

(For your information)

Mazda Motor Corporation
FY MARCH 2022 SECOND QUARTER FINANCIAL RESULTS
MAIN Q&A

1. Please summarize FY March 2022 first half financial results.

Global sales in FY March 2022 first half was 660,000 units. Despite greater than expected production cuts due to supplier plants going into lockdown amid continued COVID-19 pandemic and shortages in the supply of semiconductors, we prioritized the supply of vehicles to the US and other markets showing strong sales, while also streamlining and fully utilizing global inventory. We worked on maximizing sales and profit through lean inventory management.

Consolidated net sales were ¥1,495.9 billion, operating profit was ¥39.7 billion, and net income attributable to owners of the parent was ¥23.9 billion. Operating profit recovered from a loss of ¥52.9 billion in the first half of FY March 2021 when the impact of COVID-19 was significant. Compared with FY March 2020 before the COVID-19 outbreak, operating profit increased ¥13.9 billion through improvements in sales quality, costs improvement, and fixed costs efficiency improvement, despite the negative impact of reduced wholesales volume, down 141,000 units, due to production cuts and hikes in the price of raw materials and the cost of semiconductors.

Despite the difficult environment, our profit structure has improved and our break-even volume has dropped significantly. The company is transforming into a strong profit structure and becoming capable of securing profits even in the most challenging of business environments, by progressing structural reforms and accumulating improvements.

2. Please explain the expected impact of the semiconductor supply shortage in this fiscal year. How long do you expect the impact to last?

During this fiscal year, production cuts are greater than expected due to disruptions in parts procurement such as the semiconductor supply shortage. Consolidated wholesales volume is projected to go down by a further 100,000 units compared to what was forecast in May. This brings the impact on the wholesales volume to 170,000 units, despite our previous prediction of 100,000 units on production and 70,000 units on wholesales. Supply of semiconductors is tight in the whole market and we expect this unstable

situation will continue for a while, and we cannot clearly see when the situation will be resolved. Due to repeated production cuts caused by disruptions in parts procurement, we feel very sorry that many customers around the world are kept waiting for their vehicle to be delivered over a long time. We are taking every possible action to deliver vehicles to customers as early as possible.

3. Please explain reasons that operating profit forecast of ¥65 billion remain unchanged and what kind of business risks you are assuming.

The deterioration due to the external environment has been greater than expected at the beginning of the fiscal year. In comparison with the May forecast, due to the impact from production cuts, consolidated wholesales volume is projected at 1.03 million units, down 105,000 units, and net sales are expected to decrease. We also included ¥20 billion business risks in light of uncertainties regarding semiconductor and other parts supply environments, and the impact from hikes in the price of raw materials and the cost of semiconductors. In response to these negative factors, we plan to offset the negative factors by promoting efforts to strengthen profit structure, such as sales quality improvements including curbing marketing expenses and improving mix, variable cost improvements and fixed cost efficiency improvements. We continue to monitor our production, sales, and inventory on a weekly basis in response to environmental changes.

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