

Consolidated Financial Results

For the Third Quarter of the Fiscal Year Ending March 31, 2024

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



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

February 9, 2024

Company Name : **Mazda Motor Corporation** (Tokyo Stock Exchange / Code No. 7261)
 URL : <https://www.mazda.com/>
 Representative Person : Masahiro Moro, Representative Director and President
 Contact Person : Keiji Watanabe, General Manager, Accounting Department, Financial Services Division
 Phone 082-282-1111

Filing of *Shihanki Hokokusho*,
 quarterly securities report : Scheduled for February 13, 2024
 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, 2023 through December 31, 2023)

(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	%
FY2024 3rd quarter	3,566,488	32.3	200,202	82.9	238,998	76.5	165,492	59.8
FY2023 3rd quarter	2,696,255	24.7	109,464	71.9	135,386	127.3	103,571	252.0

Note: Comprehensive income **FY2024 3rd quarter** **215,694 millions of yen** (**85.2 %**)
 FY2023 3rd quarter 116,477 millions of yen (152.3 %)

	Net Income Per Share	Net Income Per Share (Diluted)
FY2024 3rd quarter	262.67 ^{yen}	262.45 ^{yen}
FY2023 3rd quarter	164.41	164.28

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of December 31, 2023	3,515,035 ^{millions of yen}	1,640,938 ^{millions of yen}	46.2 [%]
March 31, 2023	3,259,251	1,456,801	44.2

Reference: Net Assets excluding non-controlling interests

As of December 31, 2023 **1,622,227 millions of yen**
 As of March 31, 2023 1,439,598 millions of yen

2. Dividends

	Dividends Per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Full-Year
FY2023	- ^{yen}	20.00 ^{yen}	- ^{yen}	25.00 ^{yen}	45.00 ^{yen}
FY2024	-	25.00	-		
FY2024 (Forecast)				25.00	50.00

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

3. Consolidated Financial Forecast (April 1, 2023 through March 31, 2024)

(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
FY2024 Full Year	4,800,000	25.4	250,000	76.1	254,000	36.6	170,000	19.0	269.81

Note: Revision of the consolidated financial forecast most recently announced: None

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	None
2) Voluntary changes in accounting policies except 1)	None
3) Changes in accounting estimates	None
4) Restatement	None

(4) Number of outstanding shares (Common stock)

1) Number of outstanding shares (including treasury stock)		
	As of December 31, 2023	631,803,979 shares
	As of March 31, 2023	631,803,979 shares
2) Number of treasury stock		
	As of December 31, 2023	1,728,116 shares
	As of March 31, 2023	1,841,110 shares
3) Average number of outstanding shares		
	For 9 months ended December 31, 2023	630,045,801 shares
	For 9 months ended December 31, 2022	629,946,386 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, 2024

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, 2024 was 930 thousand units, up 16.9% year on year.

(In thousands of units)

	FY 2023 First 9 Months (Apr.'22-Dec.'22)	FY 2024 First 9 Months (Apr.'23-Dec.'23)	vs. Prior Year	
			Volume	Rate (%)
Japan	107	121	13	12.4 %
North America	287	380	93	32.2 %
Europe	108	135	26	24.4 %
China	72	73	1	0.9 %
Other	220	222	2	0.8 %
Total	795	930	135	16.9 %
<Breakdown>				
USA	213	275	62	29.3 %

(Consolidated Financial Results)

Financial performance on a consolidated basis for the first nine months of the fiscal year ending March 31, 2024 was as follows. Net sales amounted to ¥3,566.5 billion, an increase of ¥870.2 billion or 32.3% compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥200.2 billion, an increase of ¥90.7 billion or 82.9% compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥239.0 billion, an increase of ¥103.6 billion or 76.5% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥165.5 billion, an increase of ¥61.9 billion or 59.8% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥68.8 billion.

Operating income changes were as follows.

Volume & mix	119.5	billion yen
Exchange rate	29.3	billion yen
Raw material, logistics costs, etc.	(10.8)	billion yen
Cost improvement	18.4	billion yen
Fixed costs and others	(65.7)	billion yen
Total	90.7	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of December 31, 2023, total assets increased ¥255.8 billion from the end of the previous fiscal year, to ¥3,515.0 billion. Total liabilities increased ¥71.6 billion from the end of the previous fiscal year to ¥1,874.1 billion.

Net Assets as of December 31, 2023 increased ¥184.1 billion from the end of the previous fiscal year to ¥1,640.9 billion, mainly reflecting net income attributable to owners of the parent of ¥165.5 billion. Equity ratio increased 2.0 percentage points from the end of the previous fiscal year to 46.2% (Percentage after consideration of the equity credit attributes of the subordinated loan was 47.1%).

(Cash Flows)

Cash and cash equivalent as of December 31, 2023 increased ¥28.6 billion from the end of the previous fiscal year to ¥745.6 billion. Interest-bearing debt as of December 31, 2023 decreased ¥80.5 billion from the end of previous fiscal year to ¥535.0 billion. As a result, we are in a net cash position of ¥210.7 billion.

Cash flows for the first nine months of the fiscal year ending March 31, 2024 by activities were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥210.0 billion, mainly reflecting income before income taxes of ¥235.3 billion. (For the first nine months of the previous fiscal year, net cash provided by operating activities was ¥49.7 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥89.3 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥68.7 billion. (For the first nine months of the previous fiscal year, net cash used in investing activities was ¥71.7 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥120.7 billion. (For the first nine months of the previous fiscal year, consolidated free cash flow was negative ¥22.0 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥115.4 billion, mainly reflecting the repayments of long-term loans payable. (For the first nine months of the previous fiscal year, net cash provided by financing activities was ¥15.6 billion.)

(3) Future Estimates such as Consolidated Financial Forecast

The full-year forecast of fiscal year ending March 31, 2024 remains unchanged from the previous forecast, released on November 7, 2023.

2. Quarterly Consolidated Financial Statements and Major Footnotes

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

As of	FY2023 March 31, 2023	FY2024 December 31, 2023
ASSETS		
Current Assets:		
Cash and deposits	628,098	684,883
Trade notes and accounts receivable	166,921	144,529
Securities	89,000	64,000
Inventories	670,904	737,506
Other	170,814	212,145
Allowance for doubtful receivables	(1,573)	(1,700)
Total current assets	1,724,164	1,841,363
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	200,542	201,830
Machinery, equipment and vehicles (net)	378,913	387,290
Land	419,419	419,875
Leased assets (net)	25,289	23,561
Other (net)	140,443	141,064
Total property, plant and equipment	1,164,606	1,173,620
Intangible assets:	54,614	59,465
Investments and other assets:		
Investment securities	214,895	251,704
Asset for retirement benefits	12,289	69,946
Other	88,966	119,219
Allowance for doubtful receivables	(283)	(282)
Total investments and other assets	315,867	440,587
Total non-current assets	1,535,087	1,673,672
Total Assets	3,259,251	3,515,035

(Millions of Yen)

As of	FY2023 March 31, 2023	FY2024 December 31, 2023
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	480,975	441,399
Short-term loans payable	1,460	36,168
Bonds due within one year	-	20,000
Long-term loans payable due within one year	199,579	96,096
Lease obligations	6,847	7,037
Income taxes payable	18,212	69,301
Accrued expenses	274,964	329,141
Reserve for warranty expenses	108,895	145,131
Other	170,288	159,370
Total current liabilities	1,261,220	1,303,643
Non-current Liabilities:		
Bonds	50,000	30,000
Long-term loans payable	345,340	334,387
Lease obligations	20,869	19,026
Deferred tax liability related to land revaluation	64,434	64,369
Provision related to environmental regulations	14,533	23,113
Liability for retirement benefits	18,238	73,415
Other	27,816	26,144
Total non-current liabilities	541,230	570,454
Total Liabilities	1,802,450	1,874,097
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,035	263,007
Retained earnings	699,231	833,427
Treasury stock	(1,995)	(1,873)
Total capital and retained earnings	1,244,228	1,378,518
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	20,243	41,879
Deferred gains/(losses) on hedges	(68)	46
Land revaluation	145,302	145,097
Foreign currency translation adjustment	14,184	40,634
Accumulated adjustments for retirement benefits	15,709	16,053
Total accumulated other comprehensive income/(loss)	195,370	243,709
Stock Acquisition Rights	475	471
Non-controlling Interests	16,728	18,240
Total Net Assets	1,456,801	1,640,938
Total Liabilities and Net Assets	3,259,251	3,515,035

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first nine months ended December 31, 2022 and 2023)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	For the first nine months ended	
	FY2023 December 31, 2022	FY2024 December 31, 2023
Net sales	2,696,255	3,566,488
Cost of sales	2,110,252	2,798,495
Gross profit	586,003	767,993
Selling, general and administrative expenses	476,539	567,791
Operating income	109,464	200,202
Non-operating income		
Interest income	7,123	14,392
Equity in net income of affiliated companies	4,472	7,968
Foreign exchange gain	19,243	26,052
Other	5,760	6,573
Total	36,598	54,985
Non-operating expenses		
Interest expense	6,059	5,796
Loss on transfer of receivables	1,200	7,052
Other	3,417	3,341
Total	10,676	16,189
Ordinary income	135,386	238,998
Extraordinary income		
Gain on sales of property, plant and equipment	75	194
Compensation for the exercise of eminent domain	271	1
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	-	75
Other	-	12
Total	346	282
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	2,284	3,211
Impairment loss	75	386
Loss on liquidation of subsidiaries and affiliates	10,952	-
Other	68	359
Total	13,379	3,956
Income before income taxes	122,353	235,324
Income taxes		
Current	21,580	84,075
Deferred	(3,861)	(15,316)
Total	17,719	68,759
Net income	104,634	166,565
Net income attributable to Non-controlling interests	1,063	1,073
Net income attributable to owners of the parent	103,571	165,492

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first nine months ended	FY2023	FY2024
	December 31, 2022	December 31, 2023
Net income	104,634	166,565
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(11,534)	21,629
Deferred gains/(losses) on hedges	1,380	140
Foreign currency translation adjustment	13,899	20,252
Adjustments for retirement benefits	(2,600)	363
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	10,698	6,745
Total	11,843	49,129
Comprehensive income	116,477	215,694
Comprehensive income/(loss) attributable to:		
Owners of the parent	114,846	214,036
Non-controlling interests	1,631	1,658

(For the three months ended December 31, 2022 and 2023)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	For the three months ended	
	FY2023 December 31, 2022	FY2024 December 31, 2023
Net sales	1,053,749	1,249,229
Cost of sales	822,600	965,863
Gross profit	231,149	283,366
Selling, general and administrative expenses	176,926	212,775
Operating income	54,223	70,591
Non-operating income		
Interest income	2,908	6,098
Equity in net income of affiliated companies	-	3,384
Reversal of allowance for doubtful receivables	1,658	-
Other	566	1,981
Total	5,132	11,463
Non-operating expenses		
Interest expense	2,214	2,008
Equity in net loss of affiliated companies	2,246	-
Foreign exchange loss	29,349	15,962
Other	520	4,321
Total	34,329	22,291
Ordinary income	25,026	59,763
Extraordinary income		
Gain on sales of property, plant and equipment	13	24
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	42	57
Total	55	81
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,073	1,436
Loss on liquidation of subsidiaries and affiliates	10,952	-
Other	27	312
Total	12,052	1,748
Income before income taxes	13,029	58,096
Income taxes		
Current	3,161	29,044
Deferred	(8,341)	(28,667)
Total	(5,180)	377
Net income	18,209	57,719
Net income attributable to Non-controlling interests	497	359
Net income attributable to owners of the parent	17,712	57,360

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2023	FY2024
	December 31, 2022	December 31, 2023
Net income	18,209	57,719
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(1,443)	(3,004)
Deferred gains/(losses) on hedges	591	(7)
Foreign currency translation adjustment	(26,977)	(7,227)
Adjustments for retirement benefits	(123)	(268)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	318	1,423
Total	(27,634)	(9,083)
Comprehensive income	(9,425)	48,636
Comprehensive income/(loss) attributable to:		
Owners of the parent	(9,656)	48,444
Non-controlling interests	231	192

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

For the first nine months ended	FY2023 December 31, 2022	FY2024 December 31, 2023
Cash flows from operating activities:		
Income before income taxes	122,353	235,324
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	78,579	84,779
Impairment loss	75	386
Increase/(decrease) in allowance for doubtful receivables	(4,836)	49
Increase/(decrease) in reserve for warranty expenses	10,630	34,390
Increase/(decrease) in provision for loss on compensation for damage	(4,000)	(152)
Increase/(decrease) in provision related to environmental regulations	10,537	8,543
Net changes in asset and liability for retirement benefits	(2,629)	(5,050)
Interest and dividend income	(8,427)	(16,267)
Interest expense	6,059	5,796
Equity in net loss/(income) of affiliated companies	(4,472)	(7,968)
Loss/(gain) on sales and retirement of property, plant and equipment	1,938	3,016
Loss on liquidation of subsidiaries and affiliates	10,952	-
Decrease/(increase) in trade notes and accounts receivable	24,511	28,425
Decrease/(increase) in inventories	(216,545)	(36,761)
Decrease/(increase) in other current assets	(4,864)	(34,279)
Increase/(decrease) in trade notes and accounts payable	55,157	(49,034)
Increase/(decrease) in other current liabilities	9,314	20,860
Other	(33,788)	(44,268)
Subtotal	50,544	227,789
Interest and dividends received	17,496	23,006
Interest paid	(5,871)	(5,528)
Income taxes refunded/(paid)	(12,422)	(35,251)
Net cash provided by/(used in) operating activities	49,747	210,016
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	-	(3,248)
Purchase of investment securities	(247)	(2,408)
Purchase of property, plant and equipment	(61,336)	(68,725)
Proceeds from sales of property, plant and equipment	506	760
Purchase of intangible assets	(12,068)	(15,627)
Other	1,424	(39)
Net cash provided by/(used in) investing activities	(71,721)	(89,287)

(Millions of Yen)

For the first nine months ended	FY2023 December 31, 2022	FY2024 December 31, 2023
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	74,144	34,705
Proceeds from long-term loans payable	4,500	73,000
Repayments of long-term loans payable	(33,680)	(187,481)
Proceeds from sale and leaseback transactions	104	73
Repayments of lease obligations	(4,176)	(4,178)
Cash dividends paid	(25,197)	(31,501)
Cash dividends paid to non-controlling interests	(197)	(88)
Net decrease/(increase) in treasury stock	77	94
Net cash provided by/(used in) financing activities	15,575	(115,376)
Effect of exchange rate fluctuations on cash and cash equivalents	23,945	23,203
Net increase/(decrease) in cash and cash equivalents	17,546	28,556
Cash and cash equivalents at beginning of the period	740,385	717,093
Cash and cash equivalents at end of the period	757,931	745,649

(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

(Additional Information)

The future estimated costs of the quality-related expense of certain consolidated subsidiaries, which were included in “Accrued expenses” under “Current Liabilities” in the previous consolidated fiscal year, are included in “Reserve for warranty expenses” from the first quarter of the fiscal year ending March 31, 2024, from the perspective of a more realistic presentation. The consolidated financial statements for the previous fiscal year ended March 31, 2023 have been reclassified to reflect this revision.

As a result, “Accrued expenses” under “Current Liabilities” of ¥23,248 million presented in the consolidated balance sheet for the previous fiscal year has been reclassified as “Reserve for warranty expenses.”

(Segment Information)

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

1) Net 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.

II. FY2024 First Nine Months (April 1, 2023 through December 31, 2023)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2024 First Nine Months Ended December 31, 2023	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	716,915	1,722,917	632,489	494,167	3,566,488		3,566,488
Inter-segment	2,289,704	466,966	28,070	59,155	2,843,895	(2,843,895)	
Total	3,006,619	2,189,883	660,559	553,322	6,410,383	(2,843,895)	3,566,488
Segment income	181,080	60,467	16,317	18,798	276,662	(76,460)	200,202

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 FY2024 first nine months ended December 31, 2023.

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