February 4, 2021

(For your information)

Mazda Motor Corporation
FY MARCH 2021 THIRD QUARTER FINANCIAL RESULTS
MAIN Q&A

1. **Please summarize FY March 2021 nine month results.**

   Global sales volume in the first nine months were 930,000 units, down 16% year on year. On a quartery basis, sales for the third quarter were down 6%, showing a steady recovery from a 31% decline for the first quarter and a 12% decline for the second quarter. For the third quarter, sales in the US, Australia and ASEAN increased year on year mainly due to the net increase of the CX-30 launched in the previous fiscal year and strong sales of crossover SUVs, partially offsetting the decline in Europe caused by the impact from lockdowns, etc.

   For the first nine months, net sales were ¥1,959.5 billion, operating loss was ¥32.0 billion, and net loss attributable to owners of the parent was ¥78.2 billion. For the three months in the third quarter, we have continued to focus on sales recovery, fixed cost reduction, and variable profit improvement. As a result, we achieved positive quarterly profit at all profit levels with operating profit of ¥20.9 billion and net income attributable to owners of the parent of ¥14.8 billion.

2. **Please explain why full-year forecast was revised upward.**

   As profit in the third quarter has improved smoothly, we have decided to revise the full-year forecast upward, and operating profit is projected to break-even, improving by ¥40 billion from November forecast. Main factors for the improvement include lower marketing expense, market & carline mix improvement strengthened efforts to cut fixed costs. We are striving for permanent structural fixed cost reduction with improvements of advertisement costs by shifting to digital marketing, quality-related costs with stabilized initial quality for the new generation of products, etc.

   We have started structural reform but we will accelerate the efforts to reduce fixed costs in all areas as well as variable costs. These efforts will enable us to build up a corporate structure that can ride out the changes of the business environment moving forward.

3. **You shared your endeavor for carbon neutrality. Are there any changes in your policies?**

   We shared our thoughts in 2018 that it was important to offer multiple solutions for electrification to reduce CO2 emissions during the vehicle's entire lifecycle in addition to the Well-to-Wheel perspective which includes extraction and refinery of fuels. Also, we announced a plan to electrify all vehicles Mazda produces by 2030. Based on our plan, we have already introduced both a Mild Hybrid and an EV, and we would introduce Plug-in Hybrids and multiple electrification technology utilizing Rotary Engine in 2022. Moreover, we change the quality of our investment in and after 2023, we will shift investments to development of EV-exclusive platforms and promote investments to make production plants and offices carbon neutral to achieve zero CO2 emissions from manufacturing processes. While we will prepare to make our multi-solutions into reality, we will accelerate actions toward carbon neutrality, in response to global trends. Mazda will endeavor to achieve carbon neutrality by 2050.

4. Please explain why sales in the US and Australia are strong.

In the US, our continuous efforts to reform the sales network and enhance sales finance are bearing fruit as a strengthened business foundation including enhancement of customer experience, reduced marketing expenses and improvement of residual value. Regarding products, sales of the newly added CX-30 and crossover SUVs such as the CX-5 and the CX-9 have been strong. As the most important market, we will strive for improvement of sales quality and volume growth at the same time in the US.

In Australia, we have been strong in branding and had robust dealer network and customer base. The main reasons for strong sales include adequate inventory supply in anticipation of demand recovery and strong sales of the CX-8, to which a gasoline model was added, as well as the newly launched CX-30. We have also reinforced sales finance.

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