



FISCAL YEAR MARCH 2021 FIRST QUARTER FINANCIAL RESULTS



Presentation Outline

- **Fiscal Year March 2021 First Quarter Results**
- **Fiscal Year March 2021 Full Year Forecast**
- **Direction of Medium-Term Management Plan Revision**
 - **Lessons Learned From COVID-19 Crisis**
 - **This Fiscal Year's Initiatives**
 - **Direction of Medium-Term Management Plan Revision**

Fiscal Year March 2021 First Quarter Results

First Quarter Results Highlights

【Sales results】

- Global sales were 244,000 units, down 31% year on year
- Consolidated wholesales were 114,000 units, down 63% year on year
- Global inventory reached appropriate levels as of the end of June

【Financial results】

- Net sales were ¥376.7 billion, down 56% year on year
- Operating loss was ¥45.3 billion
- Net loss was ¥66.7 billion
(includes a ¥20.5 billion production loss resulting from suspension of operations, which was recorded as an extraordinary loss)
- Free cash flow was negative at ¥151.1 billion

*Net loss indicates net loss attributable to owners of the parent

First Quarter Results Highlights

[Response to COVID-19 Crisis]

Quick Decision-making and Execution

- **Enhanced inventory management by adjusting production in accordance with sales trends**
- **Implemented emergency spending curtailment measures, and accelerated sales as dealers resumed operations to minimize deterioration of free cash flow**
- **Procured ¥290 billion of funds to secure liquidity**
- **Discussions with local suppliers about employment preservation and cash management**

FY March 2021 Global Sales Volume

(Thousand units) Global sales volume	First Quarter		Change from	
	FY March 2020	FY March 2021	Prior Year	
Japan	39	26	-13	-34%
North America	100	81	-19	-19%
Europe	67	28	-39	-58%
China	54	61	+7	+13%
Other Markets	93	48	-44	-48%
Total	353	244	-109	-31%
*Excl. China	299	183	-116	-39%
USA	68	61	-7	-10%
Australia	27	18	-9	-33%
ASEAN	29	11	-17	-61%

FY March 2021 Financial Metrics

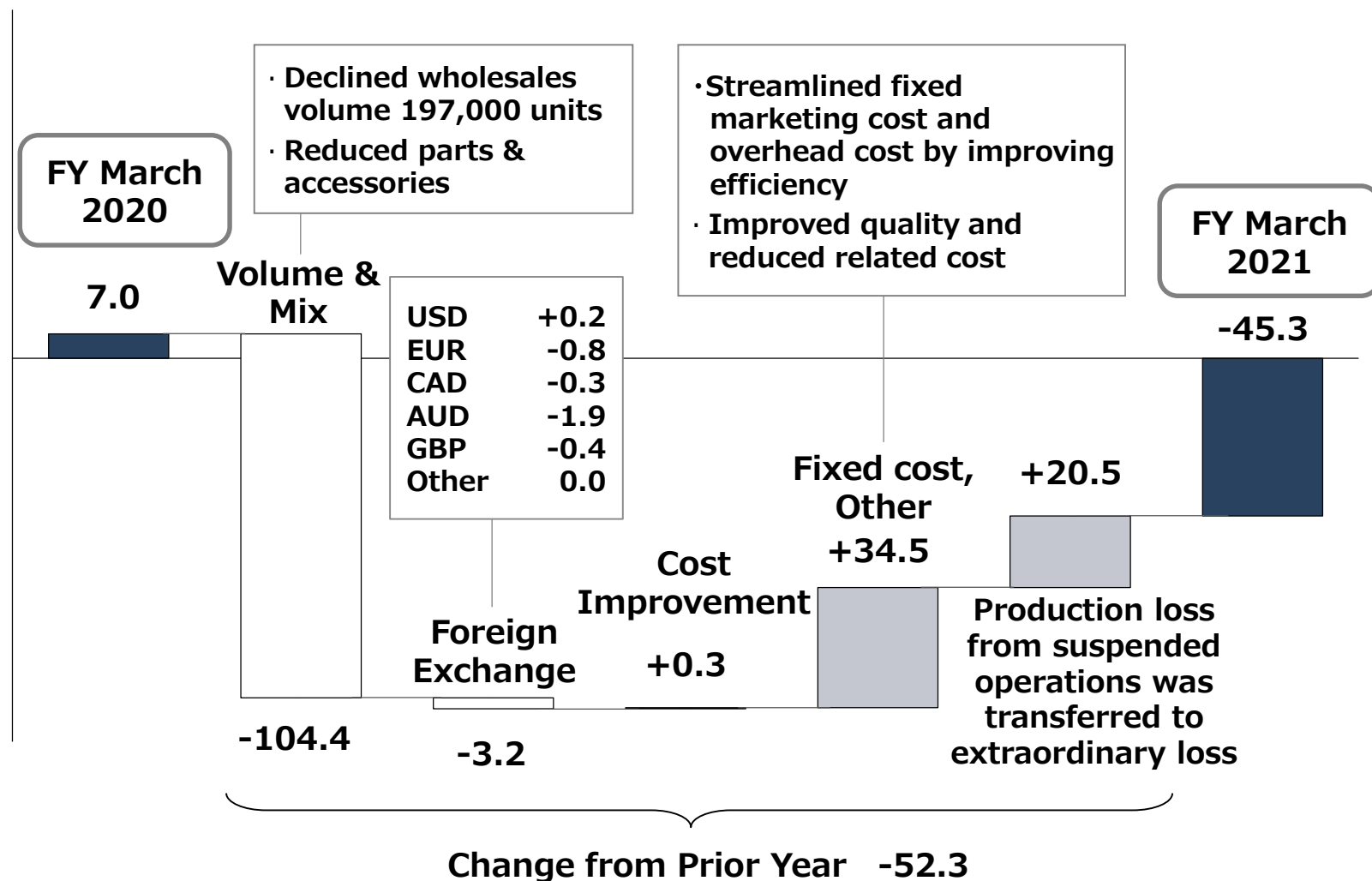
	First Quarter		Change from	
	FY March 2020	FY March 2021	Prior Year	
(Billion Yen)				
Net sales	848.9	376.7	-472.2	-56%
Operating profit	7.0	-45.3	-52.3	-
Ordinary profit	9.1	-41.8	-50.9	-
Profit before tax	8.6	-62.8	-71.4	-
Net income	5.2	-66.7	-71.9	-
Operating ROS	0.8%	-12.0%	-12.8 pts	
EPS (Yen)	8.3	-105.9	-114.2	
Exchange rate (Yen)				
US Dollar	110	108	-2	
Euro	124	119	-5	
(Thousand units)				
Consolidated wholesales	310	114	-197	-63%

*Net loss indicates net loss attributable to owners of the parent

FY March 2021 Operating Profit Change

FY March 2021 First Quarter vs FY March 2020 First Quarter

(Billion Yen)



Fiscal Year March 2021 Full Year Forecast

Full Year Forecast Highlights

- **Global sales volume will decline 8% year on year to 1.3 million units. Global sales excluding volume in China are expected to be down 14% from the prior year**
- **Consolidated wholesales are projected at 1 million units, down 19% year on year**
- **Net sales will decline 17% year on year to ¥2,850 billion. Operating loss ¥40 billion, net loss ¥90 billion**
- **Thorough action will be taken to recover sales and reduce fixed costs**
- **Domestic production is projected to be down approximately 20% year on year. Despite an about 80% cut in the first quarter, production is expected to return to normal operation from August**
- **We will forgo dividend payment for this fiscal year**

*Net loss indicates net loss attributable to owners of the parent

FY March 2021 Global Sales Volume

(Thousand units) Global sales volume	Full Year		Change from	
	FY March 2020	FY March 2021	Prior Year	
Japan	202	184	-18	-9%
North America	397	383	-14	-3%
Europe	264	196	-68	-26%
China	212	261	+49	+23%
Other Markets	345	276	-69	-20%
Total	1,419	1,300	-120	-8%
*Excl. China	1,208	1,039	-169	-14%
USA	275	279	+4	+1%
Australia	90	80	-10	-11%
ASEAN	103	80	-23	-22%

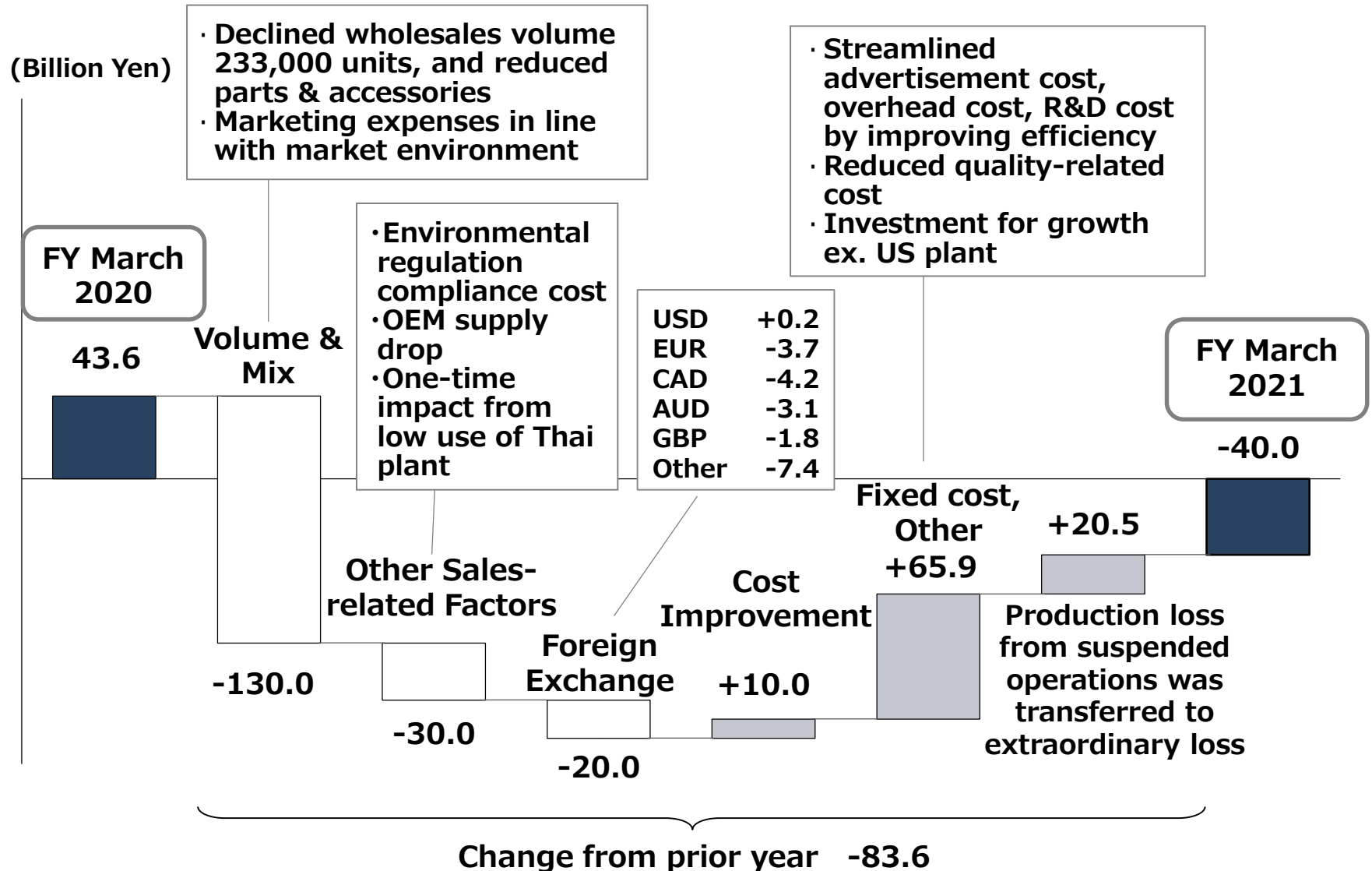
FY March 2021 Financial Metrics

	Full Year		Change from	
	FY March 2020	FY March 2021	Prior Year	
(Billion Yen)				
Net sales	3,430.3	2,850.0	-580.3	-17%
Operating profit	43.6	-40.0	-83.6	-
Ordinary profit	53.1	-34.0	-87.1	-
Profit before tax	49.3	-61.0	-110.3	-
Net income	12.1	-90.0	-102.1	-
Operating ROS	1.3%	-1.4%	-2.7 pts	
EPS (Yen)	19.3	-142.9	-162.2	
Exchange rate (Yen)				
US Dollar	109	107	-2	
Euro	121	120	0	
(Thousand units)				
Consolidated wholesales	1,232	1,000	-233	-19%

*Net loss indicates net loss attributable to owners of the parent

FY March 2021 Operating Profit Change

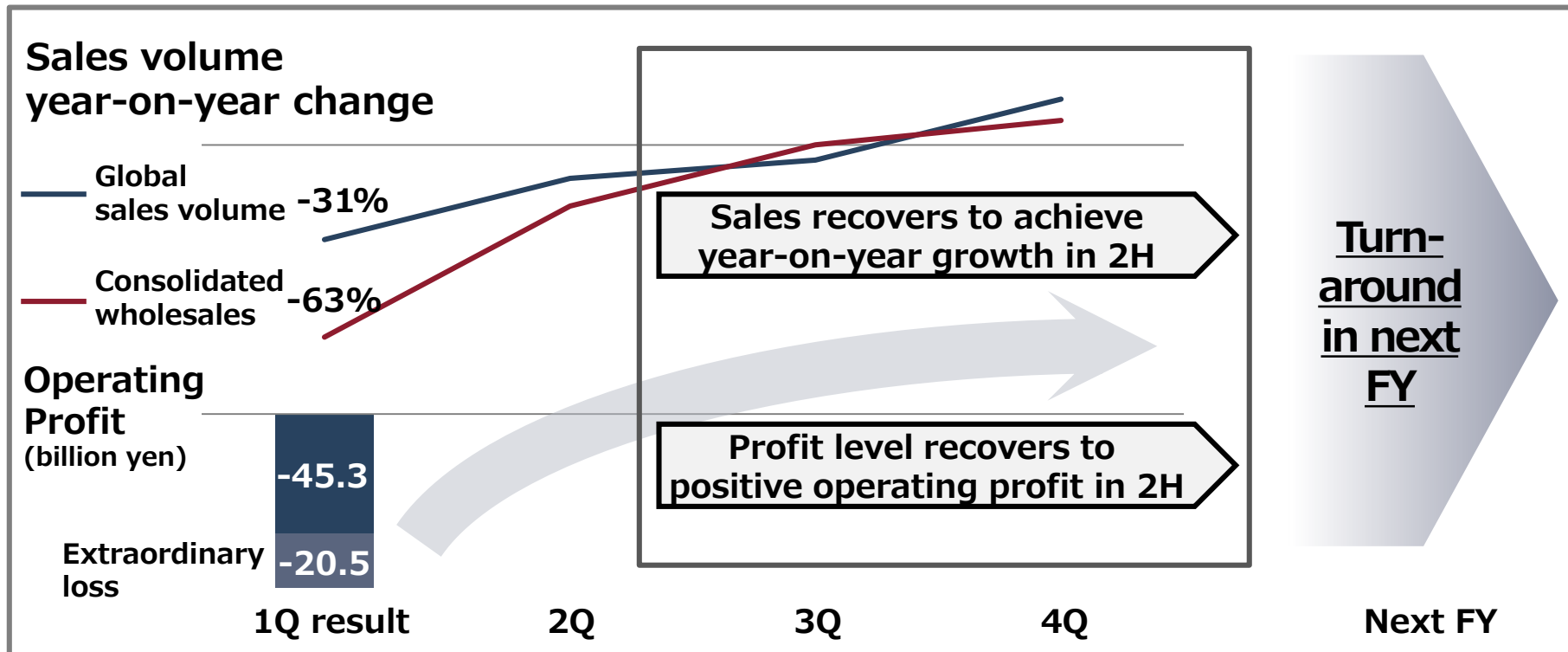
FY March 2021 Full Year vs. FY March 2020 Full Year



Summary of This Fiscal Year's Initiatives

【Sales recovery and Fixed cost reduction】

- Aim to improve sales in line with demand recovery
- Take thorough action to reduce fixed cost (Advertisement cost, overhead cost, R&D cost, quality-related cost, etc.)



Direction of Medium-Term Management Plan Revision

- Lessons Learned From COVID-19
Crisis**
- This Fiscal Year's Initiatives**
- Direction of Medium-Term
Management Plan Revision**

Lessons Learned From COVID-19 Crisis

Prompt decision and implementation of emergency measures, lessons learned from the COVID-19 crisis

- 1. Work style reform, work process review and optimization**
 - Define work that should be discontinued and work that should be changed
 - Take inventory work processes and improve them
- 2. Fixed costs spending approach and efficiency improvement**
 - Streamlining of fixed costs had been held back but needed to be accelerated due to COVID-19
- 3. Balance inventory and production volume**
 - Comprehend the status of the entire pipeline in real time and make quick decision(s)
- 4. Method and effectiveness of investment**
 - Maximum effect from gradual and smallest investment/
Maximum utilization of existing assets
- 5. Shift from individual optimization to overall optimization**
 - Started corporate-wide cross functional initiatives

This Fiscal Year's Initiatives

From lessons learned from the COVID-19 crisis, all of us are reacquainting ourselves with the “One Mazda” principle and focusing on “timely decision-making and execution”

Actions being implemented:

- **Continuing efficient investment for future growth**
- **Streamlining fixed costs by keeping them thoroughly in check and improving efficiency**
- **Steadily improving sales and production by managing inventory levels in line with demand recovery**

Direction of Medium-Term Management Plan Revision (1)

■ Necessity of preserving the Medium-term Management Policy strategy

Mazda's unique value of "co-creating with others" is indispensable to business continuity

1. Continue investment for future growth to create unique values while maximizing efficiency

- **Product/technology development**
- **Global IT**
- **US business reinforcement
(New US plant and sales network)**

2. CASE

- **Enhance alliance in CASE areas**
- **Continue investment to create unique values in CASE-related domains**

Direction of Medium-Term Management Plan Revision (2)

Assuming uncertain demand, several revisions will be made to the Medium-term Management Plan while maintaining the Medium-term Management Policy

■ **Direction of Medium-term Management Plan revision**

1. Postpone achievement time by one year

Net sales/profit target for the final year are unchanged

2. Accelerate fixed cost reduction and cost reduction to lower the breakeven sales volume

3. Continue efficient investment for growth and leveling

4. Step by step launch of new products/derivatives in synch with industry recovery and sales growth

5. Enhance alliance (CASE, suppliers)

Details of revisions made to the Medium-term Management Plan to be announced in autumn this year or later

Direction of Medium-Term Management Plan Revision (3)

■ Key initiatives during and after this fiscal year

- 1. R&D Investment** Freeze spending on long-term elemental technology development for two years using Model-based research/Model-based development
- 2. Capital Expenditure** Plan staggered and efficient investments (e.g. Large products)
- 3. Fixed Marketing** Shift from mass media to digital and from nationwide marketing to regional
- 4. Quality Improvement** Strengthen MBD/quality inspection/use of on-board systems
- 5. Overseas Plants** Accelerate fundamental productivity improvement
- 6. Environmental Regulation** Accelerate and strengthen compliance with EU regulations and other green regulations
- 7. Inventory Level and Quality** Fully balanced inventory according to demand; Increase sales by improving inventory turnover
- 8. Company-wide Efficiency Improvement** Take inventory work process/continuous strengthening of process improvement. Strengthen company-wide cross-functional activities

Preserve Medium-term Management Policy

Revise several parts of contents of the Medium-term Management Plan

- Postpone achievement time by one year
- Lower breakeven sales volume
- Keep and leveling investment for future growth

However:

Net sales/profit target for the final year remain unchanged

Establish company-wide steady activities

Aim for flexible, timely decision-making and execution amid current uncertainty



APPENDIX

Cash Flow and Net Cash

(Billion yen)	<u>FY March 2020 Full Year</u>	<u>FY March 2021 First Quarter</u>	<u>Change from Prior FY End</u>
Cash Flow			
- From Operating activities	34.8	-124.7	-
- From Investing activities	-127.6	-26.4	-
- Free Cash Flow	-92.7	-151.1	-
Cash and Cash Equivalents	568.0	792.5	+224.5
Net Cash	-51.9	-209.0	-157.1
Equity Ratio	42%	38%	-4 pts

Japan



First Quarter Sales Volume and Year-on-Year Change

(Thousand units)

	April	May	June	1 Q
	8	7	10	26
Year-on-Year Change				
Mazda	-26%	-50%	-24%	-34%
Demand	-29%	-45%	-23%	-32%

- 26,000 units sold, down 34% year on year
- Market share declined 0.1 points to 3.1% while registered vehicle market share was the same level as the prior year at 3.9%
- Customer traffic and order intake have been improving since the state of emergency declaration was lifted
- Special edition models were introduced in May and sales of 100th Anniversary Special Edition series started in June. Efforts will be made to further increase order intake

North America



First Quarter Sales Volume and Year-on-Year Change

(Thousand units)	April	May	June	1 Q
USA	11	25	25	61
Canada & Others	3	6	11	20
North America	14	31	36	81
Year-on-Year Change				
USA	-44%	-1%	+11%	-10%
Canada & Others	-71%	-46%	+4%	-38%
North America	-54%	-15%	+9%	-19%
USA Demand	-47%	-30%	-26%	-34%

- **81,000 units sold, down 19% year on year**
- **USA: 61,000 units down 10% year on year**
 - **Market share rose by 0.6 points to 2.1% year on year**
 - **CX-5 and CX-9 outperformed demand in the industry, with newly added CX-30 contributing to driving sales**
- **Canada: 11,000 units, down 39% year on year**
- **Mexico: 8,000 units, down 36% year on year**

Europe



First Quarter Sales Volume and Year-on-Year Change

(Thousand units)	April	May	June	1 Q
Europe (Excl. Russia)	3	8	12	24
Russia	1	1	3	4
Total	4	9	15	28
Year-on-Year Change				
Europe (Excl. Russia)	-82%	-60%	-44%	-61%
Russia	-67%	-61%	+9%	-39%
Total	-80%	-60%	-38%	-58%

- **28,000 units sold, down 58% year on year**
- **Market share declined 0.2 points to 1.1%**
- **Economic activities have been resuming step by step, leading to gradual improvements of the sales environment**
 - **Germany: 7,000 units, down 58% year on year**
 - **UK: 2,000 units, down 81% year on year**
 - **Russia: 4,000 units, down 39% year on year**

China



First Quarter Sales Volume and Year-on-Year Change

(Thousand units)

	April	May	June	1 Q
	17	23	21	61

Year-on-Year Change

Mazda	+1%	+32%	+7%	+13%
Demand	+5%	+15%	+12%	+10%

- **61,000 units sold, up 13% year on year**
- **Market share was flat year on year at 0.9%**
- **Sales outpaced the industry while demand recovered as the spread of the infection slowed down**
- **Sales of CX-4 were strong after last year's product update. CX-30 went on sale in May**

Other Markets



First Quarter Sales Volume and Year-on-Year Change

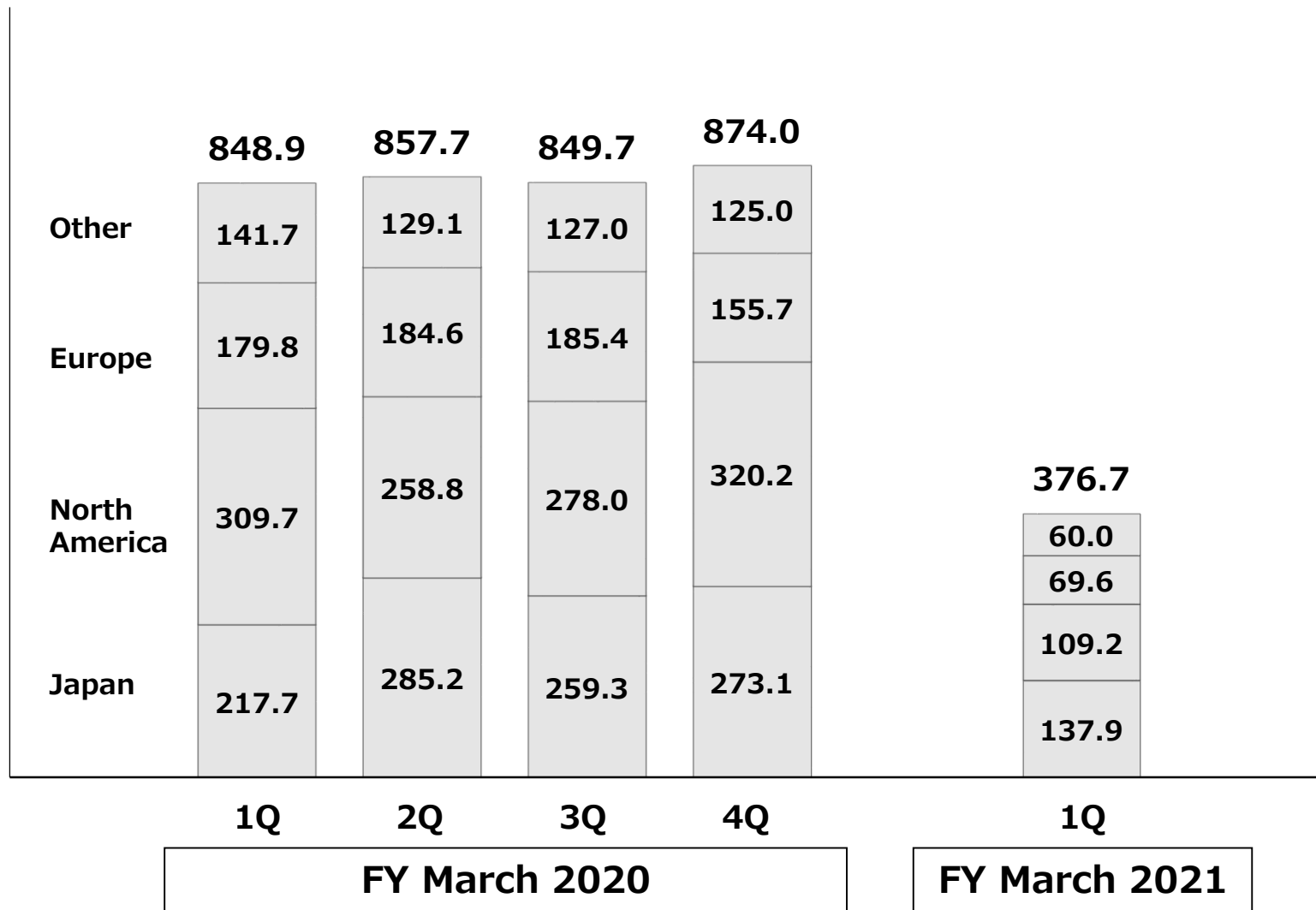
(Thousand units)

	April	May	June	1 Q
Australia	3	6	9	18
ASEAN	2	3	6	11
Others	2	7	10	19
Total	7	16	26	48
Year-on-Year Change				
Australia	-60%	-34%	-13%	-33%
ASEAN	-80%	-62%	-38%	-61%
Others	-87%	-50%	-1%	-49%
Total	-78%	-49%	-17%	-48%

- **48,000 units sold, down 48% year on year**
- **Australia: 18,000 units, down 33% year on year**
 - **Market share was down 0.8 points year on year to 8.7%**
 - **Order intake recovered after restrictions on economic activities were eased**
- **ASEAN: 11,000 units, down 61% year on year**
 - **Thailand: 5,000 units, down 66% year on year**
 - **Vietnam: 4,000 units, down 48% year on year**

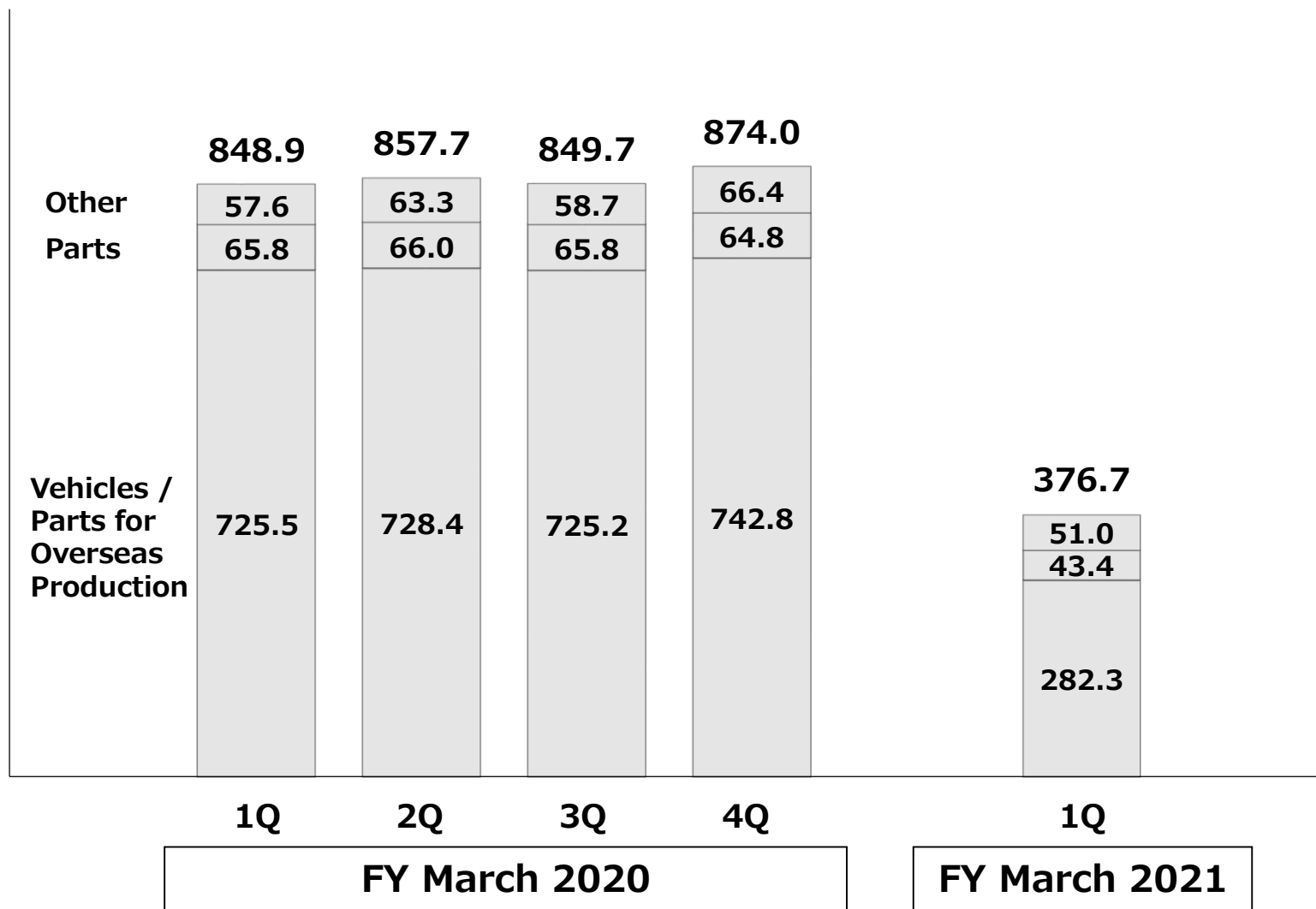
Net Sales by Geographic Area

(Billion yen)



Net Sales by Products

(Billion yen)



Net Sales Change (3 Months)

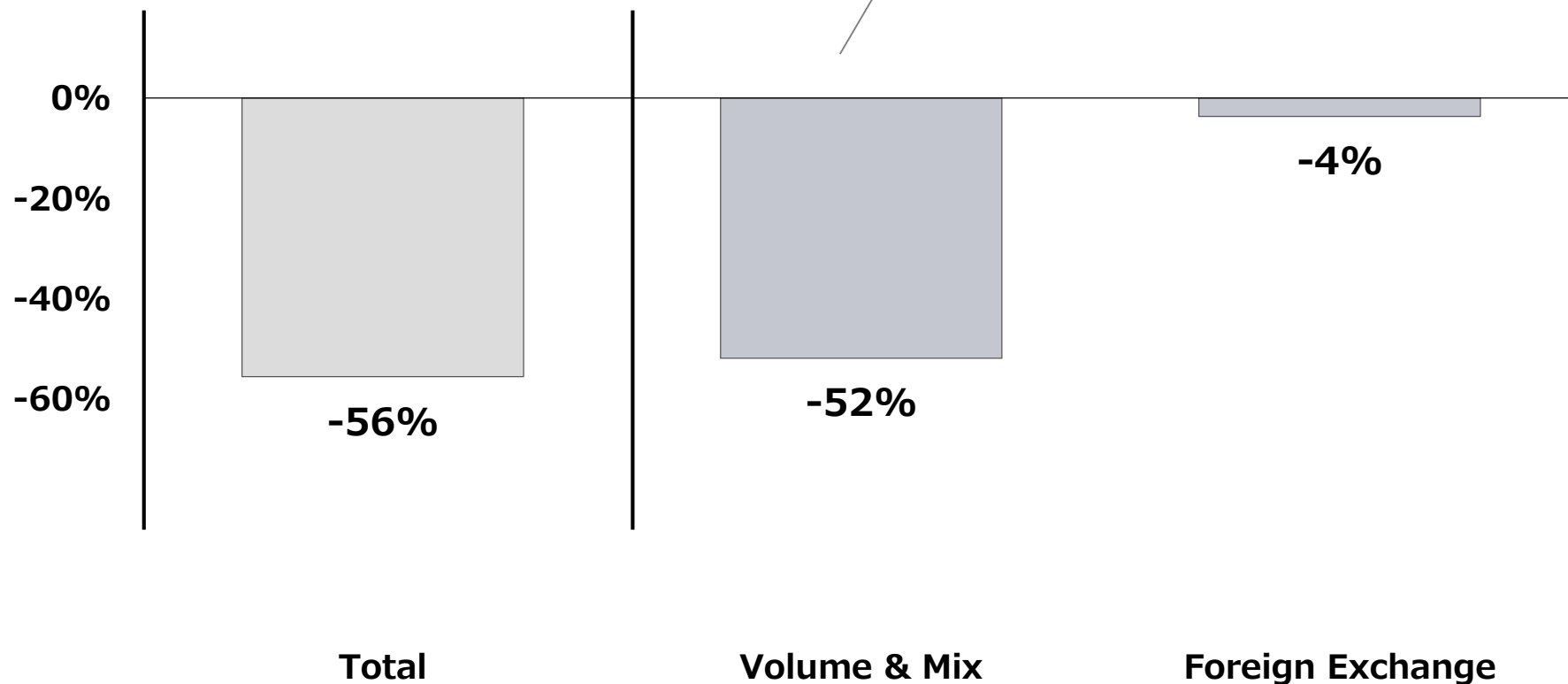
FY March 2021 First Quarter vs. FY March 2020 First Quarter

(Billion yen)

FY March 2021 376.7

FY March 2020 848.9

Domestic -4%
Overseas -48%



Global Sales Volume And Consolidated Wholesales (Full Year)

(Thousand units)	Full Year		Change from	
	FY March 2020	FY March 2021	Prior Year	
Global sales volume				
Japan	202	184	-18	-9%
North America	397	383	-14	-3%
Europe	264	196	-68	-26%
China	212	261	+49	+23%
Other Markets	345	276	-69	-20%
Total	1,419	1,300	-120	-8%
*Excl. China	1,208	1,039	-169	-14%
Consolidated wholesales				
Japan	187	179	-8	-4%
North America	421	362	-59	-14%
Europe	267	193	-74	-28%
Other Markets	357	265	-92	-26%
Total	1,232	1,000	-233	-19%
USA	298	264	-34	-12%

Global Sales Volume And Consolidated Wholesales (3 Months)

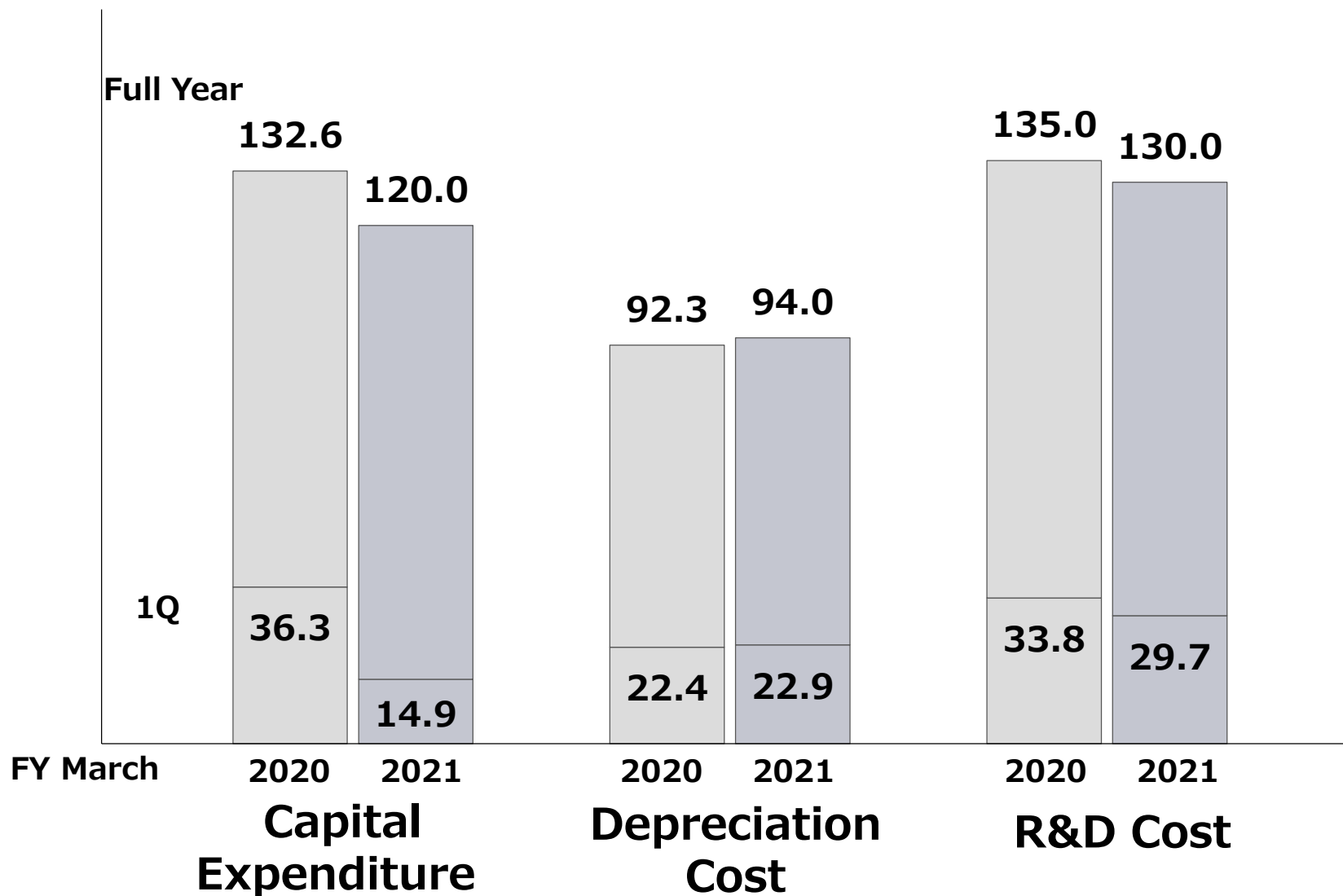
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Global sales volume				
Japan	39	26	-13	-34%
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Europe	67	28	-39	-58%
China	54	61	+7	+13%
Other Markets	93	48	-44	-48%
Total	353	244	-109	-31%
*Excl. China	299	183	-116	-39%
Consolidated wholesales				
Japan	39	25	-14	-35%
North America	111	40	-71	-64%
Europe	70	23	-47	-67%
Other Markets	90	25	-65	-72%
Total	310	114	-197	-63%
USA	79	30	-48	-61%

Exchange Rates

(Yen)	Full Year		Change from Prior Year
	<u>FY March 2020</u>	<u>FY March 2021</u>	
US Dollar	109	107	-2
Euro	121	120	0
Canadian Dollar	82	79	-3
Austraria Dollar	74	73	-1
British Pound	138	135	-3

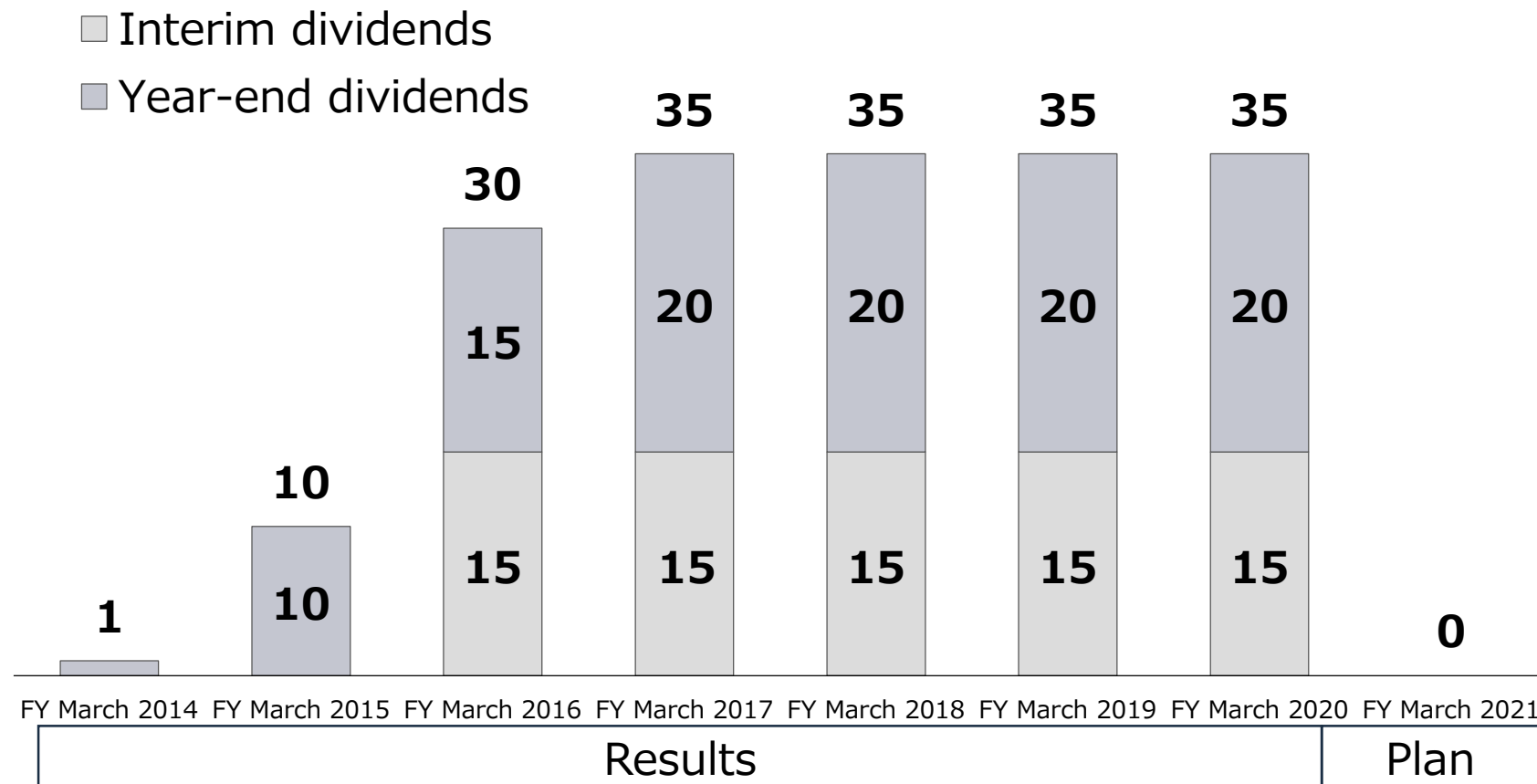
Key Data

(Billion Yen)



Dividend Payment

Trend of dividends per share



Note) A share consolidation was implemented on common stock with a ratio of five shares to one on August 1, 2014. Dividends per share represent actual amounts applicable to the respective years

DISCLAIMER

The projections and future strategies shown in this presentation are based on various uncertainties including, but not limited to, the conditions of the world economy in the future, the trend of the automotive industry and the risk of exchange-rate fluctuations.

So, please be aware that Mazda's actual performance may differ substantially from the projections.

If you are interested in investing in Mazda, you are requested to make a final investment decision at your own risk, taking the foregoing into consideration. Please note that neither Mazda nor any third party providing information shall be responsible for any damage you may suffer due to investment in Mazda based on the information shown in this presentation.