

Consolidated Financial Results
For the Third Quarter of the Fiscal Year Ending March 31, 2020
(For the First Nine Months Ended December 31, 2019)



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

February 5, 2020

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Filing of *Shihanki Hokokusho*,
quarterly securities report : Scheduled for February 13, 2020
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, 2019 through December 31, 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 3rd quarter	2,556,280	(2.5)	32,345	(43.5)	50,054	(39.6)	32,375	(8.4)
FY2019 3rd quarter	2,621,319	2.9	57,057	(46.7)	82,907	(38.5)	35,361	(58.4)

Note: Comprehensive income
FY2020 3rd quarter **40,372** millions of yen (**33.8** %)
FY2019 3rd quarter 30,180 millions of yen ((71.9) %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2020 3rd quarter	51.41	51.39
FY2019 3rd quarter	56.15	56.14

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 third 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 December 31, 2019	2,870,440	1,251,716	42.5
March 31, 2019	2,877,613	1,233,441	41.8

Reference: Net Assets excluding non-controlling interests

As of December 31, 2019 **1,220,581** 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: None

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 December 31, 2019	631,803,979 shares
	As of March 31, 2019	631,803,979 shares
2) Number of treasury stock		
	As of December 31, 2019	2,017,206 shares
	As of March 31, 2019	2,043,857 shares
3) Average number of outstanding shares		
	For 9 months ended December 31, 2019	629,780,150 shares
	For 9 months ended December 31, 2018	629,757,266 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

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(Reference)

Financial Summary (Consolidated)

For the Third 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 nine months of the fiscal year ending March 31, 2020 was 1,106 thousand units, down 5.4 % year on year, due to the declining demand in the major markets.

	FY 2019 First 9 Months (Apr.'18-Dec.'18)	FY 2020 First 9 Months (Apr.'19-Dec.'19)	(Unit: thousand units) vs. Prior Year	
			Volume	Rate (%)
Japan	150	139	(11)	(7.3) %
North America	320	305	(15)	(4.7) %
Europe	196	219	22	11.3 %
China	195	175	(20)	(10.1) %
Other	309	269	(40)	(13.0) %
Total	1,170	1,106	(64)	(5.4) %

<Breakdown>

USA	216	208	(9)	(4.0) %
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(Consolidated financial result)

Financial performance on a consolidated basis for the first nine months of the fiscal year ending March 31, 2020 was as follows. Net sales amounted to ¥2,556.3 billion, a decrease of ¥65.0 billion or 2.5 % compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥32.3 billion, a decrease of ¥24.8 billion or 43.3 % compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥50.1 billion, a decrease of ¥32.8 billion or 39.6 % compared to the corresponding period in the previous fiscal year, with the posting of a ¥15.1 billion gain from equity in net income of affiliated companies. Net income attributable to owners of the parent amounted to ¥32.4 billion, a decrease of ¥3.0 billion or 8.4 % compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥14.2 billion.

And, operating income changes were as follows.

Volume & mix	28.2	billion yen
Exchange rate	(54.7)	billion yen
Cost improvement	15.7	billion yen
R&D costs	(2.5)	billion yen
Other	(11.5)	billion yen
Total	(24.8)	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of December 31, 2019, total assets decreased ¥7.2 billion from the end of the previous fiscal year, to ¥2,870.4 billion. Total liabilities decreased ¥25.4 billion from the end of the previous fiscal year to ¥1,618.7 billion. Interest-bearing debt as of December 31, 2019 increased ¥44.2 billion from the end of previous fiscal year to

¥651.2 billion.

Net Assets as of December 31, 2019 increased ¥18.3 billion from the end of the previous fiscal year to ¥1,251.7 billion, reflecting net income attributable to owners of the parent ¥32.4 billion and the cash dividends of ¥22.0 billion. Equity ratio increased 0.7 percentage points from the end of the previous fiscal year to 42.5 % (Percentage after consideration of the equity credit attributes of the subordinated loan was 43.7 %).

(Cash Flows)

Cash and cash equivalent as of December 31, 2019 decreased ¥ 132.8 billion from the end of the previous fiscal year to ¥568.8 billion. Interest-bearing debt as of December 31, 2019 increased ¥44.2 billion from the end of previous fiscal year to ¥651.2 billion. As a result, after subtracting cash and cash equivalents from the interest-bearing debt, net interest bearing debt amounted to ¥82.4 billion.

Cash flows for the first nine 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 ¥34.7 billion, reflecting an increase in operating capital from higher inventories, partially offset by income before income taxes of ¥47.8 billion. (For the first nine months of the previous fiscal year, net cash provided by operating activities was ¥64.5 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥104.6 billion, mainly reflecting capital expenditure for the acquisition of property, plant and equipment of ¥88.0 billion. (For the first nine months of the previous fiscal year, net cash used in investing activities was ¥69.3 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥139.3 billion. (For the previous fiscal year, consolidated free cash flow was negative ¥4.7 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥6.0 billion, mainly reflecting the funding from bonds and long-term loans, which was partially offset by the repayments of long-term loans and the dividends payable. (For the first nine months of the previous fiscal year, net cash provided by financing activities was ¥38.3 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 nine 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

The full-year forecast of fiscal year ending March 31, 2020 has not been revised from the previous forecast, released on November 1, 2019.

However, in light of recent trends in our business performance and actual exchange rate, we have revised global retail volume forecast and foreign exchange rate assumptions for the full year financial forecast, as shown below.

Global Retail Volume Forecast and Exchange rate assumptions (April 1, 2019 through March 31, 2020)

Global Retail Volume Forecast

	Full Year		vs. Prior Year		
Japan	204	thousand units	down	4.7	%
North America	425	thousand units	up	1.0	%
Europe	279	thousand units	up	3.6	%
China	231	thousand units	down	6.6	%
Other	360	thousand units	down	11.9	%
Total	1,500	thousand units	down	3.9	%

Exchange rate assumptions

	Full Year		vs. Prior Year	
USD	109	Yen	(2)	Yen
EUR	121	Yen	(8)	Yen

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)

As of	FY2019 March 31, 2019	FY2020 December 31, 2019
ASSETS		
Current Assets:		
Cash and deposits	469,952	506,863
Trade notes and accounts receivable	192,701	187,370
Securities	232,700	63,000
Inventories	428,536	480,721
Other	143,241	154,843
Allowance for doubtful receivables	(1,052)	(954)
Total current assets	1,466,078	1,391,843
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	195,486	191,889
Machinery, equipment and vehicles (net)	278,153	297,454
Land	404,808	419,412
Leased assets (net)	6,613	20,606
Other (net)	125,496	141,679
Total property, plant and equipment	1,010,556	1,071,040
Intangible assets:	36,226	38,226
Investments and other assets:		
Investment securities	216,328	219,972
Asset for retirement benefits	3,945	4,465
Other	145,011	145,423
Allowance for doubtful receivables	(531)	(529)
Total investments and other assets	364,753	369,331
Total non-current assets	1,411,535	1,478,597
Total Assets	2,877,613	2,870,440

(Millions of Yen)

	FY2019	FY2020
As of	March 31, 2019	December 31, 2019
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	432,669	384,728
Short-term loans payable	124,484	142,279
Bonds due within one year	20,000	-
Long-term loans payable due within one year	28,359	40,980
Lease obligations	2,744	4,307
Income taxes payable	9,877	10,571
Accrued expenses	232,768	229,175
Reserve for warranty expenses	98,267	86,444
Other	73,913	75,703
Total current liabilities	1,023,081	974,187
Non-current liabilities:		
Bonds	30,000	50,000
Long-term loans payable	397,065	396,511
Lease obligations	4,399	17,150
Deferred tax liability related to land revaluation	64,553	64,553
Liability for retirement benefits	69,691	68,174
Other	55,383	48,149
Total non-current liabilities	621,091	644,537
Total Liabilities	1,644,172	1,618,724
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	264,913	264,917
Retained earnings	562,904	573,237
Treasury stock	(2,215)	(2,186)
Total capital and retained earnings	1,109,559	1,119,925
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	4,008	10,715
Deferred gains/(losses) on hedges	804	(521)
Land revaluation	145,574	145,574
Foreign currency translation adjustment	(34,762)	(34,937)
Accumulated adjustments for retirement benefits	(21,921)	(20,175)
Total accumulated other comprehensive income/(loss)	93,703	100,656
Stock Acquisition Rights	255	290
Non-controlling Interests	29,924	30,845
Total Net Assets	1,233,441	1,251,716
Total Liabilities and Net Assets	2,877,613	2,870,440

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first nine months ended December 31, 2019 and 2018)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	FY2019	FY2020
For the first nine months ended	December 31, 2018	December 31, 2019
Net sales	2,621,319	2,556,280
Cost of sales	2,049,792	2,011,811
Gross profit	571,527	544,469
Selling, general and administrative expenses	514,470	512,124
Operating income	57,057	32,345
Non-operating income		
Interest income	3,529	4,240
Equity in net income of affiliated companies	27,257	15,131
Foreign exchange gain	-	2,323
Other	5,551	4,331
Total	36,337	26,025
Non-operating expenses		
Interest expense	4,557	4,778
Foreign exchange loss	2,128	-
Other	3,802	3,538
Total	10,487	8,316
Ordinary income	82,907	50,054
Extraordinary income		
Gain on sales of property, plant and equipment	471	67
Gain on sale of investment securities	1,729	374
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	-	193
Other	26	12
Total	2,226	646
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	3,339	2,555
Impairment loss	650	309
Loss on disaster	3,726	-
Other	101	18
Total	7,816	2,882
Income before income taxes	77,317	47,818
Income taxes		
Current	23,601	15,839
Refund of income taxes for prior periods	-	(11,769)
Deferred	15,912	10,168
Total	39,513	14,238
Net income	37,804	33,580
Net income attributable to Non-controlling interests	2,443	1,205
Net income attributable to owners of the parent	35,361	32,375

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2019	FY2020
For the first nine months ended	December 31, 2018	December 31, 2019
Net income	37,804	33,580
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(4,993)	6,710
Deferred gains/(losses) on hedges	711	(1,380)
Foreign currency translation adjustment	(3,478)	1,064
Adjustments for retirement benefits	1,794	1,755
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(1,658)	(1,357)
Total	(7,624)	6,792
Comprehensive income/(loss)	30,180	40,372
Comprehensive income/(loss) attributable to:		
Owners of the parent	27,222	39,328
Non-controlling interests	2,958	1,044

(For the three months ended December 31, 2019 and 2018)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	FY2019	FY2020
For the three months ended	December 31, 2018	December 31, 2019
Net sales	892,291	849,706
Cost of sales	696,373	676,895
Gross profit	195,918	172,811
Selling, general and administrative expenses	168,704	166,277
Operating income	27,214	6,534
Non-operating income		
Interest income	1,295	1,363
Equity in net income of affiliated companies	8,017	3,849
Foreign exchange gain	-	5,804
Other	1,422	1,150
Total	10,734	12,166
Non-operating expenses		
Interest expense	1,382	1,507
Foreign exchange loss	5,727	-
Other	1,420	1,160
Total	8,529	2,667
Ordinary income	29,419	16,033
Extraordinary income		
Gain on sales of property, plant and equipment	443	14
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	11	126
Other	13	12
Total	467	152
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,312	905
Impairment loss	216	156
Other	-	12
Total	1,528	1,073
Income before income taxes	28,358	15,112
Income taxes		
Current	4,746	933
Refund of income taxes for prior periods	-	(11,769)
Deferred	11,495	8,660
Total	16,241	(2,176)
Net income	12,117	17,288
Net income attributable to Non-controlling interests	583	1,530
Net income attributable to owners of the parent	11,534	15,758

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY2019	FY2020
For the three months ended	December 31, 2018	December 31, 2019
Net income	12,117	17,288
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(5,364)	3,140
Deferred gains/(losses) on hedges	1,379	(971)
Foreign currency translation adjustment	(6,880)	7,129
Adjustments for retirement benefits	847	477
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	2,172	(811)
Total	(7,846)	8,964
Comprehensive income/(loss)	4,271	26,252
Comprehensive income/(loss) attributable to:		
Owners of the parent	4,074	24,234
Non-controlling interests	197	2,018

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2019	FY2020
For the first nine months ended	December 31, 2018	December 31, 2019
Cash flows from operating activities:		
Income before income taxes	77,317	47,818
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	66,716	68,986
Impairment loss	650	309
Increase/(decrease) in allowance for doubtful receivables	(92)	(76)
Increase/(decrease) in reserve for warranty expenses	(7,046)	(11,823)
Increase/(decrease) in liability for retirement benefits	(4,769)	502
Interest and dividend income	(4,778)	(5,309)
Interest expense	4,557	4,778
Equity in net loss/(income) of affiliated companies	(27,257)	(15,131)
Loss/(gain) on sales and retirement of property, plant and equipment	2,847	2,476
Loss/(gain) on sales of investment securities	(1,729)	(374)
Decrease/(increase) in trade notes and accounts receivable	43,536	3,338
Decrease/(increase) in inventories	(47,978)	(65,636)
Decrease/(increase) in other current assets	(19,623)	7,254
Increase/(decrease) in trade notes and accounts payable	(4,053)	(44,377)
Increase/(decrease) in other current liabilities	2,047	(2,799)
Other	(12,677)	(24,556)
Subtotal	67,668	(34,620)
Interest and dividends received	32,801	29,425
Interest paid	(4,216)	(4,432)
Income taxes refunded/(paid)	(31,725)	(25,093)
Net cash provided by/(used in) operating activities	64,528	(34,720)
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	9,317	(16)
Purchase of investment securities	(8)	(5,656)
Proceeds from sales and redemption of investment securities	2,711	925
Acquisition of property, plant and equipment	(71,547)	(88,014)
Proceeds from sales of property, plant and equipment	2,616	377
Acquisition of intangible assets	(7,235)	(10,018)
Payments of long-term loans receivable	(4,241)	(2,667)
Collections of long-term loans receivable	204	202
Other	(1,093)	283
Net cash provided by/(used in) investing activities	(69,276)	(104,584)

(Millions of Yen)

For the first nine months ended	FY2019	FY2020
	December 31, 2018	December 31, 2019
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	3,304	18,937
Proceeds from long-term loans payable	123,740	31,149
Repayments of long-term loans payable	(64,928)	(18,334)
Proceeds from issuance of bonds	-	19,913
Redemption of bonds	-	(20,000)
Proceeds from sale and leaseback transactions	341	87
Repayments of lease obligations	(1,993)	(3,573)
Cash dividends paid	(22,041)	(22,042)
Cash dividends paid to non-controlling interests	(154)	(122)
Net decrease/(increase) in treasury stock	18	32
Net cash provided by/(used in) financing activities	38,287	6,047
Effect of exchange rate fluctuations on cash and cash equivalents	(3,117)	454
Net increase/(decrease) in cash and cash equivalents	30,422	(132,803)
Cash and cash equivalents at beginning of the period	604,854	701,624
Cash and cash equivalents at end of the period	635,276	568,821

(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 nine months of the fiscal year ended March 31, 2019, the third 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 nine months of the fiscal year ended March 31, 2019, net sales decreased by ¥1,239 million, operating income and income before income taxes decreased by ¥2,503 million, and net income attributable to owners of the parent decreased by ¥1,684 million compared with the figures prior to the retrospective adoption. In addition, for the third quarter of the fiscal year ended March 31, 2019, net sales decreased by ¥1,179 million, operating income decreased by ¥1,474 million, income before income taxes decreased by ¥1,470 million, and net income attributable to owners of the parent decreased by ¥1,134 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 nine months of the fiscal year ending March 31, 2020 and the third quarter of the fiscal year ending March 31, 2020 is immaterial.

(Segment Information)**I. 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	834,259	510,394	479,510	2,621,319	-	2,621,319
Inter-segment	1,350,929	179,773	17,510	57,991	1,606,203	(1,606,203)	-
Total	2,148,085	1,014,032	527,904	537,501	4,227,522	(1,606,203)	2,621,319
Segment income	15,140	26,238	10,230	16,168	67,776	(10,719)	57,057

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.

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 nine 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 ¥ 1,239 million and ¥ 2,503 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 Nine Months (April 1, 2019 through December 31, 2019)**1) Sales and Income or Loss by Reportable Segments**

(Millions of Yen)

FY2020 First Nine Months Ended December 31, 2019	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	762,192	846,523	549,824	397,741	2,556,280	-	2,556,280
Inter-segment	1,323,221	111,625	22,259	59,335	1,516,440	(1,516,440)	-
Total	2,085,413	958,148	572,083	457,076	4,072,720	(1,516,440)	2,556,280
Segment income/(loss)	(17,300)	17,754	6,988	19,052	26,494	5,851	32,345

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 Nine Months ended December 31, 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 Third Quarter of the Fiscal Year Ending March 31, 2020

(For the Nine Months Ended December 31, 2019)

February 5, 2020

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 9 months (Apr.'18-Dec.'18)		FY 2020 First 9 months (Apr.'19-Dec.'19)			FY 2019 Full Year Ended March 31, 2019		FY 2020 Full Year Forecast Ending March 31, 2020				
				%	1st Qtr.	2nd Qtr.	3rd Qtr.	First 9 months (Apr.'19-Dec.'19)			%			
	Domestic	1	4,888	14.5	1,313	1,765	1,339	4,417	(9.6)	6,936	9.9	6,500	(6.3)	
	Overseas	2	21,325	0.5	7,176	6,812	7,158	21,146	(0.8)	28,706	1.0	28,500	(0.7)	
Net sales		3	26,213	2.9	8,489	8,577	8,497	25,563	(2.5)	35,642	2.6	35,000	(1.8)	
Operating income		4	2.2%	571	(46.7)	0.8%	70	2.2%	188	0.8%	65	1.3%	323	(43.3)
Ordinary income		5	3.2%	829	(38.5)	1.1%	91	2.9%	249	1.9%	161	2.0%	501	(39.6)
Income before income taxes		6	2.9%	773	(38.0)	1.0%	86	2.8%	241	1.8%	151	1.9%	478	(38.2)
Net income attributable to owners of the parent		7	1.3%	354	(58.4)	0.6%	52	1.3%	114	1.9%	158	1.3%	324	(8.4)
Operating income by segment (geographic area)														
Japan		8	151		(11)	(18)	(144)	(173)		225				
North America		9	262		(13)	30	161	178		210				
Europe		10	102		11	17	42	70		129				
Other areas		11	162		86	55	50	191		242				
Operating profit changes														
Volume & mix		12			(60)	372	(30)	282				348		
Exchange rate		13			(108)	(267)	(172)	(547)				(669)		
Cost improvement		14			40	65	52	157				250		
R&D costs		15			(4)	(43)	22	(25)				(43)		
Other		16			(125)	90	(80)	(115)				(109)		
Total		17			(257)	217	(208)	(248)				(223)		
Average rate for the period (Yen)	USD	18	111		110	107	109	109		111		109		
	EUR	19	129		124	119	120	121		128		121		
Capital expenditures		20	662		363	375	245	983		1,197		1,300		
Depreciation and amortization		21	667		224	229	237	690		884		910		
R & D costs		22	987		338	344	330	1,012		1,347		1,390		
Total assets		23	27,704		28,211	28,627		28,704		28,776				
Net assets		24	11,831		11,968	12,058		12,206		12,033				
Financial debt		25	5,603		5,942	6,291		6,512		6,071				
Net cash		26	750		256	(84)		(824)		946				
Free cash flow (Operating & Investing)		27	(47)		(378)	(317)	(698)	(1,393)		151				
	Japan	28	150	7.4	39	59	40	139	(7.3)	215	2.0	204	(4.7)	
	North America	29	320	(0.4)	100	103	102	305	(4.7)	421	(3.2)	425	1.0	
	Europe	30	196	1.9	67	69	82	219	11.3	270	0.4	279	3.6	
	China	31	195	(20.5)	54	55	66	175	(10.1)	247	(23.3)	231	(6.6)	
	Other	32	309	7.4	93	92	84	269	(13.0)	409	3.7	360	(11.9)	
Global retail volume		33	1,170	(1.4)	353	378	376	1,106	(5.4)	1,561	(4.2)	1,500	(3.9)	
	Japan	34	147	9.9	39	55	37	131	(10.6)	210	5.8	196	(6.7)	
	North America	35	315	(1.2)	111	92	100	302	(4.2)	424	0.1	434	2.4	
	Europe	36	194	(1.7)	70	73	67	211	8.8	267	0.4	272	2.0	
	Other	37	307	10.1	90	92	88	271	(11.7)	411	6.3	366	(10.9)	
	Consolidated wholesales volume		38	962	3.7	310	312	293	915	(4.9)	1,311	2.9	1,268	(3.3)
	Domestic	39	739	1.3	254	249	236	740	0.0	1,010	2.4	974	(3.6)	
	Overseas	40	438	(6.8)	101	121	134	356	(18.7)	560	(11.6)			
Global production volume		41	1,178	(1.9)	356	370	371	1,096	(6.9)	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 nine 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).