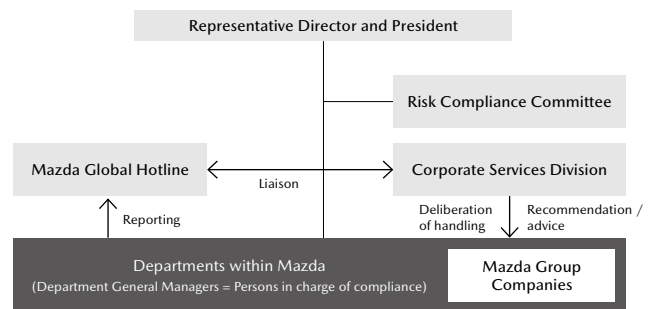
Mazda's overall vision for intellectual property is to use intellectual property as a management resource in support of its business management and enterprise activities, based on respect for its own and others' intellectual property. Based on this vision, Mazda has established an Intellectual Property Committee to discuss and decide key items regarding intellectual property. The committee is comprised of division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues. Also, the invention incentive system increases motivation for inventions among employees working at the forefront of research and development. For its Group companies in Japan and overseas, Mazda supports them in developing / implementing policies and establishing systems for handling intellectual property, with the aim of enhancing the intellectual property management functions of the entire Mazda Group.

Compliance

At Mazda, the concept of compliance applies not only to laws and regulations but also includes adherence to other rules such as internal guidelines and societal norms and expectations. Business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practice. This also applies overseas; Mazda not only complies with international regulations and the laws of each country and region but also respects local history, culture, and customs. The Mazda Corporate Ethics Code of Conduct is revised as needed to cope with changes in the social environment, social needs, etc.

The Global Employee Engagement Survey, which includes a questionnaire concerning compliance, is conducted to check the employees' degree of understanding of compliance.

Compliance Promotion System



Directors, Audit & Supervisory Board Members, and Executive Officers (As of June 26, 2018)

Directors



Number of shares held: 8,200

Masamichi Kogai

Representative Director and Chairman of the Board

Apr. 1977 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Jun. 2004 Executive Officer; General Manager, Hofu Plant
 Apr. 2008 Managing Executive Officer
 Apr. 2010 Senior Managing Executive Officer
 Jun. 2010 Director; Senior Managing Executive Officer
 Jun. 2013 Representative Director; President and CEO
 Jun. 2018 Representative Director and Chairman of the Board



Number of shares held: 9,300

Akira Marumoto

Representative Director

Apr. 1980 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Jun. 1997 Program Manager; Program Managers Div.
 Jun. 1999 Director
 Jun. 2002 Executive Officer
 Apr. 2006 Managing Executive Officer
 Jun. 2010 Senior Managing Executive Officer
 Jun. 2010 Director; Senior Managing Executive Officer
 Jun. 2013 Representative Director; Executive Vice President
 Jun. 2018 Representative Director; President and CEO



Number of shares held: 5,300

Kiyoshi Fujiwara

Representative Director

Mar. 1982 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Mar. 2003 Vice President, Mazda Motor Europe GmbH
 Jun. 2005 General Manager, Product Planning & Business Strategy Div.
 Nov. 2008 Executive Officer
 Jun. 2013 Managing Executive Officer
 Apr. 2015 Managing Executive Officer; President, Mazda Engineering & Technology Co., Ltd.
 Apr. 2016 Senior Managing Executive Officer
 Jun. 2016 Director; Senior Managing Executive Officer
 Jun. 2018 Representative Director; Executive Vice President



Number of shares held: 13,100

Yuji Nakamine

Director

Apr. 1977 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Mar. 2003 President, AutoAlliance (Thailand) Co., Ltd.
 Jun. 2005 Executive Officer
 Apr. 2007 Executive Officer; President, Mazda South East Asia Ltd.
 Nov. 2008 Managing Executive Officer
 Apr. 2011 Senior Managing Executive Officer
 Jun. 2011 Director; Senior Managing Executive Officer



Number of shares held: 9,000

Nobuhide Inamoto

Director

Apr. 1977 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Oct. 1994 Manager, Body Production Engineering Dept., Production Engineering Div.
 Jun. 1999 Representative Director and President, Mitsuba Kogyo Co., Ltd.
 Jun. 2001 Director
 Jun. 2002 Executive Officer
 Apr. 2007 Managing Executive Officer
 Jun. 2013 Director; Senior Managing Executive Officer; Chairman, Mazda Motor (China) Co., Ltd.



Number of shares held: 6,900

Kiyotaka Shobuda

Director

Mar. 1982 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Apr. 2006 Deputy General Manager, Hofu Plant
 Nov. 2008 Executive Officer; President, AutoAlliance (Thailand) Co., Ltd.
 Jun. 2013 Managing Executive Officer
 Apr. 2016 Senior Managing Executive Officer
 Jun. 2016 Director; Senior Managing Executive Officer



Number of shares held: 200

Mitsuru Ono

Director

Apr. 1981 Joined Sumitomo Bank, Ltd. (present Sumitomo Mitsui Banking Corp.)
 Apr. 2011 Executive Officer, General Manager of International Credit Management Dept.
 Jun. 2015 Standing Auditor
 May 2017 Joined Mazda Motor Corporation as Advisor
 Jun. 2017 Director and Senior Managing Executive Officer



Number of shares held: 2,400

Akira Koga

Director

Mar. 1984 Joined Toyo Kogyo Co., Ltd. (present Mazda Motor Corporation)
 Feb. 2002 General Manager, Corporate Planning Dept.
 Mar. 2004 General Manager, Corporate Planning Div.
 Nov. 2008 Executive Officer
 Apr. 2011 Executive Officer; Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations)
 Jun. 2013 Managing Executive Officer
 Apr. 2016 Senior Managing Executive Officer
 Jun. 2018 Director and Senior Managing Executive Officer



Number of shares held: 9,300

Ichiro Sakai

Director

Apr. 1968 Appointed Prosecutor
 Dec. 1999 Chief Public Prosecutor of the Yokohama District Public Prosecutors Office
 May 2001 Chief of the Research and Training Institute of the Ministry of Justice
 Oct. 2002 Superintendent Public Prosecutor of the Hiroshima High Public Prosecutors Office
 Jun. 2004 Superintendent Public Prosecutor of the Fukuoka High Public Prosecutors Office
 Apr. 2005 Registered as Lawyer (Daiichi Tokyo Bar Association)
 Jun. 2005 Outside Corporate Auditor, Toray Industries, Inc.
 Feb. 2006 Outside Corporate Auditor, Kewpie Corporation
 Jun. 2007 Outside Corporate Auditor, Mazda Motor Corporation
 Jun. 2011 Outside Director, Mazda Motor Corporation
 Feb. 2014 Outside Director, Kewpie Corporation



Number of shares held: 1,800

Kazuaki Jono

Director

Apr. 1970 Joined Hiroshima Prefecture
 Apr. 2005 General Manager, General Affairs and Planning Dept., Hiroshima Prefecture
 Apr. 2006 General Manager, General Affairs Dept., Hiroshima Prefecture
 Apr. 2007 Vice Governor, Hiroshima Prefecture
 Apr. 2014 Advisor, Hiroshima Prefectural Union of Agricultural Cooperatives
 Jun. 2015 Outside Director, Mazda Motor Corporation

**Audit & Supervisory Board
Members**

Hirofumi Kawamura (Full-time)
Masahiro Yasuda (Full-time)
Takao Hotta
Kunihiko Tamano
Akira Kitamura

Executive Officers

President and CEO _____
Akira Marumoto*

Executive Vice President _____
Kiyoshi Fujiwara*
Assistant to President; Oversight of Operations in
North America, R&D and MDI

Senior Managing Executive Officers _____

Yuji Nakamine*
Oversight of Operations in Europe, Asia & Oceania,
Middle East & Africa and New Emerging Markets

Nobuhide Inamoto*
Oversight of Operations in China, Domestic Sales
and Fleet Sales

Kiyotaka Shobuda*
Oversight of Quality, Brand Enhancement, Purchasing,
Production and Business Logistics

Mitsuru Ono*
Oversight of Financial Services and Administrative
Domain; Assistant to the Officer overseeing Fleet Sales

Akira Koga*
Oversight of Corporate Planning Domain;
In charge of Global IT Solution and MDI

Jeffrey H. Guyton
Assistant to the Officer overseeing Brand
Enhancement; President and CEO, Mazda Motor
Europe GmbH

Masahiro Moro
Oversight of Marketing Strategy; Assistant to the
Officer overseeing Brand Enhancement; President
and CEO, Mazda Motor of America, Inc. (Mazda
North American Operations)

Managing Executive Officers _____

Mitsuo Hitomi (Senior Technical Fellow)
In charge of Technical Research Center and Integrated
Control System Development

Masatoshi Maruyama
In charge of Global Production and
Global Business Logistics

Kazuhisa Fujikawa
In charge of Global Purchasing and Cost Innovation

Kazuyuki Fukuhara
In charge of Domestic Sales and Fleet Sales;
President, Mazda Chuhan Co., Ltd.

Ikuo Maeda
In charge of Design and Brand Style

Tetsuya Fujimoto
Assistant to the Officer overseeing Corporate
Planning Domain; In charge of Financial Services

Nobuhiko Watabe
In charge of Operations in China; Chairman, Mazda
Motor (China) Co., Ltd.

Hiroshi Inoue
In charge of ASEAN Business and New Emerging
Markets; President, Mazda South East Asia Ltd.

Yasuhiro Aoyama
Global Sales Coordination; In charge of Brand
Enhancement and Global Marketing

Ichiro Hirose
In charge of Powertrain Development, Vehicle
Development, Product Planning and Cost Innovation

Raita Nishiyama
Oversight of Tokyo Office; In charge of Corporate
Liaison; Assistant to the Officer in charge of
Corporate Planning and Corporate Communications

Makoto Yoshihara
Assistant to the Officer overseeing Administrative
Domain; In charge of Global Auditing, CSR,
Environment, Secretariat, General & Legal Affairs,
Compliance and Risk Management

Takeshi Mukai
In charge of Global Quality; Assistant to the Officer
in charge of Cost Innovation

Executive Officers _____

Hidenori Kawakami
Assistant to the Officer in charge of Global
Production; General Manager, Hofu Plant

Chiharu Mizutani
President and CEO, Mazda Motor Manufacturing de
Mexico, S.A. de C.V. (Mazda de Mexico Vehicle
Operation)

Masashi Aihara
General Manager, US Production Preparation Office;
President, Mazda Toyota Manufacturing, U.S.A., Inc.

Ryuichi Umeshita
In charge of Customer Service; Assistant to the
Officer in charge of Brand Enhancement and Global
Marketing

Kazuhisa Yoshida
In charge of Global Human Resources, Safety, Health
& Disaster Prevention and Mazda Hospital

Hidetoshi Kudo
In charge of R&D Administration and Product Strategy

Hiroyuki Matsumoto
General Manager, Vehicle Development Div.

Takeji Kojima
General Manager, Corporate Communications Div.

* Note: Mark of "*" stands for the Executive Officers who also
hold the post of Director

ELEVEN-YEAR SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31

	2018	2017	2016	2015	2014
Business results*² (Millions of yen):					
Net sales* ³	¥3,474,024	¥3,214,363	¥3,406,603	¥3,033,899	¥2,692,238
Domestic	631,229	587,025	660,935	617,397	655,716
Overseas	2,842,795	2,627,338	2,745,668	2,416,502	2,036,522
Cost of sales	2,653,600	2,448,184	2,567,465	2,247,720	1,993,643
Selling, general and administrative expenses	674,003	640,492	612,363	583,291	516,474
Operating income/(loss)	146,421	125,687	226,775	202,888	182,121
Income/(loss) before income taxes	157,484	128,413	166,986	209,335	97,409
Net income/(loss) attributable to owners of the parent	112,057	93,780	134,419	158,808	135,699
Capital expenditures* ⁴	104,129	94,399	89,214	131,010	133,216
Depreciation and amortization	86,954	82,416	78,972	68,872	57,656
Research and development costs	136,009	126,915	116,610	108,378	99,363
Cash flows:					
Operating cash flows	207,795	161,097	262,770	204,459	136,379
Investing cash flows	(159,989)	(63,751)	(108,092)	(95,548)	(120,057)
Free cash flow* ⁵	47,806	97,346	154,678	108,911	16,322
Financing cash flows	30,461	(149,898)	(94,062)	(62,776)	10,483
Financial position (Millions of yen):					
Total assets	¥2,728,087	¥2,524,552	¥2,548,401	¥2,473,287	¥2,246,036
Net assets	1,219,470	1,064,038	976,723	891,326	676,837
Interest-bearing debt	497,893	491,434	617,132	701,019	742,735
Net interest-bearing debt	(106,961)	(35,430)	48,418	171,871	262,981
Amounts per share of common stock (Yen):					
Net income/(loss)* ⁶	¥ 182.93	¥ 156.87	¥ 224.85	¥ 265.64* ¹⁰	¥ 226.99* ¹⁰
Cash dividends applicable to the year* ⁷	35.00	35.00	30.00	10.00	1.00
Net assets* ⁸	1,894.29	1,738.70	1,595.83	1,454.61* ¹⁰	1,105.21* ¹⁰
Financial indicators (%):					
Operating income ratio	4.2%	3.9%	6.7%	6.7%	6.8%
Return on equity (ROE)* ⁹	10.0	9.4	14.7	20.8	23.5
Equity ratio* ⁹	43.7*¹¹	41.2	37.4	35.2	29.4
Average number of shares outstanding (in thousands)	612,554	597,816	597,819	597,823* ¹⁰	597,829* ¹⁰
Number of employees (People)	49,755	48,849	46,398	44,035	40,892

* 1 The translation of the Japanese yen amounts into U.S. dollars is presented solely for the convenience of readers outside of Japan, using the prevailing exchange rate on March 31, 2018, of ¥106 to US\$1.

2 Results information for the March 2011 fiscal year include 15-month results for certain overseas subsidiaries that changed their fiscal year-end.

3 Sales is categorized into the regions based on the customers' locations.

4 Capital expenditures are calculated on an accrual basis.

5 Free cash flow represents the sum of net cash flows from operating activities and from investing activities.

6 The computations of net income/(loss) per share of common stock are based on the average number of shares outstanding during each fiscal year.

7 Cash dividends per share represent actual amounts applicable to each fiscal year.

8 The amounts of net assets used in the calculation of net assets per share exclude non-controlling interests (and, from the March 2008 fiscal year to the March 2013 fiscal year and from the March 2017 fiscal year to the March 2018 fiscal year, stock acquisition rights) from net assets.

9 The amounts of equity exclude non-controlling interests (and, from the March 2008 fiscal year to the March 2013 fiscal year and from the March 2017 fiscal year to the March 2018 fiscal year, stock acquisition rights) from net assets.

10 A share consolidation was implemented on common stock with a ratio of five shares to one share on August 1, 2014. Average number of shares outstanding, net income per share and net assets per share are calculated based on the assumption that consolidation of shares had been carried out at the beginning of the March 2014 fiscal year.

11 Percentage after consideration of the equity credit attributes of the subordinated loan is 45.0%.

2013	2012	2011	2010	2009	2008	2018
						Thousands of U.S. dollars**
¥2,205,270	¥2,033,058	¥2,325,689	¥2,163,949	¥2,535,902	¥3,475,789	\$32,773,811
588,042	560,216	541,490	574,982	620,336	880,132	5,954,991
1,617,228	1,472,842	1,784,199	1,588,967	1,915,566	2,595,657	26,818,821
1,729,296	1,662,592	1,863,678	1,710,699	2,021,851	2,485,905	25,033,962
422,038	409,184	438,176	443,792	542,432	827,737	6,358,519
53,936	(38,718)	23,835	9,458	(28,381)	162,147	1,381,330
39,101	(55,262)	16,081	(7,265)	(51,339)	143,117	1,485,698
34,304	(107,733)	(60,042)	(6,478)	(71,489)	91,835	1,057,141
77,190	78,040	44,722	29,837	81,838	75,518	982,349
59,954	68,791	71,576	76,428	84,043	74,217	820,321
89,930	91,716	90,961	85,206	95,967	114,400	1,283,104
49,033	(9,098)	15,344	111,646	(67,418)	102,969	1,960,330
(40,287)	(70,317)	(13,717)	(44,252)	(61,826)	(92,760)	(1,509,330)
8,746	(79,415)	1,627	67,394	(129,244)	10,209	451,000
(57,181)	236,462	(14,360)	60,951	137,008	(24,095)	287,368
¥1,978,567	¥1,915,943	¥1,771,767	¥1,947,769	¥1,800,981	¥1,985,566	\$25,736,669
513,226	474,429	430,539	509,815	414,731	554,154	11,504,433
718,983	778,085	693,000	722,128	753,355	504,979	4,697,104
274,108	300,778	370,151	375,825	532,631	281,085	(1,009,066)
						U.S. dollars**
¥ 11.48	¥ (57.80)	¥ (33.92)	¥ (4.26)	¥ (52.13)	¥ 65.21	\$ 1.73
—	—	—	3.00	3.00	6.00	0.33
166.04	156.85	242.24	286.92	314.98	391.82	17.87
2.4%	(1.9)%	1.0 %	0.4 %	(1.1)%	4.7%	
7.1	(24.0)	(12.8)	(1.4)	(14.8)	17.9	
25.1	24.5	24.2	26.1	22.9	27.8	
2,989,171	1,863,949	1,770,198	1,519,652	1,371,456	1,408,368	
37,745	37,617	38,117	38,987	39,852	39,364	

BUSINESS RESULTS, FINANCIAL POSITION, AND CASH FLOWS

Review of Operations for the March 2018 Fiscal Year

Operating Environment

The operating environment for the Mazda Group in the March 2018 fiscal year—the year ended March 31, 2018—showed moderate improvement overall due to a recovery in the global economy. Overseas, the U.S. economy steadily improved on the back of robust employment and income environments. In addition, as a result of export growth that followed the recovery in overseas economies, the European economy enjoyed favorable conditions. The economies of developing countries remained strong overall with China’s economy continuing to experience stable growth. In Japan, as the result of increased consumer spending and higher corporate earnings, the economy made a modest recovery.

Amid these circumstances, the Mazda Group made efforts to offer attractive products that provide driving pleasure and outstanding environmental and safety performance under its Structural Reform Stage 2 medium-term business plan. At the same time, the Group worked to further improve its brand value with the aim of realizing qualitative growth in all areas of its business.

Global Sales Volumes

With a boost from global sales of the all-new Mazda CX-5 and continued strong sales in China and Thailand, global sales volume was up 4.6% year on year and set a new record at 1,631,000 units.

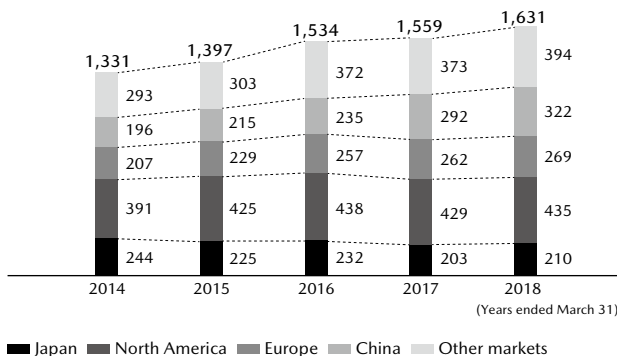
By market, sales volume in Japan was up 3.8% year on year, to 210,000 units. This was the result of contributions from the new Mazda CX-8, which has continued to sell more than the targeted volume since its launch in December 2017, as well as the new CX-5, whose sales volume has far exceeded that of the previous fiscal year. Sales volume in North America rose 1.5%, to 435,000 units, on the back of sales increases in not only the United States but also Canada and Mexico. Specifically, in the United States, despite a decline in demand for sedans and intensifying competition in the sedan market, robust sales of the new CX-5 and other crossovers resulted in a 0.7% increase in sales volume, to 304,000 units. In Europe, sales volume climbed 2.6%, to 269,000 units. Sales in the key market of Germany were solid, and sales in Russia rose significantly over the previous fiscal year. Sales of the new CX-5, which have been strong throughout Europe since its launch, were up, thus contributing to the overall sales volume increase in Europe. Sales volume in China increased 10.5%, to a record-high 322,000 units. In addition to continued strong sales of the Mazda3, this increase was the result of brisk sales of crossovers, including the Mazda CX-4 and the new CX-5. Sales volume in other markets rose 5.3%, to 394,000 units. In the major market of Australia, sales declined 2.2%, to 116,000 units, despite the continued healthy sales of the new CX-5 and other crossovers. Among countries in the ASEAN market, sales grew significantly year on year in

Thailand. In other regions, record sales were achieved in countries such as New Zealand and Chile.

Consolidated wholesales edged up 0.7% from the previous year, to 1,274,000 units.

Sales Trends by Major Markets

(Thousands of units)



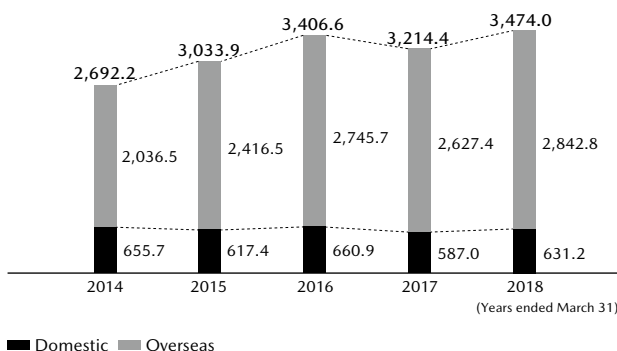
Net Sales

Net sales totaled ¥3,474.0 billion, an increase of ¥259.7 billion, or 8.1%, from the previous fiscal year, reflecting the increase in sales volumes and the impact of yen depreciation. By region, domestic sales were up ¥44.2 billion, or 7.5%, to ¥631.2 billion, as the result of higher sales volumes. Overseas sales rose ¥215.5 billion, or 8.2%, to ¥2,842.8 billion, due in part to the increased sales volumes of the new CX-5 and other crossovers as well as the impact of yen depreciation.

By product, vehicle sales were up ¥185.7 billion, or 7.0%, to ¥2,843.9 billion, owing primarily to the rise in sales volumes. Sales of knockdown parts for overseas production grew ¥25.7 billion, or 31.0%, to ¥108.5 billion, following favorable sales in China. Sales of parts also increased, climbing ¥29.7 billion, or 12.6%, to ¥266.1 billion. Other sales rose ¥18.6 billion, or 7.9%, to ¥255.5 billion.

Net Sales

(Billions of yen)

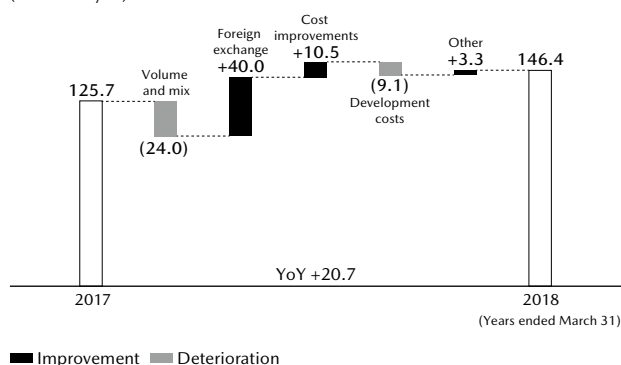


Operating Income

Operating income grew ¥20.7 billion, or 16.5%, to ¥146.4 billion. This reflects expanded crossover sales, global activities to improve costs, and the impact of the yen depreciating against the U.S. dollar, euro, and other currencies. These factors offset the decline in sedan wholesales in the U.S. market, increased marketing expenses due to intensifying competition, and costs associated with the strengthening of growth investments toward such areas as next-generation technologies and products. Operating income ratio edged up 0.3 of a percentage point, to 4.2%.

Operating Income Change

(Billions of yen)

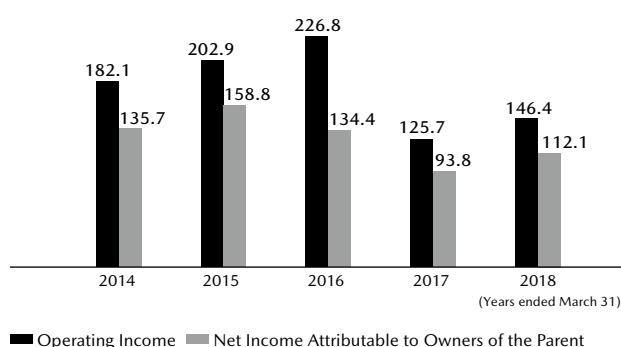


Ordinary Income and Net Income Attributable to Owners of the Parent

Ordinary income was up ¥32.6 billion, or 23.4%, to ¥172.1 billion, owing primarily to the recording of a ¥32.4 billion gain from equity in net income of affiliated companies as a result of contributions from Chinese affiliates. Net income attributable to owners of the parent rose ¥18.3 billion, or 19.5%, to ¥112.1 billion. This result mainly reflects a litigation settlement totaling ¥7.5 billion from a class action lawsuit in the United States related to airbag inflators, as well as tax expenses of ¥42.9 billion.

Operating Income / Net Income Attributable to Owners of the Parent

(Billions of yen)



Segment Information

Net sales in Japan increased ¥176.0 billion, or 6.6%, to ¥2,854.0 billion, with a ¥15.7 billion, or 23.8%, rise in operating income, to ¥81.6 billion. These results were mainly due to increased wholesales and yen depreciation. Segment assets stood at ¥2,182.9 billion, up ¥184.3 billion.

In North America, net sales climbed ¥39.7 billion, or 3.0%, to ¥1,358.4 billion, while operating income edged up ¥0.3 billion, or 1.1%, to ¥27.0 billion. These results reflected primarily the increase in sales volumes in Canada and Mexico, which helped offset difficult conditions in the U.S. sales environment. Segment assets totaled ¥398.0 billion, down ¥21.0 billion.

European net sales rose ¥108.1 billion, or 17.9%, to ¥712.9 billion, and operating income grew ¥3.3 billion, or 61.7%, to ¥8.7 billion. These increases were the result of such factors as the increase in sales volumes in the major markets of Germany and Russia, as well as the impact of yen depreciation. Segment assets came to ¥216.5 billion, an increase of ¥13.8 billion.

In other markets, net sales were up ¥88.9 billion, or 15.1%, to ¥678.0 billion, while operating income climbed ¥5.2 billion, or 25.9%, to ¥25.4 billion, owing primarily to increased sales volume in Thailand and the impact of yen depreciation. Segment assets stood at ¥309.4 billion, up ¥33.6 billion.

Financial Position

Total assets as of March 31, 2018, came to ¥2,728.1 billion, up ¥203.5 billion from the end of the previous fiscal year. This increase was due mainly to the rise in securities related to short-term funding and the increase in investment securities resulting from the acquisition of shares in Toyota Motor Corporation.

Total liabilities amounted to ¥1,508.6 billion, an increase of ¥48.1 billion from the end of the previous fiscal year, owing in part to a rise in accounts payable-trade and the issuance of bonds. Interest-bearing debt was up ¥6.5 billion, to ¥497.9 billion, as the issuance of bonds and other factors offset a decline in short-term loans payable.

Net assets amounted to ¥1,219.5 billion, an increase of ¥155.4 billion from the end of the previous fiscal year, with the recording of ¥112.1 billion of net income attributable to owners of the parent as well as the issuance of new shares by way of third-party allotment to Toyota Motor Corporation. Equity ratio increased 2.5 percentage points from the end of the previous fiscal year, to 43.7% (percentage after consideration of the equity credit attributes of the subordinated loan was 45.0%).

Cash Flows

In the March 2018 fiscal year, net cash provided by operating activities was ¥207.8 billion, compared with net cash provided by operating activities of ¥161.1 billion in the previous fiscal year, reflecting income before income taxes of ¥157.5 billion.

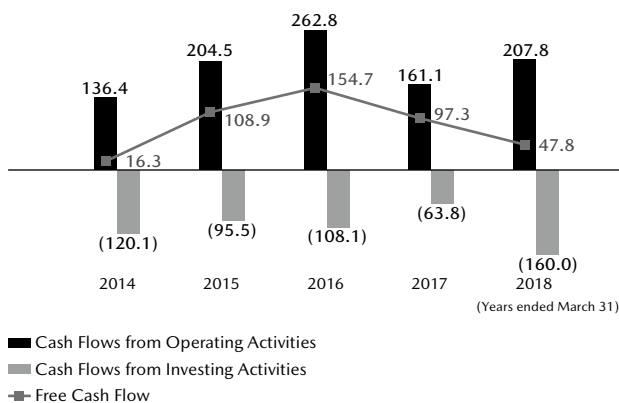
Net cash used in investing activities came to ¥160.0 billion, compared with the ¥63.8 billion used in the previous fiscal year, due mainly to capital expenditure for the acquisition of property, plant and equipment of ¥87.1 billion, as well as the purchase of stock in accordance with the business and capital alliance with Toyota Motor Corporation.

As a result, consolidated free cash flow (the total of operating cash flows and investing cash flows) was positive in the amount of ¥47.8 billion, compared with the previous fiscal year's positive free cash flow of ¥97.3 billion.

Net cash provided by financing activities was ¥30.5 billion, in contrast to net cash used in financing activities of ¥149.9 billion in the previous fiscal year, mainly reflecting the issuance of new shares by way of third-party allotment and the issuance of bonds, which outweighed dividends payable of ¥20.9 billion.

Cash and cash equivalents as of the fiscal year-end increased ¥78.0 billion from the end of the previous fiscal year, to ¥604.9 billion, while interest-bearing debt climbed ¥6.5 billion, to ¥497.9 billion. As a result, net cash position came to ¥107.0 billion.

Cash Flows
(Billions of yen)



Basic Dividend Policy, Dividends for the March 2018 and March 2019 Fiscal Years

Mazda strives to pay a stable dividend with steady increases, under a basic policy of determining the dividend amount by comprehensively taking into account the Company's financial results for the fiscal year, the business environment, and the Company's financial position.

For the March 2018 fiscal year, a full-year dividend of ¥35 per share, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend, was paid. For the March 2019 fiscal year, we plan to once again pay a full-year dividend of ¥35 per share, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend.

We intend to use internal reserves for research and development and capital investment for future growth.

Forecast for the March 2019 Fiscal Year

While a moderate improvement in the global economy is expected, with changes in the economic and fiscal policies of countries around the world, fluctuations in exchange rates, and the sales trends in the major market of the United States, the outlook for the Mazda Group's business environment is uncertain.

Amid these circumstances, in the March 2019 fiscal year, the final year of Structural Reform Stage 2, the Mazda Group will work to provide customers with products that are attractive in terms of both driving pleasure and outstanding environmental and safety performance, which represent our brand value. The Group will also make efforts to enhance its brand value through the qualitative growth of its businesses.

We are projecting a 1.9% increase in global unit sales, to 1,662,000 units. By market, we are forecasting a 2.1% increase in Japan, to 215,000 units; a 5.1% increase in North America, to 457,000 units; a 1.4% decrease in Europe, to 265,000 units; no change in China, remaining at 322,000 units; and a 2.2% increase in other markets, to 403,000 units.

In terms of consolidated financial forecasts, we are projecting a 2.2% rise in net sales, to ¥3,550.0 billion; a 28.3% decrease in operating income, to ¥105.0 billion; a 24.5% fall in ordinary income, to ¥130.0 billion; and a 28.6% decline in net income attributable to owners of the parent, to ¥80.0 billion. These projections are based on exchange rate assumptions of ¥107 to the U.S. dollar and ¥130 to the euro.

BUSINESS RISKS

Significant risks that could affect the Mazda Group's business results and financial position include those listed below. This list, however, shows the main risks anticipated at the end of the fiscal year ended March 31, 2018, and does not represent a comprehensive list of all the risks faced by the Group. The forward-looking statements in this section are based on the judgments of the Group as of the end of the fiscal year ended March 31, 2018.

1 Economic Conditions Impacting the Mazda Group

Selling its products in Japan and other parts of the world, including in North America, Europe, and Asia, the Group is greatly impacted by economic trends and fluctuations in demand in each of its markets. Therefore, the Group's business results and financial position could be adversely affected by, for example, an economic downturn, recession, changes in demand structure, declining demand, and intensifying price competition in its main markets.

2 Fluctuations in Exchange Rates

The Group is engaged in business activities on a global scale. The Group not only exports products from Japan to other parts of the world but also exports products manufactured at overseas plants to other markets in the world. These transactions are conducted in various currencies, and consequently its business results and financial position are exposed to the effects of fluctuations in exchange rates. In addition, as overseas assets and liabilities denominated in local currencies are translated into yen, there could be an adverse effect on shareholders' equity through foreign currency translation adjustments due to exchange rate fluctuations.

The Group uses forward-exchange contracts and other instruments to minimize the impact of short-term exchange rate risk. However, depending on the circumstances of fluctuations in exchange rates, loss of opportunity could be generated.

3 Alliances and Joint Ventures

The Group is performing or examining joint activities with other companies under technology alliances, joint ventures, and in other forms with respect to the development, production, and sales of products. These joint activities are designed to optimize resources, facilitate their prioritization, and generate synergies. However, in the event of a disagreement over management, financial, or other matters between the parties involved, or in the event that the expected results were not produced due to such factors as changes to or terminations of alliances and joint ventures, the Group's business results and financial position could be adversely affected. In addition, unintended changes to or terminations of alliances and joint ventures could have an adverse effect on the Group's business results and financial position.

4 Statutory Regulations Covering the Environment

In addition to being subject to environmental regulations pertaining to fuel consumption and exhaust emissions, automobile safety, and the pollutant emission levels from manufacturing plants, the Group's operations in each country where it does business are subject to various statutory regulations, such as labor regulations.

Going forward, the Group's business results and financial position could be adversely affected by the increased costs associated with more stringent statutory regulations.

5 Market Competitiveness

The Group competes with a large number of companies in automobile markets in all parts of the world. Maintaining and enhancing the Group's ability to compete in these markets, which includes maintaining and developing Mazda brand value, is crucial to ensuring growth. Consequently, the Group is implementing a range of initiatives to boost its competitiveness in product development, manufacturing, sales, and other areas.

However, the Group's business results and financial position could be affected in the event that it fails to launch appealing products at opportune times, due to a failure to accurately ascertain market trends or as a result of issues related to technological capabilities and manufacturing. The same holds true if the Group fails to take effective steps to respond to customer values or changes thereof, including declines in market share or product prices, through its dealership network or sales methods.

6 Procurement of Materials and Components

The Group relies on numerous suppliers outside the Group for the procurement of materials and components.

For that reason, the Group may face difficulties in procuring the necessary level of materials and components for volume production, due to supply constraints or reduced logistics functions in the event of these suppliers being affected by a disaster, due to tight supply balances, or due to changes to and breaches of supply contracts.

Should the Group be unable to absorb the effects of any increases in the prices of the materials being procured by the Company—for example, by making internal efforts to boost productivity or passing on price rises to customers—or should procured materials and components be of insufficient quality, the possibility exists of a deterioration in output or higher costs, which could adversely affect the Group's business results and financial position.

7 International Business Activities

In addition to Japan, the Group sells its products and carries out business activities in markets in all parts of the world, including the United States and Europe, as well as developing and emerging markets overseas. In these international markets, the Group is subject to the following potential risks, which could affect the Group's business results and financial position if manifested:

- Adverse political and economic developments
- Impediments arising from changes in laws and regulations
- Import / export regulations, such as tariffs, detrimental taxes, and other regulations
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease, and other factors leading to social disorder

8 Protection of Intellectual Property

In order to maintain competitiveness, the Group is working to accumulate and protect technologies and expertise that help it to develop unique products. At the same time, the Group is taking steps to prevent the infringement of third-party intellectual property rights. Nonetheless, should differences in recognition or opinion lead to a disputed infringement of third-party intellectual property rights that results in the Group being forced to halt the production and sales of products, or needing to pay damages, this could also adversely affect the Group's business results and financial position.

The Group's intellectual property is not subject to complete protection in certain regions. In the event that third parties use the Group's intellectual property rights on an unauthorized basis to produce similar products, the Group may have to pay substantial expenses for litigation, or experience a decline in sales due to an inability to offer unique products. This could adversely affect the Group's business results and financial position.

9 Product Quality

While striving to improve the quality of its products to meet the requirements of the market, the Group also does its utmost to ensure the safety of its products. However, should a defect develop in a product due to unforeseen circumstances or a large-scale recall occur, this could adversely affect the Group's business results and financial position due to such factors as the incurring of significant costs, the Group's diminished brand image, and loss of market trust.

10 Natural Disasters and Accidents

In addition to measures to protect its manufacturing sites and other important facilities against fire and earthquakes, the Group has concluded natural disaster insurance contracts and taken other steps to minimize the financial risk of such events. However, the ability of the Group to supply products may be severely disrupted in the event of a major natural disaster, such as an earthquake, typhoon, flood, or fire or other accident, which could adversely affect the Group's business results and financial position.

11 Dependence on Information Technology

In the course of various business activities such as development, production, and sales of products, the Group utilizes information technology, networks, and systems. The Group's products are also equipped with these technologies, including driving support system, etc. Despite countermeasures implemented in information technology, networks, and systems to allow safe operations, such factors as failures in infrastructure, cyberattacks, and infection by computer viruses may result in suspension of business activities, loss of data, leakage of confidential information, and deterioration in product functions. Should these events occur, the Group's business results and financial position could be adversely affected due to the incurring of costs associated with countermeasures, loss of product credibility, and damage to the brand image, etc.

12 Financial Accounting

Including the financial accounting factors set out below, the Group's operating results and financial position could be affected by financial accounting assessment of its assets and liabilities as well as changes in or new applications of accounting standards.

(i) Deferred Tax Assets

Provided on deductible temporary differences, deferred tax assets are recorded by assessing the likelihood of recovery based on expectations of future taxable income. However, the amount of deferred tax assets could be reduced by, for example, the recording of valuation allowances against deferred tax assets in the event that they are judged to be unrecoverable due to a deterioration in business conditions or in the event of tax reforms that include changes in tax rates. This could adversely affect the Group's business results and financial position.

(ii) Impairment of Long-Lived Assets

With regard to long-lived assets, should the carrying amount be considered to be unrecoverable due, for example, to a deterioration in business conditions, an impairment loss against the carrying value of assets will be recorded. This could adversely affect the Group's business results and financial position.

(iii) Retirement Benefits

Liability for retirement benefits changes in accordance with trends in retirement benefit obligations and pension assets. However, in the event of changes being made to the actuarial prerequisites or of a deterioration in fair value of plan assets caused by lower returns, the Group's business results and financial position could be adversely affected.

13 Changes in Financing Procurement Environment and Interest Rate Fluctuations

In addition to loans from banks, the Group has been raising funds by issuing its shares and bonds. However, in the event of turmoil in financial market tax reforms, institutional changes being made to government-affiliated financial organizations, or the downgrading of the Group's credit rating, the Group's business results and financial position could be adversely affected due to such factors as the increased funding costs and the difficulties associated with raising money for the amount of funds required. Moreover, factoring in the effect of interest rate changes on the Group's interest-bearing debt, were the costs of financing to increase due to a rise in interest rates, the Group's business results and financial position could also be adversely affected. In the event that any deterioration in the Group's financial standing were to infringe the financial covenants of some of the loans and lead to the forfeiture of the benefit of time, the Group's business results and financial position could be adversely affected.

14 Compliance and Reputation

Commencing with information security efforts to protect personal information and confidential information, the Group has taken preventive measures regarding compliance, such as compliance with the law. In addition, in the event of a compliance-related incident being detected, the Group has a rapid response system in place to prevent any impact on the Group's social credibility and reputation. However, the Group cannot guarantee that there is no possibility of a legal violation occurring in the future. Should there be evidence of an illegal act or should the rapidity and content of the response prove insufficient, the Group's social credibility and reputation could be harmed, and the Group's business results and financial position could be adversely affected.

15 Forecasts

In order to realize further growth in the future, the Group formulated the Structural Reform Stage 2 medium-term business plan, which commenced in the March 2017 fiscal year. At the moment, the Group is working to formulate the next medium-term business plan. However, ahead of the release of this new plan, in April 2018 the Group announced the Direction of Future Frameworks, which lays out efforts for realizing sustainable growth going forward. In implementing these efforts and plans, however, in the event of external environment changes that differ greatly from assumptions or progress not being made according to plan, the expected outcome would not be realized and the Group's business results and financial position could be adversely affected.

CONSOLIDATED BALANCE SHEETS

Mazda Motor Corporation and Consolidated Subsidiaries
March 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Current assets:			
Cash and cash equivalents	¥ 604,854	¥ 526,864	\$ 5,706,170
Trade notes and accounts receivable (Note 4)	221,532	215,788	2,089,925
Inventories (Notes 7 and 9)	399,787	376,951	3,771,575
Deferred tax assets (Note 20)	86,081	109,398	812,085
Other current assets	136,265	114,188	1,285,518
Allowance for doubtful receivables	(1,028)	(818)	(9,698)
Total current assets	1,447,491	1,342,371	13,655,575
Property, plant and equipment:			
Land (Note 8)	406,117	409,894	3,831,292
Buildings and structures	526,224	511,934	4,964,377
Machinery, equipment and vehicles	904,088	904,911	8,529,132
Tools, furniture and fixtures	216,710	216,263	2,044,434
Leased assets	10,905	9,788	102,877
Construction in progress	47,056	41,134	443,925
	2,111,100	2,093,924	19,916,037
Accumulated depreciation	(1,139,678)	(1,134,599)	(10,751,679)
Net property, plant and equipment (Notes 9 and 17)	971,422	959,325	9,164,358
Intangible assets (Note 17)	35,862	33,242	338,321
Investments and other assets:			
Investment securities (Note 4):			
Affiliated companies	139,632	131,117	1,317,283
Other	70,973	16,321	669,557
Long-term loans receivable (Note 4)	1,433	3,599	13,519
Asset for retirement benefits (Note 19)	3,798	3,629	35,830
Deferred tax assets (Note 20)	29,232	15,491	275,774
Other investments and other assets	28,914	22,322	272,773
Allowance for doubtful receivables	(670)	(2,865)	(6,321)
Total investments and other assets	273,312	189,614	2,578,415
Total assets	¥2,728,087	¥2,524,552	\$25,736,669

See accompanying notes on our official website. <http://www.mazda.com/en/investors/library/annual/>

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Current liabilities:			
Short-term debt (Notes 4 and 9)	¥ 101,844	¥ 124,454	\$ 960,792
Long-term debt due within one year (Notes 4 and 9)	76,541	92,122	722,085
Trade notes and accounts payable (Note 4)	417,589	388,880	3,939,519
Income taxes payable	15,567	13,450	146,858
Accrued expenses (Note 4)	239,382	219,908	2,258,321
Reserve for warranty expenses	104,435	123,455	985,236
Other current liabilities (Note 20)	40,908	33,760	385,925
Total current liabilities	996,266	996,029	9,398,736
Non-current liabilities:			
Long-term debt due after one year (Notes 4 and 9)	319,508	274,858	3,014,226
Deferred tax liability related to land revaluation (Note 8)	64,553	64,715	608,991
Liability for retirement benefits (Note 19)	67,287	72,888	634,783
Reserve for loss on business of subsidiaries and affiliates	821	529	7,745
Reserve for environmental measures	529	677	4,991
Other non-current liabilities (Note 20)	59,653	50,818	562,764
Total non-current liabilities	512,351	464,485	4,833,500
Total liabilities	1,508,617	1,460,514	14,232,236
Contingent liabilities (Note 10)			
Net assets:			
Capital and retained earnings (Note 12):			
Common stock	283,957	258,957	2,678,840
Authorized: 1,200,000,000 shares			
Issued: 631,803,979 shares in 2018 and 599,875,479 shares in 2017			
Capital surplus	264,910	239,909	2,499,151
Retained earnings	536,856	445,353	5,064,679
Treasury stock (2,057,633 shares in 2018 and 2,059,416 shares in 2017)	(2,230)	(2,231)	(21,038)
Total capital and retained earnings	1,083,493	941,988	10,221,632
Accumulated other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	8,786	3,913	82,887
Deferred gains/(losses) on hedges	305	1,188	2,877
Land revaluation (Note 8)	145,574	145,944	1,373,340
Foreign currency translation adjustment	(28,576)	(33,812)	(269,585)
Accumulated adjustments for retirement benefits	(16,657)	(19,800)	(157,142)
Total accumulated other comprehensive income	109,432	97,433	1,032,377
Stock acquisition rights (Note 13)	183	91	1,726
Non-controlling interests	26,362	24,526	248,698
Total net assets	1,219,470	1,064,038	11,504,433
Total liabilities and net assets	¥2,728,087	¥2,524,552	\$25,736,669

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net sales	¥3,474,024	¥3,214,363	\$32,773,811
Cost and expenses:			
Cost of sales	2,653,600	2,448,184	25,033,962
Selling, general and administrative expenses (Note 14)	674,003	640,492	6,358,519
	3,327,603	3,088,676	31,392,481
Operating income	146,421	125,687	1,381,330
Other income/(expenses):			
Interest and dividend income	5,076	3,540	47,887
Interest expense	(7,442)	(9,383)	(70,208)
Equity in net income of affiliated companies	32,366	30,880	305,340
Other, net (Note 16)	(18,937)	(22,311)	(178,651)
	11,063	2,726	104,368
Income before income taxes	157,484	128,413	1,485,698
Income taxes (Note 20):			
Current	35,842	30,316	338,132
Deferred	7,074	351	66,736
	42,916	30,667	404,868
Net income	114,568	97,746	1,080,830
Net income attributable to non-controlling interests	2,511	3,966	23,689
Net income attributable to owners of the parent	¥ 112,057	¥ 93,780	\$ 1,057,141

Amounts per share of common stock:	Yen		U.S. dollars (Note 1)
	2018	2017	2018
Net income:			
Basic	¥182.93	¥156.87	\$1.73
Diluted	182.90	156.86	1.73
Cash dividends applicable to the year	35.00	35.00	0.33

See accompanying notes on our official website. <http://www.mazda.com/en/investors/library/annual/>

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Net income	¥114,568	¥ 97,746	\$1,080,830
Other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	4,870	184	45,943
Deferred gains/(losses) on hedges	(950)	1,652	(8,962)
Foreign currency translation adjustment	(248)	7,874	(2,340)
Adjustments for retirement benefits	3,053	5,762	28,802
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	5,207	(4,939)	49,123
Total other comprehensive income/(loss)	11,932	10,533	112,566
Comprehensive income	¥126,500	¥108,279	\$1,193,396
Comprehensive income/(loss) attributable to:			
Owners of the parent	124,426	104,583	1,173,830
Non-controlling interests	2,074	3,696	19,566

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen				
	Capital and retained earnings				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
April 1, 2016	¥258,957	¥243,048	¥367,601	¥(2,228)	¥ 867,378
Increase/(decrease)					
Issuance of new common stock	—	—	—	—	—
Dividends paid	—	—	(17,935)	—	(17,935)
Net income attributable to owners of the parent	—	—	93,780	—	93,780
Purchase of treasury stock	—	—	—	(3)	(3)
Sale of treasury stock	—	0	—	0	0
Change of scope of consolidation	—	—	1,579	—	1,579
Change of scope of equity method	—	—	320	—	320
Reversal for land revaluation	—	—	8	—	8
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(3,139)	—	—	(3,139)
Changes in items other than capital and retained earnings, net	—	—	—	—	—
Total changes during the fiscal year	—	(3,139)	77,752	(3)	74,610
April 1, 2017	¥258,957	¥239,909	¥445,353	¥(2,231)	¥ 941,988
Increase/(decrease)					
Issuance of new common stock	25,000	25,000	—	—	50,000
Dividends paid	—	—	(20,924)	—	(20,924)
Net income attributable to owners of the parent	—	—	112,057	—	112,057
Purchase of treasury stock	—	—	—	(3)	(3)
Sale of treasury stock	—	1	—	4	5
Change of scope of consolidation	—	—	—	—	—
Change of scope of equity method	—	—	—	—	—
Reversal for land revaluation	—	—	370	—	370
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—
Changes in items other than capital and retained earnings, net	—	—	—	—	—
Total changes during the fiscal year	25,000	25,001	91,503	1	141,505
March 31, 2018	¥283,957	¥264,910	¥536,856	¥(2,230)	¥1,083,493

	Millions of yen								
	Accumulated other comprehensive income/(loss)								
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total	Stock acquisition rights	Non-controlling interests	Total net assets
April 1, 2016	¥3,721	¥ (600)	¥145,952	¥(36,877)	¥(25,558)	¥ 86,638	¥ —	¥22,707	¥ 976,723
Increase/(decrease)									
Issuance of new common stock	—	—	—	—	—	—	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(17,935)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	—	93,780
Purchase of treasury stock	—	—	—	—	—	—	—	—	(3)
Sale of treasury stock	—	—	—	—	—	—	—	—	0
Change of scope of consolidation	—	—	—	—	—	—	—	—	1,579
Change of scope of equity method	—	—	—	—	—	—	—	—	320
Reversal for land revaluation	—	—	—	—	—	—	—	—	8
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(3,139)
Changes in items other than capital and retained earnings, net	192	1,788	(8)	3,065	5,758	10,795	91	1,819	12,705
Total changes during the fiscal year	192	1,788	(8)	3,065	5,758	10,795	91	1,819	87,315
April 1, 2017	¥3,913	¥1,188	¥145,944	¥(33,812)	¥(19,800)	¥ 97,433	¥ 91	¥24,526	¥1,064,038
Increase/(decrease)									
Issuance of new common stock	—	—	—	—	—	—	—	—	50,000
Dividends paid	—	—	—	—	—	—	—	—	(20,924)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	—	112,057
Purchase of treasury stock	—	—	—	—	—	—	—	—	(3)
Sale of treasury stock	—	—	—	—	—	—	—	—	5
Change of scope of consolidation	—	—	—	—	—	—	—	—	—
Change of scope of equity method	—	—	—	—	—	—	—	—	—
Reversal for land revaluation	—	—	—	—	—	—	—	—	370
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—
Changes in items other than capital and retained earnings, net	4,873	(883)	(370)	5,236	3,143	11,999	92	1,836	13,927
Total changes during the fiscal year	4,873	(883)	(370)	5,236	3,143	11,999	92	1,836	155,432
March 31, 2018	¥8,786	¥ 305	¥145,574	¥(28,576)	¥(16,657)	¥109,432	¥183	¥26,362	¥1,219,470

See accompanying notes on our official website. <http://www.mazda.com/en/investors/library/annual/>

	Thousands of U.S. dollars (Note 1)				
	Capital and retained earnings				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
April 1, 2017	\$2,442,991	\$2,263,292	\$4,201,443	\$(21,047)	\$ 8,886,679
Increase/(decrease)					
Issuance of new common stock	235,849	235,849	—	—	471,698
Dividends paid	—	—	(197,397)	—	(197,397)
Net income attributable to owners of the parent	—	—	1,057,141	—	1,057,141
Purchase of treasury stock	—	—	—	(28)	(28)
Sale of treasury stock	—	10	—	37	47
Change of scope of consolidation	—	—	—	—	—
Change of scope of equity method	—	—	—	—	—
Reversal for land revaluation	—	—	3,492	—	3,492
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—
Changes in items other than capital and retained earnings, net	—	—	—	—	—
Total changes during the fiscal year	235,849	235,859	863,236	9	1,334,953
March 31, 2018	\$2,678,840	\$2,499,151	\$5,064,679	\$(21,038)	\$10,221,632

	Thousands of U.S. dollars (Note 1)								
	Accumulated other comprehensive income/(loss)								
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total	Stock acquisition rights	Non-controlling interests	Total net assets
April 1, 2017	\$36,915	\$11,208	\$1,376,830	\$(318,981)	\$(186,792)	\$ 919,180	\$ 858	\$231,377	\$10,038,094
Increase/(decrease)									
Issuance of new common stock	—	—	—	—	—	—	—	—	471,698
Dividends paid	—	—	—	—	—	—	—	—	(197,397)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	—	1,057,141
Purchase of treasury stock	—	—	—	—	—	—	—	—	(28)
Sale of treasury stock	—	—	—	—	—	—	—	—	47
Change of scope of consolidation	—	—	—	—	—	—	—	—	—
Change of scope of equity method	—	—	—	—	—	—	—	—	—
Reversal for land revaluation	—	—	—	—	—	—	—	—	3,492
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—
Changes in items other than capital and retained earnings, net	45,972	(8,331)	(3,490)	49,396	29,650	113,197	868	17,321	131,386
Total changes during the fiscal year	45,972	(8,331)	(3,490)	49,396	29,650	113,197	868	17,321	1,466,340
March 31, 2018	\$82,887	\$ 2,877	\$1,373,340	\$(269,585)	\$(157,142)	\$1,032,377	\$1,726	\$248,698	\$11,504,433

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes	¥157,484	¥128,413	\$1,485,698
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:			
Depreciation and amortization	86,954	82,416	820,321
Impairment loss	2,425	1,120	22,877
Increase/(decrease) in allowance for doubtful receivables	239	334	2,255
Increase/(decrease) in reserve for warranty expenses	(19,020)	18,732	(179,434)
Increase/(decrease) in reserve for loss on business of subsidiaries and affiliates	292	529	2,755
Increase/(decrease) in liability for retirement benefits	(2,112)	(4,953)	(19,925)
Interest and dividend income	(5,076)	(3,540)	(47,887)
Interest expense	7,442	9,383	70,208
Equity in net loss/(income) of affiliated companies	(32,366)	(30,880)	(305,340)
Loss/(gain) on sale and retirement of property, plant and equipment, net	4,775	4,899	45,047
Decrease/(increase) in trade notes and accounts receivable	(3,941)	(19,220)	(37,179)
Decrease/(increase) in inventories	(29,966)	(11,884)	(282,698)
Increase/(decrease) in trade notes and accounts payable	29,888	18,343	281,962
Increase/(decrease) in other current liabilities	26,384	19,366	248,906
Other	(8,780)	(13,070)	(82,831)
Subtotal	214,622	199,988	2,024,735
Interest and dividends received	34,892	17,882	329,170
Interest paid	(8,333)	(9,193)	(78,613)
Income taxes refunded/(paid)	(33,386)	(47,580)	(314,962)
Net cash provided by/(used in) operating activities	¥207,795	¥161,097	\$1,960,330

See accompanying notes on our official website. <http://www.mazda.com/en/investors/library/annual/>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from investing activities:			
Net decrease/(increase) in time deposits	¥ (10,166)	¥ 26,996	\$ (95,906)
Net decrease/(increase) in securities	—	3,000	—
Purchase of investment securities	(55,698)	(6,480)	(525,453)
Proceeds from sales and redemption of investment securities	3,450	581	32,547
Acquisition of property, plant and equipment	(87,063)	(78,232)	(821,349)
Proceeds from sale of property, plant and equipment	3,715	1,907	35,047
Acquisition of intangible assets	(12,120)	(11,475)	(114,340)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	447	—	4,217
Net decrease/(increase) in short-term loans receivable	401	20	3,783
Payments of long-term loans receivable	(483)	(428)	(4,557)
Collections of long-term loans receivable	281	682	2,651
Other	(2,753)	(322)	(25,970)
Net cash provided by/(used in) investing activities	(159,989)	(63,751)	(1,509,330)
Cash flows from financing activities:			
Net increase/(decrease) in short-term debt	(28,283)	10,399	(266,821)
Proceeds from long-term debt	122,321	96,885	1,153,972
Repayments of long-term debt	(92,271)	(232,716)	(870,481)
Proceeds from issuance of common stock	49,780	—	469,623
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(6,356)	—
Cash dividends paid	(20,924)	(17,935)	(197,397)
Cash dividends paid to non-controlling interests	(164)	(172)	(1,547)
Net decrease/(increase) in treasury stock	2	(3)	19
Net cash provided by/(used in) financing activities	30,461	(149,898)	287,368
Effect of exchange rate fluctuations on cash and cash equivalents	(277)	6,156	(2,613)
Net increase/(decrease) in cash and cash equivalents	77,990	(46,396)	735,755
Cash and cash equivalents at beginning of the period	526,864	568,714	4,970,415
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	4,790	—
Decrease in cash and cash equivalents from exclusion of subsidiaries from consolidation	—	(244)	—
Cash and cash equivalents at end of the period	¥ 604,854	¥ 526,864	\$ 5,706,170

CORPORATE DATA (As of March 31, 2018)

Name: Mazda Motor Corporation
Founded: January 1920
Head Office: 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan
 Phone: +81 (82) 282-1111
Main business lines: Manufacture and sales of passenger cars and commercial vehicles
Capital: ¥284.0 billion
Number of employees: 49,755 (consolidated)
Research and development sites: Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (USA), Mazda Motor Europe (Germany), China Engineering Support Center (China)
Production sites: Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant
 Overseas: China, Thailand, Mexico, Vietnam^{*1}, Malaysia^{*2}, Russia^{*2}
Sales companies: Japan: 220
 Overseas: 140
Principal products: Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, automatic and manual transmissions for vehicles

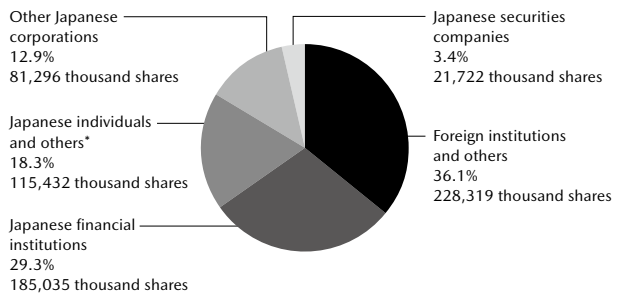
^{*1} Some models are assembled locally. (Volume is not disclosed.)

^{*2} Assembly only (Volume is not disclosed.)

STOCK INFORMATION (As of March 31, 2018)

Authorized: 1,200,000,000 shares
Issued: 631,803,979 shares
Number of shareholders: 162,708
Listing: Tokyo Stock Exchange, First Section
Code: 7261
Fiscal year-end: March 31
Transfer agent: Sumitomo Mitsui Trust Bank, Limited
 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Breakdown of Shareholders



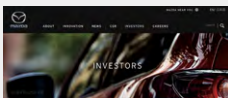
* Treasury stock is included in Japanese individuals and others.

Introduction to Other Tools

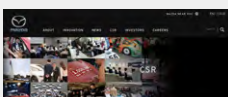


Compilation of Mazda's CSR Activities
Mazda Sustainability Report 2018
 (Date of publication: October 2018)
<http://www.mazda.com/en/csr/report/download/>

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<http://www.mazda.com/en/investors/>



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About Mazda
 Includes Mazda Corporate Vision, Company profile
<http://www.mazda.com/en/about/>

For Requests and Inquiries

For inquiries concerning this annual report, please contact:
 IR Group, Financial Planning Department, Financial Services Division
 Mazda Motor Corporation
 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan
 Phone: +81 (82) 282-1111

Major Shareholders

Shareholder	No. of shares owned (Thousands)	Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust)	33,305	5.3
Toyota Motor Corporation	31,928	5.1
The Master Trust Bank of Japan, Ltd. (Trust)	29,367	4.7
Sumitomo Mitsui Banking Corporation	12,857	2.0
Japan Trustee Services Bank, Ltd. (Trust 9)	12,684	2.0
BNYMSANV AS AGENT/ CLIENTS LUX UCITS NON TREATY 1	12,428	2.0
Japan Trustee Services Bank, Ltd. (Trust 5)	11,993	1.9
STATE STREET BANK WEST CLIENT – TREATY 505234	10,412	1.7
Japan Trustee Services Bank, Ltd. (Trust 1)	8,901	1.4
Japan Trustee Services Bank, Ltd. (Trust 7)	8,864	1.4

Note: Treasury stock of 2,050,849 shares is excluded in the calculation of the ratio

Forward-Looking Statements

Statements made in this annual report with respect to Mazda's plans, strategies, and future performance are forward-looking statements based on management's assumptions and beliefs in the light of information currently available, and involve risks and uncertainties. Potential risks and uncertainties include, but are not limited to: sudden changes in general economic conditions in Mazda's markets and operating environment; exchange rates; the ability of Mazda and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way; and fluctuations in stock markets. Accordingly, actual results could differ materially from those contained in any forward-looking statements.

Note on Model Names

Unless otherwise stated, model names appearing in this annual report are those generally used in international markets. In some cases, names used in the domestic market differ: Mazda2 (in Japan: Mazda Demio), Mazda3 (Mazda Axela), Mazda6 (Mazda Atenza), Mazda MX-5 (Mazda Roadster).

CORPORATE VISION

We love cars and want people to enjoy fulfilling lives through cars.

We envision cars existing sustainably with the earth and society,
and we will continue to tackle challenges with creative ideas.

1. Brighten people's lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges and seek to master the Doh ("Way" or "Path") of creativity.



MAZDA MOTOR CORPORATION