Annual Securities Report

The 158th Fiscal Year

(From April 1, 2023 to March 31, 2024)

Mazda Motor Corporation

E02163

The 158th Fiscal Year (from April 1, 2023 to March 31, 2024)

Annual Securities Report

1. This is an English translation of the Annual Securities Report ("Yukashoken Hokokusho") pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, filed via the Electronic Disclosure for Investors' Network ("EDINET") system as set forth in Article 27-30-2 of the said Act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document, are English translations of the auditors' report that was attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and confirmation letter that were filed at the same time as the Annual Securities Report.

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Filing date:	June 26, 2024
Fiscal year:	The 158th Fiscal Year (from April 1, 2023 to March 31, 2024)
Company name:	Mazda Kabushiki Kaisha
Company name in English:	Mazda Motor Corporation
Title and name of representative:	Masahiro Moro, Representative Director and President
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Part I Company Information

I. Company Overview

1. Key Financial Data and Trends

(1) Consolidated Financial Data

Fiscal year		154th	155th	156th	157th	158th
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Millions of yen)	3,430,285	2,882,066	3,120,349	3,826,752	4,827,662
Ordinary income	(Millions of yen)	53,091	28,251	123,525	185,936	320,120
Net income/(loss) attributable to owners of the parent	(Millions of yen)	12,131	(31,651)	81,557	142,814	207,696
Comprehensive income	(Millions of yen)	(5,068)	20,457	129,823	165,465	332,132
Net assets	(Millions of yen)	1,205,846	1,195,830	1,316,697	1,456,801	1,757,378
Total assets	(Millions of yen)	2,787,640	2,917,414	2,968,148	3,259,251	3,791,768
Net assets per share	(Yen)	1,865.63	1,876.40	2,065.74	2,285.21	2,757.74
Net income (loss) per share	(Yen)	19.26	(50.26)	129.49	226.71	329.65
Diluted net income per share	(Yen)	19.25	–	129.38	226.52	329.38
Equity ratio	(%)	42.1	40.5	43.8	44.2	45.8
Return on equity	(%)	1.0	(2.7)	6.6	10.4	13.1
Price earnings ratio	(Times)	29.7	–	7.0	5.4	5.3
Cash flows from operating activities	(Millions of yen)	34,834	120,058	189,155	137,424	418,895
Cash flows from investing activities	(Millions of yen)	(127,578)	(78,862)	(136,237)	(99,427)	(179,889)
Cash flows from financing activities	(Millions of yen)	(24,274)	99,348	(86,405)	(89,863)	(84,704)
Cash and cash equivalents at end of the period	(Millions of yen)	567,994	738,793	740,385	717,093	919,265
Number of employees	(Persons)	50,479	49,786	48,750	48,481	48,685

Notes:
1. Diluted net income per share for the 155th fiscal year is not presented because a net loss per share was recorded although dilutive shares existed.
2. Price earnings ratio for the 155th fiscal year is not presented because a net loss attributable to owners of the parent was recorded.
3. The Group has adopted the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the 156th fiscal year. Key financial data for the 156th fiscal year onward was adjusted in accordance with this change.

(2) Financial Data of Reporting Company

Fiscal year		154th	155th	156th	157th	158th
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Millions of yen)	2,584,322	2,135,873	2,339,290	3,000,360	3,636,113
Ordinary income/(loss)	(Millions of yen)	(13,060)	(23,083)	130,014	102,591	226,555
Net income/(loss)	(Millions of yen)	(23,870)	(35,813)	84,529	89,771	137,731
Common stock	(Millions of yen)	283,957	283,957	283,957	283,957	283,957
Total number of shares issued	(Thousands of shares)	631,803	631,803	631,803	631,803	631,803
Net assets	(Millions of yen)	1,001,820	966,004	1,062,218	1,118,720	1,280,920
Total assets	(Millions of yen)	2,090,940	2,309,305	2,327,779	2,467,387	2,718,102
Net assets per share	(Yen)	1,590.25	1,533.24	1,685.70	1,775.08	2,032.19
Dividend per share [of which interim dividend per share]	(Yen)	35.00 [15.00]	– [–]	20.00 [–]	45.00 [20.00]	60.00 [25.00]
Net income (loss) per share	(Yen)	(37.90)	(56.86)	134.20	142.50	218.60
Diluted net income per share	(Yen)	–	–	134.09	142.38	218.42
Equity ratio	(%)	47.9	41.8	45.6	45.3	47.1
Return on equity	(%)	(2.3)	(3.6)	8.3	8.2	11.5
Price earnings ratio	(Times)	–	–	6.8	8.6	8.0
Payout ratio	(%)	–	–	14.9	31.6	27.4
Number of employees	(Persons)	22,480	22,611	22,652	22,832	23,124
Total shareholder return [Benchmark: TOPIX]	(%) (%)	49.0 [88.2]	75.7 [122.8]	77.8 [122.3]	107.0 [125.9]	154.7 [173.9]
Highest share price	(Yen)	1,370.0	1,000.0	1,116.0	1,351.0	1,961.0
Lowest share price	(Yen)	543.0	505.0	715.0	843.0	1,128.0

Notes:
1. The dividend per share for the 158th fiscal year includes a special dividend of 5 yen.
2. Diluted net income per share for the 154th and 155th fiscal years are not presented because a net loss per share was recorded for each of the fiscal years although dilutive shares existed.
3. Price earnings ratio and payout ratio for the 154th and 155th fiscal years are not presented because a net loss was recorded for each of the fiscal years.
4. The highest and lowest share prices are quoted prices on the First Section of the Tokyo Stock Exchange on and before April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.
5. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 156th fiscal year. Key financial data for the 156th fiscal year onward was adjusted in accordance with this change.

2. History

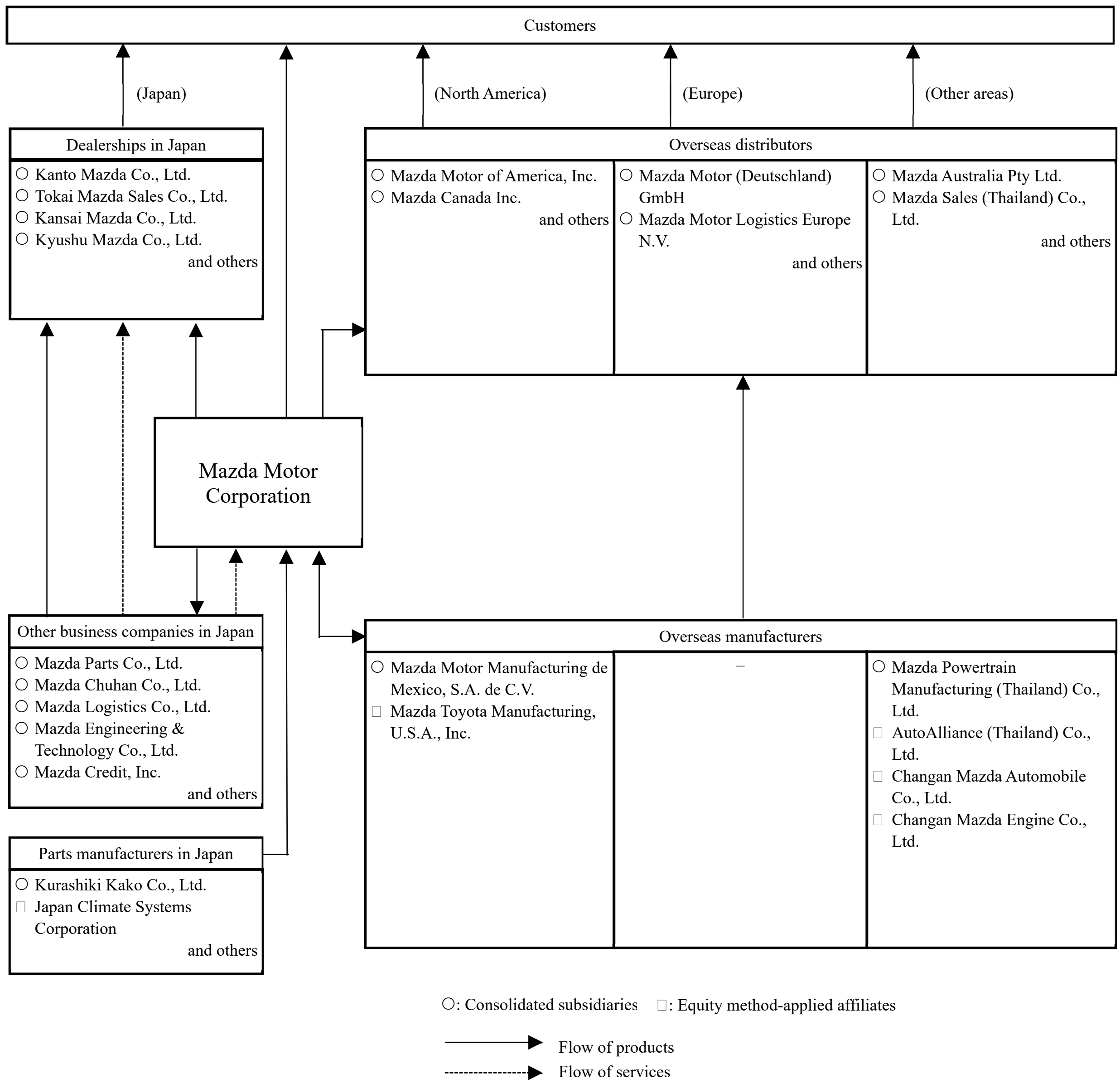
Month/ Year	Event
January 1920	Founded as Toyo Cork Kogyo Co., Ltd.
September 1927	Renamed as Toyo Kogyo Co., Ltd.
April 1929	Began production of machine tools
October 1931	Began production of three-wheel trucks
October 1935	Began production of rock drills
May 1949	Listed its stock on the Tokyo Stock Exchange
April 1958	Launched a four-wheel light truck
May 1960	Launched a micro-mini passenger vehicle
February 1961	Entered into technical cooperation with NSU/Wankel of Germany on rotary engine
April 1964	Launched a compact passenger vehicle
May 1965	Completed Miyoshi Proving Ground
November 1966	Completed Ujina Plant exclusively for passenger vehicle production (within Hiroshima Plant)
April 1967	Established Mazda Motors Pty Ltd., a subsidiary in Australia (currently Mazda Australia Pty Ltd.)
May 1967	Introduced Mazda Cosmo Sports (110S), Mazda's first rotary engine vehicle
July 1968	Established Mazda Motors of Canada, Ltd., a subsidiary in Canada (currently Mazda Canada, Inc.)
February 1971	Established Mazda Motor of America, Inc., a subsidiary in the U.S.
November 1972	Established Mazda Motor (Deutschland) GmbH, a subsidiary in Germany
May 1974	Completed Miyoshi Diesel Engine Plant
November 1979	Entered into a capital tie-up with Ford Motor Company ("Ford")
December 1981	Completed Hofu Transmission Plant in the Nakanoseki area
September 1982	Completed Hofu Passenger Car Plant in the Nishinoura area
May 1984	Renamed as Mazda Motor Corporation
January 1985	Established Mazda Motor Manufacturing (USA) Corporation, a subsidiary in the U.S.
June 1987	Completed a research center in Yokohama
July 1988	Established Mazda Research & Development of North America, Inc. in the U.S. (Later merged and absorbed into Mazda Motor of America, Inc.)
May 1990	Opened European R&D Representative Office in Germany (Later integrated into Mazda Motor Europe GmbH)
June 1990	Established Mazda Sales (Thailand) Co., Ltd., a subsidiary in Thailand
February 1992	Completed Hofu Plant No. 2
June 1992	Mazda Motor Manufacturing (USA) Corporation became an equal partnership between Mazda and Ford and was renamed AutoAlliance International, Inc. (Mazda later sold all of its stake in the joint venture to Ford)
December 1993	Strengthened its partnership with Ford
November 1995	Mazda and Ford jointly established AutoAlliance (Thailand) Co., Ltd. in Thailand
May 1996	Ford's stake in Mazda increased to 33.4%
May 1998	AutoAlliance (Thailand) Co., Ltd. began manufacturing mass production vehicles
September 2005	Established Changan Ford Mazda Engine Co., Ltd. in China through joint investment with Ford and Changan Automotive Group (Mazda later acquired Ford's stake. Currently, Changan Mazda Engine Co., Ltd.)
March 2006	Invested in Changan Ford Automobile Co., Ltd., a joint venture of Ford and Changan Automobile in China. The joint venture was renamed Changan Ford Mazda Automobile Co., Ltd. (Later restructured into two separate joint ventures. Currently, Changan Mazda Automobile Co., Ltd.)
October 2007	Changan Ford Mazda Automobile Co., Ltd. (Nanjing Plant) began manufacturing mass production vehicles
November 2008	Ford's stake in Mazda reduced to 13.8% (Later Ford gradually sold Mazda shares, with no remaining stake as of March 31, 2024)
September 2011	Established Mazda Motor Manufacturing de Mexico, S.A. de C.V., a subsidiary in Mexico, jointly with Sumitomo Corporation (Mazda later acquired all shares owned by Sumitomo Corporation)
February 2013	Established Mazda Powertrain Manufacturing (Thailand) Co., Ltd., a subsidiary in Thailand
January 2014	Mazda Motor Manufacturing de Mexico, S.A. de C.V. began manufacturing mass production vehicles
January 2015	Mazda Powertrain Manufacturing (Thailand) Co., Ltd. began mass production of transmissions
August 2017	Signed an agreement on business and capital alliance with Toyota Motor Corporation ("Toyota")
March 2018	Mazda and Toyota jointly established Mazda Toyota Manufacturing, U.S.A., Inc. in the U.S.
January 2022	Mazda Toyota Manufacturing, U.S.A., Inc. began manufacturing mass production vehicles
April 2022	Mazda's stock transferred from the First Section of the Tokyo Stock Exchange to its Prime Market following the exchange's market restructuring

3. Description of Business

The Mazda Group (the “Group”), consisting of Mazda Motor Corporation (“Mazda” or the “Company”), 70 consolidated subsidiaries, and 20 affiliates accounted for using the equity method (as of March 31, 2024), engages primarily in manufacturing and sales of vehicles and their parts and other related business.

In Japan, vehicles are manufactured by the Company, and vehicle parts are manufactured mainly by the Company and Kurashiki Kako Co., Ltd. Overseas, vehicles and their parts are manufactured mainly by Mazda Motor Manufacturing de Mexico, S.A. de C.V. and AutoAlliance (Thailand) Co., Ltd. In Japan, vehicles and their parts manufactured by the Group are sold to customers through dealerships such as Kanto Mazda Co., Ltd. and Tokai Mazda Sales Co., Ltd. The Company also directly sells to certain large customers. Overseas, vehicles and their parts are sold mainly by Mazda Motor of America, Inc. in North America, Mazda Motor (Deutschland) GmbH in Europe, and Mazda Australia Pty Ltd. in Other areas.

The positioning of the Company and major Group companies in the Group’s lines of business and the segment to which each company belongs are shown below. In the following diagram, Japan, North America, Europe, and Other areas correspond to respective segments.



4. Information on Subsidiaries and Affiliates

(1) Consolidated Subsidiaries

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Motor of America, Inc. (Notes 1 and 2)	Irvine, California, U.S.A.	USD 240,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Sells vehicles to the Company. Concurrent appointments of officers: Yes
Mazda Canada Inc.	Richmond Hill, Ontario, Canada	CAD 111,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda Motor de Mexico, S. de R.L. de C.V. (Note 3)	Mexico City, Mexico	MXN 53,719 thousand	Distribution of vehicles and parts	100.0	1.0	Distributes the Company’s products. Borrows funds from the Company. Concurrent appointments of officers: Yes
Mazda Servicios de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	MXN 32 thousand	Outsourced services for Mazda Motor de Mexico	100.0	1.0	Concurrent appointments of officers: Yes
Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Note 1)	Salamanca, Guanajuato, Mexico	MXN 6,555,001 thousand	Production and sales of vehicles	100.0	0.0	Purchases vehicle parts from the Company. Sells vehicles to the Company. Borrows funds from the Company. Concurrent appointments of officers: Yes
Mazda Motor (Deutschland) GmbH	Leverkusen, North Rhine-Westphalia, Germany	EUR 17,895 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Motor Logistics Europe N.V. (Note 1)	Willebroek, Antwerp, Belgium	EUR 71,950 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Rents land from the Company.
Mazda Motor Europe GmbH	Leverkusen, North Rhine-Westphalia, Germany	EUR 26 thousand	Overall management of business in Europe	100.0	100.0	Entrusted with marketing and other businesses by the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Automobiles France S.A.S.	Saint-Germain-en-Laye, France	EUR 305 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Motors UK Ltd.	Dartford, Kent, U.K.	GBP 4,000 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda (Suisse) S.A.	Petit-Lancy, Switzerland	CHF 2,000 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Motor de Portugal Lda.	Lisbon, Portugal	EUR 1,995 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Motor Italia S.r.l.	Rome, Italy	EUR 250 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Automoviles Espana, S.A.	Madrid, Spain	EUR 120 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Austria GmbH	Klagenfurt, Austria	EUR 5,087 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company’s products.
Mazda Motor Rus, OOO	Moscow, Russia	RUB 313,786 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda Australia Pty Ltd.	Mulgrave, Victoria, Australia	AUD 31,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda Motor of New Zealand Ltd.	Auckland, New Zealand	NZD 14,472 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda Sales (Thailand) Co., Ltd.	Bangkok, Thailand	THB 575,000 thousand	Distribution of vehicles and parts	96.1	0.0	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Chonburi, Thailand	THB 8,166,973 thousand	Production and sales of vehicle parts	100.0	–	Purchases vehicle parts from the Company. Sells vehicle parts to the Company. Borrows funds from the Company. Concurrent appointments of officers: Yes

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Malaysia Sdn. Bhd.	Selangor, Malaysia	MYR 85,000 thousand	Production (consignment) and sales of vehicles	70.0	–	Purchases vehicle parts from the Company. Sells vehicles to the Company. Concurrent appointments of officers: Yes
Mazda Motor (China) Co., Ltd.	Shanghai, China	CNY 195,308 thousand	Overall management of business in China	100.0	–	Entrusted with marketing and other businesses by the Company. Concurrent appointments of officers: Yes
Mazda Motor Taiwan Co., Ltd.	Taipei, Taiwan	TWD 200,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda Southern Africa (Pty) Ltd.	Johannesburg, Republic of South Africa	ZAR 100,000 thousand	Distribution of vehicles and parts	70.0	–	Distributes the Company’s products. Concurrent appointments of officers: Yes
Mazda de Colombia S.A.S.	Bogotá, Colombia	COP 4,088,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.
Mazda Chuhan Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	JPY 1,500 million	Sales of used cars	100.0	–	Distributes the Company’s products. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Ace Co., Ltd.	Fuchu-cho, Aki-gun, Hiroshima	480 million	Security, accident prevention, insurance sales, and engineering operations	100.0	–	Entrusted with security and other services by the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Logistics Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	490 million	Transportation of vehicles and parts	100.0	–	Transports the Company’s products. Rents land and buildings from the Company.
Kurashiki Kako Co., Ltd.	Kurashiki-shi, Okayama	310 million	Production and sales of vehicle parts	75.0	–	Sells vehicle parts to the Company. Borrows funds from the Company.
Mazda Engineering & Technology Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	480 million	Commissioned vehicle development, and manufacturing and distribution of specially equipped vehicles	100.0	–	Entrusted with vehicle development and manufacturing of specially equipped vehicles by the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Parts Co., Ltd.	Higashi-ku, Hiroshima-shi, Hiroshima	1,018 million	Sales of vehicle parts	100.0	–	Purchases vehicle parts from the Company. Rents land and buildings from the Company.
Tohoku Mazda Co., Ltd.	Miyagino-ku, Sendai-shi, Miyagi	348 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.
Fukushima Mazda Co., Ltd.	Koriyama-shi, Fukushima	120 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.
Kitakanto Mazda Co., Ltd.	Mito-shi, Ibaraki	260 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products. Rents land and buildings from the Company.
Koushin Mazda Co., Ltd.	Nagano-shi, Nagano	410 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.
Kanto Mazda Co., Ltd.	Itabashi-ku, Tokyo	3,022 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.
Shizuoka Mazda Co., Ltd.	Suruga-ku, Shizuoka-shi, Shizuoka	300 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.
Tokai Mazda Sales Co., Ltd.	Mizuho-ku, Nagoya-shi, Aichi	2,110 million	Distribution of vehicles and parts	100.0	–	Distributes the Company’s products.

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Hokuriku Mazda Co., Ltd.	Nonoichi-shi, Ishikawa	330 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Keiji Mazda Co., Ltd.	Minami-ku, Kyoto-shi, Kyoto	200 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Kansai Mazda Co., Ltd.	Naniwa-ku, Osaka-shi, Osaka	950 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Borrows funds from the Company.
Nishi Shikoku Mazda Co., Ltd.	Matsuyama-shi, Ehime	217 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Borrows funds from the Company.
Kyushu Mazda Co., Ltd.	Hakata-ku, Fukuoka-shi, Fukuoka	826 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Rents land and buildings from the Company.
Minami Kyushu Mazda Co., Ltd.	Kagoshima-shi, Kagoshima	183 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Okinawa Mazda Sales Co., Ltd.	Urasoe-shi, Okinawa	20 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
25 other companies	–	–	–	–	–	–

(2) Equity Method-Applied Affiliates

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Toyota Manufacturing, U.S.A., Inc.	Huntsville, Alabama, U.S.A.	USD 40	Production and sales of vehicles	50.0	–	Borrows funds from the Company. Concurrent appointments of officers: Yes
AutoAlliance (Thailand) Co., Ltd.	Rayong, Thailand	THB 8,435,000 thousand	Production and sales of vehicles	50.0	–	Purchases vehicle parts from the Company. Sells vehicles to the Company. Concurrent appointments of officers: Yes
Changan Mazda Automobile Co., Ltd.	Nanjing, China	CNY 735,587 thousand	Production and sales of vehicles	47.5	1.0	Purchases vehicle parts from the Company. Concurrent appointments of officers: Yes
Changan Mazda Engine Co., Ltd.	Nanjing, China	CNY 1,573,469 thousand	Production and sales of vehicle parts	50.0	–	Purchases vehicle parts from the Company. Concurrent appointments of officers: Yes
Toyo Advanced Technologies Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	JPY 3,000 million	Production and sales of machine tools	50.0	–	Sells products to the Company. Rents land and buildings from the Company.
Japan Climate Systems Corporation	Higashihiroshima-shi, Hiroshima	3,000 million	Production and sales of vehicle parts	33.3	–	Sells vehicle parts to the Company.
Yoshiwa Kogyo Co., Ltd.	Kaita-cho, Aki-gun, Hiroshima	90 million	Production and sales of vehicle parts	33.3	–	Sells vehicle parts to the Company.
Sanfrecce Hiroshima FC. (Note 4)	Naka-ku, Hiroshima-shi, Hiroshima	2,099 million	Management of a professional soccer team	17.3	0.4	Concurrent appointments of officers: Yes
Mazda Processing Chugoku Co., Ltd.	Aki-ku, Hiroshima-shi, Hiroshima	50 million	Pre-delivery inspection and attachment of vehicle accessories	29.0	4.5	Attaches vehicle accessories to the Company's products. Rents land and buildings from the Company.
Mazda Credit, Inc.	Kita-ku, Osaka-shi, Osaka	7,700 million	Automotive retail finance	50.0	–	Provides retail finance related to the Company's products.
MCM Energy Service Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	350 million	Steam and electricity supply	40.0	–	Sells steam and electricity to the Company. Rents land and buildings from the Company.

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Parts Sales Hiroshima Co., Ltd.	Saka-cho, Aki-gun, Hiroshima	90 million	Sales of vehicle parts	33.3	–	Purchases vehicle parts from the Company. Rents buildings from the Company.
MCF Electric Drive Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	40 million	Development of advanced technology for motors	50.0	–	Entrusted with vehicle development by the Company Rents buildings from the Company.
Mazda Imasen Electric Drive Co., Ltd.	Higashihiroshima-shi, Hiroshima	5 million	Development of inverters and production technology	50.0	–	Entrusted with vehicle development by the Company
MHHO Electric Drive Co., Ltd. (Note 5)	Minami-ku, Hiroshima-shi, Hiroshima	10 million	Development of production technology for electric drive units	10.0	–	Rents buildings from the Company.
5 other companies	–	–	–	–	–	–

Notes: 1. These companies fall under specified subsidiaries defined in the Cabinet Office Order on Disclosure of Corporate Affairs.

2. Net sales of Mazda Motor of America, Inc. (excluding intercompany sales between consolidated companies) exceeds 10% of consolidated net sales.

Key information on profit or loss

(i) Net sales	1,893,985 million yen
(ii) Ordinary income	24,295 million yen
(iii) Net income	18,237 million yen
(iv) Net assets	29,258 million yen
(v) Total assets	422,071 million yen

3. Mazda Motor de Mexico, S. de R.L. de C.V. had a negative net worth, with liabilities exceeding assets by ¥20,697 million as of March 31, 2024.
4. Sanfrecce Hiroshima FC is included in affiliates because the Company has significant influence thereon despite holding less than 20% of the voting rights.
5. MHHO Electric Drive Co., Ltd. is a jointly controlled entity.
6. None of the companies have filed a Securities Registration Statement or Annual Securities Report.

5. Employees

(1) Information about Consolidated Companies

As of March 31, 2024

Name of segment	Number of employees (Persons)
Japan	36,781
North America	7,510
Europe	1,458
Other areas	2,936
Total	48,685

Notes: 1. The number of employees excludes the number of Mazda Group employees dispatched to companies outside the Group, but includes the number of employees dispatched to Mazda Group companies from outside the Group.

2. The number of temporary employees is not presented since the number is less than 10% of the total number of employees.

(2) Information about Reporting Company

As of March 31, 2024

Number of employees (Persons)	Average age (Year-old)	Average years of service (Years)	Average annual salary (Thousands of yen)
23,124	42.4	17.6	6,894

Name of segment	Number of employees (Persons)
Japan	23,124
Total	23,124

Notes: 1. The number of employees excludes the number of Company employees dispatched to other companies, but includes the number of employees dispatched to the Company from other companies.

2. The number of temporary employees is not presented since the number is less than 10% of the total number of employees.

3. The average annual salary includes bonuses and extra wages.

(3) Workers' Unions

Many of the workers' unions at the Group companies are affiliated with the Confederation of Japan Automobile Workers' Unions through the Federation of All Mazda Workers' Unions.

There are no significant matters to report regarding labor-management relations.

(4) Percentage of Female Workers in Managerial Positions, Percentage of Male Workers Taking Childcare Leave, and Difference in Wages between Male and Female Workers

(i) Reporting company

Year ended March 31, 2024				
Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Difference in wages between male and female workers (%) (Note 3)		
		All workers	Regular workers	Part-time and fixed-term workers
4.3	54	83.2	85.3	79.1

Notes: 1. In accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015), the percentage is calculated using the number of workers as of March 31, 2024 and rounded to one decimal place.

2. In accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of workers who took childcare leave, etc. is calculated as per Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family

Members (Ordinance of the Ministry of Labor No. 25 of 1991) and rounded down to the nearest whole number.

3. In calculating the number of workers and wages, workers who are dispatched from the Company to other companies and those dispatched from other companies to the Company are excluded. There is no difference in the wage structure or system between male and female employees in the Company. The difference in wages between men and women is mainly due to differences in the composition of the workforce in terms of qualifications, positions, etc.

(ii) Consolidated subsidiaries

Year ended March 31, 2024						Supplementary explanation
Name	Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Difference in wages between male and female workers (%) (Note 3)			
			All workers	Regular workers	Part-time and fixed-term workers	
Mazda Chuhan Co., Ltd.	0.0	100	93.6	92.4	89.9	Note 6
Mazda Ace Co., Ltd.	11.4	61	61.4	73.9	46.8	–
Mazda Logistics Co., Ltd.	2.5	15	73.8	80.9	77.1	–
Kurashiki Kako Co., Ltd.	7.6	55	75.5	72.2	103.4	Note 4
Mazda Engineering & Technology Co., Ltd.	1.3	71	80.1	79.6	91.6	Notes 4 and 5
Mazda Parts Co., Ltd.	3.4	0	66.2	70.1	76.8	Note 6
Tohoku Mazda Co., Ltd.	8.1	40	80.2	81.4	73.4	Note 6
Fukushima Mazda Co., Ltd.	0.0	17	75.6	74.6	84.6	Note 6
Kitakanto Mazda Co., Ltd.	1.7	75	71.0	71.6	75.7	Note 6
Koushin Mazda Co., Ltd.	5.0	80	69.5	70.1	77.4	Note 6
Kanto Mazda Co., Ltd.	1.8	12	73.9	74.2	97.1	Note 6
Shizuoka Mazda Co., Ltd.	0.0	10	71.2	73.6	78.8	Note 6
Tokai Mazda Sales Co., Ltd.	1.0	21	72.2	73.1	83.2	Note 6
Hokuriku Mazda Co., Ltd.	2.1	25	67.9	73.4	71.4	Note 6
Keiji Mazda Co., Ltd.	5.0	50	77.7	81.3	93.2	Note 6
Kansai Mazda Co., Ltd.	2.6	60	69.7	70.7	64.8	Note 6
Nishi Shikoku Mazda Co., Ltd.	3.7	0	71.0	78.6	84.7	Note 6
Kyushu Mazda Co., Ltd.	0.8	39	67.2	71.1	81.0	Note 6
Minami Kyushu Mazda Co., Ltd.	4.3	15	84.0	80.3	107.9	Note 6
Okinawa Mazda Sales Co., Ltd.	0.0	100	77.6	74.8	81.5	Note 6

Notes:
1. In accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015), the percentages are calculated using the number of workers as of April 11, 2024 for Mazda Ace Co., Ltd. or March 31, 2024 for other companies and rounded to one decimal place.
2. In accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of workers who took childcare leave, etc. is calculated as per Article 71-4, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) at Mazda Engineering & Technology Co., Ltd. and as per Article 71-4, Item 1 of the said Ordinance at other companies. Figures are rounded down to the nearest whole number.
3. In calculating the number of workers and wages, workers who are dispatched from the subsidiary to other companies are included, and those dispatched from other companies to the subsidiary are excluded. There is no difference in the wage structure or system between male and female employees. The difference in wages between men and women is mainly due to differences in the composition of the workforce in terms of qualifications, positions, etc.
4. Wages include commuting expenses defined in Article 9, Paragraph 1, Item 5 of the Income Tax Act (Act No. 33 of 1965).
5. The number of workers is based on the average number of workers as of the monthly payroll closing date, adjusted by the scheduled working hours for short-day and short-time workers.
6. The number of part-time and fixed-term workers is based on the average number of workers as of the monthly payroll closing date, adjusted by the scheduled working hours of regular workers.

II. Business Overview

1. Management Policy, Management Environment, and Issues to Be Addressed

(1) Basic Policy of Company Management

Mazda Motor Corporation (hereinafter "Mazda" or "the Company") has established "PURPOSE," "PROMISE," and "VALUES" as its corporate philosophy.

The Company has also established our "2030 VISION," which describes where we want Mazda to be in the year 2030, in order that we may become a company that is truly needed by the people living in the future society; a company which promotes value creation together with our stakeholders for the future.

Corporate Philosophy

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

PROMISE: Uplifting experiences, emotionally and physically

We uplift the human body, mind and spirit

We uplift communities

VALUES: Radically human / Challenger spirit / Omotenashi

2030 VISION

To be a car-loving company that creates moving experiences through the "joy of driving"

1. Contribute to a future sustainable Earth by providing multi-solution to mitigate climate change
2. Contribute to a society where everyone feels safe to move freely by providing technology that proactively enhances our well-being
3. Contribute to each person's "joy of living" by delivering moving and emotional experiences

(2) Management Environment and Issues to Be Addressed

(i) Medium-term Management Plan (FY ended March 2020 through FY ending March 2026)

To guide Mazda through this key period of transformation and achieve sustainable growth, the Company has formulated a Medium-term Management Plan based on our core value of "Mazda's uniqueness of co-creating with others" and is steadily implementing initiatives under this plan.

Medium-term Management Plan key initiatives

■ Invest in brand value improvement —Invest in unique products, technologies, production, and customer experience—

• Continued investment with further efficiency and leveling

• Staggered launch of new products/derivatives at planned intervals

• Continued product upgrades

■ Curb expenditure that depreciates brand value

■ Accelerate fixed cost/cost reductions to lower break-even volume

■ Invest in areas where we need to catch up, and start investing in new areas

■ Enhance alliances (CASE*[1], new partnerships)

We will strive to achieve strong growth by leveraging the assets we have built to date and accelerate efforts to achieve a resilient management structure capable of withstanding major changes over time. With our sights set on 2030 to realize the Company's long-term vision for technology development, "Sustainable Zoom-Zoom 2030," we are now working on the transformation of our business structure, bearing in mind changes in the business environment due to the worldwide tightening and acceleration of environmental regulations and competition in new value creation in an era characterized by CASE.

Medium-term Management Plan financial metrics

Key financial metrics for the fiscal year ending March 2026, the final year of the Medium-term Management Plan are as follows.

Net sales	・About 4.5 trillion yen
Profit	・Operating return on sales (ROS) 5% or higher
	・Return on equity (ROE) 10% or higher
Investment for future	・Capex and R&D: 7-8% of revenue or less
	・Actions for electrification, IT and carbon neutrality
Financial structure	・Maintenance of a net cash position*2
Shareholder return	・Sustainable payout ratio of 30% or higher
Break-even volume	・About 1 million units (wholesales)

*1. General term for a group of new technologies that include connected, autonomous driving, shared services, and electric technologies

*2. The state of maintaining positive total cash amount after the deduction of interest-bearing debt from cash and cash equivalents

(ii) Management policy for 2030

Under our Medium-term Management Plan, we have been promoting initiatives to achieve our financial targets for the fiscal year ending March 2026. In view of the increasing uncertainty of the business environment including the growing trend toward the introduction of environmental regulations in various countries, improvements in social infrastructure, changes in the power supply mix, and the diversification of customer values, we extended our outlook until the year 2030 and set forth our new management policy and main initiatives as follows based on world trends.

Basic management policy

1. Contribute to solving the social problem of global warming through electrification appropriate to regional characteristics and environmental needs
2. Contribute to realizing a safe and secure automotive society by promoting research for attaining a deep understanding of people and shedding light on the relationship between people and cars
3. Be the brand preferred by customers through brand value management that provides unique Mazda value

Initiatives for opening the future

1. Initiatives for achieving carbon neutrality

To achieve our goal of becoming carbon neutral*3 by the year 2050, we have established "achieving carbon neutrality in Mazda factories around the globe by 2035" as a medium-term goal and will promote initiatives under the three pillars of energy conservation, shift to renewable energies, and use of carbon neutral fuels. As measures for the supply chain*4 will also be necessary, we will also promote activities to reduce CO_2 emissions in stages in cooperation with transport companies and business partners. In Japan, we will make efforts to restructure our supply chain and expand the use of carbon neutral fuels.

2. Initiatives in electrification in each phase

During the period of transition to EVs, we believe a multi-solution approach whereby we offer various combustions and solutions such as internal combustion engines, electrification technology, and carbon-neutral fuels depending on regional customer needs and power supply conditions will be effective. On the other hand, in view of electrification policies and the tightening of regulations in various countries, we expect Mazda's BEV ratio in our global sales in 2030 to be 25 to 40%, and intend to promote electrification with partner companies in stages.

- Phase 1 (2022–2024): Strengthening of the business foundation using accumulated assets

  Making full use of our existing assets of multi-electrification technologies, we will launch attractive products while also meeting market regulations. While launching Large Products offering plug-in hybrids and diesel engines with mild hybrid system that achieve excellent environmental and driving performance, we will improve our profitability and step up the development of technologies for BEVs.

- Phase 2 (2025–2027): Transition to electrification

  In efforts to reduce CO_2 through improvements in fuel efficiency during the period of transition to electrification, we will further refine the multi-electrification technologies we have developed to date and introduce new hybrid systems. In addition to introducing pure BEVs in the Chinese market where electrification is advanced, we will begin to introduce BEVs globally. In consideration of the potential widespread use of renewable fuels, we will enhance to the utmost the performance of internal combustion engines through the application of technologies to further improve thermal efficiency.

- Phase 3 (2028–2030): Full-scale launch of BEVs

  As we move forward with the full-fledged introduction of pure BEV models, we will shift our focus to full-scale electrification and will also consider various options including investment in battery production, based on changes in the external environment and progress in strengthening our financial base.

3. Initiatives in value creation through co-creation between people and IT

Improving automobile technology, listening to the voices of people and society concerning cars, and contributing to the creation of a safe and secure society free of accidents by putting people's happiness first are vital aspects of Mazda's mission. In addition to developing safety technology, we are committed to working together with local communities and society at large to achieve "zero fatal accidents." In safety technology, we will continue to develop advanced driver-assist technologies that combine digital technology with human-centered manufacturing, which has always been a core value of Mazda, based on Mazda Proactive Safety, our unique safety concept. We will create cars that provide safety and security for drivers, passengers, and pedestrians with the goal of eliminating all fatal accidents caused by any new Mazda by 2040, where measures can be taken with automotive technology.

4. Cost reduction and supply chain resilience

In cost reductions, we will broaden the current scope of costs of products and manufacturing to include the entire supply chain and value chain*[5] as a whole to gain a comprehensive view of costs and we will make changes that will allow us to structure our costs based on measures to eliminate inefficiency, inconsistency and waste by reviewing our product lineup to improve investment efficiency and inventory turnover.

In our supply chain, we will make efforts not only to make individual improvements in all processes from material procurement to delivery to customers, but also realize a "total optimization process" that facilitates the smooth uninterrupted flow of goods at maximum speed. In addition, we are working on innovative changes in our procurement system, which include fewer tiers in the procurement of materials and parts and bringing the production sites of variety of parts closer to our production facilities. We are also working to expand the use of general-purpose materials and semiconductors. In this way, we intend to minimize the impact of changes in the external environment including geopolitical risks and large-scale disasters such as earthquakes.

*3. A method and system of energy use whereby carbon emissions are offset through carbon absorption or removal to prevent any change in the total amount of carbon on the earth.
*4. The series of processes until the product reaches the consumer including procurement, manufacturing, inventory management, delivery, sales, and consumption.
*5. A series of business activities for creating added value for products such as product planning, design, development, production engineering, manufacturing, sales, and services.

(iii) Status of progress

Preparation for carbon neutrality

- In December 2023, as part of our efforts to attain carbon neutrality at all Mazda plants globally by 2035, we set interim goals and a roadmap for achieving carbon neutrality at our plants and offices in Japan,*[6] which account for approximately 75% of all CO_2 emissions of Mazda globally. One interim goal is to reduce CO_2 emissions by 69% by FY2030 from FY2013 levels.
- As part of our efforts to achieve a carbon neutral society, we entered into an agreement with Mitsui & Co., Ltd. to purchase J-Credits*[7] generated through appropriate forest management under a credit scheme recognized by the Japanese government.

Acceleration of electrification

- To respond to the rapidly expanding market demand for BEVs and automotive batteries, we began discussions with Panasonic Energy Co., Ltd. in June last year to build a medium- to long-term partnership, and we concluded an agreement in March this year for the supply of cylindrical automotive lithium-ion batteries.
- We established the Electrification Business Division (e-Mazda for short) in November last year to build a framework for the integrated promotion of the electrification business and related product development, which present various complex challenges in areas such as new technologies, new value and new business.
- To accelerate the research and development of rotary engines (REs) suitable for a new era, we reinstated the RE Development Group in the Powertrain Technology Development Department of the Powertrain Development Division and will continue to evolve REs for use as generators. The new RE Development Group will conduct research and development in areas such as regulatory compliance in major markets and the application of carbon neutral fuels.
- In April this year, the Mazda EZ-6, an all-new electrified vehicle, was unveiled at Auto China 2024. The EZ-6 is the first of a series of new electrified vehicles to be developed in cooperation between Mazda and its joint venture partner Chongqing Changan Automobile Co., Ltd., and is to be launched in China by the end of 2024.
- Through initiatives like the above, we will continue to invest in electrification while maintaining profitability as we accelerate the transition to electrification in Phase 2.

Expansion of the brand experience

- We established the Brand Promotion Division to create and expand opportunities for customers to experience the Mazda brand globally, and to enhance brand value by having customers empathize with the “joy of driving” set forth in the 2030 Vision.
- We have been planning and gradually implementing various programs for our customers and the general public such as the Mazda Driving Academy to help customers learn safe and secure driving techniques, the eSports Mazda Spirit Racing GT Cup to create opportunities for people to experience motorsports regardless of age or whether they hold a driver’s license, the Mazda Fan Festa, an event that allows customers to experience the fun of cars through a variety of firsthand experiences, and other participatory motor sports with the Super Taikyu endurance series as the climax.

Value creation through co-creation between people and IT

- To ensure that by 2030 all indirect employees will have a certain degree of proficiency, we are utilizing a program from Aidemy Inc., and pressing forward with reforms and the organizational development of “digital human resources.” We also kicked off a company-wide organizational cultural reform initiative called Blueprint to enhance customer focus and employee engagement.

*6. A total of 17 locations in Japan including headquarters and the Hiroshima Plant (Aki-gun and Hiroshima City in Hiroshima Prefecture), Hofu Plant (Hofu City, Yamaguchi Prefecture) and Miyoshi Office (Miyoshi City, Hiroshima Prefecture).

*7. The credits will be generated through a joint project between Mitsui & Co., Ltd. (Mitsui) and Okayamanomoriseibikousha (Okayama Corporation), a public interest incorporated association engaged in forest development in Okayama Prefecture. Digital technologies employed in Mitsui Forests (forests owned by Mitsui in Japan), including aerial surveying and satellite data, will be used to monitor forests to generate J-Credits.

Note: The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report. As such, the statements may differ from the actual results and their achievements are not guaranteed in any way.

2. Approach to Sustainability and Our Initiatives

The Mazda Group's approaches to and initiatives for sustainability are as follows.

The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report.

(1) Basic Policy on Sustainability

While striving to sincerely meet the needs and expectations of all stakeholders, Mazda aims for sustainable growth as a company through our global business activities. We are determined to contribute to the sustainable development of society through efforts to resolve various social issues by making the most of our strengths.

(2) Governance

In order to deliberate the sustainability activities that are expected of the Company from a global perspective, in consideration of changes in social environment, the Mazda Group has established the CSR Management Strategy Committee, which meets on a regular basis. The CSR Management Strategy Committee, which the Representative Director and President chairs, is composed of members of the Executive Committee, and reviews and identifies key issues (materiality) as well as discusses social needs and trends, external evaluation analysis results, etc. 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, and in cooperation with other Group companies. Furthermore, the Board of Directors receives reports and holds discussions on issues concerning sustainability appropriately in a timely manner.

(3) Strategy and Risk Management

The Mazda Group has reviewed and identified key issues, taking into account two perspectives. One is the impact on stakeholders in reference to the SDGs adopted by the United Nations and the details of surveys conducted by global ESG rating organizations, and the other is the impact on the Mazda Group (risks and opportunities), for instance, business initiatives toward realizing the management plan for 2030. A specific action plan is currently being prepared to ensure steady implementation of the materiality themes identified and follow up on the progress. The materiality that Mazda recently identified and an action plan that will be formulated henceforth will be disclosed to stakeholders. By periodically evaluating and revising this materiality and plan, Mazda will develop the PDCA (plan-do-check-act) process.

Initiatives related to the eight themes of materiality

Eight themes of materiality		Social issues	Mazda's initiatives / targets
"Earth"	Endeavor for carbon neutrality by 2050	Climate change issues (Carbon neutrality)	- Efforts to reduce CO_2 emissions over a vehicle's entire life cycle from the perspective of "well-to-wheel" and Life Cycle Assessment (LCA) - Accumulation of technological assets in line with Mazda's Building Block concept and their utilization for highly efficient manufacturing - Initiatives toward making Mazda factories globally go carbon neutral (hereinafter, "CN") by 2035 [Targets] - Achieve CN across the entire supply chain by 2050 - Achieve CN at Mazda's factory globally by 2035
	Resource circulation	Increase in demand for resources and rising amount of waste Water resources issues (Circular economy)	- Increase in the recyclability of new vehicles - Initiatives to promote the three Rs (reduce, reuse, and recycle) at plants and global efforts for zero emissions and the expansion of resource recycling - Promote activities to eliminate wasteful water use and to circulate water resources by treating used water so that it is the same quality as it was taken from nature. [Targets] - Resource recycling for materials: Achieve zero emissions in manufacturing and logistics processes on a global basis by 2030 - Resource recycling for water: Implement an optimal approach to water resources recycling and circulation at model plants in Japan by 2030

"People"	Uplifting the mind and body	Changes in values regarding mental and social health	- Mazda hopes to create moving experiences in driving and mobility through its human-centered approach
	Strengthening human capital	Decline in the labor force Globalization of the market and diversification of customer needs (Diversity and inclusion)	- While respecting the diversity of its employees, Mazda fosters a corporate climate in which every employee can express his/her individuality while working alongside others to contribute to the Company and society - Work on a variety of programs to enable its employees — a diverse range of people with different values and lifestyles — to enjoy their work by finding a healthy balance between their work and personal lives [Targets] - The number of female managers: 80 by FY2024 and 100 by FY2025 - The percentage of male employees taking childcare leave (including childcare leave immediately after the child's birth): 60% by FY2024 and 70% by FY2025
"Society"	Realizing an automotive society that offers safety and peace of mind	Fatal road traffic accidents	- Strive to develop technologies in accord with our unique safety philosophy "Mazda Proactive Safety" [Targets] - In terms of what Mazda can achieve between now and 2040 through automotive technologies, it aims to reduce deaths caused by its new vehicles to zero
	Creating a system that enriches people's lives	Declining population, falling birthrate and aging society, and concentration of population in urban centers Traffic jams and congestion in urban areas and expansion of rural areas where no public transportation is available (MaaS)	- Building a model of social contribution that will enrich lives by offering safe, secure and unrestricted mobility to people everywhere - Testing a shared mobility service leveraging connectivity technologies
Common to "Earth," "People" and "Society"	Quality improvement	Quality issues	- Establishing consistent quality, from planning to production - Early detection and early solution of market problems - Quality assurance that covers every process up to use by the customer
	Exploring partnerships for "co-creation with others"	Once-in-a-century transformation (CASE)	- Inter-company collaboration: Joint development of technical specifications for next-generation vehicle communication devices - Industry-academia-government collaboration: Hiroshima "Your Green Fuel" Project

For information on materiality review and identification process, please refer to the "MAZDA SUSTAINABILITY REPORT 2023" (page 8) published in October 2023.
(https://www.mazda.com/globalassets/en/assets/sustainability/download/2023/2023e_all.pdf)

(4) Initiatives for Climate Change: Response to TCFD Recommendations[*1]

Outline of the major initiatives in accordance with the TCFD recommendations[*2] is as follows. For more details, please refer to the website below.
(https://www.mazda.com/globalassets/en/assets/sustainability/download/disclosure/tcfd_20231214.pdf)

[Basic Views]

In May 2019, the Mazda Group declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium,[*3] showing its commitment to strengthening its efforts to address climate change. In addition, in January 2021, the Company announced that it would endeavor to achieve carbon neutrality throughout the entire supply chain by 2050. Mazda's major initiatives to address climate change in accordance with the TCFD recommendations are as follows.

(i) Governance

<Transition Risk>

Taking on the challenge of achieving carbon neutrality by 2050, we have assigned a director to oversee Mazda's decarbonization strategy and executive officers to be in charge of carbon neutrality. In 2021, Mazda formed a specialized team (hereinafter referred to as Specialized Team) dedicated to carbon neutrality matters. At its head is the Corporate Strategy Office working closely with the Specialized Team composed of members involved in products, manufacturing, purchasing, logistics, sales and recycling. Under the supervision of the officers in charge of decarbonization, the Corporate Strategy Office has been leading the team, which formulated and promoted strategies from a Life Cycle Assessment (LCA) perspective for responding to risks and opportunities selected based on Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenarios and trends, while also considering the investment and expenses required for such initiatives and response schedules.

In April 2023, some of the functions of Corporate Strategy Office and Product Strategy Division were integrated to newly established Corporate Strategy Division, which has a new department to promote CN strategy. Under the leadership of this department, existing specialized team will formulate strategies in respective areas of expertise of its members and implement plans based on the strategies that have been formulated so far. In addition, in order to promote the execution of plans throughout the company, we have started the management to integrate CN into the existing ISO 14001 Environmental Management System (EMS). In the area of products and technologies, the newly established department in Corporate Strategy Division will promote planning consistent with company-wide strategies.

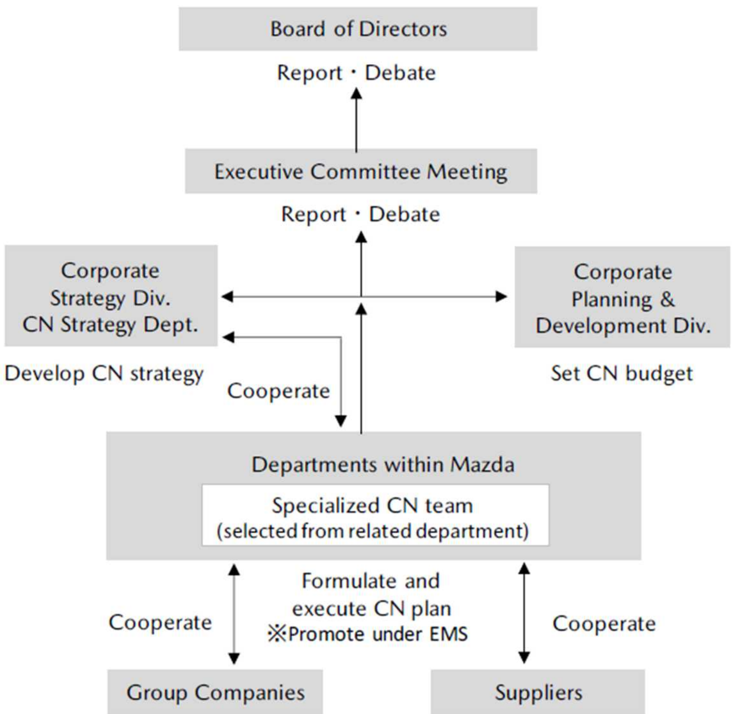
The CN strategies are deliberated[*4] over at the Executive Committee Meetings and the Board of Directors attended by the Representative Director and President. Also, issues concerning sustainability including the initiative for climate change are reported to the Board of Directors in a timely and appropriate manner.

<Physical Risk>

Torrential rain disaster response, which is an acute physical risk associated with climate change, has been managed as part of our Business Continuity Plan (BCP) under our emergency risk management structure.

In addition, in response to concerns about storm surges and water depletion, which are chronic physical risks, we are promoting reinforcement of seawall infrastructure and water resources conservation efforts in our operation led by the specialized departments.

<Transition Risk>
Management System to Promote Carbon Neutrality



<Physical Risk>
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 taskforce, and appoint a general manager for this taskforce.

(ii) Strategy

Based on IPCC and IEA scenarios, policy and regulatory trends, and industry trends, Mazda formulated a scenario based on its own assumptions and recognized the following as the main risks and opportunities.

<Major Risks and Opportunities>

<table>
<tr><td rowspan="5">Transition Risks</td><td>Policy and Legal</td><td>・ Stricter regulations on fuel economy and exhaust gas emissions, carbon pricing, including introduction of carbon tax</td></tr>
<tr><td>Technology</td><td>・ Increase in resources to develop electrification technologies, including electric drive system or batteries</td></tr>
<tr><td rowspan="2">Market</td><td>・ Rise in raw material prices for electrification and weight reduction and tight procurement of semiconductor components</td></tr>
<tr><td>・ Energy price spikes and supply instability due to tight fossil fuel and renewable energy supplies caused by political conditions and market forces</td></tr>
<tr><td>Reputation</td><td>・ Implications on investment decisions considering ESG by investors</td></tr>
<tr><td rowspan="2">Physical Risks</td><td>Acute</td><td>・ Damage by torrential rain, production halts caused by supply chain disruptions, Health hazards caused by heat waves</td></tr>
<tr><td>Chronic</td><td>・ Increasing impact of production halts due to severe and frequent natural disasters, Higher frequency of high tide caused by rising sea levels, Water resources depletion and rising water prices necessary for operations, Spread of tropical plagues</td></tr>
</table>

<table>
<tr><td rowspan="6">Opportunities</td><td>Resource Efficiency</td><td>・ Efficient use of raw materials through thorough material recycling</td></tr>
<tr><td rowspan="2">Energy Source</td><td>・ Stable reception of carbon neutral electricity by promoting the expansion of demand and supply of electricity</td></tr>
<tr><td>・ Diverse selection of renewable energy sources</td></tr>
<tr><td rowspan="3">Products and Services, Markets</td><td>・ Deployment of products that suit each region through building block concept*5 and multi-solution</td></tr>
<tr><td>・ Diversification of products that adapt to next-generation automobile fuels (alternative fuels such as biofuels, synthetic fuels, etc.)</td></tr>
<tr><td>・ Expansion of market opportunities through deployment of product that suit each region and diversification of products</td></tr>
</table>

(iii) Risk Management

<Transition Risk>

We have identified major risks and opportunities based on scenarios from the IPCC and the IEA, government policies, regulatory and industry trends. Sharing progress and issues of initiatives in a bi-weekly meeting, the Specialized Team works to identify risks and conduct assessment processes. Strategies discussed during the meeting are deliberated over at the Executive Committee Meetings and the board of Directors attended by the Representative Director and President.

In addition, Mazda regularly shares information on climate-related risks with suppliers through a shared platform.

<Physical Risk>

We have established a system for rapid response to torrential rain and other disasters, and have been managing them as part of our BCP in the context of an emergency risk management system. In addition to these efforts, as torrential rain disasters have become more severe and frequent in recent years, we are enhancing our ability to collect weather forecasts and making it possible to make quick disaster prevention decisions based on a predetermined time schedule. In addition, we review our response every heavy rain season to improve our response capabilities.

In response to concerns about storm surges and water resources depletion, we are promoting reinforcement of seawall infrastructure and water conservation efforts in the practice of specialized departments.

In response to the heat waves that have become more frequent in recent years, we regularly measure and evaluate the heat environment of each workplace as part of employee health management, which leads to the maintenance and management of appropriate air conditioning equipment. In addition, we use heat insulating materials and heat-insulating paints in our buildings as environmentally friendly measures.

As a measure against the spread of the epidemic, we developed a working rule to assume that employees and other families living with them become infected.

(iv) Metrics and Targets

• GHG emissions of Scope 1, 2 and 3*6

(1,000 t-CO_2e)

	FY2018	FY2019	FY2020	FY2021	FY2022
Scope 1 (direct emissions)	137	122	97	97	113
Scope 2 (indirect emissions)	913	862	736	739	754
Scope 3 (other indirect emissions)	37,027	36,336	31,603	29,797	30,522
Total	38,077	37,320	32,436	30,633	31,389

For details of the fiscal year ended March 2023 results, please refer to the “MAZDA SUSTAINABILITY REPORT 2023” (page 111) published in October 2023.

(https://www.mazda.com/globalassets/en/assets/sustainability/download/2023/2023e_all.pdf)

• Water consumption

For the fiscal year ended March 2023 results, please refer to the “MAZDA SUSTAINABILITY REPORT 2023” (page 114) published in October 2023.

(https://www.mazda.com/globalassets/en/assets/sustainability/download/2023/2023e_all.pdf)

• Major Metrics and Targets

<Addressing Global Warming>

Products	Targets: Achieving carbon neutrality by 2050 Mid-term metrics in 2030: EV ratio (Expecting 100% of Mazda global sales vehicles will be electrified, and the EV ratio will be 25-40% in 2030.)
Manufacturing	Targets: Achieving carbon neutrality at Mazda’s global factories by 2035 (Mid-term targets by FY2030: Reducing CO_2 emissions from Mazda’s factories and offices in Japan by 69% compared to FY2013 levels) Metrics: Factory’s decarbonization progress ratio

<Conservation of Water Resources>

Manufacturing	Targets: Reducing water intake by entire Mazda Group companies in Japan by 38% in 2030 compared with 2013 Metrics: Water intake reduction ratio

*1. TCFD: Task Force on Climate-related Financial Disclosures
A private sector organization set up by the Financial Stability Board (FSB), in response to the request from the G20 Finance Ministers and Central Bank Governors

*2. Source: https://tcfd-consortium.jp/en/about

*3. An organization established in Japan, aimed at holding discussions regarding climate change on effective corporate information disclosure and efforts for leading disclosed information to appropriate decision-making on investment by financial institutes and other entities. The Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate in the consortium as observers.

*4. As of June 2024, reported and debated 5 times at the Board of Directors.

*5. A technology development concept of progressively stacking blocks of fundamental technologies to efficiently deliver outstanding technology

*6. Scope 1: Direct emissions from consumption of fuels and industrial processes. Scope 2: Emissions associated with consumption of purchased heat/electricity (indirect emissions from energy consumption). Scope 3: Other indirect emissions excluding Scope 1 and 2

(5) Initiatives for Human Capital (Including Diversity of Human Resources)

(i) Strategy

The Mazda Group believes that people are its most valuable management resource, and aims to be a company where all employees can play more active roles as individuals and demonstrate their greater potential. Recognizing the concept of "co-creating with others," the Mazda Group respects the diversity of its employees. This includes diversity in race, nationality, creed, gender, social status, family origin, age, mental or physical abilities, sexual orientation, and gender identity. The Mazda Group is also committed to promoting initiatives to improve the work styles, workplace environment and treatment of employees, and to enhance employee motivation and operational efficiency from the viewpoint of total optimization.

To encourage a virtuous cycle of growth, employment, and distribution, the Mazda Group will return the results of its growth to the stakeholders while maintaining employment, as well as sustainably provide returns to the employees.

Specifically, from the perspective of stabilizing employment, improving the quality of life, and developing human resources, the Group will flexibly provide returns to employees, including wage increases in consideration of the current situation of the company.

As one way of providing returns, the Group is making investments in human resources including education in addition to improving working conditions. One example is that the Group invests in the development of "digital human resources." The Group will continue to make investments that lead to its growth, including support for employees' capacity development. By doing so, the Group will facilitate employees' performance and growth.

For the status of implementation of human resource development systems and improvement in the internal environment for these purposes, please refer to the "MAZDA SUSTAINABILITY REPORT 2023" (pages 48-62, and pages 117-121) published in October 2023.

(https://www.mazda.com/globalassets/en/assets/sustainability/download/2023/2023e_all.pdf)

(ii) Indicators and Targets (Submitting Company)*7

As stated in (1) Strategy above, Mazda's policy is to appoint personnel based on their individual abilities and achievements regardless of employee attributes. Therefore, Mazda has set no voluntary and measurable targets other than targets for the number of female managers and the percentage of male employees taking childcare leave.

<Increasing the employment and range of opportunities for female employees>

Mazda is working to create a workplace that is a comfortable working environment for women to work by improving work-life balance measures. In January 2024, in accordance with the Act on Promotion of Women's Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children, Mazda updated the employer's action plan with the following targets: 80 female managers by the end of the fiscal year ending March 2025 (approximately four-fold the number as of the end of the fiscal year ended March 2015) and 60% of male employees taking childcare leave (including childcare leave immediately after the child's birth) by the fiscal year ending March 2025. Furthermore, the targets for the fiscal year ending March 2026 are 100 female managers and 70% of male employees taking childcare leave (including childcare leave immediately after the child's birth), respectively.

Steady progress is being achieved in realizing these targets. As of March 31, 2024, there were 71 female employees in managerial positions and the percentage of male employees taking childcare leave was 54%. In addition to formulating and promoting individual development plans for female employees who are candidates for promotion, Mazda will continue its efforts to further accelerate women's active engagement by conducting company-wide notification and awareness-raising activities for the child-rearing leave system, including that for male employees.

*7. It is difficult for the Group to provide comprehensive information about the indicators because not all consolidated subsidiaries track complete data for every indicator. Therefore, the targets and results of the indicators described here are based on the submitting company that operates the main businesses in the Group.

3. Business and Other 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 anticipated risks and does not represent a comprehensive list of all the risks to be faced by the Group. The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report.

Risks Related to the Markets and Business

(1) Economic Conditions Impacting the 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 an economic downturn, recession, changes in demand structure, declining demand, or intensifying price competition in its main markets.

(2) Procurement of Materials and Components

The Group relies on numerous suppliers for the purchase of materials and components. Looking at the entire supply chain from a comprehensive viewpoint, the Group strives to make our supply chain resilient to changes in the environment through the measures to eliminate inefficiency, inconsistency and waste, including maximizing the speed of material procurement and bringing the production sites of variety of parts closer to its production facilities. However, the Group might 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 component suppliers being affected by a disaster or tight supply balances, or due to changes to or breaches of supply contracts. These conditions also pose the risk that the procured materials or components might not meet quality expectations. In addition, the broader adoption of electrification might make it difficult for the Group to procure enough EV-related parts on time, especially batteries that should be sourced from new suppliers. The abovementioned factors could adversely affect the Group's business results and financial position.

(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) Market Competitiveness

Automobile markets, in which the Group sells its products, are undergoing rapid changes in their industrial structures due to the expansion of new added-value businesses represented by connected technology, autonomous driving technology, shared services, and electrification technology, as well as a succession of new entrants from other industries, resulting in an increasingly competitive and diverse environment. Maintaining and enhancing the Group's ability to compete in these markets, which includes maintaining and developing the Mazda brand value, is crucial to ensuring growth. The Group is implementing a range of initiatives to boost its competitiveness in all areas, including product planning and development, manufacturing, and sales, in order to respond to these rapid changes. However, the Group's business results and financial position could be adversely affected, including declines in market share or product prices, in the event that the scope and speed of changes to the competitive environment exceed expectations, or that the Group fails to launch appealing products at opportune times as a result of issues related to technological capabilities, production capacities, or responses to electrification and other regulations. The same holds true if the Group fails to effectively develop dealership networks or sales methods that adapt to changes in rapidly diversifying customer values and needs.

(5) 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.

(6) 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, in the event of a large-scale recall or other serious incidents, resulting from a defect in products due to unforeseen causes, for example, in new electrification technologies, advanced functions, or complicated software or system, the Group's business results and financial position could be adversely affected due to such factors as the incurring of significant costs, the Group's diminished brand image, and loss of market trust. Such impacts might be more pronounced when the defect is deemed to be attributed to the Group, rather than suppliers.

(7) 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 a driving support system, etc. Despite countermeasures implemented in information technology, networks, and systems to allow safe operations, such factors as failures in infrastructure, cyberattacks that outpace the Group's countermeasures, 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.

(8) Compliance and Reputation

In order to comply with laws and regulations in all business areas, the Group has taken preventive measures regarding compliance violations by educating its employees on laws and regulations related to their work and implementing activities for raising compliance awareness. 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.

(9) Respect for Human Rights

Based on the values for co-creation with others, the Group defined "Mazda Human Rights Policy" in August 2023. The policy describes Mazda's basic belief that human rights are fundamental to its corporate activities and expresses its commitment to respecting human rights both inside and outside the Group. In accordance with the policy, the Group seeks advice from third-party organizations and takes steps to establish a human rights due diligence system and a process for corrective and remedial measures, to provide education and conduct awareness-raising activities, and to ensure compliance with various local laws in supply chains. However, with human rights risks increasing globally, should the Group fail to comply with relevant laws and regulations timely and properly, the Group's social trustworthiness and brand image could deteriorate, resulting in a significant impact on the Group's business activities and results.

(10) Climate Change

For information on risks that climate change poses to the Group's business, please refer to "2. Approach to Sustainability and Our Initiatives, (4) Initiatives for Climate Change: Response to TCFD Recommendations" in this report.

(11) Securing and Development of Personnel

The Group believes that people are its most valuable management resource, and aims to be a company where all employees can play more active roles as individuals and demonstrate their greater potential. In order to meet the demand of the times as represented by CASE and carbon neutrality, the Group will proactively aim to secure human resources who can play active roles in highly specialized areas. At the same time, to enable employees with diverse values to play active roles to their fullest potential, the Group will also promote to strengthen personnel development based on the diversification of work styles and establish a system and environment in which employees can work autonomously, and to foster a corporate culture and climate where they can decisively take on the challenge of creating new value.

However, in the event that the Group were to fail to hire personnel as planned due to intensified competition for recruitment, that increased mobility of human resource were to cause a higher turnover rate, or that resource development or corporate culture were not to be improved as planned, resulting in discouraging employees from playing active roles, the Group's management and business activities could be affected over the medium and long term.

Risks Related to Finance and Economy

(1) 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.

(2) Increase in Material Prices

The Group relies on multiple suppliers for the purchase of materials and components. Increased geopolitical risks, tight supply balances, or environmental regulations can cause substantial rises in material and energy prices and logistics costs and an increase in labor expenses, forcing the Group and suppliers to bear more costs. If the Group is unable to absorb the effects of these—for example, by making internal efforts to boost productivity for reducing production costs or passing on the rises to the Group's product prices, the Group's business results and financial position could be adversely affected.

(3) 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 markets, tax reforms or 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 upon 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.

Risks Related to Politics, Regulations, Legal Procedures, Disasters, etc.

(1) 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. In particular, the demand for carbon neutrality is accelerating around the world. In order to fulfill its responsibility to society as a company, the Group is working to reduce CO_2 emissions from a well-to-wheel (from fuel extraction to driving) perspective, as well as from a life cycle assessment (LCA) perspective, which covers from automobile production, to logistics, disposal, and recycling. We are working to resolve issues with multi-electrification solutions based on the electric power generating infrastructure and usage environment of each country, as well as the diversity of customers and their needs. However, going forward, the Group's business results and financial position could be adversely affected by the increased costs associated with even more stringent statutory and political regulations in Europe, the United States, and other regions.

(2) 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
- Tight product logistics due to more stringent quarantine and vessel shortages, etc.
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease such as the novel coronavirus infections, and other factors leading to social disorder or restrictions

(3) 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, torrential rains, flood, fire, or other accident, which could adversely affect the Group's business results and financial position.

4. Management's Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of Business Results

The Group's financial position, business results, and cash flows for the fiscal year ended March 31, 2024 were as follows.

(i) Financial position and business results

In the business environment surrounding the Mazda Group in the fiscal year ended March 31, 2024, the global economy as a whole showed signs of recovery as economic activities returned to normal following the end of the COVID-19 pandemic. Nevertheless, the outlook continued to remain uncertain due to the prolonged Russia-Ukraine crisis, the outbreak of conflicts in the Middle East, and concerns about an economic slowdown amid global financial tightening.

Under these conditions, we faced various logistics constraints including a shortage of vessels, congestion at unloading ports, and longer transportation periods due to rerouting. To secure profits in this environment, in addition to introducing a range of Large Product lineup, we implemented various measures to strengthen sales such as shifting product destinations to markets where sales are strong and reviewing our model mix, sales prices, and equipment. At the same time, we worked to improve management efficiency by increasing investment efficiency and inventory turnover. In addition, we have been promoting initiatives such as electrification to realize our 2030 management policy. In November last year, we established Electrification Business Division (e-Mazda for short) to accelerate the shift of resources to the electrification business. We are steadily working toward the introduction of our first battery electric vehicle with a dedicated battery electric vehicle platform in 2027.

In terms of products, during the consolidated fiscal year ended March 31, 2024, we commenced sales of the Mazda CX-90 in North America in April 2023 and later in other parts of the world. In November of the same year, we released the Mazda MX-30 Rotary-EV in Japan. At the Japan Mobility Show 2023 in October last year, we unveiled the Mazda Iconic SP, a compact sports car concept designed to adapt to a new era. This model features Mazda's unique two-rotor rotary-EV system, which remains compact and thus offers a high degree of layout flexibility, enabling the concept model to have a low center of gravity that enhances driving performance.

Mazda will redouble its efforts to further cultivate people's love of cars through human-centered research and development and unique brand experiences, and will win the support of customers by continuing to evolve Mazda's signature driving pleasure through technology that is in tune with the times and the creation of exciting moving experiences.

Global sales

Global sales volume for the fiscal year was 1,241 thousand units, up 11.8% year on year. In addition to strong performance in the United States, growth in vehicle sales was driven by Large Products, the newly introduced CX-90 and the Mazda CX-50, which is manufactured at the Alabama plant in the U.S.

Sales volumes in individual markets were as follows.

Japan

Sales declined 2.8% year on year to 160 thousand units amid increasingly intense competition, particularly for crossover SUVs. The improved Roadster, a product upgrade model, introduced in January this year, has been performing well.

North America

In the United States, sales were driven by the newly introduced CX-90 and the CX-50, following an increase in production volume with the start of two-shift operations at the Alabama plant, resulting in a 24.6% record-high growth in sales to 375 thousand units. Performance in North America as a whole was also strong, with a 26.4% year-on-year growth in sales to 514 thousand units, thanks to robust sales in Canada and Mexico.

Europe

Increased sales in major markets such as Germany and the UK boosted sales in Europe by 12.6% year on year to 180 thousand units. By model, the Mazda CX-60 and Mazda CX-30 in particular contributed to the increase in sales.

China

Sales of the Mazda3, Mazda CX-5, and newly introduced CX-50 contributed to an increase in sales volume, resulting in a 14.7% increase year on year to 97 thousand units.

Other markets

In Australia, one of Mazda's major markets, the newly introduced CX-60, the CX-3 and CX-30 contributed to an increase in sales, resulting in an 8.0% year-on-year growth to 98 thousand units. In other markets as a whole, however, overall sales declined 1.7% year on year to 289 thousand units due to a contraction in sales in Thailand and other ASEAN markets.

Financial Position and Business Results

a. Business results

Financial performance on a consolidated basis for the fiscal year ended March 31, 2024 was as follows.

(Billions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024	YoY change	
	Full year	Full year	Amount	Rate
Net sales	3,826.8	4,827.7	+1,000.9	+26.2%
Operating income	142.0	250.5	+108.5	+76.4%
Ordinary income	185.9	320.1	+134.2	+72.2%
Net income attributable to owners of the parent	142.8	207.7	+64.9	+45.4%

b. Financial position

As of March 31, 2024, total assets increased ¥532.5 billion from the end of the previous fiscal year, to ¥3,791.8 billion. Total liabilities increased ¥231.9 billion from the end of the previous fiscal year to ¥2,034.4 billion.

Net assets as of March 31, 2024 increased ¥300.6 billion from the end of the previous fiscal year to ¥1,757.4 billion, reflecting net income attributable to owners of the parent of ¥207.7 billion and others. Equity ratio increased 1.6 percentage points from the end of the previous fiscal year to 45.8% (Percentage after consideration of the equity credit attributes of the subordinated loan was 46.7%).

c. Financial position and business results by segment

Financial performance by segment on a consolidated basis for the fiscal year ended March 31, 2024 was as follows.

(Billions of yen)

		Year ended March 31, 2023	Year ended March 31, 2024	YoY change	
		Full year	Full year	Amount	Rate
Net sales	Japan	3,194.8	3,868.0	+673.2	+21.1%
	North America	2,044.0	2,983.2	+939.1	+45.9%
	Europe	665.9	926.7	+260.8	+39.2%
	Other areas	656.1	732.6	+76.5	+11.7%
Operating income	Japan	71.3	152.2	+80.9	+113.4%
	North America	38.1	87.6	+49.6	+130.2%
	Europe	14.9	20.3	+5.4	+35.9%
	Other areas	26.7	26.9	+0.2	+0.6%

Japan

Net sales increased by ¥673.2 billion, or 21.1% year on year, to ¥3,868.0 billion, and operating income increased by ¥80.9 billion, or 113.4% year on year, to ¥152.2 billion. This was mainly due to an increased wholesale volume in the North American market, contributions from improved unit selling prices and launched Large products, and the effect of yen depreciation. Segment assets amounted to ¥2,880.2 billion, up ¥328.0 billion year on year.

North America

Net sales increased by ¥939.1 billion, or 45.9% year on year, to ¥2,983.2 billion, and operating income increased by ¥49.6 billion, or 130.2% year on year, to ¥87.6 billion. This was mainly due to record high sales volumes in the U.S. and Mexico and the effect of yen depreciation. Segment assets amounted to ¥817.3 billion, up ¥145.9 billion year on year.

Europe

Net sales increased by ¥260.8 billion, or 39.2% year on year, to ¥926.7 billion, and operating income increased by ¥5.4 billion, or 35.9% year on year, to ¥20.3 billion. This was mainly due to increased wholesale volumes in Germany and other major markets and the effect of yen depreciation. Segment assets totaled ¥351.5 billion, up ¥83.8 billion year on year.

Other areas

Net sales increased by ¥76.5 billion, or 11.7% year on year, to ¥732.6 billion and operating income increased by ¥0.2 billion, or 0.6% year on year, to ¥26.9 billion. This was mainly due to an increased wholesale volume in Australia, one of the major markets, and the effect of yen depreciation, despite decreased wholesale volumes in the ASEAN markets. Segment assets amounted to ¥387.7 billion, up ¥15.6 billion year on year.

(ii) Cash flows

Cash and cash equivalent as of March 31, 2024 increased ¥202.2 billion from the end of the previous fiscal year to ¥919.3 billion. Interest-bearing debt as of March 31, 2024 decreased ¥47.7 billion from the end of previous fiscal year to ¥567.8 billion. As a result, we are in a net cash position of ¥351.5 billion.

Cash flows for the fiscal year ended March 31, 2024 by activities were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥418.9 billion, mainly reflecting income before income taxes of ¥298.3 billion, additionally a decrease in inventories, etc. (For the previous fiscal year, net cash provided by operating activities was ¥137.4 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥179.9 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment and loans receivable. (For the previous fiscal year, net cash used in investing activities was ¥99.4 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥239.0 billion. (For the previous fiscal year, consolidated free cash flow was positive ¥38.0 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥84.7 billion, mainly reflecting the repayments of long-term loans payable. (For the previous fiscal year, net cash used in financing activities was ¥89.9 billion.)

(iii) Results of production, orders received and sales

a. Production

Results of vehicle production by segment for the fiscal year ended March 31, 2024 were as follows.

Segment	Volume (Thousands of units)	YoY change (%)
Japan	799	4.5
North America	268	27.9
Total	1,068	9.6

Note: The North America segment consists of production at the Mexico plant and the U.S. plant.

b. Orders received

The Group carries out production according to production plans, which consider sales results and orders received at distributors.

c. Net sales

Net sales results by segment for the fiscal year ended March 31, 2024 were as follows.

Segment	Amount (Millions of yen)	YoY change (%)
Japan	942,619	(1.2)
North America	2,342,380	43.2
Europe	887,650	39.7
Other areas	655,013	8.9
Total	4,827,662	26.2

Notes: 1. Inter-segment transactions are eliminated.
2. Net sales results for major customers are not presented because none of them accounted for 10% or more of the total net sales.

(2) Analysis and Discussion on the Status of Business Results from the Management's Perspective

Views, analysis, and discussion on the status of the Group's business results from the management's perspective are as follows. The forward-looking statements in this section are based on the judgments of the Group as of the filing date of this report.

(i) Views, analysis, and discussion on the status of business results for the fiscal year ended March 31, 2024

Business results on a consolidated basis for the fiscal year ended March 31, 2024 were as follows. Factors affecting the Group's business are described in "II. Business Overview, 3. Business and Other Risks."

Net Sales

Net sales for the fiscal year ended March 31, 2024 totaled ¥4,827.7 billion, an increase of ¥1,000.9 billion, or 26.2% year on year, reflecting the increase in wholesale volume and the improvement of unit prices.

By region, domestic sales amounted to ¥640.3 billion, an increase of ¥17.3 billion, or 2.8% year on year, due to a rise in sales volume. Overseas sales amounted to ¥4,187.4 billion, an increase of ¥983.6 billion, or 30.7% year on year, mainly due to an increased wholesale volume in the North American market, improved unit selling prices, and the effect of yen depreciation.

By product, vehicle sales increased by ¥934.6 billion, or 28.7% year on year, to ¥4,190.0 billion thanks to the growth in wholesale volume, introduction of new SUV models, and the effect of yen depreciation, while sales of knock-down parts for overseas production increased by ¥6.4 billion, or 39.8% year on year, to ¥22.6 billion, mainly due to an increase in wholesale volume in China. Sales of parts increased by ¥31.3 billion, or 9.8% year on year, to ¥351.7 billion. Other sales increased by ¥28.6 billion, or 12.2% year on year, to ¥263.3 billion.

Operating Income

Mainly due to an improvement in variable profit per unit thanks to increased wholesale volumes and new Large products, as well as the effect of a weaker yen against the dollar and euro, operating income amounted to ¥250.5 billion, an increase of ¥108.5 billion, or 76.4% year on year, and the operating return on sales was 5.2%, an increase of 1.5 percentage points year on year.

The main causes of changes in operating income were as follows.

(Billions of yen)

	Full year
Volume and mix	+125.2
Foreign exchange	+53.5
Raw materials, logistics costs and others	(11.2)
Cost improvement	+24.8
Fixed costs and others	(83.8)
Total	+108.5

Ordinary Income

Ordinary income increased by ¥134.2 billion, or 72.2% year on year, to ¥320.1 billion mainly due to the recording of foreign exchange gain of ¥54.2 billion.

Net Income Attributable to Owners of the Parent

Net income attributable to owners of the parent was ¥207.7 billion, an increase of ¥64.9 billion, or 45.4% year on year, mainly due to the recording of loss on sales and retirement of property, plant and equipment of ¥15.4 billion under extraordinary losses and tax expenses of ¥88.9 billion.

The analysis of financial position and the analysis of financial position and business results by segment for the fiscal year ended March 31, 2024 are provided in (1) Overview of Business Results, (i) Financial position and business results.

(ii) Source of funds and liquidity

In order for the Group to reliably secure the funds needed for business activities, the Group is striving to create cash flows. Furthermore, the Group is procuring the necessary funds through bank borrowing and the issuance of bonds for the purpose of allocating the capital expenditures necessary for manufacturing and selling automobiles and parts.In January 2024, the Company established a sustainable finance framework as a funding method focusing on promoting activities for sustainability. Funds raised through this framework will be used to achieve carbon neutrality in the Group's factories around the world and develop and produce battery electric and plug-in hybrid vehicles as well as technologies for advanced safety vehicles or advanced driver-assistance systems.

The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule on a timely basis, and the Group maintains a certain level of liquidity at hand in order to respond to sudden changes in the external environment. The Company also has systems and procedures in place that allow us to respond flexibly to liquidity risks through managing the funds of the Group and intercompany loans within the Group. In addition, the Company ensures sufficient liquidity by entering into commitment line agreements with domestic financial institutions.

At the end of the fiscal year ended March 31, 2024, liquidity, comprising cash and cash equivalents of ¥919.3 billion, in addition to unused commitment credit lines of ¥200.0 billion, amounted to ¥1,119.3 billion, which is equivalent to 2.8 months of monthly sales.

The Group was assigned the following long term credit ratings from two domestic rating agencies as of the end of the fiscal year ended March 31, 2024: "A-" from Japan Credit Rating Agency, Ltd. and "BBB+" from Rating and Investment Information, Inc.

With regard to shareholder returns, the Company 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.

An analysis of cash flows for the fiscal year ended March 31, 2024 is provided in "(1) Overview of Business Results, (ii) Cash flows."

(iii) Significant accounting estimates and underlying assumptions

The Group prepares its consolidated financial statements in accordance with the accounting standards generally accepted in Japan. In preparing consolidated financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses. Management believes that the estimates and assumptions made in the preparation of consolidated financial statements for the fiscal year ended March 31, 2024 are reasonable, but actual results may differ from those estimates and assumptions.

The following shows significant accounting estimates and assumptions the Group used in preparing its consolidated financial statements.

a. Allowance for doubtful receivables

To provide for bad debt expenses on trade notes and accounts receivable, loans receivable and other receivables, allowance for doubtful receivables is recorded at an amount estimated to be uncollectible. For receivables at an ordinary risk, the amount is based on the past default ratio, and for receivables at high risk, the amount is calculated in consideration of the collectibility of individual receivables. However, additional allowances may be required or bad debt expenses may be incurred in the event that the debtor's ability to pay their debt declines in the future due to such factors as a deterioration in the debtor's financial condition.

b. Provision related to environmental regulations

Provision related to environmental regulations provides for the estimated costs of complying with environmental regulations as of March 31, 2024 in consideration of environmental regulations in each country. However, additional provisions may be required in the event that the environmental regulations in each country are further tightened in the future.

c. Employees' retirement benefits

Employees' retirement benefit expenses and obligations are calculated based on actuarial assumptions. Any changes in those assumptions or a decline in the plan assets due to a deterioration in market conditions or other factors may affect the expenses and obligations to be recognized in future periods.

d. Impairment of non-current assets

When applying impairment accounting for non-current assets, the Group in principle groups its assets by operating company, and groups idle assets, assets held for leasing, and assets held for sale by individual property, estimating the future cash flows for each group. If the carrying amount is determined to be unrecoverable due to a deterioration in business conditions or other factors, the Group may be required to record an impairment loss against the carrying amount of the asset.

e. Deferred tax assets

Deferred tax assets are recorded for deductible temporary differences by assessing the recoverability based on the projections 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 determined to be unrecoverable due to a deterioration in business conditions or in the event of tax reforms that include changes in tax rates, and the Group may incur tax expenses.

f. Reserve for warranty expenses

Reserve for warranty expenses is provided in "V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, Significant Accounting Estimates, Reserve for Warranty Expenses."

(iv) Objective indicators and other factors to assess the achievement of management policy, management strategy and management targets

The Group announced the Medium-term Management Plan Update and Management Policy up to 2030 in November 2022. Management indicators in this Management Plan are described in "II. Business Overview, 1. Management Policy, Management Environment, and Issues to Be Addressed."

5. Important Business Contracts

Contracting party	Counterparty	Country	Contract details	Contract date
Mazda Motor Corporation (the Company)	Toyota Motor Corporation	Japan	Memorandum of understanding on the business and capital alliance	August 4, 2017
Mazda Motor Corporation (the Company)	Toyota Motor Corporation	Japan	Joint venture agreement on joint vehicle production in the U.S.	November 28, 2017

6. Research and Development Activities

Based on the management policy for 2030, the Group will flexibly enable electrification by dividing the period up to 2030 into three phases. In the first phase up to 2024, the Group optimizes both new technologies and existing assets and leverages multi-electrification technologies that allow each vehicle to choose from a list of powertrains best suited to its region. This helps meet more various customer needs specific to each market, with less environmental burdens.

As electrification is progressing rapidly and globally, the Electrification Business Division (called "e-Mazda") is set up as a new team detached from traditional organizational structure. This division comprehensively promotes the electrification business and related product development, which present complex challenges in areas such as new technologies, new values, and new businesses. The Group concentrates various electrification resources to accelerate its efforts on a full scale.

The Group continues to make solid progress towards the goal of achieving carbon neutrality across its entire supply chain by 2050, helping to preserve the rich and beautiful global environment and create a sustainable future.

Looking at research and development system by segment, the Japan segment is engaged in the planning, design, engineering, and testing and research works for new products as well as advanced research into new technologies at Head Office R&D Divisions (including e-Mazda) and the Mazda R&D Center Yokohama. Outside of Japan, the Company works with R&D divisions of Mazda Motor of America, Inc. in the U.S. for the North America segment, Mazda Motor Europe GmbH in Germany for the Europe segment, and Mazda Motor (China) Co., Ltd. in China for Other segment to conduct research and development of products that meet the specific features of each market.

As a step towards realizing the management policy for 2030, the Company launched a new three-row crossover SUV, Mazda CX-90, which is the second model of Mazda's new-generation Large Product lineup, for North America in this fiscal year. The CX-90 features a plug-in hybrid or 48V mild hybrid system as its electrification technology, combining a new-generation rear-wheel drive-based architecture, to provide driving freedom and superior environmental performance. This model also provides See-Through View[*1], enabling drivers to intuitively understand information necessary for vehicle operation, as well as a large active driving display[*1] to support safe vehicle operation and enhance the driver's peace of mind.

Additionally, a rotary engine vehicle, Mazda MX-30 e-Skyactiv R-EV, was launched in Europe and Japan. The model uses a newly developed rotary engine as a generator, with a 17.8 kWh[*2] lithium ion battery and a 50 L gas tank to achieve the unique series plug-in hybrid system. The MX-30 e-Skyactiv R-EV offers owners new ways of using their car as a battery electric vehicle. The hybrid model has a 107 km battery electric driving range[*3] and the ability to use power generated by the rotary engine to enable longer distance drives.

In North America, a new crossover SUV, Mazda CX-70, was unveiled as the third model of the new-generation Large Product group. The CX-70's launch is Mazda's foray into the two-row mid-size SUV segment. Using a plug-in hybrid or 48V mild hybrid system as its electrification technology, the model features a Trailer Hitch View with a viewfinder that guides the driver when hitching up a trailer, a 5,000-pound towing capacity, 1,500W power output, and other features complementing customers' active lifestyles.

In Japan, the Mazda Roadster was launched with a set of significant improvements. It now uses a new asymmetric limited slip differential that can stabilize the car's turning behavior by changing the differential gear's limiting force during acceleration and deceleration. With advanced electric power steering and improved engine performance feel, the Mazda Roadster is further refined to bring drivers its unique, light, and linear experience, delivering "Jinba-Ittai" (horse and rider as one) driving exhilaration.

At the Japan Mobility Show 2023[*4], the Mazda Iconic SP, a compact sports car concept, was unveiled for the first time in the world. This concept model features Mazda's unique two-rotor rotary-EV system, which remains compact and thus offers a high degree of layout flexibility, enabling a low center of gravity that enhances driving performance. The exterior body color "VIOLA RED" was created based on Mazda's desire to "cherish the color red" and in conjunction with Mazda's corporate philosophy of "enriching life-in-motion for those we serve."

R&D costs in the fiscal year ended March 31, 2024 totaled ¥146.3 billion, a segment-wise breakdown of which was ¥139.8 billion for Japan, ¥3.0 billion for North America, ¥2.7 billion for Europe, and ¥0.8 billion for Other areas. The Company's segments are regional segments based on production and sales management systems. Since most of the R&D activities are conducted by the Japan segment, segment-wise reports on R&D activities are omitted.

*1. The configuration varies by grade.

*2. Based on our study.

*3. The figure is based on the defined test conditions and may vary depending on actual driving conditions and other factors.

*4. Hosted by Japan Automobile Manufacturers Association, Inc. (a non-profit industry association).

III. Equipment and Facilities

1. Overview of Capital Expenditures

Capital expenditures (including intangible assets) for the fiscal year ended March 31, 2024 totaled ¥121.3 billion as a result of efficient investments for future growth such as those in new-generation products, environmental and safety technologies, IT, and the reinforcement of the global production system.

By segment, capital expenditures totaled ¥102.8 billion in Japan and were mainly focused on new-generation products, environmental and safety technologies, IT, and the increase in production capacity at the Hiroshima and Hofu Plants. In North America, ¥15.1 billion was invested in plants in the United States, production facilities in Mexico, and others. Capital expenditures in Europe totaled ¥1.2 billion, and totaled ¥2.2 billion in other regions. Additionally, Mazda did not implement the disposal or sale of any major facilities in any segment.

2. Major Equipment and Facilities

(1) Reporting Company

As of March 31, 2024

Office name (Location)	Segment	Description of facilities	Land area (1,000 m^2)	Carrying amount (Millions of yen)						Number of employees (Persons)
				Land	Buildings and structures	Machinery, equipment and vehicles	Leased assets	Tools, furniture and fixtures	Total	
Head Office and Hiroshima Plant (Fuchu-cho, Aki-gun, Hiroshima) (Minami-ku, Hiroshima-shi, Hiroshima)	Japan	Vehicle and parts production facilities, R&D facilities, head office facilities	«5» 2,174 [86]	217,633 [9,415]	70,527 [681]	170,151 [7]	3,865	15,603 [21]	477,778 [10,124]	17,649
Hofu Plant (Hofu-shi, Yamaguchi)	Japan	Vehicle and parts production facilities	1,329 [36]	15,596 [432]	11,769 [95]	80,139 [4]	253	7,888 [0]	115,646 [531]	4,250
Miyoshi Office (Miyoshi-shi, Hiroshima)	Japan	Parts production facilities, R&D facilities	1,702	4,614	4,579	4,548	—	565	14,306	88
Mazda R&D Center Yokohama (Kanagawa-ku, Yokohama-shi, Kanagawa)	Japan	R&D facilities	37	4,511	1,365	438	6	95	6,414	42
Distributors, distribution centers, etc. (Nishi-ku, Sakai-shi, Osaka, etc.)	Japan	Sales and distribution facilities	«7» 945 [89]	38,506 [2,685]	11,326 [1,312]	575 [34]	—	89 [5]	50,495 [4,035]	37
Hospital, dormitories, etc. (Fuchu-cho, Aki-gun, Hiroshima, etc.)	Japan	Welfare facilities	«9» 150 [3]	12,459 [338]	8,250 [0]	201 [1]	337	462 [0]	21,709 [339]	539

(2) Domestic Subsidiaries

As of March 31, 2024

Company name	Office name (Location)	Segment	Description of facilities	Land area (1,000 m^2)	Carrying amount (Millions of yen)						Number of employees (Persons)
					Land	Buildings and structures	Machinery, equipment and vehicles	Leased assets	Tools, furniture and fixtures	Total	
Kurashiki Kako Co., Ltd.	Head office, main plant, etc. (Kurashiki-shi, Okayama, etc.)	Japan	Parts production facilities, head office facilities	«21» 78 [1]	1,136	1,636 [1]	1,259 [47]	169	566 [12]	4,766 [60]	841
Mazda Logistics Co., Ltd.	Hofu Distribution Center, etc. (Hofu-shi, Yamaguchi, etc.)	Japan	Distribution facilities, etc.	143 [7]	2,371 [60]	2,511 [141]	899	81	280	6,142 [201]	1,720
Kanto Mazda Co., Ltd. and 14 other distributors	Head offices and business offices (Itabashi-ku, Tokyo, etc.)	Japan	Sales facilities for vehicles and parts and maintenance facilities	«754» 897 [16]	99,497 [1,575]	53,186 [330]	17,248	193	838	170,962 [1,905]	8,293

(3) Overseas Subsidiaries

As of March 31, 2024

Company name	Office name (Location)	Segment	Description of facilities	Land area (1,000 m^2)	Carrying amount (Millions of yen)						Number of employees (Persons)
					Land	Buildings and structures	Machinery, equipment and vehicles	Leased assets	Tools, furniture and fixtures	Total	
Mazda Motor of America, Inc.	Head office (Irvine, California, U.S.A.)	North America	Sales administration facilities for vehicles and parts, etc.	«947» 106	1,923	3,893	52,686	8,519	31,793	98,814	1,011
Mazda Motor Manufacturing de Mexico, S.A. de C.V.	Head office and plant (Salamanca, Guanajuato, Mexico)	North America	Vehicles and parts production facilities, head office facilities	2,557	8,701	19,932	33,701	684	9,720	72,738	4,978
Mazda Motor (Deutschland) GmbH	Head office (Leverkusen, North Rhine-Westphalia, Germany)	Europe	Sales administration facilities for vehicles and parts	85	910	861	8,400	101	410	10,682	167
Mazda Motor Logistics Europe N.V.	Head office (Willebroek, Antwerp, Belgium)	Europe	Sales administration facilities for vehicles and parts	—	—	1,001	3,678	254	250	5,183	813
Mazda Australia Pty Ltd.	Head office (Mulgrave, Victoria, Australia)	Other areas	Sales administration facilities for vehicles and parts	—	—	6	184	4,646	206	5,042	317
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Head office and plant (Chonburi, Thailand)	Other areas	Vehicle parts production facilities, head office facilities	862	4,809	7,088	18,869	—	326	31,092	631

Notes:
1. The carrying amounts shown above do not include the amounts of construction in progress and intangible assets.
2. The above figures in double angle brackets indicate major facilities leased from parties other than consolidated companies, which are excluded from the figures without brackets.
3. The above figures in square brackets indicate major facilities leased to parties other than consolidated companies, which are included in the figures without brackets.
4. There are no major facilities that are currently out of operation.

3. Plans for New Additions or Disposals

(1) Construction of Major Facilities

The Group plans capital investment of ¥170.0 billion in the fiscal year ending March 31, 2025 as follows.

(Millions of yen)

Company name	Office name (Location)	Segment	Description of facilities	Planned investment amount	Method of financing
Reporting company	Hiroshima Plant, Hofu Plant, etc. (Minami-ku, Hiroshima-shi, Hiroshima, etc.)	Japan	Vehicle and parts production facilities, etc.	105,600	Own funds, borrowings, and bonds
Domestic consolidated subsidiaries	—	Japan	Sales and distribution facilities, parts production facilities, etc.	13,500	Own funds and borrowings
Overseas consolidated subsidiaries	—	North America, Europe, Other areas	Sales and distribution facilities, vehicles and parts production facilities, etc.	50,900	Own funds and borrowings

(2) Disposal of Major Facilities

There are no plans to dispose of major facilities, except for disposals for the purpose of regular facility updates.

IV. Corporate Information

1. Information on the Company's Shares

(1) Total Number of Shares, Etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	1,200,000,000
Total	1,200,000,000

(ii) Shares issued

Class	Number of shares issued as of fiscal year end (Shares) (March 31, 2024)	Number of shares issued as of the filing date (Shares) (June 26, 2024)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	631,803,979	631,803,979	Prime Market of Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	631,803,979	631,803,979	–	–

(2) Stock Acquisition Rights

(i) Stock option plans

Resolution date	July 29, 2016	July 27, 2017	July 26, 2018
Title and number of grantees	8 directors of the Company (excluding outside directors) 18 executive officers of the Company	8 directors of the Company (excluding outside directors) 21 executive officers of the Company	8 directors of the Company (excluding outside directors) 20 executive officers of the Company
Number of stock acquisition rights*	205 units [187 units] (Note 1)	276 units [242 units] (Note 1)	386 units [342 units] (Note 1)
Class, details and number of shares underlying the stock acquisition rights*	20,500 shares [18,700 shares] of common stock (Note 1)	27,600 shares [24,200 shares] of common stock (Note 1)	38,600 shares [34,200 shares] of common stock (Note 1)
Amount to be paid in upon exercise of stock acquisition rights	Amount obtained by multiplying the exercise price per share (which will be 1 yen per share) by the number of shares underlying each stock acquisition right.	Same as left	Same as left
Exercise period of stock acquisition rights	From August 23, 2016 to August 22, 2046	From August 22, 2017 to August 21, 2047	From August 21, 2018 to August 20, 2048
Share issue price and amount per share to be incorporated into the stated capital in the event of issuance of shares by exercise of stock acquisition rights*	Issue price: 1,328 yen Amount to be incorporated into the stated capital: 664 yen (Note 2)	Issue price: 1,337 yen Amount to be incorporated into the stated capital: 669 yen (Note 2)	Issue price: 1,028 yen Amount to be incorporated into the stated capital: 514 yen (Note 2)
Conditions for exercising stock acquisition rights	Note 3	Same as left	Same as left
Matters concerning transfer of stock acquisition rights	Acquisition of stock acquisition rights by transfer must be approved by a resolution of the Company's Board of Directors.	Same as left	Same as left
Granting of stock acquisition rights in the event of organizational restructuring	Note 4	Same as left	Same as left

Resolution date	August 1, 2019	July 31, 2020	July 30, 2021
Title and number of grantees	6 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 19 executive officers and fellow of the Company	6 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 21 executive officers and fellow of the Company	7 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 19 executive officers and fellow of the Company
Number of stock acquisition rights*	540 units [511 units] (Note 1)	1,208 units [1,149 units] (Note 1)	957 units [928 units] (Note 1)
Class, details and number of shares underlying the stock acquisition rights*	54,000 shares [51,100 shares] of common stock (Note 1)	120,800 shares [114,900 shares] of common stock (Note 1)	95,700 shares [92,800 shares] of common stock (Note 1)
Amount to be paid in upon exercise of stock acquisition rights	Amount obtained by multiplying the exercise price per share (which will be 1 yen per share) by the number of shares underlying each stock acquisition right.	Same as left	Same as left
Exercise period of stock acquisition rights	From August 21, 2019 to August 20, 2049	From August 19, 2020 to August 18, 2050	From August 18, 2021 to August 17, 2051
Share issue price and amount per share to be incorporated into the stated capital in the event of issuance of shares by exercise of stock acquisition rights*	Issue price: 651 yen Amount to be incorporated into the stated capital: 326 yen (Note 2)	Issue price: 416 yen Amount to be incorporated into the stated capital: 208 yen (Note 2)	Issue price: 969 yen Amount to be incorporated into the stated capital: 485 yen (Note 2)
Conditions for exercising stock acquisition rights	Note 3	Same as left	Same as left
Matters concerning transfer of stock acquisition rights	Acquisition of stock acquisition rights by transfer must be approved by a resolution of the Company's Board of Directors.	Same as left	Same as left
Granting of stock acquisition rights in the event of organizational restructuring	Note 4	Same as left	Same as left

Resolution date	July 29, 2022	July 21, 2023
Title and number of grantees	8 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 19 executive officers and fellow of the Company	7 directors of the Company (excluding directors of foreign nationality, directors who are Audit & Supervisory Committee members, and outside directors) 19 executive officers and fellow of the Company
Number of stock acquisition rights*	888 units [723 units] (Note 1)	892 units [832 units] (Note 1)
Class, details and number of shares underlying the stock acquisition rights*	88,800 shares [72,300 shares] of common stock (Note 1)	89,200 shares [83,200 shares] of common stock (Note 1)
Amount to be paid in upon exercise of stock acquisition rights	Amount obtained by multiplying the exercise price per share (which will be 1 yen per share) by the number of shares underlying each stock acquisition right.	Same as left
Exercise period of stock acquisition rights	From August 23, 2022 to August 22, 2052	From August 10, 2023 to August 9, 2053
Share issue price and amount per share to be incorporated into the stated capital in the event of issuance of shares by exercise of stock acquisition rights*	Issue price: 1,100 yen Amount to be incorporated into the stated capital: 550 yen (Note 2)	Issue price: 1,033 yen Amount to be incorporated into the stated capital: 517 yen (Note 2)
Conditions for exercising stock acquisition rights	Note 3	Same as left
Matters concerning transfer of stock acquisition rights	Acquisition of stock acquisition rights by transfer must be approved by a resolution of the Company's Board of Directors.	Same as left
Granting of stock acquisition rights in the event of organizational restructuring	Note 4	Same as left

* The description above indicates the status as of the end of the current fiscal year (March 31, 2024). As for the information that changed after the end of the current fiscal year and before the end of the month preceding the filing date (May 31, 2024), the information as of the end of the month preceding the filing date is presented in brackets. There were no changes in other items after the last day of the current fiscal year.

Notes: 1. The class of shares underlying the stock acquisition rights shall be shares of the Company's common stock, and the number of shares underlying each stock acquisition right (hereinafter "number of shares granted") shall be 100 shares. If, however, on or after the date of the allotment of the stock acquisition rights (hereinafter "allotment date") the Company conducts a share split (including an allotment without consideration of shares of the Company's common stock; the same shall apply to all references to the share split herein) or reverse share split of the Company's common stock, the number of shares granted shall be adjusted using the following formula, rounding down any fraction of less than one share resulting from such adjustment.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of share split or consolidation

The number of shares granted after adjustment shall apply from the day following the record date (the effective date where no record date is specified) in the case of a share split or from the effective date in the case of a reverse share split. However, if a share split is made on the condition that a proposal to increase capital or capital reserve by reducing surplus shall be approved at a general meeting of shareholders, and if the record date of such a share split is set for a day prior to the close of the said general meeting of shareholders, the adjustment shall be made on or after the date following the close of the said general meeting of shareholders, applicable retrospectively to the day following such record date. In addition, if an adjustment to the number of shares granted is necessary on or after the allotment date in the event of a merger, company split or similar event, the Company may make an appropriate adjustment to the number of shares granted within a reasonable limit.

If the number of shares granted is to be adjusted, the Company shall notify the holder of each stock acquisition right recorded in the register of stock acquisition rights (hereinafter "holder of stock acquisition rights") of any important matters by the day immediately prior to the date on which the number of shares granted after adjustment is applied. However, if the Company is unable to give such notice by the day immediately prior to the date for such application, such notice shall be given as soon as possible afterward.

2. (1) The amount of the capital increase when shares are issued upon exercise of stock acquisition rights shall be one-half of the maximum increase in the amount of capital, calculated in accordance with Paragraph 1, Article 17 of the Corporate Accounting Rules. Fractions of less than 1 yen will be rounded up to the nearest 1 yen.

(2) The amount of the capital reserve increase when shares are issued upon exercise of stock acquisition rights shall be the amount calculated by deducting the amount of capital to be increased as stated in the preceding paragraph (1) from the maximum increase in the amount of capital as stated in the same paragraph (1) above.

3. (1) Holders of stock acquisition rights may exercise those rights on or after the day following the day they cease to hold any of the following positions at the company: director, executive officer, fellow, or any position of equivalent status.

(2) Paragraph (1) above shall not apply to a person who inherited stock acquisition rights.

(3) If the holder of stock acquisition rights has relinquished them, the holder may not exercise the stock acquisition rights.

4. In the event that the Company conducts a merger (only if the Company ceases to exist due to the merger), an absorption-type company split or incorporation-type company split (only if the Company is the splitting company in either case), or a stock swap or stock transfer takes place (only if the Company becomes a wholly owned subsidiary in either case) (hereinafter "structural reorganization"), stock acquisition rights of the companies listed in a. through e., Sub-paragraph 8, Paragraph 1, Article 236 of the Companies Act (hereinafter "reorganized company") shall be granted to the holders of the remaining stock acquisition rights in each of the above cases based on the conditions mentioned below as of the date immediately prior to the effective date of the structural reorganization. (The effective date refers to the effective date of the absorption-type merger in the case of an absorption-type merger, the date of the establishment of the new company in the case of a consolidation-type merger, the effective date of the absorption-type company split in the case of an absorption-type company split, the date of the establishment of the new company in the case of an incorporation-type company split, the effective date of the stock swap in the case of a stock swap, and the date of establishment of the wholly owning parent company in the case of a stock transfer. The same applies below.) However, in agreements for absorption- or consolidation-type mergers, an absorption-type company split or any incorporation-type company split plan, stock swap agreement or stock transfer plan, the granting of stock acquisition rights of a reorganized company shall be stipulated in accordance with the items below.

(1) Number of stock acquisition rights of a reorganized company to be granted

An equal number of stock acquisition rights to those remaining held by the holder of stock acquisition rights shall be granted to each holder.

(2) Class of shares of the reorganized company underlying the stock acquisition rights

Common stock of the reorganized company

(3) Number of shares of the reorganized company underlying the stock acquisition rights
To be determined in accordance with (Note 1) above, taking into consideration the conditions of the structural reorganization.
(4) Value of assets to be contributed upon exercise of stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right granted shall be calculated by multiplying the exercise price after the reorganization as stipulated below by the number of shares of the reorganized company underlying each stock acquisition right as calculated in accordance with Paragraph (3) above. The exercise price after the reorganization shall be 1 yen per share of the reorganized company granted upon the exercise of each stock acquisition right.
(5) Period of time during which stock acquisition rights can be exercised
The period of time during which the stock acquisition rights can be exercised shall be from the starting date of the exercisable period as stipulated in "Exercise period of stock acquisition rights" above or the effective date of structural reorganization, whichever is later, to the final day of the exercisable period as stipulated in "Exercise period of stock acquisition rights" above.
(6) Matters concerning increases in capital and capital reserve in the event shares are issued upon the exercise of stock acquisition rights
To be determined in accordance with (Note 2) above.
(7) Restriction on acquisition of stock acquisition rights by transfer
The acquisition of stock acquisition rights by transfer must be approved by a resolution of the board of directors of the reorganized company.
(8) Provisions concerning the acquisition of stock acquisition rights
To be determined in accordance with (Note 5) below.
(9) Other conditions for the exercise of stock acquisition rights
To be determined in accordance with (Note 3) above.

5. If the proposal (1), (2), (3), (4), or (5) below is approved at a general meeting of shareholders of the Company (or by resolution of the Company's Board of Directors if a resolution by the general meeting of shareholders is not required), the Company may acquire stock acquisition rights at no cost on a date stipulated separately by the Company's Board of Directors.
(1) Proposal for approval of a merger agreement in which the Company ceases to exist;
(2) Proposal for approval of a company split agreement or company split plan in which the Company is spun off;
(3) Proposal for approval of a stock swap agreement or a stock transfer plan in which the Company will become a wholly-owned subsidiary;
(4) Proposal for approval of an amendment to the Articles of Incorporation to establish a provision requiring the approval of the Company for the acquisition of all the shares issued by the Company by transfer; or
(5) Proposal for approval of amendment of the Articles of Incorporation to establish a provision requiring the approval of the Company for the acquisition of shares of the class underlying the stock acquisition rights by transfer or that the Company may acquire all shares of such class by a resolution of a general meeting of shareholders.

(ii) Rights plans

No items to disclose.

(iii) Other stock acquisition rights

No items to disclose.

(3) Exercises of Moving Strike Convertible Bonds, Etc.

No items to disclose.

(4) Changes in Number of Shares Issued, Capital, Etc.

Date	Increase (decrease) in total number of shares issued (Thousands of shares)	Balance of total number of shares issued (Thousands of shares)	Change in capital (Millions of yen)	Balance of capital (Millions of yen)	Changes in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
October 2, 2017 (Note)	31,928	631,803	25,000	283,957	25,000	193,847

Note: Third-party allotment for value: issue price 1,566 yen; amount incorporated into the stated capital 783 yen; allotted to Toyota Motor Corporation

(5) Shareholding by Shareholder Category

As of March 31, 2024

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instrument business operator	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	–	54	53	866	831	368	106,509	108,681	–
Number of shares held (Units)	–	1,829,832	384,836	683,284	2,649,749	2,544	764,767	6,315,012	302,779
Percentage of shareholdings (%)	–	28.98	6.09	10.82	41.96	0.04	12.11	100.00	–

Note: Out of 1,721,810 shares of treasury stock, 17,218 units are included in “Individuals and others,” and 10 shares are included in “Shares less than one unit.” The number of treasury stock is the number of shares recorded in the shareholder register. The actual number of treasury stock held as of March 31, 2024 is 1,721,610 shares.

(6) Major Shareholders

As of March 31, 2024

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo, Japan	97,042	15.40
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	37,376	5.93
Toyota Motor Corporation	1, Toyota-cho, Toyota-shi, Aichi, Japan	31,928	5.07
JPMorgan Securities Japan Co., Ltd.	2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	13,677	2.17
State Street Bank West Client - Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	11,831	1.88
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo, Japan	10,277	1.63
Sumitomo Mitsui Banking Corporation	1-1-2, Marunouchi, Chiyoda-ku, Tokyo, Japan	10,191	1.62
The Bank of New York 133969 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	Boulevard Anspach 1,1000 Brussels, Belgium (2-15-1, Konan, Minato-ku, Tokyo, Japan)	8,585	1.36
JP Morgan Chase Bank 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo, Japan)	7,920	1.26
SSBTC Client Omnibus Account (Standing proxy: Custody Operations Division, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	One Congress Street, Suite 1, Boston, Massachusetts, USA (3-11-1, Nihonbashi, Chuo-ku, Tokyo, Japan)	7,576	1.20
Total	–	236,403	37.52

Notes: 1. As per Large Shareholding Report (Change Report) made available for public inspection on July 21, 2023, Sumitomo Mitsui Trust Bank, Limited and two joint shareholders hold 43,329,100 shares of the Company as of July 14, 2023. Since we have not been able to confirm the number of shares actually held as of the balance sheet date, they are not included in the major shareholder information above. The details of the said Large Shareholding Report (Change Report) are as follows:

Name	Location	Number of stock certificates, etc. held (Shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	2,000,000	0.32
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo, Japan	23,111,800	3.66
Nikko Asset Management Co., Ltd	9-7-1, Akasaka, Minato-ku, Tokyo, Japan	18,217,300	2.88

2. Shares held by trust banks include the number of shares held as part of their trust business.
3. Shareholding ratio is calculated excluding the treasury stock of 1,721,610 shares.

(7) Voting Rights

(i) Shares issued

As of March 31, 2024

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury stock, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 1,721,600	–	Shares without any restrictions on rights as a shareholder, i.e., a standard share
	(Cross-held shares) Common stock 42,900	–	Same as above
Shares with full voting rights (other)	Common stock 629,736,700	6,297,367	Same as above
Shares less than one unit	Common stock 302,779	–	–
Total number of shares issued	631,803,979	–	–
Voting rights held by all shareholders	–	6,297,367	–

Notes: 1. Common stock under "shares with full voting rights (other)" includes 200 shares (2 voting rights) under the Company's name, which are not actually held by the Company.

2. Common stock under "shares less than one unit" includes treasury stock and cross-held shares as follows:

Name	Number of shares held (Shares)
Mazda Motor Corporation	10
Yoshiwa Kogyo Co., Ltd.	53
Total	63

(ii) Treasury stock, etc.

As of March 31, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
(Treasury stock) Mazda Motor Corporation	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima	1,721,600	–	1,721,600	0.27
(Cross-held shares) Hiroshima Toyo Carp Co., Ltd.	2-3-1, Minami Kaniya, Minami-ku, Hiroshima-shi, Hiroshima, Japan	22,600	–	22,600	0.00
(Cross-held shares) Yoshiwa Kogyo Co., Ltd.	1-48, Myojin-machi, Kaita-cho, Aki-gun, Hiroshima	20,300	–	20,300	0.00
Total	–	1,764,500	–	1,764,500	0.28

Note: There are 200 shares recorded in the shareholder register under the Company's name but not actually held by the Company. These shares are included in the "shares with full voting rights (other)" under "shares issued."

2. Acquisition of Treasury Stock

Class of Shares

Acquisition of common stock pursuant to Article 155, Item 7 of the Companies Act.

(1) Acquisition by Resolution of General Meeting of Shareholders

No items to disclose.

(2) Acquisition by Resolution of Board of Directors

No items to disclose.

(3) Acquisition Not Based on Resolution of General Meeting of Shareholders or Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2024	1,384	2,122,662
Treasury stock acquired during the current period	276	474,673

Note: Treasury stock acquired during the current period does not include the purchase of shares less than one unit requested by shareholders, during the period from June 1, 2024 to the filing date of the annual securities report.

(4) Disposal and Holding of Acquired Treasury Stock

Category	Year ended March 31, 2024		Current period	
	Number of shares (Shares)	Total amount of disposal (Yen)	Number of shares (Shares)	Total amount of disposal (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that were canceled	—	—	—	—
Acquired treasury stock which were transferred due to merger, stock swap, stock issuance, or company split	—	—	—	—
Other (Sales due to demand for sales of shares from shareholders holding less than one unit of shares) (Exercise of stock option)	— 114,100	— 95,820,000	— 43,800	— 42,916,000
Treasury stock held	1,721,610	—	1,678,086	—

Note: Number of treasury stock held during the current period does not include transactions from June 1, 2024 to the filing date of the annual securities report.

3. Dividend Policy

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.

The Company basically pays dividends twice a year; an interim dividend and a year-end dividend. The decision-making body for year-end dividends is a general meeting of shareholders, while that for interim dividends is the Board of Directors. Additionally, the Company's Articles of Incorporation provide that the Company may, with a resolution of the Board of Directors, distribute an interim dividend to shareholders and registered pledgees of shares who are on the register as of September 30 each year.

Based on the above policy, a full-year dividend of ¥60 per share was paid for the fiscal year ended March 31, 2024, a sum of the year-end dividend of ¥35 per share (ordinary dividend of ¥30 and special dividend of ¥5) and the interim dividend (¥25 per share).

(Note) Dividends from surplus with the record date within the fiscal year ended March 31, 2024 are as shown below.

Resolution	Total amount of dividends paid (Millions of yen)	Amount of dividend per share (Yen)
Board of Directors meeting held on November 7, 2023	15,752	25.00
Ordinary General Meeting of Shareholders held on June 25, 2024	22,053	35.00

4. Corporate Governance

(1) Overview of Corporate Governance

(i) Corporate Philosophy and 2030 VISION

The Company has established "PURPOSE," "PROMISE," and "VALUES" as its corporate philosophy.

The Company has also established our "2030 VISION," which describes where we want Mazda to be in the year 2030, in order that we may become a company that is truly needed by the people living in the future society; a company which promotes value creation together with our stakeholders for the future.

Corporate Philosophy
PURPOSE: Enrich life-in-motion for those we serve
PROMISE: Uplifting experiences, emotionally and physically
We uplift the human body, mind and spirit
We uplift communities
VALUES: Radically human / Challenger spirit / Omotenashi

2030 VISION
To be a car-loving company that creates moving experiences through the "joy of driving"

1. Contribute to a future sustainable Earth by providing multi-solution to mitigate climate change
2. Contribute to a society where everyone feels safe to move freely by providing technology that proactively enhances our well-being
3. Contribute to each person's "joy of living" by delivering moving and emotional experiences

(ii) Basic Views on Corporate Governance

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

The Company will ensure that the rights of shareholders are effectively secured, create an environment in which their rights can be properly exercised, and ensure shareholder equality.

The Company will foster a corporate culture and climate that respect stakeholders' rights and status and sound business ethics, and engage in dialogue and collaborate with stakeholders appropriately.

The Company will disclose information appropriately based on laws and regulations, and will also take initiative to provide information other than disclosure mandated by laws and regulations.

Based on its fiduciary responsibility and accountability to shareholders, the Company's board of directors will lay out a broad direction for corporate strategy, establish an environment that will support appropriate risk-taking, and exercise highly effective supervision over management from an independent and objective stance.

The Company will engage in constructive dialogue with shareholders, take a reasonable interest in their interests and concerns, and endeavor to explain the Company's management policies in a clear manner to gain shareholders' understanding.

(iii) Corporate Governance System

1) Overview of corporate governance system and reasons for adopting the system

The Company's surrounding business environment is undergoing rapid changes. To enable faster business decision-making, further enhance discussions of management strategies and strengthen supervisory functions of Board of Directors meetings, the Company transitioned to a company with an audit and supervisory committee.

In addition to bodies designated by law such as the General Meeting of Shareholders, Board of Directors, and the Audit & Supervisory Committee, the Company established Executive Committee Meetings to deliberate important company-wide policies and initiatives and to report on information needed for corporate management.

<Board of Directors>

The Company's Board of Directors deliberates and makes decisions on the execution of important business, such as management strategy and basic management policies, and supervises the execution of individual directors' duties. In addition, the Company provides in its Articles of Incorporation that all or part of decision-making for the execution of important business matters may be delegated to directors, so as to facilitate quick and flexible decision-making.

The Board is made up of 14 directors, six of whom are highly independent outside directors.

<Audit & Supervisory Committee>

The Company's Audit & Supervisory Committee audits and supervises the Board of Directors' decision-making process and business execution through the exercise of voting rights at Board of Directors meetings and the execution of its right to state opinions on the personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee members) at the General Meeting of Shareholders.

The Audit & Supervisory Committee is made up of five members, four of whom are highly independent outside directors.

<Executive officer system>

The Company has also 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.

<Officer Lineup & Remuneration Advisory Committee>

To further enhance the transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors, as well as for determining their remuneration, the Company established an Officer Lineup & Remuneration Advisory Committee, comprised of nine directors including six outside directors.

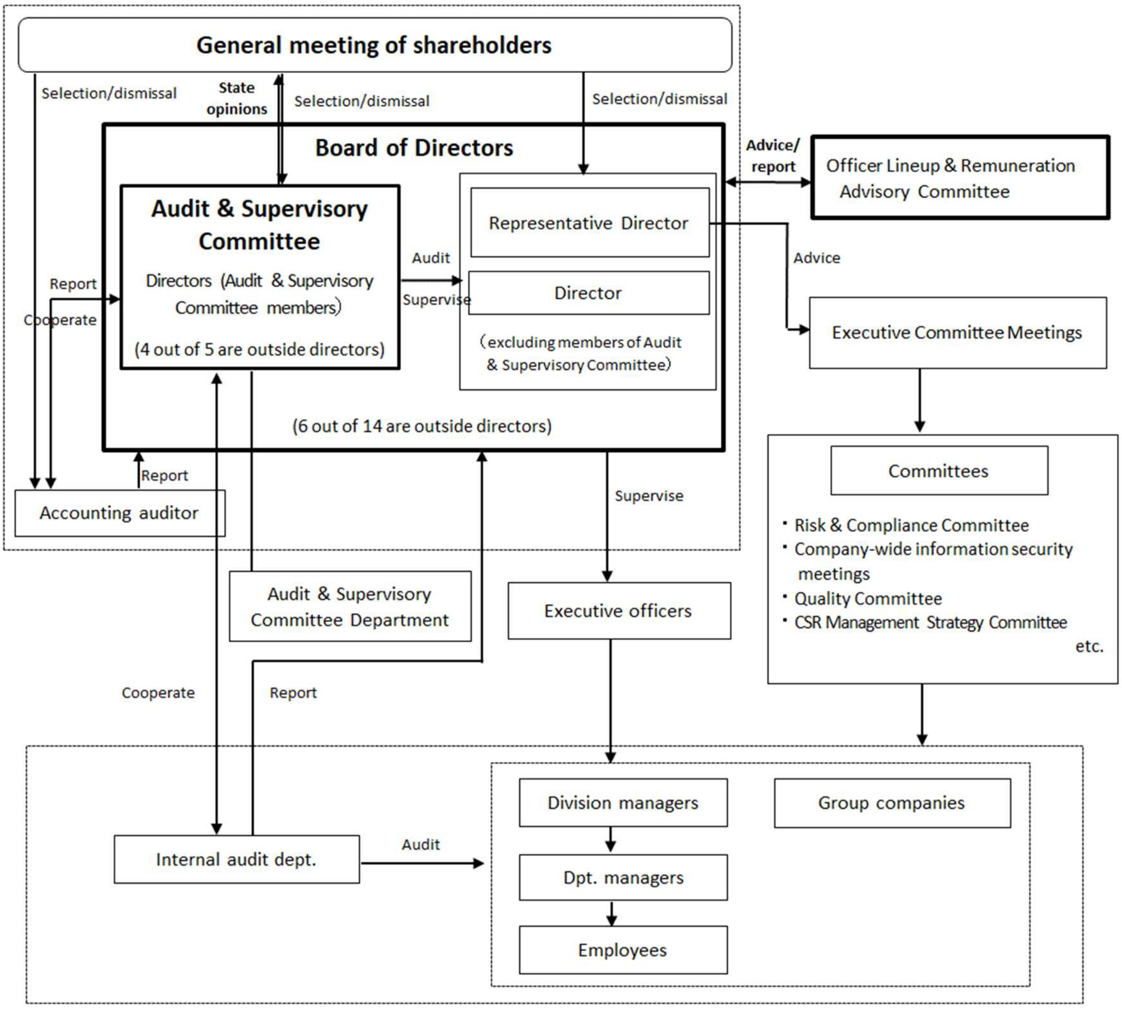
As an advisory body to the Board of Directors, the committee deliberates matters such as officer lineup and policies regarding the selection and training of candidates, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term. The committee is chaired by the Representative Director and Chairman of the Board.

The composition of each meeting body is as shown below. (Board/committee chairs are marked with ◎)

Job title	Name	Outside	Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee
Representative Director and Chairman of the Board	Kiyotaka Shobuda		◎		◎
Representative Director, President and CEO	Masahiro Moro		○		○
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton		○		○
Director and Senior Managing Executive Officer and CCEO	Yasuhiro Aoyama		○		
Director, Senior Managing Executive Officer and CTO	Ichiro Hirose		○		
Director and Senior Managing Executive Officer and CSCO	Takeshi Mukai		○		
Director, Senior Managing Executive Officer and CSO	Takeji Kojima		○		
Director	Kiyoshi Sato	○	○		○
Director	Michiko Ogawa	○	○		○
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe		○	◎	
Director, Audit & Supervisory Committee Member	Akira Kitamura	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	○	○	○	○
Director, Audit & Supervisory Committee Member	Masato Sugimori	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	○	○	○	○

With this structure in place, the Company is working to clearly define authorities and responsibilities for business execution, facilitate quick and adequate decision-making, and to improve the transparency and efficiency of management.

The Company's structure for business operation and supervision is as shown below.



2) Outline of the resolutions of the Board of Directors related to the establishment of a system to ensure that directors execute their duties in conformance with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations of the corporate group

a. System for the preservation and management of information related to directors' execution of duties

・Minutes for the meetings of shareholders, the board of directors and other information related to the execution of directors' duties will be properly stored and managed in accordance with laws and regulations, the Articles of Incorporation and all other related internal regulations, and the Audit & Supervisory Committee Members will be allowed to review this information upon request.

b. Regulations and other systems related to the risk of loss

・Individual business risks will be managed by the relevant divisions, and company-level risks will be managed by the divisions in charge in accordance with basic risk management policy and other related internal regulations.

・In the event of serious management situations or emergencies such as disasters, appropriate measures such as establishing an emergency headquarters will be taken in accordance with internal regulations as necessary.

・The officer and department in charge of the promotion of risk management throughout the Company will be stipulated, and risk management will be further strengthened and enhanced by activities such as setting an agenda of priority issues for the Risk & Compliance Committee and checking and evaluating the risk management in each department.

・The Internal Auditing Department will check and evaluate risk management in all departments through conducting internal audits, and it will regularly report to the board of directors and Audit & Supervisory Committee.

c. System to ensure that directors execute their duties efficiently
  - To meet business plan targets, activities will be carried out in each area of operations in accordance with the medium- and long-term management plan and the annual fiscal year business plan.
  - All items related to operations that must be submitted to the board as set forth in the Board of Directors Regulations will be submitted at a board of directors meeting.
  - Daily operations will be carried out efficiently in accordance with the division of duties among executive officers based on the Administrative Authority Regulations, Work Allocation Regulations and any other related internal regulations or by delegating authority to the executive officers.

d. System to ensure that directors and employees execute their duties in conformance with laws and regulations and the Articles of Incorporation
  - To further strengthen the oversight function of the board of directors and achieve greater management transparency, independent outside directors will be appointed.
  - The execution of duties by directors and other corporate officers and employees will be carried out so as to ensure compliance with laws and regulations and the Articles of Incorporation in accordance with the compliance system in which an officer in charge of compliance will be appointed and a division in charge of compliance will be set up, and each divisional manager will be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.
  - The promotion of compliance will be based on company-wide promotion policies deliberated on by the Risk & Compliance Committee and administered by the division that administers compliance throughout the company.
  - The Mazda Global Hotline (hereinafter "hotline") will be set up to receive reports when there has been improper behavior in the context of laws and regulations or of the Mazda Corporate Ethics Code of Conduct or when such behavior is suspected. The hotline will accept anonymous reports, and a channel for receiving reports will be set up at an independent organization (a lawyer).

e. System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
  - Subsidiaries will be requested to make advance reports to the Company on specific matters and on the resolution of important operational issues in accordance with relevant internal regulations or to seek the Company's approval of them.
  - Subsidiaries will be given guidance and support so as to carry out appropriate risk management in accordance with basic risk management policies and relevant internal regulations.
  - Subsidiaries will be given guidance and support so as to introduce the corporate group's medium-, long-term and annual business plans and other initiatives and policies of the Company and to conduct their business in accordance with them. Subsidiaries will also be given guidance and support as needed to resolve important business issued that arise.
  - The Mazda Corporate Ethics Code of Conduct will be introduced to subsidiaries, and they will be given guidance and support in carrying out their business in accordance with the code. The Audit & Supervisory Committee and the internal auditing department will, as proper, conduct audits of group companies' compliance with laws, regulations and the Articles of Incorporation and the status of their risk management.

f. Items related to the directors and employees to assist the Audit & Supervisory Committee in its work
  - An organization to assist the Audit & Supervisory Committee with its work will be set up, and employees (hereafter referred to as "Audit & Supervisory Committee staff") who are not subject to the guidance or directives of directors (excluding directors who are Audit & Supervisory Committee Members) will be assigned to the organization.

g. Items related to the independence of the aforementioned employees from directors and director-employees (excluding directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of instructions to these director-employees
  - The transfer and evaluation of Audit & Supervisory Committee staff will be carried out by the Human Resources Division after prior discussion with the full-time Audit & Supervisory Committee Members.
  - Audit & Supervisory Committee staff will not be concurrently employed by any other department and must report solely to the Audit & Supervisory Committee.

h. Systems for reports to the Audit & Supervisory Committee by directors (excluding directors who are Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries, for other reports to the Audit & Supervisory Committee and to ensure that those who make reports will not be subject to unfavorable treatment on account of making the report

- When directors (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) or executive officers discover facts that may result in significant harm to the Company, they will report such facts to the Audit & Supervisory Committee immediately.
- Directors and executive officers will report to the Audit & Supervisory Committee on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Committee with the directors or executive officers even if they are not facts that may result in significant harm to the Company.
- Directors and executive officers will seek reports from subsidiaries' directors, executive officers, auditors or employees engaged in internal audits of subsidiaries on facts that may lead to a significant loss to the Company or its subsidiaries and on other matters that the Audit & Supervisory Committee will decide on after discussions with the directors or executive officers. These reports will be reported to the Audit & Supervisory Committee.
- The Internal Auditing Department will make regular reports to the Audit & Supervisory Committee on the results of its internal audits of the corporate group.
- Reports from employees of the Company or its major subsidiaries via the hotline will be received and the status of such reports will be regularly reported to the Audit & Supervisory Committee.
- It will be made clear to the officers and employees of the corporate group that those who make reports to the hotline or who cooperate in an investigation or who make reports to the Audit & Supervisory Committee under the provisions of the preceding paragraph will not be subject to retaliation or unfavorable treatment.

i. Matters related to procedures for the advance payment or reimbursement of costs incurred in conjunction with the execution of their duties by Audit & Supervisory Committee Members and policies concerning the handling of other costs or claims incurred in the execution of their duties

- The Audit & Supervisory Committee will prepare a budget in advance for costs deemed to be necessary to the execution of duties. Requests for reimbursement for costs incurred in an emergency or on an impromptu basis may be made after the fact.

j. Other systems to ensure that Audit & Supervisory Committee can conduct its audits effectively

- The Audit & Supervisory Committee will audit directors' (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) execution of duties in accordance with its annual plan.
- The full-time Audit & Supervisory Committee Members will attend important meetings such as meetings of the Executive Committee.
- Close cooperation will be maintained between the Audit & Supervisory Committee and the Internal Auditing Department and the accounting auditors, such as by holding regular meetings, etc.
- The Audit & Supervisory Committee will communicate with the directors, executive officers and the general managers of major departments through meetings and hearings on the execution of duties.
- Cooperation will be maintained by holding meetings regularly with the full-time Audit & Supervisory Committee Members and full-time corporate auditors of the major companies in the Mazda Group and by sharing information with them.

k. Basic Views on Eliminating Anti-Social Forces

- The Mazda Group will have no connection with anti-social forces or groups nor carry out any acts to facilitate the activities of such forces or groups. In the event of unreasonable demands from anti-social forces or groups, these will be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

3) Other matters related to corporate governance

<Liability exemption for directors>

To allow directors to play their expected roles to the fullest in their execution of duties, the Company provides in its Articles of Incorporation that, in accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, within the limit of laws and regulations, exempt directors who have neglected their duties (including former directors) from liability for damages by a resolution of the Board of Directors.

<Outline of the terms of liability limitation agreement>

The Company has concluded liability limitation agreements with outside directors to limit their liabilities under Article 423, Paragraph 1 of the Companies Act, to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

<Outline of the terms of liability insurance agreement for officers, etc.>

The Company has entered into a liability insurance agreement for officers, etc. with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, whereby legal damages and litigation costs incurred due to a claim for damages against any insured person under the agreement will be covered by the insurance agreement. However, the agreement contains certain exclusions, such as that damage caused by illegal acts that were knowingly committed by the insured will not be covered, as a means to prevent any impairment to proper execution of duties by the officers. This agreement covers the Company’s directors, executive officers and fellows, all of whose premiums are fully borne by the Company.

<Number of Directors on the Board>

The Company’s Articles of Incorporation provide that the number of directors shall be not more than 12, and the number of directors who are members of the Company’s Audit & Supervisory Committee shall be not more than eight.

<Resolution requirements for the election of directors>

The Company provides in its Articles of Incorporation that its directors shall be elected by a majority of the voting rights at a General Meeting of Shareholders at which shareholders holding not less than one-third of the total shareholders’ voting rights are present and exercise their right to vote, and that cumulative voting shall not be adopted for the purpose of electing the directors.

<Purchase of treasury shares>

The Company provides in its Articles of Incorporation that it may acquire its own shares by resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act, so that it may respond flexibly to any future changes in business environment.

<Decision-making body regarding dividends from surplus>

The Company’s Articles of Incorporation provide that the Company may, with a resolution of the Board of Directors, distribute an interim dividend to shareholders and registered pledgees of shares who are on the register as of September 30 each year, so that it can provide stable returns of profit to shareholders.

4) Activities of the Board of Directors

The Board of Directors holds meetings once a month in principle and also as and when necessary. In the fiscal year ended March 31, 2024, the board held a total of 16 meetings. Attendance of each director is as shown below.

As of March 31, 2024

Job title	Name	Attendance at the Board of Directors meetings
Representative Director and Chairman of the Board	Kiyotaka Shobuda	16 out of 16 meetings (100%)
Representative Director, President and CEO	Masahiro Moro	16 out of 16 meetings (100%)
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton	13 out of 13 meetings (100%)
Director and Senior Managing Executive Officer	Mitsuru Ono	16 out of 16 meetings (100%)
Director and Senior Managing Executive Officer	Yasuhiro Aoyama	16 out of 16 meetings (100%)
Director, Senior Managing Executive Officer and CTO	Ichiro Hirose	16 out of 16 meetings (100%)
Director and Senior Managing Executive Officer	Takeshi Mukai	15 out of 16 meetings (94%)
Director, Senior Managing Executive Officer and CSO	Takeji Kojima	13 out of 13 meetings (100%)
Director	Kiyoshi Sato	16 out of 16 meetings (100%)
Director	Michiko Ogawa	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	13 out of 13 meetings (100%)

Notes:
1. The Board of Directors is chaired by Mr. Kiyotaka Shobuda.
2. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.
3. The attendance of Directors Mr. Jeffrey H. Guyton, Mr. Takeji Kojima and Mr. Hiroshi Inoue is for the meetings held since they took office on June 27, 2023.
4. The attendance of Mr. Akira Marumoto, Mr. Akira Koga, Mr. Masatoshi Maruyama and Mr. Ichiro Sakai, who retired from their positions as directors on June 27, 2023, at the Board of Directors meetings held in fiscal year ended March 31, 2024 is as shown below.

Job title at the time of retirement	Name	Attendance
Representative Director, President and CEO	Akira Marumoto	3 out of 3 meetings (100%)
Director and Assistant to President	Akira Koga	3 out of 3 meetings (100%)
Director, Audit & Supervisory Committee Member (Full time)	Masatoshi Maruyama	3 out of 3 meetings (100%)
Director, Audit & Supervisory Committee Member	Ichiro Sakai	3 out of 3 meetings (100%)

<Specific matters discussed by the Board of Directors>

The Board of Directors deliberates and makes decisions on matters related to the execution of important business, such as basic management policies and strategy, and supervises the execution of individual directors' duties. The Company also holds Executive Committee Meetings, where matters such as important company-wide policies, strategies and plans and important actions are proposed, deliberated and approved, and information needed for corporate management is reported. Items deliberated at Executive Committee Meetings are reported to the Board of Directors, thus allowing the Board of Directors to supervise the execution of duties by the management team.

Below are the key topics among the matters discussed at the Board of Directors meetings held during the fiscal year ended March 31, 2024.

a. Concretization of the management policy for 2030
b. Phased electrification scenarios based on trends and other conditions specific to each market, and collaboration for electrification
c. Plan for business activities in Japan to achieve carbon neutrality by FY2030
d. Approach to issues around sustainability, development of the Group's human rights policy, and action plan for human rights due diligence
e Status of operation of systems for internal control and risk management

<Analysis and evaluation of the board's effectiveness>

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 fiscal year ended March 31, 2024. The method and results are outlined below.

a. Method of analysis and evaluation

Using a survey form prepared by the board's secretariat, all directors conducted a self-evaluation of the board's effectiveness. Based on the survey results, the directors analyzed the current situation and discussed improvements, this year focusing particularly on matters identified as ongoing issues. Subsequent discussions were then held at Board of Directors meetings to define the principles to pursue and the approach to adopt.

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

b. Overview of results

It was found that the directors are appropriately involved in determining the Company's business strategy and other matters and share details of these, that the outside directors express their opinions from an independent perspective after gaining an understanding of the Company's situation through briefings on resolutions beforehand and other forms of support, and that oversight on the execution of operations has been ensured. It was also confirmed that discussions at Board of Directors meetings have become livelier and that directors have a strong awareness and expectations regarding further improvements in the effectiveness of the Board of Directors.

Furthermore, as there has been progress in delegation of the Board of Directors' authorities to representative directors within the appropriate scope under the Company's Articles of Incorporation, improvement in the speed of decision-making and improvement in the productivity of discussions resulting from securing ample discussion time were confirmed.

At the same time, as the surrounding business environment continues to change drastically, and the outlook remains uncertain, the directors again clarified and shared their understanding of the functions and roles of the Board of Directors and discussed how agenda items should be selected and the processes required for deliberation. Through the discussion, all directors confirmed important matters such as the management strategy should be brought up in a timely manner and decisions made after thorough discussion, and that it is necessary to continue to strengthen the monitoring of the progress of the management strategy and related specific initiatives from various perspectives. The directors also recognized the need to share information and hold discussions among themselves at an early stage to enable them to consider the opinions of outside directors amid rapid changes in the external environment.

The Company will analyze and evaluate the effectiveness of the Board of Directors every year and continue initiatives for constant improvement to raise corporate value in the medium to long term.

5) Activities of the Officer Lineup & Remuneration Advisory Committee

The Company's Officer Lineup & Remuneration Advisory Committee held a total of five meetings in the fiscal year ended March 31, 2024. Attendance of each member is as shown below.

As of March 31, 2024

Job title	Name	Attendance at the Officer Lineup & Remuneration Advisory Committee meetings
Representative Director and Chairman of the Board	Kiyotaka Shobuda	5 out of 5 meetings (100%)
Representative Director, President and CEO	Masahiro Moro	3 out of 3 meetings (100%)
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton	3 out of 3 meetings (100%)
Director	Kiyoshi Sato	5 out of 5 meetings (100%)
Director	Michiko Ogawa	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	3 out of 3 meetings (100%)

Notes:
1. The Officer Lineup & Remuneration Advisory Committee is chaired by Mr. Kiyotaka Shobuda.
2. The attendance of Directors Mr. Masahiro Moro, Mr. Jeffrey H. Guyton and Mr. Hiroshi Inoue is for the meetings held since they took office on June 27, 2023.
3. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.
4. The attendance of Mr. Akira Marumoto and Mr. Ichiro Sakai, who retired from their positions as directors on June 27, 2023, at the Officer Lineup & Remuneration Advisory Committee meetings held in fiscal year ended March 31, 2024 is as shown below.

Job title at the time of retirement	Name	Attendance
Representative Director, President and CEO	Akira Marumoto	2 out of 2 meetings (100%)
Director, Audit & Supervisory Committee Member	Ichiro Sakai	2 out of 2 meetings (100%)

<Specific matters discussed by the Officer Lineup & Remuneration Advisory Committee>

The Officer Lineup & Remuneration Advisory Committee is an advisory body to the Board of Directors established to further enhance transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors as well as for determining their remuneration. The committee deliberates matters such as officer lineup and policies regarding the selection and training of candidates, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term, and reports the outcome to the Board of Directors.

Below are the key topics among the matters discussed at the Officer Lineup & Remuneration Advisory Committee meetings held during the fiscal year ended March 31, 2024.

a. Appropriateness of the composition of directors and executive officers (ensuring the diversity and skills mix required to achieve management policy goals) (executive personnel changes effective April 1, 2024, and executive personnel changes effective June 25, 2024)
b. Appropriateness of remuneration amount for directors and executive officers (ensuring conformity with the policies on determining details of individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members) and comparison with the remuneration levels of the benchmark companies whose size and line of business are similar to those of the Company, etc.)

c. Reform of the remuneration system for directors (excluding directors who are Audit & Supervisory Committee members and outside directors), executive officers, and fellows (the introduction of the restricted stock remuneration and the performance share unit remuneration, changes in remuneration composition rates, and the establishment of performance indicators for performance-based restricted stock remuneration)

(2) Directors and Other Officers

(i) List of directors and other officers

Male: 12, Female: 2 (Ratio of female Directors and other Officers: 14.3%)

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Representative Director and Chairman of the Board	Kiyotaka Shobuda	April 11, 1959	Mar. 1982 Apr. 2006 Nov. 2008 June 2013 Apr. 2016 June 2016 June 2021	Joined the Company Deputy General Manager, Hofu Plant Executive Officer; President, Auto Alliance (Thailand) Co., Ltd. Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Representative Director and Chairman of the Board (to the present)	Note 2	(Current) 11,600 (Potential) 48,100
Representative Director, President and CEO [Oversight of Communication and Sustainability]	Masahiro Moro	November 8, 1960	Mar. 1983 Aug. 2002 Mar. 2004 Nov. 2008 June 2013 Jan. 2016 Apr. 2016 Apr. 2019 June 2019 June 2023	Joined the Company General Manager, Global Marketing Div. Vice President, Mazda Motor Europe GmbH Executive Officer Managing Executive Officer Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Director and Senior Managing Executive Officer Representative Director, President and CEO (to the present)	Note 2	(Current) 5,400 (Potential) 40,900
Representative Director, Senior Managing Executive Officer and CFO [Assistant to President; Oversight of Corporate Planning & Development, Operations in North America and Cost Innovation]	Jeffrey H. Guyton	January 8, 1967	Dec. 1996 Mar. 1998 Feb. 2000 Sept. 2000 June 2002 Oct. 2003 Mar. 2009 Apr. 2016 Apr. 2019 June 2021 Apr. 2023 June 2023	Finance Supervisor, Truck Vehicle Center, Ford Motor Company Manager, Financial Review for Corporate Controllers Office, Ford Motor Company Finance Manager, Association Management, Ford Asia Pacific Joined Mazda Motor Corporation; General Manager, Cost Planning Div. Executive Officer Vice President Finance and Systems, CFO, Mazda Motor Europe GmbH Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Senior Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Senior Managing Executive Officer; President Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer Representative Director, Senior Managing Executive Officer and CFO (to the present)	Note 2	(Current) 800
Director, Senior Managing Executive Officer and CCEO (Chief Customer Experience Officer) [Oversight of Product Strategy]	Yasuhiro Aoyama	November 2, 1965	Mar. 1988 Oct. 2007 Oct. 2011 Apr. 2014 Apr. 2017 Apr. 2019 June 2021 Apr. 2024	Joined the Company General Manager, Product Planning & Business Strategy Div. General Manager, Global Marketing Div. Executive Officer Managing Executive Officer Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CCEO (to the present)	Note 2	(Current) 7,600 (Potential) 31,100

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Senior Managing Executive Officer and CTO	Ichiro Hirose	October 26, 1960	Mar. 1984 Apr. 2009 Nov. 2011 Apr. 2012 Feb. 2014 Apr. 2015 Apr. 2017 Apr. 2019 June 2022 June 2023	Joined the Company General Manager, Engine Design Engineering Dept. Deputy General Manager, Powertrain Development Div. Vice President, Mazda Motor Europe GmbH General Manager, Powertrain Development Div. Executive Officer Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CTO (to the present)	Note 2	(Current) 4,800 (Potential) 32,500
Director, Senior Managing Executive Officer and CSCO [Oversight of Quality and Carbon Neutrality]	Takeshi Mukai	March 14, 1962	Mar. 1986 Apr. 2006 Sept. 2010 Jan. 2013 Apr. 2015 Apr. 2018 Apr. 2021 June 2022 Apr. 2024	Joined the Company General Manager, Body Production Engineering Dept. Vice President, AutoAlliance (Thailand) Co., Ltd. Deputy General Manager, Hofu Plant Executive Officer Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CSCO (to the present)	Note 2	(Current) 7,300 (Potential) 29,800
Director, Senior Managing Executive Officer and CSO [Assistant to the Officer overseeing Carbon Neutrality]	Takeji Kojima	August 24, 1965	Apr. 1989 July 2011 Aug. 2014 Apr. 2015 Apr. 2017 Apr. 2018 Apr. 2021 Apr. 2023 June 2023	Joined the Company General Manager, Technology Planning Dept. Deputy General Manager, Product Strategy Div. General Manager, Product Strategy Div. General Manager, Corporate Communications Div. Executive Officer Managing Executive Officer Senior Managing Executive Officer Director, Senior Managing Executive Officer and CSO (to the present)	Note 2	(Current) 2,263 (Potential) 21,300
Director	Kiyoshi Sato	April 2, 1956	Apr. 1979 Dec. 2001 June 2003 Apr. 2009 June 2011 Nov. 2013 July 2014 June 2016 June 2017 July 2017 June 2019 June 2019	Joined Tokyo Electron Ltd. General Manager of Clean Track Business Unit Representative Director, President and CEO Director and Vice Chairman of the Board Director Director and Chairman, Tokyo Electron America, Inc. Director and Chairman, Tokyo Electron Europe Ltd. Director and President, TEL Solar AG Advisor (to Jun. 2016) Audit & Supervisory Board Member, Tokyo Electron Yamanashi Ltd. Outside Director, Toshiba Machine Co., Ltd. (now Shibaura Machine Co., Ltd.) (to the present) Advisor, Tokyo Electron Ltd. (to Jun. 2019) Outside Director, Inabata & Co., Ltd. (to Jun. 2023) Director, Mazda Motor Corporation (to the present)	Note 2	(Current) 1,700

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Michiko Ogawa	December 4, 1962	Apr. 1986 Apr. 2015 Jan. 2018 Feb. 2018 June 2018 June 2019 Apr. 2021 Apr. 2022	Joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Holdings Corporation) Executive Officer, In charge of Technics Brand; Managing Officer, Appliances Company Executive Officer; Vice President, Appliances Company; In charge of Technology; Director, Corporate Engineering Division, In charge of Technics Brand Director, Persol AVC Technology Co., Ltd. (to Jun. 2021) Chairman, Japan Audio Society (to the present) Director, Mazda Motor Corporation (to the present) Director in charge of Technics Brand, Director in charge of Kansai External Relations and EXPO Promotion, Panasonic Corporation (now Panasonic Holdings Corporation) Director in charge of Kansai External Relations and EXPO Promotion, Director in charge of Technics Brand, Panasonic Holdings Corporation (to the present)	Note 2	(Current) 4,200
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	September 19, 1958	Mar. 1982 Feb. 2002 Apr. 2006 Jan. 2011 June 2013 Apr. 2016 Apr. 2017 Apr. 2021 June 2021	Joined the Company Deputy General Manager of Corporate Planning Div. Deputy General Manager of Domestic Marketing Div. General Manager of China Business Div. Executive Officer; CEO, Mazda Motor (China) Co., Ltd. Executive Officer; Chairman, Mazda Motor (China) Co., Ltd. Managing Executive Officer; Chairman, Mazda Motor (China) Co., Ltd. Managing Executive Officer Director, Audit & Supervisory Committee Member (to the present)	Note 3	(Current) 5,600 (Potential) 17,900
Director, Audit & Supervisory Committee Member	Akira Kitamura	March 16, 1951	Apr. 1974 June 2003 Apr. 2006 Apr. 2007 Apr. 2008 Apr. 2009 June 2009 Mar. 2010 June 2016 Apr. 2018 June 2018 June 2019 June 2020	Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.) Executive Officer Managing Executive Officer Director & Senior Managing Executive Officer Representative Director & Senior Managing Executive Officer Advisor, Kansai Urban Banking Corporation (now Kansai Mirai Bank, Ltd.) Vice Chairman (Representative Director) Chairman of the Board & CEO (Representative Director) Advisor Outside Director, ARK Real Estate Co., Ltd. (to the present) Audit & Supervisory Board Member, Mazda Motor Corporation Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Outside Audit & Supervisory Board Member, Toyo Aluminium K.K. (to the present)	Note 3	(Current) 3,200
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	July 6, 1953	Apr. 1974 July 2008 July 2010 Apr. 2012 Apr. 2015 Apr. 2018 June 2019 June 2021	Joined Tokio Marine and Fire Insurance Company, Limited (now Tokio Marine & Nichido Fire Insurance Co., Ltd.) Senior General Manager, General Manager, Voice of Customers Dept. Senior General Manager, General Manager, Fukuoka Chuo Branch Executive Officer, General Manager, Fukuoka Chuo Branch Managing Executive Officer Advisor Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Outside Director, Kyudenko Corporation (to the present)	Note 3	(Current) 2,100

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Audit & Supervisory Committee Member	Masato Sugimori	March 17, 1957	Apr. 1979	Joined Sumitomo Corporation	Note 3	(Current) 1,300
			Apr. 2010	Executive Officer, Sumitomo Corporation; Executive Vice President and CFO, Sumitomo Corporation North America Group, General Manager, Corporate Coordination Group in Sumitomo Corporation North America Group; Executive Vice President and CFO of Sumitomo Corporation of America (currently Sumitomo Corporation of Americas), Assistant General Manager for the Americas		
			Apr. 2013	Managing Executive Officer, Assistant General Manager, Corporate Planning & Coordination Group, General Manager, Corporate Planning & Coordination Dept.		
			Apr. 2016	Senior Managing Executive Officer, Assistant CFO, Risk Management		
			Apr. 2017	Senior Managing Executive Officer, Assistant to General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit, Sumitomo Corporation; Executive Vice President, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd.		
			June 2017	Director, Executive Vice President, CFO, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd.		
			June 2019	Director, J:COM Tokyo Co., Ltd.; Director, J:COM SAITAMA・HIGASHINIHON Co., Ltd.		
			Apr. 2020	Advisor, Assistant to General Manager, Media & Digital Business Unit, Sumitomo Corporation; Director, Executive Vice President, General Manager, Corporate Unit, Jupiter Telecommunications Co., Ltd.		
			Apr. 2021	Advisor, Sumitomo Corporation; Advisor, Jupiter Telecommunications Co., Ltd. (now JCOM Co., Ltd.)		
			June 2021	Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present)		
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	June 17, 1957	Apr. 1985	Appointed to public Prosecutor	Note 3	(Current) 1,200
			Jan. 2012	Assistant Vice-Minister of Justice, Ministry of Justice		
			Nov. 2012	Chief Prosecutor, Nara District Public Prosecutors Office		
			July 2014	Director-General, Immigration Bureau, Ministry of Justice		
			Mar. 2017	Director-General, Inspection and Guidance Department, Supreme Public Prosecutors Office		
			June 2017	Chief Prosecutor, Nagoya District Public Prosecutors Office		
			Feb. 2018	Superintending Prosecutor, Sapporo High Public Prosecutors Office		
			Jan. 2020	Superintending Prosecutor, Fukuoka High Public Prosecutors Office		
			Oct. 2020	Registered as lawyer (Daiichi Tokyo Bar Association) (to the present)		
			June 2021	Outside Audit & Supervisory Board Member, Mitsui Mining & Smelting Co., Ltd. (to the present)		
			June 2023	Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present)		
Total						(Current) 59,063 (Potential) 221,600

Notes: 1. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.

2. The terms of office of directors (excluding directors who are Audit & Supervisory Committee members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the Ordinary General Meeting of Shareholders held on June 25, 2024.

3. The terms of office of directors who are Audit & Supervisory Committee members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two years after the Ordinary General Meeting of Shareholders held on June 27, 2023.

4. The field “Number of shares held” has two figures: the upper figure labeled with “Current” represents the number of shares of the Company’s stock that are currently held by the officers, and the lower figure labeled with “Potential” represents the number of the Company’s shares corresponding to stock acquisition rights granted as stock options, which may be granted in the future. For directors who are Audit & Supervisory Committee members, the figure represents the number of the Company’s shares corresponding to stock acquisition rights granted as stock options

during their terms of office as executive officers, which may be granted in the future.

5. The Company has introduced an executive officer system. In addition to the six executive officers listed above who concurrently serve as directors, the Company has the following 22 executive officers.

Position title	Name	Responsibilities in the Company
Senior Managing Executive Officer	Tetsuya Fujimoto	Assistant to the CFO; Oversight of Financial Services; Assistant to the Officer overseeing Cost Innovation
Senior Managing Executive Officer	Makoto Yoshihara	Oversight of Administrative Domain (Human Resources, Legal & General Affairs, Auditing, Mazda Hospital and Operations in the Greater Tokyo Metropolitan Area), Compliance and Risk Management
Managing Executive Officer and CIO	Akihiro Kidani	In charge of Business Innovation
Managing Executive Officer	Hironori Tanaka	In charge of Operations in ASEAN; President, Mazda South East Asia Ltd.
Managing Executive Officer	Osamu Kawamura	Assistant to the Officer overseeing Cost Innovation; In charge of promoting Business Structure Reform and Cost Reduction
Managing Executive Officer	Ryuichi Umeshita	In charge of Electrification Promotion
Managing Executive Officer	Hiroyuki Matsumoto	In charge of Vehicle Development, Product Development and Cost Innovation
Managing Executive Officer	Tom Donnelly	President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)
Managing Executive Officer	Kazuhiko Sumi	In charge of Purchasing, Business Logistics and Cost Innovation
Managing Executive Officer	Toru Nakajima	In charge of Global Sales, Marketing, Customer Service, Operations in China and Cost Innovation; Chairman, Mazda Motor (China) Co., Ltd.
Managing Executive Officer	Taketo Hironaka	In charge of Production Engineering, Global Quality, Carbon Neutrality and Cost Innovation
Managing Executive Officer	Takakazu Ishimura	In charge of Corporate Planning & Development and Cost Innovation
Executive Officer	Eiji Nakai	In charge of Powertrain Development and Technical Research Center
Executive Officer	Noriyuki Takimura	In charge of Communication, Corporate Communications, Corporate Liaison, Sustainability and Operations in the Greater Tokyo Metropolitan Area
Executive Officer	Takuji Iwashita	President and CEO, Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Mazda de Mexico Vehicle Operation)
Executive Officer	Kazuyoshi Todou	In charge of Domestic Sales
Executive Officer	Mitsunobu Mukaida	President, Mazda Toyota Manufacturing U.S.A., Inc.
Executive Officer	Michihiro Imada	In charge of Integrated Control System Development
Executive Officer	Naohito Saga	In charge of R&D Strategy Planning, Carbon Neutrality and Cost Innovation; General Manager, R&D Strategy Planning Div.
Executive Officer and CHRO	Tomiko Takeuchi	In charge of Safety, Health & Disaster Prevention and Mazda Hospital
Executive Officer	Katsunori Miyawaki	In charge of Global Production and MPS
Executive Officer	Martijn ten Brink	President and CEO, Mazda Motor Europe GmbH

(ii) Outside directors

The Company has six outside directors.

The Company has appointed each outside director for the following reasons.

Mr. Sato has rich expertise in the areas of sales and marketing gained through many years of experience at an electronics manufacturer. He has served in senior roles such as representative director, president and CEO, and director and vice chairman of the board, and has extensive experience in and a deep understanding of corporate management. Therefore, we propose his election as an outside director expecting him to provide advice and supervision for the Company's management from an independent standpoint. No business is transacted between the Company and the Shibaura Machine Co., Ltd. In addition, he owns 1,700 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Ms. Ogawa has in-depth knowledge as an audio technology researcher gained through many years of experience at an electronics manufacturer. She engaged in brand re-establishment efforts as an officer in charge of premium audio equipment, and has rich experience in and insight into corporate management. Therefore, we propose her election as an outside director expecting her to provide advice and supervision for the Company's management from an independent standpoint. She currently serves as Director in charge of Technics Brand at Panasonic Holdings Corporation. Transactions between Panasonic Holdings Corporation and the Company in the fiscal year ended March 31, 2024 were minimal, comprising less than 2% of the Company's consolidated net sales. No business is transacted between the Company and Japan Audio Society. In addition, she owns 4,200 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Each outside director who is an Audit & Supervisory Committee member of the Company has expertise in his/her own specialty.

Mr. Kitamura has rich experience at financial institutions and broad knowledge as a manager. The Company therefore requests his election as an outside director who is an Audit & Supervisory Committee member, expecting him to contribute based on his experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. He served as the representative director & senior managing executive officer at Sumitomo Mitsui Banking Corp., but he stepped down from all posts at the bank and 15 years have passed since he resigned as an executive in March 2009. As of March 31, 2024, the bank owned 1.6 percent of the Company's stock, and the balance of the Mazda Group borrowings from the bank was 94,903 million yen (approximately 2.5 percent of the Company's consolidated assets). The Mazda Group has dealings with several financial institutions, and the ratio of its borrowings from the bank is not particularly high when compared to that of other institutions. Mr. Kitamura served as an officer at Kansai Urban Banking Corporation, but he stepped down from all posts at the bank in March 2019 and five years have passed since then. As of March 31, 2024, the balance of the Mazda Group borrowings from the bank was 2,000 million yen, but the amount was very small, less than 0.1% of the Company's consolidated assets. No business is transacted between the Company and ARK Real Estate Co., Ltd. and between the Company and Toyo Aluminium K.K. In addition, he owns 3,200 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Ms. Shibasaki has rich experience at a casualty insurance company and broad knowledge as a manager. The Company therefore requests her election as an outside director who is an Audit & Supervisory Committee member, expecting her to contribute based on her experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. Ms. Shibasaki served as a managing executive officer and other posts at Tokio Marine & Nichido Fire Insurance Co., Ltd., but she stepped down from all posts at Tokio Marine & Nichido Fire Insurance in March 2019 and five years have passed since then. The amount of transactions between Tokio Marine & Nichido Fire Insurance and the Company in the fiscal year ended March 2024 was very small, less than 1 percent of the Company's consolidated net sales. No business is transacted between the Company and Kyudenko Corporation. In addition, she owns 2,100 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Mr. Sugimori has rich experience at a trading company and broad knowledge as a manager. The Company therefore requests his election as an outside director who is an Audit & Supervisory Committee member, expecting him to contribute based on his experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. Mr. Sugimori served as a senior managing executive officer at Sumitomo Corporation, but he stepped down from all posts at Sumitomo Corporation in March 2022 and two years has passed since then. In the fiscal year ended March 2024, Mazda paid Sumitomo Corporation for services in its capacity as a trading company, but the amount was very small, less than 1 percent of the Company's consolidated net sales. In addition, he owns 1,300 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Mr. Inoue has rich experience in and knowledge of the legal profession gained through many years of experience as a prosecutor and attorney. The Company therefore requests his election as an outside director who is an Audit & Supervisory Committee member, expecting him to contribute based on his experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. Although Mr. Inoue serves as an Outside Audit & Supervisory Board Member of Mitsui Mining & Smelting Co., Ltd., the amount of transactions between Mitsui Mining & Smelting Co., Ltd. and the Company in the fiscal year ended March 2024 was very small, less than 1 percent of the Company's consolidated net sales. In addition, he owns 1,200 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Mr. Akira Kitamura and Mr. Masato Sugimori have considerable knowledge of finance and accounting.

Criteria for determining the independence of outside officers

Outside directors are deemed to be independent if they fulfill the requirements outlined below. The Company's outside directors have a high degree of independence, and the Company has submitted an Independent Directors Notification regarding all six of them to the Tokyo Stock Exchange.

A The person is not an executive or former employee of the Company's group (*1) and no close family member (*2) is currently an executive of the Company's group or has been an executive of the Company's group within the past three years.

B. The person is not now nor has been within the last three years any of the following:

- a. An executive at a major shareholder (*3) of the Company
- b. An executive at a company for whom the Company is a major business partner (*4) or a major business partner of the Company (*5)
- c. A person affiliated with the auditing firm that serves as the Company's accounting auditor
- d. A lawyer, certified public accountant, tax accountant or other consultant who receives a large sum of money from the Company for something other than director remuneration (*6) (if the person receiving the money is a corporation or other organization, a person affiliated with the organization)
- e. A director, Audit & Supervisory Board member or executive officer at a company with a director from the Company
- f. An executive of an organization receiving large donations or aid from the Company (*7)

C. None of B.a. through f. above (important posts only) apply to any close family member of the person

*1 The Company or its subsidiaries

*2 Spouse or a family member within the second degree of kinship

*3 A shareholder holding 10 percent or more of the Company's voting rights at the end of the fiscal year

*4 A business partner to whom 2 percent or more of consolidated net sales in recent fiscal years has been paid by the Company

*5 A business partner by whom 2 percent or more of the Company's consolidated net sales in recent fiscal years have been paid or a financial institution that has provided loans for 2 percent or more of the Company's consolidated assets

*6 Money other than officer remuneration received from the Company or property benefits that exceed 10 million yen a year

*7 An organization that received donations or aid exceeding 10 million yen per year

(iii) Mutual cooperation between supervision or audits by outside directors and internal audits, audits by the Audit & Supervisory Committee and accounting audits, and relationship with the Internal Control Department

Outside directors deliberate and make decisions on matters related to the execution of important business, such as basic management policies and strategy, at the Board of Directors meetings and supervise the execution of individual directors' duties. Outside directors receive at the Board of Directors meetings reports on the plans and progress and results of activities related to risk management and compliance for the Company and its subsidiaries by the Internal Control Department, as well as reports on the plans and results of internal audits by the Internal Audit Department, and express their opinions on these matters.

Outside directors who are Audit & Supervisory Committee members receive briefings and exchange opinions at Audit & Supervisory Committee meetings on audit plans and results from the accounting auditor and the Internal Audit Department. In addition, outside directors receive reports on the status of internal control and the progress of promotion activities from the director in charge or the general manager of the department in charge, and actively exchange opinions, as well as conduct hearings on the status of execution of duties by executive officers. For details on cooperation among internal audits, audits by the Audit & Supervisory Committee and accounting audits, see "(3) Audits, (ii) Internal audits."

Support system for outside directors

The Company provides explanations of matters to be brought before the board of directors as necessary so that outside directors 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 directors to interview executive officers and provides opportunities for them to inspect facilities and participate in events both inside and outside the Company.

Audit & Supervisory Committee members (Full-time) offer observations to outside directors who are Audit & Supervisory Committee members 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 directors and to support them.

Reports to the Audit & Supervisory Committee

When directors (excluding directors who are Audit & Supervisory Committee members) or executive officers discover facts that may result in significant harm to the Company, they will report such facts to the Audit & Supervisory Committee immediately. In addition, Directors (excluding directors who are Audit & Supervisory Committee members) and executive officers will report to the Audit & Supervisory Committee on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Committee with the directors or executive officers even if they are not facts that may result in significant harm to the Company.

(3) Audits

(i) Audits by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is made up of five members, including four outside directors. Each member of the Audit & Supervisory Committee audits the execution of duties by directors (excluding directors who are Audit & Supervisory Committee members) under the audit policy and audit action plan determined by the Audit & Supervisory Committee, based on his/her experience and knowledge.

Directors who are Audit & Supervisory Committee members, Mr. Nobuhiko Watabe, Mr. Akira Kitamura and Mr. Masato Sugimori, have considerable knowledge of finance and accounting as described below.

a. Mr. Watabe has experience serving as Deputy General Manager of the Corporate Planning Div. of the Company.
b. Mr. Kitamura served as Representative Director & Senior Managing Executive Officer of Sumitomo Mitsui Banking Corp., as well as Chairman of the Board & CEO (Representative Director) of Kansai Urban Banking Corporation (currently Kansai Mirai Bank, Ltd.).
c. Mr. Sugimori served as Senior Managing Executive Officer, Assistant CFO, Risk Management of Sumitomo Corporation, as well as Director, Executive Vice President, General Manager, Corporate Unit of Jupiter Telecommunications Co., Ltd.

Frequency of the Audit & Supervisory Committee meeting and attendance of Audit & Supervisory Committee members

The Company's Audit & Supervisory Committee held a total of 19 meetings in the fiscal year ended March 31, 2024. The attendance of each member is as shown below.

As of March 31, 2024

Job title	Name	Attendance at the Audit & Supervisory Committee meetings
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	19 out of 19 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	19 out of 19 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	19 out of 19 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	19 out of 19 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	14 out of 14 meetings (100%)

Notes:
1. The Audit & Supervisory Committee is chaired by Mr. Nobuhiko Watabe.
2. Directors who are Audit & Supervisory Committee members Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.
3. The attendance of Director who is an Audit & Supervisory Committee member Mr. Hiroshi Inoue is for the meetings held since he took office on June 27, 2023.

4. The attendance of Mr. Masatoshi Maruyama and Mr. Ichiro Sakai, who retired from their positions as directors who are Audit & Supervisory Committee members, on June 27, 2023, at the Audit & Supervisory Committee meetings held in fiscal year ended March 31, 2024 is as shown below.

Job title at the time of retirement	Name	Attendance at the Audit & Supervisory Committee meetings
Director, Audit & Supervisory Committee Member (Full time)	Masatoshi Maruyama	4 out of 4 meetings (100%)
Director, Audit & Supervisory Committee Member	Ichiro Sakai	4 out of 4 meetings (100%)

Specific matters discussed at the Audit & Supervisory Committee

The Audit & Supervisory Committee formulates policies and action plans for its auditing activities to confirm the decision-making process of the Board of Directors, the legality, appropriateness, and efficiency of the execution of duties by directors (excluding directors who are Audit & Supervisory Committee members), and the status of development, operation, and implementation of the internal control system.

Below are the key topics among the matters discussed at the Audit & Supervisory Committee meetings held during the fiscal year ended March 31, 2024.

a. Audit policy, high-priority initiatives, audit plan, work assignment, audit methods for effective functioning of audit activities
b. Strengthening the mechanisms and means to reflect the opinions of outside directors based on multifaceted perspectives and outside viewpoints in audits while striving to enhance the opportunities to provide outside directors with information, as well as the nature of such information
c. Checking and enhancing the execution of duties (including the formulation and progress of management strategy matters) by directors (excluding directors who are Audit & Supervisory Committee members), executive officers, general managers of major departments, and management of subsidiaries and affiliates
d. The cooperation with the Internal Audit Department and accounting auditor as an organizational audit
e. The appropriateness of audit by the accounting auditor based on quarterly reviews and reports by the accounting auditor, the selection and dismissal of the accounting auditor, and remuneration for the accounting auditor

Below are major activities performed by the Audit & Supervisory Committee during the fiscal year ended March 31, 2024.

a. Exchanging opinions and conducting hearings on important business strategic issues and other matters by participating in meetings to share ideas and information with executive directors
b. Reviewing the business details and property conditions of key domestic and foreign sites, and inspecting important documents
c. Conducting on-site inspections at domestic and foreign group companies according to the audit plan
d. Monitoring how continuous improvements are made to the internal control system through cooperation among the accounting auditor, the Internal Audit Department, and the Internal Control Department
e. Discussing key audit matters with the accounting auditor

Activities of full-time Audit & Supervisory Committee members

In addition to the development of the audit environment, Audit & Supervisory Committee members enhance the effectiveness of activities of the committee by attending important meetings, such as the Executive Committee, the Risk & Compliance Committee, and the Quality Committee meetings, regularly exchanging information with directors and executive officers, holding periodic meetings with the full-time Audit & Supervisory Committee Members and full-time corporate auditors of the major companies in the Mazda Group to exchange information, and collaborating with the accounting auditor and the Internal Audit Department to identify business risks and governance and internal control issues within the Group and share them with all the members.

(ii) Internal audits

The Global Audit Department (19 full-time staff) conducts audit functioning as the Internal Audit Department in an effort to contribute to a sound and efficient management, and it audits the appropriateness of the business activities of the Company and its affiliated companies with regard to managerial targets, policies and plans as well as laws and regulations. It also audits the appropriateness and effectiveness of internal control.

Cooperation among internal audits, audits by the Audit & Supervisory Committee and accounting audits, and the relationship between those audits and the Internal Control Department

The Audit & Supervisory Committee regularly meets with the accounting auditor and hears explanations of its audit plan, audit issues and results. The Audit & Supervisory Committee also provides necessary information on its 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 physical inspections of inventories and securities, are conducted jointly by the Audit & Supervisory Committee and the accounting auditor. In addition, the Audit & Supervisory Committee, the accounting auditor and the Internal Audit Department regularly hold joint meetings and cooperate with each other.

The Audit & Supervisory Committee regularly meets with the Internal Audit Department and the departments in charge of promoting internal control and financial control. The Audit & Supervisory Committee receives reports from the Internal Audit Department on the plans for and results of internal audits of the Company and its group companies. It also receives reports from the departments in charge of promoting internal control 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 Committee provides information acquired in the process of conducting its audits or conveys requests from its perspective as the Audit & Supervisory Committee, making for a two-way exchange of information.

Initiatives to ensure the effectiveness of internal audits

The Internal Audit Department reports the internal audit plan formulated for each fiscal year to the Board of Directors and the Audit & Supervisory Committee. In accordance with the plan, the Internal Audit Department verifies and evaluates the status of compliance with laws, regulations, and internal rules and the appropriateness and effectiveness of internal controls at each department of the Company and Group companies. The progress of the plan is reported monthly to full-time Audit & Supervisory Committee members, and the results of the audit are reported semi-annually to the Board of Directors and the Audit & Supervisory Committee.

At domestic subsidiaries, the Company’s middle managers serve as auditors and conduct audits. Each company promotes autonomous internal control initiatives, such as sharing and deliberating on internal control issues in its internal control committee, and makes regular reports to the Company’s management, along with reports on its financial condition. At overseas subsidiaries, audit committee meetings are held with local corporate officers and internal auditing departments as well as the Company’s corporate officers, supervising departments and the Internal Audit Department, etc. in attendance. At these meetings, internal control initiatives are deliberated and views are exchanged. And, initiatives are implemented to further strengthen the internal control and risk management systems of subsidiaries, including the provision of guidance and support to improve the audit system and internal control function at subsidiaries.

At the Company and its subsidiaries, self-assessment of the status of the operation of internal control is conducted using a checklist, flaws in internal control are ascertained independently, and corrective measures are also taken. The Internal Audit Department also recommends necessary improvements and newly identified risks are reflected in the checklist as appropriate.

(iii) Accounting audits

a. Name of audit firm

KPMG AZSA LLC

b. Continuous audit period

56 years

This period is counted from the establishment of the Audit Corporation Ishimitsu Certified Public Accountant Office, one of the predecessors of KPMG AZSA LLC.

The actual continuous audit period may exceed the above.

c. Certified public accountants who engaged in the accounting audit

The certified public accountants who conducted the Company’s accounting audits are Hiroshi Tawara, Koji Yoshida and Kazumi Kanehara who are employed by KPMG AZSA.

d. Composition of assistants involved in the accounting audit

Those assisting with the Company’s accounting audits include 13 certified public accountants and 38 others, five of whom have passed the certified public accountant examination.

e. Policy and reasons for appointing the audit firm

The Company has appointed KPMG AZSA LLC as its accounting auditor based on a comprehensive review of factors such as the expertise, independence, and appropriateness of the quality control system required of an accounting auditor, as well as its understanding of the Group's business and its ability to appropriately audit the Group's global business operations.

If the accounting auditor falls under any of the circumstances set forth in Article 340, Paragraph 1 of the Companies Act, which constitutes a reason for dismissal, and there is no prospect for improvement, the accounting auditor may be dismissed with the consent of all members of the Audit & Supervisory Committee.

Apart from any cases arising for any reason of the Company, in the event of any circumstance that poses a major obstacle to the audit activities of the Company, such as a suspension of audit operations by order of a competent authority, based on the facts, the Audit & Supervisory Committee shall consider the dismissal or non-reappointment of the accounting auditor. If dismissal or non-reappointment is deemed appropriate, the dismissal or non-reappointment of the accounting auditor shall be submitted as an agenda item at the General Meeting of Shareholders by a resolution of the Audit & Supervisory Committee.

f. Evaluation of the audit firm by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee monitors and verifies whether the accounting auditor maintains an independent position and conducts appropriate audits. In addition, it evaluates each fiscal year whether the accounting auditor is performing its duties appropriately through audit activities during the fiscal year, such as requesting explanations from the accounting auditor as necessary regarding the status of quality control and the appropriateness of the system for execution of duties.

(iv) Details of compensation for audits, etc.

a. Compensation for audits paid to certified public accountants, etc.

Category	Year ended March 31, 2023		Year ended March 31, 2024	
	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)
Reporting company	233	2	230	3
Consolidated subsidiaries	64	2	63	–
Total	297	4	293	3

In the year ended March 31, 2023, the Company paid compensation for non-audit services regarding an agreed-upon procedures service related to the Act on Strengthening Industrial Competitiveness, and consolidated subsidiaries paid for non-audit services regarding accounting advisory services.

In the year ended March 31, 2024, the Company paid compensation for non-audit services regarding the preparation of comfort letters when issuing bonds.

b. Compensation paid to the same network to which the certified public accountants, etc. belong (KPMG affiliated firms) (excluding compensation presented in a.)

Category	Year ended March 31, 2023		Year ended March 31, 2024	
	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)
Reporting company	–	13	–	14
Consolidated subsidiaries	604	99	697	116
Total	604	112	697	130

The Company and consolidated subsidiaries paid for non-audit services in the years ended March 31, 2023 and 2024 mainly regarding tax consulting services.

c. Details of other significant compensation

No items to disclose.

d. Policy for determining compensation for audits

Compensation for audits paid by the Company to certified public accountants, etc. is determined with the consent of the Audit & Supervisory Committee, based on an estimate of time required for the audit in accordance with the audit plan for the upcoming fiscal year and a comprehensive consideration of whether the level is high enough to ensure the appropriate execution of audit duties by the certified public accountants, etc.

e. Reasons for the Audit & Supervisory Committee's consent to the compensation, etc. of the accounting auditor

The Audit & Supervisory Committee has determined that the accounting auditor's audit plan is an effective and efficient plan that takes into account the risks of the Mazda Group and that the status of performance of duties by the accounting auditor and the basis for calculation of the estimated compensation for the accounting auditor are appropriate, and has consented to the amount of compensation, etc. to be paid to the accounting auditor.

(4) Remuneration for Directors

(i) Matters concerning policy on setting individual remuneration amounts for directors and calculation methods

a. Policies on determining details of individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members)

The Company establishes policies for determining details on individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members) (hereinafter "Decision Policies") and details of these policies are given below. After the Officer Lineup & Remuneration Advisory Committee (consisting of representative directors and outside directors) deliberates on and confirms the draft of the Decision Policies, it submits a report to the Board of Directors, and the Board of Directors makes a decision based on the report.

Since the Officer Lineup & Remuneration Advisory Committee considers a proposal from various viewpoints including its consistency with the Decision Policies when deciding on details of individual remuneration for directors, the Board of Directors also basically respects the report with the understanding that it is in line with the Decision Policies.

The details of remuneration for the year ended March 31, 2024 were confirmed (in May 2023) by the Officer Lineup & Remuneration Advisory Committee, including that the calculation method and amount of remuneration for each individual were reasonable in accordance with the Decision Policies, and reported to the Board of Directors. The Board of Directors then decided (in June 2023) the amount of remuneration based on the said report and the amount of personal performance payment for each director (excluding the Chairman and President) calculated by the President, and also resolved (in July 2023) to allot stock acquisition rights as remuneration in the form of stock options.

Decision Policy (Year ended March 31, 2024)

A. Policy on setting individual remuneration amounts for directors and calculation methods (basic policy)

The basic policy on remuneration for the Company's directors is: 1) linked to the Company's sustainable growth and increase in corporate value in the medium to long term, 2) used to acquire and maintain capable personnel, 3) understandable and easy to explain to stakeholders and directors, and 4) set after the consideration of remuneration standards of other automobile manufacturers and the position of salaries of Mazda employees, with the understanding that directors work alongside employees.

To ensure transparency of the decision-making process for determining remuneration as well as fairness and objectivity on how decisions are made and remuneration is allocated, the Officer Lineup & Remuneration Advisory Committee comprised of representative directors and outside directors has been established as an advisory organ to the Board of Directors. The Committee discusses and confirms the basic policy, remuneration system based on it, and the decision-making process.

The remuneration of a director (excluding a director who is an Audit & Supervisory Committee member or outside director) consists of 1) a fixed amount of basic remuneration commensurate with the director's position and responsibilities, and level of remuneration in the director's country/location of ordinary residence, 2) performance-based remuneration determined at the end of the fiscal year based on the achievement of goals set at the beginning of the fiscal year in accordance with the business plan, and 3) remuneration in the form of stock options aimed at increasing motivation to contribute to enhancing corporate value over the medium and long term and sharing the benefits with shareholders.

Directors of foreign nationality (non-Japanese nationality) may receive phantom stock (stock price-linked monetary compensation) instead of "remuneration in the form of stock options." In addition, fringe benefits, etc. may be provided within an appropriate range commensurate with remuneration practices, etc. in the director's country/location of ordinary residence.

Outside directors (excluding directors who are Audit & Supervisory Committee members) receive a fixed amount of basic remuneration only, considering their independence from the execution of operations.

B. Policy on setting performance indicators for performance-based remuneration and method of calculation of the performance-based remuneration amount or quantity

Indicators that can objectively confirm the Company's performance are used for performance-based remuneration. The primary indicators used consolidated net income attributable to owners of the parent and consolidated sales.

The target values are the values announced in the business results outlook at the beginning of each fiscal year, and the amount of performance-based remuneration for a given fiscal year is based on the level of achievement of the target values for that fiscal year. The amount of performance-based remuneration is also set based on position and duties.

In addition, at the beginning of the fiscal year each director sets personal targets, and at the end of the fiscal year a "personal performance payment" that recognizes the level of achievement of those targets is set.

C. Policy on content of non-monetary remuneration, setting the amount or quantity, and the calculation thereof

Stock acquisition rights as remuneration in the form of stock options are allotted as non-monetary compensation. The number of stock acquisition rights to be allotted is set in accordance with a director's position and duties.

In the allotment of stock acquisition rights, rather than payment of an amount determined on the basis of fair value, payment is made by offsetting monetary compensation based on compensation for stock acquisition rights as stock options.

Directors of foreign nationality (non-Japanese nationality) may receive phantom stock (stock price-linked monetary compensation), and at the time of their retirement receive monetary compensation linked to the stock price.

D. Policy on setting the ratio of basic remuneration, performance-based remuneration, and non-monetary remuneration for individual remuneration

The ratio of each type of remuneration for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) is set in the following way so that the total of performance-based remuneration and non-monetary remuneration is approximately equal to the basic remuneration when the medium-term management plan is achieved.

Basic remuneration: performance-based remuneration: non-monetary remuneration (remuneration in the form of stock options) = 10 : 0-9 : 1

E. Policy on determining the time and conditions for granting remuneration to directors

Basic remuneration and performance-based remuneration are paid monthly by dividing the total annual amount of remuneration determined at a Board of Directors meeting into 12 payments. Stock acquisition rights, as non- monetary remuneration in the form of stock options, are allotted at a set time after the Ordinary General Meeting of Shareholders.

F. Matters concerning methods for determining individual remuneration for directors

The Officer Lineup & Remuneration Advisory Committee discusses and confirms the validity of the remuneration structure for directors (excluding directors who are Audit & Supervisory Committee members) such as standards, composition, and indicators for performance-based remuneration. The Representative Director, President & CEO calculates the specific amount of the personal performance payment of the performance-based remuneration for each director (excluding the Chairman, President and outside directors) within a range obtained by multiplying the personal performance payment base amount (5% of basic remuneration commensurate with position and responsibilities) by a coefficient of 1 to 2.5, and submits it for approval by a resolution of the Board of Directors.

Revision of remuneration scheme for officers

The Company revised its remuneration scheme for officers with a resolution at the 158th Ordinary General Meeting of Shareholders held on June 25, 2024. The revision is designed for directors (excluding directors who are Audit & Supervisory Committee members), executive officers, and fellows to further share with shareholders the benefits and risks of stock price fluctuations and to enhance their desire to contribute to the medium- to long-term improvement of corporate value.

For the revision, in January and February 2024, the Officer Lineup & Remuneration Advisory Committee held deliberations on the introduction of the restricted stock remuneration and performance share unit remuneration (a proposal in the Ordinary General Meeting of Shareholders held on June 25, 2024), changes in remuneration composition rates, and performance-based indicators to be used for the performance share unit remuneration. After that, the committee deliberated on and confirmed the draft of the new decision policies and submitted a report to the Board of Directors, and then the Board of Directors made a resolution based on the report. The following are the decided policies.

Decision Policies

A. Policy on setting individual remuneration amounts for directors and calculation methods (basic policy)

The basic policy on remuneration for the Company's directors is: 1) linked to the Company's sustainable growth and increase in corporate value in the medium to long term, 2) used to acquire and maintain capable personnel, 3) understandable and easy to explain to stakeholders and directors, and 4) set after the consideration of remuneration standards of other automobile manufacturers and the position of salaries of Mazda employees, with the understanding that directors work alongside employees.

To ensure transparency of the decision-making process for determining remuneration as well as fairness and objectivity on how decisions are made and remuneration is allocated, the Officer Lineup & Remuneration Advisory Committee comprised of representative directors and outside directors has been established as an advisory organ to the Board of Directors. The Committee discusses and confirms the basic policy, the remuneration system based on it, and the decision-making process.

The remuneration of a director (excluding a director who is an Audit & Supervisory Committee member and outside director) consists of 1) a fixed amount of basic remuneration commensurate with the director's position and responsibilities, and level of remuneration in the director's country/location of ordinary residence, 2) performance-based monetary remuneration determined at the end of the fiscal year based on the achievement of goals set at the beginning of the fiscal year in accordance with the business plan, and 3) restricted stock remuneration aimed at increasing motivation to contribute to enhancing corporate value over the medium and long term and sharing the benefits with shareholders.

For directors of foreign nationality (non-Japanese nationality), fringe benefits, etc. may be provided within an appropriate range commensurate with remuneration practices, etc. in the director's country/location of ordinary residence.

Outside directors (excluding directors who are Audit & Supervisory Committee members) receive a fixed amount of basic remuneration only, considering their independence from the execution of operations.

B. Policy on setting performance indicators for performance-based remuneration and method of calculation of the performance-based remuneration amount or quantity

Indicators that can objectively confirm the Company's performance are used for performance-based monetary remuneration. The primary indicators used are consolidated net income attributable to owners of the parent (hereinafter "consolidated net income") and consolidated sales. These target values are the values announced in the business results outlook at the beginning of each fiscal year, and the amount of performance-based monetary remuneration for a given fiscal year is based on the level of achievement of the target values for that fiscal year. The amount of performance-based monetary remuneration is also set based on position and duties.

In addition, at the beginning of the fiscal year each director sets personal targets, and at the end of the fiscal year a "personal performance payment" that recognizes the level of achievement of those targets is set.

Furthermore, a portion of restricted stock remuneration to be granted as non-monetary remuneration will be performance share units (PSUs), in which the number of shares to be granted is determined according to whether the target for each performance indicator was achieved. For PSUs, return on equity (ROE), which represents capital efficiency, is used as a financial indicator, and employee engagement, customer focus enhancement, and greenhouse gas emission reduction are used as non-financial indicators, based on the Company's medium- to long-term management strategy and management issues. These targets are set on a fiscal year basis based on medium- to long-term targets.

C. Policy on content of non-monetary remuneration, setting the amount or quantity, and the calculation thereof

As non-monetary remuneration, restricted stock remuneration, for which the transfer is prohibited during the tenure of office and allowed upon retirement, will be granted, and this will consist of restricted stock remuneration that is not linked to business performance (RS), and PSUs that are linked to business performance.

For RS, a standard amount will be set based on the director's position and responsibilities, and the number of shares equivalent to the standard amount will be granted.

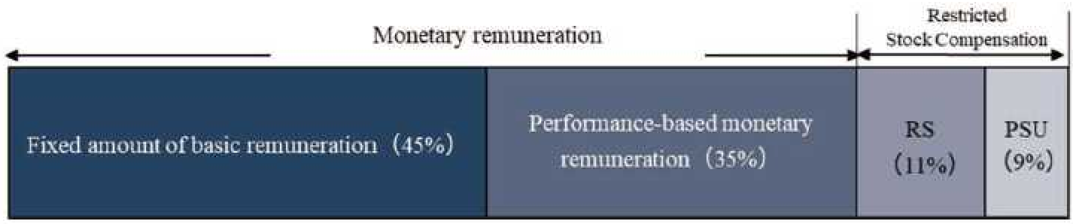
For PSUs, the Company will grant a number of units equivalent to the base amount (1 unit = 1 share equivalent) based on the director's position and responsibilities, and after the performance evaluation period (one fiscal year in which the unit grant date falls), the number of shares calculated according to the number of units will be granted based whether the target for each performance indicator was achieved.

If it is not appropriate to grant restricted shares, such as when a PSU recipient retires as a director at the end of his or her term of office, PSUs will be paid in cash in lieu of the grant of shares.

D. Policy on setting the ratio of basic remuneration, performance-based remuneration, and non-monetary remuneration for individual remuneration

The ratio of each type of remuneration for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) will be set as follows when the Medium-term Management Plan and all PSU performance indicators are achieved.

<Structure of remuneration for directors>



E. Policy on determining the time and conditions for granting remuneration to directors

Basic remuneration and performance-based monetary remuneration are paid monthly by dividing the total annual amount of remuneration determined at a Board of Directors meeting into 12 payments. Restricted stock remuneration, as non-monetary remuneration, is granted at a set time after the Ordinary General Meeting of Shareholders.

With regard to restricted stock remuneration, in the event of serious misconduct, etc., the Company will be able to request the acquisition of all or part of the shares (malus).

F. Matters concerning the methods of determining individual remuneration for directors

The Officer Lineup & Remuneration Advisory Committee discusses and confirms the validity of the remuneration structure for directors (excluding directors who are Audit & Supervisory Committee members) such as standards, composition, and indicators and targets for performance-based monetary remuneration and PSUs. The Representative Director, President & CEO calculates the specific amount of the personal performance payment of the performance-based remuneration for each director (excluding the Chairman, President and outside directors) within a range obtained by multiplying the personal performance payment base amount (roughly 4% of basic remuneration commensurate with position and responsibilities) by a coefficient of 1 to 2.5, and submits it for approval by a resolution of the Board of Directors.

b. General Meeting of Shareholders resolution on directors' remuneration

At the 157th Ordinary General Meeting of Shareholders held on June 27, 2023, the upper limit on remuneration for directors (excluding directors who are Audit & Supervisory Committee members) was set at 1.5 billion yen per year (excluding the employee salary portion for employee directors). There were ten (10) directors (excluding directors who are Audit & Supervisory Committee members) (including two (2) outside directors) as of the conclusion of the General Meeting of Shareholders. At the 153rd Ordinary General Meeting of Shareholders held on June 26, 2019, the upper limit on remuneration for directors who are Audit & Supervisory Committee members was set at 300 million yen per year. There were six (6) directors who are Audit & Supervisory Committee members (including four (4) outside directors) as of the conclusion of the General Meeting of Shareholders.

Additionally, at the 158th Ordinary General Meeting of Shareholders held on June 25, 2024, it was decided that directors (excluding directors who are Audit & Supervisory Committee members and outside directors) would be allotted the restricted stock remuneration and the performance share unit remuneration within the upper limit of their remuneration. There were seven (7) directors (excluding directors who are Audit & Supervisory Committee members and outside directors) as of the conclusion of the General Meeting of Shareholders.

(ii) Total amount of remuneration, total amount per type of remuneration, and number of recipients by director category

Director category	Total amount of remuneration (Millions of yen)	Total amount per type of remuneration (Millions of yen)				Number of persons (Persons)
		Basic remuneration	Performance-based remuneration	Non-monetary compensation	Other remuneration	
Directors (excluding directors who are Audit & Supervisory Committee members and outside directors)	905	498	314	37	57	10
Directors who are Audit & Supervisory Committee members (excluding outside directors)	48	48	—	—	—	2
Outside directors	96	96	—	—	—	7

Notes:
1. The above includes two (2) directors (excluding directors who are Audit & Supervisory Committee members) and two (2) directors who are Audit & Supervisory Committee members (including one (1) outside director), who retired at the conclusion of the 157th Ordinary General Meeting of Shareholders held on June 27, 2023. None of the above nineteen (19) directors is an employee director; therefore, the above amounts do not include employee salary.
2. Consolidated net income and consolidated net sales announced as the performance outlook at the beginning of the fiscal year ended March 31, 2022 and fiscal year ended March 31, 2023 are set as indicators for performance-based remuneration, and the amount of performance-based remuneration for the current fiscal year is set based on the level of achievement of those indicators. The indicator targets and results for performance-based remuneration are as follows:

Performance indicators		Target	Result
Fiscal year ended March 31, 2022	Consolidated net income	35.0 billion yen	81.6 billion yen
	Consolidated net sales	3,400.0 billion yen	3,120.3 billion yen
Fiscal year ended March 31, 2023	Consolidated net income	80.0 billion yen	142.8 billion yen
	Consolidated net sales	3,800.0 billion yen	3,826.8 billion yen

Consolidated net income is set as an indicator for performance-based remuneration because it is the final profit that management is responsible for. Consolidated net sales are set as an indicator capable of confirming both qualitative improvements in sales and increases in sales volumes. All targets are deemed to be suitable indicators as they can be quantified as objective figures.
In addition, part of performance-based remuneration is a “personal performance payment” based on an assessment at the end of the fiscal year of the achievement of personal targets each director sets at the beginning of the fiscal year.
3. Remuneration in the form of stock options is allocated to directors (excluding directors who are Audit & Supervisory Committee members and outside directors) as non-monetary compensation. The amounts paid to directors (excluding directors who are Audit & Supervisory Committee members and outside directors) include expenses of 37 million yen recorded in the current business year for stock acquisition rights issued as remuneration in the form of stock options. The details and status of the issue of the stock options are as indicated in “1. Information on the Company’s Shares, (2) Stock Acquisition Rights.”
4. As other remuneration, one (1) foreign director is paid phantom stock (stock price-linked remuneration) (28 million yen recorded as expenses in the fiscal year ended March 31, 2024), housing allowance, and other fringe benefits.
5. The remuneration of directors who are Audit & Supervisory Committee members and outside directors, as positions independent from business execution, is a fixed amount of basic remuneration only. Furthermore, the remuneration of directors who are Audit & Supervisory Committee members is determined through discussion among the members.

(iii) Total amount of consolidated remuneration, etc. by director (only who received 100 million yen or more)

Name	Director category	Total amount of consolidated remuneration (Millions of yen)	Company category	Total amount per type of remuneration (Millions of yen)			
				Basic remuneration	Performance-based remuneration	Non-monetary compensation	Other remuneration
Masahiro Moro	Director	121	Reporting company	65	48	7	—
Jeffrey H. Guyton	Director	272	Reporting company	122	94	—	57

(5) Shareholdings

(i) Criteria and approach to the classification of investment shares

According to the Company's criteria, shares held for pure investment purpose are the shares it holds solely for the purpose of gaining profit resulting from changes in share prices or dividends from shares, while investment shares are the shares it holds for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

a. Holding policy, methods for verifying the rationality of holdings, and verification of appropriateness of holding for individual issues by the Board of Directors, etc.

Taking into overall consideration and verifying the business strategy, the necessity of business activities such as maintaining and strengthening business dealings, and the comparison of benefits and risks of cross-shareholding with the cost of capital, the Company will have cross-shareholdings when it will lead to the enhancement of corporate value over the medium and long terms. If the purpose of cross-shareholdings is judged to have diminished, the Company will aim to reduce cross-shareholdings, including the selling of shares based on the relevant company's circumstances, etc.

Every year at a Board of Directors meeting, the Company individually verifies the appropriateness of its major cross-shareholdings according to the above policy.

b. Number of issues and book value on balance sheet

	Number of issues (Issues)	Total book value on balance sheet (Millions of yen)
Unlisted shares	26	1,012
Shares other than unlisted shares	3	161,371

(Issues for which the number of shares held increased in the fiscal year ended March 31, 2024)

	Number of issues (Issues)	Total acquisition cost concerning increase in the number of shares (Millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	1	382	Maintain and strengthen relationships in development-related transactions
Shares other than unlisted shares	—	—	—

(Issues for which the number of shares held decreased in the fiscal year ended March 31, 2024)

	Number of issues (Issues)	Total sale value concerning decrease in the number of shares (Millions of yen)
Unlisted shares	—	—
Shares other than unlisted shares	—	—

c. Number of shares and book value on balance sheet, etc. per issue of the specified investment shares and deemed holdings of shares

Issues	Fiscal year ended March 31, 2024 Number of shares (shares) Book value on balance sheet (Millions of yen)	Fiscal year ended March 31, 2023 Number of shares (shares) Book value on balance sheet (Millions of yen)	Purpose of holding, outline of business alliance, etc., quantitative effect of holding (Note 2), and reasons for the increase in the number of shares held	Shares of the Company owned
Toyota Motor Corporation	41,466,500	41,466,500	To maintain and strengthen alliance in automobile business Please refer to "Part I Company Information, II. Business Overview, 5. Important Business Contracts."	Yes
	157,241	77,957		
DaikyoNishikawa Corporation	3,541,800	3,541,800	To maintain and strengthen relationship of vehicle parts transactions	Yes
	2,731	2,284		
Sumitomo Mitsui Financial Group, Inc.	157,100	157,100	To facilitate financial transactions	No
	1,400	832		

Notes: 1. All issues that fall under specified investment shares are listed, including DaikyoNishikawa Corporation and Sumitomo Mitsui Financial Group, Inc., whose book values on balance sheet are less than 1 percent of capital stock.

2. Although it is difficult to describe the quantitative effects of holding, the Company verifies the rationality of holding by taking into overall consideration the business strategy, the necessity for business activities such as maintaining and strengthening business dealings, while also weighing the benefits and risks of holding and capital costs.

3. Sumitomo Mitsui Financial Group, Inc., does not own shares of the Company, but its subsidiary, Sumitomo Mitsui Banking Corporation, holds the Company's shares.

V. Financial Information

1. Basis of Presenting Consolidated and Unconsolidated Financial Statements

(1) The consolidated financial statements of the Company have been prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The unconsolidated financial statements of the Company have been prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963; the “Regulation on Financial Statements”).
The Company falls under the category of a special company submitting financial statements and has prepared its financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

2. Audit Certification

The Company’s consolidated and unconsolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 were audited by KPMG AZSA LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, Etc.

The Company has made special efforts to ensure the appropriateness of its consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation and regularly attend seminars and other events organized by auditing firms and other organizations to develop a system that allows the Company to properly understand the content of accounting standards, etc. and accurately respond to changes therein.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Millions of yen)

As of		FY2023 March 31, 2023		FY2024 March 31, 2024
ASSETS				
Current Assets:				
Cash and deposits		628,098		818,563
Trade notes and accounts receivable	*1	166,921	*1	163,426
Securities		89,000		104,000
Inventories	*2, *6	670,904	*2, *6	680,452
Other		170,814		228,155
Allowance for doubtful receivables		(1,573)		(1,567)
Total current assets		1,724,164		1,993,029
Non-current Assets:				
Property, plant and equipment:				
Buildings and structures (net)	*6	200,542	*6	205,336
Machinery, equipment and vehicles (net)	*6	378,913	*6	405,095
Tools, furniture and fixtures (net)	*6	78,496	*6	71,833
Land	*4, *6	419,419	*4, *6	419,653
Leased assets (net)		25,289		24,498
Construction in progress		61,947		66,460
Total property, plant and equipment	*3	1,164,606	*3	1,192,875
Intangible assets:				
Software		52,158		60,284
Other		2,456		2,443
Total intangible assets		54,614		62,727
Investments and other assets:				
Investment securities	*5	214,895	*5	304,378
Long-term loans receivable		313		18,592
Asset for retirement benefits		12,289		96,107
Deferred tax assets		51,011		55,989
Other		37,642		68,350
Allowance for doubtful receivables		(283)		(279)
Total investments and other assets		315,867		543,137
Total non-current assets		1,535,087		1,798,739
Total Assets		3,259,251		3,791,768

(Millions of yen)

As of		FY2023 March 31, 2023		FY2024 March 31, 2024
LIABILITIES				
Current Liabilities:				
Trade notes and accounts payable		480,975		435,290
Short-term loans payable	*6	1,460	*6	30,304
Bonds due within one year		–		20,000
Long-term loans payable due within one year	*6	199,579	*6	94,238
Lease obligations		6,847		7,231
Income taxes payable		18,212		79,079
Other accounts payable		46,566		52,842
Accrued expenses		274,964		403,325
Reserve for warranty expenses		108,895		156,383
Other	*1	123,722	*1	126,925
Total current liabilities		1,261,220		1,405,617
Non-current Liabilities:				
Bonds		50,000		45,000
Long-term loans payable	*6	345,340	*6	359,122
Lease obligations		20,869		19,894
Deferred tax liability related to land revaluation	*4	64,434	*4	64,345
Provision related to environmental regulations		14,533		29,505
Liability for retirement benefits		18,238		67,594
Other		27,816		43,313
Total non-current liabilities		541,230		628,773
Total Liabilities		1,802,450		2,034,390
NET ASSETS				
Capital and Retained Earnings:				
Common stock		283,957		283,957
Capital surplus		263,035		263,007
Retained earnings		699,231		875,629
Treasury stock		(1,995)		(1,873)
Total capital and retained earnings		1,244,228		1,420,720
Accumulated Other Comprehensive Income/(Loss):				
Net unrealized gain/(loss) on available-for-sale securities		20,243		77,407
Deferred gains/(losses) on hedges		(68)		135
Land revaluation	*4	145,302	*4	145,099
Foreign currency translation adjustment		14,184		55,394
Accumulated adjustments for retirement benefits		15,709		38,830
Total accumulated other comprehensive income/(loss)		195,370		316,865
Stock Acquisition Rights		475		471
Non-controlling Interests		16,728		19,322
Total Net Assets		1,456,801		1,757,378
Total Liabilities and Net Assets		3,259,251		3,791,768

(ii) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(Millions of yen)

For the years ended	FY2023 March 31, 2023	FY2024 March 31, 2024
Net sales	*1 3,826,752	*1 4,827,662
Cost of sales	3,025,230	3,788,978
Gross profit	801,522	1,038,684
Selling, general and administrative expenses	*2, *3 659,553	*2, *3 788,181
Operating income	141,969	250,503
Non-operating income		
Interest income	10,603	21,413
Dividend income	2,566	3,435
Rental income	1,701	1,720
Equity in net income of affiliated companies	15,777	8,808
Foreign exchange gain	25,952	54,181
Other	5,209	5,543
Total	61,808	95,100
Non-operating expenses		
Interest expense	8,483	7,838
Loss on transfer of receivables	2,349	10,416
Burden charge payment	2,106	–
Other	4,903	7,229
Total	17,841	25,483
Ordinary income	185,936	320,120
Extraordinary income		
Gain on sales of property, plant and equipment	136	217
Compensation for the exercise of eminent domain	271	1
Reversal of provision for environmental measures	54	–
Other	–	14
Total	461	232
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	*4 5,094	*4 15,420
Impairment loss	*5 296	*5 5,787
Loss on liquidation of subsidiaries and affiliates	*6 10,953	–
Other	82	822
Total	16,425	22,029
Income before income taxes	169,972	298,323
Income taxes		
Current	44,523	109,860
Deferred	(18,790)	(20,953)
Total	25,733	88,907
Net income	144,239	209,416
Net income attributable to non-controlling interests	1,425	1,720
Net income attributable to owners of the parent	142,814	207,696

Consolidated Statements of Comprehensive Income

(Millions of yen)

For the years ended	FY2023 March 31, 2023	FY2024 March 31, 2024
Net income	144,239	209,416
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(9,466)	57,145
Deferred gains/(losses) on hedges	1,241	164
Foreign currency translation adjustment	14,371	35,503
Adjustments for retirement benefits	8,639	22,942
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	6,441	6,962
Total	*1 21,226	*1 122,716
Comprehensive income	165,465	332,132
Comprehensive income/(loss) attributable to:		
Owners of the parent	163,596	329,394
Non-controlling interests	1,869	2,738

(iii) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2023

(Millions of yen)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
Balance at April 1, 2022	283,957	263,003	581,458	(2,100)	1,126,318	29,707	(1,314)
Changes during the period:							
Dividends paid			(25,197)		(25,197)		
Net income attributable to owners of the parent			142,814		142,814		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		(29)		107	78		
Change in scope of consolidation			(78)		(78)		
Reversal for land revaluation			234		234		
Change in ownership interest of parent arising from transactions with non-controlling shareholders		61			61		
Changes in items other than capital and retained earnings, net						(9,464)	1,246
Total changes during the period	–	32	117,773	105	117,910	(9,464)	1,246
Balance at March 31, 2023	283,957	263,035	699,231	(1,995)	1,244,228	20,243	(68)

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
Balance at April 1, 2022	145,536	(6,162)	7,055	174,822	440	15,117	1,316,697
Changes during the period:							
Dividends paid							(25,197)
Net income attributable to owners of the parent							142,814
Purchase of treasury stock							(2)
Sale of treasury stock							78
Change in scope of consolidation							(78)
Reversal for land revaluation							234
Change in ownership interest of parent arising from transactions with non-controlling shareholders							61
Changes in items other than capital and retained earnings, net	(234)	20,346	8,654	20,548	35	1,611	22,194
Total changes during the period	(234)	20,346	8,654	20,548	35	1,611	140,104
Balance at March 31, 2023	145,302	14,184	15,709	195,370	475	16,728	1,456,801

For the year ended March 31, 2024

(Millions of yen)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
Balance at April 1, 2023	283,957	263,035	699,231	(1,995)	1,244,228	20,243	(68)
Changes during the period:							
Dividends paid			(31,501)		(31,501)		
Net income attributable to owners of the parent			207,696		207,696		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		(28)		124	96		
Change in scope of consolidation					–		
Reversal for land revaluation			203		203		
Change in ownership interest of parent arising from transactions with non-controlling shareholders					–		
Changes in items other than capital and retained earnings, net						57,164	203
Total changes during the period	–	(28)	176,398	122	176,492	57,164	203
Balance at March 31, 2024	283,957	263,007	875,629	(1,873)	1,420,720	77,407	135

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
Balance at April 1, 2023	145,302	14,184	15,709	195,370	475	16,728	1,456,801
Changes during the period:							
Dividends paid							(31,501)
Net income attributable to owners of the parent							207,696
Purchase of treasury stock							(2)
Sale of treasury stock							96
Change in scope of consolidation							–
Reversal for land revaluation							203
Change in ownership interest of parent arising from transactions with non-controlling shareholders							–
Changes in items other than capital and retained earnings, net	(203)	41,210	23,121	121,495	(4)	2,594	124,085
Total changes during the period	(203)	41,210	23,121	121,495	(4)	2,594	300,577
Balance at March 31, 2024	145,099	55,394	38,830	316,865	471	19,322	1,757,378

(iv) Consolidated Statements of Cash Flows

(Millions of yen)

For the years ended	FY2023 March 31, 2023	FY2024 March 31, 2024
Cash flows from operating activities:		
Income before income taxes	169,972	298,323
Depreciation and amortization	105,950	113,348
Impairment loss	296	5,787
Increase/(decrease) in allowance for doubtful receivables	(4,688)	(165)
Increase/(decrease) in reserve for warranty expenses	21,999	44,778
Increase/(decrease) in provision for loss on compensation for damage	(11,100)	(161)
Increase/(decrease) in provision related to environmental regulations	14,533	14,850
Net changes in asset and liability for retirement benefits	(7,251)	(6,136)
Interest and dividend income	(13,169)	(24,848)
Interest expense	8,483	7,838
Equity in net loss/(income) of affiliated companies	(15,777)	(8,808)
Loss/(gain) on sales and retirement of property, plant and equipment	4,687	15,202
Loss on liquidation of subsidiaries and affiliates	10,953	–
Decrease/(increase) in trade notes and accounts receivable	(17,509)	13,439
Decrease/(increase) in inventories	(258,052)	42,764
Decrease/(increase) in other current assets	(5,222)	(4,761)
Increase/(decrease) in trade notes and accounts payable	127,833	(62,823)
Increase/(decrease) in other current liabilities	54,634	84,807
Other	(42,065)	(85,171)
Subtotal	144,507	448,263
Interest and dividends received	20,755	30,708
Interest paid	(8,112)	(7,448)
Income taxes refunded/(paid)	(19,726)	(52,628)
Net cash provided by/(used in) operating activities	137,424	418,895
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	–	(3,252)
Purchase of investment securities	(3,124)	(3,868)
Proceeds from sales and redemption of investment securities	433	151
Purchase of property, plant and equipment	(79,787)	(92,742)
Proceeds from sales of property, plant and equipment	822	1,118
Purchase of intangible assets	(19,341)	(22,501)
Net decrease/(increase) in short-term loans receivable	(2)	(32,892)
Payments of long-term loans receivable	(19)	(25,325)
Collections of long-term loans receivable	98	31
Other	1,493	(609)
Net cash provided by/(used in) investing activities	(99,427)	(179,889)

(Millions of yen)

For the years ended		FY2023 March 31, 2023		FY2024 March 31, 2024
Cash flows from financing activities:				
Net increase/(decrease) in short-term loans payable		(74)		29,441
Proceeds from long-term loans payable		4,802		108,000
Repayments of long-term loans payable		(63,546)		(199,577)
Proceeds from issuance of bonds		–		14,937
Proceeds from sale and leaseback transactions		145		93
Repayments of lease obligations		(5,872)		(6,047)
Cash dividends paid		(25,197)		(31,501)
Cash dividends paid to non-controlling interests		(197)		(144)
Net decrease/(increase) in treasury stock		76		94
Net cash provided by/(used in) financing activities		(89,863)		(84,704)
Effect of exchange rate fluctuations on cash and cash equivalents		28,884		47,870
Net increase/(decrease) in cash and cash equivalents		(22,982)		202,172
Cash and cash equivalents at beginning of the period		740,385		717,093
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation		(310)		–
Cash and cash equivalents at end of the period	*1	717,093	*1	919,265

Notes to the Consolidated Financial Statements

Assumptions as Going Concern

No items to disclose.

Material basis of the preparation of consolidated financial statements

1. Consolidation scope

(1) Number of consolidated subsidiaries: 70

The names of primary companies are omitted because they are provided in "I. Company Overview, 4. Information on Subsidiaries and Affiliates."

(2) Changes in consolidated subsidiaries

(Newly added)

(Due to new establishment)

1 Mazda Alliance Services Europe GmbH

(Excluded)

(Due to transfer of equity shares)

1 Hakodate Mazda Co., Ltd.

(3) Primary unconsolidated subsidiary and reasons for exclusion from consolidation scope

PT. Mazda Motor Indonesia

This subsidiary is excluded from the scope of consolidation because it is immaterial in terms of total assets, net sales, net income, retained earnings, etc. and does not have material impacts on overall consolidated financial statements.

2. Application of equity method

(1) Number of equity method-applied affiliates: 20

The names of primary companies are omitted because they are provided in "I. Company Overview, 4. Information on Subsidiaries and Affiliates."

(2) Primary affiliates not accounted for by the equity method and reasons for not applying the equity method

Hiroshima Toyo Carp Co., Ltd. and others

These affiliates are excluded from the scope of equity method because they are all immaterial in terms of net income, retained earnings, etc. and do not have material impacts on overall consolidated financial statements.

3. Fiscal year end dates of consolidated subsidiaries

The consolidated balance sheet date is March 31. Among the consolidated subsidiaries, 21 companies including Mazda Motor Manufacturing de Mexico S.A. de C.V. have fiscal year-ends for their statutory financial statements that are different from the consolidated balance sheet date, most of which are December 31.

In preparing the consolidated financial statements, for 7 companies including Mazda Motor Manufacturing de Mexico S.A. de C.V., provisional settlement of accounts that are prepared for consolidation are used to supplement the companies' statutory financial statements. For the other 14 companies, in preparing the consolidated financial statements, financial statements of these companies with different balance sheet dates are used.

However, adjustments necessary in consolidation are made for material transactions that have occurred between the balance sheet dates of these subsidiaries and the consolidated balance sheet date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

Other than shares without market value:	Stated at fair value (Net unrealized gains/losses are reported within net assets. Costs of securities sold are calculated mainly using a moving average method.)
Shares without market value:	Stated at cost on a historical cost basis, mainly based on the moving average method.

(ii) Derivative instruments

Mainly a fair value method

(iii) Inventories

For inventories that are held for the purpose of sales in the normal course of business, inventories are stated mainly on a historical cost basis based on a weighted average method. (The carrying value on the consolidated balance sheets is determined by the lower of cost or net realizable value.)

(2) Depreciation and amortization methods for significant non-current assets

(i) Property, plant and equipment (excluding leased assets)

Mainly depreciated using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.

(ii) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized on a straight-line basis over the available period of internal use, i.e., 5 years.

(iii) Leased assets

For finance leases which do not transfer ownership, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

The consolidated foreign subsidiaries that apply the International Financial Reporting Standards (“IFRS”) or Generally Accepted Accounting principles in the U.S. (“US GAAP”) have adopted IFRS 16 “Leases” or Accounting Standards Update (“ASU”) 2016-02 “Leases.” In accordance with these accounting standards, the lessee recognizes in principle all of the lease assets and lease liabilities on the balance sheets. For leased assets, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

(3) Standards for significant allowances

(i) Allowance for doubtful receivables

Allowance for doubtful receivables provides for losses from bad debts. The amount estimated to be uncollectible is recorded. For receivables at an ordinary risk, the amount is based on the past default ratio, and for receivables at a high risk, the amount is calculated in consideration of the collectibility of individual receivables.

(ii) Reserve for warranty expenses

Reserve for warranty expenses provides for after-sales expenses of products (vehicles). In accordance with the coverage of the warranty booklet and relevant laws and regulations, the amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects and expected reimbursements into consideration.

(iii) Provision related to environmental regulations

Provision related to environmental regulations provides for the estimated costs of complying with environmental regulations at the end of the fiscal year.

(4) Basis for recognition of significant revenues and expenses

The main business of the Group is the manufacturing and sale of automobiles and their components, as well as maintenance services. For product sales, the revenue is recognized when control over the products is transferred to the customer and the performance obligation is satisfied. This transfer generally takes place when the product is delivered at a location agreed with the customer. Maintenance services, etc. are treated as a separate performance obligation from the delivery of the product. For non-recurring services such as maintenance, the performance obligation is satisfied and the revenue is recognized when the service is completed and delivered to the customer. For recurring services such as Connected Services, the performance obligation is satisfied and the revenue is recognized over the period the service is provided.

Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The total consideration of the contract is allocated to all products and services based on their standalone selling prices. These standalone selling prices are determined with reference to the selling prices of similar products or services, or other reasonably available information.

The Group provides dealers with sales incentives calculated based on sales promotion programs, which generally represent discount from the Group to dealers. This sales incentive is deducted from the revenue recognized when the applicable product is delivered to the dealers.

The consideration for the product is usually collected from customers within 30 days from the time when revenue is recognized, and the consideration for the service is collected from customers within 30 days from the time when the service is provided, and there are no significant payment terms.

(5) Accounting method for retirement benefits

(i) Method of attributing expected benefit to periods

In calculating the retirement benefit obligations, the method of attributing expected benefit to the accounting period is based mainly on a benefit formula basis.

(ii) Method of amortization of actuarial gains or losses and past service cost

The recognition of actuarial differences is deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (mainly 13 years). The amortization of net gains or losses starts from the year immediately following the year in which such gains or losses arise.

The recognition of past service costs is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (mainly 12 years).

(6) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate on the balance sheet date; gains and losses in foreign currency translation are included in the income of the current period.

Balance sheets of consolidated foreign subsidiaries are translated into Japanese yen at the rates on the balance sheet dates of the subsidiaries' accounting periods except for net assets accounts, which are translated at the historical rates. Statement of operations of consolidated foreign subsidiaries are translated at average rates of the subsidiaries' fiscal years, with the translation differences prorated and included in the net assets as foreign currency translation adjustment and non-controlling interests.

(7) Accounting for hedging activities

(i) Method of hedge accounting

Full-deferral hedge accounting is applied.

For certain interest rate swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the interest rate swap contract was executed.

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contracts	Foreign currency-denominated transactions planned in the future
Interest rate swap contracts	Long-term loans payable

(iii) Hedging policy

The Company adopts a policy aimed at avoiding foreign exchange risk and interest rate risk and at determining cash flows. The Group does not engage in speculative transactions as a matter of policy, limiting the transaction amount to actual demand.

(iv) Method of assessing hedge effectiveness

As the important conditions concerning the hedging instrument and the hedged item are the same, it is expected that the effects of currency and interest rate fluctuations will be canceled or restricted to a certain extent at the beginning of the hedge and continuing thereafter. Therefore, judgment on the effectiveness of hedging is omitted.

(8) Amortization of goodwill

The difference between the consideration transferred and the fair value of net assets acquired is shown as goodwill, and amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.

(9) Scope of cash and cash equivalents on consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposit, and short-term investments readily convertible into cash with a minimum risk of price fluctuation, whose maturity date comes within three months from the time of purchase.

(10) Other accounting treatments

(i) Any non-deductible consumption taxes associated with asset purchases

Any non-deductible consumption taxes associated with asset purchases are recorded as an expense during the fiscal year.

(ii) Presentation of operating lease assets under US GAAP

Operating lease assets under US GAAP are included in leased assets under property, plant and equipment.

Significant Accounting Estimates

Accounting estimates are calculated based on the information available at the time of the preparation of the consolidated financial statements. Accounting estimates that are recorded in the consolidated financial statements for the current fiscal year and have a risk of a material effect on consolidated financial statements for the next fiscal year are as follows:

Reserve for Warranty Expenses

(1) Amounts reported in the consolidated financial statements were as follows:

	As of March 31, 2023	As of March 31, 2024
Reserve for warranty expenses	108,895 million yen	156,383 million yen

(2) Other information that assists readers of consolidated financial statements in understanding the nature of the estimates

For after-sales service expenses of products, the Group estimates future repair costs to be incurred in accordance with the coverage of the warranty booklet ("general warranty") and with the related laws and regulations such as recalls and service campaigns ("recall-related repair costs"), and records them in "Reserve for warranty expenses." The estimation also reflects the expected reimbursement amounts to be recovered from the supplier.

Of the above, the reserve for general warranty is estimated by calculating the repair cost per vehicle for each major market based on historical data, and multiplying it by the number of vehicles covered under the warranty. The reserve for recall-related repair costs is estimated for each recall and service campaign. It is estimated by calculating the repair cost per vehicle, which includes parts costs and labor costs, and multiplying it by the estimated number of vehicles subject to each recall or service campaign. With regard to the expected reimbursement amounts to be recovered from the supplier, based upon the analysis of the causes of defects, the expected reimbursement rate is determined by considering technical responsibility, the suppliers' payment ability, and the status of negotiations with suppliers. It is then incorporated into the calculation of the reserve.

The assumptions used in the estimates of the recall-related repair costs per vehicle, the number of vehicles covered under the warranty, and the expected reimbursement rate involve management's judgment and future uncertainty. Therefore, if there is a significant change in these assumptions, additional recognition or reversal of reserve for warranty expenses may be required.

New Accounting Standards Not Yet Applied

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Summary

These standards prescribe the categories in which income tax expense should be recorded when other comprehensive income is taxed and the treatment of tax effects associated with sales of shares of subsidiaries, etc. when the group taxation regime is applied.

(2) Effective date

Effective from the beginning of the year ending March 31, 2025

(3) Effects of the application of the standards

The impact is yet to be determined at this time.

- "Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No. 46, March 22, 2024)"

(1) Summary

This prescribes the accounting for and disclosure of current taxes related to the global minimum tax rules.

(2) Effective date

Effective from the beginning of the year ending March 31, 2025

(3) Effects of the application of the standards

The impact is yet to be determined at this time.

Changes in Presentation

The future estimated costs of the quality-related expense of certain consolidated subsidiaries, which were included in "Accrued expenses" under "Current Liabilities" in the year ended March 31, 2023, are included in "Reserve for warranty expenses" from the year ended March 31, 2024, from the perspective of a more realistic presentation. The consolidated financial statements for the year ended March 31, 2023 have been reclassified to reflect this revision.

As a result, "Accrued expenses" under "Current Liabilities" of ¥23,248 million presented in the consolidated balance sheets for the year ended March 31, 2023 has been reclassified as "Reserve for warranty expenses."

Consolidated Balance Sheets

*1. The amounts of receivables from contract with customers included in Trade notes and accounts receivable and the amounts of contract liabilities included in Other under current liabilities are provided in "3. Information for understanding the amount of revenue for the current and subsequent periods, (1) Contract balances" under "Revenue Recognition."

*2. Breakdown of inventories

	As of March 31, 2023	As of March 31, 2024
Merchandise and finished products	450,327 million yen	472,489 million yen
Work in process	190,853 million yen	179,690 million yen
Raw materials and supplies	29,724 million yen	28,273 million yen

*3. Accumulated depreciation of property, plant and equipment

	As of March 31, 2023	As of March 31, 2024
Accumulated depreciation	1,312,989 million yen	1,393,629 million yen

*4. Land revaluation

In accordance with the Partial Revision of the Act on Revaluation of Land (Act No.19, enacted on March 31, 2001) ("Act"), land owned by the Company for business use was revalued. The unrealized gains on the revaluation are included in net assets as "Land revaluation," net of deferred taxes. The deferred taxes on the unrealized gains are included in liabilities as "Deferred tax liability related to land revaluation."

Method of revaluation provided for in Article 3, Paragraph 3 of the Act:

The fair value of land was determined based on official notice prices that are assessed and published by the Commissioner of the National Tax Administration, as stipulated in Article 2-4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, were made to the official notice prices.

Date of revaluation: March 31, 2001

	As of March 31, 2023	As of March 31, 2024
Amounts of decrease in the aggregate fair value of the revalued land as of March 31, 2023 and 2024 from that at the time of revaluation, as stipulated in Article 10 of the Act	68,223 million yen	61,643 million yen

*5. Shares of unconsolidated subsidiaries and affiliates, etc. were as follows:

	As of March 31, 2023	As of March 31, 2024
Investment securities (shares, etc.)	125,653 million yen	132,301 million yen
[of which, investment in joint ventures]	[123,787 million yen]	[130,061 million yen]

*6. Assets pledged as collateral and liabilities secured by the collateral

(1) Assets pledged as collateral (carrying amounts at end of the period)

	As of March 31, 2023		As of March 31, 2024	
	Factory foundation mortgage	Other	Factory foundation mortgage	Other
Buildings and structures	59,894 million yen	24,417 million yen	62,331 million yen	25,410 million yen
Machinery, equipment and vehicles	145,150 million yen	49,521 million yen	150,592 million yen	52,836 million yen
Tools, furniture and fixtures	10,436 million yen	34,505 million yen	11,990 million yen	32,418 million yen
Land	163,127 million yen	64,948 million yen	163,127 million yen	64,750 million yen
Inventories	– million yen	123,933 million yen	– million yen	155,931 million yen
Other	– million yen	86,937 million yen	– million yen	145,914 million yen
Total	378,607 million yen	384,261 million yen	388,040 million yen	477,259 million yen

(2) Liabilities secured by the collateral

	As of March 31, 2023		As of March 31, 2024	
	Factory foundation mortgage	Other	Factory foundation mortgage	Other
Short-term loans payable	– million yen	190 million yen	– million yen	21,183 million yen
Long-term loans payable (including those due within one year)	2,000 million yen	770 million yen	2,000 million yen	582 million yen
Total	2,000 million yen	960 million yen	2,000 million yen	21,765 million yen

7. Contingent liabilities for guarantee and similar agreements

Guarantees of loans and similar agreements were as follows:

As of March 31, 2023		As of March 31, 2024	
Automobile dealers (in Europe)	17,738 million yen	Automobile dealers (in Europe)	20,123 million yen
Others	28 million yen	Others	22 million yen
Total	17,766 million yen	Total	20,145 million yen

Consolidated Statements of Operations

*1. Revenue from contracts with customers

Net sales are not presented separately from revenue from contracts with customers and revenues generated from sources other than contracts with customers. The amounts of revenue from contracts with customers are provided in “1. Breakdown of revenue” under “Revenue Recognition.”

*2. The major items and amounts included in “Selling, general and administrative expenses” were as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Advertising expenses	105,106 million yen	133,620 million yen
Freight and packing expenses	88,626 million yen	81,454 million yen
Reserve for warranty expenses	58,127 million yen	89,395 million yen
Salaries and wages	127,814 million yen	137,712 million yen
Retirement benefit expenses	3,352 million yen	7,465 million yen
Research and development costs	127,990 million yen	146,289 million yen
Provision related to environmental regulations	13,792 million yen	15,703 million yen

Note: As described in “Changes in Presentation,” the presentation was changed in the year ended March 31, 2024. The figure of “Reserve for warranty expenses” for the year ended March 31, 2023 has been reclassified to reflect this revision.

*3. All research and development costs are included in selling, general and administrative expenses, and the amounts thereof were as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Research and development costs	127,990 million yen	146,289 million yen

*4. The breakdown of loss on sales and retirement of property, plant and equipment was as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Buildings and structures	1,186 million yen	8,428 million yen
Machinery, equipment and vehicles	3,270 million yen	6,421 million yen
Tools, furniture and fixtures	222 million yen	260 million yen
Other	416 million yen	311 million yen
Total	5,094 million yen	15,420 million yen

*5. Impairment loss

For the year ended March 31, 2023

(1) Overview of asset groups for which an impairment loss was recognized

Purpose of use	Location	Type of assets	Amount
Idle assets (Sales facilities)	Sakai-shi, Osaka	Buildings and structures	35 million yen
		Subtotal	35 million yen
Idle assets (Production facilities)	Fuchu-cho, Aki-gun, Hiroshima, etc.	Machinery, equipment and vehicles	179 million yen
		Other	38 million yen
		Subtotal	217 million yen
Assets to be sold	Kitsuki-shi, Oita, etc.	Buildings and structures	18 million yen
		Land	22 million yen
		Other	4 million yen
		Subtotal	44 million yen
Total			296 million yen

(2) Method of grouping assets

The Group principally groups its assets at each operating company level. Idle assets, assets held for leasing, and assets held for sale, however, are grouped by individual property.

(3) Reason for recognizing impairment loss

For the idle assets and assets to be sold without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable, and the reduction was recognized as an impairment loss.

(4) Method of calculating recoverable amount

The recoverable amounts of the idle assets and assets to be sold are measured at their net realizable value. The net realizable value of land is primarily assessed using the value reasonably calculated based on the roadside land price or on the estimated selling price. The net realizable value of other idle assets is assessed based on the memorandum value of the assets.

For the year ended March 31, 2024

(1) Overview of asset groups for which an impairment loss was recognized

Purpose of use	Location	Type of assets	Amount
Idle assets (Sales facilities)	California, United States, etc.	Buildings and structures Machinery, equipment and vehicles Tools, furniture and fixtures Other	11 million yen 19 million yen 35 million yen 32 million yen
		Subtotal	97 million yen
Idle assets (Production facilities)	Fuchu-cho, Aki-gun, Hiroshima, etc.	Buildings and structures Machinery, equipment and vehicles Land Other	1,059 million yen 4,209 million yen 328 million yen 87 million yen
		Subtotal	5,683 million yen
Assets to be sold	Bangkok, Thailand	Machinery, equipment and vehicles	7 million yen
		Subtotal	7 million yen
Total			5,787 million yen

(2) Method of grouping assets

The Group principally groups its assets at each operating company level. Idle assets, assets held for leasing, and assets held for sale, however, are grouped by individual property.

(3) Reason for recognizing impairment loss

For the idle assets and assets to be sold without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable, and the reduction was recognized as an impairment loss.

(4) Method of calculating recoverable amount

The recoverable amounts of the idle assets and assets to be sold are measured at their net realizable value. The net realizable value of land is primarily assessed using the value reasonably calculated based on the roadside land price or on the estimated selling price. The net realizable value of other idle assets is assessed based on the memorandum value of the assets.

*6. Loss on liquidation of subsidiaries and affiliates

For the year ended March 31, 2023

Loss on liquidation of subsidiaries and affiliates of ¥10,953 million represents the transfer-related costs incurred in connection with the transfer of the entire equity interest in MAZDA SOLLERS Manufacturing Rus LLC, which was accounted for using the equity method, to the joint venture partner SOLLERS PJSC in December 2022. The transfer agreement includes a right for the Company to repurchase its interest, but in view of the current situation in Ukraine and other factors, the Company has no plan to exercise this right at this time.

For the year ended March 31, 2024

No items to disclose.

Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments and tax effects relating to other comprehensive income

	Year ended March 31, 2023	Year ended March 31, 2024
Net unrealized gain/(loss) on available-for-sale securities:		
Amounts arising during the period	(13,583) million yen	81,983 million yen
Reclassification adjustments	– million yen	– million yen
Subtotal before tax	(13,583) million yen	81,983 million yen
Tax effect	4,117 million yen	(24,838) million yen
Balance at end of the period	(9,466) million yen	57,145 million yen
Deferred gains/(losses) on hedges:		
Amounts arising during the period	(3,783) million yen	(362) million yen
Reclassification adjustments	5,567 million yen	599 million yen
Subtotal before tax	1,784 million yen	237 million yen
Tax effect	(543) million yen	(73) million yen
Balance at end of the period	1,241 million yen	164 million yen
Foreign currency translation adjustment:		
Amounts arising during the period	14,371 million yen	35,503 million yen
Adjustments for retirement benefits:		
Amounts arising during the period	18,104 million yen	29,387 million yen
Reclassification adjustments	(5,683) million yen	(1,170) million yen
Subtotal before tax	12,421 million yen	28,217 million yen
Tax effect	(3,782) million yen	(5,275) million yen
Balance at end of the period	8,639 million yen	22,942 million yen
Share of other comprehensive income/(loss) of affiliates accounted for using equity method:		
Amounts arising during the period	7,346 million yen	7,062 million yen
Reclassification adjustments	(905) million yen	(100) million yen
Balance at end of the period	6,441 million yen	6,962 million yen
Total other comprehensive income/(loss)	21,226 million yen	122,716 million yen

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2023

1. Issued shares

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common stock (Thousands of shares)	631,803	–	–	631,803

2. Treasury stock

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common stock (Thousands of shares)	1,938	1	99	1,841

Overview of reasons for change (Thousands of shares)

The breakdown of the increase is as follows:

Acquisition of shares less than one unit upon purchase demand 1

The breakdown of the decrease is as follows:

Disposal due to the exercise of stock options 99

3. Stock acquisition rights

Company name	Details	Class of shares underlying stock options	Number of shares underlying stock options (Shares)				Balance at March 31, 2023 (Millions of yen)
			At beginning of the period	Increase	Decrease	At end of the period	
Reporting company	Stock acquisition rights issued as stock options	–	–	–	–	–	475
Total			–	–	–	–	475

4. Dividends

(1) Dividends paid to shareholders

Resolution	Class of shares	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2022	Common stock	12,597	20.00	March 31, 2022	June 27, 2022
Board of Directors meeting held on November 10, 2022	Common stock	12,599	20.00	September 30, 2022	December 2, 2022

(2) Dividends with the record date within the year ended March 31, 2023, but the effective date falls within the year ended March 31, 2024

Resolution	Class of shares	Source of dividends	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	Retained earnings	15,749	25.00	March 31, 2023	June 28, 2023

For the year ended March 31, 2024

1. Issued shares

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock (Thousands of shares)	631,803	–	–	631,803

2. Treasury stock

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock (Thousands of shares)	1,841	1	114	1,728

Overview of reasons for change (Thousands of shares)

The breakdown of the increase is as follows:

Acquisition of shares less than one unit upon purchase demand 1

The breakdown of the decrease is as follows:

Disposal due to the exercise of stock options 114

3. Stock acquisition rights

Company name	Details	Class of shares underlying stock options	Number of shares underlying stock options (Shares)				Balance at March 31, 2024 (Millions of yen)
			At beginning of the period	Increase	Decrease	At end of the period	
Reporting company	Stock acquisition rights issued as stock options	–	–	–	–	–	471
Total			–	–	–	–	471

4. Dividends

(1) Dividends paid to shareholders

Resolution	Class of shares	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	15,749	25.00	March 31, 2023	June 28, 2023
Board of Directors meeting held on November 7, 2023	Common stock	15,752	25.00	September 30, 2023	December 1, 2023

(2) Dividends with the record date within the year ended March 31, 2024, but the effective date falls within the year ending March 31, 2025

Resolution	Class of shares	Source of dividends	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	Retained earnings	22,053	35.00	March 31, 2024	June 26, 2024

Note: The amount per share includes a special dividend of 5 yen.

Consolidated Statements of Cash Flows

*1. The reconciliation of the ending balance of cash and cash equivalents with the line items presented in the consolidated balance sheets is as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Cash and deposits account	628,098 million yen	818,563 million yen
Time deposits with original maturities that exceed three months	(5) million yen	(3,298) million yen
Securities that are short-term investments with a period of three months or less	89,000 million yen	104,000 million yen
Cash and cash equivalents	717,093 million yen	919,265 million yen

Leases

1. Finance leases

As lessee

Finance leases in which ownership is not transferred to the lessee

(1) Leased assets

Property, plant and equipment:

Mainly sales administration facilities, parts of automobile manufacturing equipment and molds, and electronic calculators

Intangible assets:

Software

(2) Depreciation and amortization methods for leased assets

This information is as stated in "4. Accounting policies, (2) Depreciation and amortization methods for significant non-current assets" under "Material basis of the preparation of consolidated financial statements."

2. Operating leases

As lessee

Future minimum lease payments under non-cancellable operating leases

	As of March 31, 2023	As of March 31, 2024
Current portion	528 million yen	522 million yen
Non-current portion	1,105 million yen	619 million yen
Total	1,633 million yen	1,141 million yen

Financial Instruments

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

The Group finances cash necessary for manufacturing and selling automobiles and parts mainly through bank loans and the issuance of bonds in light of planned capital investment. Temporary surplus funds are managed through investments in low-risk assets. Short-term operating funds are financed mainly through bank loans. Derivative instruments are used to hedge risks, as discussed below, and not to conduct speculative transactions.

(2) Details of financial instruments and the exposures to risk

Trade notes and accounts receivable, while due within one year, are subject to customers' credit risks. Accounts receivable denominated in foreign currencies, which arise from the Group's global business development, are subject to the risk of fluctuations in foreign currency exchange rates; such risk is hedged, in principle, by netting the foreign-currency-denominated accounts receivable against accounts payable and applying forward exchange contracts on the resulting net position. Securities consist mainly of certificates of deposit and other highly-liquid short-term investments. Investment securities consist mainly of stocks of our business partner companies and are subject to the risk of market price fluctuations and other factors. Long-term loans receivable are provided mainly to our business partner companies.

Trade notes and accounts payable, as well as other accounts payable, are due within one year. Of these payables, those denominated in foreign currencies associated with the import of parts and raw materials are subject to the risk of fluctuations in foreign currency exchange rates. However, for the most part, the balance of such payables is constantly less than that of the accounts receivable denominated in the same foreign currency. For other parts, such payables are hedged, as necessary, through forward exchange contracts, considering the transaction amounts and the degree of risk of foreign exchange rate fluctuation.

Loans payable, bonds payable, and lease obligations are mainly used to finance cash required for capital investment. The longest time to maturity of these liabilities is 57 years and 4 months from March 31, 2024 (58 years and 4 months in the year ended March 31, 2023).

Derivative instruments consist of forward exchange contracts used to hedge the risk of future exchange rate fluctuations associated with trade receivables and payables denominated in foreign currencies. For details of hedging instruments and hedged items for hedge accounting, hedging policy, method of assessing hedge effectiveness and other such information, refer to "4.

Accounting policies, (7) Accounting for hedging activities" under "Material basis of the preparation of consolidated financial statements."

(3) Policies and processes for managing risk

(i) Management of credit risks (i.e., risks associated with the default of counterparties)

The Company and its consolidated subsidiaries manage credit risks in compliance with internal control rules and procedures. The due dates and the balances of trade notes, accounts receivable, and loans receivable from major counterparties are regularly monitored and managed by sales management departments in order to detect early and mitigate the risk of doubtful receivables due to deterioration in their financial standing and other factors.

Short-term investments, such as certificates of deposit included in "Securities," and derivative transactions are executed only with banks with high credit ratings. As such, the credit risks of these short-term investments and derivative transactions are considered to be minimal. The credit risks of counterparty financial institutions are reviewed on a quarterly basis.

The amount of maximum risk as of March 31, 2024 is represented by the balance sheet amount of financial assets exposed to credit risks.

(ii) Management of market risks (i.e., risks associated with fluctuations in foreign exchange rates and interest rates)

In principle, the Group hedges the risk of foreign exchange rate fluctuations on foreign-currency-denominated receivables and payables, using forward exchange contracts, on a monthly and individual currency basis. Forward exchange contracts are executed as necessary, up to six months ahead, on foreign-currency-denominated receivables and payables that are expected to arise with certainty as a result of forecasted export and import transactions. The Company and some of its consolidated subsidiaries use interest rate swaps as hedging instruments, as necessary, in order to reduce the risk of interest rate fluctuation on loans payable.

With regard to securities and investment securities, their fair values as well as the financial standing of their issuing entities (business partner companies) are monitored on a regular basis. Ownership of available-for-sale securities are reviewed on a continuous basis taking into account the relationships with the business partner companies.

Derivative transactions are conducted in compliance with internal control rules and procedures that prescribe transaction authority. The policies for derivative transactions of the Group are approved by the Company's Representative Director or Financial Officer. Transactions are approved in advance by either the Company's Financial Services Division General Manager or Treasury Department General Manager. Based on these approvals, the Treasury Department conducts and books the transactions as well as confirms the balance between the counterparty of the derivatives contract. The operation of the transaction is segregated from its clerical administration, in order to maintain internal check within the Treasury Department, and is audited periodically by the Global Auditing Department. Derivative transactions are reported, upon execution, to the Company's Financial Officer, Financial Services Division General Manager, and Treasury Department General Manager. The consolidated subsidiaries also follow internal control rules and procedures pursuant to those of the Company, obtain an approval of the Company, and conduct and manage the transactions according to the approval.

(iii) Management of liquidity risks related to financing (i.e., risks of non-performance of payments on their due dates)

The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule on a timely basis, and the Company maintains a certain level of liquidity at hand in order to respond to sudden changes in external environment. The Company also has systems and procedures in place that allow us to respond flexibly to liquidity risks through managing the funds of the Group and intercompany loans within the Group. In addition, the Company ensures sufficient liquidity by entering into commitment line agreements with domestic financial institutions.

(4) Supplementary explanation on fair values of financial instruments

Since variable factors are incorporated when calculating the fair values of financial instruments, such values may vary depending on the assumptions and variables used in the calculation.

2. Fair values of financial instruments

The carrying values on the consolidated balance sheets, the fair values, and the differences between these amounts, respectively, of financial instruments were as follows. Financial instruments without observable market values are excluded from the following table (refer to Note 1).

As of March 31, 2023

	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
(1) Securities			
Available-for-sale securities	89,000	89,000	–
(2) Investment securities			
Held-to-maturity debt securities	60	60	–
Available-for-sale securities	87,774	87,774	–
(3) Long-term loans receivable (*2)	414		
Allowance for doubtful receivables (*3)	(17)		
	397	397	–
Total assets	177,231	177,231	–
(1) Bonds	50,000	49,678	(322)
(2) Long-term loans payable	544,919	546,775	1,856
(3) Lease obligations	27,716	27,331	(385)
Total liabilities	622,635	623,784	1,149
Derivative instruments: (*4)			
(i) Hedge accounting not applied	(281)	(281)	–
(ii) Hedge accounting applied	(201)	(201)	–
Total derivative instruments	(482)	(482)	–

(*1) "Cash and deposits," "Trade notes and accounts receivable," "Trade notes and accounts payable," "Other accounts payable," and "Short-term loans payable" are excluded from the above table since they are settled in cash within a short period of time, and therefore their carrying amounts approximate fair values.

(*2) The amount presented includes long-term loans receivable due within one year (carrying amount on the consolidated balance sheets: 101 million yen), which are presented on the consolidated balance sheets as part of "Other" in current assets.

(*3) The amount is presented net of allowance for doubtful receivables, which are recorded individually for each long-term loans receivable.

(*4) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ( ).

As of March 31, 2024

	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
(1) Securities			
Available-for-sale securities	104,000	104,000	–
(2) Investment securities			
Held-to-maturity debt securities	60	60	–
Available-for-sale securities	170,094	170,094	–
(3) Long-term loans receivable (*2)	26,253		
Allowance for doubtful receivables (*3)	(15)		
	26,238	26,380	142
Total assets	300,392	300,534	142
(1) Bonds	65,000	64,696	(304)
(2) Long-term loans payable	453,360	453,029	(331)
(3) Lease obligations	27,125	26,898	(227)
Total liabilities	545,485	544,623	(862)
Derivative instruments: (*4)			
(i) Hedge accounting not applied	(132)	(132)	–
(ii) Hedge accounting applied	35	35	–
Total derivative instruments	(97)	(97)	–

(*1) "Cash and deposits," "Trade notes and accounts receivable," "Trade notes and accounts payable," "Other accounts payable," and "Short-term loans payable" are excluded from the above table since they are settled in cash within a short period of time, and therefore their carrying amounts approximate fair values.

(*2) The amount presented includes long-term loans receivable due within one year (carrying amount on the consolidated balance sheets: 7,661 million yen), which are presented on the consolidated balance sheets as part of "Other" in current assets.

(*3) The amount is presented net of allowance for doubtful receivables, which are recorded individually for each long-term loans receivable.

(*4) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ( ).

Note 1: Carrying values of financial instruments without observable market values

(Millions of yen)

Category	As of March 31, 2023	As of March 31, 2024
Available-for-sale securities:		
Non-listed equity securities	1,408	1,923
Investment securities of affiliated companies	125,653	132,301
Total	127,061	134,224

(*) The above financial instruments are excluded from "Assets: (2) Investment securities" in the above tables.

Note 2: Schedule of repayments of monetary receivables and securities with maturities after the consolidated balance sheet date

As of March 31, 2023

	Within 1 year (Millions of yen)	Over 1 year, within 5 years (Millions of yen)	Over 5 years, within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	628,098	–	–	–
Trade notes and accounts receivable	166,921	–	–	–
Securities				
Available-for-sale securities with maturities	89,000	–	–	–
Investment securities				
Held-to-maturity debt securities (bonds)	–	–	–	60
Available-for-sale securities with maturities (bonds)	–	2,839	–	–
Long-term loans receivable	101	242	53	18
Total	884,120	3,081	53	78

As of March 31, 2024

	Within 1 year (Millions of yen)	Over 1 year, within 5 years (Millions of yen)	Over 5 years, within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	818,563	–	–	–
Trade notes and accounts receivable	163,426	–	–	–
Securities				
Available-for-sale securities with maturities	104,000	–	–	–
Investment securities				
Held-to-maturity debt securities (bonds)	–	–	–	60
Available-for-sale securities with maturities (bonds)	–	2,633	–	–
Long-term loans receivable	7,661	18,509	64	19
Total	1,093,650	21,142	64	79

Note 3: Schedule of repayments of short-term loans payable, bonds, long-term loans payable, lease obligations, and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2023

	Within 1 year (Millions of yen)	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	1,460	–	–	–	–	–
Bonds	–	20,000	–	20,000	10,000	–
Long-term loans payable	199,579	94,336	111,629	125,375	14,000	–
Lease obligations (*)	4,190	3,337	2,437	1,741	1,504	2,881
Other interest-bearing debt	1,075	870	870	218	–	–
Total	206,304	118,543	114,936	147,334	25,504	2,881

(*) The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included.

As of March 31, 2024

	Within 1 year (Millions of yen)	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	30,304	–	–	–	–	–
Bonds	20,000	–	20,000	10,000	15,000	–
Long-term loans payable	94,238	111,746	125,376	43,000	54,500	24,500
Lease obligations (*)	4,392	3,676	2,657	2,336	1,557	2,305
Other interest-bearing debt	979	976	264	–	–	–
Total	149,913	116,398	148,297	55,336	71,057	26,805

(*) The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included.

3. Fair value of financial instruments and hierarchy

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement, the financial instrument is classified to the lowest level of the fair value hierarchy.

(1) Financial assets and financial liabilities that are recorded on the consolidated balance sheets at fair value are as follows:

As of March 31, 2023

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities				
Equity securities	83,793	–	–	83,793
Bonds	–	–	2,839	2,839
Other	1,142	–	–	1,142
Total assets	84,935	–	2,839	87,774
Derivative instruments:(*)				
Currency related	–	(482)	–	(482)
Total derivative instruments	–	(482)	–	(482)

(*) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ( ).

As of March 31, 2024

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities				
Equity securities	165,935	–	–	165,935
Bonds	–	–	2,633	2,633
Other	1,526	–	–	1,526
Total assets	167,461	–	2,633	170,094
Derivative instruments:(*)				
Currency related	–	(97)	–	(97)
Total derivative instruments	–	(97)	–	(97)

(*) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ( ).

(2) Financial assets and financial liabilities that are not recorded on the consolidated balance sheets at fair value are as follows:

As of March 31, 2023

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities (other)	–	89,000	–	89,000
Investment securities:				
Held-to-maturity debt securities (bonds)	–	60	–	60
Long-term loans receivable	–	397	–	397
Total assets	–	89,457	–	89,457
Bonds	–	49,678	–	49,678
Long-term loans payable	–	546,775	–	546,775
Lease obligations	–	27,331	–	27,331
Total liabilities	–	623,784	–	623,784

As of March 31, 2024

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities (other)	–	104,000	–	104,000
Investment securities:				
Held-to-maturity debt securities (bonds)	–	60	–	60
Long-term loans receivable	–	26,380	–	26,380
Total assets	–	130,440	–	130,440
Bonds	–	64,696	–	64,696
Long-term loans payable	–	453,029	–	453,029
Lease obligations	–	26,898	–	26,898
Total liabilities	–	544,623	–	544,623

Note 1: Description of the valuation techniques and inputs used to measure fair value

Investment securities

Investments in publicly traded equity securities are actively traded and valued based on their market prices, and their fair values are mainly classified as Level 1 fair values. On the other hand, the fair value of the convertible bonds with stock acquisition rights is classified as Level 3 fair values, and is calculated by applying valuation techniques based on a binomial model with significant unobservable inputs, such as discount rates, using a price obtained from an external valuation expert.

Securities

Securities consist mainly of certificates of deposits of creditworthy financial institutions and are settled within short periods of time, and their carrying amounts approximate their fair values. Accordingly, their fair value is classified as Level 2 fair values, and carrying amounts are used as the fair values of these securities.

Long-term loans receivable

The fair value of long-term loans receivable is calculated by discounting the principal and interest payments to present value, using the imputed interest rate that would be applied for similar new loans. Accordingly, their fair value is classified as Level 2 fair values.

Derivative instruments

The fair value of forward exchange contracts is calculated based on the price presented by financial institutions and is classified as Level 2 fair values.

Bonds

The fair value of bonds issued by the Group is calculated based on the market value (JSDA “Reference Statistical Prices [Yields] for OTC Bond Transactions”) and classified as Level 2 fair values.

Long-term loans payable and finance lease obligations

The fair value of these liabilities is calculated by discounting the principal and interest payments to present value, using the imputed interest rate that would be applied for similar new borrowings or leases. Accordingly, their fair value is classified as Level 2 fair values.

Note 2: Information about Level 3 fair value of financial assets and financial liabilities that are recorded on the consolidated balance sheets at fair value

This note is omitted as it is immaterial.

Securities

1. Held-to-maturity debt securities

As of March 31, 2023

Category	Type of securities	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
Securities whose fair values exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Securities whose fair values do not exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	60	60	–
	(3) Other	–	–	–
	Subtotal	60	60	–
Total		60	60	–

As of March 31, 2024

Category	Type of securities	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
Securities whose fair values exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Securities whose fair values do not exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	60	60	–
	(3) Other	–	–	–
	Subtotal	60	60	–
Total		60	60	–

2. Available-for-sale securities

As of March 31, 2023

Category	Type of securities	Carrying values (Millions of yen)	Acquisition costs (Millions of yen)	Difference (Millions of yen)
Securities whose carrying values exceed their acquisition costs	(1) Equity securities	81,534	52,051	29,483
	(2) Debt securities			
	Bonds	2,839	2,800	39
	Other	–	–	–
	(3) Other	–	–	–
	Subtotal	84,373	54,851	29,522
Securities whose carrying values do not exceed their acquisition costs	(1) Equity securities	2,259	2,621	(362)
	(2) Debt securities			
	Bonds	–	–	–
	Other	–	–	–
	(3) Other	90,142	90,145	(3)
	Subtotal	92,401	92,766	(365)
Total		176,774	147,617	29,157

Note: Non-listed equity securities (carrying value on the consolidated balance sheets: ¥1,408 million) are excluded from "Available-for-sale securities" in the above table as they do not have observable market values and their future cash flows cannot be estimated.

As of March 31, 2024

Category	Type of securities	Carrying values (Millions of yen)	Acquisition costs (Millions of yen)	Difference (Millions of yen)
Securities whose carrying values exceed their acquisition costs	(1) Equity securities	165,935	54,680	111,255
	(2) Debt securities			
	Bonds	–	–	–
	Other	–	–	–
	(3) Other	–	–	–
	Subtotal	165,935	54,680	111,255
Securities whose carrying values do not exceed their acquisition costs	(1) Equity securities	–	–	–
	(2) Debt securities			
	Bonds	2,633	2,800	(167)
	Other	–	–	–
	(3) Other	105,526	105,526	–
	Subtotal	108,159	108,326	(167)
Total		274,094	163,006	111,088

Note: Non-listed equity securities (carrying value on the consolidated balance sheets: ¥1,923 million) are excluded from "Available-for-sale securities" in the above table as they do not have observable market values and their future cash flows cannot be estimated.

3. Available-for-sale securities sold during the years ended March 31, 2023 and 2024

For the year ended March 31, 2023

This information is omitted as it is immaterial.

For the year ended March 31, 2024

This information is omitted as it is immaterial.

Derivative Instruments

1. Derivative transactions to which hedge accounting is not applied

The following tables summarize the contract amount or the principal equivalent amount specified in the contract, fair value, and valuation gain or loss by type of transaction for derivative transactions to which hedge accounting is not applied as of March 31, 2023 and 2024.

The amount in the contract itself does not indicate the market risk related to derivative transactions.

(1) Currency related

As of March 31, 2023

Category	Type of derivative transaction	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)	Valuation gain/(loss) (Millions of yen)
Transactions other than market transactions	Forward exchange contracts				
	Sell:				
	USD	19,339	–	8	8
	EUR	17,107	–	(357)	(357)
	CAD	10,775	–	(70)	(70)
	AUD	7,177	–	11	11
	Buy:				
	THB	7,698	–	127	127
Total		62,096	–	(281)	(281)

As of March 31, 2024

Category	Type of derivative transaction	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)	Valuation gain/(loss) (Millions of yen)
Transactions other than market transactions	Forward exchange contracts				
	Sell:				
	USD	18,021	–	(113)	(113)
	EUR	24,500	–	66	66
	CAD	6,631	–	(66)	(66)
	AUD	5,887	–	(19)	(19)
	Buy:				
	THB	–	–	–	–
Total		55,039	–	(132)	(132)

(2) Interest rate related

No items to disclose.

2. Derivative transactions to which hedge accounting is applied

The following tables summarize the contract amount or the principal equivalent amount specified in the contract and other information by hedge accounting method for derivative transactions to which hedge accounting is applied as of March 31, 2023 and 2024.

The amount in the contract itself does not indicate the market risk related to derivative transactions.

(1) Currency related

As of March 31, 2023

Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)
Principal treatment method	Forward exchange contracts	Trade accounts receivable and payable			
	Sell:				
	USD		5,283	–	(27)
	EUR		2,843	–	(60)
	CAD		2,867	–	(79)
	AUD		3,522	–	(50)
	Buy:				
	THB		1,939	–	15
Total			16,454	–	(201)

As of March 31, 2024

Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)
Principal treatment method	Forward exchange contracts	Trade accounts receivable and payable			
	Sell:				
	USD		6,009	–	(5)
	EUR		–	–	–
	CAD		2,231	–	9
	AUD		1,992	–	31
	Buy:				
	THB		–	–	–
Total			10,232	–	35

(2) Interest rate related

No items to disclose.

Employees' Retirement Benefits

1. Outline of adopted retirement benefit plans

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans to provide for employees' retirement benefits. The defined benefit plans mainly consist of lump-sum plans and defined benefit pension plans (e.g., Mazda Pension Fund). Among the defined benefit pension plans, multi-employer plans for which the amount of plan assets attributable to the company's own contributions cannot be reasonably determined are accounted for in the same way as defined contribution plans.

For defined benefit pension plans and lump-sum plans of some consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated using the simplified method.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

	Year ended March 31, 2023	Year ended March 31, 2024
Retirement benefit obligations at beginning of the period	338,639 million yen	313,785 million yen
Service cost	12,090 million yen	10,963 million yen
Interest cost	3,726 million yen	5,329 million yen
Actuarial differences	(26,800) million yen	(15,412) million yen
Benefits paid	(16,479) million yen	(21,326) million yen
Past service costs	(1,084) million yen	7,921 million yen
Other	3,693 million yen	5,806 million yen
Retirement benefit obligations at end of the period	313,785 million yen	307,066 million yen

Note: The above table includes plans to which the simplified method is applied.

(2) Reconciliation of beginning and ending balances of plan assets

	Year ended March 31, 2023	Year ended March 31, 2024
Plan assets at beginning of the period	313,118 million yen	307,836 million yen
Expected return on plan assets	6,168 million yen	6,461 million yen
Actuarial differences	(9,208) million yen	21,042 million yen
Contributions paid by the employer	7,918 million yen	10,868 million yen
Benefits paid	(12,874) million yen	(15,052) million yen
Other	2,714 million yen	4,424 million yen
Plan assets at end of the period	307,836 million yen	335,579 million yen

Note: The above table includes plans to which the simplified method is applied.

(3) Reconciliation of ending balance of retirement benefit obligations and plan assets to liability and asset for retirement benefits recorded on the consolidated balance sheets

	As of March 31, 2023	As of March 31, 2024
Funded retirement benefit obligations	298,775 million yen	240,533 million yen
Plan assets	(307,836) million yen	(335,579) million yen
	(9,061) million yen	(95,046) million yen
Unfunded retirement benefit obligations	15,010 million yen	66,533 million yen
Total net liability/(asset) for retirement benefits recorded on consolidated balance sheets	5,949 million yen	(28,513) million yen
Liability for retirement benefits	18,238 million yen	67,594 million yen
Asset for retirement benefits	(12,289) million yen	(96,107) million yen
Total net liability/(asset) for retirement benefits recorded on consolidated balance sheets	5,949 million yen	(28,513) million yen

Note: The above table includes plans to which the simplified method is applied.

(4) Retirement benefit expenses and its breakdown

	Year ended March 31, 2023	Year ended March 31, 2024
Service cost	12,090 million yen	10,963 million yen
Interest cost	3,726 million yen	5,329 million yen
Expected return on plan assets	(6,168) million yen	(6,461) million yen
Actuarial differences amortization	(4,514) million yen	691 million yen
Past service costs amortization	(1,169) million yen	(575) million yen
Other	159 million yen	1,443 million yen
Severance and retirement benefit expenses	4,124 million yen	11,390 million yen

Note: The above table includes plans to which the simplified method is applied.

(5) Adjustments for retirement benefits

The breakdown of items of adjustments for retirement benefits (before tax) recognized in other comprehensive income for the years ended March 31, 2023 and 2024 was as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Past service costs	(85) million yen	(8,496) million yen
Actuarial differences	12,506 million yen	36,713 million yen
Total	12,421 million yen	28,217 million yen

(6) Accumulated adjustments for retirement benefits

The breakdown of items of accumulated adjustments for retirement benefits (before tax) recognized in accumulated other comprehensive income as of March 31, 2023 and 2024 was as follows:

	As of March 31, 2023	As of March 31, 2024
Unrecognized past service costs	8,764 million yen	268 million yen
Unrecognized actuarial differences	15,723 million yen	52,436 million yen
Total	24,487 million yen	52,704 million yen

(7) Plan assets

(i) Major components of plan assets

The breakdown of plan assets by major category as of March 31, 2023 and 2024 was as follows:

	As of March 31, 2023	As of March 31, 2024
Debt securities	42%	47%
Equity securities	23%	25%
General accounts of life insurance companies	16%	14%
Other	19%	14%
Total	100%	100%

(ii) Method of determining long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Company considers current and expected allocation of the plan assets, as well as current and expected future long-term returns on various assets constituting the plan assets.

(8) Basis for actuarial assumptions

Major items of actuarial assumptions

	Year ended March 31, 2023	Year ended March 31, 2024
Discount rate	Primarily 1.4%	Primarily 1.8%
Long-term expected rate of return	Primarily 1.5%	Primarily 1.5%

3. Defined contribution plans

For the year ended March 31, 2023

The amount of required contributions to defined contribution plans (including multi-employer defined benefit pension plans accounted for in the same way as defined contribution plans) for the year ended March 31, 2023 was ¥3,677 million.

Information on multi-employer plans under which required contributions are accounted for as retirement benefit expenses is omitted as it is immaterial.

For the year ended March 31, 2024

The amount of required contributions to defined contribution plans (including multi-employer defined benefit pension plans accounted for in the same way as defined contribution plans) for the year ended March 31, 2024 was ¥4,381 million.

Information on multi-employer plans under which required contributions are accounted for as retirement benefit expenses is omitted as it is immaterial.

Stock Options

1. Stock option-related expenses and line items

	Year ended March 31, 2023	Year ended March 31, 2024
Selling, general and administrative expenses	113 million yen	92 million yen

2. Details and number of stock options and changes therein

(1) Details of stock options

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights
Title and number of grantees	Directors of the Company (excluding outside directors): 8 Executive officers: 18	Directors of the Company (excluding outside directors): 8 Executive officers: 21	Directors of the Company (excluding outside directors): 8 Executive officers: 20
Number of stock options by class of shares (Note)	Common stock 68,200 shares	Common stock 72,200 shares	Common stock 89,700 shares
Date of grant	August 22, 2016	August 21, 2017	August 20, 2018
Vesting conditions	No vesting conditions are attached.	Same as left	Same as left
Requisite service period	No requisite service period is specified.	Same as left	Same as left
Exercise period	From August 23, 2016 to August 22, 2046	From August 22, 2017 to August 21, 2047	From August 21, 2018 to August 20, 2048

	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights
Title and number of grantees	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 6 Executive officers and fellow of the Company: 19	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 6 Executive officers and fellow of the Company: 21	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 7 Executive officers and fellow of the Company: 19
Number of stock options by class of shares (Note)	Common stock 104,700 shares	Common stock 223,300 shares	Common stock 124,000 shares
Date of grant	August 20, 2019	August 18, 2020	August 17, 2021
Vesting conditions	No vesting conditions are attached.	Same as left	Same as left
Requisite service period	No requisite service period is specified.	Same as left	Same as left
Exercise period	From August 21, 2019 to August 20, 2049	From August 19, 2020 to August 18, 2050	From August 18, 2021 to August 17, 2051

	2022 Stock Acquisition Rights	2023 Stock Acquisition Rights
Title and number of grantees	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 8 Executive officers and fellow of the Company: 19	Directors of the Company (excluding directors of foreign nationality, directors who are Audit & Supervisory Committee members, and outside directors): 7 Executive officers and fellow of the Company: 19
Number of stock options by class of shares (Note)	Common stock 102,900 shares	Common stock 89,200 shares
Date of grant	August 22, 2022	August 9, 2023
Vesting conditions	No vesting conditions are attached.	No vesting conditions are attached.
Requisite service period	No requisite service period is specified.	No requisite service period is specified.
Exercise period	From August 23, 2022 to August 22, 2052	From August 10, 2023 to August 9, 2053

Note: Converted into number of shares.

(2) Number of stock options and its changes

The following tables summarize information on stock options existed during the year ended March 31, 2024, in which the number of stock options is converted into the number of shares.

(i) Number of stock options

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights	2022 Stock Acquisition Rights
Non-vested (Shares)							
March 31, 2023 – Outstanding	–	–	–	–	–	–	–
Granted	–	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–
March 31, 2024 – Outstanding	–	–	–	–	–	–	–
Vested (Shares)							
March 31, 2023 – Outstanding	29,600	38,000	54,100	71,000	155,300	109,200	102,900
Vested	–	–	–	–	–	–	–
Exercised	9,100	10,400	15,500	17,000	34,500	13,500	14,100
Canceled	–	–	–	–	–	–	–
March 31, 2024 – Outstanding	20,500	27,600	38,600	54,000	120,800	95,700	88,800

	2023 Stock Acquisition Rights
Non-vested (Shares)	
March 31, 2023 – Outstanding	–
Granted	89,200
Forfeited	–
Vested	89,200
March 31, 2024 – Outstanding	–
Vested (Shares)	
March 31, 2023 – Outstanding	–
Vested	89,200
Exercised	–
Canceled	–
March 31, 2024 – Outstanding	89,200

(ii) Price of stock options

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights	2022 Stock Acquisition Rights
Exercise price (Yen)	1	1	1	1	1	1	1
Weighted average stock price at exercise (Yen)	1,512.0	1,512.0	1,512.0	1,512.0	1,512.0	1,512.0	1,512.0
Fair value price at grant date (Yen)	1,327	1,336	1,027	650	415	968	1,099

	2023 Stock Acquisition Rights
Exercise price (Yen)	1
Weighted average stock price at exercise (Yen)	−
Fair value price at grant date (Yen)	1,032

3. Assumptions used to measure the fair value of stock options

The assumptions used to measure the fair value of 2023 Stock Acquisition Rights were as follows:

(1) Valuation technique: Black-Scholes option pricing model

(2) Major basic numerical values and estimation method

		2023 Stock Acquisition Rights
Volatility of stock price	Note 1	37.141%
Estimated remaining outstanding period	Note 2	9 years
Estimated dividend	Note 3	¥45 per share
Risk-free interest rate	Note 4	0.512%

Notes:
1. Calculated based on historical stock prices for the last nine years from August 9, 2014 to August 9, 2023.
2. Estimated based on the average tenure and exercise conditions for directors and executive officers of the Company.
3. Estimated based on actual dividends paid for the year ended March 31, 2023.
4. Refers to the yield of government bonds during the period corresponding to the estimated remaining outstanding period.

4. Method of estimating the number of vested stock options

As it is basically difficult to reasonably estimate the number of stock options to be forfeited in the future, the Company has adopted the method that reflects only the number of stock options forfeited.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities and deferred tax liability related to land revaluation

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets:		
Reserve for warranty expenses	36,695 million yen	49,582 million yen
Unrealized profit on inventories	8,769 million yen	26,163 million yen
Accrued expenses, etc.	24,185 million yen	24,149 million yen
Liability for retirement benefits	6,427 million yen	21,890 million yen
Accrued employees' bonuses	12,818 million yen	14,326 million yen
Inventories, etc.	11,547 million yen	11,775 million yen
Accrued sales incentives	5,289 million yen	11,917 million yen
Provision related to environmental regulations	4,201 million yen	8,544 million yen
Excess of depreciation	3,998 million yen	4,055 million yen
Accrued business tax	919 million yen	4,047 million yen
Impairment loss	981 million yen	1,564 million yen
Asset retirement obligations	1,596 million yen	1,541 million yen
Valuation loss on investment securities, etc.	443 million yen	861 million yen
Other	40,345 million yen	48,885 million yen
Subtotal	158,213 million yen	229,299 million yen
Valuation allowance (Note 1)	(53,239) million yen	(84,510) million yen
Total deferred tax assets	104,974 million yen	144,789 million yen
Deferred tax liabilities:		
Net unrealized gain on available-for-sale securities	(9,005) million yen	(33,885) million yen
Asset for retirement benefits	(10,562) million yen	(30,453) million yen
Retained earnings in subsidiaries and affiliates	(15,575) million yen	(17,743) million yen
Effect of exchange rate fluctuations on foreign subsidiaries	(4,426) million yen	— million yen
Other	(15,654) million yen	(17,269) million yen
Total deferred tax liabilities	(55,222) million yen	(99,350) million yen
Net deferred tax assets	49,752 million yen	45,439 million yen
Deferred tax liability related to land revaluation:		
Deferred tax asset related to land revaluation	548 million yen	548 million yen
Less valuation allowance	(548) million yen	(548) million yen
Deferred tax liability related to land revaluation	(64,434) million yen	(64,345) million yen
Net deferred tax liability related to land revaluation	(64,434) million yen	(64,345) million yen

Notes: 1. Valuation allowance increased by ¥31,292 million. This increase was mainly resulted from the increase in valuation allowance associated with liability for retirement benefits of the Company.

2. From the fiscal year ended March 31, 2024, the traditionally used account "Accrued bonuses and other reserves" is reclassified to present "Reserve for warranty expenses" and "Accrued employees' bonuses" separately for clear disclosure. Furthermore, the reclassified "Accrued bonuses and other reserves" is changed to "Accrued expenses, etc." by adding accrued expenses that were previously included in "Other."

2. Breakdown of major items that caused the significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Valuation allowance	(10.6)%	10.0 %
Retained earnings in subsidiaries and affiliates	1.0 %	0.7 %
Equity in net income of affiliated companies	(2.6)%	(0.9)%
Unrecognized tax effect on unrealized gains	(3.7)%	(2.0)%
Tax credit	(2.0)%	(6.4)%
Other	2.5 %	(2.1)%
Effective tax rate after applying tax effect accounting	15.1 %	29.8 %

3. Accounting for corporation tax and local corporation tax or related tax-effect accounting

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system, and corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (Practical Issues Task Force No. 42, August 12, 2021).

Asset Retirement Obligations

For the year ended March 31, 2023

This information is omitted as the balance of asset retirement obligations as of March 31, 2023 was 1 percent or less of the total liabilities and net assets as of that date and therefore is immaterial.

For the year ended March 31, 2024

This information is omitted as the balance of asset retirement obligations as of March 31, 2024 was 1 percent or less of the total liabilities and net assets as of that date and therefore is immaterial.

Segment Information and its Associated Information

Segment Information

1. Overview of reportable segments

The reportable segments of the Group consist of business components for which separate financial statements are available. The reportable segments are subject to periodical review by Board of Directors meetings for the purpose of making decisions on the distribution of corporate resources and evaluating business performance.

The Group is primarily engaged in the manufacturing and sale of passenger and commercial vehicles. Businesses in Japan are managed by the Company. Businesses in North America are managed by Mazda Motor of America, Inc. and the Company, while businesses in Europe are managed by Mazda Motor Europe GmbH and the Company. Areas other than Japan, North America, and Europe are defined as Other areas. Business deployment in countries in Other areas are managed in an integrated manner by the Company as one management unit.

Accordingly, Mazda Group consists of regional segments based on a system of managing production and sale. As such, Japan, North America, Europe, and Other areas are designated as 4 reportable segments.

2. Calculation methods used for net sales, income or loss, assets, and other items by reportable segment

Accounting policies of the reportable segments are the same as those noted in “Material basis of the preparation of consolidated financial statements.” In addition, inter-segment sales and transfers are based on the current market prices.

3. Net sales, income or loss, assets and other items by reportable segment

For the year ended March 31, 2023

(Millions of yen)

	Reportable segments					Adjustment Note 1	Consolidated Note 2
	Japan	North America	Europe	Other areas	Total		
Net sales:							
External customers	953,929	1,636,023	635,349	601,451	3,826,752	–	3,826,752
Inter-segment sales or transfers	2,240,913	408,020	30,571	54,639	2,734,143	(2,734,143)	–
Total	3,194,842	2,044,043	665,920	656,090	6,560,895	(2,734,143)	3,826,752
Segment income	71,331	38,061	14,920	26,728	151,040	(9,071)	141,969
Segment assets	2,552,277	671,464	267,657	372,176	3,863,574	(604,323)	3,259,251
Other items:							
Depreciation and amortization	59,784	34,846	4,808	6,512	105,950	–	105,950
Investments in affiliated companies on the equity method	33,558	–	–	91,769	125,327	–	125,327
Increase in property, plant and equipment and intangible assets	80,141	10,375	1,195	2,428	94,139	–	94,139

Notes: 1. Notes on adjustment:

(1) The adjustment on segment income is eliminations of inter-segment transactions.

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

2. The segment income is reconciled with the operating income in the consolidated statements of operations for the year ended March 31, 2023.

The segment assets are reconciled with the total assets in the consolidated balance sheets as of March 31, 2023.

For the year ended March 31, 2024

(Millions of yen)

	Reportable segments					Adjustment Note 1	Consolidated Note 2
	Japan	North America	Europe	Other areas	Total		
Net sales:							
External customers	942,619	2,342,380	887,650	655,013	4,827,662	–	4,827,662
Inter-segment sales or transfers	2,925,430	640,795	39,039	77,614	3,682,878	(3,682,878)	–
Total	3,868,049	2,983,175	926,689	732,627	8,510,540	(3,682,878)	4,827,662
Segment income	152,188	87,618	20,273	26,882	286,961	(36,458)	250,503
Segment assets	2,880,242	817,324	351,486	387,741	4,436,793	(645,025)	3,791,768
Other items:							
Depreciation and amortization	63,629	37,161	6,382	6,176	113,348	–	113,348
Investments in affiliated companies on the equity method	36,408	9,439	–	86,121	131,968	–	131,968
Increase in property, plant and equipment and intangible assets	102,808	15,071	1,229	2,235	121,343	–	121,343

Notes: 1. Notes on adjustment:

(1) The adjustment on segment income is eliminations of inter-segment transactions.

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

2. The segment income is reconciled with the operating income in the consolidated statements of operations for the year ended March 31, 2024.

The segment assets are reconciled with the total assets in the consolidated balance sheets as of March 31, 2024.

Associated Information

For the year ended March 31, 2023

1. Information by product or service

This information is omitted as sales to external customers for a single product or service category (manufacturing and sale of automobiles) account for more than 90 percent of net sales in the consolidated statements of operations.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	North America (excluding U.S.A.)	Europe	Other areas	Total
622,949	1,307,219	330,637	639,321	926,626	3,826,752

Note: Sales are categorized by the countries or regions based on the customers' locations.

(2) Property, plant and equipment

(Millions of yen)

Japan	Mexico	North America (excluding Mexico)	Europe	Other areas	Total
908,404	82,962	103,899	21,178	48,163	1,164,606

3. Information by major customer

This information is omitted as no external customers account for 10 percent or more of net sales in the consolidated statements of operations.

For the year ended March 31, 2024

1. Information by product or service

This information is omitted as sales to external customers for a single product or service category (manufacturing and sale of automobiles) account for more than 90 percent of net sales in the consolidated statements of operations.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	North America (excluding U.S.A.)	Europe	Other areas	Total
640,288	1,803,276	541,875	893,318	948,905	4,827,662

Note: Sales are categorized by the countries or regions based on the customers' locations.

(2) Property, plant and equipment

(Millions of yen)

Japan	Mexico	North America (excluding Mexico)	Europe	Other areas	Total
933,897	76,362	108,704	26,828	47,084	1,192,875

3. Information by major customer

This information is omitted as no external customers account for 10 percent or more of net sales in the consolidated statements of operations.

Information about Impairment Loss on Non-current Assets by Reportable Segment

For the year ended March 31, 2023

(Millions of yen)

	Reportable segments				Total
	Japan	North America	Europe	Other areas	
Impairment loss	292	–	–	4	296

For the year ended March 31, 2024

(Millions of yen)

	Reportable segments				Total
	Japan	North America	Europe	Other areas	
Impairment loss	5,694	71	–	22	5,787

Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment

For the year ended March 31, 2023

This information is omitted as it is immaterial.

For the year ended March 31, 2024

This information is omitted as it is immaterial.

Information about Gain Recognized on Negative Goodwill by Reportable Segment

For the year ended March 31, 2023

No items to disclose.

For the year ended March 31, 2024

No items to disclose.

Related Parties

1. Related party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

For the year ended March 31, 2023

No items to disclose.

For the year ended March 31, 2024

<table>
<tr><th>Type</th><th>Name of related party</th><th>Location</th><th>Common stock or investment</th><th>Principal business</th><th>Voting rights ownership (owned) ratio (%)</th><th>Relationship with related party</th><th>Contents of transaction</th><th>Transaction amount (Millions of yen)</th><th>Account title</th><th>Year-end balance (Millions of yen)</th></tr>
<tr><td rowspan="2">Affiliate</td><td rowspan="2">Mazda Toyota Manufacturing, U.S.A., Inc.</td><td rowspan="2">Alabama, U.S.A.</td><td rowspan="2">USD 40</td><td rowspan="2">Production and sale of vehicles</td><td rowspan="2">(Ownership) Direct 50.0</td><td rowspan="2">Dispatch of directors</td><td>Lending of funds (Note)</td><td>103,244</td><td rowspan="2">Loans receivable</td><td rowspan="2">60,645</td></tr>
<tr><td>Collection of loans receivable</td><td>44,053</td></tr>
</table>

Note: Transaction terms and policies on the determination of transaction terms, etc.:

The interest rate applied to lending of funds is reasonably determined in consideration of market interest rates.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

For the year ended March 31, 2023

No items to disclose.

For the year ended March 31, 2024

No items to disclose.

2. Notes to the parent company or principal affiliates

For the year ended March 31, 2023

No items to disclose.

For the year ended March 31, 2024

No items to disclose.

Revenue Recognition

1. Breakdown of revenue

The Group's revenues consist primarily of revenue from contracts with customers, and revenues generated from sources other than contracts with customers are immaterial. The following table shows revenues recognized at a point in time, such as product sales or maintenance services, and revenues recognized over time based on contract period, for each of reportable segments.

For the year ended March 31, 2023

(Millions of yen)

	Reportable segments				
	Japan	North America	Europe	Other areas	Total
Timing of revenue recognition:					
Revenue recognized at a point in time	953,145	1,622,571	634,214	600,907	3,810,837
Revenue recognized over time	784	13,452	1,135	544	15,915
	953,929	1,636,023	635,349	601,451	3,826,752

For the year ended March 31, 2024

(Millions of yen)

	Reportable segments				
	Japan	North America	Europe	Other areas	Total
Timing of revenue recognition:					
Revenue recognized at a point in time	941,562	2,326,416	885,929	654,457	4,808,364
Revenue recognized over time	1,057	15,964	1,721	556	19,298
	942,619	2,342,380	887,650	655,013	4,827,662

2. Basic information for understanding revenue

Basic information for understanding revenue from contracts with customers is provided in "4. Accounting policies, (4) Basis for recognition of significant revenues and expenses" under "Material basis of the preparation of consolidated financial statements."

3. Information for understanding the amount of revenue for the current and subsequent periods

(1) Contract balances

Receivables from contracts with customers and contract liabilities as of March 31, 2023 and 2024 were as follows:

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Receivables from contracts with customers (beginning balance):		
Trade notes	2,893	3,017
Accounts receivable	143,243	163,904
Receivables from contracts with customers (ending balance):		
Trade notes	3,017	3,451
Accounts receivable	163,904	159,975
Contract liabilities (beginning balance):		
Other current liabilities	83,710	99,027
Contract liabilities (ending balance):		
Other current liabilities	99,027	108,057

Notes: 1. Contract liabilities consist mainly of advances received related to product sales and deferred revenue related to Connected Services.

2. Of the amount recognized as revenue for the year ended March 31, 2023, the amount included in the contract liabilities balance at the beginning of the year was ¥49,913 million.

3. Of the amount recognized as revenue for the year ended March 31, 2024, the amount included in the contract liabilities balance at the beginning of the year was ¥55,998 million.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations and its breakdown by period in which revenue is expected to be recognized as of March 31, 2023 and 2024 were as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Within 1 year	23,603	28,082
Over 1 year	37,548	57,363
Total	61,151	85,445

Please note that the above amounts do not include information on remaining performance obligations that have original expected duration of one year or less, applying the practical expedient. There are no material amounts not included in the transaction price in the consideration arising from contracts with customers.

Information on Amounts Per Share of Common Stock

	Year ended March 31, 2023	Year ended March 31, 2024
Net assets per share	2,285.21 yen	2,757.74 yen
Net income per share of common stock (Basic)	226.71 yen	329.65 yen
Net income per share of common stock (Diluted)	226.52 yen	329.38 yen

Notes: 1. The calculation basis of net income per share of common stock is as follows.

		Year ended March 31, 2023	Year ended March 31, 2024
Net income per share of common stock:			
Net income attributable to owners of the parent	(Millions of yen)	142,814	207,696
Amount not attributable to common stock shareholders	(Millions of yen)	–	–
Net income attributable to owners of the parent related to common stock	(Millions of yen)	142,814	207,696
Average number of shares outstanding during the period	(Thousands of shares)	629,950	630,052
Diluted net income per share of common stock:			
Adjustment to net income attributable to owners of the parent	(Millions of yen)	–	–
Increase in common stock	(Thousands of shares)	530	521
[of which stock acquisition rights]	(Thousands of shares)	[530]	[521]
Overview of potentially dilutive common stock not included in the calculation of diluted net income per share because the stock has no dilution effect		–	–

2. The calculation basis of net assets per share of common stock is as follows.

		As of March 31, 2023	As of March 31, 2024
Total net assets	(Millions of yen)	1,456,801	1,757,378
Amount deducted from total net assets	(Millions of yen)	17,203	19,793
[of which stock acquisition rights]	(Millions of yen)	[475]	[471]
[of which non-controlling interests]	(Millions of yen)	[16,728]	[19,322]
Net assets related to common stock	(Millions of yen)	1,439,598	1,737,585
Number of common stock used in the calculation of net assets per share	(Thousands of shares)	629,962	630,075

Significant Subsequent Events

No items to disclose.

(v) Consolidated Supplemental Schedules

Schedule of Bonds Payable

Company name	Description	Date of issue	Balance at April 1, 2023 (Millions of yen)	Balance at March 31, 2024 (Millions of yen)	Annual interest rate (%)	Collateral	Maturity
Mazda Motor Corporation	Unsecured Bond No. 28 (with inter-bond pari passu clause)	December 7, 2017	20,000	20,000 [20,000]	0.300	None	December 6, 2024
Mazda Motor Corporation	Unsecured Bond No. 29 (with inter-bond pari passu clause)	December 7, 2017	10,000	10,000	0.420	None	December 7, 2027
Mazda Motor Corporation	Unsecured Bond No. 30 (with inter-bond pari passu clause)	September 5, 2019	20,000	20,000	0.320	None	September 4, 2026
Mazda Motor Corporation	Unsecured Bond No. 31 (with inter-bond pari passu clause) (Transition Bond)	March 7, 2024	–	15,000	0.867	None	March 7, 2029
Total		–	50,000	65,000 [20,000]	–	–	–

Notes 1. In the “Balance at March 31, 2024” column, the figures shown in [ ] represent amounts to be redeemed within one year.

2. The annual redemption schedule of bonds within five years after the consolidated balance sheet date is as follows:

Within 1 year (Millions of yen)	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)
20,000	–	20,000	10,000	15,000

Schedule of Loans Payable

Category	Balance at April 1, 2023 (Millions of yen)	Balance at March 31, 2024 (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	1,460	30,304	0.29	–
Long-term loans payable due within one year	199,579	94,238	0.49	–
Lease obligations due within one year	4,190	4,392	3.24	–
Long-term loans payable (excluding those due within one year)	345,340	359,122	0.75	April 2025 to July 2081
Lease obligations (excluding those due within one year)	11,900	12,531	3.89	April 2025 to March 2039
Other interest-bearing debt:				
Other accounts payable	1,075	979	1.16	–
“Other” under non-current liabilities (long-term accounts payable)	1,958	1,240	1.16	April 2025 to June 2026
Total	565,502	502,806	–	–

Notes: 1. The average interest rates are the weighted average interest rates on the ending balances of loans payable and others.

2. The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included in “Lease obligations due within one year” or “Lease obligations (excluding those due within one year).”

3. The annual repayment schedule of long-term loans payable, lease obligations and other interest-bearing debt (excluding those due within one year) within five years after the consolidated balance sheet date is as follows:

Category	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)
Long-term loans payable	111,746	125,376	43,000	54,500
Lease obligations	3,675	2,657	2,336	1,557
Other interest-bearing debt	976	264	–	–

Consolidated Supplemental Schedule of Asset Retirement Obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the year ended March 31, 2024 were 1 percent or less of the total beginning and ending balances of liabilities and net assets of the year, respectively.

(2) Other Information

(i) Quarterly information for the year ended March 31, 2024

(Quarterly cumulative period)		1st quarter (Three months ended June 30, 2023)	2nd quarter (Six months ended September 30, 2023)	3rd quarter (Nine months ended December 31, 2023)	Full year (Year ended March 31, 2024)
Net sales	(Millions of yen)	1,090,971	2,317,259	3,566,488	4,827,662
Income before income taxes	(Millions of yen)	63,159	177,228	235,324	298,323
Net income attributable to owners of the parent	(Millions of yen)	37,242	108,132	165,492	207,696
Net income per share of common stock	(Yen)	59.11	171.63	262.67	329.65

(Fiscal period)		1st quarter (from April 1, 2023 to June 30, 2023)	2nd quarter (from July 1, 2023 to September 30, 2023)	3rd quarter (from October 1, 2023 to December 31, 2023)	4th quarter (From January 1, 2024 to March 31, 2024)
Net income per share of common stock	(Yen)	59.11	112.51	91.04	66.98

(ii) Investigation report on applications for type designation submitted to the Ministry of Land, Infrastructure, Transport and Tourism

Under the request issued in January 2024 by the Ministry of Land, Infrastructure, Transport and Tourism to conduct an “Investigation of facts regarding the existence of irregularities in Applications for Type Designation,” the Company investigated all of its 2,403 tests for applications for Type Designation, implemented in the period covered by this investigation.* The investigation results confirmed irregularities in a total of five tests in two test categories, which was reported to the Ministry on May 30, 2024.

* The covered period is 10 years, from January 2014 to January 2024.

In light of the investigation results, shipments of the affected two models that are currently in production have been temporarily suspended since May 30, 2024.

At this point, it is undetermined what impact the suspension of production and shipments related to this issue may have on the consolidated financial statements.

We consider this case as an important matter and are committed to preventing it from happening again in the future under management responsibility.

2. Unconsolidated Financial Statements

(1) Unconsolidated Financial Statements

(i) Unconsolidated Balance Sheets

(Millions of yen)

As of		FY2023 March 31, 2023		FY2024 March 31, 2024
ASSETS				
Current Assets:				
Cash and deposits		375,500		496,807
Accounts receivable - Trade	*1	363,469	*1	341,548
Securities		89,000		104,000
Finished products		69,899		71,324
Work in process		108,616		99,845
Raw materials and supplies		13,965		11,894
Prepaid expenses		7,506		7,999
Accounts receivable - Other	*1	52,466	*1	49,105
Short-term loans receivable	*1, *3	137,007	*1, *3	102,332
Other	*1	49,485	*1	55,993
Allowance for doubtful receivables		(279)		(159)
Total current assets		1,266,634		1,340,688
Non-current Assets:				
Property, plant and equipment:				
Buildings	*2	92,599	*2	94,968
Structures	*2	14,953	*2	15,420
Machinery and equipment	*2	231,442	*2	250,827
Vehicles		4,940		5,949
Tools, furniture and fixtures	*2	21,838	*2	25,194
Land	*2	296,661	*2	296,264
Leased assets		3,303		4,461
Construction in progress		55,962		56,549
Total property, plant and equipment		721,698		749,632
Intangible assets:				
Software		47,732		55,471
Leased assets		1		1
Total intangible assets		47,733		55,472
Investments and other assets:				
Investment securities		84,964		165,122
Stocks of subsidiaries and affiliates		247,928		249,034
Investments in capital of subsidiaries and affiliates		40,766		40,766
Long-term loans receivable from subsidiaries and affiliates	*1	5,958	*1	22,755
Long-term prepaid expenses		19,044		34,513
Prepaid pension cost		–		44,864
Deferred tax assets		28,540		–
Other	*1	4,122	*1	15,256
Total investments and other assets		431,322		572,310
Total non-current assets		1,200,753		1,377,414
Total Assets		2,467,387		2,718,102

(Millions of yen)

As of		FY2023 March 31, 2023		FY2024 March 31, 2024
LIABILITIES				
Current Liabilities:				
Accounts payable - Trade	*1	365,729	*1	328,681
Bonds due within one year		–		20,000
Long-term loans payable due within one year	*2	198,000	*2	93,500
Lease obligations		1,252		1,566
Accounts payable - Other	*1	14,160	*1	16,540
Accrued expenses	*1	84,102	*1	103,521
Income taxes payable		6,656		54,533
Deposit received	*1	59,769	*1	77,321
Reserve for warranty expenses		85,647		128,675
Forward exchange contracts		828		255
Other		5,053		5,851
Total current liabilities		821,196		830,443
Non-current Liabilities:				
Bonds		50,000		45,000
Long-term loans payable	*2	343,500	*2	358,000
Lease obligations		2,522		3,540
Deferred tax liability		–		3,937
Deferred tax liability related to land revaluation		64,434		64,345
Provision related to environmental regulations		13,792		28,049
Reserve for retirement benefits		21,196		61,807
Reserve for loss on business of subsidiaries and affiliates		19,532		20,697
Long-term guarantee deposited	*1	5,777	*1	6,186
Asset retirement obligations		3,976		3,777
Other		2,742		11,401
Total non-current liabilities		527,471		606,739
Total Liabilities		1,348,667		1,437,182
NET ASSETS				
Capital and Retained Earnings:				
Common stock		283,957		283,957
Capital surplus				
Capital reserve		193,847		193,847
Other capital surplus		73,757		73,729
Total capital surplus		267,604		267,576
Retained earnings				
Other earned surplus				
Unappropriated retained earnings		403,144		509,578
Total retained earnings		403,144		509,578
Treasury stock		(1,990)		(1,868)
Total capital and retained earnings		952,715		1,059,243
Valuation and Translation Adjustments:				
Net unrealized gain/(loss) on available-for-sale securities		20,368		76,083
Deferred gains/(losses) on hedges		(140)		24
Land revaluation		145,302		145,099
Total valuation and translation adjustments		165,530		221,206
Stock Acquisition Rights		475		471
Total Net Assets		1,118,720		1,280,920
Total Liabilities and Net Assets		2,467,387		2,718,102

(ii) Unconsolidated Statements of Operations

(Millions of yen)

For the years ended		FY2023 March 31, 2023		FY2024 March 31, 2024
Net sales	*1	3,000,360	*1	3,636,113
Cost of sales	*1	2,579,670	*1	3,066,966
Gross profit		420,690		569,147
Selling, general and administrative expenses	*1, *2	371,862	*1, *2	436,845
Operating income		48,828		132,302
Non-operating income				
Interest income	*1	8,665	*1	17,113
Interest income of securities		10		22
Dividends income	*1	21,148	*1	26,501
Rental income	*1	4,331	*1	4,305
Foreign exchange gain		27,113		52,068
Other		917		1,885
Total		62,184		101,894
Non-operating expenses				
Interest expense	*1	4,122	*1	4,988
Interest paid on bonds		166		174
Other		4,133		2,479
Total		8,421		7,641
Ordinary income		102,591		226,555
Extraordinary income				
Gain on sales of property, plant and equipment		10		14
Gain on reversal of reserve for loss on business of subsidiaries and affiliates		1,111		–
Other		54		–
Total		1,175		14
Extraordinary losses				
Loss on sales of property, plant and equipment		255		5
Loss on retirement of property, plant and equipment		4,359		14,774
Impairment loss		217		5,683
Reserve for loss on business of subsidiaries and affiliates	*3	10,215		–
Loss on liquidation of subsidiaries and affiliates		–		2,098
Other		67		675
Total		15,113		23,235
Income before income taxes		88,653		203,334
Income taxes				
Current		8,585		57,692
Deferred		(9,703)		7,911
Total		(1,118)		65,603
Net income		89,771		137,731

(iii) Unconsolidated Statements of Changes in Net Assets

For the year ended March 31, 2023

(Millions of yen)

	Capital and Retained Earnings						
		Capital surplus			Retained earnings		
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Other earned surplus: Unappropriated retained earnings	Total retained earnings	Treasury stock
Balance at April 1, 2022	283,957	193,847	73,786	267,633	338,335	338,335	(2,095)
Changes during the period:							
Dividends paid					(25,197)	(25,197)	
Net income					89,771	89,771	
Purchase of treasury stock							(2)
Sale of treasury stock			(29)	(29)			107
Reversal for land revaluation					234	234	
Changes in items other than capital and retained earnings, net							
Total changes during the period	–	–	(29)	(29)	64,809	64,809	105
Balance at March 31, 2023	283,957	193,847	73,757	267,604	403,144	403,144	(1,990)

	Capital and Retained Earnings	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Total Capital and Retained Earnings	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
Balance at April 1, 2022	887,830	29,793	(1,381)	145,536	173,948	440	1,062,218
Changes during the period:							
Dividends paid	(25,197)						(25,197)
Net income	89,771						89,771
Purchase of treasury stock	(2)						(2)
Sale of treasury stock	78						78
Reversal for land revaluation	234						234
Changes in items other than capital and retained earnings, net		(9,425)	1,241	(234)	(8,418)	35	(8,383)
Total changes during the period	64,885	(9,425)	1,241	(234)	(8,418)	35	56,502
Balance at March 31, 2023	952,715	20,368	(140)	145,302	165,530	475	1,118,720

For the year ended March 31, 2024

(Millions of yen)

	Capital and Retained Earnings						
	Common stock	Capital surplus			Retained earnings		Treasury stock
		Capital reserve	Other capital surplus	Total capital surplus	Other earned surplus: Unappropriated retained earnings	Total retained earnings	
Balance at April 1, 2023	283,957	193,847	73,757	267,604	403,144	403,144	(1,990)
Changes during the period:							
Dividends paid					(31,501)	(31,501)	
Net income					137,731	137,731	
Purchase of treasury stock							(2)
Sale of treasury stock			(28)	(28)			124
Reversal for land revaluation					204	204	
Changes in items other than capital and retained earnings, net							
Total changes during the period	–	–	(28)	(28)	106,434	106,434	122
Balance at March 31, 2024	283,957	193,847	73,729	267,576	509,578	509,578	(1,868)

	Capital and Retained Earnings	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Total Capital and Retained Earnings	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
Balance at April 1, 2023	952,715	20,368	(140)	145,302	165,530	475	1,118,720
Changes during the period:							
Dividends paid	(31,501)						(31,501)
Net income	137,731						137,731
Purchase of treasury stock	(2)						(2)
Sale of treasury stock	96						96
Reversal for land revaluation	204						204
Changes in items other than capital and retained earnings, net		55,715	164	(204)	55,675	(4)	55,671
Total changes during the period	106,528	55,715	164	(204)	55,675	(4)	162,199
Balance at March 31, 2024	1,059,243	76,083	24	145,099	221,206	471	1,280,920

Notes to the Unconsolidated Financial Statements

Assumptions as Going Concern

No items to disclose.

Important Accounting Policies

1. Valuation standards and methods for assets
   (1) Valuation standards and methods for securities
   (i) Held-to-maturity debt securities:
   Amortized cost method (straight-line method)
   (ii) Stocks of subsidiaries and affiliates:
   Stated at cost on a historical cost basis, based on a moving average method.
   (iii) Available-for-sale securities:

Other than shares without market value:	Stated at fair value (Net unrealized gains/losses are reported within net assets. Costs of securities sold are calculated mainly using a moving average method.)
Shares without market value:	Stated at cost on a historical cost basis, based on a moving average method.

   (2) Valuation standards and methods for derivatives:
   Mainly a fair value method

   (3) Valuation standards and methods for inventories:
   Stated on a historical cost basis based on a weighted average method. (The carrying value on the unconsolidated balance sheets is determined by the lower of cost or net realizable value.)

2. Depreciation and amortization methods for non-current assets
   (1) Property, plant and equipment (excluding leased assets):
   Mainly depreciated using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.

   (2) Intangible assets (excluding leased assets):
   Software is amortized on a straight-line basis over the available period of internal use, i.e., 5 years.

   (3) Leased assets:
   For finance leases which do not transfer ownership, depreciation or amortization expense is recognized on a straight-line basis over the lease period.
   For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

3. Standards for allowances
   (1) Allowance for doubtful receivables
   Allowance for doubtful receivables provides for losses from bad debts. The amount estimated to be uncollectible is recorded. For receivables at an ordinary risk, the amount is based on the past default ratio, and for receivables at a high risk, the amount is calculated in consideration of the collectibility of individual receivables.
   (2) Reserve for warranty expenses
   Reserve for warranty expenses provides for after-sales expenses of products (vehicles). In accordance with the coverage of the warranty booklet and relevant laws and regulations, the amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects and expected reimbursements into consideration.
   (3) Provision related to environmental regulations
   Provision related to environmental regulations provides for the estimated costs of complying with environmental regulations at the end of the fiscal year.

(4) Reserve for retirement benefits

To provide for the payment of employees' retirement benefits, the Company makes a provision for retirement benefits based on the estimated amounts of the projected benefit obligation and the pension plan assets at the end of the fiscal year.

(i) Method of attributing expected benefit to periods

In calculating the retirement benefit obligations, the method of attributing expected benefit to the accounting period is based on a benefit formula basis.

(ii) Method of amortization of actuarial gains or losses and past service cost

The recognition of actuarial differences is deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (13 years). The amortization of net gains or losses starts from the year immediately following the year in which such gains or losses arise.

The recognition of past service costs is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (12 years).

(5) Reserve for loss on business of subsidiaries and affiliates

Reserve for loss on business of subsidiaries and affiliates provides for losses from business of subsidiaries and affiliates. The amount is estimated in consideration of the financial positions and other conditions of the subsidiaries and affiliates.

4. Basis for recognition of revenues and expenses

Our main business is the manufacturing and sale of automobiles and parts, as well as the provision of Connected Services. For product sales, the revenue is recognized when control over the products is transferred and the performance obligation is satisfied. This transfer generally takes place when the product is delivered to the customer at a location agreed with the customer. Connected Services, etc. are treated as a separate performance obligations from the delivery of the product, and the performance obligation is satisfied and the revenue is recognized over the period the service is provided.

Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The total consideration of the contract is allocated to all products and services based on their standalone selling prices. These standalone selling prices are determined with reference to the selling prices of similar products or services, or other reasonably available information.

The Company provides dealers with sales incentives calculated based on sales promotion programs, which generally represent discount from the Company to dealers. This sales incentive is deducted from the revenue recognized when the applicable product is delivered to the dealers.

The consideration for the product is usually collected from customers within 30 days from the time when revenue is recognized, and the consideration for the service is collected from customers within 30 days from the time when the service is provided, and there are no significant payment terms.

5. Other accounting treatments

(1) Treatment of hedge accounting

(i) Method of hedge accounting

Full-deferral hedge accounting is applied.

For certain interest rate swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the interest rate swap contract was executed.

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contracts	Foreign currency-denominated transactions planned in the future
Interest rate swap contracts	Long-term loans payable

(iii) Hedging policy

The Company adopts a policy aimed at avoiding foreign exchange risk and interest rate risk and at determining cash flows. The Group does not engage in speculative transactions as a matter of policy, limiting the transaction amount to actual demand.

(iv) Method of assessing hedge effectiveness

As the important conditions concerning the hedging instrument and the hedged item are the same, it is expected that the effects of currency and interest rate fluctuations will be canceled or restricted to a certain extent at the beginning of the hedge and continuing thereafter. Therefore, judgment on the effectiveness of hedging is omitted.

(2) Accounting treatment for retirement benefits

In the unconsolidated financial statements, the accounting treatment for actuarial differences and unrecognized past service costs for retirement benefits differ from the accounting treatment for these in the consolidated financial statements.

(3) Any non-deductible consumption taxes associated with asset purchases

Any non-deductible consumption taxes associated with asset purchases are recorded as an expense during the fiscal year.

Significant Accounting Estimates

Accounting estimates are calculated based on the information available at the time of the preparation of the unconsolidated financial statements. Accounting estimates that are recorded in the unconsolidated financial statements for the current fiscal year and have a risk of a material effect on unconsolidated financial statements for the next fiscal year are as follows:

Reserve for Warranty Expenses

(1) Amounts reported in the unconsolidated financial statements were as follows:

	As of March 31, 2023	As of March 31, 2024
Reserve for warranty expenses	85,647 million yen	128,675 million yen

(2) Other information that assists readers of unconsolidated financial statements in understanding the nature of the estimates

This information is identical to the content provided in “Reserve for Warranty Expenses” under the Notes to the Consolidated Financial Statements “Significant Accounting Estimates.”

Unconsolidated Balance Sheets

*1. Major monetary receivables from and payables to subsidiaries and affiliates were as follows:

	As of March 31, 2023	As of March 31, 2024
Short-term receivables	453,515 million yen	420,048 million yen
Long-term receivables	5,984 million yen	22,765 million yen
Short-term payables	132,167 million yen	175,991 million yen
Long-term payables	2,836 million yen	2,991 million yen

*2. Assets pledged as collateral and liabilities secured by the collateral

(1) Assets pledged as collateral (carrying amounts at end of the period)

	As of March 31, 2023	As of March 31, 2024
Factory foundation mortgage		
Buildings	54,525 million yen	56,452 million yen
Structures	5,369 million yen	5,879 million yen
Machinery and equipment	145,150 million yen	150,592 million yen
Tools, furniture and fixtures	10,436 million yen	11,990 million yen
Land	163,127 million yen	163,127 million yen
Total	378,607 million yen	388,040 million yen

(2) Liabilities secured by the collateral

	As of March 31, 2023	As of March 31, 2024
Factory foundation mortgage		
Long-term loans payable (including those due within one year)	2,000 million yen	2,000 million yen

*3. Loan commitments

The Company has entered into loan agreements with credit limits with its consolidated subsidiaries. The balances of undrawn loans under these agreements as of March 31, 2023 and 2024 were as follows:

		As of March 31, 2023	As of March 31, 2024
Yen:	Total credit limit	75,338 million yen	75,338 million yen
	Drawn loans	27,455 million yen	2,938 million yen
	Undrawn loans	47,883 million yen	72,400 million yen
U.S. dollar:	Total credit limit	1,200 million USD	1,200 million USD
	Drawn loans	– million USD	– million USD
	Undrawn loans	1,200 million USD	1,200 million USD
Euro:	Total credit limit	400 million EUR	400 million EUR
	Drawn loans	– million EUR	– million EUR
	Undrawn loans	400 million EUR	400 million EUR
Canadian dollar:	Total credit limit	300 million CAD	300 million CAD
	Drawn loans	– million CAD	– million CAD
	Undrawn loans	300 million CAD	300 million CAD
Australian dollar:	Total credit limit	300 million AUD	300 million AUD
	Drawn loans	– million AUD	– million AUD
	Undrawn loans	300 million AUD	300 million AUD

4. Contingent liabilities for guarantee and similar agreements

Guarantees of loans and similar agreements were as follows:

As of March 31, 2023		As of March 31, 2024	
Minami Kyushu Mazda Co., Ltd.	– million yen	Minami Kyushu Mazda Co., Ltd.	1,820 million yen
Kanto Mazda Co., Ltd.	– million yen	Kanto Mazda Co., Ltd.	1,770 million yen
Tohoku Mazda Co., Ltd.	– million yen	Tohoku Mazda Co., Ltd.	1,680 million yen
Mazda Motor of America, Inc.	2,237million yen	Mazda Motor of America, Inc.	– million yen
Others	49 million yen	Others	46 million yen
Total	2,286 million yen	Total	5,316 million yen

Unconsolidated Statements of Operations

*1. Amounts of transactions with subsidiaries and affiliates were as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Operating transactions:		
Net sales	2,531,291 million yen	3,192,931 million yen
Purchase	630,121 million yen	868,249 million yen
Selling, general and administrative expenses	65,672 million yen	71,580 million yen
Non-operating transactions	27,970 million yen	36,795 million yen

*2. The major items and amounts included in "Selling, general and administrative expenses" and their approximate composition were as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Freight and packing expenses	94,522 million yen	85,269 million yen
Reserve for warranty expenses	57,449 million yen	89,154 million yen
Salaries and wages	22,405 million yen	24,373 million yen
Research and development costs	127,744 million yen	146,052 million yen
Depreciation and amortization	11,256 million yen	12,032 million yen
Provision related to environmental regulations	13,792 million yen	14,257 million yen
Approximate composition:		
Selling expenses	46%	45%
General and administrative expenses	54%	55%

*3. Loss on liquidation of subsidiaries and affiliates

For the year ended March 31, 2023

Loss on liquidation of subsidiaries and affiliates of ¥10,215 million represents the transfer-related costs incurred in connection with the transfer of the entire equity interest in MAZDA SOLLERS Manufacturing Rus LLC, which was accounted for using the equity method, to the joint venture partner SOLLERS PJSC in December 2022. The transfer agreement includes a right for the Company to repurchase its interest, but in view of the current situation in Ukraine and other factors, the Company has no plan to exercise this right at this time.

For the year ended March 31, 2024

No items to disclose.

Securities

Among the stocks of subsidiaries and affiliates, there were no securities other than shares that do not have a market value.

Note: Carrying values of stocks of subsidiaries and affiliates that do not have a market value

(Millions of yen)

Category	As of March 31, 2023	As of March 31, 2024
(1) Stocks of subsidiaries	195,789	195,109
(2) Stocks of affiliates	52,139	53,925
	247,928	249,034

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities and deferred tax liability related to land revaluation

	As of March 31, 2023	As of March 31, 2024
Deferred taxes assets:		
Valuation loss on investment securities	46,160 million yen	46,553 million yen
Reserve for warranty expenses	26,088 million yen	39,194 million yen
Accrued expenses, etc.	23,150 million yen	23,349 million yen
Reserve for retirement benefits	6,456 million yen	18,827 million yen
Inventories, etc.	11,271 million yen	11,082 million yen
Provision related to environmental regulations	4,201 million yen	8,544 million yen
Accrued employees' bonuses	6,123 million yen	6,778 million yen
Reserve for loss on business of subsidiaries and affiliates	5,949 million yen	6,304 million yen
Others	12,005 million yen	16,411 million yen
Subtotal	141,403 million yen	177,042 million yen
Valuation allowance	(103,854) million yen	(133,917) million yen
Total deferred tax assets	37,549 million yen	43,125 million yen
Deferred tax liabilities:		
Net unrealized gain on available-for-sales securities	(8,921) million yen	(33,326) million yen
Prepaid pension cost	– million yen	(13,666) million yen
Asset retirement cost corresponding to asset retirement obligations	(88) million yen	(59) million yen
Others	– million yen	(11) million yen
Total deferred tax liabilities	(9,009) million yen	(47,062) million yen
Net deferred tax assets	28,540 million yen	(3,937) million yen
Deferred tax liabilities related to land revaluation:		
Deferred tax assets related to land revaluation	548 million yen	548 million yen
Less valuation allowance	(548) million yen	(548) million yen
Deferred tax liabilities related to land revaluation	(64,434) million yen	(64,345) million yen
Net deferred tax liability related to land revaluation	(64,434) million yen	(64,345) million yen

2. Breakdown of major items that caused the significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2023	As of March 31, 2024
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Valuation allowance	(20.4)%	15.4 %
Income not taxable for income tax purposes (e.g., dividends income)	(6.3)%	(3.4)%
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.1 %	0.1 %
Tax credit	(3.8)%	(9.3)%
Foreign withholding tax	1.5 %	0.1 %
Other	(2.9)%	(1.1)%
Effective tax rate after applying tax effect accounting	(1.3)%	32.3 %

3. Accounting for corporation tax and local corporation tax or related tax-effect accounting

The Company has adopted the group tax sharing system, and corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (Practical Issues Task Force No. 42, August 12, 2021).

Revenue Recognition

Notes on basic information for understanding revenue from contracts with customers are omitted as the details are identical to the content provided in “4. Basis for recognition of revenues and expenses” under “Important Accounting Policies.”

Significant Subsequent Events

No items to disclose.

(iv) Unconsolidated Supplemental Schedules

Detailed Schedule of Property, Plant and Equipment, etc.

(Millions of yen)

Category	Type of assets	Balance at April 1, 2023	Increase during the period	Decrease during the period	Depreciation and amortization for the period	Balance at March 31, 2024	Accumulated depreciation
Property, plant and equipment	Buildings	314,553	9,775	3,771 [1,042]	6,208	320,558	225,590
	Structures	64,451	1,859	355 [17]	1,347	65,955	50,536
	Machinery and equipment	761,537	44,851	26,558 [4,194]	20,496	779,830	529,003
	Vehicles	15,189	2,325	600 [14]	1,256	16,914	10,965
	Tools, furniture and fixtures	143,106	11,698	4,558 [73]	8,185	150,246	125,052
	Land	296,661 «209,737»	4	401 [328] «293»	–	296,264 «209,444»	–
	Leased assets	5,691	2,436	1,143 [–]	1,278	6,984	2,523
	Construction in progress	55,962	71,085	70,497 [–]	–	56,549	–
	Total	1,657,151 «209,737»	144,033	107,883 [5,668] «293»	38,770	1,693,300 «209,444»	943,669
Intangible assets	Software	82,619	20,948	8,534 [15]	12,825	95,034	39,563
	Leased assets	1	–	– [–]	0	1	0
	Total	82,620	20,948	8,534 [15]	12,826	95,035	39,563

Notes: 1. The figures shown in [ ] for "Decrease during the period" represent the amount of impairment loss recognized.

2. The figures shown in « » for "Balance at April 1,2023," "Decrease during the period," and "Balance at March 31, 2024" of land represent differences with the carrying amount before the revaluation of land for business use performed in accordance with the Partial Revision of the Act on Revaluation of Land (Act No. 19, enacted on March 31, 2001).

3. The major components of the increase during the period were as follows:

(1) Construction in progress:	Machinery and equipment-related	47,784 million yen	Tools, furniture and fixtures-related	10,240 million yen
	Buildings-related	10,151 million yen	Other	2,910 million yen
(2) Machinery and equipment:	Chassis production facilities	14,036 million yen	Engine and transmission production facilities	11,180 million yen
	Painting and assembly facilities	7,220 million yen	Melting and casting facilities	5,005 million yen
	Plant ancillary facilities	1,917 million yen		

4. The major components of the decrease during the period were as follows:

(1) Construction in progress:	Machinery and equipment-related	47,660 million yen	Buildings-related	10,363 million yen
	Tools, furniture and fixtures-related	9,439 million yen		
(2) Machinery and equipment:	Engine and transmission production facilities	11,695 million yen	Melting and casting facilities	4,369 million yen
	Painting and assembly facilities	4,234 million yen	Research and development facilities	2,564 million yen
	Chassis production facilities	1,507 million yen		

5. The figures for "Balances at April 1, 2023" and "Balance at March 31, 2024" are stated at acquisition price.

Detailed Schedule of Allowances

(Millions of yen)

Line item	Balance at April 1, 2023	Increase during the period	Decrease during the period	Balance at March 31, 2024
Allowance for doubtful receivables	279	–	120	159
Reserve for warranty expenses	85,647	89,154	46,126	128,675
Provision related to environmental regulations	13,792	14,257	–	28,049
Reserve for loss on business of subsidiaries and affiliates	19,532	2,099	934	20,697

(2) Components of Major Assets and Liabilities

This information is omitted as the Company has prepared the consolidated financial statements.

(3) Other Information

Investigation report on applications for type designation submitted to the Ministry of Land, Infrastructure, Transport and Tourism

Under the request issued in January 2024 by the Ministry of Land, Infrastructure, Transport and Tourism to conduct an "Investigation of facts regarding the existence of irregularities in Applications for Type Designation," the Company investigated all of its 2,403 tests for applications for Type Designation, implemented in the period covered by this investigation*. The investigation results confirmed irregularities in a total of five tests in two test categories, which was reported to the Ministry on May 30, 2024.

* The covered period is 10 years, from January 2014 to January 2024.

In light of the investigation results, shipments of the affected two models that are currently in production have been temporarily suspended since May 30, 2024.

At this point, it is undetermined what impact the suspension of production and shipments related to this issue may have on the unconsolidated financial statements.

We consider this case as an important matter and are committed to preventing it from happening again in the future under management responsibility.

VI. Information on Transfer and Repurchase of the Company's Stock

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares less than one unit	
Handling office	(Special account) Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited 4-5-33, Kitahama, Chuo-ku, Osaka-shi
Transfer agent	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	–
Purchase or additional purchase fee	Free of charge
Method of public notice	The method of public notice by the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun. The URL for public notice by the Company is as follows: https://www.mazda.com/
Special benefits for shareholders	None

VII. Reference Information on the Company

1. Information on the Parent Company or Equivalent of the Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities report, the Company has filed the following documents:

(i)	Annual Securities Report, attached document thereto and Confirmation Letter	For the 157th fiscal year	From April 1, 2022 to March 31, 2023	Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023
(ii)	Internal Control Report and attached document thereto	For the 157th fiscal year	From April 1, 2022 to March 31, 2023	Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023
(iii)	Quarterly Securities Report and Confirmation Letter	For the first quarter of the 158th fiscal year	From April 1, 2023 to June 30, 2023	Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2023
		For the second quarter of the 158th fiscal year	From July 1, 2023 to September 30, 2023	Filed with the Director-General of the Kanto Local Finance Bureau on November 10, 2023
		For the third quarter of the 158th fiscal year	From October 1, 2023 to December 31, 2023	Filed with the Director-General of the Kanto Local Finance Bureau on February 13, 2024
(iv)	Extraordinary Report	Extraordinary Report prepared pursuant to the provisions of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs		Filed with the Director-General of the Kanto Local Finance Bureau on June 29, 2023
		Extraordinary Report prepared pursuant to the provisions of Article 19, Paragraph 1 and Paragraph 2, Item 2-2 (Issuance of stock acquisition rights as stock options) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs		Filed with the Director-General of the Kanto Local Finance Bureau on July 21, 2023
(v)	Amendment to Extraordinary Report	Amendment to the Extraordinary Report filed on July 21, 2023		Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2023
(vi)	Shelf Registration Statement (stock or bond certificate, etc.) and attached document thereto			Filed with the Director-General of the Kanto Local Finance Bureau on February 9, 2024
(vii)	Supplementary Documents to Shelf Registration Statement (stock or bond certificate, etc.)			Filed with the Director-General of the Chugoku Local Finance Bureau on March 1, 2024

Part II Information on Guarantors for the Company

No items to disclose.

[Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 25, 2024

To the Board of Directors of Mazda Motor Corporation:

KPMG AZSA LLC
Hiroshima Office, Japan

Designated Limited Liability Partner
Engagement Partner — Hiroshi Tawara
Certified Public Accountant

Designated Limited Liability Partner
Engagement Partner — Koji Yoshida
Certified Public Accountant

Designated Limited Liability Partner
Engagement Partner — Kazumi Kanehara
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mazda Motor Corporation. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Company's Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2024 and the consolidated statement of operations and comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and material basis of the preparation of consolidated financial statements, other notes and consolidated supplemental schedules, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Reasonableness of management's estimates of the reserve for warranty expenses related to recall and other repair costs at the Company</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As described in the Notes to the Consolidated Financial Statements "Significant Accounting Estimates" under "Reserve for Warranty Expenses," a reserve for warranty expenses of ¥156,383 million was recorded in the Group's consolidated balance sheet as of March 31, 2024, of which the reserve for warranty expenses related to recall and other repair costs is calculated by deducting the expected reimbursement amounts to be recovered by the suppliers from the repair costs expected to be incurred in the future related to recall and other repair costs.

The repair costs expected to be incurred in the future related to recalls and other repair costs are calculated by multiplying the number of vehicles covered under the warranty and the repair cost per vehicle estimated based on the historical information including the number of vehicles sold and the actual repair costs. In addition, the reimbursement rate for calculating the expected reimbursement amounts to be recovered by the supplier is estimated based on the analysis of the causes of defects resulting in such a recall and the status of negotiations with suppliers.

Since the estimation of the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate used in the calculation of reserve for warranty expenses is subject to significant management judgment, its evaluation required a high level of judgment in the audit.

We, therefore, determined that our assessment of the reasonableness of the estimates of the reserve for warranty expenses related to recall and other repair costs was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</td>
<td>The primary procedures we performed to assess the reasonableness of the estimates of the reserve for warranty expenses related to recall and other repair costs included the following:

(1) Internal control testing
We tested the design and operating effectiveness of certain of the Company's internal controls over the estimates of the reserve for warranty expenses related to recall and other repair costs, including those over the assumptions of the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate.

(2) Assessment of the assumptions used for estimating the reserve for warranty expenses related to recall and other repair costs
● We inquired of the relevant departments' personnel and inspected the minutes and supporting documents to evaluate the appropriateness of the methods used to estimate the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate;
● We agreed underlying data used for estimating the number of vehicles covered under the warranty and the repair cost per vehicle with the supporting documents and examined their consistency;
● We assessed the consistency of the assumptions used to estimate the reimbursement rate with management's expectations of reimbursement and its negotiation policy by inspecting the analysis of the causes of the recalls and the records of negotiations with suppliers;
● We compared the assumptions used in the prior year estimates to the actual results to evaluate the appropriateness of the estimates of the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate used in the prior year, and assessed the causes of any variances;
● We assessed whether any revisions to the assumptions used to estimate the future repair costs were necessary by performing data analytics of comparing actual repair costs of each recall against the respective reserve balances; and
● We assessed the completeness of the repair costs based on the events, including recalls identified, after the end of the current fiscal year through the auditor's report date.</td></tr>
</table>

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.

- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Mazda Motor Corporation. as at March 31, 2024, in accordance with Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2024, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<u>Fee-related Information</u>

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Group are described in Corporate Governance, (3) Audits included in "Corporate Information."

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

※ 1. The original copy of the above Independent Auditor's Report is in the custody of the Company (the submitter of this Annual Securities Report).
2. The XBRL data is not included in the scope of the audit.

[Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

Independent Auditor's Report

June 25, 2024

To the Board of Directors of Mazda Motor Corporation:

KPMG AZSA LLC
Hiroshima Office, Japan

Designated Limited Liability Partner
Engagement Partner Hiroshi Tawara
Certified Public Accountant

Designated Limited Liability Partner
Engagement Partner Koji Yoshida
Certified Public Accountant

Designated Limited Liability Partner
Engagement Partner Kazumi Kanehara
Certified Public Accountant

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Mazda Motor Corporation. ("the Company") provided in the "Financial Information" section in the Company's Annual Securities Report, which comprise the unconsolidated balance sheet as at March 31, 2024 and the unconsolidated statement of operations and unconsolidated statement of changes in net assets for the 158th fiscal year from April 1, 2023 to March 31, 2024, and important accounting policies, other notes and unconsolidated supplemental schedules, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the unconsolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of management’s estimates of the reserve for warranty expenses related to recall and other repair costs
The descriptions of the above key audit matter to be provided in our auditor’s report on the unconsolidated financial statements are substantially the same as those described for the key audit matter, “Reasonableness of management’s estimates of the reserve for warranty expenses related to recall and other repair costs at the Company” in our auditor’s report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor’s report on the unconsolidated financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors’ performance of their duties including the design, implementation and maintenance of the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor’s judgment.

- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the unconsolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is described in the independent auditor's report for the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

※ 1. The original copy of the above Independent Auditor's Report is in the custody of the Company (the submitter of this Annual Securities Report).
2. The XBRL data is not included in the scope of the audit.

[Cover]

Document title:	Internal Control Report
Clause of stipulation:	Article 24-4-4 Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Place of filing:	Director-General, Kanto Local Finance Bureau
Filing date:	June 26, 2024
Company name:	Mazda Kabushiki Kaisha
Company name in English:	Mazda Motor Corporation
Title and name of representative:	Masahiro Moro, Representative Director and President
Title and name of Chief Financial Officer:	Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer
Address of registered headquarters:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

1. Matters Related to the Basic Framework for Internal Control over Financial Reporting

Masahiro Moro, Representative Director and President, and Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer, are responsible for the design and operation of internal control over financial reporting of Mazda Motor Corporation (the "Company"), and design and operate internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Note that internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2024, which is the end of this fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, management first assessed company-level internal controls which would have a material impact on the overall financial reporting on a consolidated basis, and based on the result of this assessment, management then selected business processes to be assessed. In the process-level assessment, management analyzed the selected business processes to be assessed, identified key controls that would have a material impact on the reliability of financial reporting, and assessed the effectiveness of internal controls by assessing the design and operation of these key controls.

Management determined the required scope of assessment of internal control over financial reporting for the Company and its consolidated subsidiaries and equity-method affiliates from the perspective of the materiality of their impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both quantitative and qualitative aspects, and management reasonably determined the scope of assessment of process-level controls based on the result of the company-level control assessment, which included the Company and its 31 consolidated subsidiaries and three equity-method affiliates.

For the purpose of determining the scope of the process-level assessment, one quantitatively significant equity-method affiliate, as well as seven business locations, whose net sales for the previous fiscal year (after intercompany eliminations) comprised approximately two-thirds of the consolidated net sales in the aggregate, were selected as significant business locations, taking also into account the earnings forecast for the current fiscal year. For these selected significant business locations, all business processes related to the accounts that are closely associated with the Company' business objectives, namely, net sales, accounts receivable - trade, and inventories, were included in the scope of assessment. Furthermore, certain other business processes with a high probability of material misstatements and which are related to significant accounts involving estimates and management's judgement and business processes related to businesses or operations dealing with high-risk transactions were added to the assessment scope as business processes with material impacts on financial reporting.

3. Matters Related to the Results of the Assessment

Based on the above-mentioned assessment results, management concluded that internal control over financial reporting of Mazda Motor Corporation was effective as of March 31, 2024.

4. Supplementary Matters

Not applicable.

5. Special Notes

Not applicable.

[Cover]

Document title:	Confirmation Letter
Clause of stipulation:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Place of filing:	Director-General, Kanto Local Finance Bureau
Filing date:	June 26, 2024
Company name:	Mazda Kabushiki Kaisha
Company name in English:	Mazda Motor Corporation
Title and name of representative:	Masahiro Moro, Representative Director and President
Title and name of Chief Financial Officer:	Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer
Address of registered headquarters:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Masahiro Moro, Representative Director and President, and Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer of Mazda Motor Corporation, confirmed that statements contained in the Annual Securities Report for the 158th fiscal year (from April 1, 2023 to March 31, 2024) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.