

Consolidated Financial Results
For the Third Quarter of the Fiscal Year Ending March 31, 2023
(For the First Nine Months Ended December 31, 2022)



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

February 10, 2023

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Filing of *Shihanki Hokokusho*, quarterly securities report : Scheduled for February 14, 2023
 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, 2022 through December 31, 2022)

(1) Consolidated Financial Results (for the first nine months)

(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 | % |
| FY2023 3rd quarter | 2,696,255 | 24.7 | 109,464 | 71.9 | 135,386 | 127.3 | 103,571 | 252.0 |
| FY2022 3rd quarter | 2,162,379 | 10.4 | 63,662 | - | 59,559 | - | 29,426 | - |

Note: Comprehensive income **FY2023 3rd quarter** **116,477 millions of yen** (**152.3 %**)
 FY2022 3rd quarter 46,158 millions of yen (- %)

| | Net Income Per Share | Net Income Per Share (Diluted) |
|---------------------------|----------------------|--------------------------------|
| | yen | yen |
| FY2023 3rd quarter | 164.41 | 164.28 |
| FY2022 3rd quarter | 46.72 | 46.68 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|--------------------------------|------------------|------------------|--------------|
| | millions of yen | millions of yen | % |
| As of December 31, 2022 | 3,186,460 | 1,407,892 | 43.7 |
| March 31, 2022 | 2,968,148 | 1,316,697 | 43.8 |

Reference: Net Assets excluding non-controlling interests

As of December 31, 2022 **1,390,927 millions of yen**
 As of March 31, 2022 1,301,140 millions of yen

2. Dividends

| | Dividends Per Share | | | | |
|--------------------------|---------------------|--------------|-----------|--------------|--------------|
| | 1st. Qtr. | 2nd. Qtr. | 3rd. Qtr. | Year End | Full-Year |
| | yen | yen | yen | yen | yen |
| FY2022 | - | 0.00 | - | 20.00 | 20.00 |
| FY2023 | - | 20.00 | - | | |
| FY2023 (Forecast) | | | | 20.00 | 40.00 |

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

3. Consolidated Financial Forecast (April 1, 2022 through March 31, 2023)

(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 |
| FY2023 Full Year | 3,900,000 | 25.0 | 150,000 | 43.9 | 175,000 | 41.7 | 140,000 | 71.7 | 222.24 |

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 13 of the attachment.

(4) Number of outstanding shares (Common stock)

| | | |
|--|---|---------------------------|
| 1) Number of outstanding shares (including treasury stock) | | |
| | As of December 31, 2022 | 631,803,979 shares |
| | As of March 31, 2022 | 631,803,979 shares |
| 2) Number of treasury stock | | |
| | As of December 31, 2022 | 1,840,738 shares |
| | As of March 31, 2022 | 1,938,951 shares |
| 3) Average number of outstanding shares | | |
| | For 9 months ended December 31, 2022 | 629,946,386 shares |
| | For 9 months ended December 31, 2021 | 629,848,937 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 4 of the attachment.

ATTACHMENT

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(Reference)

Financial Summary (Consolidated)

For the Third Quarter of the Fiscal Year Ending March 31, 2023

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, 2023 was 795 thousand units, down 14.5% year on year.

(In thousands of units)

| | FY 2022 First 9 Months (Apr.'21-Dec.'21) | FY 2023 First 9 Months (Apr.'22-Dec.'22) | vs. Prior Year | |
|---------------|--|--|----------------|----------|
| | | | Volume | Rate (%) |
| Japan | 94 | 107 | 13 | 13.5 % |
| North America | 332 | 287 | (45) | (13.5)% |
| Europe | 147 | 108 | (39) | (26.3)% |
| China | 134 | 72 | (62) | (46.1)% |
| Other | 222 | 220 | (3) | (1.1)% |
| Total | 930 | 795 | (135) | (14.5)% |

<Breakdown>

| | | | | |
|-----|-----|-----|------|---------|
| USA | 249 | 213 | (37) | (14.8)% |
|-----|-----|-----|------|---------|

(Consolidated Financial Results)

Financial performance on a consolidated basis for the first nine months of the fiscal year ending March 31, 2023 was as follows. Net sales amounted to ¥2,696.3 billion, an increase of ¥533.9 billion or 24.7% compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥109.5 billion, an increase of ¥45.8 billion or 71.9% compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥135.4 billion, an increase of ¥75.8 billion or 127.3% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥103.6 billion, an increase of ¥74.2 billion or 252.0% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥17.7 billion.

Operating income changes were as follows.

| | | |
|---|--------|-------------|
| Volume & mix | 72.3 | billion yen |
| Exchange rate | 106.4 | billion yen |
| Cost improvement | (90.7) | billion yen |
| Fixed costs and others | (33.3) | billion yen |
| Transfer of extraordinary loss in the previous fiscal year | (8.9) | billion yen |
| Total | 45.8 | billion yen |

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of December 31, 2022, total assets increased ¥218.3 billion from the end of the previous fiscal year to ¥3,186.5 billion, reflecting increase in inventories, etc. Total liabilities increased ¥127.1 billion from the end of the previous fiscal year to ¥1,778.6 billion.

Net Assets as of December 31, 2022 increased ¥91.2 billion from the end of the previous fiscal year to ¥1,407.9 billion, reflecting net income attributable to owners of the parent of ¥103.6 billion, etc. Equity ratio decreased 0.1 percentage points from the end of the previous fiscal year to 43.7% (Percentage after consideration of the equity credit attributes of the subordinated loan was 44.7%).

(Cash Flows)

Cash and cash equivalent as of December 31, 2022 increased ¥17.5 billion from the end of the previous fiscal year to ¥757.9 billion. Interest-bearing debt as of December 31, 2022 increased ¥42.5 billion from the end of previous fiscal year to ¥723.3 billion. As a result, we are in a net cash position of ¥34.6 billion.

Cash flows for the first nine months of the fiscal year ending March 31, 2023 by activities were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥49.7 billion, reflecting income before income taxes of ¥122.4 billion, offset by an increase in inventories, etc. (For the first nine months of the previous fiscal year, net cash used in operating activities was ¥11.7 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥71.7 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥61.3 billion. (For the first nine months of the previous fiscal year, net cash used in investing activities was ¥90.1 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥22.0 billion. (For the first nine months of the previous fiscal year, consolidated free cash flow was negative ¥101.7 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥15.6 billion, mainly due to the increase in short-term loans. (For the first nine months of the previous fiscal year, net cash provided by financing activities was ¥123.7 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 2023, as shown below. The prior forecast was announced on November 10, 2022.

For more information, please refer to "Notice of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023" that has been released today.

Consolidated Financial Forecast (April 1, 2022 through March 31, 2023)

(In billions of yen)

| | | Full Year | vs. Prior Year | vs. Prior Forecast | |
|---|-----|-----------|----------------|--------------------|----------|
| | | | | Amount | Rate (%) |
| Net Sales | | 3,900.0 | 25.0 % | - | - % |
| Operating Income | | 150.0 | 43.9 % | 10.0 | 7.1 % |
| Ordinary Income | | 175.0 | 41.7 % | 5.0 | 2.9 % |
| Net Income Attributable to Owners of the parent | | 140.0 | 71.7 % | 10.0 | 7.7 % |
| Exchange rate (Yen) | USD | 134 | 22 | (2) | |
| | EUR | 140 | 9 | 1 | |

Global Retail Volume Forecast (April 1, 2022 through March 31, 2023)

(In thousands of units)

| | | Full Year | vs. Prior Year | vs. Prior Forecast | |
|---------------|--|-----------|----------------|--------------------|----------|
| | | | | Volume | Rate (%) |
| Japan | | 173 | 16.6 % | (8) | (4.3)% |
| North America | | 421 | (4.1)% | (22) | (5.1)% |
| Europe | | 173 | (9.0)% | (2) | (1.4)% |
| China | | 89 | (47.7)% | (21) | (19.3)% |
| Other | | 307 | 1.2 % | 1 | 0.5 % |
| Total | | 1,163 | (7.0)% | (52) | (4.3)% |

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 exchange rates.

2. Quarterly Consolidated Financial Statements and Major Footnotes

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

| As of | FY2022 March 31, 2022 | FY2023 December 31, 2022 |
|---|--------------------------|-----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and deposits | 669,390 | 692,936 |
| Trade notes and accounts receivable | 146,136 | 124,163 |
| Securities | 71,000 | 65,000 |
| Inventories | 399,923 | 624,917 |
| Other | 173,177 | 175,820 |
| Allowance for doubtful receivables | (1,813) | (1,418) |
| Total current assets | 1,457,813 | 1,681,418 |
| Non-current Assets: | | |
| Property, plant and equipment: | | |
| Buildings and structures (net) | 197,286 | 198,757 |
| Machinery, equipment and vehicles (net) | 340,378 | 371,935 |
| Land | 418,454 | 419,390 |
| Leased assets (net) | 21,171 | 18,678 |
| Other (net) | 169,427 | 137,664 |
| Total property, plant and equipment | 1,146,716 | 1,146,424 |
| Intangible assets: | 48,358 | 50,872 |
| Investments and other assets: | | |
| Investment securities | 222,192 | 212,410 |
| Asset for retirement benefits | 7,912 | 8,100 |
| Other | 90,220 | 87,518 |
| Allowance for doubtful receivables | (5,063) | (282) |
| Total investments and other assets | 315,261 | 307,746 |
| Total non-current assets | 1,510,335 | 1,505,042 |
| Total Assets | 2,968,148 | 3,186,460 |

(Millions of Yen)

| As of | FY2022 March 31, 2022 | FY2023 December 31, 2022 |
|---|--------------------------|-----------------------------|
| LIABILITIES | | |
| Current Liabilities: | | |
| Trade notes and accounts payable | 345,443 | 407,146 |
| Short-term loans payable | 1,526 | 74,611 |
| Long-term loans payable due within one year | 62,437 | 217,277 |
| Lease obligations | 4,394 | 3,915 |
| Income taxes payable | 6,621 | 9,751 |
| Accrued expenses | 244,683 | 259,534 |
| Reserve for warranty expenses | 66,261 | 74,853 |
| Provision for loss on compensation for damage | 11,500 | 7,500 |
| Other | 156,068 | 146,660 |
| Total current liabilities | 898,933 | 1,201,247 |
| Non-current Liabilities: | | |
| Bonds | 50,000 | 50,000 |
| Long-term loans payable | 540,083 | 357,164 |
| Lease obligations | 19,015 | 17,127 |
| Deferred tax liability related to land revaluation | 64,537 | 64,537 |
| Provision related to environmental regulations | - | 10,537 |
| Liability for retirement benefits | 33,433 | 34,604 |
| Other | 45,450 | 43,352 |
| Total non-current liabilities | 752,518 | 577,321 |
| Total Liabilities | 1,651,451 | 1,778,568 |
| NET ASSETS | | |
| Capital and Retained Earnings: | | |
| Common stock | 283,957 | 283,957 |
| Capital surplus | 263,003 | 263,035 |
| Retained earnings | 581,458 | 659,832 |
| Treasury stock | (2,100) | (1,994) |
| Total capital and retained earnings | 1,126,318 | 1,204,830 |
| Accumulated Other Comprehensive Income/(Loss): | | |
| Net unrealized gain/(loss) on available-for-sale securities | 29,707 | 18,173 |
| Deferred gains/(losses) on hedges | (1,314) | 200 |
| Land revaluation | 145,536 | 145,536 |
| Foreign currency translation adjustment | (6,162) | 17,741 |
| Accumulated adjustments for retirement benefits | 7,055 | 4,447 |
| Total accumulated other comprehensive income/(loss) | 174,822 | 186,097 |
| Stock Acquisition Rights | 440 | 475 |
| Non-controlling Interests | 15,117 | 16,490 |
| Total Net Assets | 1,316,697 | 1,407,892 |
| Total Liabilities and Net Assets | 2,968,148 | 3,186,460 |

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first nine months ended December 31, 2021 and 2022)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

| For the first nine months ended | FY2022 December 31, 2021 | FY2023 December 31, 2022 |
|---|-----------------------------|-----------------------------|
| Net sales | 2,162,379 | 2,696,255 |
| Cost of sales | 1,690,014 | 2,110,252 |
| Gross profit | 472,365 | 586,003 |
| Selling, general and administrative expenses | 408,703 | 476,539 |
| Operating income | 63,662 | 109,464 |
| Non-operating income | | |
| Interest income | 2,357 | 7,123 |
| Equity in net income of affiliated companies | - | 4,472 |
| Foreign exchange gain | 7,574 | 19,243 |
| Other | 4,345 | 5,760 |
| Total | 14,276 | 36,598 |
| Non-operating expenses | | |
| Interest expense | 5,110 | 6,059 |
| Equity in net loss of affiliated companies | 6,296 | - |
| Other | 6,973 | 4,617 |
| Total | 18,379 | 10,676 |
| Ordinary income | 59,559 | 135,386 |
| Extraordinary income | | |
| Gain on sales of property, plant and equipment | 37 | 75 |
| Insurance claim income | 997 | - |
| Compensation for the exercise of eminent domain | - | 271 |
| Gain on change in equity | 4,047 | - |
| Other | 84 | - |
| Total | 5,165 | 346 |
| Extraordinary losses | | |
| Loss on sales and retirement of property, plant and equipment | 3,074 | 2,284 |
| Loss on disaster | 1,555 | - |
| Loss on production suspension and others due to the novel coronavirus | 8,861 | - |
| Loss on liquidation of subsidiaries and affiliates | - | 10,952 |
| Other | 340 | 143 |
| Total | 13,830 | 13,379 |
| Income before income taxes | 50,894 | 122,353 |
| Income taxes | | |
| Current | 8,154 | 21,580 |
| Deferred | 12,742 | (3,861) |
| Total | 20,896 | 17,719 |
| Net income | 29,998 | 104,634 |
| Net income attributable to Non-controlling interests | 572 | 1,063 |
| Net income attributable to owners of the parent | 29,426 | 103,571 |

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

| For the first nine months ended | FY2022 | FY2023 |
|--|-------------------|-------------------|
| | December 31, 2021 | December 31, 2022 |
| Net income | 29,998 | 104,634 |
| Other comprehensive income/(loss) | | |
| Net unrealized gain/(loss) on available-for-sale securities | 10,591 | (11,534) |
| Deferred gains/(losses) on hedges | 241 | 1,380 |
| Foreign currency translation adjustment | 3,971 | 13,899 |
| Adjustments for retirement benefits | (772) | (2,600) |
| Share of other comprehensive income/(loss) of affiliates accounted for using equity method | 2,129 | 10,698 |
| Total | 16,160 | 11,843 |
| Comprehensive income | 46,158 | 116,477 |
| Comprehensive income/(loss) attributable to: | | |
| Owners of the parent | 45,524 | 114,846 |
| Non-controlling interests | 634 | 1,631 |

(For the three months ended December 31, 2021 and 2022)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

| For the three months ended | FY2022 | FY2023 |
|---|-------------------|-------------------|
| | December 31, 2021 | December 31, 2022 |
| Net sales | 666,524 | 1,053,749 |
| Cost of sales | 516,053 | 822,600 |
| Gross profit | 150,471 | 231,149 |
| Selling, general and administrative expenses | 126,550 | 176,926 |
| Operating income | 23,921 | 54,223 |
| Non-operating income | | |
| Interest income | 842 | 2,908 |
| Foreign exchange gain | 5,513 | - |
| Reversal of allowance for doubtful receivables | - | 1,658 |
| Other | 1,032 | 566 |
| Total | 7,387 | 5,132 |
| Non-operating expenses | | |
| Interest expense | 1,393 | 2,214 |
| Equity in net loss of affiliated companies | 955 | 2,246 |
| Foreign exchange loss | - | 29,349 |
| Taxes and dues | 2,225 | - |
| Other | 1,069 | 520 |
| Total | 5,642 | 34,329 |
| Ordinary income | 25,666 | 25,026 |
| Extraordinary income | | |
| Gain on sales of property, plant and equipment | 3 | 13 |
| Insurance claim income | 997 | - |
| Gain on reversal of reserve for loss on business of subsidiaries and affiliates | 63 | 42 |
| Total | 1,063 | 55 |
| Extraordinary losses | | |
| Loss on sales and retirement of property, plant and equipment | 1,168 | 1,073 |
| Loss on disaster | 1,555 | - |
| Loss on production suspension and others due to the novel coronavirus | 8,861 | - |
| Loss on liquidation of subsidiaries and affiliates | - | 10,952 |
| Other | 155 | 27 |
| Total | 11,739 | 12,052 |
| Income before income taxes | 14,990 | 13,029 |
| Income taxes | | |
| Current | 2,474 | 3,161 |
| Deferred | 6,771 | (8,341) |
| Total | 9,245 | (5,180) |
| Net income | 5,745 | 18,209 |
| Net income attributable to Non-controlling interests | 173 | 497 |
| Net income attributable to owners of the parent | 5,572 | 17,712 |

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

| For the three months ended | FY2022 | FY2023 |
|--|-------------------|-------------------|
| | December 31, 2021 | December 31, 2022 |
| Net income | 5,745 | 18,209 |
| Other comprehensive income/(loss) | | |
| Net unrealized gain/(loss) on available-for-sale securities | 3,020 | (1,443) |
| Deferred gains/(losses) on hedges | 68 | 591 |
| Foreign currency translation adjustment | 7,084 | (26,977) |
| Adjustments for retirement benefits | (124) | (123) |
| Share of other comprehensive income/(loss) of affiliates accounted for using equity method | (1,178) | 318 |
| Total | 8,870 | (27,634) |
| Comprehensive income | 14,615 | (9,425) |
| Comprehensive income/(loss) attributable to: | | |
| Owners of the parent | 14,385 | (9,656) |
| Non-controlling interests | 230 | 231 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

| For the first nine months ended | FY2022 December 31, 2021 | FY2023 December 31, 2022 |
|---|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Income before income taxes | 50,894 | 122,353 |
| Adjustments to reconcile Income before income taxes to net cash provided by/(used in) operating activities: | | |
| Depreciation and amortization | 65,789 | 78,579 |
| Increase/(decrease) in allowance for doubtful receivables | (117) | (4,836) |
| Increase/(decrease) in reserve for warranty expenses | (15,349) | 8,592 |
| Increase/(decrease) in provision for loss on compensation for damage | - | (4,000) |
| Increase/(decrease) in provision related to environmental regulations | - | 10,537 |
| Increase/(decrease) in liability for retirement benefits | (2,141) | (2,629) |
| Interest and dividend income | (3,680) | (8,427) |
| Interest expense | 5,110 | 6,059 |
| Equity in net loss/(income) of affiliated companies | 6,296 | (4,472) |
| Loss/(gain) on change in equity | (4,047) | - |
| Loss/(gain) on sales and retirement of property, plant and equipment | 3,037 | 1,938 |
| Loss on liquidation of subsidiaries and affiliates | - | 10,952 |
| Decrease/(increase) in trade notes and accounts receivable | (20,164) | 24,511 |
| Decrease/(increase) in inventories | 27,084 | (216,545) |
| Decrease/(increase) in other current assets | (27,110) | (4,864) |
| Increase/(decrease) in trade notes and accounts payable | (51,422) | 55,157 |
| Increase/(decrease) in other current liabilities | (29,466) | 10,258 |
| Other | (22,903) | (32,619) |
| Subtotal | (18,189) | 50,544 |
| Interest and dividends received | 24,785 | 17,496 |
| Interest paid | (5,593) | (5,871) |
| Income taxes refunded/(paid) | (15,120) | (12,422) |
| Refund of income taxes for prior periods | 2,456 | - |
| Net cash provided by/(used in) operating activities | (11,661) | 49,747 |
| Cash flows from investing activities: | | |
| Purchase of investment securities | (364) | (247) |
| Purchase of property, plant and equipment | (81,559) | (61,336) |
| Proceeds from sales of property, plant and equipment | 750 | 506 |
| Purchase of intangible assets | (11,273) | (12,068) |
| Payments of long-term loans receivable | (140) | (17) |
| Collections of long-term loans receivable | 1,425 | 22 |
| Other | 1,085 | 1,419 |
| Net cash provided by/(used in) investing activities | (90,076) | (71,721) |

(Millions of Yen)

| For the first nine months ended | FY2022 December 31, 2021 | FY2023 December 31, 2022 |
|---|-----------------------------|-----------------------------|
| Cash flows from financing activities: | | |
| Net increase/(decrease) in short-term loans payable | 132,888 | 74,144 |
| Proceeds from long-term loans payable | 70,614 | 4,500 |
| Repayments of long-term loans payable | (76,330) | (33,680) |
| Proceeds from sale and leaseback transactions | 19 | 104 |
| Repayments of lease obligations | (3,334) | (4,176) |
| Cash dividends paid | - | (25,197) |
| Cash dividends paid to non-controlling interests | (179) | (197) |
| Net decrease/(increase) in treasury stock | 61 | 77 |
| Net cash provided by/(used in) financing activities | 123,739 | 15,575 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 7,124 | 23,945 |
| Net increase/(decrease) in cash and cash equivalents | 29,126 | 17,546 |
| Cash and cash equivalents at beginning of the period | 738,793 | 740,385 |
| Cash and cash equivalents at end of the period | 767,919 | 757,931 |

(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)

We have applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Implementation Guidance on Fair Value Measurement Accounting Standard”) from the beginning of the first quarter of the fiscal year ending March 31, 2023 and have applied prospectively a new accounting policy provided for by the Implementation Guidance on Fair Value Measurement Accounting Standard in accordance with the transitional treatment specified in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Accounting Standard. There is no impact of this application on the quarterly consolidated financial statements.

(Additional Information)

The Company and its certain domestic consolidating subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system, effective from the first quarter of the fiscal year ending March 31, 2023. As a result of this, accounting treatment and disclosure procedures for corporate tax, local corporate tax and tax effect accounting are in compliance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASJB Guidance No. 42, August 12, 2021; hereinafter referred to as “Practical Solution No. 42”). Also, in accordance with Paragraph 32(1) of the Practical Solution No. 42, we see no impact of a change in accounting policies as a result of the application of the Practical Solution No. 42.

(Segment Information)

I. FY2022 First Nine Months (April 1, 2021 through December 31, 2021)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

| FY2022 First Nine Months Ended December 31, 2021 | Reportable Segments | | | | | Adjustment (Note 1) | Consolidated (Note 2) |
|---|---------------------|------------------|---------|----------------|-----------|------------------------|--------------------------|
| | Japan | North America | Europe | Other areas | Total | | |
| Net sales: | | | | | | | |
| Outside customers | 562,252 | 814,744 | 391,794 | 393,589 | 2,162,379 | - | 2,162,379 |
| Inter-segment | 1,255,936 | 175,003 | 15,559 | 41,311 | 1,487,809 | (1,487,809) | - |
| Total | 1,818,188 | 989,747 | 407,353 | 434,900 | 3,650,188 | (1,487,809) | 2,162,379 |
| Segment income | 56,780 | 18,211 | 7,644 | 12,491 | 95,126 | (31,464) | 63,662 |

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

2. The segment income is reconciled with the operating income in the consolidated statement of operations for FY2022 first nine months ended December 31, 2021.

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. FY2023 First Nine Months (April 1, 2022 through December 31, 2022)

1) Sales and Income or Loss by Reportable Segments

(Millions of Yen)

| FY2023 First Nine Months Ended December 31, 2022 | Reportable Segments | | | | | Adjustment (Note 1) | Consolidated (Note 2) |
|---|---------------------|------------------|---------|----------------|-----------|------------------------|--------------------------|
| | Japan | North America | Europe | Other areas | Total | | |
| Net sales: | | | | | | | |
| Outside customers | 657,564 | 1,176,791 | 429,484 | 432,416 | 2,696,255 | - | 2,696,255 |
| Inter-segment | 1,644,463 | 275,824 | 22,449 | 40,731 | 1,983,467 | (1,983,467) | - |
| Total | 2,302,027 | 1,452,615 | 451,933 | 473,147 | 4,679,722 | (1,983,467) | 2,696,255 |
| Segment income | 88,741 | 18,326 | 10,034 | 18,531 | 135,632 | (26,168) | 109,464 |

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

2. The segment income is reconciled with the operating income in the consolidated statement of operations for FY2023 first nine months ended December 31, 2022.

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, 2023
(For the Nine Months Ended December 31, 2022)

February 10, 2023
Mazda Motor Corporation

| | | FY 2022 | | | FY 2023 | | | FY 2022 | | FY 2023 | | | | | | | | |
|---|--|-------------------|---------|----------|----------|----------|-------------------|---------|----------------------|---------|-----------------------|--------|--------|-------|-------|------|-------|---------|
| | | First 9 months | | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | First 9 months | | Full Year | | Full Year Forecast | | | | | | | |
| | | (Apr.'21-Dec.'21) | | | | | (Apr.'22-Dec.'22) | | Ended March 31, 2022 | | Ending March 31, 2023 | | | | | | | |
| | | | % | | | | | % | | % | | | | | | | | |
| | Domestic | 1 | 3,954 | (1.2) | 1,134 | 1,547 | 1,628 | 4,309 | 9.0 | 5,696 | (4.2) | 6,000 | 5.3 | | | | | |
| | Overseas | 2 | 17,670 | 13.3 | 5,038 | 8,706 | 8,910 | 22,654 | 28.2 | 25,507 | 11.5 | 33,000 | 29.4 | | | | | |
| Net sales | | 3 | 21,624 | 10.4 | 6,172 | 10,253 | 10,538 | 26,963 | 24.7 | 31,203 | 8.3 | 39,000 | 25.0 | | | | | |
| Operating income | | 4 | 2.9% | 637 | — | (3.2%) | 7.3% | 747 | 543 | 4.1% | 1,042 | — | 3.8% | 1,500 | 43.9 | | | |
| Ordinary income | | 5 | 2.8% | 596 | — | 3.4% | 8.7% | 897 | 250 | 2.4% | 5.0% | 1,354 | 127.3 | 4.0% | 337.2 | 4.5% | 1,750 | 41.7 |
| Income before income taxes | | 6 | 2.4% | 509 | — | 3.3% | 8.7% | 890 | 131 | 4.5% | 3.6% | 1,224 | 140.4 | 3.6% | — | 4.1% | 1,600 | 42.4 |
| Net income attributable to owners of the parent | | 7 | 1.4% | 294 | — | 2.4% | 6.9% | 709 | 177 | 1.7% | 3.8% | 1,036 | 252.0 | 2.6% | — | 3.6% | 1,400 | 71.7 |
| Operating income by segment (geographic area) | | | | | | | | | | | | | | | | | | |
| | Japan | 8 | 568 | | (36) | 568 | 355 | 887 | | 857 | | | | | | | | |
| | North America | 9 | 182 | | (74) | 89 | 168 | 183 | | (95) | | | | | | | | |
| | Europe | 10 | 76 | | 45 | 25 | 30 | 100 | | 149 | | | | | | | | |
| | Other areas | 11 | 125 | | 47 | 66 | 72 | 185 | | 165 | | | | | | | | |
| Operating profit changes | | | | | | | | | | | | | | | | | | |
| | Volume & mix | 12 | | | (463) | 612 | 574 | 723 | | | | | | | | | | 1,016 |
| | Exchange rate | 13 | | | 179 | 384 | 501 | 1,064 | | | | | | | | | | 1,119 |
| | Cost improvement | 14 | | | (184) | (399) | (324) | (907) | | | | | | | | | | (1,135) |
| | Fixed costs and others | 15 | | | 12 | 14 | (359) | (333) | | | | | | | | | | (453) |
| | Transfer of extraordinary loss in the previous fiscal year | 16 | | | - | - | (89) | (89) | | | | | | | | | | (89) |
| | Total | 17 | | | (456) | 611 | 303 | 458 | | | | | | | | | | 458 |
| Average rate for the period (Yen) | USD | 18 | 111 | | 130 | 138 | 141 | 137 | | 112 | | 134 | | | | | | |
| | EUR | 19 | 131 | | 138 | 139 | 144 | 141 | | 131 | | 140 | | | | | | |
| Capital expenditures | | 20 | 1,037 | | 162 | 198 | 223 | 583 | | 1,443 | | 1,000 | | | | | | |
| Depreciation and amortization | | 21 | 658 | | 251 | 263 | 272 | 786 | | 903 | | 1,050 | | | | | | |
| R & D costs | | 22 | 1,038 | | 299 | 296 | 312 | 907 | | 1,346 | | 1,300 | | | | | | |
| Total assets | | 23 | 30,038 | | 30,964 | 32,306 | | 31,865 | | 29,681 | | | | | | | | |
| Net assets | | 24 | 12,184 | | 13,388 | 14,131 | | 13,909 | | 13,011 | | | | | | | | |
| Financial debt | | 25 | 8,848 | | 8,128 | 7,303 | | 7,233 | | 6,808 | | | | | | | | |
| Net financial debt | | 26 | 1,169 | | 786 | (468) | | (346) | | (596) | | | | | | | | |
| Free cash flow (Operating & Investing) | | 27 | (1,017) | | (1,647) | 1,141 | 286 | (220) | | 529 | | | | | | | | |
| Global retail volume | Japan | 28 | 94 | (16.8) | 25 | 43 | 39 | 107 | 13.5 | 149 | (15.8) | 173 | 16.6 | | | | | |
| | North America | 29 | 332 | 13.8 | 79 | 101 | 107 | 287 | (13.5) | 439 | 8.9 | 421 | (4.1) | | | | | |
| | Europe | 30 | 147 | 8.3 | 30 | 37 | 41 | 108 | (26.3) | 190 | 6.3 | 173 | (9.0) | | | | | |
| | China | 31 | 134 | (24.8) | 24 | 25 | 23 | 72 | (46.1) | 170 | (25.5) | 89 | (47.7) | | | | | |
| | Other | 32 | 222 | 5.5 | 75 | 75 | 70 | 220 | (1.1) | 303 | 0.7 | 307 | 1.2 | | | | | |
| Global retail volume | | 33 | 930 | 0.0 | 233 | 281 | 281 | 795 | (14.5) | 1,251 | (2.8) | 1,163 | (7.0) | | | | | |
| Consolidated wholesales volume | Japan | 34 | 104 | (5.7) | 28 | 43 | 41 | 112 | 7.2 | 152 | (8.3) | 165 | 8.8 | | | | | |
| | North America | 35 | 264 | 0.7 | 64 | 113 | 119 | 296 | 12.0 | 386 | 3.2 | 436 | 13.1 | | | | | |
| | Europe | 36 | 123 | 2.9 | 22 | 41 | 45 | 108 | (12.1) | 169 | (1.8) | 163 | (3.4) | | | | | |
| | Other | 37 | 197 | 13.9 | 53 | 87 | 82 | 222 | 12.9 | 284 | 2.2 | 322 | 13.4 | | | | | |
| Consolidated wholesales volume | | 38 | 688 | 3.5 | 166 | 284 | 287 | 737 | 7.2 | 991 | 0.1 | 1,087 | 9.7 | | | | | |
| Global production volume | Domestic | 39 | 503 | (2.3) | 138 | 198 | 204 | 541 | 7.6 | 696 | (6.8) | | | | | | | |
| | Overseas | 40 | 238 | (26.2) | 71 | 95 | 101 | 268 | 12.6 | 327 | (22.8) | | | | | | | |
| Global production volume | | 41 | 740 | (11.5) | 209 | 294 | 306 | 809 | 9.2 | 1,024 | (12.6) | | | | | | | |

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

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