

(For your information)

Mazda Motor Corporation
FY MARCH 2021 FIRST QUARTER FINANCIAL RESULTS
MAIN Q&A

1. Please summarize FY March 2021 first quarter financial results

Global sales were 244,000 units, down 31% year on year, due to the rapid decline in demand caused by the spread of the COVID-19. As economic activities were stagnant globally due to lockdowns and restrictions on outings from the middle of March, all major markets experienced sales decline, except for China. Consolidated net sales were ¥376.7 billion, down 56% year on year. Operating loss was ¥45.3 billion, down ¥ 52.3 billion year on year mainly due to a decrease of wholesales, despite streamlined fixed marketing cost and overhead cost by improving efficiency, and reduced quality-related cost. Net loss attributable to owners of the parent was ¥66.7 billion, including ¥20.5 billion production loss from suspension of operations which was recorded as an extraordinary loss.

2. Please explain the initiatives in response to the COVID-19.

We enhanced inventory management throughout our entire pipeline by adjusting production weekly in light of inventory increase due to the suspension of sales operations at dealers and plummeting demand caused by the global spread of the COVID-19. We worked to improve cash flow by implementing emergency measures such as reducing spending and accelerating sales in line with the pace of dealers re-opening and the recovery of demand. Also, we procured ¥290 billion of funds before the end of June to secure liquidity. We have been continuously holding discussions with suppliers and partners about their employment preservation and cash management.

3. Please explain the full year forecast for FY March 2021.

Despite the uncertain circumstances, we assume the auto demand will gradually recover in this fiscal year. Full-year global sales volume is projected to be down 8% year on year to 1.3 million units, or down 14% excluding China. By quarter, global sales volume in the first quarter was down 30% year on year, but we expect the reduction from the prior year to be 10% in the second quarter and to be minor in the third quarter. Subsequently, we plan to achieve year-on-year growth in the fourth quarter.

Consolidated net sales are projected at ¥2,850 billion, down 17% year on year, operating loss at ¥40 billion. We will continue to make efforts to cut fixed costs by improving efficiency of advertisement cost, overhead cost and R&D cost, and reducing quality-related expenses. As the demand in each market recovers, we will make sure to capture sales opportunities to achieve sales recovery. By making utmost efforts to recover sales and to reduce fixed costs, we expect the profit level to gradually recover and deliver positive results in the second half of the fiscal year. If the COVID-19 crisis majorly impacts our business in any other additional way, we will respond flexibly and with all our might.

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