

(Reference)

Mazda Motor Corporation
FY March 2026 Third Quarter Financial Results Briefing (for Analysts)
Main Q&A

Q: How do you evaluate your return to profitability in the three months of the third quarter? How confident are you in achieving your full-year forecast?

A: The third quarter was a good quarter, but we are not overestimating it as a great quarter. We are pleased that we continued to make improvements each quarter and were able to return to profitability. Although cost reductions and wholesale volumes also improved each quarter, profitability is still not at a satisfactory level. In the fourth quarter, we aim to leverage strong demand to increase sales of the Mazda3 and our Large platform products in the U.S., where sales did not grow in the third quarter due to low inventory. Our wholesales target of 339,000 units for the fourth quarter is high, but we are confident we can achieve it. Although the environment remains volatile, the entire company will work together to achieve our full-year operating profit target of ¥50 billion.

Q: Could you explain how to interpret the profit graph for FY March 2027 shown under “Future Outlook” in the presentation materials?

A: In the next fiscal year, the global launch of the new CX-5 will contribute to profitability for the full year. We also expect variable-cost reductions to make a significant contribution. Although some fixed costs will be affected by inflation, we are continuing our efforts to reduce them. At the same time, we expect cost increases due to stricter environmental regulations in regions outside the U.S., and we are investing in next-generation product development. There may be some expectations for “profits in the next fiscal year to double those of the current second half,” but it is not that simple. Even so, we will push forward toward achieving profitable growth in the next fiscal year.

Q: What progress have you made toward reducing ¥100 billion in variable costs and fixed costs respectively? Could you explain the company’s approach to cost reductions?

A: We are pursuing cost-reduction initiatives without imposing any constraints. This fiscal year, we expect to achieve approximately ¥15 billion in variable-cost reductions. Next fiscal year, we expect these reductions to increase to around ¥50–60 billion, which is roughly two-thirds of our ¥100 billion target. We plan to achieve the remainder by the end of Phase 2. Likewise, for fixed costs, we are working toward achieving a ¥100 billion reduction within the Phase 2 period. As a manufacturer, we believe that our competitiveness lies in delivering outstanding products at lower prices and continuously enhancing customer value per cost unit. Based on this philosophy, we established the Cost Planning Innovation Office to act as the control center for strategic cost management by incorporating costs from the upstream stages of product planning and design. More specifically, our approach is to visualize the relationship between investment and cost from the perspective of overall optimization, rather than optimization of individual functions. This enables us to clarify where to allocate resources and where to strengthen our competitiveness. Our intention is not to merely cut costs but to “use costs to create value.” Through this approach, we are promoting structural cost reductions with the aim of establishing a culture of value creation, *monozukuri* (manufacturing) excellence, and sound business management across the organization.

Q: While Mazda is strengthening the lineup with the new CX-5 and electrified vehicles, your Large platform products are at a stage where they are aging. How do you plan to maintain and enhance the presence of your Large platform products in the next fiscal year?

A: The sales volume of our Large platform products has increased by 8% globally. The CX-60 in particular has shown growth in Japan, Europe, and other markets, and we expect to maintain this momentum. Although the volumes for the United States decreased in the third quarter, our various initiatives have raised awareness of Large platform products, and momentum is building, so we anticipate seeing positive effects in the future. We have also made various adjustments to equipment and prices, which have been well-received by dealers. The Large platform products are important to us and make a significant contribution to profits. We aim to continue growing our sales to achieve our initial plan of exceeding 200,000 units.

Q: How do you plan to differentiate the new CX-5 from competitors?

A: Mazda's unique values are fully incorporated in the new CX-5. Dealers have praised its many features including outstanding design, driving performance, and large center display. Pre-orders in Europe reached several thousand units prior to launch, and U.S. dealers also hold it in high regard and eagerly await this product. Therefore, we have no concerns about differentiating the CX-5 from competitor models. On the sales front, we have invested in and strengthened the value that customers prioritize and perceive, and we are confident the new CX-5 will be well-received.

Q: In the U.S. market, the market environment is undergoing significant changes, including changes in environmental regulations and rising average transaction prices. Within this context, what are Mazda's priorities, including future model development and electrification?

A: The U.S. market is undergoing significant changes. In particular, environmental regulations are driving notable changes in electrification. Furthermore, under the current energy policy, extremely low gasoline prices under \$3 per gallon are having a significant impact on consumer purchasing behavior. Mazda has been working on reforming its sales network, including increasing its next-generation dealerships to nearly 400. Dealerships currently lack sufficient inventory to meet strong demand, so we will ensure a steady supply. Considering environmental regulations and consumer demand for electric vehicles, we believe we have at least a two-year window. During this period, we will enhance our product strength using our proprietary hybrid system currently under development and our existing inline six-cylinder engine as key assets. To boost the average transaction price, we will also further emphasize Mazda's sportiness by offering a lineup of distinctly Mazda products with a slightly edgy image. Furthermore, we consider mid-size SUVs crucial for enhancing our brand value in the U.S. and will continue to enhance our Large vehicle range.

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