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(For your information)

Mazda Motor Corporation
FISCAL YEAR MARCH 2022 FINANCIAL RESULTS
(Speech Outline)

Akira Marumoto
Representative Director, President and CEO

I wish to express on behalf of Mazda our gratitude to healthcare professionals who continue to grapple with the prolonged Covid-19 pandemic, as well as our deepest condolences and sympathies to the victims and all those affected and displaced by the war in Ukraine.
We sincerely pray for an environment that will allow them to return to their home country and, most importantly, that peace will be restored as soon as possible.

1. Financial Results Summary

We have been striving to solidify our business foundation over the last three years, and I think the fruit of our business structural reform efforts became visible in the last fiscal year, which was the final year of those three years.
We were able to make a certain degree of progress in regaining our earning power by implementing three key initiatives below, which we committed to in the revised medium-term management plan.

1. Invest in brand value improvement
2. Curb expenses that depreciate brand value
3. Accelerate fixed cost/cost reductions to lower break-even volume

With regard to investment in brand value improvement, we started to see solid results of our efforts to improve sales capability and brand value in the US market, which will lead our future growth. In addition, the new JV plant with Toyota Motor Corporation in the US commenced production of the CX-50, and preparations are well underway for market introduction of a Large Product group model.
Collaboration in sales finance with Toyota Motor Corporation supports Mazda's sales at the right pricing in the US, Australia, and Japan, and as a result, the CX-5, CX-30, and CX-50 recorded the highest levels of residual value in the industry, which heightened our expectations for their contribution to this fiscal year.

Furthermore, thanks to the thorough control of expenses that deteriorate brand value throughout the supply chain, we were able to generate a solid cash flow by significantly improving inventory turnover and reducing unnecessary variable marketing expenses.

Initiatives in fixed costs have also taken root across the company, and we made progress in the Monotsukuri (manufacturing) area, including quality improvement, curbing investment and reducing costs, by applying universal manufacturing equipment, homogeneous production and continuous improvement in productivity.
In the sales area, we made progress in reforms for effective and efficient digital communication, and achieved substantial efficiency improvement in advertising costs.
We also have multiple cross-functional activities through which we address business challenges across departments and have been making ongoing efforts to transform the business structure into a muscular one.
As a result of management that keeps a finger on the business pulse while working on the key initiatives, we achieved our break-even volume target of a million units ahead of schedule. This will enable us to generate profits even when sales are constrained due to raw material price hikes and semiconductor shortages.

The business environment has been unprecedentedly severe over the last two years, and even a company of our size has been experiencing negative external factors on a scale of 100 billion yen every year.
We sincerely apologize to our customers, suppliers, and dealers for the inconveniences caused by repeated revisions of production plans, and significant delays in vehicle deliveries as a result.
I would like to take this opportunity to express my appreciation to our partner companies including our suppliers, dealers, and employees, as their concerted efforts enabled us to report a certain level of progress in strengthening our management structure and regaining our earning power despite the severe business environment.
Concerning the year-end dividend to our shareholders, we are planning to pay ¥20 per share, an increase of ¥5 from our earlier forecast of ¥15.

Mitsuru Ono
Director, Senior Managing Executive Officer,
Oversight of Financial Services and Corporate Planning & Development

2. <u>Fiscal Year March 2022 Results</u>

I will take you through FY March 2022 results.
Today’s presentation includes year-on-year changes as well as a comparison with the fiscal year ended March 2020, which was before the Covid-19 pandemic and semiconductor supply issues.

Global sales volume for the full year was 1,251,000 units.
Amid production cuts due to semiconductor supply shortages and the resurgence of Covid-19, higher year-on-year sales were achieved in the US, Australia and Europe by maximizing inventory turnover. On the other hand, sales declined in Japan and China, where sales networks

were reorganized. In total, global sales were down 37,000 units or 3% from the prior year.
In comparison with the forecast announced in February, sales increased 11,000 units.

I would now like to explain some financial metrics.
Consolidated wholesales for the full year increased 1,000 units year on year to 991,000 units.
Net sales were ¥3,120.3 billion, operating profit was ¥104.2 billion, and net income attributable to owners of the parent was ¥81.6 billion, which improved from a loss of ¥31.7 billion in the prior year.
Despite the negative profit impact from production cuts due mainly to the rising number of Covid-19 cases and semiconductor shortages, in addition to raw material price hikes, we were able to achieve a ¥100 billion-level year-on-year improvement in operating profit and other profit items, and reported results exceeding our forecast in February, thanks to steady improvement in sales quality and fixed cost efficiencies.

Full-year operating profit was ¥104.2 billion, an improvement of ¥95.4 billion from ¥8.8 billion in the previous fiscal year. Excluding the transfer to extraordinary losses, operating profit improved ¥107 billion. Let me explain the breakdown of improvements.
Volume & mix increased ¥98.4 billion despite a consolidated wholesales volume increase of just 1,000 units, thanks to the effects of a ¥95 billion-level improvement due to curbed marketing expenses and improved per-unit profit.
Foreign exchange improved ¥45.7 billion as the yen weakened against key currencies.
Variable costs deteriorated about ¥95 billion due to hikes in raw material prices and semiconductor costs, but with cost improvements of about ¥35 billion, net deterioration was ¥59.4 billion.
Fixed costs improved by ¥22.3 billion with continued reduction in spending and efficiency improvement.
Due to these factors, operating profit increased year on year.

I would like to explain details of the ¥22.2 billion improvement in operating profit from the forecast in February.
Volume & mix improved ¥7.4 billion as consolidated wholesales volume exceeded the forecast by 11,000 units, and we achieved progress in sales cost reduction.
Foreign exchange improved ¥5.7 billion as the yen has weakened in recent months.
In addition, as a result of steady efforts to improve costs and fixed cost efficiency, operating profit exceeded the February forecast of ¥82 billion by ¥22.2 billion in total.

Now, I will explain the comparison with pre-pandemic FY March 2020, and explains the change of ¥60.6 billion by breaking down the figures according to negative and positive factors.
Despite the impact of production cuts and deteriorating external environment, such as hikes in raw material prices and semiconductor costs, we achieved improvements in all areas, including

improving quality of sales through improved per-unit price and curbed marketing expenses, improving variable costs and streamlining fixed costs.
We made progress in lowering the break-even volume and as a result, we achieved profit growth despite a reduction in consolidated wholesales from 1.23 million units in FY March 2020 to 990,000 units in FY March 2022.
Through these ongoing efforts, we are making steady progress in enhancing our profit structure.

3. Fiscal Year March 2023 Forecast

I will now explain our forecast for FY March 2023.
Global sales volume is forecast to be 1,349,000 units, up 8% year on year.
We will continue and enhance improvements in the quality of sales and launch our new CX-50 and CX-60 to accelerate volume growth.
Although the procurement environment remains unstable, including semiconductor shortages and an increase in Covid-19 cases, we will continue monitoring production, sales, and inventory on a weekly basis and work to deliver on our FY March 2023 forecast.

Next, I would like to talk about the financial metrics for FY March 2023.
The consolidated wholesales volume is projected at 1.18 million units, up 19% year on year.
Net sales are projected at ¥3.8 trillion, up 22% year on year, operating profit at ¥120 billion, up 15% year on year, and net income attributable to owners of the parent at ¥80 billion.
The assumed exchange rate is ¥123 to the US dollar, ¥11 weaker than in the prior year, and at ¥133 to the Euro, ¥3 weaker than in the prior year.

Operating profit for this fiscal year is projected at ¥120 billion, up ¥15.8 billion from ¥104.2 billion in the previous year. The net improvement excluding the transfer to extraordinary loss is ¥24.7 billion. I will explain the breakdown.
Volume & mix is projected to improve ¥96.4 billion thanks to an increase of consolidated wholesale volume by 189,000 units and curbing of marketing expenses etc.
Foreign exchange is expected to improve by ¥45.0 billion due to weaker yen against key currencies.
Despite the impact of hikes in raw material prices and semiconductor costs of approximately ¥90.0 billion and logistic cost increase of approximately -¥30.0 billion, variable cost is projected to deteriorate ¥72.8 billion reflecting cost improvement of approximately ¥45.0 billion including our efforts to reduce the use of precious metals, etc.
We will keep the increase in fixed costs and others increase at ¥43.9 billion despite an increase in fixed costs related to growth investment in Large Products, the US plant and others, through ongoing efforts to streamline other fixed costs.
Reflecting these factors, operating profit is projected to improve year on year.

The business environment remains uncertain due mainly to semiconductor shortages, the lockdown in China due to Covid-19, and the situation in Ukraine and Russia. Taking into account the risks associated with these factors, we will leverage new product launches to accelerate volume growth, continue to drive cost improvement, and further strengthen our earnings structure to achieve profit growth.

Akira Marumoto
Representative Director, President and CEO

4. Key Initiatives in FY March 2023

I will explain key initiatives in FY March 2023.
This fiscal year we expect to see an ongoing shortage in the supply of semiconductors, surges in material prices, disruptions in logistics, and a rise in Covid-19 cases in China. The business environment will also be uncertain due to geopolitical risks in various countries, and inflation and interest rate hikes in the US and other countries. Bearing in mind such assumptions, we need to be cautious but make rapid business decisions.
Our key initiatives this fiscal year are the following four.

1. Management with a sense of speed
2. Management that keeps a finger on the business pulse
3. Successful launch of new products and stable operation of new plant
4. Investment in human resources and people development

First, I would like to talk about management with a sense of speed.
We will continue making judgments on production, sales and inventory on a weekly basis to respond to changes in the environment, and in addition we will also check changes in fast selling models to further improve the turnover ratio, and further improve the speed of decision-making by expanding the scope to all the key countries.
In addition, we will accelerate cross-functional efforts in structural reforms to improve the speed of our operations.

Second, I would like to talk about management that keeps a finger on the business pulse.
Business structural reforms are enhancing our earnings power, but we need to direct more efforts to building a more robust business structure. We must continue to enhance brand value and continuously strengthen cost reduction efforts in all areas.
Although new product launches will bring opportunities this fiscal year, we are assuming that sales may not grow as expected, due to issues in the procurement of parts.
In addition to initiatives aimed at lowering the break-even volume, to increase profitability, we are committed to strengthening various ongoing initiatives that we have been implementing through management that keeps a constant finger on the business pulse.

The third key initiative is the successful launch of new products and stable operation of our new plant.
We will ensure the success of the CX-50, which we just began to sell, as a key driver of business growth in the US. The CX-60, the first offering of our Large Products, will be launched globally in stages. Since we invested in raising brand value, we want to see the fruits of our efforts and ensure they contribute to higher profits.
We also plan to start production of the CX-90 for the North American market by the end of this fiscal year.

Our fourth key initiative this fiscal year is investment in human resources and people development.
As stated in our revised medium-term plan, one of the areas that we need to focus on more is investment in people. In our spring labor-management consultation meeting, we discussed employment, growth, and distribution, and repeatedly emphasized the importance of stable employment and business performance to secure the livelihood of our employees and stakeholders.
As we introduced a system for extending the retirement age in April, we are taking various actions to ensure the stable livelihood of employees such as making contract employees and specialists regular employees.
We are faced with various urgent challenges. These include responding to the decline in the labor population and shifting the focus of skills more toward vehicle control and electrification, so we are strengthening our investment in human resources through reskilling, digital education and mid-career hiring.

Through the above four initiatives, we are committed to delivering strong results even in an uncertain business environment and earning the trust of our stakeholders.

In regard to shareholder return, we plan to increase the dividend by 15 yen from the previous year. We anticipate an interim dividend of ¥15 and year-end dividend of ¥20. Thus, we anticipate an annual dividend of ¥35 this fiscal year.

We are currently examining a transition plan in the lead up to 2030 and are discussing a medium-term plan to deliver robust business results. We intend to announce the plan when appropriate but will require some more time before that. We thank you for your understanding.

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