

(For your information)

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

1. Please summarize FY March 2022 Third Quarter Financial Results.

Global sales volume in the first nine months was 930,000 units, the same level with the prior year. The sales in the first half were better than the prior year, but due to shortages in the supply of parts caused by the increasing spread of Covid-19 in South East Asia and the continued shortages in supply of semiconductors, sales volume in the third quarter was lower than the prior year.

Consolidated net sales were 2 trillion 162.4 billion yen, operating profit was ¥63.7 billion, up ¥95.7 billion from the prior year, and net income attributable to owners of the parent was ¥29.4 billion, up ¥107.6 billion. Consolidated wholesale volume was up 3% year on year to 688,000 units, but as a result of our efforts for profit structure improvement from the second half of last year, each profit metric saw an improvement of about ¥100 billion. In the third quarter, due to the impact of production cuts, wholesale volume was down 30% year on year, and an increase in raw material prices negatively impacted profits. However, operating profit was ¥24 billion, up ¥3.1 billion year on year, as a result of profit improvement efforts for sales improvement, cost improvement and fixed cost efficiency. Net income attributable to owners of the parent remained positive at ¥5.5 billion. ¥8.9 billion was recognized as an extraordinary loss following the impact from production cuts due to increasing Covid-19 cases in South East Asia from August to October.

2. Please explain reasons for the upward revision of full year profit forecast.

Consolidated wholesale volume has been revised to 980,000 units from 1.03 million units of November's forecast as certain aspects of procurement remain uncertain. The forecast for operating profit has been revised upward to ¥82 billion from ¥65 billion, reflecting profit improvements achieved in the first nine months. Net income attributable to owners of the parent has been revised to ¥55 billion from ¥41 billion. Operating return on sales will improve to 2.6%. Steady progress has been made in lowering the break-even volume by increasing per-unit profit and streamlining fixed cost. Facing an increasingly tough business environment, we have enhanced profit improvement efforts in all areas, and substantial progress in changing to a solid profit structure for stronger growth has been made.

3. While the impact of production cuts due to semiconductor shortages continues, are you able to achieve full year global sales volume plan?

The full-year sales plan is revised down by 71,000 units from November forecast to 1.24 million units, by taking into account the impact of production cuts due to the increasing spread of Covid-19 and semiconductor shortages, and uncertainty of time to recover its supply.

As an uncertain environment will continues, we continue weekly monitoring of sales and inventory in every market. While trying to secure required stock for each market and not to keep the customers wait for their ordered vehicles too long, we aim to achieve the full year volume plan.

4. You plan to launch new models. Please tell us the launch schedule and your expectations on the new modes?

In the Medium-Term Management Plan, previous years were part of the solidifying business quality foundation stage. In 2022, we will introduce new products to build on the strength we established over the past years. The mass production of the CX-50, a new crossover SUV for the North American market, started in January at our new US plant in Huntsville, Alabama. We plan to launch the model in spring this year. The CX-50 is a model that serves as the driving force for Mazda's business growth in North America, incorporating North American consumer needs for outdoor-oriented design, functionality and utility.

Production of the CX-60, the first model of the Large Product lineup, will also start this fiscal year at Hofu Plant. The model delivers a high degree of driving pleasure and high-level emission performance and offers various options for electrified powertrains.

In addition to making continuous improvements to sales quality, we will move forth into the strong growth stage of the Medium-Tem Management Plan and accelerate efforts to realize the Medium-Term Management Plan, by expanding the crossover SUV product lineup with new model launches.

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