

CEO MESSAGE



Masahiro Moro
Representative Director,
President and CEO

MAZDA'S MISSION AND VISION

Mazda was founded in Hiroshima in 1920 based on its founder Jujiro Matsuda's desire to contribute to society through the machine industry. Over the years, Mazda's growth has been intimately connected with the history of Hiroshima, and the Company even played an important role in helping the city rebuild after World War II to become the world-renowned City of Peace it is today. This unique history cultivated a challenger spirit deep within the psyche of the Company, and it was this challenger spirit that drove us to become the first* in the world to achieve mass production of rotary engines and to create numerous other unique technologies, winning the favor of countless fans. As lovers of peace, our mission is to create greater amounts of joy around the world. We thus seek to generate value by creating the joy of living by delivering the joy of driving to customers.

The automotive industry currently finds itself at a once-in-a-century turning point. In these uncertain times, it is crucial for us to clarify our purpose and our objectives to provide signposts to direct us on the road toward our goals. This is why Mazda has established a corporate philosophy to guide us as our North Star.

This corporate philosophy is comprised of three elements. First is our Purpose of "enrich life-in-motion for those we serve," which represents Mazda's raison d'être. Next is our Promise, the promise of what we aim to deliver customers and all other stakeholders in

* As of 1967, according to Mazda data.

Creating the Joy of Living with a Joy of Driving that
Is Matched to the Times

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order to fulfill our Purpose. Last, our Values are the core values that inform our actions.

Seeking to entrench this corporate philosophy throughout the organization, we have provided explanations to all divisions and engaged in communication with the members of these divisions. I personally used internal communication channels to provide information on the background and the sentiments that shaped this philosophy. The Blueprint organizational culture reform initiatives implemented targeting all back-office employees were also used as an opportunity for employees to think about how they can act to help Mazda fulfill its Purpose. As it might take some time before employees are able to fully internalize our corporate philosophy and incorporate it into their daily actions, we are committed to ongoing efforts to entrench this philosophy.

The exercise of our corporate philosophy will be supported by brand value management, which is Mazda's long-embraced management philosophy. Brand value management is the philosophy of providing value that resonates with customers and other stakeholders to form emotional bonds that contribute to long-term relationships for driving improvements in brand value and ultimately corporate value. Mazda will continue to promote brand value management in order to develop and deliver unique value that is

thoroughly based on the customer amid the advancement of digital transformation and the diversification of values. We thereby aim to ensure our brand continues to be the one that customers choose and that Mazda can keep growing into the future.

INITIATIVES FOR REALIZING THE 2030 VISION

To support the exercise of its corporate philosophy, Mazda established the 2030 Vision, which describes our goal for the Company in 2030 as "To be a car-loving company that creates moving experiences through the 'joy of driving.'"

To realize our 2030 Vision, we will continue to center our actions on our brand value management approach while also advancing the Management Policy up to 2030, which is underpinned by three pillars: contribution to curbing of global warming, realization of an automotive society that offers safety and peace of mind, and creation of unique value.

In 2023, our lives began to return to normal. In Japan, this was due in part to the government downgrading the threat level of COVID-19. This return brought with it a massive change in the economy and how we communicate, and Mazda was thus pressed to adapt to this new operating environment. At the same time, we ramped up measures to respond to the impacts of climate change and to the supply chain repercussions of international instability.

Meanwhile, at the 2023 G7 Summit, which was held in Mazda's birthplace of Hiroshima, world leaders declared their intent to adopt a range of pathways toward achieving carbon neutrality, which symbolized the Japanese automotive industry's vision for a responsible transition toward a sustainable mobility society.

In 2024, Mazda is moving forward with strategies that consider economic trends in the United States and China, geopolitical risks, the impacts of climate change and natural disasters, rising concern regarding human rights, and advancements in generative AI and other IT technologies.

Mazda has declared its intent to endeavor to achieve carbon neutrality across its supply chain by 2050. On our path toward this larger goal, we are working on achieving carbon neutrality at Mazda

factories around the globe by 2035. Contribution to curbing of global warming has been identified as an important task in implementing the Management Policy up to 2030. Accordingly, Mazda is focused on promoting electrification and achieving carbon neutrality.

In our initiatives to promote electrification, we will advance a three-phase transition toward the era of EVs expected to begin around 2030. Our multi-solution approach will be adopted during this transition, through which we will utilize Mazda's technology assets to offer combinations of high-efficiency internal combustion engines and electrified devices. We thereby aim to supply diverse solutions based on the energy sources and regulations of the regions we serve in order to reduce total CO₂ emissions by helping as many customers as possible embrace low-emissions solutions.

Electrification initiatives in 2023 included the launch of large products such as plug-in hybrid electric vehicles (PHEVs) and the MX-30 e-Skyactiv R-EV, a plug-in hybrid electric model that uses a rotary engine. Also in this year, we established the Electrification Business Division, which is casually referred to as "e-Mazda," to accelerate the development of electrification technologies and electrified products. In 2024, we unveiled our new Mazda EZ-6 EV at Beijing International Automotive Exhibition 2024. This model is designed to enhance our lineup of electrified vehicles for the Chinese market, where the electrification trend is advancing most rapidly.

For carbon neutrality initiatives, we have set the target of achieving a 69% decrease in CO₂ emissions at our plants and operational sites in Japan by FY March 2031, in comparison to the level in FY March 2014, along with the interim target of achieving a usage rate of electricity generated from non-fossil fuel sources of 70% or more.

The pursuit of carbon neutrality and the promotion of electrification, one element of achieving carbon neutrality, are tasks that are far too challenging to be tackled by a single company. For this reason, it is crucial for us to find allies and work together toward accomplishing these objectives.

In May 2024, we joined Toyota Motor Corporation and Subaru Corporation in announcing our

commitment to developing new engines tailored toward the era of electrification, with each company adopting its own approach. This declaration was emblematic of how the scope of collaboration between automobile manufacturers is expanding to an extent never seen before. Mazda is resolute in its determination to help guide a united effort by Japan's automotive industry to win out against intense global competition to ensure that the industry can continue to grow and contribute to countries and regions around the world.

Another incredibly important task is the realization of an automotive society that offers safety and peace of mind. Mazda is working toward its goal of achieving zero deaths resulting from new vehicles. To this end, we continue to develop sophisticated driving support technologies based on our human-centric research and to expand our lineup of large products equipped with various advanced safety technologies such as our Driver Emergency Assist system (DEA). Moreover, Mazda will continue developing technologies and collaborating with communities and the greater society in order to contribute to the realization of an automotive society that offers safety and peace of mind.

As part of the creation of unique value, Mazda is enhancing its brand experiences in an effort to better deliver customers the joy of driving. To facilitate this undertaking, the Brand Experience Promotion Division was established in November 2023 with the goal of developing our brand in a manner that is more closely connected with customers.

ENHANCEMENT OF FOUNDATIONS FOR IMPROVING CORPORATE VALUE

People are Mazda's most important asset, and the sum total of the improvement and growth of each person's abilities is also the source of the Company's growth. People are also our most important resource when it comes to adapting to the trends toward carbon neutrality and electrification and other massive changes.

The starting point for Mazda's development of people can be found in the Mazda Way. The Mazda





Way is a summary of our approach toward work, i.e., our code of conduct, passed down within the Company since its founding and codified in text in 2008. This code helps ensure that employees can continue to demonstrate their unique talents while the organization maintains a consistent direction and that these values can be faithfully passed on to future employees.

At the moment, we are endeavoring to encourage employees to act based on greater consideration for the feelings of others while respecting the growth and diversity of all employees and cherishing the code of conduct that is the Mazda Way. To facilitate these efforts, we launched the Blueprint organizational culture reform program in 2023. All of our roughly 11,000 back-office employees have taken part in this program, and we plan to expand the program to include employees involved in production going forward. Through this program, we aim to develop a workplace environment that is home to a culture of supporting the front lines and that allows for the exercise of creativity.

Meanwhile, in 2024 we are planning the opening of Mazda Innovation Space Tokyo, a space for accelerating co-creation with diverse employees and business partners, and the introduction of an alumni hiring program for re-hiring former Mazda employees.

Furthermore, we established the Mazda Human Rights Policy and organized an internal human rights due diligence project team in 2023. Mazda is

currently in the process of identifying important human rights-related themes based on the United Nations Guiding Principles on Business and Human Rights and other international standards.

To empower all employees to create value, we will accelerate the shift toward digital technologies by providing opportunities to learn about how to utilize IT and AI technologies. We will also create an environment in which employees can learn and apply such knowledge, share their results, and grow together. Future efforts on this front will include enhancing digital technology education programs and improving participation rates to accelerate our operations through digital transformation.

Mazda is also seeking to heighten efficiency and operation rates by eliminating waste, irregularities, and overburdens in preparation for the expansion of our lineup of electrified products. Our focus will not merely be conventional cost cutting measures for achieving price parity with the conventional offerings. Rather, we will pursue higher levels of efficiency across the entire supply chain in order to swiftly and effectively enhance management efficiency. In this manner, we will seek to cut costs, including those at business partners, and enhance our supply chain.

Mazda is committed to doubling productivity through human resource investments and IT utilization, reforming its organizational culture through Blueprint initiatives, and promoting digital

transformation across all divisions. We thereby aim to achieve massive increases in the energy, efficiency, and speed that Mazda is capable of given that it is a smaller player.

REINFORCEMENT OF MANAGEMENT SYSTEMS IN PURSUIT OF GROWTH

There is no one right answer in times of great change, and we must always be cognizant of both the risks and the opportunities that emerge in such times. The new Team Management approach and chief officer system introduced in 2023 are anticipated to help management be more attentive to the front lines while incorporating input from customers in order to accelerate operations through swift and flexible responses to such input.

We also revised officer remuneration systems to drive changes in management's perspectives and actions as part of our brand value management efforts. The new systems are expected to contribute to medium- to long-term improvements in corporate value through higher shareholder value, increased employee engagement, greater emphasis on the customer, and stronger action to address social issues. Specifically, we have defined evaluation indicators for performance-based remuneration that include return on equity (ROE) and greenhouse gas (GHG) emissions reductions amounts as well as indicators related to employee engagement and customer-oriented mindsets. These indicators are expected to inspire action to make better contributions to customers, employees, and society.

Since becoming president, I have sought to incorporate a wide variety of input to ensure that I am able to make decisions effectively. To gather such input, I have visited Mazda bases in Japan and overseas and actively engaged with employees, business partners, members of the press, investors, and various other internal and external stakeholders. In my interaction with investors, who are proficient at utilizing global networks and exhibiting various viewpoints and sophisticated management capabilities, I have come to understand the shared perspective held by this group of stakeholders. While

remaining mindful of various opinions and perspectives, I hope to make decisions in a manner that is appropriate for advancing the Management Policy up to 2030.

IN CLOSING

Mazda is a company that is dedicated to providing the joy of driving and creating the joy of living by adapting its technology innovation and business operation activities to match the times. With our focus on people, we will unite our diverse technologies with the knowledge and passion of our various co-creation partners in order to contribute to the realization of a carbon-neutral society where everyone feels safe to move freely. In doing so, we aim to bring emotion in motion and excitement to everyday life, sharing happiness with family, friends, and those around us.

To our valued shareholders and investors, we thank you for your continued support, trust, and confidence.

Representative Director,
President and CEO