



# ANNUAL REPORT 2020

YEAR ENDED MARCH 31, 2020



MAZDA MOTOR CORPORATION  
ESTD. 1920 HIROSHIMA, JAPAN



## Mazda Marks its 100th Anniversary



Mazda Motor Corporation celebrated the 100th anniversary of its founding on January 30, 2020.

We express our sincere appreciation to all of our stakeholders, including the customers who use our products, shareholders, dealers, suppliers, business partners, and local communities who have supported us.

The Company was founded as Toyo Cork Kogyo Co., Ltd. in 1920. In 1931, we began to produce our first automobile—the three-wheeled truck—and in 1960 entered the passenger automobile market. Over the span of approximately 90 years, with the support of many people, we have continued to pursue challenges in various areas of automobile production, development, sales, and marketing, including our rotary engine, Skyactiv Technology, mixed production system and flexible production system, and brand strategy that promotes driving pleasure.

As we look ahead to the next 100 years, we will continue to put people first and cherish our “uniqueness of co-creating with others.” We will continue to challenge ourselves to create unique products, technologies, and experiences that our customers love.

## CORPORATE VISION

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.



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## MESSAGE FROM THE PRESIDENT AND CEO



2019 Tokyo Motor Show: Press Conference

In order to continue our sustainable growth and overcome once in a century changes to the industry, Mazda is making every effort to promote our Medium-Term Management Plan that places “co-creation of uniqueness with others” in our Management Policy. As Mazda strengthens co-creation with others, we will continue to take on the challenge of creating unique products, technologies, and customer experiences.

### Fiscal Year March 2020 Initiatives

#### ■ Medium-Term Management Plan Announcement

The automotive industry is currently experiencing the kind of transformation said to take place only once every 100 years. Reform is required in numerous areas including product planning, development, production, sales and services in order to respond to the demands of this period as represented by CASE—an acronym used to designate the new technologies of Connected technology, Autonomous driving tech-

nology, Shared services, and Electrification technology. To ensure that Mazda overcomes this time of great change, and continues to thrive and grow, we must prize Mazda’s uniqueness and co-create it together with everyone involved with Mazda.

Based on that philosophy, we announced our Medium-Term Management Policy in May 2019. As the first stage for the next 100 years, we defined

three areas to focus on: investment in unique products, technologies and customer experience; curbing expenses that depreciate our brand value; and investment in areas in which we need to catch up. Since first announcing the Medium-Term Management Policy, we have developed specific initiatives and targets, which are reflected in the Medium-Term Management Plan that was announced in November 2019. To surmount the challenges that lie ahead and continue to grow sustainably, we are giving our utmost in promoting our Medium-Term Management Plan with “co-creation of uniqueness with others” as the Management Policy.

## Co-Creating with Others Mazda's Uniqueness

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

- 1 Investment in unique products, technologies and customer experience
- 2 Curbing expenses that depreciate our brand value
- 3 Investment in areas in which we need to catch up

#### ■ Overview of the Fiscal Year March 2020

We are commercializing new technology in response to CASE, based on our “Sustainable Zoom-Zoom 2030” vision announced in 2017. Starting with the new-generation gasoline engine, Skyactiv-X, which is the world’s first commercial gasoline engine to make practical use of compression ignition, we introduced environmentally friendly electrification technologies such as the mild hybrid system and in-house developed battery EV system, in addition to connected services and advanced safety technologies leading to automated driving technology.

The Mazda3 was our first new-generation product equipped with these new technologies and completed

its introduction into all markets. The second new-generation product, the Mazda CX-30, was released in response to the growth of the SUV market globally. Our new-generation products were highly evaluated and won many awards, both domestically and abroad, such as the World Car Design of the Year Award, won by the Mazda3 in April 2020. Furthermore, at the 46th Tokyo Motor Show in October 2019, we unveiled our first mass-production EV, the Mazda MX-30, which began production in May 2020 and will be introduced in Europe this autumn or later.

In terms of sales, as global competition intensified, we strove to improve sales quality in priority, such as by curbing marketing expenses and improving per-unit profit. Furthermore, as we continue to invest in reinforcing our sales network to improve customer experience, we began to see results of all the above in countries like the U.S.

In the fiscal year March 2020, global sales were 1,419,000 units, down 9% year on year, due to the decline in demand in major markets and the impact of the COVID-19 outbreak. Net sales totaled ¥3,430.3 billion and despite improvements from curbed marketing expenses, improved per-unit profit and cost improvement initiatives, operating income fell by 47% year on year, to ¥43.6 billion, due to the impact of exchange rates, a fall in wholesales, increased investment for growth, one-time quality-related expenses, and the costs arising from the COVID-19 outbreak. Net income attributable to owners of the parent was ¥12.1 billion.

As our policy, Mazda determines the amount of dividend after comprehensively considering the Company’s financial results for the fiscal year, the business environment, and the Company’s financial position and strives to pay a stable dividend with steady increases. For the fiscal year March 2020, a full-year dividend of ¥35 per share was paid, consisting of a ¥15 per share interim dividend and a ¥20 per share year-end dividend.

### Initiatives for the COVID-19 Crisis

Since March 2020, global sales have fallen drastically due to stay-at-home orders, restrictions on economic activity and other similar challenges arising from the COVID-19 global outbreak. In response, we immediately implemented production adjustments by suspending the operation of our domestic and overseas plants to optimize our inventory. At the same time, we implemented emergency measures to curb expenses, accelerated sales in line with the recovery of demand, and were able to minimize the deterioration of cash flow. Production adjustments ended in July and domestic production returned to a normal operational structure in August.

Furthermore, by the end of June we had procured a total of ¥290.0 billion of funds from correspondent financial institutions to secure liquidity on hand. We are also holding talks with local suppliers regarding their cash management and preservation of employment.

The health and safety of our employees and local community members are our top priority. To that end, we are implementing measures to prevent the spread of COVID-19, including flexible working style initiatives. We are also carrying out support activities for medical personnel by utilizing the Mazda Group's manufacturing capabilities.

The global pandemic significantly impacted management at Mazda. However, we have learned and re-examined a great deal of things by viewing the COVID-19 pandemic as an opportunity to look back on the past, analyze the present, and contemplate the future. We are undertaking efforts to speed up reforms to work style, review and optimize operations, accelerate the streamlining of fixed costs, balance inventories and production, and review our investment methods and efficiency. Additionally, we have organized and launched cross-functional activities aimed at solving company-wide issues as a measure to fully implement initiatives from individual optimization to a comprehensive optimization

approach. While aiming to optimize all costs, we are also making efforts to improve inventory quantity and quality, increase net sales, and review our cash generation capabilities, through the enforcement of these initiatives. We will also pursue means to achieve greater efficiency in R&D activities and capital expenditures for future growth. Additionally, we aim to quickly get back on the track of growth by maintaining improvements to the sales quality that have been achieved so far, while achieving the growth of net sales and sales volume.

Making the most of these trying times, we will revise the Medium-Term Management Plan, and will look to reform our business structure to become more resilient.

### Fiscal Year March 2021 Forecast

Mazda's global sales volume for the fiscal year March 2021 is expected to decrease 8% year on year, to 1.3 million units and, excluding China, markets across the world are expected to decrease 14%. Even though the business environment continues to be uncertain, we expect to see a gradual recovery in demand for automobiles, upon which we will seize all opportunities to steadily recover sales. Net sales are expected to fall 17%, to ¥2,850.0 billion, operating loss is expected to be ¥40.0 billion, and net loss attributable to owners of the parent is expected to be ¥90.0 billion. As we implement the previously mentioned initiatives, we are striving to minimize the effects of the COVID-19 crisis, with the outlook of recovering profitability and coming back out of the red in the second half of this fiscal year, and achieving a turnaround in the fiscal year March 2022.

Furthermore, we regret to say that we will not be paying dividends, in reflection of the financial forecast for this fiscal year and in preparation for the financial risks associated with the prolonging of the COVID-19 crisis in the future.

## Direction of Our Medium-Term Management Plan Revision

The business environment and our financial results have been significantly impacted by the COVID-19 pandemic. However, for Mazda to continue as a company, it is essential for us to reinforce “co-creation of uniqueness with others.” In order to maintain this policy, all while continuing our initiatives for the COVID-19 crisis, we are reconsidering the scale and timing of the Medium-Term Management Plan’s initiatives and targets.

### Direction of Medium-Term Management Plan Revision

- 1** Postpone achievement time by one year  
Net sales/profit target for the final year are unchanged
- 2** Accelerate fixed cost reduction and cost reduction to lower the breakeven sales volume
- 3** Continue efficient investment for growth and leveling
- 4** Step-by-step launch of new products/derivatives in synch with industry recovery and sales growth
- 5** Enhance alliance (CASE, suppliers)

We are considering postponing the timings to achieve the targets set out in the Medium-Term Management Plan by one year. However, our final-year targets for net sales and profit remain unchanged. In order to establish a business structure that is more resilient against crises, we are working to lower our breakeven point. Furthermore, we will continue making and optimizing investments for future growth, while at the same time maximizing investment efficiency by leveling and adjusting the balance of spending periods. In addition, we will launch new products and derivative vehicles step by step in line with the timing of regulations being introduced and the recovery of sales and demand. We will also be working hard to strengthen our alliances in areas related to CASE. We are planning to announce the full details of revisions to the Medium-Term Management Plan in autumn this year or later.

## Mazda Marks its 100th Anniversary

Mazda Motor Corporation celebrated the 100th anniversary of its founding on January 30, 2020. Despite our forebearers encountering numerous challenges, they developed a business with high aspirations to contribute to the world through engineering. Now, customers in more than 130 countries and regions are able to love and enjoy Mazda cars. I would like to thank our shareholders and investors, customers, dealers, suppliers, business partners and the local community who have supported us for all this time.

As we look ahead to the next 100 years, we will continue to put people first and cherish the uniqueness we co-create with others. As we strengthen co-creation with all those connected to the company, we will continue to challenge ourselves to create unique products, technologies, and experiences that our customers love.

With that in mind, I would like to ask our shareholders and investors for their continued support.

August 2020



Akira Marumoto  
Representative Director, President and CEO

## AT A GLANCE (Fiscal Year March 2020)

Net Sales

¥**3,430.3** billion

Operating Income

¥**43.6** billion

Operating Income Ratio

**1.3** %

Net Income Attributable to Owners of the Parent

¥**12.1** billion

Return on Equity

**1.0** %

Equity

¥**1,174.9** billion

Equity Ratio

**42.1** %

Total Assets

¥**2,787.6** billion

Full-Year Dividend

¥**35** per share

Capital Expenditures

¥**132.6** billion

Research and Development Costs

¥**135.0** billion

Number of Sales Countries / Regions

More than **130** countries/  
regions

Global Sales Volume

**1,419** thousand units

Global Production Volume

**1,434** thousand units

Sales Ratio by Region



Sales Ratio by Model Type

■ Passenger vehicles and others ■ Crossover SUVs



Domestic / Overseas Production Ratio

■ Domestic ■ Overseas



Consolidated Subsidiaries

**69**

Equity Method Applied Companies

**18**

Number of Employees

**50,479** people

■ Domestic ■ Overseas



# 2020 HIGHLIGHTS

 Corporate
  Car and Technology
  CSR

Aug. 2019



## Mazda Wins at 13th Kids Design Awards\*

Mazda's "Forward Visibility that Protects Children from Blind Spots" design won at the 13th Kids Design Awards for its contribution to children's safety and peace of mind. This is the sixth consecutive year, since 2014, that Mazda has won this award.

\* Sponsor: The Kids Design Council (a specified nonprofit corporation)

Sep. 2019



## Launch Begins for the second new-generation model, Mazda CX-30

In response to the globally growing SUV market, we added the CX-30, a new crossover SUV, as a new core model to our product lineup. Following its September 2019 release in Europe, the CX-30 was rolled out in Japan and the United States. It continues to be introduced into the global market, including through the commencement of locally produced vehicles in China in May 2020.



MAZDA CX-30

Oct. 2019



## Mazda Included in Dow Jones Sustainability Asia Pacific Index\* for Third Year Running

For the Dow Jones Sustainability Index (DJSI), corporations are assessed annually in the areas of environmental initiatives, social contribution, human resource development, corporate governance, and compliance, and only those with outstanding sustainability performance in their industry are included. Mazda was selected on the basis of a survey questionnaire and a comprehensive review of the Company's periodically published reports and official website that highly evaluated Mazda's CSR initiatives and information disclosure practices.

\* DJSI Asia Pacific Index



Oct. 2019



## Mazda Unveils First Mass-Production EV, Mazda MX-30

Mazda's third new-generation model, the MX-30, offers customers a creative use of time and space. The styling of the MX-30 aims to raise its artistic value and expand the expressive range of Mazda's Kodo—Soul of Motion design language. In line with the human-centric philosophy, Mazda engineers were determined to deliver the same *Jinba-ittai* "sense of oneness between driver and car" driving joy for an electric vehicle that every Mazda offers.



MAZDA MX-30

Nov. 2019

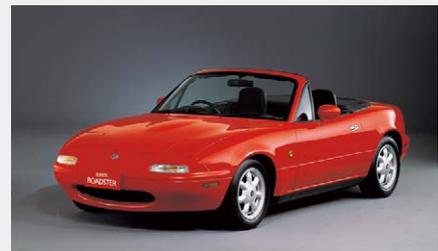


## First-Generation Mazda MX-5<sup>\*1</sup> Selected as One of the Japan Automotive Hall of Fame's 2019 Historic Car Inductees<sup>\*2</sup>

The MX-5 was evaluated on aspects such as: an unchanging concept over four generations, continuously breaking world records with aggregate production exceeding one million units, providing attractive styling and enjoyment of driving, and making Japan's state-of-the-art technology known to the world. This is the second time a Mazda vehicle has been selected, the first time being the Cosmo Sport in 2003.

\*1 Formal Name: Eunos Roadster

\*2 Cars that blazed the trail in the history of Japanese automobiles are selected, registered at the Hall of Fame and are to be widely conveyed to the next generation.



First-Generation MAZDA MX-5

Nov. 2019



## Rollout of Skyactiv-X Equipped Cars

Skyactiv-X is a new-generation gasoline engine that is the world's first\* commercial gasoline engine to make practical use of compression ignition, and successfully combines both *Jinba-ittai* "sense of oneness between driver and car" comfortable driving and superior environmental performance.

In Europe and Japan, Skyactiv-X is now equipped in the new-generation Mazda3 and CX-30.

\* Based on our in-house research



SKYACTIV-X

Nov. 2019



**Mazda's First New-Generation Mazda3 Wins China Car of the Year 2020, Among Other Awards**

The Mazda3 won China Car of the Year 2020, Thailand Car of the Year 2019, and the 2019 Women's World Car of the Year awards.

The Mazda3 adopts a matured Kodo design language that aims 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 more natural and powerful expression of vitality than previous Kodo models. Based on its philosophy of designing the car around the human being, Mazda has dramatically enhanced the model's fundamental driving attributes to make accelerating, turning, and braking feel completely natural.



MAZDA3

Jan. 2020



**Mazda's 100th Anniversary**

Mazda Motor Corporation celebrated the 100th anniversary of its founding on January 30th, 2020. Mazda expressed its appreciation to all stakeholders who supported the Company and stated it will continue to take on challenges for the next 100 years into the future.



Apr. 2020



**Mazda Introduces its 100th Anniversary Special Edition Series**

The 100th Anniversary Special Edition series, featuring special equipment commemorating the Company's 100th anniversary since its foundation, will go on sale for a limited period. Reminiscent of the R360 Coupe, these special models were prepared along with our determination to continue to cherish our founder's aspiration of enriching people's lives. We commenced domestic pre-orders in April 2020, and are successively rolling out the special edition models into global markets.

Apr. 2020



**CX-30 and MX-30 Each Win Germany Red Dot Award: Product Design 2020**

**Mazda Earns Six IIHS TSP+ Awards, the Most Among Automakers Tested for 2020**

**Mazda3 Wins 2020 World Car Design of the Year**



100th Anniversary Special Edition Series

➔ Please see Long-Term Vision for Technology Development (page 17–18)

May 2020



**Mazda Joins IP Open Access Declaration Against COVID-19**

As an initiative that goes beyond industry boundaries, we support the cause and purpose of the IP Open Access Declaration Against COVID-19, and thus have decided to join the declaration.

IP Open Access Declaration Against COVID-19  
<https://www.gckyo.com/covid-2>



Jun. 2020



**Mazda Unveils All-New Mazda BT-50**

Fully re-designed for the first time in nine years, the all-new BT-50 is supplied by Isuzu Motor Limited on an OEM basis, and the vehicle will go on sale under the Mazda brand name, starting in the Australian market, in the latter half of 2020.



All-New MAZDA BT-50

# MAZDA 100TH ANNIVERSARY

Mazda Motor Corporation celebrated the 100th anniversary of its founding on January 30, 2020. In this section, we introduce our history and progress, achieved with our unflagging challenger spirit.

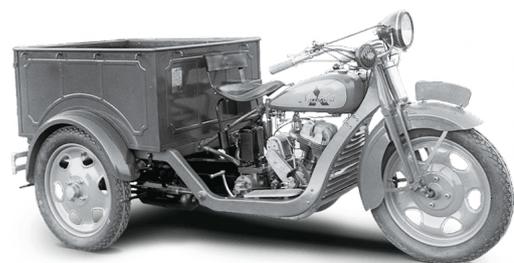
## From Our Founding to Our Entry into the Automotive Industry

Mazda was founded as Toyo Cork Kogyo Co., Ltd., a company producing cork, in 1920 and began its manufacturing journey in Hiroshima.

In 1927, the company's name was changed to Toyo Kogyo Co., Ltd. with the aim of expanding its business into machinery, such as machine tools and pneumatic drills. This reflected the desire of the second president, Jujiro Matsuda, to contribute to society through industry. In 1931, the company reached a major milestone: the sale of its first automobile, the Mazda-Go DA model, which contained an engine developed in-house and completely domestically manufactured parts. The time was ripe for automobile businesses, as public attention had turned to automobiles as a means of transportation. Jujiro focused on three-wheeled trucks, which were cheaper and more accessible than four-wheeled automobiles, as a way to contribute to "improving the quality of people's lives and the development of the country."



Toyo Cork Kogyo Co., Ltd.



Mazda-Go DA model

## Philosophy behind the Corporate Mark

Toyo Kogyo's corporate mark is a combination of a circle, which symbolizes the earth, and the Chinese character "工," which stands for industry and engineering. The mark demonstrates Jujiro's commitment to "making a contribution to the world through what we do best — the machine industry." His philosophy of using engineering expertise to give back to society and the continual pursuit of technological excellence is kept alive by Mazda Motor Corporation to this day.



Jujiro Matsuda

## 1920 to mid-1960s

Jan. 1920 Toyo Cork Kogyo Co., Ltd. is founded  
 Mar. 1921 Jujiro Matsuda becomes second president  
 Sep. 1927 Company name changed to Toyo Kogyo Co., Ltd.

Jul. 1928 Corporate mark is trademarked  
 Sep. 1930 New plant is constructed in Hiroshima (Aki-gun, Fuchu-cho)  
 Oct. 1931 Production of three-wheeled truck "Mazda-Go DA model" begins  
 Jan. 1957 Cumulative production reaches 200,000 vehicles

## Establishing Mazda as an Automaker

In 1960, Mazda began sales of the R360 Coupe, its first four-wheeled passenger vehicle, which adopted a futuristic design and unique technologies. Ultra-lightweight and offering high performance at a low price, the R360 Coupe became a ground-breaking car that accelerated the motorization of Japanese society.

Upon entering the passenger vehicle market with the R360 Coupe, Mazda strengthened its development, production, and sales through the construction of the Miyoshi Proving Ground in 1965, the commencement of operations at the new Ujina passenger car plant in Hiroshima in 1966, and the development of a nationwide sales network. Mazda expanded its range of passenger vehicles from subcompact cars to high-end sedans. These efforts helped establish the company as an automobile manufacturer.



R360 Coupe



New Paint and Assembly Plant (F Plant)

## Pursuit of the Rotary Engine

In the 1960s, the former Ministry of International Trade and Industry started pushing for the consolidation of domestic automotive manufacturers to counter the liberalization of imports. Deciding that the company needed to prove its technological strengths in order to maintain its independence, Mazda entered a technical cooperation agreement with the German NSU/Wankel in 1961. Through this agreement, Mazda entered the race to develop the rotary engine, which many described as the “dream engine.” The rotary engine, which was finally commercialized after six long years in development, became a driving force for Mazda as a symbol of its superior technical capabilities and challenger spirit. The Cosmo Sport, Mazda’s first rotary-engine passenger car, was launched in 1967.



Cosmo Sport (110S)

- Apr. 1960 Opening ceremony for new paint and assembly plant (F Plant)
- May 1960 “R360 Coupe,” Mazda’s first passenger car, is launched
- Jul. 1961 Enters into technical cooperation with the German NSU/Wankel on rotary engines
- Mar. 1963 Cumulative production reaches 1 million vehicles

- May 1965 Miyoshi Proving Ground is completed
- Aug. 1966 Cumulative production reaches 2 million vehicles
- Nov. 1966 Operations begin at new passenger car plant (Ujina) in Hiroshima
- Mar. 1967 Full-scale export to the European market begin
- May 1967 “Cosmo Sport (110S),” Mazda’s rotary engine vehicle, is launched



MAZDA 100TH ANNIVERSARY

## Becoming a Global Company

### —Expansion of Export Market and Production Sites—

From the mid-1960s, when Mazda started offering a range of compact passenger cars, the company began exporting to the more advanced automotive markets of North America and Europe. Exports were expanded, with full-scale exports to the European market in 1967, and sales companies were established in major foreign markets such as Australia and the United States. Additionally, in 1982 full operations started at the Hofu Plant (Nishinoura district) in Yamaguchi Prefecture, completing the establishment of Mazda's two large-scale production sites in Japan.

In the 1970s, Ford Motor Company (Ford) and Mazda deepened their alliance. In 1985, in order to reinforce sales and respond to Japan-U.S. trade friction, Mazda established a production company (later AAI\*<sup>1</sup> when it became a joint venture company with Ford) in Michigan, U.S. Globally, Mazda and Ford's strategic long-term alliance advanced, and in 1995, they established a joint venture production company in Thailand (AAT\*<sup>2</sup>).

\*1 AutoAlliance International Inc.

\*2 AutoAlliance (Thailand) Co., Ltd.

### Offering Driving Pleasure with the Mazda MX-5

In 1989, the first-generation MX-5 was launched. The model was developed based on the concept of *Jinba-ittai* — “sense of oneness between driver and car” — and offered driving feel that responds precisely to the driver's intention.

In the 30 years since the launch of the MX-5, it has reached customers across countries, cultures, and generations. Thanks to their support, cumulative production has surpassed 1 million vehicles.



First-Generation MAZDA MX-5

### Redefining the Mazda Brand

#### —Establishment of a New Brand Message, “Zoom-Zoom” —

With the strengthening of its alliance with Ford, Mazda embarked on a variety of reforms, in particular, strengthening its marketing functions, which had been a major issue. After redefining the ideal Mazda brand, the company announced its new brand message “Zoom-Zoom”<sup>\*</sup> in 2001 and launched the first-generation Mazda6, which embodied Mazda Brand DNA, in 2002. Mazda aimed for product-led growth through the global expansion of new-generation products and new communication strategies.

<sup>\*</sup> The phrase expresses the emotional sensation of movement experienced as a child.

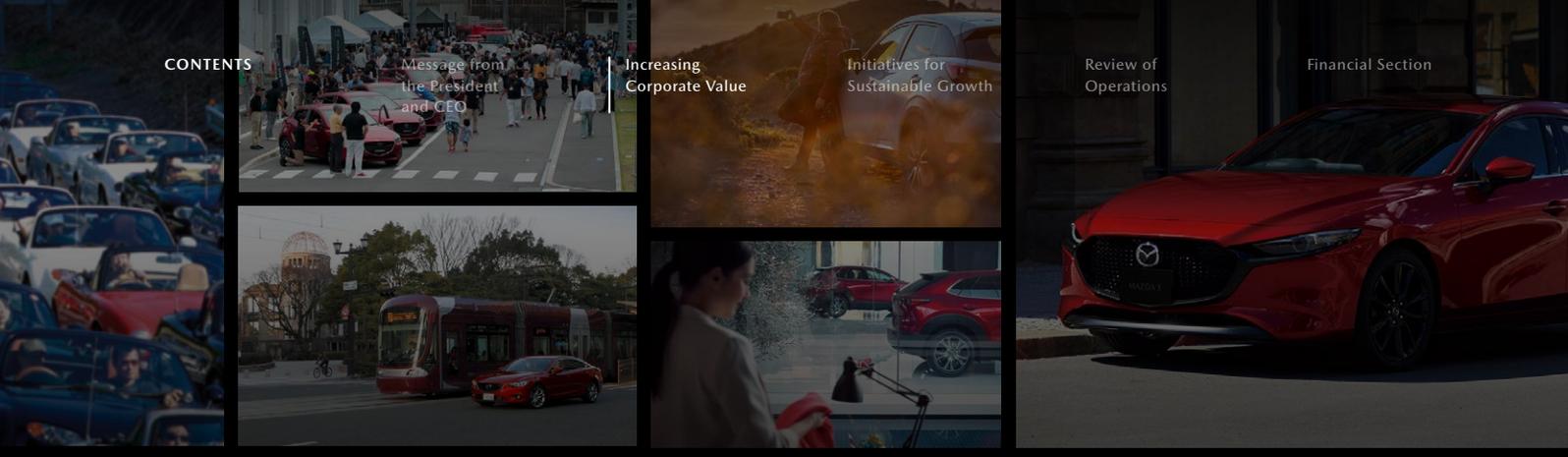


First-Generation MAZDA6

## Mid-1960s to 2000

- Apr. 1970 Exports to the U.S. begin
- Jun. 1979 Cumulative production reaches 10 million vehicles
- Nov. 1979 Ford and Mazda enter into a capital tie-up
- Sep. 1982 Full-fledged production begins at Hofu plant (Nishinoura district)
- May 1984 Company is renamed Mazda Motor Corporation
- Jan. 1985 Mazda Motor Manufacturing (USA) Corporation (MMUC), later called AutoAlliance International (AAI), is established

- Jun. 1991 Mazda 787B wins the 59th Le Mans 24-Hour Endurance Race, claiming the first victory for a Japanese automobile
- Dec. 1993 New strategic long-term alliance between Ford and Mazda is announced
- Apr. 1995 Cumulative production reaches 30 million vehicles
- Nov. 1995 Ford and Mazda jointly establish AAT, a joint venture production company, in Thailand
- May 1996 Ford's ratio of Mazda's shareholding increases from 25% to 33.4%
- Jun. 1997 New logo is created



## Realizing a Sustainable Future

### —New Initiatives to Develop Skyactiv Technology—

In 2007, Mazda announced its long-term vision for technology development, “Sustainable Zoom-Zoom,” aimed at providing “driving pleasure” and “outstanding environmental and safety performance.” In 2010, Mazda announced Skyactiv Technology, which completely revamped the entire process of car development and manufacturing, and dramatically improved base technologies such as the engine, transmission, body, and chassis with the aim of achieving world-class performance. The company also announced its “Kodo: Soul of Motion” design philosophy, which stirs viewers’ emotions and pursues the expression of motion. In 2012, the company launched the Mazda CX-5, which adopted both Skyactiv Technology and Kodo design. Mazda implemented product-led structural reforms in order to succeed, despite a harsh business environment caused by issues such as the Global Financial Crisis and the appreciating yen.



First-Generation MAZDA CX-5



All-New MAZDA3

## Sustainable Growth in a Period of Transformation

The automotive industry is currently experiencing the kind of transformation said to take place only once in 100 years. Accordingly, there is a need to globally and comprehensively respond to the demands of this period of dramatic change, as represented by CASE. Under these circumstances, Toyota Motor Corporation (Toyota) and Mazda signed an agreement in 2017 to enter a business and capital alliance, with the aim of further strengthening their lasting partnership. Heading into this period of change, Toyota and Mazda are promoting initiatives in various areas with the aim of realizing sustainable growth.

Furthermore, in the same year, Mazda announced its long-term vision for technology development, “Sustainable Zoom-Zoom 2030,” which looks ahead to the year 2030. In light of the significant changes taking place in the automotive industry, the new vision takes a longer-term perspective and sets out how Mazda will use driving pleasure, the fundamental appeal of the automobile, to help solve issues facing the earth, society, and people.

## 2000 to Present

- Jan. 2005 Mazda Motor (China) is established
- Mar. 2007 Long-term vision for technology development, “Sustainable Zoom-Zoom,” is announced
- Nov. 2008 Ratio of Ford’s ownership of Mazda is gradually reduced from 33.4%
- Feb. 2012 “Structural Reform Plan” is announced
- Jan. 2014 Operations begin at Mexico plant, MMVO

- Aug. 2017 Toyota and Mazda sign an agreement to enter a business and capital alliance
- Aug. 2017 Long-term vision for technology development, “Sustainable Zoom-Zoom 2030,” is announced
- Mar. 2018 Toyota and Mazda establish a joint venture company for vehicle production, in the U.S.
- May 2018 Cumulative domestic production reaches 50 million vehicles
- Nov. 2019 New Medium-Term Management Plan is announced

# MEDIUM-TERM MANAGEMENT PLAN

\* Contents are as announced in November 2019. Due to the impact of the COVID-19 outbreak, we are reconsidering the scale and timing of the initiatives and targets.

As we begin the first stage of the next 100 years, we have defined three priority areas under the Medium-Term Management Policy. We have also announced our Medium-Term Management Plan, reflecting major initiatives in each area and financial targets, and we have been promoting the initiatives. Due to the significant impact of the COVID-19 crisis on management, we are reconsidering the scale and timing of the Medium-Term Management Plan's initiatives and targets, while maintaining the Medium-Term Management Policy.

## Major Initiatives

### 1 Investment in Unique Products, Technologies and Customer Experience—Investment for Brand Value Improvement

#### 1. Technology and Products

- Steadily promote technology and product plans for CASE
- Cover diverse customer usages and preferences around the world through the global rollout of a wide range of powertrains, including electrification technology with the minimum number of models
- Strive to increase pricing coverage by expanding powertrain lineup, including electrification, and advanced technologies
- Offer the “large” product group that does not simply aim for a high price, but provides extremely high product value at a reasonable price

#### 2. Sales, Customer Experience, and Networks

- Invest in both digital and real-world tools so that customers can experience our product/brand value
  - Invest in freeing up front-line staff to spend more time with customers
  - Invest in spaces for customers to feel comfortable
  - Invest in the enhancement of events and experiences for customers

Products	
<b>Maturing Kodo—Soul of Motion design</b>	
<b>Small Architecture</b>	
<ul style="list-style-type: none"> <li>• Skyactiv-G / D upgrade, Skyactiv-X</li> <li>• Mild hybrid</li> <li>• Independently developed battery EV (xEVs)</li> </ul>	
<b>Large Architecture</b>	
<ul style="list-style-type: none"> <li>• In addition to straight-four engines,                             <ul style="list-style-type: none"> <li>- Straight-six Skyactiv-X engine</li> <li>- Straight-six Skyactiv-D (2nd generation diesel engine)</li> </ul> </li> <li>• Longitudinal engine layout (incl. i-Activ AWD)</li> <li>• 48V mild hybrid / Plug-in hybrid</li> </ul>	

New Technologies and Infrastructure	
Connected	<ul style="list-style-type: none"> <li>• Introduce Mazda Connect 2 with on-board communication device</li> <li>• Start connected services</li> </ul>
Autonomous	<ul style="list-style-type: none"> <li>• Evolve and offer advanced safety technologies</li> <li>• Deliver Mazda Co-Pilot Concept</li> </ul>
Shared	<ul style="list-style-type: none"> <li>• Study participation in sharing business</li> <li>• Jointly pilot shared mobility in rural area</li> </ul>
Electric	<ul style="list-style-type: none"> <li>• Introduce EVs</li> <li>• Introduce multi-xEVs</li> <li>• Introduce plug-in hybrids</li> </ul>

### 2 Curbing Expenses That Depreciate Our Brand Value

#### 1. Variable and Fixed Marketing Expenses

- Curb spending by improving the quality of sales
- Maintain a high residual value of cars, which are an asset to the customer
- Respond competitively to diversification of payment methods

#### 2. Reduce Quality Issues

While automotive technology is becoming more complex, we are striving to prevent quality issues, and reducing quality expenses through early detection and swift resolution of problems.

### 3 Investment in Areas in Which We Need to Catch Up

- Invest in infrastructure: building a new plant in the U.S., investment in IT, etc.
- Invest in building partnerships: collaboration with alliance partners, etc.
- Invest in environment and safety

## Financial Targets

<b>Net sales</b>	About ¥4.5 trillion
<b>Profitability</b>	Stable earnings ROS <sup>*1</sup> : 5% or higher / ROE <sup>*2</sup> : 10% or higher
<b>Investment for the future</b>	Capital investment + R&D investment: 7%–8% of net sales (on average) Sales network, customer experience, infrastructure, employees & work environment, etc.

<b>Financial structure</b>	Maintain net cash position
<b>Shareholder returns</b>	Sustainable payout ratio at 30% or higher
<b>Sales volume</b>	About 1.8 million units

\*1 Operating income ratio

\*2 Return on equity

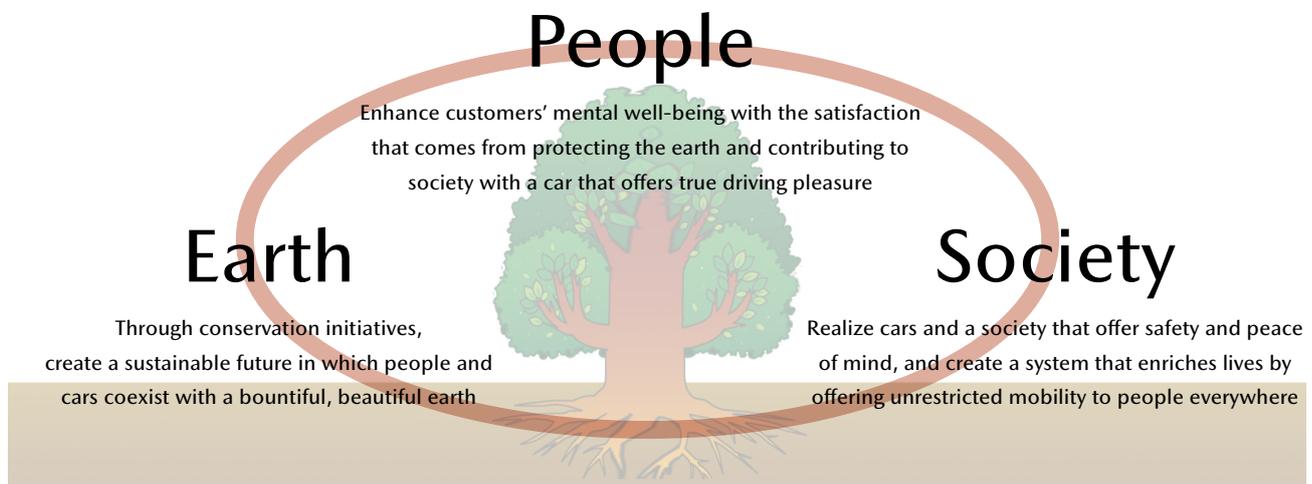
## LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

In 2007, Mazda announced its long-term vision for technology development, “Sustainable Zoom-Zoom.” 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.

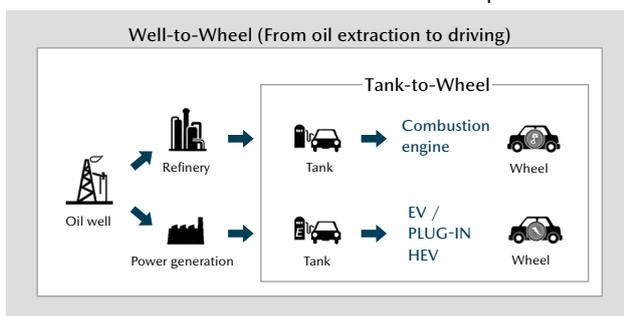


#### Earth Through conservation initiatives, create a sustainable future in which people and cars coexist with a bountiful, beautiful earth

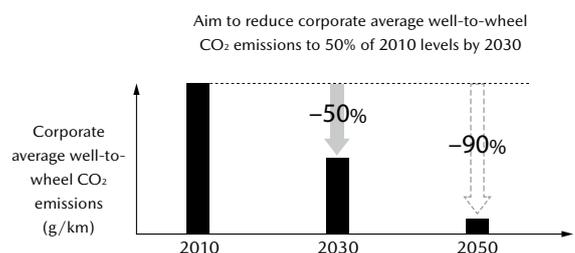
Our greatest challenge lies in reducing CO<sub>2</sub> emissions to curb global warming. In order to stop global warming and preserve this beautiful earth for future generations, we are working to reduce CO<sub>2</sub> emissions throughout a vehicle’s life cycle. Accordingly, we are promoting the reduction of CO<sub>2</sub> emissions not just from the previous perspective, which evaluates CO<sub>2</sub> emissions while driving, but also from a well-to-wheel perspective, which evaluates CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 50% by 2030 and by 90% by 2050.

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).

#### CO<sub>2</sub> Emissions Reduction from Well-to-Wheel Perspective



#### Targets



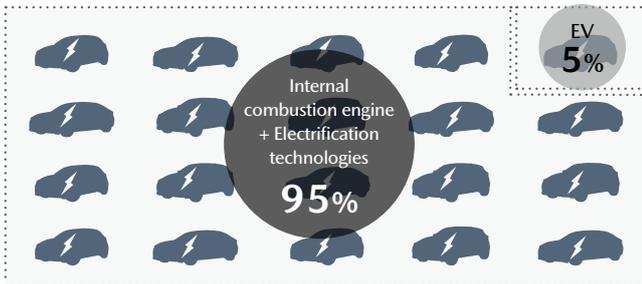
## LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

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, while deploying compact, lightweight electrification technologies. Meanwhile, 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. We plan to equip all cars with some form of electrification technology 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 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.

### Composition of Mazda Vehicles with Electrification Technology in 2030



### Launching an EV as one of the multiple solutions



MAZDA MX-30, Mazda's First Mass-Production EV

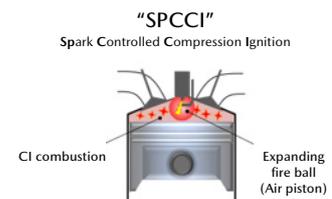
### Means to Achieve Our Targets

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

#### 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 achieves outstanding environmental performance, power, and acceleration performance. Skyactiv-X is an engine that stands by the earth and people while supporting the *Jinba-ittai* "sense of oneness between driver and car" enjoyment that we strive to offer our customers. Furthermore, the deployment of the mild hybrid system, M Hybrid, provides a smooth drive and fuel efficiency. From 2019, Skyactiv-X has been included in our new-generation models, the Mazda3 and Mazda CX-30.



#### Using the Life Cycle Assessment (LCA) to Evaluate Electric Vehicles (EVs)

Regarding the CO<sub>2</sub> emissions of EVs, Mazda adopts the LCA, which calculates and evaluates the environmental impact of each stage of material procurement, manufacturing, use, recycling, and disposal. From an LCA perspective, Mazda desires to contribute to substantive reduction of the global environmental impact by installing batteries with appropriate capacities.

In general, while driving range increases in proportion to battery capacity, the bigger the battery is, the more CO<sub>2</sub> is emitted when it is produced. To counteract this, instead of making batteries bigger than necessary, it is important to equip cars with batteries that correspond to how they are used. Our first mass-production EV, the Mazda MX-30, which we unveiled at the 46th Tokyo Motor Show, uses a 35.5kWh battery that has a driving range of around 200km\* in order to balance both the essential reduction of CO<sub>2</sub> emissions and maintain a practical driving range that customers can use with peace of mind.

\* Using the European WLTP (Worldwide Harmonized Light Vehicles Test Procedure)

**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**

There has been an emergence of new causes of traffic accidents, especially in developed nations, for example distracted driving due to the increase in volume of information from devices such as smartphones. There has also been an emergence of issues accompanying changes in the structure of society, for example the weakening or disappearance of public transport in depopulated areas. Regarding these problems, we will 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.

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

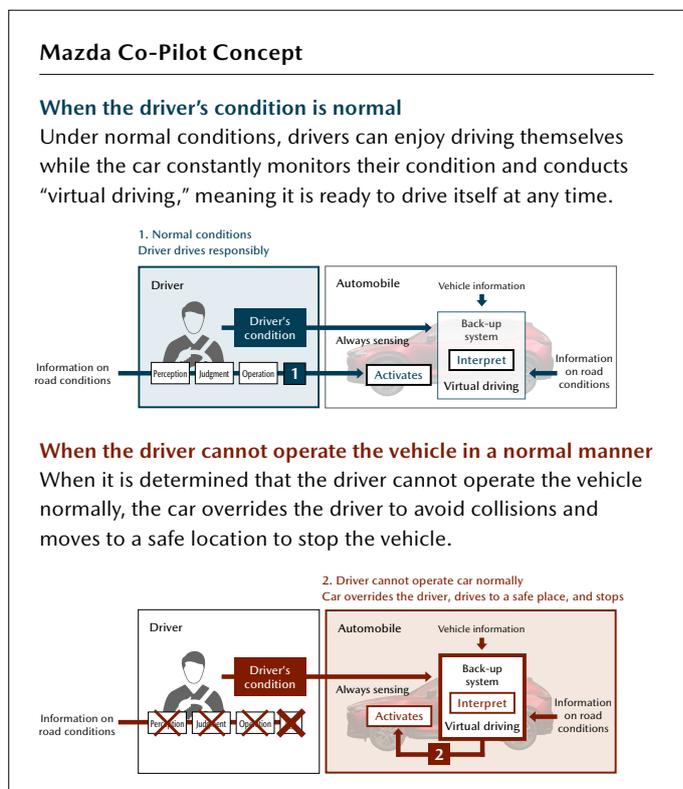
**The Mazda Co-Pilot Concept centers on people and leverages automated driving technologies**

- 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**

- 2018: Mobility service trial with an eye on future shared mobility in Miyoshi City, Hiroshima Prefecture.



**Mazda Earns Six IIHS TSP+ Awards, the Most Among Automakers Tested for 2020**

Six Mazda U.S. specification models, including the 2020 model year's Mazda3 and Mazda CX-5, tested by the U.S. Insurance Institute for Highway Safety (IIHS) have been awarded the nonprofit organization's highest safety rating.

In addition to crashworthiness tests, headlight performance and frontal crash prevention by means of auto-braking and forward collision warning systems are evaluated. IIHS reported that among all automakers, Mazda won the most 2020 Top Safety Pick+ (TSP+) awards, with six vehicles receiving the organization's highest safety ratings. The results were possible because the Mazda models performed well not only in the crashworthiness evaluation categories, but also in the preventive safety performance categories with standard advanced headlight features and auto emergency braking with pedestrian detection, aimed at mitigating damage of or preventing collisions.



MAZDA3 (U.S. specification)

## LONG-TERM VISION FOR TECHNOLOGY DEVELOPMENT

### 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

People today benefit from mechanization and automation in many ways. However, stress levels have also been rising due to issues such as a lack of exercise. 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* "sense of oneness between driver and car" 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.

#### 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. In order to realize these advancements, we pursued development from the perspective of optimizing the entire vehicle, by reviewing various functions including the seats, body, chassis, and NVH (Noise, Vibration, Harshness) performance.



#### 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, the matured Kodo design pursues the expression of a "new elegance" based on Japanese aesthetic sensibilities. This further evolved Kodo design aims to breathe life into cars with a "less is more" aesthetic. Eliminating all but the truly essential elements creates precious blank spaces surrounding simple forms. To these, Mazda applies effective use of light and shadow to create subtle details and achieve the desired result.



MAZDA VISION COUPE

### Mazda Designs That Engage People

#### Mazda3 Wins 2020 World Car Design of the Year

The Mazda3 won the 2020 World Car Design of the Year award, one of the special awards of the World Car Awards. The Mazda3's design pursues the Mazda design philosophy, Car as Art. Taking inspiration from Japanese aesthetics, Mazda adopted a "less is more" approach when designing the Mazda3 and stripped away superfluous elements from the car's form. The result is a unique design that creates subtle undulations of light and shadows gliding over the car's smooth body, giving birth to a natural and powerful expression of vitality.



MAZDA3

#### Mazda CX-30 and Mazda MX-30 Each Win Germany Red Dot Award: Product Design 2020

The CX-30 and MX-30 each won the Red Dot Award: Product Design 2020, which is one of the world's most prestigious design awards, in Germany.

The CX-30 is aiming to be the world's most beautiful crossover SUV, with its design emoting both elegant and relaxing beauty, and the bold and powerful nature of an SUV. The curved surface of the body reflects the ambient light and shadows, and this beautiful "transition" expresses a sense of new vitality.

The MX-30 was designed based on the concept of "Human Modern." The design stays grounded in the beautifully honed, handcrafted forms of Kodo, yet aligns itself with changing values and new lifestyles.



MAZDA CX-30 (European specification)



MAZDA MX-30 (European specification)

## NEW-GENERATION PRODUCTS

The Second New-Generation Model—New Crossover SUV

### MAZDA CX-30



In response to the globally growing SUV market, we added the CX-30 as a new core model to our product lineup. The CX-30 is a completely new crossover SUV that combines the bold proportions of an SUV with elegant styling that embodies Mazda's Kodo design language. Using the concept of a crossover that broadens life's possibilities for customers and enriches how they see the world, the CX-30 was developed with the hope of enriching customers' lives by helping them and their loved ones make new and stimulating discoveries within their daily lives.

The Third New-Generation Model—Mazda's First Mass-Production EV

### MAZDA MX-30



The MX-30 aims to offer an experience that lets customers relax and be themselves, and deepens the bond between car and owner. The model also offers a creative use of time and space that invites new ways of using a vehicle.

Based on the concept of "Human Modern," spaces in and around the center console give the cabin an open feel. The MX-30 adopts freestyle doors\* so customers can invent new and creative ways of using the car. Furthermore, the MX-30 delivers the same *Jinba-ittai* "sense of oneness between driver and car" driving joy to an electric vehicle that every Mazda offers. It also adopts Mazda's new electric-drive technology, e-Skyactiv, and combines outstanding response with smooth dynamic behavior to achieve performance that drivers can enjoy naturally.

The MX-30 will be rolled out in Europe from autumn 2020, and Mazda plans to introduce a gasoline-powered mild hybrid model equipped with M Hybrid technology in Japan.

\* Center-opening double doors

## 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 (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 <ul style="list-style-type: none"> <li>• Commitment to customers</li> <li>• Sales and customer service, etc.</li> </ul>
Quality	Offering products and services that please our customers <ul style="list-style-type: none"> <li>• Establishing stable product quality</li> <li>• Achieving quality that exceeds customer expectations</li> <li>• Cultivating human resources capable of thinking and acting for the happiness of customers</li> </ul>
Safety	Promoting safety initiatives to achieve a safe and accident-free automotive society <ul style="list-style-type: none"> <li>• Safety initiatives based on three viewpoints; vehicles, people, and roads and infrastructure</li> </ul>
Environment	Reducing environmental impact throughout the entire vehicle life cycle <ul style="list-style-type: none"> <li>• Environmental management, efforts regarding product and technology development, efforts regarding manufacturing and logistics, recycling, biodiversity, communication, etc.</li> </ul>
Respect for People	Developing human resources, who are the foundations of the Company and society, and respecting for human rights <ul style="list-style-type: none"> <li>• Initiatives with employees (including occupational safety and health)</li> <li>• Respect for human rights, etc.</li> </ul>
Social Contributions	Contributing to local communities as a good corporate citizen <ul style="list-style-type: none"> <li>• Activities based on the three pillars (environment and safety performance, human resources development, and community contributions), etc.</li> </ul>

## Collaboration with Local Government, Industrial Organizations, etc.

To fulfill its social responsibility, Mazda is actively collaborating with external organizations, including local governments and industrial organizations. The Company has participated in activities conducted by industrial organizations, such as the Japan Business Federation (Keidanren) and the Japan Automobile Manufacturers Association, while also being involved in government-led activities, such as the Strategic Commission for the New Era of Automobiles set up by Japan's Ministry of Economy, Trade and Industry. In addition, Mazda signed the United Nations Global Compact and declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), as part of its efforts in line with the international community's initiatives.

## Promoting Initiatives Based on the SDGs

The Mazda Group pushes forward with various initiatives to contribute to the achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations. In the fiscal year March 2020, 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 effective use of the Company's intranet. Mazda's activities that are instrumental in realizing the goals of the SDGs are presented in the *Mazda Sustainability Report* (In-depth version).



### External Evaluations of CSR (As of August 31, 2020)

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) 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 MSCI ESG Leaders Indexes (Selected in June 2020)
- ▶ Inclusion in the MSCI Japan Empowering Women Index (WIN) (Selected since December 2019)
- ▶ Inclusion in the Ethibel EXCELLENCE Investment Register (Selected since October 2013)
- ▶ In the CDP Climate Change Report 2019, Mazda's score was A-
- ▶ Inclusion in the S&P/JPX Carbon Efficient Index (Selected since the index was established in September 2018)
- ▶ In the fiscal year March 2020, Mazda received Silver Medal evaluation in a supply chain assessment conducted by EcoVadis

# ACTIONS AGAINST THE SPREAD OF COVID-19

## Main Infection Prevention Measures for Employees and Local Communities

Mazda places the highest priority on the health and safety of its employees and the local community, and is making continuous efforts to prevent the spread of COVID-19 by thoroughly reinforcing prevention-conscious behavior and reducing the use of public transportation by expanding working from home, among other initiatives.

### Specific Examples

- Thoroughly reinforcing prevention-conscious behavior (such as encouraging the wearing of masks and monitoring health on a daily basis)
- Reducing the use of public transportation by expanding working from home, staggering working times, and switching to commuting by car
- Installing partitions and maintaining social distance within the workplace, etc.

## Main Support Activities

### 1. Provision of Vehicles for Transportation of COVID-19 Patients with Mild Symptoms

Mazda has provided vehicles to Hiroshima Prefecture, Fukuyama City, and Yamaguchi Prefecture for transportation of COVID-19 patients with mild or no symptoms. Mazda designed the vehicles using the Mazda CX-8 as a base model, and Mazda Engineering & Technology Co., Ltd. mounted accessories with consideration to the various needs of the governmental body and medical institutions. After-sales services such as maintenance services will be provided by Mazda's sales company in the area where the vehicle was delivered.

As a partition wall with a large window is installed between the front and second row seats, and in-vehicle air-conditioners and extra rear ventilation systems create a difference in air pressure between the front and rear row seats, restricting the flow of air from the rear to the front row, the cars are designed to reduce the risk of front-row occupants contracting the virus while enabling them to check on occupants in the rear of the vehicle. Furthermore, particular consideration is also given for ease of maintenance after the use of the vehicle.



MAZDA CX-8



Partition

### 2. Supply of Mazda-made Medical Face Shield Frames

Mazda has made the decision to collaborate with Hiroshima prefectural government, JMS Co., Ltd. and Ishii Hyoki Co., Ltd. to produce face shields that can be used in the medical field. Mazda produced the face shield frames, and they were combined with shield film produced by Ishii Hyoki. These face shields were then delivered to local medical institutions through the Hiroshima prefectural government.



### 3. Provision of Company Stockpiles/Provision from Employees

#### ■ Masks

Mazda has provided masks from its stockpile to health-care professionals working in our local communities, through Hiroshima Prefecture, Hiroshima City, and Yamaguchi Prefecture, for use in infection prevention measures for local residents.

#### ■ Waterproof Clothing and Raincoats

Mazda employees have provided unused waterproof clothing and raincoats that can be used as substitutes for protective clothing as some medical items are difficult to obtain in the medical field due to the spread of COVID-19.

#### ■ Material for Masking Waste Cloths

Mazda employees have provided cloths such as towels and t-shirts to welfare workshops engaged in making waste cloth (cleaning cloths used for maintenance work of machines, etc.), whose management has been affected by the recent short supply of such materials.

## Joining the IP Open Access Declaration Against COVID-19

The IP Open Access Declaration states that for a fixed period of time all participating companies and research institutions will not exercise any intellectual property rights such as patent rights, utility model rights, design rights and/or copyrights for acts aimed at ending the spread of COVID-19. This is in order to allow for prompt development, manufacturing, and provision of therapeutic drugs, vaccines, medical equipment, infection control products, and so on that can prevent the spread of COVID-19. As an initiative that goes beyond industry boundaries, we support the cause and purpose of the declaration, and thus have decided to join the declaration.



Note: Activities as of July 2020

# BUSINESS MANAGEMENT SYSTEM

Please refer to the *Corporate Governance Report* for basic philosophy, policies and details on Mazda's initiatives regarding the Corporate Governance Code.

<https://www.mazda.com/en/investors/library/governance/>

## Corporate Governance

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 has adopted a Company with an Audit & Supervisory Committee structure.

Furthermore, in addition to bodies designated by law such as the general meeting of shareholders, the Board of Directors, and the Audit & Supervisory Committee, the Company holds Executive Committee meetings to convey information necessary for debate on important Company-wide policies and initiatives and business management, as well as advisory bodies to contribute to decision-making by the Board of Directors or the president.

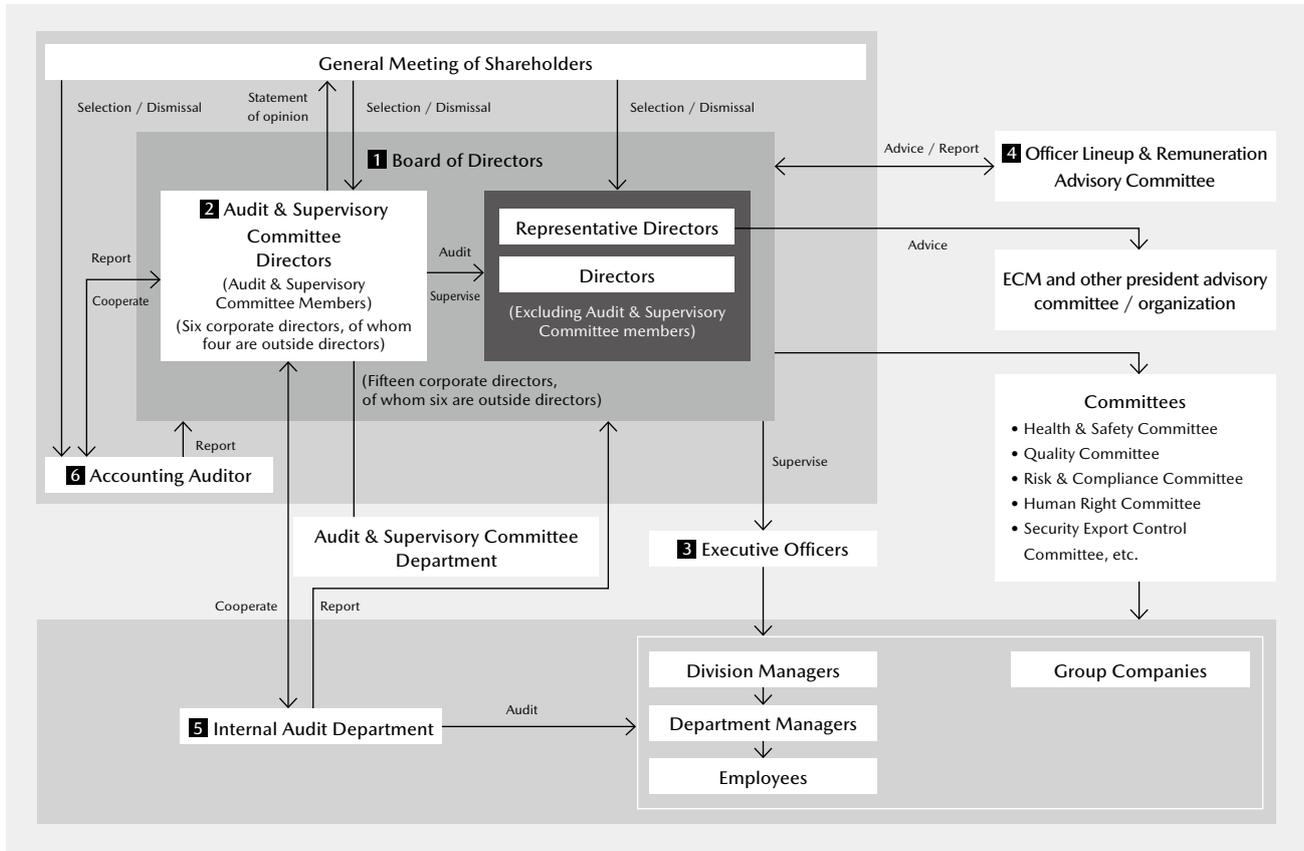
## Overview of the Corporate Governance Structure

Directors (Excluding Directors who are Audit & Supervisory Committee Members)	Number of Directors	9 (7 inside directors, 2 outside directors), of whom 1 is a woman
	Term of Office	1 year
	Incentives	Short-term: Performance-based remuneration Medium-to-long term: Remuneration in the form of stock options
Directors who are Audit & Supervisory Committee Members	Number of Directors	6 (2 inside directors, 4 outside directors), of whom 1 is a woman
	Term of Office	2 years
Number of Directors on the Board	Number of Directors	15 (9 inside directors, 6 outside directors), of whom 2 are women
	Ratio of Outside Directors	40%
	Ratio of Female Directors	13.3%
Independent Directors (filed with Tokyo Stock Exchange)		6 outside directors
Voluntary Committee for 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

## Structure by Organization (◎ is the Chairperson)

Position	Name	Outside Directors	Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee
Representative Director and Chairman of the Board	Masamichi Kogai		◎		◎
Representative Director, President and CEO	Akira Marumoto		○		○
Representative Director, Executive Vice President	Kiyoshi Fujiwara		○		○
Director and Senior Managing Executive Officer	Kiyotaka Shobuda		○		
Director and Senior Managing Executive Officer	Mitsuru Ono		○		
Director and Senior Managing Executive Officer	Akira Koga		○		
Director and Senior Managing Executive Officer	Masahiro Moro		○		
Director	Kiyoshi Sato	○	○		○
Director	Michiko Ogawa	○	○		○
Director who is Audit & Supervisory Committee Member (Full-time)	Masatoshi Maruyama		○	◎	
Director who is Audit & Supervisory Committee Member (Full-time)	Masahiro Yasuda		○	○	
Director who is Audit & Supervisory Committee Member	Ichiro Sakai	○	○	○	○
Director who is Audit & Supervisory Committee Member	Kunihiko Tamano	○	○	○	○
Director who is Audit & Supervisory Committee Member	Akira Kitamura	○	○	○	○
Director who is Audit & Supervisory Committee Member	Hiroko Shibasaki	○	○	○	○

## Corporate Governance Framework



### 1 Board of Directors

The Company'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 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 and chairman of the board, 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.

### 5 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.

### 6 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 17 others, four of whom have passed the certified public accountant examination.

## BUSINESS MANAGEMENT SYSTEM

### Procedures in Nominating, Appointing, and Dismissing Officers, and Determining Their Remuneration

In order to enhance the transparency, fairness, and objectivity of the process for nominating and appointing executive officers and candidates for director and the remuneration of directors and executive officers, an Officer Lineup & Remuneration Advisory Committee, chaired by a representative director and chairman of the board, has been established 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 raising of corporate value in the medium and long term.

### Policies on the Nomination, Appointment, and Dismissal of Officers

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 based on the advice of the Officer Lineup & Remuneration Advisory Committee.

### Policy on Remuneration of Officers

The policy for remuneration for the Company's officers is 1) connected to the Company's sustainable growth and raising corporate value in the medium to long term, 2) used to acquire and maintain capable personnel, 3) understandable and easy to explain to stakeholders and officers, and 4) the officers' remuneration standard, set in comparison with other automobile manufacturers, is to be determined based on the position of employee salary, bearing in mind that officers work alongside employees.

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. Based on the advice of the Officer Lineup & Remuneration Advisory Committee, proposals on remuneration of officers (excluding the separate remuneration of directors who are members of the Audit & Supervisory Committee) shall be submitted to the Board.

### 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 the fiscal year March 2020.

### Appointments of Outside Directors

Outside Directors	Reasons for Appointment
	Appointed as outside directors in anticipation of advice and supervision from an independent perspective on the management of the Company based on experience and insight as described below.
Kiyoshi Sato	Mr. Sato has rich expertise in the areas of sales and marketing at an electronics manufacturer. He has served in senior roles, such as representative director, president and CEO, and director and vice chairman of the board, and has rich experience and insight in corporate management.
Michiko Ogawa	Ms. Ogawa has detailed knowledge as an audio technology researcher at an electronics manufacturer. As an officer in charge of premium audio equipment, she engaged in brand re-establishment efforts, and possesses rich experience and insight into corporate management.
Outside Directors (Audit & Supervisory Committee Members)	Reasons for Appointment
	Appointed as outside directors who are Audit & Supervisory Committee members in anticipation of contribution to strengthening audit and supervisory functions of the Company's management from an independent perspective based on the experience and insight as described below.
Ichiro Sakai	Mr. Sakai served as a prosecutor and attorney for many years, and has extensive experience in and knowledge of the legal profession.
Kunihiko Tamano	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.
Akira Kitamura	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 (representative director). He has great knowledge of finance and accounting and rich experience and knowledge of corporate management.
Hiroko Shibasaki	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.

Note: 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 will result and has notified the Tokyo Stock Exchange that all six individuals are designated as independent directors. Please refer to the *Corporate Governance Report* for the Company's criteria for the independence of an outside officer.

### ■ Method of analysis and evaluation

Based on a survey prepared by the Board's secretariat, all of the directors 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 the constitution of the Board of Directors, debate on the business strategy, debate on compliance and internal control, the provision of information (the amount of information, materials, explanations, and support for outside directors) and involvement in the debate. Additionally, after the transition to a Company with an Audit & Supervisory Committee, results were inspected regarding the objectives of the transition, namely improved management decision-making speed, enhanced deliberation among the Board of Directors, and the strengthened supervisory function of the Board of Directors.

### ■ 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. Additionally, it was confirmed that the business strategy and other matters were thoroughly discussed by securing ample time, and that decision-making speed had been improved by delegating the Board of Directors' authorities to representative directors within an appropriate scope based on the Company's Articles of Incorporation. However, it was confirmed that initiatives are necessary to further improve and strengthen areas such as the monitoring of the business strategy and other important matters, as well as thorough discussion of risks and profitability.

The Company will analyze and evaluate the effectiveness of the Board of Directors every year and continue initiatives for constant improvement in order to raise corporate value in the medium to long term.

### 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 investors, and the officer in charge of finance and the financial planning department (investor 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), 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 and investors 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 and investors, 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 Inc. 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/investors/stockinfo/meeting/>  
Japanese <https://www.mazda.com/ja/investors/stockinfo/meeting/>

## BUSINESS MANAGEMENT SYSTEM

### 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 affiliates' 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 the 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 the fiscal year March 2020, 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, the committee continuously took measures to deal with these key issues. Moreover, the committee enhanced education programs for division general managers as well as managers of Group companies. Since the fiscal year March 2020 was the last year of the medium-term action plan established in the fiscal year March 2017, discussions were held to confirm the target achievement level and to formulate the next medium-term action plan. 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

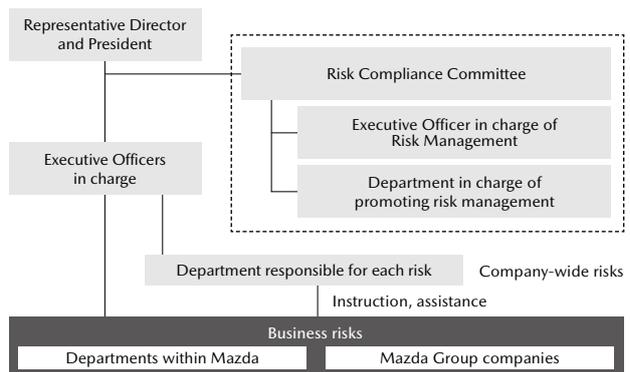
Mazda has been systematically working to enhance both the "hardware" and "software" aspects of emergency readiness, in preparation for major earthquakes, such as the expected Nankai Trough Earthquake, and Tsunamis associated with them. Examples of such "hardware" and "software" measures include quake-proofing 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 the fiscal year March 2020, the Company made disaster drills more practical by adding the unscheduled contents that had not been included in the original drill plans. Mazda also strengthened

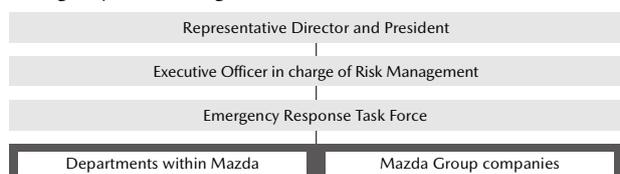
Mazda Internal Controls



Risk Management Structure in Normal Times



Emergency Risk Management Structure



For incidents that fall outside the scope of existing risk management organizations and require a coordinated interdepartmental response, the executive officer in charge of risk management will consult with the president, establish an emergency response task force, and appoint a general manager for this task force.



## BUSINESS MANAGEMENT SYSTEM

### Directors and Officers (As of June 24, 2020)

#### Directors



Number of shares held: 12,400

#### Masamichi Kogai Representative Director and Chairman of the Board

Apr. 1977 Joined the Company  
Jun. 2004 Executive Officer and General Manager, Hofu Plant  
Apr. 2008 Managing Executive Officer  
Apr. 2010 Senior Managing Executive Officer  
Jun. 2010 Director and Senior Managing Executive Officer  
Jun. 2013 Representative Director, President and CEO  
Jun. 2018 Representative Director and Chairman of the Board



Number of shares held: 11,400

#### Akira Marumoto Representative Director

Apr. 1980 Joined the Company  
Jun. 1997 Program Manager, Program Managers Div.  
Jun. 1999 Director  
Jun. 2002 Executive Officer  
Apr. 2006 Managing Executive Officer  
Apr. 2010 Senior Managing Executive Officer  
Jun. 2010 Director and Senior Managing Executive Officer  
Jun. 2013 Representative Director, Executive Vice President  
Jun. 2018 Representative Director, President and CEO



Number of shares held: 10,000

#### Kiyoshi Fujiwara Representative Director

Mar. 1982 Joined the Company  
Mar. 2003 Vice President, Mazda Motor Europe GmbH  
Jun. 2005 General Manager, Product Planning & Business Strategy Div.  
Nov. 2008 Executive Officer  
Jun. 2013 Managing Executive Officer  
Apr. 2015 Managing Executive Officer; President, Mazda Engineering & Technology Co., Ltd.  
Apr. 2016 Senior Managing Executive Officer  
Jun. 2016 Director and Senior Managing Executive Officer  
Jun. 2018 Representative Director, Executive Vice President



Number of shares held: 7,900

#### Kiyotaka Shobuda Director

Mar. 1982 Joined the Company  
Apr. 2006 Deputy General Manager, Hofu Plant  
Nov. 2008 Executive Officer; President, AutoAlliance (Thailand) Co., Ltd.  
Jun. 2013 Managing Executive Officer  
Apr. 2016 Senior Managing Executive Officer  
Jun. 2016 Director and Senior Managing Executive Officer



Number of shares held: 900

#### Mitsuru Ono Director

Apr. 1981 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.)  
Apr. 2011 Executive Officer, General Manager of International Credit Management Dept.  
Jun. 2015 Standing Auditor  
May 2017 Advisor, Mazda Motor Corporation  
Jun. 2017 Director and Senior Managing Executive Officer



Number of shares held: 2,400

#### Akira Koga Director

Mar. 1984 Joined the Company  
Feb. 2002 General Manager, Corporate Planning Dept.  
Mar. 2004 General Manager, Corporate Planning Div.  
Nov. 2008 Executive Officer  
Apr. 2011 Executive Officer; Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations)  
Jun. 2013 Managing Executive Officer  
Apr. 2016 Senior Managing Executive Officer  
Jun. 2018 Director and Senior Managing Executive Officer



Number of shares held: 1,300

#### Masahiro Moro Director

Mar. 1983 Joined the Company  
Aug. 2002 General Manager, Global Marketing Div.  
Mar. 2004 Vice President, Mazda Motor Europe GmbH  
Nov. 2008 Executive Officer  
Jun. 2013 Managing Executive Officer  
Jan. 2016 President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)  
Apr. 2016 Senior Managing Executive Officer  
Apr. 2019 Senior Managing Executive Officer, Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)  
Jun. 2019 Director and Senior Managing Executive Officer



Number of shares held: 200

#### Kiyoshi Sato Director

Apr. 1979 Joined Tokyo Electron Ltd.  
Dec. 2001 General Manager of Clean Track Business Unit, Tokyo Electron Ltd.  
Jun. 2003 Representative Director, President and CEO, Tokyo Electron Ltd.  
Apr. 2009 Director and Vice Chairman of the Board, Tokyo Electron Ltd.  
Jun. 2011 Director, Tokyo Electron Ltd.  
Jul. 2014 Advisor, Tokyo Electron Ltd. (to Jun. 2016)  
Jun. 2016 Audit & Supervisory Board Member, Tokyo Electron Yamanashi Ltd.  
Jun. 2017 Outside Director, Toshiba Machine Co., Ltd. (now Shibaura Machine Co., Ltd.)  
Jul. 2017 Advisor, Tokyo Electron Ltd. (to Jun. 2019)  
Jun. 2019 Outside Director, Inabata & Co., Ltd.  
Jun. 2019 Director, Mazda Motor Corporation



Number of shares held: 300

#### Michiko Ogawa Director

Apr. 1986 Joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Corporation)  
May 2014 Senior Counselor, In charge of Growth Strategy of Audio Business Home Entertainment Business Division, Panasonic Corporation  
Apr. 2015 Executive Officer, In charge of Technics Brand; Managing Officer, Appliances Company; General Manager, Technics Business Promotion;  
Nov. 2015 Home Entertainment Business Division, Panasonic Corporation Executive Officer, In charge of Technics Brand; Managing Officer, Appliances Company In charge of Home Entertainment Business;



Number of shares held: 4,700

#### Masatoshi Maruyama Director who is Audit & Supervisory Committee Member (Full-time)

Apr. 1980 Joined the Company  
May 2010 General Manager, Quality Div.  
Apr. 2011 Executive Officer; General Manager, Quality Div.  
Apr. 2015 Managing Executive Officer  
Jun. 2019 Director who is Audit & Supervisory Committee Member



Number of shares held: 1,557

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

Apr. 1980 Joined the Company  
Nov. 2002 Manager of Advanced Product Planning Office  
Apr. 2006 Manager of Global Communications Planning Dept.  
Jun. 2010 General Manager of Global Communications Planning Dept.  
Jul. 2012 Deputy General Manager of Corporate Communications Division  
Jun. 2017 Audit & Supervisory Board Member (Full-time)  
Jun. 2019 Director who is Audit & Supervisory Committee Member

Jun. 2017 Director, Home Entertainment Business Division; General Manager, Technics Business Promotion, Panasonic Corporation Executive Officer, In charge of Technics Brand; Vice President, Appliances Company In charge of Home Entertainment Business and Communication Business; Director, Home Entertainment Business Division; General Manager, Technics Business Promotion, Panasonic Corporation Executive Officer, In charge of Technics Brand, Vice President, Appliances Company In charge of Technology Director, Engineering Division; General Manager, Technics Business Promotion, Panasonic Corporation Director, Persol AVC Technology Co., Ltd.  
Jun. 2018 Chairman, Japan Audio Society  
Jun. 2019 Director, Mazda Motor Corporation  
Oct. 2019 Director, In charge of Technics Brand Vice President, Appliances Company In charge of Technology Director, Engineering Division; General Manager, Technics Business Promotion, Panasonic Corporation



Number of shares  
held: 11,400

### Ichiro Sakai

Director who is Audit & Supervisory  
Committee Member

Apr. 1968 Appointed Prosecutor  
Dec. 1999 Chief Public Prosecutor of the Yokohama  
District Public Prosecutors Office  
May 2001 Chief of the Research and Training  
Institute of the Ministry of Justice  
Oct. 2002 Superintendent Public Prosecutor of the  
Hiroshima High Public Prosecutors Office  
Jun. 2004 Superintendent Public Prosecutor of the  
Fukuoka High Public Prosecutors Office  
Apr. 2005 Registered as Lawyer (Dai-Ichi Tokyo Bar  
Association)  
Jun. 2005 Outside Audit & Supervisory Board  
Member, Toray Industries, Inc.  
Feb. 2006 Outside Audit & Supervisory Board  
Member, Kewpie Corporation  
Jun. 2007 Outside Audit & Supervisory Board  
Member, Mazda Motor Corporation  
Jun. 2011 Outside Director, Mazda Motor  
Corporation  
Feb. 2014 Outside Director, Kewpie Corporation  
Jun. 2019 Director who is Audit & Supervisory  
Committee Member, Mazda Motor  
Corporation



Number of shares  
held: 1,200

### Kunihiko Tamano

Director who is Audit & Supervisory  
Committee Member

Apr. 1974 Joined Itochu Corporation  
Jan. 1999 General Manager of Tax Affairs Office,  
General Accounting Control Division  
Jun. 2006 Executive Officer  
Apr. 2009 Managing Executive Officer  
Jun. 2010 Director and Senior Managing Executive  
Officer of Nippon Access, Inc.  
Apr. 2011 Managing Executive Officer, Assistant to  
the Chief Financial Officer of Itochu  
Corporation; General Manager, Global  
Risk Management Division of Itochu  
Corporation  
Apr. 2014 Advisory Member  
Jun. 2014 Representative Director and Vice  
President of Nippon Access, Inc.  
Jun. 2016 Senior Advisor  
Jun. 2017 Advisory Member  
Jun. 2017 Outside Audit & Supervisory Board  
Member, Mazda Motor Corporation  
Jun. 2019 Director who is Audit & Supervisory  
Committee Member



Number of shares  
held: 700

### Akira Kitamura

Director who is Audit & Supervisory  
Committee Member

Apr. 1974 Joined Sumitomo Bank, Ltd. (now  
Sumitomo Mitsui Banking Corp.)  
Jun. 2003 Executive Officer  
Apr. 2006 Managing Executive Officer  
Apr. 2007 Director & Senior Managing Executive  
Officer  
Apr. 2008 Representative Director & Senior  
Managing Executive Officer  
Apr. 2009 Advisor, Kansai Urban Banking  
Corporation  
Jun. 2009 Vice Chairman (Representative Director)  
Mar. 2010 Chairman of the Board & CEO  
(Representative Director)  
Jun. 2016 Advisor  
Apr. 2018 Outside Director, ARK Real Estate Co., Ltd.  
Jun. 2018 Outside Audit & Supervisory Board  
Member, Mazda Motor Corporation  
Jun. 2019 Director who is Audit & Supervisory  
Committee Member  
Jun. 2020 Audit and Supervisory Board Member  
(external) of Toyo Aluminum K.K.



Number of shares  
held: 100

### Hiroko Shibasaki

Director who is Audit & Supervisory  
Committee Member

Apr. 1974 Joined Tokio Marine and Fire Insurance  
Company, Limited (now Tokio Marine &  
Nichido Fire Insurance Co., Ltd.)  
Jul. 2008 Senior General Manager  
General Manager, Voice of Customers Dept.,  
Tokio Marine & Nichido Fire Insurance  
Co., Ltd.  
Jul. 2010 Senior General Manager  
General Manager, Fukuoka Chuo Branch,  
Tokio Marine & Nichido Fire Insurance  
Co., Ltd.  
Apr. 2012 Director, General Manager, Fukuoka  
Chuo Branch, Tokio Marine & Nichido  
Fire Insurance Co., Ltd.  
Apr. 2015 Managing Executive Officer  
Tokio Marine & Nichido Fire Insurance  
Co., Ltd.  
Apr. 2018 Advisor, Tokio Marine & Nichido Fire  
Insurance Co., Ltd.  
Jun. 2019 Director who is Audit & Supervisory  
Committee Member, Mazda Motor  
Corporation

\* Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Ichiro Sakai, Mr. Kunihiko Tamano,  
Mr. Akira Kitamura, and Ms. Hiroko Shibasaki are outside directors.

## Executive Officers

### President and CEO

Akira Marumoto\*

### Executive Vice President

Kiyoshi Fujiwara\*

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 MDI & IT

Masahiro Moro\*

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

Ichiro Hirose

Oversight of R&D and Cost Innovation

Jeffrey H. Guyton

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

## Fellow

### Senior Innovation Fellow

Mitsuo Hitomi

### Managing Executive Officers

Kazuhisa Fujikawa

In charge of Global Purchasing and Cost Innovation

Kazuyuki Fukuhara

President, Mazda Credit Inc.;  
President, Mazda Chuhan Co., Ltd.

Ikuo Maeda

In charge of Design and Brand Style

Tetsuya Fujimoto

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

Nobuhiko 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 Yoshihara

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

Chiharu Mizutani

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

Masashi Aihara

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 Kojima

In charge of Corporate Communications, Corporate  
Liaison and Tokyo Office

Akihiro Kidani

General Manager, MDI & IT Div.

Eiji Nakai

In charge of Powertrain Development and Integrated  
Control System Development

Ikuo Sugiyama

Senior Vice President, Mazda Toyota Manufacturing  
U.S.A., Inc.

Hironori Tanaka

In charge of Domestic Sales

Noriyuki Takimura

General Manager, Human Resources Div.

Osamu Kawamura

General Manager, China Business Div.

\* Also holds the post of Directors

## REVIEW BY MARKET

### JAPAN

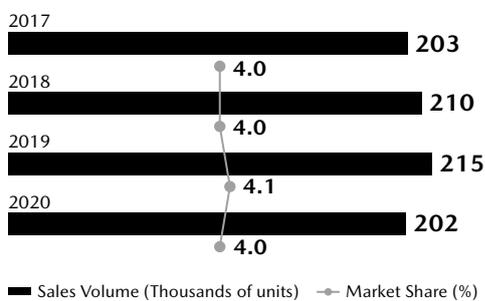


MAZDA3

#### Overview of Fiscal Year March 2020 Results

- Total demand in the Japanese market fell 4% year on year, to 5.04 million units. Following the consumption tax increase in October 2019, total demand has continued to fall. From March 2020, the impact of COVID-19 also affected total demand, which fell compared with the previous fiscal year.
- Mazda's sales volume fell 6% from the previous fiscal year, to 202,000 units. As a result of the decline in total demand and sluggish sales of existing models due to intensifying competition in the crossover SUV market, Mazda's full-year sales fell compared with the previous fiscal year.
- Favorable sales of the new-generation products, the Mazda3 and the Mazda CX-30, continued, with both vehicles earning praise for their design and quality feel. The market share remained at 4.0%.

#### Sales Volume (Years ended March 31)



#### Sales Ratio by Model Type (Fiscal Year March 2020)



# NORTH AMERICA

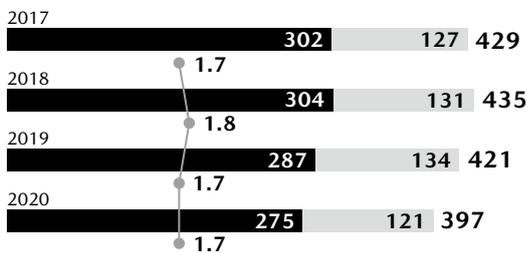


MAZDA CX-9

## Overview of Fiscal Year March 2020 Results

- Total demand in the United States declined 4% compared with the previous fiscal year, to 16.55 million units. In Canada, total demand was down 7%, to 1.83 million units, while total demand in Mexico fell 10%, to 1.28 million units.
- Mazda's sales volume in the North American market was down 6%, to 397,000 units, with declined sales in the United States, Canada, and Mexico.
- Mazda's sales volume in the United States was down 4%, to 275,000 units. Since the middle of March 2020, the spread of COVID-19 has significantly affected our sales activities. While sales for the Mazda3 and the Mazda6 declined due to the decreased demand for passenger vehicles, the updated Mazda CX-5 and the Mazda CX-9 achieved an increase in sales compared with the previous fiscal year. The market share in the United States remained at 1.7% year on year. The full-scale rollout of the new-generation CX-30 commenced in January 2020.
- Sales volume in Canada fell 11%, to 64,000 units. Sales volume in Mexico fell 7% to 57,000 units.

### Sales Volume (Years ended March 31)



■ Sales Volume in the United States (Thousands of units)  
 ■ Sales Volume in Canada and Other Markets (Thousands of units)  
 —●— Market Share in the United States (%)

### Sales Ratio by Model Type (Fiscal Year March 2020)



# EUROPE

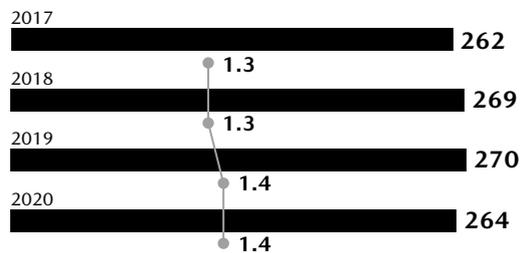


MAZDA CX-30

## Overview of Fiscal Year March 2020 Results

- Total demand in Europe was down 5% from the previous fiscal year, to 18.96 million units. Demand has decreased due to the tightening of environmental regulations in January 2020 as well as the impact from the spread of COVID-19.
- Mazda's sales volume was down 2%, to 264,000 units. Cumulative sales for the period of April 2019 to December 2019 increased 11%, mostly due to the contributions from the new-generation products, the Mazda3 and the CX-30. However, cumulative sales for the period of January 2020 to March 2020 fell 39%. We had projected a decline in sales volume due to changes in the sales environment in the region following the tightening of environmental regulations in January, but sales volume declined further due to the spread of COVID-19. The market share for the full year remained at 1.4%.
- The CX-30, launched in 2019, was highly evaluated in the European market, winning the Red Dot Award: Product Design 2020, which is one of the world's most prestigious design awards, in Germany.

### Sales Volume (Years ended March 31)



■ Sales Volume (Thousands of units) —●— Market Share (%)

### Sales Ratio by Model Type (Fiscal Year March 2020)



## CHINA

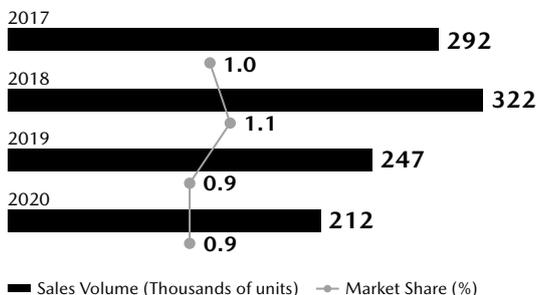


MAZDA CX-4

### Overview of Fiscal Year March 2020 Results

- Total demand in China decreased 15% year on year, to 23.06 million units. Demand continued to decline in the SUV segment, which had been the growth driver in the passenger vehicle market. Furthermore, demand fell rapidly from February 2020 due to the spread of COVID-19, and demand for the full year decreased substantially compared with the previous fiscal year.
- Mazda's sales volume was down 14%, to 212,000 units. The market share remained at 0.9%. Amid the decline in demand and intensifying competition in the market caused in part by an increase in sales incentives by other companies, Mazda continued to emphasize "right price" sales with a focus on product value. The new-generation products, such as the Mazda3, and the introduction of the updated Mazda6 and Mazda CX-4 contributed to sales, but the spread of COVID-19 limited sales activities and sales for the full year decreased compared with the previous fiscal year.

### Sales Volume (Years ended March 31)



### Sales Ratio by Model Type (Fiscal Year March 2020)



## OTHER MARKETS



MAZDA CX-5

### Overview of Fiscal Year March 2020 Results

- Mazda's sales volume in other markets, which include Australia and ASEAN, fell by 16% year on year, to 345,000 units.
- The deterioration of market conditions since the beginning of the period resulted in a decline in total demand in Australia. In addition, due to the large-scale forest fires and the spread of COVID-19, Mazda's sales volume in Australia fell 18%, to 90,000 units. The market share fell 1.0 point, to 8.8%.
- Mazda's sales volume in the ASEAN market fell 24%, to 103,000 units.
  - Stricter examination of automobile loans by the Thai government shrunk total demand, with Mazda's sales volume in Thailand falling 27%, to 52,000 units. The market share also fell by 1.1 points to 5.5%.
  - The economic slowdown in Vietnam shrunk total demand and, while other companies have increased sales incentives, Mazda continued emphasizing "right price" sales. Mazda's sales volume in Vietnam fell 20%, to 26,000 units, and the market share fell 1.9 points, to 9.1%.

### Sales Volume (Years ended March 31)



### Sales Ratio by Model Type (Fiscal Year March 2020)



# MAJOR PRODUCT LINEUP

Mazda provides attractive products that realize driving pleasure and outstanding environmental and safety performance.

Since 2019, we have been introducing new-generation products that adopt a matured Kodo—Soul of Motion Design and Skyactiv Technology.

## MAZDA CX-3



Global Sales Volume 120,000  
Sales markets J N E C O  
Production bases J O

## MAZDA CX-30



Global Sales Volume 73,000  
Sales markets J N E C O  
Production bases J N C O

\* Started production in China in April 2020, and sales in May 2020.

## MAZDA CX-4



Global Sales Volume 45,000  
Sales markets C  
Production bases C

## MAZDA CX-5



Global Sales Volume 416,000  
Sales markets J N E C O  
Production bases J E C O

## MAZDA CX-8



Global Sales Volume 27,000  
Sales markets J C O  
Production bases J C O

## MAZDA CX-9



Global Sales Volume 61,000  
Sales markets N E O  
Production bases J E

## MAZDA 2



Global Sales Volume 139,000  
Sales markets J N E O  
Production bases J N O

## MAZDA 3



Global Sales Volume 309,000  
Sales markets J N E C O  
Production bases J N C O

## MAZDA 6



Global Sales Volume 120,000  
Sales markets J N E C O  
Production bases J E C O

## MAZDA MX-5

(Japanese name: MAZDA ROADSTER)



Global Sales Volume 27,000  
Sales markets J N E O  
Production bases J

## MAZDA BT-50



Global Sales Volume 32,000  
Sales markets O  
Production bases O

## MAZDA MX-30



Global launch planned to start in Europe in autumn 2020.

Sales markets and production bases:

J Japan N North America E Europe C China O Other markets

Note: 1. Global sales volume is for fiscal year March 2020; sales markets and production bases are as of March 31, 2020.

2. Vehicle specifications differ by market.

# GLOBAL NETWORK (As of March 31, 2020)

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.

## Japan

(Number of outlets: 946)

- 1 Headquarters
- 2 Headquarters R&D Divisions
- 3 Mazda R&D Center (Yokohama)
- 4 Miyoshi Proving Ground
- 5 Mine Proving Ground
- 6 Hokkaido Kenbuchi Proving Ground
- 7 Hokkaido Nakatsunai Proving Ground
- 8 Hiroshima Plant
- 9 Hofu Plant
- 10 Miyoshi Plant
- 11 Press Kogyo Onomichi Plant<sup>\*1</sup>

## Asia

(Number of dealerships: 856)

- 12 Mazda Motor (China) (MCO) / MCO China Engineering Support Center
- 13 China FAW<sup>\*1,3</sup>
- 14 Changan Mazda Automobile
- 15 Changan Mazda Engine
- 16 AutoAlliance (Thailand)
- 17 Mazda Powertrain Manufacturing (Thailand)
- 18 Thaco Mazda Automobile Manufacturing Company<sup>1</sup>
- 19 Mazda Malaysia
- 20 FAW Mazda Motor Sales
- 21 Changan Mazda Automobile Sales
- 22 Mazda Motor Taiwan
- 23 Mazda Sales (Thailand)

## Oceania

(Number of dealerships: 191)

- 24 Mazda Australia
- 25 Mazda Motors of New Zealand



**1 Headquarters**  
Location: Aki-gun, Hiroshima, Japan



**14 Changan Mazda Automobile**  
Location: Nanjing, China  
Production capacity: 220,000 units per year  
Models in production: CX-30<sup>\*4</sup>, CX-5, CX-8, Mazda3



**3 Mazda R&D Center (Yokohama)**  
Location: Yokohama, Kanagawa, Japan



**16 AutoAlliance (Thailand)**  
Location: Rayong, Thailand  
Production capacity: 135,000 units per year  
Models in production: CX-3, CX-30, Mazda2, Mazda3, BT-50



**8 Hiroshima Plant**  
Location: Aki-gun, Hiroshima, Japan  
Production capacity: 569,000 units per year  
Models in production: CX-30, CX-5, CX-8, CX-9, MX-5, MX-30<sup>\*5</sup>, Bongo<sup>\*6</sup>, Sports cars for Fiat Chrysler Automobiles



**9 Hofu Plant**  
Location: Hofu, Yamaguchi, Japan  
Production capacity: 416,000 units per year  
Models in production: CX-3, CX-5, Mazda2, Mazda3, Mazda6

## North America

(Number of dealerships: 778)

- 26** Mazda North American Operations
- 27** Mazda Toyota Manufacturing, U.S.A.\*<sup>2</sup>
- 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: 1,978)

- 32** Mazda Motor Europe / European R&D Centre
- 33** Mazda Motor Logistics Europe
- 34** Mazda Sollers Manufacturing Rus
- 35** Mazda Motors (Deutschland)
- 36** Mazda Motors UK
- 37** Mazda Motor Russia

Other 19 distributors in main markets

## Caribbean, Central and South America, Middle East, and Africa

(Number of dealerships: 415)

- 38** Mazda de Colombia
- 39** Mazda Southern Africa



**26** Mazda North American Operations

Location: California, USA



**32** Mazda Motor Europe

Location: Leverkusen, Germany



**28** Mazda de Mexico Vehicle Operation

Location: Guanajuato, Mexico

Production capacity: 250,000 units per year

Models in production: CX-30, Mazda2, Mazda3, Compact vehicles for Toyota



### Main Business Lines

- Regional headquarters / R&D
- Production facilities
- Distributors

\*1 Consignment production facilities  
 \*2 Start of operations planned for 2021  
 \*3 Changed name from FAW Car in June 2020  
 \*4 Started production in April 2020  
 \*5 Started production in May 2020  
 \*6 Ended production in May 2020

# ELEVEN-YEAR SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Mazda Motor Corporation and Consolidated Subsidiaries  
Years ended March 31

	2010	2011	2012	2013	2014
<b>Business results*<sup>2</sup> (Millions of yen):</b>					
Net sales* <sup>3</sup>	¥2,163,949	¥2,325,689	¥2,033,058	¥2,205,270	¥2,692,238
Domestic	574,982	541,490	560,216	588,042	655,716
Overseas	1,588,967	1,784,199	1,472,842	1,617,228	2,036,522
Cost of sales	1,710,699	1,863,678	1,662,592	1,729,296	1,993,643
Selling, general and administrative expenses	443,792	438,176	409,184	422,038	516,474
Operating income/(loss)	9,458	23,835	(38,718)	53,936	182,121
Income/(loss) before income taxes	(7,265)	16,081	(55,262)	39,101	97,409
Net income/(loss) attributable to owners of the parent	(6,478)	(60,042)	(107,733)	34,304	135,699
Capital expenditures* <sup>4</sup>	29,837	44,722	78,040	77,190	133,216
Depreciation and amortization	76,428	71,576	68,791	59,954	57,656
Research and development costs	85,206	90,961	91,716	89,930	99,363
Cash flows:					
Operating cash flows	111,646	15,344	(9,098)	49,033	136,379
Investing cash flows	(44,252)	(13,717)	(70,317)	(40,287)	(120,057)
Free cash flow* <sup>5</sup>	67,394	1,627	(79,415)	8,746	16,322
Financing cash flows	60,951	(14,360)	236,462	(57,181)	10,483
<b>Financial position (Millions of yen):</b>					
Total assets	¥1,947,769	¥1,771,767	¥1,915,943	¥1,978,567	¥2,246,036
Net assets	509,815	430,539	474,429	513,226	676,837
Interest-bearing debt	722,128	693,000	778,085	718,983	742,735
Net interest-bearing debt	375,825	370,151	300,778	274,108	262,981
<b>Amounts per share of common stock (Yen):</b>					
Net income/(loss)* <sup>6</sup>	¥ (4.26)	¥ (33.92)	¥ (57.80)	¥ 11.48	¥ 226.99* <sup>10</sup>
Cash dividends applicable to the year* <sup>7</sup>	3.00	—	—	—	1.00
Net assets* <sup>8</sup>	286.92	242.24	156.85	166.04	1,105.21* <sup>10</sup>
<b>Financial indicators (%):</b>					
Operating income ratio	0.4%	1.0%	(1.9)%	2.4%	6.8%
Return on equity (ROE)* <sup>9</sup>	(1.4)	(12.8)	(24.0)	7.1	23.5
Equity ratio* <sup>9</sup>	26.1	24.2	24.5	25.1	29.4
Average number of shares outstanding (in thousands)	1,519,652	1,770,198	1,863,949	2,989,171	597,829* <sup>10</sup>
Number of employees (people)	38,987	38,117	37,617	37,745	40,892

\* 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, 2020, of ¥109 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 Net sales are 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 2010 to the fiscal year March 2013 and from the fiscal year March 2017 to the fiscal year March 2020, stock acquisition rights) from net assets.

2015	2016	2017	2018	2019 <sup>*12</sup>	2020	2020
						Thousands of U.S. dollars <sup>*1</sup>
¥3,033,899	¥3,406,603	¥3,214,363	¥3,474,024	¥3,564,172	¥3,430,285	\$31,470,505
617,397	660,935	587,025	631,229	693,581	629,911	5,779,000
2,416,502	2,745,668	2,627,338	2,842,795	2,870,591	2,800,374	25,691,505
2,247,720	2,567,465	2,448,184	2,653,600	2,772,184	2,683,647	24,620,615
583,291	612,363	640,492	674,003	709,681	703,035	6,449,862
202,888	226,775	125,687	146,421	82,307	43,603	400,028
209,335	166,986	128,413	157,484	107,567	49,282	452,128
158,808	134,419	93,780	112,057	63,155	12,131	111,294
131,010	89,214	94,399	104,129	119,734	132,578	1,216,312
68,872	78,972	82,416	86,954	88,443	92,269	846,505
108,378	116,610	126,915	136,009	134,660	135,009	1,238,615
204,459	262,770	161,097	207,795	146,690	34,834	319,578
(95,548)	(108,092)	(63,751)	(159,989)	(131,611)	(127,578)	(1,170,440)
108,911	154,678	97,346	47,806	15,079	(92,744)	(850,862)
(62,776)	(94,062)	(149,898)	30,461	83,411	(24,274)	(222,697)
¥2,473,287	¥2,548,401	¥2,524,552	¥2,724,092 <sup>*11</sup>	¥2,877,613	¥2,787,640	\$25,574,679
891,326	976,723	1,064,038	1,219,470	1,233,441	1,205,846	11,062,807
701,019	617,132	491,434	497,893	607,051	619,868	5,686,862
171,871	48,418	(35,430)	(106,961)	(94,573)	51,874	475,908
						U.S. dollars <sup>*1</sup>
¥ 265.64 <sup>*10</sup>	¥ 224.85	¥ 156.87	¥ 182.93	¥ 100.28	¥ 19.26	\$ 0.18
10.00	30.00	35.00	35.00	35.00	35.00	0.32
1,454.61 <sup>*10</sup>	1,595.83	1,738.70	1,894.29	1,910.67	1,865.63	17.12
6.7%	6.7%	3.9%	4.2%	2.3%	1.3%	
20.8	14.7	9.4	10.0	5.3	1.0	
35.2	37.4	41.2	43.8 <sup>*11</sup>	41.8	42.1 <sup>*13</sup>	
597,823 <sup>*10</sup>	597,819	597,816	612,554	629,757	629,781	
44,035	46,398	48,849	49,755	49,998	50,479	

9 The amounts of equity exclude non-controlling interests (and, from the fiscal year March 2010 to the fiscal year March 2013 and from the fiscal year March 2017 to the fiscal year March 2020, stock acquisition rights) from net assets.

10 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.

11 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.

12 The consolidated foreign subsidiaries that apply US GAAP adopted ASU 2014-09 from the beginning of the fiscal year ended March 31, 2020. The figures for the year ended March 31, 2019 were adjusted retrospectively in accordance with this change (See Note 3 "Accounting Changes" in accompanying notes).

13 Percentage after consideration of the equity credit attributes of the subordinated loan is 43.4%.

# BUSINESS RESULTS, FINANCIAL POSITION, AND CASH FLOWS

## Review of Operations for Fiscal Year March 2020

### Operating Environment

With regard to the operating environment surrounding the Mazda Group for the fiscal year ended March 31, 2020, we continued to face a challenging situation as demand has declined globally from the previous year due to issues such as an economic slowdown in China triggered by the U.S.–China trade dispute and Britain's exit from the European Union. In addition, uncertainty over future prospects rapidly escalated due to the COVID-19 pandemic in the fourth quarter. The outbreak of COVID-19 first impacted the Company's production and supply chain in China. The virus then spread globally, causing the suspension of economic activities and disruption in financial markets around the world, resulting in a significant impact on the Company's global sales activities.

### Global Sales Volumes

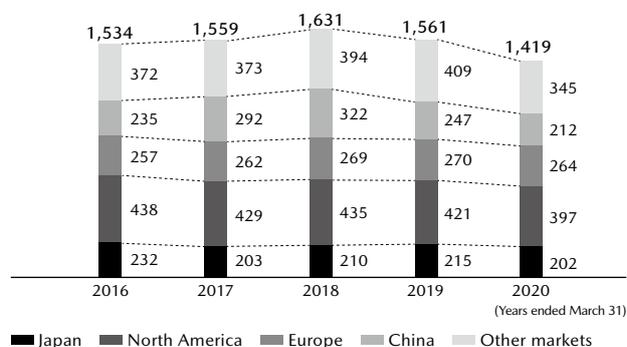
Global sales volume declined 9.1% year on year, to 1,419,000 units due to reduced demand in major markets and the spread of COVID-19.

By market, in Japan sales of the new-generation models, Mazda3 and Mazda CX-30, have sustained strong sales since their launches. However, sales of the Mazda CX-5 and other models declined due to stiff competition because of decreased demand, resulting in an overall 5.7% year on year decrease at 202,000 units. In the United States, sales were down 4.1% year on year, to 275,000 units due to a reduction in demand in the sedan market although sales of the updated CX-5 and Mazda CX-9 rose year on year. Sales also decreased in Canada. In North America, overall sales were down 5.8% year on year at 397,000 units. In Europe, sales were down 2.3% year on year, to 264,000 units, due to worsening sales in major markets such as Germany and the United Kingdom. The CX-30, which was launched last September, continued to sell strongly with its Skyactiv-X equipped model receiving a favorable response. In China, due to a drastic fall in demand caused by the COVID-19 outbreak as well as an economic slowdown as a result of trade issues, sales were 212,000 units, down 14.4% year on year. Regarding other markets, sales in the major market of Australia were 90,000 units, down 18.1% year on year due to a continued reduction in demand as well as large-scale forest fires. In ASEAN markets, sales declined in Thailand due to monetary tightening, as well as in Vietnam and other countries, resulting in other markets seeing an overall 15.6% year on year decline, to 345,000 units.

Consolidated wholesale volumes decreased 6.0% from the previous fiscal year, to 1,232,000 units.

### Sales Trends by Major Markets

(Thousands of units)



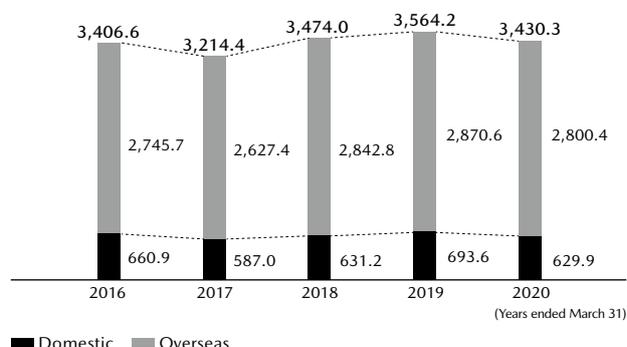
### Net Sales

Net sales totaled ¥3,430.3 billion, a decrease of ¥133.9 billion, or 3.8%, reflecting the impact of yen appreciation and the decrease in wholesale volume. By region, domestic sales amounted to ¥629.9 billion, a decrease of ¥63.7 billion, or 9.2% year on year, due to stiff competition because of decreased demand that led to a drop in sales. Overseas sales saw a decline of ¥70.2 billion, or 2.4%, to ¥2,800.4 billion mainly due to the decrease in wholesale volume in major Australian and ASEAN markets and the impact of yen appreciation.

By product, vehicle sales were down ¥105.4 billion, or 3.6%, to ¥2,839.0 billion, reflecting the decrease in wholesale volume in major markets and the impact of yen appreciation. Sales of knockdown parts for overseas production fell ¥5.1 billion, or 5.8%, to ¥82.8 billion, owing to lower sales in China due to an economic slowdown, as well as a drastic contraction in demand caused by the COVID-19 outbreak. Sales of parts shrunk by ¥9.9 billion, or 3.6%, to ¥262.4 billion. Other sales fell ¥13.5 billion, or 5.2%, to ¥246.0 billion.

### Net Sales

(Billions of yen)

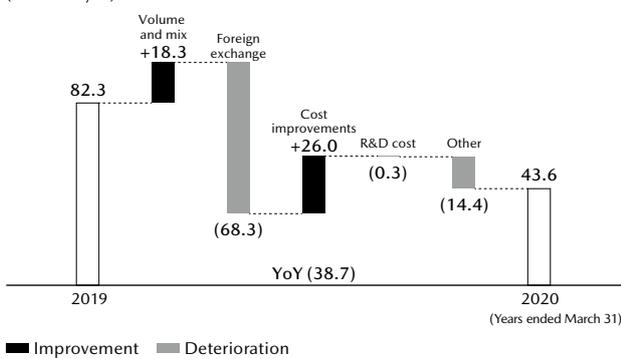


## Operating Income

Operating income declined ¥38.7 billion, or 47.0%, to ¥43.6 billion. This decline in profits was mainly due to the ongoing appreciation of the yen in almost all currencies, despite the continuous promotion of cost-improvement initiatives, reduced marketing expenses, and improved per-unit profit contributing to an increase in profits. As a result, the consolidated operating income ratio declined 1.0 percentage point, to 1.3%.

### Operating Income Change

(Billions of yen)

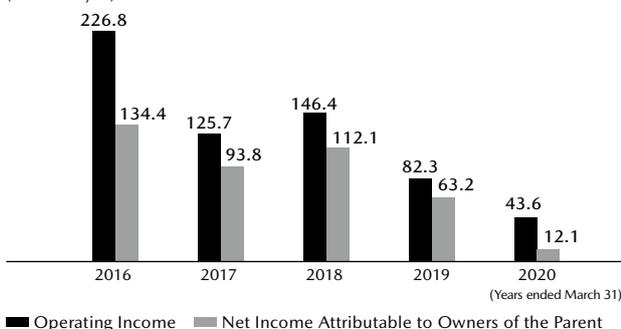


## Ordinary Income and Net Income Attributable to Owners of the Parent

Ordinary income fell ¥63.0 billion, or 54.3%, to ¥53.1 billion, owing principally to the recording of a ¥19.7 billion gain from equity in net income of affiliated companies. Net income attributable to owners of the parent declined ¥51.1 billion, or 80.8%, to ¥12.1 billion. This was due to tax expenses, including a partial reversal of deferred tax assets, of ¥35.2 billion.

### Operating Income / Net Income Attributable to Owners of the Parent

(Billions of yen)



## Capital Expenditures and R&D Costs

Capital expenditures (including intangible assets) totaled ¥132.6 billion. This included investment for future growth such as capital expenditures in new-generation products, environmental and safety technologies, and reinforcement of the global production system.

By segment, capital expenditures totaled ¥89.2 billion in Japan, and was mainly focused on new-generation products, environmental and safety technologies, and increased production capacity at the Hiroshima and Hofu plants. In North America, ¥38.2 billion was invested in production facilities in the Mexico Plant and construction of a new plant in the United States. In Europe, capital expenditures totaled ¥1.7 billion, and totaled ¥3.5 billion in other regions. Additionally, Mazda is not implementing the disposal or sale of any major facilities in any segment.

R&D costs totaled ¥135.0 billion, for the research and development of new-generation products and environmental and safety technologies.

## Financial Position

Total assets as of March 31, 2020 came to ¥2,787.6 billion, down ¥90.0 billion from the end of the previous fiscal year. This was due to decreases in cash and cash equivalents (total amount of cash and deposits, as well as securities), and accounts receivable-trade, in response to an increase in property, plant and equipment.

Total liabilities amounted to ¥1,581.8 billion, a decrease of ¥62.4 billion from the end of the previous fiscal year, owing to a fall in accounts payable-trade. Interest-bearing debt increased ¥12.8 billion, to ¥619.9 billion, owing to such factors as procuring long-term loans for such purposes as capital expenditures.

Net assets amounted to ¥1,205.8 billion, a decrease of ¥27.6 billion, reflecting net income attributable to owners of the parent of ¥12.1 billion and the cash dividends of ¥22.0 billion. The equity ratio increased 0.3 percentage points from the end of the previous fiscal year to 42.1% (percentage after consideration of the equity credit attributes of the subordinated loan was 43.4%).

## Cash Flows

Cash and cash equivalents as of March 31, 2020 decreased ¥133.6 billion from the end of the previous fiscal year, to ¥568.0 billion. Interest-bearing debt as of March 31, 2020 grew ¥12.8 billion from the end of the previous fiscal year to ¥619.9 billion. As a result, after subtracting cash and cash equivalents from the interest-bearing debt, net interest-bearing debt amounted to ¥51.9 billion.

## BUSINESS RESULTS, FINANCIAL POSITION, AND CASH FLOWS

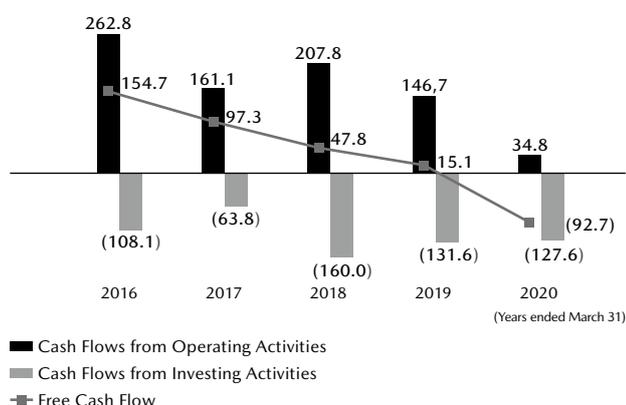
Net cash provided by operating activities was ¥34.8 billion, compared with ¥146.7 billion in the previous fiscal year, reflecting income before income taxes of ¥49.3 billion partially offset by an increase in inventories.

Net cash used in investing activities was ¥127.6 billion, compared with ¥131.6 billion in the previous fiscal year, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥107.5 billion.

As a result, consolidated free cash flow (net of operating and investment activities) was negative ¥92.7 billion, compared with the previous fiscal year's positive free cash flow of ¥15.1 billion.

Net cash used in financing activities was ¥24.3 billion, compared with net cash provided by financing activities of ¥83.4 billion in the previous fiscal year, mainly reflecting the dividends payable and the repayments of long-term loans, which was partially offset by issuance of bonds and funding from long-term loans for capital expenditures.

**Cash Flows**  
(Billions of yen)



### Liquidity and Source of Funds

In order for the Mazda Group to reliably secure the funds needed for business activities, the Company is striving to create cash flows. Furthermore, the Company is procuring the necessary funds through bank borrowing and issuance of bonds, for the purpose of allocating the capital expenditures necessary for manufacturing and selling automobiles and parts.

In terms of liquidity management of funds, the Company manages risks by creating a cash management plan that is updated in a timely manner, and maintains a certain level of liquidity on hand in order to respond to sudden changes in the external environment.

Additionally, in preparation for the business fund risks associated with the global outbreak of COVID-19, the Company has procured a total of ¥290.0 billion in loans from correspondent financial institutions in the period between April 30, 2020 and June 22, 2020.

### Basic Dividend Policy, Dividends for the March 2020 and March 2021 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.

For the fiscal year March 2020, 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 the fiscal year March 2021, we will forego dividend payout after giving full consideration to the business performance trends for this fiscal year and the possible financial risks that may materialize due to the COVID-19 crisis.

### Forecast for Fiscal Year March 2021

Even though the business environment continues to be uncertain due to the impact of the COVID-19 outbreak, we forecast for the fiscal year March 2021 under the assumption that demand for automobiles will gradually recover. While aiming to steadily recover sales in line with the recovery of demand, we are working thoroughly to reduce fixed costs and minimize the effects of the COVID-19 crisis.

The forecast for consolidated earnings and global sales volume are as follows.

### Consolidated Financial Forecasts

(Billions of yen)

	Fiscal Year March 2021	YoY
Net sales	2,850.0	(16.9)%
Operating income	(40.0)	—
Ordinary income	(34.0)	—
Net income attributable to owners of the parent	(90.0)	—
Foreign exchange rates (Yen)		
U.S. dollars	107	(2)
Euro	120	0

### Global Sales Volume

(Thousands of units)

	Fiscal Year March 2021	YoY
Japan	184	(9.1)%
North America	383	(3.5)%
Europe	196	(25.7)%
China	261	+23.3 %
Other markets	276	(20.1)%
Total	1,300	(8.4)%

## 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 the fiscal year March 2020, 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 the fiscal year March 2020.

### Risks Associated with the External Environment

#### 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 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.

#### 4 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.

#### 5 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

Furthermore, the Group's business results and financial position could be adversely affected by the regulatory measures related to COVID-19 that may be put in place by various countries to prevent future outbreaks.

## BUSINESS RISKS

### **6 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, torrential rains, flood, fire, or other accident, which could adversely affect the Group's business results and financial position.

### **7 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 upon 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.

## **Risks Associated with Business Activities**

### **8 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.

### **9 Market Competitiveness**

The Group competes with a large number of companies in automobile markets all around 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, including declines in market share or product prices, in the event that it fails to accurately ascertain market trends or launch appealing products at opportune times, 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 through its dealership network or sales methods.

### **10 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.

### **11 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.

**12 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.

**13 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.

**14 Forecasts**

In November 2019, the Group announced a new Medium-Term Management Plan (from the fiscal year March 2020 through to the fiscal year March 2025). 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 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
<b>Current assets:</b>			
Cash and cash equivalents	¥ 701,624	¥ 567,994	\$ 5,210,954
Trade notes and accounts receivable (Note 4)	192,701	169,007	1,550,523
Inventories (Notes 7 and 9)	428,536	441,305	4,048,670
Other current assets	144,269	137,276	1,259,413
Allowance for doubtful receivables	(1,052)	(970)	(8,899)
Total current assets	1,466,078	1,314,612	12,060,661
<b>Property, plant and equipment:</b>			
Land (Note 8)	404,808	418,104	3,835,817
Buildings and structures	534,108	538,522	4,940,569
Machinery, equipment and vehicles	895,023	912,946	8,375,651
Tools, furniture and fixtures	256,543	276,761	2,539,092
Leased assets	11,704	27,632	253,505
Construction in progress	58,319	78,357	718,871
	2,160,505	2,252,322	20,663,505
Accumulated depreciation	(1,149,949)	(1,179,808)	(10,823,927)
Net property, plant and equipment (Notes 9 and 17)	1,010,556	1,072,514	9,839,578
<b>Intangible assets (Note 17)</b>	36,226	40,097	367,862
<b>Investments and other assets:</b>			
Investment securities (Note 4):			
Affiliated companies	151,951	152,011	1,394,596
Other	64,377	61,989	568,706
Long-term loans receivable (Note 4)	5,351	6,807	62,450
Asset for retirement benefits (Note 19)	3,945	3,736	34,275
Deferred tax assets (Note 20)	106,854	91,829	842,468
Other investments and other assets	32,806	44,438	407,689
Allowance for doubtful receivables	(531)	(393)	(3,606)
Total investments and other assets	364,753	360,417	3,306,578
<b>Total assets</b>	¥ 2,877,613	¥ 2,787,640	\$ 25,574,679

See the accompanying notes on our official website. <https://www.mazda.com/en/investors/library/annual/>

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
<b>Current liabilities:</b>			
Short-term debt (Notes 4 and 9)	¥ 124,484	¥ 121,364	\$ 1,113,431
Long-term debt due within one year (Notes 4 and 9)	51,103	41,614	381,780
Trade notes and accounts payable (Note 4)	432,669	364,784	3,346,642
Income taxes payable	9,877	16,022	146,991
Accrued expenses (Note 4)	264,154	257,492	2,362,312
Reserve for warranty expenses	98,267	87,168	799,706
Other current liabilities	42,527	44,499	408,248
Total current liabilities	1,023,081	932,943	8,559,110
<b>Non-current liabilities:</b>			
Long-term debt due after one year (Notes 4 and 9)	431,464	456,890	4,191,651
Deferred tax liability related to land revaluation (Note 8)	64,553	64,553	592,229
Liability for retirement benefits (Note 19)	69,691	75,874	696,092
Other non-current liabilities (Note 20)	55,383	51,534	472,790
Total non-current liabilities	621,091	648,851	5,952,762
Total liabilities	1,644,172	1,581,794	14,511,872
<b>Contingent liabilities (Note 10)</b>			
<b>Net assets:</b>			
Capital and retained earnings (Note 12):			
Common stock	283,957	283,957	2,605,110
Authorized: 1,200,000,000 shares			
Issued: 631,803,979 shares in 2019 and 2020			
Capital surplus	264,913	264,917	2,430,431
Retained earnings	562,904	552,993	5,073,330
Treasury stock (2,043,857 shares in 2019 and 2,017,360 shares in 2020)	(2,215)	(2,186)	(20,055)
Total capital and retained earnings	1,109,559	1,099,681	10,088,816
Accumulated other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	4,008	2,231	20,468
Deferred gains/(losses) on hedges	804	321	2,945
Land revaluation (Note 8)	145,574	145,574	1,335,541
Foreign currency translation adjustment	(34,762)	(48,256)	(442,716)
Accumulated adjustments for retirement benefits	(21,921)	(24,604)	(225,725)
Total accumulated other comprehensive income	93,703	75,266	690,513
Stock acquisition rights (Note 13)	255	290	2,661
Non-controlling interests	29,924	30,609	280,817
Total net assets	1,233,441	1,205,846	11,062,807
<b>Total liabilities and net assets</b>	<b>¥2,877,613</b>	<b>¥2,787,640</b>	<b>\$25,574,679</b>



## Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
<b>Net income</b>	¥ 66,453	¥ 14,105	\$ 129,404
<b>Other comprehensive income/(loss):</b>			
Net unrealized gain/(loss) on available-for-sale securities	(4,766)	(1,765)	(16,193)
Deferred gains/(losses) on hedges	567	(530)	(4,862)
Foreign currency translation adjustment	(1,665)	(15,855)	(145,459)
Adjustments for retirement benefits	(5,271)	(2,641)	(24,229)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(4,152)	1,618	14,844
Total other comprehensive income/(loss)	(15,287)	(19,173)	(175,899)
<b>Comprehensive income</b>	¥ 51,166	¥ (5,068)	\$ (46,495)
<b>Comprehensive income/(loss) attributable to:</b>			
Owners of the parent	47,426	(6,306)	(57,853)
Non-controlling interests	3,740	1,238	11,358

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Mazda Motor Corporation and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2020

	Millions of yen				
	Capital and retained earnings				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
<b>April 1, 2018</b>	¥283,957	¥264,910	¥536,856	¥(2,230)	¥1,083,493
Cumulative effects of changes in accounting policies	—	—	(15,065)	—	(15,065)
<b>Restated balance</b>	<b>283,957</b>	<b>264,910</b>	<b>521,791</b>	<b>(2,230)</b>	<b>1,068,428</b>
<b>Increase/(decrease)</b>					
Dividends paid	—	—	(22,041)	—	(22,041)
Net income attributable to owners of the parent	—	—	63,155	—	63,155
Purchase of treasury stock	—	—	—	(2)	(2)
Sale of treasury stock	—	3	—	16	20
Changes in items other than capital and retained earnings, net	—	—	—	—	—
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>3</b>	<b>41,113</b>	<b>15</b>	<b>41,131</b>
<b>April 1, 2019</b>	¥283,957	¥264,913	¥562,904	¥(2,215)	¥1,109,559
Cumulative effects of changes in accounting policies	—	—	—	—	—
<b>Restated balance</b>	<b>283,957</b>	<b>264,913</b>	<b>562,904</b>	<b>(2,215)</b>	<b>1,109,559</b>
<b>Increase/(decrease)</b>					
Dividends paid	—	—	(22,042)	—	(22,042)
Net income attributable to owners of the parent	—	—	12,131	—	12,131
Purchase of treasury stock	—	—	—	(1)	(1)
Sale of treasury stock	—	3	—	30	33
Changes in items other than capital and retained earnings, net	—	—	—	—	—
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>3</b>	<b>(9,911)</b>	<b>29</b>	<b>(9,878)</b>
<b>March 31, 2020</b>	<b>¥283,957</b>	<b>¥264,917</b>	<b>¥552,993</b>	<b>¥(2,186)</b>	<b>¥1,099,681</b>

	Millions of yen								
	Accumulated other comprehensive income/(loss)								
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total	Stock acquisition rights	Non-controlling interests	Total net assets
<b>April 1, 2018</b>	¥ 8,786	¥ 305	¥145,574	¥(28,576)	¥(16,657)	¥109,432	¥183	¥26,362	¥1,219,470
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	(28)	(15,093)
<b>Restated balance</b>	<b>8,786</b>	<b>305</b>	<b>145,574</b>	<b>(28,576)</b>	<b>(16,657)</b>	<b>109,432</b>	<b>183</b>	<b>26,334</b>	<b>1,204,377</b>
<b>Increase/(decrease)</b>									
Dividends paid	—	—	—	—	—	—	—	—	(22,041)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	—	63,155
Purchase of treasury stock	—	—	—	—	—	—	—	—	(2)
Sale of treasury stock	—	—	—	—	—	—	—	—	20
Changes in items other than capital and retained earnings, net	(4,778)	499	—	(6,186)	(5,264)	(15,729)	72	3,590	(12,068)
<b>Total changes during the fiscal year</b>	<b>(4,778)</b>	<b>499</b>	<b>—</b>	<b>(6,186)</b>	<b>(5,264)</b>	<b>(15,729)</b>	<b>72</b>	<b>3,590</b>	<b>29,064</b>
<b>April 1, 2019</b>	¥ 4,008	¥ 804	¥145,574	¥(34,762)	¥(21,921)	¥ 93,703	¥255	¥29,924	¥1,233,441
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
<b>Restated balance</b>	<b>4,008</b>	<b>804</b>	<b>145,574</b>	<b>(34,762)</b>	<b>(21,921)</b>	<b>93,703</b>	<b>255</b>	<b>29,924</b>	<b>1,233,441</b>
<b>Increase/(decrease)</b>									
Dividends paid	—	—	—	—	—	—	—	—	(22,042)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	—	12,131
Purchase of treasury stock	—	—	—	—	—	—	—	—	(1)
Sale of treasury stock	—	—	—	—	—	—	—	—	33
Changes in items other than capital and retained earnings, net	(1,777)	(483)	—	(13,494)	(2,683)	(18,437)	35	685	(17,716)
<b>Total changes during the fiscal year</b>	<b>(1,777)</b>	<b>(483)</b>	<b>—</b>	<b>(13,494)</b>	<b>(2,683)</b>	<b>(18,437)</b>	<b>35</b>	<b>685</b>	<b>(27,595)</b>
<b>March 31, 2020</b>	<b>¥ 2,231</b>	<b>¥ 321</b>	<b>¥145,574</b>	<b>¥(48,256)</b>	<b>¥(24,604)</b>	<b>¥ 75,266</b>	<b>¥290</b>	<b>¥30,609</b>	<b>¥1,205,846</b>

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## Thousands of U.S. dollars (Note 1)

	Capital and retained earnings				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
<b>April 1, 2019</b>	\$2,605,110	\$2,430,394	\$5,164,257	\$(20,321)	\$10,179,440
Cumulative effects of changes in accounting policies	—	—	—	—	—
<b>Restated balance</b>	<b>2,605,110</b>	<b>2,430,394</b>	<b>5,164,257</b>	<b>(20,321)</b>	<b>10,179,440</b>
<b>Increase/(decrease)</b>					
Dividends paid	—	—	(202,220)	—	(202,220)
Net income attributable to owners of the parent	—	—	111,294	—	111,294
Purchase of treasury stock	—	—	—	(9)	(9)
Sale of treasury stock	—	37	—	275	312
Changes in items other than capital and retained earnings, net	—	—	—	—	—
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>37</b>	<b>(90,927)</b>	<b>266</b>	<b>(90,624)</b>
<b>March 31, 2020</b>	<b>\$2,605,110</b>	<b>\$2,430,431</b>	<b>\$5,073,330</b>	<b>\$(20,055)</b>	<b>\$10,088,816</b>

## Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income/(loss)								
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total	Stock acquisition rights	Non-controlling interests	Total net assets
<b>April 1, 2019</b>	\$ 36,771	\$ 7,376	\$1,335,541	\$(318,917)	\$(201,110)	\$ 859,661	\$2,339	\$274,532	\$11,315,972
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
<b>Restated balance</b>	<b>36,771</b>	<b>7,376</b>	<b>1,335,541</b>	<b>(318,917)</b>	<b>(201,110)</b>	<b>859,661</b>	<b>2,339</b>	<b>274,532</b>	<b>11,315,972</b>
<b>Increase/(decrease)</b>									
Dividends paid	—	—	—	—	—	—	—	—	(202,220)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	—	111,294
Purchase of treasury stock	—	—	—	—	—	—	—	—	(9)
Sale of treasury stock	—	—	—	—	—	—	—	—	312
Changes in items other than capital and retained earnings, net	(16,303)	(4,431)	—	(123,799)	(24,615)	(169,148)	322	6,285	(162,532)
<b>Total changes during the fiscal year</b>	<b>(16,303)</b>	<b>(4,431)</b>	<b>—</b>	<b>(123,799)</b>	<b>(24,615)</b>	<b>(169,148)</b>	<b>322</b>	<b>6,285</b>	<b>(253,165)</b>
<b>March 31, 2020</b>	<b>\$ 20,468</b>	<b>\$ 2,945</b>	<b>\$1,335,541</b>	<b>\$(442,716)</b>	<b>\$(225,725)</b>	<b>\$ 690,513</b>	<b>\$2,661</b>	<b>\$280,817</b>	<b>\$11,062,807</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Mazda Motor Corporation and Consolidated Subsidiaries  
Years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2019	2020	2020
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 107,567	¥ 49,282	\$ 452,128
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:			
Depreciation and amortization	88,443	92,269	846,505
Impairment loss	1,149	797	7,312
Increase/(decrease) in allowance for doubtful receivables	(7)	(62)	(569)
Increase/(decrease) in reserve for warranty expenses	(6,168)	(11,099)	(101,826)
Increase/(decrease) in liability for retirement benefits	(4,787)	2,669	24,486
Interest and dividend income	(7,127)	(7,449)	(68,339)
Interest expense	5,945	6,132	56,257
Equity in net loss/(income) of affiliated companies	(30,688)	(19,714)	(180,862)
Loss/(gain) on sale and retirement of property, plant and equipment, net	5,249	3,536	32,440
Loss/(gain) on sale of investment securities, net	(1,730)	(413)	(3,789)
Decrease/(increase) in trade notes and accounts receivable	29,875	18,334	168,202
Decrease/(increase) in inventories	(33,536)	(50,871)	(466,706)
Decrease/(increase) in other current assets	(12,430)	14,403	132,138
Increase/(decrease) in trade notes and accounts payable	15,056	(61,553)	(564,706)
Increase/(decrease) in other current liabilities	10,060	(4,130)	(37,890)
Other	(13,080)	(2,750)	(25,231)
Subtotal	153,791	29,381	269,550
Interest and dividends received	37,169	30,766	282,257
Interest paid	(5,995)	(6,226)	(57,119)
Income taxes refunded/(paid)	(38,275)	(28,078)	(257,596)
Refund of income taxes for prior periods	—	8,991	82,486
Net cash provided by/(used in) operating activities	146,690	34,834	319,578
<b>Cash flows from investing activities:</b>			
Net decrease/(increase) in time deposits	9,277	60	550
Purchase of investment securities	(19,504)	(5,620)	(51,560)
Proceeds from sales and redemption of investment securities	2,722	1,063	9,752
Acquisition of property, plant and equipment	(110,185)	(107,549)	(986,688)
Proceeds from sale of property, plant and equipment	2,910	1,476	13,541
Acquisition of intangible assets	(10,468)	(14,809)	(135,862)
Net decrease/(increase) in short-term loans receivable	(110)	274	2,514
Payments of long-term loans receivable	(4,614)	(2,748)	(25,211)
Collections of long-term loans receivable	338	239	2,193
Other	(1,977)	36	331
Net cash provided by/(used in) investing activities	(131,611)	(127,578)	(1,170,440)
<b>Cash flows from financing activities:</b>			
Net increase/(decrease) in short-term debt	25,486	(15)	(138)
Proceeds from long-term debt	157,798	51,160	469,358
Repayments of long-term debt	(77,696)	(52,857)	(484,927)
Cash dividends paid	(22,041)	(22,042)	(202,220)
Cash dividends paid to non-controlling interests	(154)	(552)	(5,064)
Net decrease/(increase) in treasury stock	18	32	294
Net cash provided by/(used in) financing activities	83,411	(24,274)	(222,697)
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	(1,720)	(16,612)	(152,404)
<b>Net increase/(decrease) in cash and cash equivalents</b>	96,770	(133,630)	(1,225,963)
<b>Cash and cash equivalents at beginning of the period</b>	604,854	701,624	6,436,917
<b>Cash and cash equivalents at end of the period</b>	¥ 701,624	¥ 567,994	\$ 5,210,954

See the accompanying notes on our official website. <https://www.mazda.com/en/investors/library/annual/>

## CORPORATE DATA (As of March 31, 2020)

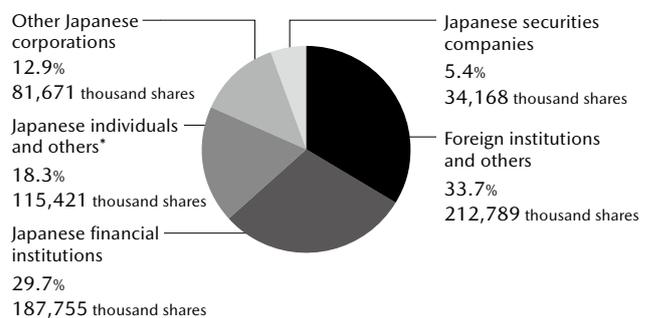
Name:	Mazda Motor Corporation
Founded:	January 1920
Head Office:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan Phone: +81 (82) 282-1111
Main business lines:	Manufacture and sales of passenger cars and commercial vehicles
Capital:	¥284.0 billion
Number of employees:	50,479 (consolidated)
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: 212 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, 2020)

Authorized:	1,200,000,000 shares
Issued:	631,803,979 shares
Number of shareholders:	148,222
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



\* Treasury stock is included in Japanese individuals and others.

## Introduction to Other Tools

## Mazda Sustainability Report

<https://www.mazda.com/en/csr/report/download/>

## Mazda in Brief

<https://www.mazda.com/en/about/profile/library/>

## Please Visit Our Official Website



## Investor Relations

Includes the president's message,  
financial results, presentation documents  
<https://www.mazda.com/en/investors/>



## CSR

Includes environmental protection, social  
contributions, approaches to safety  
<https://www.mazda.com/en/csr/>



## About Mazda

Includes Mazda Corporate Vision,  
Company profile  
<https://www.mazda.com/en/about/>

## For Inquiries

For inquiries concerning this annual report, please contact:  
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Mazda Motor Corporation  
3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima 730-8670, Japan  
Phone: +81 (82) 282-1111

## Major Shareholders

Shareholder	No. of Shares Owned (Thousand shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust)	39,825	6.3
Toyota Motor Corporation	31,928	5.1
Japan Trustee Services Bank, Ltd. (Trust)	30,219	4.8
Japan Trustee Services Bank, Ltd. (Trust 9)	15,699	2.5
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	12,389	2.0
Japan Trustee Services Bank, Ltd. (Trust 5)	12,002	1.9
Sumitomo Mitsui Banking Corporation	10,191	1.6
JP MORGAN CHASE BANK 385151	10,094	1.6
Japan Trustee Services Bank, Ltd. (Trust 7)	9,523	1.5
THE BANK OF NEW YORK MELLON 140051	9,067	1.4

Note: Treasury stock of 2,010,576 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.

MAZDA MOTOR CORPORATION