February 4, 2021

(For your information)

Mazda Motor Corporation

FISCAL YEAR MARCH 2021 THIRD QUARTER FINANCIAL RESULTS

(Speech Outline)

Tetsuya Fujimoto
Managing Executive Officer in charge of Finance

1. Fiscal Year March 2021 Nine Month Results

For the 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, operating profit was ¥20.9 billion, and net income attributable to owners of the parent was ¥14.8 billion. We achieved positive quarterly profit at all profit levels. Average exchange rates were ¥106 to the US dollar, ¥3 stronger than the prior year, and ¥122 to Euro, ¥1 weaker than the prior year. Consolidated wholesales volume was 665,000 units, down 250,000 units year on year. Although the degree of recovery varies by market, wholesales have recovered to almost the same level as the previous year in the third quarter.

I will now explain the factors behind the year-on-year operating profit change of ¥64.3 billion. Volume and mix deteriorated by ¥122.7 billion due to declines in wholesales volume by 250,000 units and reduced parts and accessory sales. Other sales-related factors had a negative profit impact of ¥16.4 billion due to environmental regulation compliance costs, reduced OEM vehicle supply and low use of Thailand plant. Foreign exchange deteriorated by ¥6.9 billion as the Canadian dollar and emerging market currencies appreciated against the yen. Variable costs improved by ¥200 million despite the impact from price increases of raw materials including precious metals which was offset by cost improvement. Other fixed costs improved by ¥61 billion. With continued efforts to improve efficiency, advertisement costs decreased by about ¥25 billion and R&D costs improved by ¥8 billion. Quality-related costs decreased by around ¥20 billion as the initial quality of new-generation products has stabilized. In the first quarter, a ¥20.5 billion production loss resulting from suspension of operations was transferred to extraordinary loss.

Global sales volume in the first nine months was 930,000 units, down 16% year on year.
For the three months in the third quarter, sales were down 6% year on year. While sales significantly declined in Europe, sales in the US, Australia and ASEAN achieved year-on-year growth. In addition to the net increase of the CX-30 launched in the previous fiscal year, crossover SUV demand bounced back globally and contributed to the volume growth.
I will talk about sales performance in key markets.

In Japan, sales were 114,000 units, down 18% year on year. Market share declined 0.3 points year on year to 3.5%. Registered vehicle market share was down 0.4 points year on year to 4.4%.
We updated key models in and after October. We increased engine power and introduced new-generation Mazda Connect, making continuous efforts to strengthen marketability.
The MX-30, launched this fiscal year, was very well received by our customers, and won the Design Car of the Year award in December.

Sales in North America were 292,000 units, down 4% year on year. Sales in the US were 211,000 units, up 2% year on year. Market share increased 0.3 points year on year to 1.9%. Sales increased from the prior year thanks to the newly added CX-30 and strong sales of crossover SUVs such as the CX-5 and the CX-9, as well as contributions from the enhancements of sales network and sales finance. Sales in Canada were 47,000 units, down 12% year on year, and sales in Mexico were 33,000 units, down 24% year on year.

Sales in Europe were 135,000 units, down 38% year on year. Market share declined 0.3 points year on year to 1.1%. Sales decreased significantly, partially due to the optimization of volume and mix in order to meet environmental regulations, in addition to the impact from lockdowns due to COVID-19. Sales of the MX-30 EV model, introduced in September, have been strong and approximately 10,000 units were sold as of the end of December. Sales in Germany were 34,000 units, down 36% year on year. Sales in the UK were 16,000 units, down 43%. Sales in Russia were 19,000 units, down 22%.

Sales in China were 178,000 units, up 2% year on year. Market share declined 0.1 points year on year to 0.8%. Sales of crossover SUVs such as the CX-4 and the CX-5 increased from the previous year. In addition, the CX-30, launched this fiscal year, contributed to sales growth.

Sales in other markets were 211,000 units, down 22% year on year.
Sales in Australia were 65,000 units, down 6% year on year. Market share increased 0.8 points year on year to 9.5%. In addition to the newly launched CX-30, sales of the CX-8, to which a gasoline model was added, recovered smoothly, resulting in a large year-on-year sales recovery by 35% in the last three months.
Sales in ASEAN were 65,000 units, down 21% year on year. Sales in the last three months were up 15% year on year, showing a recovery trend.

2. Fiscal Year March 2021 Full Year Forecast

As profit in the third quarter has improved smoothly, we have decided to revise the full-year forecast upward. Net sales are projected at ¥2.9 trillion, and operating profit to break-even reflecting improvements of variable marketing expense and fixed costs. Net loss attributable to owners of the parent is expected to be ¥50 billion. Exchange assumptions are also updated to the latest rates.

I will explain the factors behind a ¥43.6 billion year-on-year change in the full year operating profit forecast.
Volume & mix is expected to deteriorate by ¥103.0 billion due to wholesale declines as well as reductions of parts & accessories and KD parts for China. Other sales-related factors will deteriorate by ¥25 billion, due to regulatory cost increase, OEM supply reduction, low use of Thai plant, etc. Foreign exchange is expected to deteriorate by ¥14 billion as the yen is stronger than the prior year mainly against the Canadian dollar and currencies in emerging nations.
Variable cost will improve by ¥7 billion due to cost improvements, despite the impact of raw material cost increase. Fixed cost and others are forecast to improve by ¥70.9 billion as we continue efforts, including about ¥30 billion improvement to advertisement cost as we pursue efficiency by shifting to digital marketing for example. R&D cost will reduce by ¥5 billion by improving efficiency through model based development. Quality-related cost will be reduced by approximately ¥20 billion, reflecting a return of expenses related to power steering litigation booked last year, the containment of quality concerns with the current generation of products, and the stabilization of initial quality for the new generation of products.

Let me explain factors behind the ¥40 billion operating profit change from November forecast.
Volume & mix is expected to improve by ¥27 billion because of sales mix improvement and variable marketing expense reduction. Other sales-related costs will also improve by ¥5 billion including the reduction of regulatory compliance costs. Foreign exchange is expected to improve by ¥6 billion reflecting revisions of assumption rates. Variable costs will deteriorate by ¥3 billion due to ongoing raw material price hikes such as precious metals. Fixed cost and others are expected to improve by ¥5 billion as we achieve plans to improve efficiency of every kind of costs and expenses.

Full-year global sales remain unchanged from November forecast at 1.3 million units, but we updated the breakdown by market.

Akira Marumoto
Representative Director, President and CEO

3. <u>Financial Results Summary</u>
As we saw a huge impact from the COVID-19 outbreak this fiscal year, we have continued to focus on sales recovery, fixed cost reduction, and variable profit improvement. As a result, in the three-month period in the third quarter, we achieved positive results in all profit levels.
Consolidated wholesales recovered to the level of the prior year at 296,000 units. Operating ROS was up 1.7 points year-on-year to 2.5%. We achieved better operating ROS than last year with the same volume level thanks to permanent structural fixed cost reduction, and variable margin improvement. We have made good progress to lower the break-even volume.

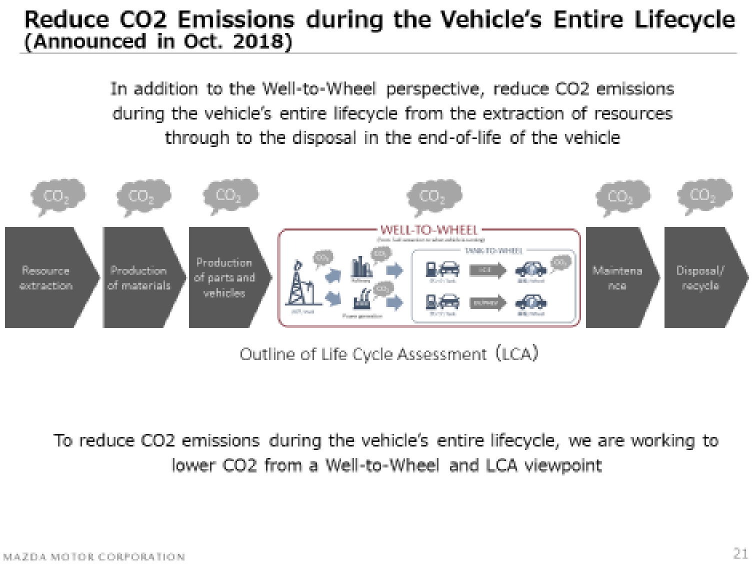
In the US, volume increase as well as reduction in variable marketing expenses were both achieved. Our efforts to reform the sales network and enhance sales finance are bearing fruit. Also about 10,000 units of MX-30 were sold in Europe as of December and we expect to meet European CO2 regulations with open pool for the 2020 calendar year. In the fourth quarter, mainly in the US market, we will further enhance our sales actions to sell more than last year. We will continue our efforts without losing the momentum to achieve 3% or higher operating ROS. 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.

4. <u>Endeavor for Carbon Neutrality by 2050</u>

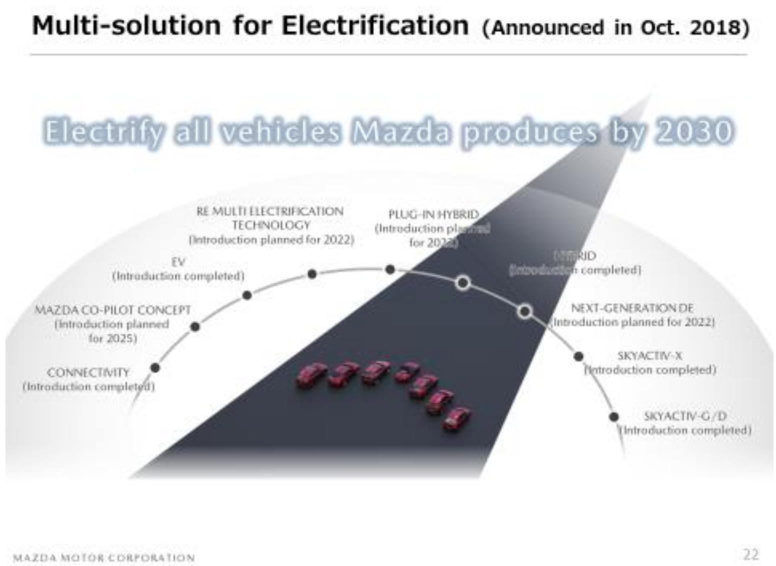
To achieve our Medium-term Management Plan, we are enhancing and accelerating our initiatives. From here, I would like to explain our thoughts and policy on the points we have to consider in the long-term. Please take this as an update of what we have said in the past.
Last year, the Japanese and new US governments announced their plans to call the whole world to be carbon neutral by 2050, followed by European countries and others.

I would like to speak about our endeavor for carbon neutrality by 2050.
As a quick recap, when we announced “Sustainable Zoom-Zoom 2030” in 2017 we said, “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.” We aim to “curb global warming” and to “deliver clean air without pollution” for global environment preservation.

At the Technical Briefing in 2018, we shared two important points. The first point was that it is important to assess CO2 reduction from a well-to-wheel viewpoint although many legislations and evaluations currently take a tank-to-wheel viewpoint.

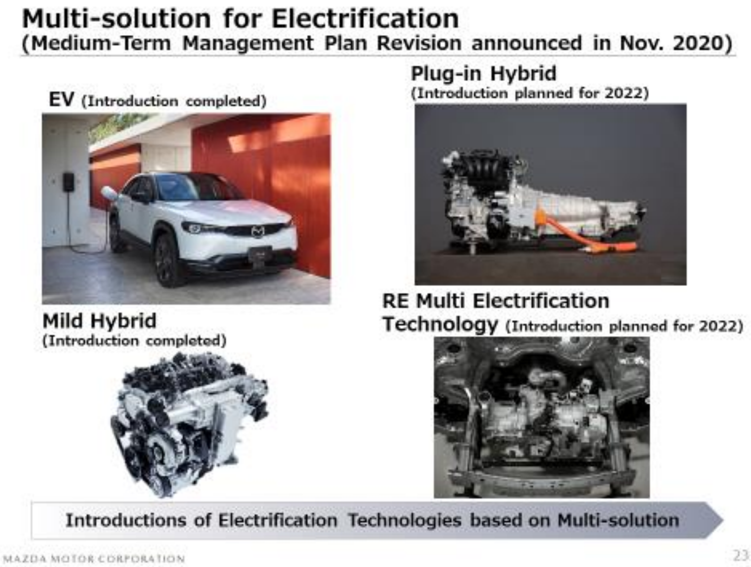


The second point was that it is important to offer multiple solutions for electrification to reduce well-to-wheel CO2 emissions depending on power generation / consumption backgrounds and different needs and desires of customers in different countries. Based on our building block strategy, Mazda announced a plan to electrify all vehicles Mazda produces by 2030 through developing and implementing electrification technologies in stages. We also announced a roll-out plan of electrification technologies.

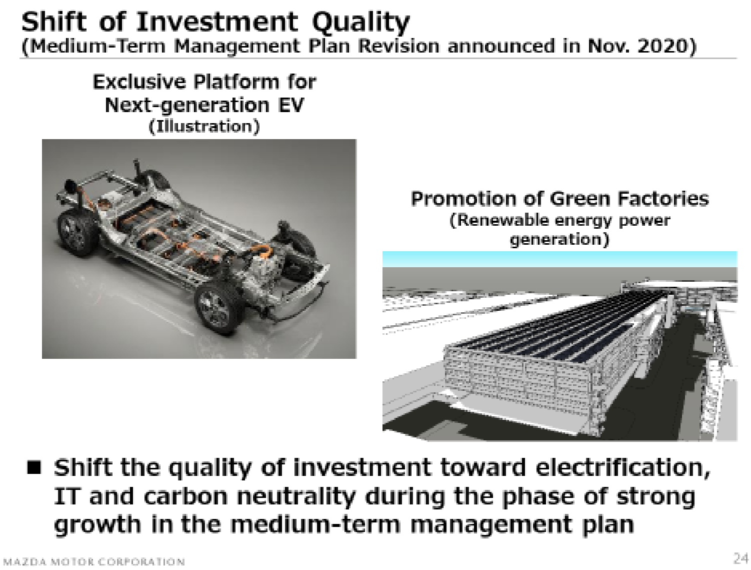


When we announced the Medium-term Management Plan Revision in November 2020, we touched upon the progress of the Multi-Solution Strategy announced in 2018. In 2020, we introduced both a Mild Hybrid and an EV. We also explained that in 2022 we would introduce Mild

Hybrids and Plug-in Hybrids for Large products, as well as multiple electrification technology utilizing Rotary Engine; and presented photographs of prototypes. Based on the announcement in 2018, we have developed and introduced step-by-step electrification technologies based on our Multi-Solution approach to multiple markets, largely according to plan.



In the Medium-term Management Plan Revision, we declared that we will shift the quality of our investments to compete in value creation during the CASE era. We will complete capital investment in general-purpose and mixed-model production facilities in consideration of new vehicles and electrification by 2022; and improve our product value through integrated control and other technologies and change the quality of our investment in and after 2023. To achieve zero CO2 emissions from manufacturing processes, we will promote investments to make production plants and offices carbon neutral. In parallel, we will shift investments to development of EV-exclusive platforms. In other words, we aim to achieve carbon neutrality from a LCA perspective.



Based on what we have planned and published so far, I now announce Mazda's endeavor for carbon neutrality by 2050.
While we prepare to make our multi-solutions into reality, we will accelerate actions toward carbon neutrality, in response to global trends. Actions by auto OEM alone are not enough but actions throughout the entire supply chain are inevitable for automotive-related Carbon Neutrality. We hope to gain support toward achieving carbon neutrality throughout our entire supply chain, in addition to energy policies as well as support for development, production and the spread of electrification.
Through these efforts, we will respond to government actions in each country and continue to pursue our original vision "to bring about a beautiful earth, to enrich people's lives as well as society, and to seek ways to inspire people through the value found in cars."

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