The automotive industry is currently facing a once-in-a-century turning point. To respond to the opaque outlook, the Mazda Group has clearly defined its purpose and goals to ensure that everyone at the Group is united as we advance toward the future. Specifically, we established a corporate philosophy in 2023 to guide us as our North Star. This philosophy is based on the aspirations and passions that have driven us since the Company's founding in 1920 and has been shaped by the path we have walked thus far.

**CORPORATE PHILOSOPHY**

**PURPOSE**

Enrich life-in-motion for those we serve

**PROMISE**

Uplifting experiences, emotionally and physically

**VALUES**

Radically human/Challenger spirit/*Omotenashi*

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Mazda's brand value management is among the most important aspects of its execution of this corporate philosophy.

## Brand Value Management

Brand value management is the philosophy of providing value that resonates with customers and other stakeholders to form emotional bonds that deepen feelings of trust and attachment to the Mazda brand and ultimately enhance corporate value.





# AT A GLANCE (FY MARCH 2025)

### Financial Data

Net sales
5,018.9 billion yen

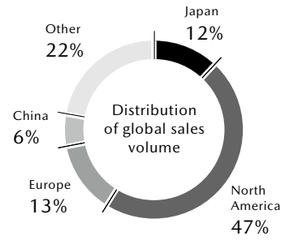
Operating income
186.1 billion yen

Capital expenditures
148.4 billion yen

Research and development costs
168.0 billion yen

### Non-Financial Data

Global sales volume
1,302,544 units




Number of sales countries and regions
More than 130

Production sites
8

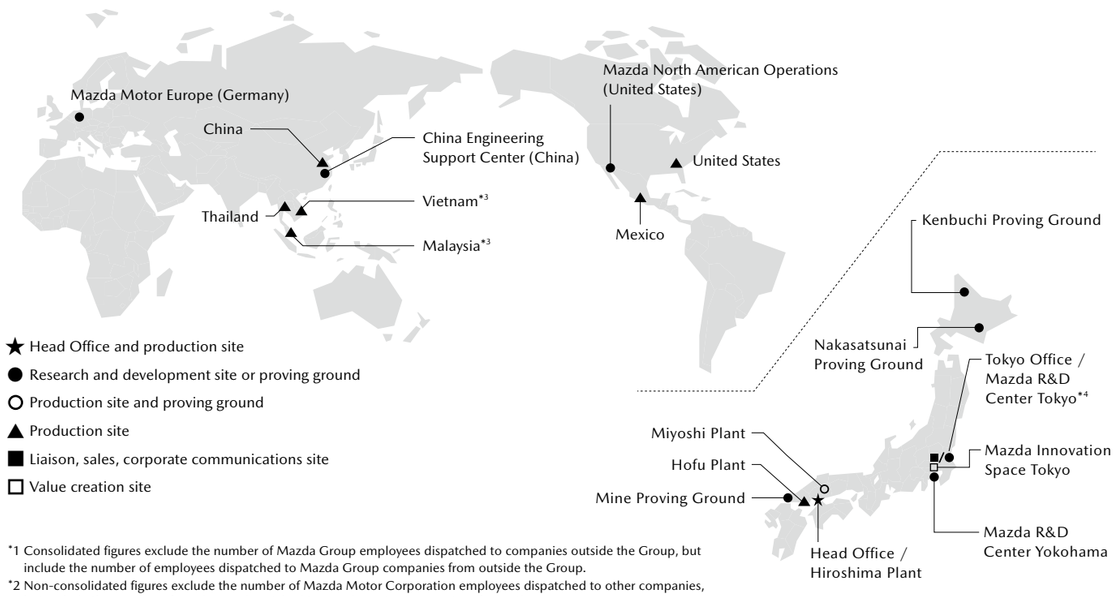
Employees
Consolidated
48,783*1

Non-consolidated
23,391*2

Consolidated subsidiaries
71

Equity-method applied companies
20

### Global Network




*1 Consolidated figures exclude the number of Mazda Group employees dispatched to companies outside the Group, but include the number of employees dispatched to Mazda Group companies from outside the Group.
*2 Non-consolidated figures exclude the number of Mazda Motor Corporation employees dispatched to other companies, but include the number of employees dispatched to Mazda Motor Corporation from other companies.
*3 Figures include local assembly only (production volume is not disclosed).
*4 Mazda R&D Center Tokyo was established in July 2025.

# MESSAGE FROM THE CEO

Masahiro Moro
Representative Director, President and CEO

## Mazda addresses management issues by practicing brand value management. This is how we work continuously to enhance corporate value and exercise our corporate philosophy.

### Q. What is Mazda's vision for the future, and what does the Company value today?

Times are changing, and these changes can be seen across society and industry alike. One area of change is the evolution of AI and digital technologies, which are transforming values and the ways business is conducted. The automotive industry is not immune from these changes. This is why we must deliver a type of mobility value that goes beyond transportation—value that connects people with one another and with society, and that aligns with their lifestyles.

Climate change has made people more curious about vehicle electrification. At the same time, the rise of automotive software and progress in generative AI technology are fundamentally transforming vehicle development, production, and service experiences. These are all changes that we must contend with, and we will do so as we seek to continue to create human-centered value.

We strive to provide mobility that empowers people in their everyday lives. This does not simply mean providing the joy of driving; we must also make living each day more enjoyable for every Mazda customer.

When it comes to *Monozukuri* (engineering and manufacturing), our focus has always been people. Cars are made for people. This belief is at the heart of our *Monozukuri* philosophy. It is this conviction that guides the hands of the designer who sculpts clay to bring it to life. It is this dedication that directs the eyes of the technician who uses masterful techniques to shape quality. And, it is this commitment that spurs the passion of the engineer who seeks new pinnacles of driving experience tailored to our bodies and senses.

Mazda proudly calls Hiroshima its home. Rooted in this resilient city, which remarkably rebuilt itself after experiencing immense devastation during World War II. Drawing inspiration from Hiroshima's history of overcoming adversity, Mazda continues to advance confidently on its journey to achieve success on the global stage. Now, some 80 years since the end of the war, I cannot help but be reminded of how we have continued to be propelled by the power of people. After the war, it was the perseverance and the tenacity of the people of Hiroshima that drove the reconstruction efforts. This perseverance, this tenacity, can still be found in Mazda's corporate culture, even today.

Our road has always been a bumpy one, even as we have surmounted the challenges of achieving mass production of rotary engines and becoming the first Japanese car manufacturer to claim victory in the Le Mans 24-Hour Endurance Race. However, it is the challenges we have overcome that have instilled perseverance and faith in the potential of people so firmly into our core values.

No matter how society may change, no matter how technologies may evolve, we must never abandon our focus on providing value that matches people's sensibilities and lifestyles. If every day we live our purpose to enrich people's lives, I am confident that customers will continue to choose Mazda.

Brand value management is our approach toward making decisions on how to act based on our conviction in all areas of our business. Mazda seeks to be a company that is always desired and valued by society, and we are committed to integrity, flexibility, and passion as a human-centered company.

### Q. Could you please explain Mazda's approach toward brand value management?

Brand value management is the philosophy of providing value that resonates with customers and other stakeholders. This philosophy guides us in forming emotional bonds that deepen feelings of trust and attachment toward the Mazda brand and, ultimately, in enhancing our corporate value.

People are always our focus, and the customer's perspective is what guides all of our decisions and our actions. We don't just want Mazda vehicles to be more functional and higher-performing; we want our products, services, and brand experiences to exude the unique essence of the Mazda brand. The joy of driving and our craftsmanship, Japanese-aesthetic designs, and the principle of *Omotenashi*, or hospitality, are all core elements of this essence.

This brand essence helps us enrich customers' lives, bring them joy, and make them feel happy about their connection with Mazda and their desire to maintain this bond. We strive to make Mazda a brand that offers this type of value.

We inject brand value management into everything we do, whether that be marketing strategies, product strategies, development, production, sales, human resource development, financial strategies, or sustainability initiatives. We're always working to take this approach to the next level. Rather than just focusing on things like short-term sales volumes and financials, we look to inspire feelings of understanding and trust in customers, offer a sense of pride to employees, ensure the long-term satisfaction of shareholders, and fulfill our social responsibilities. This is how we practice brand value management and secure a consistent competitive edge.

Brand value management is not merely a strategy or slogan; it is a cherished part of our core management philosophy. We are committed to this philosophy for one simple reason: we want to be a company that moves people emotionally.

Despite being based in Hiroshima, a long way away from Tokyo, Mazda has been able to continue delivering cars to some 130 countries and regions around the world. This is because of our strong commitment to creating products that resonate with people, even with our limited resources, and the tenacity that has allowed us to tackle the challenges we have faced. We have always been committed to creating value that connects with customers on an emotional level and to building trust through enduring relationships.

Still, I can't deny the fact that sales volumes and economies of scale are often major points of conversation when discussing the automotive industry. Scale is, of course, important to a point. However, we also have to be competitive. If Mazda is only focused on getting bigger, it won't be able to set itself apart from its rivals. The number of vehicles we can produce must not be our primary focus. Rather, we must think about why we make certain vehicles and why people continue to choose the Mazda brand. This might be more difficult, but it is the best way of getting to the heart of what we need to do to create value.

As we explore this topic, we must devote our efforts to enhancing our brand essence, our very identity, and to building emotional bonds with customers through our cars.

### Q. What factors are you emphasizing in management in this current period of turbulent change?

These are some truly uncertain times, and we're seeing significant changes that no one could have predicted. The United States is increasing tariffs. Geopolitical risks are on the rise. Raw material prices and foreign exchange rates are growing increasingly volatile. And, the timetable for transitioning to electrified vehicles is being reworked on a global

basis. Efficiency alone won't be enough to keep us afloat in times like these; we must anticipate and adapt to changes if we hope to survive. For this reason, we are adapting by acting as an "intentional follower" in the transition toward BEVs and implementing our Lean Asset Strategy P57. These efforts are already beginning to produce results. Through these efforts, we will flexibly respond to market trends so that we can better focus on brand value and growth fields.

The Management Policy up to 2030 is our compass for management. During the first phase of this policy, we built the financial base we'll need for the future as well as the frameworks that will support our transition to electrification. As we move toward the next stage, we are selectively concentrating our businesses and resources to make Mazda more resilient as a company.

I always like to emphasize the need to take stock of those areas that we can control. I also seek to make swift and measured decisions by examining various possible scenarios ahead of time. We cannot allow ourselves to become beholden to the operating environment. Rather, we must maintain sufficient levels of production and employment, even amid challenging conditions. We also must continue to generate cash by raising return on invested capital. It is only from within the Company that we'll find the strength to stand strong in the face of change.

If we hope to be both sustainable and growing amid the uncertainty we see today, we'll need to strengthen both our management efficiency and our resilience to change. Variable and fixed cost reduction will be an important priority for this reason. Fortunately, this is an area where we can exercise control. Meanwhile, digital technologies and software are becoming an increasingly integral part of automobiles. To adapt, we have to move away from the conventional automobile manufacturer-led vertical integration approach toward vehicle development. Instead, we should adopt a new co-creation-oriented approach in which we work together with our various partners as equals. We also need to implement structural reforms that span all segments of the supply chain to ensure that our production activities are both high quality and competitive.

I also have another important responsibility as the leader of Mazda: I must present a vision and a purpose that inspire everyone who engages with Mazda—including employees, business partners, community members, and customers—to take pride in their work and in what they do. As a leader, it is my duty to demonstrate, through my words and through my actions, the commitment and goals that shape our decisions and our business. This duty doesn't change no matter how uncertain the times may become.

Mazda's history is one of overcoming challenges. As someone who was also shaped by this history, I want to lead us in blazing our trail toward the future. I will also be attentive and receptive to the voices of frontline employees and customers.

## Q. Could you please explain Mazda's Lean Asset Strategy?

Our Lean Asset Strategy describes our unique management approach of selectively concentrating our limited management resources. The goal of this strategy is to create brand value and improve capital efficiency.

Companies in the automotive industry generally need to devote massive amounts of capital toward investments and R&D. Our approach, however, is a bit different. With the Lean Asset Strategy, we emphasize our brand and the importance of ensuring that our management is lean yet robust. We choose this approach by looking at how we can succeed and win over customers. This is in contrast to an approach of blindly pursuing increases in scale. We are not being conservative here; we are making an aggressive bid for growth.

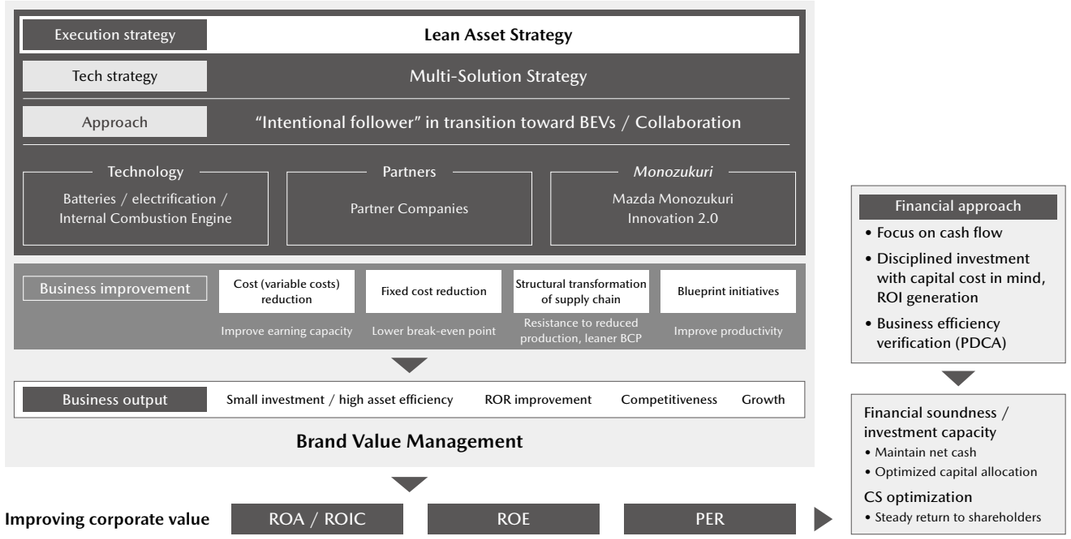
We invest in areas that are critical to our brand essence, like the joy of driving, our masterful *Monozukuri* techniques, and Japanese-aesthetic designs. We do so to refine our value. We also collaborate and co-create with partners who share our ambitions. Such joint efforts are mainly done in areas where we need scale and standardization to be competitive. I think this is a good way to boost capital efficiency, quality, and competitiveness.

The Lean Asset Strategy is our means of optimizing our asset portfolio and partnerships from the perspective of brand value. This cornerstone of management is a driving force behind improvements in asset turnover, return on equity, and other management indicators.

Mazda is armed with a propensity for coordination and with flexible strengths and creativity that suit its small stature. We will use these tools to create value and improve efficiency so we are the brand customers choose.

The Lean Asset Strategy also reflects our stance toward choosing where to focus and where to be flexible given our smaller scale. We arrived at this strategy exactly because the automotive industry is currently seeing such great change. By this change, I refer to developments like the trends toward carbon neutrality and electrified and more-intelligent vehicles.

This approach can be seen in our BEV initiatives. We are leaving the development of battery cells to our partners.




However, we also plan to build a battery assembly plant in Japan. We think this plant will be important for enhancing our technological prowess in processes related to module design and packaging, both of which are critical to cell performance. We will not be building a dedicated BEV factory. At Mazda, we use a mixed production approach in which we utilize the same production lines to produce the full spectrum of vehicles, everything from internal combustion engine vehicles to HEVs, PHEVs, and BEVs. This will let us manufacture BEVs with an initial investment that is 85% less than what we would need to spend to build a dedicated factory. This approach also allows us to respond more flexibly to demand.

In other words, the Lean Asset Strategy is not just about streamlining; it is our unique way of achieving both flexibility and earning power by looking at how best to create and supply Mazda's distinctive value.

However, we can't carry out this strategy alone. For this reason, we're open to co-creation with partners who share our ambitions. By working with partners, we are able to respond flexibly to the changing times. We remain committed to refining the value that makes Mazda the brand customers choose and to shaping the future together with our trusted partners. Our flexibility and our dedication are core components of Mazda's brand value management approach and the Lean Asset Strategy.

## Q. What technology goals will Mazda be working toward going forward?

The guiding principle for our R&D activities is creating the greatest amount of distinctive value using our limited resources. We are not a company that can win based on our size alone. Therefore, we must look at what approach toward technology is best suited to Mazda so that we can carefully and strategically choose where to allocate our resources.

This approach can be seen in our Multi-Solution Strategy P59 and our model-based development efforts. Another element of this approach is "Sustainable Zoom-Zoom." We announced this outlook in 2007 to compile the element technologies we expect to need over the long term. "Sustainable Zoom-Zoom" is guiding us in building frameworks for flexibly accommodating diverse electrification solutions related to HEVs, PHEVs, and BEVs.

# MESSAGE FROM THE CEO

Our Multi-Solution Strategy is not all-encompassing. This strategy is more a reflection of our Building Block concept, which itself is about combining technologies in a phased manner by working backward from when we expect $CO_2$ emissions reduction technologies to take hold in the global market. There are a lot of markets where the best possible solution might be a combination of internal combustion engine and electrification technologies. This means that we can stay competitive by flexibly adapting our technologies to various customer needs and energy-related circumstances.

The automotive industry is at a major turning point. We see this in how the value of vehicles is increasingly being defined by their software, rather than by their hardware. We established the Integrated Control System Development Division, a dedicated software control division, about a decade ago to guide widespread model-based development efforts as we approach this turning point. We're rebuilding our technology platforms to create virtual environments for integrated control of vehicle behavior and software development. The goal is to let us better express Mazda's distinctive joy of driving through software.

This is one of the reasons Mazda has been working together with multiple partners to develop electrical/electronic architecture. No matter how much we work with others, however, our unique qualities—the sense of meaning and intuitive feel we deliver through driving—will continue to be something we craft ourselves. We will focus on putting people at the center of technological advances in our future vehicle development activities.

## Q. How will Mazda contribute to carbon neutrality and to the realization of a sustainable society?

Carbon neutrality is not a goal for companies; it is an important responsibility toward future generations of people around the world, something we need to do to ensure companies can continue to survive. Mazda has set a shared, global, long-term goal of achieving carbon neutrality by 2050. This goal is not an empty promise, but rather something that shapes what we do on a daily basis.

To accomplish this goal, we look to achieve overall optimization. Driving isn't the only time cars release $CO_2$. We see $CO_2$ being emitted during all stages of the vehicle life cycle, whether that be resource extraction, production, logistics, use, disposal, or recycling of automobiles. We have to reduce emissions across all of these stages if we want to contribute to a sustainable society—one of our most fundamental responsibilities.

On our path toward complete carbon neutrality, our interim target is to make Mazda's global factories carbon neutral by 2035. We're already working toward this goal through initiatives based on three pillars: energy conservation, shift to renewable energy, and introduction of carbon-neutral fuels. Specific examples of what we're doing include bolstering solar power generation facilities at factories, utilizing off-site power purchase agreements in collaboration with local power producers, and conducting verification tests for adopting alternative fuels for thermal power generation.

Mazda is also teaming up with research institutions and companies to encourage society to embrace carbon-neutral fuel technologies that move us closer to truly zero emissions in vehicle production and all other stages of the vehicle life cycle. In this manner, we look to do more than just fulfill our responsibility as an automobile manufacturer—we want to help shape the future together with communities, industry, and members of the younger generation.

## Q. What are your thoughts regarding management efficiency and shareholder returns, and in what ways do you aim to enhance corporate value?

The global economy is getting even more uncertain. The market is therefore placing pressure on companies to become more intrinsically competitive and to make their growth models sustainable. In the automotive industry, we are finding ourselves on the receiving end of more scrutinous inspections, which look at, among other factors, how we adapt to technological progress and revise our business portfolio as well as at our capital efficiency and shareholder return policies.

It is thus more important than ever for companies to look for ways to balance medium- to long-term growth potential and short-term capital efficiency if they want to maintain trust. We believe that corporate value is not about one-time earnings or stock prices; it is something that should be gauged by how well a company is achieving ongoing growth and returns using limited resources.

Mazda aims to enhance corporate value through skillfull management while taking advantage of its distinctive strengths, like its Lean Asset Strategy and Mazda Monozukuri Innovation 2.0 P67. We are doing this by maximizing capital efficiency, as opposed to downsizing assets, through structural reforms to development, production, and sales functions. We're also taking a deep look at how to balance invested capital and development speed so that we can deliver value to customers on an even shorter cycle.

To enhance profitability given our amount of capital, we're turning our attention toward improving return on equity to achieve the best possible balance between shareholder returns and growth investments. We have been working to build a financial base that can support long-term investments, investments in people and electrification, and increases to net cash since FY March 2022. Thus, we have been able to maintain a flexible and healthy financial base that is resilient to changes, which has kept us safe from damage to shareholder value, even in the face of global financial instability and disadvantageous trade policies.

The transparency of our corporate policies and our engagement with the market are also important to enhancing corporate value. The market doesn't just see companies as a bunch of numbers; it looks at the intent behind those numbers and how a company acts based on that intent. This is why we work so hard to be concise in how we communicate our value creation story to the market. Such concise communication is imperative to building long-term, trusting relationships with our shareholders and other investors.

At the risk of repeating myself, we are taking a unique approach with the goal of becoming the brand customers choose without being dependent on scale. To this end, we are pursuing the ideal balance in terms of forward-looking investment, shareholder returns, and profitability improvements. This is how we look to enhance corporate value.

We also recognize the link between sustainability and the joy of driving. We want to use our own technologies and insight to create harmony between people, cars, and society with the mobility we provide. We have no intention of halting on this path, and will continue to tackle the challenges that appear along the way.

## Q. What are your thoughts regarding Mazda's people and the mobilization of organizational capabilities?

People are our greatest asset—it is the power of our people that drives our value creation. The passion and skills of our people are what ultimately give form to our vehicles and what allow us deliver our brand value to society. This will not change, no matter how technologies may evolve. We've made human-centered management a part of Mazda's essence for this reason. This is why enhancing our human capital is considered to be an underlying principle for management, and this is not limited to formulating systems and measures.

A fundamental part of leadership is to put forth a vision, or a goal. A leader must then encourage employees to think and act on their own accord to move toward this vision. Transformation starts at the front lines. For this reason, I place a spotlight on teams in the field and listen to them so we can craft our vision for the future together. I must personally stand at the front lines and lead through action if I want to build trust within the organization. I also really value opportunities to talk to people at frontline sales and production organizations as well as to the stakeholders who support us.

## MESSAGE FROM THE CEO

Mazda gives form to this approach through initiatives for maximizing the potential of its people and its organizations. These initiatives are based around the concepts of learning, culture, and co-creation.

In terms of learning, Mazda is enhancing its education programs with a focus on digital technologies, software, and global applicability. For example, we're expanding opportunities for reskilling and gaining experience in new areas to help employees be the author of their own career path. We also want to assist employees in becoming more knowledgeable and flexible as professionals so that they can better adapt to change.

When it comes to culture, we are advancing Blueprint, large-scale organizational culture reform initiatives that target all employees. These initiatives promote communication and understanding among employees across all areas of the organization in hopes of cultivating a healthier and more open workplace environment so that everyone can grow and succeed as their authentic selves. Our goal is to ensure that everyone at Mazda, no matter what their values or background, respects one another and can exercise their specific talents.

As for co-creation, we value the insight of and communication with frontline organizations. In our quest to make co-creation a normal part of operations, we encourage the sharing of knowledge between divisions and promote collaboration with our partners. We expect these efforts to drive process improvements and contribute to an environment that fosters future leaders.

We're also utilizing AI and other digital technologies to digitally transform our work processes. Specifically, we want to make routine processes more efficient. In this manner, we hope to allow employees to focus more on the creative work that drives brand value management. The MAX Project Office was established in September 2025 for the sole purpose of facilitating these initiatives by spreading AI use throughout Mazda. In fact, the "MAX" portion of the name is an acronym for Mazda AI Transformation. This organization is truly a symbol of our commitment to the use of AI. The MAX Project Office will work to drastically transform Companywide processes with the goals of doubling process speed and massively increasing productivity. These gains will be a major part of ensuring that Mazda can continue to grow even in uncertain times.

We also want to make Mazda a place where people feel empowered and are able to work in good physical and mental health. Health and productivity management is an approach we have adopted to help our people grow, and we hope that they can become the type of people who contribute to their community and to society for their entire lives.

Corporate governance is also an important part of management. Mazda approaches governance through both culture and rules. The Board of Directors respects the opinions of outside directors. We also emphasize the importance of engagement and transparency in managing organizations, and work to ensure that management hears the voices of our employees.

If we have faith in the potential of our people, and work to draw out this potential, it will no doubt support the Mazda of the future. Through diligent, human-centered management, I hope to help everyone at Mazda have a sense of pride in their role and feel personally invested in our transformation and growth.

You'll find messages from executives responsible for various duties at Mazda in this report. I hope you will take the time to read these messages so you can get a feel for our thoughts and goals as these individuals explain, in their own words, Mazda's unique value creation and other initiatives. I would also like to thank our shareholders and investors for their continued support, trust, and confidence in Mazda's course. We value your support, and we pledge to communicate more to help you fully understand our goals in the future.

Representative Director,
President and CEO

## COMMUNICATION WITH STAKEHOLDERS SUPPORTING MAZDA

The president visits factories, dealerships, and other frontline organizations to gain an understanding of their issues and takes the time to speak with the various stakeholders who support Mazda. This diligent communication enables Mazda to share, in a timely manner, information on conditions at the Company with the representatives of business partners and dealerships and with investors. Meanwhile, the GARAGE@MAZDA* internal communication site is used as a venue for providing employees with concise and accurate information on the thoughts of the president and conditions affecting the Company. These efforts are being conducted to heighten engagement and build bonds of trust.


Visit by President and CEO Moro to Changan Mazda Automobile Co., Ltd.


Dealership conference in the United States

President and CEO Moro speaking with journalists and other press members

Blueprint President Session


GARAGE@MAZDA internal communication site

* In 2022, Mazda digitalized the internal newsletters to create the GARAGE@MAZDA internal communication site. The site is updated eight to 10 times per month on average, with a diverse lineup of articles and videos, including messages written personally by the president (entitled "President's Journal"), introductions of workplace activities, and messages from customers. This framework for timely information provision and exchange between employees via comments is encouraging communication among employees and has resulted in an ongoing rise in page views, which reached a monthly average of 200,000 in 2024. Moreover, in July 2025 the site won Gold Awards (second place) in the online and app newsletter and all mediums categories of the 2025 iteration of the Company Newsletter Awards, a national competition for company newsletters sponsored by wis works, Inc.

# HISTORY OF GROWTH

## Course of Enriching Life-in-Motion for Those We Serve Over 105 Years

Since its founding in 1920, Mazda has continued to tackle various challenges as it sought to develop new products, technologies, and services that contribute to society. With the support of the communities we serve, we have managed to surmount the trials and adversity we have faced over our more-than-a-century-long history. In this section, we present a chronicle of Mazda's quest to create value.

### *1920–*

**Broadening of operations from cork manufacturing to machinery**

Originally founded in Hiroshima City as part of efforts to rebuild the management of a cork manufacturer, Toyo Cork Kogyo Co., Ltd. began broadening the scope of its operations, entering into the machinery business and eventually into the automotive business with three-wheeled trucks. It was at this time that the Company relocated its Head Office and factory to the Mukainada area, where founder and then-president Jujiro Matsuda was born.

### *1945–*

**Growth into full-line automaker in conjunction with reconstruction of Hiroshima**

Overcoming the turmoil that followed World War II, Mazda began to streamline and rationalize its business while at the same time entering into the passenger car market and expanding its product lineup to include vehicles ranging from micro-minis to midsize trucks. Then, in 1970, the Company began full-scale exports of automobiles to the European and North American markets.

### *1970–*

**Creation of unique value proposition for the global market**

After surmounting the management crisis resulted from the 1973 oil crisis, the Company proceeded to release such hit automobiles as the Mazda Familia (Mazda 323) front-wheel drive model and the Mazda Bongo (Mazda E-series) as part of its unique customer-oriented value proposition. The globalization of its business was further accelerated by a capital tie-up with Ford Motor Company, empowering Mazda to accelerate R&D activities and release numerous unique products.

### *1995–*

**Provision of the joy of driving with outstanding safety and environmental performance**

After the collapse of Japan's bubble economy, Mazda found itself restructuring management as a constituent of the Ford Group. It was at this time that Mazda sought to clarify exactly what constituted its unique identity and purpose. Beginning in 2002, this approach inspired us to launch new vehicles that thoroughly embraced Mazda's unique brand DNA. This was also when Mazda began using its brand message of "Zoom-Zoom" as an expression of the joy of driving it sought to deliver. This desire evolved into sustainable R&D activities aimed at endowing Mazda vehicles with outstanding environmental and safety performance.

### *2015–*

**Ambitious transformation driven by brand value management and co-creation**

To guide its pursuit of carbon neutrality, Mazda announced its Multi-Solution Strategy, which entails the optimal deployment of internal combustion engine and electrification technologies in accordance with the respective needs. We also began to ramp up collaboration with partners who shared our aspiration while evolving our human-centric development philosophy and Mazda Monozukuri Innovation initiatives. These principles formed the cornerstone of our efforts to make Mazda the brand customers continue to choose by clearly defining our unique value proposition and cherishing our emotional connections with customers.

#### Corporate and Management Milestones

| | |
|---|---|
| 1920 | Founding of Toyo Cork Kogyo Co., Ltd. in Hiroshima |
| 1931 | Relocation of Head Office and factory from Yoshijima Town to Fuchu Village (currently Fuchu Town) to manufacture three-wheeled trucks |
| 1945 | Production of three-wheeled trucks resumed just four months after the atomic bombing of Hiroshima |
| 1966 | Construction of new passenger car plant in Ujina |
| 1967 | Start of full-scale export to the European market |
| 1970 | Entry into U.S. market and establishment of local sales company |
| 1982 | Commencement of full-scale operations at Hofu Plant, Nishinoura District |
| 1984 | Change of company name to Mazda Motor Corporation |
| 1987 | Commencement of operations at first overseas factory (Mazda Motor Manufacturing USA Corporation) |
| 1996 | Launch of Mazda Digital Innovation activities |
| 2014 | Commencement of mass production at new factory in Mexico (Mazda de Mexico Vehicle Operation) |
| 2017 | Entry into business and capital alliance with Toyota Motor Corporation "Sustainable Zoom-Zoom 2030" announced |
| 2021 | Commencement of operations at new factory in the United States (Mazda Toyota Manufacturing, U.S.A., Inc.) established as joint venture with Toyota |

#### Product and Technology Milestones

| | |
|---|---|
| 1921 | Start of production of compressed cork board |
| 1931 | Launch of Mazda-Go Type-DA three-wheeled truck |
| 1967 | Introduction of Mazda Cosmo Sports (Mazda 110S), Mazda's first rotary engine vehicle |
| 1989 | Launch of Eunos Roadster (Mazda MX-5/MX-5 Miata) two-seater convertible |
| 1991 | Victory by Mazda 787B in the Le Mans 24-Hour Endurance Race, claiming the first victory for a Japanese automobile |
| 2010 | Announcement of next-generation Skyactiv Technology and new *KODO* design theme |
| 2012 | Launch of Mazda CX-5 Crossover SUV |
| 2022 | Start of sale of Mazda CX-60 as first large product category offering |
| 2023 | Launch of Mazda MX-30 Rotary EV, a PHEV powered by a rotary engine |

#### Episodes Embodying Mazda's Philosophy

**1927**
**Change of name from Toyo Cork Kogyo Co., Ltd. to Toyo Kogyo Co., Ltd.**

In light of the volatility of demand in the cork industry, the Company entered into the machinery field, an area where then-president Jujiro Matsuda had experience and a track record, in search of the greatest stability in performance. The new corporate logo introduced in conjunction with this move expressed a strong desire to contribute to the world through machinery. Our operations in this field laid the foundations for our advance into the automotive industry a number of years later.

**1945**
**Drive to resume production and contribute to Hiroshima's reconstruction**

Toyo Kogyo was quick to spring into action after the atomic bombing of Hiroshima, aggressively seeking out the necessary materials and parts in its drive to resume production. It did so while also lending aid to the injured and accommodating requests from prefectural and other government agencies to provide facilities to be used in place of their destroyed buildings. As people sought to recover from the tragedy and get back to normalcy, the three-wheeled Toyo Kogyo trucks that could be seen driving along the streets, filled to the brim with relief items, were both physically and emotionally uplifting.

**1961**
**Development of rotary engine to create unique value proposition**

Amid rumblings of restructuring in the automotive industry, the Company joined the race to develop the "dream engine" that had attracted the attention of engineers around the world as a symbol of its superior technological prowess. Determined to accomplish this goal, then-president Tsuneji Matsuda threw himself into the fray of the overseas contract negotiations that were needed to accomplish this mission. As a result of the conviction and perseverance born out of our challenger spirit, the rotary engine was finally put into practical use after six years of efforts.

**1984**
**Vehicle development aimed at contributing to automobile culture and creating fans**

After changing its company name to Mazda Motor Corporation, the Company began advocating contributions to automobile culture, adopting an approach toward vehicle development that was linked to and aimed at enriching people's lifestyles. This chapter of vehicle development at Mazda is characterized by moving designs crafted through beautiful curves. One product of this design approach was the first Eunos Roadster (MX-5/MX-5 Miata) launched in 1989, which won enthusiastic support from fans around the world for its appealing design and an exhilarating *Jinba-ittai*—a sense of oneness between driver and vehicle—driving feel.

**2007**
**Pursuit of constantly exciting vehicles based on "Sustainable Zoom-Zoom"**

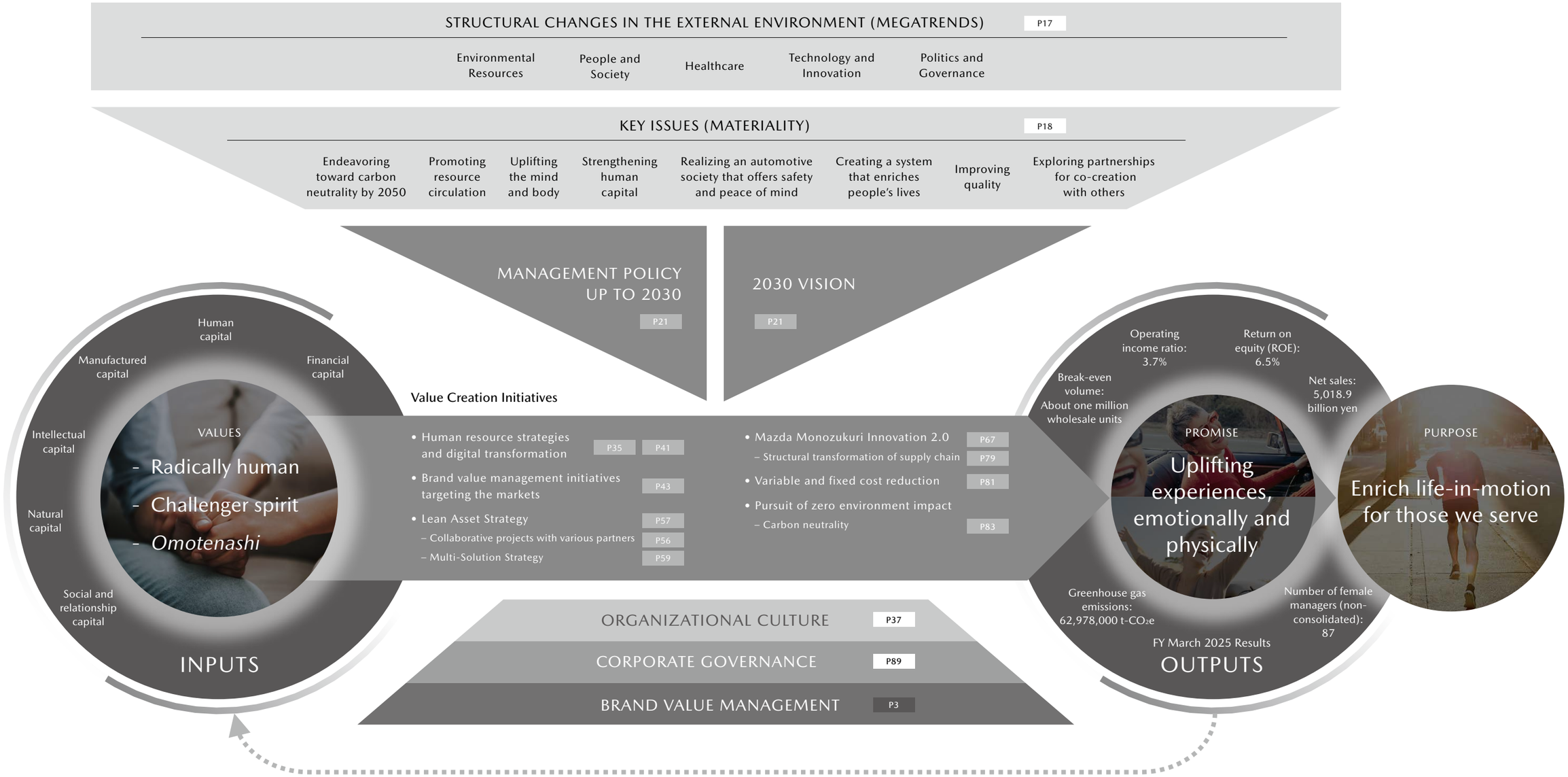
Seeking to provide all customers with a joy of driving backed by outstanding environmental and safety performance, Mazda announced its Building Block concept, which called for it to pursue increases to the fundamental performance of widely used internal combustion engine vehicles, instead of focusing exclusively on the latest eco-friendly vehicles. Our Skyactiv Technology is a central component of this concept and was the driver of numerous technological breakthroughs that elevated our vehicles to new levels in terms of both driving feel and fuel economy.

**2017**
**Evolution of Soul Red color exemplifying *KODO* design**

Soul Red, a long-standing color representing a strong sense of vitality and speed expressed by *KODO* design, was evolved in conjunction with the transition to an even more elegant and luxurious design philosophy. The result was the birth of Soul Red Crystal, a new flagship color that is both energetic and vivid while also being luxurious and profound. Our painting technologies were also evolved to better express how we cherish emotional connections with customers.

# VALUE CREATION PROCESS

Amid a changing operating environment, Mazda has defined its medium- to long-term vision as the 2030 Vision and has put forth the Management Policy up to 2030 to shape efforts toward the realization of this vision. Guided by our brand value management, we have positioned corporate governance and organization reforms as the foundation for supporting these efforts. Based on our values of Radically human, Challenger spirit, and *Omotenashi*, everyone at Mazda seeks to fulfill the Promise to stakeholders and to society of delivering "uplifting experiences, emotionally and physically" and the Purpose of "enrich life-in-motion for those we serve" described in our corporate philosophy. Our efforts to accomplish these objectives through the creation of value are advanced through human resource strategies, digital transformation, market-oriented brand value management initiatives, our Lean Asset Strategy, and Mazda Monozukuri Innovation 2.0 activities.



# MEGATRENDS AND KEY ISSUES (MATERIALITY)

## IDENTIFICATION AND REVIEW OF MATERIALITY THEMES

Based on the opinions of experts and various other external stakeholders as well as opinions from both management and relevant divisions, we identified the social issues that the Mazda Group should address, which were compiled and disclosed as key issues (materiality) in July 2016. Amid the growing worldwide interest in environmental, social, and governance (ESG) issues seen in the subsequent years, expectations from stakeholders became more specific and the social environment affecting the Mazda Group underwent some changes. In response to these changes, the Company commenced a review of its materiality themes in FY March 2018. Through this review, in 2021 we identified the social issues that the Mazda Group should address through its business and clarified and disclosed the relationship between these issues and the Sustainable Development Goals (SDGs) and targets adopted by the United Nations. Then, in response to the updates to the medium-term management plan and Management Policy up to 2030 announced in November 2022, Mazda once again reviewed its materiality theme.

In addition, we have updated the targets for directly operated factories and offices in Japan for FY March 2031 contained in our targets related to the materiality theme of endeavoring toward carbon neutrality by 2050.

## MATERIALITY REVIEW AND IDENTIFICATION PROCESS

In reviewing its materiality themes, Mazda took into account two perspectives. The first was the perspective of stakeholders in reference to the SDGs adopted by the United Nations and the details of surveys conducted by global ESG rating organizations. The second perspective was the importance to the Mazda Group in relation to, for instance, business initiatives for enacting the Management Policy up to 2030.

**STEP 1** | Selection of social issues
To select social issues from the stakeholders' perspective, Mazda analyzed and clarified what investors and the global society expect of the Company from the details of surveys conducted by global ESG rating organizations. As for the importance to the Mazda Group, specific issues described in the Management Policy up to 2030, "Sustainable Zoom-Zoom 2030," and the Company's securities report were analyzed so as to select the social issues.

**STEP 2** | Evaluation of impact and prioritization of social issues
Mazda identified potential priority issues to be tackled by evaluating the social issues selected in Step 1 according to two axes: Impact on stakeholders*1 and impact on the Mazda Group.*2 The Company also clarified the themes to be addressed from a long-term viewpoint by correlating these themes with the 169 targets of the SDGs.

**STEP 3** | Validation
To validate the priorities of themes identified in Step 2, discussions were held with management to reach a consensus regarding the priorities.

**STEP 4** | Disclosure of materiality themes
A specific action plan is currently being prepared to ensure steady implementation of the materiality themes identified in Steps 1–3 and follow up on the progress. The materiality themes that Mazda recently identified and an action plan that will be formulated henceforth will be disclosed to stakeholders. By periodically evaluating and revising the materiality themes and plan, Mazda will implement a plan–do–check–act (PDCA) process.

*1 Expectations for the Mazda Group and the automotive industry
*2 Risks and opportunities for the Mazda Group

## MEGATRENDS

**Environmental Resources**
Rising environmental needs

**People and Society**
Diversification of values
Increased urbanization

**Healthcare**
Population aging

**Technology and Innovation**
Advancements in AI and other technologies

**Politics and Governance**
Global polarization

## MATERIALITY THEMES AND KEY PERFORMANCE INDICATORS

### Initiatives and Guidelines Related to Eight Themes of Materiality

| | Eight themes of materiality | Social issues (Relevant keywords) | Mazda's initiatives, targets, and statistics | SDGs goals |
|---|---|---|---|---|
| "Earth" | Endeavoring toward carbon neutrality by 2050 P83 | Climate change issues (Carbon neutrality) | Initiatives<br>• Efforts to reduce $CO_2$ emissions over a vehicle's entire life cycle from the perspective of well-to-wheel and life cycle assessment<br>• Accumulation of technological assets in line with Mazda's Building Block concept and utilization of these assets in highly efficient manufacturing<br>• Initiatives for achieving carbon neutrality at Mazda's global factories by 2035 based on the three pillars of energy conservation, shift to renewable energy, and introduction of carbon-neutral fuels<br>Targets<br>• Achieve carbon neutrality across the entire supply chain by 2050<br>• Achieve carbon neutrality at Mazda's global factories by 2035<br>• Achieve 46% or more decrease in $CO_2$ emissions at plants and operating sites in Japan*1 by FY March 2031 in comparison to the level in FY March 2014 (revised from prior target to align with Japanese national target)<br>Statistics from FY March 2025<br>• Total Scope 1, Scope 2, and Scope 3 greenhouse gas emissions of 62,978,000 t-$CO_2$e*2<br>• Total Scope 1 and Scope 2 greenhouse gas emissions of 649,000 t-$CO_2$e (24% reduction in comparison to FY March 2014)*1 | 3, 7, 9, 11, 12, 13 |
| | Promoting resource circulation P87 | Increase in demand for resources and rising amount of waste<br>Water resources issues<br>(Circular economy) | Initiatives<br>• Increase in the recyclability of new vehicles<br>• Initiatives to promote the 3Rs (reduce, reuse, and recycle) at plants and global efforts for zero emissions and the expansion of resource recycling<br>Targets<br>• Resource recycling for materials: Achieve zero emissions in manufacturing and logistics processes on a global basis by 2030<br>• Resource recycling for water: Implement an optimal approach to water resources recycling and circulation at model plants*3 in Japan by 2030<br>Statistics from FY March 2025<br>• Resource recycling for materials*4: $CO_2$ emissions from logistics processes of 59,600 t-$CO_2$e<br>• Resource recycling for water*5: Water intake of 5,869,000 $m^3$ (reduction of 37% in comparison to FY March 2014) | 6, 9, 12 |
| "People" | Uplifting the mind and body P71 | Changes in values regarding mental and social health | Initiatives<br>• Creation of moving experiences in driving and mobility through human-centered approach<br>• Evolution of Mazda's *KODO* design approach<br>• Enhancement of the joy of driving | 3, 9 |
| | Strengthening human capital P35 | Decline in the labor force<br>Globalization of the market and diversification of customer needs (Diversity, equity, and inclusion) | Initiatives<br>• Cultivation of organizational culture encouraging action based on the customer's perspective<br>• Promotion of respect for diversity and success of diverse human resources<br>Targets<br>• Number of female managers*4: 80 in FY March 2025, 100 in FY March 2026, and 110 in FY March 2027<br>• Ratio of applicable male employees taking child-rearing leave (including post-childbirth paternity leave)*4: 60% in FY March 2025, 70% in FY March 2026, and 75% in FY March 2027<br>Statistics from FY March 2025<br>• Number of female managers (manager or above) of 87*4<br>• Ratio of applicable male employees taking child-rearing leave (including post-childbirth paternity leave) of 60%*4 | 5, 8 |
| "Society" | Realizing an automotive society that offers safety and peace of mind P72 | Fatal road traffic accidents | Initiatives<br>• Promotion of technology development based on Mazda Proactive Safety original safety concept<br>Targets<br>• Reduce deaths caused by new Mazda vehicles to zero through automotive technologies by 2040 | 3 |
| | Creating a system that enriches people's lives | Declining population, falling birthrate and aging society, and concentration of population in urban centers<br>Traffic jams and congestion in urban areas and expansion of rural areas where no public transportation is available (Mobility as a Service) | Initiatives<br>• Building of a model of social contribution that will enrich lives by offering safe, secure, and unrestricted mobility to people everywhere<br>• Testing of a shared mobility service leveraging mobility technologies | 9, 11 |
| Common to "Earth," "People," and "Society" | Improving quality P74 | Quality issues | Initiatives<br>• Promotion of consistent quality in all stages, from planning to production<br>• Early detection and early resolution of market problems<br>• Customer support tailored to customer needs | 9 |
| | Exploring partnerships for co-creation with others | Once-in-a-century transformation (CASE) | Initiatives<br>• Inter-company collaboration: Promotion of coordination for enhancing technological capabilities and generating synergies<br>• Industry–academia–government collaboration: Contribution to communities by developing new creative technologies and fostering human resources capable of bringing about innovation through collaboration with local companies, universities, and government agencies | 8, 17 |

*1 Sites including Mazda's Head Office and Hiroshima Plant (Aki-gun and Hiroshima City in Hiroshima Prefecture), Hofu Plant (Hofu City, Yamaguchi Prefecture), and Miyoshi Plant (Miyoshi City, Hiroshima Prefecture)
*2 Scope 1 and Scope 2 figures are for Mazda Motor Corporation, 20 domestic consolidated subsidiaries, 10 domestic equity-method affiliates, 24 overseas consolidated subsidiaries, and four overseas equity-method affiliates.Scope 3 figures are for applicable consolidated subsidiaries and equity-method affiliates.
*3 Model plants are pilot plants where new measures are tested ahead of implementation at other facilities.
*4 Figures are for Mazda Motor Corporation (non-consolidated basis).
*5 Figures are for Mazda Motor Corporation, 20 domestic consolidated subsidiaries, and 10 domestic equity-method affiliates.

# SUSTAINABILITY PROMOTION

Mazda promotes sustainability initiatives through business activities conducted in line with its Basic Policy on Sustainability.

## BASIC POLICY ON SUSTAINABILITY

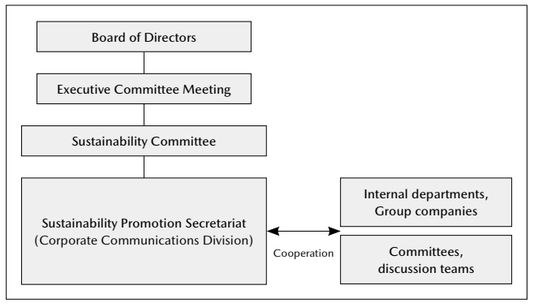
While striving to sincerely meet the requests and expectations of all stakeholders under its corporate philosophy, Mazda aims for sustainable growth as a company through its global business activities. The Company is determined to contribute to the sustainable development of society through efforts to resolve various social issues by making the most of its strengths.

Basic Policy on Sustainability
https://www.mazda.com/en/sustainability/about/

## SUSTAINABILITY PROMOTION FRAMEWORK

Sustainability issues have been a topic of discussion at meetings of Mazda's Board of Directors since FY March 2016. However, recognizing that more effective sustainability promotion frameworks were necessary to respond to the recent rise in interest pertaining to ESG issues, Mazda revised its Companywide promotion framework in FY March 2025. This revision entailed reorganizing and renaming the former CSR Management Strategy Committee to create the Sustainability Committee. Under this committee, we established the Mirai (Future) Subcommittee for discussing future issues and the Issue Response Subcommittee for discussing urgent issues. This framework better equips the Company to address short-, medium-, and long-term issues and to develop more effective processes and systems for responding to urgent issues. Group companies, internal departments, and committees coordinate and carry out their duties in accordance with the initiatives, policies, and guidelines formulated by the Sustainability Committee.

Overview of Sustainability Promotion Framework




**Major Sustainability Promotion Framework Reforms and Initiatives**

| | |
|---|---|
| FY March 2005 | • Start of Companywide CSR initiatives<br>• Establishment of CSR Committee |
| FY March 2008 | • Establishment of dedicated CSR Promotion Department |
| FY March 2009 | • Integration of CSR initiatives and management<br>• Reorganization of CSR Committee to form CSR Management Strategy Committee |
| FY March 2010 | • Establishment of dedicated CSR & Environment Department |
| FY March 2013 | • Formulation of CSR targets<br>• Start of implementation of PDCA cycle to promote CSR initiatives based on ISO 26000 |
| FY March 2014 | • Commencement of studies to review and identify key CSR issues (materiality) |
| FY March 2015–FY March 2016 | • Disclosure of materiality review and identification process |
| FY March 2017 | • Disclosure of results of materiality review and identified items |
| FY March 2018–FY March 2021 | • Ongoing implementation of materiality review and identification process |
| FY March 2022 | • Completion of materiality review and identification process<br>• Identification of social issues that Mazda should resolve through its business and clarification of relationship between these issues and the SDGs<br>• Formulation of Basic Policy on Sustainability |
| FY March 2023 | • Revision of materiality |
| FY March 2024 | • Revision of sustainability promotion framework |
| FY March 2025 | • Reorganization and renaming of CSR Management Strategy Committee to create Sustainability Committee and establishment of Mirai Subcommittee and Issue Response Subcommittee under the committee |

**Sustainability Committee**

The Sustainability Committee discusses directives for sustainability initiatives from short-, medium-, and long-term perspectives based on changes in global social trends.

- Chair: Executive in charge of sustainability
- Frequency: Regularly
- Members: Members of the Executive Committee Meeting

Note: Frequency and members vary based on discussion agenda.

The following two subcommittees have been established for discussions based on certain agenda items.

Mirai Subcommittee:
Investigation of potential risks and opportunities from a medium- to long-term perspective and discussion of Groupwide sustainability directives to support the sustainability of the Group

Issue Response Subcommittee:
Discussion of policies for addressing urgent sustainability issues based on social expectations and international sustainability regulation trends

**Discussions by the Mirai Subcommittee**

In February 2025, the Mirai Subcommittee began arranging discussions of issues from a diverse range of perspectives among 15 members, including talented individuals from various internal departments. These members are charting a course for Mazda's sustainability initiatives based on a vision for society in 2040, and consideration for scenario projections and the risks and opportunities that may emerge for the Group. Suggestions are made to senior management in accordance with the results of these discussions.

Meeting of the Mirai Subcommittee attended by President Moro

**Promotion of Sustainability Across the Entire Value Chain**

In cooperation with suppliers and dealerships, Mazda has established a system for promoting sustainability initiatives across the entire value chain. The Company places emphasis on engagement with stakeholders to ensure that its sustainability initiatives not only comply with international rules as well as the laws and regulations of the relevant countries and regions but also respect local history, culture, and customs.

**Research and development**

Research and development in Japan, North America, Europe, and China aimed at providing innovative products tailored to these markets

**Purchasing**

Implementation of a broad range of initiatives, in tandem with our many suppliers in Japan and overseas, aimed at achieving harmonious coexistence and co-prosperity

**Manufacturing**

Pursuit of high-level manufacturing in countries such as Japan, Thailand, China, Mexico, and the United States

**Logistics**

Pursuit of high-quality, safe, and eco-friendly transportation on a global basis

**Sales and services**

Provision of vehicles and services to customers in a range of countries and regions

**Recycling end-of-life vehicles**

Promotion of end-of-life vehicle recycling and waste reduction