

CFO MESSAGE



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DIRECTION OF MANAGEMENT POLICY UP TO 2030 AND MY COMMITMENT

Mazda declared our passion to be a car-loving company that creates moving experiences through the “joy of driving” in our 2030 Vision. We seek to deepen our connections with all stakeholders, including customers, business partners, and shareholders, achieving sustainable growth through exciting products, high-quality manufacturing, and thoughtful solutions for carbon neutrality (CN) and electrification.

To this end, we have outlined three phases of electrification initiatives in the Management Policy up to 2030.

In Phase 1, up to 2024, we aimed to grow our business by leveraging existing assets as we prepared for electrification. From a financial perspective, we strengthened our earnings base by

shifting our product lineup to more profitable SUVs and large products, developing our sales networks (especially in the U.S., our largest market), and starting full-scale operations at our Alabama plant in the U.S. At the same time, we invested resources in technological development in the areas of EV development and production.

Phase 2, from 2025 to 2027, is positioned as a transition period to electrification, and we will work to ensure an efficient transition through mutual complementation with our business partners. We plan to procure batteries from AESC Japan in addition to existing partner companies, and we have signed an agreement with Panasonic Energy Co., Ltd. to build a

partnership for the supply of lithium-ion batteries. Further, for tackling the challenges of CASE, we are advancing development with numerous companies including Toyota Motor Corporation.

In Phase 3, which will end in 2030, we will move forward with the full-scale launch of BEVs and shift our focus to electrified products including PHEVs. We will also consider investing in battery production, while closely monitoring the direction of market conditions, regulations, and policies.

Having set this plan in motion, Mazda recognizes that the transition to electrification is still in its infancy, with many variables, including national policies, customer demand, and rapid advances in technology. In this environment, Mazda places great importance on managing risk, and we are taking a multi-solution approach to reducing carbon emissions, providing exciting products that utilize internal combustion engines (ICE), electrification technologies, alternative fuels and others in accordance with the different power supply conditions in each region.

My role as CFO is to be the lead in working to meet the expectations of everyone who invests in our vision, to provide

customers with attractive products and experiences that are unique to Mazda, and, thus, to strengthen our profit structure and create a virtuous cycle that allows us to make necessary future investments efficiently. To achieve this, we believe it is imperative to shift from a product-driven business model to one that is driven by market dynamics and customer experience.

To that end, we have implemented a program called “Blueprint”. Based on American poet Maya Angelou’s concept that people will always remember how you make them feel, we aim to create a corporate culture nurturing everyone’s capabilities, making customers feel trust in our brand, appreciated for their purchase, and inspired by Mazda’s spirit. At the same time, we are implementing strategies to improve our corporate value over the medium to long term, recognizing our cost of capital and allocating resources with an emphasis on efficiency.

With this approach, we aim to provide shareholder returns that satisfy our investors and give the Company a solid financial foundation.

PROGRESS OF MANAGEMENT POLICY UP TO 2030

In the fiscal year ending March 2024, although there were restrictions on logistics including a shortage of ships, and longer transport times due to changes in shipping routes, sales were driven by the newly launched large products such as the CX-90 and the CX-50 manufactured at the Alabama plant in the U.S., and global sales increased 12% year over year to 1,241,000 units. Sales in the North American region, including the U.S., Mexico, and Canada, were particularly strong, exceeding 500,000 units for the first time.

Further, operating income for the fiscal year ending March 2024 increased 76% year over year to a record high of 250.5 billion yen, thanks to an improvement in the country mix due to the growth of high-profit markets such as the U.S., price increases and the improvement in unit prices due to the introduction of large products, and foreign exchange rates. Although an increase in quality-related expenses and advertising and research and development for new products partially offset the profit, we were able to see clear results of our efforts to strengthen our profitability in preparation for our future investment in electrification. The Return on Sales (ROS) increased by 1.5 points year over year to 5.2%, and the Return on Equity (ROE) increased by 2.7 points year over year to 13.1%.

The fiscal year ending March 31, 2025 is the final year of Phase 1 of the Management Policy up to 2030, and we have positioned it as a year for top-line growth.

We expect the North American region to remain the largest growth driver, with sales there expected to reach 600,000 units this fiscal year.

In particular, in the U.S. which we position as our key market, the number of new-generation dealerships that offer customer experiences on a par with those of premium brands has been increasing since dealership network reforms began in 2016. This fiscal year, more than 370 dealerships, or approx. 70% of all stores, will be new-generation dealerships. These stores are expected to deliver 9 out of 10 new cars sold in the U.S. We aim to achieve further business growth together with all the dealers who support Mazda’s business in the U.S.

In terms of products, the CX-70 and CX-80 will be added to the large product lineup around the world this fiscal year, bringing the full lineup of large products to four models. These models are not only contributing to sales volume, but also to strengthening our profit structure, and are expected to contribute greatly to securing funds to carry out necessary growth investment.

CFO MESSAGE

INITIATIVES TO ENHANCE CORPORATE VALUE

Status of profitability, financial position and cash flow generation

Our ROS and ROE have progressed steadily over the past five years, except during the COVID-19 pandemic. In addition, thanks to the introduction of the aforementioned large products and strong sales in the North American region, ROS for the fiscal year ending March 2024 was 5.2% and ROE was 13.1%. The equity ratio was 45.8%. Net cash was 351.5 billion yen, and FCF grew to 239.0 billion yen, up 201 billion yen from the previous fiscal year. Our profitability, financial position and cash flow generation capacity are steadily improving.

(Reference) Major Financial Data

	2020/3	2021/3	2022/3	2023/3	2024/3
ROS (%)	1.3	0.3	3.3	3.7	5.2
ROE (%)	1.0	(2.7)	6.6	10.4	13.1
Equity ratio (%)	42.1	40.5	43.8	44.2	45.8
Net cash (Billions of yen)	(51.9)	(17.1)	59.6	101.6	351.5
FCF (Billions of yen)	(92.7)	41.2	52.9	38.0	239.0

Our understanding of our stock price and initiatives to improve profitability and capital efficiency

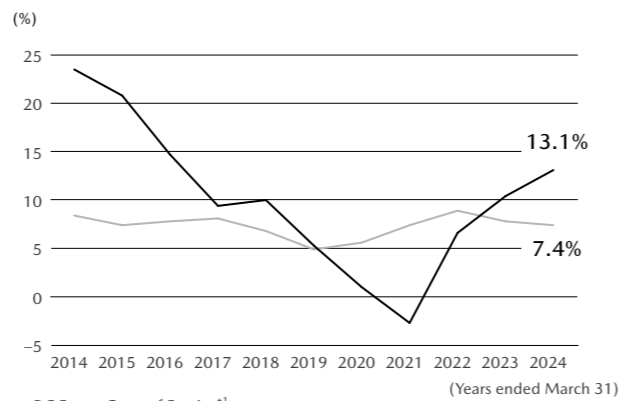
Our Price Book-value Ratio (PBR), the relationship between our market capitalization and our net assets, has remained below 1.0 since the fiscal year ended March 2017. PBR is the product of Return on Equity (ROE) and Price-to-Earnings-Ratio (PER). Mazda's ROE has remained above the cost of shareholders' equity over the past ten years, except during the COVID-19 pandemic. On the other hand, the gap between Mazda's PER and that of the Tokyo Stock Exchange (TSE) Prime average is widening. We believe that this is due to factors including declining expectations for future growth amid changes in the industry environment.

From the perspective of prioritizing capital efficiency, we will continue to aim for ROE to stay above the cost of shareholders' equity. We will focus on growing profit and sales volume to build a solid profit structure, consolidating and utilizing existing assets and building assets that generate profit, and maintaining the optimal capital structure.

Mazda is proud of being a truly global company, selling cars in more than 130 countries and regions. While this has contributed to having Mazda fans all over the world, it has also created a large amount of complexity, a large asset base, and dis-economy of scale. This is particularly challenging for a company of our modest size. As we prepare for the investments required to transition to an electrified future, we are working hard to allocate resources to our most profitable regions and models, realizing both business growth and complexity reduction at the same time.

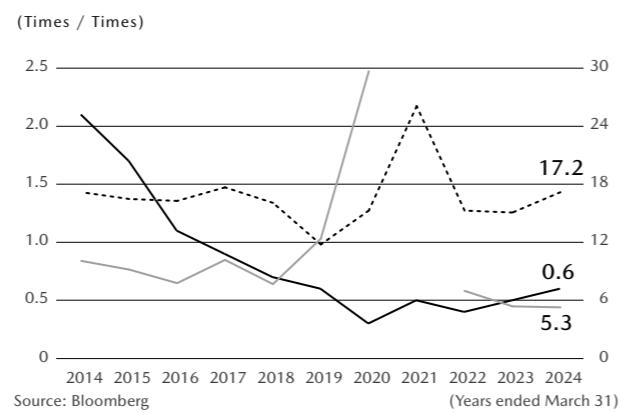
Further, we will build trust in our management by steadily accumulating a track record of initiatives to improve ROE, and will increase confidence in future growth by communicating our growth story including transition scenario and milestones for electrification, carbon neutrality, and strengthening human capital.

ROE and Cost of Equity



— ROE — Cost of Equity*1
*1 Our estimate based on Capital Asset Price Model (CAPM)

PBR and PER



— PBR (left) — PER (right) -- PER TSE Prime Market avg.*2 (right)
(PER is not available for FY March 2021 due to net loss in the period)
*2 The average of the First Section of the Tokyo Stock Exchange before March 2022

Capital allocation

At Mazda, we aim to enhance corporate value by making investments necessary for future growth while considering an optimal capital structure and realizing stable dividends. We plan to fund future investments mainly by cash generated by operations – through improved profitability and lean working capital.

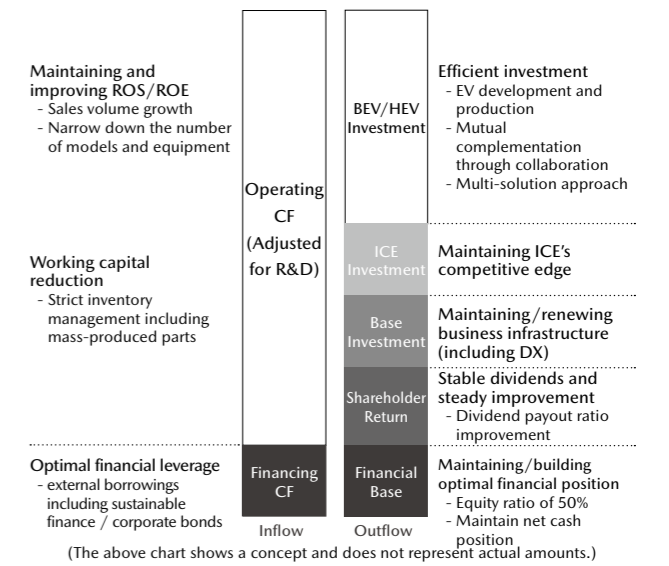
As for shareholder returns, we aim to achieve stable and growing dividends, targeting ultimately a 30% payout ratio of net income, considering also the investments needed to fund future growth as well as the cash on hand needed for financial soundness. Once this is achieved, a share buyback could be considered to provide further returns to shareholders.

We anticipate between 25%-40% of global customers will choose an electric vehicle in 2030, and in order to support that demand we plan to invest approximately 1.5 trillion yen in electrification, together with our major business partners, by the end of this decade. As significant as this trend is, in 2030 this means still more than half of our customers will prefer a vehicle with combustion power. Therefore we will continue to invest in maintaining and renewing our business foundations, including our profitable ICE business to stay competitive and continue to improve productivity. Our plan calls for us to maintain an equity ratio of 50%*3 and net cash position, and take external

borrowings, including sustainable finance and corporate bonds, only as needed.

*3 Based on the current accounting standards

Capital Allocation Concept



Strengthening corporate governance

Governance is the foundation of corporate value. Mazda tackles this subject on many levels, but as one example this fiscal year, we introduced a performance-linked restricted stock compensation plan with components including ROE, employee engagement, customer orientation, and greenhouse gas emissions,

with the aim of better aligning the interests of directors and shareholders over the medium to long term.

In addition to these efforts, we will continue to aim to enhance our corporate value over the medium to long term by fostering a corporate culture of inclusion, trust, integrity and transparency.

Initiatives to enhance corporate value

