

Consolidated Financial Results
For the Second Quarter of the Fiscal Year Ending March 31, 2020
(For the First Six Months Ended September 30, 2019)



Prepared in Conformity with Generally Accepted Accounting Principles in Japan
English Translation from the Original Japanese-Language Document

November 1, 2019

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Filing of *Shihanki Hokokusho*,
quarterly securities report : Scheduled for November 13, 2019
Payment of Dividends : Scheduled for November 29, 2019
Supplementary Material : Yes
Briefing Session : Yes (Intended for securities analysts, institutional investors and media)

(in Japanese yen rounded to millions, except amounts per share)

1. Consolidated Financial Highlights (April 1, 2019 through September 30, 2019)

(1) Consolidated Financial Results

(Percentage indicates change from same period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2020 2nd quarter	1,706,574	(1.3)	25,811	(13.5)	34,021	(36.4)	16,617	(30.3)
FY2019 2nd quarter	1,729,028	4.4	29,843	(61.0)	53,488	(44.6)	23,827	(62.4)

Note: Comprehensive income
FY2020 2nd quarter **14,120 millions of yen** (**(45.5) %**)
FY2019 2nd quarter **25,909 millions of yen** (**(63.4) %**)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2020 2nd quarter	26.39	26.38
FY2019 2nd quarter	37.84	37.83

Note: The overseas subsidiaries which apply US GAAP adopted Financial Standards Board Accounting Standards Update (ASU) 2014-09 from the beginning of the first quarter of the fiscal year ending March 31, 2020. The figures for the second quarter of the fiscal year ended March 31, 2019 were adjusted retrospectively in accordance with this change.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
As of September 30, 2019	2,862,737	1,234,911	42.1
March 31, 2019	2,877,613	1,233,441	41.8

Reference: Net Assets excluding non-controlling interests

As of September 30, 2019 **1,205,794 millions of yen**
As of March 31, 2019 **1,203,262 millions of yen**

Note: The overseas subsidiaries which apply US GAAP adopted ASU 2014-09 from the beginning of the first quarter of the fiscal year ending March 31, 2020. The figures for the fiscal year ended March 31, 2019 were adjusted retrospectively in accordance with this change.

2. Dividends

	Dividends Per Share				
	1st. Qtr.	2nd. Qtr.	3rd. Qtr.	Year End	Full-Year
	yen	yen	yen	yen	yen
FY2019	-	15.00	-	20.00	35.00
FY2020	-	15.00			
FY2020 (Forecast)			-	20.00	35.00

Note: Revision of the dividend forecast most recently announced: None

3. Consolidated Financial Forecast (April 1, 2019 through March 31, 2020)

(Percentage indicates change from the previous fiscal year)

	Net sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income Per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
FY2020 Full Year	3,500,000	(1.8)	60,000	(27.1)	70,000	(39.7)	43,000	(31.9)	68.28

Note: Revision of the consolidated financial forecast most recently announced: Yes

The percentage change from the corresponding period of the previous year was calculated with the figures adjusted retrospectively in accordance with the change in accounting policy.

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly added subsidiaries: None

Excluded subsidiaries: None

(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies / Changes in accounting estimates / Restatement:

- | | |
|--|------|
| 1) Changes in accounting policies with accompanying revision of accounting standards | Yes |
| 2) Voluntary changes in accounting policies except 1) | None |
| 3) Changes in accounting estimates | None |
| 4) Restatement | None |

Note: Please refer to "2. Quarterly Consolidated Financial Statements and Major Footnotes - (4) Footnotes to the Quarterly Consolidated Financial Statements" on Page 13 of the attachment.

(4) Number of outstanding shares (Common stock)

1) Number of outstanding shares (including treasury stock)		
	As of September 30, 2019	631,803,979 shares
	As of March 31, 2019	631,803,979 shares
2) Number of treasury stock		
	As of September 30, 2019	2,016,978 shares
	As of March 31, 2019	2,043,857 shares
3) Average number of outstanding shares		
	For 6 months ended September 30, 2019	629,777,259 shares
	For 6 months ended September 30, 2018	629,755,903 shares

This document is out of the scope of the quarterly review by certified public accountants or accounting auditor.

Cautionary Statements with Respect to Forward-Looking Statements

The financial forecast and other descriptions of the future presented in this document are an outlook based on our judgments and projections. The judgments and projections are based on information presently available. As such, the financial forecast and future descriptions are subject to uncertainties and risks, and are not contemplated to ensure the fulfillment thereof. Accordingly, the actual financial performance may vary significantly due to various factors.

For detail such as precondition of the financial forecast, please refer to "1. Qualitative Information on Consolidated Results for the Quarterly Period - (3) Future Estimates such as Consolidated Financial Forecast" on page 3 of the attachment.

ATTACHMENT

Table of Contents

1. Qualitative Information on Consolidated Results for the Quarterly Period.....	P. 2
(1) Consolidated Financial Results.....	P. 2
(2) Consolidated Financial Position and Cash Flows.....	P. 2
(3) Future Estimates such as Consolidated Financial Forecast.....	P. 3
2. Quarterly Consolidated Financial Statements and Major Footnotes.....	P. 5
(1) Quarterly Consolidated Balance Sheets.....	P. 5
(2) Quarterly Consolidated Statements of Operations and Comprehensive Income.....	P. 7
For the first six months ended September 30, 2019 and 2018	
Quarterly Consolidated Statement of Operations.....	P. 7
Quarterly Consolidated Statement of Comprehensive Income.....	P. 8
For the three months ended September 30, 2019 and 2018	
Quarterly Consolidated Statement of Operations.....	P. 9
Quarterly Consolidated Statement of Comprehensive Income.....	P. 10
(3) Quarterly Consolidated Statements of Cash Flows.....	P. 11
(4) Footnotes to the Quarterly Consolidated Financial Statements.....	P. 13
Note on the Assumptions as Going Concern.....	P. 13
Significant Changes in the Amount of Equity.....	P. 13
Changes in Accounting Policies.....	P. 13
Segment Information.....	P. 14
Significant Subsequent Events.....	P. 14

(Reference)

Financial Summary (Consolidated)

For the Second Quarter of the Fiscal Year Ending March 31, 2020

1. Qualitative Information on Consolidated Results for the Quarterly period

(1) Consolidated Financial Results

(Global Sales)

Global sales volume for the first six months of the fiscal year ending March 31, 2020 was 731 thousand units, down 8.2 % year on year, due to the sales decrease in USA, China, and ASEAN market.

	FY 2019 First 6 Months (Apr.'18-Sep.'18)	FY 2020 First 6 Months (Apr.'19-Sep.'19)	(Unit: thousand units) vs. Prior Year	
			Volume	Rate (%)
Japan	103	98	(4)	(4.4) %
North America	222	202	(20)	(8.9) %
Europe	135	136	1	1.0 %
China	133	109	(24)	(18.0) %
Other	202	184	(18)	(8.9) %
Total	796	731	(65)	(8.2) %

<Breakdown>

USA	151	137	(14)	(9.1) %
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(Consolidated financial result)

Financial performance on a consolidated basis for the first six months of the fiscal year ending March 31, 2020 was as follows. Net sales amounted to ¥1,706.6 billion, a decrease of ¥22.5 billion or 1.3 % compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥25.8 billion, a decrease of ¥4.0 billion or 13.5 % compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥34.0 billion, a decrease of ¥19.5 billion or 36.4 % compared to the corresponding period in the previous fiscal year, with the posting of a ¥11.3 billion gain from equity in net income of affiliated companies. Net income attributable to owners of the parent amounted to ¥16.6 billion, a decrease of ¥7.2 billion or 30.3% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥16.4 billion.

And, operating income changes were as follows.

Volume & mix	31.2	billion yen
Exchange rate	(37.5)	billion yen
Cost improvement	10.5	billion yen
R&D costs	(4.7)	billion yen
Other	(3.5)	billion yen
Total	(4.0)	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of September 30, 2019, total assets decreased ¥14.9 billion from the end of the previous fiscal year, to ¥2,862.7 billion. Total liabilities decreased ¥16.3 billion from the end of the previous fiscal year to ¥1,627.8 billion. Interest-bearing debt as of September 30, 2019 increased ¥22.0 billion from the end of previous fiscal year

to ¥ 629.1 billion.

Net Assets as of September 30, 2019 increased ¥1.5 billion from the end of the previous fiscal year to ¥1,234.9 billion, reflecting net income attributable to owners of the parent ¥16.6 billion and the cash dividends of ¥12.6 billion. Equity ratio increased 0.3 percentage points from the end of the previous fiscal year to 42.1 % (Percentage after consideration of the equity credit attributes of the subordinated loan was 43.3 %).

(Cash Flows)

Cash and cash equivalent as of September 30, 2019 decreased ¥81.0 billion from the end of the previous fiscal year to ¥620.6 billion. Interest-bearing debt as of September 30, 2019 increased ¥22.0 billion from the end of previous fiscal year to ¥629.1 billion. As a result, after subtracting cash and cash equivalents from the interest-bearing debt, net interest bearing debt amounted to ¥8.4 billion.

Cash flows for the first six months of the fiscal year ending March 31, 2020 by activities were as follows.

Cash flows from operating activities

Net cash used in operating activities was ¥4.5 billion, reflecting an increase in operating capital from higher inventories, partially offset by income before income taxes of ¥32.7 billion. (For the first six months of the previous fiscal year, net cash provided by operating activities was ¥60.7 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥65.0 billion, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥53.6 billion. (For the first six months of the previous fiscal year, net cash used in investing activities was ¥39.5 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥69.5 billion. (For the previous fiscal year, consolidated free cash flow was positive ¥21.2 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥3.1 billion, mainly reflecting the repayments of long-term loans and the dividends payable, which was partially offset by the funding from bonds and long-term loans. (For the first six months of the previous fiscal year, net cash provided by financing activities was ¥41.8 billion.)

(Note) The overseas subsidiaries which apply US GAAP adopted ASU 2014-09 "Revenue from Contracts with Customers" from the beginning of the first quarter of the fiscal year ending March 31, 2020. The year-on-year comparisons with the first six months of the fiscal year ended March 31, 2019 and the whole fiscal year ended March 31, 2019 are made with the figures adjusted retrospectively in accordance with this change.

(3) Future Estimates such as Consolidated Financial Forecast

In light of recent trends in our business performance, we have revised the consolidated financial forecast for the Fiscal Year ending March 2020, as shown below. The prior forecast was announced on May 9, 2019. For more information, please refer to "Notice of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2020" that has been released today.

Consolidated Financial Forecast and Global Retail Volume Forecast (April 1, 2019 through March 31, 2020)

Consolidated Financial Forecast

	Full Year		vs. Prior Year (*)		
Net Sales	3,500	billion yen	down	1.8	%
Operating Income	60	billion yen	down	27.1	%
Ordinary Income	70	billion yen	down	39.7	%
Net Income Attributable to Owners of the parent	43	billion yen	down	31.9	%

The exchange rate assumptions for full year forecast are ¥107 to the dollar and ¥119 to the Euro.

(*) The percentage change from the corresponding period of the previous year was calculated with the figures adjusted retrospectively in accordance with the change in accounting policy.

Global Retail Volume Forecast

	Full Year		vs. Prior Year		
Japan	209	thousand units	down	2.6	%
North America	430	thousand units	up	2.2	%
Europe	285	thousand units	up	5.7	%
China	255	thousand units	up	3.1	%
Other	371	thousand units	down	9.4	%
Total	1,550	thousand units	down	0.7	%

Note: The forecast stated above is based on management's judgment and views in light of information presently available. By nature, such forecasts are subject to risks and uncertainties, and are not contemplated to ensure the fulfillment thereof. Therefore, we advise against making an investment decision by solely relying on this forecast. Variables that could affect the actual financial results include, but are not limited to, the economic environments surrounding our business areas and fluctuations in yen-to-dollar and other exchange rates.

2. Quarterly Consolidated Financial Statements and Major Footnotes

(1) Quarterly Consolidated Balance Sheets

(September 30 and March 31, 2019)

(Millions of Yen)

		FY2019	FY2020
	As of	March 31, 2019	September 30, 2019
ASSETS			
Current Assets:			
Cash and deposits		469,952	489,053
Trade notes and accounts receivable		192,701	200,245
Securities		232,700	132,800
Inventories		428,536	454,677
Other		143,241	135,778
Allowance for doubtful receivables		(1,052)	(1,073)
Total current assets		1,466,078	1,411,480
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)		195,486	193,536
Machinery, equipment and vehicles (net)		278,153	285,223
Land		404,808	419,031
Leased assets (net)		6,613	21,103
Other (net)		125,496	137,428
Total property, plant and equipment		1,010,556	1,056,321
Intangible assets:		36,226	37,048
Investments and other assets:			
Investment securities		216,328	213,150
Asset for retirement benefits		3,945	4,357
Other		145,011	140,914
Allowance for doubtful receivables		(531)	(533)
Total investments and other assets		364,753	357,888
Total non-current assets		1,411,535	1,451,257
Total Assets		2,877,613	2,862,737

(Millions of Yen)

		FY2019	FY2020
	As of	March 31, 2019	September 30, 2019
LIABILITIES			
Current Liabilities:			
Trade notes and accounts payable		432,669	397,555
Short-term loans payable		124,484	119,624
Bonds due within one year		20,000	-
Long-term loans payable due within one year		28,359	35,027
Lease obligations		2,744	4,428
Income taxes payable		9,877	11,053
Accrued expenses		232,768	233,801
Reserve for warranty expenses		98,267	88,394
Other		73,913	86,553
Total current liabilities		1,023,081	976,435
Non-current liabilities:			
Bonds		30,000	50,000
Long-term loans payable		397,065	402,528
Lease obligations		4,399	17,465
Deferred tax liability related to land revaluation		64,553	64,553
Liability for retirement benefits		69,691	67,848
Other		55,383	48,997
Total non-current liabilities		621,091	651,391
Total Liabilities		1,644,172	1,627,826
NET ASSETS			
Capital and Retained Earnings:			
Common stock		283,957	283,957
Capital surplus		264,913	264,917
Retained earnings		562,904	566,926
Treasury stock		(2,215)	(2,186)
Total capital and retained earnings		1,109,559	1,113,614
Accumulated Other Comprehensive Income/(Loss):			
Net unrealized gain/(loss) on available-for-sale securities		4,008	7,575
Deferred gains/(losses) on hedges		804	369
Land revaluation		145,574	145,574
Foreign currency translation adjustment		(34,762)	(40,688)
Accumulated adjustments for retirement benefits		(21,921)	(20,650)
Total accumulated other comprehensive income/(loss)		93,703	92,180
Stock Acquisition Rights		255	290
Non-controlling Interests		29,924	28,827
Total Net Assets		1,233,441	1,234,911
Total Liabilities and Net Assets		2,877,613	2,862,737

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first six months ended September 30, 2019 and 2018)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	FY2019	FY2020
For the first six months ended	September 30, 2018	September 30, 2019
Net sales	1,729,028	1,706,574
Cost of sales	1,353,419	1,334,916
Gross profit	375,609	371,658
Selling, general and administrative expenses	345,766	345,847
Operating income	29,843	25,811
Non-operating income		
Interest income	2,234	2,877
Equity in net income of affiliated companies	19,240	11,282
Foreign exchange gain	3,599	-
Other	4,129	3,181
Total	29,202	17,340
Non-operating expenses		
Interest expense	3,175	3,271
Foreign exchange loss	-	3,481
Other	2,382	2,378
Total	5,557	9,130
Ordinary income	53,488	34,021
Extraordinary income		
Gain on sales of property, plant and equipment	28	53
Gain on sale of investment securities	1,729	362
Other	13	79
Total	1,770	494
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	2,027	1,650
Impairment loss	434	153
Loss on disaster	3,726	-
Other	112	6
Total	6,299	1,809
Income before income taxes	48,959	32,706
Income taxes		
Current	18,855	14,906
Deferred	4,417	1,508
Total	23,272	16,414
Net income	25,687	16,292
Net income/(loss) attributable to Non-controlling interests	1,860	(325)
Net income attributable to owners of the parent	23,827	16,617

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2019	FY2020
For the first six months ended	September 30, 2018	September 30, 2019
Net income	25,687	16,292
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	371	3,570
Deferred gains/(losses) on hedges	(668)	(409)
Foreign currency translation adjustment	3,402	(6,065)
Adjustments for retirement benefits	947	1,278
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(3,830)	(546)
Total	222	(2,172)
Comprehensive income/(loss)	25,909	14,120
Comprehensive income/(loss) attributable to:		
Owners of the parent	23,148	15,094
Non-controlling interests	2,761	(974)

(For the three months ended September 30, 2019 and 2018)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	FY2019	FY2020
For the three months ended	September 30, 2018	September 30, 2019
Net sales	856,731	857,659
Cost of sales	679,697	668,408
Gross profit	177,034	189,251
Selling, general and administrative expenses	179,936	170,392
Operating income/(loss)	(2,902)	18,859
Non-operating income		
Interest income	1,127	1,678
Equity in net income of affiliated companies	8,420	6,072
Foreign exchange gain	5,649	-
Other	2,197	2,076
Total	17,393	9,826
Non-operating expenses		
Interest expense	1,707	1,780
Foreign exchange loss	-	959
Other	1,346	1,059
Total	3,053	3,798
Ordinary income	11,438	24,887
Extraordinary income		
Gain on sales of property, plant and equipment	17	13
Gain on sale of investment securities	1	362
Other	13	83
Total	31	458
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,378	1,142
Impairment loss	28	140
Loss on disaster	3,726	-
Other	44	-
Total	5,176	1,282
Income before income taxes	6,293	24,063
Income taxes		
Current	8,835	5,171
Deferred	(7,182)	7,884
Total	1,653	13,055
Net income	4,640	11,008
Net income/(loss) attributable to Non-controlling interests	1,383	(369)
Net income attributable to owners of the parent	3,257	11,377

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2019	FY2020
For the three months ended	September 30, 2018	September 30, 2019
Net income	4,640	11,008
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(1,157)	2,975
Deferred gains/(losses) on hedges	(616)	(239)
Foreign currency translation adjustment	4,942	(2,769)
Adjustments for retirement benefits	554	569
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(2,011)	(2,958)
Total	1,712	(2,422)
Comprehensive income/(loss)	6,352	8,586
Comprehensive income/(loss) attributable to:		
Owners of the parent	4,497	9,038
Non-controlling interests	1,855	(452)

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2019	FY2020
For the first six months ended	September 30, 2018	September 30, 2019
Cash flows from operating activities:		
Income before income taxes	48,959	32,706
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	43,637	45,327
Impairment loss	434	153
Increase/(decrease) in allowance for doubtful receivables	(48)	58
Increase/(decrease) in reserve for warranty expenses	3,074	(9,873)
Increase/(decrease) in liability for retirement benefits	(1,513)	(312)
Interest and dividend income	(3,401)	(3,869)
Interest expense	3,175	3,271
Equity in net loss/(income) of affiliated companies	(19,240)	(11,282)
Loss/(gain) on sales and retirement of property, plant and equipment	1,986	1,585
Loss/(gain) on sales of investment securities	(1,729)	(362)
Decrease/(increase) in trade notes and accounts receivable	7,032	(10,851)
Decrease/(increase) in inventories	26,705	(42,459)
Decrease/(increase) in other current assets	16,628	7,681
Increase/(decrease) in trade notes and accounts payable	(61,890)	(29,238)
Increase/(decrease) in other current liabilities	4,028	6,775
Other	(11,346)	(2,535)
Subtotal	56,491	(13,225)
Interest and dividends received	29,485	27,137
Interest paid	(3,270)	(3,339)
Income taxes refunded/(paid)	(22,027)	(15,049)
Net cash provided by/(used in) operating activities	60,679	(4,476)
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	9,354	(187)
Purchase of investment securities	(8)	(5,472)
Proceeds from sales and redemption of investment securities	2,712	881
Acquisition of property, plant and equipment	(44,944)	(53,581)
Proceeds from sales of property, plant and equipment	1,854	347
Acquisition of intangible assets	(4,474)	(6,261)
Payments of long-term loans receivable	(3,770)	(714)
Collections of long-term loans receivable	93	109
Other	(332)	(128)
Net cash provided by/(used in) investing activities	(39,515)	(65,006)

(Millions of Yen)

	FY2019	FY2020
For the first six months ended	September 30, 2018	September 30, 2019
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	(7,353)	(1,473)
Proceeds from long-term loans payable	123,740	30,399
Repayments of long-term loans payable	(60,652)	(16,903)
Proceeds from issuance of bonds	-	19,917
Redemption of bonds	-	(20,000)
Proceeds from sale and leaseback transactions	135	62
Repayments of lease obligations	(1,343)	(2,392)
Cash dividends paid	(12,595)	(12,595)
Cash dividends paid to non-controlling interests	(153)	(122)
Net decrease/(increase) in treasury stock	19	32
Net cash provided by/(used in) financing activities	41,798	(3,075)
Effect of exchange rate fluctuations on cash and cash equivalents	6,476	(8,426)
Net increase/(decrease) in cash and cash equivalents	69,438	(80,983)
Cash and cash equivalents at beginning of the period	604,854	701,624
Cash and cash equivalents at end of the period	674,292	620,641

(4) Footnotes to the Quarterly Consolidated Financial Statements

(Note on the Assumptions as Going Concern)

Not applicable

(Significant Changes in the Amount of Equity)

Not applicable

(Changes in Accounting Policies)

- ASU 2014-09 "Revenue from Contracts with Customers"

The overseas subsidiaries which apply US GAAP adopted ASU 2014-09 "Revenue from Contracts with Customers" from the beginning of the first quarter of the fiscal year ending March 31, 2020. The year-on-year comparisons with the first six months of the fiscal year ended March 31, 2019, the second quarter of the fiscal year ended March 31, 2019, and the fiscal year ended March 31, 2019 are made with the figures adjusted retrospectively in accordance with this change.

As a result, for the first six months of the fiscal year ended March 31, 2019, net sales decreased by ¥60 million, operating income decreased by ¥1,029 million, income before income taxes decreased by ¥1,033 million, and net income attributable to owners of the parent decreased by ¥550 million compared with the figures prior to the retrospective adoption. In addition, for the second quarter of the fiscal year ended March 31, 2019, net sales increased by ¥734 million, operating loss increased by ¥691 million, income before income taxes decreased by ¥695 million, and net income attributable to owners of the parent decreased by ¥486 million, respectively. And, on the consolidated balance sheet for the fiscal year ended March 31, 2019, mainly deferred tax assets included in other of investments and other assets increased by ¥5,931 million, accrued expenses increased by ¥19,160 million, other current liabilities increased by ¥1,796 million, other non-current liabilities increased by ¥1,113 million, and reflecting the cumulative effects to the beginning balance of net assets, the beginning balance of retained earnings decreased by ¥14,611 million.

- IFRS 16 "Leases"

The overseas subsidiaries which apply the International Financial Reporting Standards adopted IFRS 16 "Leases" from the beginning of the first quarter of the fiscal year ending March 31, 2020. In accordance with this adoption, lessee recognized substantially all lease assets and lease liabilities on the balance sheet. The overseas subsidiaries adopted the permitted transition provisions method, by which the cumulative effect of applying this standard was recognized at the date of initial application.

As a result of adopting this standard, the balance of lease assets and lease liabilities (the total amount of Current and Non-current) at the beginning of the first quarter of the fiscal year ending March 31, 2020 increased by ¥15,821 million, respectively.

The effect of these changes on the profit and loss for the first six months of the fiscal year ending March 31, 2020 and the second quarter of the fiscal year ending March 31, 2020 is immaterial.

(Segment Information)**I. FY2019 First Six Months (April 1, 2018 through September 30, 2018)****1) Sales and Income or Loss by Reportable Segments**

(Millions of Yen)

FY2019 First Six Months Ended September 30, 2018	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	524,149	562,777	332,207	309,895	1,729,028	-	1,729,028
Inter-segment	819,436	131,885	10,938	38,874	1,001,133	(1,001,133)	-
Total	1,343,585	694,662	343,145	348,769	2,730,161	(1,001,133)	1,729,028
Segment income/(loss)	(20,037)	21,899	6,114	12,146	20,122	9,721	29,843

Notes: 1. The adjustment on segment income/(loss) is eliminations of inter-segment transactions.

2. Segment income/(loss) is reconciled with the operating income in the consolidated statement of operations for FY2019 First Six Months ended September 30, 2018.

3. The overseas subsidiaries which apply US GAAP adopted ASU 2014-09 from the beginning of the first quarter of the fiscal year ending March 31, 2020. The figures for the first six months of the fiscal year ended March 31, 2019 were adjusted retrospectively in accordance with this change. As a result, net sales and segment income of North America segment decreased by ¥60 million and ¥1,029 million, respectively.

2) Impairment Loss on Property, Plant and Equipment and Goodwill by Reportable Segment

Impairment losses on property, plant and equipment, gains from negative goodwill and changes in the amount of goodwill, that were material, were not recognized.

II. FY2020 First Six Months (April 1, 2019 through September 30, 2019)**1) Sales and Income or Loss by Reportable Segments**

(Millions of Yen)

FY2020 First Six Months Ended September 30, 2019	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	502,853	568,464	364,422	270,835	1,706,574	-	1,706,574
Inter-segment	889,511	59,811	15,039	32,813	997,174	(997,174)	-
Total	1,392,364	628,275	379,461	303,648	2,703,748	(997,174)	1,706,574
Segment income/(loss)	(2,902)	1,660	2,785	14,132	15,675	10,136	25,811

Notes: 1. The adjustment on segment income/(loss) is eliminations of inter-segment transactions.

2. Segment income/(loss) is reconciled with the operating income in the consolidated statement of operations for FY2020 First Six Months ended September 30, 2019.

2) Impairment Loss on Property, Plant and Equipment and Goodwill by Reportable Segment

Impairment losses on property, plant and equipment, gains from negative goodwill and changes in the amount of goodwill, that were material, were not recognized.

(Significant Subsequent Events)

Not applicable

Financial Summary (Consolidated)

For the Second Quarter of the Fiscal Year Ending March 31, 2020

(For the Six Months Ended September 30, 2019)

November 1, 2019

Mazda Motor Corporation

(In 100 millions of yen)
(In thousands of units)
(Upper left: return on sales)

(In 100 millions of yen) (In thousands of units) (Upper left: return on sales)			FY 2019 First 6 months (Apr.'18-Sep.'18)		FY 2020				FY 2019 Full Year Ended March 31, 2019		FY 2020 Full Year Forecast Ending March 31, 2020	
					1st Qtr.	2nd Qtr.	First 6 months (Apr.'19-Sep.'19)					
				%				%			%	
	Domestic	1	3,306	16.6	1,313	1,765	3,078	(6.9)	6,936	9.9	6,500	(6.3)
	Overseas	2	13,984	1.8	7,176	6,812	13,988	0.0	28,706	1.0	28,500	(0.7)
Net sales		3	17,290	4.4	8,489	8,577	17,066	(1.3)	35,642	2.6	35,000	(1.8)
Operating income		4	1.7%		0.8%	2.2%	1.5%		2.3%		1.7%	
			298	(61.0)	70	188	258	(13.5)	823	(43.8)	600	(27.1)
Ordinary income		5	3.1%		1.1%	2.9%	2.0%		3.3%		2.0%	
			535	(44.6)	91	249	340	(36.4)	1,161	(32.6)	700	(39.7)
Income before income taxes		6	2.8%		1.0%	2.8%	1.9%		3.0%		1.8%	
			490	(44.0)	86	241	327	(33.2)	1,076	(31.7)	640	(40.5)
Net income attributable to owners of the parent		7	1.4%		0.6%	1.3%	1.0%		1.8%		1.2%	
			238	(62.4)	52	114	166	(30.3)	632	(43.6)	430	(31.9)
Operating income by segment (geographic area)												
	Japan	8	(200)		(11)	(18)	(29)		225			
	North America	9	219		(13)	30	17		210			
	Europe	10	61		11	17	28		129			
	Other areas	11	121		86	55	141		242			
Operating profit changes												
	Volume & mix	12			(60)	372	312				477	
	Exchange rate	13			(108)	(267)	(375)				(799)	
	Cost improvement	14			40	65	105				211	
	R&D costs	15			(4)	(43)	(47)				(43)	
	Other	16			(125)	90	(35)				(69)	
	Total	17			(257)	217	(40)				(223)	
Average rate for the period (Yen)	USD	18	110		110	107	109		111		107	
	EUR	19	130		124	119	121		128		119	
Capital expenditures		20	378		363	375	738		1,197		1,450	
Depreciation and amortization		21	436		224	229	453		884		910	
R & D costs		22	635		338	344	682		1,347		1,390	
Total assets		23	27,518		28,211		28,627		28,776			
Net assets		24	11,884		11,968		12,058		12,033			
Financial debt		25	5,589		5,942		6,291		6,071			
Net cash		26	1,154		256		(84)		946			
Free cash flow (Operating & Investing)		27	212		(378)	(317)	(695)		151			
	Japan	28	103	6.7	39	59	98	(4.4)	215	2.0	209	(2.6)
	North America	29	222	1.6	100	103	202	(8.9)	421	(3.2)	430	2.2
	Europe	30	135	2.4	67	69	136	1.0	270	0.4	285	5.7
	China	31	133	(10.6)	54	55	109	(18.0)	247	(23.3)	255	3.1
	Other	32	202	8.5	93	92	184	(8.9)	409	3.7	371	(9.4)
Global retail volume		33	796	1.7	353	378	731	(8.2)	1,561	(4.2)	1,550	(0.7)
	Japan	34	101	11.3	39	55	94	(6.8)	210	5.8	203	(3.3)
	North America	35	219	1.8	111	92	202	(7.4)	424	0.1	423	(0.2)
	Europe	36	129	(2.7)	70	73	143	11.3	267	0.4	276	3.6
	Other	37	195	11.7	90	92	183	(6.1)	411	6.3	377	(8.2)
Consolidated wholesales volume		38	642	5.1	310	312	622	(3.2)	1,311	2.9	1,279	(2.4)
	Domestic	39	461	(1.4)	254	249	503	9.1	1,010	2.4	985	(2.5)
	Overseas	40	295	(1.5)	101	121	222	(24.8)	560	(11.6)		
Global production volume		41	757	(1.4)	356	370	725	(4.2)	1,570	(3.1)		

Note: The overseas subsidiaries which apply US GAAP adopted ASU 2014-09 "Revenue from Contracts with Customers" from the beginning of the first quarter of the fiscal year ending March 31, 2020. The figures for the first six months of the fiscal year ended March 31, 2019 and the whole fiscal year ended March 31, 2019 were adjusted retrospectively in accordance with this change.

Global retail volume refers to the total retail units of Mazda-brand vehicles sold on a global basis.

Consolidated wholesales volume does not include vehicles which are sold by other brands.

Global production volume refers to the total volume of the units produced in the domestic plant and Mexico plant (including other brands) plus the units of Mazda-brand vehicles produced in other overseas plants (mainly in China and Thailand).