

DISCUSSION BETWEEN OUTSIDE DIRECTORS

Michiko Ogawa

Outside Director

Ms. Ogawa has served as an outside director since June 2019. Mazda seeks her opinion and advice about management based on her technical expertise, which she developed as an engineer involved in research and development at an electric appliance manufacturer, and from the perspectives of ESG and brand marketing.

Akira Kitamura

Outside Director

Mr. Kitamura has served as an outside Audit & Supervisory Board member since June 2018 and as an outside director and Audit & Supervisory Committee member since June 2019. Mazda seeks his opinion and advice about management based on his broad management perspective and his specialized financial and accounting expertise, which he developed while holding representative director and other important positions in financial institutions.



Improvement of Corporate Value by Accelerating Change to Hone Mazda's Unique Edge

Since the 2022 formulation of the Management Policy up to 2030, Mazda has continued to move forward with initiatives based on the three policies of contribution to curbing of global warming, realization of an automotive society that offers safety and peace of mind, and creation of unique value. The following is a discussion between outside directors Michiko Ogawa and Akira Kitamura, in which they discuss the progress of these measures, their evaluations of Mazda's management team, and challenges needing to be overcome to improve corporate value.

PROGRESS BASED ON MANAGEMENT POLICY UP TO 2030

How would you evaluate the progress that has been made based on Management Policy up to 2030 and Mazda's recent performance?

Ogawa Management Policy up to 2030 defines three phases: Phase 1, which covers the period spanning from 2022 to 2024 and entails developing a platform for internal combustion engine, hybrid electric vehicle, plug-in hybrid electric vehicle, and other multi-electrification technologies; Phase 2, which encompasses the period from 2025 to 2027 and involves the transition to electrification; and Phase 3, the full-scale launch of battery electric vehicles in the period from 2028 to 2030. Mazda is advancing a staged transition to electrification based on these three phases. Since the start of the global trend toward electrification, the Board of Directors has been engaged in extensive discussions based on scenarios for the transition to electrification. These discussions have been shaped by projected operating environment changes and an understanding of the risks to be faced if Mazda is unable to successfully undertake this transition. The recent changes to environmental regulations have been substantial, exceeding all expectations. Nevertheless, I feel that we have developed a capacity to accurately assess Mazda's position in the rapidly changing operating environment. Today, the

Company is faced with a need to respond carefully and flexibly toward changes in environmental regulations, market trends, and customer sentiment with regard to electrification in the regions where it operates. This must be done while determining the timing at which a variety of factors will line up. Examples of these factors include investments in distinctly Mazda electrification technologies and software. I believe that Mazda's approach of scrutinizing market trends and constantly reassessing its position as it advances phase-by-phase in the transition leading up to 2030 is the correct approach. I also have praise for how the Company is steadily building the foundations for accomplishing transition.

Kitamura In FY March 2024, Mazda set new records for net sales, operating income, and per share dividends, though this strong performance was due in part to the benefits of yen depreciation. Moreover, the Company was finally able to achieve a recovery in its sales volumes, which had been declining due to factors including the COVID-19 pandemic, semiconductor shortages, and logistics issues. As such, I think we can say that Mazda is making progress in rebuilding its operating foundations.

We also must recognize how the Company managed to grow sales volumes, despite increasing the portion of its lineup represented by large products. This is no doubt a feat that must be attributed to the hard work of everyone within the Mazda Group.

These strong results in the first year of the new management team led by President Masahiro Moro show how the team was able to get off to a good start. I have high expectations for the future success of this team.

Ogawa One could even say that these successes were brought about by the sales network reforms that Mazda implemented after designating North America as a core strategic market. When I went to visit bases in the United States, it was clear how beneficial it was that this reform plan, which entailed strengthening production systems and sales networks in this market, was moved forward through a joint effort between production and sales. It is certainly because of this approach that Mazda is able to win the favor of luxury-minded customers in this country's competitive market filled with diverse values. By creating a unified aesthetic for communication with stakeholders regarding its vehicles, their features, the advanced technologies they employ, and the locations where they are sold, Mazda has succeeded in heightening its brand image and making the appeal of its brand resonate with customers. This, in turn, has contributed to higher per vehicle profit margins. Furthermore, a sense of drive toward improving brand value has also been cultivated within the Company, which is giving form to the concept of brand value management espoused by Management Policy up to 2030.

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Kitamura Going forward, I think that Mazda will need to apply the successful branding activities undertaken in North America to other regions in order to foster uniform brand value.

EVALUATION OF MAZDA'S MANAGEMENT TEAM

Under the new management team led by President Moro that was instituted in June 2023, Mazda has been moving forward with corporate governance reforms, which have included the introduction of a chief officer system and the revision of officer compensation systems. How would you evaluate the new management team?

Ogawa I have witnessed two major changes since the transition to the new management team. The first change can be seen in communication. In the past, Mazda has practiced communication based primarily on its viewpoint, delivering messages pertaining to such matters as its vision for automobile development and the unique value it provides. Under the new team, however, communication has emphasized the customer as the first priority, placing increased focus on how to achieve ongoing improvements in customer loyalty in the ideal mobility society. This unique approach is made possible by President Moro's experience exploring the North American market primarily via marketing measures. The second major change has to do with frameworks for collaboration. Addressing global-scale social issues

requires industrywide initiatives. I believe that Mazda has been highly successful in building strong relationships with its peers and suppliers that will allow for joint effort in pursuit of lofty goals while still enabling Mazda to maintain its unique identity.

Kitamura One factor contributing to these large changes is likely the clear division of roles under the new management team. The introduction of the chief officer system made it possible for Mazda to build upon its capabilities in its prior organizations based on specialized areas while also addressing cross-organizational issues. Meanwhile, the revision to officer compensation systems undertaken in June 2024 included the introduction of non-financial performance indicators. These clearly defined criteria for assessing performance will no doubt make officers more strongly motivated to act with a focus on sustainability. The frameworks for accelerating such changes are currently being developed, underscoring Mazda's clear commitment to change.

How would you rate the effectiveness of Mazda's Board of Directors?

Ogawa At monthly meetings of the Board of Directors, we discuss short-term performance as well as medium- to long-term topics such as collaboration and electrification strategies. Each agenda item is met with input from outside directors that strikes at the heart of the issue from a variety of angles. The executive directors are receptive and responsive toward such input, giving rise to lively discussion geared toward improving management.

Kitamura Mazda has frameworks for providing thorough and detailed explanation in advance of Board of Directors' meetings, facilitating more meaningful discussions at meetings. However, there is also the tendency for discussion to become overly centered on short-term issues and

specific agenda items. This focus limits the amount of time that can be devoted to topics based on a more overarching perspective in pursuit of medium- to long-term improvements in corporate value. This is an area where I see room for improvement. One option that could be examined for addressing this issue would be to arrange additional forums for discussion, such as off-site meetings that are separate from Board meetings.

IMPROVEMENT OF CORPORATE VALUE

What type of measures should Mazda take to improve corporate value?

Kitamura Human resource development is a fundamental part of improving corporate value. The automotive industry is undergoing a massive transformation. Mazda must therefore transform itself if it hopes to enact Management Policy up to 2030 and fulfill its Purpose. Achieving such transformation will require all of the Mazda Group's people, the drivers of transformation, to be aligned toward a common goal. This is why I have incredibly high praise for how Mazda clarified its corporate philosophy in 2023 and how President Moro is using a variety of communication channels to describe his vision to people throughout the Group. This diligence has helped instill an understanding of Mazda's future direction among its employee base, and the benefits will begin to appear later on.

Ogawa The Blueprint organizational culture reform initiatives being spearheaded by CFO Jeffrey H. Guyton are one example of Mazda's efforts to promote employee unity. Every time I visit Mazda's Head Office in Hiroshima, I can truly sense the pride that employees feel toward creating vehicles and inspiring mobility experiences as well as the Mazda spirit that inspires employees to overcome any challenge. Truly, the people on

the front lines are the suspension supporting Mazda. I see the Blueprint initiatives as a measure for fostering, among all employees, a mindset of creating products and services that are of value from the perspective of the customer. These initiatives are important given the recent transformation in the very idea of mobility being spurred by the diversification of values and by AI, robotics, and other advanced technologies. This approach is sure to prove highly beneficial to future corporate value. Transforming an existing corporate culture requires time and patience, but I think it will be important for Mazda to continue to move forward with these efforts. Looking ahead, I hope to see the Company advance measures for enhancing human capital—its most important asset—based on these organizational culture reforms. Such measures should include revisions to personnel systems or the promotion of diversity. In this manner, I want Mazda to heighten employee engagement.

Kitamura The "Joy of driving" described in Mazda's 2030 Vision is a clear encapsulation of the Company's approach toward creating vehicles. I take these words to indicate that the heart of Mazda's production creation endeavors is the technological prowess that enables the Company to elevate cars above mere tools to be used for movement and to provide mobility experiences that emphasize people and their sensibilities. I want to see Mazda heighten the value of its vehicles by building upon these distinctive values and engaging in ongoing research into the relationship between people and vehicles. The Company should also maintain its focus on safety and security throughout this process.

At the same time, Mazda must also look to create connections with its customers. In this regard, it is important to bolster its information provision capabilities to ensure that the market is able to accurately appraise its

corporate value. Mazda gives me the impression of an artisan that has steadfast devotion to their craft. This quality is a major boon to product creation, but I also feel that it might be holding the Company back when it comes to information provision. If Mazda is able to effectively communicate its strengths and the aforementioned corporate value improvement initiatives to stakeholders, it will allow capital markets to more accurately appraise the Company. This, in turn, will lead to improvements in share price and price-to-book ratio.

Ogawa Information provision strategies are an important part of competing on the global stage. The method through which information is provided can radically change how an occurrence is viewed or perceived, and a lack of communication can be fatal in terms of competitiveness. It can be particularly difficult to put into clear words the impact that sustainability and other non-financial information can have on a company or on society. I therefore think that Mazda should devote its attention toward accurately portraying the value and significance of its non-financial information and to communicating effectively with its various stakeholders.

What are your expectations with regard to social value creation by Mazda?

Ogawa When I first drove a Mazda car, I remember how the perception of gravity made it feel like I was one with the road, creating the sense of connectiveness between the car and myself as driver that the Company refers to as *Jinba-ittai*. I drive as part of my daily routine, and I have thus had the opportunity to experience just how much the new sights that can be seen while driving can enrich one's life. This is why I would like to see Mazda fulfill the Purpose of "enrich life-in-motion for those we serve" described in its corporate philosophy by providing people with new

experiences and feelings of emotional release through mobility. The craftsmanship used to fashion the striking and distinctive designs of Mazda vehicles, refine the feel of the steering wheel, find the perfect level of firmness for the seat, and sculpt even the tiniest of details is a testament to Japanese quality. Transmitting the technological and product creation values that underpin this craftsmanship to future generations is how Mazda can create social value.

As an outside director, I want to help merge Mazda's brand with its management to help entrench its brand value management approach.



Kitamura In the future, we can expect significant advancements in various types of technology, ranging from electrification technologies to technologies for safe and secure driving. However, I want Mazda to go further than the technologies so that it can continue to be a unique company that provides society with the joy of driving. From this perspective, I think the new management team has charted the right course for Mazda. I can speak from experience with regard to how getting lost in one's day-to-day work can narrow one's perspective. Accordingly, I look to provide management with advice and support from a broad, objective perspective as an outside director.

Thank you both for taking time out of your busy schedules to join us today.