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Annual Securities Report

The 159th Fiscal Year

(From April 1, 2024 to March 31, 2025)

Mazda Motor Corporation

E02163

The 159th Fiscal Year (from April 1, 2024 to March 31, 2025)

Annual Securities Report

1. This is an English translation of the Annual Securities Report (“Yukashoken Hokokusho”) pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan, filed via the Electronic Disclosure for Investors’ Network (“EDINET”) system as set forth in Article 27-30-2 of the said Act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document, are English translations of the auditors’ report that was attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and confirmation letter that were filed at the same time as the Annual Securities Report.

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[Cover]

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Company name in English: Mazda Motor Corporation

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Part I Company Information

I. Company Overview

1. Key Financial Data and Trends

(1) Consolidated Financial Data

Fiscal year		155th	156th	157th	158th	159th
Year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(Millions of yen)	2,882,066	3,120,349	3,826,752	4,827,662	5,018,893
Ordinary income	(Millions of yen)	28,251	123,525	185,936	320,120	188,996
Net income/(loss) attributable to owners of the parent	(Millions of yen)	(31,651)	81,557	142,814	207,696	114,079
Comprehensive income	(Millions of yen)	20,457	129,823	165,465	332,132	94,339
Net assets	(Millions of yen)	1,195,830	1,316,697	1,456,801	1,757,378	1,810,029
Total assets	(Millions of yen)	2,917,414	2,968,148	3,259,251	3,791,768	4,090,081
Net assets per share	(Yen)	1,876.40	2,065.74	2,285.21	2,757.74	2,843.31
Net income (loss) per share	(Yen)	(50.26)	129.49	226.71	329.65	181.00
Diluted net income per share	(Yen)	—	129.38	226.52	329.38	180.87
Equity ratio	(%)	40.5	43.8	44.2	45.8	43.8
Return on equity	(%)	(2.7)	6.6	10.4	13.1	6.5
Price earnings ratio	(Times)	—	7.0	5.4	5.3	5.2
Cash flows from operating activities	(Millions of yen)	120,058	189,155	137,424	418,895	305,626
Cash flows from investing activities	(Millions of yen)	(78,862)	(136,237)	(99,427)	(179,889)	(199,961)
Cash flows from financing activities	(Millions of yen)	99,348	(86,405)	(89,863)	(84,704)	90,071
Cash and cash equivalents at end of the period	(Millions of yen)	738,793	740,385	717,093	919,265	1,105,585
Number of employees	(Persons)	49,786	48,750	48,481	48,685	48,783

- Notes: 1. Diluted net income per share for the 155th fiscal year is not presented because a net loss per share was recorded although dilutive shares existed.
2. Price earnings ratio for the 155th fiscal year is not presented because a net loss attributable to owners of the parent was recorded.
3. The Group has adopted the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the 156th fiscal year. Key financial data for the 156th fiscal year onward was adjusted in accordance with this change.

(2) Financial Data of Reporting Company

Fiscal year		155th	156th	157th	158th	159th
Year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(Millions of yen)	2,135,873	2,339,290	3,000,360	3,636,113	3,549,454
Ordinary income/(loss)	(Millions of yen)	(23,083)	130,014	102,591	226,555	66,443
Net income/(loss)	(Millions of yen)	(35,813)	84,529	89,771	137,731	60,132
Common stock	(Millions of yen)	283,957	283,957	283,957	283,957	283,957
Total number of shares issued	(Thousands of shares)	631,803	631,803	631,803	631,803	631,803
Net assets	(Millions of yen)	966,004	1,062,218	1,118,720	1,280,920	1,266,466
Total assets	(Millions of yen)	2,309,305	2,327,779	2,467,387	2,718,102	2,947,097
Net assets per share	(Yen)	1,533.24	1,685.70	1,775.08	2,032.19	2,008.49
Dividend per share [of which interim dividend per share]	(Yen)	— [—]	20.00 [—]	45.00 [20.00]	60.00 [25.00]	55.00 [25.00]
Net income (loss) per share	(Yen)	(56.86)	134.20	142.50	218.60	95.41
Diluted net income per share	(Yen)	—	134.09	142.38	218.42	95.34
Equity ratio	(%)	41.8	45.6	45.3	47.1	43.0
Return on equity	(%)	(3.6)	8.3	8.2	11.5	4.7
Price earnings ratio	(Times)	—	6.8	8.6	8.0	9.9
Payout ratio	(%)	—	14.9	31.6	27.4	57.6
Number of employees	(Persons)	22,611	22,652	22,832	23,124	23,391
Total shareholder return [Benchmark: TOPIX Total return index]	(%)	157.7 [142.1]	162.4 [145.0]	225.5 [153.4]	328.8 [216.8]	196.2 [213.4]
Highest share price	(Yen)	1,000.0	1,116.0	1,351.0	1,961.0	1,824.5
Lowest share price	(Yen)	505.0	715.0	843.0	1,128.0	937.1

- Notes: 1. The dividend per share for the 158th fiscal year includes a special dividend of 5 yen.
2. Of the annual dividend of ¥55 per share for the 159th fiscal year, the year-end dividend of ¥30 per share is scheduled to be proposed as an agenda item at the Ordinary General Meeting of Shareholders to be held on June 25, 2025.
3. Diluted net income per share for the 155th fiscal year is not presented because a net loss per share was recorded although dilutive shares existed.
4. Price earnings ratio and payout ratio for the 155th fiscal years are not presented because a net loss was recorded.
5. The highest and lowest share prices are quoted prices on the First Section of the Tokyo Stock Exchange on and before April 3, 2022, and those on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.
6. The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 156th fiscal year. Key financial data for the 156th fiscal year onward was adjusted in accordance with this change.
7. In consideration of the fact that the Company’s total shareholder return is calculated using the share price at each fiscal year-end plus dividends, the comparative indicator for total shareholder return has been changed to the TOPIX Total Return Index, which is a more appropriate benchmark, starting from the 159th fiscal year.

2. History

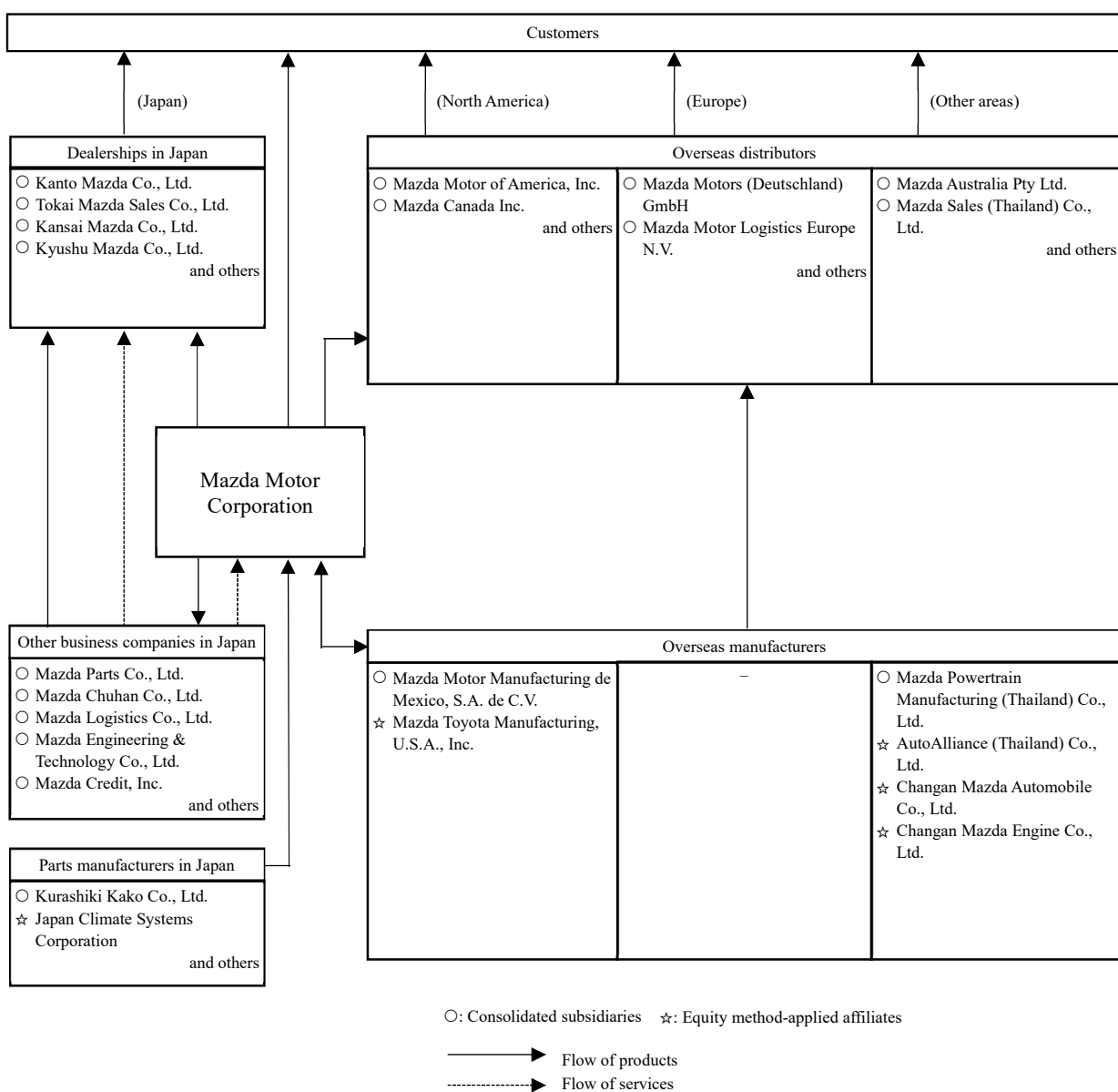
Month/ Year	Event
January 1920	Founded as Toyo Cork Kogyo Co., Ltd.
September 1927	Renamed as Toyo Kogyo Co., Ltd.
April 1929	Began production of machine tools
October 1931	Began production of three-wheel trucks
October 1935	Began production of rock drills
May 1949	Listed its stock on the Tokyo Stock Exchange
April 1958	Launched a four-wheel light truck
May 1960	Launched a micro-mini passenger vehicle
February 1961	Entered into technical cooperation with NSU/Wankel of Germany on rotary engine
April 1964	Launched a compact passenger vehicle
May 1965	Completed Miyoshi Proving Ground
November 1966	Completed Ujina Plant exclusively for passenger vehicle production (within Hiroshima Plant)
April 1967	Established Mazda Motors Pty Ltd., a subsidiary in Australia (currently Mazda Australia Pty Ltd.)
May 1967	Introduced Mazda Cosmo Sports (110S), Mazda's first rotary engine vehicle
July 1968	Established Mazda Motors of Canada, Ltd., a subsidiary in Canada (currently Mazda Canada, Inc.)
February 1971	Established Mazda Motor of America, Inc., a subsidiary in the U.S.
November 1972	Established Mazda Motors (Deutschland) GmbH, a subsidiary in Germany
May 1974	Completed Miyoshi Diesel Engine Plant
November 1979	Entered into a capital tie-up with Ford Motor Company ("Ford")
December 1981	Completed Hofu Transmission Plant in the Nakanoseki area
September 1982	Completed Hofu Passenger Car Plant in the Nishinoura area
May 1984	Renamed as Mazda Motor Corporation
January 1985	Established Mazda Motor Manufacturing (USA) Corporation, a subsidiary in the U.S.
June 1987	Completed a research center in Yokohama
July 1988	Established Mazda Research & Development of North America, Inc. in the U.S. (Later merged and absorbed into Mazda Motor of America, Inc.)
May 1990	Opened European R&D Representative Office in Germany (Later integrated into Mazda Motor Europe GmbH)
June 1990	Established Mazda Sales (Thailand) Co., Ltd., a subsidiary in Thailand
February 1992	Completed Hofu Plant No. 2
June 1992	Mazda Motor Manufacturing (USA) Corporation became an equal partnership between Mazda and Ford and was renamed AutoAlliance International, Inc. (Mazda later sold all of its stake in the joint venture to Ford)
December 1993	Strengthened its partnership with Ford
November 1995	Mazda and Ford jointly established AutoAlliance (Thailand) Co., Ltd. in Thailand
May 1996	Ford's stake in Mazda increased to 33.4%
May 1998	AutoAlliance (Thailand) Co., Ltd. began manufacturing mass production vehicles
September 2005	Established Changan Ford Mazda Engine Co., Ltd. in China through joint investment with Ford and Changan Automotive Group (Mazda later acquired Ford's stake. Currently, Changan Mazda Engine Co., Ltd.)
March 2006	Invested in Changan Ford Automobile Co., Ltd., a joint venture of Ford and Changan Automobile in China. The joint venture was renamed Changan Ford Mazda Automobile Co., Ltd. (Later restructured into two separate joint ventures. Currently, Changan Mazda Automobile Co., Ltd.)
October 2007	Changan Ford Mazda Automobile Co., Ltd. (Nanjing Plant) began manufacturing mass production vehicles
November 2008	Ford's stake in Mazda reduced to 13.8% (Later Ford gradually sold Mazda shares, with no remaining stake as of March 31, 2025)
September 2011	Established Mazda Motor Manufacturing de Mexico, S.A. de C.V., a subsidiary in Mexico, jointly with Sumitomo Corporation (Mazda later acquired all shares owned by Sumitomo Corporation)
February 2013	Established Mazda Powertrain Manufacturing (Thailand) Co., Ltd., a subsidiary in Thailand
January 2014	Mazda Motor Manufacturing de Mexico, S.A. de C.V. began manufacturing mass production vehicles
January 2015	Mazda Powertrain Manufacturing (Thailand) Co., Ltd. began mass production of transmissions
August 2017	Signed an agreement on business and capital alliance with Toyota Motor Corporation ("Toyota")
March 2018	Mazda and Toyota jointly established Mazda Toyota Manufacturing, U.S.A., Inc. in the U.S.
January 2022	Mazda Toyota Manufacturing, U.S.A., Inc. began manufacturing mass production vehicles
April 2022	Mazda's stock transferred from the First Section of the Tokyo Stock Exchange to its Prime Market following the exchange's market restructuring

3. Description of Business

The Mazda Group (the “Group”), consisting of Mazda Motor Corporation (“Mazda” or the “Company”), 71 consolidated subsidiaries, and 20 affiliates accounted for using the equity method (as of March 31, 2025), engages primarily in manufacturing and sales of vehicles and their parts and other related business.

In Japan, vehicles are manufactured by the Company, and vehicle parts are manufactured mainly by the Company and Kurashiki Kako Co., Ltd. Overseas, vehicles and their parts are manufactured mainly by Mazda Motor Manufacturing de Mexico, S.A. de C.V. and AutoAlliance (Thailand) Co., Ltd. In Japan, vehicles and their parts manufactured by the Group are sold to customers through dealerships such as Kanto Mazda Co., Ltd. and Tokai Mazda Sales Co., Ltd. The Company also directly sells to certain large customers. Overseas, vehicles and their parts are sold mainly by Mazda Motor of America, Inc. in North America, Mazda Motors (Deutschland) GmbH in Europe, and Mazda Australia Pty Ltd. in Other areas.

The positioning of the Company and major Group companies in the Group’s lines of business and the segment to which each company belongs are shown below. In the following diagram, Japan, North America, Europe, and Other areas correspond to respective segments.



4. Information on Subsidiaries and Affiliates

(1) Consolidated Subsidiaries

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Motor of America, Inc. (Notes 1 and 2)	Irvine, California, U.S.A.	USD 240,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Sells vehicles to the Company. Concurrent appointments of officers: Yes
Mazda Canada Inc.	Richmond Hill, Ontario, Canada	CAD 111,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Concurrent appointments of officers: Yes
Mazda Motor de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	MXN 53,719 thousand	Distribution of vehicles and parts	100.0	1.0	Distributes the Company's products. Borrows funds from the Company. Concurrent appointments of officers: Yes
Mazda Servicios de Mexico, S. de R.L. de C.V.	Mexico City, Mexico	MXN 32 thousand	Outsourced services for Mazda Motor de Mexico	100.0	1.0	Concurrent appointments of officers: Yes
Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Note 1)	Salamanca, Guanajuato, Mexico	MXN 6,555,001 thousand	Production and sales of vehicles	100.0	0.0	Purchases vehicle parts from the Company. Sells vehicles to the Company. Concurrent appointments of officers: Yes
Mazda Motors (Deutschland) GmbH	Leverkusen, North Rhine-Westphalia, Germany	EUR 17,895 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Motor Logistics Europe N.V. (Note 1)	Willebroek, Antwerp, Belgium	EUR 71,950 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Rents land from the Company. Concurrent appointments of officers: Yes
Mazda Motor Europe GmbH	Leverkusen, North Rhine-Westphalia, Germany	EUR 26 thousand	Overall management of business in Europe	100.0	100.0	Entrusted with marketing and other businesses by the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Automobiles France S.A.S.	Saint-Germain-en-Laye, France	EUR 305 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Motors UK Ltd.	Dartford, Kent, U.K.	GBP 4,000 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda (Suisse) S.A.	Petit-Lancy, Switzerland	CHF 2,000 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Motor de Portugal Lda.	Lisbon, Portugal	EUR 1,995 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Motor Italia S.r.l.	Rome, Italy	EUR 250 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Automoviles Espana, S.A.	Madrid, Spain	EUR 120 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Austria GmbH	Klagenfurt, Austria	EUR 5,087 thousand	Distribution of vehicles and parts	100.0	25.0	Distributes the Company's products.
Mazda Australia Pty Ltd.	Mulgrave, Victoria, Australia	AUD 31,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Concurrent appointments of officers: Yes
Mazda Motors of New Zealand Ltd.	Auckland, New Zealand	NZD 14,472 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Mazda Sales (Thailand) Co., Ltd.	Bangkok, Thailand	THB 575,000 thousand	Distribution of vehicles and parts	96.1	0.0	Distributes the Company's products. Concurrent appointments of officers: Yes
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Chonburi, Thailand	THB 8,166,973 thousand	Production and sales of vehicle parts	100.0	–	Purchases vehicle parts from the Company. Sells vehicle parts to the Company. Borrows funds from the Company. Concurrent appointments of officers: Yes
Mazda Malaysia Sdn. Bhd.	Selangor, Malaysia	MYR 85,000 thousand	Production (consignment) and sales of vehicles	70.0	–	Purchases vehicle parts from the Company. Sells vehicles to the Company. Concurrent appointments of officers: Yes

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Motor (China) Co., Ltd.	Shanghai, China	CNY 85,410 thousand	Overall management of business in China	100.0	–	Entrusted with marketing and other businesses by the Company. Concurrent appointments of officers: Yes
Mazda Motor Taiwan Co., Ltd.	Taipei, Taiwan	TWD 200,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Mazda Southern Africa (Pty) Ltd.	Johannesburg, Republic of South Africa	ZAR 100,000 thousand	Distribution of vehicles and parts	70.0	–	Distributes the Company's products.
Mazda de Colombia S.A.S.	Bogotá, Colombia	COP 4,088,000 thousand	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Mazda Chuhan Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	JPY 1,500 million	Sales of used cars	100.0	–	Distributes the Company's products. Borrows funds from the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Ace Co., Ltd.	Fuchu-cho, Aki-gun, Hiroshima	480 million	Security, accident prevention, insurance sales, and engineering operations	100.0	–	Entrusted with security and other services by the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Logistics Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	490 million	Transportation of vehicles and parts	100.0	–	Transports the Company's products. Rents land and buildings from the Company.
Kurashiki Kako Co., Ltd.	Kurashiki-shi, Okayama	310 million	Production and sales of vehicle parts	75.0	–	Sells vehicle parts to the Company. Borrows funds from the Company.
Mazda Engineering & Technology Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	480 million	Commissioned vehicle development, and manufacturing and distribution of specially equipped vehicles	100.0	–	Entrusted with vehicle development and manufacturing of specially equipped vehicles by the Company. Rents land and buildings from the Company. Concurrent appointments of officers: Yes
Mazda Parts Co., Ltd.	Higashi-ku, Hiroshima-shi, Hiroshima	1,018 million	Sales of vehicle parts	100.0	–	Purchases vehicle parts from the Company. Rents land and buildings from the Company.
Mazda Business Partner Co., Ltd.	Itabashi-ku, Tokyo	10 million	Contracted administrative services for sales companies	100.0	–	Concurrent appointments of officers: Yes
Tohoku Mazda Co., Ltd.	Miyagino-ku, Sendai-shi, Miyagi	348 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Fukushima Mazda Co., Ltd.	Koriyama-shi, Fukushima	120 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Kitakanto Mazda Co., Ltd.	Mito-shi, Ibaraki	260 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Rents land and buildings from the Company.
Koushin Mazda Co., Ltd.	Nagano-shi, Nagano	410 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Kanto Mazda Co., Ltd.	Itabashi-ku, Tokyo	3,022 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Borrows funds from the Company.
Shizuoka Mazda Co., Ltd.	Suruga-ku, Shizuoka-shi, Shizuoka	300 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Tokai Mazda Sales Co., Ltd.	Mizuho-ku, Nagoya-shi, Aichi	2,110 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Hokuriku Mazda Co., Ltd.	Nonoichi-shi, Ishikawa	330 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Keiji Mazda Co., Ltd.	Minami-ku, Kyoto-shi, Kyoto	200 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Kansai Mazda Co., Ltd.	Naniwa-ku, Osaka-shi, Osaka	950 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Borrows funds from the Company.
Nishi Shikoku Mazda Co., Ltd.	Matsuyama-shi, Ehime	217 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Borrows funds from the Company.
Kyushu Mazda Co., Ltd.	Hakata-ku, Fukuoka-shi, Fukuoka	826 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products. Rents land and buildings from the Company.
Minami Kyushu Mazda Co., Ltd.	Kagoshima-shi, Kagoshima	183 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
Okinawa Mazda Sales Co., Ltd.	Urasoe-shi, Okinawa	20 million	Distribution of vehicles and parts	100.0	–	Distributes the Company's products.
26 other companies	–	–	–	–	–	–

(2) Equity Method-Applied Affiliates

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Toyota Manufacturing, U.S.A., Inc.	Huntsville, Alabama, U.S.A.	USD 40	Production and sales of vehicles	50.0	–	Borrows funds from the Company. Concurrent appointments of officers: Yes
AutoAlliance (Thailand) Co., Ltd.	Rayong, Thailand	THB 8,435,000 thousand	Production and sales of vehicles	50.0	–	Purchases vehicle parts from the Company. Sells vehicles to the Company. Concurrent appointments of officers: Yes
Changan Mazda Automobile Co., Ltd.	Nanjing, China	CNY 735,587 thousand	Production and sales of vehicles	47.5	1.0	Purchases vehicle parts from the Company. Concurrent appointments of officers: Yes
Changan Mazda Engine Co., Ltd.	Nanjing, China	CNY 1,573,469 thousand	Production and sales of vehicle parts	50.0	–	Purchases vehicle parts from the Company. Concurrent appointments of officers: Yes
Toyo Advanced Technologies Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	JPY 3,000 million	Production and sales of machine tools	50.0	–	Sells products to the Company. Rents land and buildings from the Company.
Japan Climate Systems Corporation	Higashihiroshima-shi, Hiroshima	3,000 million	Production and sales of vehicle parts	33.3	–	Sells vehicle parts to the Company.
Yoshiwa Kogyo Co., Ltd.	Kaita-cho, Aki-gun, Hiroshima	90 million	Production and sales of vehicle parts	33.3	–	Sells vehicle parts to the Company.
Sanfrece Hiroshima FC. (Note 3)	Naka-ku, Hiroshima-shi, Hiroshima	2,099 million	Management of a professional soccer team	17.3	0.4	Concurrent appointments of officers: Yes
Mazda Processing Chugoku Co., Ltd.	Aki-ku, Hiroshima-shi, Hiroshima	50 million	Pre-delivery inspection and attachment of vehicle accessories	29.0	4.5	Attaches vehicle accessories to the Company's products. Rents land and buildings from the Company.
Mazda Credit, Inc.	Kita-ku, Osaka-shi, Osaka	7,700 million	Automotive retail finance	50.0	–	Provides retail finance related to the Company's products.
MCM Energy Service Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	350 million	Steam and electricity supply	40.0	–	Sells steam and electricity to the Company. Rents land and buildings from the Company.

Company name	Location	Capital	Principal business	Ratio of voting rights held		Description of relationship
				Ownership (%)	Of which indirect ownership (%)	
Mazda Parts Sales Hiroshima Co., Ltd.	Saka-cho, Aki-gun, Hiroshima	90 million	Sales of vehicle parts	33.3	–	Purchases vehicle parts from the Company. Rents buildings from the Company.
MCF Electric Drive Co., Ltd.	Minami-ku, Hiroshima-shi, Hiroshima	40 million	Development of advanced technology for motors	50.0	–	Entrusted with vehicle development by the Company. Rents buildings from the Company.
Mazda Imasen Electric Drive Co., Ltd.	Higashihiroshima-shi, Hiroshima	5 million	Development of inverters and production technology	50.0	–	Entrusted with vehicle development by the Company.
MHHO Electric Drive Co., Ltd. (Note 4)	Minami-ku, Hiroshima-shi, Hiroshima	10 million	Development of production technology for electric drive units	10.0	–	Rents buildings from the Company.
5 other companies	–	–	–	–	–	–

- Notes: 1. These companies fall under specified subsidiaries defined in the Cabinet Office Order on Disclosure of Corporate Affairs.
2. Net sales of Mazda Motor of America, Inc. (excluding intercompany sales between consolidated companies) exceeds 10% of consolidated net sales.
- Key information on profit or loss
- | | |
|----------------------|-----------------------|
| (i) Net sales | 2,179,021 million yen |
| (ii) Ordinary income | 42,155 million yen |
| (iii) Net income | 31,159 million yen |
| (iv) Net assets | 57,566 million yen |
| (v) Total assets | 508,663 million yen |
3. Sanfrece Hiroshima FC is included in affiliates because the Company has significant influence thereon despite holding less than 20% of the voting rights.
4. MHHO Electric Drive Co., Ltd. is a jointly controlled entity.
5. None of the companies have filed a Securities Registration Statement or Annual Securities Report.

5. Employees

(1) Information about Consolidated Companies

As of March 31, 2025

Name of segment	Number of employees (Persons)
Japan	36,783
North America	7,711
Europe	1,436
Other areas	2,853
Total	48,783

- Notes: 1. The number of employees excludes the number of Mazda Group employees dispatched to companies outside the Group, but includes the number of employees dispatched to Mazda Group companies from outside the Group.
2. The number of temporary employees is not presented since the number is less than 10% of the total number of employees.

(2) Information about Reporting Company

As of March 31, 2025

Number of employees (Persons)	Average age (Year-old)	Average years of service (Years)	Average annual salary (Thousands of yen)
23,391	42.5	17.4	7,145

Name of segment	Number of employees (Persons)
Japan	23,391
Total	23,391

- Notes: 1. The number of employees excludes the number of Company employees dispatched to other companies, but includes the number of employees dispatched to the Company from other companies.
2. The number of temporary employees is not presented since the number is less than 10% of the total number of employees.
3. The average annual salary includes bonuses and extra wages.

(3) Workers' Unions

Many of the workers' unions at the Group companies are affiliated with the Confederation of Japan Automobile Workers' Unions through the Federation of All Mazda Workers' Unions.

There are no significant matters to report regarding labor-management relations.

(4) Percentage of Female Workers in Managerial Positions, Percentage of Male Workers Taking Childcare Leave, and Difference in Wages between Male and Female Workers

(i) Reporting company

Year ended March 31, 2025				
Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Difference in wages between male and female workers (%) (Note 3)		
		All workers	Regular workers	Part-time and fixed-term workers
5.1	60	84.1	86.0	76.2

- Notes: 1. In accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015), the percentage is calculated using the number of workers as of March 31, 2025 and rounded to one decimal place.
2. In accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of workers who took childcare leave, etc. is calculated as per Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family

Members (Ordinance of the Ministry of Labor No. 25 of 1991) and rounded down to the nearest whole number.

3. In calculating the number of workers and wages, workers who are dispatched from the Company to other companies and those dispatched from other companies to the Company are excluded. There is no difference in the wage structure or system between male and female employees in the Company. The difference in wages between men and women is mainly due to differences in the composition of the workforce in terms of qualifications, positions, etc.

(ii) Consolidated subsidiaries

Year ended March 31, 2025						
Name	Percentage of female workers in managerial positions (%) (Note 1)	Percentage of male workers taking childcare leave (%) (Note 2)	Difference in wages between male and female workers (%) (Note 3)			Supplementary explanation
			All workers	Regular workers	Part-time and fixed-term workers	
Mazda Chuhan Co., Ltd.	0.0	—	84.9	81.4	102.1	Note 6
Mazda Ace Co., Ltd.	12.5	65	64.4	77.6	49.4	—
Mazda Logistics Co., Ltd.	2.4	54	74.0	79.5	74.1	—
Kurashiki Kako Co., Ltd.	6.4	60	80.9	78.5	79.0	Note 4
Mazda Engineering & Technology Co., Ltd.	2.3	76	79.7	79.4	89.3	Notes 4 and 5
Mazda Parts Co., Ltd.	3.8	100	65.6	72.2	70.2	Note 6
Tohoku Mazda Co., Ltd.	7.0	62	84.7	84.9	81.9	Note 6
Fukushima Mazda Co., Ltd.	0.0	60	80.0	79.4	88.5	Note 6
Kitakanto Mazda Co., Ltd.	2.5	25	76.5	76.7	81.5	Note 6
Koushin Mazda Co., Ltd.	5.2	75	72.0	72.5	88.6	Note 6
Kanto Mazda Co., Ltd.	1.9	14	69.7	75.4	84.1	Note 6
Shizuoka Mazda Co., Ltd.	0.0	20	74.0	74.7	87.1	Note 6
Tokai Mazda Sales Co., Ltd.	1.0	26	73.4	74.0	81.3	Note 6
Hokuriku Mazda Co., Ltd.	3.2	50	75.2	76.3	89.5	Note 6
Keiji Mazda Co., Ltd.	5.5	0	80.0	80.6	85.3	Note 6
Kansai Mazda Co., Ltd.	3.6	66	73.4	73.3	71.1	Note 6
Nishi Shikoku Mazda Co., Ltd.	3.4	0	78.2	83.9	96.7	Note 6
Kyushu Mazda Co., Ltd.	1.0	37	69.4	74.7	83.6	Note 6
Minami Kyushu Mazda Co., Ltd.	4.2	18	83.2	80.4	104.5	Note 6
Okinawa Mazda Sales Co., Ltd.	0.0	66	78.1	77.5	88.3	Note 6

- Notes: 1. In accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015), the percentages are calculated using the number of workers as of April 11, 2025 for Mazda Ace Co., Ltd. or March 31, 2025 for other companies and rounded to one decimal place.
2. In accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the percentage of workers who took childcare leave, etc. is calculated as per Article 71-6, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) at Mazda Engineering & Technology Co., Ltd. and as per Article 71-6, Item 1 of the said Ordinance at other companies. Figures are rounded down to the nearest whole number.
3. In calculating the number of workers and wages, workers who are dispatched from the subsidiary to other companies are included, and those dispatched from other companies to the subsidiary are excluded. There is no difference in the wage structure or system between male and female employees. The difference in wages between men and women is mainly due to differences in the composition of the workforce in terms of qualifications, positions, etc.
4. Wages include commuting expenses defined in Article 9, Paragraph 1, Item 5 of the Income Tax Act (Act No. 33 of 1965).
5. The number of workers is based on the average number of workers as of the monthly payroll closing date, adjusted by the scheduled working hours for short-day and short-time workers.
6. The number of part-time and fixed-term workers is based on the average number of workers as of the monthly payroll closing date, adjusted by the scheduled working hours of regular workers.

II. Business Overview

1. Management Policy, Management Environment, and Issues to Be Addressed

(1) Basic Policy of Company Management

Mazda Motor Corporation (hereinafter “Mazda” or “the Company”) has established “PURPOSE,” “PROMISE,” and “VALUES” as its corporate philosophy.

The Company has also established our “2030 VISION,” which describes where we want Mazda to be in the year 2030, in order that we may become a company that is truly needed by the people living in the future society; a company which promotes value creation together with our stakeholders for the future.

Corporate Philosophy

PURPOSE: Enrich life-in-motion for those we serve

PROMISE: Uplifting experiences, emotionally and physically

We uplift the human body, mind and spirit

We uplift communities

VALUES: Radically human / Challenger spirit / Omotenashi

2030 VISION

To be a car-loving company that creates moving experiences through the “joy of driving”

1. Contribute to a future sustainable Earth by providing multi-solution to mitigate climate change
2. Contribute to a society where everyone feels safe to move freely by providing technology that proactively enhances our well-being
3. Contribute to each person’s “joy of living” by delivering moving and emotional experiences

(2) Management Environment and Issues to Be Addressed

(i) Medium-term Management Plan (FY ended March 2020 through FY ending March 2026)

To guide Mazda through this key period of transformation and achieve sustainable growth, the Company has formulated a Medium-term Management Plan based on our core value of “Mazda’s uniqueness of co-creating with others” and is steadily implementing initiatives under this plan.

Medium-term Management Plan key initiatives

- Invest in brand value improvement —Invest in unique products, technologies, production, and customer experience—
 - Continued investment with further efficiency and leveling
 - Staggered launch of new products/derivatives at planned intervals
 - Continued product upgrades
- Curb expenditure that depreciates brand value
- Accelerate fixed cost/cost reductions to lower break-even volume
- Invest in areas where we need to catch up, and start investing in new areas
- Enhance alliances (CASE*¹, new partnerships)

We will strive to achieve strong growth by leveraging the assets we have built to date and accelerate efforts to achieve a resilient management structure capable of withstanding major changes over time. With our sights set on 2030 to realize the Company’s long-term vision for technology development, “Sustainable Zoom-Zoom 2030,” we are now working on the transformation of our business structure, bearing in mind changes in the business environment due to the worldwide tightening and acceleration of environmental regulations and competition in new value creation in an era characterized by CASE.

Medium-term Management Plan financial metrics

Net sales	• About 4.5 trillion yen
Profit	• Operating return on sales (ROS) 5% or higher • Return on equity (ROE) 10% or higher
Investment for future	• Capex and R&D: 7-8% of revenue or less • Actions for electrification, IT and carbon neutrality
Financial structure	• Maintenance of a net cash position*2
Shareholder return	• Sustainable payout ratio of 30% or higher
Break-even volume	• About 1 million units (wholesales)

*1. General term for a group of new technologies that include connected, autonomous driving, shared services, and electric technologies

*2. The state of maintaining positive total cash amount after the deduction of interest-bearing debt from cash and cash equivalents

(ii) Management policy for 2030 (2030 Management Policy)

Under our Medium-term Management Plan, we have been promoting initiatives to achieve our financial targets for the fiscal year ending March 2026. In view of the increasing uncertainty of the business environment including the growing trend toward the introduction of environmental regulations in various countries, improvements in social infrastructure, changes in the power supply mix, and the diversification of customer values, we extended our outlook until the year 2030 and set forth our new management policy and main initiatives as follows based on world trends.

Basic management policy

1. Contribute to solving the social problem of global warming through electrification appropriate to regional characteristics and environmental needs
2. Contribute to realizing a safe and secure automotive society by promoting research for attaining a deep understanding of people and shedding light on the relationship between people and cars
3. Be the brand preferred by customers through brand value management that provides unique Mazda value

Initiatives for opening the future

1. Initiatives for achieving carbon neutrality

To achieve our goal of becoming carbon neutral*3 by the year 2050, we have established “achieving carbon neutrality in Mazda factories around the globe by 2035” as a medium-term goal and will promote initiatives under the three pillars of energy conservation, shift to renewable energies, and use of carbon neutral fuels. As measures for the supply chain*4 will also be necessary, we will also promote activities to reduce CO₂ emissions in stages in cooperation with transport companies and business partners. In Japan, we will make efforts to restructure our supply chain and expand the use of carbon neutral fuels.

2. Initiatives in electrification in each phase

During the period of transition to EVs, we believe a multi-solution approach whereby we offer various combustions and solutions such as internal combustion engines, electrification technology, and carbon-neutral fuels depending on regional customer needs and power supply conditions will be effective. On the other hand, in view of electrification policies and the tightening of regulations in various countries, we expect Mazda’s BEV ratio in our global sales in 2030 to be 25 to 40%, and intend to promote electrification with partner companies in stages.

■ Phase 1 (2022–2024): Strengthening of the business foundation using accumulated assets

Making full use of our existing assets of multi-electrification technologies, we will launch attractive products while also meeting market regulations. While launching Large Products offering plug-in hybrids and diesel engines with mild hybrid system that achieve excellent environmental and driving performance, we will improve our profitability and step up the development of technologies for BEVs.

■ Phase 2 (2025–2027): Transition to electrification

In efforts to reduce CO₂ through improvements in fuel efficiency during the period of transition to electrification, we will further refine the multi-electrification technologies we have developed to date and introduce new hybrid systems. In addition to introducing pure BEVs in the Chinese market where electrification is advanced, we will begin to introduce BEVs globally. In consideration of the potential widespread use of renewable fuels, we will enhance to the utmost the performance of internal combustion engines through the application of technologies to further improve thermal efficiency.

■ Phase 3 (2028–2030): Full-scale launch of BEVs

As we move forward with the full-fledged introduction of pure BEV models, we will shift our focus to full-scale electrification and will also consider various options including investment in battery production, based on changes in the external environment and progress in strengthening our financial base.

3. Initiatives in value creation through co-creation between people and IT

Improving automobile technology, listening to the voices of people and society concerning cars, and contributing to the creation of a safe and secure society free of accidents by putting people's happiness first are vital aspects of Mazda's mission. In addition to developing safety technology, we are committed to working together with local communities and society at large to achieve "zero fatal accidents." In safety technology, we will continue to develop advanced driver-assist technologies that combine digital technology with human-centered manufacturing, which has always been a core value of Mazda, based on Mazda Proactive Safety, our unique safety concept. We will create cars that provide safety and security for drivers, passengers, and pedestrians with the goal of eliminating all fatal accidents caused by any new Mazda by 2040, where measures can be taken with automotive technology.

4. Cost reduction and supply chain resilience

In cost reductions, we will broaden the current scope of costs of products and manufacturing to include the entire supply chain and value chain*⁵ as a whole to gain a comprehensive view of costs and we will make changes that will allow us to structure our costs based on measures to eliminate inefficiency, inconsistency and waste by reviewing our product lineup to improve investment efficiency and inventory turnover.

In our supply chain, we will make efforts not only to make individual improvements in all processes from material procurement to delivery to customers, but also realize a "total optimization process" that facilitates the smooth uninterrupted flow of goods at maximum speed. In addition, we are working on innovative changes in our procurement system, which include fewer tiers in the procurement of materials and parts and bringing the production sites of variety of parts closer to our production facilities. We are also working to expand the use of general-purpose materials and semiconductors. In this way, we intend to minimize the impact of changes in the external environment including geopolitical risks and large-scale disasters such as earthquakes.

*3. A method and system of energy use whereby carbon emissions are offset through carbon absorption or removal to prevent any change in the total amount of carbon on the earth.

*4. The series of processes until the product reaches the consumer including procurement, manufacturing, inventory management, delivery, sales, and consumption.

*5. A series of business activities for creating added value for products such as product planning, design, development, production engineering, manufacturing, sales, and services.

(iii) Lean Asset Strategy for enhancing corporate value

The environment surrounding electrification is beset by many uncertainties including rises in investment costs due to inflation and regional disparities in the progress of electrification. Mazda views the period until 2030 as the "dawn of electrification" and under its 2030 Management Policy is promoting electrification through a multi-solution approach to respond flexibly to diverse customer needs and environmental regulations. To realize this, Mazda announced its Lean Asset Strategy*⁶ in March this year as an implementation strategy for enhancing the corporate value of Mazda as a niche player by increasing the utilization of its existing assets. The main details of this strategy are as follows:

- In the area of manufacturing, we will deploy development and production process innovation unique to Mazda. In the area of development, we will increase productivity three-fold to allow for more complex development while maintaining resources at the existing level.
- For our battery EV (BEV) to be launched in 2027, we expect to significantly reduce development investment and development man-hours compared with what these were previously through collaboration and partnerships.
- In battery investment, we expect to be able to halve the impact of inflation on investment factored into our initial assumption.
- In production, we believe that utilizing our existing manufacturing assets to undertake production of both battery EVs and engine vehicles on the same production line will enable us to significantly reduce the initial capital investment and lead time to mass production compared to investment and lead time required to build a new plant dedicated to the production of battery EVs.
- Through the above initiatives we will not only ensure high asset efficiency with low investment and provide competitive technologies and products but also achieve sustainable growth and improve corporate value*7 by generating returns in excess of capital costs.

*6. Click here to view the Mazda Multi-Solution Briefing 2025 where our Lean Asset Strategy was presented.

<https://www.mazda.com/en/about/vision/multi-solution-briefing-2025/>

*7. Please see the “Message from the CFO” in our Integrated Report 2024 for an overall picture of our initiatives to enhance corporate value.

<https://www.mazda.com/en/investors/library/integrated-report/>

(iv) Progress in the 2030 Management Policy

The fiscal year ended March 31, 2025 was the final year of Phase 1 of our 2030 Management Policy, and our goals during this period were to secure funds for growth investment and lay the groundwork for future electrification and carbon neutrality. The main progress achieved during this period is as follows.

Growth in net sales

- In the three-year period of Phase 1, wholesales volume increased 25%, and net sales reached record highs in tandem with increases in per-unit prices.
- Buoyed by the full lineup of four Large products and strong sales in the North American market, net cash flow in the three years of Phase 1 increased to the 400 billion yen level and the financial structure is also growing in strength.

Efforts to lower costs throughout the entire supply chain and value chain

- We have been making efforts in cost reduction by narrowing down the power train specifications to facilitate customer choices, and by improving supply chain inventories that had been trending upwards.
- We have been promoting supply chain structural reform by streamlining the number of component types purchased from suppliers, and we have been making efforts to reduce fixed costs in areas such as parts procurement and transport. In our mixed production line, which is one of Mazda’s strengths, we have also introduced highly efficient production equipment which incorporates automated guided vehicle.
- To accelerate cost structure reform activities aimed at reducing costs, in April this year we appointed an officer responsible for the oversight of cost reduction, established the Cost Planning Innovation Office to oversee attendant business, and began a thorough review of the structure of our cost governance framework and cost planning functions.
- To strengthen our business adaptability and resilience, we are now working to achieve our goal of reducing costs by 100 billion yen through structural cost reductions including optimizing our supply chain and value chain as well as reducing fixed costs by 100 billion yen by improving productivity through the selection and concentration of operations, investment efficiency, and utilization of digital transformation.

Investment in people

- To provide for the development and innovation of more advanced software technologies, which will become increasingly important in the future, we will open the new Mazda R&D Center Tokyo in Azabudai Hills in July 2025 to recruit software engineers and relocate our Tokyo headquarters there.
- We are focusing on creating a culture where all employees can demonstrate their abilities as individuals to the fullest, freely express their ideas, and engage in lively exchanges of opinions. As part of our efforts, we introduced the Blueprint program as a company-wide initiative for improving our corporate culture in November 2023. By May this year, all direct and indirect employees had participated in program activities, and we will soon move on from the introductory stage to promoting and establishing a host of program activities for all employees.

Preparation of electrification technology and batteries

- In September 2024, we signed an agreement with Panasonic Energy Co., Ltd. for the supply of batteries for battery EVs, and in January this year announced plans to build a new module pack plant for cylindrical lithium-ion battery cells for automotive use in Iwakuni in Yamaguchi Prefecture. Our aim is to commence plant operations in fiscal 2027, and we plan to install the completed battery packs in battery EVs that adopt Mazda's first EV-dedicated platform at Mazda's vehicle plants in Japan. We plan to have an annual production capacity of 10 GWh.
- We are promoting in-house development of next-generation battery technologies as a Green Innovation Fund*⁸ project, and research and development are proceeding as planned, including the opening of an in-house test lab.
- In terms of products, to meet the diverse needs of our customers, we added a hybrid model to the Mazda CX-50 in November last year, utilizing technology from Toyota Motor Corporation. In addition, the next-generation Mazda CX-5, which is scheduled to be introduced during Phase 2, will be equipped with SKYACTIV-Z, which is currently being developed as the main engine for the coming electrification era, combined with Mazda's own hybrid system by the end of 2027.
- In the Chinese market, where electrification is making rapid progress, we began selling the Mazda EZ-6, which comes in two models, a battery EV and a plug-in hybrid, in October 2024. In Europe and Thailand, we plan to introduce this model as the Mazda6e, and production for Europe began in April this year. In addition, we plan to launch the Mazda EZ-60 in China by the end of this year.

*8. Green Innovation Fund by the New Energy and Industrial Technology Development Organization (NEDO)

(v) Efforts to strengthen compliance and governance

As part of our efforts to prevent the recurrence of inappropriate incidents in Applications for Type Designation announced on June 3, 2024, we are taking the following measures.

1. Revamping the mechanisms and governance framework for checking to ensure tests were conducted in compliance with certification regulations
2. Thoroughly reviewing procedure manuals, education, and practices to properly conduct tests in compliance with certification regulations
3. Improving and strengthening facilities to consistently fulfill testing conditions in compliance with certification regulations

We are committed to further strengthening compliance and governance to regain the trust of all stakeholders of Mazda.

Note: The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report. As such, the statements may differ from the actual results and their achievements are not guaranteed in any way.

2. Approach to Sustainability and Our Initiatives

The Mazda Group's approaches to and initiatives for sustainability are as follows.

The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report.

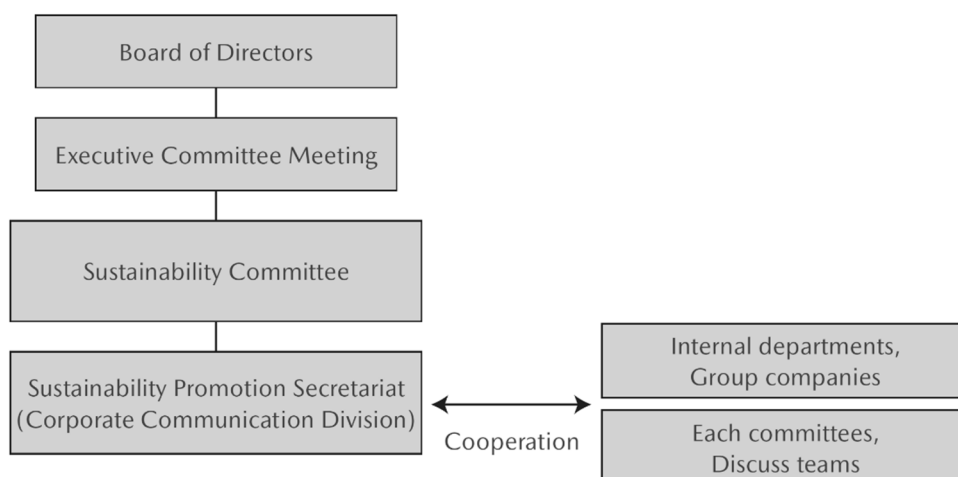
(1) Basic Policy on Sustainability

While striving to sincerely meet the requests and expectations of all stakeholders under our corporate philosophy, Mazda aims for sustainable growth as a company through our global business activities. We are determined to contribute to the sustainable development of society through efforts to resolve various social issues by making the most of our strengths.

(2) Governance

In order to deliberate direction of Mazda's sustainability initiatives from long-term perspective and also short to medium term perspective considering changes in social environments, the Mazda Group has established the Sustainability Committee, which meets on a regular basis. The Sustainability Committee, which is chaired by the executive officer in charge of sustainability, is composed of members of the Executive Committee, and reviews and identifies key issues (materiality) as well as discusses social needs and trends, external evaluation analysis results, etc. Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the Sustainability Committee, and in cooperation with other Group companies. Furthermore, the Board of Directors receives reports and holds discussions on issues concerning sustainability appropriately in a timely manner.

Sustainability Promotion Organization



(3) Strategy and Risk Management

The Mazda Group has reviewed and identified key issues, taking into account two perspectives. One is the impact on stakeholders in reference to the SDGs adopted by the United Nations and the details of surveys conducted by global ESG rating organizations, and the other is the impact on the Mazda Group (risks and opportunities), for instance, business initiatives toward realizing the management plan for 2030. A specific action plan is currently being prepared to ensure steady implementation of the materiality themes identified and follow up on the progress. The materiality that Mazda recently identified and an action plan that will be formulated henceforth will be disclosed to stakeholders. By periodically evaluating and revising this materiality and plan, Mazda will develop the PDCA (plan-do-check-act) process.

Initiatives related to the eight themes of materiality

Eight themes of materiality		Social issues	Initiatives / targets
“Earth”	Endeavor for carbon neutrality by 2050	Climate change issues (Carbon neutrality)	<ul style="list-style-type: none"> - Efforts to reduce CO₂ emissions over a vehicle’s entire life cycle from the perspective of “well-to-wheel” and Life Cycle Assessment (LCA) - Accumulation of technological assets in line with Mazda’s Building Block concept and their utilization for highly efficient manufacturing - Three pillars for achieving carbon neutrality (hereinafter, “CN”) at Mazda’s global factories: “Energy Conservation,” “Shift to Renewable Energies,” and “Introduction of Carbon-Neutral Fuels” [Targets] <ul style="list-style-type: none"> - Achieve CN across the entire supply chain by 2050 - Achieve CN at Mazda’s factory globally by 2035 - Achieve 69% decrease in CO₂ emissions at plants and operational sites in Japan by FY2030, in comparison to the level in FY2013, and a usage rate of electricity generated from non-fossil fuel sources of 75%*¹
	Resource circulation	Increase in demand for resources and rising amount of waste Water resources issues Circular economy	<ul style="list-style-type: none"> - Increase in the recyclability of new vehicles - Initiatives to promote the three Rs (reduce, reuse, and recycle) at plants and global efforts for zero emissions and the expansion of resource recycling [Targets] <ul style="list-style-type: none"> - Resource recycling for materials: Achieve zero emissions in manufacturing and logistics processes on a global basis by 2030 - Resource recycling for water: Implement an optimal approach to water resources recycling and circulation at model plants*² in Japan by 2030
“People”	Uplifting the mind and body	Changes in values regarding mental and social health	<ul style="list-style-type: none"> - Mazda hopes to create moving experiences in driving and mobility through its human-centered approach
	Strengthening human capital	Decline in the labor force Globalization of the market and diversification of customer needs Diversity and inclusion	<ul style="list-style-type: none"> - While respecting the diversity of its employees, Mazda fosters a corporate climate in which every employee can express his/her individuality while working alongside others to contribute to the Company and society - Work on a variety of programs to enable its employees — a diverse range of people with different values and lifestyles — to enjoy their work by finding a healthy balance between their work and personal lives [Targets] <ul style="list-style-type: none"> - The number of female managers: 80 by FY2024, 100 by FY2025, and 110 by FY2026 - The percentage of male employees taking childcare leave (including childcare leave immediately after the child’s birth): 60% by FY2024, 70% by FY2025, and 75% by FY2026

“Society”	Realizing an automotive society that offers safety and peace of mind	Fatal road traffic accidents	- Strive to develop technologies in accord with our unique safety philosophy “Mazda Proactive Safety” [Targets] - In terms of what Mazda can achieve between now and 2040 through automotive technologies, it aims to reduce deaths caused by its new vehicles to zero
	Creating a system that enriches people’s lives	Declining population, falling birthrate and aging society, and concentration of population in urban centers Traffic jams and congestion in urban areas and expansion of rural areas where no public transportation is available (MaaS)	- Building a model of social contribution that will enrich lives by offering safe, secure and unrestricted mobility to people everywhere - Testing a shared mobility service leveraging mobility technologies
Common to “Earth,” “People” and “Society”	Quality improvement	Quality issues	- Promotion of consistent quality in all stages, from planning to production - Early detection and early solution of market problems - Building of special bonds with customers
	Exploring partnerships for “co-creation with others”	Once-in-a-century transformation (CASE)	- Inter-company collaboration: Joint development of technical specifications for next-generation vehicle communication devices - Industry-academia-government collaboration: Hiroshima “Your Green Fuel” Project

For information on materiality review and identification process, please refer to the “MAZDA SUSTAINABILITY REPORT 2024” (page 10) published in October 2024.

https://www.mazda.com/content/dam/mazda/corporate/mazda-com/en/pdf/sustainability/report/2024e_all.pdf

*1. Mazda is currently reevaluating these targets in light of the latest situations.

*2. The model plant is a pilot plant where new measures are tested ahead of implementation at other facilities.

(4) Initiatives for Climate Change: Response to TCFD Recommendations*3

Outline of the major initiatives in accordance with the TCFD recommendations*4 is as follows. For more details, please refer to the website below.

https://www.mazda.com/content/dam/mazda/corporate/mazda-com/en/pdf/sustainability/tcfid_20250606e.pdf

[Basic Views]

In May 2019, the Mazda Group declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium,*5 showing its commitment to strengthening its efforts to address climate change. In addition, in January 2021, the Company announced that it would endeavor to achieve carbon neutrality throughout the entire supply chain by 2050. Mazda’s major initiatives to address climate change in accordance with the TCFD recommendations are as follows.

(i) Governance

<Transition Risk>

Taking on the challenge of achieving carbon neutrality throughout the entire supply chain by 2050, we have assigned a director to oversee Mazda’s decarbonization strategy and executive officers to be in charge of carbon neutrality. Since 2021, under the supervision of the officers in charge of decarbonization, the Corporate Strategy Office has formulated and promoted strategies from a Life Cycle Assessment (LCA) perspective for responding to risks and opportunities selected based on Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenarios and trends, while also considering the

investment and expenses required for such initiatives and response schedules.

In April 2023, some of the functions of Corporate Strategy Office and Product Strategy Division were integrated to newly established Corporate Strategy Division, which has a new department to promote CN strategy. Under the leadership of this department, we formulate strategies in respective areas of expertise of its members and implement plans based on the strategies that have been formulated so far. In addition, in order to promote the execution of plans throughout the company, we have started the management to integrate CN into the existing ISO 14001 Environmental Management System (EMS). We share the progress on plan implementation at the twice-yearly Carbon Neutrality Promotion Meeting. In the area of products and technologies, the newly established department in Corporate Strategy Division will promote planning consistent with company-wide strategies.

The CN strategies are deliberated*6 over at the Executive Committee Meetings and the Board of Directors attended by the Representative Director and President. Also, issues concerning sustainability including the initiative for climate change are reported to the Board of Directors in a timely and appropriate manner.

<Physical Risk>

Torrential rain disaster response, which is an acute physical risk associated with climate change, is managed as part of our Business Continuity Plan (BCP) under our emergency risk management structure.

In addition, in response to concerns about storm surges and water depletion, which are chronic physical risks, we are promoting reinforcement of seawall infrastructure and water resources conservation efforts in our operation led by the specialized departments.

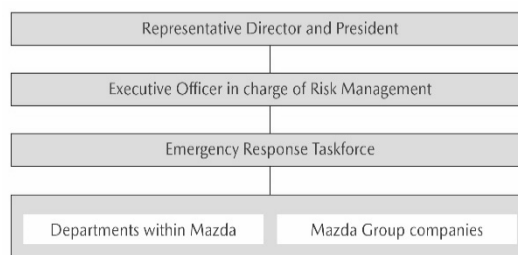
<Transition Risk>

Management System to Promote Carbon Neutrality



<Physical Risk>

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 taskforce, and appoint a general manager for this taskforce.

(ii) Strategy

Based on IPCC and IEA scenarios, policy and regulatory trends, and industry trends, Mazda formulated a scenario based on its own assumptions and recognized the following as the main risks and opportunities.

<Major Risks and Opportunities>

Transition Risks	Policy and Legal	<ul style="list-style-type: none"> • Stricter regulations on fuel economy and exhaust gas emissions, carbon pricing, including introduction of carbon tax
	Technology	<ul style="list-style-type: none"> • Increase in resources to develop electrification technologies, including electric drive system or batteries
	Market	<ul style="list-style-type: none"> • Rise in raw material prices for electrification and weight reduction and tight procurement of semiconductor components • Energy price spikes and supply instability due to tight fossil fuel and renewable energy supplies caused by political conditions and market forces
	Reputation	<ul style="list-style-type: none"> • Implications on investment decisions considering ESG by investors
Physical Risks	Acute	<ul style="list-style-type: none"> • Damage by torrential rain, production halts caused by supply chain disruptions, Health hazards caused by heat waves
	Chronic	<ul style="list-style-type: none"> • Increasing impact of production halts due to severe and frequent natural disasters, Higher frequency of high tide caused by rising sea levels, Water resources depletion and rising water prices necessary for operations, Spread of tropical plagues
Opportunities	Resource Efficiency	<ul style="list-style-type: none"> • Efficient use of raw materials through thorough material recycling
	Energy Source	<ul style="list-style-type: none"> • Stable reception of carbon neutral electricity by promoting the expansion of demand and supply of electricity • Diverse selection of renewable energy sources
	Products and Services, Markets	<ul style="list-style-type: none"> • Deployment of products that suit each region through building block concept*7 and multi-solution • Diversification of products that adapt to next-generation automobile fuels (alternative fuels such as biofuels, synthetic fuels, etc.) • Expansion of market opportunities through deployment of product that suit each region and diversification of products

(iii) Risk Management

<Transition Risk>

We have identified major risks and opportunities based on scenarios from the IPCC and the IEA, government policies, regulatory and industry trends. Based on this identification, we are promoting initiatives to avoid transition risks and seize opportunities. Strategies discussed during the meeting are deliberated over at the Executive Committee Meetings and the board of Directors attended by the Representative Director and President.

In addition, Mazda regularly shares information on climate-related risks with suppliers through a shared platform.

<Physical Risk>

We have established a system for rapid response to torrential rain and other disasters, and have managed them as part of our BCP in the context of an emergency risk management system. In addition to these efforts, as torrential rain disasters have become more severe and frequent in recent years, we are enhancing our ability to collect weather forecasts and making it possible to make quick disaster prevention decisions based on a predetermined time schedule. In addition, we review our response every heavy rain season to improve our response capabilities.

In response to concerns about storm surges and water resources depletion, we are promoting reinforcement of seawall infrastructure and water conservation efforts in the practice of specialized departments.

In response to the heat waves that have become more frequent in recent years, we regularly measure and evaluate the heat environment of each workplace as part of employee health management, which leads to the maintenance and management of appropriate air conditioning equipment. In addition, we use heat insulating materials and heat-insulating paints in our buildings as environmentally friendly measures.

As a measure against the spread of the epidemic, we developed a working rule to assume that employees and other families living with them become infected.

(iv) Metrics and Targets

<Addressing Global Warming>

- 2050 target Achieving carbon neutrality throughout the entire supply chain
- 2035 target Achieving carbon neutrality at Mazda's global factories
- 2030 target Reducing Mazda's non-consolidated CO₂ emissions by 69% compared to 2013*⁸
Achieving a non-fossil fuel-sourced electricity usage rate of 75% at Mazda's non-consolidated sites*⁸
- 2025 target Reducing Mazda's non-consolidated CO₂ emissions by 27% compared to 2013

• Progress in GHG emissions of Scope 1, 2 and 3*⁹

(1,000 t-CO₂e)

	FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1 (direct emissions)	122	97	97	113	112
Scope 2 (indirect emissions)	862	736	739	754	815
Scope 3 (other indirect emissions)* ¹⁰	36,336	31,603	29,797	30,522	60,049
Total	37,320	32,436	30,633	31,389	60,976

<Conservation of Water Resources>

Target for 2030 Reducing water intake by entire Mazda Group companies in Japan by 38% compared to 2013

• Progress in water intake

	FY2013 (base year)	FY2019	FY2020	FY2021	FY2022	FY2023
Water intake (1,000m ³)	9,244	7,576	6,659	6,424	6,402	6,475
Reduction rate (Compared to FY2013) (%)	—	18	28	31	31	30

For details of FY2023 results and the scope of coverage, please refer to the “Environmental Data.”

https://www.mazda.com/content/dam/mazda/corporate/mazda-com/ja/pdf/sustainability/esg-data/Environmental_data_FY_March_2024.xlsx

*3. TCFD: Task Force on Climate-related Financial Disclosures

A private sector organization set up by the Financial Stability Board (FSB), in response to the request from the G20 Finance Ministers and Central Bank Governors

*4. Source: <https://tcfd-consortium.jp/en/about>

*5. An organization established in Japan, aimed at holding discussions regarding climate change on effective corporate information disclosure and efforts for leading disclosed information to appropriate decision-making on investment by financial institutes and other entities. The Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate in the consortium as observers.

*6. As of May 2025, reported and debated 9 times at the Board of Directors.

*7. A technology development concept of progressively stacking blocks of fundamental technologies to efficiently deliver outstanding technology.

*8. Mazda is currently reevaluating these targets in light of the latest situations.

*9. Scope 1: Direct emissions from consumption of fuels and industrial processes. Scope 2: Emissions associated with consumption of purchased heat/electricity (indirect emissions from energy consumption). Scope 3: Other indirect emissions excluding Scope 1 and 2.

*10. From 2023, we revised the calculation method as follows, in order to improve the comprehensiveness and accuracy.

- Prior to 2022: Calculated based on vehicle sales in Japan and major sales regions (North America, Europe, and China) using Tank to Wheel (fuel consumption during driving) method.
- From 2023: Calculated based on global production volume using Well to Wheel (fuel extraction, refining, and electricity generation + fuel consumption during driving).

The emissions calculated using the previous calculation method for 2023 are 29,763 (1,000 t-CO₂e). The increase in emissions is primarily due to an increase in sales volume (approximately 12% year-on-year).

(5) Initiatives for Human Capital (Including Diversity of Human Resources)

(i) Strategy

The Mazda Group believes that people are its most valuable management resource, and aims to be a company where all employees can play more active roles as individuals and demonstrate their greater potential. Recognizing the concept of “co-creating with others,” the Mazda Group respects the diversity of its employees. This includes diversity in race, nationality, creed, gender, social status, family origin, age, mental or physical abilities, sexual orientation, and gender identity. The Mazda Group is also committed to promoting initiatives to improve the work styles, workplace environment and treatment of employees, and to enhance employee motivation and operational efficiency from the viewpoint of total optimization.

To encourage a virtuous cycle of growth, employment, and distribution, the Mazda Group will return the results of its growth to the stakeholders while maintaining employment, as well as sustainably provide returns to the employees.

Specifically, from the perspective of stabilizing employment, improving the quality of life, and developing human resources, the Group will flexibly provide returns to employees, including wage increases in consideration of the current situation of the company.

As one way of providing returns, the Group is making investments in human resources including education in addition to improving working conditions. One example is that the Group invests in the development of “digital human resources.” The Group will continue to make investments that lead to its growth, including support for employees’ capacity development. By doing so, the Group will facilitate employees’ performance and growth.

For the status of implementation of human resource development systems and improvement in the internal environment for these purposes, please refer to the “MAZDA SUSTAINABILITY REPORT 2024” (pages 59-66, and page 117) published in October 2024.

https://www.mazda.com/content/dam/mazda/corporate/mazda-com/en/pdf/sustainability/report/2024e_all.pdf

(ii) Indicators and Targets (Submitting Company)*¹¹

As stated in (1) Strategy above, Mazda’s policy is to appoint personnel based on their individual abilities and achievements regardless of employee attributes. Therefore, Mazda has set no voluntary and measurable targets other than targets for the number of female managers and the percentage of male employees taking childcare leave.

<Increasing the employment and range of opportunities for female employees>

Mazda is working on the diversification of management through the cultivation of female managers and female candidates for managerial positions, as the first step toward empowering female employees. To this end, Mazda currently sets the targets of “the number of female managers: 80 by FY2024 and 100 by FY2025” and “the percentage of male employees taking childcare leave (including childcare leave immediately after the child’s birth): 60% by FY2024 and 70% by FY2025.” In March 2025, Mazda submitted the employer’s action plan with the new targets of “the number of female managers: 110 by FY2026” and “the percentage of male employees taking childcare leave: 75% by FY2026.”

Steady progress is being achieved in realizing these targets. As of March 31, 2025, there were 87 female employees in managerial positions and the percentage of male employees taking childcare leave was 60%. In addition to formulating and promoting individual development plans for female employees who are candidates for promotion, Mazda will continue its efforts to further accelerate women’s active engagement by conducting company-wide notification and awareness-raising activities for the child-rearing leave system, including that for male employees.

*11. It is difficult for the Group to provide comprehensive information about the indicators because not all consolidated subsidiaries track complete data for every indicator. Therefore, the targets and results of the indicators described here are based on the submitting company that operates the main businesses in the Group.

3. Business and Other 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 anticipated risks and does not represent a comprehensive list of all the risks to be faced by the Group. The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report.

Risks Related to the Markets and Business

(1) Economic Conditions Impacting the 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 an economic downturn, recession, changes in demand structure, declining demand, or intensifying price competition in its main markets.

(2) Procurement of Materials and Components

The Group relies on numerous suppliers for the purchase of materials and components. Looking at the entire supply chain from a comprehensive viewpoint, the Group strives to make our supply chain resilient to changes in the environment through the measures to eliminate inefficiency, inconsistency and waste, including maximizing the speed of material procurement and bringing the production sites of variety of parts closer to its production facilities. However, the Group might 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 component suppliers being affected by a disaster or tight supply balances, or due to changes to or breaches of supply contracts. These conditions also pose the risk that the procured materials or components might not meet quality expectations. In addition, the broader adoption of electrification might make it difficult for the Group to procure enough EV-related parts on time, especially batteries that should be sourced from new suppliers. The abovementioned factors could adversely affect the Group's business results and financial position.

(3) 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.

(4) Market Competitiveness

Automobile markets, in which the Group sells its products, are undergoing rapid changes in their industrial structures due to the expansion of new added-value businesses represented by connected technology, autonomous driving technology, shared services, and electrification technology, as well as a succession of new entrants from other industries, resulting in an increasingly competitive and diverse environment. 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. The Group is implementing a range of initiatives to boost its competitiveness in all areas, including product planning and development, manufacturing, and sales, in order to respond to these rapid changes. 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 the scope and speed of changes to the competitive environment exceed expectations, or that the Group fails to launch appealing products at opportune times as a result of issues related to technological capabilities, production capacities, or responses to electrification and other regulations. The same holds true if the Group fails to effectively develop dealership networks or sales methods that adapt to changes in rapidly diversifying customer values and needs.

(5) 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.

(6) 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, in the event of a large-scale recall or other serious incidents, resulting from a defect in products due to unforeseen causes, for example, in new electrification technologies, advanced functions, or complicated software or system, the Group's business results and financial position could be adversely affected due to such factors as the incurring of significant costs, the Group's diminished brand image, and loss of market trust. Such impacts might be more pronounced when the defect is deemed to be attributed to the Group, rather than suppliers.

(7) 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 a driving support system, etc. Despite countermeasures implemented in information technology, networks, and systems to allow safe operations, such factors as failures in infrastructure, cyberattacks that outpace the Group's countermeasures, 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.

(8) Compliance and Reputation

In order to comply with laws and regulations in all business areas, the Group has taken preventive measures regarding compliance violations by educating its employees on laws and regulations related to their work and implementing activities for raising compliance awareness. 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.

(9) Respect for Human Rights

Based on the values for co-creation with others, the Group defined "Mazda Human Rights Policy" in August 2023. The policy describes Mazda's basic belief that human rights are fundamental to its corporate activities and expresses its commitment to respecting human rights both inside and outside the Group. In accordance with the policy, the Group seeks advice from third-party organizations and takes several steps such as establishing systems of human rights due diligence and grievance mechanisms, which includes the identification of priority human rights issues, the impact assessment, and corrective and remedial measures, providing education, conducting awareness-raising activities, and ensuring compliance with various local laws in supply chains. However, with human rights risks increasing globally, should the Group fail to comply with relevant laws and regulations timely and properly, the Group's social trustworthiness and brand image could deteriorate, resulting in a significant impact on the Group's business activities and results.

(10) Climate Change

For information on risks that climate change poses to the Group's business, please refer to "II. Business Overview, 2. Approach to Sustainability and Our Initiatives, (4) Initiatives for Climate Change: Response to TCFD Recommendations" in this report.

(11) Securing and Development of Personnel

The Group believes that people are its most valuable management resource, and aims to be a company where all employees can play more active roles as individuals and demonstrate their greater potential. In order to meet the demand of the times as represented by CASE and carbon neutrality, the Group will proactively aim to secure human resources who can play active roles in highly specialized areas. At the same time, to enable employees with diverse values to play active roles to their fullest potential, the Group will also pursue the understanding and penetration of diversity and promote to strengthen personnel development based on the diversification of work styles and establish a system and environment in which employees can work autonomously, and to foster a corporate culture and climate where they can decisively take on the challenge of creating new value.

However, in the event that the Group were to fail to hire personnel as planned due to intensified competition for recruitment, that increased mobility of human resource were to cause a higher turnover rate, or that the penetration of diversity, resource development or corporate culture were not to be improved as planned, resulting in discouraging employees from playing active roles, the Group's management and business activities could be affected over the medium and long term.

Risks Related to Finance and Economy

(1) 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.

(2) Increase in Material Prices

The Group relies on multiple suppliers for the purchase of materials and components. Increased geopolitical risks, tight supply balances, or environmental regulations can cause substantial rises in material and energy prices and logistics costs and an increase in labor expenses, forcing the Group and suppliers to bear more costs. If the Group is unable to absorb the effects of these—for example, by making internal efforts to boost productivity for reducing production costs or passing on the rises to the Group's product prices, the Group's business results and financial position could be adversely affected.

(3) 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 Related to Politics, Regulations, Legal Procedures, Disasters, etc.

(1) 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. In particular, the demand for carbon neutrality is accelerating around the world. In order to fulfill its responsibility to society as a company, the Group is working to reduce CO₂ emissions from a well-to-wheel (from fuel extraction to driving) perspective, as well as from a life cycle assessment (LCA) perspective, which covers from automobile production, to logistics, disposal, and recycling. We are working to resolve issues with multi-electrification solutions based on the

electric power generating infrastructure and usage environment of each country, as well as the diversity of customers and their needs. However, going forward, the Group's business results and financial position could be adversely affected by the increased costs associated with even more stringent statutory and political regulations in Europe, the United States, and other regions.

(2) 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
- Tight product logistics due to more stringent quarantine and vessel shortages, etc.
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease such as the novel coronavirus infections, and other factors leading to social disorder or restrictions

The Group believes that it is extremely difficult, at this point, to reasonably estimate the accurate impacts of the United States government's additional tariffs on automobile and automobile parts on the Group's business results amid ongoing negotiations between the United States and Japanese governments. In the event that the prolonged impacts of the additional tariffs cause burdens that exceed the measures the Group can take, the Group's business results and financial position could be adversely affected.

(3) 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.

4. Management's Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of Business Results

The Group's financial position, business results, and cash flows for the fiscal year ended March 31, 2025 were as follows.

(i) Financial position and business results

Despite evidence of a slow but steady improvement in economic conditions in the business environment surrounding the Mazda Group during the fiscal year ended March 31, 2025, uncertainty about the future continued mainly due to the effects of high resource prices stemming from geopolitical risks, ongoing high policy interest rates in major countries, and exchange rate volatility. At present, geopolitical and economic uncertainty remains high amid recent changes in government in major countries and concerns over escalating global trade friction.

In this environment, despite the impact of intensifying sales competition and increases in labor costs and parts procurement prices in major markets, the group achieved growth in sales volumes and net sales particularly in the North American market, where sales volumes reached a record high, through efforts to strengthen our flexible marketing measures and introduce new products. While promoting initiatives in electrification and value creation for the future as well as investment in people, we also made efforts to enhance management efficiency through a range of activities such as reducing the number of models, reviewing parts and equipment in line with customer value, re-evaluating cost-effectiveness to reduce costs, and thoroughly streamlining operations to reduce fixed costs.

In terms of products, in April 2024, we began sales in North America of the Mazda CX-70 two-row crossover SUV, the third model in our Large Product Group following the Mazda CX-60 and Mazda CX-90. In October 2024, we also began sales in Europe and Japan of the Mazda CX-80, a three-row crossover SUV and the fourth model in our Large Product Group. Both the CX-70 and CX-80 models boast high environmental performance, thanks to their adoption of plug-in hybrid systems and other electrification technologies, and have achieved high safety ratings in various countries.

In the Chinese market where electrification is making rapid progress, we began sales of the Mazda EZ-6 in October 2024. The EZ-6 is the first of a series of new electrified vehicles developed and manufactured by Changan Mazda Automobile Corporation, a local affiliate in which Mazda has invested, in cooperation with Chongqing Changan Automobile Co., Ltd., Mazda's joint venture partner. In the North American market, we commenced sales of a hybrid model of the Mazda CX-50 in November last year. This model, which is produced at our U.S. Alabama plant, incorporates a hybrid system developed by Toyota Motor Corporation.

Mazda continues to evolve the "joy of driving" based on our human-centered values with the aim of delivering the "joy of living" by creating exciting, moving experiences in the everyday life of our customers.

Global sales

Global sales volume for the fiscal year was 1,303 thousand units, up 5.0% year on year. This was driven by strong performance in the North American market, with the United States and Mexico recording their highest ever annual sales volumes.

Sales volumes in individual markets were as follows.

Japan

Sales declined 5.2% year on year to 152 thousand units mainly due to the impact of discontinuation of sales of the Mazda CX-8. However, sales in the fourth quarter of the fiscal year increased 24.8% year on year to 49 thousand units as the newly introduced the CX-80 and updated models of the CX-60 and Mazda CX-5 contributed to the increase in sales volume.

North America

In the United States, sales were driven by our Large products and the introduction of a hybrid model of the CX-50, and sales reached a record-high of 435 thousand units, a 15.9% increase year on year. Performance in North America as a whole was also strong, with a 20.0% year-on-year growth in sales to 617 thousand units, thanks to robust sales in Canada and Mexico.

Europe

While sales of the Mazda CX-30 and Mazda2 Hybrid model increased, overall sales in Europe declined 3.4% from the previous year to 174 thousand units mainly due to the decrease in sales of the CX-60, CX-5 and Mazda6.

China

In China, sales declined 23.1% year-on-year to 74 thousand units due mainly to contraction in demand for internal

combustion engine vehicles and intense price competition. The EZ-6, a dedicated electrified model, was launched in October 2024.

Other markets

In Australia, one of Mazda's major markets, sales of newly introduced Large products as well as the Mazda CX-3 and CX-5 increased but overall sales declined 1.1% year on year to 97 thousand units, partly due to discontinuation of sales of the Mazda CX-9 and CX-8. In other markets overall, a total of 285 thousand units were sold, down 1.4% from the previous year, due mainly to a contraction in sales in ASEAN markets such as Thailand and Malaysia.

Financial Position and Business Results

a. Business results

Financial performance on a consolidated basis for the fiscal year ended March 31, 2025 was as follows.

(Billions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025	YoY change	
	Full year	Full year	Amount	Rate
Net sales	4,827.7	5,018.9	191.2	4.0%
Operating income	250.5	186.1	(64.4)	(25.7)%
Ordinary income	320.1	189.0	(131.1)	(41.0)%
Net income attributable to owners of the parent	207.7	114.1	(93.6)	(45.1)%

b. Financial position

As of March 31, 2025, total assets increased ¥298.3 billion from the end of the previous fiscal year, to ¥4,090.1 billion. Total liabilities increased ¥245.7 billion from the end of the previous fiscal year to ¥2,280.1 billion.

Net assets as of March 31, 2025 increased ¥52.7 billion from the end of the previous fiscal year to ¥1,810.0 billion, reflecting net income attributable to owners of the parent of ¥114.1 billion and others. Equity ratio decreased 2.0 percentage points from the end of the previous fiscal year to 43.8% (Percentage after consideration of the equity credit attributes of the subordinated loan was 44.7%).

c. Financial position and business results by segment

Financial performance by segment on a consolidated basis for the fiscal year ended March 31, 2025 was as follows.

(Billions of yen)

		Year ended March 31, 2024	Year ended March 31, 2025	YoY change	
		Full year	Full year	Amount	Rate
Net sales	Japan	3,868.0	3,732.8	(135.3)	(3.5)%
	North America	2,983.2	3,293.3	310.1	10.4%
	Europe	926.7	766.6	(160.1)	(17.3)%
	Other areas	732.6	647.6	(85.0)	(11.6)%
Operating income	Japan	152.2	48.5	(103.7)	(68.2)%
	North America	87.6	67.0	(20.7)	(23.6)%
	Europe	20.3	19.2	(1.1)	(5.5)%
	Other areas	26.9	23.1	(3.8)	(14.2)%

Japan

Net sales decreased by ¥135.3 billion, or 3.5% year on year, to ¥3,732.8 billion, and operating income decreased by ¥103.7 billion, or 68.2% year on year, to ¥48.5 billion. This was mainly due to a decline in wholesale volume resulting from the model changeover of certain vehicles for the European market, as well as the impact of rising parts procurement costs. Segment assets amounted to ¥3,105.5 billion, up ¥225.2 billion year on year.

North America

Net sales increased by ¥310.1 billion, or 10.4% year on year, to ¥3,293.3 billion, and operating income decreased by ¥20.7 billion, or 23.6% year on year, to ¥67.0 billion. This was mainly due to factors such as record-high sales volumes in the U.S. and Mexico, the effect of yen depreciation, and increased manufacturing costs at the plant in Mexico. Segment assets amounted to ¥874.5 billion, up ¥57.2 billion year on year.

Europe

Net sales decreased by ¥160.1 billion, or 17.3% year on year, to ¥766.6 billion, and operating income decreased by ¥1.1 billion, or 5.5% year on year, to ¥19.2 billion. This was mainly due to a decrease in wholesale volume in major markets such as Germany. Segment assets totaled ¥360.2 billion, up ¥8.7 billion year on year.

Other areas

Net sales decreased by ¥85.0 billion, or 11.6% year on year, to ¥647.6 billion and operating income decreased by ¥3.8 billion, or 14.2% year on year, to ¥23.1 billion. This was mainly due to a decrease in wholesale volume in major markets such as Australia and ASEAN. Segment assets amounted to ¥389.5 billion, up ¥1.8 billion year on year.

(ii) Cash flows

Cash and cash equivalent as of March 31, 2025 increased ¥186.3 billion from the end of the previous fiscal year to ¥1,105.6 billion. Interest-bearing debt as of March 31, 2025 increased ¥137.4 billion from the end of previous fiscal year to ¥705.2 billion. As a result, we are in a net cash position of ¥400.3 billion.

Cash flows for the fiscal year ended March 31, 2025 by activities were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥305.6 billion, mainly reflecting income before income taxes of ¥155.8 billion and increase in account payables, etc. (For the previous fiscal year, net cash provided by operating activities was ¥418.9 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥200.0 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment. (For the previous fiscal year, net cash used in investing activities was ¥179.9 billion.)

As a result, consolidated free cash flow (net of cash flow from operating and investing activities) was positive ¥105.7 billion. (For the previous fiscal year, consolidated free cash flow was positive ¥239.0 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥90.1 billion, as a result of financing through corporate bonds and long-term borrowings despite of payments for dividends and repayment of long-term borrowings. (For the previous fiscal year, net cash used in financing activities was ¥84.7 billion.)

(iii) Results of production, orders received and sales

a. Production

Results of vehicle production by segment for the fiscal year ended March 31, 2025 were as follows.

Segment	Volume (Thousands of units)	YoY change (%)
Japan	749	(6.3)
North America	328	22.1
Other areas	131	(13.8)
Total	1,207	(1.0)

b. Orders received

The Group carries out production according to production plans, which consider sales results and orders received at distributors.

c. Net sales

Net sales results by segment for the fiscal year ended March 31, 2025 were as follows.

Segment	Amount (Millions of yen)	YoY change (%)
Japan	937,886	(0.5)
North America	2,775,314	18.5
Europe	731,439	(17.6)
Other areas	574,254	(12.3)
Total	5,018,893	4.0

- Notes: 1. Inter-segment transactions are eliminated.
 2. Net sales results for major customers are not presented because none of them accounted for 10% or more of the total net sales.

(2) Analysis and Discussion on the Status of Business Results from the Management's Perspective

Views, analysis, and discussion on the status of the Group's business results from the management's perspective are as follows. The forward-looking statements in this section are based on the judgments of the Group as of the filing date of this report.

(i) Views, analysis, and discussion on the status of business results for the fiscal year ended March 31, 2025

Business results on a consolidated basis for the fiscal year ended March 31, 2025 were as follows. Factors affecting the Group's business are described in "II. Business Overview, 3. Business and Other Risks."

Net Sales

Net sales for the fiscal year ended March 31, 2025 reached a record high of ¥5,018.9 billion, an increase of ¥191.2 billion, or 4.0% year on year, reflecting strong sales in North America.

By region, domestic sales amounted to ¥578.6 billion, a decrease of ¥61.7 billion, or 9.6% year on year, due to a decline in in wholesale volume. Overseas sales amounted to ¥4,440.3 billion, an increase of ¥252.9 billion, or 6.0% year on year, mainly due to an increased wholesale volume in the North American market, improved unit selling prices, and the effect of yen depreciation.

By product, vehicle sales increased by ¥172.3 billion, or 4.1% year on year, to ¥4,362.4 billion thanks to the growth in wholesale volume and the effect of yen depreciation, while sales of knock-down parts for overseas production decreased by ¥7.7 billion, or 34.1% year on year, to ¥14.9 billion, mainly due to a decrease in wholesale volume in China. Sales of parts increased by ¥24.5 billion, or 7.0% year on year, to ¥376.2 billion. Other sales increased by ¥2.1 billion, or 0.8% year on year, to ¥265.4 billion.

Operating Income

While strong sales in the North American market, increased wholesale volumes of Large products, and a weaker yen against the dollar and euro contributed to a profit increase, this was offset by higher marketing expenses and rising parts procurement costs, and operating income amounted to ¥186.1 billion, a decrease of ¥64.4 billion, or 25.7% year on year, and the operating return on sales was 3.7%, a decrease of 1.5 percentage points year on year.

The main causes of changes in operating income were as follows.

	(Billions of yen)
	Full year
Volume and mix	62.8
Sales incentives	(124.9)
Foreign exchange	43.9
Raw materials, logistics costs and others	(46.2)
Cost improvement	25.0
Fixed costs and others	(25.0)
Total	(64.4)

Ordinary Income

Ordinary income decreased by ¥131.1 billion, or 41.0% year on year, to ¥189.0 billion, mainly due to the recording of foreign exchange loss of ¥22.9 billion which offset the interest income, etc. (For the previous fiscal year, foreign exchange gain was ¥54.2 billion).

Net Income Attributable to Owners of the Parent

Net income attributable to owners of the parent was ¥114.1 billion, a decrease of ¥93.6 billion, or 45.1% year on year, mainly due to the recording of ¥24.3 billion as provision for loss on production termination under extraordinary losses and tax expenses of ¥40.7 billion.

The analysis of financial position and the analysis of financial position and business results by segment for the fiscal year ended March 31, 2025 are provided in (1) Overview of Business Results, (i) Financial position and business results.

(ii) Source of funds and liquidity

In order for the Group to reliably secure the funds needed for business activities, the Group is striving to create cash flows. Furthermore, the Group is procuring the necessary funds through bank borrowing and the issuance of bonds for the purpose of allocating the capital expenditures necessary for manufacturing and selling automobiles and parts. In January 2024, the Company established a sustainable finance framework as a funding method focusing on promoting activities for sustainability. Funds raised through this framework are being used to achieve carbon neutrality in the Group's factories around the world and develop and produce battery electric and plug-in hybrid vehicles as well as technologies for advanced safety vehicles or advanced driver-assistance systems.

The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule on a timely basis, and the Group maintains a certain level of liquidity at hand in order to respond to sudden changes in the external environment. The Company also has systems and procedures in place that allow us to respond flexibly to liquidity risks through managing the funds of the Group and intercompany loans within the Group. In addition, the Company ensures sufficient liquidity by entering into commitment line agreements with domestic financial institutions.

At the end of the fiscal year ended March 31, 2025, liquidity, comprising cash and cash equivalents of ¥1,105.6 billion, in addition to unused commitment credit lines of ¥200.0 billion, amounted to ¥1,305.6 billion, which is equivalent to 3.1 months of monthly sales.

The Company was assigned the following long term credit ratings from two domestic rating agencies as of the end of the fiscal year ended March 31, 2025: "A-" from Japan Credit Rating Agency, Ltd. and "BBB+" from Rating and Investment Information, Inc.

With regard to shareholder returns, the Company 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.

An analysis of cash flows for the fiscal year ended March 31, 2025 is provided in "(1) Overview of Business Results, (ii) Cash flows."

(iii) Significant accounting estimates and underlying assumptions

The Group prepares its consolidated financial statements in accordance with the accounting standards generally accepted in Japan. In the preparation of the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses. Management believes that the estimates and assumptions made in the preparation of consolidated financial statements for the fiscal year ended March 31, 2025 are reasonable, but actual results may differ from those estimates and assumptions.

The following shows significant accounting estimates and assumptions the Group used in preparing its consolidated financial statements.

a. Allowance for doubtful receivables

To provide for bad debt expenses on trade notes and accounts receivable, loans receivable and other receivables, allowance for doubtful receivables is recorded at an amount estimated to be uncollectible. For receivables at ordinary risk, the amount is based on the past default ratio, and for receivables at high risk, the amount is calculated in consideration of the collectability

of individual receivables. However, additional allowances may be required or bad debt expenses may be incurred in the event that the debtor’s ability to pay their debt declines in the future due to such factors as a deterioration in the debtor’s financial condition.

b. Provision for loss on production termination

Provision for loss on production termination provides for the estimated amount of compensation to suppliers and other related expenses, expected to be incurred as of the end of the fiscal year, due to the earlier-than-planned termination of production for certain products, however, if losses increase in the future, additional provisions may be required.

c. Provision related to environmental regulations

Provision related to environmental regulations provides for the estimated costs of complying with environmental regulations as of March 31, 2025 in consideration of environmental regulations in each country. However, additional provisions may be required in the event that the environmental regulations in each country are further tightened in the future.

d. Employees’ retirement benefits

Employees’ retirement benefit expenses and obligations are calculated based on actuarial assumptions. Any changes in those assumptions or a decline in the plan assets due to a deterioration in market conditions or other factors may affect the expenses and obligations to be recognized in future periods.

e. Impairment of non-current assets

When applying impairment accounting for non-current assets, the Group in principle groups its assets by operating company, and groups idle assets, assets held for leasing, and assets held for sale by individual property, estimating the future cash flows for each group. If the carrying amount is determined to be unrecoverable due to a deterioration in business conditions or other factors, the Group may be required to record an impairment loss against the carrying amount of the asset.

f. Deferred tax assets

Deferred tax assets is provided in “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, Significant Accounting Estimates, Recoverability of deferred tax assets.”

g. Reserve for warranty expenses

Reserve for warranty expenses is provided in “V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to the Consolidated Financial Statements, Significant Accounting Estimates, Reserve for Warranty Expenses.”

(iv) Objective indicators and other factors to assess the achievement of management policy, management strategy and management targets

The Group announced the Medium-term Management Plan Update and Management Policy up to 2030 in November 2022. Management indicators in this Management Plan are described in “II. Business Overview, 1. Management Policy, Management Environment, and Issues to Be Addressed.”

5. Important Contracts

Contracting party	Counterparty	Country	Contract details	Contract date
Mazda Motor Corporation (the Company)	Toyota Motor Corporation	Japan	Memorandum of understanding on the business and capital alliance	August 4, 2017
Mazda Motor Corporation (the Company)	Toyota Motor Corporation	Japan	Joint venture agreement on joint vehicle production in the U.S.	November 28, 2017

6. Research and Development Activities

The Mazda Group views the period until 2030 as the “dawn of electrification” and under its 2030 Management Policy will promote electrification through a multi-solution approach to respond flexibly to diverse customer needs and environmental regulations. To realize this, the Group will implement its Lean Asset Strategy for enhancing the corporate value of Mazda as a niche player by timely developing and producing diverse products and electrification technologies. The Group will deploy Mazda Monozukuri Innovation 2.0, our unique approach to development and production process innovation in manufacturing, and increase productivity three-fold to allow for more complex development while maintaining resources at the existing level. For our battery EV to be launched in 2027, we will reduce development investment by 40% and development man-hours by 50% compared with what these were previously through collaboration and partnerships, thereby achieving sustained growth.

Looking at research and development system by segment, the Japan segment is engaged in the planning, design, engineering, and testing and research works for new products as well as advanced research into new technologies at Head Office R&D Divisions (including e-Mazda) and the Mazda R&D Center Yokohama. Outside of Japan, the Company works with R&D divisions of Mazda Motor of America, Inc. in the U.S. for the North America segment, Mazda Motor Europe GmbH in Germany for the Europe segment, and Mazda Motor (China) Co., Ltd. in China for Other segment to conduct research and development of products that meet the specific features of each market.

As a step towards realizing the management policy for 2030, the Company launched the Mazda EZ-6, a series of new electrified vehicles developed and manufactured by Changan Mazda Automobile Co., Ltd., for China in this fiscal year. The EZ-6 is a dedicated electrified model that combines a styling based on a Mazda’s design theme “Kodo: Soul of Motion” and Mazda’s unique driving feel of “Jinba-Ittai” (horse and rider as one) with electric and smart technologies of Chongqing Changan Automobile Co., Ltd, Mazda’s joint venture partner. Mazda will respond to the wide range of needs and preferences of customers in China by offering two models, an electric vehicle (BEV) and a plug-in hybrid EV (PHEV).

Additionally, the Company launched a new crossover SUV, Mazda CX-80, which is the fourth model* of Mazda’s new-generation Large Product lineup, for Europe and Japan. The CX-80 is a flagship model for European and Japanese markets that offers high environmental performance and safe and secure car ownership experience, while combining powerful driving experience with high-quality and enriched moving experience. With the design concept of “Graceful Toughness,” the frame of CX-80 is crafted to balance the roominess and elegance of space, giving an impression of nobility and poise of a mature adult. On its interior, the second row of the CX-80 is available in three types: separate captain seats with a console between them; captain seats that allows walk-through without a console; and a bench seat that can seat three people. The powertrain is also available in three types: “e-SKYACTIV PHEV,” a plug-in hybrid system that achieves both strong driving performance and environmental performance; “SKYACTIV-D 3.3,” which is equipped with a 3.3-liter inline 6-cylinder diesel engine to achieve agile driving performance and excellent fuel efficiency; and “e-SKYACTIV-D 3.3,” which achieves a high level of enriched driving feel and fuel efficiency thanks to its overwhelming high torque by combining an inline 6-cylinder diesel engine with M HYBRID BOOST (48v mild hybrid system), an original hybrid technology of Mazda.

At the time of the “dawn of electrification” moving toward the widespread use of electrified vehicles in full scale, the Company launched the updated models of Mazda CX-60, the first model in Mazda’s new-generation Large Product lineup, aiming to respond to social needs while delivering the joy of driving. The CX-60 is now updated to deliver better ride comfort for achieving enjoyable moving experience in wider aspects of everyday driving, while retaining the ease of handling, which is an attractiveness of the CX-60. To allow customers to choose a model that suits their life-style, the CX-60 has additional two types: “XD SP,” a new grade that features outstanding sporty exterior, and “XD-HYBRID Trekker,” a special specification car that has improved equipment useful for outdoor leisure activities.

R&D costs in the fiscal year ended March 31, 2025 totaled ¥168.0 billion, a segment-wise breakdown of which was ¥160.8 billion for Japan, ¥3.1 billion for North America, ¥3.3 billion for Europe, and ¥0.9 billion for Other areas. The Company’s segments are regional segments based on production and sales management systems. Since most of the R&D activities are conducted by the Japan segment, segment-wise reports on R&D activities are omitted.

* The first model is Mazda CX-60 (launched in Europe, Japan, and other regions), the second model is Mazda CX-90 (launched in North America and other regions), the third model is Mazda CX-70 (launched in North America and other regions).

III. Equipment and Facilities

1. Overview of Capital Expenditures

Capital expenditures (including intangible assets) for the fiscal year ended March 31, 2025 totaled ¥148.4 billion as a result of efficient investments for future growth such as those in new-generation products, environmental and safety technologies, IT, and the reinforcement of the global production system.

By segment, capital expenditures totaled ¥101.4 billion in Japan and were mainly focused on new-generation products, environmental and safety technologies, IT, and the increase in production capacity at the Hiroshima and Hofu Plants. In North America, ¥43.5 billion was invested in plants in the United States, production facilities in Mexico, and others. Capital expenditures in Europe totaled ¥1.7 billion, and totaled ¥1.9 billion in other regions. Additionally, Mazda did not implement the disposal or sale of any major facilities in any segment.

2. Major Equipment and Facilities

(1) Reporting Company

As of March 31, 2025

Office name (Location)	Segment	Description of facilities	Land area (1,000 m ²)	Carrying amount (Millions of yen)						Number of employees (Persons)
				Land	Buildings and structures	Machinery, equipment and vehicles	Leased assets	Tools, furniture and fixtures	Total	
Head Office and Hiroshima Plant (Fuchu-cho, Aki-gun, Hiroshima) (Minami-ku, Hiroshima-shi, Hiroshima)	Japan	Vehicle and parts production facilities, R&D facilities, head office facilities	«5» 2,174 [86]	217,628 [9,415]	70,900 [614]	180,420 [10]	4,497	17,966 [19]	491,411 [10,058]	17,845
Hofu Plant (Hofu-shi, Yamaguchi)	Japan	Vehicle and parts production facilities	1,329 [36]	15,596 [432]	13,001 [122]	79,315 [3]	184	6,195 [0]	114,291 [557]	4,331
Miyoshi Office (Miyoshi-shi, Hiroshima)	Japan	Parts production facilities, R&D facilities	1,702	4,614	4,915	5,512	0	826	15,867	84
Mazda R&D Center Yokohama (Kanagawa-ku, Yokohama-shi, Kanagawa)	Japan	R&D facilities	37	4,511	1,526	571	30	221	6,859	51
Distributors, distribution centers, etc. (Nishi-ku, Sakai-shi, Osaka, etc.)	Japan	Sales and distribution facilities	«7» 943 [89]	40,901 [2,685]	11,014 [1,330]	627 [35]	—	121 [6]	52,663 [4,055]	36
Hospital, dormitories, etc. (Fuchu-cho, Aki-gun, Hiroshima, etc.)	Japan	Welfare facilities	«9» 150	12,459	8,095	253	292	876	21,975	529

(2) Domestic Subsidiaries

As of March 31, 2025

Company name	Office name (Location)	Segment	Description of facilities	Land area (1,000 m ²)	Carrying amount (Millions of yen)						Number of employees (Persons)
					Land	Buildings and structures	Machinery, equipment and vehicles	Leased assets	Tools, furniture and fixtures	Total	
Kurashiki Kako Co., Ltd.	Head office, main plant, etc. (Kurashiki-shi, Okayama, etc.)	Japan	Parts production facilities, head office facilities	«21» 79 [1]	1,140	1,620	1,368 [42]	117	675 [13]	4,920 [55]	867
Mazda Logistics Co., Ltd.	Hofu Distribution Center, etc. (Hofu-shi, Yamaguchi, etc.)	Japan	Distribution facilities, etc.	136 [7]	2,371 [60]	2,800 [131]	727	102	283	6,283 [191]	1,727
Kanto Mazda Co., Ltd. and 13 other distributors	Head offices and business offices (Itabashi-ku, Tokyo, etc.)	Japan	Sales facilities for vehicles and parts and maintenance facilities	«738» 879 [17]	98,942 [1,450]	53,416 [337]	24,841	172	954	178,325 [1,787]	8,014

(3) Overseas Subsidiaries

As of March 31, 2025

Company name	Office name (Location)	Segment	Description of facilities	Land area (1,000 m ²)	Carrying amount (Millions of yen)						Number of employees (Persons)
					Land	Buildings and structures	Machinery, equipment and vehicles	Leased assets	Tools, furniture and fixtures	Total	
Mazda Motor of America, Inc.	Head office (Irvine, California, U.S.A.)	North America	Sales administration facilities for vehicles and parts, etc.	«941» 44	1,900	3,658	51,857	14,136	40,928	112,479	1,009
Mazda Canada Inc.	Head office (Richmond Hill, Ontario, Canada)	North America	Sales administration facilities for vehicles and parts	«134» —	—	704	167	4,264	42	5,177	175
Mazda Motor Manufacturing de Mexico, S.A. de C.V.	Head office and plant (Salamanca, Guanajuato, Mexico)	North America	Vehicles and parts production facilities, head office facilities	2,677	9,551	17,823	28,393	1,155	6,795	63,717	5,054
Mazda Motors (Deutschland) GmbH	Head office (Leverkusen, North Rhine-Westphalia, Germany)	Europe	Sales administration facilities for vehicles and parts	85	903	797	12,263	77	350	14,390	163
Mazda Motor Logistics Europe N.V.	Head office (Willebroek, Antwerp, Belgium)	Europe	Sales administration facilities for vehicles and parts	—	—	908	3,651	268	239	5,066	814
Mazda Australia Pty Ltd.	Head office (Mulgrave, Victoria, Australia)	Other areas	Sales administration facilities for vehicles and parts	—	—	2	163	3,745	260	4,170	319
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Head office and plant (Chonburi, Thailand)	Other areas	Vehicle parts production facilities, head office facilities	901	5,267	6,927	17,783	—	238	30,215	626

- Notes: 1. The carrying amounts shown above do not include the amounts of construction in progress and intangible assets.
2. The above figures in double angle brackets indicate major facilities leased from parties other than consolidated companies, which are excluded from the figures without brackets.
3. The above figures in square brackets indicate major facilities leased to parties other than consolidated companies, which are included in the figures without brackets.
4. There are no major facilities that are currently out of operation.

3. Plans for New Additions or Disposals

(1) Construction of Major Facilities

The capital investment plan for the fiscal year ending March 31, 2026 is yet to be determined, as the business environment surrounding the Group is expected to remain uncertain due to factors such as the U.S. government's tariff policies.

(2) Disposal of Major Facilities

There are no plans to dispose of major facilities, except for disposals for the purpose of regular facility updates.

IV. Corporate Information

1. Information on the Company's Shares

(1) Total Number of Shares, Etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	1,200,000,000
Total	1,200,000,000

(ii) Shares issued

Class	Number of shares issued as of fiscal year end (Shares) (March 31, 2025)	Number of shares issued as of the filing date (Shares) (June 24, 2025)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	631,803,979	631,803,979	Prime Market of Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	631,803,979	631,803,979	–	–

(2) Stock Acquisition Rights

(i) Stock option plans

Resolution date	July 29, 2016	July 27, 2017	July 26, 2018
Title and number of grantees	8 directors of the Company (excluding outside directors) 18 executive officers of the Company	8 directors of the Company (excluding outside directors) 21 executive officers of the Company	8 directors of the Company (excluding outside directors) 20 executive officers of the Company
Number of stock acquisition rights*	187 units [187 units] (Note 1)	210 units [193 units] (Note 1)	302 units [280 units] (Note 1)
Class, details and number of shares underlying the stock acquisition rights*	18,700 shares [18,700 shares] of common stock (Note 1)	21,000 shares [19,300 shares] of common stock (Note 1)	30,200 shares [28,000 shares] of common stock (Note 1)
Amount to be paid in upon exercise of stock acquisition rights	Amount obtained by multiplying the exercise price per share (which will be 1 yen per share) by the number of shares underlying each stock acquisition right.	Same as left	Same as left
Exercise period of stock acquisition rights	From August 23, 2016 to August 22, 2046	From August 22, 2017 to August 21, 2047	From August 21, 2018 to August 20, 2048
Share issue price and amount per share to be incorporated into the stated capital in the event of issuance of shares by exercise of stock acquisition rights*	Issue price: 1,328 yen Amount to be incorporated into the stated capital: 664 yen (Note 2)	Issue price: 1,337 yen Amount to be incorporated into the stated capital: 669 yen (Note 2)	Issue price: 1,028 yen Amount to be incorporated into the stated capital: 514 yen (Note 2)
Conditions for exercising stock acquisition rights	Note 3	Same as left	Same as left
Matters concerning transfer of stock acquisition rights	Acquisition of stock acquisition rights by transfer must be approved by a resolution of the Company's Board of Directors.	Same as left	Same as left
Granting of stock acquisition rights in the event of organizational restructuring	Note 4	Same as left	Same as left

Resolution date	August 1, 2019	July 31, 2020	July 30, 2021
Title and number of grantees	6 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 19 executive officers and fellow of the Company	6 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 21 executive officers and fellow of the Company	7 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 19 executive officers and fellow of the Company
Number of stock acquisition rights*	457 units [428 units] (Note 1)	1,040 units [981 units] (Note 1)	885 units [862 units] (Note 1)
Class, details and number of shares underlying the stock acquisition rights*	45,700 shares [42,800 shares] of common stock (Note 1)	104,000 shares [98,100 shares] of common stock (Note 1)	88,500 shares [86,200 shares] of common stock (Note 1)
Amount to be paid in upon exercise of stock acquisition rights	Amount obtained by multiplying the exercise price per share (which will be 1 yen per share) by the number of shares underlying each stock acquisition right.	Same as left	Same as left
Exercise period of stock acquisition rights	From August 21, 2019 to August 20, 2049	From August 19, 2020 to August 18, 2050	From August 18, 2021 to August 17, 2051
Share issue price and amount per share to be incorporated into the stated capital in the event of issuance of shares by exercise of stock acquisition rights*	Issue price: 651 yen Amount to be incorporated into the stated capital: 326 yen (Note 2)	Issue price: 416 yen Amount to be incorporated into the stated capital: 208 yen (Note 2)	Issue price: 969 yen Amount to be incorporated into the stated capital: 485 yen (Note 2)
Conditions for exercising stock acquisition rights	Note 3	Same as left	Same as left
Matters concerning transfer of stock acquisition rights	Acquisition of stock acquisition rights by transfer must be approved by a resolution of the Company's Board of Directors.	Same as left	Same as left
Granting of stock acquisition rights in the event of organizational restructuring	Note 4	Same as left	Same as left
Resolution date	July 29, 2022	July 21, 2023	
Title and number of grantees	8 directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors) 19 executive officers and fellow of the Company	7 directors of the Company (excluding directors of foreign nationality, directors who are Audit & Supervisory Committee members, and outside directors) 19 executive officers and fellow of the Company	
Number of stock acquisition rights*	678 units [654 units] (Note 1)	788 units [758 units] (Note 1)	
Class, details and number of shares underlying the stock acquisition rights*	67,800 shares [65,400 shares] of common stock (Note 1)	78,800 shares [75,800 shares] of common stock (Note 1)	
Amount to be paid in upon exercise of stock acquisition rights	Amount obtained by multiplying the exercise price per share (which will be 1 yen per share) by the number of shares underlying each stock acquisition right.	Same as left	
Exercise period of stock acquisition rights	From August 23, 2022 to August 22, 2052	From August 10, 2023 to August 9, 2053	
Share issue price and amount per share to be incorporated into the stated capital in the event of issuance of shares by exercise of stock acquisition rights*	Issue price: 1,100 yen Amount to be incorporated into the stated capital: 550 yen (Note 2)	Issue price: 1,033 yen Amount to be incorporated into the stated capital: 517 yen (Note 2)	
Conditions for exercising stock acquisition rights	Note 3	Same as left	
Matters concerning transfer of stock acquisition rights	Acquisition of stock acquisition rights by transfer must be approved by a resolution of the Company's Board of Directors.	Same as left	
Granting of stock acquisition rights in the event of organizational restructuring	Note 4	Same as left	

* The description above indicates the status as of the end of the current fiscal year (March 31, 2025). As for the information that changed after the end of the current fiscal year and before the end of the month preceding the filing date (May 31, 2025), the information as of the end of the month preceding the filing date is presented in brackets. There were no changes in other items after the last day of the current fiscal year.

Notes: 1. The class of shares underlying the stock acquisition rights shall be shares of the Company's common stock, and the number of shares underlying each stock acquisition right (hereinafter "number of shares granted") shall be 100 shares. If, however, on or after the date of the allotment of the stock acquisition rights (hereinafter "allotment date") the Company conducts a share split (including an allotment without consideration of shares of the Company's common stock; the same shall apply to all references to the share split herein) or reverse share split of the Company's common stock, the number of shares granted shall be adjusted using the following formula, rounding down any fraction of less than one share resulting from such adjustment.

Number of shares granted after adjustment = Number of shares granted before adjustment x Ratio of share split or consolidation

The number of shares granted after adjustment shall apply from the day following the record date (the effective date where no record date is specified) in the case of a share split or from the effective date in the case of a reverse share split. However, if a share split is made on the condition that a proposal to increase capital or capital reserve by reducing surplus shall be approved at a general meeting of shareholders, and if the record date of such a share split is set for a day prior to the close of the said general meeting of shareholders, the adjustment shall be made on or after the date following the close of the said general meeting of shareholders, applicable retrospectively to the day following such record date. In addition, if an adjustment to the number of shares granted is necessary on or after the allotment date in the event of a merger, company split or similar event, the Company may make an appropriate adjustment to the number of shares granted within a reasonable limit.

If the number of shares granted is to be adjusted, the Company shall notify the holder of each stock acquisition right recorded in the register of stock acquisition rights (hereinafter "holder of stock acquisition rights") of any important matters by the day immediately prior to the date on which the number of shares granted after adjustment is applied. However, if the Company is unable to give such notice by the day immediately prior to the date for such application, such notice shall be given as soon as possible afterward.

2. (1) The amount of the capital increase when shares are issued upon exercise of stock acquisition rights shall be one-half of the maximum increase in the amount of capital, calculated in accordance with Paragraph 1, Article 17 of the Corporate Accounting Rules. Fractions of less than 1 yen will be rounded up to the nearest 1 yen.
(2) The amount of the capital reserve increase when shares are issued upon exercise of stock acquisition rights shall be the amount calculated by deducting the amount of capital to be increased as stated in the preceding paragraph (1) from the maximum increase in the amount of capital as stated in the same paragraph (1) above.
3. (1) Holders of stock acquisition rights may exercise those rights on or after the day following the day they cease to hold any of the following positions at the company: director, executive officer, fellow, or any position of equivalent status.
(2) Paragraph (1) above shall not apply to a person who inherited stock acquisition rights.
(3) If the holder of stock acquisition rights has relinquished them, the holder may not exercise the stock acquisition rights.
4. In the event that the Company conducts a merger (only if the Company ceases to exist due to the merger), an absorption-type company split or incorporation-type company split (only if the Company is the splitting company in either case), or a stock swap or stock transfer takes place (only if the Company becomes a wholly owned subsidiary in either case) (hereinafter "structural reorganization"), stock acquisition rights of the companies listed in a. through e., Sub-paragraph 8, Paragraph 1, Article 236 of the Companies Act (hereinafter "reorganized company") shall be granted to the holders of the remaining stock acquisition rights in each of the above cases based on the conditions mentioned below as of the date immediately prior to the effective date of the structural reorganization. (The effective date refers to the effective date of the absorption-type merger in the case of an absorption-type merger, the date of the establishment of the new company in the case of a consolidation-type merger, the effective date of the absorption-type company split in the case of an absorption-type company split, the date of the establishment of the new company in the case of an incorporation-type company split, the effective date of the stock swap in the case of a stock swap, and the date of establishment of the wholly owning parent company in the case of a stock transfer. The same applies below.) However, in agreements for absorption- or consolidation-type mergers, an absorption-type company split or any incorporation-type company split plan, stock swap agreement or stock transfer plan, the granting of stock acquisition rights of a reorganized company shall be stipulated in accordance with the items below.
 - (1) Number of stock acquisition rights of a reorganized company to be granted
An equal number of stock acquisition rights to those remaining held by the holder of stock acquisition rights shall be granted to each holder.
 - (2) Class of shares of the reorganized company underlying the stock acquisition rights
Common stock of the reorganized company

- (3) Number of shares of the reorganized company underlying the stock acquisition rights
To be determined in accordance with (Note 1) above, taking into consideration the conditions of the structural reorganization.
 - (4) Value of assets to be contributed upon exercise of stock acquisition rights
The value of assets to be contributed upon exercise of each stock acquisition right granted shall be calculated by multiplying the exercise price after the reorganization as stipulated below by the number of shares of the reorganized company underlying each stock acquisition right as calculated in accordance with Paragraph (3) above. The exercise price after the reorganization shall be 1 yen per share of the reorganized company granted upon the exercise of each stock acquisition right.
 - (5) Period of time during which stock acquisition rights can be exercised
The period of time during which the stock acquisition rights can be exercised shall be from the starting date of the exercisable period as stipulated in “Exercise period of stock acquisition rights” above or the effective date of structural reorganization, whichever is later, to the final day of the exercisable period as stipulated in “Exercise period of stock acquisition rights” above.
 - (6) Matters concerning increases in capital and capital reserve in the event shares are issued upon the exercise of stock acquisition rights
To be determined in accordance with (Note 2) above.
 - (7) Restriction on acquisition of stock acquisition rights by transfer
The acquisition of stock acquisition rights by transfer must be approved by a resolution of the board of directors of the reorganized company.
 - (8) Provisions concerning the acquisition of stock acquisition rights
To be determined in accordance with (Note 5) below.
 - (9) Other conditions for the exercise of stock acquisition rights
To be determined in accordance with (Note 3) above.
5. If the proposal (1), (2), (3), (4), or (5) below is approved at a general meeting of shareholders of the Company (or by resolution of the Company’s Board of Directors if a resolution by the general meeting of shareholders is not required), the Company may acquire stock acquisition rights at no cost on a date stipulated separately by the Company’s Board of Directors.
- (1) Proposal for approval of a merger agreement in which the Company ceases to exist;
 - (2) Proposal for approval of a company split agreement or company split plan in which the Company is spun off;
 - (3) Proposal for approval of a stock swap agreement or a stock transfer plan in which the Company will become a wholly-owned subsidiary;
 - (4) Proposal for approval of an amendment to the Articles of Incorporation to establish a provision requiring the approval of the Company for the acquisition of all the shares issued by the Company by transfer; or
 - (5) Proposal for approval of amendment of the Articles of Incorporation to establish a provision requiring the approval of the Company for the acquisition of shares of the class underlying the stock acquisition rights by transfer or that the Company may acquire all shares of such class by a resolution of a general meeting of shareholders.

(ii) Rights plans

No items to disclose.

(iii) Other stock acquisition rights

No items to disclose.

(3) Exercises of Moving Strike Convertible Bonds, Etc.

No items to disclose.

(4) Changes in Number of Shares Issued, Capital, Etc.

Date	Increase (decrease) in total number of shares issued (Thousands of shares)	Balance of total number of shares issued (Thousands of shares)	Change in capital (Millions of yen)	Balance of capital (Millions of yen)	Changes in capital reserve (Millions of yen)	Balance of capital reserve (Millions of yen)
October 2, 2017 (Note)	31,928	631,803	25,000	283,957	25,000	193,847

Note: Third-party allotment for value: issue price 1,566 yen; amount incorporated into the stated capital 783 yen; allotted to Toyota Motor Corporation

(5) Shareholding by Shareholder Category

As of March 31, 2025

Category	Status of shares (Number of shares constituting one unit: 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instrument business operator	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	—	61	57	1,120	534	980	157,034	159,786	—
Number of shares held (Units)	—	1,789,684	353,245	679,395	2,354,200	6,237	1,130,014	6,312,775	526,479
Percentage of shareholdings (%)	—	28.35	5.60	10.76	37.29	0.10	17.90	100.00	—

Note: Out of 1,447,444 shares of treasury stock, 14,474 units are included in “Individuals and others,” and 44 shares are included in “Shares less than one unit.” The number of treasury stock is the number of shares recorded in the shareholder register. The actual number of treasury stock held as of March 31, 2025 is 1,447,244 shares.

(6) Major Shareholders

As of March 31, 2025

Name	Location	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo, Japan	105,932	16.81
Toyota Motor Corporation	1, Toyota-cho, Toyota-shi, Aichi, Japan	31,928	5.07
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	29,210	4.63
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT (Standing Proxy: Custody Operations Division, Tokyo Branch, The Hongkong And Shanghai Banking Corporation Limited)	10 Rue du Chateau d' Eau L - 3364 Leudelange Grand Duchy of Luxembourg (3-11-1, Nihonbashi, Chuo-ku, Tokyo, Japan)	11,140	1.77
Morgan Stanley & Co. LLC (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 Broadway New York, New York 10036, U.S.A. (1-9-7, Otemachi, Chiyoda-ku, Tokyo, Japan)	10,737	1.70
State Street Bank and Trust Company 505103 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	9,292	1.47
MAN INTERNATIONAL ICVC – MAN GLG JAPAN COREALPHA FUND (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	Riverbank House, 2 Swan Lane, London EC4R 3AD, United Kingdom (2-15-1, Konan, Minato-ku, Tokyo, Japan)	8,294	1.32
State Street Bank and Trust Company 505001 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	One Congress Street, Suite 1, Boston, Massachusetts, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	7,730	1.23
JP Morgan Securities Japan Co., Ltd	2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan	7,358	1.17
State Street Bank West Client – Treaty 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank Ltd.)	1776 Heritage Drive, North Quincy, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo, Japan)	7,221	1.15
Total	—	228,842	36.32

- Notes: 1. (1) As per Large Shareholding Report made available for public inspection on August 5, 2024, Mitsubishi UFJ Trust and Banking Corporation, Limited and four joint shareholders hold 31,928,017 shares of the Company as of July 29, 2024. Since we have not been able to confirm the number of shares actually held as of the balance sheet date, they are not included in the major shareholder information above. The details of the said Large Shareholding Report are as follows:

Name	Location	Number of stock certificates, etc. held (Shares)	Shareholding ratio (%)
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan	14,547,000	2.30
MUFG Securities EMEA plc	Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AJ, United Kingdom	2,000,000	0.32
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashi-Shinbashi, Minato-ku, Tokyo, Japan	10,187,300	1.61
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo, Japan	2,093,317	0.33
MUFG Securities Americas Inc.	1221 Avenue of the Americas, New York, NY 10020-1001, United States	3,100,000	0.49

- (2) As per Large Shareholding Report (Change Report) made available for public inspection on November 7, 2024, Sumitomo Mitsui Trust Bank, Limited and two joint shareholders hold 36,159,700 shares of the Company as of October 31, 2024. Since we have not been able to confirm the number of shares actually held as of the balance sheet date, they are not included in the major shareholder information above. The details of the said Large Shareholding Report (Change Report) are as follows:

Name	Location	Number of stock certificates, etc. held (Shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	2,000,000	0.32
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo, Japan	19,266,500	3.05
Nikko Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo, Japan	14,893,200	2.36

(3) As per Large Shareholding Report (Change Report) made available for public inspection on March 19, 2025, BlackRock Japan Co., Ltd and ten joint shareholders hold 38,958,127 shares of the Company as of March 14, 2025. Since we have not been able to confirm the number of shares actually held as of the balance sheet date, they are not included in the major shareholder information above. The details of the said Large Shareholding Report (Change Report) are as follows:

Name	Location	Number of stock certificates, etc. held (Shares)	Shareholding ratio (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	12,828,100	2.03
Aperio Group, LLC	Three Harbor Drive Suite 204 Sausalito, CA, USA	813,958	0.13
BlackRock Advisers, LLC	251 Little Falls Drive, Wilmington, DE, USA	1,719,500	0.27
BlackRock Financial Management, Inc.	251 Little Falls Drive, Wilmington, DE, USA	1,553,400	0.25
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam Netherlands	1,376,755	0.22
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	1,353,934	0.21
BlackRock (Luxembourg) S.A.	35A Avenue J.F. Kennedy, L-1855, Luxembourg	675,800	0.11
BlackRock Asset Management Canada Limited	161 Bay St Suite 2500 Toronto, ON, Canada	791,500	0.13
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	1,416,000	0.22
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, USA	7,110,200	1.13
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, USA	9,318,980	1.47

(4) As per Large Shareholding Report (Change Report) made available for public inspection on March 21, 2025, Nomura Securities Co., Ltd. and two joint shareholders hold 28,261,768 shares of the Company as of March 14, 2025. Since we have not been able to confirm the number of shares actually held as of the balance sheet date, they are not included in the major shareholder information above. The details of the said Large Shareholding Report (Change Report) are as follows:

Name	Location	Number of stock certificates, etc. held (Shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan	764,054	0.12
Nomura International PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	1,375,714	0.22
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo, Japan	26,122,000	4.13

2. Shares held by trust banks include the number of shares held as part of their trust business.
3. Shareholding ratio is calculated excluding the treasury stock of 1,447,244 shares.

(7) Voting Rights

(i) Shares issued

As of March 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury stock, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 1,447,200	–	Shares without any restrictions on rights as a shareholder, i.e., a standard share
	(Cross-held shares) Common stock 42,900	–	Same as above
Shares with full voting rights (other)	Common stock 629,787,400	6,297,874	Same as above
Shares less than one unit	Common stock 526,479	–	–
Total number of shares issued	631,803,979	–	–
Voting rights held by all shareholders	–	6,297,874	–

Notes: 1. Common stock under “shares with full voting rights (other)” includes 200 shares (2 voting rights) under the Company’s name, which are not actually held by the Company.

2. Common stock under “shares less than one unit” includes treasury stock and cross-held shares as follows:

Name	Number of shares held (Shares)
Mazda Motor Corporation	44
Yoshiwa Kogyo Co., Ltd.	53
Total	97

(ii) Treasury stock, etc.

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others’ names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
(Treasury stock) Mazda Motor Corporation	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima	1,447,200	–	1,447,200	0.23
(Cross-held shares) Hiroshima Toyo Carp Co., Ltd.	2-3-1, Minami Kaniya, Minami-ku, Hiroshima-shi, Hiroshima, Japan	22,600	–	22,600	0.00
(Cross-held shares) Yoshiwa Kogyo Co., Ltd.	1-48, Myojin-machi, Kaita-cho, Aki-gun, Hiroshima	20,300	–	20,300	0.00
Total	–	1,490,100	–	1,490,100	0.24

Note: There are 200 shares recorded in the shareholder register under the Company’s name but not actually held by the Company. These shares are included in the “shares with full voting rights (other)” under “shares issued.”

2. Acquisition of Treasury Stock

Class of Shares

Acquisition of common stock pursuant to Article 155, Item 7 of the Companies Act.

(1) Acquisition by Resolution of General Meeting of Shareholders

No items to disclose.

(2) Acquisition by Resolution of Board of Directors

No items to disclose.

(3) Acquisition Not Based on Resolution of General Meeting of Shareholders or Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2025	1,034	1,350,912
Treasury stock acquired during the current period	104	84,922

Note: Treasury stock acquired during the current period does not include the purchase of shares less than one unit requested by shareholders, during the period from June 1, 2025 to the filing date of the annual securities report.

(4) Disposal and Holding of Acquired Treasury Stock

Category	Year ended March 31, 2025		Current period	
	Number of shares (Shares)	Total amount of disposal (Yen)	Number of shares (Shares)	Total amount of disposal (Yen)
Acquired treasury stock for which subscribers were solicited	—	—	—	—
Acquired treasury stock that were canceled	—	—	—	—
Acquired treasury stock which were transferred due to merger, stock swap, stock issuance, or company split	—	—	—	—
Other (Sales due to demand for sales of shares from shareholders holding less than one unit of shares)	—	—	—	—
(Exercise of stock option)	80,500	72,981,400	20,400	16,824,100
(Disposal of treasury shares as restricted stock remuneration)	194,900	277,440,150	—	—
Treasury stock held	1,447,244	—	1,426,948	—

Note: Number of treasury stock held during the current period does not include transactions from June 1, 2025 to the filing date of the annual securities report.

3. Dividend Policy

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.

The Company basically pays dividends twice a year; an interim dividend and a year-end dividend. The decision-making body for year-end dividends is a general meeting of shareholders, while that for interim dividends is the Board of Directors. Additionally, the Company's Articles of Incorporation provide that the Company may, with a resolution of the Board of Directors, distribute an interim dividend to shareholders and registered pledgees of shares who are on the register as of September 30 each year.

Based on the above policy, a full-year dividend of ¥55 per share is expected for the fiscal year ended March 31, 2025, a sum of the year-end dividend of ¥30 per share and the interim dividend (¥25 per share).

(Note) Dividends from surplus with a record date within the fiscal year ended March 31, 2025 are as shown below.

Resolution	Total amount of dividends paid (Millions of yen)	Amount of dividend per share (Yen)
Board of Directors meeting held on November 7, 2024	15,759	25.00
Ordinary General Meeting of Shareholders held on June 25, 2025 (planned)	18,911	30.00

4. Corporate Governance

(1) Overview of Corporate Governance

(i) Corporate Philosophy and 2030 VISION

The Company has established “PURPOSE,” “PROMISE,” and “VALUES” as its corporate philosophy.

The Company has also established our “2030 VISION,” which describes where we want Mazda to be in the year 2030, in order that we may become a company that is truly needed by the people living in the future society; a company which promotes value creation together with our stakeholders for the future.

Corporate Philosophy

PURPOSE: Enrich life-in-motion for those we serve

PROMISE: Uplifting experiences, emotionally and physically

We uplift the human body, mind and spirit

We uplift communities

VALUES: Radically human / Challenger spirit / Omotenashi

2030 VISION

To be a car-loving company that creates moving experiences through the “joy of driving”

1. Contribute to a future sustainable Earth by providing multi-solution to mitigate climate change
2. Contribute to a society where everyone feels safe to move freely by providing technology that proactively enhances our well-being
3. Contribute to each person’s “joy of living” by delivering moving and emotional experiences

(ii) Basic Views on Corporate Governance

While working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community and its employees, the Company will strive to sustain growth and enhance its corporate value over the medium and long term through transparent, fair, prompt and decisive decision-making and to continue to enhance its corporate governance in line with the following basic philosophy.

- 1)The Company will ensure that the rights of shareholders are effectively secured, create an environment in which their rights can be properly exercised, and ensure shareholder equality.
- 2)The Company will foster a corporate culture and climate that respect stakeholders’ rights and status and sound business ethics, and engage in dialogue and collaborate with stakeholders appropriately.
- 3)The Company will disclose information appropriately based on laws and regulations, and will also take initiative to provide information other than disclosure mandated by laws and regulations.
- 4)Based on its fiduciary responsibility and accountability to shareholders, the Company’s board of directors will lay out a broad direction for corporate strategy, establish an environment that will support appropriate risk-taking, and exercise highly effective supervision over management from an independent and objective stance.
- 5)The Company will engage in constructive dialogue with shareholders, take a reasonable interest in their interests and concerns, and endeavor to explain the Company’s management policies in a clear manner to gain shareholders’ understanding.

(iii) Corporate Governance System

1) Overview of corporate governance system and reasons for adopting the system

The Company’s surrounding business environment is undergoing rapid changes. To enable faster business decision-making, further enhance discussions of management strategies and strengthen supervisory functions of Board of Directors meetings, the Company transitioned to a company with an audit and supervisory committee.

In addition to bodies designated by law such as the General Meeting of Shareholders, Board of Directors, and the Audit & Supervisory Committee, the Company established Executive Committee Meetings to deliberate important company-wide policies and initiatives and to report on information needed for corporate management.

<Board of Directors>

The Company's Board of Directors deliberates and makes decisions on the execution of important business, such as management strategy and basic management policies, and supervises the execution of individual directors' duties. In addition, the Company provides in its Articles of Incorporation that all or part of decision-making for the execution of important business matters may be delegated to directors, so as to facilitate quick and flexible decision-making.

As of the filing date (June 24, 2025), the Board is made up of 14 directors, six of whom are highly independent outside directors.

<Audit & Supervisory Committee>

The Company's Audit & Supervisory Committee audits and supervises the Board of Directors' decision-making process and business execution through the exercise of voting rights at Board of Directors meetings and the execution of its right to state opinions on the personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee members) at the General Meeting of Shareholders.

As of the filing date (June 24, 2025), the Audit & Supervisory Committee is made up of five members, four of whom are highly independent outside directors.

<Executive officer system>

The Company has also 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 speeded 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.

<Officer Lineup & Remuneration Advisory Committee>

To further enhance the transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors, as well as for determining their remuneration, the Company established an Officer Lineup & Remuneration Advisory Committee.

As an advisory body to the Board of Directors, the committee deliberates matters such as officer lineup and policies regarding the selection and training of candidates, 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.

As of the filing date (June 24, 2025), the Officer Lineup & Remuneration Advisory Committee is made up of nine members, six of whom are highly independent outside directors. The Committee is chaired by the Representative Director and Chairman of the Board.

The composition of each meeting body as of the filing date (June 24, 2025) is as shown below. (Board/committee chairs are marked with ⊙)

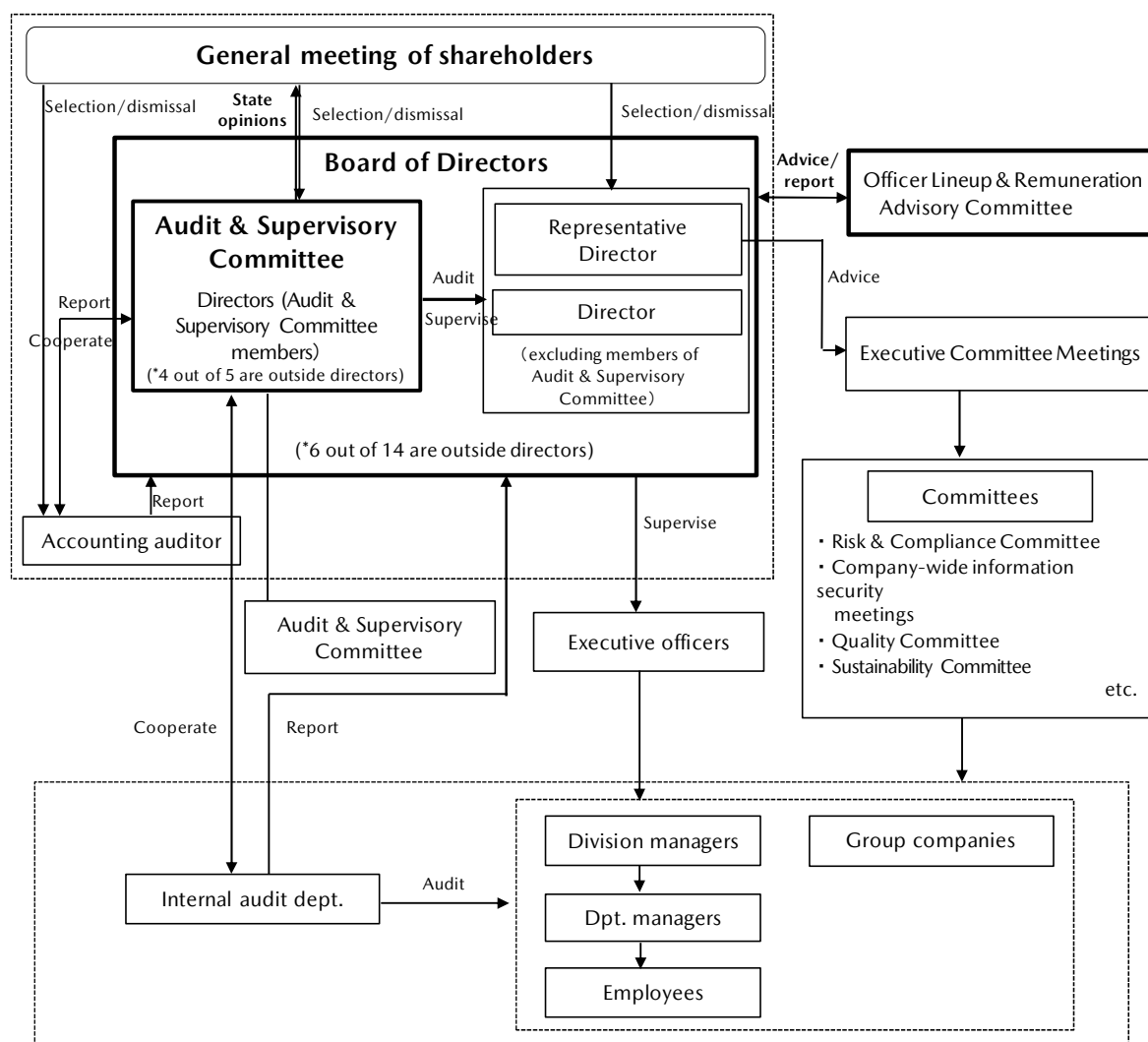
Job title	Name	Outside	Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee
Representative Director and Chairman of the Board	Kiyotaka Shobuda		⊙		⊙
Representative Director, President and CEO	Masahiro Moro		○		○
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton		○		○
Director and Senior Managing Executive Officer	Yasuhiro Aoyama		○		
Director, Senior Managing Executive Officer	Ichiro Hirose		○		
Director and Senior Managing Executive Officer and CSCO	Takeshi Mukai		○		
Director, Senior Managing Executive Officer and CSO	Takeji Kojima		○		
Director	Kiyoshi Sato	○	○		○
Director	Michiko Ogawa	○	○		○
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe		○	⊙	
Director, Audit & Supervisory Committee Member	Akira Kitamura	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	○	○	○	○
Director, Audit & Supervisory Committee Member	Masato Sugimori	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	○	○	○	○

As the proposals (proposals to be resolved) for the Ordinary General Meeting of Shareholders scheduled for June 25, 2025, the Company proposes “Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)” and “Election of Five (5) Directors who are Audit & Supervisory Committee Members.” If these proposals are approved and the positions of directors, etc. are approved at the Company’s Board of Directors meeting as scheduled, the composition of each meeting body is as shown below. (Board/committee chairs are marked with ⊙)

Job title	Name	Outside	Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee
Representative Director and Chairman of the Board	Kiyotaka Shobuda		⊙		⊙
Representative Director, President and CEO	Masahiro Moro		○		○
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton		○		○
Director and Senior Managing Executive Officer	Yasuhiro Aoyama		○		
Director and Senior Managing Executive Officer and CSCO	Takeshi Mukai		○		
Director, Senior Managing Executive Officer and CSO	Takeji Kojima		○		
Director, Senior Managing Executive Officer and CTO	Ryuichi Umeshita		○		
Director	Kiyoshi Sato	○	○		○
Director	Michiko Ogawa	○	○		○
Director	Miki Oikawa	○	○		○
Director, Audit & Supervisory Committee Member (Full time)	Hironori Tanaka		○	⊙	
Director, Audit & Supervisory Committee Member	Akira Kitamura	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	○	○	○	○
Director, Audit & Supervisory Committee Member	Masato Sugimori	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	○	○	○	○

With this structure in place, the Company is working to clearly define authorities and responsibilities for business execution, facilitate quick and adequate decision-making, and to improve the transparency and efficiency of management.

The Company's structure for business operation and supervision is as shown below.



*The figure above shows the structure for business operation and supervision as of the filing date (June 24, 2025). As the proposals (proposals to be resolved) for the Ordinary General Meeting of Shareholders scheduled for June 25, 2025, the Company proposes “Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)” and “Election of Five (5) Directors who are Audit & Supervisory Committee Members.” If these proposals are approved, the Board will be made up of 15 directors, seven of whom are outside directors, and the Audit & Supervisory Committee will continue to be made up of five members, four of whom are outside directors.

- 2) Outline of the resolutions of the Board of Directors related to the establishment of a system to ensure that directors execute their duties in conformance with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations of the corporate group
 - a. System for the preservation and management of information related to directors' execution of duties
 - Minutes for the meetings of shareholders, the board of directors and other information related to the execution of directors' duties will be properly stored and managed in accordance with laws and regulations, the Articles of Incorporation and all other related internal regulations, and the Audit & Supervisory Committee Members will be allowed to review this information upon request.
 - b. Regulations and other systems related to the risk of loss
 - Individual business risks will be managed by the relevant divisions, and company-level risks will be managed by the divisions in charge in accordance with basic risk management policy and other related internal regulations.
 - In the event of serious management situations or emergencies such as disasters, appropriate measures such as establishing an

- emergency headquarters will be taken in accordance with internal regulations as necessary.
- The officer and department in charge of the promotion of risk management throughout the Company will be stipulated, and risk management will be further strengthened and enhanced by activities such as setting an agenda of priority issues for the Risk & Compliance Committee and checking and evaluating the risk management in each department.
 - The Internal Auditing Department will check and evaluate risk management in all departments through conducting internal audits, and it will regularly report to the board of directors and Audit & Supervisory Committee.
- c. System to ensure that directors execute their duties efficiently
- To meet business plan targets, activities will be carried out in each area of operations in accordance with the medium- and long-term management plan and the annual fiscal year business plan.
 - All items related to operations that must be submitted to the board as set forth in the Board of Directors Regulations will be submitted at a board of directors meeting.
 - Daily operations will be carried out efficiently in accordance with the division of duties among executive officers based on the Administrative Authority Regulations, Work Allocation Regulations and any other related internal regulations or by delegating authority to the executive officers.
- d. System to ensure that directors and employees execute their duties in conformance with laws and regulations and the Articles of Incorporation
- To further strengthen the oversight function of the board of directors and achieve greater management transparency, independent outside directors will be appointed.
 - The execution of duties by directors and other corporate officers and employees will be carried out so as to ensure compliance with laws and regulations and the Articles of Incorporation in accordance with the compliance system in which an officer in charge of compliance will be appointed and a division in charge of compliance will be set up, and each divisional manager will be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.
 - The promotion of compliance will be based on company-wide promotion policies deliberated on by the Risk & Compliance Committee and administered by the division that administers compliance throughout the company.
 - The Mazda Global Hotline (hereinafter “hotline”) will be set up to receive reports when there has been improper behavior in the context of laws and regulations or of the Mazda Corporate Ethics Code of Conduct or when such behavior is suspected. The hotline will accept anonymous reports, and a channel for receiving reports will be set up at an independent organization (a lawyer).
- e. System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
- Subsidiaries will be requested to make advance reports to the Company on specific matters and on the resolution of important operational issues in accordance with relevant internal regulations or to seek the Company’s approval of them.
 - Subsidiaries will be given guidance and support so as to carry out appropriate risk management in accordance with basic risk management policies and relevant internal regulations.
 - Subsidiaries will be given guidance and support so as to introduce the corporate group’s medium-, long-term and annual business plans and other initiatives and policies of the Company and to conduct their business in accordance with them. Subsidiaries will also be given guidance and support as needed to resolve important business issues that arise.
 - The Mazda Corporate Ethics Code of Conduct will be introduced to subsidiaries, and they will be given guidance and support in carrying out their business in accordance with the code. The Audit & Supervisory Committee and the internal auditing department will, as proper, conduct audits of group companies’ compliance with laws, regulations and the Articles of Incorporation and the status of their risk management.
- f. Items related to the directors and employees to assist the Audit & Supervisory Committee in its work
- An organization to assist the Audit & Supervisory Committee with its work will be set up, and employees (hereafter referred to as “Audit & Supervisory Committee staff”) who are not subject to the guidance or directives of directors (excluding directors who are Audit & Supervisory Committee Members) will be assigned to the organization.
- g. Items related to the independence of the aforementioned employees from directors and director-employees (excluding directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of instructions to these director-employees

- The transfer and evaluation of Audit & Supervisory Committee staff will be carried out by the Human Resources Division after prior discussion with the full-time Audit & Supervisory Committee Members.
 - Audit & Supervisory Committee staff will not be concurrently employed by any other department and must report solely to the Audit & Supervisory Committee.
- h. Systems for reports to the Audit & Supervisory Committee by directors (excluding directors who are Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries, for other reports to the Audit & Supervisory Committee and to ensure that those who make reports will not be subject to unfavorable treatment on account of making the report
- When directors (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) or executive officers discover facts that may result in significant harm to the Company, they will report such facts to the Audit & Supervisory Committee immediately.
 - Directors and executive officers will report to the Audit & Supervisory Committee on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Committee with the directors or executive officers even if they are not facts that may result in significant harm to the Company.
 - Directors and executive officers will seek reports from subsidiaries' directors, executive officers, auditors or employees engaged in internal audits of subsidiaries on facts that may lead to a significant loss to the Company or its subsidiaries and on other matters that the Audit & Supervisory Committee will decide on after discussions with the directors or executive officers. These reports will be reported to the Audit & Supervisory Committee.
 - The Internal Auditing Department will make regular reports to the Audit & Supervisory Committee on the results of its internal audits of the corporate group.
 - Reports from employees of the Company or its major subsidiaries via the hotline will be received and the status of such reports will be regularly reported to the Audit & Supervisory Committee.
 - It will be made clear to the officers and employees of the corporate group that those who make reports to the hotline or who cooperate in an investigation or who make reports to the Audit & Supervisory Committee under the provisions of the preceding paragraph will not be subject to retaliation or unfavorable treatment.
- i. Matters related to procedures for the advance payment or reimbursement of costs incurred in conjunction with the execution of their duties by Audit & Supervisory Committee Members and policies concerning the handling of other costs or claims incurred in the execution of their duties
- The Audit & Supervisory Committee will prepare a budget in advance for costs deemed to be necessary to the execution of duties. Requests for reimbursement for costs incurred in an emergency or on an impromptu basis may be made after the fact.
- j. Other systems to ensure that Audit & Supervisory Committee can conduct its audits effectively
- The Audit & Supervisory Committee will audit directors' (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) execution of duties in accordance with its annual plan.
 - The full-time Audit & Supervisory Committee Members will attend important meetings such as meetings of the Executive Committee.
 - Close cooperation will be maintained between the Audit & Supervisory Committee and the Internal Auditing Department and the accounting auditors, such as by holding regular meetings, etc.
 - The Audit & Supervisory Committee will communicate with the directors, executive officers and the general managers of major departments through meetings and hearings on the execution of duties.
 - Cooperation will be maintained by holding meetings regularly with the full-time Audit & Supervisory Committee Members and full-time corporate auditors of the major companies in the Mazda Group and by sharing information with them.
- k. Basic Views on Eliminating Anti-Social Forces
- The Mazda Group will have no connection with anti-social forces or groups nor carry out any acts to facilitate the activities of such forces or groups. In the event of unreasonable demands from anti-social forces or groups, these will be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

3) Other matters related to corporate governance

<Liability exemption for directors>

To allow directors to play their expected roles to the fullest in their execution of duties, the Company provides in its Articles of Incorporation that, in accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, within the limit of laws and regulations, exempt directors who have neglected their duties (including former directors) from liability for damages by a resolution of the Board of Directors.

<Outline of the terms of liability limitation agreement>

The Company has concluded liability limitation agreements with outside directors to limit their liabilities under Article 423, Paragraph 1 of the Companies Act, to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

<Outline of the terms of liability insurance agreement for officers, etc.>

The Company has entered into a liability insurance agreement for officers, etc. with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, whereby legal damages and litigation costs incurred due to a claim for damages against any insured person under the agreement will be covered by the insurance agreement. However, the agreement contains certain exclusions, such as that damage caused by illegal acts that were knowingly committed by the insured will not be covered, as a means to prevent any impairment to proper execution of duties by the officers. This agreement covers the Company's directors, executive officers and fellows, all of whose premiums are fully borne by the Company.

<Number of Directors on the Board>

The Company's Articles of Incorporation provide that the number of directors shall be not more than 12, and the number of directors who are members of the Company's Audit & Supervisory Committee shall be not more than eight.

<Resolution requirements for the election of directors>

The Company provides in its Articles of Incorporation that its directors shall be elected by a majority of the voting rights at a General Meeting of Shareholders at which shareholders holding not less than one-third of the total shareholders' voting rights are present and exercise their right to vote, and that cumulative voting shall not be adopted for the purpose of electing the directors.

<Purchase of treasury shares>

The Company provides in its Articles of Incorporation that it may acquire its own shares by resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act, so that it may respond flexibly to any future changes in business environment.

<Decision-making body regarding dividends from surplus>

The Company's Articles of Incorporation provide that the Company may, with a resolution of the Board of Directors, distribute an interim dividend to shareholders and registered pledgees of shares who are on the register as of September 30 each year, so that it can provide stable returns of profit to shareholders.

4) Activities of the Board of Directors

The Board of Directors holds meetings once a month in principle and also as and when necessary. In the fiscal year ended March 31, 2025, the board held a total of 15 meetings. Attendance of each director is as shown below.

As of March 31, 2025

Job title	Name	Attendance at the Board of Directors meetings
Representative Director and Chairman of the Board	Kiyotaka Shobuda	15 out of 15 meetings (100%)
Representative Director, President and CEO	Masahiro Moro	15 out of 15 meetings (100%)
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton	15 out of 15 meetings (100%)
Director and Senior Managing Executive Officer and CCEO	Yasuhiro Aoyama	12 out of 15 meetings (80%)
Director, Senior Managing Executive Officer and CTO	Ichiro Hirose	15 out of 15 meetings (100%)
Director and Senior Managing Executive Officer and CSCO	Takeshi Mukai	15 out of 15 meetings (100%)
Director, Senior Managing Executive Officer and CSO	Takeji Kojima	15 out of 15 meetings (100%)
Director	Kiyoshi Sato	15 out of 15 meetings (100%)
Director	Michiko Ogawa	14 out of 15 meetings (93%)
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	15 out of 15 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	15 out of 15 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	15 out of 15 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	14 out of 15 meetings (93%)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	15 out of 15 meetings (100%)

- Notes: 1. The Board of Directors is chaired by Mr. Kiyotaka Shobuda.
2. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.
3. The attendance of Mr. Mitsuru Ono, who retired from his position as director on June 25, 2024, at the Board of Directors meetings held in fiscal year ended March 31, 2025 is as shown below.

Job title at the time of retirement	Name	Attendance
Director and Senior Managing Executive Officer	Mitsuru Ono	3 out of 3 meetings (100%)

<Specific matters discussed by the Board of Directors>

The Board of Directors deliberates and makes decisions on matters related to the execution of important business, such as basic management policies and strategy, and supervises the execution of individual directors' duties. The Company also holds Executive Committee Meetings, where matters such as important company-wide policies, strategies and plans and important actions are proposed, deliberated and approved, and information needed for corporate management is reported. Items deliberated at Executive Committee Meetings are reported to the Board of Directors, thus allowing the Board of Directors to supervise the execution of duties by the management team.

Below are the key topics among the matters discussed at the Board of Directors meetings held during the fiscal year ended March 31, 2025.

- a. Electrification and market strategy for 2030
- b. Progress of measures for achieving management that is conscious of cost of capital and stock price
- c. Approach to issues around sustainability and progress of action for human rights due diligence
- d. Status of operation of systems for internal control and risk management (efforts to prevent the recurrence of inappropriate incidents in Applications for Type Designation, measures to cybersecurity risks, and others)

<Analysis and evaluation of the board's effectiveness>

To assess the current effectiveness of the board of directors and to steadily promote measures for further improvement, the Company conducts an annual analysis and evaluation of the effectiveness of the board of directors.

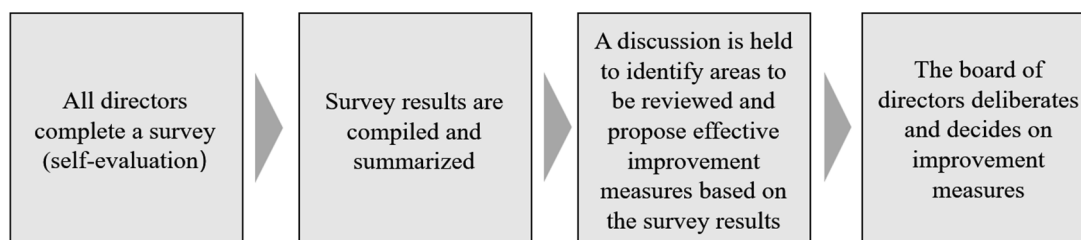
The method of analysis and evaluation and an overview of the results of the evaluation for effectiveness in FY2024 are as follows.

A. Method of analysis and evaluation

- a. Survey method: questionnaire (4-point rating scale and free comments)
- b. Areas evaluated.

<ul style="list-style-type: none"> • Structure of the board • Matters to be deliberated on/timing/ duration • Materials and briefings • Support for outside directors 	<ul style="list-style-type: none"> • Status of deliberations • Monitoring and internal control • Other
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c. Evaluation process :



B. Overview of results

a. General comments

The board of directors confirmed that 1) all directors are appropriately involved in decision-making on important matters concerning the Company's management, 2) outside directors express their opinions from an independent perspective after gaining an understanding of the Company's situation through briefings on proposals beforehand and other forms of support, and 3) oversight of the execution of operations is ensured.

Furthermore, the board of directors confirmed that delegation of its authority to representative directors within the appropriate scope under the Company's Articles of Incorporation has expedited decision-making, and that securing ample time for deliberation has resulted in more productive discussions.

b. Areas to be reviewed and measures

- Status of measures taken in previous implementation (effectiveness in FY2023)

Areas identified points for consider in previous implementation	Summary of measures taken
Further deepen discussion of medium- to long-term strategies	<ul style="list-style-type: none"> • Amid significant changes in the business environment of each market due to electrification, the board of directors discussed marketing strategies based on reports presented at BOD meetings. • The board of directors held an off-site meeting to align their views and exchange opinions with outside directors regarding management issues as well as strategies and their progress.
Hold ongoing discussions on key themes that need reinforcing	<ul style="list-style-type: none"> • The board of directors shared their views and came to an understanding of key themes that need reinforcing (such as sales strategy, sustainability, and cybersecurity), and discussed these key themes based on reports presented at BOD meetings.
Implement measures to further improve the quality of discussions	<ul style="list-style-type: none"> • The board of directors discussed and came to an agreement regarding the preparation of materials that clearly and concisely summarize the key points of discussions. • The board of directors regularly conducted prior briefings for outside directors on proposals and shared other information with them.

- Areas identified in FY2024 and future measures

As a result of this year's evaluation, the board of directors confirmed that while there have been improvements in areas identified points for consider in the previous implementation, further reinforcement of these improvements through the following measures is necessary.

Areas identified points for consider in this implementation	Summary of measures taken
Further deepen discussion of medium- to long-term strategies	<ul style="list-style-type: none"> • In addition to the presentation of and regular reporting on market and product strategies to the board of directors, the board of directors will utilize off-site meetings and other opportunities to engage in more planned and detailed exchanges of opinions with outside directors regarding management issues, strategies, and their progress.
Hold ongoing discussions on key themes that need reinforcing	<ul style="list-style-type: none"> • Based on content reported in FY2024, the board of directors will discuss and come to an agreement on how to report on key themes and will incorporate this into the annual plan to be submitted.
Implement measures to further improve the quality of discussions	<ul style="list-style-type: none"> • The board of directors will ensure the use of materials that clearly and concisely state the key points of discussions, and the provision of comprehensive briefings that emphasize the main points. • The board of directors will ensure all directors have a common understanding on how to report on the status of the execution of duties and other matters. • The board of directors will ensure outside directors are given prior briefings on proposals and other information is shared with them.

5) Activities of the Officer Lineup & Remuneration Advisory Committee

The Company's Officer Lineup & Remuneration Advisory Committee held a total of four meetings in the fiscal year ended March 31, 2025. Attendance of each member is as shown below.

As of March 31, 2025

Job title	Name	Attendance at the Officer Lineup & Remuneration Advisory Committee meetings
Representative Director and Chairman of the Board	Kiyotaka Shobuda	4 out of 4 meetings (100%)
Representative Director, President and CEO	Masahiro Moro	4 out of 4 meetings (100%)
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton	4 out of 4 meetings (100%)
Director	Kiyoshi Sato	4 out of 4 meetings (100%)
Director	Michiko Ogawa	4 out of 4 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	4 out of 4 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	4 out of 4 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	4 out of 4 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	4 out of 4 meetings (100%)

- Notes: 1. The Officer Lineup & Remuneration Advisory Committee is chaired by Mr. Kiyotaka Shobuda.
2. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.

<Specific matters discussed by the Officer Lineup & Remuneration Advisory Committee>

The Officer Lineup & Remuneration Advisory Committee is an advisory body to the Board of Directors established to further enhance transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors as well as for determining their remuneration. The committee deliberates matters such as officer lineup and policies regarding the selection and training of candidates, 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, and reports the outcome to the Board of Directors.

Below are the key topics among the matters discussed at the Officer Lineup & Remuneration Advisory Committee meetings held during the fiscal year ended March 31, 2025.

- a. Appropriateness of the composition of directors and executive officers (ensuring the diversity and skills mix required to achieve management policy goals) (executive personnel changes effective April 1, 2025, and executive personnel changes effective June 25, 2025)
- b. Appropriateness of remuneration amount for directors and executive officers (ensuring conformity with the policies on determining details of individual remuneration levels for directors (excluding directors who are Audit & Supervisory Committee members) and comparison with the remuneration levels of the benchmark companies whose size and line of business are similar to those of the Company, etc.)
- c. Appropriateness of standard amounts, performance indicators, and target values, etc. of the restricted stock remuneration and the performance share unit remuneration.

(2) Directors and Other Officers

(i) List of directors and other officers

a. As of the filing date (June 24, 2025), Directors and other officers of the Company are as follows:

Male: 12, Female: 2 (Ratio of female Directors and other Officers: 14.3%)

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Representative Director and Chairman of the Board	Kiyotaka Shobuda	April 11, 1959	Mar. 1982 Apr. 2006 Nov. 2008 June 2013 Apr. 2016 June 2016 June 2021	Joined the Company Deputy General Manager, Hofu Plant Executive Officer; President, Auto Alliance (Thailand) Co., Ltd. Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Representative Director and Chairman of the Board (to the present)	Note 2	(Current) 20,100 (Potential) 48,100
Representative Director, President and CEO [Oversight of Communication and Sustainability]	Masahiro Moro	November 8, 1960	Mar. 1983 Aug. 2002 Mar. 2004 Nov. 2008 June 2013 Jan. 2016 Apr. 2016 Apr. 2019 June 2019 June 2023	Joined the Company General Manager, Global Marketing Div. Vice President, Mazda Motor Europe GmbH Executive Officer Managing Executive Officer Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Director and Senior Managing Executive Officer Representative Director, President and CEO (to the present)	Note 2	(Current) 19,600 (Potential) 40,900
Representative Director, Senior Managing Executive Officer and CFO [Assistant to President; Oversight of Corporate Planning & Development, Operations in North America and Europe, and Cost Innovation]	Jeffrey H. Guyton	January 8, 1967	Dec. 1996 Mar. 1998 Feb. 2000 Sept. 2000 June 2002 Oct. 2003 Mar. 2009 Apr. 2016 Apr. 2019 June 2021 Apr. 2023 June 2023	Finance Supervisor, Truck Vehicle Center, Ford Motor Company Manager, Financial Review for Corporate Controllers Office, Ford Motor Company Finance Manager, Association Management, Ford Asia Pacific Joined Mazda Motor Corporation; General Manager, Cost Planning Div. Executive Officer Vice President Finance and Systems, CFO, Mazda Motor Europe GmbH Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Senior Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Senior Managing Executive Officer; President Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer Representative Director, Senior Managing Executive Officer and CFO (to the present)	Note 2	(Current) 33,422
Director and Senior Managing Executive Officer [Oversight of Cost Reduction]	Yasuhiro Aoyama	November 2, 1965	Mar. 1988 Oct. 2007 Oct. 2011 Apr. 2014 Apr. 2017 Apr. 2019 June 2021 Apr. 2024 Apr. 2025	Joined the Company General Manager, Product Planning & Business Strategy Div. General Manager, Global Marketing Div. Executive Officer Managing Executive Officer Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CCEO Director and Senior Managing Executive Officer (to the present)	Note 2	(Current) 16,900 (Potential) 31,100

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director and Senior Managing Executive Officer [Assistant to President]	Ichiro Hirose	October 26, 1960	Mar. 1984 Apr. 2009 Nov. 2011 Apr. 2012 Feb. 2014 Apr. 2015 Apr. 2017 Apr. 2019 June 2022 June 2023 Apr. 2025	Joined the Company General Manager, Engine Design Engineering Dept. Deputy General Manager, Powertrain Development Div. Vice President, Mazda Motor Europe GmbH General Manager, Powertrain Development Div. Executive Officer Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CTO Director and Senior Managing Executive Officer (to the present)	Note 2	(Current) 13,100 (Potential) 32,500
Director, Senior Managing Executive Officer and CSO [Oversight of Monozukuri Innovation, Supply Chain Innovation and Carbon Neutrality Promotion]	Takeshi Mukai	March 14, 1962	Mar. 1986 Apr. 2006 Sept. 2010 Jan. 2013 Apr. 2015 Apr. 2018 Apr. 2021 June 2022 Apr. 2024	Joined the Company General Manager, Body Production Engineering Dept. Vice President, AutoAlliance (Thailand) Co., Ltd. Deputy General Manager, Hofu Plant Executive Officer Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CSO (to the present)	Note 2	(Current) 15,700 (Potential) 29,800
Director, Senior Managing Executive Officer and CSO [Assistant to the Officer overseeing Carbon Neutrality Promotion]	Takeji Kojima	August 24, 1965	Apr. 1989 July 2011 Aug. 2014 Apr. 2015 Apr. 2017 Apr. 2018 Apr. 2021 Apr. 2023 June 2023	Joined the Company General Manager, Technology Planning Dept. Deputy General Manager, Product Strategy Div. General Manager, Product Strategy Div. General Manager, Corporate Communications Div. Executive Officer Managing Executive Officer Senior Managing Executive Officer Director, Senior Managing Executive Officer and CSO (to the present)	Note 2	(Current) 10,363 (Potential) 21,300
Director	Kiyoshi Sato	April 2, 1956	Apr. 1979 Dec. 2001 June 2003 Apr. 2009 June 2011 Nov. 2013 July 2014 June 2016 June 2017 July 2017 June 2019 June 2019	Joined Tokyo Electron Ltd. General Manager of Clean Track Business Unit Representative Director, President and CEO Director and Vice Chairman of the Board Director Director and Chairman, Tokyo Electron America, Inc. Director and Chairman, Tokyo Electron Europe Ltd. Director and President, TEL Solar AG Advisor Audit & Supervisory Board Member, Tokyo Electron Yamanashi Ltd. Outside Director, Toshiba Machine Co., Ltd. (currently Shibaura Machine Co., Ltd.) (to the present) Advisor, Tokyo Electron Ltd. Outside Director, Inabata & Co., Ltd. Director, Mazda Motor Corporation (to the present)	Note 2	(Current) 2,000

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Michiko Ogawa	December 4, 1962	Apr. 1986 Apr. 2015 Jan. 2018 Feb. 2018 June 2018 June 2019 Apr. 2021 Apr. 2022 Apr. 2025	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation) Executive Officer, In charge of Technics Brand; Managing Officer, Appliances Company Executive Officer; Vice President, Appliances Company; In charge of Technology; Director, Corporate Engineering Division, In charge of Technics Brand Director, Persol AVC Technology Co., Ltd. Chairman, Japan Audio Society (to the present) Director, Mazda Motor Corporation (to the present) Director in charge of Technics Brand, Director in charge of Kansai External Relations and EXPO Promotion, Panasonic Corporation (currently Panasonic Holdings Corporation) Director in charge of Kansai External Relations and EXPO Promotion, Director in charge of Technics Brand, Panasonic Holdings Corporation Executive Officer, in charge of Government and External Relations, and Solution Partners General Manager, Technics Business Promotion, Panasonic Holdings Corporation (to the present)	Note 2	(Current) 5,200
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	September 19, 1958	Mar. 1982 Feb. 2002 Apr. 2006 Jan. 2011 June 2013 Apr. 2016 Apr. 2017 Apr. 2021 June 2021	Joined the Company Deputy General Manager of Corporate Planning Div. Deputy General Manager of Domestic Marketing Div. General Manager of China Business Div. Executive Officer; CEO, Mazda Motor (China) Co., Ltd. Executive Officer; Chairman, Mazda Motor (China) Co., Ltd. Managing Executive Officer; Chairman, Mazda Motor (China) Co., Ltd. Managing Executive Officer Director, Audit & Supervisory Committee Member (to the present)	Note 3	(Current) 5,900 (Potential) 17,900
Director, Audit & Supervisory Committee Member	Akira Kitamura	March 16, 1951	Apr. 1974 June 2003 Apr. 2006 Apr. 2007 Apr. 2008 Apr. 2009 June 2009 Mar. 2010 June 2016 Apr. 2018 June 2018 June 2019 June 2020	Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corp.) Executive Officer Managing Executive Officer Director & Senior Managing Executive Officer Representative Director & Senior Managing Executive Officer Advisor, Kansai Urban Banking Corporation (currently Kansai Mirai Bank, Ltd.) Vice Chairman (Representative Director) Chairman of the Board & CEO (Representative Director) Advisor Outside Director, ARK Real Estate Co., Ltd. (to the present) Audit & Supervisory Board Member, Mazda Motor Corporation Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Outside Audit & Supervisory Board Member, Toyo Aluminium K.K. (to the present)	Note 3	(Current) 3,600
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	July 6, 1953	Apr. 1974 July 2008 July 2010 Apr. 2012 Apr. 2015 Apr. 2018 June 2019 June 2021	Joined Tokio Marine and Fire Insurance Company, Limited (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Senior General Manager, General Manager, Voice of Customers Dept. Senior General Manager, General Manager, Fukuoka Chuo Branch Executive Officer, General Manager, Fukuoka Chuo Branch Managing Executive Officer Advisor Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Outside Director, Kyudenko Corporation (to the present)	Note 3	(Current) 2,600

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Audit & Supervisory Committee Member	Masato Sugimori	March 17, 1957	Apr. 1979 Apr. 2010	Joined Sumitomo Corporation Executive Officer, Sumitomo Corporation; Executive Vice President and CFO, Sumitomo Corporation North America Group, General Manager, Corporate Coordination Group in Sumitomo Corporation North America Group; Executive Vice President and CFO of Sumitomo Corporation of America (currently Sumitomo Corporation of Americas), Assistant General Manager for the Americas	Note 3	(Current) 1,800
			Apr. 2013	Managing Executive Officer, Assistant General Manager, Corporate Planning & Coordination Group, General Manager, Corporate Planning & Coordination Dept.		
			Apr. 2016	Senior Managing Executive Officer, Assistant CFO, Risk Management		
			Apr. 2017	Senior Managing Executive Officer, Assistant to General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit, Sumitomo Corporation;		
				Executive Vice President, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.)		
			June 2017	Director, Executive Vice President, CFO, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd.		
			June 2019	Director, J:COM Tokyo Co., Ltd.; Director, J:COM SAITAMA · HIGASHINIHON Co., Ltd.		
			Apr. 2020	Advisor, Assistant to General Manager, Media & Digital Business Unit, Sumitomo Corporation; Director, Executive Vice President, General Manager, Corporate Unit, Jupiter Telecommunications Co., Ltd.		
			Apr. 2021	Advisor, Sumitomo Corporation;		
			June 2021	Advisor, Jupiter Telecommunications Co., Ltd. Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present)		
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	June 17, 1957	Apr. 1985 Jan. 2012	Appointed to public Prosecutor Assistant Vice-Minister of Justice, Ministry of Justice	Note 3	(Current) 3,600
			Nov. 2012	Chief Prosecutor, Nara District Public Prosecutors Office		
			July 2014	Director-General, Immigration Bureau, Ministry of Justice		
			Mar. 2017	Director-General, Inspection and Guidance Department, Supreme Public Prosecutors Office		
			June 2017	Chief Prosecutor, Nagoya District Public Prosecutors Office		
			Feb. 2018	Superintending Prosecutor, Sapporo High Public Prosecutors Office		
			Jan. 2020	Superintending Prosecutor, Fukuoka High Public Prosecutors Office		
			Oct. 2020	Registered as lawyer (Daiichi Tokyo Bar Association) (to the present)		
			June 2021	Outside Audit & Supervisory Board Member, Mitsui Mining & Smelting Co., Ltd.		
			June 2023	Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present)		
			June 2024	Outside Director, Audit and Supervisory Committee Member, Mitsui Mining & Smelting Co., Ltd. (to the present)		
			Apr. 2025	Outside Director, Audit and Supervisory Committee Member, Custody Bank of Japan, Ltd. (to the present)		
Total						(Current) 153,885 (Potential) 221,600

- Notes: 1. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.
2. The terms of office of directors (excluding directors who are Audit & Supervisory Committee members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the Ordinary General Meeting of Shareholders held on June 25, 2024.
3. The terms of office of directors who are Audit & Supervisory Committee members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two years after the Ordinary General Meeting of Shareholders held on June 27, 2023.
4. The field “Number of shares held” has two figures: the upper figure labeled with “Current” represents the number of shares of the Company’s stock that are currently held by the officers, and the lower figure labeled with “Potential”

represents the number of the Company's shares corresponding to stock acquisition rights granted as stock options, which may be granted in the future.

5. The Company has introduced an executive officer system. In addition to the six executive officers listed above who concurrently serve as directors, the Company has the following 23 executive officers.

Position title	Name	Responsibilities in the Company
Senior Managing Executive Officer	Tetsuya Fujimoto	Assistant to the CFO; Oversight of Financial Services; Assistant to the Officer overseeing Cost Reduction
Senior Managing Executive Officer	Makoto Yoshihara	Oversight of Administrative Domain (Human Resources, Legal & General Affairs, Auditing, Mazda Hospital and Operations in the Greater Tokyo Metropolitan Area), Compliance and Risk Management
Senior Managing Executive Officer and CTO	Ryuichi Umeshita	Oversight of R&D; Assistant to the Officer overseeing Monozukuri Innovation
Managing Executive Officer and CIO	Akihiro Kidani	In charge of Business Innovation
Managing Executive Officer	Hironori Tanaka	Assistant to the Officer overseeing Administrative Domain
Managing Executive Officer	Osamu Kawamura	In charge of Cost Reduction
Managing Executive Officer	Tom Donnelly	President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)
Managing Executive Officer	Kazuhiko Sumi	In charge of Purchasing, Business Logistics and Cost Innovation
Managing Executive Officer	Toru Nakajima	Global Sales Coordination; In charge of Operations in China and ASEAN
Managing Executive Officer	Taketo Hironaka	In charge of Production Engineering, Global Quality, Carbon Neutrality Promotion, and Cost Innovation
Managing Executive Officer	Takakazu Ishimura	Assistant to the Officer overseeing Cost Reduction; In charge of Corporate Planning & Development
Managing Executive Officer	Takuji Iwashita	Assistant to the Officer overseeing Operations in North America; Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations)
Managing Executive Officer	Naohito Saga	In charge of Vehicle Development, Product Development, Design and Cost Innovation
Executive Officer	Eiji Nakai	In charge of Powertrain Development and Technical Research Center
Executive Officer	Noriyuki Takimura	In charge of Communication, Corporate Communications, Corporate Liaison, Sustainability and Operations in the Greater Tokyo Metropolitan Area
Executive Officer	Kazuyoshi Todou	In charge of Domestic Sales and Brand Experience
Executive Officer	Mitsunobu Mukaida	President, Mazda Toyota Manufacturing U.S.A., Inc.
Executive Officer	Michihiro Imada	In charge of Integrated Control System Development
Executive Officer and CHRO	Tomiko Takeuchi	In charge of Safety, Health & Disaster Prevention and Mazda Hospital
Executive Officer	Katsunori Miyawaki	In charge of Global Production and MPS
Executive Officer	Martijn ten Brink	President and CEO, Mazda Motor Europe GmbH
Executive Officer	Masashi Otsuka	In charge of Corporate Strategy and Product Strategy
Executive Officer	Takeshi Ishibashi	President and CEO, Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Mazda de Mexico Vehicle Operation)

b. As the proposals (proposals to be resolved) for the Ordinary General Meeting of Shareholders scheduled for June 25, 2025, the Company proposes “Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)” and “Election of Five (5) Directors who are Audit & Supervisory Committee Members.” If these proposals are approved, directors and other officers of the Company will be as follows. The positions of officers, etc. stated below include those to be resolved at the meeting of the Board of Directors scheduled immediately after the conclusion of the said Ordinary General Meeting of Shareholders.

Male: 12, Female: 3 (Ratio of female Directors and other Officers: 20.0%)

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Representative Director and Chairman of the Board	Kiyotaka Shobuda	April 11, 1959	Mar. 1982 Apr. 2006 Nov. 2008 June 2013 Apr. 2016 June 2016 June 2021	Joined the Company Deputy General Manager, Hofu Plant Executive Officer; President, Auto Alliance (Thailand) Co., Ltd. Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Representative Director and Chairman of the Board (to the present)	Note 2	(Current) 20,100 (Potential) 48,100
Representative Director, President and CEO [Oversight of Communication and Sustainability]	Masahiro Moro	November 8, 1960	Mar. 1983 Aug. 2002 Mar. 2004 Nov. 2008 June 2013 Jan. 2016 Apr. 2016 Apr. 2019 June 2019 June 2023	Joined the Company General Manager, Global Marketing Div. Vice President, Mazda Motor Europe GmbH Executive Officer Managing Executive Officer Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Director and Senior Managing Executive Officer Representative Director, President and CEO (to the present)	Note 2	(Current) 19,600 (Potential) 40,900
Representative Director, Senior Managing Executive Officer and CFO [Assistant to President; Oversight of Corporate Planning & Development, Operations in North America and Europe, and Cost Innovation]	Jeffrey H. Guyton	January 8, 1967	Dec. 1996 Mar. 1998 Feb. 2000 Sept. 2000 June 2002 Oct. 2003 Mar. 2009 Apr. 2016 Apr. 2019 June 2021 Apr. 2023 June 2023	Finance Supervisor, Truck Vehicle Center, Ford Motor Company Manager, Financial Review for Corporate Controllers Office, Ford Motor Company Finance Manager, Association Management, Ford Asia Pacific Joined Mazda Motor Corporation; General Manager, Cost Planning Div. Executive Officer Vice President Finance and Systems, CFO, Mazda Motor Europe GmbH Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Senior Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Senior Managing Executive Officer; President Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) Senior Managing Executive Officer Representative Director, Senior Managing Executive Officer and CFO (to the present)	Note 2	(Current) 33,422

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director and Senior Managing Executive Officer [Oversight of Cost Reduction]	Yasuhiro Aoyama	November 2, 1965	Mar. 1988 Oct. 2007 Oct. 2011 Apr. 2014 Apr. 2017 Apr. 2019 June 2021 Apr. 2024 Apr. 2025	Joined the Company General Manager, Product Planning & Business Strategy Div. General Manager, Global Marketing Div. Executive Officer Managing Executive Officer Managing Executive Officer; President and CEO, Mazda Motor Europe GmbH Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CCEO Director and Senior Managing Executive Officer (to the present)	Note 2	(Current) 16,900 (Potential) 31,100
Director, Senior Managing Executive Officer and CSCO [Oversight of Monozukuri Innovation, Supply Chain Innovation and Carbon Neutrality Promotion]	Takeshi Mukai	March 14, 1962	Mar. 1986 Apr. 2006 Sept. 2010 Jan. 2013 Apr. 2015 Apr. 2018 Apr. 2021 June 2022 Apr. 2024	Joined the Company General Manager, Body Production Engineering Dept. Vice President, AutoAlliance (Thailand) Co., Ltd. Deputy General Manager, Hofu Plant Executive Officer Managing Executive Officer Senior Managing Executive Officer Director and Senior Managing Executive Officer Director, Senior Managing Executive Officer and CSCO (to the present)	Note 2	(Current) 15,700 (Potential) 29,800
Director, Senior Managing Executive Officer and CSO [Assistant to the Officer overseeing Carbon Neutrality Promotion]	Takeji Kojima	August 24, 1965	Apr. 1989 July 2011 Aug. 2014 Apr. 2015 Apr. 2017 Apr. 2018 Apr. 2021 Apr. 2023 June 2023	Joined the Company General Manager, Technology Planning Dept. Deputy General Manager, Product Strategy Div. General Manager, Product Strategy Div. General Manager, Corporate Communications Div. Executive Officer Managing Executive Officer Senior Managing Executive Officer Director, Senior Managing Executive Officer and CSO (to the present)	Note 2	(Current) 10,363 (Potential) 21,300
Director, Senior Managing Executive Officer and CTO [Oversight of R&D; Assistant to the Officer overseeing Monozukuri Innovation]	Ryuichi Umeshita	April 3, 1965	Mar. 1988 Dec. 2010 May 2015 Apr. 2016 Apr. 2021 Apr. 2023 Oct. 2023 Apr. 2025 June 2025	Joined the Company General Manager, Product Planning Div. General Manager, Customer Service Div., Representative Director & President, Mazda Parts Co., Ltd. Executive Officer Executive Officer, Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations) Managing Executive Officer, Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations) Managing Executive Officer Senior Managing Executive Officer and CTO Director, Senior Managing Executive Officer and CTO (scheduled to assume the office)	Note 2	(Current) 17,700 (Potential) 14,500
Director	Kiyoshi Sato	April 2, 1956	Apr. 1979 Dec. 2001 June 2003 Apr. 2009 June 2011 Nov. 2013 July 2014 June 2016 June 2017 July 2017 June 2019 June 2019	Joined Tokyo Electron Ltd. General Manager of Clean Track Business Unit Representative Director, President and CEO Director and Vice Chairman of the Board Director Director and Chairman, Tokyo Electron America, Inc. Director and Chairman, Tokyo Electron Europe Ltd. Director and President, TEL Solar AG Advisor Audit & Supervisory Board Member, Tokyo Electron Yamanashi Ltd. Outside Director, Toshiba Machine Co., Ltd. (currently Shibaura Machine Co., Ltd.) (to the present) Advisor, Tokyo Electron Ltd. Outside Director, Inabata & Co., Ltd. Director, Mazda Motor Corporation (to the present)	Note 2	(Current) 2,000

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Michiko Ogawa	December 4, 1962	Apr. 1986 Apr. 2015 Jan. 2018 Feb. 2018 June 2018 June 2019 Apr. 2021 Apr. 2022 Apr. 2025	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation) Executive Officer, In charge of Technics Brand; Managing Officer, Appliances Company Executive Officer; Vice President, Appliances Company; In charge of Technology; Director, Corporate Engineering Division, In charge of Technics Brand Director, Persol AVC Technology Co., Ltd. Chairman, Japan Audio Society (to the present) Director, Mazda Motor Corporation (to the present) Director in charge of Technics Brand, Director in charge of Kansai External Relations and EXPO Promotion, Panasonic Corporation (currently Panasonic Holdings Corporation) Director in charge of Kansai External Relations and EXPO Promotion, Director in charge of Technics Brand, Panasonic Holdings Corporation Executive Officer, in charge of Government and External Relations, and Solution Partners General Manager, Technics Business Promotion, Panasonic Holdings Corporation (to the present)	Note 2	(Current) 5,200
Director	Miki Oikawa	January 11, 1969	Apr. 1991 Jan. 2012 Jan. 2013 Jan. 2014 Jan. 2015 Jan. 2016 Jan. 2017 Jan. 2018 Jan. 2020 Jan. 2022 Jan. 2023 Mar. 2025 June 2025 June 2025	Joined POLA Cosmetics, INC. (Currently POLA INC.) Corporate Officer, Head of Product Planning & Promotion, and General Manager of Product Planning Department Corporate Officer in charge of Product Planning, Advertising, Beauty Research and Design Research Director in charge of Product Planning, Advertising, Beauty Research and Design Research Director in charge of Direct Sales Fashion and Others Business Director in charge of Direct Sales Director in charge of Total Beauty Business Director and Corporate Officer in charge of Business Division Senior Corporate Officer, POLA ORBIS HOLDINGS INC. Representative Director and President, POLA INC Senior Corporate Officer in charge of Group Diversity, POLA ORBIS HOLDINGS INC. Representative Director and President Executive General Manager of Total Beauty Business, POLA INC. Representative Director, General incorporated association Toget-HER (to the present) Director (Outside), Sumitomo Mitsui DS Asset Management Company, Limited (scheduled to assume the office) Director, Mazda Motor Corporation (scheduled to assume the office)	Note 2	(Current) 0
Director, Audit & Supervisory Committee Member (Full time)	Hironori Tanaka	September 9, 1963	Apr. 1989 Apr. 2017 Apr. 2019 Apr. 2022 Apr. 2025 June 2025	Joined the Company General Manager, Domestic Business Div. Executive Officer Managing Executive Officer; President, Mazda South East Asia Ltd. Managing Executive Officer (to the present) Director, Audit & Supervisory Committee Member (scheduled to assume the office)	Note 3	(Current) 6,600 (Potential) 17,100

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Audit & Supervisory Committee Member	Akira Kitamura	March 16, 1951	Apr. 1974 June 2003 Apr. 2006 Apr. 2007 Apr. 2008 Apr. 2009 June 2009 Mar. 2010 June 2016 Apr. 2018 June 2018 June 2019 June 2020	Joined Sumitomo Bank, Ltd. (currently Sumitomo Mitsui Banking Corp.) Executive Officer Managing Executive Officer Director & Senior Managing Executive Officer Representative Director & Senior Managing Executive Officer Advisor, Kansai Urban Banking Corporation (currently Kansai Mirai Bank, Ltd.) Vice Chairman (Representative Director) Chairman of the Board & CEO (Representative Director) Advisor Outside Director, ARK Real Estate Co., Ltd. (to the present) Audit & Supervisory Board Member, Mazda Motor Corporation Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Outside Audit & Supervisory Board Member, Toyo Aluminium K.K. (to the present)	Note 3	(Current) 3,600
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	July 6, 1953	Apr. 1974 July 2008 July 2010 Apr. 2012 Apr. 2015 Apr. 2018 June 2019 June 2021	Joined Tokio Marine and Fire Insurance Company, Limited (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.) Senior General Manager, General Manager, Voice of Customers Dept. Senior General Manager, General Manager, Fukuoka Chuo Branch Executive Officer, General Manager, Fukuoka Chuo Branch Managing Executive Officer Advisor Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Outside Director, Kyudenko Corporation (to the present)	Note 3	(Current) 2,600
Director, Audit & Supervisory Committee Member	Masato Sugimori	March 17, 1957	Apr. 1979 Apr. 2010 Apr. 2013 Apr. 2016 Apr. 2017 June 2017 June 2019 Apr. 2020 Apr. 2021 June 2021	Joined Sumitomo Corporation Executive Officer, Sumitomo Corporation; Executive Vice President and CFO, Sumitomo Corporation North America Group, General Manager, Corporate Coordination Group in Sumitomo Corporation North America Group; Executive Vice President and CFO of Sumitomo Corporation of America (currently Sumitomo Corporation of Americas), Assistant General Manager for the Americas Managing Executive Officer, Assistant General Manager, Corporate Planning & Coordination Group, General Manager, Corporate Planning & Coordination Dept. Senior Managing Executive Officer, Assistant CFO, Risk Management Senior Managing Executive Officer, Assistant to General Manager, Media, ICT, Lifestyle Related Goods & Services Business Unit, Sumitomo Corporation; Executive Vice President, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.) Director, Executive Vice President, CFO, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd. Director, J:COM Tokyo Co., Ltd.; Director, J:COM SAITAMA · HIGASHINIHON Co., Ltd. Advisor, Assistant to General Manager, Media & Digital Business Unit, Sumitomo Corporation; Director, Executive Vice President, General Manager, Corporate Unit, Jupiter Telecommunications Co., Ltd. Advisor, Sumitomo Corporation; Advisor, Jupiter Telecommunications Co., Ltd. Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present)	Note 3	(Current) 1,800

Job title	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	June 17, 1957	Apr. 1985	Appointed to public Prosecutor	Note 3	(Current) 3,600
			Jan. 2012	Assistant Vice-Minister of Justice, Ministry of Justice		
			Nov. 2012	Chief Prosecutor, Nara District Public Prosecutors Office		
			July 2014	Director-General, Immigration Bureau, Ministry of Justice		
			Mar. 2017	Director-General, Inspection and Guidance Department, Supreme Public Prosecutors Office		
			June 2017	Chief Prosecutor, Nagoya District Public Prosecutors Office		
			Feb. 2018	Superintending Prosecutor, Sapporo High Public Prosecutors Office		
			Jan. 2020	Superintending Prosecutor, Fukuoka High Public Prosecutors Office		
			Oct. 2020	Registered as lawyer (Daiichi Tokyo Bar Association) (to the present)		
			June 2021	Outside Audit & Supervisory Board Member, Mitsui Mining & Smelting Co., Ltd.		
			June 2023	Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present)		
			June 2024	Outside Director, Audit and Supervisory Committee Member, Mitsui Mining & Smelting Co., Ltd. (to the present)		
Apr. 2025	Outside Director, Audit and Supervisory Committee Member, Custody Bank of Japan, Ltd. (to the present)					
Total						(Current) 159,185 (Potential) 202,800

- Notes: 1. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Ms. Miki Oikawa, Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.
2. The terms of office of directors (excluding directors who are Audit & Supervisory Committee members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the Ordinary General Meeting of Shareholders held on June 25, 2025.
3. The terms of office of directors who are Audit & Supervisory Committee members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within two years after the Ordinary General Meeting of Shareholders held on June 25, 2025.
4. The Name in family register of Miki Oikawa is Miki Takenaga.
5. The field “Number of shares held” has two figures: the upper figure labeled with “Current” represents the number of shares of the Company’s stock that are currently held by the officers, and the lower figure labeled with “Potential” represents the number of the Company’s shares corresponding to stock acquisition rights granted as stock options, which may be granted in the future.
6. The Company has introduced an executive officer system. In addition to the six executive officers listed above who concurrently serve as directors, the Company has the following 21 executive officers.

Position title	Name	Responsibilities in the Company
Senior Managing Executive Officer	Tetsuya Fujimoto	Assistant to the CFO; Oversight of Financial Services; Assistant to the Officer overseeing Cost Reduction
Senior Managing Executive Officer	Makoto Yoshihara	Oversight of Administrative Domain (Human Resources, Legal & General Affairs, Auditing, Mazda Hospital and Operations in the Greater Tokyo Metropolitan Area), Compliance and Risk Management
Managing Executive Officer and CIO	Akihiro Kidani	In charge of Business Innovation
Managing Executive Officer	Osamu Kawamura	In charge of Cost Reduction
Managing Executive Officer	Tom Donnelly	President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)
Managing Executive Officer	Kazuhiko Sumi	In charge of Purchasing, Business Logistics and Cost Innovation

Position title	Name	Responsibilities in the Company
Managing Executive Officer	Toru Nakajima	Global Sales Coordination; In charge of Operations in China and ASEAN
Managing Executive Officer	Taketo Hironaka	In charge of Production Engineering, Global Quality, Carbon Neutrality Promotion and Cost Innovation
Managing Executive Officer	Takakazu Ishimura	Assistant to the Officer overseeing Cost Reduction; In charge of Corporate Planning & Development
Managing Executive Officer	Takuji Iwashita	Assistant to the Officer overseeing Operations in North America; Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations)
Managing Executive Officer	Naohito Saga	In charge of Vehicle Development, Product Development, Design and Cost Innovation
Executive Officer	Eiji Nakai	In charge of Powertrain Development and Technical Research Center
Executive Officer	Noriyuki Takimura	In charge of Communication, Corporate Communications, Corporate Liaison, Sustainability and Operations in the Greater Tokyo Metropolitan Area
Executive Officer	Kazuyoshi Todou	In charge of Domestic Sales and Brand Experience
Executive Officer	Mitsunobu Mukaida	President, Mazda Toyota Manufacturing U.S.A., Inc.
Executive Officer	Michihiro Imada	In charge of Integrated Control System Development
Executive Officer and CHRO	Tomiko Takeuchi	In charge of Safety, Health & Disaster Prevention and Mazda Hospital
Executive Officer	Katsunori Miyawaki	In charge of Global Production and MPS
Executive Officer	Martijn ten Brink	President and CEO, Mazda Motor Europe GmbH
Executive Officer	Masashi Otsuka	In charge of Corporate Strategy and Product Strategy
Executive Officer	Takeshi Ishibashi	President and CEO, Mazda Motor Manufacturing de Mexico, S.A. de C.V. (Mazda de Mexico Vehicle Operation)

(ii) Outside directors

The Company has six outside directors.

The Company has appointed each outside director for the following reasons.

Mr. Sato has rich expertise in the areas of sales and marketing gained through many years of experience 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 extensive experience in and a deep understanding of corporate management. Therefore, we propose his election as an outside director expecting him to provide advice and supervision for the Company's management from an independent standpoint. No business is transacted between the Company and the Shibaura Machine Co., Ltd. In addition, he owns 2,000 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Ms. Ogawa has in-depth knowledge as an audio technology researcher gained through many years of experience at an electronics manufacturer. She engaged in brand re-establishment efforts as an officer in charge of premium audio equipment, and has rich experience in and insight into corporate management. Therefore, we propose her election as an outside director expecting her to provide advice and supervision for the Company's management from an independent standpoint. She currently serves as Executive Officer at Panasonic Holdings Corporation. Transactions between Panasonic Holdings Corporation and the Company in the fiscal year ended March 31, 2025 were minimal, comprising less than 2% of the Company's consolidated net sales. No business is transacted between the Company and Japan Audio Society. In addition, she owns 5,200 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Each outside director who is an Audit & Supervisory Committee member of the Company has expertise in his/her own specialty.

Mr. Kitamura has rich experience at financial institutions and broad knowledge as a manager. The Company therefore requests his election as an outside director who is an Audit & Supervisory Committee member, expecting him to contribute based on his experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. He served as the representative director & senior managing executive officer at Sumitomo Mitsui Banking Corp., but he stepped down from all posts at the bank and 16 years have passed since he resigned as an executive in March 2009. As of March 31, 2025, the bank owned 1.0 percent of the Company's stock, and the balance of the Mazda Group borrowings from the bank was 109,779 million yen (approximately 2.7 percent of the Company's consolidated assets). The Mazda Group has dealings with several financial institutions, and the ratio of its borrowings from the bank is not particularly high when compared to that of other institutions. Mr. Kitamura served as an officer at Kansai Urban Banking Corporation, but he stepped down from all posts at the bank in March 2019 and six years have passed since then. As of March 31, 2025, the balance of the Mazda Group borrowings from the bank was 4,000 million yen, but the amount was very small, less than 0.1% of the Company's consolidated assets. No business is transacted between the Company and ARK Real Estate Co., Ltd. and between the Company and Toyo Aluminium K.K. In addition, he owns 3,600 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Ms. Shibasaki has rich experience at a casualty insurance company and broad knowledge as a manager. The Company therefore requests her election as an outside director who is an Audit & Supervisory Committee member, expecting her to contribute based on her experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. Ms. Shibasaki served as a managing executive officer and other posts at Tokio Marine & Nichido Fire Insurance Co., Ltd., but she stepped down from all posts at Tokio Marine & Nichido Fire Insurance in March 2019 and six years have passed since then. The amount of transactions between Tokio Marine & Nichido Fire Insurance and the Company in the fiscal year ended March 2025 was very small, less than 1 percent of the Company's consolidated net sales. No business is transacted between the Company and Kyudenko Corporation. In addition, she owns 2,600 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Mr. Sugimori has rich experience at a trading company and broad knowledge as a manager. The Company therefore requests his election as an outside director who is an Audit & Supervisory Committee member, expecting him to contribute based on his experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. Mr. Sugimori served as a senior managing executive officer at Sumitomo Corporation, but he stepped down from all posts at Sumitomo Corporation in March 2022 and three years has passed since then. In the fiscal year ended March 2025, Mazda paid Sumitomo Corporation for services in its capacity as a trading company, but the amount was very small, less than 1 percent of the Company's consolidated net sales. In addition, he owns 1,800 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Mr. Inoue has rich experience in and knowledge of the legal profession gained through many years of experience as a prosecutor and attorney. The Company therefore requests his election as an outside director who is an Audit & Supervisory Committee member, expecting him to contribute based on his experience and knowledge to strengthening the audit and supervisory functions of the Company's management from an independent standpoint. Although Mr. Inoue serves as an Outside Director, Audit and Supervisory Committee Member of Mitsui Mining & Smelting Co., Ltd., the amount of transactions between Mitsui Mining & Smelting Co., Ltd. and the Company in the fiscal year ended March 2025 was very

small, less than 1 percent of the Company's consolidated net sales. No business is transacted between the Company and Custody Bank of Japan, Ltd. In addition, he owns 3,600 shares of the Company's stock, but has no other business relationship or other conflicts of interest with the Company.

Mr. Akira Kitamura and Mr. Masato Sugimori have considerable knowledge of finance and accounting.

Note As the proposals (proposals to be resolved) for the Ordinary General Meeting of Shareholders scheduled for June 25, 2025, the Company proposes "Election of Ten (10) Directors (Excluding Directors who are Audit & Supervisory Committee Members)" and "Election of Five (5) Directors who are Audit & Supervisory Committee Members." If these proposals are approved, Ms. Miki Oikawa will assume the office of outside director and the number of outside directors of the Company will be seven.

Ms. Oikawa has many years of experience working in product planning and sales operations at a cosmetics manufacturer and has in-depth knowledge in product planning, sales and marketing as well as diversity. Having served in various key positions including representative director and president, she also possesses extensive experience and insight in corporate management. The Company proposes her election as an outside director with the expectation that she can be expected to provide advice and recommendations from the perspective of diversity and broad management viewpoints in particular to enhance the supervisory function of the Board of Directors, after her appointment. There are no business transactions between the Company and General incorporated association TogetHER or between the Company and Sumitomo Mitsui DS Asset Management Company, Limited. There are no business relationship or other conflicts of interest between Ms. Oikawa and the Company.

Criteria for determining the independence of outside officers

Outside directors are deemed to be independent if they fulfill the requirements outlined below. The Company's outside directors have a high degree of independence, and the Company has submitted an Independent Directors Notification regarding all of them to the Tokyo Stock Exchange.

- A The person is not an executive or former employee of the Company's group (*1) and no close family member (*2) is currently an executive of the Company's group or has been an executive of the Company's group within the past three years.
- B. The person is not now nor has been within the last three years any of the following:
 - a. An executive at a major shareholder (*3) of the Company
 - b. An executive at a company for whom the Company is a major business partner (*4) or a major business partner of the Company (*5)
 - c. A person affiliated with the auditing firm that serves as the Company's accounting auditor
 - d. A lawyer, certified public accountant, tax accountant or other consultant who receives a large sum of money from the Company for something other than director remuneration (*6) (if the person receiving the money is a corporation or other organization, a person affiliated with the organization)
 - e. A director, Audit & Supervisory Board member or executive officer at a company with a director from the Company
 - f. An executive of an organization receiving large donations or aid from the Company (*7)
- C. None of B.a. through f. above (important posts only) apply to any close family member of the person

*1 The Company or its subsidiaries

*2 Spouse or a family member within the second degree of kinship

*3 A shareholder holding 10 percent or more of the Company's voting rights at the end of the fiscal year

*4 A business partner to whom 2 percent or more of consolidated net sales in recent fiscal years has been paid by the Company

*5 A business partner by whom 2 percent or more of the Company's consolidated net sales in recent fiscal years have been paid or a financial institution that has provided loans for 2 percent or more of the Company's consolidated assets

*6 Money other than officer remuneration received from the Company or property benefits that exceed 10 million yen a year

*7 An organization that received donations or aid exceeding 10 million yen per year

(iii) Mutual cooperation between supervision or audits by outside directors and internal audits, audits by the Audit & Supervisory Committee and accounting audits, and relationship with the Internal Control Department

Outside directors deliberate and make decisions on matters related to the execution of important business, such as basic management policies and strategy, at the Board of Directors meetings and supervise the execution of individual directors' duties. Outside directors receive at the Board of Directors meetings reports on the plans and progress and results of activities related to risk management and compliance for the Company and its subsidiaries by the Internal Control Department, as well

as reports on the plans and results of internal audits by the Internal Audit Department, and express their opinions on these matters.

Outside directors who are Audit & Supervisory Committee members receive briefings and exchange opinions at Audit & Supervisory Committee meetings on audit plans and results from the accounting auditor and the Internal Audit Department. In addition, outside directors receive reports on the status of internal control and the progress of promotion activities from the director in charge or the general manager of the department in charge, and actively exchange opinions, as well as conduct hearings on the status of execution of duties by executive officers. For details on cooperation among internal audits, audits by the Audit & Supervisory Committee and accounting audits, see “(3) Audits, (ii) Internal audits.”

Support system for outside directors

The Company provides explanations of matters to be brought before the board of directors as necessary so that outside directors can freely state their opinions at board meetings and so that outside directors can easily participate in decision-making. The Company also arranges for outside directors to interview executive officers and provides opportunities for them to inspect facilities and participate in events both inside and outside the Company.

Audit & Supervisory Committee members (Full-time) offer observations to outside directors who are Audit & Supervisory Committee members based on information they have acquired or opinions they have formed through their attendance at important internal meetings or through their audit activities. The departments concerned work together to provide information based on the opinions of the outside directors and to support them.

Reports to the Audit & Supervisory Committee

When directors (excluding directors who are Audit & Supervisory Committee members) or executive officers discover facts that may result in significant harm to the Company, they will report such facts to the Audit & Supervisory Committee immediately. In addition, Directors (excluding directors who are Audit & Supervisory Committee members) and executive officers will report to the Audit & Supervisory Committee on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Committee with the directors or executive officers even if they are not facts that may result in significant harm to the Company.

(3) Audits

(i) Audits by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee is made up of five members, including four outside directors. Each member of the Audit & Supervisory Committee audits the execution of duties by directors (excluding directors who are Audit & Supervisory Committee members) under the audit policy and audit action plan determined by the Audit & Supervisory Committee, based on his/her experience and knowledge.

Directors who are Audit & Supervisory Committee members, Mr. Nobuhiko Watabe, Mr. Akira Kitamura and Mr. Masato Sugimori, have considerable knowledge of finance and accounting as described below.

- a. Mr. Watabe has experience serving as Deputy General Manager of the Corporate Planning Div. of the Company.
- b. Mr. Kitamura served as Representative Director & Senior Managing Executive Officer of Sumitomo Mitsui Banking Corp., as well as Chairman of the Board & CEO (Representative Director) of Kansai Urban Banking Corporation (currently Kansai Mirai Bank, Ltd.).
- c. Mr. Sugimori served as Senior Managing Executive Officer, Assistant CFO, Risk Management of Sumitomo Corporation, as well as Director, Executive Vice President, General Manager, Corporate Unit of Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.)

As the proposal (proposal to be resolved) for the Ordinary General Meeting of Shareholders scheduled for June 25, 2025, the Company proposes "Election of Five (5) Directors who are Audit & Supervisory Committee Members." If this proposal is approved, the number of directors who are Audit & Supervisory Committee members will remain at five (four of whom are highly independent outside directors). Mr. Nobuhiko Watabe will retire from the office, and two directors who are Audit & Supervisory Committee members, Mr. Akira Kitamura and Mr. Masato Sugimori, will be directors who have considerable knowledge of finance and accounting.

Frequency of the Audit & Supervisory Committee meeting and attendance of Audit & Supervisory Committee members

The Company's Audit & Supervisory Committee held a total of 16 meetings in the fiscal year ended March 31, 2025. The attendance of each member is as shown below.

As of March 31, 2025

Job title	Name	Attendance at the Audit & Supervisory Committee meetings
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	16 out of 16 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	16 out of 16 meetings (100%)

- Notes: 1. The Audit & Supervisory Committee is chaired by Mr. Nobuhiko Watabe.
2. Directors who are Audit & Supervisory Committee members Mr. Akira Kitamura, Ms. Hiroko Shibasaki, Mr. Masato Sugimori and Mr. Hiroshi Inoue are outside directors.

Specific matters discussed at the Audit & Supervisory Committee

The Audit & Supervisory Committee formulates policies and action plans for its auditing activities to confirm the decision-making process of the Board of Directors, the legality, appropriateness, and efficiency of the execution of duties by directors (excluding directors who are Audit & Supervisory Committee members), and the status of development, operation, and implementation of the internal control system.

Below are the key topics among the matters discussed at the Audit & Supervisory Committee meetings held during the fiscal year ended March 31, 2025.

- a. Audit policy, high-priority initiatives, audit plan, work assignment, audit methods for effective functioning of audit activities
- b. Strengthening the mechanisms and means to reflect the opinions of outside directors based on multifaceted perspectives and outside viewpoints in audits while striving to enhance the opportunities to provide outside directors with information, as well as the nature of such information
- c. Checking and enhancing the execution of duties (including the formulation and progress of management strategy matters) by directors (excluding directors who are Audit & Supervisory Committee members), executive officers, general managers of major departments, and management of subsidiaries and affiliates

- d. The cooperation with the Internal Audit Department and accounting auditor as an organizational audit
- e. Evaluating appropriateness of audit by the accounting auditor based on quarterly reviews and reports by the accounting auditor, evaluating validity of the selection and dismissal of the accounting auditor and remuneration for the accounting auditor

Below are major activities performed by the Audit & Supervisory Committee during the fiscal year ended March 31, 2025.

- a. Exchanging opinions and conducting hearings on important business strategic issues and other matters by participating in meetings to share ideas and information with executive directors
- b. Reviewing the business details and property conditions of key domestic and foreign sites, and inspecting important documents
- c. Conducting on-site inspections at domestic and foreign group companies according to the audit plan
- d. Monitoring how continuous improvements are made to the internal control system through cooperation among the accounting auditor, the Internal Audit Department, and the Internal Control Department
- e. Discussing key audit matters with the accounting auditor

Activities of full-time Audit & Supervisory Committee members

In addition to the development of the audit environment, Audit & Supervisory Committee members enhance the effectiveness of activities of the committee by attending important meetings, such as the Executive Committee, the Risk & Compliance Committee, and the Quality Committee meetings, regularly exchanging information with directors and executive officers, holding periodic meetings with the full-time corporate auditors of the Group companies to exchange information, and collaborating with the accounting auditor and the Internal Audit Department to identify business risks and governance and internal control issues within the Group and share them with all the members.

(ii) Internal audits

The Global Audit Department (21 full-time staff) conducts audit functioning as the Internal Audit Department in an effort to contribute to a sound and efficient management, and it audits the appropriateness of the business activities of the Company and its affiliated companies with regard to managerial targets, policies and plans as well as laws and regulations. It also audits the appropriateness and effectiveness of internal control.

Cooperation among internal audits, audits by the Audit & Supervisory Committee and accounting audits, and the relationship between those audits and the Internal Control Department

The Audit & Supervisory Committee regularly meets with the accounting auditor and hears explanations of its audit plan, audit issues and results. The Audit & Supervisory Committee also provides necessary information on its audit plan and the status and results of audits. In this way, information is exchanged in both directions, and the Company is working to strengthen this close cooperation. The appropriateness of audit methods by the accounting auditor is confirmed by observing the accounting auditor's physical inspections of inventories, cash, and securities. In addition, the Audit & Supervisory Committee, the accounting auditor and the Internal Audit Department regularly hold joint meetings and cooperate with each other.

The Audit & Supervisory Committee regularly meets with the Internal Audit Department and the departments in charge of promoting internal control and financial control. The Audit & Supervisory Committee receives reports from the Internal Audit Department on the plans for and results of internal audits of the Company and its group companies. It also receives reports from the departments in charge of promoting internal control and financial control on plans for efforts to enhance internal and financial control in the Company and its group companies and the status of these efforts. In addition, the Audit & Supervisory Committee provides information acquired in the process of conducting its audits or conveys requests from its perspective as the Audit & Supervisory Committee, making for a two-way exchange of information.

Initiatives to ensure the effectiveness of internal audits

The Internal Audit Department reports the internal audit plan formulated for each fiscal year to the Board of Directors and the Audit & Supervisory Committee. In accordance with the plan, the Internal Audit Department verifies and evaluates the status of compliance with laws, regulations, and internal rules and the appropriateness and effectiveness of internal controls at each department of the Company and Group companies. The progress of the plan is reported monthly to full-time Audit & Supervisory Committee members, and the results of the audit are reported semi-annually to the Board of Directors and the Audit & Supervisory Committee.

At domestic subsidiaries, the Company's middle managers serve as auditors and conduct audits. Each company promotes autonomous internal control initiatives, such as sharing and deliberating on internal control issues in its internal control committee, and makes regular reports to the Company's management, along with reports on its financial condition. At overseas

subsidiaries, audit committee meetings are held with local corporate officers and internal auditing departments as well as the Company's corporate officers, supervising departments and the Internal Audit Department, etc. in attendance. At these meetings, internal control initiatives are deliberated and views are exchanged. And, initiatives are implemented to further strengthen the internal control and risk management systems of subsidiaries, including the provision of guidance and support to improve the audit system and internal control function at subsidiaries.

At the Company and its subsidiaries, self-assessment of the status of the operation of internal control is conducted using a checklist, flaws in internal control are ascertained independently, and corrective measures are also taken. The Internal Audit Department also recommends necessary improvements and newly identified risks are reflected in the checklist as appropriate.

(iii) Accounting audits

a. Name of audit firm

KPMG AZSA LLC

b. Continuous audit period

57 years

This period is counted from the establishment of the Audit Corporation Ishimitsu Certified Public Accountant Office, one of the predecessors of KPMG AZSA LLC.

The actual continuous audit period may exceed the above.

c. Certified public accountants who engaged in the accounting audit

The certified public accountants who conducted the Company's accounting audits are Hiroshi Tawara, Koji Yoshida and Kazumi Kanehara who are employed by KPMG AZSA.

d. Composition of assistants involved in the accounting audit

Those assisting with the Company's accounting audits include 16 certified public accountants and 36 others, four of whom have passed the certified public accountant examination.

e. Policy and reasons for appointing the audit firm

The Company has appointed KPMG AZSA LLC as its accounting auditor based on a comprehensive review of factors such as the expertise, independence, and appropriateness of the quality control system required of an accounting auditor, as well as its understanding of the Group's business and its ability to appropriately audit the Group's global business operations.

If the accounting auditor falls under any of the circumstances set forth in Article 340, Paragraph 1 of the Companies Act, which constitutes a reason for dismissal, and there is no prospect for improvement, the accounting auditor may be dismissed with the consent of all members of the Audit & Supervisory Committee.

Apart from any cases arising for any reason of the Company, in the event of any circumstance that poses a major obstacle to the audit activities of the Company, such as a suspension of audit operations by order of a competent authority, based on the facts, the Audit & Supervisory Committee shall consider the dismissal or non-reappointment of the accounting auditor. If dismissal or non-reappointment is deemed appropriate, the dismissal or non-reappointment of the accounting auditor shall be submitted as an agenda item at the General Meeting of Shareholders by a resolution of the Audit & Supervisory Committee.

f. Evaluation of the audit firm by the Audit & Supervisory Committee

The Company's Audit & Supervisory Committee monitors and verifies whether the accounting auditor maintains an independent position and conducts appropriate audits. In addition, it evaluates each fiscal year whether the accounting auditor is performing its duties appropriately through audit activities during the fiscal year, such as requesting explanations from the accounting auditor as necessary regarding the status of quality control and the appropriateness of the system for execution of duties.

(iv) Details of compensation for audits, etc.

a. Compensation for audits paid to certified public accountants, etc.

Category	Year ended March 31, 2024		Year ended March 31, 2025	
	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)
Reporting company	230	3	232	3
Consolidated subsidiaries	63	–	65	–
Total	293	3	297	3

The Company paid for non-audit services in the years ended March 31, 2024 and 2025 mainly regarding the preparation of comfort letters when issuing bonds.

b. Compensation paid to the same network to which the certified public accountants, etc. belong (KPMG affiliated firms) (excluding compensation presented in a.)

Category	Year ended March 31, 2024		Year ended March 31, 2025	
	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)	Compensation for audit certification services (Millions of yen)	Compensation for non-audit services (Millions of yen)
Reporting company	–	14	–	24
Consolidated subsidiaries	697	116	746	120
Total	697	130	746	144

The Company and consolidated subsidiaries paid for non-audit services in the years ended March 31, 2024 and 2025 mainly regarding tax consulting services.

c. Details of other significant compensation

No items to disclose.

d. Policy for determining compensation for audits

Compensation for audits paid by the Company to certified public accountants, etc. is determined with the consent of the Audit & Supervisory Committee, based on an estimate of time required for the audit in accordance with the audit plan for the upcoming fiscal year and a comprehensive consideration of whether the level is high enough to ensure the appropriate execution of audit duties by the certified public accountants, etc.

e. Reasons for the Audit & Supervisory Committee's consent to the compensation, etc. of the accounting auditor

The Audit & Supervisory Committee has determined that the accounting auditor's audit plan is an effective and efficient plan that takes into account the risks of the Mazda Group and that the status of performance of duties by the accounting auditor and the basis for calculation of the estimated compensation for the accounting auditor are appropriate, and has consented to the amount of compensation, etc. to be paid to the accounting auditor.

(4) Remuneration for Directors

(i) Matters concerning policy on setting individual remuneration amounts for directors and calculation methods

a. Policies on determining details of individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members)

The Company establishes policies for determining details on individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members) (hereinafter “Decision Policies”) and details of these policies are given below. After the Officer Lineup & Remuneration Advisory Committee (consisting of representative directors and outside directors) deliberates on and confirms the draft of the Decision Policies, it submits a report to the Board of Directors, and the Board of Directors makes a decision based on the report.

Since the Officer Lineup & Remuneration Advisory Committee considers a proposal from various viewpoints including its consistency with the Decision Policies when deciding on details of individual remuneration for directors, the Board of Directors also basically respects the report with the understanding that it is in line with the Decision Policies.

The details of remuneration for the year ended March 31, 2025 were confirmed (in May 2024) by the Officer Lineup & Remuneration Advisory Committee, including that the calculation method and amount of remuneration for each individual were reasonable in accordance with the Decision Policies, and reported to the Board of Directors. The Board of Directors then decided (in June 2024) the amount of remuneration based on the said report and the amount of personal performance payment for each director (excluding the Chairman and President) calculated by the President, and also resolved (in July 2024) to grant restricted stock remuneration through purchase of treasury stock and to grant units for the performance share unit remuneration.

Decision Policies

A. Policy on setting individual remuneration amounts for directors and calculation methods (basic policy)

The basic policy on remuneration for the Company’s directors is: 1) linked to the Company’s sustainable growth and increase in 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 directors, and 4) set after the consideration of remuneration standards of other automobile manufacturers and the position of salaries of Mazda employees, with the understanding that directors work alongside employees.

To ensure transparency of the decision-making process for determining remuneration as well as fairness and objectivity on how decisions are made and remuneration is allocated, the Officer Lineup & Remuneration Advisory Committee comprised of representative directors and outside directors has been established as an advisory organ to the Board of Directors. The Committee discusses and confirms the basic policy, the remuneration system based on it, and the decision-making process.

The remuneration of a director (excluding a director who is an Audit & Supervisory Committee member and outside director) consists of 1) a fixed amount of basic remuneration commensurate with the director’s position and responsibilities, and level of remuneration in the director’s country/location of ordinary residence, 2) performance-based monetary remuneration determined at the end of the fiscal year based on the achievement of goals set at the beginning of the fiscal year in accordance with the business plan, and 3) restricted stock remuneration aimed at increasing motivation to contribute to enhancing corporate value over the medium and long term and sharing the benefits with shareholders.

For directors of foreign nationality (non-Japanese nationality), fringe benefits, etc. may be provided within an appropriate range commensurate with remuneration practices, etc. in the director’s country/location of ordinary residence.

Outside directors (excluding directors who are Audit & Supervisory Committee members) receive a fixed amount of basic remuneration only, considering their independence from the execution of operations.

B. Policy on setting performance indicators for performance-based remuneration and method of calculation of the performance-based remuneration amount or quantity

Indicators that can objectively confirm the Company’s performance are used for performance-based monetary remuneration. The primary indicators used are consolidated net income attributable to owners of the parent (hereinafter “consolidated net income”) and consolidated sales. These target values are the values announced in the business results outlook at the beginning of each fiscal year, and the amount of performance-based monetary remuneration for a given fiscal year is based on the level of achievement of the target values for that fiscal year. The amount of performance-based monetary remuneration is also set based on position and duties.

In addition, at the beginning of the fiscal year each director sets personal targets, and at the end of the fiscal year a “personal performance payment” that recognizes the level of achievement of those targets is set.

Furthermore, a portion of restricted stock remuneration to be granted as non-monetary remuneration will be performance share units (PSUs), in which the number of shares to be granted is determined according to whether the target for each

performance indicator was achieved. For PSUs, return on equity (ROE), which represents capital efficiency, is used as a financial indicator, and employee engagement, customer focus enhancement, and greenhouse gas emission reduction are used as non-financial indicators, based on the Company’s medium- to long-term management strategy and management issues. These targets are set on a fiscal year basis based on medium- to long-term targets.

C. Policy on content of non-monetary remuneration, setting the amount or quantity, and the calculation thereof

As non-monetary remuneration, restricted stock remuneration, for which the transfer is prohibited during the tenure of office and allowed upon retirement, will be granted, and this will consist of restricted stock remuneration that is not linked to business performance (RS), and PSUs that are linked to business performance.

For RS, a standard amount will be set based on the director’s position and responsibilities, and the number of shares equivalent to the standard amount will be granted.

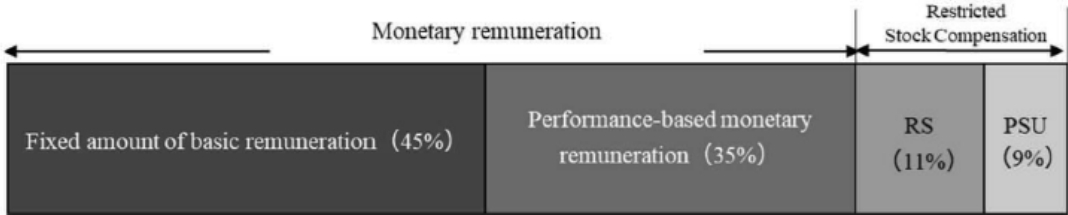
For PSUs, the Company will grant a number of units equivalent to the base amount (1 unit = 1 share equivalent) based on the director’s position and responsibilities, and after the performance evaluation period (one fiscal year in which the unit grant date falls), the number of shares calculated according to the number of units will be granted based whether the target for each performance indicator was achieved.

If it is not appropriate to grant restricted shares, such as when a PSU recipient retires as a director at the end of his or her term of office, PSUs will be paid in cash in lieu of the grant of shares.

D. Policy on setting the ratio of basic remuneration, performance-based remuneration, and non-monetary remuneration for individual remuneration

The ratio of each type of remuneration for directors (excluding directors who are Audit & Supervisory Committee members and outside directors) will be set as follows when the Medium-term Management Plan and all PSU performance indicators are achieved.

<Structure of remuneration for directors>



E. Policy on determining the time and conditions for granting remuneration to directors

Basic remuneration and performance-based monetary remuneration are paid monthly by dividing the total annual amount of remuneration determined at a Board of Directors meeting into 12 payments. Restricted stock remuneration, as non-monetary remuneration, is granted at a set time after the Ordinary General Meeting of Shareholders.

With regard to restricted stock remuneration, in the event of serious misconduct, etc., the Company will be able to request the acquisition of all or part of the shares from directors at no cost (malus).

F. Matters concerning the methods of determining individual remuneration for directors

The Officer Lineup & Remuneration Advisory Committee discusses and confirms the validity of the remuneration structure for directors (excluding directors who are Audit & Supervisory Committee members) such as standards, composition, and indicators and targets for performance-based monetary remuneration and PSUs. The Representative Director, President & CEO calculates the specific amount of the personal performance payment of the performance-based remuneration for each director (excluding the Chairman, President and outside directors) within a range obtained by multiplying the personal performance payment base amount (roughly 4% of basic remuneration commensurate with position and responsibilities) by a coefficient of 1 to 2.5, and submits it for approval by a resolution of the Board of Directors.

b. General Meeting of Shareholders resolution on directors' remuneration

At the 157th Ordinary General Meeting of Shareholders held on June 27, 2023, the upper limit on remuneration for directors (excluding directors who are Audit & Supervisory Committee members) was set at 1.5 billion yen per year (excluding the employee salary portion for employee directors). There were ten (10) directors (excluding directors who are Audit & Supervisory Committee members) (including two (2) outside directors) as of the conclusion of the General Meeting of Shareholders. At the 153rd Ordinary General Meeting of Shareholders held on June 26, 2019, the upper limit on remuneration for directors who are Audit & Supervisory Committee members was set at 300 million yen per year. There were six (6) directors who are Audit & Supervisory Committee members (including four (4) outside directors) as of the conclusion of the General Meeting of Shareholders.

Additionally, at the 158th Ordinary General Meeting of Shareholders held on June 25, 2024, it was decided that directors (excluding directors who are Audit & Supervisory Committee members and outside directors) would be allotted the restricted stock remuneration and the performance share unit remuneration within the upper limit of their remuneration (within the range of 700,000 shares per year). There were seven (7) directors (excluding directors who are Audit & Supervisory Committee members and outside directors) as of the conclusion of the General Meeting of Shareholders.

(ii) Total amount of remuneration, total amount per type of remuneration, and number of recipients by director category

Director category	Total amount of remuneration (Millions of yen)	Total amount per type of remuneration (Millions of yen)					Number of persons (Persons)
		Monetary remuneration		Restricted Stock remuneration		Other remuneration	
		Basic remuneration	Performance-based remuneration	RS	PSU		
Directors (excluding directors who are Audit & Supervisory Committee members and outside directors)	1,036	499	354	89	47	46	8
Directors who are Audit & Supervisory Committee members (excluding outside directors)	38	38	—	—	—	—	1
Outside directors	96	96	—	—	—	—	6

- Notes: 1. The above includes one (1) director (excluding directors who are Audit & Supervisory Committee members), who retired at the conclusion of the 158th Ordinary General Meeting of Shareholders held on June 25, 2024. None of the above fifteen (15) directors is an employee director; therefore, the above amounts do not include employee salary.
2. As performance-based remuneration, performance-based monetary remuneration and PSU are provided to directors (excluding directors who are Audit & Supervisory Committee members and outside directors). Consolidated net income is set as an indicator for performance-based remuneration because it is the final profit that management is responsible for. Consolidated net sales are set as an indicator capable of confirming both qualitative improvements in sales and increases in sales volumes. All targets are deemed to be suitable indicators as they can be quantified as objective figures.
- The number of shares to be granted as PSU are calculated based on the performance outlook at the beginning of the fiscal year, using it as the target value, and are determined according to the level of achievement. The indicator targets and results for performance-based remuneration are as follows:

Performance indicators		Target	Result
Fiscal year ended March 31, 2023	Consolidated net income	80.0 billion yen	142.8 billion yen
	Consolidated net sales	3,800.0 billion yen	3,826.8 billion yen
Fiscal year ended March 31, 2024	Consolidated net income	130.0 billion yen	207.7 billion yen
	Consolidated net sales	4,500.0 billion yen	4,827.7 billion yen

In addition, part of performance-based remuneration is a “personal performance payment” based on an assessment at the end of the fiscal year of the achievement of personal targets each director sets at the beginning of the fiscal year.

The indicators for PSU are return on equity (ROE), employee engagement, enhanced customer focus, and greenhouse gas emissions reduction. ROE was selected as an indicator to promote management with an awareness of capital efficiency. Employee engagement, enhanced customer focus, and greenhouse gas emission reduction were selected to promote important initiatives in non-financial areas of our medium- to long-term management strategy and management issues. We have determined that these are appropriate indicators as all of these can objectively quantify and confirm the Company’s performance.

The number of shares to be granted as PSU will be determined based on the achievement of targets for each of the performance indicators below.

Indicator (FY March 2025)		Target
Financial indicator	Return on equity (ROE)	10%
Non-financial indicators	Employee engagement	3% or more improvement from the previous year in the average rate of positive response to questions related to employee engagement in the Global Employee Survey.
	Customer focus enhancement	3% or more improvement from the previous year in the average rate of positive response to questions related to customer focus enhancement in the Global Employee Survey
	Greenhouse gas emissions reduction	Annual target value set to achieve the Japan Automobile Manufacturers Association (JAMA) goal of a 38% reduction in emissions by FY2030 (compared with emissions in FY2013).

As the actual results of these indicators have not been fixed yet at the time of the preparation of this Annual Securities Report, the amounts of the PSU above are calculated assuming that these targets are all achieved.

3. As non-monetary remuneration, restricted stock remuneration (RS and PSU) is granted to directors (excluding directors who are Audit & Supervisory Committee members and outside directors). The amounts paid to directors (excluding directors who are Audit & Supervisory Committee members and outside directors) are the amounts recorded as an expense of restricted stock remuneration (RS and PSU) in the fiscal year ended March 31, 2025.
4. As other remuneration, one (1) foreign director is paid housing allowance, and other fringe benefits. The other remuneration includes a difference of (13) million yen between the expense at the end of the fiscal year prior to the fiscal year under review and the expense recorded based on the stock price at the end of the fiscal year under review for phantom stock (stock price-linked remuneration) granted in previous years.
5. The remuneration of directors who are Audit & Supervisory Committee members and outside directors, as positions independent from business execution, is a fixed amount of basic remuneration only. Furthermore, the remuneration of directors who are Audit & Supervisory Committee members is determined through discussion among the members.

(iii) Total amount of consolidated remuneration, etc. by director (only who received 100 million yen or more)

Name	Director category	Total amount of consolidated remuneration (Millions of yen)	Company category	Total amount per type of remuneration (Millions of yen)				
				Monetary remuneration		Restricted Stock remuneration		Other remuneration
				Basic remuneration	Performance-based remuneration	RS	PSU	
Kiyotaka Shobuda	Director	104	Reporting company	72	20	8	4	—
Masahiro Moro	Director	154	Reporting company	72	61	14	7	—
Jeffrey H. Guyton	Director	385	Reporting company	158	128	34	18	46

(5) Shareholdings

(i) Criteria and approach to the classification of investment shares

According to the Company's criteria, shares held for pure investment purpose are the shares it holds solely for the purpose of gaining profit resulting from changes in share prices or dividends from shares, while investment shares are the shares it holds for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

a. Holding policy, methods for verifying the rationality of holdings, and verification of appropriateness of holding for individual issues by the Board of Directors, etc.

Taking into overall consideration and verifying the business strategy, the necessity of business activities such as maintaining and strengthening business dealings, and the comparison of benefits and risks of cross-shareholding with the cost of capital, the Company will 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 will aim to reduce cross-shareholdings, including the selling of shares based on the relevant company's circumstances, etc.

Every year at a Board of Directors meeting, the Company individually verifies the appropriateness of its major cross-shareholdings according to the above policy.

b. Number of issues and book value on balance sheet

	Number of issues (Issues)	Total book value on balance sheet (Millions of yen)
Unlisted shares	25	981
Shares other than unlisted shares	4	112,398

(Issues for which the number of shares held increased in the fiscal year ended March 31, 2025)

	Number of issues (Issues)	Total acquisition cost concerning increase in the number of shares (Millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	—	—	—

Note: Change of the classification of unlisted shares due to listing are not included.

(Issues for which the number of shares held decreased in the fiscal year ended March 31, 2025)

	Number of issues (Issues)	Total sale value concerning decrease in the number of shares (Millions of yen)
Unlisted shares	—	—
Shares other than unlisted shares	—	—

Note: Change of the classification of unlisted shares due to listing are not included.

- c. Number of shares and book value on balance sheet, etc. per issue of the specified investment shares and deemed holdings of shares

Issues	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, outline of business alliance, etc., quantitative effect of holding (Note 2), and reasons for the increase in the number of shares held	Shares of the Company owned
	Number of shares (shares)	Number of shares (shares)		
	Book value on balance sheet (Millions of yen)	Book value on balance sheet (Millions of yen)		
Toyota Motor Corporation	41,466,500	41,466,500	To maintain and strengthen alliance in automobile business Please refer to “Part I Company Information, II. Business Overview, 5. Important Contracts.”	Yes
	108,476	157,241		
DaikyoNishikawa Corporation	3,541,800	3,541,800	To maintain and strengthen relationship of vehicle parts transactions	Yes
	2,118	2,731		
Sumitomo Mitsui Financial Group, Inc.	471,300	157,100	To facilitate financial transactions	No
	1,789	1,400		
Dynamic Map Platform Co., Ltd.	10,000	–	To maintain relationship of information transactions related to automobile	No
	15	–		

- Notes: 1. All issues that fall under specified investment shares are listed, including DaikyoNishikawa Corporation, Sumitomo Mitsui Financial Group, Inc., and Dynamic Map Platform Co., Ltd., whose book values on balance sheet are less than 1 percent of capital stock.
2. Although it is difficult to describe the quantitative effects of holding, the Company verifies the rationality of holding by taking into overall consideration the business strategy, the necessity for business activities such as maintaining and strengthening business dealings, while also weighing the benefits and risks of holding and capital costs.
3. Sumitomo Mitsui Financial Group, Inc., does not own shares of the Company, but its subsidiary, Sumitomo Mitsui Banking Corporation, holds the Company’s shares.
4. Sumitomo Mitsui Financial Group, Inc., conducted a 3-for-1 common stock split effective on October 1, 2024.
5. Shares of Dynamic Map Platform Co., Ltd., which the Company held as unlisted shares, are listed in the table above from the fiscal year ended March 31, 2025, following its listing in March 2025.

V. Financial Information

1. Basis of Presenting Consolidated and Unconsolidated Financial Statements

(1) The consolidated financial statements of the Company have been prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976).

(2) The unconsolidated financial statements of the Company have been prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963; the “Regulation on Financial Statements”).

The Company falls under the category of a special company submitting financial statements and has prepared its financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

2. Audit Certification

The Company’s consolidated and unconsolidated financial statements for the fiscal year from April 1, 2024 to March 31, 2025 were audited by KPMG AZSA LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, Etc.

The Company has made special efforts to ensure the appropriateness of its consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation and regularly attends seminars and other events organized by auditing firms and other organizations to develop a system that allows the Company to properly understand the content of accounting standards, etc. and accurately respond to changes therein.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Millions of Yen)

	As of	FY2024 March 31, 2024	FY2025 March 31, 2025
ASSETS			
Current Assets:			
Cash and deposits		818,563	1,001,379
Trade notes and accounts receivable	*1	163,426	148,839
Securities		104,000	206,000
Inventories	*2,*6	680,452	659,157
Other		234,050	212,782
Allowance for doubtful receivables		(1,567)	(505)
Total current assets		1,998,924	2,227,652
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)	*6	205,336	206,170
Machinery, equipment and vehicles (net)	*6	405,095	419,655
Tools, furniture and fixtures (net)	*6	71,833	79,710
Land	*4,*6	419,653	422,843
Leased assets (net)		24,498	33,147
Construction in progress		66,460	61,245
Total property, plant and equipment	*3	1,192,875	1,222,770
Intangible assets:			
Software		60,284	67,839
Other		2,443	2,240
Total intangible assets		62,727	70,079
Investments and other assets:			
Investment securities	*5	304,378	271,063
Long-term loans receivable		18,592	346
Asset for retirement benefits		96,107	111,800
Deferred tax assets		55,989	61,093
Other		62,455	125,546
Allowance for doubtful receivables		(279)	(268)
Total investments and other assets		537,242	569,580
Total non-current assets		1,792,844	1,862,429
Total Assets		3,791,768	4,090,081

(Millions of Yen)

	As of	FY2024 March 31, 2024	FY2025 March 31, 2025
LIABILITIES			
Current Liabilities:			
Trade notes and accounts payable		435,290	473,851
Short-term loans payable	*6	30,304	32,300
Bonds due within one year		20,000	-
Long-term loans payable due within one year	*6	94,238	111,747
Lease obligations		7,231	7,805
Income taxes payable		79,079	11,678
Other accounts payable		52,842	50,799
Accrued expenses		403,325	452,394
Reserve for warranty expenses		156,383	179,854
Provision for loss on production termination		-	20,319
Provision related to environmental regulations		4,820	18,830
Other	*1	126,925	141,816
Total current liabilities		1,410,437	1,501,393
Non-current liabilities:			
Bonds		45,000	125,000
Long-term loans payable	*6	359,122	417,720
Lease obligations		19,894	28,427
Deferred tax liability related to land revaluation	*4	64,345	66,246
Provision related to environmental regulations		24,685	43,268
Liability for retirement benefits		67,594	68,724
Other		43,313	29,274
Total non-current liabilities		623,953	778,659
Total Liabilities		2,034,390	2,280,052
NET ASSETS			
Capital and Retained Earnings:			
Common stock		283,957	283,957
Capital surplus		263,007	263,059
Retained earnings		875,629	951,634
Treasury stock		(1,873)	(1,576)
Total capital and retained earnings		1,420,720	1,497,074
Accumulated Other Comprehensive Income/(Loss):			
Net unrealized gain/(loss) on available-for-sale securities		77,407	42,375
Deferred gains/(losses) on hedges		135	304
Land revaluation	*4	145,099	143,459
Foreign currency translation adjustment		55,394	68,336
Accumulated adjustments for retirement benefits		38,830	40,734
Total accumulated other comprehensive income/(loss)		316,865	295,208
Stock Acquisition Rights		471	398
Non-controlling Interests		19,322	17,349
Total Net Assets		1,757,378	1,810,029
Total Liabilities and Net Assets		3,791,768	4,090,081

(ii) Consolidated Statements of Operations and Comprehensive Income**Consolidated Statements of Operations**

(Millions of Yen)

	FY2024		FY2025	
For the years ended	March 31, 2024		March 31, 2025	
Net sales	*1	4,827,662	*1	5,018,893
Cost of sales		3,788,978		3,940,700
Gross profit		1,038,684		1,078,193
Selling, general and administrative expenses	*2,*3	788,181	*2,*3	892,068
Operating income		250,503		186,125
Non-operating income				
Interest income		21,413		29,001
Dividend income		3,435		4,724
Rental income		1,720		1,535
Equity in net income of affiliated companies		8,808		13,440
Foreign exchange gain		54,181		-
Other		5,543		4,748
Total		95,100		53,448
Non-operating expenses				
Interest expense		7,838		10,013
Loss on transfer of receivables		10,416		11,671
Foreign exchange loss		-		22,938
Other		7,229		5,955
Total		25,483		50,577
Ordinary income		320,120		188,996
Extraordinary income				
Gain on sales of property, plant and equipment	*4	217	*4	1,690
Gain on sales of investment securities		-		439
Other		15		189
Total		232		2,318
Extraordinary losses				
Loss on sales and retirement of property, plant and equipment	*5	15,420	*5	9,353
Impairment loss	*6	5,787	*6	1,874
Provision for loss on production termination		-	*7	24,294
Other		822		8
Total		22,029		35,529
Income before income taxes		298,323		155,785
Income taxes				
Current		109,860		45,917
Deferred		(20,953)		(5,217)
Total		88,907		40,700
Net income		209,416		115,085
Net income attributable to Non-controlling interests		1,720		1,006
Net income attributable to owners of the parent		207,696		114,079

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2024	FY2025
For the years ended	March 31, 2024	March 31, 2025
Net income	209,416	115,085
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	57,145	(35,041)
Deferred gains/(losses) on hedges	164	(24)
Land revaluation	-	(1,902)
Foreign currency translation adjustment	35,503	5,400
Adjustments for retirement benefits	22,942	1,748
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	6,962	9,073
Total	*1 122,716	*1 (20,746)
Comprehensive income	332,132	94,339
Comprehensive income/(loss) attributable to:		
Owners of the parent	329,394	92,160
Non-controlling interests	2,738	2,179

(iii) Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2024

(Millions of yen)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
Balance at April 1, 2023	283,957	263,035	699,231	(1,995)	1,244,228	20,243	(68)
Changes during the period:							
Dividends paid			(31,501)		(31,501)		
Net income attributable to owners of the parent			207,696		207,696		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		(28)		124	96		
Reversal for land revaluation			203		203		
Changes in items other than capital and retained earnings, net						57,164	203
Total changes during the period	—	(28)	176,398	122	176,492	57,164	203
Balance at March 31, 2024	283,957	263,007	875,629	(1,873)	1,420,720	77,407	135

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
Balance at April 1, 2023	145,302	14,184	15,709	195,370	475	16,728	1,456,801
Changes during the period:							
Dividends paid							(31,501)
Net income attributable to owners of the parent							207,696
Purchase of treasury stock							(2)
Sale of treasury stock							96
Reversal for land revaluation							203
Changes in items other than capital and retained earnings, net	(203)	41,210	23,121	121,495	(4)	2,594	124,085
Total changes during the period	(203)	41,210	23,121	121,495	(4)	2,594	300,577
Balance at March 31, 2024	145,099	55,394	38,830	316,865	471	19,322	1,757,378

For the year ended March 31, 2025

(Millions of yen)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
Balance at April 1, 2024	283,957	263,007	875,629	(1,873)	1,420,720	77,407	135
Changes during the period:							
Dividends paid			(37,812)		(37,812)		
Net income attributable to owners of the parent			114,079		114,079		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		52		299	351		
Reversal for land revaluation			(262)		(262)		
Changes in items other than capital and retained earnings, net						(35,032)	169
Total changes during the period	—	52	76,005	297	76,354	(35,032)	169
Balance at March 31, 2025	283,957	263,059	951,634	(1,576)	1,497,074	42,375	304

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
Balance at April 1, 2024	145,099	55,394	38,830	316,865	471	19,322	1,757,378
Changes during the period:							
Dividends paid							(37,812)
Net income attributable to owners of the parent							114,079
Purchase of treasury stock							(2)
Sale of treasury stock							351
Reversal for land revaluation							(262)
Changes in items other than capital and retained earnings, net	(1,640)	12,942	1,904	(21,657)	(73)	(1,973)	(23,703)
Total changes during the period	(1,640)	12,942	1,904	(21,657)	(73)	(1,973)	52,651
Balance at March 31, 2025	143,459	68,336	40,734	295,208	398	17,349	1,810,029

(iv) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2024	FY2025
For the years ended	March 31, 2024	March 31, 2025
Cash flows from operating activities:		
Income before income taxes	298,323	155,785
Depreciation and amortization	113,348	117,623
Impairment loss	5,787	1,874
Increase/(decrease) in allowance for doubtful receivables	(165)	(844)
Increase/(decrease) in reserve for warranty expenses	44,778	24,898
Increase/(decrease) in provision for loss on production termination	-	20,319
Increase/(decrease) in provision related to environmental regulations	14,850	32,190
Net changes in asset and liability for retirement benefits	(6,136)	(7,088)
Interest and dividend income	(24,848)	(33,725)
Interest expense	7,838	10,013
Equity in net loss/(income) of affiliated companies	(8,808)	(13,440)
Loss/(gain) on sales and retirement of property, plant and equipment	15,202	7,663
Loss/(gain) on sales of investment securities	-	(433)
Decrease/(increase) in trade notes and accounts receivable	13,439	12,048
Decrease/(increase) in inventories	42,764	(459)
Decrease/(increase) in other current assets	1,134	25,279
Increase/(decrease) in trade notes and accounts payable	(62,823)	40,381
Increase/(decrease) in other current liabilities	84,646	57,231
Other	(91,066)	(50,843)
Subtotal	448,263	398,472
Interest and dividends received	30,708	38,942
Interest paid	(7,448)	(9,585)
Income taxes refunded/(paid)	(52,628)	(122,203)
Net cash provided by/(used in) operating activities	418,895	305,626
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	(3,252)	(43,356)
Net decrease/(increase) in securities	-	(55,000)
Purchase of investment securities	(3,868)	(646)
Proceeds from sales and redemption of investment securities	151	1,253
Purchase of property, plant and equipment	(92,742)	(103,587)
Proceeds from sales of property, plant and equipment	1,118	6,494
Purchase of intangible assets	(22,501)	(24,676)
Net decrease/(increase) in short-term loans receivable	(32,892)	13,110
Payments of long-term loans receivable	(25,325)	(113)
Collections of long-term loans receivable	31	7,579
Other	(609)	(1,019)
Net cash provided by/(used in) investing activities	(179,889)	(199,961)

(Millions of Yen)

	FY2024	FY2025
For the years ended	March 31, 2024	March 31, 2025
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	29,441	1,996
Proceeds from long-term loans payable	108,000	170,317
Repayments of long-term loans payable	(199,577)	(94,269)
Proceeds from issuance of bonds	14,937	79,631
Redemption of bonds	-	(20,000)
Proceeds from sale and leaseback transactions	93	68
Repayments of lease obligations	(6,047)	(6,392)
Cash dividends paid	(31,501)	(37,812)
Cash dividends paid to non-controlling interests	(144)	(3,466)
Net decrease/(increase) in treasury stock	94	(2)
Net cash provided by/(used in) financing activities	(84,704)	90,071
Effect of exchange rate fluctuations on cash and cash equivalents	47,870	(9,416)
Net increase/(decrease) in cash and cash equivalents	202,172	186,320
Cash and cash equivalents at beginning of the period	717,093	919,265
Cash and cash equivalents at end of the period	*1 919,265	*1 1,105,585

Notes to the Consolidated Financial Statements

Assumptions as Going Concern

No items to disclose.

Significant Accounting Policies for Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 71

The names of primary companies are omitted because they are provided in “I. Company Overview, 4. Information on Subsidiaries and Affiliates.”

(2) Changes in consolidated subsidiaries

(Newly added)

(Due to new establishment)

1 Mazda Business Partner Co., Ltd.

2. Application of equity method

(1) Number of equity method-applied affiliates: 20

The names of primary companies are omitted because they are provided in “I. Company Overview, 4. Information on Subsidiaries and Affiliates.”

(2) Primary affiliates not accounted for using equity method and reasons for not applying the equity method

Hiroshima Toyo Carp Co., Ltd. and others

These affiliates are excluded from the scope of equity method because they are all immaterial in terms of net income, retained earnings, etc. and do not have material impacts on overall consolidated financial statements.

3. Fiscal year end dates of consolidated subsidiaries

The consolidated balance sheet date is March 31. Among the consolidated subsidiaries, 21 companies including Mazda Motor Manufacturing de Mexico S.A. de C.V. have fiscal year-ends for their statutory financial statements that are different from the consolidated balance sheet date, most of which are December 31.

In the preparation of the consolidated financial statements, for 7 companies including Mazda Motor Manufacturing de Mexico S.A. de C.V., provisional settlement of accounts that are prepared for consolidation are used to supplement the companies' statutory financial statements. For the other 14 companies, in the preparation of the consolidated financial statements, financial statements of these companies with different balance sheet dates are used.

However, adjustments necessary in consolidation are made for material transactions that occur between the balance sheet dates of these subsidiaries and the consolidated balance sheet date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

(i) Securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Available-for-sale securities

Other than shares without market value: Stated at fair value (Net unrealized gains/losses are reported within net assets. Costs of securities sold are calculated mainly using a moving average method.)

Shares without market value: Stated at cost on a historical cost basis, mainly based on the moving average method.

(ii) Derivative instruments

Mainly a fair value method

(iii) Inventories

Inventories held for the purpose of sales in the normal course of business, inventories are stated mainly on a historical cost basis based on a weighted average method. (The carrying value on the consolidated balance sheets is determined by the lower of cost or net realizable value.)

(2) Depreciation and amortization methods for significant non-current assets

(i) Property, plant and equipment (excluding leased assets)

Mainly depreciated using the straight-line method over the estimated useful lives of the assets with the residual value is depreciated down to a memorandum value by the end of its useful lives.

(ii) Intangible assets (excluding leased assets)

Straight-line method

Software used internally is amortized using the straight-line method over its estimated internal usable life (5 years).

(iii) Leased assets

For finance leases which do not transfer ownership, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

Leases with a guaranteed residual value are accounted using the contracted residual value. For other leases, the residual value is zero.

The consolidated foreign subsidiaries that apply the International Financial Reporting Standards (“IFRS”) or Generally Accepted Accounting principles in the U.S. (“US GAAP”) have adopted IFRS 16 “Leases” or Accounting Standards Update (“ASU”) 2016-02 “Leases.” In accordance with these accounting standards, the lessee recognizes in principle all of the lease assets and lease liabilities on the balance sheets. For leased assets, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

(3) Standards for significant allowances

(i) Allowance for doubtful receivables

Allowance for doubtful receivables is provided to cover losses from bad debts. For ordinary receivables, the allowance is calculated based on the historical default rate, while for specific receivables considered at high risk, collectability is individually assessed and the amount estimated to be uncollectible is recorded.

(ii) Reserve for warranty expenses

Reserve for warranty expenses is provided to cover after-sales service costs of products. In accordance with warranty booklet provisions and relevant laws and regulations, the amount is estimated based on past actual costs, taking future prospects and expected reimbursements into consideration.

(iii) Provision for loss on production termination

Provision for loss on production termination is provided for the estimated amount of compensation to suppliers and other related expenses expected to be incurred as of March 31, 2025, due to the earlier-than-planned termination of production for certain products.

(iv) Provision related to environmental regulations

Provision related to environmental regulations is provided for the estimated costs of complying with environmental regulations as of March 31, 2025.

(4) Basis for recognition of significant revenues and expenses

The main business of the Group is the manufacturing and sale of automobiles and their components, as well as maintenance services. For product sales, revenue is recognized at the time control over the products is transferred to the customer and the performance obligation is satisfied. This transfer generally occurs at the time the product is delivered to the customer at the agreed location. Maintenance services, etc. are treated as a separate performance obligation from the delivery of the product. For non-recurring services such as maintenance, the performance obligation is satisfied and the revenue is recognized when the service is completed and delivered to the customer. For recurring services such as Connected Services, the performance obligation is satisfied and the revenue is recognized in proportion to the progress of service fulfillment over a specified period. Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The total consideration of the contract is allocated to all products and services based on their standalone selling prices. These standalone selling prices are determined with reference to the selling prices of similar products or services, or other reasonably available information.

The Group provides dealers with sales incentives calculated based on sales promotion programs, which generally represent discount from the Group to dealers. This sales incentive is deducted from the revenue recognized when the applicable product

is delivered to the dealers.

The consideration for the product is usually collected from customers within 30 days from the time when revenue is recognized, and the consideration for the service is collected from customers within 30 days from the time when the service is provided, and there are no significant payment terms.

(5) Accounting method for retirement benefits

(i) Method of attributing expected benefit to periods

In calculating the retirement benefit obligations, the method of attributing expected benefit to the accounting period is based mainly on a benefit formula basis.

(ii) Method of amortization of actuarial gains or losses and past service cost

The recognition of actuarial differences is deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (mainly 13 years). The amortization of net gains or losses starts from the year immediately following the year in which such gains or losses arise.

The recognition of past service costs is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (mainly 12 years).

(6) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect on the balance sheet date; gains and losses in foreign currency translation are included in the income of the current period.

Balance sheets of consolidated foreign subsidiaries are translated into Japanese yen at the exchange rates in effect on the balance sheet dates of the subsidiaries' accounting periods except for net assets accounts, which are translated at the historical rates. Statements of operations of consolidated foreign subsidiaries are translated at average exchange rates over the fiscal periods of subsidiaries, with the translation differences prorated and included in the net assets as foreign currency translation adjustment and non-controlling interests.

(7) Accounting for hedging activities

(i) Method of hedge accounting

Full-deferral hedge accounting is applied.

For certain interest rate swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the interest rate swap contract was executed.

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contracts	Foreign currency-denominated transactions planned in the future
Interest rate swap contracts	Long-term loans payable

(iii) Hedging policy

The Company adopts a policy aimed at avoiding foreign exchange risk and interest rate risk and at determining cash flows.

The Group does not engage in speculative transactions as a matter of policy, limiting the transaction amount to actual demand.

(iv) Method of assessing hedge effectiveness

As the important conditions concerning the hedging instrument and the hedged item are the same, it is expected that the effects of currency and interest rate fluctuations will be canceled or restricted to a certain extent at the beginning of the hedge and continuing thereafter. Therefore, judgment on the effectiveness of hedging is omitted.

(8) Amortization of goodwill

Goodwill is amortized on a straight-line basis over a given period (primarily 5 years), taking into account the period during which each investment is expected to generate benefit.

(9) Scope of cash and cash equivalents on consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposit, and short-term investments readily convertible into cash with a minimum risk of price fluctuation, whose maturity date comes within three months from the time of purchase.

(10) Other accounting treatments

(i) Non-deductible consumption taxes associated with asset purchases

Non-deductible consumption taxes associated with asset purchases are recorded as an expense during the fiscal year.

(ii) Presentation of operating lease assets under US GAAP

Operating lease assets under US GAAP are included in leased assets under property, plant and equipment.

Significant Accounting Estimates

Accounting estimates are calculated based on the information available at the time of the preparation of the consolidated financial statements. Accounting estimates that are recorded in the consolidated financial statements for the current fiscal year and have a risk of a material effect on consolidated financial statements for the next fiscal year are as follows:

Recoverability of deferred tax assets

(1) Amounts reported in the consolidated financial statements were as follows:

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	55,989 million yen	61,093 million yen

(2) Other information that assists readers of consolidated financial statements in understanding the nature of the estimates

Deferred tax assets are recognized for tax loss carryforwards and deductible temporary differences to the extent that they are expected to reduce the amount of future tax payments, based on the estimated future taxable income. If it is determined that there is no recoverability due to a deterioration in business conditions, the amount of deferred tax assets may be reduced by a valuation allowance, and tax expense may be incurred in the consolidated financial statements of the next fiscal year.

The recoverability of deferred tax assets was assessed based on the assumptions that the impact of additional tariffs imposed by the U.S. government will continue for a certain period in the next fiscal year. In the event of significant changes to the assumptions, such as prolonged impact of additional tariffs, the amount of deferred tax assets may be reduced.

Reserve for Warranty Expenses

(1) Amounts reported in the consolidated financial statements were as follows:

	As of March 31, 2024	As of March 31, 2025
Reserve for warranty expenses	156,383 million yen	179,854 million yen

(2) Other information that assists readers of consolidated financial statements in understanding the nature of the estimates

For after-sales service expenses of products, the Group estimates future repair costs to be incurred in accordance with the coverage of the warranty booklet (“general warranty”) and with the related laws and regulations such as recalls and service campaigns (“recall and other repair costs”), and records them in “Reserve for warranty expenses.” The estimation also reflects the expected reimbursement amounts to be recovered by the supplier.

Of the above, the reserve for general warranty is estimated by calculating the repair cost per vehicle for each major market based on historical data, and multiplying it by the number of vehicles covered under the warranty. The reserve for recall and other repair costs is estimated for each recall and service campaign. It is estimated by calculating the repair cost per vehicle, which includes parts costs and labor costs, and multiplying it by the estimated number of vehicles subject to each recall or service campaign. With regard to the expected reimbursement amounts to be recovered by the supplier, based upon the analysis of the causes of defects, the expected reimbursement rate is determined by considering technical responsibility, the suppliers’ payment ability, and the status of negotiations with suppliers. It is then incorporated into the calculation of the reserve.

The assumptions used in the estimates of the recall and other repair costs per vehicle, the number of vehicles covered under the warranty, and the expected reimbursement rate involve management’s judgment and future uncertainty. Therefore, if there is a significant change in these assumptions, additional recognition or reversal of reserve for warranty expenses may be required.

Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes

Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022) (hereinafter referred to as “Revised Accounting Standard 2022”), etc. have been adopted from the beginning of the year ended March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) (hereinafter referred to as “Revised Implementation Guidance 2022”). This has no impact on the consolidated financial statements.

For the amendment to changes in accounting treatment of the consolidated financial statements, when gains or losses on sale of shares in subsidiaries resulting from transactions between the consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the year ended March 31, 2025. The changes in accounting policies were applied retrospectively. Hence, the consolidated financial statements for the year ended March 31, 2024 were modified retrospectively. This has no impact on the consolidated financial statements for the year ended March 31, 2024.

Application of Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules

The Group has applied the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (ASBJ Practical Solution No. 46, March 22, 2024) from the beginning of the fiscal year ended March 31, 2025. The impact of this change in accounting policies on the consolidated financial statements is immaterial. The impact on per share information is immaterial and has been omitted.

New Accounting Standards Not Yet Applied

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
 - “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)
- In addition, amendments to related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(1) Summary

To be consistent with international accounting standards, the standard prescribes lessees to recognize assets and liabilities for all leases.

(2) Effective date

Effective from the beginning of the year ending March 31, 2028

(3) Effects of the application of the standards

The impact is yet to be determined at this time.

Change in Presentation

Previously, the entire amount of provisions related to environmental regulations was presented as non-current liabilities. However, due to the increased significance of the amount expected to be incurred within one year for the year ended March 31, 2025, the Group has reclassified the expected amount to current liabilities from this year. Consequently, the Group has reclassified the consolidated balance sheet for the year ended March 31, 2024 to reflect this change in presentation.

As a result, ¥4,820 million, which was included in “Provisions related to environmental regulations” under “Non-current liabilities” in the consolidated balance sheet for the year ended March 31, 2024, has been reclassified to “Provisions related to environmental regulations” under “Current liabilities.”

Consolidated Balance Sheets

*1. The amounts of receivables from contract with customers included in Trade notes and accounts receivable and the amounts of contract liabilities included in Other under current liabilities are provided in “3. Information for understanding the amount of revenue for the current and subsequent periods, (1) Contract balances” under “Revenue Recognition.”

*2. Breakdown of inventories

	As of March 31, 2024	As of March 31, 2025
Merchandise and finished products	472,489 million yen	461,346 million yen
Work in process	179,690 million yen	169,254 million yen
Raw materials and supplies	28,273 million yen	28,557 million yen

*3. Accumulated depreciation of property, plant and equipment

	As of March 31, 2024	As of March 31, 2025
Accumulated depreciation	1,393,629 million yen	1,419,602 million yen

*4. Land revaluation

In accordance with the Partial Revision of the Act on Revaluation of Land (Act No.19, enacted on March 31, 2001) (“Act”), land owned by the Company for business use was revalued. The unrealized gains on the revaluation are included in net assets as “Land revaluation,” net of deferred taxes. The deferred taxes on the unrealized gains are included in liabilities as “Deferred tax liability related to land revaluation.”

Method of revaluation provided for in Article 3, Paragraph 3 of the Act:

The fair value of land was determined based on official notice prices that are assessed and published by the Commissioner of the National Tax Administration, as stipulated in Article 2-4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998). Reasonable adjustments, including adjustment for the timing of assessment, were made to the official notice prices.

Date of revaluation: March 31, 2001

	As of March 31, 2024	As of March 31, 2025
Amounts of decrease in the aggregate fair value of the revalued land as of March 31, 2024 and 2025 from that at the time of revaluation, as stipulated in Article 10 of the Act	61,643 million yen	53,675 million yen

*5. Shares of unconsolidated subsidiaries and affiliates, etc. were as follows:

	As of March 31, 2024	As of March 31, 2025
Investment securities (shares, etc.)	132,301 million yen	148,295 million yen
[of which, investment in joint ventures]	[130,061 million yen]	[146,092 million yen]

*6. Assets pledged as collateral and liabilities secured by the collateral

(1) Assets pledged as collateral (carrying amounts at end of the period)

	As of March 31, 2024		As of March 31, 2025	
	Factory foundation mortgage	Other	Factory foundation mortgage	Other
Buildings and structures	62,331 million yen	25,410 million yen	63,774 million yen	24,968 million yen
Machinery, equipment and vehicles	150,592 million yen	52,836 million yen	160,616 million yen	51,992 million yen
Tools, furniture and fixtures	11,990 million yen	32,418 million yen	14,322 million yen	41,205 million yen
Land	163,127 million yen	64,750 million yen	163,127 million yen	63,462 million yen
Inventories	— million yen	155,931 million yen	— million yen	181,063 million yen
Other	— million yen	145,914 million yen	— million yen	209,869 million yen
Total	388,040 million yen	477,259 million yen	401,839 million yen	572,559 million yen

(2) Liabilities secured by the collateral

	As of March 31, 2024		As of March 31, 2025	
	Factory foundation mortgage	Other	Factory foundation mortgage	Other
Short-term loans payable	— million yen	21,183 million yen	— million yen	21,969 million yen
Long-term loans payable (including those due within one year)	2,000 million yen	582 million yen	2,000 million yen	477 million yen
Total	2,000 million yen	21,765 million yen	2,000 million yen	22,446 million yen

7. Contingent liabilities for guarantee and similar agreements

Guarantees of loans and similar agreements were as follows:

	As of March 31, 2024		As of March 31, 2025	
	Automobile dealers (in Europe)	Others	Automobile dealers (in Europe)	Others
	20,123 million yen	22 million yen	19,323 million yen	22 million yen
Total	20,145 million yen		Total	19,345 million yen

Consolidated Statements of Operations

*1. Revenue from contracts with customers

Net sales are not presented separately from revenue from contracts with customers and revenues generated from sources other than contracts with customers. The amounts of revenue from contracts with customers are provided in “1. Breakdown of revenue” under “Revenue Recognition.”

*2. The major items and amounts included in “Selling, general and administrative expenses” were as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Advertising expenses	133,620 million yen	155,095 million yen
Freight and packing expenses	81,454 million yen	101,396 million yen
Reserve for warranty expenses	89,395 million yen	76,451 million yen
Salaries and wages	137,712 million yen	145,455 million yen
Retirement benefit expenses	7,465 million yen	3,677 million yen
Research and development costs	146,289 million yen	168,025 million yen
Provision related to environmental regulations	15,703 million yen	39,999 million yen

*3. All research and development costs are included in selling, general and administrative expenses, and the amounts thereof were as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Research and development costs	146,289 million yen	168,025 million yen

*4. The breakdown of gain on sales of property, plant and equipment was as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Tools, furniture and fixtures	24 million yen	1,389 million yen
Land	145 million yen	274 million yen
Other	48 million yen	27 million yen
Total	217 million yen	1,690 million yen

*5. The breakdown of loss on sales and retirement of property, plant and equipment was as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Machinery, equipment and vehicles	6,421 million yen	5,267 million yen
Buildings and structures	8,428 million yen	3,356 million yen
Tools, furniture and fixtures	260 million yen	179 million yen
Other	311 million yen	551 million yen
Total	15,420 million yen	9,353 million yen

*6. Impairment loss

For the year ended March 31, 2024

(1) Overview of asset groups for which an impairment loss was recognized

Purpose of use	Location	Type of assets	Amount
Idle assets (Sales facilities)	California, United States, etc.	Buildings and structures	11 million yen
		Machinery, equipment and vehicles	19 million yen
		Tools, furniture and fixtures	35 million yen
		Other	32 million yen
		Subtotal	97 million yen
Idle assets (Production facilities)	Fuchu-cho, Aki-gun, Hiroshima, etc.	Buildings and structures	1,059 million yen
		Machinery, equipment and vehicles	4,209 million yen
		Land	328 million yen
		Other	87 million yen
		Subtotal	5,683 million yen
Assets to be sold	Bangkok, Thailand	Machinery, equipment and vehicles	7 million yen
		Subtotal	7 million yen
Total			5,787 million yen

(2) Method of grouping assets

The Group principally groups its assets at each operating company level. Idle assets, assets held for leasing, and assets held for sale, however, are grouped by individual property.

(3) Reason for recognizing impairment loss

For the idle assets and assets to be sold without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable, and the reduction was recognized as an impairment loss.

(4) Method of calculating recoverable amount

The recoverable amounts of the idle assets and assets to be sold are measured at their net realizable value. The net realizable value of land is primarily assessed using the value reasonably calculated based on the roadside land price or on the estimated selling price. The net realizable value of other idle assets is assessed based on the memorandum value of the assets.

For the year ended March 31, 2025

(1) Overview of asset groups for which an impairment loss was recognized

Purpose of use	Location	Type of assets	Amount
Idle assets (Sales facilities)	California, United States, etc.	Buildings and structures	164 million yen
		Machinery, equipment and vehicles	70 million yen
		Tools, furniture and fixtures	470 million yen
		Other	24 million yen
		Subtotal	728 million yen
Idle assets (Production facilities)	Fuchu-cho, Aki-gun, Hiroshima, etc.	Buildings and structures	14 million yen
		Machinery, equipment and vehicles	381 million yen
		Other	43 million yen
		Subtotal	438 million yen
Assets to be sold	Chonburi Province, Thailand, etc.	Buildings and structures	101 million yen
		Machinery, equipment and vehicles	455 million yen
		Land	152 million yen
		Subtotal	708 million yen
Total			1,874 million yen

(2) Method of grouping assets

The Group principally groups its assets at each operating company level. Idle assets, assets held for leasing, and assets held for sale, however, are grouped by individual property.

(3) Reason for recognizing impairment loss

For the idle assets and assets to be sold without a plan to use in operation in the future, the carrying amount was reduced to the amount recoverable, and the reduction was recognized as an impairment loss.

(4) Method of calculating recoverable amount

The recoverable amounts of the idle assets and assets to be sold are measured at their net realizable value. The net realizable value of land is primarily assessed using the value reasonably calculated based on the roadside land price or on the estimated selling price. The net realizable value of other idle assets is assessed based on the memorandum value of the assets.

*7. Provision for loss on production termination

For the year ended March 31, 2025

Due to a decline in sales resulting from a rapid slowdown in demand, future tightening of regulations, and after reviewing product plans, the Company has decided to accelerate the termination of production for certain products intended for specific regions earlier than originally planned.

The provision for loss on production termination includes estimated compensations to suppliers and other related expenses, as certain parts used in these products are difficult to repurpose for other products.

Consolidated Statements of Comprehensive Income

*1. Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

	Year ended March 31, 2024	Year ended March 31, 2025
Net unrealized gain/(loss) on available-for-sale securities:		
Amounts arising during the period	81,983 million yen	(49,271) million yen
Reclassification adjustments	— million yen	(334) million yen
Subtotal before income taxes and tax effect	81,983 million yen	(49,605) million yen
Income taxes and tax effect	(24,838) million yen	14,564 million yen
Balance at end of the period	57,145 million yen	(35,041) million yen
Deferred gains/(losses) on hedges:		
Amounts arising during the period	(362) million yen	(873) million yen
Reclassification adjustments	599 million yen	838 million yen
Subtotal before income taxes and tax effect	237 million yen	(35) million yen
Income taxes and tax effect	(73) million yen	11 million yen
Balance at end of the period	164 million yen	(24) million yen
Land revaluation		
Income taxes and tax effect	— million yen	(1,902) million yen
Foreign currency translation adjustment:		
Amounts arising during the period	35,503 million yen	5,400 million yen
Adjustments for retirement benefits:		
Amounts arising during the period	29,387 million yen	11,303 million yen
Reclassification adjustments	(1,170) million yen	(3,810) million yen
Subtotal before income taxes and tax effect	28,217 million yen	7,493 million yen
Income taxes and tax effect	(5,275) million yen	(5,745) million yen
Balance at end of the period	22,942 million yen	1,748 million yen
Share of other comprehensive income/(loss) of affiliates accounted for using equity method:		
Amounts arising during the period	7,062 million yen	9,244 million yen
Reclassification adjustments	(100) million yen	(171) million yen
Balance at end of the period	6,962 million yen	9,073 million yen
Total other comprehensive income/(loss)	122,716 million yen	(20,746) million yen

Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2024

1. Issued shares

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock (Thousands of shares)	631,803	—	—	631,803

2. Treasury stock

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock (Thousands of shares)	1,841	1	114	1,728

Overview of reasons for change (Thousands of shares)

The breakdown of the increase is as follows:

Acquisition of shares less than one unit upon purchase demand 1

The breakdown of the decrease is as follows:

Disposal due to the exercise of stock options 114

3. Stock acquisition rights

Company name	Details	Class of shares underlying stock options	Number of shares underlying stock options (Shares)				Balance at March 31, 2024 (Millions of yen)
			At beginning of the period	Increase	Decrease	At end of the period	
Reporting company	Stock acquisition rights issued as stock options	—	—	—	—	—	471
Total			—	—	—	—	471

4. Dividends

(1) Dividends paid to shareholders

Resolution	Class of shares	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	15,749	25.00	March 31, 2023	June 28, 2023
Board of Directors meeting held on November 7, 2023	Common stock	15,752	25.00	September 30, 2023	December 1, 2023

(2) Dividends with a record date within the year ended March 31, 2024, but an effective date that falls within the year ended March 31, 2025

Resolution	Class of shares	Source of dividends	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	Retained earnings	22,053	35.00	March 31, 2024	June 26, 2024

Note: The amount per share includes a special dividend of 5 yen.

For the year ended March 31, 2025

1. Issued shares

Class of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock (Thousands of shares)	631,803	—	—	631,803

2. Treasury stock

Class of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock (Thousands of shares)	1,728	1	275	1,454

Overview of reasons for change (Thousands of shares)

The breakdown of the increase is as follows:

Acquisition of shares less than one unit upon purchase demand 1

The breakdown of the decrease is as follows:

Disposal due to the exercise of stock options 80

Decrease due to disposal as restricted stock remuneration 194

3. Stock acquisition rights

Company name	Details	Class of shares underlying stock options	Number of shares underlying stock options (Shares)				Balance at March 31, 2025 (Millions of yen)
			At beginning of the period	Increase	Decrease	At end of the period	
Reporting company	Stock acquisition rights issued as stock options	–	–	–	–	–	398
Total			–	–	–	–	398

4. Dividends

(1) Dividends paid to shareholders

Resolution	Class of shares	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2024	Common stock	22,053	35.00	March 31, 2024	June 26, 2024
Board of Directors meeting held on November 7, 2024	Common stock	15,759	25.00	September 30, 2024	December 2, 2024

Note: The dividend amount of 35 yen per share, which was approved at the Ordinary General Meeting of Shareholders held on June 25, 2024, includes a special dividend of 5 yen.

(2) Dividends with a record date within the year ended March 31, 2025, but an effective date that falls within the year ending March 31, 2026

The following will be proposed at the Ordinary General Meeting of Shareholders to be held on June 25, 2025.

Resolution	Class of shares	Source of dividends	Amount (Millions of yen)	Amount per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2025	Common stock	Retained earnings	18,911	30.00	March 31, 2025	June 26, 2025

Consolidated Statements of Cash Flows

*1. The reconciliation of the ending balance of cash and cash equivalents with the line items presented in the consolidated balance sheets is as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Cash and deposits account	818,563 million yen	1,001,379 million yen
Time deposits with original maturities that exceed three months	(3,298) million yen	(46,794) million yen
Securities that are short-term investments with a period of three months or less	104,000 million yen	151,000 million yen
Cash and cash equivalents	919,265 million yen	1,105,585 million yen

Leases

1. Finance leases

As lessee

Finance leases in which ownership is not transferred to the lessee

(1) Leased assets

Property, plant and equipment:

Mainly sales administration facilities, parts of automobile manufacturing equipment and molds, and electronic calculators

Intangible assets:

Software

(2) Depreciation and amortization methods for leased assets

This information is as stated in “4. Accounting policies, (2) Depreciation and amortization methods for significant non-current assets” under “Significant Accounting Policies for Preparation of Consolidated Financial Statements.”

2. Operating leases

As lessee

Future minimum lease payments under non-cancellable operating leases

	As of March 31, 2024	As of March 31, 2025
Current portion	522 million yen	1,053 million yen
Non-current portion	619 million yen	2,766 million yen
Total	1,141 million yen	3,819 million yen

Financial Instruments

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

The Group finances cash necessary for manufacturing and selling automobiles and parts mainly through bank loans and the issuance of bonds in light of planned capital investment. Temporary surplus funds are managed through investments in low-risk assets. Short-term operating funds are financed mainly through bank loans. Derivative instruments are used to hedge risks, as discussed below, and not to conduct speculative transactions.

(2) Details of financial instruments and the exposures to risk

Trade notes and accounts receivable, while due within one year, are subject to customers' credit risks. Accounts receivable denominated in foreign currencies, which arise from the Group's global business development, are subject to the risk of fluctuations in foreign currency exchange rates; such risk is hedged, in principle, by netting the foreign-currency-denominated accounts receivable against accounts payable and applying forward exchange contracts on the resulting net position. Securities consist mainly of negotiable certificates of deposit and other highly-liquid short-term investments. Investment securities consist mainly of stocks of our business partner companies and are subject to the risk of market price fluctuations and other factors. Long-term loans receivable are provided mainly to our business partner companies.

Trade notes and accounts payable, as well as other accounts payable, are due within one year. Of these payables, those denominated in foreign currencies associated with the import of parts and raw materials are subject to the risk of fluctuations in foreign currency exchange rates. However, for the most part, the balance of such payables is constantly less than that of the accounts receivable denominated in the same foreign currency. For other parts, such payables are hedged, as necessary, through forward exchange contracts, considering the transaction amounts and the degree of risk of foreign exchange rate fluctuation.

Loans payable, bonds payable, and lease obligations are mainly used to finance cash required for capital investment. The longest time to maturity of these liabilities is 56 years and 4 months from March 31, 2025 (57 years and 4 months in the year ended March 31, 2024).

Derivative instruments consist of forward exchange contracts used to hedge the risk of future exchange rate fluctuations associated with trade receivables and payables denominated in foreign currencies. For details of hedging instruments and hedged items for hedge accounting, hedging policy, method of assessing hedge effectiveness and other such information, refer to “4.

Accounting policies, (7) Accounting for hedging activities” under “Significant Accounting Policies for Preparation of Consolidated Financial Statements.”

(3) Policies and processes for managing risk

(i) Management of credit risks (i.e., risks associated with the default of counterparties)

The Company and its consolidated subsidiaries manage credit risks in compliance with internal control rules and procedures. The due dates and the balances of trade notes, accounts receivable, and loans receivable from major counterparties are regularly monitored and managed by sales management departments in order to detect early and mitigate the risk of doubtful receivables due to deterioration in their financial standing and other factors.

Short-term investments, such as negotiable certificates of deposit included in “Securities,” and derivative transactions are executed only with banks with high credit ratings. As such, the credit risks of these short-term investments and derivative transactions are considered to be minimal. The credit risks of counterparty financial institutions are reviewed on a quarterly basis.

The amount of maximum risk as of March 31, 2025 is represented by the balance sheet amount of financial assets exposed to credit risks.

(ii) Management of market risks (i.e., risks associated with fluctuations in foreign exchange rates and interest rates)

In principle, the Group hedges the risk of foreign exchange rate fluctuations on foreign-currency-denominated receivables and payables, using forward exchange contracts, on a monthly and individual currency basis. Forward exchange contracts are executed as necessary, up to six months ahead, on foreign-currency-denominated receivables and payables that are expected to arise with certainty as a result of forecasted export and import transactions. The Company and some of its consolidated subsidiaries use interest rate swaps as hedging instruments, as necessary, in order to reduce the risk of interest rate fluctuation on loans payable.

With regard to securities and investment securities, their fair values as well as the financial standing of their issuing entities (business partner companies) are monitored on a regular basis. Ownership of available-for-sale securities are reviewed on a continuous basis taking into account the relationships with the business partner companies.

Derivative transactions are conducted in compliance with internal control rules and procedures that prescribe transaction authority. The policies for derivative transactions of the Group are approved by the Company’s Representative Director or Financial Officer. Transactions are approved in advance by either the Company’s Financial Services Division General Manager or Treasury Department General Manager. Based on these approvals, the Treasury Department conducts and books the transactions as well as confirms the balance between the counterparty of the derivatives contract. The operation of the transaction is segregated from its clerical administration, in order to maintain internal check within the Treasury Department, and is audited periodically by the Global Auditing Department. Derivative transactions are reported, upon execution, to the Company’s Financial Officer, Financial Services Division General Manager, and Treasury Department General Manager. The consolidated subsidiaries also follow internal control rules and procedures pursuant to those of the Company, obtain an approval of the Company, and conduct and manage the transactions according to the approval.

(iii) Management of liquidity risks related to financing (i.e., risks of non-performance of payments on their due dates)

The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule on a timely basis, and the Company maintains a certain level of liquidity at hand in order to respond to sudden changes in external environment. The Company also has systems and procedures in place that allow us to respond flexibly to liquidity risks through managing the funds of the Group and intercompany loans within the Group. In addition, the Company ensures sufficient liquidity by entering into commitment line agreements with domestic financial institutions.

(4) Supplementary explanation on fair values of financial instruments

Since variable factors are incorporated when calculating the fair values of financial instruments, such values may vary depending on the assumptions and variables used in the calculation.

2. Fair values of financial instruments

The carrying values on the consolidated balance sheets, the fair values, and the differences between these amounts, respectively, of financial instruments were as follows. Financial instruments without observable market values are excluded from the following table (refer to Note 1).

As of March 31, 2024

	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
(1) Securities			
Available-for-sale securities	104,000	104,000	—
(2) Investment securities			
Held-to-maturity debt securities	60	60	—
Available-for-sale securities	170,094	170,094	—
(3) Long-term loans receivable (*2)	26,253		
Allowance for doubtful receivables (*3)	(15)		
	26,238	26,380	142
Total assets	300,392	300,534	142
(1) Bonds	65,000	64,696	(304)
(2) Long-term loans payable	453,360	453,029	(331)
(3) Lease obligations	27,125	26,898	(227)
Total liabilities	545,485	544,623	(862)
Derivative instruments: (*4)			
(i) Hedge accounting not applied	(132)	(132)	—
(ii) Hedge accounting applied	35	35	—
Total derivative instruments	(97)	(97)	—

(*1) “Cash and deposits,” “Trade notes and accounts receivable,” “Trade notes and accounts payable,” “Other accounts payable,” and “Short-term loans payable” are excluded from the above table since they are settled in cash within a short period of time, and therefore their carrying amounts approximate fair values.

(*2) The amount presented includes long-term loans receivable due within one year (carrying amount on the consolidated balance sheets: 7,661 million yen), which are presented on the consolidated balance sheets as part of “Other” in current assets.

(*3) The amount is presented net of allowance for doubtful receivables, which are recorded individually for each long-term loans receivable.

(*4) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

As of March 31, 2025

	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
(1) Securities			
Available-for-sale securities	206,000	206,000	—
(2) Investment securities			
Held-to-maturity debt securities	60	60	—
Available-for-sale securities	120,557	120,557	—
(3) Long-term loans receivable (*2)	18,486		
Allowance for doubtful receivables (*3)	(15)		
	18,471	18,677	206
Total assets	345,088	345,294	206
(1) Bonds	125,000	122,997	(2,003)
(2) Long-term loans payable	529,467	519,536	(9,931)
(3) Lease obligations	36,232	35,673	(559)
Total liabilities	690,699	678,206	(12,493)
Derivative instruments: (*4)			
(i) Hedge accounting not applied	56	56	—
(ii) Hedge accounting applied	—	—	—
Total derivative instruments	56	56	—

(*1) “Cash and deposits,” “Trade notes and accounts receivable,” “Trade notes and accounts payable,” “Other accounts payable,” and “Short-term loans payable” are excluded from the above table since they are settled in cash within a short period of time, and therefore their carrying amounts approximate fair values.

(*2) The amount presented includes long-term loans receivable due within one year (carrying amount on the consolidated balance sheets: 18,140 million yen), which are presented on the consolidated balance sheets as part of “Other” in current assets.

(*3) The amount is presented net of allowance for doubtful receivables, which are recorded individually for each long-term loans receivable.

(*4) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

Note 1: Carrying values of financial instruments without observable market values

(Millions of yen)

Category	As of March 31, 2024	As of March 31, 2025
Available-for-sale securities:		
Non-listed equity securities	1,923	1,419
Investment securities of affiliated companies	132,301	148,295
Investment in Limited Partnership for Investment	—	732
Total	134,224	150,446

(*) The above financial instruments are excluded from “Assets: (2) Investment securities” in the above tables.

Note 2: Schedule of repayments of monetary receivables and securities with maturities after the consolidated balance sheet date

As of March 31, 2024

	Within 1 year (Millions of yen)	Over 1 year, within 5 years (Millions of yen)	Over 5 years, within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	818,563	—	—	—
Trade notes and accounts receivable	163,426	—	—	—
Securities				
Available-for-sale securities with maturities	104,000	—	—	—
Investment securities				
Held-to-maturity debt securities (bonds)	—	—	—	60
Available-for-sale securities with maturities (bonds)	—	2,633	—	—
Long-term loans receivable	7,661	18,509	64	19
Total	1,093,650	21,142	64	79

As of March 31, 2025

	Within 1 year (Millions of yen)	Over 1 year, within 5 years (Millions of yen)	Over 5 years, within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	1,001,379	—	—	—
Trade notes and accounts receivable	148,839	—	—	—
Securities				
Available-for-sale securities with maturities	206,000	—	—	—
Investment securities				
Held-to-maturity debt securities (bonds)	—	—	—	60
Available-for-sale securities with maturities (bonds)	—	1,897	—	—
Long-term loans receivable	18,140	262	67	17
Total	1,374,358	2,159	67	77

Note 3: Schedule of repayments of short-term loans payable, bonds, long-term loans payable, lease obligations, and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2024

	Within 1 year (Millions of yen)	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	30,304	—	—	—	—	—
Bonds	20,000	—	20,000	10,000	15,000	—
Long-term loans payable	94,238	111,746	125,376	43,000	54,500	24,500
Lease obligations (*)	4,392	3,676	2,657	2,336	1,557	2,305
Other interest-bearing debt	979	976	264	—	—	—
Total	149,913	116,398	148,297	55,336	71,057	26,805

(*) The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included.

As of March 31, 2025

	Within 1 year (Millions of yen)	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	32,300	—	—	—	—	—
Bonds	—	20,000	10,000	15,000	20,000	60,000
Long-term loans payable	111,747	125,403	43,000	54,817	74,000	120,500
Lease obligations (*)	4,816	3,874	3,266	2,734	1,410	1,145
Other interest-bearing debt	979	246	—	—	—	—
Total	149,842	149,523	56,266	72,551	95,410	181,645

(*) The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included.

3. Fair value of financial instruments and hierarchy

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement, the financial instrument is classified to the lowest level of the fair value hierarchy.

(1) Financial assets and financial liabilities that are recorded on the consolidated balance sheets at fair value are as follows:

As of March 31, 2024

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities				
Equity securities	165,935	—	—	165,935
Bonds	—	—	2,633	2,633
Other	1,526	—	—	1,526
Total assets	167,461	—	2,633	170,094
Derivative instruments:(*)				
Currency related	—	(97)	—	(97)
Total derivative instruments	—	(97)	—	(97)

(*) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

As of March 31, 2025

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities				
Equity securities	116,998	—	—	116,998
Bonds	—	—	1,897	1,897
Other	1,662	—	—	1,662
Total assets	118,660	—	1,897	120,557
Derivative instruments:(*)				
Currency related	—	56	—	56
Total derivative instruments	—	56	—	56

(*) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

(2) Financial assets and financial liabilities that are not recorded on the consolidated balance sheets at fair value are as follows:

As of March 31, 2024

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities (other)	—	104,000	—	104,000
Investment securities:				
Held-to-maturity debt securities (bonds)	—	60	—	60
Long-term loans receivable	—	26,380	—	26,380
Total assets	—	130,440	—	130,440
Bonds	—	64,696	—	64,696
Long-term loans payable	—	453,029	—	453,029
Lease obligations	—	26,898	—	26,898
Total liabilities	—	544,623	—	544,623

As of March 31, 2025

Category	Fair values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities:				
Available-for-sale securities (other)	—	206,000	—	206,000
Investment securities:				
Held-to-maturity debt securities (bonds)	—	60	—	60
Long-term loans receivable	—	18,677	—	18,677
Total assets	—	224,737	—	224,737
Bonds	—	122,997	—	122,997
Long-term loans payable	—	519,536	—	519,536
Lease obligations	—	35,673	—	35,673
Total liabilities	—	678,206	—	678,206

Note 1: Description of the valuation techniques and inputs used to measure fair value

Investment securities

Investments in publicly traded equity securities are actively traded and valued based on their market prices, and their fair values are mainly classified as Level 1 fair value. On the other hand, the fair value of convertible bonds with stock acquisition rights is classified as Level 3 fair value, and is calculated by applying valuation techniques based on a binomial model with significant unobservable inputs, such as discount rates, using a price obtained from an external valuation expert.

Securities

Securities consist mainly of negotiable certificates of deposit of creditworthy financial institutions and are settled within short periods of time, and their carrying amounts approximate their fair values. Accordingly, their fair value is classified as Level 2 fair value, and carrying amounts are used as the fair values of these securities.

Long-term loans receivable

The fair value of long-term loans receivable is calculated by discounting the principal and interest payments to present value, using the imputed interest rate that would be applied for similar new loans. Accordingly, their fair value is classified as Level 2 fair values.

Derivative instruments

The fair value of forward exchange contracts is calculated based on the price presented by financial institutions and is classified as Level 2 fair values.

Bonds

The fair value of bonds issued by the Group is calculated based on the market value (JSDA “Reference Statistical Prices [Yields] for OTC Bond Transactions”) and classified as Level 2 fair values.

Long-term loans payable and finance lease obligations

The fair value of these liabilities is calculated by discounting the principal and interest payments to present value, using the imputed interest rate that would be applied for similar new borrowings or leases. Accordingly, their fair value is classified as Level 2 fair values.

Note 2: Information about Level 3 fair value of financial assets and financial liabilities that are recorded on the consolidated balance sheets at fair value

This note is omitted as it is immaterial.

Securities

1. Held-to-maturity debt securities

As of March 31, 2024

Category	Type of securities	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
Securities whose fair values exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Securities whose fair values do not exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	60	60	–
	(3) Other	–	–	–
	Subtotal	60	60	–
Total		60	60	–

As of March 31, 2025

Category	Type of securities	Carrying values (Millions of yen)	Fair values (Millions of yen)	Difference (Millions of yen)
Securities whose fair values exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Securities whose fair values do not exceed their carrying values	(1) National and local government bonds	–	–	–
	(2) Bonds	60	60	–
	(3) Other	–	–	–
	Subtotal	60	60	–
Total		60	60	–

2. Available-for-sale securities

As of March 31, 2024

Category	Type of securities	Carrying values (Millions of yen)	Acquisition costs (Millions of yen)	Difference (Millions of yen)
Securities whose carrying values exceed their acquisition costs	(1) Equity securities	165,935	54,680	111,255
	(2) Debt securities			
	Bonds	—	—	—
	Other	—	—	—
	(3) Other	—	—	—
	Subtotal	165,935	54,680	111,255
Securities whose carrying values do not exceed their acquisition costs	(1) Equity securities	—	—	—
	(2) Debt securities			
	Bonds	2,633	2,800	(167)
	Other	—	—	—
	(3) Other	105,526	105,526	—
	Subtotal	108,159	108,326	(167)
Total		274,094	163,006	111,088

Note: Non-listed equity securities (carrying value on the consolidated balance sheets: ¥1,923 million) are excluded from “Available-for-sale securities” in the above table as they do not have observable market values and their future cash flows cannot be estimated.

As of March 31, 2025

Category	Type of securities	Carrying values (Millions of yen)	Acquisition costs (Millions of yen)	Difference (Millions of yen)
Securities whose carrying values exceed their acquisition costs	(1) Equity securities	116,998	54,587	62,411
	(2) Debt securities			
	Bonds	—	—	—
	Other	—	—	—
	(3) Other	—	—	—
	Subtotal	116,998	54,587	62,411
Securities whose carrying values do not exceed their acquisition costs	(1) Equity securities	—	—	—
	(2) Debt securities			
	Bonds	1,897	2,800	(903)
	Other	—	—	—
	(3) Other	207,662	207,662	—
	Subtotal	209,559	210,462	(903)
Total		326,557	265,049	61,508

Note: Non-listed equity securities (carrying value on the consolidated balance sheets: ¥1,419 million) and Investment in Limited Partnership for Investment (carrying value on the consolidated balance sheets: ¥732 million) are excluded from “Available-for-sale securities” in the above table as they do not have observable market values and their future cash flows cannot be estimated.

3. Available-for-sale securities sold during the years ended March 31, 2024 and 2025

For the year ended March 31, 2024

This information is omitted as it is immaterial.

For the year ended March 31, 2025

This information is omitted as it is immaterial.

Derivative Instruments

1. Derivative transactions to which hedge accounting is not applied

The following tables summarize the contract amount or the principal equivalent amount specified in the contract, fair value, and valuation gain or loss by type of transaction for derivative transactions to which hedge accounting is not applied as of March 31, 2024 and 2025.

The amount in the contract itself does not indicate the market risk related to derivative transactions.

(1) Currency related

As of March 31, 2024

Category	Type of derivative transaction	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)	Valuation gain/(loss) (Millions of yen)
Transactions other than market transactions	Forward exchange contracts				
	Sell:				
	USD	18,021	–	(113)	(113)
	EUR	24,500	–	66	66
	CAD	6,631	–	(66)	(66)
	AUD	5,887	–	(19)	(19)
	Total	55,039	–	(132)	(132)

As of March 31, 2025

Category	Type of derivative transaction	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)	Valuation gain/(loss) (Millions of yen)
Transactions other than market transactions	Forward exchange contracts				
	Sell:				
	USD	4,519	–	35	35
	EUR	1,629	–	9	9
	CAD	1,053	–	8	8
	AUD	474	–	4	4
	Total	7,675	–	56	56

(2) Interest rate related

No items to disclose.

2. Derivative transactions to which hedge accounting is applied

The following tables summarize the contract amount or the principal equivalent amount specified in the contract and other information by hedge accounting method for derivative transactions to which hedge accounting is applied as of March 31, 2024 and 2025.

The amount in the contract itself does not indicate the market risk related to derivative transactions.

(1) Currency related

As of March 31, 2024

Hedge accounting method	Type of derivative transaction	Major hedged items	Contract amount (Millions of yen)	Thereof due after 1 year (Millions of yen)	Fair value (Millions of yen)
Principal treatment method	Forward exchange contracts	Trade accounts receivable			
	Sell:				
	USD		6,009	—	(5)
	CAD		2,231	—	9
	AUD	1,992	—	31	
	Total		10,232	—	35

As of March 31, 2025

No items to disclose.

(2) Interest rate related

No items to disclose.

Employees' Retirement Benefits

1. Outline of adopted retirement benefit plans

The Company and its consolidated subsidiaries have adopted funded and unfunded defined benefit plans and defined contribution plans to provide for employees' retirement benefits. The defined benefit plans mainly consist of lump-sum plans and defined benefit pension plans (e.g., Mazda Pension Fund). Among the defined benefit pension plans, multi-employer plans for which the amount of plan assets attributable to the company's own contributions cannot be reasonably determined are accounted for in the same way as defined contribution plans.

For defined benefit pension plans and lump-sum plans of some consolidated subsidiaries, liability for retirement benefits and retirement benefit expenses are calculated using the simplified method.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligations

	Year ended March 31, 2024	Year ended March 31, 2025
Retirement benefit obligations at beginning of the period	313,785 million yen	307,066 million yen
Service cost	10,963 million yen	10,487 million yen
Interest cost	5,329 million yen	6,082 million yen
Actuarial differences	(15,412) million yen	(12,972) million yen
Benefits paid	(21,326) million yen	(14,909) million yen
Past service costs	7,921 million yen	40 million yen
Other	5,806 million yen	(845) million yen
Retirement benefit obligations at end of the period	307,066 million yen	294,949 million yen

Note: The above table includes plans to which the simplified method is applied.

(2) Reconciliation of beginning and ending balances of plan assets

	Year ended March 31, 2024	Year ended March 31, 2025
Plan assets at beginning of the period	307,836 million yen	335,579 million yen
Expected return on plan assets	6,461 million yen	7,790 million yen
Actuarial differences	21,042 million yen	(2,003) million yen
Contributions paid by the employer	10,868 million yen	7,318 million yen
Benefits paid	(15,052) million yen	(11,524) million yen
Other	4,424 million yen	865 million yen
Plan assets at end of the period	335,579 million yen	338,025 million yen

Note: The above table includes plans to which the simplified method is applied.

(3) Reconciliation of ending balance of retirement benefit obligations and plan assets to liability and asset for retirement benefits recorded on the consolidated balance sheets

	As of March 31, 2024	As of March 31, 2025
Funded retirement benefit obligations	240,533 million yen	227,474 million yen
Plan assets	(335,579) million yen	(338,025) million yen
	(95,046) million yen	(110,551) million yen
Unfunded retirement benefit obligations	66,533 million yen	67,475 million yen
Total net liability/(asset) for retirement benefits recorded on consolidated balance sheets	(28,513) million yen	(43,076) million yen
Liability for retirement benefits	67,594 million yen	68,724 million yen
Asset for retirement benefits	(96,107) million yen	(111,800) million yen
Total net liability/(asset) for retirement benefits recorded on consolidated balance sheets	(28,513) million yen	(43,076) million yen

Note: The above table includes plans to which the simplified method is applied.

(4) Retirement benefit expenses and its breakdown

	Year ended March 31, 2024	Year ended March 31, 2025
Service cost	10,963 million yen	10,487 million yen
Interest cost	5,329 million yen	6,082 million yen
Expected return on plan assets	(6,461) million yen	(7,790) million yen
Actuarial differences amortization	691 million yen	(2,831) million yen
Past service costs amortization	(575) million yen	(570) million yen
Other	1,443 million yen	82 million yen
Severance and retirement benefit expenses	11,390 million yen	5,460 million yen

Note: The above table includes plans to which the simplified method is applied.

(5) Adjustments for retirement benefits

The breakdown of items of adjustments for retirement benefits (before income taxes and tax effect) recognized in other comprehensive income for the years ended March 31, 2024 and 2025 was as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Past service costs	(8,496) million yen	(610) million yen
Actuarial differences	36,713 million yen	8,103 million yen
Total	28,217 million yen	7,493 million yen

(6) Accumulated adjustments for retirement benefits

The breakdown of items of accumulated adjustments for retirement benefits (before income taxes and tax effect) recognized in accumulated other comprehensive income as of March 31, 2024 and 2025 was as follows:

	As of March 31, 2024	As of March 31, 2025
Unrecognized past service costs	268 million yen	(342) million yen
Unrecognized actuarial differences	52,436 million yen	60,539 million yen
Total	52,704 million yen	60,197 million yen

(7) Plan assets

(i) Major components of plan assets

The breakdown of plan assets by major category as of March 31, 2024 and 2025 was as follows:

	As of March 31, 2024	As of March 31, 2025
Debt securities	47%	51%
Equity securities	25%	21%
General accounts of life insurance companies	14%	12%
Other	14%	16%
Total	100%	100%

(ii) Method of determining long-term expected rate of return on plan assets

To determine the long-term expected rate of return on plan assets, the Company considers current and expected allocation of the plan assets, as well as current and expected future long-term returns on various assets constituting the plan assets.

(8) Basis for actuarial assumptions

Major items of actuarial assumptions

	Year ended March 31, 2024	Year ended March 31, 2025
Discount rate	Primarily 1.8%	Primarily 2.4%
Long-term expected rate of return	Primarily 1.5%	Primarily 2.0%

3. Defined contribution plans

For the year ended March 31, 2024

The amount of required contributions to defined contribution plans (including multi-employer defined benefit pension plans accounted for in the same way as defined contribution plans) for the year ended March 31, 2024 was ¥4,381 million.

Information on multi-employer plans under which required contributions are accounted for as retirement benefit expenses is omitted as it is immaterial.

For the year ended March 31, 2025

The amount of required contributions to defined contribution plans (including multi-employer defined benefit pension plans accounted for in the same way as defined contribution plans) for the year ended March 31, 2025 was ¥4,344 million.

Information on multi-employer plans under which required contributions are accounted for as retirement benefit expenses is omitted as it is immaterial.

Stock Options

1. Stock option-related expenses and line items

	Year ended March 31, 2024	Year ended March 31, 2025
Selling, general and administrative expenses	92 million yen	– million yen

2. Details and number of stock options and changes therein

(1) Details of stock options

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights
Title and number of grantees	Directors of the Company (excluding outside directors): 8 Executive officers: 18	Directors of the Company (excluding outside directors): 8 Executive officers: 21	Directors of the Company (excluding outside directors): 8 Executive officers: 20
Number of stock options by class of shares (Note)	Common stock 68,200 shares	Common stock 72,200 shares	Common stock 89,700 shares
Date of grant	August 22, 2016	August 21, 2017	August 20, 2018
Vesting conditions	No vesting conditions are attached.	Same as left	Same as left
Requisite service period	No requisite service period is specified.	Same as left	Same as left
Exercise period	From August 23, 2016 to August 22, 2046	From August 22, 2017 to August 21, 2047	From August 21, 2018 to August 20, 2048

	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights
Title and number of grantees	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 6 Executive officers and fellow of the Company: 19	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 6 Executive officers and fellow of the Company: 21	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 7 Executive officers and fellow of the Company: 19
Number of stock options by class of shares (Note)	Common stock 104,700 shares	Common stock 223,300 shares	Common stock 124,000 shares
Date of grant	August 20, 2019	August 18, 2020	August 17, 2021
Vesting conditions	No vesting conditions are attached.	Same as left	Same as left
Requisite service period	No requisite service period is specified.	Same as left	Same as left
Exercise period	From August 21, 2019 to August 20, 2049	From August 19, 2020 to August 18, 2050	From August 18, 2021 to August 17, 2051

	2022 Stock Acquisition Rights	2023 Stock Acquisition Rights
Title and number of grantees	Directors of the Company (excluding directors who are Audit & Supervisory Committee members and outside directors): 8 Executive officers and fellow of the Company: 19	Directors of the Company (excluding directors of foreign nationality, directors who are Audit & Supervisory Committee members, and outside directors): 7 Executive officers and fellow of the Company: 19
Number of stock options by class of shares (Note)	Common stock 102,900 shares	Common stock 89,200 shares
Date of grant	August 22, 2022	August 9, 2023
Vesting conditions	No vesting conditions are attached.	No vesting conditions are attached.
Requisite service period	No requisite service period is specified.	No requisite service period is specified.
Exercise period	From August 23, 2022 to August 22, 2052	From August 10, 2023 to August 9, 2053

Note: Converted into number of shares.

(2) Number of stock options and its changes

The following tables summarize information on stock options existed during the year ended March 31, 2025, in which the number of stock options is converted into the number of shares.

(i) Number of stock options

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights	2022 Stock Acquisition Rights
Non-vested (Shares)							
March 31, 2024 – Outstanding	–	–	–	–	–	–	–
Granted	–	–	–	–	–	–	–
Forfeited	–	–	–	–	–	–	–
Vested	–	–	–	–	–	–	–
March 31, 2025 – Outstanding	–	–	–	–	–	–	–
Vested (Shares)							
March 31, 2024 – Outstanding	20,500	27,600	38,600	54,000	120,800	95,700	88,800
Vested	–	–	–	–	–	–	–
Exercised	1,800	6,600	8,400	8,300	16,800	7,200	21,000
Canceled	–	–	–	–	–	–	–
March 31, 2025 – Outstanding	18,700	21,000	30,200	45,700	104,000	88,500	67,800

	2023 Stock Acquisition Rights
Non-vested (Shares)	
March 31, 2024 – Outstanding	–
Granted	–
Forfeited	–
Vested	–
March 31, 2025 – Outstanding	–
Vested (Shares)	
March 31, 2024 – Outstanding	89,200
Vested	–
Exercised	10,400
Canceled	–
March 31, 2025 – Outstanding	78,800

(ii) Price of stock options

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights	2022 Stock Acquisition Rights
Exercise price (Yen)	1	1	1	1	1	1	1
Weighted average stock price at exercise (Yen)	1,247.1	1,247.1	1,247.1	1,247.1	1,247.1	1,247.1	1,247.1
Fair value price at grant date (Yen)	1,327	1,336	1,027	650	415	968	1,099

	2023 Stock Acquisition Rights
Exercise price (Yen)	1
Weighted average stock price at exercise (Yen)	1,247.1
Fair value price at grant date (Yen)	1,032

3. Assumptions used to measure the fair value of stock options

Due to the transition from a remuneration in the form of stock option plan to a restricted stock remuneration plan in June 2024, there are no applicable items for the year ended March 31, 2025.

4. Method of estimating the number of vested stock options

As it is basically difficult to reasonably estimate the number of stock options to be forfeited in the future, the Company has adopted the method that reflects only the number of stock options forfeited.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities and deferred tax liability related to land revaluation

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets:		
Reserve for warranty expenses	49,582 million yen	54,794 million yen
Accrued expenses, etc.	35,218 million yen	36,482 million yen
Liability for retirement benefits	21,890 million yen	22,821 million yen
Provision related to environmental regulations	8,544 million yen	18,120 million yen
Accrued sales incentives	11,917 million yen	13,992 million yen
Accrued employees' bonuses	14,326 million yen	12,509 million yen
Inventories, etc.	11,775 million yen	12,215 million yen
Unrealized profit on inventories	26,163 million yen	7,008 million yen
Deferred revenue	6,392 million yen	7,000 million yen
Excess of depreciation	4,055 million yen	4,099 million yen
Impairment loss	1,564 million yen	1,483 million yen
Asset retirement obligations	1,541 million yen	1,450 million yen
Valuation loss on investment securities, etc.	861 million yen	459 million yen
Other	35,471 million yen	39,653 million yen
Subtotal	229,299 million yen	232,085 million yen
Valuation allowance (Note 1)	(84,510) million yen	(78,753) million yen
Total deferred tax assets	144,789 million yen	153,332 million yen
Deferred tax liabilities:		
Asset for retirement benefits	(30,453) million yen	(35,276) million yen
Retained earnings in subsidiaries and affiliates	(17,743) million yen	(19,471) million yen
Net unrealized gain on available-for-sale securities	(33,885) million yen	(19,326) million yen
Effect of exchange rate fluctuations on foreign subsidiaries	— million yen	(3,688) million yen
Other	(17,269) million yen	(17,614) million yen
Total deferred tax liabilities	(99,350) million yen	(95,375) million yen
Net deferred tax assets	45,439 million yen	57,957 million yen
Deferred tax liability related to land revaluation:		
Deferred tax asset related to land revaluation	548 million yen	482 million yen
Less valuation allowance	(548) million yen	(482) million yen
Deferred tax liability related to land revaluation	(64,345) million yen	(66,246) million yen
Net deferred tax liability related to land revaluation	(64,345) million yen	(66,246) million yen

- Notes: 1. Valuation allowance decreased by ¥5,757 million. This decrease was mainly resulted from the decrease in valuation allowance associated with liability for retirement benefits of the Company.
2. “Deferred revenue” which was included in “Other” in the year ended March 31, 2024 is reclassified to present separately from the year ended March 31, 2025 due to increased monetary importance. Furthermore, “Accrued business tax” which was traditionally presented separately and Accrued social insurance premiums, etc. which were included in “Other” in the year ended March 31, 2024 were reclassified to “Accrued expenses, etc.” for clear disclosure. Notes for the fiscal year ended March 31, 2024, have been restated to reflect this change in the presentation method.

2. Breakdown of major items that caused the significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Unrecognized tax effect on unrealized gains	(2.0)%	7.2 %
Retained earnings in subsidiaries and affiliates	0.7 %	1.1 %
Equity in net income of affiliated companies	(0.9)%	(2.6)%
Tax credit	(6.4)%	(3.6)%
Valuation allowance	10.0 %	(7.2)%
Other	(2.1)%	0.7 %
Effective tax rate after applying tax effect accounting	29.8 %	26.1 %

3. Accounting for corporation tax and local corporation tax or related tax-effect accounting

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system, and corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (Practical Issues Task Force No. 42, August 12, 2021).

4. Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

On March 31, 2025, the “Act on Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted into law. As a result of the amendment, the effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.5% to 31.4% for the temporary differences expected to be reversed in fiscal years starting on or after April 1, 2026.

Due to this change, deferred income tax expense recognized for the year ended March 31, 2025, net deferred tax assets, net unrealized gain on available-for-sale securities, and the accumulated adjustments for retirement benefits decreased by ¥21 million, ¥1,075 million, ¥553 million, and ¥543 million, respectively. Also, the balance of deferred tax liabilities related to land revaluation increased by ¥1,902 million, and the balance of land revaluation decreased by the same amount.

Asset Retirement Obligations

For the year ended March 31, 2024

This information is omitted as the balance of asset retirement obligations as of March 31, 2024 was 1 percent or less of the total liabilities and net assets as of that date and therefore is immaterial.

For the year ended March 31, 2025

This information is omitted as the balance of asset retirement obligations as of March 31, 2025 was 1 percent or less of the total liabilities and net assets as of that date and therefore is immaterial.

Segment Information and its Associated Information

Segment Information

1. Overview of reportable segments

The reportable segments of the Group consist of business components for which separate financial statements are available. The reportable segments are subject to periodical review by Board of Directors meetings for the purpose of making decisions on the distribution of corporate resources and evaluating business performance.

The Group is primarily engaged in the manufacturing and sale of passenger and commercial vehicles. Businesses in Japan are managed by the Company. Businesses in North America are managed by Mazda Motor of America, Inc. and the Company, while businesses in Europe are managed by Mazda Motor Europe GmbH and the Company. Areas other than Japan, North America, and Europe are defined as Other areas. Business deployment in countries in Other areas are managed in an integrated manner by the Company as one management unit.

Accordingly, Mazda Group consists of regional segments based on a system of managing production and sale. As such, Japan, North America, Europe, and Other areas are designated as 4 reportable segments.

2. Calculation methods used for net sales, income or loss, assets, and other items by reportable segment

Accounting policies of the reportable segments are the same as those noted in “Significant Accounting Policies for Preparation of Consolidated Financial Statements.” In addition, inter-segment sales and transfers are based on the current market prices.

3. Net sales, income or loss, assets and other items by reportable segment

For the year ended March 31, 2024

(Millions of yen)

	Reportable segments					Adjustment Note 1	Consolidated Note 2
	Japan	North America	Europe	Other areas	Total		
Net sales:							
External customers	942,619	2,342,380	887,650	655,013	4,827,662	—	4,827,662
Inter-segment sales or transfers	2,925,430	640,795	39,039	77,614	3,682,878	(3,682,878)	—
Total	3,868,049	2,983,175	926,689	732,627	8,510,540	(3,682,878)	4,827,662
Segment income	152,188	87,618	20,273	26,882	286,961	(36,458)	250,503
Segment assets	2,880,242	817,324	351,486	387,741	4,436,793	(645,025)	3,791,768
Other items:							
Depreciation and amortization	63,629	37,161	6,382	6,176	113,348	—	113,348
Investments in affiliated companies on the equity method	36,408	9,439	—	86,121	131,968	—	131,968
Increase in property, plant and equipment and intangible assets	102,808	15,071	1,229	2,235	121,343	—	121,343

Notes: 1. Notes on adjustment:

(1) The adjustment on segment income is eliminations of inter-segment transactions.

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

2. The segment income is reconciled with the operating income in the consolidated statements of operations for the year ended March 31, 2024.

The segment assets are reconciled with the total assets in the consolidated balance sheets as of March 31, 2024.

For the year ended March 31, 2025

(Millions of yen)

	Reportable segments					Adjustment Note 1	Consolidated Note 2
	Japan	North America	Europe	Other areas	Total		
Net sales:							
External customers	937,886	2,775,314	731,439	574,254	5,018,893	—	5,018,893
Inter-segment sales or transfers	2,794,889	517,947	35,149	73,395	3,421,380	(3,421,380)	—
Total	3,732,775	3,293,261	766,588	647,649	8,440,273	(3,421,380)	5,018,893
Segment income	48,453	66,951	19,163	23,055	157,622	28,503	186,125
Segment assets	3,105,477	874,497	360,210	389,508	4,729,692	(639,611)	4,090,081
Other items:							
Depreciation and amortization	71,494	34,204	5,884	6,041	117,623	—	117,623
Investments in affiliated companies on the equity method	37,736	20,413	—	90,035	148,184	—	148,184
Increase in property, plant and equipment and intangible assets	101,359	43,485	1,657	1,890	148,391	—	148,391

Notes: 1. Notes on adjustment:

(1) The adjustment on segment income is eliminations of inter-segment transactions.

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

2. The segment income is reconciled with the operating income in the consolidated statements of operations for the year ended March 31, 2025.

The segment assets are reconciled with the total assets in the consolidated balance sheets as of March 31, 2025.

Associated Information

For the year ended March 31, 2024

1. Information by product or service

This information is omitted as sales to external customers for a single product or service category (manufacturing and sale of automobiles) account for more than 90 percent of net sales in the consolidated statements of operations.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	North America (excluding U.S.A.)	Europe	Other areas	Total
640,288	1,803,276	541,875	893,318	948,905	4,827,662

Note: Sales are categorized by the countries or regions based on the customers' locations.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Other areas	Total
933,897	185,066	26,828	47,084	1,192,875

3. Information by major customer

This information is omitted as no external customers account for 10 percent or more of net sales in the consolidated statements of operations.

For the year ended March 31, 2025

1. Information by product or service

This information is omitted as sales to external customers for a single product or service category (manufacturing and sale of automobiles) account for more than 90 percent of net sales in the consolidated statements of operations.

2. Information by geographic area

(1) Net sales

(Millions of yen)

Japan	U.S.A.	North America (excluding U.S.A.)	Europe	Other areas	Total
578,585	2,086,162	691,045	736,575	926,526	5,018,893

Note: Sales are categorized by the countries or regions based on the customers' locations.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Europe	Other areas	Total
961,847	186,987	29,267	44,669	1,222,770

3. Information by major customer

This information is omitted as no external customers account for 10 percent or more of net sales in the consolidated statements of operations.

Information about Impairment Loss on Non-current Assets by Reportable Segment

For the year ended March 31, 2024

(Millions of yen)

	Reportable segments				Total
	Japan	North America	Europe	Other areas	
Impairment loss	5,694	71	—	22	5,787

For the year ended March 31, 2025

(Millions of yen)

	Reportable segments				Total
	Japan	North America	Europe	Other areas	
Impairment loss	729	540	—	605	1,874

Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment

For the year ended March 31, 2024

This information is omitted as it is immaterial.

For the year ended March 31, 2025

This information is omitted as it is immaterial.

Information about Gain Recognized on Negative Goodwill by Reportable Segment

For the year ended March 31, 2024

No items to disclose.

For the year ended March 31, 2025

No items to disclose.

Related Parties

1. Related party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

For the year ended March 31, 2024

Type	Name of related party	Location	Common stock or investment	Principal business	Voting rights ownership (owned) ratio (%)	Relationship with related party	Contents of transaction	Transaction amount (Millions of yen)	Account title	Year-end balance (Millions of yen)
Affiliate	Mazda Toyota Manufacturing, U.S.A., Inc.	Alabama, U.S.A.	USD 40	Production and sale of vehicles	(Ownership) Direct 50.0	Dispatch of directors	Lending of funds (Note)	103,244	Loans receivable	60,645
							Collection of loans receivable	44,053		

Note: Transaction terms and policies on the determination of transaction terms, etc.:

The interest rate applied to lending of funds is reasonably determined considering the market interest rates.

For the year ended March 31, 2025

Type	Name of related party	Location	Common stock or investment	Principal business	Voting rights ownership (owned) ratio (%)	Relationship with related party	Contents of transaction	Transaction amount (Millions of yen)	Account title	Year-end balance (Millions of yen)
Affiliate	Mazda Toyota Manufacturing, U.S.A., Inc.	Alabama, U.S.A.	USD 40	Production and sale of vehicles	(Ownership) Direct 50.0	Dispatch of directors	Lending of funds (Note)	208,816	Loans receivable	39,812
							Collection of loans receivable	229,482		

Note: Transaction terms and policies on the determination of transaction terms, etc.:

The interest rate applied to lending of funds is reasonably determined considering the market interest rates.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

For the year ended March 31, 2024

No items to disclose.

For the year ended March 31, 2025

No items to disclose.

2. Notes to the parent company or principal affiliates

For the year ended March 31, 2024

No items to disclose.

For the year ended March 31, 2025

No items to disclose.

Revenue Recognition

1. Breakdown of revenue

The Group's revenues consist primarily of revenue from contracts with customers, and revenues generated from sources other than contracts with customers are immaterial. The following table shows revenues recognized at a point in time, such as product sales or maintenance services, and revenues recognized over time based on a contract period, for each of the reportable segments.

For the year ended March 31, 2024

(Millions of yen)

	Reportable segments				
	Japan	North America	Europe	Other areas	Total
Timing of revenue recognition:					
Revenue recognized at a point in time	941,562	2,326,416	885,929	654,457	4,808,364
Revenue recognized over time	1,057	15,964	1,721	556	19,298
	942,619	2,342,380	887,650	655,013	4,827,662

For the year ended March 31, 2025

(Millions of yen)

	Reportable segments				
	Japan	North America	Europe	Other areas	Total
Timing of revenue recognition:					
Revenue recognized at a point in time	936,426	2,756,101	729,782	573,895	4,996,204
Revenue recognized over time	1,460	19,213	1,657	359	22,689
	937,886	2,775,314	731,439	574,254	5,018,893

2. Basic information for understanding revenue

Basic information for understanding revenue from contracts with customers is provided in "4. Accounting policies, (4) Basis for recognition of significant revenues and expenses" under "Significant Accounting Policies for Preparation of Consolidated Financial Statements."

3. Information for understanding the amount of revenue for the current and subsequent periods

(1) Contract balances

Receivables from contracts with customers and contract liabilities as of March 31, 2024 and 2025 were as follows:

(Millions of yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Receivables from contracts with customers (beginning balance):		
Trade notes	3,017	3,451
Accounts receivable	163,904	159,975
Receivables from contracts with customers (ending balance):		
Trade notes	3,451	3,028
Accounts receivable	159,975	145,811
Contract liabilities (beginning balance):		
Other current liabilities	99,027	108,057
Contract liabilities (ending balance):		
Other current liabilities	108,057	119,572

Notes: 1. Contract liabilities consist mainly of advances received related to product sales and deferred revenue related to Connected Services.

2. Of the amount recognized as revenue for the year ended March 31, 2024, the amount included in the contract

liabilities balance at the beginning of the year was ¥55,998 million.

3. Of the amount recognized as revenue for the year ended March 31, 2025, the amount included in the contract liabilities balance at the beginning of the year was ¥41,311 million.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations and its breakdown by period in which revenue is expected to be recognized as of March 31, 2024 and 2025 were as follows:

	As of March 31, 2024	As of March 31, 2025
Within 1 year	28,082	31,094
Over 1 year	57,363	60,021
Total	85,445	91,115

Please note that the above amounts do not include information on remaining performance obligations that have original expected duration of one year or less, applying the practical expedient. There are no material amounts not included in the transaction price in the consideration arising from contracts with customers.

Information on Amounts Per Share of Common Stock

	Year ended March 31, 2024	Year ended March 31, 2025
Net assets per share	2,757.74 yen	2,843.31 yen
Net income per share of common stock (Basic)	329.65 yen	181.00 yen
Net income per share of common stock (Diluted)	329.38 yen	180.87 yen

Notes: 1. The calculation basis of net income per share of common stock is as follows.

		Year ended March 31, 2024	Year ended March 31, 2025
Net income per share of common stock:			
Net income attributable to owners of the parent	(Millions of yen)	207,696	114,079
Amount not attributable to common stock shareholders	(Millions of yen)	–	–
Net income attributable to owners of the parent related to common stock	(Millions of yen)	207,696	114,079
Average number of shares outstanding during the period	(Thousands of shares)	630,052	630,263
Diluted net income per share of common stock:			
Adjustment to net income attributable to owners of the parent	(Millions of yen)	–	–
Increase in common stock	(Thousands of shares)	521	466
[of which stock acquisition rights]	(Thousands of shares)	[521]	[466]
Overview of potentially dilutive common stock not included in the calculation of diluted net income per share because the stock has no dilution effect		–	–

2. The calculation basis of net assets per share of common stock is as follows.

		As of March 31, 2024	As of March 31, 2025
Total net assets	(Millions of yen)	1,757,378	1,810,029
Amount deducted from total net assets	(Millions of yen)	19,793	17,747
[of which stock acquisition rights]	(Millions of yen)	[471]	[398]
[of which non-controlling interests]	(Millions of yen)	[19,322]	[17,349]
Net assets related to common stock	(Millions of yen)	1,737,585	1,792,282
Number of common stock used in the calculation of net assets per share	(Thousands of shares)	630,075	630,349

Significant Subsequent Events

No items to disclose.

(v) Consolidated Supplemental Schedules**Schedule of Bonds Payable**

Company name	Description	Date of issue	Balance at April 1, 2024 (Millions of yen)	Balance at March 31, 2025 (Millions of yen)	Annual interest rate (%)	Collateral	Maturity
Mazda Motor Corporation	Unsecured Bond No. 28 (with inter-bond pari passu clause)	December 7, 2017	20,000	—	0.300	None	December 6, 2024
Mazda Motor Corporation	Unsecured Bond No. 29 (with inter-bond pari passu clause)	December 7, 2017	10,000	10,000	0.420	None	December 7, 2027
Mazda Motor Corporation	Unsecured Bond No. 30 (with inter-bond pari passu clause)	September 5, 2019	20,000	20,000	0.320	None	September 4, 2026
Mazda Motor Corporation	Unsecured Bond No. 31 (with inter-bond pari passu clause) (Transition Bond)	March 7, 2024	15,000	15,000	0.867	None	March 7, 2029
Mazda Motor Corporation	Unsecured Bond No. 32 (with inter-bond pari passu clause) (Transition Bond)	July 31, 2024	—	20,000	1.147	None	July 31, 2029
Mazda Motor Corporation	Unsecured Bond No. 33 (with inter-bond pari passu clause) (Transition Bond)	July 31, 2024	—	10,000	1.845	None	July 31, 2034
Mazda Motor Corporation	Unsecured Bond No. 34 (with inter-bond pari passu clause) (Transition Bond)	December 3, 2024	—	15,000	1.546	None	December 3, 2031
Mazda Motor Corporation	Unsecured Bond No. 35 (with inter-bond pari passu clause) (Transition/Social Bond)	March 17, 2025	—	35,000	1.860	None	March 17, 2032
Total		—	65,000	125,000	—	—	—

Notes: The annual redemption schedule of bonds within five years after the consolidated balance sheet date is as follows:

Within 1 year (Millions of yen)	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)
—	20,000	10,000	15,000	20,000

Schedule of Loans Payable

Category	Balance at April 1, 2024 (Millions of yen)	Balance at March 31, 2025 (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	30,304	32,300	0.76	—
Long-term loans payable due within one year	94,238	111,747	0.69	—
Lease obligations due within one year	4,392	4,816	3.09	—
Long-term loans payable (excluding those due within one year)	359,122	417,720	0.97	April 2026 to July 2081
Lease obligations (excluding those due within one year)	12,531	12,429	2.70	April 2026 to March 2034
Other interest-bearing debt:				
Other accounts payable	979	979	1.16	—
“Other” under non-current liabilities (long-term accounts payable)	1,240	246	1.16	April 2026 to June 2026
Total	502,806	580,237	—	—

- Notes: 1. The average interest rates are the weighted average interest rates on the ending balances of loans payable and others.
2. The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included in “Lease obligations due within one year” or “Lease obligations (excluding those due within one year).”

3. The annual repayment schedule of long-term loans payable, lease obligations and other interest-bearing debt (excluding those due within one year) within five years after the consolidated balance sheet date is as follows:

Category	Over 1 year, within 2 years (Millions of yen)	Over 2 years, within 3 years (Millions of yen)	Over 3 years, within 4 years (Millions of yen)	Over 4 years, within 5 years (Millions of yen)
Long-term loans payable	125,403	43,000	54,817	74,000
Lease obligations	3,874	3,266	2,734	1,410
Other interest-bearing debt	246	—	—	—

Consolidated Supplemental Schedule of Asset Retirement Obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the year ended March 31, 2025 were 1 percent or less of the total beginning and ending balances of liabilities and net assets of the year, respectively.

(2) Other Information

Interim information for the year ended March 31, 2025

	2nd quarter (Six months ended September 30, 2024)	Full year (Year ended March 31, 2025)
Net sales (Millions of yen)	2,393,919	5,018,893
Income before income taxes (Millions of yen)	80,140	155,785
Net income attributable to owners of the parent (Millions of yen)	35,334	114,079
Net income per share of common stock (Yen)	56.07	181.00

2. Unconsolidated Financial Statements

(1) Unconsolidated Financial Statements

(i) Unconsolidated Balance Sheets

(Millions of Yen)

	As of	FY2024 March 31, 2024	FY2025 March 31, 2025
ASSETS			
Current Assets:			
Cash and deposits		496,807	649,048
Accounts receivable - Trade	*1	341,548	*1 338,029
Securities		104,000	206,000
Finished products		71,324	63,383
Work in process		99,845	86,193
Raw materials and supplies		11,894	8,179
Prepaid expenses		7,999	6,371
Accounts receivable - Other	*1	49,105	*1 50,299
Short-term loans receivable	*1,*3	102,332	*1,*3 35,410
Other	*1	61,888	*1 83,241
Allowance for doubtful receivables		(159)	(222)
Total current assets		1,346,583	1,525,931
Non-current Assets:			
Property, plant and equipment:			
Buildings	*2	94,968	*2 97,335
Structures	*2	15,420	*2 15,437
Machinery and equipment	*2	250,827	*2 261,295
Vehicles		5,949	6,369
Tools, furniture and fixtures	*2	25,194	*2 26,847
Land	*2	296,264	*2 298,654
Leased assets		4,461	5,003
Construction in progress		56,549	57,422
Total property, plant and equipment		749,632	768,362
Intangible assets:			
Software		55,471	62,129
Leased assets		1	1
Total intangible assets		55,472	62,130
Investments and other assets:			
Investment securities		165,122	115,581
Stocks of subsidiaries and affiliates		249,034	248,821
Investments in capital of subsidiaries and affiliates		40,766	40,766
Long-term loans receivable from subsidiaries and affiliates	*1	22,755	*1 617
Long-term prepaid expenses		34,513	62,440
Prepaid pension cost		44,864	49,973
Deferred tax assets		-	33,891
Other	*1	9,361	*1 38,585
Total investments and other assets		566,415	590,674
Total non-current assets		1,371,519	1,421,166
Total Assets		2,718,102	2,947,097

(Millions of Yen)

		FY2024		FY2025	
	As of	March 31, 2024		March 31, 2025	
LIABILITIES					
Current Liabilities:					
Accounts payable - Trade		*1	328,681	*1	313,376
Bonds due within one year			20,000		-
Long-term loans payable due within one year		*2	93,500	*2	111,000
Lease obligations			1,566		1,801
Accounts payable - Other		*1	16,540	*1	17,560
Accrued expenses		*1	103,521	*1	118,558
Income taxes payable			54,533		4,334
Deposit received		*1	77,321	*1	179,968
Reserve for warranty expenses			128,675		150,354
Provision for loss on production termination			-		20,319
Provision related to environmental regulations			4,820		16,948
Other			6,106		6,782
Total current liabilities			<u>835,263</u>		<u>1,120,968</u>
Non-current Liabilities:					
Bonds			45,000		125,000
Long-term loans payable		*2	358,000	*2	417,000
Lease obligations			3,540		4,018
Deferred tax liability			3,937		-
Deferred tax liability related to land revaluation			64,345		66,246
Provision related to environmental regulations			23,229		41,184
Reserve for retirement benefits			61,807		62,582
Reserve for loss on business of subsidiaries and affiliates			20,697		8,649
Long-term guarantee deposited		*1	6,186	*1	5,936
Asset retirement obligations			3,777		3,358
Other			11,401		5,658
Total non-current liabilities			<u>601,919</u>		<u>739,631</u>
Total Liabilities			<u>1,437,182</u>		<u>1,860,599</u>
NET ASSETS					
Capital and Retained Earnings:					
Common stock			283,957		283,957
Capital surplus					
Capital reserve			193,847		193,847
Other capital surplus			73,729		73,781
Total capital surplus			<u>267,576</u>		<u>267,628</u>
Retained earnings					
Other earned surplus					
Unappropriated retained earnings			509,578		531,636
Total retained earnings			<u>509,578</u>		<u>531,636</u>
Treasury stock			(1,868)		(1,571)
Total capital and retained earnings			<u>1,059,243</u>		<u>1,081,650</u>
Valuation and Translation Adjustments:					
Net unrealized gain/(loss) on available-for-sale securities			76,083		40,959
Deferred gains/(losses) on hedges			24		-
Land revaluation			145,099		143,459
Total valuation and translation adjustments			<u>221,206</u>		<u>184,418</u>
Stock Acquisition Rights			471		398
Total Net Assets			<u>1,280,920</u>		<u>1,266,466</u>
Total Liabilities and Net Assets			<u>2,718,102</u>		<u>3,127,065</u>

(ii) Unconsolidated Statements of Operations

(Millions of Yen)

		FY2024		FY2025
	For the years ended	March 31, 2024		March 31, 2025
Net sales		*1 3,636,113		*1 3,549,454
Cost of sales		*1 3,066,966		*1 3,039,088
Gross profit		569,147		510,366
Selling, general and administrative expenses		*1,*2 436,845		*1,*2 477,928
Operating income		132,302		32,438
Non-operating income:				
Interest income		*1 17,113		*1 17,938
Interest income of securities		22		461
Dividends income		*1 26,501		*1 37,256
Rental income		*1 4,305		*1 4,221
Foreign exchange gain		52,068		-
Other		1,885		2,139
Total		101,894		62,015
Non-operating expenses:				
Interest expense		*1 4,988		*1 8,376
Interest paid on bonds		174		652
Foreign exchange loss		-		15,927
Other		2,479		3,055
Total		7,641		28,010
Ordinary income		226,555		66,443
Extraordinary income:				
Gain on sales of property, plant and equipment		14		1,133
Gain on reversal of reserve for loss on business of subsidiaries and affiliates		-		12,048
Other		-		189
Total		14		13,370
Extraordinary losses:				
Loss on sales of property, plant and equipment		5		33
Loss on retirement of property, plant and equipment		14,774		8,289
Impairment loss		5,683		438
Provision for loss on production termination		-	*3	24,294
Reserve for loss on business of subsidiaries and affiliates		2,098		-
Other		675		7
Total		23,235		33,061
Income before income taxes		203,334		46,752
Income taxes:				
Current		57,692		9,820
Deferred		7,911		(23,200)
Total		65,603		(13,380)
Net income		137,731		60,132

(iii) Unconsolidated Statements of Changes in Net Assets

For the year ended March 31, 2024

(Millions of yen)

	Capital and Retained Earnings						
	Common stock	Capital surplus			Retained earnings		Treasury stock
		Capital reserve	Other capital surplus	Total capital surplus	Other earned surplus	Total retained earnings	
					Unappropriated retained earnings		
Balance at April 1, 2023	283,957	193,847	73,757	267,604	403,144	403,144	(1,990)
Changes during the period:							
Dividends paid					(31,501)	(31,501)	
Net income					137,731	137,731	
Purchase of treasury stock							(2)
Sale of treasury stock			(28)	(28)			124
Reversal for land revaluation					204	204	
Changes in items other than capital and retained earnings, net							
Total changes during the period	—	—	(28)	(28)	106,434	106,434	122
Balance at March 31, 2024	283,957	193,847	73,729	267,576	509,578	509,578	(1,868)

	Capital and Retained Earnings	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Total Capital and Retained Earnings	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
Balance at April 1, 2023	952,715	20,368	(140)	145,302	165,530	475	1,118,720
Changes during the period:							
Dividends paid	(31,501)						(31,501)
Net income	137,731						137,731
Purchase of treasury stock	(2)						(2)
Sale of treasury stock	96						96
Reversal for land revaluation	204						204
Changes in items other than capital and retained earnings, net		55,715	164	(204)	55,675	(4)	55,671
Total changes during the period	106,528	55,715	164	(204)	55,675	(4)	162,199
Balance at March 31, 2024	1,059,243	76,083	24	145,099	221,206	471	1,280,920

For the year ended March 31, 2025

(Millions of yen)

	Capital and Retained Earnings						
	Common stock	Capital surplus			Retained earnings		Treasury stock
		Capital reserve	Other capital surplus	Total capital surplus	Other earned surplus	Total retained earnings	
Balance at April 1, 2024	283,957	193,847	73,729	267,576	509,578	509,578	(1,868)
Changes during the period:							
Dividends paid					(37,812)	(37,812)	
Net income					60,132	60,132	
Purchase of treasury stock							(2)
Sale of treasury stock			52	52			299
Reversal for land revaluation					(262)	(262)	
Changes in items other than capital and retained earnings, net							
Total changes during the period	–	–	52	52	22,058	22,058	297
Balance at March 31, 2025	283,957	193,847	73,781	267,628	531,636	531,636	(1,571)

	Capital and Retained Earnings	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Total Capital and Retained Earnings	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
Balance at April 1, 2024	1,059,243	76,083	24	145,099	221,206	471	1,280,920
Changes during the period:							
Dividends paid	(37,812)						(37,812)
Net income	60,132						60,132
Purchase of treasury stock	(2)						(2)
Sale of treasury stock	351						351
Reversal for land revaluation	(262)						(262)
Changes in items other than capital and retained earnings, net		(35,124)	(24)	(1,640)	(36,788)	(73)	(36,861)
Total changes during the period	22,407	(35,124)	(24)	(1,640)	(36,788)	(73)	(14,454)
Balance at March 31, 2025	1,081,650	40,959	–	143,459	184,418	398	1,266,466

Notes to the Unconsolidated Financial Statements

Assumptions as Going Concern

No items to disclose.

Important Accounting Policies

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

(i) Held-to-maturity debt securities:

Amortized cost method (straight-line method)

(ii) Stocks of subsidiaries and affiliates:

Stated at cost on a historical cost basis, based on a moving average method.

(iii) Available-for-sale securities:

Other than shares without market value: Stated at fair value (Net unrealized gains/losses are reported within net assets. Costs of securities sold are calculated mainly using a moving average method.)

Shares without market value: Stated at cost on a historical cost basis, based on a moving average method.

(2) Valuation standards and methods for derivatives:

Mainly a fair value method

(3) Valuation standards and methods for inventories:

Stated on a historical cost basis based on a weighted average method. (The carrying value on the unconsolidated balance sheets is determined by the lower of cost or net realizable value.)

2. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets):

Mainly depreciated using the straight-line method over the estimated useful lives of the assets with the residual value is depreciated down to a memorandum value by the end of its useful lives.

(2) Intangible assets (excluding leased assets):

Software is amortized using the straight-line method over its estimated internal usable life (5 years).

(3) Leased assets:

For finance leases which do not transfer ownership, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

Leases with a guaranteed residual value are accounted using the contracted residual value. For other leases, the residual value is zero.

3. Standards for allowances

(1) Allowance for doubtful receivables

Allowance for doubtful receivables is provided to cover losses from bad debts. For ordinary receivables, the allowance is calculated based on the historical default rate, while for specific receivables considered at high risk, collectability is individually assessed and the amount estimated to be uncollectible is recorded.

(2) Reserve for warranty expenses

Reserve for warranty expenses is provided to cover after-sales service costs of products. In accordance with warranty booklet provisions and relevant laws and regulations, the amount is estimated based on past actual costs, taking future prospects and expected reimbursements into consideration.

(3) Provision for loss on production termination

Provision for loss on production termination is provided for the estimated amount of compensation to suppliers and other related expenses expected to be incurred as of March 31, 2025, due to the earlier-than-planned termination of production for certain products.

(4) Provision related to environmental regulations

Provision related to environmental regulations is provided for the estimated costs of complying with environmental regulations as of March 31, 2025.

(5) Reserve for retirement benefits

To provide for the payment of employees' retirement benefits, the Company makes a provision for retirement benefits based on the estimated amounts of the projected benefit obligation and the pension plan assets at the end of the fiscal year.

(i) Method of attributing expected benefit to periods

In calculating the retirement benefit obligations, the method of attributing expected benefit to the accounting period is based on a benefit formula basis.

(ii) Method of amortization of actuarial gains or losses and past service cost

The recognition of actuarial differences is deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (13 years). The amortization of net gains or losses starts from the year immediately following the year in which such gains or losses arise.

The recognition of past service costs is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (12 years).

(6) Reserve for loss on business of subsidiaries and affiliates

Reserve for loss on business of subsidiaries and affiliates provides for losses from business of subsidiaries and affiliates. The amount is estimated in consideration of the financial positions and other conditions of the subsidiaries and affiliates.

4. Basis for recognition of revenues and expenses

Our main business is the manufacturing and sale of automobiles and parts, as well as the provision of Connected Services. For product sales, revenue is recognized at the time control over the products is transferred to the customer and the performance obligation is satisfied. This transfer generally occurs at the time the product is delivered to the customer at the agreed location. For recurring services such as Connected Services, the performance obligation is satisfied and the revenue is recognized in proportion to the progress of service fulfillment over a specified period.

Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The total consideration of the contract is allocated to all products and services based on their standalone selling prices. These standalone selling prices are determined with reference to the selling prices of similar products or services, or other reasonably available information.

The Company provides dealers with sales incentives calculated based on sales promotion programs, which generally represent discount from the Company to dealers. This sales incentive is deducted from the revenue recognized when the applicable product is delivered to the dealers.

The consideration for the product is usually collected from customers within 30 days from the time when revenue is recognized, and the consideration for the service is collected from customers within 30 days from the time when the service is provided, and there are no significant payment terms.

5. Other accounting treatments

(1) Treatment of hedge accounting

(i) Method of hedge accounting

Full-deferral hedge accounting is applied.

For certain interest rate swap contracts that are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest swap contract is added to or deducted from the interest on the assets or liabilities for which the interest rate swap contract was executed.

(ii) Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contracts	Foreign currency-denominated transactions planned in the future
Interest rate swap contracts	Long-term loans payable

(iii) Hedging policy

The Company adopts a policy aimed at avoiding foreign exchange risk and interest rate risk and at determining cash flows. The Group does not engage in speculative transactions as a matter of policy, limiting the transaction amount to actual demand.

(iv) Method of assessing hedge effectiveness

As the important conditions concerning the hedging instrument and the hedged item are the same, it is expected that the effects of currency and interest rate fluctuations will be canceled or restricted to a certain extent at the beginning of the hedge and continuing thereafter. Therefore, judgment on the effectiveness of hedging is omitted.

(2) Accounting treatment for retirement benefits

In the unconsolidated financial statements, the accounting treatment for actuarial differences and unrecognized past service costs for retirement benefits differ from the accounting treatment for those in the consolidated financial statements.

(3) Non-deductible consumption taxes associated with asset purchases

Non-deductible consumption taxes associated with asset purchases are recorded as an expense during the fiscal year.

Significant Accounting Estimates

Accounting estimates are calculated based on the information available at the time of the preparation of the unconsolidated financial statements. Accounting estimates that are recorded in the unconsolidated financial statements for the current fiscal year and have a risk of a material effect on unconsolidated financial statements for the next fiscal year are as follows:

Recoverability of deferred tax assets

(1) Amounts reported in the unconsolidated financial statements were as follows:

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	- million yen	33,891 million yen

(2) Other information that assists readers of unconsolidated financial statements in understanding the nature of the estimates:

This information is identical to the content provided in “Recoverability of Deferred Tax Assets” under the Notes to the Consolidated Financial Statements “Significant Accounting Estimates.”

Reserve for Warranty Expenses

(1) Amounts reported in the unconsolidated financial statements were as follows:

	As of March 31, 2024	As of March 31, 2025
Reserve for warranty expenses	128,675 million yen	150,354 million yen

(2) Other information that assists readers of unconsolidated financial statements in understanding the nature of the estimates:

This information is identical to the content provided in “Reserve for Warranty Expenses” under the Notes to the Consolidated Financial Statements “Significant Accounting Estimates.”

Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes

Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022) (hereinafter referred to as “Revised Accounting Standard 2022”), etc. have been adopted from the beginning of the year ended March 31, 2025.

The amendment to categories in which current income taxes should be recorded follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022. This has no impact on the unconsolidated financial statements.

Application of Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules

The Company has applied the “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (ASBJ Practical Solution No. 46, March 22, 2024) from the beginning of the year ended March 31, 2025. The impact of this change in accounting policies on the financial statements is immaterial. The impact on per share information is immaterial and has been omitted.

Change in Presentation

Previously, the entire amount of provisions related to environmental regulations was presented as non-current liabilities. However, due to the increased significance of the amount expected to be incurred within one year for the year ended March 31, 2025, the Company has reclassified the expected amount to current liabilities from this year. Consequently, the Company has reclassified the unconsolidated balance sheet for the year ended March 31, 2024 to reflect this change in presentation.

As a result, ¥4,820 million, which was included in “Provisions related to environmental regulations” under “Non-current liabilities” in the unconsolidated balance sheet for the year ended March 31, 2024, has been reclassified to “Provisions related to environmental regulations” under “Current liabilities.”

Unconsolidated Balance Sheets

*1. Major monetary receivables from and payables to subsidiaries and affiliates were as follows:

	As of March 31, 2024	As of March 31, 2025
Short-term receivables	420,048 million yen	365,292 million yen
Long-term receivables	22,765 million yen	635 million yen
Short-term payables	175,991 million yen	264,491 million yen
Long-term payables	2,991 million yen	2,943 million yen

*2. Assets pledged as collateral and liabilities secured by the collateral

(1) Assets pledged as collateral (carrying amounts at end of the period)

	As of March 31, 2024	As of March 31, 2025
Factory foundation mortgage		
Buildings	56,452 million yen	57,539 million yen
Structures	5,879 million yen	6,235 million yen
Machinery and equipment	150,592 million yen	160,616 million yen
Tools, furniture and fixtures	11,990 million yen	14,322 million yen
Land	163,127 million yen	163,127 million yen
Total	388,040 million yen	401,839 million yen

(2) Liabilities secured by the collateral

	As of March 31, 2024	As of March 31, 2025
Factory foundation mortgage		
Long-term loans payable (including those due within one year)	2,000 million yen	2,000 million yen

*3. Loan commitments

The Company has entered into loan agreements with credit limits with its consolidated subsidiaries. The balances of undrawn loans under these agreements as of March 31, 2024 and 2025 were as follows:

		As of March 31, 2024	As of March 31, 2025
Yen:	Total credit limit	75,338 million yen	57,541 million yen
	Drawn loans	2,938 million yen	6,080 million yen
	Undrawn loans	72,400 million yen	51,461 million yen
U.S. dollar:	Total credit limit	1,200 million USD	1,200 million USD
	Drawn loans	– million USD	– million USD
	Undrawn loans	1,200 million USD	1,200 million USD
Euro:	Total credit limit	400 million EUR	400 million EUR
	Drawn loans	– million EUR	– million EUR
	Undrawn loans	400 million EUR	400 million EUR
Canadian dollar:	Total credit limit	300 million CAD	300 million CAD
	Drawn loans	– million CAD	– million CAD
	Undrawn loans	300 million CAD	300 million CAD
Australian dollar:	Total credit limit	300 million AUD	300 million AUD
	Drawn loans	– million AUD	– million AUD
	Undrawn loans	300 million AUD	300 million AUD

4. Contingent liabilities for guarantee and similar agreements

Guarantees of loans and similar agreements were as follows:

As of March 31, 2024		As of March 31, 2025	
Kanto Mazda Co., Ltd.	1,770 million yen	Kanto Mazda Co., Ltd.	2,120 million yen
Minami Kyushu Mazda Co., Ltd.	1,820 million yen	Minami Kyushu Mazda Co., Ltd.	1,900 million yen
Tohoku Mazda Co., Ltd.	1,680 million yen	Tohoku Mazda Co., Ltd.	400 million yen
Others	46 million yen	Others	22 million yen
Total	5,316 million yen	Total	4,442 million yen

Unconsolidated Statements of Operations

*1. Amounts of transactions with subsidiaries and affiliates were as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Operating transactions:		
Net sales	3,192,931 million yen	3,051,614 million yen
Purchase	868,249 million yen	792,731 million yen
Selling, general and administrative expenses	71,580 million yen	85,190 million yen
Non-operating transactions	36,795 million yen	46,640 million yen

*2. The major items and amounts included in “Selling, general and administrative expenses” and their approximate composition were as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Freight and packing expenses	85,269 million yen	91,510 million yen
Reserve for warranty expenses	89,154 million yen	75,759 million yen
Salaries and wages	24,373 million yen	27,025 million yen
Research and development costs	146,052 million yen	166,823 million yen
Depreciation and amortization	12,032 million yen	13,635 million yen
Provision related to environmental regulations	14,257 million yen	36,185 million yen
Approximate composition:		
Selling expenses	45%	47%
General and administrative expenses	55%	53%

*3. Provision for loss on production termination

For the year ended March 31, 2025

Due to a decline in sales resulting from a rapid slowdown in demand, future tightening of regulations, and after reviewing product plans, the Company has decided to accelerate the termination of production for certain products intended for specific regions earlier than originally planned.

The provision for loss on production termination includes estimated compensations to suppliers and other related expenses, as certain parts used in these products are difficult to repurpose for other products.

Securities

Among the stocks of subsidiaries and affiliates, there were no securities other than shares that do not have a market value.

Note: Carrying values of stocks of subsidiaries and affiliates that do not have a market value

(Millions of yen)

Category	As of March 31, 2024	As of March 31, 2025
(1) Stocks of subsidiaries	195,109	194,896
(2) Stocks of affiliates	53,925	53,925
Total	249,034	248,821

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities and deferred tax liability related to land revaluation

	As of March 31, 2024	As of March 31, 2025
Deferred taxes assets:		
Valuation loss on investment securities	46,553 million yen	47,510 million yen
Reserve for warranty expenses	39,194 million yen	46,795 million yen
Accrued expenses, etc.	23,349 million yen	24,785 million yen
Reserve for retirement benefits	18,827 million yen	19,580 million yen
Provision related to environmental regulations	8,544 million yen	18,120 million yen
Inventories, etc.	11,082 million yen	11,315 million yen
Accrued employees' bonuses	6,778 million yen	6,873 million yen
Reserve for loss on business of subsidiaries and affiliates	6,304 million yen	2,712 million yen
Others	16,411 million yen	15,998 million yen
Subtotal	177,042 million yen	193,688 million yen
Valuation allowance	(133,917) million yen	(125,427) million yen
Total deferred tax assets	43,125 million yen	68,261 million yen
Deferred tax liabilities:		
Net unrealized gain on available-for-sales securities	(33,326) million yen	(18,709) million yen
Prepaid pension cost	(13,666) million yen	(15,613) million yen
Asset retirement cost corresponding to asset retirement obligations	(59) million yen	(48) million yen
Others	(11) million yen	— million yen
Total deferred tax liabilities	(47,062) million yen	(34,370) million yen
Net deferred tax assets	(3,937) million yen	33,891 million yen
Deferred tax liabilities related to land revaluation:		
Deferred tax assets related to land revaluation	548 million yen	482 million yen
Less valuation allowance	(548) million yen	(482) million yen
Deferred tax liabilities related to land revaluation	(64,345) million yen	(66,246) million yen
Net deferred tax liability related to land revaluation	(64,345) million yen	(66,246) million yen

2. Breakdown of major items that caused the significant difference between the statutory tax rate and the effective tax rate after applying tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Valuation allowance	15.4 %	(26.5)%
Income not taxable for income tax purposes (e.g., dividends income)	(3.4)%	(20.9)%
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.1 %	0.7 %
Tax credit	(9.3)%	(12.0)%
Foreign withholding tax	0.1 %	1.1 %
Other	(1.1)%	(1.5)%
Effective tax rate after applying tax effect accounting	32.3 %	(28.6)%

3. Accounting for corporation tax and local corporation tax or related tax-effect accounting

The Company has adopted the group tax sharing system, and corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (Practical Issues Task Force No. 42, August 12, 2021).

4. Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

On March 31, 2025, the “Act on Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted into law. As a result of the amendment, the effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.5% to 31.4% for the temporary differences expected to be reversed in fiscal years starting on or after April 1, 2026.

Due to this change in the effective tax rate, deferred income tax expense recognized for the year ended March 31, 2025, net deferred tax assets, and net unrealized gain/(loss) on available-for-sale securities as of March 31, 2025 decreased by ¥217 million, ¥320 million, and ¥537 million, respectively. Also, the balance of deferred tax liabilities related to land revaluation increased by ¥1,902 million, and the balance of land revaluation decreased by the same amount.

Revenue Recognition

Notes on basic information for understanding revenue from contracts with customers are omitted as the details are identical to the content provided in “4. Basis for recognition of revenues and expenses” under “Important Accounting Policies.”

Significant Subsequent Events

No items to disclose.

(iv) Unconsolidated Supplemental Schedules**Detailed Schedule of Property, Plant and Equipment, etc.**

(Millions of yen)

Category	Type of assets	Balance at April 1, 2024	Increase during the period	Decrease during the period	Depreciation and amortization for the period	Balance at March 31, 2025	Accumulated depreciation
Property, plant and equipment	Buildings	320,558	8,931	4,338 [14]	6,171	325,151	227,816
	Structures	65,955	1,586	939 [—]	1,416	66,603	51,166
	Machinery and equipment	779,830	34,150	34,155 [381]	22,173	779,824	518,530
	Vehicles	16,914	1,988	863 [—]	1,506	18,038	11,669
	Tools, furniture and fixtures	150,246	11,936	4,716 [—]	10,214	157,465	130,618
	Land	296,264 «209,444»	8,656 «262»	6,266 [—] «—»	—	298,654 «209,706»	—
	Leased assets	6,984	2,144	786 [—]	1,602	8,342	3,339
	Construction in progress	56,549	67,988	67,115 [—]	—	57,422	—
	Total	1,693,300 «209,444»	137,378 «262»	119,178 [395] «—»	43,083	1,711,500 «209,706»	943,137
Intangible assets	Software	95,034	21,821	9,091 [43]	15,111	107,764	45,635
	Leased assets	1	—	— [—]	0	1	0
	Total	95,035	21,821	9,091 [43]	15,111	107,765	45,636

Notes: 1. The figures shown in [] for “Decrease during the period” represent the amount of impairment loss recognized.

2. The figures shown in « » for “Balance at April 1, 2024,” “Decrease during the period,” and “Balance at March 31, 2025” of land represent differences with the carrying amount before the revaluation of land for business use performed in accordance with the Partial Revision of the Act on Revaluation of Land (Act No. 19, enacted on March 31, 2001).

3. The major components of the increase during the period were as follows:

(1) Construction in progress: Machinery and equipment-related 35,054 million yen Buildings-related 13,541 million yen
Tools, furniture and fixtures-related 8,128 million yen

(2) Machinery and equipment: Engine and transmission production facilities 9,865 million yen Research and development facilities 6,252 million yen
Painting and assembly facilities 5,968 million yen Melting and casting facilities 4,644 million yen
Plant ancillary facilities 3,392 million yen

4. The major components of the decrease during the period were as follows:

(1) Construction in progress: Machinery and equipment-related 39,474 million yen Buildings-related 9,262 million yen
Tools, furniture and fixtures-related 7,093 million yen

(2) Machinery and equipment: Engine and transmission production facilities 10,900 million yen Painting and assembly facilities 7,231 million yen
Melting and casting facilities 6,758 million yen Research and development facilities 3,986 million yen
Chassis production facilities 3,221 million yen

5. The figures for “Balances at April 1, 2024” and “Balance at March 31, 2025” are stated at acquisition price.

Detailed Schedule of Allowances

(Millions of yen)

Line item	Balance at April 1, 2024	Increase during the period	Decrease during the period	Balance at March 31, 2025
Allowance for doubtful receivables	159	63	—	222
Reserve for warranty expenses	128,675	75,759	54,080	150,354
Provision for loss on production termination	—	24,294	3,975	20,319
Provision related to environmental regulations	28,049	36,185	6,102	58,132
Reserve for loss on business of subsidiaries and affiliates	20,697	—	12,048	8,649

(2) Components of Major Assets and Liabilities

This information is omitted as the Company has prepared the consolidated financial statements.

(3) Other Information

Not applicable

VI. Information on Transfer and Repurchase of the Company's Stock

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares less than one unit	
Handling office	(Special account) Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited 4-5-33, Kitahama, Chuo-ku, Osaka-shi
Transfer agent	(Special account) Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	–
Purchase or additional purchase fee	Free of charge
Method of public notice	The method of public notice by the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun. The URL for public notice by the Company is as follows (Japanese only): https://www.mazda.com/
Special benefits for shareholders	None

VII. Reference Information on the Company

1. Information on the Parent Company or Equivalent of the Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities report, the Company has filed the following documents:

(i) Annual Securities Report, attached document thereto and Confirmation Letter	For the 158th fiscal year	From April 1, 2023 to March 31, 2024	Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2024
(ii) Internal Control Report and attached document thereto	For the 158th fiscal year	From April 1, 2023 to March 31, 2024	Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2024
(iii) Semi-Annual Securities Report and Confirmation Letter	For the second quarter of the 159th fiscal year	From April 1, 2024 to September 30, 2024	Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2024
(iv) Extraordinary Report	Extraordinary Report prepared pursuant to the provisions of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs		Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2024
	Extraordinary Report prepared pursuant to the provisions of Article 19, Paragraph 2, Item 2-2 (Disposition of common stock by resolution of the Board of Directors) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs		Filed with the Director-General of the Kanto Local Finance Bureau on July 24, 2024
(v) Shelf Registration Statement (stock or bond certificate, etc.) and attached document thereto			Filed with the Director-General of the Kanto Local Finance Bureau on May 30, 2025
(vi) Amendment to Shelf Registration Statement	Amendment to the Shelf Registration Statement filed on May 30, 2025		Filed with the Director-General of the Kanto Local Finance Bureau on May 30, 2025

Part II Information on Guarantors for the Company

No items to disclose.

[Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

Independent Auditor's Report on the Financial Statements
and
Internal Control Over Financial Reporting

June 23, 2025

To the Board of Directors of Mazda Motor Corporation:

KPMG AZSA LLC
Hiroshima Office, Japan

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroshi Tawara

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Yoshida

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kazumi Kanehara

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mazda Motor Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Company's Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2025 and the consolidated statement of operations and comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and significant accounting policies for preparation of consolidated financial statements, other notes and consolidated supplemental schedules, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of management’s estimates of the reserve for warranty expenses related to recall and other repair costs at the Company	
The key audit matter	How the matter was addressed in our audit
<p>As described in the Notes to the Consolidated Financial Statements “Significant Accounting Estimates” under “Reserve for Warranty Expenses,” a reserve for warranty expenses of ¥179,854 million was recorded in the Group’s consolidated balance sheet as of March 31, 2025, of which the reserve for warranty expenses related to recall and other repair costs is calculated by deducting the expected reimbursement amounts to be recovered by the suppliers from the repair costs expected to be incurred in the future related to recall and other repair costs.</p> <p>The repair costs expected to be incurred in the future related to recalls and other repair costs are calculated by multiplying the number of vehicles covered under the warranty and the repair cost per vehicle estimated based on the historical information including the number of vehicles sold and the actual repair costs. In addition, the reimbursement rate for calculating the expected reimbursement amounts to be recovered by the supplier is estimated based on the analysis of the causes of defects resulting in such a recall and the status of negotiations with suppliers.</p> <p>Since the estimation of the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate used in the calculation of reserve for warranty expenses is subject to significant management judgment, its evaluation required a high level of judgment in the audit.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimates of the reserve for warranty expenses related to recall and other repair costs was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the reasonableness of the estimates of the reserve for warranty expenses related to recall and other repair costs included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls over the estimates of the reserve for warranty expenses related to recall and other repair costs, including those over the assumptions of the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate.</p> <p>(2) Assessment of the assumptions used for estimating the reserve for warranty expenses related to recall and other repair costs</p> <ul style="list-style-type: none"> ● We inquired of the relevant departments’ personnel and inspected the minutes and supporting documents to evaluate the appropriateness of the methods used to estimate the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate; ● We agreed underlying data used for estimating the number of vehicles covered under the warranty and the repair cost per vehicle with the supporting documents and examined their consistency; ● We assessed the consistency of the assumptions used to estimate the reimbursement rate with management’s expectations of reimbursement and its negotiation policy by inspecting the analysis of the causes of the recalls and the records of negotiations with suppliers; ● We compared the assumptions used in the prior year estimates to the actual results to evaluate the appropriateness of the estimates of the number of vehicles covered under the warranty, the repair cost per vehicle, and the reimbursement rate used in the prior year, and assessed the causes of any variances; ● We assessed whether any revisions to the assumptions used to estimate the future repair costs were necessary by performing data analytics of comparing actual repair costs of each recall against the respective reserve balances; and ● We assessed the completeness of the repair costs based on the events, including recalls identified, after the end of the current fiscal year through the auditor’s report date.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Mazda Motor Corporation as at March 31, 2025, in accordance with Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Group are described in Corporate Governance, (3) Audits included in "Corporate Information."

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- ※ 1. The original copy of the above Independent Auditor's Report is in the custody of the Company (the submitter of this Annual Securities Report).
2. The XBRL data is not included in the scope of the audit.

[Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act in Japan, which is presented merely as supplemental information.]

Independent Auditor's Report

June 23, 2025

To the Board of Directors of Mazda Motor Corporation:

KPMG AZSA LLC
Hiroshima Office, Japan

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Hiroshi Tawara

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Koji Yoshida

Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Kazumi Kanehara

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Mazda Motor Corporation. ("the Company") provided in the "Financial Information" section in the Company's Annual Securities Report, which comprise the unconsolidated balance sheet as at March 31, 2025 and the unconsolidated statement of operations and unconsolidated statement of changes in net assets for the 159th fiscal year from April 1, 2024 to March 31, 2025, and important accounting policies, other notes and unconsolidated supplemental schedules, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the unconsolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of management's estimates of the reserve for warranty expenses related to recall and other repair costs

The descriptions of the above key audit matter to be provided in our auditor's report on the unconsolidated financial statements are substantially the same as those described for the key audit matter, "Reasonableness of management's estimates of the reserve for warranty expenses related to recall and other repair costs at the Company" in our auditor's report on the consolidated financial statements. Therefore, information concerning this key audit matter is omitted in the auditor's report on the unconsolidated financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the unconsolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related information is described in the independent auditor's report for the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- ※ 1. The original copy of the above Independent Auditor's Report is in the custody of the Company (the submitter of this Annual Securities Report).
2. The XBRL data is not included in the scope of the audit.

[Cover]

Document title:	Internal Control Report
Clause of stipulation:	Article 24-4-4 Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Place of filing:	Director-General, Kanto Local Finance Bureau
Filing date:	June 24, 2025
Company name:	Mazda Kabushiki Kaisha
Company name in English:	Mazda Motor Corporation
Title and name of representative:	Masahiro Moro, Representative Director and President
Title and name of Chief Financial Officer:	Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer
Address of registered headquarters:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

1. Matters Related to the Basic Framework for Internal Control over Financial Reporting

Masahiro Moro, Representative Director and President, and Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer, are responsible for the design and operation of internal control over financial reporting of Mazda Motor Corporation (the “Company”), and design and operate internal control over financial reporting in accordance with the basic framework for internal control set forth in the “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Note that internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedures

The assessment of internal control over financial reporting was performed as of March 31, 2025, which is the end of this fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, management first assessed company-level internal controls which would have a material impact on the overall financial reporting on a consolidated basis, and based on the result of this assessment, management then selected business processes to be assessed. In the process-level assessment, management analyzed the selected business processes to be assessed, identified key controls that would have a material impact on the reliability of financial reporting, and assessed the effectiveness of internal controls by assessing the design and operation of these key controls.

Management determined the required scope of assessment of internal control over financial reporting for the Company and its consolidated subsidiaries and equity-method affiliates from the perspective of the materiality of their impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both quantitative and qualitative aspects as well as the probability of their occurrence, and management assessed company-level internal controls for the Company and its 31 consolidated subsidiaries and three equity-method affiliates. Based on the result of the company-level control assessment, management reasonably determined the scope of assessment of process-level controls related to business processes.

Regarding the scope of process-level control assessment, significant business locations were determined based on net sales, which are the most important indicator of business scale, while ensuring that regional biases in each business were eliminated. Based on the net sales of each business location for the previous fiscal year (after elimination of intercompany transactions) and taking into account the budget for the current fiscal year, seven business locations, whose aggregate net sales comprised approximately two-thirds of the consolidated net sales, and one quantitatively significant equity-method affiliate were selected as significant business locations. For these selected significant business locations, all business processes related to the accounts that are closely associated with the business objectives, namely, net sales, accounts receivable - trade, and inventories, were included in the scope of assessment. Furthermore, considering significant accounts involving estimates and issues identified through internal control activities such as internal audits, the process of the reserve for warranty expenses and other processes were added to the assessment scope for the current fiscal year. The added processes were assessed at locations where the relevant accounts represent a significant proportion of the Group's overall accounts.

3. Matters Related to the Results of the Assessment

Based on the above-mentioned assessment results, management concluded that internal control over financial reporting of Mazda Motor Corporation was effective as of March 31, 2025.

4. Supplementary Matters

Not applicable.

5. Special Notes

Not applicable.

[Cover]

Document title:	Confirmation Letter
Clause of stipulation:	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
Place of filing:	Director-General, Kanto Local Finance Bureau
Filing date:	June 24, 2025
Company name:	Mazda Kabushiki Kaisha
Company name in English:	Mazda Motor Corporation
Title and name of representative:	Masahiro Moro, Representative Director and President
Title and name of Chief Financial Officer:	Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer
Address of registered headquarters:	3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan
Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Masahiro Moro, Representative Director and President, and Jeffrey H. Guyton, Representative Director and Senior Managing Executive Officer of Mazda Motor Corporation, confirmed that statements contained in the Annual Securities Report for the 159th fiscal year (from April 1, 2024 to March 31, 2025) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.