We love cars and want people to enjoy fulfilling lives through cars.
We envision cars existing sustainably with the earth and society,
and we will continue to tackle challenges with creative ideas.

1. Brighten people’s lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges and seek to master the Doh ("Way" or "Path") of creativity.
Since its establishment in 1920, Mazda has continued to be an automobile manufacturer that embodies the spirit of “never stop challenging.” We are now approaching the major landmark of our 100th anniversary in 2020.

In 2012, Mazda began introducing products, which extensively employ Skyactiv Technology and Kodo—Soul of Motion design. Leveraging Skyactiv Technology, we have promoted efforts to achieve structural reforms, and qualitative business growth and further enhancement of brand value. We recently announced our Medium-Term Management Policy, which sets out our management policy and direction of initiatives over the six years from fiscal year March 2020 to achieve the ideal we envisioned for the Mazda brand in the decade from 2030 to 2040. We remain dedicated to the pursuit of sustainable growth and the enhancement of corporate value over the medium and long term.

In August 2017, we announced “Sustainable Zoom-Zoom 2030,” a new long-term vision for technology development. Based on our Corporate Vision, this new long-term vision aims to resolve issues facing the earth, society, and people through the utilization of driving pleasure, which represents the fundamental appeal of the automobile. Going forward, we hope to create a future in which the earth, society, and people can coexist with cars, to enrich people’s lives through a car ownership experience that celebrates driving, and to become a brand with which customers feel a strong emotional connection.
**AT A GLANCE** (Fiscal Year March 2019)

Number of Sales Countries / Regions

More than **130** countries / regions

Global Sales Volume

1,561 thousand units

Production Volume

1,570 thousand units

Sales Ratio by Model Type

- Crossover SUVs
- Passenger vehicles, and others

Sales Ratio by Region

- Europe: 17%
- China: 16%
- Japan: 14%
- North America: 27%
- Other: 26%

Sales Ratio by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>FY March 2015</th>
<th>FY March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>14%</td>
<td>27%</td>
</tr>
<tr>
<td>Other</td>
<td>26%</td>
<td>36%</td>
</tr>
<tr>
<td>North America</td>
<td>27%</td>
<td>67%</td>
</tr>
<tr>
<td>Europe</td>
<td>17%</td>
<td>33%</td>
</tr>
<tr>
<td>China</td>
<td>16%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Consolidated Subsidiaries

69

Equity Method Applied Companies

18

Number of Employees

49,998 people

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>79%</td>
</tr>
<tr>
<td>Overseas</td>
<td>21%</td>
</tr>
</tbody>
</table>
Mazda Annual Report 2019

CONTENTS
Message from the President and CEO
Strategy for Increasing Corporate Value
Financial Section Corporate Data Foundations Underpinning Sustainable Growth
Introduction

Net Sales
¥3,564.7 billion

Operating Income
¥83.0 billion

Operating Income Ratio
2.3%

Net Income Attributable to Owners of the Parent
¥63.5 billion

Return on Equity
5.3%

Equity
¥1,218.7 billion

Equity Ratio
42.4%

Interest-Bearing Debt
¥607.1 billion

Capital Expenditures
¥119.7 billion

Research and Development Costs
¥134.7 billion

Depreciation and Amortization
¥88.4 billion

Full-Year Dividend
¥35 per share

Dividend Payout Ratio
34.7%
2019 HIGHLIGHTS

Oct. 2018

Announcement of Electrification and Connectivity Strategies for Cars

Mazda, through electrification and connectivity strategies that build on the Company’s human-centered development philosophy, aims to further advance the joy of driving and provide both drivers and passengers with peace of mind through an enhanced sense of connection with the car in everyday driving situations, and offer an emotionally enriching joy of life through car ownership.

Dec. 2018

Start of trials with mobility services in Miyoshi City, Hiroshima Prefecture, utilizing connectivity technologies in cooperation with local residents and the Hiroshima Prefectural and Miyoshi City authorities

We aim to build a social contribution model that will support regional revitalization and enrich lives in the region by offering safe, secure, and unrestricted mobility to people everywhere through mobility service trials with an eye on future shared mobility.
Jan. 2019

Mazda CX-8 Best-Selling Three-Row SUV in Japan in 2018

We launched the updated CX-8 in November 2018, offering an engine lineup to meet diverse customer needs. The CX-8 was the best-selling model in Japan’s three-row SUV\textsuperscript{1} market in 2018, with sales of 30,679\textsuperscript{2} vehicles.

\textsuperscript{1} Three-row SUV refers to vehicles among domestically produced off-road 4WD (including some 2WD) vehicles with seating for at least six passengers.

\textsuperscript{2} Based on our in-house research.

Jan. 2019

China Joint Venture Engine Plant Name Changed to Changan Mazda Engine Co., Ltd.

The change reflected Mazda’s purchase in full of Ford Motor Company’s stake in Changan Ford Mazda Engine Co., Ltd.

Feb. 2019

Mazda MX-5 Miata 30th Anniversary Edition Premieres at Chicago Auto Show

Mazda displayed the MX-5 Miata 30th Anniversary Edition in "racing orange." Launched in 1989, the MX-5 has won strong customer support over 30 years. Aggregate production now stands at more than one million units.

Mar. 2019

World Premieres of Mazda CX-30 at Geneva International Motor Show

The CX-30 is a new compact crossover that combines the bold proportions of an SUV with elegant styling that embodies Mazda’s Kodo design language. The CX-30 is being rolled out to global markets, with sales starting in Europe in summer 2019.

Jun. 2019

Transition to a Company with an Audit and Supervisory Committee

We transitioned from a Company with Audit and Supervisory Board structure to a Company with an Audit and Supervisory Committee structure in order to enable faster business decision making and to further enhance discussion of management strategy and strengthen the supervisory functions of the Board of Directors.

Jun. 2019

MONET Technologies Inc. Forms Capital and Business Partnerships with Agreements with Isuzu Motors Limited, Suzuki Motor Corporation, Subaru Corporation, Daihatsu Motor Co., Ltd., and Mazda, with each acquiring approximately 2% of its shares

Hino Motors, Ltd. and Honda Motor Co., Ltd. also plan to make additional investments in MONET and maintain their respective ownership stakes of approximately 10%. By co-creating together with other MONET participants, Mazda aims to pursue the possibilities of mobility services that “invigorate the mind and body” to resolve social mobility issues in cities and regions.

Jul. 2019

Pre-Orders Start for Mazda6 in Japan

Mazda’s flagship model Mazda Atenza has been renamed the Mazda6 in order to emphasize the Mazda brand, and is offered with the Skyactiv-G 2.5T, a new 2.5L gasoline turbo engine.

Pre-Orders Start for Mazda2 in Japan

Mazda has given its five-door subcompact hatchback a new design and new technology based on the concept of “a high-quality driver’s car that enriches your daily life.” The Mazda Demio has been renamed the Mazda2. Pre-orders have begun for the new model.
In 2020, we will celebrate the 100th anniversary of Mazda’s founding. As we head toward this key milestone, we dedicate ourselves to prizing Mazda’s uniqueness in co-creating with others as we seek to enhance corporate value over the medium to long term to sustain and develop the Company for the next 100 years.
Fiscal Year March 2019 Initiatives
In the fiscal year under review, the final year of Structural Reform Stage 2, the Mazda Group continued to make efforts to offer attractive products that provide driving pleasure and outstanding environmental and safety performance, and worked to further raise its brand value with the aim of realizing qualitative growth in all areas of its business.

■ Beginning a New-Generation of Products
We launched the all-new Mazda3 as the first of our new products incorporating new-generation technologies. Mazda has dramatically enhanced the car’s fundamental attributes based on its philosophy of designing the car around the human being. Mazda3 is a global strategic model that has led the Company from both a brand and business growth perspective. It has sold more than six million units*1 since its debut in 2003, delivering driving pleasure to more customers than any other model in our current product lineup, and has been a mainstay of production at key plants in Japan and overseas.

In August 2017, we announced “Sustainable Zoom-Zoom 2030”*2, a long-term vision for technology development. This takes a long-term perspective and sets out how Mazda will make use of driving pleasure—the fundamental appeal of the automobile—to help resolve issues facing the earth, society, and people. The all-new Mazda3 is the first model to feature the technologies that will realize this vision, namely the revolutionary new Skyactiv-X gasoline engine and a set of structural technologies called Skyactiv-Vehicle Architecture. It is also the first to adopt a more mature interpretation of the Kodo design language. Sales of the all-new Mazda3 began in North America in early 2019, and the model has since been launched in Europe, Japan and other markets.

Mazda’s second new-generation model, the Mazda CX-30 compact crossover SUV, made its world premiere at the Geneva International Motor Show in March 2019. Positioned as a new core product, the CX-30 has been designed as an essential partner in customers’ daily lives. The CX-30 is being rolled out to global markets, with sales starting from Europe in summer 2019.

With the introduction of these new-generation products, we are aiming for sustainable growth in sales and profits by improving brand value while maintaining a sales focus on communicating the value of our products.

■ Electrification and Connectivity Strategies*3
In October 2018, we announced our technology strategy for electrification and connectivity as a concrete initiative to realize our “Sustainable Zoom-Zoom 2030” long-term vision for technology development.

With electrification technology, we will further refine the internal combustion engine, which is expected to power most cars well into the future, while developing small and light electrification technologies. In this way, we will continue to pursue the reduction of CO2 emissions from a well-to-wheel perspective while promoting the evolution of driving pleasure. We are pursuing development that enables us to offer multiple solutions approaches, recognizing that in regions that generate a high ratio of electricity from clean energy sources or restrict certain vehicle types to reduce air pollution, electric vehicles (EVs) can be an optimal solution. With a view to reducing corporate average “well-to-wheel” CO2 emissions by 90% from 2010 levels by 2050, we will introduce electrification technologies to all Mazda cars by 2030.

With regard to connectivity technology, Mazda, consistent with its human-centered development philosophy, is developing and testing connectivity technologies that offer an enriching experience of the joy of life, connecting people by facilitating the sharing of experiences and feelings through cars. By offering this new value together with the joy of driving, Mazda aims to inspire people and enrich society while working to resolve mobility-related issues.

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*1 Based on our in-house research as of August 2019
U.S. Market Initiatives

We have been making good progress with sales network reforms in the United States. We have launched a car dealer support program that rewards compatibility with high brand standards, and we have been making headway in expanding the network of next-generation brand dealers. In addition, we have been accelerating improvements in operational quality by strengthening marketing, services, and training, centered on 35 key markets.

In November 2018, we held a ground-breaking ceremony to mark the start of construction of a joint venture facility being built by Mazda Toyota Manufacturing, U.S.A., Inc. This plant is scheduled to begin operations in 2021. In April 2019, a ceremony was held commemorating the placement of the first steel column. Preparations are going smoothly, with major construction work of the plant buildings and related infrastructure already under way.

We are continuing to put in place the foundations for growth in our most important market, the United States.

Medium-Term Management Policy

Mazda will celebrate the 100th anniversary of its founding in 2020. I see it as my responsibility to lay the foundation for Mazda’s sustained development over the next 100 years. To ensure that Mazda continues to thrive and develop, we must prize our uniqueness and co-create that uniqueness with others. I believe co-creating with others will sustain Mazda’s uniqueness.

Co-Creating with Others
Mazda’s Uniqueness

With this in mind and as a milestone to mark the beginning of our next 100 years, we envisioned our ideal for the Mazda brand in the decade from 2030 to 2040. To realize that ideal, we prepared a Medium-Term Management Policy covering the next six years, during which time we will fully introduce the new-generation product lineup that has begun with the all-new Mazda3.

In formulating the Medium-Term Management Policy, we first reviewed the Structural Reform Plan and Structural Reform Stage 2, took a fresh look at our strengths and weaknesses as a company, and took into account the external environmental factors affecting the automotive industry as a whole.

We then defined three priority areas in which we need to focus our business resources and efforts as well as the direction of initiative in each area.

Three priority areas in which we need to focus our business resources

1. Investment in unique products and customer experience
2. Curb expenses that depreciate our brand value
3. Investment in the areas in which we need to catch up

First, in order to further enhance brand value, we will maintain and strengthen investment in unique products and technologies, one of our key strengths, and in enhancing the customer experience. We will also strive to increase the number of customers who understand the value Mazda offers to support sales growth. Second, we will drastically curb spending on incentives, quality-related issues and other outgoings that can depreciate brand value. Third, we will invest in areas in which we have so far not made sufficient headway and where we need to catch up. These include (1) optimal production systems that support local production for local consumption (as with our new joint venture plant in the United States), (2) infrastructures for
connectivity and sharing services, (3) strengthening alliances with other OEMs to adapt to CASE*4 trends in the future, and (4) our employees and their working environments.

Moving forward, we will implement concrete measures guided by this policy. We will make continuous efforts to take up challenges to attain our targets for fiscal year March 2025 and our longer-term “ideal” for the brand, seeking sustained growth and enhancement of corporate value over the medium and long term.

**Fiscal Year March 2025 Targets**

<table>
<thead>
<tr>
<th></th>
<th>About ¥4.5 trillion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td>Stable earnings</td>
</tr>
<tr>
<td><strong>Investment for the future</strong></td>
<td>Capital investment + R&amp;D investment: 7%–8% of net sales (on average)</td>
</tr>
<tr>
<td></td>
<td>Sales network, customer experience, infrastructure, employees &amp; work environment, etc.</td>
</tr>
<tr>
<td><strong>Financial structure</strong></td>
<td>Maintain net cash position</td>
</tr>
<tr>
<td><strong>Shareholder returns</strong></td>
<td>Sustainable payout ratio at 30% or higher</td>
</tr>
<tr>
<td><strong>Sales volume</strong></td>
<td>About 1.8 million units</td>
</tr>
</tbody>
</table>

**Shareholder Returns**

We regard shareholder returns as an important management priority. Our policy is to determine the dividend amount in consideration of our financial results for the fiscal year, the business environment, our financial conditions, and other factors.

For fiscal year March 2019, we paid dividends of ¥35 per share. For fiscal year March 2020, we plan to once again pay dividends of ¥35 per share.

We will continue to strive to pay a stable dividend with steady increases, under a basic policy of determining the dividend amount in consideration of the need to strengthen the Company’s financial base in order to maximize shareholder value and secure funds for reinvestment in sustainable growth.

**Targeting Sustainable Growth**

The business environment surrounding the Company is undergoing rapid changes. In order to enable faster business decision-making, further enhance discussion of management strategies, and strengthen supervisory functions of the Board of Directors, the Company transitioned to a Company with an Audit and Supervisory Committee structure from a Company with Audit and Supervisory Board structure. We will continue seeking to improve corporate governance.

By introducing products with outstanding environmental and safety performance, we aim to help address social issues, such as environmental conservation and the realization of a safe and secure society, while enhancing our corporate value over the medium to long term. To sustain and develop the Company over the next 100 years, we will prize Mazda’s uniqueness in co-creating with others as we seek to enhance corporate value over the medium to long term.

In addition, we will strive to enhance timely and appropriate information disclosure to and engage in constructive dialogue with shareholders and investors, while at the same time continuing to strengthen corporate governance. The Mazda Group will make every effort to grow into a company truly trusted by shareholders, investors, and all other stakeholders.

I would like to ask our shareholders and other investors for their continued support.

August 2019

Akira Marumoto
Representative Director, President and CEO

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*4 An acronym signifying the new technologies of Connected technology, Autonomous driving technology, Shared services, and Electrification technology*
*5 Operating income ratio*
*6 Return on equity*
The new Medium-Term Management Policy covers six years and sets out three priority areas in which we need to focus our business resources and the measures we intend to take in each area.

We are committed to reinforcing Mazda’s presence as a unique and vigorous company eager to take up challenges.

What points did you consider in forming the Medium-Term Management Policy?

In formulating the Medium-Term Management Policy, we reviewed the Structural Reform Plan and Structural Reform Stage 2, took a fresh look at our strengths and weaknesses as a company, and took into account the external environmental factors affecting the automotive industry as a whole.

In formulating the new Medium-Term Management Policy, we first reviewed the Structural Reform Plan and Structural Reform Stage 2, which we had been working on for the past seven years to transform the business structure, and achieve qualitative business growth and further enhance brand value. To clarify the issues, we looked back to see for what purposes the funds we had earned over the seven-year period had been used. First of all, we have gained in terms of brand value. Key indicators of brand value—net sales, per-unit revenue, and residual value ratios—all improved. On the other hand, issues remained with disparities in different markets. From a “usage” perspective, we steadily improved brand value by investing in products equipped with
Skyactiv Technology and Kodo—Soul of Motion design, and in reinforcing the sales network. However, sales incentives and quality-related costs that relatively erode our brand value have increased. I also believe we did not invest enough in such areas as infrastructure and building partnerships or in our employees and their working environments. Next, we took a fresh look at Mazda’s strengths and weaknesses. We considered unique products and technologies, and alliances with various partners, as strengths. Set against that, we identified weaknesses in procurement scale merit and other areas that depend on enterprise size. We also considered external environmental factors affecting the automotive industry as a whole, such as further diversification of customer and market needs, uncertainties regarding global social and economic conditions, climate change, and environmental regulations. Based on these points, we defined three priority areas in which we need to focus our business resources, and the direction of initiatives we intend to take in each area.

Three priority areas in which we need to focus our business resources

1. Investment in unique products and customer experience
2. Curb expenses that depreciate our brand value
3. Investment in the areas in which we need to catch up

Please explain the “three priority areas” and the measures being taken in each.

With “investment in unique products and customer experience,” we will continue and strengthen investment aimed at raising our brand value and work to increase the number of customers who understand the value Mazda offers, thereby achieving revenue growth.

Over the past seven years, net sales, per-unit revenue, and the residual value ratios all improved, but results differed by market. In markets where results have been a little disappointing, I believe that one factor has been a lack of adequate response to diversifying customer demand and market changes. In order to respond to diversifying demand, we will maintain and strengthen investment in unique products and technologies, one of our key strengths; offer a wider range of powertrains, including electrification; and improve leading-edge technologies. Essentially, we are aiming to offer customers greater choice by expanding our coverage of the price spectrum while maintaining our established entry pricing.

In terms of products, we are taking our Kodo—Soul of Motion design, a key Mazda strength, to a deeper level, adopting it for new-generation models including the all-new Mazda3 and the Mazda CX-30. In addition, we are moving ahead with the optimal deployment of Skyactiv-Vehicle Architecture with both small architecture and large architecture to maximize the appeal and distinctive features of our products. In addition to the latest Skyactiv engines, including Skyactiv-X, our small architecture will span mild hybrids, battery EVs, and a range of electrified vehicles with rotary engine range extenders. With large architecture, in addition to a longitudinal straight-four engine, we are moving ahead with preparations to introduce a straight-six Skyactiv-D (diesel) engine and a straight-six Skyactiv-X engine, as well as electrified vehicles such as mild hybrids and plug-in hybrids. We plan to ensure efficient investment in products by further honing the Monotsukuri Innovation we have been promoting.

Responding to Market and Customer Diversification
We will also invest in new CASE technologies and infrastructure. In addition to further reinforcing Mazda’s strengths in control systems and computer modeling-based development, we will make use of alliances including those with existing partners. Although we will use alliances, we still take Mazda’s unique human-centric approach to value creation by reinvigorating car culture and offering a new experience of car ownership so that users of Mazda vehicles feel the richness of life.

We will continue to invest in strengthening our sales network to expand sales and improve customer experience. Along with reorganizing our dealer network, we will enhance the sales network by working together with those on the frontline to improve operational quality through enhanced sales, marketing, services, and training. To improve customer experience, we will use new technologies such as connectivity to strengthen communication that satisfies the requirements of individual customers. We also aim to enhance the customer experience by improving the supply chain to deliver products promptly at a time that suits the customer. We believe this will lead to a reduction in excess inventory, thus helping to achieve business improvements such as higher cash flows and lower incentives.

How do you plan to “curb expenses that depreciate brand value?”

By continuing and reinforcing sales based on communicating product values and improving product quality, thereby tightly controlling expenses that could reduce brand value.

We aim to maintain and strengthen our policy of sales based on communicating product values leveraging our new-generation product lineup. We plan to steadily expand this approach to all markets. In this way, we intend to curb incentives while improving residual values. We also intend to strengthen trade cycle management* to put high residual values and sales finance to work to encourage more customers to choose Mazda cars when they purchase their next car.

With regard to quality-related costs, we aim to enhance quality assurance through to mass production by utilizing computer modeling-based development, another one of Mazda's strengths. In addition, we aim to use the on-board communication device in Mazda Connect 2 to quickly solve quality issues that arise after mass production begins and prevent them from spreading. Through these efforts, we will tightly control spending that erodes brand value.

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* Trade cycle management is a business model that achieves high residual value and offers customers the latest Mazda vehicles thanks to our bundled product planning with a focus on accessible finance services. These include credit services that guarantee residual value so that our customers can replace their Mazda with a new Mazda equipped with the latest technologies.
In which fields will you invest the resources generated by sales growth and curbed spending in the areas you have noted?

In addition to further improving brand value, we will invest in areas where we believe we have not yet been able to make sufficient headway and need to catch up.

Specifically, we will invest in optimal production systems that support local production for local consumption such as the joint venture plant in the United States, and in infrastructures for connectivity and sharing services, including alliances with other OEMs and other industries.

We will also invest in building partnerships. We have long promoted stronger alliances, but looking ahead we think a more proactive and wider-ranging approach to collaboration is needed to respond to CASE trends and other developments. This includes cooperation in autonomous driving technology and participation in joint car-sharing enterprises. Based on our mutual trust with Toyota Motor Corporation and others, we plan to promote such active collaboration.

Mazda cannot co-create value with others without the support of all employees. We will invest in diversifying work approaches and human resource systems, reforming and continually improving work processes, and improving our working environment to ensure employees are highly motivated.

We will also enhance shareholder returns, contribute to society, promote activities that directly enrich people’s lives, and strengthen investment in safety and the environment.

We will implement further concrete measures in the future based on the Medium-Term Management Policy. We are committed to reinforcing Mazda’s presence as a unique and vigorous company eager to take up challenges.

August 2019

Kiyoshi Fujiwara
Representative Director and
Executive Vice President

**Direction of Initiatives**

<table>
<thead>
<tr>
<th>Effect of brand value improvement</th>
<th>■ Improve per-unit revenue by responding to customer and market diversification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Investment for brand value improvement</td>
<td>■ Invest in new-generation products, sales networks, and customer experience</td>
</tr>
<tr>
<td>2 Curb expenses that depreciate brand value</td>
<td>■ Trade cycle management and reduce incentives</td>
</tr>
<tr>
<td>3 Investment in infrastructure</td>
<td>■ Build an optimum production structure that supports local production for local consumption</td>
</tr>
<tr>
<td>Investment in partnerships</td>
<td>■ Based on mutual trust, enhance alliances with partners to work together</td>
</tr>
<tr>
<td>Investment in employees / work environment</td>
<td>■ Improve work environment to enhance employee motivation</td>
</tr>
<tr>
<td>Shareholder returns</td>
<td>■ Continue stable shareholder returns</td>
</tr>
<tr>
<td>SDGs &amp; CSR-related investment</td>
<td>■ Co-exist with society and focus on our raison d’être</td>
</tr>
</tbody>
</table>
Overview of Fiscal Year March 2019 Results

- Total demand in the Japanese market rose 1% year on year, to 5.26 million units. Demand for registered vehicles declined, while demand for light vehicles increased 3% due to the introduction of new models by multiple automakers.
- Mazda’s sales volume increased at a rate that surpassed growth in total demand, rising 2% from the previous fiscal year, to 215,000 units. This marked the second consecutive year-on-year increase. The Mazda CX-8, which was introduced at the end of 2017, contributed to sales throughout the year. In addition, we introduced updated models of the Mazda Atenza*, Mazda CX-5, and Mazda CX-3, which recorded favorable sales and contributed to the increase in sales volume.

* Name of Mazda Atenza changed to Mazda6.

Fiscal Year March 2020 Forecast

- Mazda’s sale volume is expected to increase 4% year on year, to 223,000 units. We aim to increase sales volume by expanding sales of the Mazda3, the first new-generation product that was launched in May 2019, and of crossover SUVs, for which demand is strong, including the Mazda CX-30, the second new-generation product.
- We are advancing the roll-out of new-generation dealerships in Japan as bases for learning about and experiencing the Mazda brand. By the end of March 2019, this upgrade had been completed at 165 dealerships. Moving forward, we will continue working to offer a distinctively Mazda customer experience that serves to foster customer satisfaction. We are working together with sales companies to promote activities that further enhance customer service so that customers continue to choose Mazda after they make a purchase. To that end we are working to see that dealership staff can perform their duties with pride and emotional attachment to the Mazda brand.

Sales Volume (Thousands of units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Volume</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>232</td>
<td>4.7</td>
</tr>
<tr>
<td>2017</td>
<td>203</td>
<td>4.0</td>
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<tr>
<td>2018</td>
<td>210</td>
<td>4.0</td>
</tr>
<tr>
<td>2019</td>
<td>215</td>
<td>4.1</td>
</tr>
<tr>
<td>2020 (Forecast)</td>
<td>223</td>
<td></td>
</tr>
</tbody>
</table>

Sales Ratio by Model Type (Fiscal Year March 2019)

- Passenger vehicles, and others: 59%
- Crossover SUVs: 41%

Mazda CX-8 Receives the JAHFA 2018-2019 Car of the Year*1 Award

The CX-8 is the top-tier SUV in Mazda’s domestic lineup. Upon the judgment, the CX-8 was highly evaluated as a stylish three-row SUV with excellent performance and efficient interior space as well as a reduced driving burden and advanced preventative safety technology.

The CX-8 has also received high evaluations from customers, and in the domestic three-row SUV*2 market it was No. 1 sales volume (30,679 units)*3 in 2018.

*1 Japan Automotive Hall of Fame (JAHFA) (Takahiro Fujimoto, President) – An NPO that implements activities mainly to recognize the achievements of people who contributed to the development of Japan’s automotive industry, science, and motoring culture and to the establishment of Japan’s rich and colorful automotive society. JAHFA aims to publicly honor these individuals through their entry into the hall of fame and to pass on their legacy to future generations.

*2 Among the JADA off-road 4WD classification (including certain 2WD) for domestically produced vehicles, “three-row SUV” refers to models with capacities of six or more passengers.

*3 Based on our in-house research.
Overview of Fiscal Year March 2019 Results

- Total demand in the United States declined 1% compared with the previous fiscal year, to 17.36 million units. In Canada, total demand was down 4%, to 1.97 million units, while total demand in Mexico fell 5%, to 1.42 million units.
- Mazda's sales volume in the North American market was down 3%, to 421,000 units, with a decline in the United States and Canada partially offset by growth in Mexico.
- Mazda's sales volume in the United States was down 6%, to 287,000 units. Demand for passenger vehicles continued to decline, and sales of the Mazda3 were down 19% due to its model switchover during the period. In addition, though demand for crossover SUVs was firm, sales of the Mazda CX-5 and the Mazda CX-9 were on a par with the previous fiscal year because of the supply shortage due to heavy rains in July 2018.
- In Canada, the competitive environment for passenger vehicles became increasingly challenging, and Mazda's sales volume was down 4%, to 72,000 units. In Mexico, amid a trend of declining overall demand, Mazda's sales volume rose 12%, to 61,000 units, thanks to contributions of the updated Mazda2, CX-5, and Mazda6.

Fiscal Year March 2020 Forecast

- Mazda's sales volume is expected to increase 8% year on year, to 456,000 units. In the United States, sales volume is projected to rise 13%, to 324,000 units, due to new-generation products, the all-new Mazda3 and CX-30, and to updates of mainstay models. In Canada, sales volume is expected to increase 3%, to 74,000 units. In Mexico, where overall demand is expected to decline, Mazda is anticipating a 7% decrease in sales volume, to 57,000 units.
- We will continue to control fleet sales and emphasize retail sales. In addition, we will work to reform our sales network and strive to improve business quality.

**U.S. Sales Network Reform**

Mazda is advancing measures to rebuild its sales network in the United States, and we are taking steps to support the implementation of dealership management based on “appropriate dealership owners” in “appropriate locations” with “appropriate facilities.” Specifically, we have worked to promote investment in next-generation branded dealers. In July 2018, we introduced an incentive system that pays sales incentives to dealers based on the extent to which they meet high brand standards and on the level of customer satisfaction.

Since the introduction of this system, we have seen an increase in the number of dealers that have signed up to invest in becoming next-generation branded dealers, with the total reaching 265 dealers at the end of March 2019. We are making steady progress with plans aiming for expansion to 300 of these dealers in 2021. At the 65 dealers that have already completed the transition to next-generation branded dealerships, the average annual sales volume has been steadily rising. In addition, this initiative has led to improvements in business quality, such as improved repurchase rates and increases in dealer profitability.
Overview of Fiscal Year March 2019 Results
- Total demand in Europe was down 2% from the previous fiscal year, to 19.85 million units. Demand for passenger vehicles declined, and the shift in demand toward crossover SUVs continued.
- Mazda’s sales volume was about the same year on year, at 270,000 units. Sales were favorable in Russia and Spain, while sales in Germany, France, and other countries declined.
- By vehicle, sales of the Mazda2, CX-3, and CX-5 were favorable, while sales of the Mazda3, Mazda6, and Mazda MX-5 were down year on year.

Fiscal Year March 2020 Forecast
- Mazda is projecting an increase of 6% year on year in sales volume, to 286,000 units. The favorable sales trend for the Mazda2 is expected to continue, and the Company will work to increase sales volume, centered on the new-generation Mazda3 and CX-30.
- Mazda is advancing measures to promote the spread of brand value management. We are rolling out sustained initiatives to foster the further adoption of The Mazda Blueprint, a code of conduct based on brand value throughout the employees at our bases in Europe as well as the employees of dealers. In addition, all dealerships in Europe are being renovated so that they better represent the Mazda brand.

The All-New Mazda3 Receives Germany 2019 Red Dot “Best of the Best” Award
Under the Red Dot Award program, which is one of the world’s most authoritative design award initiatives, the all-new Mazda3 won the Red Dot Design Award “Best of the Best 2019.” This award, which is the highest honor in the product design category, recognizes especially superior commercial products.
Overview of Fiscal Year March 2019 Results

- Total demand decreased 6% year on year, to 27.27 million units. As the economy showed a bearish trend, due largely to concerns about the future resulting from the U.S.–China trade dispute, automotive demand was down year on year. Demand for crossover SUVs, which had been the growth driver, also declined.
- Mazda’s sales volume was down 23%, to 247,000 units. The decline in demand led automakers to increase sales incentives, and the competitive environment became increasingly severe. Mazda made a clear break from price competition and continued to emphasize “right price” sales with a focus on product value. Consequently, sales volume declined year on year. Several years have passed since the introduction of key models, such as the Mazda3, Mazda6, and Mazda CX-4, and this was one of the factors in the decline in sales volume.

Fiscal Year March 2020 Forecast

- Mazda’s sale volume is expected to increase 7% year on year, to 265,000 units. While carefully watching demand trends resulting from the VAT rate reduction, which commenced in April 2019, we will work to expand sales by continuing sales initiatives focusing on product value. In addition, we plan to introduce new and updated models, and expect these models to contribute to higher sales volume.
- We are implementing Mazda brand reinforcement measures in China. We want customers to have a deep understanding of the value provided by Mazda driving pleasure and to identify with the Mazda brand. To that end, we are taking steps to advance sales with a focus on product value, such as offering thorough product explanations and test-drive experiences.

2019 Shanghai Motor Show: Measures to Reinforce the Mazda Brand—Strengthening Connections with Customers

Since the 2015 Guangzhou Motor Show, our measures to reinforce the Mazda brand in China have included initiatives to strengthen owner engagement at the big three motor shows in Beijing, Shanghai, and Guangzhou.

At the 2019 Shanghai Motor Show, the Jinba-ittai “horse and rider as one” Academy helped to foster a better understanding of Mazda’s development concept, and instruments were used to enable customers to experience the balance function of the human body, centered on human engineering.
Overview of Fiscal Year March 2019 Results

- Mazda’s sales volume in other markets, which include Australia and ASEAN, rose 4% year on year, to 409,000 units.
- Mazda’s sales volume in Australia fell 5%, to 110,000 units, in a challenging market environment where total demand was down 6%.
  - Due to continued decline in demand for passenger vehicles and to an intensified competitive environment, lower sales volumes were recorded by the Mazda2, Mazda3, CX-3, and CX-9. However, a contribution was made by the CX-8, which was launched in June 2018.
  - Mazda also continued to achieve the second-highest sales in Australia by manufacturer. The Mazda3 maintained solid sales in a contracting segment, recording sales in the top ranks of its segment for the year. In addition, since its introduction in 2012, the CX-5 has been No. 1 in sales volume in its segment.
- Sales volume in the ASEAN market climbed 18%, to 137,000 units.
  - In Thailand, where total demand rose 19%, Mazda’s sales volume was up 25%, to 70,000 units. Success was recorded with measures to achieve qualitative brand enhancement, such as continued implementation of marketing forums, transitioning dealerships to next-generation branded dealers, and strengthening service systems.
  - In Vietnam, the competitive environment intensified due to the abolishment of import duties on finished cars within the ASEAN region in January 2018. Nonetheless, the start of operations at a new plant in March 2018 led to increases in product quality and reinforcement of the sales foundation, and consequently sales volume rose 14%, to 32,000 units.

Fiscal Year March 2020 Forecast

- Mazda’s overall sales volume in other markets is expected to decline 5% year on year, to 387,000 units.
  - Australia: Mazda’s sales volume is expected to decline 9%, to 100,000 units.
  - In addition to the forecast for lower total demand, the fact that several years have passed since the introduction of existing models will also affect sales. We will work to improve sales quality by introducing new products and leveraging the superior customer base that we have established.
  - ASEAN market: Mazda’s sales volume is expected to decline 2%, to 133,000 units.
  - In Malaysia, we forecast steady sales, reflecting the return to a typical year following a temporary increase in the previous year due to a tax reduction.
  - We will aim to exceed the sales forecast by introducing new-generation product lines and implementing further qualitative enhancement of our brand.
LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

In 2007, Mazda announced the “Sustainable Zoom-Zoom” long-term vision for technology development. Based on that vision, Mazda has worked to provide both driving pleasure and outstanding environmental and safety performance.

In August 2017, Mazda announced “Sustainable Zoom-Zoom 2030,” its long-term vision for technology development that looks ahead to the year 2030. In light of the significant changes in the global automobile industry, the new vision takes a longer-term perspective and sets out how Mazda will make use of driving pleasure—the fundamental appeal of the automobile—to help resolve issues facing the earth, society, and people.

Sustainable Zoom-Zoom 2030

At Mazda, we see it as our mission to bring about a beautiful earth and to enrich people’s lives as well as society. We will continue to seek ways to inspire people through the value found in cars.

People
Enhance customers’ mental well-being with the satisfaction that comes from protecting the earth and contributing to society with a car that offers true driving pleasure

Earth
Through conservation initiatives, create a sustainable future in which people and cars coexist with a bountiful, beautiful earth

Society
Realize cars and a society that offer safety and peace of mind, and create a system that enriches lives by offering unrestricted mobility to people everywhere

Issues and the External Environment

- Need for substantial reductions in CO₂ emissions in order to reduce greenhouse gases, which are a primary cause of global warming
- Increasingly serious air pollution in major cities around the world

To address these issues and truly reduce greenhouse gases, we must work to reduce CO₂ emissions throughout a vehicle's life cycle. Accordingly, we are promoting the reduction of CO₂ emissions not just from the previous perspective, which evaluates CO₂ emissions while driving, but also from a well-to-wheel perspective, which evaluates CO₂ emissions from oil extraction to product manufacture and shipping as well. As specific objectives, in comparison with 2010 levels, we aim to achieve reductions in corporate average well-to-wheel CO₂ emissions by 50% by 2030 and by 90% by 2050.
LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

This approach and its goals are in alignment with the Paris Agreement, an international agreement to combat climate change and reduce greenhouse gas emissions, and the Strategic Commission for the New Era of Automobiles, under Japan’s Ministry of Economy, Trade and Industry (METI).

To achieve these objectives, we are developing multiple solutions that enable us to offer appropriate powertrains that take into consideration each region’s energy situation and power generation mix. We will continue to pursue advances in the internal combustion engine, which is widely expected to help power the majority of cars worldwide well into the future (see illustration below). Meanwhile, we plan to equip all combustion engine-powered cars with some form of electrification technology by 2030.

In addition, aiming to make fuels themselves as carbon neutral as possible, we will step up collaborative efforts with other companies and between industry, academia, and government to encourage the spread of renewable liquid fuels such as microalgae biofuels.

Means to Achieve Our Targets

To protect the earth, we will implement the following initiatives in order to maximize the effect of reduced greenhouse gas emissions under real-world conditions.

1. Aspire to make the best internal combustion engine in the world
2. Combine the ideal internal combustion engine with efficient electrification technologies
3. Introduce electric vehicles (EVs) and other electric-powered technologies in regions that use clean energy to curb global warming and in regions that implement government policies to reduce air pollution
Electrification Technologies

- Mazda will strive to reduce CO2 emissions and enhance the joy of driving by deploying compact, lightweight electrification technologies while further refining the internal combustion engine.
- We will introduce EVs as the optimal solution in regions that generate a high ratio of electricity from clean energy sources or restrict certain vehicle types to reduce air pollution.

Mazda plans to deploy some form of electrification technology in all production vehicles by 2030. We expect that by 2030, internal combustion engines combined with some form of electrification technology will account for 95% of the vehicles we produce and that battery EVs will account for 5%.

In our in-house development of EVs, we aim to leverage the advantages of electric drive systems and be guided by our unique human-centered development philosophy that focuses on human traits and sensibilities. We aim to bring these EVs to market from 2020.

EVs True to the Mazda Spirit: Three Concepts

1. **Driving Pleasure**
   - We aim to offer true driving pleasure with EVs by offering an enhanced sense of connection with the car through the use of G-Vectoring Control and other technologies.

2. **Rotary engine range extender**
   - Mazda will develop two battery EVs, one powered solely by battery and another that pairs a battery with a newly developed range extender powered by Mazda’s small, lightweight, and exceptionally quiet rotary engine. The range extender will recharge the battery when necessary to effectively increase the vehicle’s driving range.

3. **Multi-xEV technology**
   - The concept behind the rotary engine range extender was to leverage the rotary engine’s small size and high power output to make multiple electrification technology solutions including plug-in hybrids and series hybrids possible via a shared packaging layout with different combinations of generators, batteries, and fuel tanks.

3. **Technologies That Can Contribute to Society: A Life in Which Your Car Can Act as a Power Source**
   - Taking advantage of the rotary engine’s compatibility with gaseous fuels, the rotary engine range extender is designed to also burn liquefied petroleum gas (LPG) and provide a source of electricity in times of emergency.

**SKYACTIV-X**

Skyactiv-X is an innovative internal combustion engine that combines the distinctive high-revving performance of a gasoline engine with the fuel efficiency, torque, and response of a diesel. Using Mazda’s proprietary combustion method called Spark Controlled Compression Ignition (SPCCI), Skyactiv-X is a new generation of engine. Achieving outstanding environmental performance, power, and acceleration performance, Skyactiv-X is an engine that stands by the earth and people while supporting the “jinba-ittai” “horse and rider as one” enjoyment that we strive to offer our customers. We are installing the engine in our new-generation products, starting with the all-new Mazda3. We will continuously evolve Skyactiv-G and Skyactiv-D engines to meet diverse customer needs across a broad engine lineup.
Realize cars and a society that offer safety and peace of mind, and create a system that enriches lives by offering unrestricted mobility to people everywhere

Issues and the External Environment

- Emergence of new causes of traffic accidents, especially in developed nations
  - Accidents caused by young and inexperienced drivers
  - Distracted driving due to increase in the volume of information from smartphones, etc.
  - Driving errors by elderly drivers
  - Dangerous driving under the effects of overwork and illness

- Emergence of issues accompanying changes in the structure of society
  - Weakening / disappearance of public transport in areas of depopulation
  - Increase in numbers of elderly or disabled who have difficulty getting around

With the goal of realizing a motorized society without traffic accidents, we are striving to develop more advanced safety technologies under the Mazda Proactive Safety philosophy.

Means to Achieve Our Targets

1. Continuously evolve fundamental safety technologies and standardize them across all models
   - Driving position
   - Pedal layout
   - Visibility
   - Active Driving Display

2. Promote standardization of i-Activsense advanced safety technology, which helps drivers recognize and assess potential hazards
   Technologies to reduce accidents involving rear-end collisions, pedestrians, pedal mix-ups, and lane changes
   - Fiscal year March 2018: Standardize in Japan
   - 2018 and onward: Standardize globally

   The Mazda Co-Pilot Concept centers on people and leverages automated driving technologies
   - 2020: Commence testing
   - By 2025: Aim for standardization

3. Utilize connectivity technologies
   Using an advanced version of Mazda Connect, we will create a new business model that enables car owners to support the mobility needs of people in depopulated areas and those who have difficulty getting around

LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

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Connectivity Technologies
In line with its human-centered development philosophy, Mazda is developing connectivity technologies that offer an enriching experience of the joy of life, connecting people by facilitating the sharing of experiences and feelings through cars. We are contributing to the resolution of social issues, such as the weakening of interpersonal connections that has accompanied changes in society, by connecting people and society through connectivity technologies.

As a concrete example of such initiatives, in 2018, in Miyoshi City, Hiroshima Prefecture, we started trials with mobility services utilizing connectivity technologies in cooperation with local residents and the Hiroshima Prefectural and Miyoshi City authorities. We aim to build a social contribution model that will support regional revitalization through mobility service trials with an eye on future shared mobility. We are also working on technologies that connect customers to their car and technologies that connect customers to Mazda. To build a stronger customer relationship and connection for our business in the future, we will use connectivity technologies to drive business innovation.

Enhance customers’ mental well-being with the satisfaction that comes from protecting the earth and contributing to society with a car that offers true driving pleasure

Through our vehicles, we aim to offer driving pleasure and an enriched life to an even greater number of customers. Based on the Company’s major strength, the pursuit of Jinba-ittai—or “horse and rider as one”—enjoyment, which unlocks people’s potential and revitalizes them mentally and physically, and based on the philosophy of “breathing life into the car,” we will further develop Kodo design to raise vehicle design to the level of art that enriches the emotional lives of all who see it.

Mazda's Approach to Issue Resolution

New-Generation Skyactiv-Vehicle Architecture Platform
Mazda’s Skyactiv-Vehicle Architecture was developed with an intensified focus on its human-centered design philosophy to maximize the human body’s inherent ability to balance itself. In this way, it offers all occupants a more comfortable and less tiring ride and enables them to respond quickly to environmental changes. As the human body is easily able to balance itself in response to driving inputs, the new vehicle architecture provides responsive driving and the ultimate Jinba-ittai driving feel.

Kodo—Soul of Motion Design Philosophy: A Step Further
Since 2010, Mazda has striven to create cars that embody the dynamic beauty of life through application of its Kodo—Soul of Motion design philosophy. Going deeper, matured Kodo design pursues the expression of a “new elegance” based on Japanese aesthetic sensibilities.
We started to launch the all-new Mazda3 as the first of our new-generation products incorporating new technologies targeting the realization of “Sustainable Zoom-Zoom 2030,” our long-term vision for technology development. Based on its human-centered philosophy, Mazda has dramatically improved every area: design, driving performance, NVH, environmental performance and quality feel, trying to create a new, hitherto unknown value.

The all-new Mazda3 adopts a matured Kodo design language that attempts to embody the essence of Japanese aesthetics. While the overall form presents a simple, single motion, subtle undulations bring the design to life through shifting light and reflections that glide over the body surface. The result is a richer and more powerful expression of vitality than previous Kodo models. Despite sharing the Mazda3 moniker, the hatchback and sedan models have distinct personalities—the design of the hatchback is emotive, the sedan elegant.

The all-new Mazda3 adopts Mazda’s new Skyactiv-Vehicle Architecture, designed to enable people to make the most of their natural sense of balance. The powertrain lineup comprises the latest Skyactiv-X, Skyactiv-G, and Skyactiv-D engines, each of which provides responsive speed control in any driving situation. Based on its philosophy of designing the car around the human being, Mazda has dramatically enhanced the car’s fundamental driving attributes such that accelerating, turning, and braking feel completely natural.

**Mazda CX-30 Compact Crossover SUV, the Second New-Generation Model**

The CX-30 is a new compact crossover that combines the bold proportions of an SUV with elegant styling that embodies Mazda’s Kodo design language.

As a new core model, the CX-30 will be rolled out to global markets, with sales starting in Europe in summer 2019.
MONOTSUKURI INNOVATION

We are realizing high levels of diversity, which enhances the competitive edge of our products, and commonality, which boosts the efficiency of mass production, through efforts in Monotsukuri Innovation.

Looking five to 10 years into the future, we have implemented Monotsukuri Innovation for efficiently developing and manufacturing products. Common development methods and manufacturing processes are made possible by using bundled product planning for models to be introduced in the future, spanning market segments and model classes.

Optimized structures of each function are shared across all car lines and laterally spread to each car line based on bundled product planning. A flexible production system is used to produce products engineered based on a common architecture concept in a highly efficient and flexible way. We are aiming to raise operational efficiency through building a flexible production process that can handle changes in volumes and can quickly introduce new models with a minimum of investment.

Through Monotsukuri Innovation, our products since the Mazda CX-5, launched in 2012, and Skyactiv Technology have achieved improved efficiency in terms of both product development and manufacturing facility investment as well as significant improvements in vehicle costs. Through design based on common architecture under Monotsukuri Innovation, Mazda is able to promptly apply the latest technologies and designs to all of its products. In new-generation technology development, we are working to enhance the efficiency of development processes through bundled planning and computer modeling-based development.

Computer Modeling-Based Development

Cars are being called on to provide increasingly advanced and diverse functions, while at the same time vehicle architecture and control systems are becoming more complex. To continue to rapidly develop complex systems with limited resources, the use of computer modeling-based development, which realizes efficient development, is extremely important.

Computer modeling-based development involves creating computer models of the vehicle, control systems, drivers, passengers, driving environments, and other development elements, and conducting development via thorough computer simulation to efficiently optimize the development elements. By carrying out modeling-based powertrain and vehicle development through simulations from design to vehicle evaluation, we are able to reduce the number of prototype parts and actual unit verification, thereby enabling us to develop complex, highly sophisticated new products with minimum resources while also ensuring quality.

In the development of Skyactiv Technology, which started in 2006, we pursued development that fully leveraged computer modeling with the aim of realizing the world’s best fuel economy and driving performance. We completely revised our control systems from square one and have developed combustion systems that achieve similar combustion characteristics regardless of engine displacement. With Skyactiv Technology, we have been able to realize engines, transmissions, and vehicle bodies with outstanding driving and fuel economy performance, including Skyactiv-G, which boasts the world’s best high compression ratio*.

Computer modeling-based development will play a vital role in realizing our vehicle development across multifaceted areas with limited resources. These include our multiple solutions strategy for powertrains, including the further evolution of Skyactiv Technology, autonomous driving technology, and the development of common architecture for small and large architecture products.

* As of November 2012, based on our in-house research
Basic Approach
Mazda aims to achieve its Corporate Vision through the actions of each individual, based on the Mazda Way. While striving to meet the requests and expectations of all of Mazda’s stakeholders, each employee pursues corporate social responsibility (CSR) initiatives in the course of their daily business activities, in order to achieve the sustainable development of both society and the Company itself.

Areas of CSR Initiatives
Referencing the Charter of Corporate Behavior issued by the Japan Business Federation (Nippon Keidanren), etc., Mazda classifies and evaluates its CSR initiatives. The areas of CSR initiatives are periodically reviewed and revised in the light of issues in the business activities of the automotive industry and Mazda, as well as social issues to which stakeholders attach particular importance. The most recent review was made in July 2016, by which the Company defined the following as the key areas of its CSR initiatives: Customer Satisfaction, Quality, Safety, Environment, Respect for People, and Social Contributions.

| Customer Satisfaction | Providing a Mazda brand experience that exceeds customer expectations  
• Commitment to customers  
• Sales and customer service, etc. |
|-----------------------|---------------------------------------------------------------|
| Quality               | Offering products and services that please our customers  
• Establishing stable product quality  
• Achieving quality that exceeds customer expectations  
• Cultivating human resources capable of thinking and acting for the happiness of customers |
| Safety                | Promoting safety initiatives to achieve a safe and accident-free automotive society  
• Safety initiatives based on three viewpoints: vehicles, people, and roads and infrastructure |
| Environment           | Reducing environmental impact throughout the entire vehicle life cycle  
• Environmental management, efforts regarding product and technology development, efforts regarding manufacturing and logistics, recycling, biodiversity, communication, etc. |
| Respect for People    | Developing human resources, who are the foundations of the Company and society, and respecting for human rights  
• Initiatives with employees (including occupational safety and health)  
• Respect for human rights, etc. |
| Social Contributions  | Contributing to local communities as a good corporate citizen  
• Activities based on the three pillars (environment and safety performance, human resources development, and community contributions), etc. |

Promoting Initiatives Based on the SDGs
The Mazda Group pushes forward various initiatives to contribute to the achievement of the Sustainable Development Goals (SDGs), adopted by the United Nations. In fiscal year March 2019, the CSR Management Strategy Committee enhanced SDG-related information available to the Company’s management, and employees’ awareness of the SDGs was raised through the Company’s intranet. Mazda’s activities that are instrumental in realizing the 17 goals of the SDGs are presented in the Mazda Sustainability Report detailed version.

External Evaluations of CSR (As of Aug. 2019)
Mazda identifies key external ratings and evaluations both from within Japan and overseas. By analyzing the results, Mazda evaluates its own initiatives. Mazda continuously makes active efforts to disclose information by responding to both domestic and global surveys and evaluations, such as those by socially responsible investment (SRI) and environment, social, and governance (ESG) rating organizations.

- Inclusion in the Dow Jones Sustainability Index (DJSI) World Index and Asia Pacific Index (Selected since September 2017)
- Inclusion in the FTSE4Good Index series (Selected since March 2011)
- Inclusion in the FTSE Blossom Japan Index (Selected since the index was established in July 2017)
- Inclusion in the Ethibel EXCELLENCE Investment Register (Selected since October 2013)
- In the CDP (formerly Carbon Disclosure Project) 2018 Climate Change Report, Mazda’s score was B
- Inclusion in the S&P/JPX Carbon Efficient Index (Selected since the index was established in September 2018)
- Winning a Bronze Class award in the SAM Sustainability Award 2019 as an outstanding company in the automotive industry
CULTIVATING HUMAN RESOURCES

Basic Approach to Human Resources
Mazda recognizes that people are its most important resource and aims to be a company staffed by people who enjoy their work. To this end, the Company promotes human resources training based on the Mazda Way principles that are shared throughout the entire Mazda Group worldwide. Also, the Company has established Group-wide human resources policies and measures along with promotion of various initiatives.

Mazda Way
In fiscal year March 2009, Mazda summarized seven basic principles and values handed down within the Company over time and defined these as the Mazda Way. Mazda continues to promote measures to ensure that the Mazda Way can easily be put into practice by employees.

Realization of Diversity / Promotion of Work-Life Balance
Mazda respects the diversity of its employees, and the Company aims to foster a corporate climate in which every employee can express his / her individuality while working alongside others to contribute to the Company and society. Mazda also works on a variety of programs to enable its employees—a diverse range of people with different values and lifestyles—to enjoy their work by finding a healthy balance between their work and personal lives.

Specific efforts include increasing the employment and range of opportunities for female employees, employing people with special needs, and promoting the re-employment of the elderly as well as the passing on of their expertise, skills, and know-how.

Major Measures to Promote Work-Life Balance and Diversity in the Workplace

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<thead>
<tr>
<th>Measure</th>
<th>Description</th>
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<tbody>
<tr>
<td>Child-rearing paid leave</td>
<td>This system allows employees to take up to five consecutive working days off, following childbirth or for child-rearing.</td>
</tr>
<tr>
<td>Child-rearing leave</td>
<td>This system supports unpaid leave for child-rearing for children up to 3 years old.</td>
</tr>
<tr>
<td>Nursing care leave</td>
<td>This system allows employees with eligible family members requiring nursing care to take a leave of absence (maximum length of 1 year).</td>
</tr>
<tr>
<td>Work-at-home system</td>
<td>This system enables employees to perform up to 25% of their work hours at home for the purpose of childrearing or nursing care, or when working at home will raise work efficiency.</td>
</tr>
<tr>
<td>Onsite daycare center</td>
<td>This daycare center was established for employees’ children who have not yet entered school. A permanently stationed nurse is available to look after children who become ill.</td>
</tr>
<tr>
<td>Super-flextime Working System (with no set core working hours)</td>
<td>This system was introduced to maximize results by supporting a balance between each employee’s private life and working life. Under this flextime working system, the employees can setup days of not showing up to their workplace.</td>
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Human Resources System to Provide Appropriate Jobs and Environments
Mazda uses the Tobiuo Human Resources System to provide the appropriate jobs and environments where each employee can demonstrate their best performance and to support their development and success. Specifically, a wide variety of human resources measures are actively deployed based on the system’s three pillars of “Choice and Self-Accomplishment,” “Promote Balance between Work and Life,” and “Best Match of People, Work and Rewards.”

The Three Pillars of Tobiuo

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<tr>
<th>Pillar</th>
<th>Description</th>
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<tbody>
<tr>
<td>Choice and Self-Accomplishment</td>
<td>People are able to show their initiative as they are matched with positions that suit their abilities, and thus produce results.</td>
</tr>
<tr>
<td>Promote Balance Between Work &amp; Life</td>
<td>The energetic spirit of employees is reflected in their work and products, allowing customers to truly feel the brand (power) of Mazda.</td>
</tr>
<tr>
<td>Best Match of People, Work and Rewards</td>
<td>Active players can be rewarded according to the level of their contribution.</td>
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Mazda success Realization of the corporate vision

<table>
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<tr>
<th>Milestone</th>
<th>Description</th>
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<tbody>
<tr>
<td>Development and performance of each employee</td>
<td>There is the opportunity to choose jobs or environments where I can fully display my abilities.</td>
</tr>
<tr>
<td>My contribution is fairly and directly reflected when rewards are determined.</td>
<td>Active players can be rewarded according to the level of their contribution.</td>
</tr>
</tbody>
</table>
Mazda is enhancing its corporate governance by working to increase management transparency and expedite decision making. The Company respects the intent of the Corporate Governance Code set by the Tokyo Stock Exchange and shall implement all of its principles. While working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community, and its employees, the Company shall strive to sustain growth and enhance its corporate value over the medium and long terms through transparent, fair, prompt, and decisive decision making and to continue to enhance its corporate governance.

The business environment surrounding the Company is undergoing rapid changes. In order to enable faster business decision making, further enhance discussion of management strategies, and strengthen supervisory functions of Board of Directors’ meetings, the Company transitioned to a Company with an Audit and Supervisory Committee structure through a resolution at the 153rd Ordinary General Meeting of Shareholders held on June 26, 2019.

Overview of the Corporate Governance Structure

| Directors (Excluding Directors who are Audit & Supervisory Committee Members) | Number of Directors | Nine (seven inside directors, two outside directors), of whom one is a woman |
| Term of Office | 1 year |

| Directors who are Audit & Supervisory Committee Members | Number of Directors | Six (two inside directors, four outside directors), of whom one is a woman |
| Term of Office | 2 years |

| Number of Directors on the Board | Number of Directors | 15 (nine inside directors, six outside directors), of whom two are woman |
| Ratio of Outside Directors | 40% |
| Ratio of Female Directors | 13.3% |

Independent Directors (filed with Tokyo Stock Exchange) | Six outside directors |

Procedures in nominating, appointing, and dismissing officers, and determining their remuneration | Officer Lineup & Remuneration Advisory Committee |

Accounting Auditor | KPMG AZSA LLC |
Adoption of executive officer system | Yes |

Efforts to Improve Corporate Governance: Transition to a Company with an Audit and Supervisory Committee

Q. Why has the Company made the transition at this time?
With the automotive industry and the business environment surrounding the Company rapidly changing, we judged that we would be able to respond to changes more quickly and appropriately by transitioning to a Company with an Audit and Supervisory Committee structure, and that this would enhance corporate governance.

Q. What was the purpose of transitioning to a Company with an Audit and Supervisory Committee structure?
The aim was to enable faster business decision making and to further enhance discussion of management strategies and strengthen the supervisory functions of Board of Directors’ meetings.

Q. Specifically, how will the change enable faster decision making and strengthen the supervisory functions of the Board of Directors?
As a Company with an Audit and Supervisory Committee, the Board of Directors may delegate all or part of decision making for the execution of important business to directors, except where laws and ordinances require decisions to be made by the Board of Directors. This delegation enables faster and more flexible decision making and also allows the Board of Directors to focus discussion to a greater degree on management strategy and other important matters. Also, unlike the position of Audit & Supervisory Board members, members of the Audit & Supervisory Committee responsible for audits are directors. Accordingly, they have voting rights at Board of Directors’ meetings and directly participate in management decision making. We believe this strengthens the supervisory function of the Board of Directors.
1. **Board of Directors**
Mazda’s Board of Directors deliberates and makes decisions regarding the execution of important matters including fundamental business policies and management strategy. In addition, it supervises the execution of operations by individual directors. In order to enable quick and flexible decision making, a significant portion of important business execution decisions are delegated to the relevant management team in accordance with the provisions of the Articles of Incorporation. The president and other executive officers who have been delegated authority make decisions on these matters. The Board is made up of 15 directors, six of whom are highly independent outside directors.

2. **Audit & Supervisory Committee**
The Company’s Audit & Supervisory Committee audits the Board of Directors’ decision-making process and business execution through the execution of voting rights at Board of Directors’ meetings and the execution of its right to state opinions on personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee members) at the general meeting of shareholders. The Audit & Supervisory Committee is made up of six members, four of whom are highly independent outside directors.

3. **Executive Officers**
The Company has introduced an executive officer system. By separating execution and management, the effectiveness of the oversight of the Board of Directors is enhanced, and decision making is sped up through expanded debate by the Board of Directors and by delegating authority to executive officers. In this way, the Company is working to further managerial efficiency.

4. **Internal Audit Department**
In an effort to contribute to sound and efficient management, the Global Audit Department audits the appropriateness of the business activities of the Company or its Group companies. It also audits the appropriateness and effectiveness of internal control.

5. **Accounting Auditor**
Accounting audits are conducted by KPMG AZSA LLC, with whom the Company has concluded an audit contract. The certified public accountants who conducted the Company’s accounting audits have been working on the Company’s audits for less than seven years. Those assisting with the Company’s accounting audits include 15 certified public accountants, two public accountants with U.S. certification, and 19 others, four of whom have passed the certified public accountant examination.

6. **Officer Lineup & Remuneration Advisory Committee**
The Company has established the Officer Lineup & Remuneration Advisory Committee, made up of three representative directors and six outside directors and chaired by a representative director, as an advisory body to the Board of Directors. The committee reports to the Board of Directors the results of its deliberation on matters such as officer lineup and policies regarding the selection and training of directors, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company’s sustainable growth and the raising of corporate value in the medium and long term.
Based on its criteria for independence, the Company has determined that the Company’s outside directors have sufficient independence such that no risk of conflict of interest with general shareholders.

Ms. Shibasaki has many years of experience in the field of sales at a damage insurance company. In roles such as managing executive officer, she oversaw sales in Kyushu and Okinawa and gained rich experience and insight into corporate management.

Mr. Kitamura has held key posts at a financial institution, including representative director & senior managing executive officer as well as chairman of the board and chief executive officer. He has great financial and corporate management experience.

Mr. Tamano served as managing executive officer and assistant to the chief financial officer with a trading company. He has great knowledge of finance and accounting as well as extensive experience and insight into corporate management.

Mr. Kitamura has held key posts at a financial institution, including representative director & senior managing executive officer as well as chairman of the board and chief executive officer. He has great knowledge of finance and accounting and rich experience and insight into corporate management.

Ms. Shibasaki has many years of experience in the field of sales at a damage insurance company. In roles such as managing executive officer, she oversaw sales in Kyushu and Okinawa and gained rich experience and insight into corporate management.

When nominating and appointing officers, under the basic premise that they are healthy both physically and mentally, the Company shall consider whether they have the proper attitude to fulfill the mandate of shareholders, customers, and other stakeholders, high ethical standards, the ability to take action, leadership qualities, and the experience and ability to carry out their duties as well as their professional and personal achievements. Candidates for director must have exceptional character, insight, ability, and a wealth of experience. The overall structure and balance of the Board must also be considered. The Company shall confirm that, in addition to the above, candidates for outside director meet the Company's requirements for independence and have the time and energy necessary to properly fulfill their roles and responsibilities. Based on the advice of the Officer Lineup & Remuneration Advisory Committee, proposals on the nomination and appointment of officers shall be submitted to the Board.

When nominating and appointing officers, under the basic premise that they are healthy both physically and mentally, the Company shall consider whether they have the proper attitude to fulfill the mandate of shareholders, customers, and other stakeholders, high ethical standards, the ability to take action, leadership qualities, and the experience and ability to carry out their duties as well as their professional and personal achievements. Candidates for director must have exceptional character, insight, ability, and a wealth of experience. The overall structure and balance of the Board must also be considered. The Company shall confirm that, in addition to the above, candidates for outside director meet the Company's requirements for independence and have the time and energy necessary to properly fulfill their roles and responsibilities. Based on the advice of the Officer Lineup & Remuneration Advisory Committee, proposals on the nomination and appointment of officers shall be submitted to the Board.

Regarding the dismissal or other measures taken against an officer, in cases where an officer was found to have violated the rules, regulations, or Company statutes regarding their duties; in cases where an officer took an inappropriate action, thereby making them unqualified to serve as an officer; or in cases where circumstances emerged that made the appropriate execution of their duties difficult, a proposal to dismiss the officer in question shall be introduced to the Board of Directors based on the advice of the Officer Lineup & Remuneration Advisory Committee.

The remuneration of internal directors (excluding directors who are Audit & Supervisory Committee members) and executive officers consists of 1) a fixed amount of basic remuneration commensurate with their responsibilities, 2) performance-based remuneration determined at the end of the fiscal year in accordance with a designated standard and process after evaluating how much has been achieved toward goals set based on the business plan, and 3) compensation in the form of stock options under a system introduced to incentivize contributions toward enhancing corporate value over the medium and long term and to share the benefits with shareholders. Considering their status independent from the execution of operations, outside directors and directors who are Audit & Supervisory Committee members shall receive a fixed amount of basic remuneration only.

### Fiscal Year March 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>People</th>
<th>Amount (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>11</td>
<td>702</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members</td>
<td>6</td>
<td>109</td>
</tr>
<tr>
<td>Total (of which, outside auditors)</td>
<td>17 (6)</td>
<td>811 (65)</td>
</tr>
</tbody>
</table>

* The above number of persons includes one outside Audit & Supervisory Board member who retired on June 14, 2018 and one director who retired at the conclusion of the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018.
Analysis and Evaluation of the Board’s Effectiveness

In order to steadily advance measures for the further enhancement of its efficiency, the Company’s Board of Directors analyzed and evaluated the meetings conducted in fiscal year March 2019. The analysis and evaluation were conducted in May 2019, before the transition to a Company with an Audit and Supervisory Committee.

Method of analysis and evaluation
Based on a survey prepared by the Board’s secretariat, all of the directors and members of the Audit & Supervisory Board evaluated the Board’s effectiveness. After the results were compiled by the secretariat, an analysis of the current situation was shared at a Board meeting, and the ideal to be pursued and improvements were discussed.

The survey primarily covered debate on the business strategy, debate on compliance and internal control, and the provision of information (the amount of information, materials, explanations, and support for outside directors) and involvement in the debate.

Overview of the results
It was found that members of the Board of Directors are properly involved in determining the Company’s business strategy and share an understanding of its content, that the outside directors express their opinions from an independent perspective after gaining an understanding of the Company’s situation by receiving explanations of resolutions in advance and other forms of support, and that the oversight function of the execution of operations has been ensured.

Based on the previous survey (fiscal year March 2018), efforts were made to further enhance monitoring of important aspects of management strategy and other matters and to deepen debate on risks and returns. It was found that, as a result, there was some improvement, but it was also confirmed that there was a need to aim for further improvement.

Basic Strategy for Capital Policy

In order to enhance corporate value over the medium and long terms and build a solid financial foundation for stable, continued growth, the Company shall endeavor to reduce its interest-bearing debt and increase its equity capital.

The Company shall also endeavor to use its management resources effectively and enhance its capital efficiency. With regard to shareholder returns, the Company shall endeavor to strengthen its financial foundation for a higher dividend payout ratio, with the payment of dividends based on performance as its basis.

Policy on Cross-Shareholdings

Taking into overall consideration the business strategy, the necessity to business activities such as maintaining and strengthening business dealings, and the economic rationality of cross-shareholdings, the Company shall have cross-shareholdings when it will lead to the enhancement of corporate value over the medium and long terms. If the purpose of cross-shareholdings is judged to have diminished, the Company shall aim to reduce cross-shareholdings, including the selling of shares based on the relevant company’s circumstances, etc.

Dialogue with Shareholders and Investors

For continued growth and enhancement of corporate value over the medium and long terms, the Company shall promote investor relations through the timely and appropriate disclosure of information to shareholders and investors and through constructive dialogue.

The officer who oversees finance shall have overall responsibility for dialogue with shareholders, and the officer in charge of finance and the financial planning department (investment relations department) shall be in charge. In order to enhance dialogue, they shall cooperate with departments in charge, including the Corporate Planning & Development Division and the Corporate Services Division, and create a framework for the proper provision of information.

In addition to general meetings of shareholders, the Company holds meetings with shareholders and investors to explain its quarterly business results, management, and other business activities. Mazda is working to increase opportunities for dialogue in such ways as holding business briefings for institutional investors, individual investors, and domestic and overseas securities analysts.

Mazda’s website provides information including the schedule for general meetings of shareholders and financial results announcements, performance / financial data, notice of the general meeting of shareholders (business report), shareholders’ reports (in Japanese only), summary of financial results, briefing materials for the financial results, asset securities reports (in Japanese only), annual reports, and the Corporate Governance Report as the Company shall endeavor to disclose information impartially and with a high degree of transparency.

Opinions from shareholders will be relayed to the Board of Directors or the management team as necessary by the officer in charge of finances. In dialogues with shareholders, insider information (undisclosed material facts) shall be handled appropriately in accordance with laws and regulations and internal regulations.

Initiatives to Invigorate General Meetings of Shareholders and Ensure the Smooth Exercise of Voting Rights

Date for general Meetings of Shareholders
General meetings of shareholders are held on dates that avoid concentrations of other companies’ general meetings.

Exercise of voting rights
To improve convenience, voting by electromagnetic methods was introduced from the general meeting of shareholders held in June 2004.

Environment for exercise of voting rights for institutional investors
Mazda has participated in the electronic voting platform operated by ICJ Co., Ltd., for the exercise of voting rights by institutional investors from the general meeting of shareholders held in June 2008.

English convocation notice
An English version of the convocation notice is prepared as a reference for the exercise of voting rights.

Others
The convocation notice is mailed early and disclosed on Mazda’s corporate website prior to mailing.

From the general meeting of shareholders held in June 2018, we introduced a service that enables shareholders to view convocation notices and related information, etc., and to access a website to exercise their voting rights on smartphones.

English https://www.mazda.com/en/investor/stockinfo/meeting/
Japanese https://www.mazda.com/ja/investor/stockinfo/meeting/
**Internal Controls**

Mazda has established the Mazda Corporate Ethics Code of Conduct, which states action guidelines for employees, the Finance Control Guideline for global financial control, and other guidelines. Based on these guidelines, each department develops rules, procedures, manuals, etc., to promote establishment of internal control.

For Group companies, cooperative systems have been established in accordance with the affiliate administration rules set by Mazda. The responsible department at Mazda supports training and system improvement for each Group company.

**Risk Management**

Mazda makes continuous efforts to identify and reduce various internal and external risks in accordance with the Basic Policy on Risk Management, Risk Management Regulations, and other related internal regulations, so as to ensure continuous and stable progress of business activities. Among the risks identified, considering the level of importance, individual business risks are managed by the department in charge of that business area, while Company-wide risks are handled by departments that carry out business on a Company-wide basis. These departments manage the risks appropriately, following the PDCA (plan–do–check–act) cycle. In the event of an emergency, such as a natural disaster or situation that creates serious managerial consequences, Mazda takes appropriate measures in reference to its internal regulations, including establishing an emergency response taskforce when necessary.

In line with the medium-term action plan established in fiscal year March 2017, the Risk Compliance Committee has worked to further clarify the risks in the Company and its Group companies and to strengthen risk management. The committee has also ascertained the progress of these activities on a half-yearly basis. Its initiatives are periodically reported to the Board of Directors. In fiscal year March 2019, as in the previous year, the committee selected the common key issues to be addressed across the Mazda Group, from among the risks identified by each division, based on the confirmed results of the said risk management. Then, measures were put in place to deal with these key issues. Moreover, the committee enhanced education programs for division general managers as well as managers of Group companies.

Mazda is presently upgrading and expanding its business continuity plan (BCP) to avoid suspension of business that would extensively impact society.

**Response to Accidents and Other Emergencies**

Mazda has been systematically working to enhance both the “hardware” and “software” aspects of emergency readiness, in preparation for major earthquakes such as the expected Nankai Trough Earthquake and tsunami associated with them. Examples of such “hardware” and “software” measures include quake-proofing buildings and facilities, and raising embankments, as well as maintaining emergency-contact networks and organizing self-disaster-defense teams. Meanwhile, disaster drills are held annually both jointly with fire authorities and solely by Mazda's self-disaster-defense teams, based on lessons learned from the Great East Japan Earthquake and other earthquakes that occurred in various parts of Japan. Mazda also introduced a system to confirm employees’ safety in the event of a large-scale disaster.

In fiscal year March 2019, the Company established a system for faster initial response in an emergency, with the aims of protecting human life and minimizing disaster damage, based on the experience
in the record rainfalls in July 2018. Mazda also further strengthened its collaboration system with local communities for disaster control, through the dispatching of fire engines in case of fire in the surrounding region and provision of drinking water, work gloves, and other relief supplies to the affected areas.

**Information Security**

Personal information and other important information are appropriately managed and protected based on the established information management policies and internal regulations, so as to ensure information security. To raise employees' awareness about information security, Mazda requires its employees to execute training on the management of confidential information, protection of personal information, and IT security. When newly joining the Company, management of confidential information is covered in the introduction program, while e-learning is used for personal information protection and IT security training. Other continuous education efforts are also available, including an intranet site dedicated to information and knowledge on information security.

For companies in the Mazda Group, Mazda provides guidelines and educational tools regarding information security, realizing a Group-wide effort to ensure information security.

**IT Security Management Rules**

The IT security policy based on the BS 7799* framework has been established as IT security management rules, under which the mechanisms for security control and monitoring that should be incorporated into IT systems are determined. Whether such mechanisms are properly installed and operated is confirmed on both a regular and random basis.

* Standards on information security management established by the British Standards Institution (BSI), on which ISO/IEC 27001 & 27002, the current international standards for information security management, are based.

**Risk Management in Collaboration with Suppliers: Upgrading and Expanding the Business Continuity Plan (BCP)**

In the light of risk management, Mazda is presently upgrading and expanding its business continuity plan (BCP) to avoid suspension of business that would extensively impact society. The Company has introduced the “SCR Keeper,” a supply chain risk management system, to accelerate its initial response in the event of a disaster by promptly and thoroughly grasping information on the situation of operation sites. Also, initiatives are underway to promote disaster prevention and mitigation activities. Mazda had already completed risk inspections and made provisions against the expected Nankai Trough Earthquake and other large earthquakes. However, based on the experience in the torrential rains that hit western Japan in 2018, the Company started to further advance its disaster preparedness, including the inspection of supply chain risks with its scope of application broadened to cover heavy rain-related risks, and reinforcement of disaster prevention and mitigation measures in operation sites at high risk. Mazda will continue to enhance its BCP in cooperation with its suppliers.

**Basic Policy on Intellectual Property**

Mazda's overall vision for intellectual property is to use intellectual property as a management resource in support of its business management and enterprise activities, based on respect for its own and others' intellectual property.

Based on this vision, Mazda has established an Intellectual Property Committee to discuss and decide key items regarding intellectual property. The committee is comprised of division general managers from related divisions and chaired by an executive officer responsible for intellectual property issues.

Also, the invention incentive system increases motivation for inventions among employees working at the forefront of research and development.

For its Group companies in Japan and overseas, Mazda supports them in developing / implementing policies and establishing systems for handling intellectual property, with the aim of enhancing the intellectual property management functions of the entire Mazda Group.

**Compliance**

At Mazda, the concept of compliance applies not only to laws and regulations but also includes adherence to other rules such as internal guidelines and societal norms and expectations. Business operations are conducted in accordance with the Mazda Corporate Ethics Code of Conduct to ensure fair and honest practice. To promote highly transparent and fair transactions with all partner companies, Mazda established the Guidelines on Entertainment and Gifts, which prohibit giving / receiving bribes, receiving unjust benefits, etc.

These guidelines are revised as needed to cope with changes in the social environment, social needs, etc. Overseas as well, Mazda not only complies with international regulations and the laws of each country and region but also respects local history, culture, and customs.

The Global Employee Engagement Survey, which includes a questionnaire concerning compliance, is conducted to check the employees' degree of understanding of compliance.

**Compliance Promotion System**
Directors and Officers (As of July 31, 2019)

Directors

Masamichi Kogai
Representative Director and Chairman of the Board

Number of shares held: 10,100

Apr. 1977 Joined the Company
Jun. 2004 Managing Executive Officer
Apr. 2008 Chairman and CEO
Jun. 2010 Director and Managing Executive Officer
Apr. 2011 Senior Managing Executive Officer
Jun. 2013 Representative Director, President and CEO
Apr. 2015 Managing Executive Officer
Jun. 2016 Executive Vice President

Akira Marumoto
Representative Director

Number of shares held: 10,200

Mar. 1982 Joined the Company
Feb. 2002 Director
Mar. 2004 Representative Director
Nov. 2008 General Manager, Corporate Planning Dept.
Apr. 2011 Executive Officer
Nov. 2013 Director and Senior Managing Executive Officer
Jun. 2016 Representative Director, Executive Vice President

Kiyoshi Fujiwara
Representative Director

Number of shares held: 6,600

May 1982 Joined the Company
Feb. 2002 Director
Mar. 2004 Managing Executive Officer
Apr. 2006 Managing Executive Officer
Mar. 2008 Vice President, Mazda Motor Europe GmbH
Jun. 2010 Director and Senior Managing Executive Officer
Apr. 2013 Managing Executive Officer
Jun. 2015 Director and Senior Managing Executive Officer

Mitsuru Ono
Director

Number of shares held: 700

Apr. 2011 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.)
Jan. 2015 Standing Auditor
May 2017 Director, Mazda Motor Corporation
Jun. 2017 Director and Senior Managing Executive Officer

Akira Koga
Director

Number of shares held: 2,400

Mar. 1984 Joined the Company
Feb. 2002 Director
Mar. 2004 Managing Officer, Appliances Division
Nov. 2008 General Manager, Corporate Planning Dept.
Apr. 2011 Executive Officer
Jan. 2013 Director and Managing Executive Officer
Jun. 2018 Director and Senior Managing Executive Officer

Masahiro Moro
Director

Number of shares held: 1,300

May 1983 Joined the Company
Aug. 2002 Director
Mar. 2004 Managing Executive Officer
Nov. 2008 General Manager, Corporate Planning Dept.
Jan. 2013 Managing Executive Officer
Jan. 2016 Vice President, Mazda Motor Europe GmbH
Apr. 2016 Director and Senior Managing Executive Officer
Jun. 2019 Director and Senior Managing Executive Officer

Michiko Ogawa
Director

Number of shares held: 0

Apr. 1986 Joined Mitsubishi Electric Industrial Co., Ltd. (now Panasonic Corporation)
May 2014 Director
Jun. 2017 Executive Officer
Apr. 2015 Director, Mazda Motor Corporation

Masatoshi Maruyama
Director who is Audit & Supervisory Committee Member

Number of shares held: 4,100

May 2010 Joined the Company
May 2015 Director
Jun. 2015 Executive Officer
Jan. 2018 Director
Feb. 2018 Chairman, JAPAN AUDIO SOCIETY
Jun. 2019 Director, Mazda Motor Corporation

Kiyotaka Shobuda
Director

Number of shares held: 7,300

Apr. 1982 Joined the Company
Dec. 2001 Director
Jan. 2003 Director
Apr. 2009 Director
Jan. 2011 Director
Jul. 2014 Director
Jun. 2016 Director
Jan. 2017 Director
Jan. 2019 Director

Kyosha Sato
Director

Number of shares held: 0

Apr. 1979 Joined Tokyo Electron Ltd.
Dec. 2001 Director
Jan. 2003 Director
Apr. 2009 Director
Jan. 2011 Director
Jul. 2014 Director
Jun. 2016 Director
Jan. 2017 Director
Jan. 2019 Director

Number of shares held: 1,257

Apr. 2019 Director
Jun. 2019 Director

Masahiro Yasuda
Director who is Audit & Supervisory Committee Member (Full-time)

Number of shares held: 1,257

Apr. 1980 Joined the Company
May 2010 Director
Apr. 2015 Director
Jun. 2019 Director who is Audit & Supervisory Committee Member

Number of shares held: 7,300

Jun. 2019 Director who is Audit & Supervisory Committee Member

Mazda Annual Report 2019
Managing Executive Officers

Kazuhisa Fujikawa
In charge of Global Purchasing and Cost Innovation

Kazuyuki Fukuhara
President, JMM Auto Finance, Inc.; President, Mazda Chuan Co., Ltd.

Ikuko Maeda
In charge of Design and Brand Style

Tetsuya Fujimoto
Assistant to the Officer overseeing Corporate Planning Domain; In charge of Financial Services

Nobuhiro Watabe
In charge of Operations in China; Chairman, Mazda Motor (China) Co., Ltd.

Hiroshi Inoue
In charge of Asia & Oceania and New Emerging Markets; President, Mazda South East Asia Ltd.

Yasuhiro Aoyama
In charge of Operations in Europe; Assistant to the Officer overseeing Brand Enhancement; President and CEO, Mazda Motor Europe GmbH

Makoto Yoshikura
Assistant to the Officer overseeing Administrative Domain; In charge of Global Auditing, CSR, Environment, Secretariat, General & Legal Affairs, Compliance and Risk Management

Takeshi Mukai
In charge of Global Production, Global Business Logistics and Cost Innovation

Hidenori Kawakami
In charge of Global Quality; Assistant to the Officer in charge of Cost Innovation

Executive Officers

President and CEO
Akira Marumoto*

Executive Vice President
Kiyoshi Fujinuma
Assistant to President; Oversight of Global Marketing, Sales and Customer Service

Senior Managing Executive Officers
Kiyotaka Shobuda
Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics

Mitsuru Ono
Oversight of Financial Services and Administrative Domain

Akira Koga
Oversight of Corporate Planning Domain, Corporate Liaison and M&DI & IT

Masahiro Moro
Oversight of Operations in North America; Chairman and CEO, Mazda Motor America, Inc. (Mazda North American Operations)

Ichiro Hirose
Oversight of R&D and Cost Innovation; In charge of Powertrain Development and Integrated Control System Development

Jeffrey H. Guyon
Assistant to the Officer overseeing Operations in North America and Brand Enhancement; President, Mazda Motor of America, Inc. (Mazda North American Operations)

Senior Innovation Fellow
Mitsuo Hitomi

Number of shares held: 10,200

Ichiro Sakai
Director who is Audit & Supervisory Committee Member
Apr. 1968 Appointed Procurator
Dec. 1999 Chief Public Prosecution of the Yokohama High Public Prosecution Office
Feb. 2001 Chief of the Research and Training Institute of the Ministry of Justice
Oct. 2002 Superintendent Public Prosecution of the Hiroshima High Public Prosecution Office
Jun. 2004 Superintendent Public Prosecution of the Fukuoka High Public Prosecution Office
Apo. 2005 Registered as Lawyer (Osulchi Tokyo Bar Association)

Number of shares held: 700

Kunihiko Tamanoo
Director who is Audit & Supervisory Committee Member
Apo. 1974 Joined Isuzu Corporation
Jan. 1999 General Manager of Tax Management Office, General Accounting Control Division, Executive Officer
Jun. 2006 Managing Executive Officer
Apr. 2009 Director and Senior Managing Executive Officer of Nissan Access, Inc.
Jun. 2011 Managing Executive Officer, Assistant to the Chief Financial Officer of Isuzu Corporation; General Manager, Global Risk Management Division of Isuzu Corporation
Apr. 2014 Advisory Member

Number of shares held: 100

Akira Kitamura
Director who is Audit & Supervisory Committee Member
Apo. 1974 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.)
Jan. 2003 Executive Officer
Apo. 2006 Managing Executive Officer
Apo. 2007 Director and Managing Executive Officer
Apo. 2008 Representative Director and Senior Managing Executive Officer
Apo. 2009 Managing Executive Officer, Assistant to the Chief Financial Officer of Isuzu Corporation; General Manager, Global Risk Management Division of Isuzu Corporation
Jun. 2009 Vice Chairman (Representative Director)
Nia.2010 Chairman of the Board & CEO (Representative Director)

Number of shares held: 0

Hiroko Shibasaki
Director who is Audit & Supervisory Committee Member
Jul. 2008 Senior General Manager
Apo. 1978 Director
Apo. 2017 Senior Adviser

Number of shares held: 35

Executive Officers

Chiharu Mizutani
President and CEO, Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Mazda de Mexico Vehicle Operations)

Masashi Ahara
General Manager, US Production Preparation Office; President, Mazda Toyota Manufacturing U.S.A., Inc.

Ryuichi Umeshita
In charge of Brand Enhancement, Global Marketing, Sales and Customer Service

Kazuhisa Yoshida
In charge of Global Human Resources, Safety, Health & Disaster Prevention and Mazda Hospital

Hidetoshi Kudo
In charge of R&D Administration, Product Strategy and Technical Research Center

Hiroyuki Matsumoto
In charge of Vehicle Development and Product Planning

Takeji Koijma
In charge of Corporate Communications and Corporate Liaison

Akihiro Kidani
General Manager, M&DI & IT Div.

Eiji Nakai
General Manager, Powertrain Development Div.

Ikuo Sugiyama
Deputy General Manager, US Production Preparation Office; Senior Vice President, Mazda Toyota Manufacturing U.S.A., Inc.

Hironori Tanaka
In charge of Domestic Sales

Note: Mark of *** stands for the Executive Officers who also hold the post of Director.
## ELEVEN-YEAR SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Mazda Motor Corporation and Consolidated Subsidiaries

Years ended March 31

### Business results*2 (Millions of yen):

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales*3</th>
<th>Domestic</th>
<th>Overseas</th>
<th>Cost of sales</th>
<th>Selling, general and administrative expenses</th>
<th>Operating income/(loss)</th>
<th>Income/(loss) before income taxes</th>
<th>Net income/(loss) attributable to owners of the parent</th>
<th>Capital expenditures*4</th>
<th>Depreciation and amortization</th>
<th>Research and development costs</th>
<th>Cash flows:</th>
<th>Operating cash flows</th>
<th>Investing cash flows</th>
<th>Free cash flow*5</th>
<th>Financing cash flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>¥2,535,902</td>
<td>¥620,336</td>
<td>¥1,915,566</td>
<td>¥2,021,851</td>
<td>¥542,432</td>
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<td>111,646</td>
<td>(44,252)</td>
<td>(129,244)</td>
<td>137,008</td>
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<tr>
<td>2010</td>
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<td>¥574,982</td>
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<td>¥443,792</td>
<td>9,458</td>
<td>16,081</td>
<td>(6,478)</td>
<td>¥29,837</td>
<td>¥76,428</td>
<td>¥85,206</td>
<td>111,464</td>
<td>44,722</td>
<td>(13,717)</td>
<td>67,394</td>
<td>60,951</td>
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<td>2011</td>
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<td>¥541,490</td>
<td>¥1,784,199</td>
<td>¥1,863,678</td>
<td>¥438,176</td>
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<td>16,081</td>
<td>(60,042)</td>
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<td>¥71,576</td>
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<td>15,344</td>
<td>44,722</td>
<td>(13,717)</td>
<td>1,627</td>
<td>14 (14,360)</td>
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<td>¥1,472,842</td>
<td>¥1,662,592</td>
<td>¥409,184</td>
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<td>¥78,040</td>
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<td>78,040</td>
<td>(70,317)</td>
<td>(79,415)</td>
<td>236,462</td>
</tr>
<tr>
<td>2013</td>
<td>¥2,205,270</td>
<td>¥560,216</td>
<td>¥1,617,228</td>
<td>¥1,729,296</td>
<td>¥409,184</td>
<td>53,936</td>
<td>16,081</td>
<td>34,304</td>
<td>¥77,190</td>
<td>¥68,791</td>
<td>¥89,930</td>
<td>182,121</td>
<td>78,040</td>
<td>(40,287)</td>
<td>8,746</td>
<td>154,678</td>
</tr>
</tbody>
</table>

### Financial position (Millions of yen):

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets</th>
<th>Net assets</th>
<th>Interest-bearing debt</th>
<th>Net interest-bearing debt</th>
<th>Amounts per share of common stock (Yen)</th>
<th>Financial indicators (%)</th>
<th>Financial position (Millions of yen):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥1,800,981</td>
<td>¥414,731</td>
<td>¥753,355</td>
<td>¥532,631</td>
<td>Net income/(loss)*6</td>
<td>Operating income ratio</td>
<td>Total assets</td>
</tr>
<tr>
<td>2009</td>
<td>¥1,947,769</td>
<td>509,815</td>
<td>722,128</td>
<td>375,825</td>
<td>¥(52.13)</td>
<td>(1.1)%</td>
<td>1,947,769</td>
</tr>
<tr>
<td>2010</td>
<td>¥1,771,767</td>
<td>430,539</td>
<td>693,000</td>
<td>370,151</td>
<td>(4.26)</td>
<td>0.4%</td>
<td>1,771,767</td>
</tr>
<tr>
<td>2011</td>
<td>¥1,915,943</td>
<td>474,429</td>
<td>778,085</td>
<td>300,778</td>
<td>(33.92)</td>
<td>1.0%</td>
<td>1,915,943</td>
</tr>
<tr>
<td>2012</td>
<td>¥1,978,567</td>
<td>513,226</td>
<td>718,983</td>
<td>274,108</td>
<td>(57.80)</td>
<td>(1.9)%</td>
<td>1,978,567</td>
</tr>
</tbody>
</table>

### Financial indicators (%):

- Operating income ratio: (1.1)%
- Return on equity (ROE)*9: (14.8)%
- Equity ratio*9: 22.9

Average number of shares outstanding (in thousands): 1,371,456
Number of employees (People): 39,852

---

*1 The translation of the Japanese yen amounts into U.S. dollars is presented solely for the convenience of readers outside of Japan, using the prevailing exchange rate on March 31, 2019, of ¥111 to US$1.

*2 Results information for the fiscal year March 2011 include 15-month results for certain overseas subsidiaries that changed their fiscal year-end.

*3 Sales is categorized into the regions based on the customers' locations.

*4 Capital expenditures are calculated on an accrual basis.

*5 Free cash flow represents the sum of net cash flows from operating activities and from investing activities.

*6 The computations of net income/(loss) per share of common stock are based on the average number of shares outstanding during each fiscal year.

*7 Cash dividends per share represent actual amounts applicable to each fiscal year.

*8 The amounts of net assets used in the calculation of net assets per share exclude non-controlling interests (and, from the fiscal year March 2009 to the fiscal year March 2013 and from the fiscal year March 2017 to the fiscal year March 2019, stock acquisition rights) from net assets.
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>39,852</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,371,456</td>
<td>137,008</td>
<td>(129,244)</td>
<td>(61,826)</td>
<td>(67,418)</td>
<td>(542,432)</td>
<td>95,967</td>
<td>84,043</td>
<td>81,838</td>
<td>(71,489)</td>
<td>(6,478)</td>
<td>(60,042)</td>
<td>(107,733)</td>
<td>34,304</td>
<td>1,993,643</td>
<td>2,692,238</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>38,117</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,770,198</td>
<td>146,900</td>
<td>204,459</td>
<td>262,770</td>
<td>161,097</td>
<td>136,379</td>
<td>158,808</td>
<td>108,378</td>
<td>116,610</td>
<td>126,915</td>
<td>116,009</td>
<td>86,954</td>
<td>47,806</td>
<td>(1,185,685)</td>
<td>1,321,532</td>
<td>2,473,287</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>37,617</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,863,949</td>
<td>2,771,952</td>
<td>(120,057)</td>
<td>(95,548)</td>
<td>(63,751)</td>
<td>57,656</td>
<td>89,214</td>
<td>78,972</td>
<td>114,195</td>
<td>126,915</td>
<td>111,195</td>
<td>89,546</td>
<td>88,443</td>
<td>(1,185,685)</td>
<td>1,358,847</td>
<td>2,548,401</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>37,874</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,524,552</td>
<td>2,871,018</td>
<td>119,611</td>
<td>154,678</td>
<td>97,346</td>
<td>108,407</td>
<td>118,378</td>
<td>149,898</td>
<td>116,610</td>
<td>126,915</td>
<td>111,195</td>
<td>89,546</td>
<td>88,443</td>
<td>(1,185,685)</td>
<td>1,358,847</td>
<td>2,724,092</td>
<td></td>
</tr>
</tbody>
</table>

9 The amounts of equity exclude non-controlling interests (and, from the fiscal year March 2009 to the fiscal year March 2013 and from the fiscal year March 2017 to the fiscal year March 2019, stock acquisition rights) from net assets.
10 The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” from the beginning of the fiscal year March 2019. The figures for the fiscal year March 2018 were adjusted retrospectively in accordance with this change.
11 A share consolidation was implemented on common stock with a ratio of five shares to one share on August 1, 2014. Average number of shares outstanding, net income per share and net assets per share are calculated based on the assumption that consolidation of shares had been carried out at the beginning of the fiscal year March 2014.
12 Percentage after consideration of the equity credit attributes of the subordinated loan is 43.7%.
Review of Operations for Fiscal Year March 2019

Operating Environment

The operating environment for the Mazda Group in fiscal year March 2019—the year ended March 31, 2019—showed a gradual recovery trend as a whole despite factors clouding the outlook, including trade friction among leading economies and issues surrounding the United Kingdom’s departure from the European Union (“Brexit”). Overseas, the U.S. economy improved against the backdrop of favorable employment and income environments. The European economy also steadily recovered despite the disruption stemming from the Brexit issue. In contrast, China’s economy saw increasing slowdowns amid fallout from trade problems and other issues. In Japan, the economy sustained a steady recovery led by domestic demand, supported by improvement in the employment and income environments.

Against this backdrop, the Mazda Group made efforts to offer attractive products that provide driving pleasure and outstanding environmental and safety performance in the fiscal year under review, the last year of its Structural Reform Stage 2 medium-term business plan. At the same time, the Group worked to further improve its brand value with the aim of realizing qualitative growth in all areas of its business.

Global Sales Volumes

Global sales volume declined 4.2% year on year, to 1,561,000 units. By model, sales remained brisk for crossover SUVs including the Mazda CX-5 and the Mazda CX-8. By region, sales volume rose in Japan and the ASEAN region but fell in China, the United States, and Australia.

By market, sales volume in Japan rose 2.0% year on year, to 215,000 units, driven by updated versions of the CX-5, CX-8, and Mazda Atenza*. The CX-8 has sustained strong sales since its launch, becoming the top-selling model in Japan’s three-row SUV market in 2018*. Sales volume in North America fell 3.2%, to 421,000 units, despite growth in Mexico. In the United States, sales volume declined 5.7%, to 287,000 units, owing to an increasingly harsh sales environment for crossover SUVs amid intensifying competition and contraction in sales of sedans, a segment where demand continued to decline. In Europe, sales volume was on a par with the previous fiscal year, at 270,000 units. Sales in Germany declined, but growth in sales volume in Russia surpassed growth in demand and sales volume also increased in countries such as Spain. By model, sales of the Mazda2 and the CX-5 were buoyant. In China, sales volume declined 23.3%, to 247,000 units, as sales volume with mainstay models fell amid intensifying sales competition and waning demand amid an economic slowdown. Sales volume in other markets rose 3.7%, to 409,000 units. In the major market of Australia, sales declined 5.0%, to 110,000 units, as the sales environment was hurt by intensifying competition. In contrast, sales volume in the ASEAN region, including Thailand and Vietnam, rose sharply year on year.

Consolidated wholesales increased 2.9% from the previous fiscal year, to 1,311,000 units

*1 Name of Mazda Atenza changed to Mazda6.
*2 Based on our in-house research.

Sales Trends by Major Markets

<table>
<thead>
<tr>
<th>(Thousands of units)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,397</td>
<td>1,534</td>
<td>1,559</td>
<td>1,631</td>
<td>1,561</td>
</tr>
<tr>
<td>North America</td>
<td>303</td>
<td>372</td>
<td>373</td>
<td>394</td>
<td>409</td>
</tr>
<tr>
<td>Europe</td>
<td>215</td>
<td>235</td>
<td>292</td>
<td>322</td>
<td>247</td>
</tr>
<tr>
<td>China</td>
<td>229</td>
<td>257</td>
<td>262</td>
<td>269</td>
<td>270</td>
</tr>
<tr>
<td>Other markets</td>
<td>425</td>
<td>438</td>
<td>429</td>
<td>435</td>
<td>421</td>
</tr>
<tr>
<td>Total</td>
<td>225</td>
<td>232</td>
<td>203</td>
<td>210</td>
<td>215</td>
</tr>
</tbody>
</table>

Net Sales

Net sales totaled ¥3,564.7 billion, an increase of ¥90.7 billion, or 2.6%, from the previous fiscal year, chiefly reflecting growth in wholesales. By region, domestic sales amounted to ¥693.6 billion, an increase of ¥62.4 billion, or 9.9%, year on year as the result of higher wholesales of crossover SUVs, including the CX-5 and the CX-8. Overseas sales rose ¥28.3 billion, or 1.0%, to ¥2,871.1 billion, supported by increased wholesales particularly in the ASEAN market.

By product, vehicle sales were up ¥100.5 billion, or 3.5%, to ¥2,944.4 billion, reflecting chiefly the rise in wholesales. Sales of knockdown parts for overseas production fell ¥20.6 billion, or 19.0%, to ¥88.0 billion, owing to lower sales in China as the sales environment remained difficult amid waning demand. Sales of parts expanded by ¥6.8 billion, or 2.5%, to ¥272.9 billion. Other sales rose ¥4.0 billion, or 1.6%, to ¥259.5 billion.

Net Sales

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>3,033.9</td>
<td>3,406.6</td>
<td>3,214.4</td>
<td>3,474.0</td>
<td>3,564.7</td>
</tr>
<tr>
<td>Overseas</td>
<td>2,416.5</td>
<td>2,745.7</td>
<td>2,627.4</td>
<td>2,842.8</td>
<td>2,871.1</td>
</tr>
<tr>
<td>Total</td>
<td>5,450.4</td>
<td>6,152.3</td>
<td>5,841.8</td>
<td>6,316.8</td>
<td>6,436.8</td>
</tr>
</tbody>
</table>
Operating Income
Operating income declined ¥63.4 billion, or 43.3%, to ¥83.0 billion. The decline reflected mainly increased marketing expenses in the United States and elsewhere, the impact of yen appreciation, and investment in sales network reform in the United States, which outweighed the benefits of increased wholesales and cost-improvement initiatives. As a result, the consolidated operating income ratio declined 1.9 percentage points, to 2.3%.

Ordinary Income and Net Income Attributable to Owners of the Parent
Ordinary income fell ¥55.3 billion, or 32.2%, to ¥116.8 billion, owing principally to the recording of a ¥30.7 billion gain from equity in net income of affiliated companies. Net income attributable to owners of the parent declined ¥48.6 billion, or 43.4%, to ¥63.5 billion. This result reflected such factors as the booking of an extraordinary loss of ¥3.7 billion relating to the heavy rainfall in July 2018, as well as tax expenses of ¥41.5 billion.

Operating Income Change
(Billions of yen)

<table>
<thead>
<tr>
<th>Year Ended March 31</th>
<th>Operating Income</th>
<th>Net Income Attributable to Owners of the Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>146.4</td>
<td>83.0</td>
</tr>
<tr>
<td>2019</td>
<td>112.1</td>
<td>63.5</td>
</tr>
</tbody>
</table>

Segment Information
Net sales in Japan increased ¥30.1 billion, or 1.1%, to ¥2,884.0 billion, while operating income declined ¥59.1 billion, or 72.5%, to ¥22.5 billion. This reflected the impact of yen appreciation and other factors, although wholesales increased. Segment assets at the end of the fiscal year stood at ¥2,258.8 billion, up ¥80.0 billion.

In North America, net sales declined ¥12.2 billion, or 0.9%, to ¥1,346.2 billion, while operating income fell ¥5.3 billion, or 19.6%, to ¥21.7 billion. These results reflected the decrease in wholesales in the United States in a harsh sales environment and increased marketing expenses. Segment assets totaled ¥426.0 billion, up ¥28.0 billion.

European net sales rose ¥10.2 billion, or 1.4%, to ¥723.1 billion, and operating income increased ¥4.1 billion, or 47.1%, to ¥12.9 billion. These increases were supported by such factors as growth in wholesales in Russia and other countries where sales were buoyant. Segment assets came to ¥238.4 billion, up ¥21.8 billion.

In other markets, net sales rose ¥16.1 billion, or 2.4%, to ¥694.1 billion, while operating income declined ¥1.2 billion, or 4.7%, to ¥24.2 billion. This reflected a good performance in ASEAN markets being offset by lower wholesales in the major market of Australia and the impact of yen appreciation. Segment assets stood at ¥313.1 billion, an increase of ¥3.7 billion.

Financial Position
Total assets as of March 31, 2019, came to ¥2,871.0 billion, up ¥146.9 billion from the end of the previous fiscal year. This increase was due mainly to increases in cash and cash equivalents and in property, plant and equipment.

Total liabilities amounted to ¥1,622.1 billion, an increase of ¥117.5 billion from the end of the previous fiscal year, owing in part to a rise in accounts payable–trade and in loans payable. Interest-bearing debt increased ¥109.2 billion, to ¥607.1 billion, owing to such factors as the procurement of long-term loans for such purposes as capital investment.

Net assets amounted to ¥1,248.9 billion, an increase of ¥29.4 billion from the end of the previous fiscal year, reflecting such factors as the payment of total annual dividends of ¥22.0 billion versus net income attributable to owners of the parent of ¥63.5 billion. The equity ratio declined 1.4 percentage points from the end of the previous fiscal year, to 42.4% (percentage after consideration of the equity credit attributes of the subordinated loan was 43.7%).
Cash Flows
As of the end of March 2019, cash and cash equivalents increased ¥96.8 billion from the end of the previous fiscal year, to ¥701.6 billion, while interest-bearing debt rose ¥109.2 billion, to ¥607.1 billion. As a result, the net cash position came to ¥94.6 billion.

Net cash provided by operating activities was ¥146.7 billion, compared with ¥207.8 billion in the previous fiscal year, reflecting income before income taxes of ¥108.3 billion as well as dividends received and other factors.

Net cash used in investing activities amounted to ¥131.6 billion, down from ¥160.0 billion in the previous fiscal year, due mainly to capital expenditure for the acquisition of property, plant and equipment of ¥110.2 billion.

As a result, consolidated free cash flow (the total of operating cash flows and investing cash flows) was the positive amount of ¥15.1 billion, compared with the previous fiscal year's positive free cash flow of ¥47.8 billion.

Net cash provided by financing activities was ¥83.4 billion, compared with net cash provided by financing activities of ¥30.5 billion in the previous fiscal year, mainly reflecting proceeds from long-term debt for capital investment and other purposes, which outweighed the repayment of long-term debt and dividends payable.

For fiscal year March 2019, a full-year dividend of ¥35 per share, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend, was paid.

For fiscal year March 2020, we plan to once again pay a full-year dividend of ¥35 per share, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend.

We intend to use internal reserves for research and development and capital investment for future growth.

Forecast for Fiscal Year March 2020
In fiscal year March 2020, we have begun the full-scale roll-out in global markets of new-generation products: the all-new Mazda3 and Mazda CX-30. Despite the challenging sales environment, we aim to achieve sustained growth in sales volume, sales, and profits through enhancing brand value by leveraging these new-generation products while maintaining sales with a focus on product value. In addition, while responding to evolution in the business environment surrounding the automobile industry, including intensifying competition and regulatory changes, we will continue to promote key initiatives for the future, including the ongoing development and introduction of new-generation products and new technologies.

Our forecasts for consolidated earnings and global sales volume are as set out below.

Consolidated Financial Forecasts
(Billions of yen)

<table>
<thead>
<tr>
<th>Fiscal Year March 2020</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,700.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>110.0</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>125.0</td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>80.0</td>
</tr>
<tr>
<td>Foreign exchange rates</td>
<td></td>
</tr>
<tr>
<td>(Yen)</td>
<td></td>
</tr>
<tr>
<td>U.S. dollars</td>
<td>110</td>
</tr>
<tr>
<td>Euro</td>
<td>126</td>
</tr>
</tbody>
</table>

Global Sales Volume
(Thousands of units)

<table>
<thead>
<tr>
<th>Fiscal Year March 2020</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>223</td>
</tr>
<tr>
<td>North America</td>
<td>456</td>
</tr>
<tr>
<td>Europe</td>
<td>286</td>
</tr>
<tr>
<td>China</td>
<td>265</td>
</tr>
<tr>
<td>Other markets</td>
<td>387</td>
</tr>
<tr>
<td>Total</td>
<td>1,618</td>
</tr>
</tbody>
</table>

Basic Dividend Policy, Dividends for the March 2019 and March 2020 Fiscal Years
Mazda strives to pay a stable dividend with steady increases, under a basic policy of determining the dividend amount by comprehensively taking into account the Company's financial results for the fiscal year, the business environment, and the Company's financial position.
BUSINESS RISKS

Significant risks that could affect the Mazda Group’s business results and financial position include those listed below. This list, however, shows the main risks anticipated at the end of fiscal year March 2019, and does not represent a comprehensive list of all the risks faced by the Group. The forward-looking statements in this section are based on the judgments of the Group as of the end of fiscal year March 2019.

1 Economic Conditions Impacting the Mazda Group
Selling its products in Japan and other parts of the world, including in North America, Europe, and Asia, the Group is greatly impacted by economic trends and fluctuations in demand in each of its markets. Therefore, the Group’s business results and financial position could be adversely affected by, for example, an economic downturn, recession, changes in demand structure, declining demand, and intensifying price competition in its main markets.

2 Fluctuations in Exchange Rates
The Group is engaged in business activities on a global scale. The Group not only exports products from Japan to other parts of the world but also exports products manufactured at overseas plants to other markets in the world. These transactions are conducted in various currencies, and consequently its business results and financial position are exposed to the effects of fluctuations in exchange rates. In addition, as overseas assets and liabilities denominated in local currencies are translated into yen, there could be an adverse effect on shareholders’ equity through foreign currency translation adjustments due to exchange rate fluctuations. The Group uses forward exchange contracts and other instruments to minimize the impact of short-term exchange rate risk. However, depending on the circumstances of fluctuations in exchange rates, loss of opportunity could be generated.

3 Alliances and Joint Ventures
The Group is performing or examining joint activities with other companies under technology alliances, joint ventures, and in other forms with respect to the development, production, and sales of products. These joint activities are designed to optimize resources, facilitate their prioritization, and generate synergies. However, in the event of a disagreement over management, financial, or other matters between the parties involved, or in the event that the expected results were not produced due to such factors as changes to or terminations of alliances and joint ventures, the Group’s business results and financial position could be adversely affected. In addition, unintended changes to or terminations of alliances and joint ventures could have an adverse effect on the Group’s business results and financial position.

4 Statutory Regulations Covering the Environment
In addition to being subject to environmental regulations pertaining to fuel consumption and exhaust emissions, automobile safety, and the pollutant emission levels from manufacturing plants, the Group’s operations in each country where it does business are subject to various statutory regulations, such as labor regulations.

Going forward, the Group’s business results and financial position could be adversely affected by the increased costs associated with more stringent statutory regulations.

5 Market Competitiveness
The Group competes with a large number of companies in automobile markets in all parts of the world. Maintaining and enhancing the Group’s ability to compete in these markets, which includes maintaining and developing the Mazda brand value, is crucial to ensuring growth. Consequently, the Group is implementing a range of initiatives to boost its competitiveness in product development, manufacturing, sales, and other areas.

However, the Group’s business results and financial position could be adversely affected in the event that it fails to launch appealing products at opportune times, due to a failure to accurately ascertain market trends or as a result of issues related to technological capabilities and manufacturing. The same holds true if the Group fails to take effective steps to respond to customer values or changes thereof, including declines in market share or product prices, through its dealership network or sales methods.

6 Procurement of Materials and Components
The Group relies on numerous suppliers outside the Group for the procurement of materials and components. For that reason, the Group may face difficulties in procuring the necessary level of materials and components for volume production, due to supply constraints or reduced logistics functions in the event of these suppliers being affected by a disaster, due to tight supply balances, or due to changes to and breaches of supply contracts.

Should the Group be unable to absorb the effects of any increases in the prices of the materials being procured by the Company—for example, by making internal efforts to boost productivity or passing on price rises to customers—or should procured materials and components be of insufficient quality, the possibility exists of a deterioration in output or higher costs, which could adversely affect the Group’s business results and financial position.
7 International Business Activities
In addition to Japan, the Group sells its products and carries out business activities in markets in all parts of the world, including the United States and Europe, as well as developing and emerging markets overseas. In these international markets, the Group is subject to the following potential risks, which could affect the Group’s business results and financial position if manifested:

- Adverse political and economic developments
- Impediments arising from changes in laws and regulations
- Import/export regulations, such as tariffs, detrimental taxes, and other regulations
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease, and other factors leading to social disorder

8 Protection of Intellectual Property
In order to maintain competitiveness, the Group is working to accumulate and protect technologies and expertise that help it to develop unique products. At the same time, the Group is taking steps to prevent the infringement of third-party intellectual property rights. Nonetheless, should differences in recognition or opinion lead to a disputed infringement of third-party intellectual property rights that results in the Group being forced to halt the production and sales of products, or needing to pay damages, this could also adversely affect the Group’s business results and financial position.

The Group’s intellectual property is not subject to complete protection in certain regions. In the event that third parties use the Group’s intellectual property rights on an unauthorized basis to produce similar products, the Group may have to pay substantial expenses for litigation, or experience a decline in sales due to an inability to offer unique products. This could adversely affect the Group’s business results and financial position.

9 Product Quality
While striving to improve the quality of its products to meet the requirements of the market, the Group also does its utmost to ensure the safety of its products. However, should a defect develop in a product due to unforeseen circumstances or a large-scale recall occur, this could adversely affect the Group’s business results and financial position due to such factors as the incurring of significant costs, the Group’s diminished brand image, and loss of market trust.

10 Natural Disasters and Accidents
In addition to measures to protect its manufacturing sites and other important facilities against fire and earthquakes, the Group has concluded natural disaster insurance contracts and taken other steps to minimize the financial risk of such events. However, the ability of the Group to supply products may be severely disrupted in the event of a major natural disaster, such as an earthquake, typhoon, flood, or fire or other accident, which could adversely affect the Group’s business results and financial position.

11 Dependence on Information Technology
In the course of various business activities such as development, production, and sales of products, the Group utilizes information technology, networks, and systems. The Group’s products are also equipped with these technologies, including driving support system, etc. Despite countermeasures implemented in information technology, networks, and systems to allow safe operations, such factors as failures in infrastructure, cyberattacks, and infection by computer viruses may result in suspension of business activities, loss of data, leakage of confidential information, and deterioration in product functions. Should these events occur, the Group’s business results and financial position could be adversely affected due to the incurring of costs associated with countermeasures, loss of product credibility, and damage to the brand image, etc.

12 Financial Accounting
Including the financial accounting factors set out below, the Group’s operating results and financial position could be affected by financial accounting assessment of its assets and liabilities as well as changes in or new applications of accounting standards.

(i) Deferred Tax Assets
Provided on deductible temporary differences, deferred tax assets are recorded by assessing the likelihood of recovery based on expectations of future taxable income. However, the amount of deferred tax assets could be reduced by, for example, the recording of valuation allowances against deferred tax assets in the event that they are judged to be unrecoverable due to a deterioration in business conditions or in the event of tax reforms that include changes in tax rates. This could adversely affect the Group’s business results and financial position.

(ii) Impairment of Long-Lived Assets
With regard to long-lived assets, should the carrying amount be considered to be unrecoverable due, for example, to a deterioration in business conditions, an impairment loss against the carrying value of assets will be recorded. This could adversely affect the Group’s business results and financial position.
(iii) Retirement Benefits
Liability for retirement benefits changes in accordance with trends in retirement benefit obligations and pension assets. However, in the event of changes being made to the actuarial prerequisites or of a deterioration in fair value of plan assets caused by lower returns, the Group's business results and financial position could be adversely affected.

13 Changes in Financing Procurement Environment and Interest Rate Fluctuations
In addition to loans from banks, the Group has been raising funds by issuing its shares and bonds. However, in the event of turmoil in financial markets, tax reforms or institutional changes being made to government-affiliated financial organizations, or the downgrading of the Group's credit rating, the Group's business results and financial position could be adversely affected due to such factors as the increased funding costs and the difficulties associated with raising money for the amount of funds required. Moreover, factoring in the effect of interest rate changes on the Group's interest-bearing debt, were the costs of financing to increase due to a rise in interest rates, the Group's business results and financial position could also be adversely affected. In the event that any deterioration in the Group's financial standing were to infringe the financial covenants of some of the loans and lead to the forfeiture of the benefit of time, the Group's business results and financial position could be adversely affected.

14 Compliance and Reputation
Commencing with information security efforts to protect personal information and confidential information, the Group has taken preventive measures regarding compliance, such as compliance with the law. In addition, in the event of a compliance-related incident being detected, the Group has a rapid response system in place to prevent any impact on the Group's social credibility and reputation. However, the Group cannot guarantee that there is no possibility of a legal violation occurring in the future. Should there be evidence of an illegal act or should the rapidity and content of the response prove insufficient, the Group's social credibility and reputation could be harmed, and the Group's business results and financial position could be adversely affected.

15 Forecasts
In May 2019, the Group announced a Medium-Term Management Policy detailing its management policy for the six fiscal years from fiscal year March 2020 (from fiscal year March 2020 through to fiscal year March 2025). This sets out the direction and measures we intend to take toward attaining our ideal for the Mazda brand for 2030–40. If the execution of the various measures does not realize the expected benefits owing to such factors as substantial changes in the operating environment and slower progress with the plan than projected, the Group's business results and financial position could be adversely affected.
# CONSOLIDATED BALANCE SHEETS

Mazda Motor Corporation and Consolidated Subsidiaries  
As of March 31, 2019 and 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
</table>
| **Current assets:** | | | |<br>**CONSOLIDATED BALANCE SHEETS**<br>Mazda Motor Corporation and Consolidated Subsidiaries<br>As of March 31, 2019 and 2018<br><br}| Millions of yen | Thousands of U.S. dollars (Note 1) |<br>|---|---|---|<br>**Cash and cash equivalents** | ¥ 701,624 | ¥ 604,854 | $ 6,320,937 |<br>**Trade notes and accounts receivable (Note 4)** | 192,701 | 221,532 | 1,736,045 |<br>**Inventories (Notes 7 and 9)** | 427,918 | 399,787 | 3,855,117 |<br>**Other current assets** | 144,311 | 136,265 | 1,300,099 |<br>**Allowance for doubtful receivables** | (1,052) | (1,028) | (9,477) |<br>**Total current assets** | 1,465,502 | 1,361,410 | 13,202,721 |<br><br||<br>**Property, plant and equipment:** | | | |<br>|---|---|---|<br>**Land (Note 8)** | 404,808 | 406,117 | 3,646,919 |<br>**Buildings and structures** | 534,108 | 526,224 | 4,811,784 |<br>**Machinery, equipment and vehicles** | 895,023 | 904,088 | 8,063,270 |<br>**Tools, furniture and fixtures** | 256,543 | 216,710 | 2,311,198 |<br>**Leased assets** | 11,704 | 10,905 | 105,441 |<br>**Construction in progress** | 58,319 | 47,056 | 525,397 |<br>**Accumulated depreciation** | (1,149,949) | (1,139,678) | (10,359,901) |<br>**Net property, plant and equipment (Notes 9 and 17)** | 1,010,556 | 971,422 | 9,104,108 |<br><br||<br>**Intangible assets (Note 17)** | 36,226 | 35,862 | 326,360 |<br><br||<br>**Investments and other assets:** | | | |<br>|---|---|---|<br>**Investment securities (Note 4):** | | | |<br>**Affiliated companies** | 151,951 | 139,632 | 1,368,928 |<br>**Other** | 64,377 | 70,973 | 579,973 |<br>**Long-term loans receivable (Note 4)** | 5,351 | 1,433 | 48,207 |<br>**Asset for retirement benefits (Note 19)** | 3,945 | 3,798 | 35,541 |<br>**Deferred tax assets (Note 20)** | 100,923 | 111,318 | 909,216 |<br>**Other investments and other assets** | 32,718 | 28,914 | 294,757 |<br>**Allowance for doubtful receivables** | (531) | (670) | (4,784) |<br>**Total investments and other assets** | 358,734 | 355,398 | 3,231,838 |<br><br|||<br><br>| Total assets | ¥ 2,871,018 | ¥ 2,724,092 | $ 25,865,027 |<br>See accompanying notes on our official website. https://www.mazda.com/en/investors/library/annual/
### LIABILITIES AND NET ASSETS

**2019** | **2018** | **2019**
--- | --- | ---

**Current liabilities:**
- Short-term debt (Notes 4 and 9) | ¥ 124,484 | ¥ 101,844 | $ 1,121,477 |
- Long-term debt due within one year (Notes 4 and 9) | 51,103 | 76,541 | 460,387 |
- Trade notes and accounts payable (Note 4) | 432,669 | 417,589 | 3,897,919 |
- Income taxes payable | 9,877 | 15,567 | 88,982 |
- Accrued expenses (Note 4) | 244,994 | 239,382 | 2,207,153 |
- Reserve for warranty expenses | 98,267 | 104,435 | 885,288 |
- Other current liabilities | 40,731 | 40,906 | 366,947 |

**Total current liabilities** | 1,002,125 | 996,264 | 9,028,154 |

**Non-current liabilities:**
- Long-term debt due after one year (Notes 4 and 9) | 431,464 | 319,508 | 3,887,063 |
- Deferred tax liability related to land revaluation (Note 8) | 64,553 | 64,553 | 581,559 |
- Liability for retirement benefits (Note 19) | 69,691 | 67,287 | 627,847 |
- Reserve for loss on business of subsidiaries and affiliates | 949 | 821 | 8,550 |
- Other non-current liabilities (Note 20) | 53,321 | 56,189 | 480,368 |

**Total non-current liabilities** | 619,978 | 508,358 | 5,585,387 |

**Total liabilities** | 1,622,103 | 1,504,622 | 14,613,541 |

**Contingent liabilities** (Note 10)

**Net assets:**
- Capital and retained earnings (Note 12):
  - Common stock | 283,957 | 283,957 | 2,558,171 |
  - Authorized: 1,200,000,000 shares
  - Issued: 631,803,979 shares in 2019 and 2018
- Capital surplus | 264,913 | 264,910 | 2,386,604 |
- Retained earnings | 577,836 | 536,856 | 5,205,730 |

**Total capital and retained earnings** | 1,124,491 | 1,083,493 | 10,130,550 |

**Accumulated other comprehensive income/(loss):**
- Net unrealized gain/(loss) on available-for-sale securities | 4,008 | 8,786 | 36,108 |
- Deferred gains/(losses) on hedges | 804 | 305 | 7,243 |
- Land revaluation (Note 8) | 145,574 | 145,574 | 1,311,477 |
- Foreign currency translation adjustment (34,220) | (28,576) | (308,288) |
- Accumulated adjustments for retirement benefits (21,921) | (16,657) | (197,486) |

**Total accumulated other comprehensive income** | 94,245 | 109,432 | 849,054 |

**Stock acquisition rights (Note 13)** | 255 | 183 | 2,297 |

**Non-controlling interests** | 29,924 | 26,362 | 269,585 |

**Total net assets** | 1,248,915 | 1,219,470 | 11,251,486 |

**Total liabilities and net assets** | ¥2,871,018 | ¥2,724,092 | $25,865,027 |
### Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥3,564,696</td>
<td>$32,114,378</td>
</tr>
<tr>
<td><strong>Cost and expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>2,771,952</td>
<td>24,972,541</td>
</tr>
<tr>
<td>Selling, general and administrative expenses (Note 14)</td>
<td>709,731</td>
<td>6,393,972</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>83,013</td>
<td>747,865</td>
</tr>
<tr>
<td><strong>Other income/(expenses):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>7,127</td>
<td>64,207</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(5,945)</td>
<td>(53,559)</td>
</tr>
<tr>
<td>Equity in net income of affiliated companies</td>
<td>30,688</td>
<td>276,468</td>
</tr>
<tr>
<td>Other, net (Note 16)</td>
<td>(6,610)</td>
<td>(59,549)</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>108,273</td>
<td>975,432</td>
</tr>
<tr>
<td><strong>Income taxes (Note 20):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>30,325</td>
<td>273,198</td>
</tr>
<tr>
<td>Deferred</td>
<td>11,174</td>
<td>100,666</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>66,774</td>
<td>601,568</td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests</td>
<td>3,298</td>
<td>29,712</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of the parent</strong></td>
<td>¥63,476</td>
<td>$571,856</td>
</tr>
</tbody>
</table>

**Amounts per share of common stock:**

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
<th>U.S. dollars (Note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>¥100.79</td>
<td>$0.91</td>
</tr>
<tr>
<td>Diluted</td>
<td>100.77</td>
<td>0.91</td>
</tr>
<tr>
<td>Cash dividends applicable to the year</td>
<td>35.00</td>
<td>0.32</td>
</tr>
</tbody>
</table>

See accompanying notes on our official website. [https://www.mazda.com/en/investors/library/annual/]
## Consolidated Statements of Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Thousands of U.S. dollars (Note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>(Note 1)</td>
<td>66,774</td>
<td>114,568</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net unrealized gain/(loss) on available-for-sale securities</td>
<td>(4,766)</td>
<td>4,870</td>
</tr>
<tr>
<td>Deferred gains/(losses) on hedges</td>
<td>567</td>
<td>(950)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(1,123)</td>
<td>(248)</td>
</tr>
<tr>
<td>Adjustments for retirement benefits</td>
<td>5,271</td>
<td>3,053</td>
</tr>
<tr>
<td>Share of other comprehensive income/(loss) of affiliates accounted for using equity method</td>
<td>(4,152)</td>
<td>5,207</td>
</tr>
<tr>
<td><strong>Total other comprehensive income/(loss)</strong></td>
<td>(14,745)</td>
<td>11,932</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>¥ 52,029</td>
<td>¥126,500</td>
</tr>
<tr>
<td><strong>Comprehensive income/(loss) attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>48,289</td>
<td>124,426</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>3,740</td>
<td>2,074</td>
</tr>
</tbody>
</table>

(Note 1) The amount shown in this note includes an adjustment of ¥26,881 thousand for the revaluation of pension and other postretirement benefit obligations as of March 31, 2019.
# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
<th>Capital and retained earnings</th>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2017</td>
<td></td>
<td></td>
<td>¥258,957</td>
<td>¥239,909</td>
<td>¥445,353</td>
<td>¥(2,231)</td>
<td>¥941,988</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Restated balance</td>
<td>258,957</td>
<td>239,909</td>
<td>445,353</td>
<td>(2,231)</td>
<td></td>
<td>941,988</td>
<td></td>
</tr>
<tr>
<td>Increase/(decrease)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of new common stock</td>
<td>25,000</td>
<td>25,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(20,924)</td>
<td>—</td>
<td>(20,924)</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>—</td>
<td>—</td>
<td>112,057</td>
<td>—</td>
<td>—</td>
<td>112,057</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>—</td>
<td>1</td>
<td>—</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal for land revaluation</td>
<td>—</td>
<td>—</td>
<td>370</td>
<td>—</td>
<td>—</td>
<td>370</td>
<td></td>
</tr>
<tr>
<td>Changes in items other than capital and retained earnings, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total changes during the fiscal year</td>
<td>25,000</td>
<td>25,001</td>
<td>91,503</td>
<td>1</td>
<td>141,505</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Restated balance</td>
<td>283,957</td>
<td>264,910</td>
<td>536,402</td>
<td>(2,230)</td>
<td></td>
<td>1,083,039</td>
<td></td>
</tr>
<tr>
<td>Increase/(decrease)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of new common stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(22,041)</td>
<td>—</td>
<td>(22,041)</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>—</td>
<td>—</td>
<td>63,476</td>
<td>—</td>
<td>—</td>
<td>63,476</td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
<td>—</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>—</td>
<td>3</td>
<td>—</td>
<td>16</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal for land revaluation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Changes in items other than capital and retained earnings, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total changes during the fiscal year</td>
<td>—</td>
<td>3</td>
<td>41,434</td>
<td>15</td>
<td>41,452</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income/(loss)</td>
<td>¥3,913</td>
<td>¥1,188</td>
<td>¥145,944</td>
<td>¥(33,812)</td>
<td>¥(31,800)</td>
<td>¥97,433</td>
<td></td>
</tr>
<tr>
<td>Issuance of new common stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(20,924)</td>
<td>—</td>
<td>(20,924)</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(112,057)</td>
<td>—</td>
<td>(112,057)</td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(3)</td>
<td>—</td>
<td>(3)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal for land revaluation</td>
<td>—</td>
<td>—</td>
<td>370</td>
<td>—</td>
<td>—</td>
<td>370</td>
<td></td>
</tr>
<tr>
<td>Changes in items other than capital and retained earnings, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total changes during the fiscal year</td>
<td>¥4,873</td>
<td>¥(883)</td>
<td>¥41,434</td>
<td>¥183</td>
<td>11,836</td>
<td>13,927</td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income/(loss)</td>
<td>¥8,786</td>
<td>¥305</td>
<td>¥145,574</td>
<td>¥(31,657)</td>
<td>¥(16,637)</td>
<td>¥109,432</td>
<td></td>
</tr>
<tr>
<td>Issuance of new common stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(22,041)</td>
<td>—</td>
<td>(22,041)</td>
<td></td>
</tr>
<tr>
<td>Net income attributable to owners of the parent</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(5,476)</td>
<td>—</td>
<td>(5,476)</td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
<td>—</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reversal for land revaluation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Changes in items other than capital and retained earnings, net</td>
<td>¥(4,778)</td>
<td>¥499</td>
<td>¥61,444</td>
<td>¥(15,187)</td>
<td>72</td>
<td>3,590</td>
<td></td>
</tr>
<tr>
<td>Total changes during the fiscal year</td>
<td>¥4,008</td>
<td>¥804</td>
<td>¥145,574</td>
<td>¥(34,220)</td>
<td>¥(21,921)</td>
<td>¥94,245</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes on our official website. [https://www.mazda.com/en/investors/library/annual/]
### Thousands of U.S. dollars (Note 1)

<table>
<thead>
<tr>
<th>Common stock</th>
<th>Capital surplus</th>
<th>Retained earnings</th>
<th>Treasury stock</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2018</td>
<td>$2,558,171</td>
<td>$2,386,577</td>
<td>$4,836,541</td>
<td>$(20,090)</td>
</tr>
</tbody>
</table>

Cumulative effects of changes in accounting policies
- Issuance of new common stock: Increase
- Dividends paid: Decrease
- Purchase of treasury stock: Decrease
- Sale of treasury stock: Decrease
- Reversal for land revaluation: Decrease
- Changes in items other than capital and retained earnings, net: Decrease

Restated balance: $2,558,171, $2,386,577, $4,832,451, $(20,090), 9,757,109

Increase/(decrease)
- Issuance of new common stock: Increase
- Dividends paid: Decrease
- Purchase of treasury stock: Decrease
- Sale of treasury stock: Decrease
- Reversal for land revaluation: Decrease
- Changes in items other than capital and retained earnings, net: Decrease

Total changes during the fiscal year: Increase 9,379,241

March 31, 2019: $2,558,171, $2,386,604, $5,205,730, $(19,955), $10,130,550

### Accumulated other comprehensive income/(loss)

<table>
<thead>
<tr>
<th>Accumulated other comprehensive income/(loss)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net unrealized gain/(loss) on available-for-sale securities</td>
<td>$191,374</td>
</tr>
<tr>
<td>Deferred gains/(losses) on hedges</td>
<td>$1,649</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>$(257,441)</td>
</tr>
<tr>
<td>Accumulated adjustments for retirement benefits</td>
<td>$(150,063)</td>
</tr>
<tr>
<td>Total</td>
<td>$237,495</td>
</tr>
<tr>
<td>April 1, 2018</td>
<td>$10,986,216</td>
</tr>
</tbody>
</table>

Cumulative effects of changes in accounting policies
- Issuance of new common stock: Decrease
- Dividends paid: Increase
- Purchase of treasury stock: Increase
- Sale of treasury stock: Increase
- Reversal for land revaluation: Decrease
- Changes in items other than capital and retained earnings, net: Increase

Restated balance: 79,153, 2,748, 1,311,477, $(257,441), $(150,063), 985,874, 1,649, 237,243, 10,981,874

Increase/(decrease)
- Issuance of new common stock: Decrease
- Dividends paid: Increase
- Purchase of treasury stock: Increase
- Sale of treasury stock: Increase
- Reversal for land revaluation: Decrease
- Changes in items other than capital and retained earnings, net: Increase

Total changes during the fiscal year: Decrease 136,820

March 31, 2019: 36,108, 7,243, 1,311,477, $(308,288), $(197,486), 849,054, 2,297, 269,585, 11,251,486
## CONSOLIDATED STATEMENTS OF CASH FLOWS

Mazda Motor Corporation and Consolidated Subsidiaries

Years ended March 31, 2019 and 2018

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>¥108,273</td>
<td>¥157,484</td>
<td>$ 975,432</td>
</tr>
<tr>
<td>Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>88,443</td>
<td>86,954</td>
<td>796,784</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>1,149</td>
<td>2,425</td>
<td>10,351</td>
</tr>
<tr>
<td>Increase/(decrease) in allowance for doubtful receivables</td>
<td>(7)</td>
<td>239</td>
<td>(63)</td>
</tr>
<tr>
<td>Increase/(decrease) in reserve for warranty expenses</td>
<td>(6,168)</td>
<td>(19,020)</td>
<td>(55,568)</td>
</tr>
<tr>
<td>Increase/(decrease) in reserve for loss on business of subsidiaries and affiliates</td>
<td>128</td>
<td>292</td>
<td>1,153</td>
</tr>
<tr>
<td>Increase/(decrease) in liability for retirement benefits</td>
<td>(4,787)</td>
<td>(2,112)</td>
<td>(43,126)</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(7,127)</td>
<td>(5,076)</td>
<td>(64,207)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>5,945</td>
<td>7,442</td>
<td>53,559</td>
</tr>
<tr>
<td>Equity in net loss/(income) of affiliated companies</td>
<td>(30,688)</td>
<td>(32,366)</td>
<td>(276,468)</td>
</tr>
<tr>
<td>Loss/(gain) on sale and retirement of property, plant and equipment, net</td>
<td>5,249</td>
<td>4,775</td>
<td>47,288</td>
</tr>
<tr>
<td>Loss/(gain) on sale of investment securities, net</td>
<td>(1,730)</td>
<td>(497)</td>
<td>(15,586)</td>
</tr>
<tr>
<td>Decrease/(increase) in trade notes and accounts receivable</td>
<td>29,875</td>
<td>(3,941)</td>
<td>269,144</td>
</tr>
<tr>
<td>Decrease/(increase) in inventories</td>
<td>(33,513)</td>
<td>(29,966)</td>
<td>(301,919)</td>
</tr>
<tr>
<td>Decrease/(increase) in other current assets</td>
<td>(12,568)</td>
<td>(13,918)</td>
<td>(113,225)</td>
</tr>
<tr>
<td>Increase/(decrease) in trade notes and accounts payable</td>
<td>15,056</td>
<td>29,888</td>
<td>135,640</td>
</tr>
<tr>
<td>Increase/(decrease) in other current liabilities</td>
<td>9,646</td>
<td>26,384</td>
<td>86,901</td>
</tr>
<tr>
<td>Other</td>
<td>(13,385)</td>
<td>5,635</td>
<td>(120,586)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>153,791</td>
<td>214,622</td>
<td>1,385,504</td>
</tr>
<tr>
<td>Interest and dividends received</td>
<td>37,169</td>
<td>34,892</td>
<td>334,856</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(5,995)</td>
<td>(8,333)</td>
<td>(54,009)</td>
</tr>
<tr>
<td>Income taxes refunded/(paid)</td>
<td>(38,275)</td>
<td>(33,386)</td>
<td>(344,820)</td>
</tr>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>¥146,690</td>
<td>¥207,795</td>
<td>$1,321,532</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net decrease/(increase) in time deposits</td>
<td>¥ 9,277</td>
<td>¥ (10,166)</td>
<td>$ 83,577</td>
</tr>
<tr>
<td>Purchase of investment securities</td>
<td>(19,504)</td>
<td>(55,698)</td>
<td>(175,712)</td>
</tr>
<tr>
<td>Proceeds from sales and redemption of investment securities</td>
<td>2,722</td>
<td>3,450</td>
<td>24,523</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(110,185)</td>
<td>(87,063)</td>
<td>(992,658)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>2,910</td>
<td>3,715</td>
<td>26,216</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(10,468)</td>
<td>(12,120)</td>
<td>(94,306)</td>
</tr>
<tr>
<td>Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation</td>
<td>—</td>
<td>447</td>
<td>—</td>
</tr>
<tr>
<td>Net decrease/(increase) in short-term loans receivable</td>
<td>(110)</td>
<td>401</td>
<td>(991)</td>
</tr>
<tr>
<td>Payments of long-term loans receivable</td>
<td>(4,614)</td>
<td>(483)</td>
<td>(41,568)</td>
</tr>
<tr>
<td>Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation</td>
<td>338</td>
<td>281</td>
<td>3,045</td>
</tr>
<tr>
<td>Other</td>
<td>(1,977)</td>
<td>(2,753)</td>
<td>(17,811)</td>
</tr>
<tr>
<td><strong>Net cash provided by/(used in) investing activities</strong></td>
<td>(131,611)</td>
<td>(159,989)</td>
<td>(1,185,685)</td>
</tr>
</tbody>
</table>

### Cash flows from financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase/(decrease) in short-term debt</td>
<td>25,486</td>
<td>(28,283)</td>
<td>229,604</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td>157,798</td>
<td>122,321</td>
<td>1,421,604</td>
</tr>
<tr>
<td>Repayments of long-term debt</td>
<td>(77,696)</td>
<td>(92,271)</td>
<td>(699,964)</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock</td>
<td>—</td>
<td>49,780</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(22,041)</td>
<td>(20,924)</td>
<td>(198,568)</td>
</tr>
<tr>
<td>Cash dividends paid to non-controlling interests</td>
<td>(154)</td>
<td>(164)</td>
<td>(1,387)</td>
</tr>
<tr>
<td>Net decrease/(increase) in treasury stock</td>
<td>18</td>
<td>2</td>
<td>162</td>
</tr>
</tbody>
</table>

**Net cash provided by/(used in) financing activities**

83,411

30,461

751,450

### Effect of exchange rate fluctuations on cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of exchange rate fluctuations on cash and cash equivalents</td>
<td>(1,720)</td>
<td>(277)</td>
</tr>
</tbody>
</table>

### Net increase/(decrease) in cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>96,770</td>
<td>77,990</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents at beginning of the period

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>604,854</td>
<td>526,864</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents at end of the period

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>¥ 701,624</td>
<td>¥ 604,854</td>
</tr>
</tbody>
</table>
# HISTORY OF MAZDA

Since its establishment in January 1920, Mazda has continued to embody the spirit of “never stop challenging” and worked to provide products and services that delight customers. In 2020, the Company will reach the 100th anniversary of its establishment. The following section provides an overview of Mazda’s history.

<table>
<thead>
<tr>
<th>Corporate</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 1920</td>
<td>Oct. 1931</td>
</tr>
<tr>
<td>Toyo Cork Kogyo Co., Ltd., is founded</td>
<td>Production of 3-wheel truck</td>
</tr>
<tr>
<td>Sep. 1927</td>
<td>May 1960</td>
</tr>
<tr>
<td>Company name changed to Toyo Kogyo Co., Ltd.</td>
<td>“R160 Coupe,” Mazda’s first passenger car</td>
</tr>
<tr>
<td>Sep. 1930</td>
<td>Oct. 1963</td>
</tr>
<tr>
<td>New plant is constructed in Hiroshima (Aki-gun, Fuchu-cho)</td>
<td>Introduction of the first “Familia”</td>
</tr>
<tr>
<td>Jul. 1961</td>
<td>May 1967</td>
</tr>
<tr>
<td>Enters into technical cooperation with NSU / Wankel on rotary engines</td>
<td>Introduction of the “Cosmo Sports (110S),” Mazda’s first rotary engine vehicle</td>
</tr>
<tr>
<td>May 1965</td>
<td>Sep. 1971</td>
</tr>
<tr>
<td>Miyoshi Proving Ground is completed</td>
<td>Introduction of the first “Savanna”</td>
</tr>
<tr>
<td>Nov. 1966</td>
<td>Mar. 1978</td>
</tr>
<tr>
<td>Operations at new passenger car plant (Tijima) in Hiroshima are started</td>
<td>Introduction of the first “Savanna RX-7”</td>
</tr>
<tr>
<td>Nov. 1979</td>
<td>May 2002</td>
</tr>
<tr>
<td>Ford Motor Company and Mazda enter into a capital tie-up</td>
<td>Introduction of the first “Mazda6”</td>
</tr>
<tr>
<td>Operations at Hofu Transmission Plant (Nakanoseki District) are started</td>
<td>“Familia (GLC/323)” is fully redesigned</td>
</tr>
<tr>
<td>Sep. 1982</td>
<td>May 2019</td>
</tr>
<tr>
<td>Operations at Hofu Plant (Nishinoura District) are started</td>
<td>Introduction of “Mazda CX-5”</td>
</tr>
<tr>
<td>Company is renamed Mazda Motor Corporation</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Jan. 1985</td>
<td>May 2019</td>
</tr>
<tr>
<td>Mazda Motor Manufacturing (USA) Corporation (MMUC), later called AutoAlliance International (AAI), is established (Ended Mazda6 production in August 2012)</td>
<td>Introduction of the “Mazda Advancement Plan”</td>
</tr>
<tr>
<td>Mazda and Ford jointly establish AutoAlliance (Thailand) Company Limited (AAT), a joint venture production company</td>
<td>The fourth Mazda MX-5 wins both 2016 World Car of the Year and World Car Design of the Year</td>
</tr>
<tr>
<td>May 1996</td>
<td>Aug. 2017</td>
</tr>
<tr>
<td>Ratio of Ford’s ownership of Mazda stock is increased from 25% to 33.4%</td>
<td>Long-term vision for technology development “Sustainable Zoom-Zoom” is announced</td>
</tr>
<tr>
<td>North American operations are streamlined (Mazda North American Operations commences operations)</td>
<td>Toyota and Mazda sign an agreement to enter a business and capital alliance</td>
</tr>
<tr>
<td>European business is consolidated (Mazda Motor Europe commences operations)</td>
<td>“Structural Reform Stage 2” medium-term business plan is announced</td>
</tr>
<tr>
<td>Aug. 1998</td>
<td>May 2019</td>
</tr>
<tr>
<td>Mazda Motor Logistics Europe N.V. is established</td>
<td>Mazda Toyota Manufacturing, U.S.A., Inc. (MTMUS), a joint venture company with Toyota is established</td>
</tr>
<tr>
<td>Nov. 2000</td>
<td>May 2019</td>
</tr>
<tr>
<td>Month-long plan “Millennium Plan” is announced</td>
<td>Medium-Term Management Policy is announced</td>
</tr>
<tr>
<td>Jan. 2003</td>
<td>May 2019</td>
</tr>
<tr>
<td>Production of Mazda6 commences at FAW Car Company in China</td>
<td>Introduction of the “Mazda CX-5”</td>
</tr>
<tr>
<td>Nov. 2004</td>
<td>May 2019</td>
</tr>
<tr>
<td>Month-long plan “Mazda Momentum” is announced</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Jan. 2005</td>
<td>May 2019</td>
</tr>
<tr>
<td>Mazda Motor (China) is established</td>
<td>Introduction of the “Mazda7”</td>
</tr>
<tr>
<td>Sep. 2005</td>
<td>May 2019</td>
</tr>
<tr>
<td>Joint venture engine production company (currently Changan Mazda Engine Co., Ltd.) is established in China</td>
<td>“Mazda CX-5” is fully redesigned</td>
</tr>
<tr>
<td>Mar. 2007</td>
<td>May 2019</td>
</tr>
<tr>
<td>Month-long plan “Mazda Advancement Plan” is announced</td>
<td>Introduction of the “Mazda CX-5”</td>
</tr>
<tr>
<td>Mar. 2007</td>
<td>May 2019</td>
</tr>
<tr>
<td>Long-term vision for technology development “Sustainable Zoom-Zoom” is announced</td>
<td>Introduction of the “Mazda CX-5”</td>
</tr>
<tr>
<td>Oct. 2007</td>
<td>May 2019</td>
</tr>
<tr>
<td>Changan Ford Mazda Automobile (currently Changan Mazda Automobile) Nanjing Plant commences production of the Mazda2</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Nov. 2008</td>
<td>May 2019</td>
</tr>
<tr>
<td>Ratio of Ford’s ownership of Mazda stock is being gradually reduced from 33.4%</td>
<td>Introduction of the “Mazda CX-5”</td>
</tr>
<tr>
<td>Apr. 2010</td>
<td>May 2019</td>
</tr>
<tr>
<td>“Framework for Medium- and Long-term Initiatives” is announced</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Feb. 2012</td>
<td>May 2019</td>
</tr>
<tr>
<td>“Structural Reform Plan” is announced</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Sep. 2012</td>
<td>May 2019</td>
</tr>
<tr>
<td>Mazda and Sollers establish Mazda Sollers, a joint venture production company in Russia</td>
<td>Agreement is reached with Toyota on vehicle production at Mazda’s new plant in Mexico</td>
</tr>
<tr>
<td>Nov. 2012</td>
<td>May 2019</td>
</tr>
<tr>
<td>Agreement is reached with Toyota on vehicle production at Mazda’s new plant in Mexico</td>
<td>Operations at the Mexico plant (MMV-O) are started</td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>May 2019</td>
</tr>
<tr>
<td>Operations at the Mexico plant (MMV-O) are started</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Jan. 2015</td>
<td>May 2019</td>
</tr>
<tr>
<td>Production at the Transmission Plant (MPMT) in Thailand is started</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Apr. 2015</td>
<td>May 2019</td>
</tr>
<tr>
<td>“Structural Reform Stage 2” medium-term business plan is announced</td>
<td>“Structural Reform Stage 2” medium-term business plan is announced</td>
</tr>
<tr>
<td>May 2015</td>
<td>May 2019</td>
</tr>
<tr>
<td>Toyota and Mazda team up to make cars better</td>
<td>Agreement is reached with Toyota on vehicle production at Mazda’s new plant in Mexico</td>
</tr>
<tr>
<td>May 2016</td>
<td>May 2019</td>
</tr>
<tr>
<td>The fourth Mazda MX-5 wins both 2016 World Car of the Year and World Car Design of the Year</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Aug. 2017</td>
<td>May 2019</td>
</tr>
<tr>
<td>Long-term vision for technology development “Sustainable Zoom-Zoom 2030” is announced</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Aug. 2017</td>
<td>May 2019</td>
</tr>
<tr>
<td>Mazda and Toyota sign an agreement to enter a business and capital alliance</td>
<td>Introduction of the all-new “Mazda3”</td>
</tr>
<tr>
<td>Mar. 2018</td>
<td>May 2019</td>
</tr>
<tr>
<td>Mazda Toyota Manufacturing, U.S.A., Inc. (MTMUS), a joint venture company with Toyota is established</td>
<td>Agreement is reached with Toyota on vehicle production at Mazda’s new plant in Mexico</td>
</tr>
<tr>
<td>May 2019</td>
<td>May 2019</td>
</tr>
<tr>
<td>Medium-Term Management Policy is announced</td>
<td>Medium-Term Management Policy is announced</td>
</tr>
</tbody>
</table>

* Launching date is based on the Japanese market.
MAJOR PRODUCT LINEUP

Since 2012, Mazda has been introducing products featuring Skyactiv Technology and Kodo—Soul of Motion design, which provide both driving pleasure and outstanding environmental and safety performance. The launch of the all-new Mazda3 in 2019 marked the roll-out of our first new-generation product.

MAZDA CX-3

Global Sales Volume: 161,000
Sales markets: J
Production bases: J

MAZDA CX-30

Global launch planned starting in Europe in summer 2019

MAZDA CX-4

Global Sales Volume: 56,000
Sales markets: E
Production bases: E

MAZDA CX-5

Global Sales Volume: 458,000
Sales markets: J, N, E, C
Production bases: J, O, O, J, O

MAZDA CX-8

Global Sales Volume: 35,000
Sales markets: J, N, E
Production bases: J, N

MAZDA CX-9

Global Sales Volume: 59,000
Sales markets: N
Production bases: N

MAZDA 2

Global Sales Volume: 169,000
Sales markets: J
Production bases: J

MAZDA 3

Global Sales Volume: 362,000
Sales markets: J
Production bases: J, J, J, C

MAZDA 6

Global Sales Volume: 136,000
Sales markets: J
Production bases: J

MAZDA MX-5

(Japanese name: Mazda Roadster)

Global Sales Volume: 31,000
Sales markets: J
Production bases: J

MAZDA BT-50

Global Sales Volume: 38,000
Sales markets: O
Production bases: O

Sales markets and production bases:
- Japan
- North America
- Europe
- China
- Other markets

* Global sales volume is for fiscal year March 2019; sales markets and production bases are as of March 31, 2019.
* Vehicle specifications differ by market.
Mazda is based in Hiroshima Prefecture and has major production sites in Japan, Mexico, Thailand, and China. The Company conducts sales in more than 130 countries and regions around the world. Mazda has established a global network of headquarters, R&D bases, production facilities, dealerships, and other facilities.

**GLOBAL NETWORK (Fiscal Year March 2019)**

**Japan**
(Number of dealerships: 961)
- Headquarters
- Headquarters R&D Divisions
- Mazda R&D Center (Yokohama)
- Miyoshi Proving Ground
- Mine Proving Ground
- Hokkaido Kenbuchi Proving Ground
- Hokkaido Nakatsunai Proving Ground
- Hiroshima Plant
- Hofu Plant
- Miyoshi Plant
- Press Kogyo Onomichi Plant

**Asia**
(Number of dealerships: 858)
- Mazda Motor (China) (MCO) / MCO China Engineering Support Center
- FAW Car
- Changan Mazda Automobile (Nanjing Company)
- Changan Mazda Engine
- AutoAlliance (Thailand)
- Mazda Powertrain Manufacturing (Thailand)
- Thaco Premium Automobile Assembly and Manufacturing Limited Liability Company
- Mazda Malaysia
- FAW Mazda Motor Sales
- Changan Mazda Automobile Sales
- Mazda Motor Taiwan
- Mazda Sales (Thailand)

**Oceania**
(Number of dealerships: 192)
- Changan Mazda Automobile
- Mazda Australia
- Mazda Motors of New Zealand
- Mazda R&D Center (Yokohama)
- Mazda Motor (China) (MCO) / MCO China Engineering Support Center
- FAW Car
- Changan Mazda Automobile (Nanjing Company)
- Changan Mazda Engine
- AutoAlliance (Thailand)
- Mazda Powertrain Manufacturing (Thailand)
- Thaco Premium Automobile Assembly and Manufacturing Limited Liability Company
- Mazda Malaysia
- FAW Mazda Motor Sales
- Changan Mazda Automobile Sales
- Mazda Motor Taiwan
- Mazda Sales (Thailand)
**North America**
(Number of dealerships: 792)
- 26 Mazda North American Operations
- 27 Mazda Toyota Manufacturing, U.S.A., Inc.*1
- 28 Mazda de Mexico Vehicle Operation
- 29 Mazda Motor of America
- 30 Mazda Canada
- 31 Mazda de Mexico Sales & Commercial Operation

**Europe**
(Number of dealerships: 2,023)
- 32 Mazda Motor Europe / European R&D Centre
- 33 Mazda Sollers Manufacturing Rus
- 34 Mazda Motor Logistics Europe
- 35 Mazda Motors (Deutschland)
- 36 Mazda Motors UK
- 37 Mazda Motor Russia
  - 19 distributors in other main markets

**Caribbean, Central and South America, Middle East, Africa**
(Number of dealerships: 424)
- 38 Mazda North American Operations
- 39 Mazda de Mexico Vehicle Operation
  - Location: Guanajuato, Mexico
  - Production capacity: 250,000 units per year
  - Models in production: Mazda2, Mazda3, Compact vehicles for Toyota
- 40 Mazda de Mexico Sales & Commercial Operation
  - Location: Guanajuato, Mexico

**Main Business Lines**
- Regional headquarters / R&D
  - 1-2, 5, 6, 7, 11, 12, 13
- Production facilities
  - 3, 4, 8, 9, 10, 14, 15, 19, 20, 21, 22, 23, 24
- Distributors
  - 25, 26, 28, 29, 30, 31, 33, 34, 35, 36, 37

*1 Consignment production facilities
*2 Start of operations planned for 2021
CORPORATE DATA (As of March 31, 2019)

Name: Mazda Motor Corporation
Founded: January 1920
Head Office: 3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan
Phone: +81 (82) 282-1111
Main business lines: Manufacture and sales of passenger cars and commercial vehicles
Capital: ¥284.0 billion
Number of employees: 49,998 (consolidated)
Research and development sites: Head Office, Mazda R&D Center (Yokohama), Mazda North American Operations (USA), Mazda Motor Europe (Germany), MCO China Engineering Support Center (China)
Production sites: Japan: Hiroshima Plant (Head Office, Ujina), Hofu Plant (Nishinoura, Nakanoseki), Miyoshi Plant
Overseas: China, Thailand, Mexico, Vietnam*, Malaysia*, Russia*
Sales companies: Japan: 218
Overseas: 140
Principal products: Four-wheeled vehicles, gasoline reciprocating engines, diesel engines, automatic and manual transmissions for vehicles

* Assembly only (Volume is not disclosed.)

STOCK INFORMATION (As of March 31, 2019)

Authorized: 1,200,000,000 shares
Issued: 631,803,979 shares
Number of shareholders: 149,121
Listing: Tokyo Stock Exchange, First Section
Code: 7261
Fiscal year-end: March 31
Transfer agent: Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Breakdown of Shareholders

<table>
<thead>
<tr>
<th>Category</th>
<th>Shares Owned</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Japanese corporations</td>
<td>81,373 thousand shares</td>
<td>12.9%</td>
</tr>
<tr>
<td>Japanese individuals and others*</td>
<td>107,125 thousand shares</td>
<td>17.0%</td>
</tr>
<tr>
<td>Japanese financial institutions</td>
<td>193,587 thousand shares</td>
<td>30.6%</td>
</tr>
<tr>
<td>Japanese securities companies</td>
<td>24,775 thousand shares</td>
<td>3.9%</td>
</tr>
<tr>
<td>Foreign institutions and others</td>
<td>224,944 thousand shares</td>
<td>36.6%</td>
</tr>
</tbody>
</table>

* Treasury stock is included in Japanese individuals and others.

Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of Shares Owned (Thousand shares)</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust)</td>
<td>36,627</td>
<td>5.8</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust)</td>
<td>36,598</td>
<td>5.8</td>
</tr>
<tr>
<td>Toyota Motor Corporation</td>
<td>31,928</td>
<td>5.1</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust 9)</td>
<td>15,231</td>
<td>2.4</td>
</tr>
<tr>
<td>Sumitomo Mitsui Banking Corporation</td>
<td>12,857</td>
<td>2.0</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust 5)</td>
<td>12,313</td>
<td>2.0</td>
</tr>
<tr>
<td>BNYMANSV AS AGENT/CLIENTS LUX UCITS NON TREATY 1</td>
<td>10,623</td>
<td>1.7</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust 7)</td>
<td>9,682</td>
<td>1.5</td>
</tr>
<tr>
<td>HSBC BANK PLC A/C CLIENTS 1</td>
<td>9,641</td>
<td>1.5</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT – TREATY 505234</td>
<td>9,328</td>
<td>1.5</td>
</tr>
</tbody>
</table>

* Treasury stock of 2,037,073 shares is excluded in the calculation of the ratio.

Forward-Looking Statements

Statements made in this annual report with respect to Mazda’s plans, strategies, and future performance are forward-looking statements based on management’s assumptions and beliefs in the light of information currently available, and involve risks and uncertainties. Potential risks and uncertainties include, but are not limited to: sudden changes in general economic conditions in Mazda’s markets and operating environment; exchange rates; the ability of Mazda and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way; and fluctuations in stock markets. Accordingly, actual results could differ materially from those contained in any forward-looking statements.
CONTENTS

Introduction
Message from the President and CEO
Strategy for Increasing Corporate Value
Foundations Underpinning Sustainable Growth
Financial Section
Corporate Data

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Strategy for Increasing Corporate Value

Foundations Underpinning Sustainable Growth

Financial Section

Corporate Data

Introduction