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Securities Code 7261
June 2, 2021

To Those Shareholders with Voting Rights

Akira Marumoto
Representative Director,
President and CEO
Mazda Motor Corporation
3-1 Shinchi, Fuchu-cho, Aki-gun,
Hiroshima, Japan

NOTICE OF THE 155TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 155th Ordinary General Meeting of Shareholders of Mazda Motor Corporation, which will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please review the Reference Documents for the General Meeting of Shareholders in the following pages and exercise your voting rights. Your votes must reach us by 5:45 p.m., Wednesday, June 23, 2021.

Voting by postal mail

Please vote "yes" or "no" on the enclosed ballot form and send it to reach the addressee described on the same form by the exercise time limit as described above.

Voting via the internet

Please access the website [Japanese only] for the exercise of voting rights designated by the Company (https://www.web54.net) and exercise your voting rights by the exercise time limit as described above.

If you exercise your voting rights by two methods, that is, via the internet and by mailing the ballot form, only the votes via the internet shall be deemed valid.

(If you make a diverse exercise of your voting rights, you are requested to notify your intention and reasons in writing to us at least three days in advance of the Ordinary General Meeting of Shareholders.)

1. **Date and Time:** Thursday, June 24, 2021 at 10:00 a.m.
(Reception opens at 8:30 a.m.)

2. **Place:** Auditorium of our Head Office
3-1 Shinchi, Fuchu-cho, Aki-gun, Hiroshima, Japan

3. **Agenda of the Meeting:**
Matters to be reported:
1. The Business Report, Consolidated Financial Statements and Results of Audits by the Accounting Auditor and the Audit & Supervisory Committee Members of the Consolidated Financial Statements for the 155th Fiscal Year (from April 1, 2020 to March 31, 2021)
2. Unconsolidated Financial Statements for the 155th Fiscal Year (from April 1, 2020 to March 31, 2021)

Proposals to be resolved:

Proposal No. 1: Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Proposal No. 2: Election of Six (6) Directors who are Audit & Supervisory Committee Members

Proposal No. 3: Determining Details of Director Compensation in the Form of Stock Options (Excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)

1. For those attending, please present the enclosed ballot form at the reception desk on arrival at the meeting.
2. If any revisions are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Unconsolidated Financial Statements, the revised contents will be posted on the Company's website (https://www.mazda.com/en/investors/).

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

The terms of nine (9) current directors (excluding directors who are Audit & Supervisory Committee members) will expire at the conclusion of this general meeting of shareholders and Mr. Masamichi Kogai will retire. Accordingly, we propose to elect nine (9) directors (excluding directors who are Audit & Supervisory Committee members).

To further enhance transparency, fairness and objectivity, the nominations of candidates for director (excluding directors who are Audit & Supervisory Committee members) are made after discussion by the Officer Lineup & Remuneration Advisory Committee consisting of representative directors and outside directors. In addition, the Audit & Supervisory Committee has deliberated on the proposal and determined that there are no special matters or opinions that need to be stated at the general meeting of shareholders.

The candidates for director (excluding directors who are Audit & Supervisory Committee members) are as follows:

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held	
1	 Akira Marumoto (August 18, 1957) Reelection Number of Company shares held 13,200 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	April 1980	Joined the Company
		June 1997	Program Manager, Program Managers Div.
		June 1999	Director; Assistant to Officer in charge of Quality Assurance; General Manager, Product Quality Div.
		June 2002	Executive Officer; In charge of European R&D and Production Operations
		April 2006	Managing Executive Officer; In charge of Product Planning and Program Management
		April 2010	Senior Managing Executive Officer; In charge of Corporate Planning, Product Strategy and Product Profit Control; Assistant to Officer in charge of Cost Innovation
		June 2010	Director and Senior Managing Executive Officer; In charge of Corporate Planning, Product Strategy and Product Profit Control; Assistant to Officer in charge of Cost Innovation
		June 2013	Representative Director, Executive Vice President; Assistant to President; Oversight of Operations in the Americas and Corporate Planning Domain
		April 2017	Representative Director, Executive Vice President; Assistant to President; Oversight of Operations in the Americas and Administrative Domain
		June 2018	Representative Director, President and CEO (to the present)
	Reasons for nomination as a candidate for director Mr. Marumoto has extensive experience, primarily in product strategy and corporate planning. Currently serving as representative director and president, he also has considerable knowledge of management as well as superior character and insight. In his capacity as president, he has exercised strong leadership as well as led structural reform of the Company and initiatives to raise corporate value. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and supervisory function. Thus we propose his election as director.		

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
2	 Kiyoshi Fujiwara (March 15, 1960) Reelection Number of Company shares held 13,000 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	March 1982 Joined the Company March 2003 Vice President, Mazda Motor Europe GmbH June 2005 General Manager, Product Planning & Business Strategy Div. Nov. 2008 Executive Officer and General Manager, Powertrain Development Div. June 2013 Managing Executive Officer; In charge of Business Strategy, Product, Design and Cost Innovation April 2015 Managing Executive Officer; In charge of R&D and Cost Innovation; General Manager, R&D Liaison Office; President, Mazda Engineering & Technology Co., Ltd. April 2016 Senior Managing Executive Officer; Oversight of R&D and MDI; In charge of Cost Innovation June 2016 Director and Senior Managing Executive Officer; Oversight of R&D and MDI; In charge of Cost Innovation April 2017 Director and Senior Managing Executive Officer; Oversight of R&D, MDI and Cost Innovation June 2018 Representative Director, Executive Vice President; Assistant to President; Oversight of Operations in North America, R&D and MDI April 2019 Representative Director, Executive Vice President; Assistant to President; Oversight of Global Marketing, Sales and Customer Service (to the present)
	Reasons for nomination as a candidate for director Mr. Fujiwara has extensive experience primarily in product planning and research and development, both in Japan and abroad. Currently serving as representative director and executive vice president, he also has considerable knowledge of management as well as superior character and insight. In his capacity as executive vice president, he has exercised strong leadership as well as led structural reform of the Company and initiatives to raise corporate value. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
3	 Kiyotaka Shobuda (April 11, 1959) Reelection Number of Company shares held 9,200 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	March 1982 Joined the Company April 2006 Deputy General Manager, Hofu Plant Nov. 2008 Executive Officer; President, Auto Alliance (Thailand) Co., Ltd. April 2010 Executive Officer and General Manager, Production Engineering Div. June 2013 Managing Executive Officer; In charge of Global Production and Global Business Logistics; General Manager, Production Engineering Div. April 2016 Senior Managing Executive Officer; Oversight of Quality, Brand Enhancement, Production and Business Logistics June 2016 Director and Senior Managing Executive Officer; Oversight of Quality, Brand Enhancement, Production and Business Logistics April 2017 Director and Senior Managing Executive Officer; Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics (to the present)
	Reasons for nomination as a candidate for director Mr. Shobuda has extensive experience primarily in production, logistics and quality, both in Japan and abroad, as well as superior ability and exceptional character and insight. Since his appointment as director, he has overseen quality, brand enhancement, purchasing, production and business logistics, and contributed to driving forward the Company's business. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
4	 Mitsuru Ono (December 25, 1958) Reelection Number of Company shares held 1,100 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	April 1981 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.) April 2011 Executive Officer, General Manager of International Credit Management Dept. April 2012 Executive Officer, Deputy Head of International Banking Unit; General Manager of International Credit Management Dept. June 2015 Standing Auditor April 2017 Resigned as Standing Auditor May 2017 Adviser at the Company June 2017 Director and Senior Managing Executive Officer; Oversight of Financial Services; Assistant to the Officer overseeing Fleet Sales; In charge of Global Corporate Communications June 2018 Director and Senior Managing Executive Officer; Oversight of Financial Services and Administrative Domain; Assistant to the Officer overseeing Fleet Sales June 2019 Director and Senior Managing Executive Officer; Oversight of Financial Services and Administrative Domain (to the present)
	Reasons for nomination as a candidate for director As an executive officer at a financial institution, Mr. Ono held key posts in international business operations. He has extensive experience in and knowledge of the operations of international companies, including auditing the execution of operations as a standing auditor. He also has exceptional character and insight. Since his appointment as director, he has overseen finance and administrative areas, and contributed to driving forward the Company's business. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
5	 Akira Koga (July 12, 1961) Reelection Number of Company shares held 2,400 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	March 1984 Joined the Company March 2004 General Manager, Corporate Planning Div. Nov. 2008 Executive Officer; General Manager, Corporate Planning Div. April 2011 Executive Officer; Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations) June 2013 Managing Executive Officer; Executive Vice President, Mazda Motor of America, Inc. (Mazda North American Operations) April 2016 Senior Managing Executive Officer; In charge of Corporate Planning, Profit Control, Global IT Solution and MDI April 2017 Senior Managing Executive Officer; Oversight of Corporate Planning Domain; In Charge of Global IT Solution and MDI June 2018 Director and Senior Managing Executive Officer; Oversight of Corporate Planning Domain; In charge of Global IT Solution and MDI April 2019 Director and Senior Managing Executive Officer; Oversight of Corporate Planning Domain, Corporate Liaison and MDI & IT (to the present)
	Reasons for nomination as a candidate for director Mr. Koga has extensive experience, primarily in corporate planning and finance, both in Japan and abroad. He also has exceptional character and insight. Since his appointment as director, he has overseen corporate planning, corporate liaison and MDI & IT, and contributed to driving forward the Company's business. Based on this knowledge and performance, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
6	 Masahiro Moro (November 8, 1960) Reelection Number of Company shares held 1,300 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	March 1983 Joined the Company August 2002 General Manager, Global Marketing Div. March 2004 Vice President, Mazda Motor Europe GmbH. Nov. 2008 Executive Officer; Assistant to the Officer overseeing Global Sales; In charge of Global Marketing June 2013 Managing Executive Officer; Global Sales Coordination; In charge of Global Marketing, Customer Service and Sales Innovation Jan. 2016 Managing Executive Officer; Oversight of Marketing Strategy; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) April 2016 Senior Managing Executive Officer; Oversight of Marketing Strategy; Assistant to the Officer overseeing Brand Enhancement; President and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) April 2019 Senior Managing Executive Officer; Oversight of Operations in North America; Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) June 2019 Director and Senior Managing Executive Officer; Oversight of Operations in North America; Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations) (to the present) Important office concurrently held: Chairman and CEO, Mazda Motor of America, Inc. (Mazda North American Operations)
	Reasons for nomination as a candidate for director Mr. Moro has extensive experience, primarily in marketing and sales, both in Japan and abroad, and he possesses superior character and insight in addition to his outstanding ability in these areas. He has been in charge of overseeing North American business as chairman and CEO of Mazda Motor America, Inc. (Mazda North American Operations), and since assuming the role of director, Mr. Moro has greatly contributed to driving forward the Company's business. He can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
7	 Yasuhiro Aoyama (November 2, 1965) New Candidate Number of Company shares held 1,600	March 1988 Joined the Company Oct. 2007 General Manager, Product Planning & Business Strategy Div. Oct. 2011 General Manager, Global Marketing Div. April 2014 Executive Officer; General Manager, Global Sales & Marketing Div. Jan. 2016 Executive Officer; Global Sales Coordination; In charge of Global Marketing and Customer Service April 2017 Managing Executive Officer; Global Sales Coordination; In charge of Brand Enhancement, Global Marketing and Customer Service April 2019 Senior Managing Executive Officer; In charge of Operations in Europe; Assistant to the Officer overseeing Brand Enhancement; President and CEO, Mazda Motor Europe GmbH (to the present) Important office concurrently held: President and CEO, Mazda Motor Europe GmbH
	Reasons for nomination as a candidate for director Mr. Aoyama has extensive experience, primarily in product planning, marketing and sales, both in Japan and abroad. With his experience and outstanding ability in these areas as well as his superior character and insight, he can be expected to contribute to further strengthening the Board's decision-making and its supervisory function. Thus we propose his election as director.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
8	 Kiyoshi Sato (April 2, 1956) Reelection Outside Independent Number of Company shares held 700 Attendance Record Attended 13 out of 14 meetings of the Board of Directors	April 1979 Joined Tokyo Electron Ltd. Dec. 2001 General Manager of Clean Track Business Unit June 2003 Representative Director, President and CEO April 2009 Director and Vice Chairman of the Board, June 2011 Director July 2014 Advisor (to Jun. 2016) June 2016 Audit & Supervisory Board Member, Tokyo Electron Yamanashi Ltd. June 2017 Outside Director, Toshiba Machine Co., Ltd. (currently Shibaura Machine Co., Ltd.) (to the present) July 2017 Advisor, Tokyo Electron Ltd. (to Jun. 2019) June 2019 Outside Director, Inabata & Co., Ltd. (to the present) June 2019 Outside Director, Mazda Motor Corporation (to the present) Important office concurrently held: Outside Director, Shibaura Machine Co., Ltd. Outside Director, Inabata & Co., Ltd. Term of office as Outside Director: 2 years (as of the close of this Meeting)
	Reasons for nomination as a candidate for outside director and outline of anticipated role Mr. Sato has rich expertise in the areas of sales and marketing gained through many years working in sales, including overseas business, 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 to make use of his expertise and experience in the Company's management. After his appointment, we expect him to make efforts to enhance the supervisory function of the board of directors through his advice and recommendations from an international perspective and a broad management viewpoint in particular.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
9	 Michiko Ogawa (December 4, 1962) Reelection Outside Independent Number of Company shares held 1,200 Attendance Record Attended 14 out of 14 meetings of the Board of Directors	April 1986 Joined Matsushita Electric Industrial Co., Ltd (currently Panasonic Corporation) May 2014 Senior Councilor, In charge of Growth Strategy of Audio Business Home Entertainment Business Division April 2015 Executive Officer, In charge of Technics Brand; Managing Officer, Appliances Company; General Manager, Technics Business Promotion; Home Entertainment Business Division June 2017 Executive Officer, In charge of Technics Brand; Vice President, Appliances Company; In charge of Home Entertainment Business and Communication Business; Director, Home Entertainment Business Division; General Manager, Technics Business Promotion Feb. 2018 Director, Persol AVC Technology Co., Ltd. (to the present) June 2018 Chairman, Japan Audio Society (to the present) June 2019 Outside Director, Mazda Motor Corporation (to the present) Oct. 2019 Director in charge of Technics Brand; Vice President, Appliances Company; In charge of Technology; Director, Corporate Engineering Division; General Manager, Technics Business Promotion, Panasonic Corporation April 2021 Director in charge of Technics Brand; Director in charge of Kansai External Relations and EXPO Promotion (to the present) Important office concurrently held: Director, Panasonic Corporation Chairman, Japan Audio Society Term of office as Outside Director: 2 years (as of the close of this Meeting)
	Reasons for nomination as a candidate for outside director and outline of anticipated role Ms. Ogawa has many years of experience working in audio technology development at an electronics manufacturer and has in-depth knowledge as an audio technology researcher. As an officer in charge of premium audio equipment, she engaged in brand re-establishment efforts, and she has rich experience in and insight into corporate management. Therefore, we propose her election as an outside director to make use of her expertise and experience in the Company's management. After her appointment, we expect her to make efforts to enhance the supervisory function of the board of directors through her advice and recommendations from a brand marketing perspective and a professional viewpoint as an engineer in particular.	

Notes: 1. There are no special conflicts of interest between the Company and the candidates for director (excluding directors who are Audit & Supervisory Committee members).

2. Mr. Sato and Ms. Ogawa are candidates for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

3. On March 19, 2021, while Mr. Kiyoshi Sato and Ms. Michiko Ogawa were serving as outside directors, the Company received a recommendation from the Japan Fair Trade Commission under the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors ("Subcontract Act"). Both directors regularly make statements at Board of Directors meetings and elsewhere in the Company, urging thorough compliance with laws and regulations. Since the violation of this law came to light, they have also been fulfilling their responsibilities by providing advice on measures to prevent a recurrence.

4. Based on its criteria for the independence of an outside officer, the Company has determined that Mr. Sato and Ms. Ogawa have sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding Mr. Sato and Ms. Ogawa to the Tokyo Stock Exchange.

   The Company's criteria for the independence of an outside officer have been posted in its report on corporate governance on its website: https://www.mazda.com/en/investors/library/governance/

5. Mr. Sato currently serves as Outside Director at Shibaura Machine Co., Ltd. and Inabata & Co., Ltd. No business is transacted between the Company and the Shibaura Machine Co., Ltd., or between the Company and Inabata & Co., Ltd.

   Ms. Ogawa currently serves as Director in charge of Technics Brand at Panasonic Corporation. Transactions between Panasonic Corporation and the Company in the year ended March 31, 2021 were minimal, comprising less than 2% of the Company's consolidated sales. No business is transacted between the Company and Persol AVC Technology Co., Ltd., and between the Company and Japan Audio Society.

6. Ms. Ogawa will resign as a director at Persol AVC Technology Co., Ltd. effective June 22, 2021.

7. The Company has concluded liability limitation agreements with Mr. Sato and Ms. Ogawa as stipulated in Article 423, Paragraph 1 of the Companies Act, with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same. On approval of Mr. Sato's and Ms. Ogawa's appointments as outside director, the Liability Limitation Agreements will be continued.

8. 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. Upon the approval of each candidate's appointment, that person will be included in the insured in the liability insurance agreement for officers, etc. The Company also plans to renew this agreement with the same content at the time of the next renewal.

Proposal No. 2: Election of Six (6) Directors who are Audit & Supervisory Committee Members

The terms of six (6) current directors who are Audit & Supervisory Committee Members will expire at the conclusion of this general meeting of shareholders and Mr. Masahiro Yasuda and Mr. Kunihiko Tamano will retire. Accordingly, we propose to elect six (6) directors who are Audit & Supervisory Committee Members.

To further enhance transparency, fairness and objectivity, the nominations of candidates for director (excluding directors who are Audit & Supervisory Committee members) are made after discussion by the Officer Lineup & Remuneration Advisory Committee consisting of representative directors and outside directors. In addition, the submission of this proposal has also been approved by the Audit & Supervisory Committee.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
1	 Masatoshi Maruyama (September 19, 1956) Reelection Number of Company shares held 5,600 Attendance Record Attended 14 out of 14 meetings of the Board of Directors Attendance Record Attended 14 out of 14 meetings of the Audit & Supervisory Committee	April 1980 Joined the Company June 2005 Executive Vice President, AutoAlliance (Thailand) Co., Ltd. May 2010 General Manager, Quality Div. April 2011 Executive Officer; General Manager, Quality Div. June 2012 Executive Officer; General Manager, Hiroshima Plant April 2015 Managing Executive Officer; Assistant to the Officer in charge of Global Production; General Manager, Hiroshima Plant April 2016 Managing Executive Officer; In charge of Global Production and Global Business Logistics June 2019 Director, Audit & Supervisory Committee Member (Full time) (to the present)
	Reasons for nomination as a candidate for director, Audit & Supervisory Committee member Mr. Maruyama has extensive experience primarily in production, logistics and quality, both in Japan and abroad, as well as exceptional character and insight. Since his appointment to the Audit & Supervisory Board as a full-time member, he has conducted the Company's audits appropriately. Based on this knowledge and performance, he can be expected to contribute to further strengthening the audit and supervisory functions of the Company's management. Thus we propose his election as director, Audit & Supervisory Committee member.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
2	 Nobuhiko Watabe (September 19, 1958) New Candidate Number of Company shares held 4,700	March 1982 Joined the Company Feb. 2002 Deputy General Manager of Corporate Planning Div. April 2006 Deputy General Manager of Domestic Marketing Div. Jan. 2011 General Manager of China Business Div. June 2013 Executive Officer; In charge of Operations in China; General Manager, China Business Div.; CEO, Mazda Motor (China) Co., Ltd. April 2016 Executive Officer; In charge of Operations in China; Chairman, Mazda Motor (China) Co., Ltd. April 2017 Managing Executive Officer; In charge of Operations in China; Chairman, Mazda Motor (China) Co., Ltd. April 2021 Managing Executive Officer; Assistant to the Officer overseeing Global Sales (to the present)
	Reasons for nomination as a candidate for director, Audit & Supervisory Committee member Mr. Watabe has held key posts in corporate planning and business with China, both in Japan and abroad, and has an exceptional character and insight. In light of this, the Company believes he will contribute to strengthening audit and supervisory functions of the Company's management, and therefore proposes his election as director, Audit & Supervisory Committee member.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
3	 Ichiro Sakai (May 3, 1942) Reelection Outside Independent Number of Company shares held 13,200 Attendance Record Attended 14 out of 14 meetings of the Board of Directors Attendance Record Attended 14 out of 14 meetings of the Audit & Supervisory Committee	April 1968 Appointed Prosecutor Dec. 1999 Chief Public Prosecutor of Yokohama District Public Prosecutors Office May 2001 Chief of Research and Training Institute of the Ministry of Justice Oct. 2002 Superintendent Public Prosecutor of the Hiroshima High Public Prosecutors Office June 2004 Superintendent Public Prosecutor of the Fukuoka High Public Prosecutors Office April 2005 Registered as Lawyer (Daiichi Tokyo Bar Association) (to the present) June 2005 Outside Audit & Supervisory Board Member, Toray Industries, Inc. Feb. 2006 Outside Audit & Supervisory Board Member, Kewpie Corporation June 2007 Outside Audit & Supervisory Board Member, Mazda Motor Corporation June 2011 Outside Director, Mazda Motor Corporation Feb. 2014 Outside Director, Kewpie Corporation June 2019 Outside Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Important offices concurrently held: Lawyer Term of office as Outside Director: 10 years (as of the close of this Meeting) Term of office as Director, Audit & Supervisory Committee Member: 2 years (as of the close of this Meeting)
	Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member, and outline of anticipated role Having served as a prosecutor and attorney for many years, Mr. Sakai has extensive experience in and knowledge of the legal profession. The Company therefore requests his election as an outside director, Audit & Supervisory Committee member so that he can apply this experience and knowledge in audits and supervision of the Company's management. After his appointment, we expect Mr. Sakai to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the viewpoint of compliance and from his expert standpoint as a legal professional in particular. Mr. Sakai has not been involved in corporate management in any way other than as an outside director/auditor but for the reasons stated above, the Company has concluded that he is capable of appropriately executing the duties of outside director, Audit & Supervisory Committee member.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
4	 Akira Kitamura (March 16, 1951) Reelection Outside Independent Number of Company shares held 1,600 Attendance Record Attended 14 out of 14 meetings of the Board of Directors Attendance Record Attended 14 out of 14 meetings of the Audit & Supervisory Committee	April 1974 Joined Sumitomo Bank, Ltd. (now Sumitomo Mitsui Banking Corp.) June 2003 Executive Officer April 2006 Managing Executive Officer April 2007 Director & Senior Managing Executive Officer April 2008 Representative Director & Senior Managing Executive Officer March 2009 Resigned as Representative Director & Senior Managing Executive Officer April 2009 Advisor, Kansai Urban Banking Corporation June 2009 Vice Chairman (Representative Director) March 2010 Chairman of the Board & CEO (Representative Director) June 2016 Advisor April 2018 Outside Director, ARK Real Estate Co., Ltd. (to the present) June 2018 Outside Audit & Supervisory Board Member, Mazda Motor Corporation June 2019 Outside Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) June 2020 Outside Audit & Supervisory Board Member, Toyo Aluminium K.K. (to the present) Important office concurrently held: Outside Director, ARK Real Estate Co., Ltd. Outside Audit & Supervisory Board Member, Toyo Aluminium K.K. Term of office as Outside Director: 2 years (as of the close of this Meeting) Term of office as Director, Audit & Supervisory Committee Member: 2 years (as of the close of this Meeting)
	Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member, and outline of anticipated role Mr. Kitamura has held key posts at a financial institution, including representative director & senior managing executive officer as well as chairman of the board and chief executive officer (representative director), and has considerable knowledge of finance and accounting. He also has rich experience in and knowledge of corporate management. The Company therefore requests his election as an outside director, Audit & Supervisory Committee member so that he can apply this experience and knowledge in audits and supervision of the Company's management. After his appointment, we expect Mr. Kitamura to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the broad viewpoint of corporate management and from his expert understanding of finance and accounting in particular.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
5	 Hiroko Shibasaki (July 6, 1953) Reelection Outside Independent Number of Company shares held 600 Attendance Record Attended 14 out of 14 meetings of the Board of Directors Attendance Record Attended 14 out of 14 meetings of the Audit & Supervisory Committee	April 1974 Joined Tokio Marine and Fire Insurance Company, Limited (now Tokio Marine & Nichido Fire Insurance Co., Ltd.) July 2008 Senior General Manager General Manager, Voice of Customers Dept. July 2010 Senior General Manager General Manager, Fukuoka Chuo Branch April 2012 Managing Executive Officer General Manager, Fukuoka Chuo Branch April 2015 Managing Executive Officer April 2018 Advisor June 2019 Outside Director, Audit & Supervisory Committee Member, Mazda Motor Corporation (to the present) Important office concurrently held: Outside Director, Kyudenko Corporation (scheduled to be named on June 2021) Term of office as Outside Director: 2 years (as of the close of this Meeting) Term of office as Director, Audit & Supervisory Committee Member: 2 years (as of the close of this Meeting)
	Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member, and outline of anticipated role Ms. Shibasaki has many years of experience in the field of sales at a casualty insurance company and gained extensive knowledge of sales through serving as branch president and branch manager. In roles such as managing executive officer, she oversaw sales in Kyushu and Okinawa and gained rich experience in and insight into corporate management. Ms. Shibasaki also has extensive experience in and knowledge of corporate management. The Company therefore requests her election as an outside director, Audit & Supervisory Committee member so that she can apply this experience and knowledge in audits and supervision of the Company's management. After her appointment, we expect Ms. Shibasaki to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the standpoint of customer satisfaction and from her expert knowledge of sales in particular.	

No.	Name (Date of Birth)	Career summary, position, assignment and important offices concurrently held
6	 Masato Sugimori (March 17, 1957) New Candidate Outside Independent Number of Company shares held 0	April 1979 Joined Sumitomo Corporation April 2010 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, Assistant General Manager for the Americas April 2013 Managing Executive Officer, Assistant General Manager, Corporate Planning & Coordination Group, General Manager, Corporate Planning & Coordination Dept. April 2016 Senior Managing Executive Officer, Assistant CFO, Risk Management April 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. June 2017 Director, Executive Vice President, CFO, General Manager, Corporate Control Unit, Jupiter Telecommunications Co., Ltd. June 2019 Director, J:COM Tokyo Co., Ltd. (to the present) Director, J:COM SAITAMA・HIGASHINIHON Co., Ltd. (to the present) April 2020 Advisor, Assistant to General Manager, Media & Digital Business Unit, Sumitomo Corporation Director, Executive Vice President, General Manager, Corporate Unit, Jupiter Telecommunications Co., Ltd. April 2021 Advisor, Sumitomo Corporation (to the present) Advisor, Jupiter Telecommunications Co., Ltd. (to the present) Important office concurrently held: Advisor, Sumitomo Corporation
	Reasons for nomination as a candidate for outside director, Audit & Supervisory Committee member, and outline of anticipated role Mr. Sugimori has worked in administration for many years at a trading company and has considerable knowledge of risk management, finance and accounting. He has also served as a senior managing executive officer and has extensive experience in and insight into corporate management. The Company therefore requests his election as an outside director, Audit & Supervisory Committee member so that he can apply this experience and knowledge in audits and supervision of the Company's management. After his appointment, we expect Mr. Sugimori to make efforts to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the broad viewpoint of risk management and from his expert understanding of finance and accounting in particular.	

Notes: 1. There are no special conflicts of interest between the Company and the candidates for Directors who are to be Audit & Supervisory Committee Members.

2. Mr. Sakai, Mr. Kitamura, Ms. Shibasaki and Mr. Sugimori are candidates for outside director pursuant to Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

3. On March 19, 2021, while Mr. Sakai, Mr. Kitamura and Ms. Shibasaki were serving as outside directors, the Company received a recommendation from the Japan Fair Trade Commission under the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors ("Subcontract Act"). Both directors regularly make statements at Board of Directors meetings and elsewhere in the Company, urging thorough compliance with laws and regulations. Since the violation of this law came to light, they have also been fulfilling their responsibilities by providing advice on measures to prevent a recurrence.

4. Based on its criteria for the independence of an outside officer, the Company has determined that Mr. Sakai, Mr. Kitamura, Ms. Shibasaki and Mr. Sugimori have sufficient independence such that no risk of conflict of interest with general shareholders will result and has submitted an Independent Directors Notification regarding them to the Tokyo Stock Exchange.

   The Company's criteria for the independence of an outside officer, have been posted in its report on corporate governance on its website: https://www.mazda.com/en/investors/library/governance/

5. Mr. Kitamura served as representative director & senior managing executive officer at Sumitomo Mitsui Banking Corp., but he has since stepped down from all posts at the bank. As of the convening of this General Meeting of Shareholders, ten years will have passed since he resigned as an executive in March 2009. As of March 31, 2021, the bank owned 1.6 percent of the Company's stock, and the balance of the Mazda group borrowings from the bank was 179,550 million yen (approximately 6.2 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 serves as advisor at Kansai Urban Banking Corporation, but he resigned as chairman of the board & CEO at the bank in June 2016. And he resigned as advisor in March 2019. As of March 31, 2019, the balance of the Mazda Group borrowings from the bank was 3,000 million yen, a very small amount equal to less than 0.1 percent 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.

   Ms. Shibasaki served as managing executive officer at Tokio Marine & Nichido Fire Insurance Co., Ltd., but she has since stepped down from all posts at Tokio Marine & Nichido Fire Insurance. As of the convening of this General Meeting of Shareholders, three years will have passed since she resigned as managing executive officer in March 2018. No business is transacted between the Company and Kyudenko Corporation.

   The number of transactions between Tokio Marine & Nichido Fire Insurance in the fiscal year ending March 2021 was very small, less than 1 percent of the Company's consolidated sales.

   Mr. Sugimori served as a senior managing executive officer at Sumitomo Corporation, but he has since stepped down from assistant to general manager on March 2021. In the fiscal year ending March 2021, 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 sales. No business is transacted between the Company and Jupiter Telecommunications Co., Ltd., between the Company and J:COM Tokyo Co., Ltd., or between the Company and J:COM SAITAMA・HIGASHINIHON Co., Ltd.

6. Mr. Sugimori will resign as a director at J:COM SAITAMA・HIGASHINIHON Co., Ltd. effective June 21, 2021. He will resign as a director at J:COM Tokyo Co., Ltd. effective June 28, 2021 and he will resign as an advisor at Jupiter Telecommunications Co., Ltd. effective June 30, 2021.

7. The Company has concluded liability limitation agreements with Mr. Sakai, Mr. Kitamura, Ms. Shibasaki as stipulated in Article 423, Paragraph 1 of the Companies Act, with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same. On approval of their appointments as outside director, the Liability Limitation Agreements will be continued.

   On approval of Mr. Sugimori's appointment as outside director, the Company will enter into a Liability Limitation Agreement with him as stipulated in Article 423, Paragraph 1 of the Companies Act with maximum liability stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

8. 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. Upon the approval of each candidate's appointment, that person will be included in the insured in the liability insurance agreement for officers, etc. The Company also plans to renew this agreement with the same content at the time of the next renewal.

【Reference】

If Proposals No. 1 and No. 2 are approved, the new line-up of the Board of Directors will be as follows:

Name	Position	Attributes		
Kiyotaka Shobuda	Representative Director and Chairman of the Board	Reelection		
Akira Marumoto	Representative Director, President and CEO	Reelection		
Kiyoshi Fujiwara	Representative Director, Executive Vice President and COO	Reelection		
Mitsuru Ono	Director and Senior Managing Executive Officer	Reelection		
Akira Koga	Director and Senior Managing Executive Officer	Reelection		
Masahiro Moro	Director and Senior Managing Executive Officer	Reelection		
Yasuhiro Aoyama	Director and Senior Managing Executive Officer	Newly elected		
Kiyoshi Sato	Director	Reelection	Outside	Independent
Michiko Ogawa	Director	Reelection	Outside	Independent
Masatoshi Maruyama	Director, Audit & Supervisory Committee Member (Full time)	Reelection		
Nobuhiko Watabe	Director, Audit & Supervisory Committee Member (Full-time)	Newly elected		
Ichiro Sakai	Director, Audit & Supervisory Committee Member	Reelection	Outside	Independent
Akira Kitamura	Director, Audit & Supervisory Committee Member	Reelection	Outside	Independent
Hiroko Shibasaki	Director, Audit & Supervisory Committee Member	Reelection	Outside	Independent
Masato Sugimori	Director, Audit & Supervisory Committee Member	Newly elected	Outside	Independent

Note: Titles of those who will serve as representative directors and directors (excluding directors who are Audit & Supervisory Committee members) will be determined at the Board of Directors meeting following this general meeting of shareholders.

Proposal No. 3: Determining Details of Director Compensation in the Form of Stock Options (Excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)

Providing compensation in the form of stock options to the Company's directors (excluding directors who are Audit & Supervisory Committee Members and Outside Directors) was approved at the Company's 153rd Ordinary General Meeting of Shareholders held on June 26, 2019.

Although there is no change in content regarding director compensation in the form of stock options, with the enactment of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on March 1 this year, obtaining approval at the general meeting of shareholders of the outline of the content for stock acquisition rights in cases where the company is able to acquire stock acquisition rights upon the occurrence of certain grounds has become mandatory. Thus the Company has added the outline of the content for stock acquisition rights as described in (8) Provision for acquiring stock acquisition rights (addition) below, and requests approval.

The purpose of these stock options is to further enhance motivation to contribute to enhancing corporate value over the medium and long term and share the benefits with shareholders. As the amount of remuneration related to stock options will be calculated and decided after taking into consideration factors such as directors' level of contribution to the Company, the Company believes the system is appropriate.

For the policy on determining remuneration for the Company's directors (excluding directors who are Audit & Supervisory Committee members), please refer to page 42.

These stock options represent compensation in the form of stock options. The amount to be paid per share that can be issued upon the exercise of stock acquisition rights will be 1 yen. At the time of allocation of stock acquisition rights, instead of direct payment of the amount to be paid for the stock acquisition rights, which is to be determined based on the fair value at the time the rights are allocated, payment will be made by offsetting the amount against the right to remuneration of the directors (excluding outside directors and directors who are Audit & Supervisory Committee members) in an amount equivalent to the stock acquisition rights as stock options under this proposal.

The timing of issuance of the stock options and their allocation will be left entirely up to the Board of Directors.

The Audit & Supervisory Committee has deliberated on the proposal and determined that there are no special matters or opinions that need to be stated at the general meeting of shareholders.

There are currently seven (7) directors (excluding directors who are Audit & Supervisory Committee Members and outside directors). If Proposal No. 1: Election of Nine (9) Directors (Excluding Directors who are Audit & Supervisory Committee Members) is approved, there will be seven (7) directors (excluding directors who are Audit & Supervisory Committee members and outside directors).

(1) Class and number of shares underlying the stock acquisition rights

The class of shares underlying the stock acquisition rights shall be shares of the Company's common stock, and the number of shares underlying the stock acquisition rights (hereinafter "number of shares granted") shall be 100 shares. If, however, on or after the date of the shareholders' resolution adopting the proposal (hereinafter "resolution 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 share

consolidation, 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.

No. of shares granted after adjustment	=	No. of shares granted before adjustment	×	Ratio of share split or consolidation

In addition to the above, in the case of any event that makes it necessary to adjust the number of shares acquired, including a merger or company split on or after the resolution date, the Company may make an appropriate adjustment to the number of shares granted within a reasonable limit.

(2) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be allotted to all directors (excluding outside directors and directors who are Audit & Supervisory Committee members) within one year of the date of the ordinary general meeting of shareholders each fiscal year is 2,000.

(3) Amount to be paid for stock acquisition rights

The amount to be paid for each stock acquisition right shall be determined by the Board of Directors based on the fair value of the stock acquisition right at the time of its allotment as calculated using a fair calculation method such as the Black-Scholes Model.

(4) Value of assets to be contributed upon exercise of stock acquisition rights

The value of the assets to be contributed upon exercise of stock acquisition rights shall be obtained by multiplying the amount to be paid upon the exercise of the stock acquisition rights (which will be 1 yen per share) by the number of shares granted.

(5) Period of time during which stock acquisition rights can be exercised

The period of time during which stock acquisition rights can be exercised shall be determined by the Board of Directors but shall not exceed 30 years from the day following the allotment of the stock acquisition rights.

(6) 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.

(7) Conditions for the exercise of stock acquisition rights

Persons to whom stock acquisition rights are allotted 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 or any position of an equivalent status. Other conditions for the exercise of stock acquisition rights shall be set by the Board of Directors.

(8) Provision for acquiring stock acquisition rights (addition)

If proposal (i), (ii), (iii), (iv) or (v) below is approved at a general meeting of shareholders of the Company (or by resolution of the 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.

(i) Proposal for approval of a merger agreement in which the Company ceases to exist;

(ii) Proposal for approval of a company split agreement or company split plan in which the Company becomes the spun-off company;

(iii) Proposal for approval of a stock swap agreement or a stock transfer plan in which the Company becomes a wholly-owned subsidiary;

(iv) 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 shares issued by the Company by transfer;

(v) 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 shares underlying stock acquisition rights by transfer, or allowing the company to acquire all shares of such type by a resolution of a general meeting of shareholders.

(Attached Documents)

BUSINESS REPORT
(From April 1, 2020 to March 31, 2021)

1. Business activities of the Mazda Group

(1) Progress and results of business activities

Business environment during the fiscal year ended March 31, 2021

The business environment surrounding the Mazda Group this fiscal year continued to be challenging as countries imposed lockdowns and issued state of emergency declarations, and the global economy rapidly worsened in the wake of the global spread of the coronavirus pandemic. In the second half, however, demand, spurred on by the resumption of economic activities and economic stimulus measures of governments in various countries, began to show signs of recovery, particularly in the United States, and there were indications of an economic rebound in a number of countries. On the other hand, concerns over a semiconductor supply shortage emerged in the fourth quarter, and the outlook for the business environment continued to remain unclear.

Amid these conditions, the Company announced a revision to its medium-term management plan in November due to significant changes in the business environment precipitated by the spread of the coronavirus from February of the previous year onwards. In the course of the review, taking into account lessons learned during coronavirus conditions and future indications, the worldwide strengthening and acceleration of environmental regulations, and competition in new value creation in an era characterized by CASE (*1), the Company announced specific measures for resolving structural issues. Bearing in mind these measures, we are now moving ahead with the plan to realize sound growth in the future. After completing preparations in all areas during the initial “foundation-building period” of two years, we will shift the focus of investment quality to electrification, IT and carbon neutrality (*2).

Business Overview

In September last year, we introduced an EV model of the new compact SUV Mazda MX-30 in the European market as the third of our new generation products. In Japan, we commenced sales of a “mild hybrid model” (*3) in October of the same year, followed by an EV model in January of this year. The EV model of the MX-30, based on Mazda’s “multi-solution strategy”(*4) to realize carbon neutrality by 2050, is Mazda’s first mass-produced electric vehicle planned with the new concept of balancing customer requirements with CO2 reduction through a life cycle assessment (*5). The MX-30 has also been highly acclaimed for its design. Along with the Mazda CX-30, it received the “Red Dot: Product Design 2020” award, one of the world’s most prestigious design awards. It has also won various other awards including the “Design Car of the Year in 2020-2021 Car of the Year Japan Awards.”

Other new generation products of Mazda have also been highly acclaimed since their release. Mazda3 won “World Car Design of the Year” in 2020, and CX-30 won the “2020-2021 Japan Automobile Hall of Fame Car Design of the Year” as well as “Thailand Car of the Year 2020.”

To commemorate Mazda’s centennial anniversary in January last year, we also arranged “100th Anniversary Special Edition” models with special features for all Mazda's registered passenger vehicles sold in Japan. The 100th Anniversary Special Edition models were on sale for a limited period until the end of March this year.

In addition to these models, we made product improvements in our main models such as the Mazda CX-3, Mazda3, Mazda CX-5 and Mazda CX-8, and introduced engine output improvements and new generation Mazda Connect as part of our ongoing efforts to strengthen the appeal of our products.

Through the joy of driving, which will continue to be the original attraction of cars, we aim to enrich the lives of people and society and realize a beautiful earth. Offering cars that stir the hearts of people, we aim to

become a brand that shares a special bond with our customers.

In efforts to contribute to resolving social issues, the Mazda Group has actively engaged in activities to support our stakeholders. To help combat coronavirus, we provided transport vehicles for patients with mild symptoms and also provided face shield frames at healthcare sites in Japan. In the United States and South Africa, we provided car maintenance services free of charge for healthcare workers. To assist in recovery at the time of the "Reiwa 2 (2020) July Heavy Rain Disaster," in addition to donations, we provided various supplies including genuine Mazda "in-car overnight emergency kits" as well as gloves, masks and sandbags. To contribute to a sustainable society through our corporate activities in the future as well, the Mazda Group will continue to engage in initiatives that meet the needs of each region and fulfill our responsibilities as a good corporate citizen.

*1. General term for new technologies including **c**onnected technology, **a**utonomous driving technology, **s**hared services, and **e**lectrification technology.

*2. A method and system of energy use whereby a balance between emitting carbon and absorbing or removing carbon is established so that the total amount of carbon on earth does not change.

*3. A model equipped with e-Skyactive G which combines direct injection Skyactive-G2.0 with M-hybrid, Mazda's proprietary mild hybrid system, and enhances exhilarating driving and fuel efficiency by combining a highly efficient engine and electrification technology.

*4. A strategy to deploy appropriate powertrains such as internal combustion engines and electrification technology, taking into consideration factors such as CO2 reduction in the operating environment as well as the suitability of automobile power sources, energy conditions, and the electric power generation mix in each region.

*5. Assessment of impact by qualitatively determining environmental load in the overall life cycle of a product from fuel extraction, refining, manufacturing, distribution, use, disposal and recycling.

Sales Conditions during the fiscal year ended March 31, 2021

Global sales volume for the fiscal year ended March 31, 2021 was 1,287,000 units, down 9.3% year on year as sales declined in Japan, Europe, ASEAN and other countries due to the spread of the global coronavirus pandemic. On the other hand, in the U.S. and Australia, where sales have been robust, year-on-year increases in sales volume were achieved in both markets as Mazda sales outpaced average demand in the industry.

The number of units sold in each market is as follows.

<Japan>

In Japan, while sales of CX-5 and CX-8 were strong following the introduction of updated models, total sales declined due mainly to the impact of intense competition, resulting in sales of 176,000 units, down 12.9% year on year.

<North America>

In the U.S., despite the decline in total demand, sales of Mazda vehicles rose 7.0% year on year to 295,000 units, led by sales of newly introduced crossover SUVs such as CX-30 and CX-5. Although sales in both Canada and Mexico declined, sales in North America as a whole rose 1.6% year on year to 403,000 units.

<EU>

As lockdowns to quell the coronavirus pandemic continued longer than anticipated, sales declined substantially in key markets such as Germany and the U.K., with overall sales in Europe falling 32.3% year on year to 178,000 units.

<China>

In China, sales rose 7.8% year on year to 228,000 units, with sales of crossover SUVs such as Mazda CX-4 and CX-5 and the newly introduced CX-30 contributing to growth. In the Chinese market, where demand for sedans is high, sales of the Mazda3, our top selling model in China, remained robust.

<Other Markets>

In Australia, another key market, sales rose 2.8% year on year to 93,000 units, as Mazda sales outpaced the recovery in overall demand. Crossover SUVs in particular continue to record strong sales. On the other hand, sales in ASEAN markets such as Thailand contracted, resulting in other markets seeing an overall 12.7% year-on-year decline at 301,000 units.

Financial Performance

Financial performance on a consolidated basis for the fiscal year ended March 31, 2021 was as follows.

	Fiscal year ended March 31, 2021			vs. Previous fiscal year			
	First half of the fiscal year	Second half of the fiscal year	Full year	First Half of the fiscal year	Second half of the fiscal year	Full year	
				Amount	Amount	Amount	Rate of change
	billion yen	billion yen	billion yen	billion yen	billion yen	billion yen	
Net Sales	1,115.8	1,766.3	2,882.1	(590.8)	+42.6	(548.2)	(16.0%)
Operating Income	(52.9)	61.7	8.8	(78.7)	+43.9	(34.8)	(79.8%)
Ordinary Income	(53.3)	81.6	28.3	(87.3)	+62.5	(24.8)	(46.8%)
Net Income Attributable to Owners of the parent	(93.0)	61.3	(31.7)	(109.6)	+65.8	(43.8)	-%

Operating profit changes were as follows.

	First half of the fiscal year	Second half of the fiscal year	Full year
	billion yen	billion yen	billion yen
Volume & mix	(144.0)	+12.9	(131.1)
Exchange rate	(3.9)	(5.4)	(9.3)
Cost improvement	(0.7)	+9.5	+8.8
Fixed costs and others	+49.4	+26.9	+76.3
Transfer to extraordinary loss due to suspension of production	+20.5	-	+20.5
Total	(78.7)	+43.9	(34.8)

Net cash provided by operating activities in this consolidated fiscal year was up 120.1 billion yen due mainly to a decrease in inventories as well as income before income taxes of 2.2 billion yen. (In the previous fiscal year there was an increase of 34.8 billion yen.) Cash flow from investing activities was down 78.9 billion yen due mainly to expenditure of 71.8 billion yen for the acquisition of property, plant and equipment. (In the previous fiscal year there was a decrease of 127.6 billion yen.) As a result, consolidated free cash flow (net of cash flow from operating and investing activities) was up 41.2 billion yen. (In the previous fiscal year there was a decrease of 92.7 billion yen.)

Net cash provided by financing activities was up 99.3 billion yen due mainly to the procurement of funds in preparation of business funding risk stemming from the impact of the coronavirus. (In the previous fiscal year there was a decrease of 24.3 billion yen.)

Mazda's policy on stock dividends is to determine the amount of dividend payments based on business performance in the current fiscal year, the business environment and financial conditions. Mazda strives to

realize stable dividends and to steadily increase them.

After comprehensive consideration of business performance and financial conditions in the current fiscal year, we have decided not to declare year-end dividends for the year ended March 31, 2021. We will press ahead with the medium-term management plan and make every effort to improve our performance so that we can resume declaring dividends as soon as possible.

Net sales breakdown of the Mazda Group

Category	Domestic	Overseas	Total
	million yen	million yen	million yen
Vehicles	363,824	1,976,356	2,340,180
Knockdown Parts (Overseas)	—	68,143	68,143
Parts	40,649	188,330	228,979
Other	190,017	54,747	244,764
Total	594,490	2,287,576	2,882,066

(2) Capital investment

For further growth in the future, we focused investment on next-generation products, environmental and safety technologies, and reinforcing our global production system. As a result of efficient investment in these areas, capital investment amounted to 93.0 billion yen on a consolidated basis. (This figure was 132.6 billion yen in the previous fiscal year.)

(3) Financing

In the fiscal year ended March 31, 2021, the Company took out long-term loans totaling 290 billion yen in preparation for business funding risk due to the impact of the coronavirus.

(4) Issues to be addressed

1. Medium-term management plan revision (from FY ending in March 2020 through FY ending in March 2026)

The automobile industry is experiencing a once-in-a-century transformation. Therefore, it is imperative for the industry to undergo a transformation in various business areas such as product planning, development, manufacturing, sales and customer care including after-sales service to enable it to respond to the era's requirements in the areas of CASE (Connected, Autonomous, Shared and Electric). It is also imperative that we proceed with this transformation on a global scale and all at once. To make it through this transformation period and achieve sustainable growth, we must focus on Mazda's unique value of "co-creating with others." Based on this core policy of "co-creating with others," in November 2019, the Company announced its medium-term management plan setting out the following three areas as management themes to be promoted.

- Investment in unique products and customer experience: investment in brand value improvement
- Curbing expenses that depreciate brand value
- Areas where we must accelerate investment: investment in infrastructure, partnerships, environment and safety)

Due to the global coronavirus pandemic since February 2020, various risks have materialized and the business environment has changed significantly. Taking into account lessons learned during the pandemic conditions, the worldwide strengthening and acceleration of environmental regulations, and competition in new value creation in an era characterized by CASE, the Company made a partial revision to its medium-term management plan policy and initiatives in November 2020.

For Mazda to remain sustainable in the future, capitalizing on our unique value of "co-creating with others" is essential. We remain committed to invest in future growth as well as initiatives to respond to CASE by strengthening our alliances and investing in unique value.

Medium-term management plan key initiatives

The Company made revisions to its policy and initiatives in the following five areas. (Underlined parts represents revision or enhanced initiatives.)

- Investment in raising brand value
  - Investment in unique product, technology, production, and customer experience -
    - <u>Ongoing investment with further efficiency and leveling</u>
    - Staggered launch of new products/derivatives
    - Ongoing product upgrades
- Curbing of expenses that depreciate brand value
- <u>Acceleration of fixed cost/cost reductions to lower break-even volume</u>
- Investment in areas where we need to catch up and <u>commencement of investment in new areas</u>
- Strengthening of alliances (CASE, <u>new partnerships)</u>

In the two years of the foundation-building period of the medium-term management plan, we will complete preparations in all areas to enable significant growth in the future. These preparations include basic hardware development in technology and product areas, flexible and mixed-model production facilities to efficiently produce a wide range of products and technologies, opening of new-generation stores in various markets and enhancement of sales finance as well as establishment of an efficient supply chain (*1).

Our priority initiatives in 2022 and onward are as follows.

Priority initiatives from 2022 onwards

1. Invest in raising brand value - Investment in unique products, technology and customer experience	Products/ technology	Efficient development, enhanced actions to meet environmental regulations and new value creation engineering
	Production	Efficient production, decarbonization and new value creation in all plants
	Japan	Pursue stable business growth while maintaining quantity and improving quality
	US	As the most important market, aim to build a robust profit base
	Europe	Continue to enhance "chosen for its uniqueness" brand value and achieve qualitative growth
	China	Aim to make China our most important market
2. Curb expenses that depreciate brand value	Variable marketing expenses	Increase customer base by enhancing the current value-based sales
	Supply chain	Achieve cash flow and revenue growth by improving inventory volume and turnover
	Quality	Based on continuous improvement activities, accelerate quality initiatives of new vehicles with high complexity and integrated control
3. Accelerate fixed cost/cost reductions to lower break-even volume	Overseas plant	Maximum utilization of assets for more flexible production structure
	Advertising expenses	Shift to marketing appropriate for the times, more local approach for new customers
	Cost reduction	Process innovation for CASE technology development/ procurement and higher cost competitiveness in overseas plants
4. Invest in areas where we need to catch up and start investing in new areas	IT	Investment for IT and decarbonized society for CASE era
	Work environment	Support both diversified work style and efficiency and invest in work environment/ people/ social contribution
5. Strengthen alliances (CASE, new partnership)	Alliances	Balance between "selection and focus" and "unique business and partnership" to increase brand value and expand business

From 2022 onwards, while striving to realize strong growth by capitalizing on the assets we build during the next two years, we will shift the quality of our investment to enhance electrification, make our plants and offices carbon neutral, focus IT investment in CASE technologies, and invest in people to maximize employee performance.

Medium-term management plan financial metrics

Based on revisions due to the pandemic impact, the Company decided to postpone the year for achieving the medium-term management plan targets by one year to the fiscal year ending March 2026.

Key financial metrics are as follows. The break-even volume was added at the time of revision and is set at 1 million units of consolidated wholesale volume. The Company is currently moving ahead with initiatives to achieve the targets.

Revenue	・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 lower
	・Actions for electrification, IT and carbon neutrality
Financial structure	・Maintenance of net cash position (*2)
Shareholder return	・Sustainable payout ratio of 30% or higher
Sales volume	・About 1.8 million units
Brake-even volume	・About 1 million units (wholesale)

To achieve the medium-term management plan, the Company has been working to identify structural issues that require company-wide efforts to raise values, and is pressing ahead with cross-functional actions to realize structural reforms and make the necessary transformation.

2. Initiatives for Achieving Carbon Neutrality

We are directing our efforts toward initiatives in carbon neutrality as our most important challenge for achieving our medium-term management plan and fulfilling our social responsibilities.

At the Technical Briefing held in October 2018, we stated that it was important to offer multiple solutions for electrification to reduce CO2 from a "well-to-wheel (from fuel extraction to vehicle driving)" perspective in line with each country's power supply conditions, usage environment, and customer diversity and demands. With this viewpoint in mind, we announced our intentions to develop electrification technologies in stages under our building-block strategy (*3) and to electrify all vehicles Mazda produces by 2030. Following our plans to roll out electrification technologies, we introduced MX-30 mild hybrid and EV models into the market last year.

At the time of the revision of our medium-term management plan in November last year, we announced that we would shift the quality of our investments to compete in value creation in a CASE era. To achieve net-zero CO2 emissions during manufacturing processes, we will promote investments to make production plants and offices carbon neutral, and we will shift investments to the development of EV-exclusive platforms. Through such initiatives, we aim to achieve carbon neutrality throughout the entire life cycle of our products.

Based on the above policy and plans, Mazda will endeavor to achieve carbon neutrality by 2050. Achieving automotive-related carbon neutrality requires efforts not only on the part of car makers but also across the entire supply chain. We will make efforts to promote carbon neutrality throughout the supply chain as we gain support for energy policies and the development, production and spread of electrification.

3. Recommendation from the Japan Fair Trade Commission

On March 19, Mazda received a recommendation from the Japan Fair Trade Commission based on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act) with regard to transactions with subcontractors. It was determined that Mazda had breached the Subcontract Act (Article 4, Paragraph 2, Item 3 "Prohibition of requesting unreasonable economic benefit") by receiving, in relation to part of a centralized purchase of materials for automobile parts, the difference between the price at which three materials manufacturers sold to the parts manufacturer and the price agreed in advance between the materials manufacturers and Mazda as settlement.

Mazda has not requested the materials manufacturers to pay the settlement since November 2019, and the form of transaction that was determined to be a problem has been abolished.

In addition, we have already returned the full amount that was found to be “unreasonable profit,” including the transfer fee, to the materials manufacturers.

To prevent this kind of incident from recurring, we will strengthen our legal compliance system by means such as strengthening the legal affairs department’s check system, implementing recurrence prevention measures including regular training for all employees and enhanced training programs for employees engaged in transactions with subcontractors.

*1. A sequence of processes for products to be distributed to consumers from sourcing, manufacturing, inventory management, distribution, sales, and consumption

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

*3. Mazda's technology strategy to provide multiple solutions by first improving base technologies that provide vehicles' basic performance, such as engine, transmission, body and chassis (Skyactiv technologies) and then adding electric devices such as idling stop system, regenerative braking system, and hybrid system.

* The business forecast and future plans that appear in this text are based on assumptions determined by the Mazda Group as of the time this text was prepared; it includes risks and uncertainties. As such, actual results may differ.

(5) Assets and business results

(i) The Mazda Group

Item		152nd Term (April 2017 to March 2018)	153rd Term (April 2018 to March 2019)	154th Term (April 2019 to March 2020)	155th Term (April 2020 to March 2021)
Net sales	(millions of yen)	3,474,024	3,564,172	3,430,285	2,882,066
Operating income	(millions of yen)	146,421	82,307	43,603	8,820
Ordinary income	(millions of yen)	172,133	116,082	53,091	28,251
Net income attributable to owners of the parent	(millions of yen)	112,057	63,155	12,131	(31,651)
Net income per share	(yen)	182.93	100.28	19.26	(50.26)
Total assets	(millions of yen)	2,724,092	2,877,613	2,787,640	2,917,414
Net assets	(millions of yen)	1,219,470	1,233,441	1,205,846	1,195,830
Net assets per share	(yen)	1,894.29	1,910.67	1,865.63	1,876.40
Equity ratio		43.8%	41.8%	42.1%	40.5%

(ii) The Company

Item		152nd Term (April 2017 to March 2018)	153rd Term (April 2018 to March 2019)	154th Term (April 2019 to March 2020)	155th Term (April 2020 to March 2021)
Net sales	(millions of yen)	2,635,884	2,666,208	2,584,322	2,135,873
Operating income	(millions of yen)	59,904	533	(43,523)	(82,882)
Ordinary income	(millions of yen)	101,029	52,324	(13,060)	(23,083)
Net income	(millions of yen)	79,359	39,334	(23,870)	(35,813)
Net income per share	(yen)	129.55	62.46	(37.90)	(56.86)
Total assets	(millions of yen)	2,064,568	2,163,208	2,090,940	2,309,305
Net assets	(millions of yen)	1,035,407	1,049,549	1,001,820	966,004
Net assets per share	(yen)	1,643.86	1,666.16	1,590.25	1,533.24
Equity ratio		50.1%	48.5%	47.9%	41.8%

(6) Principal business (as of March 31, 2021)

The principal business of the Mazda Group is production and sales of the following products.

Segment	Main Products
Vehicles	Passenger vehicles: Mazda6, Mazda3, Mazda2, CX-9, CX-8, CX-5, CX-4, CX-30, CX-3, MX-30, MX-5, Carol, Flair, Flair Wagon, Flair Crossover, Scrum Wagon Trucks: Titan, BT-50, Bongo Brawny Van, Bongo Van, Bongo Truck, Familia Van, Scrum Van, Scrum Truck
Knockdown Parts (Overseas)	Parts for overseas assembly operations
Parts	Various after-sales service parts for domestic and overseas markets
Other	Vehicle maintenance, used car sales, etc.

(7) Principal offices and plants (as of March 31, 2021)

(i) The Company

Facility name	Location and address
Head Office and Hiroshima Plant	Fuchu-cho, Aki-gun, Hiroshima
Tokyo Office	Chiyoda Ward, Tokyo
Hofu Plant	Hofu, Yamaguchi Prefecture
Miyoshi Office	Miyoshi, Hiroshima Prefecture
Mazda R&D Center Yokohama	Kanagawa Ward, Yokohama

(ii) Subsidiaries and Affiliates

Please refer to “(9) (ii) Principal subsidiaries” and “(9) (iii) Principal affiliates.”

(8) Employees (as of March 31, 2021)

(i) The Mazda Group

Number of employees	Change from previous year
49,786	(693)

Note: The number of employees excludes employees on loan from other companies.

(ii) The Company

Number of employees	Change from previous year	Average age	Average years of employment
22,611	+131	41.5 years old	16.9 years

Notes: 1. The number of employees is calculated excluding loan employees.
2. The number of employees does not include 708 temporary employees, etc.

(9) Principal parent companies and subsidiaries (as of March 31, 2021)

(i) Principal parent companies

Not applicable

(ii) Principal subsidiaries

Name	Location and address	Capital Stock	Company's Equity Participation (%)	Principal Business
Mazda Motor of America Inc.	U.S.A.	US$240 million	100.0	Sales of vehicles and parts
Mazda Canada Inc.	Canada	C$111 million	100.0	Sales of vehicles and parts
Mazda Motor Manufacturing de Mexico S.A.de C.V.	Mexico	MXN6,542 million	100.0	Manufacturing and sales of vehicles
Mazda Motor Europe GmbH	Germany	Euro26 thousand	*100.0	Supervision of the overall European market
Mazda Motor Logistics Europe N.V.	Belgium	Euro72 million	100.0	Sales of vehicles and parts
Mazda Motors (Deutschland) GmbH	Germany	Euro18 million	*100.0	Sales of vehicles and parts
Mazda Motors UK Ltd.	U.K.	£4 million	*100.0	Sales of vehicles and parts
Mazda Motor Rus, OOO	Russia	RUB314 million	100.0	Sales of vehicles and parts
Mazda Australia Pty Ltd.	Australia	A$31 million	100.0	Sales of vehicles and parts
Mazda Motor (China) Co., Ltd.	China	RMB78 million	100.0	Supervision of the overall China market
Mazda Sales (Thailand) Co., Ltd.	Thailand	THB575 million	96.1	Sales of vehicles and parts
Mazda Powertrain Manufacturing (Thailand) Co., Ltd.	Thailand	THB8,167 million	100.0	Manufacturing and sales of automobile parts
Kanto Mazda Co., Ltd.	Itabashi Ward, Tokyo	¥3,022 million	100.0	Sales of vehicles and parts
Tokai Mazda Co., Ltd.	Mizuho Ward, Nagoya	¥2,110 million	100.0	Sales of vehicles and parts
Kansai Mazda Co., Ltd.	Naniwa Ward, Osaka	¥950 million	100.0	Sales of vehicles and parts
Kyushu Mazda Co., Ltd.	Hakata Ward, Fukuoka	¥826 million	100.0	Sales of vehicles and parts
Mazda Parts Co., Ltd.	Higashi Ward, Hiroshima	¥1,018 million	100.0	Sales of automobile parts
Kurashiki Kako Co., Ltd.	Kurashiki, Okayama Prefecture	¥310 million	75.0	Manufacturing and sales of automobile parts
Mazda Logistics Co., Ltd.	Minami Ward, Hiroshima	¥490 million	100.0	Transportation of vehicles and parts
Mazda Chuhan Co., Ltd.	Minami Ward, Hiroshima	¥1,500 million	100.0	Sales of used vehicles

Note: 1.*includes indirect ownership

2. The Company has 70 consolidated subsidiaries.
3. In December 2020, the Company purchased in full Sumitomo Corporation's shares in Mazda Motor Manufacturing de Mexico S.A.de C.V., bringing the Company's investment ratio to 100.0%.

(iii) Principal affiliates

Name	Location and address	Capital Stock	Company's Equity Participation (%)	Principal Business
AutoAlliance (Thailand) Co., Ltd.	Thailand	THB8,435 million	50.0	Manufacturing and sales of vehicles
Changan Mazda Automobile Co., Ltd.	China	RMB698 million	50.0	Manufacturing and sales of vehicles
Changan Mazda Engine Co., Ltd.	China	RMB1,573 million	50.0	Manufacturing and sales of automobile parts
FAW Mazda Motor Sales Co., Ltd.	China	RMB125 million	40.0	Sales of vehicles and parts
Mazda Sollers Manufacturing Rus LLC	Russia	RUB1,500 million	50.0	Manufacturing and sales of vehicles
Mazda Toyota Manufacturing, U.S.A., Inc.	U.S.A.	40US$	50.0	Manufacturing and sales of vehicles
Toyo Advanced Technologies Co., Ltd.	Minami Ward, Hiroshima	¥3,000 million	50.0	Manufacturing and sales of machine tools
Mazda Credit, Inc.	Kita Ward, Osaka	¥7,700 million	47.5	Automobile sales finance

Note: The Company has 18 equity-method companies.

(10) Major Creditors (as of March 31, 2021)

Creditor	Balance of Borrowings (million yen)
Sumitomo Mitsui Banking Corporation	179,550
Development Bank of Japan Inc.	119,000
Sumitomo Mitsui Trust & Banking Co., Ltd.	83,780
Mizuho Bank, Ltd.	47,342
MUFG Bank, Ltd.	45,162
Yamaguchi Bank, Ltd.	25,000
Hiroshima Bank, Ltd.	21,000
Japan Bank for International Cooperation, Ltd.	17,713
Momiji Bank, Ltd.	14,255
The Nishi-Nippon City Bank, Ltd.	10,730

2. Status of Shares (as of March 31, 2021)

(1) Total number of shares authorized to be issued: 1.2 billion shares

(2) Total number of shares outstanding: 631,803,979 shares

(3) Number of shareholders: 146,297 (decreased by 1,925 from previous year)

(4) Major shareholders:

Name	No. of shares held (thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,410	7.5
Toyota Motor Corporation	31,928	5.1
Custody Bank of Japan, Ltd. (Trust Account)	28,043	4.5
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	15,488	2.5
THE BANK OF NEW YORK MELLON 140051	12,181	1.9
Sumitomo Mitsui Banking Corporation	10,191	1.6
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	10,123	1.6
Custody Bank of Japan, Ltd. (Trust Account 5)	9,623	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	9,253	1.5
STATE STREET BANK WEST CLIENT – TREATY 505234	8,876	1.4

Note: The calculation for the shareholding ratio excludes treasury stock (2,011,338 shares).

3. Stock acquisition rights

(1) Stock acquisition rights held by Directors (as of March 31, 2021)

Title (Resolution date)	Number of stock acquisition rights	Number of shares underlying the stock acquisition rights	Amount to be paid for stock acquisition rights	Value of assets to be contributed upon exercise of stock acquisition rights	Period of time	Number of persons
Stock acquisition rights fiscal year 2016 (July 29, 2016)	188	18,800 shares	1,327 yen per share	1 yen per share	From August 23, 2016 to August 22, 2046	Directors 5
Stock acquisition rights fiscal year 2017 (July 27, 2017)	212	21,200 shares	1,336 yen per share	1 yen per share	From August 22, 2017 to August 21, 2047	Directors 6
Stock acquisition rights fiscal year 2018 (July 26, 2018)	299	29,900 shares	1,027 yen per share	1 yen per share	From August 21, 2018 to August 20, 2048	Directors 6
Stock acquisition rights fiscal year 2019 (August 1, 2019)	401	40,100 shares	650 yen per share	1 yen per share	From August 21, 2019 to August 20, 2049	Directors 6
Stock acquisition rights fiscal year 2020 (July 31, 2020)	814	81,400 shares	415 yen per share	1 yen per share	From August 19, 2020 to August 18, 2050	Directors 6

Notes: 1. Stock acquisition rights are not allotted to Outside Directors or Directors who are Audit & Supervisory Committee members.

2. Persons to whom stock acquisition rights are allotted 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 an equivalent status.

(2) Stock acquisition rights held by Executive officers (during the fiscal year)

Title (Resolution date)	Number of stock acquisition rights	Number of shares underlying the stock acquisition rights	Amount to be paid for stock acquisition rights	Value of assets to be contributed upon exercise of stock acquisition rights	Period of time	Number of persons
Stock acquisition rights fiscal year 2020 (July 31, 2020)	1,419	141,900 shares	415 yen per share	1 yen per share	From August 19, 2020 to August 18, 2050	Executive officers /Fellow 21

Notes: 1. The Company's Executive Officers and Fellow do not include employee-directors.

2. Persons to whom stock acquisition rights are allotted 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 an equivalent status.

4. Corporate Officers

(1) Directors (as of March 31, 2021)

Position	Name	Responsibilities in the Company and important offices concurrently held
Representative Director and Chairman of the Board	Masamichi Kogai	Chairman, The Mazda Foundation
Representative Director	Akira Marumoto	President and CEO
Representative Director	Kiyoshi Fujiwara	Executive Vice President Assistant to President; Oversight of Global Marketing, Sales and Customer Service
Director	Kiyotaka Shobuda	Senior Managing Executive Officer Oversight of Quality, Brand Enhancement, Purchasing, Production and Business Logistics
Director	Mitsuru Ono	Senior Managing Executive Officer Oversight of Financial Services and Administrative Domain
Director	Akira Koga	Senior Managing Executive Officer Oversight of Corporate Planning Domain, Corporate Liaison and MDI & IT
*Director	Masahiro Moro	Senior Managing Executive Officer Oversight of Operations in North America Chairman and CEO, Mazda Motor of America, Inc.(Mazda North American Operations)
*Director	Kiyoshi Sato	Outside Director, Shibaura Machine Co., Ltd. Outside Director, Inabata & Co., Ltd.
*Director	Michiko Ogawa	Director in charge of Technics Brand, Panasonic Corporation Director, Persol AVC Technology Co., Ltd. Chairman, Japan Audio Society
*Director, Audit & Supervisory Committee Member (Full-time)	Masatoshi Maruyama	
*Director, Audit & Supervisory Committee Member (Full-time)	Masahiro Yasuda	
*Director, Audit & Supervisory Committee Member	Ichiro Sakai	Attorney-at-law
*Director, Audit & Supervisory Committee Member	Kunihiko Tamano	
*Director, Audit & Supervisory Committee Member	Akira Kitamura	Outside Director, Ark Real Estate Co., Ltd. Outside Audit & Supervisory Board Member, Toyo Aluminium K.K.
*Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	

Notes: 1. Directors: Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Ichiro Sakai, Mr. Kunihiko Tamano, Mr. Akira Kitamura and Ms. Hiroko Shibasaki are Outside Directors. The Company has submitted an Independent Directors/Auditors Notification regarding Mr. Sato, Ms. Ogawa, Mr. Sakai, Mr. Tamano, Mr. Kitamura and Ms. Shibasaki to the Tokyo Stock Exchange.

2. Mr. Masatoshi Maruyama and Mr. Masahiro Yasuda have been elected as full-time Audit & Supervisory Committee members. As Mr. Maruyama and Mr. Yasuda have thorough knowledge and insight in the Company's business, they are expected to contribute to improving effectiveness of Audit & Supervisory Committee activities through their work in enhancing the audit environment, participation in important meetings, hearing regularly from business execution divisions, and sharing information gained from cooperation with accounting auditors and internal audit departments with all members of Audit & Supervisory Committee
3. Directors who are Audit & Supervisory Committee Members, Mr. Kunihiko Tamano and Mr. Akira Kitamura, have considerable knowledge of finance and accounting as described below.
   (1) Mr. Tamano served as Managing Executive Officer, Assistant to the Chief Financial Officer of Itochu Corporation, and Representative Director and Vice President of Nippon Access, Inc.
   (2) Mr. Kitamura served as Representative Director & Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation, as well as Chairman of the Board & CEO (Representative Director) of Kansai Urban Banking Corporation (currently Kansai Mirai Bank, Ltd).
4. Changes in important offices held concurrently by Directors during the fiscal year is as follows:
   Mr. Kimura assumed the post of Outside Audit & Supervisory Board Member of Toyo Aluminium K.K. on June 22, 2020.
5. Although there are business transactions between the Panasonic Corporation, transactions during the fiscal year ended March 31, 2021 comprised an insignificant amount of less than 2% of the Company's consolidated assets.
   The Company has no major business transactions or relationships with Shibaura Machine Co., Ltd., Inabata & Co., Ltd., Persol AVC Technology Co., Ltd., Japan Audio Society, Ark Real Estate Co., Ltd. and Toyo Aluminium K.K.

(2) Remuneration for Directors

(i) Policy on determining details of individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members)

The Company has established its policy for determining details on individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members) (hereinafter "Decision Policy") and the details are as follows. After the Officer Lineup & Remuneration Advisory Committee (consisting of Representative Directors and Outside Directors) deliberates on and confirms a draft of the Decision Policy, 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 the draft from various viewpoints including its consistency with the Decision Policy 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 Policy.

Decision Policy:

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) connected to the Company's sustainable growth and raising 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) the directors' remuneration standard, set in comparison with other automobile manufacturers and based on the position of employee salary, bearing in mind that officers 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, remuneration system based on it, and the decision-making process.

The remuneration of directors (excluding directors who are Audit & Supervisory Committee members and Outside Directors) consists of 1) a fixed amount of basic remuneration commensurate with the directors' position and responsibilities, 2) performance-based 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) compensation in the form of stock options aimed at increasing motivation to contribute to enhancing corporate value over the medium and long term and sharing the benefits with shareholders.

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

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

The indicators for performance-based remuneration shall be those indicators that can objectively confirm the Company's performance.

The primary indicators used in the fiscal year ended March 2021 (for remuneration to be paid for the period from July 2020 to June 2021) are consolidated net income attributable to owners of the parent (hereinafter "consolidated net income") and global sales volume, and from the fiscal year ending March 2022 (for remuneration to be paid from July 2021 onwards), consolidated net income and consolidated sales.

The target values are the values announced in the business results outlook each fiscal year, and the amount of performance-based remuneration for a given fiscal year is set based on the level of achievement of the target values for that fiscal year. The amount of performance-based 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.

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

Stock acquisition rights as remuneration in the form of stock options shall be allotted as non-monetary compensation. The number of stock acquisition rights to be allotted shall be set in accordance with the directors’ position and duties.

In the allotment of stock acquisition rights, rather than payment of an amount determined on the basis of fair value, payment shall be made by offsetting monetary compensation based on compensation for stock acquisition rights as stock options.

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) shall be set in the following way so that the total of performance-based remuneration and non-monetary remuneration is approximately equal to the basic remuneration when the medium-term management plan is achieved.

Basic remuneration: performance-based remuneration: non-monetary remuneration (remuneration in the form of stock options) = 10 : 0-9 : 1

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

Basic remuneration and performance-based remuneration are paid monthly by dividing the total annual amount of remuneration determined at a Board of Directors meeting into 12 payments. Stock acquisition rights, as non-monetary remuneration in the form of stock options, are allotted at a set time after the Ordinary General Meeting of Shareholders.

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 for performance-based remuneration. 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 (5% of basic remuneration commensurate with position and responsibilities) by a coefficient of 1 to 2.5, and submits it for approval by a Board of Directors resolution.

(ii) General Meeting of Shareholders resolution on directors’ remuneration

At the 153rd Ordinary General Meeting of Shareholders held on June 26, 2019, the upper limit on remuneration for Directors (excluding Directors who are Audit & Supervisory Committee members) was set at 1,000 million yen per year (not including employee salary portion), and the upper limit on remuneration for Directors who are Audit & Supervisory Committee members was set at 300 million yen per year.

Additionally, at the same General Meeting of Shareholders, it was decided that Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) would be assigned share acquisition rights as “remuneration in the form of stock options” within the upper limit of their remuneration.

There were nine (9) directors (excluding directors who are Audit & Supervisory Committee Members (including two Outside Directors) and six (6) directors who are Audit & Supervisory Committee members (including four Outside Directors) as of the conclusion of the General Meeting of Shareholders.

(iii) Total amount of remuneration for the fiscal year ended March 31, 2021

Category	Total amount of remuneration (Millions of yen)	Total amount per type of remuneration (Millions of yen)			Number of persons
		Basic remuneration	Performance-based remuneration	Non-monetary compensation	
Directors (excluding Directors who are Audit & Supervisory Committee Members) (Of which, Outside Directors)	426 (29)	370 (29)	23 (-)	34 (-)	9 (2)
Directors who are Audit & Supervisory Committee Members (Of which, Audit & Supervisory Committee Members)	136 (67)	137 (67)	- (-)	- (-)	6 (4)
Total (incl. Outside Directors and Outside Audit & Supervisory Committee Members)	563 (96)	506 (96)	23 (-)	34 (-)	15 (6)

Notes:

1. None of the above fifteen (15) Directors are employee-directors, therefore the above amounts do not include employee salary.
2. Consolidated net income and global sales volumes announced as the performance outlook for the fiscal year ending March 2019 and fiscal year ending March 2020 are set as indicators for performance-based remuneration, and the amount of performance-based remuneration for the current fiscal year is set based on the level of achievement of those indicators. The indicator targets and results for performance-based remuneration are as follows:

Performance indicators		Target	Result
Fiscal year ending March 2019	Consolidated net income	80.0 billion yen	63.5 billion yen
	Global sales volume	1,662 k units	1,561 k units
Fiscal year ending March 2020	Consolidated net income	80.0 billion yen	12.1 billion yen
	Global sales volume	1,300 k units	1,287 k units

   Consolidated net income and global sales volume are set as indicators for performance-based remuneration, the former because it is the final profit that management is responsible for and the latter because profit is supported by global sales volume. Both targets are deemed to be suitable indicators as they can be quantified as objective figures. In addition, part of performance-based remunerations 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.
3. Remuneration in the form of stock options is allocated to directors (excluding directors who are Audit & Supervisory Committee members and Outside Directors) as non-monetary compensation.
   The amounts paid to directors (excluding directors who are Audit & Supervisory Committee members and Outside Directors) include expenses of 34 million yen recorded in the current business year for stock acquisition rights issued as remuneration in the form of stock options. The details and status of issue of the stock options are as indicated in "3. Stock acquisition rights".
4. 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.

(3) Matters concerning Outside Corporate Officers

Category	Name	Attendance Record	Outline of main activities and duties performed in relation to the anticipated role
Director	Kiyoshi Sato	Attended 13 out of 14 meetings of the Board of Directors	We expect him to improve the supervisory function of the board of directors by offering advice and recommendations particularly from an international viewpoint as well as a broad management viewpoint. In the current fiscal year, he has been contributing to further strengthening the supervisory function of the board of directors and further improving the transparency of management in the execution of business by actively expressing opinions during deliberation on important matters concerning management mainly from the viewpoints stated above as well as by participating in the decision-making of the board of directors.
Director	Michiko Ogawa	Attended 14 out of 14 meetings of the Board of Directors	We expect her to improve the supervisory function of the board of directors by offering advice and recommendations particularly from a brand marketing perspective as well as a professional viewpoint as an engineer. In the current fiscal year, she has been contributing to further strengthening the supervisory function of the board of directors and further improving the transparency of management in the execution of business by actively expressing opinions during deliberation on important matters concerning management mainly from the viewpoints stated above as well as by participating in the decision-making of the board of directors.
Director who is an Audit & Supervisory Committee Member	Ichiro Sakai	Attended 14 out of 14 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Committee	We expect him to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the viewpoint of compliance and from his standpoint as a legal professional in particular. During this fiscal year, he has contributed to further strengthening the Board of Directors' supervisory function and achieving greater management transparency in the execution of operations by actively expressing his opinions mainly from the viewpoints stated above during deliberations on important matters concerning management and through participation in the board's decision-making. At Audit & Supervisory Committee meetings he has also contributed to strengthening the supervisory function by expressing his opinions mainly from the viewpoints described above and exchanging opinions actively upon receiving reports from the directors who are full-time Audit & Supervisory Committee members on the status and results of their auditing. He has also heard from directors and executive officers about the performance of their duties.

Category	Name	Attendance Record	Outline of main activities and duties performed in relation to the anticipated role
Director who is an Audit & Supervisory Committee Member	Kunihiko Tamano	Attended 14 out of 14 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Committee	We expect him to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the viewpoint of risk management and from his expert understanding of finance and accounting in particular. During this fiscal year, he has contributed to further strengthening the Board of Directors' supervisory function and achieving greater management transparency in the execution of operations by actively expressing his opinions mainly from the viewpoints stated above during deliberations on important matters concerning management and through participation in the board's decision-making. At Audit & Supervisory Committee meetings he has also contributed to strengthening the supervisory function by expressing his opinions mainly from the viewpoints described above and exchanging opinions actively upon receiving reports from directors who are full-time Audit & Supervisory Committee members on the status and results of their auditing. He has also heard from directors and executive officers about the performance of their duties.
Director who is an Audit & Supervisory Committee Member	Akira Kitamura	Attended 14 out of 14 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Committee	We expect him to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from the viewpoint of corporate management and from his expert understanding of finance and accounting in particular. During this fiscal year, He has contributed to further strengthening the Board of Directors' supervisory function and achieving greater management transparency in the execution of operations by actively expressing his opinions mainly from the viewpoints stated above during deliberations on important matters concerning management and through participation in the board's decision-making. At Audit & Supervisory Committee meetings he has also contributed to strengthening the supervisory function by expressing his opinions mainly from the viewpoints described above and exchanging opinions actively upon receiving reports from the directors who are full-time Audit & Supervisory Committee members on the status and results of their auditing. He has also heard from directors and executive officers about the performance of their duties.

Category	Name	Attendance Record	Outline of main activities and duties performed in relation to the anticipated role
Director who is an Audit & Supervisory Committee Member	Hiroko Shibasaki	Attended 14 out of 14 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Committee	We expect her to strengthen the audit and supervisory functions of the Company's management by offering advice and recommendations from her standpoint of customer satisfaction and from her expert knowledge of sales in particular. During this fiscal year, she has contributed to further strengthening the Board of Directors' supervisory function and achieving greater management transparency in the execution of operations by actively expressing her opinions mainly from the viewpoints stated above during deliberations on important matters concerning management and through participation in the board's decision-making. At Audit & Supervisory Committee meetings she has also contributed to strengthening the supervisory function by expressing her opinions mainly from the viewpoints described above and exchanging opinions actively upon receiving reports from the directors who are full-time Audit & Supervisory Committee members on the status and results of their auditing. She has also heard from directors and executive officers about the performance of their duties.

Notes: 1. In addition to the above, Outside Directors gain a better understanding of the Company's financial condition through prior briefings on matters to be brought before the Board of Directors and meetings with Representative Directors. They express opinions on medium-and long-term business strategies in the processes of strategy formulation and confirming the progress of strategies, and they engage in in-depth discussions. As members of the Officer Lineup & Remuneration Advisory Committee, they also participated in all five committee meetings held in the current fiscal year, and assumed a supervisory role from an objective and neutral standpoint in the selection of candidates for officers of the Company and in the decision-making process on matters such as officer compensation.

2. Based on the provisions of Article 427, Paragraph 1 of the Companies Act, a liability limitation agreement that limits the liability in Article 423, Paragraph 1 at the maximum liability stipulated in Article 425, Paragraph 1 has been concluded between the Company and the Outside Directors.

3. On March 19, 2021, while Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Kunihiko Tamano, Mr. Akira Kitamura and Ms. Hiroko Shibasaki were serving as Outside Directors, the Company received a recommendation from the Japan Fair Trade Commission under the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act). All Outside Directors regularly make statements at Board of Directors meetings and elsewhere in the Company, urging thorough compliance with laws and regulations. Since the violation of this law came to light, they have also been fulfilling their responsibilities by providing advice on measures to prevent a recurrence.

Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA, LLC

(2) Amount of compensation to the Accounting Auditor for the fiscal year ended March 31, 2021

	Compensation (million yen)
(i) Amount of compensation to the Accounting Auditor	218
(ii) Total compensation to be paid or payable to the Accounting Auditor by the Company and its Consolidated Subsidiaries	288

Notes: 1. After having performed the necessary verification as to the appropriateness of matters such as the content of the Accounting Auditor's plan, the status of performance of duties by the Accounting Auditor, and the basis for the calculation of the estimated remuneration for the Accounting Auditor, the Audit & Supervisory Committee has decided to consent to the amount of remuneration, etc. to be paid to the Accounting Auditor.

2. The audit contract between the Company and the Accounting Auditor does not separate the compensation for the audit prescribed by the Companies Act from the compensation for the audit prescribed by the Financial Instruments and Exchange Act; hence these two forms of compensation cannot be separated. Therefore, the above amount represents the total amount of compensation.

3. The Company contracted with the Accounting Auditor for advice on International Financial Reporting Standards (IFRS), which is not a service specified in Article 2, Paragraph 1 of the Certified Public Accountants Law of Japan (non-audit service).

(3) Subsidiaries audited by Accounting Auditors other than the above

Among the principal subsidiaries of the Company, Mazda Motor of America Inc., Mazda Canada Inc., Mazda Motor Manufacturing de Mexico S.A. de C.V., Mazda Motor Europe GmbH, Mazda Motor Logistics Europe N.V., Mazda Motors (Deutschland) GmbH, Mazda Motors UK Ltd., Mazda Motor Rus, OOO, Mazda Australia Pty Ltd., Mazda Motor (China) Co., Ltd., Mazda Sales (Thailand) Co., Ltd. and Mazda Powertrain Manufacturing (Thailand) Co., Ltd. are audited by other Accounting Auditors.

(4) Policy for determining the dismissal or non-reappointment of an Accounting Auditor

If an Accounting Auditor is in any of the situations set forth in Article 340, Paragraph 1 of the Companies Act that constitute 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 a situation that poses a major obstacle to the audit activities of the Company, such as a suspension of audit operations by order of competent authorities, 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.

Outline of board resolutions related to the creation of a system to ensure that directors execute their duties in compliance with laws and regulations and the articles of incorporation and of other systems necessary to ensure the appropriateness of operations of public companies and of the corporate group consisting of the Company and its subsidiaries and the status of the system's operation.

1. Outline of board resolutions related to the creation of the system

(1) 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 shall be properly stored and managed in accordance with laws and regulations, the articles of incorporation and all other relevant internal regulations, and the Audit & Supervisory Committee Members shall be allowed to review this information upon request.

(2) Regulations and other systems related to the risk of loss

(i) Individual business risks shall be managed by the relevant divisions, and company-level risks shall be managed by the divisions in charge in accordance with the basic risk management policy and other related internal regulations.

(ii) In the event of serious management situations or emergencies such as disasters, appropriate measures such as establishing an emergency headquarters shall be taken in accordance with internal regulations as necessary.

(iii) The officer and department in charge of the promotion of risk management throughout the Company shall be stipulated, and risk management shall 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.

(iv) The Internal Auditing Department will check and evaluate risk management in all departments by conducting internal audits, and will regularly report to the Board of Directors and Audit & Supervisory Committee.

(3) System to ensure that directors execute their duties efficiently

(i) To meet business plan targets, activities shall 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.

(ii) All items related to operations that must be submitted to the board as set forth in the Board of Directors Regulations shall be submitted at a Board of Directors meeting.

(iii) Daily operations shall be carried out efficiently in accordance with the division of duties among executive officers based on the Administrative Authority Regulations, Work Allocation Regulations and other relevant internal regulations or by delegating authority to the executive officers.

(4) System to ensure that directors and employees execute their duties in compliance with laws and regulations and the articles of incorporation

(i) To further strengthen the oversight function of the Board of Directors and achieve greater management transparency, independent Outside Directors shall be appointed.

(ii) The execution of duties by directors and other corporate officers and employees shall 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 shall be appointed and a division in charge of compliance shall be set up, and each divisional manager shall be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.

(iii) The promotion of compliance shall 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.

(iv) The Mazda Global Hotline (hereinafter "hotline") shall be set up to receive reports when there has been misconduct in the context of laws and regulations or of the Mazda Corporate Ethics Code of Conduct or when such conduct is suspected. The hotline shall accept anonymous reports, and a channel for receiving reports shall be set up at an independent organization (a lawyer).

(5) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

(i) Subsidiaries shall 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.

(ii) Subsidiaries shall be given guidance and support so as to carry out appropriate risk management in accordance with basic risk management policies and relevant internal regulations.

(iii) Subsidiaries shall be given guidance in support so as introduce the corporate group's medium- to long-term and annual business plans and other initiatives and policies of the Company and to conduct their business in accordance with them. Subsidiaries shall also be given guidance and support as needed to resolve important business issues that arise.

(iv) The Mazda Corporate Ethics Code of Conduct shall be introduced to subsidiaries, and they shall be given guidance and support to carry out their business in accordance with the code. The Audit & Supervisory Committee and the internal auditing department shall, as appropriate, conduct audits of group companies' compliance with laws, regulations and the articles of incorporation and the status of their risk management.

(6) 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 shall 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) shall be assigned to the organization.

(7) 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

(i) The transfer and evaluation of Audit & Supervisory Committee staff shall be carried out by the Human Resources department after prior discussion with the full-time Audit & Supervisory Committee Members.

(ii) Audit & Supervisory Committee staff shall not be concurrently employed by any other department and must report solely to the Audit & Supervisory Committee.

(8) 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 shall not be subject to unfavorable treatment on account of making the report

(i) 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 shall report such facts to the Audit & Supervisory Committee immediately.

(ii) Directors and executive officers shall 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.

(iii) Directors and executive officers shall seek reports from subsidiaries' directors, executive officers, auditors or employees engaged in internal audits of subsidiaries on facts that may result in 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.

(iv) The Internal Auditing Department shall make regular reports to the Audit & Supervisory Committee on the results of its internal audits of the corporate group.

(v) Reports from employees of the Company or its major subsidiaries via the hotline shall be received and the status of such reports shall be regularly reported to the Audit & Supervisory Committee.

(vi) It shall 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 shall not be subject to retaliation or unfavorable treatment.

(9) Matters related to procedures for the advance payment or reimbursement of costs incurred in conjunction with the execution of 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 shall prepare a budget in advance for costs deemed to be necessary for the execution of duties. Requests for reimbursement for costs incurred in an emergency or on an impromptu basis may be made after the fact.

(10) Other systems to ensure that Audit & Supervisory Committee can conduct its audits effectively

(i) The Audit & Supervisory Committee shall audit the execution of duties of directors (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) in accordance with its annual plan.

(ii) The full-time Audit & Supervisory Committee Members shall attend important meetings such as meetings of the Executive Committee.

(iii) Close cooperation shall be maintained between the Audit & Supervisory Committee and the internal auditing department and the accounting auditors, such as by holding regular meetings, etc.

(iv) The Audit & Supervisory Committee shall communicate with the directors, executive officers and the general managers of major departments through meetings and hearings on the execution of duties.

(v) Cooperation shall be maintained by holding meetings regularly with the full-time Audit & Supervisory Committee Members and full-time corporate auditors of the large companies in the Mazda Group and by sharing information with them.

(11) Basic philosophy on the elimination of anti-social forces

The Mazda Group shall 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 shall be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

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2. Outline of status of operation

Based on the aforementioned board resolutions, the Company created a system, and works to ensure that it operates properly. Major initiatives undertaken this fiscal year are described below. The Audit & Supervisory Committee members and internal auditing department audit the effectiveness of internal control on an ongoing basis, and the board receives reports on the status of the system's operation.

(1) Risk management and compliance initiatives

- The functioning of risk management and compliance this year was ascertained and evaluated at meetings of the Risk & Compliance Committee. Based on the medium-term action plan, the Company is working to further clarify risks in the Company and its subsidiaries and to strengthen risk management. Progress in these areas is being reviewed every six months at meetings of the Risk & Compliance Committee.
- The Risk Compliance Committee has developed a new medium-term activity plan this fiscal year and set out to establish a foundation of strong risk management across the entire Mazda Group with the following two targets: 1) establish and reliably operate a process for early identification and preemptive prevention of risk, and 2) clarify rules that must be followed throughout the Group's corporate activities and strengthen autonomous risk management activities based on those rules.
- The status of initiatives addressing the Group's common priority issues among risks previously uncovered in each department is checked regularly. The Company is ensuring that initiatives are thoroughly implemented by monitoring through auditing.
- Corporate officers and employees receive education on compliance on an ongoing basis. (This includes classes

on business affairs and duties, opportunities for self-study using e-learning, and the regular dissemination of information.)

- Employees of the Company and its major subsidiaries are made aware of the hotline (in house and third-party organization) through methods such as posters and seminars. Reports are received and handled appropriately.
- Employees are regularly informed of the reporting process so that information on fraud or losses material to corporate management will be reliably conveyed through the organization and handled promptly and smoothly.
- Efforts are being made to reduce risks. Departments that manage company-wide risks engage in discussion concerning risks identified from a company-wide perspective, confirm the emergence of new risks, and examine necessary countermeasures.
- Effective compliance education programs for the Company's division managers and its subsidiaries' managing directors are being developed and implemented.
- To enable business continuity and early recovery to normal conditions in the event of a large-scale disaster, procedures have been decided on actions to take in normal times as well as times of emergency including the Company's initial response in the event its business partners suffer damages from the disaster, and these procedures are regularly checked and updated. Initial response training based on a large-scale disaster scenario is also being conducted systematically.
- In response to the spread of coronavirus, its impact on the status of infection, production and sales were checked, including at subsidiaries, and necessary infection prevention and control measures were implemented.

(2) Initiatives related to ensuring the efficiency of the execution of duties

- The budget is set based on the business plan, and progress is verified.
- All matters that must be discussed by the board under the provisions of the Regulations of the Board of Directors are brought before the board.
- Duties are allocated among executive officers based on the Rules of Managerial Authority, Descriptions of Office Duties and other related internal regulations, and authority is delegated to executive officers.
- Rules of Managerial Authority were revised this fiscal year, and delegation of authority was promoted to improve quality of decision-making and further accelerate the process.
- The Company announced a revision to the medium-term management plan (from FY ending in March 2020 through FY ending in March 2026) that reflects updates in policy and initiatives by incorporating lessons learned during coronavirus conditions and taking into account changes in the business environment. Progress of initiatives and achievements are being confirmed at Executive Committee meetings and board meetings.
- Efforts are being made to ensure effective and efficient deliberations at board meetings. A yearly schedule for board meetings is prepared, and Outside Directors are thoroughly briefed in advance on matters to be brought before the board meetings.
- To enhance the functionality of board meetings, board meeting attendants conduct self-evaluations using a survey form. Deliberations and the running of the meetings are also analyzed, and ways to improve the meetings are discussed.

(3) Initiatives to ensure the appropriateness of operations in the corporate group

- The status of risk management and compliance initiatives at subsidiaries and of the operation of the hotline are assessed, and guidance and support are offered.
- Education on the roles and responsibilities of management, compliance, and risk management is provided to the directors of subsidiaries.
- The Company and its subsidiaries cooperate in the implementation of internal audits to ascertain the effectiveness of internal control. During audits, education on internal controls based on examples of issues within the Group is conducted for directors of subsidiaries.
- This fiscal year ongoing efforts are being made to promote more efficient and appropriate audit activities in cooperation with relevant divisions including auditing activities utilizing the web conference system in light of the coronavirus pandemic.
- 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 the internal controls committee, and makes regular reports to the Company's management, along with reports on their financial condition. At most overseas subsidiaries, audit committee meetings are held that are attended by the local corporate officers and internal auditing department as well as the Company's corporate officers, supervising departments and internal auditing department; at these meetings internal control initiatives are deliberated and views are exchanged. At the remaining overseas subsidiaries, continuing from the previous fiscal year, efforts are being made to establish audit committees or their equivalent. Furthermore, initiatives are being 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.

- This fiscal year the Affiliates Administration Rules were revised, and guidelines for all affiliate companies to conduct business activities based on a consistent concept as the Mazda Group were clarified. As a result, efforts are being made to further enhance appropriateness and efficiency of business activities.
- At the Company and its subsidiaries self-assessment of the status of the operation of internal control is conducted using a checklist, flaws in control are ascertained independently, and corrective measures are also taken. The internal auditing department also recommends necessary improvements and newly identified risks are reflected in the checklist as appropriate.

(4) Initiatives related to ensuring that the Audit & Supervisory Committee Members conduct their audits effectively

- Audit policy and priority measures of the Audit & Supervisory Committee are formulated at the beginning of the fiscal year based on the surrounding business environment and the status of governance of the Mazda Group, and interviews with directors (excluding directors who are Audit & Supervisory Committee members) are conducted in line with the annual plan. This fiscal year it was confirmed that operations are being carried out appropriately in line with the revised Rules of Managerial Authority and Affiliates Administration Rules, and results were reported at the board of directors meeting.
- Full time Audit & Supervisory Committee members attend important meetings such as meetings of the Executive Committee, and audit the proceedings. Outside Directors who are Audit & Supervisory Committee members audit from their independent perspectives the status of execution of duties by directors (excluding directors who are Audit & Supervisory Committee members) based on the information provided by the full time Audit & Supervisory Committee members.
- Full time Audit & Supervisory Committee members systematically conduct interviews with directors (excluding directors who are Audit & Supervisory Committee members), executive officers, general managers of key divisions, and managing directors of affiliate companies about the status of execution of their duties.
- Full time Audit & Supervisory Committee members receive reports from relevant divisions about the Company's business risks and responses. The status of reports to the hotline is also regularly reported to the board of directors and full time Audit & Supervisory Committee members.
- Regular meetings are held with the accounting auditor and internal auditing department to share each party's audit plan as well as audit status, issues and results, and audit activities are carried out in close cooperation.
- Liaison meetings of the corporate auditors of the group companies are held regularly to share audit plan and audit issues with full time auditors of subsidiaries, and discussion is held and suggestions are made to make improvements.

Sums of money shown in this business report have been rounded down to the nearest unit indicated when the number to be rounded is 4 or less, and rounded up to the nearest unit indicated when the number to be rounded is 5 or more. Quantities of shares have been rounded down to the nearest unit indicated.

Consolidated Balance Sheet

(As of March 31, 2021)

ASSETS		LIABILITIES	
Account title	Amount	Account title	Amount
	Mil.yen		Mil.yen
Current Assets	**1,489,595**	**Current Liabilities**	**807,650**
Cash and deposits	591,101	Trade notes and accounts payable	363,679
Trade notes and accounts receivable	167,533	Short-term loans payable	1,608
Securities	147,900	Long-term loans payable due within one year	11,323
Inventories	433,049	Lease obligations	4,482
Other	151,815	Income taxes payable	5,336
Allowance for doubtful receivables	(1,803)	Other accounts payable	47,962
		Accrued expenses	238,099
Non-current Assets	**1,427,819**	Reserve for warranty expenses	80,504
Property, plant and equipment	**1,075,168**	Other	54,657
Buildings and structures (net)	189,949	**Non-current Liabilities**	**913,934**
Machinery, equipment and vehicles (net)	277,160	Bonds	50,000
Tools, furniture and fixtures (net)	56,682	Long-term loans payable	670,920
Land	417,027	Lease obligations	17,595
Leased assets (net)	20,617	Deferred tax liability related to land revaluation	64,537
Construction in progress	113,733	Liability for retirement benefits	50,039
Intangible assets	**42,914**	Other	60,843
Software	40,500	**Total Liabilities**	**1,721,584**
Other	2,414	**NET ASSETS**	
Investments and other assets	**309,737**		Mil.yen
Investment securities	203,432	**Capital and Retained Earnings**	**1,053,582**
Long-term loans receivable	1,861	Common stock	283,957
Asset for retirement benefits	6,660	Capital surplus	263,028
Deferred tax assets	61,120	Retained earnings	508,784
Other	37,009	Treasury stock	(2,187)
Allowance for doubtful receivables	(345)	**Accumulated Other Comprehensive Income/(Loss)**	**128,148**
		Net unrealized gain/(loss) on available-for-sale securities	16,002
		Deferred gains/(losses) on hedges	(312)
		Land revaluation	145,536
		Foreign currency translation adjustment	(30,897)
		Accumulated adjustments for retirement benefits	(2,181)
		Stock Acquisition Rights	**382**
		Non-controlling Interests	**13,718**
		Total Net Assets	**1,195,830**
Total Assets	**2,917,414**	**Total Liabilities and Net Assets**	**2,917,414**

(In Japanese yen rounded to millions)

Consolidated Statement of Operations

(For the Year Ended March 31, 2021)

Account title	Amount	
		Mil.yen
Net sales		**2,882,066**
Cost of sales		**2,268,422**
Gross profit		613,644
Selling, general and administrative expenses		**604,824**
Operating income		**8,820**
Non-operating income		
Interest and dividend income	5,173	
Equity in net income of affiliated companies	6,622	
Foreign exchange gain	16,062	
Other	4,645	32,502
Non-operating expenses		
Interest expense	8,034	
Loss on transfer of receivables	891	
Other	4,146	13,071
Ordinary income		**28,251**
Extraordinary income		
Gain on sales of property, plant and equipment	352	
Gain on sale of investment securities	400	
Compensation for the exercise of eminent domain	180	
Other	32	964
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	4,915	
Impairment loss	1,355	
Loss on production suspension due to the novel coronavirus	20,460	
Other	283	27,013
Income before income taxes		**2,202**
Income taxes		
Current	17,400	
Deferred	16,856	34,256
Net loss		**(32,054)**
Net loss attributable to non-controlling interests		(403)
Net loss attributable to owners of the parent		**(31,651)**

(In Japanese yen rounded to millions)

Consolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2021)

	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
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2020	**283,957**	**264,917**	**552,993**	**(2,186)**	**1,099,681**	**2,231**	**321**
Changes during the period:							
Dividends paid			(12,596)		(12,596)		
Net loss attributable to owners of the parent			(31,651)		(31,651)		
Purchase of treasury stock				(1)	(1)		
Land revaluation			38		38		
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1,889)			(1,889)		
Changes in items other than capital and retained earnings, net						13,771	(633)
Total changes during the period	**-**	**(1,889)**	**(44,209)**	**(1)**	**(46,099)**	**13,771**	**(633)**
Balance at March 31, 2021	**283,957**	**263,028**	**508,784**	**(2,187)**	**1,053,582**	**16,002**	**(312)**

	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			
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2020	**145,574**	**(48,256)**	**(24,604)**	**75,266**	**290**	**30,609**	**1,205,846**
Changes during the period:							
Dividends paid							(12,596)
Net loss attributable to owners of the parent							(31,651)
Purchase of treasury stock							(1)
Land revaluation							38
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(1,889)
Changes in items other than capital and retained earnings, net	(38)	17,359	22,423	52,882	92	(16,891)	36,083
Total changes during the period	**(38)**	**17,359**	**22,423**	**52,882**	**92**	**(16,891)**	**(10,016)**
Balance at March 31, 2021	**145,536**	**(30,897)**	**(2,181)**	**128,148**	**382**	**13,718**	**1,195,830**

(In Japanese yen rounded to millions)

Notes to Consolidated Financial Statements

Note on the Assumptions as Going Concern

Not applicable

Notes on Basis of Presenting Consolidated Financial Statements

1. Consolidation Scope

(1) Number of consolidated subsidiaries	70
(2) Primary consolidated subsidiaries	Mazda Motor of America, Inc., Mazda Canada, Inc., Mazda Motor Manufacturing de Mexico S.A. de C.V., Mazda Motor Europe GmbH, Mazda Motor Logistics Europe N.V., Mazda Motors (Deutschland) GmbH, Mazda Motors UK Ltd., Mazda Motor Rus, OOO, Mazda Australia Pty. Ltd., Mazda Motor (China) Co., Ltd., Mazda Sales (Thailand) Co., Ltd., Mazda Powertrain Manufacturing (Thailand) Co., Ltd., Kanto Mazda Co., Ltd., Tokai Mazda Hanbai Co., Ltd., Kansai Mazda Co., Ltd., Kyusyu Mazda Co., Ltd., Mazda Parts Co., Ltd., Kurashiki Kako Co., Ltd., Mazda Logistics Co., Ltd., Mazda Chuhan Co., Ltd., etc.
(3) Changes in consolidation scope	(Newly added) (Due to new establishment) 1 Mazda Motor Poland sp. z o.o.
(3) A primary unconsolidated subsidiary and reason for exclusion from consolidation scope	PT. Mazda Motor Indonesia This subsidiary is immaterial in terms of total assets, sales, net income and retained earnings, etc. The exclusion of this immaterial subsidiary does not have material impacts on overall consolidated financial statements.

2. Application of Equity Method

(1) Number of equity method-applied affiliates	18
(2) Primary equity method-applied affiliates	AutoAlliance (Thailand) Co., Ltd., Changan Mazda Automobile Co., Ltd., Changan Mazda Engine Co., Ltd. , FAW Mazda Motor Sales Co., Ltd., MAZDA SOLLERS Manufacturing Rus LLC, Mazda Toyota Manufacturing, U.S.A., Inc., Toyo Advanced Technologies Co., Ltd., Mazda Credit, Inc., etc.
(3) Primary affiliates not accounted for by the equity method and reason for not applying the equity method	Hiroshima Toyo Carp Co., Ltd. and others These affiliates not accounted for by the equity method are all immaterial in terms of net income and retained earnings and do not have material impacts on overall consolidated financial statements.

3. Accounting Periods of Consolidated Subsidiaries

The year-end consolidated balance sheet date is March 31. Among the consolidated subsidiaries, 23 companies including Mazda Motor Manufacturing de Mexico S.A. de C.V. have year-end balance sheet dates (in its statutory financial statements) different from the year-end consolidated balance sheet date, most of which are December 31.

In preparing the consolidated financial statements, for 9 of the 23 companies including Mazda Motor Manufacturing de Mexico S.A. de C.V., special purpose financial statements that are prepared for consolidation are used to supplement the companies' statutory financial statements. For the other 14 companies, in preparing 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 have occurred between the balance sheet date of these subsidiaries and the consolidated year-end balance sheet date.

4. Accounting Policies

（1） Valuation Standards and Methods for Significant Assets

a) Securities:	Available-for-sale securities With available fair value: Stated at fair value, which represents the market prices at the balance sheet date (unrealized gains/losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income within net assets. Realized gains/losses on the sale of such securities are computed mainly using a moving-average cost.) Without available fair value: Stated at cost on a historical cost basis, mainly based on a moving average method.
b) Derivative instruments:	Mainly a fair value method
c) Inventories:	For inventories that are held for the purpose of sales in the normal course of business, inventories are stated mainly on a historical cost basis based on an average method. (The carrying value in the consolidated balance sheet is determined by the lower of cost or net realizable value.)

（2） Depreciation and Amortization Methods for Significant Non-current Assets

a) Property, plant and equipment (excluding leased assets)	Mainly depreciated using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.
b) Intangible assets (excluding leased assets)	Straight-line method Software for internal use is amortized on a straight-line basis over the available period of internal use, i.e. 5 years.
c) 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. For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero. The overseas subsidiaries which apply the International Financial Reporting Standards have adopted IFRS 16 ”Leases” (hereinafter “IFRS 16”). In accordance with the IFRS16, lessee recognizes substantially all lease assets and lease liabilities on the balance sheet. For lease assets, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

（3） Standards for Significant Allowances

a) Allowance for doubtful receivables	Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized, for receivables at an ordinary risk, it is based on the past default ratio, and for receivables at a high risk, it is calculated in consideration of collectability of individual receivables.
b) Reserve for warranty expenses	Reserve for warranty expenses provides for after-sales expenses of products (vehicles). In accordance with the coverage of warranty booklet and the related laws and regulations, the amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.

(4) Accounting Method for Retirement Benefit

a) Method of attributing expected benefit to periods	In calculating the retirement benefit obligation, the method of attributing expected benefit to the accounting period is based on mainly a benefit formula basis.
b) Method of amortization of actuarial gains or losses and prior 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 fiscal year immediately following the fiscal year in which such gains or losses arise. The recognition of prior service cost 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).

(5) Foreign Currency Translation	Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate on the fiscal year end; gains and losses in foreign currency translation are included in the income of the current period. Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the rates on the fiscal year ends of the subsidiaries' accounting periods except for net assets accounts, which are translated at the historical rates. Statement of operations of consolidated foreign subsidiaries are translated at average rates of the subsidiaries' fiscal years, with the translation differences prorated and included in the net assets as foreign currency translation adjustment and non-controlling interests.
(6) Accounting for Hedging Activities	Full-deferral hedge accounting is applied.
(7) Amortization of Goodwill	Goodwill is amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.
(8) Other Accounting Treatments	a) Accounting for consumption taxes Tax-excluded method Any non-deductible consumption taxes associated with asset purchases are recorded as an expense during the current fiscal year. b) Adoption of consolidated taxation system The Company and its wholly owned domestic subsidiaries elect to file a consolidated corporate tax return. For items amended in relation to the introduction of group tax sharing system under the "Act on Partial Revision of the Income Tax Act, etc.", the Company and some of its consolidated domestic subsidiaries recognize deferred tax assets and deferred tax liabilities based on the provisions of pre-amended tax laws instead of applying paragraph 44 of the "Implementation Guidance on Tax Effect Accounting", according to paragraph 3 of the "Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System".

Change in Presentation

Effective from the fiscal year ended March 31, 2021, the Company has applied the "Accounting Standard for Disclosure of Accounting Estimates", and has made a note on significant accounting estimates in the Notes to Consolidated Financial Statements.

Additional Information

- Accounting estimates regarding the impact of novel coronavirus

As the impact of the novel coronavirus pandemic is still unpredictable, the Company has assessed the recoverability of deferred tax assets assuming the limited impact will continue on the fiscal year ending March 31, 2022.

It should be noted that the changes in the assumptions including the global spread of the novel coronavirus in the future may affect the Company's consolidated financial results.

Notes on Significant Accounting Estimates

Items for which figures are recorded in the consolidated financial statements for the current fiscal year based on accounting estimates and that have a risk of a material effect on consolidated financial statements for the next fiscal year are as follows.

Property, plant and equipment and Intangible assets	1,118,082 million yen
Deferred tax assets	61,120 million yen
Reserve for warranty expenses	80,504 million yen

Notes to Consolidated Balance Sheet

1. Inventories

Merchandises and finished products	330,109 million yen
Work-in-process	81,206 million yen
Raw materials and supplies	21,734 million yen

2. Accumulated depreciation on property, plant and equipment 1,211,712 million yen

3. Assets offered as collateral and collateralized loans

(1) Assets offered as collateral (carrying amounts as of the end of fiscal year)

Buildings and structures	78,027 million yen
Machinery, equipment and vehicles	118,687 million yen
Tools, furniture and fixtures	11,656 million yen
Land	230,845 million yen
Inventories	67,422 million yen
Other	105,953 million yen
Total	612,590 million yen

(2) Collateralized loans

Short-term loans payable	190 million yen
Long-term loans payable (including those due within one year)	4,135 million yen
Total	4,325 million yen

4. Contingent liabilities for guarantee and similar agreements

Guarantees of loans and similar agreements

Automobile dealers (in Europe)	13,443 million yen
Kobe Mazda Co., Ltd.	547 million yen
Others	80 million yen
Total	14,070 million yen

5. In accordance with the Law to Partially Revise the Land Revaluation Law (Law No.19, enacted on March 31, 2001), land owned by the Company for business uses 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:
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 Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, are made to the official notice prices.

Date of revaluation: March 31, 2001

The amount of difference between the aggregate fair value of the revalued land as of the end of this fiscal year and the book value after revaluation as stipulated in Article 10 of the Land Revaluation Law was:

77,059 million yen

Notes to Consolidated Statement of Operations

- Loss on production suspension due to the novel coronavirus

Loss on production suspension due to the novel coronavirus of 20,460 million yen represents the fixed cost during the production suspension due to the impact of the novel coronavirus. This extraordinary loss was due to the period during which overseas production bases were shut down at the request of the government, and the effects of governments declaring emergencies and taking measures to prevent the spread of infection by limiting economic activities.

Notes to Consolidated Statement of Changes in Net Assets

1. Type and total number of issued shares as of March 31, 2021

   Common stock 631,803,979 shares

2. Matters concerning dividends from surplus

   (1) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2020	Common stock	12,596	20.00	March 31, 2020	June 25, 2020

   (2) Dividends for which the record date falls during the fiscal year under review, but the effective date falls during the next fiscal year:

   Not applicable

3. Type and number of shares underlying the stock acquisition rights as of March 31, 2021

   Common stock 512,500 shares

Notes on Financial Instruments

1. Overview of financial instruments

   Mazda Group manages its cash mainly through short-term deposits. Mazda Group's sources of finance include loans from banks and other financial institutions, and issuance of bonds.

   Mazda Group seeks to reduce counterparty credit risks related to trade notes, accounts receivable, and loans receivable according to internal control rules and procedures. Credit risks related to securities are minimal, as these securities consist mainly of certificate of deposits of creditworthy financial institutions. Investment securities consist mainly of stocks. Mazda Group measures the fair value of listed stocks on a quarterly basis.

   The net position of accounts receivables and payables denominated in foreign currencies are, in principle, hedged mainly through foreign exchange forward contracts, in order to reduce foreign exchange risk. Cash financed through loans payable and issuance of bond are used as operating funds (which are mostly short-term) and for capital investment in facilities and equipment (long-term). Mazda Group conducts derivative transactions within the bounds of actual demand, in compliance with internal control rules and procedures.

2. Fair value of financial instruments and other information

As of March 31, 2021 (the consolidated balance sheet date of the current period), the carrying amounts on the consolidated balance sheet, the fair values, and the differences between these amounts, respectively, of financial instruments were as follows.

(Amounts in millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
Assets			
(1) Cash and deposits	591,101	591,101	-
(2) Trade notes and accounts receivable (*1)	167,361	167,361	-
(3) Securities			
Available-for-sale securities	147,900	147,900	-
(4) Investment securities			
Available-for-sale securities	78,888	78,888	-
(5) Long-term loans receivable (*2)	3,750	3,750	-
Liabilities			
(1) Trade notes and accounts payable	363,679	363,679	-
(2) Other accounts payable	47,962	47,962	-
(3) Short-term loans payable	1,608	1,608	-
(4) Bonds	50,000	49,484	(516)
(5) Long-term loans payable	682,243	688,123	5,880
(6) Lease obligations	22,077	22,102	25
Derivative instruments (*3)	(1,723)	(1,723)	-

(*1) Accounts receivable are presented net of allowance for doubtful receivables (carrying amount on the consolidated balance sheet: 172 million yen), which are recognized on the basis of each individual accounts receivable.

(*2) Long-term loans receivable are presented net of allowance for doubtful receivables (carrying amount on the consolidated balance sheet: 18 million yen), which are recognized on the basis of each individual loans receivable.
The amount presented includes long-term loans receivable due within one year (carrying amount on the consolidated balance sheet: 1,907 million yen), which are presented on the consolidated balance sheet as a part of "Other" in current assets.

(*3) 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) Basis of measuring fair value of financial instruments and information on securities and derivative instruments.

Assets

(1) Cash and deposits
All deposits are short-term. Hence, their book value approximate their fair values. Accordingly, carrying amounts are used as the fair values of deposits.

(2) Trade notes and accounts receivable
These receivables are settled within short periods of time. Hence, their carrying amounts approximate their fair values. Accordingly, carrying amounts are used as the fair values of these receivables.

(3) Securities
Securities consist mainly of certificate of deposits of creditworthy financial institutions and are settled within short periods of time. Hence, their carrying amounts approximate their fair values. Accordingly, carrying amounts are used as the fair values of these securities.

(4) Investment securities
As for listed stocks included in investment securities, their quoted prices on the stock exchange are used as their fair values.

(5) Long-term loans receivable

Mazda Group's long-term loans receivable consist of variable interest loans. As such, the interest rate on these loans reflect the market rate of interest within short periods of time. Also, the credit standings of borrowers of these loans have not changed significantly since the execution of these loans. Accordingly, the carrying amounts are used as the fair values of these loans receivable.

For loans receivable at a high risk, the fair value is calculated mainly based on amounts estimated to be collectible through collateral and guarantees.

Liabilities

(1) Trade notes and accounts payable, (2) Other accounts payable, and (3) Short-term loans payable

These payables are settled within short periods of time. Hence, their carrying amounts approximate their fair values. Accordingly, carrying amounts are used as the fair values of these payables.

(4) Bonds

The fair value of bonds issued by Mazda Group is based on the market price where such price is available. Otherwise, the sum of the present value of principal and interest payments is used as the fair value of bonds payable. The discount rates used in computing the present value reflect the time to maturity as well as credit risk.

(5) Long-term loans payable, and (6) 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 required to newly transact a similar borrowing or lease.

Derivative instruments

The fair value of foreign exchange forward contracts is calculated by using the quoted forward exchange rate as of the balance sheet date.

(Note 2) Market prices of unlisted stocks included in available-for-sale securities (carrying amount on the consolidated balance sheet: 1,371 million yen), investment in affiliates' stocks (carrying amount on the consolidated balance sheet: 123,173 million yen) and certain other instruments are not available. Also, measuring the fair value of such instruments is deemed highly difficult, since future cash flows from these instruments cannot be estimated. Accordingly, these instruments are excluded from "Assets (3) Securities" and "Assets (4) Investment securities".

Note to Per Share Information

Net Assets per share of common stock	1,876.40 yen
Net loss per share of common stock (Basic)	50.26 yen

Notes to Significant Subsequent Event

Not applicable

Unconsolidated Balance Sheet

(As of March 31, 2021)

ASSETS		LIABILITIES	
Account title	Amount	Account title	Amount
	Mil.yen		Mil.yen
Current Assets	**1,164,378**	**Current Liabilities**	**513,237**
Cash and deposits	389,259	Accounts payable - Trade	300,583
Accounts receivable - Trade	273,780	Lease obligations	1,794
Securities	147,900	Accounts payable - Other	14,971
Finished products	64,376	Accrued expenses	67,479
Work in process	57,910	Income taxes payable	222
Raw materials and supplies	11,131	Advances received	646
Prepaid expenses	4,465	Unearned revenue	467
Accounts receivable - Other	89,692	Deposits received	44,764
Short-term loans receivable	93,615	Reserve for warranty expenses	80,504
Other	32,422	Forward exchange contracts	1,807
Allowance for doubtful receivables	(172)	**Non-current Liabilities**	**830,064**
		Bonds	50,000
Non-current Assets	**1,144,927**	Long-term loans payable	658,000
Property, plant and equipment	**673,907**	Lease obligations	2,212
Buildings	84,889	Deferred tax liability related to land revaluation	64,537
Structures	14,426		
Machinery and equipment	180,031	Reserve for retirement benefits	27,671
Vehicles	2,424	Reserve for loss on business of subsidiaries and affiliates	8,493
Tools, furniture and fixtures	17,570		
Land	296,430	Long-term guarantee deposited	6,618
Leased assets	3,554	Asset retirement obligations	4,019
Construction in progress	74,583	Other	8,514
Intangible assets	**34,953**	**Total Liabilities**	**1,343,301**
Software	34,953	**NET ASSETS**	
Investments and other Assets	**436,067**		Mil.yen
Investment securities	75,789	**Capital and Retained Earnings**	**804,353**
Stocks of subsidiaries and affiliates	247,902	**Common stock**	**283,957**
Investments in capital	3	**Capital surplus**	**267,658**
Investments in capital of subsidiaries and affiliates	42,629	Capital reserve	193,847
		Other capital surplus	73,811
Long-term loans receivable from employees	4	**Retained earnings**	**254,920**
Long-term loans receivable from subsidiaries and affiliates	9,825	Other retained earnings	254,920
		Unappropriated retained earnings	254,920
Long-term prepaid expenses	16,765	**Treasury stock**	**(2,182)**
Deferred tax assets	37,208	**Valuation and Translation Adjustment**	**161,269**
Other	5,942	Net unrealized gain/(loss) on available-for-sale securities	15,973
		Deferred gains/(losses) on hedges	(240)
		Land revaluation	145,536
		Stock Acquisition Rights	**382**
		Total Net Assets	**966,004**
Total Assets	**2,309,305**	**Total Liabilities and Net Assets**	**2,309,305**

(In Japanese yen rounded to millions)

Unconsolidated Statement of Operations

(For the Year Ended March 31, 2021)

Account title	Amount	
		Mil.yen
Net sales		**2,135,873**
Cost of sales		**1,915,570**
Gross profit		220,303
Selling, general and administrative expenses		**303,185**
Operating income/(loss)		**(82,882)**
Non-operating income		
Interest income	2,356	
Interest income of securities	11	
Dividends income	44,094	
Rental income	4,279	
Foreign exchange gain	15,398	
Other	815	66,953
Non-operating expenses		
Interest expense	4,452	
Interest paid on bonds	166	
Other	2,536	7,154
Ordinary income/(loss)		**(23,083)**
Extraordinary income		
Gain on sales of property, plant and equipment	20	
Gain on sales of investment securities	39	
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	22,196	
Other	3	22,258
Extraordinary losses		
Loss on sales of property, plant and equipment	5	
Loss on retirement of property, plant and equipment	3,058	
Impairment loss	492	
Loss on production suspension due to the novel coronavirus	16,915	
Other	2	20,472
Income/(loss) before income taxes		**(21,297)**
Income taxes		
Current	3,033	
Deferred	11,483	14,516
Net income/(loss)		**(35,813)**

(In Japanese yen rounded to millions)

Unconsolidated Statement of Changes in Net Assets

(For the Year Ended March 31,2021)

	Capital and Retained Earnings					
	Common stock	Capital surplus		Retained earnings	Treasury stock	Total Capital and Retained earnings
		Capital reserve	Other capital surplus	Other retained earnings Unappropriated retained earnings		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2020	**283,957**	**193,847**	**73,811**	**303,291**	**(2,181)**	**852,725**
Changes during the period:						
Dividends paid				(12,596)		(12,596)
Net loss				(35,813)		(35,813)
Purchase of treasury stock					(1)	(1)
Land revaluation				38		38
Changes in items other than capital and retained earnings, net						
Total changes during the period	**-**	**-**	**-**	**(48,371)**	**(1)**	**(48,373)**
Balance at March 31, 2021	**283,957**	**193,847**	**73,811**	**254,920**	**(2,182)**	**804,353**

	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/ (losses) on hedges	Land revaluation	Total valuation and translation adjustments		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2020	**2,926**	**305**	**145,574**	**148,805**	**290**	**1,001,820**
Changes during the period:						
Dividends paid						(12,596)
Net loss						(35,813)
Purchase of treasury stock						(1)
Land revaluation						38
Changes in items other than capital and retained earnings, net	13,047	(545)	(38)	12,464	92	12,556
Total changes during the period	**13,047**	**(545)**	**(38)**	**12,464**	**92**	**(35,816)**
Balance at March 31, 2021	**15,973**	**(240)**	**145,536**	**161,269**	**382**	**966,004**

(In Japanese yen rounded to millions)

Notes to Unconsolidated Financial Statements

Note on the Assumptions as Going Concern

Not applicable

Notes on Important Accounting Policies

1. Valuation Standards and Methods for Assets
   (1) Securities:
   Stocks of subsidiaries and affiliates:
   Stated at cost on a historical cost basis, based on a moving-average method
   Available-for-sale securities:
   With available fair value:
   Stated at fair value, which represents the market prices at the balance sheet date. (Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Realized gains/losses on the sale of such securities are computed using a moving-average cost.)
   Without available fair value:
   Stated at cost on a historical cost basis based on a moving-average method
   (2) Derivative instruments:
   Mainly a fair value method
   (3) Inventories:
   Stated on a historical cost basis based on an average method. (The carrying value in the balance sheet 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 a residual value at the end of useful lives to be a memorandum value.
   (2) Intangible assets (excluding leased assets)
   Software is amortized on a straight-line basis over the available period of internal use, i.e. 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. For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

3. Standards for Allowances
   (1) Allowance for doubtful receivables
   Allowance for doubtful receivables provides for the losses from bad debt. The amount estimated to be uncollectible is recognized, for receivables at an ordinary risk, it is based on the past default ratio, and for receivables at a high risk, it is calculated in consideration of collectability of individual receivables.
   (2) Reserve for warranty expenses
   Reserve for warranty expenses provides for after-sales expenses of products (vehicles).
   In accordance with the coverage of warranty booklet and the related laws and regulations, the amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects into consideration.
   (3) 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 projected benefit obligation and the fair value of the plan assets at the end of this fiscal year.
   a) Method of attributing expected benefit to periods
   In calculating the retirement benefit obligation, the method of attributing expected benefit to the accounting period is based on a benefit formula basis.
   b) Method of amortization of actuarial gains or losses and prior service cost
   The recognition of prior service cost 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).
   The recognition of actuarial differences is also 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 fiscal year immediately following the year in which such gains or losses arise.

(4) 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 light of the financial positions and other conditions of the subsidiaries and affiliates.

4. Other Accounting Treatments

(1) Accounting for hedging activities

Full-deferral hedge accounting is applied. Also, 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.

(2) Accounting method for retirement benefits

In the unconsolidated financial statements, accounting treatment for unrecognized actuarial gains or losses and unrecognized prior service cost differs from that of in the consolidated financial statements.

(3) Accounting for national and local consumption taxes

Tax-excluded method is applied.

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

(4) Adoption of consolidated taxation system

The Company and its wholly owned domestic subsidiaries elect to file a consolidated corporate tax return.

For items amended in relation to the introduction of group tax sharing system under the “Act on Partial Revision of the Income Tax Act, etc.”, the Company recognizes deferred tax assets and deferred tax liabilities based on the provisions of pre-amended tax laws instead of applying paragraph 44 of the “Implementation Guidance on Tax Effect Accounting”, according to paragraph 3 of the “Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System”.

Change in Presentation

Effective from the fiscal year ended March 31, 2021, the Company has applied the "Accounting Standard for Disclosure of Accounting Estimates", and has made a note on significant accounting estimates in the Notes to Unconsolidated Financial Statements.

Additional Information

- Accounting estimates regarding the impact of novel coronavirus

As the impact of the novel coronavirus pandemic is still unpredictable, the Company has assessed the recoverability of deferred tax assets assuming the limited impact will continue on the fiscal year ending March 31, 2022.

It should be noted that the changes in the assumptions including the global spread of the novel coronavirus in the future may affect the Company's unconsolidated financial results.

Notes on Significant Accounting Estimates

Items for which figures are recorded in the unconsolidated financial statements for the current fiscal year based on accounting estimates and that have a risk of a material effect on unconsolidated financial statements for the next fiscal year are as follows.

Property, plant and equipment and Intangible assets	708,860 million yen
Deferred tax assets	37,208 million yen
Reserve for warranty expenses	80,504 million yen

Notes to Unconsolidated Balance Sheet

1. Accumulated depreciation on property, plant and equipment
931,475 million yen
2. Short-term receivables from subsidiaries and affiliates 339,237 million yen
3. Long-term receivables from subsidiaries and affiliates 9,850 million yen
4. Short-term payables to subsidiaries and affiliates 106,433 million yen
5. Long-term payables to subsidiaries and affiliates 3,405 million yen
6. Assets offered as collateral and collateralized loans
(1) Assets offered as collateral (carrying amounts as of the end of fiscal year)

Buildings	47,288 million yen
Structures	5,029 million yen
Machinery and equipment	117,051 million yen
Tools, furniture and fixtures	10,830 million yen
Land	163,127 million yen
Total	343,325 million yen

(2) Collateralized loans

Long-term loans payable (including those due within one year)	2,000 million yen

7. Contingent Liabilities for guarantee and similar agreements
Guarantee of loans and similar agreement

Mazda Motor Manufacturing de Mexico S.A. de C.V.	17,713 million yen
Mazda Motor of America Inc.	1,854 million yen
Others	858 million yen
Total	20,425 million yen

8. In accordance with the Law to Partially Revise the Land Revaluation Law (Law No.19, enacted on March 31,2001), land owned by the Company for business uses 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:
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 Ordinance Implementing the Law Concerning Land Revaluation (Article 119 of 1998 Cabinet Order, promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, are made to the official notice prices.

Date of revaluation: March 31, 2001

The amount of difference between the aggregate fair value of the revalued land as of the end of this fiscal year and the book value after revaluation as stipulated in Article 10 of the Land Revaluation Law was 77,059 million yen.

Notes to Unconsolidated Statement of Operations

1. Amount of transactions with subsidiaries and affiliates

Sales	1,543,304 million yen
Purchase	425,146 million yen
Selling, general and administrative expenses	71,237 million yen
Non-operating transactions	47,642 million yen

2. Loss on production suspension due to the novel coronavirus
Loss on production suspension due to the novel coronavirus of 16,915 million yen represents the fixed cost during the production suspension due to the impact of the novel coronavirus. This extraordinary loss was due to the effects of governments declaring emergencies and taking measures to prevent the spread of infection by limiting economic activities.

Notes to Unconsolidated Statement of Changes in Net Assets

Type and number of treasury stock as of the end of fiscal year:

Common stock 2,011,338 shares

Notes on Tax Effect Accounting

The significant components of deferred tax assets and deferred tax liabilities:

Deferred taxes assets:	
Valuation loss on investment securities	46,140 million yen
Tax loss carryforwards	42,617 million yen
Reserve for warranty expenses	24,522 million yen
Accrued expenses, etc.	23,831 million yen
Inventories, etc.	9,599 million yen
Reserve for retirement benefits	8,428 million yen
Accrued employees' bonuses	5,118 million yen
Reserve for loss on business of subsidiaries and affiliates	2,587 million yen
Impairment loss	1,000 million yen
Others	10,310 million yen
Subtotal	174,152 million yen
Valuation allowance for tax loss carryforwards	(38,467) million yen
Valuation allowance for deductible temporary differences, etc.	(91,317) million yen
Total valuation allowance	(129,784) million yen
Total deferred tax assets	44,368 million yen
Deferred tax liabilities:	
Net unrealized gain on available-for-sales securities	(6,997) million yen
Asset retirement cost corresponding to asset retirement obligations	(163) million yen
Total deferred tax liabilities	(7,160) million yen
Net deferred tax assets	37,208 million yen

Deferred tax liabilities related to land revaluation:	
Deferred tax assets related to land revaluation	548 million yen
Less valuation allowance	(548) million yen
Deferred tax liabilities related to land revaluation	(64,537) million yen
Net deferred tax liability related to land revaluation	(64,537) million yen

Notes to Related Party Transactions

Subsidiaries, etc. (In millions of yen)

Type	Name of related parties	% of voting rights held	Relationship	Contents of transaction	Transaction amount	Account title	Year-end balance
Subsidiary	Mazda Motor of America, Inc.	Direct: 100%	-Sale of Mazda -brand products -Dispatch of directors	Sales of automobiles *1	589,078	Accounts receivable -Trade	69,467
Subsidiary	Mazda Australia Pty. Ltd.	Direct: 100%	-Sale of Mazda -brand products -Dispatch of directors	Sales of automobiles *1	205,954	Accounts receivable -Trade	29,933
Subsidiary	Mazda Motor Logistics Europe N.V.	Direct: 100%	-Sale of Mazda -brand products -Dispatch of directors	Lending and borrowing of funds through Inter-company cash management *2	9,785	Loans receivable	27,248
Subsidiary	Mazda Motor Manufacturing de Mexico S.A.de C.V.	Direct: 100%	-Manufacturing and sale of Mazda brand products -Dispatch of directors	Lending of funds *3	35,726	Loans receivable	25,463
				Collection of loans receivable	10,303		

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

*1 Conditions of transaction are determined on arms-length basis based on market prices.

*2 Interest rates applied to the lending/borrowing of funds through inter-company cash management are reasonably determined in consideration of market interest rates. The transaction amount indicates the average balance during the period.

*3 Interest rate applied to lending of funds is reasonably determined in consideration of market interest rates.

Notes to Per Share Information

Net Assets per share of common stock	1,533.24 yen
Net loss per share of common stock (Basic)	56.86 yen

Notes to Significant Subsequent Event

Not applicable

Copy of Independent Auditor's Report (English Translation)

Independent Auditor's Report

May 13, 2021

The Board of Directors of Mazda Motor Corporation

KPMG AZSA LLC
Hiroshima Office, Japan

Satoshi Yokosawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsushi Nagata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuya Morishima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Mazda Motor Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, 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.

Responsibilities of Management and The audit and 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 and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and 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 and 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, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Copy of Independent Auditor's Report (English Translation)

Independent Auditor's Report

May 13, 2021

To the Board of Directors of Mazda Motor Corporation

KPMG AZSA LLC
Hiroshima Office, Japan

Satoshi Yokosawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Atsushi Nagata (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuya Morishima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Mazda Motor Corporation ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, 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 Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

Responsibilities of Management and the audit and supervisory committee for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial

statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit and 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 Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 financial statements and the supplementary schedules.

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: (注6)

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 financial statements and the supplementary schedules 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 financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and 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 and 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, related

safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We 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.

Notes to the Reader of Independent Auditor's Report:
This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Copy of Audit Report of the Audit & Supervisory Committee (English Translation)

Audit Report

The Audit & Supervisory Committee conducted audits on directors' execution of their duties during the 155th fiscal year beginning April 1, 2020 and ending March 31, 2021. Methods and results of the audits are described below.

1. Methods and content of audits

With regard to the content of resolution by the Board of Directors in relation to matters prescribed in Article 399-13, paragraph 1, item (i)(b) and (c) of the Companies Act and the system (internal control system) developed based on the resolution, the Audit & Supervisory Committee members received regular reports from directors, executive officers and employees on the creation and operation status of the system; requested explanations as necessary; expressed their opinions; and conducted audits using the following methods.

(i) (1) Based on the Standards for Audits by the Audit & Supervisory Committee set forth by the Audit & Supervisory Committee and pursuant to the audit policy, activity plan, sharing of audit activities, etc. for this fiscal year, the Audit & Supervisory Committee members, in cooperation with the Company's internal audit department, attended important meetings; received reports from directors, executive officers and employees on matters relating to the execution of their duties and requested explanations as necessary; reviewed important documents including those on important decisions; and investigated operations and assets at the Company's head office and its major places of business. In addition, with regard to the Company's subsidiaries, the Audit & Supervisory Committee members endeavored to maintain good communication and share information with the directors and auditors of subsidiaries and received reports on their operations as necessary.

(ii) The Audit & Supervisory Committee members monitored and verified that the accounting auditor maintained an independent point of view and conducted appropriate accounting audits and received reports from the accounting auditor on the execution of their duties and requested explanations as necessary. The Audit & Supervisory Committee members also received notification from the accounting auditor that they had created and operated "a system to ensure that accounting auditors perform their duties appropriately" (pursuant to each item of Article 131 of the Companies Act Accounting Regulations) in accordance with the "Standards for Quality Control of Audits" (October 28, 2005, Business Accounting Council) etc., and requested explanations as necessary.

Based on the above methods, the Audit & Supervisory Committee members reviewed the business report and its detailed statements, the (unconsolidated) financial statements (balance sheet, profit & loss statement, statement of changes in net assets and explanatory notes) and their detailed statements, and the consolidated financial statements (consolidated balance sheet, consolidated profit & loss statement, consolidated statement of changes in net assets and consolidated explanatory notes).

2. Audit results

(1) Results of the audit of the business report, etc.

(i) The business report and its attached specification are deemed to correctly show the Company's situation in accordance with laws and regulations and the Articles of Incorporation.

(ii) No material facts regarding misconduct or violations of laws and regulations or of the articles of incorporation were found as to the directors' performance of their duties.

(iii) The content of resolution by the Board of Directors concerning the Internal Control System is deemed appropriate. We did not find any matter to be mentioned with respect to the directors' performance of their duties pertinent to the System.

On March 19, 2021, the Company received a recommendation from the Japan Fair Trade Commission under the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors as indicated in the business report. The Audit & Supervisory Committee confirmed the company implementing recurrence prevention measures.

(2) Results of the audit of financial statements and their attached specifications

The methods and results of the audit by the accounting auditor, KPMG AZSA LLC, are deemed appropriate.

(3) Results of the audit of consolidated financial statements

The methods and results of the audit by the accounting auditor, KPMG AZSA LLC, are deemed appropriate.

May 13, 2021

Audit & Supervisory Committee, Mazda Motor Corporation

Masatoshi Maruyama, Audit & Supervisory Committee Member (full-time)

Masahiro Yasuda, Audit & Supervisory Committee Member (full-time)

Ichiro Sakai, Audit & Supervisory Committee Member

Kunihiko Tamano, Audit & Supervisory Committee Member

Akira Kitamura, Audit & Supervisory Committee Member

Hiroko Shibasaki, Audit & Supervisory Committee Member

Note: Mr. Ichiro Sakai, Mr. Kunihiko Tamano, Mr. Akira Kitamura, Ms. Hiroko Shibasaki are Outside Audit & Supervisory Committee members as stipulated under Item 15 of Article 2 and Paragraph 6 of Article 331 of the Companies Act.