

(Reference information)

Mazda Motor Corporation
FY MARCH 2022 FINANCIAL RESULTS
MAIN Q&A

1. Please summarize FY March 2022 results.

Global sales volume for FY March 2022 was down 3% from the prior year to 1,251,000 units.

Consolidated wholesales increased 1,000 units year on year to 991,000 units, operating profit was ¥104.2 billion, and net income attributable to owners of the parent was at ¥81.6 billion. We were able to achieve a ¥100 billion-level year-on-year improvement in operating profit and other profit items thanks to steady improvement in sales quality and fixed cost efficiencies to achieve the plan, despite the deteriorating business environment caused by the impact of production cuts and a raw material price hikes, etc. We have been striving to solidify our business foundation over the last three years, and we think the fruit of our business structural reform efforts became visible in the last fiscal year, which was the final year of those three years, thanks to concerted efforts of our partner companies including our suppliers, dealers, and employees despite the severe business environment.

2. Please explain FY March 2023 forecast.

Global sales volume for FY March 2023 is forecast to be 1,349,000 units, up 8% year on year. We will continue and enhance improvements in the quality of sales and launch our new CX-50 and CX-60 to accelerate volume growth.

The consolidated wholesales volume is projected at 1.18 million units, up 19% year on year, net sales are projected at ¥3.8 trillion, up 22% year on year, operating profit at ¥120 billion, up 15% year on year, and net income attributable to owners of the parent at ¥80 billion. Although the business environment remains uncertain due mainly to semiconductor shortages and the lockdown in China due to Covid-19, we will leverage new product launches to accelerate volume growth, continue to drive cost improvement, and further strengthen our earnings structure to achieve profit growth.

3. What is the impact of raw material price hikes and what are your countermeasures?

In FY March 2023, the impact of hikes in raw material prices and semiconductor costs of approximately ¥90.0 billion and logistic cost increase of approximately ¥30.0 billion will be partially offset by cost improvement of approximately ¥45 billion. Against precious metal price hikes, we have been working since last year to develop technologies to reduce the use of amount and to switch to relatively inexpensive alternatives. Some of these were already reflected into our plan. As there is no quick remedy for raw material price surge, we will continue and accelerate our cost reduction efforts.

4. Please explain introduction and pre-order status of CX-50 and CX-60, the first Large product.

Production of the CX-50 started in January at the new US plant and its sales started in April in USA. We will ensure the success of the CX-50, as a key driver of business growth in the US. The CX-60, the first offering of our Large Products, was announced in Europe in March and in Japan in April, and it will be launched globally in stages. In Europe, we started accepting pre-orders for the model equipped with PHEV, in March and the level of pre-orders has been exceeding our plan.

Since we invested in raising brand value, we want to see the fruits of our efforts and ensure they contribute to higher profits.

5. What are your predictions regarding external risks such as semiconductor supply or COVID-19 situation?

This fiscal year is the first year of the growth phase of the Medium-Term Management Plan. Considering strong media reputation for CX-50 and CX-60 and their initial market response, the CX-5 and other models receiving product updates, and low vehicle inventory levels, it is expected that the demand for production will greatly exceed the forecast at the beginning of the year. On the other hand, however, considering ongoing tight semiconductor supply and lockdowns in China, we are in a situation where we cannot produce enough vehicles to respond to the market demands. We are of the view that the loss from China's lockdowns can be recovered if the situation is resolved by the end of this month. Therefore, rather than thinking about how many units will be affected by external risks, we will focus on how we can produce more units and deliver as many units as possible to customers.

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