

Consolidated Financial Results
For the Third Quarter of the Fiscal Year Ending March 31, 2019
(For the First Nine Months Ended December 31, 2018)



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

February 6, 2019

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Filing of *Shihanki Hokokusho*,
 quarterly securities report : Scheduled for February 13, 2019
 Payment of Dividends : -
 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, 2018 through December 31, 2018)

(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	%
FY2019 3rd quarter	2,622,558	2.9	59,560	(44.4)	85,410	(36.7)	37,045	(56.4)
FY2018 3rd quarter	2,547,928	8.5	107,120	5.1	134,842	14.3	84,907	6.2

Note: Comprehensive income
FY2019 3rd quarter **32,392** millions of yen (**(69.8)** %)
FY2018 3rd quarter 107,233 millions of yen (46.6 %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2019 3rd quarter	58.82	58.81
FY2018 3rd quarter	139.79	139.77

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
December 31, 2018	2,763,357	1,229,278	43.4
March 31, 2018	2,724,092	1,219,470	43.8

Reference: Net Assets excluding non-controlling interests

As of December 31, 2018 **1,199,882** millions of yen
 As of March 31, 2018 1,192,925 millions of yen

Note: The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter under review. The figures for the year ended March 31, 2018 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
FY2018	-	15.00	-	20.00	35.00
FY2019	-	15.00	-		
FY2019 (Forecast)				20.00	35.00

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

3. Consolidated Financial Forecast (April 1, 2018 through March 31, 2019)

(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
FY2019 Full Year	3,550,000	2.2	80,000	(45.4)	110,000	(36.1)	55,000	(50.9)	87.33

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

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 14 of the attachment.

(4) Number of outstanding shares (Common stock)

1) Number of outstanding shares (including treasury stock)		
	As of December 31, 2018	631,803,979 shares
	As of March 31, 2018	631,803,979 shares
2) Number of treasury stock		
	As of December 31, 2018	2,043,642 shares
	As of March 31, 2018	2,057,633 shares
3) Average number of outstanding shares		
	For 9 months ended December 31, 2018	629,757,266 shares
	For 9 months ended December 31, 2017	607,396,433 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 5 of the attachment.

ATTACHMENT

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(Reference)

Financial Summary (Consolidated)

For the Third Quarter of the Fiscal Year Ending March 31, 2019

1. Qualitative Information on Consolidated Results for the Quarterly period

(1) Consolidated Financial Results

Under the medium-term business plan “Structural Reform Stage 2” (from the fiscal year ended March 31, 2017 to the fiscal year ending March 31, 2019), the Mazda Group has worked to provide customers with products that are attractive in terms of both driving pleasure and outstanding environmental as well as safety performance, and to further improve the brand value with the aim of qualitative growth of business in all areas. This fiscal year is the final year under the plan.

In the third quarter accounting period (three-month period), we launched the updated Mazda CX-5 and Mazda CX-8 in the Japanese market. The CX-5 is the first model in Japan available with 2.5-liter inline-four direct-injection turbocharged gasoline engine “SKYACTIV-G 2.5T”, delivers a powerful and refined driving. The CX-8 additionally featured two types of gasoline engines of the SKYACTIV-G 2.5T and 2.5-liter direct-injection naturally aspirated gasoline engine “SKYACTIV-G 2.5”, and the engine lineup will be able to meet a broad range of customer needs. From a technological aspect, we developed G-Vectoring Control Plus (GVC Plus), the second new-generation vehicle dynamics control technology in the SKYACTIV-Vehicle Dynamics series, and introduced it in the updated CX-5 and CX-8. The GVC Plus now regulates vehicle motion when returning the steering wheel to center as well as when beginning a steering action, and realizes a reassuring feeling of control when changing lanes on the highway and when driving on snow or other slippery road surfaces.

[Global sales]

Although the increased sales in Japan and the ASEAN market such as Thailand and Vietnam, due to the substantially decreased sales in China being impacted by market environment weakening from an economic slowdown, global retail volume for the first nine months of the fiscal year ending March 31, 2019 was 1,170 thousand units, down 1.4 % year on year. By model, crossover models such as the CX-5 and the CX-8 continued to sell well.

Retail volume by market was as follows.

<Japan>

Retail volume was 150 thousand units, up 7.4 % year on year, owing to the volume contribution of such models as the updated Mazda CX-5, which we introduced in November last year, and the updated Mazda CX-8. The CX-8 maintained robust sales since its introduction, and won “2018-2019 Car of the Year by the Japan Automotive Hall of Fame”.

<North America>

In the U.S., while solid sales continued with crossover models such as the CX-5, due to a reduction in sales of sedan-based models amid shrinking demand, retail volume was 216 thousand units, down 1.8 % year on year. For North America as a whole, retail volume was 320 thousand units flat with the previous year, mainly owing to the volume increase in Mexico with favorable sales of the Mazda2.

<Europe>

Although the sales declined in Germany, European retail volume was 196 thousand units, up 1.9 % year on year due to the increased sales in Russia significantly outpacing the market’s growth, and also year-on-year growth, in the other markets like the United Kingdom and Spain. By model, robust sales were recorded for the Mazda2 and the CX-5.

<China>

Retail volume was 195 thousand units, down 20.5 % year on year due to the substantial reduction in sales especially in the major model of Mazda3, being impacted by decreasing demand from an economic slowdown.

<Other markets>

Although retail volume was 82 thousand units, down 5.1 % year on year in the key market of Australia, retail volume in other market as a whole was 309 thousand units, up 7.4 % year on year, due to the strong sales in Thailand and Vietnam, where we achieved significant growth from the previous fiscal year.

[Consolidated financial result]

Financial performance on a consolidated basis for the first nine months of the fiscal year ending March 31, 2019 was as follows. Net sales amounted to ¥2,622.6 billion, an increase of ¥74.6 billion or 2.9 % compared to the corresponding period in the previous fiscal year mainly due to the increased sales. Operating income amounted to ¥59.6 billion, a decrease of ¥47.5 billion or 44.4 % compared to the corresponding period in the previous fiscal year, resulting from the increase in marketing expense due to the intensifying competition and exchange rate impact, etc. which offset increased sales and cost improvement. Ordinary income amounted to ¥85.4 billion, a decrease of ¥49.4 billion or 36.7 % compared to the corresponding period in the previous fiscal year, with the posting of a ¥27.3 billion gain from equity in net income of affiliated companies. Net income attributable to owners of the parent amounted to ¥37.0 billion, a decrease of ¥47.9 billion or 56.4 % compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥40.3 billion.

Financial results by reportable segment for the first nine months of the fiscal year ending March 31, 2019 was as follows.

In Japan, net sales amounted to ¥2,148.1 billion, an increase of ¥51.4 billion or 2.4 % compared to the corresponding period in the previous fiscal year, and operating income by segment (hereinafter referred to as “operating income”) amounted to ¥15.1 billion, a decrease of ¥53.9 billion or 78.1% compared to the corresponding period in the previous fiscal year. In North America, net sales amounted to ¥1,015.3 billion, a decrease of ¥15.1 billion or 1.5 % compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥28.7 billion, an increase of ¥13.1 billion or 83.9 % compared to the corresponding period in the previous fiscal year. In Europe, net sales amounted to ¥527.9 billion, an increase of ¥3.3 billion or 0.6 % compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥10.2 billion, an increase of ¥4.2 billion or 70.0 % compared to the corresponding period in the previous fiscal year. In other areas, net sales amounted to ¥537.5 billion, an increase of ¥39.4 billion or 7.9 % compared to the corresponding period in the previous fiscal year, and operating income amounted to ¥16.2 billion, a decrease of ¥3.0 billion or 15.6 % compared to the corresponding period in the previous fiscal year.

(2) Consolidated Financial Position

(Assets, Liabilities and Net Assets)

As of December 31, 2018, total assets increased ¥39.3 billion from the end of the previous fiscal year, to ¥2,763.4 billion. Total liabilities increased ¥29.5 billion from the end of the previous fiscal year to ¥1,534.1 billion. Interest-bearing debt as of December 31, 2018 increased ¥62.4 billion from the end of previous fiscal year to

¥560.3 billion.

Net Assets as of December 31, 2018 increased ¥9.8 billion from the end of the previous fiscal year to ¥1,229.3 billion, reflecting net income attributable to owners of the parent ¥37.0 billion and the cash dividends of ¥22.0 billion. Equity ratio decreased 0.4 percentage points from the end of the previous fiscal year to 43.4 % (Percentage after consideration of the equity credit attributes of the subordinated loan was 44.7 %).

The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter under review. The year-on-year comparisons in “Assets, Liabilities and Net Assets” are made with the figures adjusted retrospectively in accordance with this change.

(Cash Flows)

Cash and cash equivalent as of December 31, 2018 increased ¥30.4 billion from the end of the previous fiscal year to ¥635.3 billion. Interest-bearing debt as of December 31, 2018 increased ¥62.4 billion from the end of previous fiscal year to ¥560.3 billion. As a result, we are in a net cash position of ¥75.0 billion.

Cash Flows for the first nine months of the fiscal year ending March 31, 2019 by activities were as follows.

Cash Flows from operating activities

Net cash provided by operating activities was ¥64.5 billion, reflecting income before income taxes of ¥79.8 billion, which was partially offset by an increase in operating capital from higher inventories. (For the first nine months of the previous fiscal year, net cash provided by operating activities was ¥115.3 billion.)

Cash Flows from investing activities

Net cash used in investing activities was ¥69.3 billion, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥71.5 billion. (For the first nine months of the previous fiscal year, net cash used in investing activities was ¥124.9 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥4.7 billion. (For the previous fiscal year, consolidated free cash flow was negative ¥9.7 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥38.3 billion, mainly reflecting funding from long-term loans for capital investment, which was partially offset by the repayments of long-term loans and dividends payable. (For the first nine months of the previous fiscal year, net cash provided by financing activities was ¥53.3 billion.)

(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 2019, as shown below. The prior forecast was announced on October 31, 2018.

For more information, please refer to "Notice of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2019" that has been released today.

Consolidated Financial Forecast and Global Retail Volume Forecast (April 1, 2018 through March 31, 2019)

Consolidated Financial Forecast

	Full Year	vs. Prior Year
Net Sales	3,550 billion yen	up 2.2 %
Operating Income	80 billion yen	down 45.4 %
Ordinary Income	110 billion yen	down 36.1 %
Net Income Attributable to Owners of the parent	55 billion yen	down 50.9 %

The exchange rate assumptions for full year forecast are ¥ 111 to the dollar and ¥ 128 to the Euro.

Global Retail Volume Forecast

	Full Year	vs. Prior Year
Japan	217 thousand units	up 3.2 %
North America	428 thousand units	down 1.7 %
Europe	270 thousand units	up 0.4 %
China	250 thousand units	down 22.5 %
Other	405 thousand units	up 2.7 %
Total	1,569 thousand units	down 3.8 %

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

(December 31 and March 31, 2018)

(Millions of Yen)

As of	FY2018 March 31, 2018	FY2019 December 31, 2018
ASSETS		
Current Assets:		
Cash and deposits	395,863	442,466
Trade notes and accounts receivable	221,532	178,980
Securities	219,300	193,800
Inventories	399,787	442,038
Other	125,956	155,178
Allowance for doubtful receivables	(1,028)	(954)
Total current assets	1,361,410	1,411,508
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	196,806	193,939
Machinery, equipment and vehicles (net)	268,861	275,747
Land	406,117	404,844
Leased assets (net)	5,752	4,790
Other (net)	93,886	103,089
Total property, plant and equipment	971,422	982,409
Intangible assets:	35,862	35,712
Investments and other assets:		
Investment securities	210,605	198,390
Asset for retirement benefits	3,798	4,115
Other	141,665	131,891
Allowance for doubtful receivables	(670)	(668)
Total investments and other assets	355,398	333,728
Total non-current assets	1,362,682	1,351,849
Total Assets	2,724,092	2,763,357

(Millions of Yen)

As of	FY2018 March 31, 2018	FY2019 December 31, 2018
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	417,589	412,902
Short-term loans payable	101,844	103,612
Bonds due within one year	-	20,000
Long-term loans payable due within one year	74,121	28,270
Lease obligations	2,420	2,253
Income taxes payable	15,567	14,190
Accrued expenses	203,396	199,936
Reserve for warranty expenses	104,435	97,389
Other	76,892	68,565
Total current liabilities	996,264	947,117
Non-current liabilities:		
Bonds	50,000	30,000
Long-term loans payable	265,653	373,207
Lease obligations	3,855	2,965
Deferred tax liability related to land revaluation	64,553	64,553
Reserve for loss on business of subsidiaries and affiliates	821	922
Liability for retirement benefits	67,287	59,920
Other	56,189	55,395
Total non-current liabilities	508,358	586,962
Total Liabilities	1,504,622	1,534,079
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	264,910	264,913
Retained earnings	536,856	551,406
Treasury stock	(2,230)	(2,215)
Total capital and retained earnings	1,083,493	1,098,061
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	8,786	3,799
Deferred gains/(losses) on hedges	305	995
Land revaluation	145,574	145,574
Foreign currency translation adjustment	(28,576)	(33,708)
Accumulated adjustments for retirement benefits	(16,657)	(14,839)
Total accumulated other comprehensive income/(loss)	109,432	101,821
Stock Acquisition Rights	183	255
Non-controlling Interests	26,362	29,141
Total Net Assets	1,219,470	1,229,278
Total Liabilities and Net Assets	2,724,092	2,763,357

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first nine months ended December 31, 2018 and 2017)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first nine months ended	FY2018 December 31, 2017	FY2019 December 31, 2018
Net sales	2,547,928	2,622,558
Cost of sales	1,945,588	2,049,611
Gross profit	602,340	572,947
Selling, general and administrative expenses	495,220	513,387
Operating income	107,120	59,560
Non-operating income		
Interest income	2,662	3,529
Equity in net income of affiliated companies	26,566	27,257
Foreign exchange gain	3,311	-
Other	5,117	5,551
Total	37,656	36,337
Non-operating expenses		
Interest expense	5,599	4,557
Foreign exchange loss	-	2,128
Other	4,335	3,802
Total	9,934	10,487
Ordinary income	134,842	85,410
Extraordinary income		
Gain on sales of property, plant and equipment	838	471
Gain on sale of investment securities	321	1,729
Other	11	26
Total	1,170	2,226
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	2,326	3,339
Impairment loss	1,151	650
Loss on disaster	-	3,726
Reserve for loss on business of subsidiaries and affiliates	100	101
Litigation settlement	7,539	-
Other	121	-
Total	11,237	7,816
Income before income taxes	124,775	79,820
Income taxes		
Current	24,772	23,601
Deferred	13,503	16,731
Total	38,275	40,332
Net income	86,500	39,488
Net income attributable to Non-controlling interests	1,593	2,443
Net income attributable to owners of the parent	84,907	37,045

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first nine months ended	FY2018	FY2019
	December 31, 2017	December 31, 2018
Net income	86,500	39,488
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	8,075	(4,993)
Deferred gains/(losses) on hedges	(1,370)	711
Foreign currency translation adjustment	8,979	(2,950)
Adjustments for retirement benefits	1,971	1,794
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	3,078	(1,658)
Total	20,733	(7,096)
Comprehensive income/(loss)	107,233	32,392
Comprehensive income/(loss) attributable to:		
Owners of the parent	105,110	29,434
Non-controlling interests	2,123	2,958

(For the three months ended December 31, 2018 and 2017)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the three months ended	FY2018 December 31, 2017	FY2019 December 31, 2018
Net sales	891,301	893,470
Cost of sales	682,329	696,297
Gross profit	208,972	197,173
Selling, general and administrative expenses	178,332	168,485
Operating income	30,640	28,688
Non-operating income		
Interest income	903	1,295
Equity in net income of affiliated companies	9,203	8,017
Other	2,340	1,422
Total	12,446	10,734
Non-operating expenses		
Interest expense	1,807	1,382
Foreign exchange loss	1,843	5,727
Other	1,059	1,424
Total	4,709	8,533
Ordinary income	38,377	30,889
Extraordinary income		
Gain on sales of property, plant and equipment	16	443
Gain on sale of investment securities	256	-
Other	17	24
Total	289	467
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,222	1,312
Impairment loss	49	216
Reserve for loss on business of subsidiaries and affiliates	39	-
Other	1	-
Total	1,311	1,528
Income before income taxes	37,355	29,828
Income taxes		
Current	5,027	4,746
Deferred	10,449	11,831
Total	15,476	16,577
Net income	21,879	13,251
Net income attributable to Non-controlling interests	310	583
Net income attributable to owners of the parent	21,569	12,668

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2018	FY2019
	December 31, 2017	December 31, 2018
Net income	21,879	13,251
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	6,949	(5,364)
Deferred gains/(losses) on hedges	938	1,379
Foreign currency translation adjustment	3,054	(7,351)
Adjustments for retirement benefits	677	847
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	2,994	2,172
Total	14,612	(8,317)
Comprehensive income/(loss)	36,491	4,934
Comprehensive income/(loss) attributable to:		
Owners of the parent	35,877	4,737
Non-controlling interests	614	197

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

For the first nine months ended	FY2018 December 31, 2017	FY2019 December 31, 2018
Cash flows from operating activities:		
Income before income taxes	124,775	79,820
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	64,783	66,716
Impairment loss	1,151	650
Increase/(decrease) in allowance for doubtful receivables	94	(92)
Increase/(decrease) in reserve for warranty expenses	(15,331)	(7,046)
Increase/(decrease) in reserve for loss on business of subsidiaries and affiliates	100	101
Increase/(decrease) in liability for retirement benefits	(2,150)	(4,769)
Interest and dividend income	(3,038)	(4,778)
Interest expense	5,599	4,557
Equity in net loss/(income) of affiliated companies	(26,566)	(27,257)
Loss/(gain) on sales and retirement of property, plant and equipment	1,488	2,847
Loss (gain) on sales of investment securities	(303)	(1,729)
Decrease/(increase) in trade notes and accounts receivable	6,158	43,536
Decrease/(increase) in inventories	(39,452)	(47,965)
Decrease/(increase) in other current assets	(17,612)	(19,658)
Increase/(decrease) in trade notes and accounts payable	10,643	(4,053)
Increase/(decrease) in other current liabilities	7,918	(456)
Other	(3,454)	(12,756)
Subtotal	114,803	67,668
Interest and dividends received	33,759	32,801
Interest paid	(6,124)	(4,216)
Income taxes refunded/(paid)	(27,157)	(31,725)
Net cash provided by/(used in) operating activities	115,281	64,528
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	(219)	9,317
Purchase of investment securities	(50,577)	(8)
Proceeds from sales and redemption of investment securities	1,591	2,711
Acquisition of property, plant and equipment	(67,997)	(71,547)
Proceeds from sales of property, plant and equipment	3,026	2,616
Acquisition of intangible assets	(8,097)	(7,235)
Net decrease/(increase) in short-term loans receivable	(149)	6
Payments of long-term loans receivable	(152)	(4,241)
Collections of long-term loans receivable	161	204
Other	(2,522)	(1,099)
Net cash provided by/(used in) investing activities	(124,935)	(69,276)

(Millions of Yen)

For the first nine months ended	FY2018 December 31, 2017	FY2019 December 31, 2018
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	(7,865)	3,304
Proceeds from long-term loans payable	82,095	123,740
Repayments of long-term loans payable	(78,031)	(64,928)
Proceeds from issuance of bonds	29,863	-
Proceeds from issuance of common stock	49,780	-
Proceeds from sale and leaseback transactions	171	341
Repayments of lease obligations	(1,688)	(1,993)
Cash dividends paid	(20,923)	(22,041)
Cash dividends paid to non-controlling interests	(125)	(154)
Net decrease/(increase) in treasury stock	3	18
Net cash provided by/(used in) financing activities	53,280	38,287
Effect of exchange rate fluctuations on cash and cash equivalents	9,393	(3,117)
Net increase/(decrease) in cash and cash equivalents	53,019	30,422
Cash and cash equivalents at beginning of the period	526,864	604,854
Cash and cash equivalents at end of the period	579,883	635,276

(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)

The accounting standard of IFRS15 has been applied from the current fiscal year by the overseas subsidiaries and affiliates of the Company that apply IFRS. The effects of this standard on the consolidated financial statements were immaterial.

(Additional Information)

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018 (hereinafter, “Statement No.28”)) became applicable for the consolidated financial statements from the current fiscal year. As a result, the Company and its domestic subsidiaries adopted Statement No.28 and changed the presentation of deferred tax assets and deferred tax liabilities, such that deferred tax assets and deferred tax liabilities are classified as part of ‘Investments and other assets’ and ‘Non-current liabilities’, respectively.

(Segment Information)

I. FY2018 First Nine Months (April 1, 2017 through December 31, 2017)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2018 First Nine Months Ended December 31, 2017	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	740,445	848,540	512,074	446,869	2,547,928	-	2,547,928
Inter-segment	1,356,284	181,836	12,568	51,268	1,601,956	(1,601,956)	-
Total	2,096,729	1,030,376	524,642	498,137	4,149,884	(1,601,956)	2,547,928
Segment income	69,002	15,627	6,016	19,150	109,795	(2,675)	107,120

Notes: 1. The adjustment on segment income is eliminations of inter-segment transactions.

2. Segment income is reconciled with the operating income in the consolidated statement of operations for FY2018 first nine months ended December 31, 2017.

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. FY2019 First Nine Months (April 1, 2018 through December 31, 2018)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2019 First Nine Months Ended December 31, 2018	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	797,156	835,498	510,394	479,510	2,622,558	-	2,622,558
Inter-segment	1,350,929	179,773	17,510	57,991	1,606,203	(1,606,203)	-
Total	2,148,085	1,015,271	527,904	537,501	4,228,761	(1,606,203)	2,622,558
Segment income	15,140	28,741	10,230	16,168	70,279	(10,719)	59,560

Notes: 1. The adjustment on segment income is eliminations of inter-segment transactions.

2. Segment income is reconciled with the operating income in the consolidated statement of operations for FY2019 first nine months ended December 31, 2018.

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 Third Quarter of the Fiscal Year Ending March 31, 2019

(For the Nine Months Ended December 31, 2018)

February 6, 2019

Mazda Motor Corporation

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

		FY 2018			FY 2019					FY 2018		FY 2019	
		First 9 months (Apr.'17-Dec.'17)			1st Qtr.	2nd Qtr.	3rd Qtr.	First 9 months (Apr.'18-Dec.'18)		Full Year Ended March 31, 2018		Full Year Forecast Ending March 31, 2019	
			%					%		%		%	
Domestic	1	4,270	9.4	1,592	1,714	1,582	4,888	14.5	6,312	7.5	6,900	9.3	
Overseas	2	21,209	8.3	7,139	6,846	7,353	21,338	0.6	28,428	8.2	28,600	0.6	
Net sales	3	25,479	8.5	8,731	8,560	8,935	26,226	2.9	34,740	8.1	35,500	2.2	
Operating income	4	4.2%	5.1	3.8%	(0.3%)	3.2%	2.3%	(44.4)	4.2%	16.5	2.3%	(45.4)	
		1,071		331	(22)	287	596		1,464		800		
Ordinary income	5	5.3%	14.3	4.9%	1.4%	3.5%	3.3%	(36.7)	5.0%	23.4	3.1%	(36.1)	
		1,348		424	121	309	854		1,721		1,100		
Income before income taxes	6	4.9%	12.7	4.9%	0.8%	3.3%	3.0%	(36.0)	4.5%	22.6	2.7%	(38.4)	
		1,248		430	70	298	798		1,575		970		
Net income attributable to owners of the parent	7	3.3%	6.2	2.4%	0.4%	1.4%	1.4%	(56.4)	3.2%	19.5	1.5%	(50.9)	
		849		206	38	126	370		1,121		550		
Operating income by segment (geographic area)													
Japan	8	690		72	(272)	351	151		816				
North America	9	156		131	98	58	287		270				
Europe	10	60		18	43	41	102		87				
Other areas	11	192		58	63	41	162		254				
Operating profit changes													
Volume & mix	12			(60)	(105)	(55)	(220)				(146)		
Exchange rate	13			(25)	(62)	(125)	(212)				(374)		
Cost improvement	14			66	51	66	183				182		
R&D costs	15			17	5	(37)	(15)				(20)		
Other	16			(66)	(277)	132	(211)				(306)		
Total	17			(68)	(388)	(19)	(475)				(664)		
Average rate for the period (Yen)													
USD	18	112		109	111	113	111		111		111		
EUR	19	129		130	130	129	129		130		128		
Capital expenditures	20	664		161	217	284	662		1,041		1,200		
Depreciation and amortization	21	648		217	219	231	667		870		900		
R & D costs	22	972		334	301	352	987		1,360		1,380		
Total assets	23	26,960		27,857	27,448		27,634		27,241				
Net assets	24	11,736		11,991	12,046		11,999		11,929				
Financial debt	25	5,242		5,599	5,589		5,603		4,979				
Net cash	26	557		763	1,154		750		1,070				
Free cash flow (Operating & Investing)	27	(97)		(160)	372	(259)	(47)		478				
Japan	28	139	5.3	49	54	47	150	7.4	210	3.8	217	3.2	
North America	29	321	(2.9)	116	106	98	320	(0.4)	435	1.5	428	(1.7)	
Europe	30	193	1.2	67	68	61	196	1.9	269	2.6	270	0.4	
China	31	245	7.8	68	65	62	195	(20.5)	322	10.5	250	(22.5)	
Other	32	288	2.6	103	100	107	309	7.4	394	5.3	405	2.7	
Global retail volume	33	1,186	2.1	403	392	374	1,170	(1.4)	1,631	4.6	1,569	(3.8)	
Japan	34	133	5.5	49	52	46	147	9.9	199	3.2	212	6.8	
North America	35	319	(2.8)	118	101	97	315	(1.2)	423	(0.7)	427	0.8	
Europe	36	197	2.3	61	68	65	194	(1.7)	266	4.2	267	0.5	
Other	37	279	(1.8)	98	97	112	307	10.1	386	(1.4)	411	6.3	
Consolidated wholesales volume	38	928	(0.3)	325	318	320	962	3.7	1,274	0.7	1,317	3.4	
Domestic	39	730	0.9	258	204	278	739	1.3	987	2.3	1,012	2.5	
Overseas	40	470	1.9	156	139	143	438	(6.8)	633	0.9			
Global production volume	41	1,200	1.3	414	343	421	1,178	(1.9)	1,620	1.7			

Note: The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" from the beginning of the first quarter under review. The figures of "Total assets" for second quarter and full year of the previous fiscal year were adjusted retrospectively in accordance with this 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).