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MAZDA MOTOR OF AMERICA, INC. d/b/a
MAZDA NORTH AMERICAN OPERATIONS

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

Gary Guthrie, Stephanie Crain, Chad
Hinton, Julio Zelaya, Anna Gilinets,
Marcy Knysz, Lester Woo, and Amy
Bradshaw, *on behalf of themselves and all
others similarly situated,*

Plaintiffs,

v.

Mazda Motor of America, Inc.,

Defendants.

Case No.: 8:22-cv-01055-DOC-DFM

[Assigned to Judge David O. Carter]

**DECLARATION OF KEIJI
WATANABE IN SUPPORT OF
DEFENDANT MAZDA MOTOR
OF AMERICA, INC.'S RESPONSE
TO OBJECTION OF FRANCIS J.
FARINA**

Date: September 16, 2024
Time: 8:30 a.m.
Courtroom: 10A

Complaint Filed: April 19, 2022
SAC Filed: October 31, 2022

DECLARATION OF KEIJI WATANABE

I, Keiji Watanabe, hereby declare as follows:

1. I am over the age of eighteen and competent to sign this Declaration. I submit this Declaration in support of Defendant Mazda Motor of America, Inc. d/b/a Mazda North American Operations (“MNAO”)’s response to the Objections of Francis J. Farina.

2. I am the General Manager of the Accounting Dept. Financial Services Division of Mazda Motor Corporation (“Mazda”), and have held this position since October 1, 2023. Mazda Motor of America, Inc., doing business as Mazda North American Operations, is a wholly owned subsidiary of Mazda. In that role, I have been and am familiar with both the financial reporting discussed in this declaration, as well as the underlying factual information used to generate those reports. Based on my prior and current job responsibilities and my review of and my review of Mazda’s corporate documents and records kept in the ordinary course of business, including information obtained by other Mazda personnel in the course of their duties, I am personally familiar with the information discussed in this declaration and, in particular, the information discussed in the objections to the *Guthrie v. Mazda Motor of America, Inc.* class action settlement referenced below, specifically the information in the reports discussing reserves for compliance with environmental regulations as discussed below.

3. Except as to those matters stated upon information and belief—for which matters I have a good faith basis to believe are true and correct—I make this declaration based on personal knowledge and my review of corporate documents and records kept in the ordinary course of business, including information obtained by other MNAO and Mazda personnel in the course of their duties. If called as a witness, I could and would testify competently as to the matters set forth in this Declaration.

4. I have been informed that Francis J. Farina (“Farina”) is the plaintiff in a proposed class action currently pending in the Western District of North Carolina,

1 *Farina v. Mazda Motor of America, Inc. et al.*, No. 3:23-cv-50 (the “*Farina* action”).
2 I have been informed that the *Farina* action was originally filed on January 28, 2023,
3 and Farina later amended his complaint on May 2, 2023, to bring claims under the
4 Clean Air Act related to the valve stem seals in 2021 Mazda CX-30, CX-5, CX-9,
5 Mazda3, and Mazda6 vehicles.

6 5. As part of preparing for this declaration, I have reviewed three objections
7 to the proposed class action settlement in this action that were submitted on behalf of
8 Farina (the “Farina Objections”):

- 9 • An objection dated March 22, 2024, which I understand is document number
10 107 in the instant action (the “First Farina Objection”).
- 11 • An objection dated May 22, 2024, which I understand is document number
12 123 in the instant action (the “Second Farina Objection”).
- 13 • An objection dated June 26, 2024, which I understand is document number
14 128 in the instant action (the “Third Farina Objection”).

15 6. As part of preparing this declaration, I also reviewed the three
16 declarations signed by Farina referenced in or related to the Farina Objections:

- 17 • A declaration styled “Declaration of Francis J. Farina Concerning Mazda’s
18 Annual Reports and Audited Financial Statements,” dated February 1, 2024
19 (the “February Declaration”). I have been informed that Farina filed the
20 February Declaration in the *Farina* action as Document number 46-17.
- 21 • A declaration styled “Declaration of Francis J. Farina in Support of Motion
22 to Intervene,” dated March 20, 2024 (the “March Declaration”). I have been
23 informed that Farina filed the March Declaration in the instant action as
24 Document number 105-29.
- 25 • A declaration styled “Supplemental Declaration of Francis J. Farina in
26 Support of Objection to the Settlement and Fee Petition,” dated June 20, 2024
27 (the “June Declaration”). I have been informed that Farina filed the June
28 Declaration in the instant action as document number 129-1.

1 7. In each of these objections, Farina references Mazda financial reports for
2 the Mazda fiscal years 2021 through 2023. In the June Declaration, Farina
3 additionally references Mazda financial reports for the fiscal year 2024. I am
4 personally familiar with these reports and the information and statements contained
5 in them.

6 8. In the June Declaration, Farina references three news articles that discuss
7 the alleged falsification or manipulation of vehicle testing by Mazda (the “June
8 Declaration News Articles”). I am personally familiar with these three news articles
9 and the information and statements contained in them.

10 9. Each year, Mazda issues an annual financial report for the year-ended
11 March 31 of that year. For example, in 2023, Mazda issued its “Financial Report
12 2023,” which covered fiscal year April 1, 2022, through March 31, 2023 (“FY March
13 2023”). A true and correct copy of the Financial Report 2023 is attached to this
14 Declaration as **Exhibit 1**.

15 10. The Financial Report 2023 includes Mazda’s “Consolidated Financial
16 Statements,” “Notes to Consolidated Financial Statements,” and an “Independent
17 Auditor’s Report,” among other items. Ex. 1 at 35, 42, and 69.

18 11. Mazda also issues quarterly financial results with additional presentation
19 and securities analyst briefing materials that are publicly available on Mazda’s
20 website.

21 12. In the first quarter of FY March 2023 (*i.e.*, the period covering April 1,
22 2022, through June 30, 2022), Mazda began recording non-current liabilities
23 representing the expected costs of complying with environmental regulations (the
24 “Environmental Regulations Provision”). This line-item thus first appeared in
25 Mazda’s quarterly financial report covering the first quarter of FY March 2023,
26 specifically in the “Consolidated Financial Results for the First Quarter for the Fiscal
27 Year Ending March 31, 2023,” a true and correct copy of which is attached **Exhibit**
28 **2** (the “Q1 2023 CFR”).

1 13. Specifically, on page five of the Q1 2023 CFR, dated August 9, 2022, the
2 line item “Provision related to environmental regulations” appears with
3 ¥6,889,000,000 designated for the period April 1, 2022, through June 30, 2022. As
4 stated in the Financial Report 2023, this line item represents the “estimated costs of
5 complying with environmental regulations at the end of the fiscal year.” Ex. 1, at 44.

6 14. In the analyst briefing material that accompanied the Q1 2023 CFR, a true
7 and correct copy of which is attached as **Exhibit 3**, Mazda specifically flagged this
8 new Environmental Regulations Provision as relating to the cost of complying with
9 environmental regulations in the United States, noting that doing so had contributed
10 to an operating loss that quarter:

11 The reduction in production was almost the same as our expectations.
12 Production recovered in June, but the increase in vehicles did not result in
13 consolidated wholesales. **In fixed costs and other, we booked approximately ¥7.0 billion as a provision related to environmental regulation in the US.** For these reasons, operating profit was lower than
14 our original plan.

15 Ex. 3, at 1 (emphasis added).

16 15. More specifically, Mazda’s decision to begin setting aside amounts
17 payable for the costs of compliance with environmental regulations in the United
18 States was specifically driven by the Biden administration’s 2021 announcement of
19 intent to review and revise federal fuel economy standards, and subsequent
20 announced changes in 2021, signaling that certain emissions and electric-vehicle
21 regulatory standards would be accelerated, including the NHTSA Corporate Average
22 Fuel Economy (“CAFE”) standards, Environmental Protection Agency (“EPA”) fuel-
23 economy standards, and zero-emissions vehicle (“ZEV”) targets.

24 16. The amounts designated in the Environmental Regulations Provision
25 represent the expected costs of complying with Federal greenhouse gas (“GHG”)
26 targets, California Air Resources Board (“CARB”) GHG standards, CARB ZEV
27 targets, and federal CAFE targets.

28 17. For the federal GHG targets, CARB GHG targets, and the federal CAFE

1 targets, a manufacturer that expects to be under-target for a given model year must
2 pay amounts that are objectively calculable under the applicable regulatory
3 requirements with a formula based on the difference between the target and the
4 performance actually achieved; credits for other vehicle equipment; purchasable
5 credits; and a ratio of actual versus planned production for that model year.

6 18. For the CARB ZEV targets, a manufacturer that expects to be under-target
7 for a given model year must pay amounts that are objectively calculable under the
8 applicable regulatory requirements with a formula based on past sales volume
9 multiplied by the required electric-vehicle ratio; credits based on prior electric
10 vehicles sold; purchasable credits; and the ratio of actual versus planned sales volume
11 for the model year in a regulated state.

12 19. Since first itemizing the non-current, expected costs of complying with
13 these environmental regulations in the first quarter of FY March 2023, Mazda has
14 continued to do so. Each quarter, Mazda uses the above-described formulas to set
15 aside the amounts expected to be paid to comply with these regulations.

16 20. In certain quarters of 2023 and 2024, Mazda ear-marked amounts
17 expected to be paid for similarly complying with regulations in other countries.

18 21. As such, the “Provision related to environmental regulations” has grown
19 as follows, as detailed in Mazda’s quarterly and annual financial results published
20 since then:

Quarter	Amount (millions of yen)
Q1 FY March 2023 ¹	6,889
Q2 FY March 2023 ²	9,135

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¹ See Ex. 2, at 5.

² See Mazda’s “Consolidated Financial Results for the Second Quarter for the Fiscal Year Ending March 31, 2023,” a true and correct copy of which is attached **Exhibit 4**, at 6.

Q3 FY March 2023 ³	10,537
Q4 FY March 2023 ⁴	14,533
Q1 FY March 2024 ⁵	18,355
Q2 FY March 2024 ⁶	20,953
Q3 FY March 2024 ⁷	23,113
Q4 FY March 2024 ⁸	29,505
Q1 FY March 2025 ⁹	39,928

22. In the February and March Farina declarations, Farina states, referring to the Environmental Regulations Provision as it appeared in the 2023 Financial Report:

[T]he Provision related to environmental regulations amount of this Reserve set forth in the Selling, General and Administrative Expenses footnote is \$102,925,000 (14,533Yen million).¹⁰ (2023 MAFS at 59.) There was no comparable provision in any prior year, indicating that this reserve – which was made after the filing of the Farina Action Amended Complaint, and 30 days after the North Carolina Court stayed the Farina Action – is most likely related to the Clean Air Act claims set forth in the Farina Action.

(March Decl. ¶ 28; February Decl. ¶ 20 (emphasis omitted); *see also Guthrie Dkt.*

³ See Mazda’s “Consolidated Financial Results for the Third Quarter for the Fiscal Year Ending March 31, 2023,” a true and correct copy of which is attached **Exhibit 5**, at 6.

⁴ See Ex. 1, at 36.

⁵ See Mazda’s “Consolidated Financial Results for the First Quarter for the Fiscal Year Ending March 31, 2024,” a true and correct copy of which is attached **Exhibit 6**, at 5.

⁶ See Mazda’s “Consolidated Financial Results for the Second Quarter for the Fiscal Year Ending March 31, 2024,” a true and correct copy of which is attached **Exhibit 7**, at 6.

⁷ See Mazda’s “Consolidated Financial Results for the Third Quarter for the Fiscal Year Ending March 31, 2024,” a true and correct copy of which is attached **Exhibit 8**, at 5.

⁸ See Mazda’s “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024,” a true and correct copy of which is attached **Exhibit 9**, at 7.

⁹ See Mazda’s “Consolidated Financial Results for the Fiscal Year Ending March 31, 2025,” a true and correct copy of which is attached as **Exhibit 10**, at 6.

¹⁰ This amount in yen is incorrect. The correct amount is 13,792 millions of yen.

1 107 (“First Farina Obj.”), at ¶ 20; *Guthrie* Dkt. 123 (“Second Farina Obj.”), at 3, 4.)

2 23. Farina’s statement as set forth in paragraph 23 is incorrect, on multiple
3 levels. First, Farina states that the Environmental Regulations “reserve” was first
4 designated “after the filing of the Farina Action First Amended Complaint, and 30
5 days after the North Carolina Court stayed the Farina Action.” But as detailed in this
6 declaration, Mazda implemented the Environmental Regulations Provision in the first
7 quarter of FY March 2023, *i.e.*, the fiscal quarter covering April 1, 2022, through June
8 30, 2022, with the Provision first appearing in Mazda’s quarterly financial results
9 thereafter in August 2022. In other words, the Provision was implemented almost ten
10 months before the *Farina* action was filed, and 14 months before the *Farina* action
11 First Amended Complaint was filed.

12 24. Second, Farina’s statement as set forth in Paragraph 23—that the
13 Environmental Regulations Provision is “most likely related to the Clean Air Act
14 claim set forth in the Farina Action”—is also incorrect. The Environmental
15 Regulations Provision is in no way “related to” nor specifically designated for
16 expected liability related to the *Farina* action Clean Air Act claims, the claims in this
17 lawsuit, the valve stem seal issue in this case, or for any other supposed environmental
18 “fines.” Rather, the decision to designate this line-item was made in the ordinary
19 course of business in response to significant anticipated regulatory changes in the
20 United States and the costs of complying with such in the ordinary course of business,
21 and not as a result of or in response to this or any other specific current or anticipated
22 litigation, investigation, or enforcement action.

23 25. In the June Declaration, Farina references March 2024 Mazda financial
24 statements and the Environmental Regulations Provision, saying,

25 As of March 31, 2024, this reserve for compliance with environmental
26 regulations has more than doubled to Yen 29,505 million, or \$203,482,
27 759.¹¹ As previously explained to the Court, this reserve is not intended to

28 ¹¹ This amount in USD is incorrect. The correct amount is \$194,971,255.

1 pay any class claims. Instead, it appears to be an amount payable to
2 regulatory authorities concerning false representations for tests reported to
3 regulatory authorities – e.g., the emissions systems on class vehicles like
mine.

4 (June Decl. ¶ 11.)

5 26. Farina’s statement that the Environmental Regulations Provision
6 “appears to be an amount payable to regulatory authorities concerning false
7 representations for tests reported to regulatory authorities” is again incorrect, as is his
8 further assertion that the Provision is specifically related to “false representations for
9 tests” related to “the emissions systems on class vehicles.” (June Decl. ¶ 11.) The
10 Environmental Regulations Provision is not “an amount payable to regulatory
11 authorities concerning false representations for tests reported to regulatory
12 authorities,” including any purported “false representations” related to any emissions
13 testing. In the June Declaration, Farina references the June Declaration News Articles,
14 all of which pertain to an investigation Mazda conducted regarding its compliance
15 with testing procedures for vehicle certification in Japan (the “Investigation”). The
16 implication of Farina’s reference to these articles is the Environmental Regulation
17 Provision is an amount payable to regulatory authorities for testing irregularities
18 identified as a result of that Investigation. In other words, Farina implies that these
19 news articles identify the supposed “false representations for tests” that he asserts the
20 Environmental Regulations Provision is designated to pay. This implied assertion is
21 also incorrect. Again, the Environmental Regulations Provision was first
22 implemented in 2022 in the ordinary course of business in response to significant
23 anticipated regulatory changes in the United States and the costs of complying with
24 such in the ordinary course of business, and not as a result of or in response to any
25 specific current or anticipated litigation, investigation, or enforcement action.
26 Moreover, the Environmental Regulations Provision was included to address costs of
27 compliance with *United States* environmental regulations, while the June Declaration
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1 News Articles discusses the Investigation that took place in *Japan* related to vehicles
2 manufactured for sale *in Japan* only.

3 27. In the First Farina Objection, Farina states that “Mazda has publicly
4 acknowledged . . . CAA fines alone totaling \$102,925,000,” referring to the amounts
5 designated in the Environmental Regulations Provision as of March 2023. (First
6 Farina Obj. ¶ 21, and at p. 3; *see also* Second Farina Obj., at 4.) This statement is
7 likewise false. The Environmental Regulations Provision is in no way related to any
8 purported Clean Air Act fines—to be clear, there have been no such fines nor are
9 there any threatened. Nor does the Environmental Regulations Provision represent
10 any kind of admission—public or otherwise—because there is nothing to admit.
11 Again, the Environmental Regulations Provision is nothing more than a line-item
12 accounting designation made in the ordinary course of business representing the
13 expected cost of complying with environmental regulations in the ordinary course of
14 business. Farina’s attempts to infer something more or different from it are simply
15 baseless.

16 28. The Second Farina Objection similarly states that “Mazda has publicly
17 acknowledged . . . an accounting reserve to pay regulatory fines of \$102,925,000 for
18 the emissions violations which caused damages to class members’ exhaust systems,”
19 again referring to the amounts designated in the Environmental Regulations Provision
20 as of March 2023. (Second Farina Obj., at 3.) This statement is similarly false for the
21 same reasons.

22 29. The Third Farina Objection again similarly states that “Mazda has
23 publicly acknowledged . . . an accounting reserve to pay regulatory fines of
24 \$203,482,759 for the emissions violations which caused damages to class members’
25 emissions systems,” referring to the amounts designated in the Environmental
26 Regulations Provision as of March 2024. (*Guthrie* Dkt. 128 (“Third Farina Obj.”), at
27 4.) As with the other similar statements, this statement, too, is false.

1 I declare under penalty of perjury under the laws of the United States of
2 America that the foregoing is true and correct. Executed this 11th day of September
3 2024, at Hiroshima, Japan.

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5 Keiji Watanabe
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INDEX OF EXHIBITS TO DECLARATION OF KEIJI WATANABE

Exhibit	Description
1	A true and correct copy of Mazda’s Financial Report 2023
2	A true and correct copy of Mazda’s Consolidated Financial Results for the First Quarter for the Fiscal Year Ending March 31, 2023
3	A true and correct copy of Mazda’s Analyst Briefing for its Consolidated Financial Results for the First Quarter for the Fiscal Year Ending March 31, 2023
4	A true and correct copy of Mazda’s Consolidated Financial Results for the Second Quarter for the Fiscal Year Ending March 31, 2023
5	A true and correct copy of Mazda’s Consolidated Financial Results for the Third Quarter for the Fiscal Year Ending March 31, 2023
6	A true and correct copy of Mazda’s Consolidated Financial Results for the First Quarter for the Fiscal Year Ending March 31, 2024
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10	A true and correct copy of Mazda’s Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

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CERTIFICATE OF SERVICE

I hereby certify that on September 12, 2024, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system and I served a copy of the foregoing pleading on all counsel for all parties, via the CM/ECF system and/or mailing same by United States Mail, properly addressed, and first class postage prepaid, to all counsel of record in this matter.

By: /s/ Jahmy S. Graham
Jahmy S. Graham

EXHIBIT 1



FINANCIAL REPORT 2023

YEAR ENDED MARCH 31, 2023

CONTENTS

1	Management Policy, Business Environment, Issues to be Addressed, etc.
6	Approaches to and Initiatives for Sustainability
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35	Consolidated Financial Statements
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69	Independent Auditor's Report

MANAGEMENT POLICY, BUSINESS ENVIRONMENT, ISSUES TO BE ADDRESSED, ETC.

1. Basic Policy of Company Management

Mazda Motor Corporation (hereinafter “Mazda” or “the Company”) has established the following Corporate Vision in an effort to earn the trust of customers and other stakeholders and to be a brand that they will continue to choose, and also to pursue business activities in a unified manner:

We love cars and want people to enjoy fulfilling lives through cars.

We envision cars existing sustainably with the earth and society,
and we will continue to tackle challenges with creative ideas.

1. Brighten people’s lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges and seek to master the Doh (“Way” or “Path”) of creativity.

2. Business Environment and Issues to be Addressed

(1) Medium-term Management Plan (Fiscal year ended March 2020 through Fiscal year ending March 2026)

To guide Mazda through this key period of transformation, and achieve sustainable growth, the Company has formulated a Medium-term Management Plan in accordance with “Mazda’s uniqueness of co-creating with others,” our core policy, and is steadily implementing initiatives under this plan.

Medium-term Management Plan Key Initiatives

- Invest in brand value improvement
 - Invest in unique products, technologies, production, and customer experience -
 - Continued investment with further efficiency and leveling
 - Staggered launch of new products/derivatives at planned intervals
 - Continued product upgrades
- Curb expenditure that depreciates brand value
- Accelerate fixed cost/cost reductions to lower break-even volume
- Invest in areas where we need to catch up and start investing in new areas
- Enhance alliances (CASE*¹, new partnerships)

We will strive to achieve strong growth by leveraging the assets we have built to date and accelerate efforts to achieve a resilient management structure capable of withstanding major changes over time. With our sights set on 2030 to realize the Company’s long-term vision for technology development, “Sustainable Zoom-Zoom 2030,” we are now working on the transformation of our business structure, bearing in mind changes in the business environment due to the worldwide tightening and acceleration of environmental regulations and competition in new value creation in an era characterized by CASE.

Medium-term Management Plan Financial Metrics

Key financial metrics for the fiscal year ending March 2026, the final year of the Medium-term Management Plan are as follows.

Net sales	· About 4.5 trillion yen
Profit	· Operating return on sales (ROS) 5% or higher · Return on equity (ROE) 10% or higher
Investment for future	· Capex and R&D: 7-8% of revenue or less · Actions for electrification, IT and carbon neutrality
Financial structure	· Maintenance of a net cash position* ²
Shareholder return	· Sustainable payout ratio of 30% or higher
Break-even volume	· About 1 million units (wholesales)

*1. CASE: General term for a group of new technologies that include Connected, Autonomous driving, Shared services, and Electric technologies

*2. The state of maintaining positive total cash amount after the deduction of interest-bearing debt from cash and cash equivalents

(2) Management Policy for 2030

Under our Medium-term Management Plan, we have been promoting initiatives to achieve our financial targets for the fiscal year ending in March 2026. In view of the increasing uncertainty of the business environment including the growing trend toward the introduction of environmental regulations in various countries, improvements in social infrastructure, changes in the power supply mix, and the diversification of customer values, in November 2022, we extended our outlook until the year 2030 and presented our new management policy and main initiatives based on world trends.

Basic Management Policy

1. Contribute to solving the social problem of global warming through electrification appropriate to regional characteristics and environmental needs
2. Contribute to realizing a safe and secure automotive society by promoting research for attaining a deep understanding of people and shedding light on the relationship between people and cars
3. Be the brand preferred by customers through brand value management that provides unique Mazda value

Dividing the period until 2030 into three phases, we will flexibly respond to uncertain changes in society.

Phase 1 (2022-2024): Strengthening of the business foundation using accumulated assets

Phase 2 (2025-2027): Transition to electrification

Phase 3 (2028-2030): Full-scale launch of BEVs

Initiatives for Opening the Future

1. Initiatives for achieving carbon neutrality

To achieve our goal of becoming carbon neutral (CN)*³ by the year 2050, we have established “achieving

CN in Mazda factories around the globe by 2035” as a medium-term goal and will promote initiatives under the three pillars of energy conservation, shift to renewable energies, and use of CN fuels. As measures for the supply chain*⁴ will also be necessary, we will also promote activities to reduce CO₂ emissions in stages in cooperation with transport companies and business partners. In Japan, we will make efforts to restructure our supply chain and expand the use of CN fuels.

2. Initiatives in electrification in each phase

During the period of transition to EVs, we believe a multi-solution approach whereby we provide a range of products such as EVs, plug-in hybrids, and hybrids to suit power generation conditions in each region will be effective. On the other hand, in view of electrification policies and the tightening of regulations in various countries, we expect Mazda’s EV ratio in our global sales in 2030 to be 25 to 40%, and intend to promote electrification with partner companies in stages.

Phase 1 (2022-2024): Strengthening of the business foundation using accumulated assets

Making full use of our existing assets of multi-electrification technologies, we will launch attractive products while also meeting market regulations. While launching Large Products offering plug-in hybrids and diesel engines with mild hybrid system that achieve excellent environmental and driving performance, we will improve our profitability and step up the development of technologies for BEVs.

Phase 2 (2025-2027): Transition to electrification

In efforts to reduce CO₂ through improvements in fuel efficiency during the period of transition to electrification, we will further refine the multi-electrification technologies we have developed to date and introduce new hybrid systems. In addition to introducing pure battery EVs in the Chinese market where electrification is advanced, we will begin to introduce EVs globally. In consideration of the potential widespread use of renewable fuels, we will enhance to the utmost the performance of internal combustion engines through the application of technologies to further improve thermal efficiency.

Furthermore, for the sustainable development of local economies as electrification advances, Mazda has established a 4-way joint venture with Ondo Corporation, Hiroshima Aluminum Industry Co., Ltd. and HIROTEC Corporation to develop highly efficient production technology for electric drive units and establish production and supply systems for these. To enhance the driving experience and the sheer joy of driving, Mazda also entered into a joint development agreement with Imasen Electric Industrial Co., Ltd. and ROHM Co., Ltd. to develop inverters, which are a key component of electric drive systems, and established a joint venture with Imasen Electric. Mazda also concluded a joint development agreement with Fukuta Electric & Machinery Co., Ltd. to develop advanced motor technologies, while also establishing a joint venture company with Fukuta Electric & Machinery and Chuo Kaseihin Co., Inc.

During Phase 1 and Phase 2, Mazda will procure batteries from partner companies while continuing in-house research and development of advanced battery technology adopted by Green Innovation Fund Projects.*⁵ In addition to its purchasing arrangements with existing partner companies, Mazda also recently entered into an agreement with Envision AESC Japan to purchase batteries for EVs to be produced in Japan.

Phase 3 (2028-2030): Full-scale launch of BEVs

As we move forward with the full-fledged introduction of pure battery EV models, we will shift our focus to full-scale electrification and will also consider various options including investment in battery production, based on changes in the external environment and progress in strengthening our financial base.

3. Initiatives in value creation through co-creation between people and IT

In line with our “human-centered” philosophy, we will continue to invest in human research and draw out the full potential of people using our capability in model-based research and development.*⁶ Furthermore, under Mazda Proactive Safety, our safety philosophy based on avoidance of risk itself rather than dealing with a risk event after it occurs, we will continue to develop advanced driver-assist technologies using IT technologies to make cars that provide safety and security for drivers, passengers and people in the vicinity of Mazda cars with the goal of completely eliminating by 2040 all fatal accidents caused by any new Mazda, which can be avoided through automotive technologies.

As part of our investment in people, we are promoting reforms together with Aidemy Inc. to ensure all indirect employees attain a certain level of competency in AI and IT by 2030.

Furthermore, by 2030, we will double productivity by developing work process models and we will allocate management resources we generate to work with higher added value.

4. Cost reduction and supply chain resilience

In cost reductions, we will broaden the current scope of costs of products and manufacturing to include the entire supply chain and value chain*⁷ as a whole to gain a comprehensive view of costs and we will make changes that will allow us to structure our costs based on measures to eliminate inefficiency, inconsistency and waste.

In our supply chain, we will make efforts not only to make individual improvements in all processes from material procurement to delivery to customers, but also realize a “total optimization process” that facilitates the smooth uninterrupted flow of goods at maximum speed. In addition, we are working on innovative changes in our procurement system, which include fewer tiers in the procurement of materials and parts and bringing the production sites of variety of parts closer to our production facilities. We are also working to expand the use of general-purpose materials and semiconductors. In this way, we intend to minimize the impact of changes in the external environment including geopolitical risks, pandemics, and large-scale disasters such as earthquakes.

*3. A method and system of energy use whereby carbon emissions are offset through carbon absorption or removal to prevent any change in the total amount of carbon on the earth

*4. The series of processes until the product reaches the consumer including procurement, manufacturing, inventory management, delivery, sales, and consumption

*5. A fund of two trillion yen established by the Ministry of Economy, Trade and Industry (METI) under its Green Growth Strategy for Achieving Carbon Neutrality in 2050 and assigned to the New Energy and Industrial Technology Development Organization (NEDO) to create a virtuous cycle between the economy and the environment

*6. An efficient development technique that uses desk-top simulation as the main method of verification in

development, thereby minimizing the number of prototypes and actual unit evaluations required

*7. A series of business activities for creating added value for products such as product planning, design, development, production engineering, manufacturing, sales, and services

Note: The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report. As such, the statements may differ from the actual results and their achievements are not guaranteed in any way.

APPROACHES TO AND INITIATIVES FOR SUSTAINABILITY

The Mazda Group's approaches to and initiatives for sustainability are as follows.

The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report.

1. Basic Policy on Sustainability

While striving to sincerely meet the needs and expectations of all stakeholders under our corporate vision, Mazda aims for sustainable growth as a company through our global business activities. We are determined to contribute to the sustainable development of society through efforts to resolve various social issues by making the most of our strengths.

2. Governance

In order to deliberate the sustainability activities that are expected of the Company from a global perspective, in consideration of changes in social environment, the Mazda Group has established the CSR Management Strategy Committee, which meets on a regular basis. The CSR Management Strategy Committee, which the Representative Director and President chairs, is composed of members of the Executive Committee, and reviews and identifies key issues (materiality) as well as discusses social needs and trends, external evaluation analysis results, etc. Each department carries out its operations based on goals and plans formulated with an understanding of the policies and guidelines determined by the CSR Management Strategy Committee, and in cooperation with other Group companies. Furthermore, the Board of Directors receives reports and holds discussions on issues concerning sustainability appropriately in a timely manner.

3. Strategy and Risk Management

The Mazda Group has reviewed and identified key issues, taking into account two perspectives. One is the impact on stakeholders in reference to the SDGs adopted by the United Nations and the details of surveys conducted by global ESG rating organizations, and the other is the impact on the Mazda Group (risks and opportunities), for instance, business initiatives toward realizing the Medium-term Management Plan. A specific action plan is currently being prepared to ensure steady implementation of the materiality themes identified and follow up on the progress. The materiality that Mazda recently identified and an action plan that will be formulated henceforth will be disclosed to stakeholders. By periodically evaluating and revising this materiality and plan, Mazda will develop the PDCA (plan-do-check-act) process.

Eight themes of materiality

“Earth”

- Endeavor for carbon neutrality by 2050
- Resource circulation

“People”

- Contribution to people's mental wellness
- Improving employee job satisfaction

“Society”

- Realizing a motorized society free from traffic accidents

- Creating a system that enriches people's lives
- Common to "Earth," "People," and "Society"
- Quality improvement
 - Exploring partnerships for "co-creation with others"

For information on materiality review and identification process, please refer to the "MAZDA SUSTAINABILITY REPORT 2022" (page 10) published in December 2022.

https://www.mazda.com/globalassets/en/assets/sustainability/download/2022/2022e_all.pdf

4. Response to TCFD *1

Outline of the major initiatives in accordance with the TCFD recommendations *2 is as follows. For more details, please refer to the website below.

https://www.mazda.com/globalassets/en/assets/sustainability/download/disclosure/tcf_d_20230614.pdf

[Basic Views]

In May 2019, the Mazda Group declared its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium,*3 showing its commitment to strengthening its efforts to address climate change. In addition, in January 2021, the Company announced that it would endeavor to achieve carbon neutrality throughout the entire supply chain by 2050. Mazda's major initiatives to address climate change in accordance with the TCFD recommendations are as follows.

(1) Governance

<Transition Risk>

Taking on the challenge of achieving carbon neutrality by 2050, we have assigned a director to oversee Mazda's decarbonization strategy and executive officers to be in charge of carbon neutrality. In 2021, Mazda formed a specialized team (hereinafter referred to as Specialized Team) dedicated to carbon neutrality matters. At its head is the Corporate Strategy Office working closely with the Specialized Team composed of members involved in products, manufacturing, purchasing, logistics, sales and recycling. Under the supervision of the officers in charge of decarbonization, the Corporate Strategy Office has been leading the team, which formulated and promoted strategies from a Life Cycle Assessment (LCA) perspective for responding to risks and opportunities selected based on Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenarios and trends, while also considering the investment and expenses required for such initiatives and response schedules.

In April 2023, some of the functions of Corporate Strategy Office and Product Strategy Division were integrated to newly established Corporate Strategy Division, which has a new department to promote CN strategy. Under the leadership of this department, existing specialized team will formulate strategies in respective areas of expertise of its members and implement plans based on the strategies that have been formulated so far. In addition, in order to promote the execution of plans throughout the company, we have started the management to integrate CN into the existing ISO 14001 Environmental Management System (EMS). In the area of products and technologies, the newly established department in Corporate Strategy Division will promote planning consistent with company-wide strategies.

The CN strategies are deliberated*4 over at the Executive Committee Meetings and the Board of Directors attended by the Representative Director and President. Also, issues concerning sustainability including the initiative for climate change are reported to the Board of Directors in a timely and appropriate manner.

<Physical Risk>

Torrential rain disaster response, which is an acute physical risk associated with climate change, has been managed as part of our Business Continuity Plan (BCP) under our emergency risk management structure.

In addition, in response to concerns about storm surges and water depletion, which are chronic physical risks, we are promoting reinforcement of seawall infrastructure and water resources conservation efforts in our operation led by the specialized departments.

(2) Strategy

Based on IPCC and IEA scenarios, policy and regulatory trends, and industry trends, Mazda formulated a scenario based on its own assumptions and recognized the following as the main risks and opportunities.

<Major Risks and Opportunities>

Transition Risks	Policy and Legal	<ul style="list-style-type: none"> Stricter regulations on fuel economy and exhaust gas emissions, carbon pricing, including introduction of carbon tax
	Technology	<ul style="list-style-type: none"> Increase in resources to develop electrification technologies, including electric drive system or batteries
	Market	<ul style="list-style-type: none"> Rise in raw material prices for electrification and weight reduction and tight procurement of semiconductor components Energy price spikes and supply instability due to tight fossil fuel and renewable energy supplies caused by political conditions and market forces
	Reputation	<ul style="list-style-type: none"> Implications on investment decisions considering ESG by investors
Physical Risks	Acute	<ul style="list-style-type: none"> Damage by torrential rain, production halts caused by supply chain disruptions, Health hazards caused by heat waves
	Chronic	<ul style="list-style-type: none"> Increasing impact of production halts due to severe and frequent natural disasters, Higher frequency of high tide caused by rising sea levels, Water resources depletion and rising water prices necessary for operations, Spread of tropical plagues
Opportunities	Resource Efficiency	<ul style="list-style-type: none"> Efficient use of raw materials through thorough material recycling
	Energy Source	<ul style="list-style-type: none"> Stable reception of carbon neutral electricity by promoting the expansion of demand and supply of electricity Diverse selection of renewable energy sources
	Products and Services, Markets	<ul style="list-style-type: none"> Deployment of products that suit each region through building block concept and multi-solution Diversification of products that adapt to next-generation automobile fuels (alternative fuels such as biofuels, synthetic fuels, etc.) Expansion of market opportunities through deployment of product that suit each region and diversification of products

(3) Risk Management

<Transition Risk>

We have identified major risks and opportunities based on scenarios from the IPCC and the IEA, government policies, regulatory and industry trends. Sharing progress and issues of initiatives in a bi-weekly meeting, the Specialized Team works to identify risks and conduct assessment processes. Strategies discussed during the meeting are deliberated over at the Executive Committee Meetings and the board of Directors attended by the Representative Director and President.

In addition, Mazda regularly shares information on climate-related risks with suppliers through a shared platform.

<Physical Risk>

We have established a system for rapid response to torrential rain and other disasters, and have been managing them as part of our BCP in the context of an emergency risk management system. In addition to

these efforts, as torrential rain disasters have become more severe and frequent in recent years, we are enhancing our ability to collect weather forecasts and making it possible to make quick disaster prevention decisions based on a predetermined time schedule. In addition, we review our response every heavy rain season to improve our response capabilities.

In response to concerns about storm surges and water resources depletion, we are promoting reinforcement of seawall infrastructure and water conservation efforts in the practice of specialized departments.

In response to the heat waves that have become more frequent in recent years, we regularly measure and evaluate the heat environment of each workplace as part of employee health management, which leads to the maintenance and management of appropriate air conditioning equipment. In addition, we use heat insulating materials and heat-insulating paints in our buildings as environmentally friendly measures.

As a measure against the spread of the epidemic, we developed a working rule to assume that employees and other families living with them become infected.

(4) Metrics and Targets

- GHG emissions of Scope 1, 2 and 3*5

For the fiscal year ended March 2022 results, please refer to the “MAZDA SUSTAINABILITY REPORT 2022” (page 113) published in December 2022.

(https://www.mazda.com/globalassets/en/assets/sustainability/download/2022/2022e_all.pdf)

- Water consumption

For the fiscal year ended March 2022 results, please refer to the “MAZDA SUSTAINABILITY REPORT 2022” (page 116) published in December 2022.

(https://www.mazda.com/globalassets/en/assets/sustainability/download/2022/2022e_all.pdf)

- Major Metrics and Targets

<Addressing Global Warming>

Products	Targets: Achieving carbon neutrality by 2050 Mid-term metrics in 2030: EV ratio (Expecting 100% of Mazda global sales vehicles will be electrified, and the EV ratio will be 25-40% in 2030.)
Manufacturing	Targets: Achieving carbon neutrality at Mazda’s global factories by 2035 Metrics: Factory’s decarbonization progress ratio

< Conservation of Water Resources >

Manufacturing	Targets: Reducing water intake by entire Mazda Group companies in Japan by 38% in 2030 compared with 2013 Metrics: Water intake reduction ratio
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*1. TCFD : Task Force on Climate-related Financial Disclosures

A private sector organization set up by the Financial Stability Board (FSB), in response to the request from the G20 Finance Ministers and Central Bank Governors

*2. Source: <https://tcfid-consortium.jp/en/about>

*3. An organization established in Japan, aimed at holding discussions regarding climate change on effective corporate information disclosure and efforts for leading disclosed information to appropriate decision-making on investment by financial institutes and other entities. The Ministry of Economy, Trade and Industry, the Financial Services Agency, and the Ministry of the Environment participate in the consortium as observers.

*4. As of June 2023, reported and debated 4 times at the Board of Directors.

*5. Scope 1: Direct emissions from consumption of fuels and industrial processes. Scope 2: Emissions

associated with consumption of purchased heat/electricity (indirect emissions from energy consumption).

Scope 3: Other indirect emissions excluding Scope 1 and 2

5. Initiatives for Human Capital (Including Diversity of Human Resources)

(1) Strategy

The Mazda Group believes that people are its most valuable management resource, and aims to be a company where all employees can play more active roles as individuals and demonstrate their greater potential.

Recognizing the value of “co-creating with others,” the Mazda Group respects the diversity of its employees. This includes diversity in race, nationality, creed, gender, social status, family origin, age, mental or physical disabilities, sexual orientation, and gender identity. The Mazda Group is also committed to promoting initiatives to improve the work styles, workplace environment and treatment of employees, and to enhance employee motivation and operational efficiency from the viewpoint of total optimization.

To encourage a virtuous cycle of growth, employment, and distribution, the Mazda Group will return the results of its growth to the stakeholders while maintaining employment, as well as sustainably provide returns to the employees.

Specifically, from the perspective of stabilizing employment, improving the quality of life, and developing human resources, the Group will flexibly provide returns to employees, including wage increases in consideration of the current situation of the company.

As one way of providing returns, the Group is planning and making investments in human resources including education in addition to improving working conditions. One example is that the Group has started investing in the development of “digital human resources.” The Group will continue to make investments that lead to its growth, including support for employees’ capacity development. By doing so, the Group will facilitate employees’ performance and growth.

For the status of implementation of human resource development systems and improvement in the internal environment for these purposes, please refer to the “MAZDA SUSTAINABILITY REPORT 2022” (pages 42-63, and pages 119-123) published in December 2022.

https://www.mazda.com/globalassets/en/assets/sustainability/download/2022/2022e_all.pdf

(2) Indicators and Targets (Submitting Company)

As stated in (1) Strategy above, Mazda’s policy is to appoint personnel based on their individual abilities and achievements regardless of employee attributes. Therefore, Mazda has set no voluntary and measurable targets other than targets for the number of female managers, and the number of male employees taking childcare leave.

<Increasing the employment and range of opportunities for female employees>

Mazda is working to create a workplace that is a comfortable working environment for women to work by improving work-life balance measures. In 2021, in accordance with the Act on Promotion of Women’s Active Engagement in Professional Life and the Act on Advancement of Measures to Support Raising Next-Generation Children, Mazda submitted an employer’s action plan with numerical targets for increasing the number of female managers to 80 by the end of the fiscal year ending March 2026 (approximately four-fold the number as of the end of the fiscal year ended March 2015) and increasing the number of male employees taking childcare leave*6 to 80 per year by the fiscal year ending March 2026 (approximately twice the number

in the fiscal year ended March 2021).

Steady progress is being achieved in realizing these targets. As of March 31, 2023, there were 65 female employees in managerial positions and 117 male employees taking childcare leave.^{*6} In addition to formulating and promoting individual development plans for female employees who are candidates for promotion, Mazda will continue its efforts to further accelerate women's active engagement by launching company-wide notification, operational review, and awareness-raising activities for the child-rearing leave system, including that for male employees.

*6. These figures do not include the number of employees who took childcare paid leave under Mazda's own system and the number of employees who took "Childcare Leave at Birth" effective October 2022 under the amended Childcare and Family Care Leave Act.

BUSINESS RISKS

Significant risks that could affect the Mazda Group's business results and financial position include those listed below. This list, however, shows the main anticipated risks and does not represent a comprehensive list of all the risks to be faced by the Group. The forward-looking statements in this section are based on the judgments of the Group as of the issue date of this report.

Risks Related to the Markets and Business

1. Economic Conditions Impacting the Group

Selling its products in Japan and other parts of the world, including in North America, Europe, and Asia, the Group is greatly impacted by economic trends and fluctuations in demand in each of its markets. Therefore, the Group's business results and financial position could be adversely affected by, for example, an economic downturn, recession, changes in demand structure, declining demand, intensifying price competition in its main markets, and strengthened policies on export control, data protection, etc. in the United States and China as economic security, which would lead to costs incurred to support business activities such as production, development, purchasing, and sales.

2. Procurement of Materials and Components

The Group relies on numerous suppliers for the purchase of materials and components. Looking at the entire supply chain from a comprehensive viewpoint, the Group will make our supply chain resilient to changes in the environment through the measures to eliminate inefficiency, inconsistency and waste, including maximizing the speed of material procurement and bringing the production sites of variety of parts closer to its production facilities. During the fiscal year under review, production volume declined due to logistics disruption caused by the lockdown in Shanghai in the first quarter and constraints on components purchase due to unstable semiconductor supply. In future, the Group may also face difficulties in procuring the necessary level of materials and components for volume production, due to a semiconductor supply shortage; supply constraints or reduced logistics functions in the event of component suppliers being affected by a disaster; or tight supply balances or changes to or breaches of supply contracts. Should procured materials and components be of insufficient quality, the possibility exists of a deterioration in output. The abovementioned factors could adversely affect the Group's business results and financial position.

3. Alliances and Joint Ventures

The Group is performing or examining joint activities with other companies under technology alliances, joint ventures, and in other forms with respect to the development, production, and sales of products. These joint activities are designed to optimize resources, facilitate their prioritization, and generate synergies. However, in the event of a disagreement over management, financial, or other matters between the parties involved, or in the event that the expected results were not produced due to such factors as changes to or terminations of alliances and joint ventures, the Group's business results and financial position could be adversely affected. In addition, unintended changes to or terminations of alliances and joint ventures could have an adverse effect on the Group's business results and financial position.

4. Market Competitiveness

Automobile markets, in which the Group sells its products, are undergoing rapid changes in their industrial structures due to the expansion of new added-value businesses represented by connected technology, autonomous driving technology, shared services, and electrification technology, as well as a succession of new entrants from other industries, resulting in an increasingly competitive and diverse environment. Maintaining and enhancing the Group's ability to compete in these markets, which includes maintaining and developing the Mazda brand value, is crucial to ensuring growth. The Group is implementing a range of initiatives to boost its competitiveness in all areas, including product planning and development, manufacturing, and sales, in order to respond to these rapid changes. However, the Group's business results and financial position could be adversely affected, including declines in market share or product prices, in the event that the scope and speed of changes to the competitive environment exceed expectations or the Group fails to launch appealing products at opportune times as a result of issues related to technological capabilities and manufacturing. The same holds true if the Group fails to take effective steps to respond to changes in customer values and needs, which continue to rapidly diversify, through its dealership network or sales methods.

5. Protection of Intellectual Property

In order to maintain competitiveness, the Group is working to accumulate and protect technologies and expertise that help it to develop unique products. At the same time, the Group is taking steps to prevent the infringement of third-party intellectual property rights. Nonetheless, should differences in recognition or opinion lead to a disputed infringement of third-party intellectual property rights that results in the Group being forced to halt the production and sales of products, or needing to pay damages, this could also adversely affect the Group's business results and financial position. The Group's intellectual property is not subject to complete protection in certain regions. In the event that third parties use the Group's intellectual property rights on an unauthorized basis to produce similar products, the Group may have to pay substantial expenses for litigation, or experience a decline in sales due to an inability to offer unique products. This could adversely affect the Group's business results and financial position.

6. Product Quality

While striving to improve the quality of its products to meet the requirements of the market, the Group also does its utmost to ensure the safety of its products. However, in the event of a large-scale recall or other serious incidents, resulting from a defect in products due to unforeseen causes, including increased system complexity due to improved technologies and product functions, and software defects, the Group's business results and financial position could be adversely affected due to such factors as the incurring of significant costs, the Group's diminished brand image, and loss of market trust.

7. Dependence on Information Technology

In the course of various business activities such as development, production, and sales of products, the Group utilizes information technology, networks, and systems. The Group's products are also equipped with these technologies, including a driving support system, etc. Despite countermeasures implemented in information technology, networks, and systems to allow safe operations, such factors as failures in infrastructure, cyberattacks that outpace the Group's countermeasures, and infection by computer viruses may result in

suspension of business activities, loss of data, leakage of confidential information, and deterioration in product functions. Should these events occur, the Group's business results and financial position could be adversely affected due to the incurring of costs associated with countermeasures, loss of product credibility, and damage to the brand image, etc.

8. Compliance and Reputation

In order to comply with laws and regulations in all business areas, the Group has taken preventive measures regarding compliance violations by educating its employees on laws and regulations related to their work and implementing activities for raising compliance awareness. In addition, in the event of a compliance-related incident being detected, the Group has a rapid response system in place to prevent any impact on the Group's social credibility and reputation. However, the Group cannot guarantee that there is no possibility of a legal violation occurring in the future. Should there be evidence of an illegal act or should the rapidity and content of the response prove insufficient, the Group's social credibility and reputation could be harmed, and the Group's business results and financial position could be adversely affected.

9. Climate Change

For information on risks that climate change poses to the Group's business, please refer to APPROACHES TO AND INITIATIVES FOR SUSTAINABILITY, 4. Response to TCFD stated in pages 7-10 of this report.

10. Securing and Development of Personnel

The Group believes that people are its most valuable management resource, and aims to be a company where all employees can play more active roles as individuals and demonstrate their greater potential. In order to meet the demand of the times as represented by CASE and carbon neutrality, the Group will proactively aim to secure human resources who can play active roles in highly specialized areas. At the same time, to enable employees with diverse values to play active roles to their fullest potential, the Group will also promote to strengthen personnel development based on the diversification of work styles and establish working conditions and an environment in which employees can work autonomously, and to foster a corporate culture and climate where they can decisively take on the challenge of creating new value.

However, should the Group be unable to hire personnel as planned due to intensified competition for recruitment, or should the Group's personnel leave the Group without being able to play active roles due to increased mobility of human resources or inadequate personnel development, environment, or corporate climate established by the Group, the Group's management and business activities could be affected over the medium and long term.

Risks Related to Finance and Economy

1. Fluctuations in Exchange Rates

The Group is engaged in business activities on a global scale. The Group not only exports products from Japan to other parts of the world but also exports products manufactured at overseas plants to other markets in the world. These transactions are conducted in various currencies, and consequently its business results and financial position are exposed to the effects of fluctuations in exchange rates. In addition, as overseas assets and liabilities denominated in local currencies are translated into yen, there could be an adverse effect on shareholders' equity through foreign currency translation adjustments due to exchange rate fluctuations. The

Group uses forward exchange contracts and other instruments to minimize the impact of short-term exchange rate risk. However, depending on the circumstances of fluctuations in exchange rates, loss of opportunity could be generated.

2. Increase in Material Prices

The Group relies on multiple suppliers for the purchase of materials and components. If the material prices and logistics expenses, as well as energy and labor costs required for suppliers to produce components rise due to the increased geopolitical risks and tight supply balances, and the Group is unable to absorb the effects of these—for example, by making internal efforts to boost productivity for reducing production costs or passing on the rises to product prices, the Group’s business results and financial position could be adversely affected.

3. Changes in Financing Procurement Environment and Interest Rate Fluctuations

In addition to loans from banks, the Group has been raising funds by issuing its shares and bonds. However, in the event of turmoil in financial markets, tax reforms or institutional changes being made to government-affiliated financial organizations, or the downgrading of the Group’s credit rating, the Group’s business results and financial position could be adversely affected due to such factors as the increased funding costs and the difficulties associated with raising money for the amount of funds required. Moreover, factoring in the effect of interest rate changes on the Group’s interest-bearing debt, were the costs of financing to increase due to a rise in interest rates, the Group’s business results and financial position could also be adversely affected. In the event that any deterioration in the Group’s financial standing were to infringe upon the financial covenants of some of the loans and lead to the forfeiture of the benefit of time, the Group’s business results and financial position could be adversely affected.

Risks Related to Politics, Regulations, Legal Procedures, Disasters, etc.

1. Statutory Regulations Covering the Environment

In addition to being subject to environmental regulations pertaining to fuel consumption and exhaust emissions, automobile safety, and the pollutant emission levels from manufacturing plants, the Group’s operations in each country where it does business are subject to various statutory regulations, such as labor regulations. In particular, the demand for carbon neutrality is accelerating around the world. In order to fulfill its responsibility to society as a company, the Group is working to reduce CO₂ emissions from a well-to-wheel (from fuel extraction to driving) perspective, as well as from a life cycle assessment (LCA) perspective, which covers from automobile production, to logistics, disposal, and recycling. We are working to resolve issues with multi-electrification solutions based on the electric power generating infrastructure and usage environment of each country, as well as the diversity of customers and their needs. However, going forward, the Group’s business results and financial position could be adversely affected by the increased costs associated with even more stringent statutory and political regulations in Europe, the United States, and other regions.

2. International Business Activities

In addition to Japan, the Group sells its products and carries out business activities in markets in all parts of the world, including the United States and Europe, as well as developing and emerging markets overseas. In

these international markets, the Group is subject to the following potential risks, which could affect the Group's business results and financial position if manifested:

- Adverse political and economic developments
- Impediments arising from changes in laws and regulations
- Import/export regulations, such as tariffs, detrimental taxes, and other regulations
- Tight product logistics due to more stringent quarantine and vessel shortages, etc.
- Difficulties in attracting and securing personnel
- Undeveloped infrastructure
- Strikes and other labor disputes
- Terrorist incidents, war, disease such as the novel coronavirus infections, and other factors leading to social disorder or restrictions

3. Natural Disasters and Accidents

In addition to measures to protect its manufacturing sites and other important facilities against fire and earthquakes, the Group has concluded natural disaster insurance contracts and taken other steps to minimize the financial risk of such events. However, the ability of the Group to supply products may be severely disrupted in the event of a major natural disaster, such as an earthquake, typhoon, torrential rains, flood, fire, or other accident, which could adversely affect the Group's business results and financial position.

MANAGEMENT'S ANALYSIS OF BUSINESS RESULTS, FINANCIAL POSITION, AND CASH FLOWS

1. Business Results

In the business environment surrounding the Mazda Group in the fiscal year ended March 31, 2023, economic activities gradually resumed following the lifting of COVID-19 restrictions around the world. During this time, the Japanese government also made progress in easing restrictions on movement. Although economic activities are beginning to return to their pre-pandemic level, the outlook remains uncertain due to factors such as the prolonged Russia and Ukraine crisis, surges in resource prices, turmoil in the supply chain, and fluctuations in the financial market.

Under these conditions, despite a deterioration in the external environment marked by surges in material prices and logistics costs, the lockdown in Shanghai, and a decline in production and shipment volumes due mainly to shortages in semiconductors and transport vessels, the Mazda Group steadily improved its profit base by implementing group-wide initiatives to improve per-unit profit, curb costs, reduce marketing expenses, improve fixed cost efficiency, and redesign components to expand the use of general-purpose semiconductors as a means of mitigating semiconductor shortages. Furthermore, during the first year of the period of strong growth earmarked in its Medium-term Management Plan, the Mazda Group worked to bring business on a growth trajectory and strengthen the financial base by capitalizing on assets developed during the foundation building period (fiscal year ended March 2020 through fiscal year ended March 2022) such as its U.S. plant, multi-electrification technologies, and Large Product lineup.

In April last year in North America, Mazda began sales of the Mazda CX-50, a new crossover SUV, and introduced the Mazda CX-60, an all-new crossover SUV, which is the first of Mazda's new generation Large Products, in Europe in August and in Japan in September last year. The CX-60 delivers smooth, powerful driving achieved through a newly developed longitudinal platform and a high-output powertrain, and the CX-60 is the first model equipped with Driver Emergency Assist, which uses advanced technology to automatically slow down and stop the car when it determines the driver is unable to continue driving due to loss of consciousness, and to make emergency calls. The CX-60 also has a "driver personalization system" with functions such as an automatic driving position guide. These technologies have been highly acclaimed and were selected for the 2022-2023 Japan Automotive Hall of Fame Car Technology of the Year.

Following on from the CX-60, in April 2023 in the U.S., Mazda introduced the Mazda CX-90, a new mid-sized crossover SUV and the second of the new generation Large Products. Mazda also plans to introduce two Large Products, the Mazda CX-70 and Mazda CX-80, in 2023. By expanding the SUV lineup to meet the characteristics of each market and customer needs, we will aim for further growth in our business and brand.

Global Sales

Global sales volume for the fiscal year ended March 31, 2023 was 1,110,000 units, down 11.3% year on year, as sales declined in all key markets except Japan, mainly due to reductions in production stemming from semiconductor supply shortages in the first half of the fiscal year and a shortage of car transport vessels.

Sales volumes in individual markets were as follows.

<Japan>

In Japan, thanks to the introduction of the CX-60 in September 2022 and an increase in sales of the updated Mazda CX-5 and the Mazda Roadster (MX-5), sales rose to 165,000 units, up 10.8% year on

year.

<North America>

In the U.S., sales declined 9.3% year on year to 301,000 units, mainly due to the impact of reductions in production in the first half of the fiscal year. However, in addition to the CX-50, which went on sale in April 2022, the Mazda CX-30 and other SUV product lineups contributed to the increase in sales, resulting in the fourth quarter sales volume rising 7.4% year on year to 88,000 units. Sales in North America as a whole declined 7.4% year on year to 407,000 units, while sales of the Mazda2 and the CX-5 in Mexico increased.

<Europe>

Sales in Europe decreased 15.5% year on year to 160,000 units due to a decline in sales in Russia and Ukraine, as well as the impact of reductions in production in the first half of the fiscal year. As for the fourth quarter of the fiscal year, sales increased 20.9% year on year to 52,000 units, mainly due to an increase in sales of the Mazda2 Hybrid and the CX-60 plug-in hybrid model.

<China>

In China, completion of a round of key model cycles and intensifying price competition resulted in a 50.4% year-on-year fall in sales to 84,000 units.

<Other Markets>

In Australia, another key market, sales declined 11.7% year on year to 91,000 units due to delays in logistics stemming from stricter quarantine control at unloading ports. Sales in other markets as a whole fell 3.1% year on year to 294,000 units, mainly due to the ASEAN market being at the same level as the previous year, while sales in some countries like Vietnam increased.

Business Results

Financial performance on a consolidated basis for the fiscal year ended March 31, 2023 was as follows.

<Net Sales>

Net sales for the fiscal year ended March 31, 2023 totaled ¥3,826.8 billion, an increase of ¥706.5 billion, or 22.6% year on year, reflecting the increase in wholesales volume and the improvement of unit prices.

By region, domestic sales amounted to ¥622.9 billion, an increase of ¥53.4 billion, or 9.4% year on year, due to a rise in sales. Overseas sales amounted to ¥3,203.9 billion, an increase of ¥653.0 billion, or 25.6% year on year, mainly due to an increase in wholesales volume in the North American market.

By product, vehicle sales increased by ¥674.3 billion, or 26.1% year on year, to ¥3,255.5 billion thanks to the growth in wholesales volume, introduction of new SUV models and weaker yen, while sales of knock-down parts for overseas production declined by ¥25.0 billion, or 60.7% year on year, to ¥16.2 billion. Sales of parts increased by ¥58.0 billion, or 22.1% year on year, to ¥320.4 billion. Other sales fell ¥1.0 billion, or 0.4% year on year, to ¥234.7 billion.

<Operating Income>

In addition to an increase in net sales, improvement in sales quality and the effect of a weaker yen worked to offset the impact of surging raw material prices, resulting in an operating income of ¥142.0 billion, an increase of ¥37.8 billion, or 36.2% year on year, and a consolidated operating income ratio of 3.7%, an increase of 0.4 percentage points year on year.

The main causes of changes in operating income were as follows.

	Full year
	(Billion yen)
Volume and mix	+103.4
Foreign exchange	+119.2
Cost improvement	(132.0)
Fixed costs and others	(43.9)
Transfer to extraordinary loss in the previous fiscal year	(8.9)
Total	+37.8

<Net Income Attributable to Owners of the Parent>

Net income attributable to owners of the parent was ¥142.8 billion, an increase of ¥61.2 billion, or 75.1% year on year, due to factors such as the recording of loss on liquidation of subsidiaries and affiliates of ¥11.0 billion resulting from sale of equity held in an affiliate in Russia and tax expenses of ¥25.7 billion, despite the recording of foreign exchange gain of ¥26.0 billion and a ¥15.8 billion gain from equity in net income of affiliated companies.

2. Financial Position

As of March 31, 2023, total assets increased ¥291.1 billion from the end of the previous fiscal year to ¥3,259.3 billion. Total liabilities increased ¥151.0 billion from the end of the previous fiscal year to ¥1,802.5 billion.

Net assets increased ¥140.1 billion from the end of the previous fiscal year to ¥1,456.8 billion, reflecting net income attributable to owners of the parent of ¥142.8 billion and others. Equity ratio increased 0.4 percentage points from the end of the previous fiscal year to 44.2% (Percentage after consideration of the equity credit attributes of the subordinated loan was 45.2%).

3. Cash Flows

Cash and cash equivalent as of March 31, 2023 decreased ¥23.3 billion from the end of the previous fiscal year to ¥717.1 billion. Interest-bearing debt decreased ¥65.3 billion from the end of previous fiscal year to ¥615.5 billion. As a result, we are in a net cash position of ¥101.6 billion.

Cash flows for the fiscal year ended March 31, 2023 were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥137.4 billion, mainly reflecting income before income taxes of ¥170.0 billion, offset by an increase in inventories, etc. (For the previous fiscal year, net cash provided by operating activities was ¥189.2 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥99.4 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥79.8 billion. (For the previous fiscal year, net cash used in investing activities was ¥136.2 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥38.0 billion. (For the previous fiscal year, consolidated free cash flow was positive ¥52.9 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥89.9 billion, mainly reflecting the repayments of long-term loans payable. (For the previous fiscal year, net cash used in financing activities was ¥86.4 billion.)

4. Source of Funds and Liquidity

In order for the Group to reliably secure the funds needed for business activities, the Group is striving to create cash flows. Furthermore, the Group is procuring the necessary funds through bank borrowing and the issuance of bonds for the purpose of allocating the capital expenditures necessary for manufacturing and selling automobiles and parts.

The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule on a timely basis, and the Group maintains a certain level of liquidity at hand in order to respond to sudden changes in the external environment. The Company also has systems and procedures in place that allow us to respond flexibly to liquidity risks through managing the funds of the Group and intercompany loans within the Group. In addition, the Company ensures sufficient liquidity by entering into commitment line agreements with domestic financial institutions.

At the end of the fiscal year ended March 31, 2023, liquidity, comprising cash and cash equivalents of ¥717.1 billion, in addition to unused commitment credit lines of ¥200.0 billion, amounted to ¥917.1 billion, which is equivalent to 2.9 months of monthly sales.

With regard to shareholder returns, the Company strives to pay a stable dividend with steady increases under a basic policy of determining the dividend amount by comprehensively taking into account the Company's financial results for the fiscal year, the business environment, and the Company's financial position.

5. Research and Development Activities

The Mazda Group will advance development of new technologies and products towards 2030 based on its long-term vision for technology development, "Sustainable Zoom-Zoom 2030." The Company has set a goal of electrifying all the vehicles to be produced in 2030 and has been working together with various partner companies on a range of electrification related research projects that are also designed to stimulate the local economy and contribute to the development of local industry and innovation. One of these projects is the joint development and production of electric drive units. Mazda has agreed to work together with a number of companies in possession of related expertise, signing a collaborative agreement with Imasen Electric Industrial Co., Ltd., Ondo Corporation, Chuo Kaseihin Co., Inc., Hiroshima Aluminum Industry Co., Ltd., HIROTEC Corporation, Fukuta Electric & Machinery Co., Ltd. and ROHM Co., Ltd. Through such initiatives, the Company aims to make solid progress towards the goal of achieving carbon neutrality across its entire supply chain by 2050, helping to preserve the global environment and create a sustainable future.

Looking at research and development system by segment, the Japan segment is engaged in the planning, design, engineering, and testing and research works for new products as well as advanced research into new technologies at Head Office R&D Divisions and the Mazda R&D Center Yokohama. Outside of Japan, the Company works with R&D divisions of Mazda Motor of America, Inc. in the U.S. for the North America segment, Mazda Motor Europe GmbH in Germany for the Europe segment, and Mazda Motor (China) Co., Ltd. in China for Other segment to conduct research and development of products that meet the specific features of each market.

As a step towards realizing the long-term vision, in the fiscal year ended March 31, 2023, the Company launched the Mazda CX-60, a new crossover SUV and the first of its new generation Large Product lineup models. The CX-60 offers not only smooth and powerful driving achieved through longitudinal platform and a high-output powertrain but also interior and exterior design rooted in the Japanese sensibilities and aesthetics and the latest environmental and safety performance that offers peace of mind at the highest level. The CX-60 offers a choice of engine options between the e-Skyactiv PHEV, which is Mazda's first plug-in hybrid system featuring a 2.5-liter gasoline engine and an electric motor, and the e-Skyactiv D, which combines Skyactiv-D 3.3, a straight six-cylinder diesel engine that features both an increased power output from larger displacement and a cleaner emissions performance, with M Hybrid Boost (48V mild hybrid system), an electrification technology. Equipped with a new torque converter-less 8-speed AT, the CX-60 offers an excellent environmental performance and exciting driving experience. The car comes in newly-introduced body colors, Rhodium White Premium and Artisan Red Premium, the special paints created using Mazda's unique Takuminuri*¹ painting technology.

In North America, the Company unveiled the Mazda CX-90, a new mid-size crossover SUV. Following the CX-60 released earlier, the CX-90 is the second model in Mazda's Large Product lineup and offers a significant evolution in environmental and safety performance and greater joy of driving. This wide-body three-row SUV offers greater comfort and functionality, making travel with several friends and family more pleasant. Developed with the needs of North American customers in mind, the CX-90 is available with a powertrain featuring e-Skyactiv G, a combination of new turbocharged 3.3-liter straight six-cylinder gasoline engine and M Hybrid Boost (48V mild hybrid system).

In Europe, the Company unveiled the Mazda MX-30 e-Skyactiv R-EV, a series plug-in hybrid that continues to deliver the same customer value as the original battery EV MX-30 while positioning a newly-developed rotary engine that works as a generator*² on the same axis as a high-output motor and a generator in the motor room and paring this unit with a 17.8 kWh lithium ion battery and a 50-liter gas tank. The MX-30 e-Skyactiv R-EV supports customers with an active lifestyle by offering features including the three drive modes drivers can choose from to suit different driving situations: EV, Normal, and Charge modes.

R&D costs in the fiscal year ended March 31, 2023 totaled ¥128.0 billion, a segment-wise breakdown of which was ¥122.7 billion for Japan, ¥2.3 billion for North America, ¥2.3 billion for Europe, and ¥0.7 billion for Other areas. The Company's segments are regional segments based on production and sales management systems. Since most of the R&D activities are conducted by the Japan segment, segment-wise reports on R&D activities are omitted.

*1. Takuminuri, which translates as "Artisan coloring," is Mazda's painting technology that reproduces a precise, high-quality paint finish as if applied by the hands of a skilled craftsman along the automobile mass production line.

*2. The engine type is 8C.

6. Capital Expenditures

Capital expenditures (including intangible assets) for the fiscal year ended March 31, 2023 totaled ¥94.1 billion as a result of efficient investments for future growth such as those in new-generation products, environmental and safety technologies, IT, and the reinforcement of the global production system.

By segment, capital expenditures totaled ¥80.1 billion in Japan and were mainly focused on new-generation products, environmental and safety technologies, IT, and the increase in production capacity at the Hiroshima

and Hofu Plants. In North America, ¥10.4 billion was invested in projects such as a new plant in the United States. Capital expenditures in Europe totaled ¥1.2 billion, and totaled ¥2.4 billion in other regions. Additionally, Mazda did not implement the disposal or sale of any major facilities in any segment.

7. Dividend Policy

Mazda strives to pay a stable dividend with steady increases under a basic policy of determining the dividend amount by comprehensively taking into account the Company’s financial results for the fiscal year, the business environment, and the Company’s financial position.

The Company basically pays dividends twice a year; an interim dividend and a year-end dividend. The decision-making body for year-end dividends is a general meeting of shareholders, while that for interim dividends is the Board of Directors. Additionally, the Company’s Articles of Incorporation provide that the Company may, with a resolution of the Board of Directors, distribute an interim dividend to shareholders and registered pledgees of shares who are on the register as of September 30 each year.

Based on the above policy, a full-year dividend of ¥45 per share was paid for the fiscal year ended March 31, 2023, a sum of the year-end dividend of ¥25 per share and the interim dividend (¥20 per share).

(Note) Dividends from surplus with the cut-off date within the fiscal year ended March 31, 2023 are as shown below.

Resolution	Total amount of dividends paid (Millions of yen)	Amount of dividend per share (Yen)
Board of Directors meeting held on November 10, 2022	12,599	20.00
Ordinary General Meeting of Shareholders held on June 27, 2023	15,749	25.00

CORPORATE GOVERNANCE

1. Overview of Corporate Governance

(1) Corporate Vision

The Company has established the following Corporate Vision in an effort to earn the trust of customers and other stakeholders and to be a brand that they will continue to choose, and also to pursue business activities in a unified manner:

We love cars and want people to enjoy fulfilling lives through cars.

We envision cars existing sustainably with the earth and society,
and we will continue to tackle challenges with creative ideas.

1. Brighten people's lives through car ownership.
2. Offer cars that are sustainable with the earth and society to more people.
3. Embrace challenges and seek to master the Doh ("Way" or "Path") of creativity.

(2) Basic Views on Corporate Governance

While working to build a good relationship with its stakeholders, including shareholders, customers, suppliers, the local community and its employees, the Company will strive to sustain growth and enhance its corporate value over the medium and long term through transparent, fair, prompt and decisive decision-making and to continue to enhance its corporate governance in line with the following basic philosophy.

- 1) The Company will ensure that the rights of shareholders are effectively secured, create an environment in which their rights can be properly exercised, and ensure shareholder equality.
- 2) The Company will foster a corporate culture and climate that respect stakeholders' rights and status and sound business ethics, and engage in dialogue and collaborate with stakeholders appropriately.
- 3) The Company will disclose information appropriately based on laws and regulations, and will also take initiative to provide information other than disclosure mandated by laws and regulations.
- 4) Based on its fiduciary responsibility and accountability to shareholders, the Company's board of directors will lay out a broad direction for corporate strategy, establish an environment that will support appropriate risk-taking, and exercise highly effective supervision over management from an independent and objective stance.
- 5) The Company will engage in constructive dialogue with shareholders, take a reasonable interest in their interests and concerns, and endeavor to explain the Company's management policies in a clear manner to gain shareholders' understanding.

(3) Corporate Governance System

- 1) Overview of corporate governance system and reasons for adopting the system

The Company's surrounding business environment is undergoing rapid changes. To enable faster business decision-making, further enhance discussions of management strategies and strengthen supervisory functions of Board of Directors meetings, the Company transitioned to a company with an audit and supervisory committee.

In addition to bodies designated by law such as the General Meeting of Shareholders, Board of Directors, and the Audit & Supervisory Committee, the Company established Executive Committee Meetings to deliberate important company-wide policies and initiatives and to report on information

needed for corporate management.

<Board of Directors>

The Company's Board of Directors deliberates and makes decisions on the execution of important business, such as management strategy and basic management policies, and supervises the execution of individual directors' duties. In addition, the Company provides in its Articles of Incorporation that all or part of decision-making for the execution of important business matters may be delegated to directors, so as to facilitate quick and flexible decision-making.

The Board is made up of 15 directors, six of whom are highly independent outside directors.

<Audit & Supervisory Committee>

The Company's Audit & Supervisory Committee audits and supervises the Board of Directors' decision-making process and business execution through the exercise of voting rights at Board of Directors meetings and the execution of its right to state opinions on the personnel changes and remuneration of directors (excluding directors who are Audit & Supervisory Committee members) at the General Meeting of Shareholders.

The Audit & Supervisory Committee is made up of five members, four of whom are highly independent outside directors.

<Executive officer system>

The Company has also introduced an executive officer system. By separating execution and management, the effectiveness of the oversight of the Board of Directors is enhanced, and decision-making is speeded up through expanded debate by the Board of Directors and by delegating authority to executive officers. In this way, the Company is working to further managerial efficiency.

<Officer Lineup & Remuneration Advisory Committee>

To further enhance the transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors, as well as for determining their remuneration, the Company established an Officer Lineup & Remuneration Advisory Committee, comprised of nine directors including six outside directors.

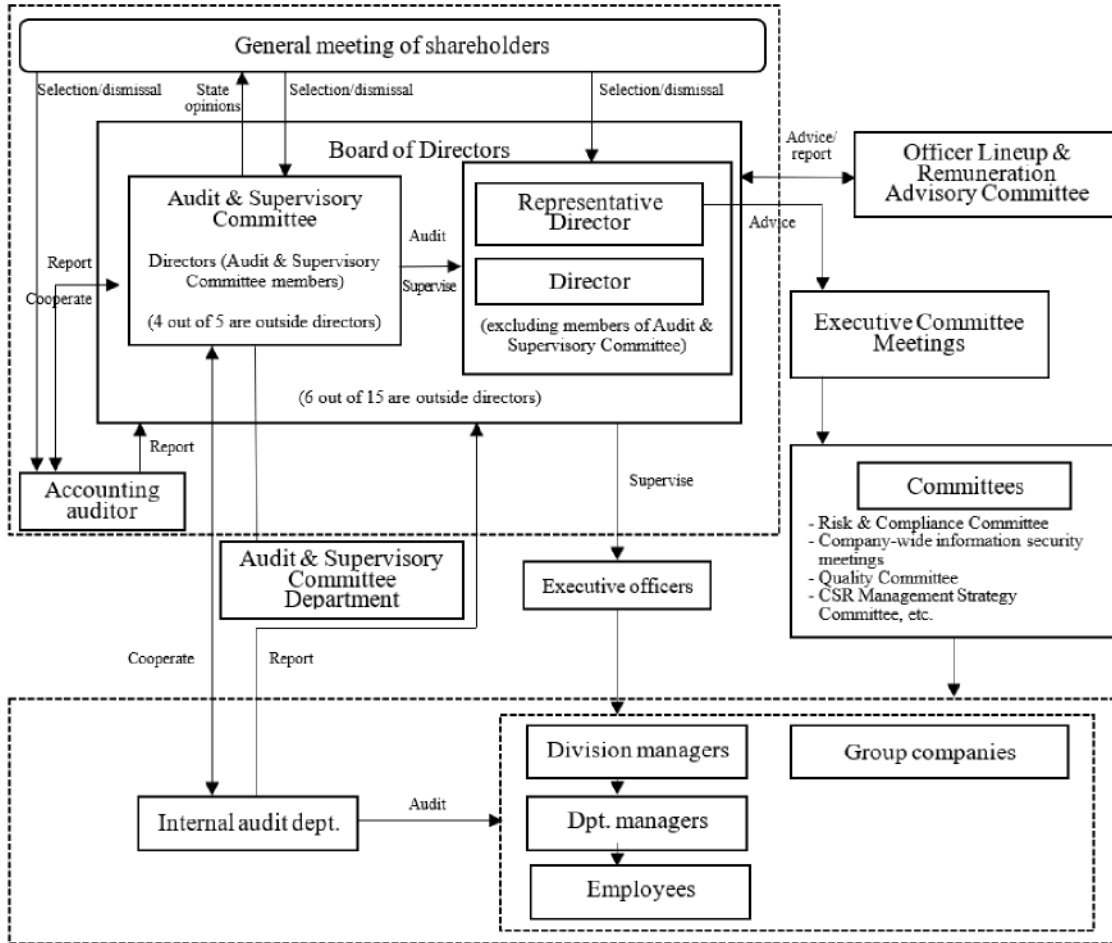
As an advisory body to the Board of Directors, the committee deliberates matters such as officer lineup and policies regarding the selection and training of candidates, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company's sustainable growth and raising of corporate value in the medium and long term. The committee is chaired by the Representative Director and Chairman of the Board.

The composition of each meeting body is as shown below. (Board/committee chairs are marked with ⊙)

Job title	Name	Outside	Board of Directors	Audit & Supervisory Committee	Officer Lineup & Remuneration Advisory Committee
Representative Director and Chairman of the Board	Kiyotaka Shobuda		⊙		⊙
Representative Director, President and CEO	Masahiro Moro		○		○
Representative Director, Senior Managing Executive Officer and CFO	Jeffrey H. Guyton		○		○
Director and Senior Managing Executive Officer	Mitsuru Ono		○		
Director and Senior Managing Executive Officer	Yasuhiro Aoyama		○		
Director, Senior Managing Executive Officer and CTO	Ichiro Hirose		○		
Director and Senior Managing Executive Officer	Takeshi Mukai		○		
Director, Senior Managing Executive Officer and CSO	Takeji Kojima		○		
Director	Kiyoshi Sato	○	○		○
Director	Michiko Ogawa	○	○		○
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe		○	⊙	
Director, Audit & Supervisory Committee Member	Akira Kitamura	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	○	○	○	○
Director, Audit & Supervisory Committee Member	Masato Sugimori	○	○	○	○
Director, Audit & Supervisory Committee Member	Hiroshi Inoue	○	○	○	○

With this structure in place, the Company is working to clearly define authorities and responsibilities for business execution, facilitate quick and adequate decision-making, and to improve the transparency and efficiency of management.

The Company's structure for business operation and supervision is as shown below.



2) Outline of the resolutions of the Board of Directors related to the establishment of a system to ensure that directors execute their duties in conformance with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations of the corporate group

- a. System for the preservation and management of information related to directors' execution of duties
 - Minutes for the meetings of shareholders, the board of directors and other information related to the execution of directors' duties will be properly stored and managed in accordance with laws and regulations, the Articles of Incorporation and all other related internal regulations, and the Audit & Supervisory Committee Members will be allowed to review this information upon request.
- b. Regulations and other systems related to the risk of loss
 - Individual business risks will be managed by the relevant divisions, and company-level risks will be managed by the divisions in charge in accordance with basic risk management policy and other related internal regulations.
 - In the event of serious management situations or emergencies such as disasters, appropriate measures such as establishing an emergency headquarters will be taken in accordance with internal regulations as necessary.
 - The officer and department in charge of the promotion of risk management throughout the Company will be stipulated, and risk management will be further strengthened and enhanced by activities such as setting an agenda of priority issues for the Risk & Compliance Committee and checking and evaluating the risk management in each department.

- The Internal Auditing Department will check and evaluate risk management in all departments through conducting internal audits, and it will regularly report to the board of directors and Audit & Supervisory Committee.
- c. System to ensure that directors execute their duties efficiently
- To meet business plan targets, activities will be carried out in each area of operations in accordance with the medium- and long-term management plan and the annual fiscal year business plan.
 - All items related to operations that must be submitted to the board as set forth in the Board of Directors Regulations will be submitted at a board of directors meeting.
 - Daily operations will be carried out efficiently in accordance with the division of duties among executive officers based on the Administrative Authority Regulations, Work Allocation Regulations and any other related internal regulations or by delegating authority to the executive officers.
- d. System to ensure that directors and employees execute their duties in conformance with laws and regulations and the Articles of Incorporation
- To further strengthen the oversight function of the board of directors and achieve greater management transparency, independent outside directors will be appointed.
 - The execution of duties by directors and other corporate officers and employees will be carried out so as to ensure compliance with laws and regulations and the Articles of Incorporation in accordance with the compliance system in which an officer in charge of compliance will be appointed and a division in charge of compliance will be set up, and each divisional manager will be responsible for the promotion of compliance under the Mazda Corporate Ethics Code of Conduct.
 - The promotion of compliance will be based on company-wide promotion policies deliberated on by the Risk & Compliance Committee and administered by the division that administers compliance throughout the company.
 - The Mazda Global Hotline (hereinafter “hotline”) will be set up to receive reports when there has been improper behavior in the context of laws and regulations or of the Mazda Corporate Ethics Code of Conduct or when such behavior is suspected. The hotline will accept anonymous reports, and a channel for receiving reports will be set up at an independent organization (a lawyer).
- e. System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
- Subsidiaries will be requested to make advance reports to the Company on specific matters and on the resolution of important operational issues in accordance with relevant internal regulations or to seek the Company’s approval of them.
 - Subsidiaries will be given guidance and support so as to carry out appropriate risk management in accordance with basic risk management policies and relevant internal regulations.
 - Subsidiaries will be given guidance and support so as to introduce the corporate group’s medium-, long-term and annual business plans and other initiatives and policies of the Company and to conduct their business in accordance with them. Subsidiaries will also be given guidance and support as needed to resolve important business issues that arise.
 - The Mazda Corporate Ethics Code of Conduct will be introduced to subsidiaries, and they will be given guidance and support in carrying out their business in accordance with the code. The Audit & Supervisory Committee and the internal auditing department will, as proper, conduct audits of group companies’ compliance with laws, regulations and the Articles of Incorporation and the status of their risk management.
- f. Items related to the directors and employees to assist the Audit & Supervisory Committee in its work
- An organization to assist the Audit & Supervisory Committee with its work will be set up, and employees (hereafter referred to as “Audit & Supervisory Committee staff”) who are not subject to the guidance or directives of directors (excluding directors who are Audit & Supervisory Committee Members) will be assigned to the organization.

- g. Items related to the independence of the aforementioned employees from directors and director-employees (excluding directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of instructions to these director-employees
 - The transfer and evaluation of Audit & Supervisory Committee staff will be carried out by the Human Resources Division after prior discussion with the full-time Audit & Supervisory Committee Members.
 - Audit & Supervisory Committee staff will not be concurrently employed by any other department and must report solely to the Audit & Supervisory Committee.
- h. Systems for reports to the Audit & Supervisory Committee by directors (excluding directors who are Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries, for other reports to the Audit & Supervisory Committee and to ensure that those who make reports will not be subject to unfavorable treatment on account of making the report
 - When directors (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) or executive officers discover facts that may result in significant harm to the Company, they will report such facts to the Audit & Supervisory Committee immediately.
 - Directors and executive officers will report to the Audit & Supervisory Committee on serious lawsuits and disputes, changes in accounting policy, major accidents, administrative punishment by the authorities or other items that are to be discussed by the Audit & Supervisory Committee with the directors or executive officers even if they are not facts that may result in significant harm to the Company.
 - Directors and executive officers will seek reports from subsidiaries' directors, executive officers, auditors or employees engaged in internal audits of subsidiaries on facts that may lead to a significant loss to the Company or its subsidiaries and on other matters that the Audit & Supervisory Committee will decide on after discussions with the directors or executive officers. These reports will be reported to the Audit & Supervisory Committee.
 - The Internal Auditing Department will make regular reports to the Audit & Supervisory Committee on the results of its internal audits of the corporate group.
 - Reports from employees of the Company or its major subsidiaries via the hotline will be received and the status of such reports will be regularly reported to the Audit & Supervisory Committee.
 - It will be made clear to the officers and employees of the corporate group that those who make reports to the hotline or who cooperate in an investigation or who make reports to the Audit & Supervisory Committee under the provisions of the preceding paragraph will not be subject to retaliation or unfavorable treatment.
- i. Matters related to procedures for the advance payment or reimbursement of costs incurred in conjunction with the execution of their duties by Audit & Supervisory Committee Members and policies concerning the handling of other costs or claims incurred in the execution of their duties
 - The Audit & Supervisory Committee will prepare a budget in advance for costs deemed to be necessary to the execution of duties. Requests for reimbursement for costs incurred in an emergency or on an impromptu basis may be made after the fact.
- j. Other systems to ensure that Audit & Supervisory Committee can conduct its audits effectively
 - The Audit & Supervisory Committee will audit directors' (excluding directors who are Audit & Supervisory Committee Members; all following references to directors are the same) execution of duties in accordance with its annual plan.
 - The full-time Audit & Supervisory Committee Members will attend important meetings such as meetings of the Executive Committee.
 - Close cooperation will be maintained between the Audit & Supervisory Committee and the Internal Auditing Department and the accounting auditors, such as by holding regular meetings, etc.
 - The Audit & Supervisory Committee will communicate with the directors, executive officers and the

general managers of major departments through meetings and hearings on the execution of duties.

- Cooperation will be maintained by holding meetings regularly with the full-time Audit & Supervisory Committee Members and full-time corporate auditors of the major companies in the Mazda Group and by sharing information with them.

k. Basic Views on Eliminating Anti-Social Forces

- The Mazda Group will have no connection with anti-social forces or groups nor carry out any acts to facilitate the activities of such forces or groups. In the event of unreasonable demands from anti-social forces or groups, these will be dealt with firmly, including systematic efforts in cooperation with external bodies such as the police or lawyers as necessary.

3) Other matters related to corporate governance

<Liability exemption for directors>

To allow directors to play their expected roles to the fullest in their execution of duties, the Company provides in its Articles of Incorporation that, in accordance with the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, within the limit of laws and regulations, exempt directors who have neglected their duties (including former directors) from liability for damages by a resolution of the Board of Directors.

<Outline of the terms of liability limitation agreement>

The Company has concluded liability limitation agreements with outside directors to limit their liabilities under Article 423, Paragraph 1 of the Companies Act, to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same, based on the provisions of Article 427, Paragraph 1 of the same.

<Outline of the terms of liability insurance agreement for officers, etc.>

The Company has entered into a liability insurance agreement for officers, etc. with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, whereby legal damages and litigation costs incurred due to a claim for damages against any insured person under the agreement will be covered by the insurance agreement. However, the agreement contains certain exclusions, such as that damage caused by illegal acts that were knowingly committed by the insured will not be covered, as a means to prevent any impairment to proper execution of duties by the officers. This agreement covers the Company's directors, executive officers and fellows, all of whose premiums are fully borne by the Company.

<Number of Directors on the Board>

The Company's Articles of Incorporation provide that the number of directors shall be not more than 12, and the number of directors who are members of the Company's Audit & Supervisory Committee shall be not more than eight.

<Resolution requirements for the election of directors>

The Company provides in its Articles of Incorporation that its directors shall be elected by a majority of the voting rights at a General Meeting of Shareholders at which shareholders holding not less than one-third of the total shareholders' voting rights are present and exercise their right to vote, and that cumulative voting shall not be adopted for the purpose of electing the directors.

<Purchase of treasury shares>

The Company provides in its Articles of Incorporation that it may acquire its own shares by resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act, so that it may respond flexibly to any future changes in business environment.

<Decision-making body regarding dividends from surplus>

The Company’s Articles of Incorporation provide that the Company may, with a resolution of the Board of Directors, distribute an interim dividend to shareholders and registered pledgees of shares who are on the register as of September 30 each year, so that it can provide stable returns of profit to shareholders.

4) Activities of the Board of Directors

The Board of Directors holds meetings once a month in principle and also as and when necessary. In the fiscal year ended March 31, 2023, the board held a total of 17 meetings. Attendance of each director is as shown below.

As of March 31, 2023

Job title	Name	Attendance at the Board of Directors meetings
Representative Director and Chairman of the Board	Kiyotaka Shobuda	17 out of 17 meetings (100%)
Representative Director, President and CEO	Akira Marumoto	17 out of 17 meetings (100%)
Director and Senior Managing Executive Officer	Mitsuru Ono	16 out of 17 meetings (94%)
Director and Senior Managing Executive Officer	Akira Koga	17 out of 17 meetings (100%)
Director and Senior Managing Executive Officer	Masahiro Moro	17 out of 17 meetings (100%)
Director and Senior Managing Executive Officer	Yasuhiro Aoyama	17 out of 17 meetings (100%)
Director and Senior Managing Executive Officer	Ichiro Hirose	14 out of 14 meetings (100%)
Director and Senior Managing Executive Officer	Takeshi Mukai	14 out of 14 meetings (100%)
Director	Kiyoshi Sato	17 out of 17 meetings (100%)
Director	Michiko Ogawa	17 out of 17 meetings (100%)
Director, Audit & Supervisory Committee Member (Full time)	Masatoshi Maruyama	17 out of 17 meetings (100%)
Director, Audit & Supervisory Committee Member (Full time)	Nobuhiko Watabe	17 out of 17 meetings (100%)
Director, Audit & Supervisory Committee Member	Ichiro Sakai	17 out of 17 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	16 out of 17 meetings (94%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	17 out of 17 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	17 out of 17 meetings (100%)

- (Notes)
1. The Board of Directors is chaired by Mr. Kiyotaka Shobuda.
 2. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Ichiro Sakai, Mr. Akira Kitamura, Ms. Hiroko Shibasaki and Mr. Masato Sugimori are outside directors.
 3. The attendance of Directors Mr. Ichiro Hirose and Mr. Takeshi Mukai are for the meetings held since they took office on June 24, 2022.
 4. The attendance of Mr. Kiyoshi Fujiwara, who retired from his position as director on June 24, 2022, at the Board of Directors meetings held in fiscal year ended March 31, 2023 is as shown below.

Job title at the time of retirement	Name	Attendance
Representative Director, Executive Vice President and COO	Kiyoshi Fujiwara	1 out of 3 meetings (33%)

<Specific matters discussed by the Board of Directors>

The Board of Directors deliberates and makes decisions on matters related to the execution of important business, such as basic management policies and strategy, and supervises the execution of individual directors' duties. The Company also holds Executive Committee Meetings, where matters such as important company-wide policies, strategies and plans and important actions are proposed, deliberated and approved, and information needed for corporate management is reported. Items deliberated at Executive Committee Meetings are reported to the Board of Directors, thus allowing the Board of Directors to supervise the execution of duties by the management team.

Below are the key topics among the matters discussed at the Board of Directors meetings held during the fiscal year ended March 31, 2023.

- a. Medium-term Management Plan update and management policy up to 2030 (announced in November 2022)
- b. Energy conservation, shift to renewable energies, and use of carbon neutral fuels for making Mazda factories carbon neutral worldwide by 2035 (announced in June 2022)
- c. New partnerships for the development and production of electric drive units (announced in November 2022), phased approach electrification scenarios based on trends and situation in different markets
- d. Status of operation of systems for internal control and risk management

5) Activities of the Officer Lineup & Remuneration Advisory Committee

The Company's Officer Lineup & Remuneration Advisory Committee held a total of five meetings in the fiscal year ended March 31, 2023. Attendance of each member is as shown below.

As of March 31, 2023

Job title	Name	Attendance at the Officer Lineup & Remuneration Advisory Committee meetings
Representative Director and Chairman of the Board	Kiyotaka Shobuda	5 out of 5 meetings (100%)
Representative Director, President and CEO	Akira Marumoto	5 out of 5 meetings (100%)
Director	Kiyoshi Sato	5 out of 5 meetings (100%)
Director	Michiko Ogawa	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Ichiro Sakai	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Akira Kitamura	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Hiroko Shibasaki	5 out of 5 meetings (100%)
Director, Audit & Supervisory Committee Member	Masato Sugimori	5 out of 5 meetings (100%)

- (Notes)
1. The Officer Lineup & Remuneration Advisory Committee is chaired by Mr. Kiyotaka Shobuda.
 2. Directors Mr. Kiyoshi Sato, Ms. Michiko Ogawa, Mr. Ichiro Sakai, Mr. Akira Kitamura, Ms. Hiroko Shibasaki and Mr. Masato Sugimori are outside directors.

3. The attendance of Mr. Kiyoshi Fujiwara, who retired from his position as director on June 24, 2022, at the Officer Lineup & Remuneration Advisory Committee meetings held in fiscal year ended March 31, 2023 is as shown below.

Job title at the time of retirement	Name	Attendance
Representative Director, Executive Vice President and COO	Kiyoshi Fujiwara	0 out of 2 meetings (0%)

<Specific matters discussed by the Officer Lineup & Remuneration Advisory Committee>

The Officer Lineup & Remuneration Advisory Committee is an advisory body to the Board of Directors established to further enhance transparency, fairness and objectivity of the process for nominating, appointing and dismissing executive officers and candidates for directors as well as for determining their remuneration. The committee deliberates matters such as officer lineup and policies regarding the selection and training of candidates, as well as remuneration payment policies and the remuneration system and process based on those policies, which contribute to the Company’s sustainable growth and raising of corporate value in the medium and long term, and reports the outcome to the Board of Directors.

Below are the key topics among the matters discussed at the Officer Lineup & Remuneration Advisory Committee meetings held during the fiscal year ended March 31, 2023.

- a. Appropriateness of the composition of directors and executive officers (ensuring the diversity and skills mix required to achieve management policy goals) (executive personnel changes effective April 1, 2023, and executive personnel changes effective June 27, 2023)
- b. Appropriateness of remuneration amount for directors and executive officers (ensuring conformity with the policies on determining details of individual remuneration for directors (excluding directors who are Audit & Supervisory Committee members) and comparison with the remuneration levels of the benchmark companies whose size and line of business are similar to those of the Company, etc.)
- c. Draft proposal on the revision of the remuneration amount for directors (excluding directors who are Audit & Supervisory Committee members) (placed on the agenda of the General Meeting of Shareholders held on June 27, 2023)

2. Shareholdings

(1) Criteria and Approach to the Classification of Investment Shares

According to the Company’s criteria, shares held for pure investment purpose are the shares it holds solely for the purpose of gaining profit resulting from changes in share prices or dividends from shares, while investment shares are the shares it holds for purposes other than pure investment.

(2) Investment Shares Held for Purposes Other than Pure Investment

- a. Holding policy, methods for verifying the rationality of holdings, and verification of appropriateness of holding for individual issues by the Board of Directors, etc.

Taking into overall consideration and verifying the business strategy, the necessity of business activities such as maintaining and strengthening business dealings, and the comparison of benefits and risks of cross-shareholding with the cost of capital, the Company will have cross-shareholdings when it will lead to the enhancement of corporate value over the medium and long terms. If the purpose of

cross-shareholdings is judged to have diminished, the Company will aim to reduce cross-shareholdings, including the selling of shares based on the relevant company's circumstances, etc.

Every year at a Board of Directors meeting, the Company individually verifies the appropriateness of its major cross-shareholdings according to the above policy.

b. Number of issues and book value on balance sheet

	Number of issues (Issues)	Total book value on balance sheet (Millions of yen)
Unlisted shares	25	959
Shares other than unlisted shares	3	81,074

(Issues for which the number of shares held increased in the fiscal year ended March 31, 2023)

	Number of issues (Issues)	Total acquisition cost concerning increase in the number of shares (Millions of yen)	Reasons for the increase in the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	—	—	—

(Issues for which the number of shares held decreased in the fiscal year ended March 31, 2023)

	Number of issues (Issues)	Total sale value concerning decrease in the number of shares (Millions of yen)
Unlisted shares	—	—
Shares other than unlisted shares	—	—

c. Number of shares and book value on balance sheet, etc. per issue of the specified investment shares and deemed holdings of shares

Specified investment shares

Issues	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	Purpose of holding, outline of business alliance, etc., quantitative effect of holding ^(Note 2) , and reasons for the increase in the number of shares held	Shares of the Company owned
	Number of shares (shares)	Number of shares (shares)		
	Book value on balance sheet (Millions of yen)	Book value on balance sheet (Millions of yen)		
Toyota Motor Corporation	41,466,500	41,466,500	To maintain and strengthen alliance in automobile business	Yes
	77,957	92,159		
DaikyoNishikawa Corporation	3,541,800	3,541,800	To maintain and strengthen relationship of vehicle parts transactions	Yes
	2,284	1,913		
Sumitomo Mitsui Financial Group, Inc.	157,100	157,100	To facilitate financial transactions	No
	832	614		

Notes 1. All issues that fall under specified investment shares are listed, including DaikyoNishikawa Corporation and Sumitomo Mitsui Financial Group, Inc., whose book values on balance sheet

- are less than 1 percent of capital stock.
2. Although it is difficult to describe the quantitative effects of holding, the Company verifies the rationality of holding by taking into overall consideration the business strategy, the necessity for business activities such as maintaining and strengthening business dealings, while also weighing the benefits and risks of holding and capital costs.
 3. Sumitomo Mitsui Financial Group, Inc., does not own shares of the Company, but its subsidiary, the Sumitomo Mitsui Banking Corporation, holds the Company's shares.

CONSOLIDATED BALANCE SHEETS

Mazda Motor Corporation and Consolidated Subsidiaries
As of March 31, 2022 and 2023

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Current assets:			
Cash and cash equivalents (Note 5)	¥ 740,385	¥ 717,093	\$ 5,351,440
Trade notes and accounts receivable (Notes 5 and 15)	146,136	166,921	1,245,679
Inventories (Notes 8 and 10)	399,923	670,904	5,006,746
Other current assets	173,182	170,819	1,274,770
Allowance for doubtful receivables	(1,813)	(1,573)	(11,739)
Total current assets	1,457,813	1,724,164	12,866,896
Property, plant and equipment:			
Land (Note 9)	418,454	419,419	3,129,993
Buildings and structures	568,740	585,380	4,368,507
Machinery, equipment and vehicles	974,510	1,019,989	7,611,858
Tools, furniture and fixtures	337,082	350,775	2,617,724
Leased assets	33,622	40,085	299,142
Construction in progress	82,949	61,947	462,291
	2,415,357	2,477,595	18,489,515
Accumulated depreciation	(1,268,641)	(1,312,989)	(9,798,425)
Net property, plant and equipment (Notes 10 and 19)	1,146,716	1,164,606	8,691,090
Intangible assets (Note 19)	48,358	54,614	407,567
Investments and other assets:			
Investment securities (Note 5):			
Affiliated companies	122,050	125,653	937,709
Other	100,142	89,242	665,985
Asset for retirement benefits (Note 21)	7,912	12,289	91,709
Deferred tax assets (Note 22)	37,256	51,011	380,679
Other investments and other assets	52,964	37,955	283,246
Allowance for doubtful receivables	(5,063)	(283)	(2,112)
Total investments and other assets	315,261	315,867	2,357,216
Total assets	¥ 2,968,148	¥ 3,259,251	\$ 24,322,769

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Current liabilities:			
Short-term debt (Notes 5 and 10)	¥ 1,526	¥ 1,460	\$ 10,896
Long-term debt due within one year (Notes 5 and 10)	66,831	206,426	1,540,493
Trade notes and accounts payable	345,443	480,975	3,589,366
Income taxes payable	6,621	18,212	135,910
Accrued expenses	287,268	344,778	2,572,970
Reserve for warranty expenses	66,261	85,647	639,157
Provision for loss on compensation for damage	11,500	400	2,985
Other current liabilities (Notes 5, 15 and 22)	113,483	123,322	920,314
Total current liabilities	898,933	1,261,220	9,412,091
Non-current liabilities:			
Long-term debt due after one year (Notes 5 and 10)	609,098	416,209	3,106,037
Deferred tax liability related to land revaluation (Note 9)	64,537	64,434	480,851
Liability for retirement benefits (Note 21)	33,433	18,238	136,104
Provision related to environmental regulations	-	14,533	108,455
Other non-current liabilities (Notes 5 and 22)	45,450	27,816	207,583
Total non-current liabilities	752,518	541,230	4,039,030
Total liabilities	1,651,451	1,802,450	13,451,120
Contingent liabilities (Note 11)			
Net assets:			
Capital and retained earnings (Notes 13):			
Common stock	283,957	283,957	2,119,082
Authorized: 1,200,000,000 shares			
Issued: 631,803,979 shares in 2023 and 2022			
Capital surplus	263,003	263,035	1,962,948
Retained earnings	581,458	699,231	5,218,142
Treasury stock	(2,100)	(1,995)	(14,888)
(1,841,110 shares in 2023 and 1,938,951 shares in 2022)			
Total capital and retained earnings	1,126,318	1,244,228	9,285,284
Accumulated other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	29,707	20,243	151,067
Deferred gains/(losses) on hedges	(1,314)	(68)	(507)
Land revaluation (Note 9)	145,536	145,302	1,084,343
Foreign currency translation adjustment	(6,162)	14,184	105,851
Accumulated adjustments for retirement benefits	7,055	15,709	117,231
Total accumulated other comprehensive income	174,822	195,370	1,457,985
Stock acquisition rights (Note 14)	440	475	3,545
Non-controlling interests	15,117	16,728	124,835
Total net assets	1,316,697	1,456,801	10,871,649
Total liabilities and net assets	¥ 2,968,148	¥ 3,259,251	\$ 24,322,769

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

Consolidated Statements of Operations

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Net sales (Note 15)	¥ 3,120,349	¥ 3,826,752	\$ 28,557,851
Cost and expenses:			
Cost of sales	2,432,645	3,025,230	22,576,343
Selling, general and administrative expenses (Note 16)	583,477	659,553	4,922,038
	3,016,122	3,684,783	27,498,381
Operating income	104,227	141,969	1,059,470
Other income/(expenses):			
Interest and dividend income	5,795	13,169	98,276
Interest expense	(6,782)	(8,483)	(63,306)
Equity in net income/(loss) of affiliated companies	(4,074)	15,777	117,739
Other, net (Note 18)	13,233	7,540	56,269
	8,172	28,003	208,978
Income before income taxes	112,399	169,972	1,268,448
Income taxes (Note 22):			
Current	11,219	44,523	332,261
Deferred	18,833	(18,790)	(140,223)
	30,052	25,733	192,038
Net income	82,347	144,239	1,076,410
Net income attributable to non-controlling interests	790	1,425	10,634
Net income attributable to owners of the parent	¥ 81,557	¥ 142,814	\$ 1,065,776
		Yen	U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income:			
Basic	¥ 129.49	¥ 226.71	\$ 1.69
Diluted	129.38	226.52	1.69
Cash dividends applicable to the year	20.00	45.00	0.34
Net assets	2,065.74	2,285.21	17.05

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Net income	¥ 82,347	¥ 144,239	\$ 1,076,410
Other comprehensive income/(loss):			
Net unrealized gain/(loss) on available-for-sale securities	13,709	(9,466)	(70,642)
Deferred gains/(losses) on hedges	(1,141)	1,241	9,261
Foreign currency translation adjustment	20,909	14,371	107,246
Adjustments for retirement benefits	8,807	8,639	64,470
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	5,192	6,441	48,068
Total other comprehensive income/(loss)	47,476	21,226	158,403
Comprehensive income	¥ 129,823	¥ 165,465	\$ 1,234,813
Comprehensive income/(loss) attributable to:			
Owners of the parent	128,231	163,596	1,220,865
Non-controlling interests	1,592	1,869	13,948

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

	Millions of yen				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
April 1, 2021	¥ 283,957	¥ 263,028	¥ 508,784	¥ (2,187)	¥ 1,053,582
Cumulative effects of changes in accounting policies	-	-	(8,883)	-	(8,883)
Restated balance	283,957	263,028	499,901	(2,187)	1,044,699
Increase/(decrease)					
Dividends paid	-	-	-	-	-
Net income attributable to owners of the parent	-	-	81,557	-	81,557
Purchase of treasury stock	-	-	-	(1)	(1)
Sale of treasury stock	-	(25)	-	88	63
Changes in scope of consolidation	-	-	-	-	-
Reversal for land revaluation	-	-	-	-	-
Change in ownership interest of parent arising from transactions with non-controlling shareholders	-	-	-	-	-
Changes in items other than capital and retained earnings, net	-	-	-	-	-
Total changes during the fiscal year	-	(25)	81,557	87	81,619
April 1, 2022	¥ 283,957	¥ 263,003	¥ 581,458	¥ (2,100)	¥ 1,126,318
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	283,957	263,003	581,458	(2,100)	1,126,318
Increase/(decrease)					
Dividends paid	-	-	(25,197)	-	(25,197)
Net income attributable to owners of the parent	-	-	142,814	-	142,814
Purchase of treasury stock	-	-	-	(2)	(2)
Sale of treasury stock	-	(29)	-	107	78
Changes in scope of consolidation	-	-	(78)	-	(78)
Reversal for land revaluation	-	-	234	-	234
Change in ownership interest of parent arising from transactions with non-controlling shareholders	-	61	-	-	61
Changes in items other than capital and retained earnings, net	-	-	-	-	-
Total changes during the fiscal year	-	32	117,773	105	117,910
March 31, 2023	¥ 283,957	¥ 263,035	¥ 699,231	¥ (1,995)	¥ 1,244,228

	Millions of yen									
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total	Stock acquisition rights	Non-controlling interests	Total net assets	
April 1, 2021	¥ 16,002	¥ (312)	¥ 145,536	¥ (30,897)	¥ (2,181)	¥ 128,148	¥ 382	¥ 13,718	¥ 1,195,830	
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	(8,883)	
Restated balance	16,002	(312)	145,536	(30,897)	(2,181)	128,148	382	13,718	1,186,947	
Increase/(decrease)										
Dividends paid	-	-	-	-	-	-	-	-	-	
Net income attributable to owners of the parent	-	-	-	-	-	-	-	-	81,557	
Purchase of treasury stock	-	-	-	-	-	-	-	-	(1)	
Sale of treasury stock	-	-	-	-	-	-	-	-	63	
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-	
Reversal for land revaluation	-	-	-	-	-	-	-	-	-	
Change in ownership interest of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	
Changes in items other than capital and retained earnings, net	13,705	(1,002)	-	24,735	9,236	46,674	58	1,399	48,131	
Total changes during the fiscal year	13,705	(1,002)	-	24,735	9,236	46,674	58	1,399	129,750	
April 1, 2022	¥ 29,707	¥ (1,314)	¥ 145,536	¥ (6,162)	¥ 7,055	¥ 174,822	¥ 440	¥ 15,117	¥ 1,316,697	
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	
Restated balance	29,707	(1,314)	145,536	(6,162)	7,055	174,822	440	15,117	1,316,697	
Increase/(decrease)										
Dividends paid	-	-	-	-	-	-	-	-	(25,197)	
Net income attributable to owners of the parent	-	-	-	-	-	-	-	-	142,814	
Purchase of treasury stock	-	-	-	-	-	-	-	-	(2)	
Sale of treasury stock	-	-	-	-	-	-	-	-	78	
Changes in scope of consolidation	-	-	-	-	-	-	-	-	(78)	
Reversal for land revaluation	-	-	-	-	-	-	-	-	234	
Change in ownership interest of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	61	
Changes in items other than capital and retained earnings, net	(9,464)	1,246	(234)	20,346	8,654	20,548	35	1,611	22,194	
Total changes during the fiscal year	(9,464)	1,246	(234)	20,346	8,654	20,548	35	1,611	140,104	
March 31, 2023	¥ 20,243	¥ (68)	¥ 145,302	¥ 14,184	¥ 15,709	¥ 195,370	¥ 475	¥ 16,728	¥ 1,456,801	

Thousands of U.S. dollars (Note 1)					
	Capital and retained earnings				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
April 1, 2022	\$2,119,082	\$1,962,709	\$ 4,339,239	\$ (15,672)	\$ 8,405,358
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	2,119,082	1,962,709	4,339,239	(15,672)	8,405,358
Increase/(decrease)	-	-	-	-	-
Dividends paid	-	-	(188,037)	-	(188,037)
Net income attributable to owners of the parent	-	-	1,065,776	-	1,065,776
Purchase of treasury stock	-	-	-	(15)	(15)
Sale of treasury stock	-	(216)	-	799	583
Changes in scope of consolidation	-	-	(582)	-	(582)
Reversal for land revaluation	-	-	1,746	-	1,746
Change in ownership interest of parent arising from transactions with non-controlling shareholders	-	455	-	-	455
Changes in items other than capital and retained earnings, net	-	-	-	-	-
Total changes during the fiscal year	-	239	878,903	784	879,926
March 31, 2023	\$2,119,082	\$1,962,948	\$ 5,218,142	\$ (14,888)	\$ 9,285,284

Thousands of U.S. dollars (Note 1)									
	Accumulated other comprehensive income/(loss)								
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total	Stock acquisition rights	Non-controlling interests	Total net assets
April 1, 2022	\$ 221,694	\$ (9,806)	\$1,086,090	\$ (45,985)	\$ 52,649	\$1,304,642	\$ 3,284	\$ 112,813	\$ 9,826,097
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	-
Restated balance	221,694	(9,806)	1,086,090	(45,985)	52,649	1,304,642	3,284	112,813	9,826,097
Increase/(decrease)	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(188,037)
Net income attributable to owners of the parent	-	-	-	-	-	-	-	-	1,065,776
Purchase of treasury stock	-	-	-	-	-	-	-	-	(15)
Sale of treasury stock	-	-	-	-	-	-	-	-	583
Changes in scope of consolidation	-	-	-	-	-	-	-	-	(582)
Reversal for land revaluation	-	-	-	-	-	-	-	-	1,746
Change in ownership interest of parent arising from transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	455
Changes in items other than capital and retained earnings, net	(70,627)	9,299	(1,747)	151,836	64,582	153,343	261	12,022	165,626
Total changes during the fiscal year	(70,627)	9,299	(1,747)	151,836	64,582	153,343	261	12,022	1,045,552
March 31, 2023	\$ 151,067	\$ (507)	\$1,084,343	\$ 105,851	\$ 117,231	\$1,457,985	\$ 3,545	\$ 124,835	\$ 10,871,649

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mazda Motor Corporation and Consolidated Subsidiaries
Years ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2023	2023
Cash flows from operating activities:			
Income before income taxes	¥ 112,399	¥ 169,972	\$ 1,268,448
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:			
Depreciation and amortization	90,281	105,950	790,672
Impairment loss	691	296	2,209
Increase/(decrease) in allowance for doubtful receivables	4,625	(4,688)	(34,985)
Increase/(decrease) in reserve for warranty expenses	(14,243)	19,386	144,672
Increase/(decrease) in provision for loss on compensation for damage	11,500	(11,100)	(82,836)
Increase/(decrease) in provision related to environmental regulations	-	14,533	108,455
Increase/(decrease) in liability for retirement benefits	(5,169)	(7,251)	(54,112)
Interest and dividend income	(5,795)	(13,169)	(98,276)
Interest expense	6,782	8,483	63,306
Equity in net loss/(income) of affiliated companies	4,074	(15,777)	(117,739)
Loss/(gain) on change in equity	(4,047)	-	-
Loss/(gain) on sale and retirement of property, plant and equipment, net	4,597	4,687	34,978
Loss on liquidation of subsidiaries and affiliates	-	10,953	81,739
Decrease/(increase) in trade notes and accounts receivable	(17,929)	(17,509)	(130,664)
Decrease/(increase) in inventories	77,411	(258,052)	(1,925,761)
Decrease/(increase) in other current assets	(24,064)	(5,222)	(38,970)
Increase/(decrease) in trade notes and accounts payable	(22,963)	127,833	953,978
Increase/(decrease) in other current liabilities	11,043	56,210	419,478
Other	(52,763)	(41,028)	(306,182)
Subtotal	176,430	144,507	1,078,410
Interest and dividends received	36,743	20,755	154,888
Interest paid	(9,176)	(8,112)	(60,537)
Proceeds from insurance income	1,009	-	-
Income taxes refunded/(paid)	(18,250)	(19,726)	(147,209)
Refund of income taxes for prior periods	2,456	-	-
Other	(57)	-	-
Net cash provided by/(used in) operating activities	189,155	137,424	1,025,552
Cash flows from investing activities:			
Net decrease/(increase) in time deposits	203	-	-
Purchase of investment securities	(389)	(3,124)	(23,313)
Proceeds from sales and redemption of investment securities	323	433	3,231
Purchase of property, plant and equipment	(121,946)	(79,787)	(595,425)
Proceeds from sale of property, plant and equipment	709	822	6,134
Purchase of intangible assets	(17,405)	(19,341)	(144,336)
Net decrease/(increase) in short-term loans receivable	598	(2)	(15)
Payments of long-term loans receivable	(145)	(19)	(142)
Collections of long-term loans receivable	1,480	98	731
Other	335	1,493	11,142
Net cash provided by/(used in) investing activities	(136,237)	(99,427)	(741,993)
Cash flows from financing activities:			
Net increase/(decrease) in short-term debt	(92)	(74)	(552)
Proceeds from long-term debt	70,709	4,947	36,918
Repayments of long-term debt	(156,891)	(69,418)	(518,045)
Cash dividends paid	-	(25,197)	(188,037)
Cash dividends paid to non-controlling interests	(193)	(197)	(1,470)
Net decrease/(increase) in treasury stock	62	76	567
Net cash provided by/(used in) financing activities	(86,405)	(89,863)	(670,618)
Effect of exchange rate fluctuations on cash and cash equivalents	35,079	28,884	215,552
Net increase/(decrease) in cash and cash equivalents	1,592	(22,982)	(171,507)
Cash and cash equivalents at beginning of the period	738,793	740,385	5,525,260
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(310)	(2,313)
Cash and cash equivalents at end of the period	¥ 740,385	¥ 717,093	\$ 5,351,440

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mazda Motor Corporation and Consolidated Subsidiaries

1 BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Mazda Motor Corporation (the “Company”) and its consolidated subsidiaries (together, the “Group”) have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards (“IFRS”).

For the convenience of readers outside Japan, the accompanying consolidated financial statements have been reformatted and translated into English from the consolidated financial statements of the Group prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

The conversion of the Japanese yen into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2023, which was ¥134 to U.S. \$1.00. The conversions should not be construed as representations that the Japanese yen have been, could have been, or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the Company and companies, over which the Company has power of control through majority voting rights or there are certain conditions evidencing control by the Company. Investments in affiliates, over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted for under the equity method.

The consolidated financial statements include the Company and 70 subsidiaries (71 in the year ended March 31, 2022). In addition, 20 affiliates (18 in the year ended March 31, 2022) are accounted for under the equity method.

The consolidated balance sheet date is March 31. Among the consolidated subsidiaries, 21 companies have fiscal year-ends for their statutory financial statements that are different from the consolidated balance sheet date, most of which are December 31. In preparing the consolidated financial statements, for 7 of the 21 companies, provisional settlement of accounts that are prepared for consolidation are used to supplement the companies’ statutory financial statements. For the other 14 companies, in preparing the consolidated financial statements, financial statements of these companies with different balance sheet dates are used. However, adjustments necessary in consolidation are made for material transactions that have occurred between the balance sheet date of these subsidiaries and the consolidated balance sheet date.

FOREIGN CURRENCY CONVERSION

Receivables and payables denominated in foreign currencies are converted into Japanese yen at the exchange rate at the year-end; gains and losses in foreign currency conversion are included in the income for the current period.

Balance sheet accounts of consolidated foreign subsidiaries are converted into Japanese yen at the rates on the subsidiaries’ balance sheet dates except for net assets accounts, which are converted at the historical rates. Income statement accounts of consolidated foreign subsidiaries are converted into Japanese yen at the average rates during the subsidiaries’ accounting periods, with the conversion differences prorated and included in the net assets as a foreign currency conversion adjustment and non-controlling interests in the consolidated subsidiaries.

CASH AND CASH EQUIVALENTS

The Group considers all highly liquid short-term investments with a minimum risk of price fluctuation, whose maturity date comes within three months from the time of purchase, to be cash equivalents.

SECURITIES

Securities are classified as (a) securities held for trading purposes (hereafter, “trading securities”), (b) debt securities intended to be held to maturity (hereafter, “held-to-maturity debt securities”), (c) equity securities issued by the unconsolidated subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, “available-for-sale securities”).

The Group does not have trading securities. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by unconsolidated subsidiaries and affiliated companies that, based on the applicable materiality provisions of Japanese GAAP, are not accounted for under the equity method are stated at moving-average cost.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of accumulated other comprehensive income within net assets. Realized gains and losses on the sale of such securities are computed using moving-average cost. Available-for-sale securities without available fair market values are stated mainly at moving-average cost.

If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method and of available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as a loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method and of available-for-sale securities is not readily available and the net asset value declines significantly, such securities shall be written down to net asset value with a corresponding charge to income. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next fiscal year.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative financial instruments are mainly stated at fair value, and changes in the fair value are recognized as gains or losses unless derivative financial instruments are used for hedging purposes and meet criteria for hedge accounting.

If derivative financial instruments are used as hedges and meet certain hedging criteria, recognition of gains or losses resulting from changes in the fair value of derivative financial instruments is deferred until the related losses or gains on the hedged items are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

INVENTORIES

Inventories are stated at the lower of cost (determined principally by the weighted average method), or net realizable value.

PROPERTY, PLANT AND EQUIPMENT (EXCEPT FOR LEASED ASSETS)

Property, plant and equipment are stated principally at cost. Depreciation is computed mainly using the straight-line method over the estimated useful lives of the assets with a residual value at the end of useful lives to be a memorandum value.

INTANGIBLE ASSETS (EXCEPT FOR LEASED ASSETS)

Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets. Software for internal use is amortized on a straight-line basis over the period of internal use, i.e. 5 years.

AMORTIZATION OF GOODWILL

The difference between the consideration transferred and the fair value of net assets acquired is shown as goodwill, and amortized on a straight-line basis over a period (primarily 5 years) during which each investment is expected to generate benefits.

LEASED ASSETS

FINANCE LEASES IN WHICH OWNERSHIP IS NOT TRANSFERRED TO THE LESSEE

Contents of leased assets are as follows. Property, plant and equipment are mainly sales administration facilities, parts of automobile manufacturing equipment and molds, and electronic calculators. Intangible assets are software.

Finance leases are capitalized on the consolidated balance sheet. Depreciation or amortization expense is recognized on a straight-line basis over the lease period.

For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

The consolidated foreign subsidiaries that apply IFRS or Generally Accepted Accounting Principles in the U.S. ("US GAAP") have adopted IFRS 16 "Leases" ("IFRS 16") or Accounting Standards Update ("ASU") 2016-02 "Leases." In accordance with these accounting standards, the lessee recognizes in principle all of the lease assets and lease liabilities on the balance sheet. For lease assets, depreciation or amortization expense is recognized on a straight-line basis over the lease period.

ALLOWANCE FOR DOUBTFUL RECEIVABLES

Allowance for doubtful receivables provides for losses from bad debts. The amount estimated to be uncollectible is recorded. For receivables at an ordinary risk, the amount is based on the past default ratio, and for receivables at a high risk, the amount is calculated in consideration of the collectibility of individual receivables.

RESERVE FOR WARRANTY EXPENSES

Reserve for warranty expenses provides for after-sales expenses of products (vehicles). In accordance with the coverage of the warranty booklet and relevant laws and regulations, the amount is estimated per product warranty provisions and actual costs incurred in the past, taking future prospects and expected reimbursements into consideration.

PROVISION FOR LOSS ON COMPENSATION FOR DAMAGE

Provision for loss on compensation for damage provides for expected loss from compensation for damages in the future when the loss is probable and the amount is reasonably estimable.

PROVISION RELATED TO ENVIRONMENTAL REGULATIONS

Provision related to environmental regulations provides for the estimated costs of complying with environmental regulations at the end of the fiscal year.

REVENUES

The main business of the Group is the manufacturing and sale of automobiles and their components, as well as maintenance services. For product sales, the revenue is recognized when control over the products is transferred to the customer and the performance obligation is satisfied. This transfer generally takes place when the product is delivered at a location agreed with the customer. Maintenance services, etc. are treated as a separate performance obligation from the delivery of the product. For non-recurring services such as maintenance, the performance obligation is satisfied and the revenue is recognized when the service is completed and delivered to the customer. For recurring services such as Connected Services, the performance obligation is satisfied and the revenue is recognized over the period the service is provided.

Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The total consideration of the contract is allocated to performance obligations based on their standalone selling prices. These standalone selling prices are determined with reference to the selling prices of similar products or services, or other reasonably available information.

The Group provides dealers with sales incentives calculated based on sales promotion programs, which generally represent discount from the Group to dealers. This sales incentive is deducted from the revenue recognized when the applicable product is delivered to the dealers.

The consideration for the product is usually collected from customers within 30 days from the time when revenue is recognized, and the consideration for the service is collected from customers within 30 days from the time when the service is provided, and there are no significant payment terms.

EMPLOYEES' RETIREMENT BENEFITS

The Group provides various types of post-employment benefit plans, including lump-sum plans, defined benefit pension plans, and defined contribution pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service, and certain other factors.

In calculating the retirement benefit obligations, the method of attributing expected benefit to the accounting period is based mainly on a benefit formula basis.

The recognition of actuarial differences is deferred on the straight-line basis over a period equal to or less than the average remaining service period of employees at the time such gains or losses are realized (mainly 13 years). The amortization of net gains or losses starts from the year immediately following the year in which such gains or losses arise.

The recognition of past service costs is deferred on a straight-line basis over a period equal to or less than the average remaining service period of employees at the time such cost is incurred (mainly 12 years).

INCOME TAXES

Income taxes comprise corporation, enterprise, and inhabitants taxes. Deferred tax assets and liabilities are recognized to reflect the estimated tax effects attributable to temporary differences and tax loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates that are expected to apply when the temporary differences are expected to reverse. The measurement of deferred tax assets is reduced by a valuation allowance, if necessary, by the amount of any tax benefits that are not expected to be realized.

AMOUNTS PER SHARE OF COMMON STOCK

The calculations of net income per share of common stock are based on the average number of shares outstanding during each year. Diluted net income per share of common stock is calculated based on the average number of shares outstanding during each year after giving effect to the diluting potential of common stock to be issued upon the exercise of stock acquisition rights and stock options.

Cash dividends per share represent amounts applicable for the respective years on an accrual basis.

PRESENTATION OF OPERATING LEASE ASSETS UNDER US GAAP

Operating lease assets under US GAAP are included in leased assets under property, plant and equipment.

RECLASSIFICATION

Certain comparative figures have been reclassified to conform with the current period’s presentation.

3 SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are calculated based on the information available at the time of the preparation of the consolidated financial statements. Accounting estimates that are recorded in the consolidated financial statements for the current fiscal year and have a risk of a material effect on consolidated financial statements for the next fiscal year are as follows:

RESERVE FOR WARRANTY EXPENSES

1) Amounts reported in the consolidated financial statements are as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Reserve for warranty expenses	¥ 66,261	¥ 85,647	\$ 639,157

2) Other information that assists readers of consolidated financial statements in understanding the nature of the estimates:

For after-sales service expenses of products, the Group estimates future repair costs to be incurred in accordance with the coverage of the warranty booklet (“general warranty”) and with the related laws and regulations such as recalls and service campaigns (“recall-related repair costs”), and records them in the reserve for product warranty expenses. The estimation also reflects the expected reimbursement amounts to be recovered from the supplier.

Of the above, the reserve for general warranty is estimated by calculating the repair cost per vehicle for each major market based on historical data, and multiplying it by the number of vehicles covered under the warranty. The reserve for recall-related repair costs is estimated for each recall and service campaign. It is estimated by calculating the repair cost per vehicle, which includes parts costs and labor costs, and multiplying it by the estimated number of vehicles subject to each recall and service campaign. With regard to the expected reimbursement amounts to be recovered from the supplier, based upon the analysis of the causes of defects, the expected reimbursement rate is determined by considering technical responsibility, the suppliers’ payment ability, and the status of negotiations with suppliers. It is then incorporated into the calculation of the reserve.

The assumptions used in the estimates of the recall-related repair costs per vehicle and the number of vehicles covered under the warranty involve management’s judgment and future uncertainty. Therefore, if there is a significant change in these assumptions, additional recognition or reversal of reserve for warranty expenses may be required.

4 ACCOUNTING CHANGES

CHANGES IN ACCOUNTING POLICIES

-APPLICATION OF ACCOUNTING STANDARD FOR FAIR VALUE MEASUREMENT

The Group has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023, and has prospectively applied the new accounting policies under ASBJ Guidance No. 31 in accordance with the transitional provision set out in paragraph 27-2 of ASBJ Guidance No. 31. This has no impact on the consolidated financial statements.

Within Note 5, “Financial Instruments”, where disclosure is made by level of fair values of financial instruments, information on investment funds relevant to the year ended March 31, 2022 is not provided in accordance with paragraph 27-3 of the ASBJ Guidance No. 31.

-APPLICATION OF ASU 2016-02 “LEASES”

The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” from the year ended March 31, 2023. In accordance with this adoption, the lessee recognized substantially all lease assets and lease liabilities on the balance sheet. The consolidated foreign subsidiaries have adopted the transitional treatment, by which the cumulative effect of applying this standard was recognized at the date of initial application.

As a result, at the beginning of the fiscal year ended March 31, 2023, leased assets (net) included in property, plant and equipment increased by ¥9,378 million (\$69,985 thousand), lease obligations (the total amount of Current and Non-current) increased by ¥10,220 million (\$76,269 thousand), and other current liabilities decreased by ¥842 million (\$6,284 thousand).

NEW ACCOUNTING STANDARDS NOT YET APPLIED

-“Accounting Standard for Current Income Taxes”(ASBJ Statement No. 27, October 28, 2022)

-“Accounting Standard for Presentation of Comprehensive Income”(ASBJ Statement No. 25, October 28, 2022)

-“Guidance on Accounting Standard for Tax Effect Accounting”(ASBJ Guidance No. 28, October 28, 2022)

1) Summary

These standards prescribe the categories in which income tax expense should be recorded when other comprehensive income is taxed and the treatment of tax effects associated with sales of shares of subsidiaries, etc. when the group taxation regime is applied.

2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2025.

3) Effects of the application of the standards

The impact is yet to be determined at this time.

5 FINANCIAL INSTRUMENTS

QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

POLICIES FOR USING FINANCIAL INSTRUMENTS

The Group finances cash mainly through bank loans and the issuance of bonds for the purpose of planned capital investment. Temporary surplus funds are managed through investments in low-risk assets. Short-term operating funds are financed mainly through bank loans. Derivative instruments are used to hedge risks, as discussed below, and not to conduct speculative transactions.

DETAILS OF FINANCIAL INSTRUMENTS AND THE EXPOSURES TO RISK

Trade notes and accounts receivable, while due within one year, are subject to customers' credit risks. Accounts receivable denominated in foreign currencies are subject to the risk of fluctuations in foreign currency exchange rates; such risk is hedged, in principle, by netting the foreign-currency-denominated accounts receivable against accounts payable and applying foreign exchange forward contracts on the resulting net position.

Short-term investments consist mainly of certificates of deposit and other highly-liquid short-term investments. Investment securities consist mainly of stocks of our business partner companies and are subject to the risk of market price fluctuations and other factors. Long-term loans receivable are provided mainly to our business partner companies.

Trade notes and accounts payable, as well as other accounts payable, are due within one year. Of these payables, those denominated in foreign currencies are subject to the risk of fluctuations in foreign currency exchange rates. However, for the most part, the balance of such payables is constantly less than that of the accounts receivable denominated in the same foreign currency. For other parts, such payables are hedged, as necessary, through foreign exchange forward contracts, considering the transaction amounts and the degree of risk of foreign exchange rate fluctuation.

Loans payable, bonds payable, and lease obligations are mainly used to finance cash required for capital investment. The longest time to maturity of these liabilities is 58 years and 4 months from March 31, 2023 (59 years and 4 month in the year ended March 31, 2022).

Derivative instruments consist of foreign exchange forward contracts. For details on derivative instruments, refer to "Derivatives and Hedge Accounting" under Note 2, "Summary of Significant Accounting Policies," and Note 7, "Derivatives."

POLICIES AND PROCESSES FOR MANAGING RISK

MANAGEMENT OF CREDIT RISKS (I.E. RISKS ASSOCIATED WITH THE DEFAULT OF COUNTERPARTIES)

The Group manages credit risks in compliance with internal control rules and procedures.

The due dates and the balances of trade notes, accounts receivable, and loans receivable from major counterparties are monitored and managed in order to detect early and mitigate the risk of doubtful receivables.

Short-term investments and derivative transactions are executed only with banks with high credit ratings. As such, the credit risks of these short-term investments and derivative transactions are considered to be minimal. The credit risks of counterparty financial institutions are reviewed on a quarterly basis.

The amount of maximum risk as of March 31, 2023 is represented by the balance sheet amount of financial assets exposed to credit risks.

MANAGEMENT OF MARKET RISKS (I.E. RISKS ASSOCIATED WITH FLUCTUATIONS IN FOREIGN EXCHANGE RATES AND INTEREST RATES)

The Group hedges the risk of foreign exchange rate fluctuation on foreign-currency-denominated receivables and payables, using foreign exchange forward contracts, on a monthly and individual currency basis. Foreign exchange forward contracts are executed as necessary, up to 6 months ahead, on foreign-currency-denominated receivables and payables that are expected to arise with certainty as a result of forecasted export and import transactions.

The Company and some of its consolidated subsidiaries use interest rate swaps, as necessary, in order to reduce the risk of interest rate fluctuation on loans payable.

For details on management of derivative transactions, refer to Note 7, "Derivatives".

With regard to short-term investments and investment securities, their fair values as well as the financial standing of their issuing entities are monitored on a regular basis. Ownership of available-for-sale securities are reviewed on a continuous basis.

MANAGEMENT OF LIQUIDITY RISKS RELATED TO FINANCING (I.E. RISKS OF NON-PERFORMANCE OF PAYMENTS ON THEIR DUE DATES)

The liquidity risks of the Group are managed mainly through the preparation and update of the cash schedule on a timely basis, and the Company maintains a certain level of liquidity at hand in order to respond to sudden changes in external environment. The Company also has systems and procedures in place that allow us to respond flexibly to liquidity risks through managing the funds of the Group and intercompany loans within the Group. In addition, the Company ensures sufficient liquidity by entering into commitment line agreements with domestic financial institutions.

SUPPLEMENTARY EXPLANATION ON FAIR VALUES OF FINANCIAL INSTRUMENTS

Since variable factors are incorporated when calculating the fair values of financial instruments, such values may vary depending on the assumptions and variables used in the calculation.

FAIR VALUES OF FINANCIAL INSTRUMENTS

As of March 31, 2022 and 2023, the carrying values on the consolidated balance sheet, the fair values, and the differences between these amounts, respectively, of financial instruments were as follows. Financial instruments without observable market data are excluded from the following table. Cash and cash equivalents (except for Securities), Trade notes and accounts receivable, Trade notes and accounts payable, Other accounts payable, Short-term debt are also excluded since the carrying values approximate fair values.

As of March 31, 2022	Millions of yen		
	Carrying values	Fair values	Difference
Assets:			
1) Securities (*1)			
Available-for-sale securities	¥ 71,000	¥ 71,000	¥ -
2) Investment securities			
Held-to-maturity debt securities	60	60	-
Available-for-sale securities	98,693	98,693	-
Total	¥ 169,753	¥ 169,753	¥ -
Liabilities:			
1) Bonds	¥ 50,000	¥ 49,616	¥ (384)
2) Long-term loans	602,520	604,713	2,193
3) Lease obligations	23,409	23,429	20
Total	¥ 675,929	¥ 677,758	¥ 1,829
Derivative instruments:(*2)			
1) Hedge accounting not applied	¥ (3,436)	¥ (3,436)	¥ -
2) Hedge accounting applied	(1,986)	(1,986)	-
Total	¥ (5,422)	¥ (5,422)	¥ -

As of March 31, 2023	Millions of yen			Thousands of U.S. dollars		
	Carrying values	Fair values	Difference	Carrying values	Fair values	Difference
Assets:						
1) Securities (*1)						
Available-for-sale securities	¥ 89,000	¥ 89,000	¥ -	\$ 664,179	\$ 664,179	\$ -
2) Investment securities						
Held-to-maturity debt securities	60	60	-	448	448	-
Available-for-sale securities	87,774	87,774	-	655,030	655,030	-
Total	¥ 176,834	¥ 176,834	¥ -	\$1,319,657	\$1,319,657	\$ -
Liabilities:						
1) Bonds	¥ 50,000	¥ 49,678	¥ (322)	\$ 373,134	\$ 370,731	\$ (2,403)
2) Long-term loans	544,919	546,775	1,856	4,066,560	4,080,410	13,851
3) Lease obligations	27,716	27,331	(385)	206,836	203,963	(2,873)
Total	¥ 622,635	¥ 623,784	¥ 1,149	\$4,646,530	\$4,655,104	\$ 8,575
Derivative instruments:(*2)						
1) Hedge accounting not applied	¥ (281)	¥ (281)	¥ -	\$ (2,097)	\$ (2,097)	\$ -
2) Hedge accounting applied	(201)	(201)	-	(1,500)	(1,500)	-
Total	¥ (482)	¥ (482)	¥ -	\$ (3,597)	\$ (3,597)	\$ -

(*1) Securities are included in "Cash and cash equivalents" in the consolidated balance sheets.

(*2) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

The financial instruments in the following table are excluded from "Assets: 2) Investment securities" in the above tables.

As of March 31	Millions of yen		Thousands of
	Carrying values		U.S. dollars
	2022	2023	Carrying values
			2023
Available-for-sale securities:			
Non-listed equity securities	¥ 1,389	¥ 1,408	\$ 10,507
Investment securities of affiliated companies	122,050	125,653	937,709
Total	¥ 123,439	¥ 127,061	\$ 948,216

FAIR VALUE OF FINANCIAL INSTRUMENTS AND HIERARCHY

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2: Fair value determined based on directly or indirectly observable inputs other than Level 1 inputs

Level 3: Fair value determined based on significant unobservable inputs

If multiple inputs with a significant impact are used for the fair value measurement, the financial instrument is classified to the lowest level of the fair value hierarchy.

1) Financial assets and financial liabilities that are recorded on the consolidated balance sheet at fair value are as follows:

As of March 31, 2022	Millions of yen			
	Fair values			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities				
Available-for-sale securities				
Stocks	¥ 97,446	¥ -	¥ -	¥ 97,446
Other	1,247	-	-	1,247
Total	¥ 98,693	¥ -	¥ -	¥ 98,693
Derivative instruments:(*1)				
Currency related	-	(5,422)	-	(5,422)
Total	¥ -	¥ (5,422)	¥ -	¥ (5,422)

As of March 31, 2023	Millions of yen				Thousands of U.S. dollars			
	Fair values				Fair values			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Investment securities								
Available-for-sale securities								
Stocks	¥ 83,793	¥ -	¥ -	¥ 83,793	\$ 625,321	\$ -	\$ -	\$ 625,321
Bonds	-	-	2,839	2,839	-	-	21,187	21,187
Other	1,142	-	-	1,142	8,522	-	-	8,522
Total	¥ 84,935	¥ -	¥ 2,839	¥ 87,774	\$ 633,843	\$ -	\$ 21,187	\$ 655,030
Derivative instruments:(*1)								
Currency related	-	(482)	-	(482)	-	(3,597)	-	(3,597)
Total	¥ -	¥ (482)	¥ -	¥ (482)	\$ -	\$ (3,597)	\$ -	\$ (3,597)

(*1) Receivables and payables resulting from derivative transactions are offset against each other and presented on a net basis; when a net liability results, the net amount is shown in ().

2) Financial assets and financial liabilities that are not recorded on the consolidated balance sheet at fair value are as follows:

As of March 31, 2022	Millions of yen			
	Fair values			
	Level 1	Level 2	Level 3	Total
Assets:				
Securities				
Available-for-sale securities (other)	¥ -	¥ 71,000	¥ -	¥ 71,000
Investment securities				
Held-to-maturity debt securities (bonds)	-	60	-	60
Total	¥ -	¥ 71,060	¥ -	¥ 71,060
Liabilities:				
Bonds	¥ -	¥ 49,616	¥ -	¥ 49,616
Long-term loans	-	604,713	-	604,713
Lease obligations	-	23,429	-	23,429
Total	¥ -	¥ 677,758	¥ -	¥ 677,758

As of March 31, 2023	Millions of yen				Thousands of U.S. dollars			
	Fair values				Fair values			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Securities								
Available-for-sale securities (other)	¥ -	¥ 89,000	¥ -	¥ 89,000	\$ -	\$ 664,179	\$ -	\$ 664,179
Investment securities								
Held-to-maturity debt securities (bonds)	-	60	-	60	-	448	-	448
Total	¥ -	¥ 89,060	¥ -	¥ 89,060	\$ -	\$ 664,627	\$ -	\$ 664,627
Liabilities:								
Bonds	¥ -	¥ 49,678	¥ -	¥ 49,678	\$ -	\$ 370,731	\$ -	\$ 370,731
Long-term loans	-	546,775	-	546,775	-	4,080,410	-	4,080,410
Lease obligations	-	27,331	-	27,331	-	203,963	-	203,963
Total	¥ -	¥ 623,784	¥ -	¥ 623,784	\$ -	\$ 4,655,104	\$ -	\$ 4,655,104

DESCRIPTION OF THE VALUATION TECHNIQUES AND INPUTS USED TO MEASURE FAIR VALUE INVESTMENT SECURITIES

Investments in publically traded equity securities are actively traded and valued based on their market prices, and their fair values are mainly classified as Level 1 assets. On the other hand, the fair value of the convertible bonds with stock acquisition rights is classified as Level 3 assets, and is calculated by applying valuation techniques based on a binomial model with significant unobservable inputs, such as discount rates, using a price obtained from an external valuation expert.

SECURITIES

Securities consist mainly of certificates of deposits of creditworthy financial institutions and are settled within short periods of time, and their carrying amounts approximate their fair values. Accordingly, their fair value is classified as Level 2 assets, and carrying amounts are used as the fair values of these securities.

DERIVATIVE INSTRUMENTS

The fair value of foreign exchange forward contracts is calculated based on the price presented by financial institutions and is classified as Level 2 assets.

LONG-TERM DEBT

Bonds payable

The fair value of bonds issued by the Group is calculated based on the market price (JSDA "Reference Statistical Prices [Yields] for OTC Bond Transactions") and classified as Level 2 assets.

Long-term loans payable and Finance lease obligations

The fair value of these liabilities is calculated by discounting the principal and interest payments to present value, using the imputed interest rate that would be applied for similar new borrowings or leases. Accordingly, their fair value is classified as Level 2 assets.

SCHEDULE OF REPAYMENTS OF RECEIVABLE

Schedule of repayments of receivable were as follows:

	Millions of yen			
	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
As of March 31, 2022				
Trade notes and accounts receivable (*1)	¥ 146,136	¥ -	¥ -	¥ -

(*1) Trade notes and accounts receivable do not include ¥7,707 million for doubtful accounts receivables, such that payments are not expected.

	Millions of yen				Thousands of U.S. dollars			
	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
As of March 31, 2023								
Trade notes and accounts receivable	¥ 166,921	¥ -	¥ -	¥ -	\$ 1,245,679	\$ -	\$ -	\$ -

For the schedule of repayment of long-term debt after the consolidated balance sheet date, refer to Note 10, "Short-Term Debt and Long-Term Debt."

6 SECURITIES

The carrying values and the fair values of held-to-maturity debt securities and the acquisition costs and the carrying values of available-for-sale securities as of March 31, 2022 and 2023 were as follows:

	Millions of yen		
	Carrying values	Fair values	Difference
As of March 31, 2022			
Held-to-maturity debt securities:			
Bonds	¥ 60	¥ 60	¥ -

	Millions of yen		
	Acquisition costs	Carrying values	Difference
As of March 31, 2022			
Available-for-sale securities:			
Stocks	¥ 54,666	¥ 97,446	¥ 42,780
Other	72,187	72,247	60
Total	¥ 126,853	¥ 169,693	¥ 42,840

	Millions of yen			Thousands of U.S. dollars		
	Carrying values	Fair values	Difference	Carrying values	Fair values	Difference
As of March 31, 2023						
Held-to-maturity debt securities:						
Bonds	¥ 60	¥ 60	¥ -	\$ 448	\$ 448	\$ -

	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Carrying values	Difference	Acquisition costs	Carrying values	Difference
As of March 31, 2023						
Available-for-sale securities:						
Stocks	¥ 54,672	¥ 83,793	¥ 29,121	\$ 408,000	\$ 625,321	\$ 217,321
Bonds	2,800	2,839	39	20,896	21,187	291
Other	90,145	90,142	(3)	672,724	672,701	(23)
Total	¥ 147,617	¥ 176,774	¥ 29,157	\$ 1,101,620	\$ 1,319,209	\$ 217,589

7 DERIVATIVES

The Group uses derivative financial instruments to reduce foreign exchange risk and interest rate risk and to determine cash flows.

The Group uses forward foreign exchange contracts for the purpose of mitigating future risks of fluctuations in foreign currency exchange. Also, for the purpose of mitigating future risks of fluctuations in interest rates with respect to borrowings, the Group uses interest rate swap contracts, as necessary. The Group does not engage in speculative transactions as a matter of policy, limiting the transaction amount to actual demand.

Forward foreign exchange contracts are subject to risks of foreign exchange rate changes. Also, interest rate swap contracts are subject to risks of interest rate changes.

Use of derivatives to manage these risks could result in the risk of a counterparty defaulting on a derivative contract. However, the Company believes that the risk of a counterparty defaulting is minimal since the Group uses only highly credible financial institutions as counterparties.

Derivative transactions are conducted in compliance with internal control rules and procedures that prescribe transaction authority. The policies for derivative transactions of the Group are approved by the Company’s President or Financial Officer. Transactions are approved in advance by either the Company’s Financial Services Division General Manager or Treasury Department General Manager. Based on these approvals, the Treasury Department conducts and books the transactions as well as confirms the balance between the counterparty of the derivatives contract.

The operation of the transaction is segregated from its clerical administration, in order to maintain internal check within the Treasury Department, and is audited periodically by the Global Auditing Department. Derivative transactions are reported, upon execution, to the Company’s Financial Officer, Financial Services Division General Manager, and Treasury Department General Manager. The consolidated subsidiaries also follow internal control rules and procedures pursuant to those of the Company, obtain an approval of the Company, and conduct and manage the transactions according to the approval.

As the important conditions concerning the hedging instrument and the hedged item are the same, it is expected that the effects of currency and interest rate fluctuations will be canceled or restricted to a certain extent at the beginning of the hedge and continuing thereafter. Therefore, judgment on the effectiveness of hedging is omitted.

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments	Hedged items
Forward foreign exchange contracts	Foreign currency-denominated transactions planned in the future
Interest rate swap contracts	Long-term loans payable

The following tables summarize fair value information as of March 31, 2022 and 2023 of derivative transactions for which hedge accounting has not been applied:

The amount in the contract itself does not indicate the market risk related to derivative transactions.

1) Currency related

As of March 31, 2022	Millions of yen			
	Contract amount	Thereof due after 1 year	Estimated fair value	Valuation gain(loss)
Forward foreign exchange contracts:				
Sell:				
U.S. dollar	¥ 40,557	¥ -	¥ (2,269)	¥ (2,269)
Euro	-	-	-	-
Canadian dollar	9,177	-	(614)	(614)
Australian dollar	8,093	-	(638)	(638)
Buy:				
Thai baht	1,758	-	85	85
Total	¥ 59,585	¥ -	¥ (3,436)	¥ (3,436)

As of March 31, 2023	Millions of yen				Thousands of U.S. dollars			
	Contract amount	Thereof due after 1 year	Estimated fair value	Valuation gain(loss)	Contract amount	Thereof due after 1 year	Estimated fair value	Valuation gain(loss)
Forward foreign exchange contracts:								
Sell:								
U.S. dollar	¥ 19,339	¥ -	¥ 8	¥ 8	\$ 144,321	\$ -	\$ 60	\$ 60
Euro	17,107	-	(357)	(357)	127,664	-	(2,664)	(2,664)
Canadian dollar	10,775	-	(70)	(70)	80,410	-	(522)	(522)
Australian dollar	7,177	-	11	11	53,560	-	82	82
Buy:								
Thai baht	7,698	-	127	127	57,448	-	948	948
Total	¥ 62,096	¥ -	¥ (281)	¥ (281)	\$ 463,403	\$ -	\$ (2,097)	\$ (2,097)

2) Interest rate related
Not applicable.

The following tables summarize fair value information as of March 31, 2022 and 2023 of derivative transactions for which hedge accounting has been applied:

The amount in the contract itself does not indicate the market risk related to derivative transactions.

1) Currency related

The hedged items are mainly accounts receivable and accounts payable, and hedge accounting is based on the principal treatment method.

As of March 31, 2022	Millions of yen		
	Contract amount	Thereof due after 1 year	Estimated fair value
Forward foreign exchange contracts:			
Sell:			
U.S. dollar	¥ 2,322	¥ -	¥ (122)
Euro	9,237	-	(346)
Canadian dollar	11,926	-	(793)
Australian dollar	9,751	-	(814)
Buy:			
Thai baht	1,752	-	89
Total	¥ 34,988	¥ -	¥ (1,986)

As of March 31, 2023	Millions of yen			Thousands of U.S. dollars		
	Contract amount	Thereof due after 1 year	Estimated fair value	Contract amount	Thereof due after 1 year	Estimated fair value
Forward foreign exchange contracts:						
Sell:						
U.S. dollar	¥ 5,283	¥ -	¥ (27)	\$ 39,425	\$ -	\$ (201)
Euro	2,843	-	(60)	21,216	-	(448)
Canadian dollar	2,867	-	(79)	21,396	-	(590)
Australian dollar	3,522	-	(50)	26,284	-	(373)
Buy:						
Thai baht	1,939	-	15	14,470	-	112
Total	¥ 16,454	¥ -	¥ (201)	\$ 122,791	\$ -	\$ (1,500)

2) Interest rate related
Not applicable.

8 INVENTORIES

Inventories as of March 31, 2022 and 2023 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Merchandise and finished products	¥ 234,324	¥ 450,327	\$ 3,360,649
Work in process	134,851	190,853	1,424,276
Raw materials and supplies	30,748	29,724	221,821
Total	¥ 399,923	¥ 670,904	\$ 5,006,746

9 LAND REVALUATION

In accordance with the Partial Revision of the Act on Revaluation of Land (Act No.19, enacted on March 31, 2001) (“Act”), land owned by the Company for business use was revalued. The unrealized gains on the revaluation are included in net assets as “Land revaluation,” net of deferred taxes. The deferred taxes on the unrealized gains are included in liabilities as “Deferred tax liability related to land revaluation.”

The fair value of land was determined based on official notice prices that were assessed and published by the Commissioner of the National Tax Administration, as stipulated in Article 2-4 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998). Reasonable adjustments, including those for the timing of assessment, were made to the official notice prices.

The amounts of decrease in the aggregate fair value of the revalued land as of March 31, 2022 and 2023 from that at the time of revaluation, as stipulated in Article 10 of the Act, were ¥72,056 million and ¥68,223 million (\$509,127 thousand), respectively.

10 SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt as of March 31, 2022 and 2023 consisted of loans, principally from banks with interest rates averaging 1.02% and 1.05% for the respective years.

Long-term debt as of March 31, 2022 and 2023 consisted of the following:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Domestic unsecured bonds due serially through 2024 to 2027 at rate of 0.30% to 0.42% per annum	¥ 50,000	¥ 50,000	\$ 373,134
Loans principally from banks, maturing through 2081:			
Secured loans	3,230	2,960	22,090
Unsecured loans	599,290	541,959	4,044,470
Lease obligations, maturing through 2039 (*1)	23,409	16,090	120,075
Other interest-bearing debt, maturing through 2026 (*2)	3,352	3,033	22,634
Subtotal	679,281	614,042	4,582,403
Amount due within one year	(67,605)	(204,844)	(1,528,687)
Total	¥ 611,676	¥ 409,198	\$ 3,053,716

(*1) The consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 “Leases” and lease obligations corresponding to operating leases of these foreign subsidiaries are not included.

(*2) As of March 31, 2022, other interest-bearing debt are recorded as accrued expense and other non-current liabilities of ¥774 million and ¥2,578 million, respectively, in the consolidated balance sheets. As of March 31, 2023, other interest-bearing debt are recorded as accrued expense and other non-current liabilities of ¥1,075 million (\$8,022 thousand) and ¥1,958 million (\$14,612 thousand), respectively, in the consolidated balance sheets.

The annual interest rates applicable to long-term loans and lease obligations outstanding averaged 0.72% and 2.16%, respectively, for obligations due within one year and 0.67% and 3.01%, respectively, for obligations due after one year at March 31, 2022.

The annual interest rates applicable to long-term loans and lease obligations outstanding averaged 0.29% and 3.02%, respectively, for obligations due within one year and 0.59% and 3.34%, respectively, for obligations due after one year at March 31, 2023.

The annual maturities of long-term debt at March 31, 2023 were as follows:

Year ending March 31	Millions of yen		Thousands of
			U.S. dollars
2024	¥	204,844	\$ 1,528,687
2025		118,543	884,649
2026		114,936	857,731
2027		147,334	1,099,507
2028		25,504	190,328
Thereafter		2,881	21,501
Total	¥	614,042	\$ 4,582,403

The assets pledged as collateral for short-term debt of ¥190 million and ¥190 million (\$1,418 thousand), and long-term debt of ¥3,230 million and ¥2,770 million (\$20,672 thousand) at March 31, 2022 and 2023, respectively, were as follows:

As of March 31	Millions of yen		Thousands of
	2022	2023	2023
Property, plant and equipment, at net book value	¥ 531,553	¥ 551,998	\$ 4,119,388
Inventories	74,018	123,933	924,873
Other	66,322	86,937	648,784
Total	¥ 671,893	¥ 762,868	\$ 5,693,045

11 CONTINGENT LIABILITIES

Contingent liabilities for guarantees of loans and similar agreements as of March 31, 2022 and 2023 were as follows:

As of March 31	Millions of yen		Thousands of
	2022	2023	2023
Guarantees of loans and similar agreements	¥ 15,192	¥ 17,766	\$ 132,582

12 OPERATING LEASES

The amounts of future minimum lease payments under non-cancellable operating leases as of March 31, 2022 and 2023 were as follows:

As of March 31	Millions of yen		Thousands of
	2022	2023	2023
Current portion	¥ 3,301	¥ 528	\$ 3,940
Non-current portion	8,921	1,105	8,246
Total	¥ 12,222	¥ 1,633	\$ 12,187

Note: As described in Note 4, "Accounting Changes," the consolidated foreign subsidiaries that apply US GAAP have adopted ASU 2016-02 "Leases" from the year ended March 31, 2023. As a result, future minimum lease payments under non-cancellable operating leases have decreased.

13 NET ASSETS

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Corporate Law (“the Law”), in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit or could be capitalized by a resolution of the shareholders’ meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Law.

Cash dividends charged to retained earnings during the year are year-end cash dividends for the previous year and interim cash dividends for the current year.

Stock acquisition rights as stock options are included in net assets as stock acquisition rights.

Dividends

1) Dividends paid to shareholders

Resolution	Amount (Millions of yen) (Thousands of U.S. dollars)	Amount per share	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders held on June 24, 2022	¥12,597 \$94,007	¥20.00 \$0.15	March 31, 2022	June 27, 2022
Board of Directors meeting held on November 10, 2022	¥12,599 \$94,022	¥20.00 \$0.15	September 30, 2022	December 2, 2022

2) Dividends with the cut-off date within the current fiscal year, but the effective date falls within the subsequent fiscal year

Resolution	Amount (Millions of yen) (Thousands of U.S. dollars)	Amount per share	Shareholders' cut-off date	Effective date
Annual general meeting of shareholders held on June 27, 2023	¥15,749 \$117,530	¥25.00 \$0.19	March 31, 2023	June 28, 2023

14 STOCK OPTIONS

The stock options outstanding as of March 31, 2023 were as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Period
2016 Stock Acquisition Rights	8 Directors(*1) 18 Executive Officers	Common stock 68,200 shares(*3)	August 22, 2016	From August 23, 2016 to August 22, 2046
2017 Stock Acquisition Rights	8 Directors(*1) 21 Executive Officers	Common stock 72,200 shares(*3)	August 21, 2017	From August 22, 2017 to August 21, 2047
2018 Stock Acquisition Rights	8 Directors(*1) 20 Executive Officers	Common stock 89,700 shares(*3)	August 20, 2018	From August 21, 2018 to August 20, 2048
2019 Stock Acquisition Rights	6 Directors(*2) 19 Executive Officers and Fellow	Common stock 104,700 shares(*3)	August 20, 2019	From August 21, 2019 to August 20, 2049
2020 Stock Acquisition Rights	6 Directors(*2) 21 Executive Officers and Fellow	Common stock 223,300 shares(*3)	August 18, 2020	From August 19, 2020 to August 18, 2050
2021 Stock Acquisition Rights	7 Directors(*2) 19 Executive Officers and Fellow	Common stock 124,000 shares(*3)	August 17, 2021	From August 18, 2021 to August 17, 2051
2022 Stock Acquisition Rights	8 Directors(*2) 19 Executive Officers and Fellow	Common stock 102,900 shares(*3)	August 22, 2022	From August 23, 2022 to August 22, 2052

(*1) Except for outside directors

(*2) Except for directors who are the Audit and Supervisory Committee members and outside directors

(*3) Converted into number of shares

The stock options activities for the year ended March 31, 2023 were as follows:

	2016 Stock Acquisition Rights	2017 Stock Acquisition Rights	2018 Stock Acquisition Rights	2019 Stock Acquisition Rights	2020 Stock Acquisition Rights	2021 Stock Acquisition Rights	2022 Stock Acquisition Rights
For the year ended March 31, 2023	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Non-vested:							
March 31, 2022 - Outstanding	-	-	-	-	-	-	-
Granted	-	-	-	-	-	-	102,900
Forfeited	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	102,900
March 31, 2023 - Outstanding	-	-	-	-	-	-	-
Vested:							
March 31, 2022 - Outstanding	38,800	47,300	66,800	88,600	190,800	124,000	-
Vested	-	-	-	-	-	-	102,900
Exercised	9,200	9,300	12,700	17,600	35,500	14,800	-
Canceled	-	-	-	-	-	-	-
March 31, 2023 - Outstanding	29,600	38,000	54,100	71,000	155,300	109,200	102,900
Price of Stock Options:							
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Weighted average stock price at exercise	¥ 1,079.8	¥ 1,079.8	¥ 1,079.8	¥ 1,079.8	¥ 1,079.8	¥ 1,079.8	¥ -
	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ -
Fair value price at grant date	¥ 1,327	¥ 1,336	¥ 1,027	¥ 650	¥ 415	¥ 968	¥ 1,099
	\$ 9.90	\$ 9.97	\$ 7.66	\$ 4.85	\$ 3.10	\$ 7.22	\$ 8.20

The assumptions used to measure the fair value of 2022 Stock Acquisition Rights

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	37.552 %
Estimated remaining outstanding period:	8 years
Estimated dividend:	¥ 20.00 per share
Risk-free interest rate:	0.714 %

**15 REVENUE RECOGNITION
BREAKDOWN OF REVENUE**

The Group's revenues consist primarily of revenues recognized from contracts with customers, and revenues generated from sources other than contracts with customers are insignificant. Accordingly, in the consolidated statements of operations, net sales are not presented separately from revenues recognized from contracts with customers and revenues generated from sources other than contracts with customers. The following table shows revenues recognized at a point in time, such as product sales or maintenance services, and revenues recognized over time based on contract period, for each of reportable segments.

As of and for the year ended March 31, 2022	Millions of yen				
	Reportable Segments				
	Japan	North America	Europe	Other areas	Total
Time of revenue recognition:					
Revenue recognized at one point in time	¥ 815,893	¥ 1,196,822	¥ 538,025	¥ 557,254	¥ 3,107,994
Revenue recognized over a period of time	464	9,845	1,374	672	12,355
Total	¥ 816,357	¥ 1,206,667	¥ 539,399	¥ 557,926	¥ 3,120,349

For the year ended March 31, 2023	Millions of yen				
	Reportable Segments				
	Japan	North America	Europe	Other areas	Total
Timing of revenue recognition:					
Revenue recognized at a point in time	¥ 953,145	¥ 1,622,571	¥ 634,214	¥ 600,907	¥ 3,810,837
Revenue recognized over time	784	13,452	1,135	544	15,915
Total	¥ 953,929	¥ 1,636,023	¥ 635,349	¥ 601,451	¥ 3,826,752

For the year ended March 31, 2023	Thousands of U.S. dollars				
	Reportable Segments				
	Japan	North America	Europe	Other areas	Total
Timing of revenue recognition:					
Revenue recognized at a point in time	\$ 7,113,022	\$ 12,108,739	\$ 4,732,940	\$ 4,484,381	\$ 28,439,082
Revenue recognized over time	5,851	100,388	8,470	4,060	118,769
Total	\$ 7,118,873	\$ 12,209,127	\$ 4,741,410	\$ 4,488,441	\$ 28,557,851

BASIC INFORMATION FOR UNDERSTANDING REVENUE

For details on Basic information for understanding revenue, refer to “Revenues” under Note 2, “Summary of Significant Accounting Policies.”

INFORMATION FOR UNDERSTANDING THE AMOUNT OF REVENUE FOR THE CURRENT AND SUBSEQUENT PERIODS

1) Contract Balances

Receivables from contracts with customers and contract liabilities as of March 31, 2022 and 2023 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Receivables from contracts with customers:			
Trade notes	¥ 2,893	¥ 3,017	\$22,515
Accounts receivable	143,243	163,904	1,223,164
Contract liabilities:			
Other current liabilities	83,710	99,027	739,007

(*1) Contract liabilities consist mainly of advances received related to product sales and deferred revenue related to Connected Services.

(*2) Of the amount recognized as revenue for the year ended March 31, 2022, the amount included in the contract liabilities balance at the beginning of the year was ¥24,913 million.

(*3) Of the amount recognized as revenue for the year ended March 31, 2023, the amount included in the contract liabilities balance at the beginning of the year was ¥49,913 million (\$372,485 thousand).

2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations and its breakdown by period in which revenue is expected to be recognized as of March 31, 2022 and 2023 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Within 1 year	¥ 22,775	¥ 23,603	\$ 176,142
Over 1 year	28,380	37,548	280,209
Total	¥ 51,155	¥ 61,151	\$ 456,351

Please note that the above amounts do not include information on remaining performance obligations that have original expected duration of one year or less, applying the practical expedient. There are no material amounts not included in the transaction price in the consideration arising from contracts with customers.

16 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The major items and amounts included in “Selling, general and administrative expenses” in the consolidated statements of operations for the years ended March 31, 2022 and 2023 were as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Advertising expenses	¥ 79,308	¥ 105,106	\$ 784,373
Freight and packing expenses	55,763	88,626	661,388
Reserve for warranty expenses	26,464	57,449	428,724
Salaries and wages	121,133	127,814	953,836
Retirement benefit expenses	3,888	3,352	25,015
Research and development costs	134,622	127,990	955,149
Provision related to environmental regulations	-	13,792	102,925

17 RESEARCH AND DEVELOPMENT COSTS

All research and development costs are included in selling, general and administrative expenses. The research and development costs for the years ended March 31, 2022 and 2023 were as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Research and development costs	¥ 134,622	¥ 127,990	\$ 955,149

18 OTHER INCOME /(EXPENSES)

The components of “Other, net” in Other income/(expenses) in the consolidated statements of operations for the years ended March 31, 2022 and 2023 were as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Rental income	¥ 1,634	¥ 1,701	\$ 12,694
Loss on sale of receivables	(932)	(2,349)	(17,530)
Foreign exchange gain/(loss)	30,288	25,952	193,672
Burden charge payment	-	(2,106)	(15,716)
Loss on sales and retirement of property, plant and equipment, net	(4,600)	(4,958)	(37,000)
Impairment loss (Note 19)	(691)	(296)	(2,209)
Loss on disaster	(1,563)	-	-
Loss on production suspension and others due to the novel coronavirus (*1)	(8,861)	-	-
Loss on liquidation of subsidiaries and affiliates (*2)	-	(10,953)	(81,739)
Insurance claim income	1,009	-	-
Gain on change in equity (*3)	4,047	-	-
Compensation for the exercise of eminent domain	3	271	2,022
Reversal of provision for environmental measures	23	54	403
Other	(7,124)	224	1,672
Total	¥ 13,233	¥ 7,540	\$ 56,269

(*1) Loss on production suspension and others due to the novel coronavirus for the years ended March 31, 2022 represents the fixed cost during the reduction of production due to the impact of the pandemic. This extraordinary loss was caused by shortages in the supply of parts associated with the outbreak of the pandemic in Southeast Asia, where suppliers restricted their operations at the request of governments.

(*2) Loss on liquidation of subsidiaries and affiliates represents the transfer-related costs incurred in connection with the transfer of the entire equity interest in MAZDA SOLLERS Manufacturing Rus LLC, which was accounted for using the equity method, to the joint venture partner SOLLERS PJSC in December 2022. The transfer agreement includes a right for the Company to repurchase its interest, but in view of the current situation in Ukraine and other factors, the Company has no plan to exercise this right at this time.

(*3) Gain on change in equity represents the profit from the change in equity resulting from the capital increase of Changan Mazda Automobile Co., Ltd. (CMA), affiliated company accounted for using equity method.

As China FAW Corporation Limited (FAW) participated in and won the bid for a capital increase project implemented by CMA in August 2021, CMA has become a joint venture company (new CMA) that are owned by the Company, Chongqing Changan Automobile Co., Ltd. (CA), and FAW. The Company and CA each own 47.5 percent of new CMA's shares while FAW owns 5 percent.

19 IMPAIRMENT LOSS

Details of impairment losses for the years ended March 31, 2022 and 2023 were as follows:

For the year ended March 31, 2022					
Purpose of use	Location	Type of assets	Millions of yen		
Idle assets (Sales facilities)	Fukuoka Prefecture,	Buildings and structures,	¥ 204		
	Japan, etc.	Machinery, equipment and vehicles			
Idle assets (Production facilities)	Hiroshima Prefecture,	Buildings and structures,	487		
	Japan, etc.	Machinery, equipment and vehicles, etc.			
Total			¥ 691		

For the year ended March 31, 2023				Thousands of U.S. dollars	
Purpose of use	Location	Type of assets	Millions of yen		
Idle assets (Sales facilities)	Osaka Prefecture,	Buildings and structures	¥ 35	\$ 261	
	Japan				
Idle assets (Production facilities)	Hiroshima Prefecture,	Machinery, equipment and vehicles, etc.	217	1,620	
	Japan, etc.				
Assets held for sales	Oita Prefecture, Japan, etc.	Buildings and structures, Land, etc.	44	328	
Total			¥ 296	\$ 2,209	

The Group principally groups its long-lived assets at each operating company level and assesses whether indicators of impairment exist. Idle assets, assets held for leasing, and assets held for sale, however, are assessed individually.

The recoverable amounts of these assets were measured at their net realizable value.

20 OTHER COMPREHENSIVE INCOME/(LOSS)

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2022 and 2023.

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Net unrealized gain/(loss) on available-for-sale securities			
Amounts arising during the fiscal year	¥ 19,759	¥ (13,583)	\$ (101,366)
Reclassification adjustments	-	-	-
Subtotal before tax	19,759	(13,583)	(101,366)
Tax effect	(6,050)	4,117	30,724
Balance at end of period	13,709	(9,466)	(70,642)
Deferred gains/(losses) on hedges			
Amounts arising during the fiscal year	(5,084)	(3,783)	(28,231)
Reclassification adjustments	3,443	5,567	41,545
Subtotal before tax	(1,641)	1,784	13,313
Tax effect	500	(543)	(4,052)
Balance at end of period	(1,141)	1,241	9,261
Foreign currency translation adjustment			
Amounts arising during the fiscal year	20,909	14,371	107,246
Adjustments for retirement benefits			
Amounts arising during the fiscal year	14,235	18,104	135,104
Reclassification adjustments	(1,382)	(5,683)	(42,410)
Subtotal before tax	12,853	12,421	92,694
Tax effect	(4,046)	(3,782)	(28,224)
Balance at end of period	8,807	8,639	64,470
Share of other comprehensive income/(loss) of affiliates accounted for using equity method			
Amounts arising during the fiscal year	5,111	7,346	54,821
Reclassification adjustments	81	(905)	(6,754)
Balance at the end of period	5,192	6,441	48,067
Total other comprehensive income/(loss)	¥ 47,476	¥ 21,226	\$ 158,403

21 EMPLOYEES' RETIREMENT BENEFITS

The Group has contributory defined contribution and defined benefit plans, and non-contributory defined benefit plans.

For the accounting policies for retirement benefits, refer to “Employees’ Retirement Benefits” under Note 2, “Summary of Significant Accounting Policies”.

Reconciliations of beginning and ending balances of the retirement benefit obligations and the plan assets for the years ended March 31, 2022 and 2023 were as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Movements in retirement benefit obligations:			
Balance at beginning of year	¥ 356,441	¥ 338,639	\$ 2,527,157
Service cost	13,253	12,090	90,224
Interest cost	2,949	3,726	27,806
Actuarial differences	(11,163)	(26,800)	(200,000)
Benefits paid	(20,252)	(16,479)	(122,978)
Past service costs	(6,733)	(1,084)	(8,090)
Other	4,144	3,693	27,561
Balance at end of year	¥ 338,639	¥ 313,785	\$ 2,341,680
Movements in plan assets:			
Balance at beginning of year	¥ 313,062	¥ 313,118	\$ 2,336,701
Expected return on plan assets	5,911	6,168	46,030
Actuarial differences	(3,066)	(9,208)	(68,716)
Contributions paid by the employer	7,858	7,918	59,090
Benefits paid	(14,466)	(12,874)	(96,075)
Other	3,819	2,714	20,254
Balance at end of year	¥ 313,118	¥ 307,836	\$ 2,297,284

The reconciliation of the retirement benefit obligations and plan assets to the liability and asset for retirement benefits recognized in the consolidated balance sheets as of March 31, 2022 and 2023 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Funded retirement benefit obligations	¥ 322,887	¥ 298,775	\$ 2,229,664
Plan assets	(313,118)	(307,836)	(2,297,284)
Subtotal	9,769	(9,061)	(67,620)
Unfunded retirement benefit obligations	15,752	15,010	112,015
Total net liability (asset) for retirement benefits recognized in consolidated balance sheets	25,521	5,949	44,395
Liability for retirement benefits	33,433	18,238	136,104
Asset for retirement benefits	(7,912)	(12,289)	(91,709)
Total net liability (asset) for retirement benefits recognized in consolidated balance sheets	¥ 25,521	¥ 5,949	\$ 44,396

The profits and losses related to retirement benefits for the years ended March 31, 2022 and 2023 were as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Service cost	¥ 13,253	¥ 12,090	\$ 90,224
Interest cost	2,949	3,726	27,806
Expected return on plan assets	(5,911)	(6,168)	(46,030)
Actuarial differences amortization	(786)	(4,514)	(33,686)
Past service costs amortization	(596)	(1,169)	(8,724)
Other	100	159	1,186
Severance and retirement benefit expenses	¥ 9,009	¥ 4,124	\$ 30,776

Note: For the years ended March 31, 2022 and 2023, accrued pension costs related to defined contribution plans were charged to income as ¥ 3,412 million and ¥ 3,677 million (\$27,440 thousand), respectively. This cost is not included in the above.

The breakdown of items of adjustments for retirement benefit (before tax) recognized in other comprehensive income for the years ended March 31, 2022 and 2023 was as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Past service costs	¥ 6,137	¥ (85)	\$ (634)
Actuarial differences	6,716	12,506	93,328
Total	¥ 12,853	¥ 12,421	\$ 92,694

The breakdown of items of accumulated adjustments for retirement benefits (before tax) recognized in accumulated other comprehensive income as of March 31, 2022 and 2023 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Past service costs that are yet to be recognized	¥ 8,849	¥ 8,764	\$ 65,403
Actuarial differences that are yet to be recognized	3,217	15,723	117,336
Total	¥ 12,066	¥ 24,487	\$ 182,739

The breakdown of plan assets by major category as of March 31, 2022 and 2023 was as follows:

As of March 31	2022		2023	
Bonds	42%		42%	
Equity securities	29%		23%	
General accounts of the life insurance companies	16%		16%	
Other	13%		19%	
Total	100%		100%	

The major items of actuarial assumptions for the years ended March 31, 2022 and 2023 were as follows:

For the years ended March 31	2022	2023
Discount rate	Primarily 0.9%	Primarily 1.4%
Long-term expected rate of return	Primarily 1.5%	Primarily 1.5%

To determine the long-term expected rate of return on plan assets, the Company considers current and expected allocation of the plan assets, as well as current and expected future long-term returns on various assets constituting the plan assets.

22 INCOME TAXES

The effective tax rate reflected in the consolidated statements of operations for the years ended March 31, 2022 and 2023 differs from the statutory tax rate for the following reasons.

For the years ended March 31	2022	2023
Statutory tax rate	30.5 %	30.5 %
Retained earnings in subsidiaries and affiliates	0.3 %	1.0 %
Foreign withholding tax	5.2 %	0.8 %
Tax credit	(0.1)%	(2.0)%
Equity in net income of affiliated companies	(0.5)%	(2.6)%
Unrecognized tax effect on unrealized gains	0.8 %	(3.7)%
Valuation allowance	(8.5)%	(10.6)%
Other	(1.0)%	1.7 %
Effective tax rate	26.7 %	15.1 %

Deferred tax assets and liabilities reflect the estimated tax effects of loss carryforwards and accumulated temporary differences between assets and liabilities for financial accounting purposes and those for tax purposes.

The significant components of deferred tax assets and liabilities as of March 31, 2022 and 2023 were as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Deferred tax assets:			
Accrued bonuses and other reserves	¥ 51,329	¥ 59,302	\$ 442,552
Inventory, etc.	12,664	12,838	95,806
Unrealized profit on inventories	148	8,769	65,440
Liability for retirement benefits	10,329	6,427	47,963
Accrued sales incentives	2,903	5,289	39,470
Provision related to environmental regulations	-	4,201	31,351
Excess of depreciation	3,931	3,998	29,836
Asset retirement obligations	1,628	1,596	11,910
Tax loss carryforwards (*2)	15,449	1,222	9,119
Tax credit carry forward	553	1,130	8,433
Impairment loss	1,345	981	7,321
Accrued business tax	1,164	919	6,858
Valuation loss on investment securities, etc.	425	443	3,306
Allowance for doubtful receivables	1,617	202	1,507
Provision for loss on compensation for damage	3,503	122	910
Other	46,218	50,774	378,912
Total	153,206	158,213	1,180,694
Valuation allowance for tax loss carryforwards (*2)	(12,815)	(530)	(3,955)
Valuation allowance for deductible temporary differences, etc.	(63,401)	(52,709)	(393,351)
Total valuation allowance (*1)	(76,216)	(53,239)	(397,306)
Total deferred tax assets	76,990	104,974	783,388
Deferred tax liabilities:			
Effect of exchange rate fluctuations on foreign subsidiaries	(8,940)	(4,426)	(33,030)
Net unrealized gain on available-for-sale securities	(13,120)	(9,005)	(67,201)
Asset for retirement benefits	(3,025)	(10,562)	(78,821)
Retained earnings in subsidiaries and affiliates	(13,846)	(15,575)	(116,231)
Other	(7,761)	(15,654)	(116,821)
Total deferred tax liabilities	(46,692)	(55,222)	(412,104)
Net deferred tax assets	¥ 30,298	¥ 49,752	\$ 371,284

(*1) Valuation allowance decreased by ¥22,977 million (\$171,470 thousand). This decrease was mainly resulted from the decrease in tax loss carryforward on the Company and its associated valuation allowance.

(*2) Tax loss carryforwards and their deferred tax assets by expiration periods are as follows:

	Millions of yen		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
As of March 31, 2022			
2023	¥ -	¥ -	¥ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
Thereafter	15,449	(12,815)	2,634
Total	¥ 15,449	¥ (12,815)	¥ 2,634 (b)

	Millions of yen			Thousands of U.S. dollars		
	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets	Tax loss carryforwards (a)	Valuation allowance	Deferred tax assets
As of March 31, 2023						
2024	¥ -	¥ -	¥ -	\$ -	\$ -	\$ -
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
Thereafter	1,222	(530)	692	9,119	(3,955)	5,164
Total	¥ 1,222	¥ (530)	¥ 692 (c)	\$ 9,119	\$ (3,955)	\$ 5,164 (c)

(a) Tax loss carryforwards are after multiplying the statutory tax rate.

(b) Deferred tax assets of ¥2,634 million were recognized for tax loss carryforwards of ¥15,449 million. No valuation allowance was recognized for the tax loss carryforwards, which were determined to be recoverable based on expected future taxable income.

(c) Deferred tax assets of ¥692 million (\$5,164 thousand) were recognized for tax loss carryforwards of ¥1,222 million (amount multiplied by the statutory tax rate; \$9,119 thousand). No valuation allowance was recognized for the tax loss carryforwards, which were determined to be recoverable based on expected future taxable income.

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the year ended March 31, 2023. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (Practical Issues Task Force No.42, August 12, 2021).

23 SEGMENT INFORMATION

SEGMENT INFORMATION

OVERVIEW OF REPORTABLE SEGMENTS

The reportable segments of the Group consist of business components for which separate financial statements are available. The reportable segments are subject to periodical review by Board of Directors meetings for the purpose of making decisions on the distribution of corporate resources and evaluating business performance.

The Group is primarily engaged in the manufacturing and sale of passenger and commercial vehicles. Businesses in Japan are managed by the Company. Businesses in North America are managed by Mazda Motor of America, Inc. and the Company, while businesses in Europe are managed by Mazda Motor Europe GmbH and the Company. Areas other than Japan, North America, and Europe are defined as Other areas. Business deployment in countries in Other areas are managed in an integrated manner by the Company as one management unit. Accordingly, the Group consists of regional segments based on a system of managing production and sale. As such, Japan, North America, Europe, and Other areas are designated as 4 reportable segments.

CALCULATION METHODS USED FOR NET SALES, INCOME OR LOSS, ASSETS, AND OTHER ITEMS ON EACH REPORTABLE SEGMENTS

Accounting policies of the reportable segments are the same as those noted in Note 2, “Summary of Significant Accounting Policies”.

Inter-segment sales and transfers are based on market prices.

NET SALES, INCOME OR LOSS, AND ASSETS BY REPORTABLE SEGMENTS

Net sales, income or loss, and assets by reportable segment for the years ended March 31, 2022 and 2023 were as follows:

As of and for the year ended March 31, 2022	Millions of yen					Adjustment (*1)	Consolidated (*2)
	Reportable Segments				Total		
	Japan	North America	Europe	Other areas			
Net sales:							
Sales to external customers	¥ 816,357	¥ 1,206,667	¥ 539,399	¥ 557,926	¥ 3,120,349	¥ -	¥ 3,120,349
Inter-segment sales and transfers	1,728,336	235,361	20,935	54,123	2,038,755	(2,038,755)	-
Total	2,544,693	1,442,028	560,334	612,049	5,159,104	(2,038,755)	3,120,349
Segment income/(loss) :	85,700	(9,485)	14,888	16,542	107,645	(3,418)	104,227
Segment assets:	2,395,667	525,662	185,391	363,852	3,470,572	(502,424)	2,968,148
Other items:							
Depreciation and amortization	56,664	22,101	5,098	6,418	90,281	-	90,281
Impairment losses	627	64	1	(1)	691	-	691
Investments in affiliated companies on the equity method	33,424	-	2,414	86,101	121,939	-	121,939
Increase in property, plant and equipment and intangible assets	92,763	46,287	1,369	3,913	144,332	-	144,332

As of and for the year ended March 31, 2023	Millions of yen						Adjustment (*1)	Consolidated (*2)
	Reportable Segments					Total		
	Japan	North America	Europe	Other areas				
Net sales:								
Sales to external customers	¥ 953,929	¥ 1,636,023	¥ 635,349	¥ 601,451	¥ 3,826,752	¥ -	¥ 3,826,752	
Inter-segment sales and transfers	2,240,913	408,020	30,571	54,639	2,734,143	(2,734,143)	-	
Total	3,194,842	2,044,043	665,920	656,090	6,560,895	(2,734,143)	3,826,752	
Segment income/(loss) :	71,331	38,061	14,920	26,728	151,040	(9,071)	141,969	
Segment assets:	2,552,277	671,464	267,657	372,176	3,863,574	(604,323)	3,259,251	
Other items:								
Depreciation and amortization	59,784	34,846	4,808	6,512	105,950	-	105,950	
Impairment losses	292	-	-	4	296	-	296	
Investments in affiliated companies on the equity method	33,558	-	-	91,769	125,327	-	125,327	
Increase in property, plant and equipment and intangible assets	80,141	10,375	1,195	2,428	94,139	-	94,139	

As of and for the year ended March 31, 2023	Thousands of U.S. dollars						Adjustment (*1)	Consolidated (*2)
	Reportable Segments					Total		
	Japan	North America	Europe	Other areas				
Net sales:								
Sales to external customers	\$ 7,118,873	\$ 12,209,128	\$ 4,741,410	\$ 4,488,440	\$ 28,557,851	\$ -	\$ 28,557,851	
Inter-segment sales and transfers	16,723,231	3,044,925	228,142	407,754	20,404,052	(20,404,052)	-	
Total	23,842,104	15,254,053	4,969,552	4,896,194	48,961,903	(20,404,052)	28,557,851	
Segment income/(loss) :	532,321	284,037	111,343	199,463	1,127,164	(67,694)	1,059,470	
Segment assets:	19,046,843	5,010,925	1,997,440	2,777,433	28,832,641	(4,509,872)	24,322,769	
Other items:								
Depreciation and amortization	446,149	260,045	35,881	48,597	790,672	-	790,672	
Impairment losses	2,179	-	-	30	2,209	-	2,209	
Investments in affiliated companies on the equity method	250,433	-	-	684,843	935,276	-	935,276	
Increase in property, plant and equipment and intangible assets	598,069	77,425	8,918	18,118	702,530	-	702,530	

(*1) Notes on adjustment:

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

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

(*2) The segment income/(loss) is reconciled with the operating income in the consolidated statements of operations for the years ended March 31, 2022 and 2023.

The segment assets are reconciled with the total assets in the consolidated balance sheets as of March 31, 2022 and 2023.

ASSOCIATED INFORMATION INFORMATION BY GEOGRAPHIC AREA

The sales information by geographic area for the years ended March 31, 2022 and 2023 was as follows:

For the years ended March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Japan	¥ 569,568	¥ 622,949	\$ 4,648,873
U.S.A	977,816	1,307,219	9,755,367
North America (Excluding U.S.A)	229,224	330,637	2,467,440
Europe	540,550	639,321	4,771,052
Other areas	803,191	926,626	6,915,119
Total	¥ 3,120,349	¥ 3,826,752	\$ 28,557,851

Sales are categorized by the countries or regions based on the customers' locations.

The property, plant and equipment information by geographic area as of March 31, 2022 and 2023 was as follows:

As of March 31	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Japan	¥ 890,152	¥ 908,404	\$ 6,779,135
Mexico	89,655	82,962	619,119
North America (Excluding Mexico)	92,545	103,899	775,366
Europe	18,811	21,178	158,045
Other areas	55,553	48,163	359,425
Total	¥ 1,146,716	¥ 1,164,606	\$ 8,691,090

24 RELATED PARTY TRANSACTIONS

There were no transactions with related parties to be disclosed during the years ended March 31, 2022 and 2023.
There were no important affiliates to be disclosed for the year ended March 31, 2023.

25 SIGNIFICANT SUBSEQUENT EVENTS

No items to disclose.



Independent auditor’s report

To the Board of Directors of Mazda Motor Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Mazda Motor Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2023, the consolidated statements of operations, comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of management’s estimates of the reserve for warranty expenses related to recall and other repair costs at the Company

The key audit matter	How the matter was addressed in our audit
As described in Note 3, “Significant Accounting Estimates” under “Reserve for Warranty Expenses” to the consolidated financial statements, a reserve for warranty expenses of ¥85,647 million was recorded in the Group’s consolidated balance sheet as of March 31, 2023, which included the expenses expected to be	The primary procedures we performed to assess the reasonableness of the estimates of the reserve for warranty expenses included the following: <ul style="list-style-type: none"> (1) Internal control testing We tested the design and operating effectiveness of certain of the Company’s internal controls over the

<p>incurred in the future related to recalls and other repairs.</p> <p>The estimated future repair cost is calculated by multiplying the number of vehicles covered under the warranty and the repair cost per vehicle estimated based on the past repair records and other information.</p> <p>Since the estimation of the number of vehicles covered under the warranty and the repair cost per vehicle is subject to significant management judgment, its evaluation required a high level of judgment in the audit.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimates of the reserve for warranty expenses related to recall and other repair costs was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>estimates of the reserve for warranty expenses, including those over the assumptions of the number of vehicles covered under the warranty and the repair cost per vehicle.</p> <p>(2) Assessment of the reasonableness of the estimates of the reserve for warranty expenses</p> <p>We assessed the appropriateness of the assumptions used in the estimates of the reserve for warranty expenses related to recall and other repair costs, and the completeness and accuracy of the underlying data by performing the following procedures:</p> <ul style="list-style-type: none"> ● inquired of relevant departments’ personnel about the methods used to estimate the number of vehicles covered under the warranty and the repair cost per vehicle and inspected the minutes and the supporting documents; ● agreed underlying data used for estimating the number of vehicles covered under the warranty and the repair cost per vehicle with the supporting documents; ● evaluated the process of recording recall and other repair costs by comparing the assumptions used in the prior year estimates to the actual results; ● assessed the completeness and accuracy of the repair costs based on the events, including recalls identified, after the end of the current fiscal year through the auditor’s report date; and ● assessed whether any revisions to the assumptions used to estimate the future repair costs were necessary by performing data analytics of comparing actual repair costs of each case to the respective reserve balance.
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Other Information

The other information comprises the information included in the FINANCIAL REPORT 2023, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and supervisory committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and supervisory committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and supervisory committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and supervisory committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Hiroshi Tawara
Designated Engagement Partner
Certified Public Accountant

/S/ Koji Yoshida
Designated Engagement Partner
Certified Public Accountant

/S/ Takuya Morishima
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Hiroshima Office, Japan
July 28, 2023

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

EXHIBIT 2

Consolidated Financial Results
For the First Quarter of the Fiscal Year Ending March 31, 2023
(For the First Three Months Ended June 30, 2022)



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

August 9, 2022

Company Name : **Mazda Motor Corporation** (Tokyo Stock Exchange / Code No. 7261)
 URL : <https://www.mazda.com/>
 Representative Person : Akira Marumoto, Representative Director and President
 Contact Person : Nobuhiko Kageyama, General Manager, Accounting Department, Financial Services Division
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Filing of *Shihanki Hokokusho*, quarterly securities report : Scheduled for August 12, 2022
 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 June 30, 2022)

(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	%
FY2023 1st quarter	617,223	(23.2)	(19,528)	-	20,731	(21.8)	14,997	31.8
FY2022 1st quarter	803,399	113.3	26,106	-	26,518	-	11,377	-

Note: Comprehensive income **FY2023 1st quarter** **51,083 millions of yen** (**142.5 %**)
 FY2022 1st quarter 21,069 millions of yen (- %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2023 1st quarter	23.81	23.79
FY2022 1st quarter	18.06	18.05

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of	millions of yen	millions of yen	%
June 30, 2022	3,096,395	1,355,075	43.2
March 31, 2022	2,968,148	1,316,697	43.8

Reference: Net Assets excluding non-controlling interests

As of June 30, 2022 **1,338,845 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	-	-	-	-	-
FY2023 (Forecast)	-	15.00	-	20.00	35.00

Note: Revision of the dividend forecast most recently announced: No

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	3,800,000	21.8	120,000	15.1	105,000	(15.0)	80,000	(1.9)	126.99

Note: Revision of the consolidated financial forecast most recently announced: No

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 10 of the attachment.

(4) **Number of outstanding shares (Common stock)**

1) Number of outstanding shares (including treasury stock)		
	As of June 30, 2022	631,803,979 shares
	As of March 31, 2022	631,803,979 shares
2) Number of treasury stock		
	As of June 30, 2022	1,840,063 shares
	As of March 31, 2022	1,938,951 shares
3) Average number of outstanding shares		
	For 3 months ended June 30, 2022	629,920,628 shares
	For 3 months ended June 30, 2021	629,824,188 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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Financial Summary (Consolidated)

For the First 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 three months of the fiscal year ending March 31, 2023 was 233 thousand units, down 34.0 % year on year, due to a decrease in production and shipments caused by a parts procurement shortage resulting from the lockdown in Shanghai implemented as a countermeasure against the COVID-19 outbreak.

(In thousand units)

	FY 2022 First 3 Months (Apr.'21-Jun.'21)	FY 2023 First 3 Months (Apr.'22-Jun.'22)	vs. Prior Year	
			Volume	Rate (%)
Japan	28	25	(3)	(9.6)%
North America	138	79	(58)	(42.3)%
Europe	55	30	(25)	(45.5)%
China	47	24	(23)	(49.5)%
Other	86	75	(11)	(12.7)%
Total	353	233	(120)	(34.0)%

< Breakdown >

USA	106	61	(45)	(42.8)%
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(Consolidated financial result)

Financial performance on a consolidated basis for the first three months of the fiscal year ending March 31, 2023 was as follows. Net sales amounted to ¥617.2 billion, a decrease of ¥186.2 billion or 23.2 % compared to the corresponding period in the previous fiscal year. Operating loss amounted to ¥19.5 billion. (For the first three months of the previous fiscal year, operating income was ¥26.1 billion.) Ordinary income amounted to ¥20.7 billion, a decrease of ¥5.8 billion or 21.8 % compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥15.0 billion, an increase of ¥3.6 billion or 31.8 % compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥5.1 billion.

Operating income changes (a decrease of ¥45.6 billion compared to the corresponding period in the previous fiscal year) were as follows.

Volume & mix	(46.3)	billion yen
Exchange rate	17.9	billion yen
Cost improvement	(18.4)	billion yen
Fixed costs and others	1.2	billion yen
Total	(45.6)	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of June 30, 2022, total assets increased ¥128.2 billion from the end of the previous fiscal year, to ¥3,096.4 billion. Total liabilities increased ¥89.9 billion from the end of the previous fiscal year to ¥1,741.3 billion.

Net Assets as of June 30, 2022 increased ¥38.4 billion from the end of the previous fiscal year to ¥1,355.1 billion, reflecting net income attributable to owners of the parent ¥15.0 billion and increase in Accumulated Other

Comprehensive Income. Equity ratio decreased 0.6 percentage points from the end of the previous fiscal year to 43.2 % (Percentage after consideration of the equity credit attributes of the subordinated loan was 44.4 %).

(Cash Flows)

Cash and cash equivalent as of June 30, 2022 decreased ¥6.2 billion from the end of the previous fiscal year to ¥734.2 billion. Interest-bearing debt as of June 30, 2022 increased ¥132.0 billion from the end of previous fiscal year to ¥812.8 billion. As a result, after subtracting cash and cash equivalents from the interest-bearing debt, net interest-bearing debt amounted to ¥78.6 billion.

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

Cash flows from operating activities

Net cash used in operating activities was ¥132.5 billion, reflecting an increase in inventories, etc. partially offset by income before income taxes of ¥20.3 billion. (For the first three months of the previous fiscal year, net cash provided by operating activities was ¥22.3 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥32.3 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥28.4 billion. (For the first three months of the previous fiscal year, net cash used in investing activities was ¥33.5 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥164.7 billion. (For the previous fiscal year, consolidated free cash flow was negative ¥11.2 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥112.4 billion mainly due to the increase in short-term loans. (For the first three months of the previous fiscal year, net cash provided by financing activities was ¥108.3 billion.)

(3) Future Estimates such as Consolidated Financial Forecast

The full-year forecast of fiscal year ending March 31, 2023 remains unchanged from the previous forecast, released on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Major Footnotes

(1) Quarterly Consolidated Balance Sheets

		(Millions of Yen)	
As of	FY2022 March 31, 2022	FY2023 June 30, 2022	
ASSETS			
Current Assets:			
Cash and deposits	669,390	656,225	
Trade notes and accounts receivable	146,136	131,814	
Securities	71,000	78,000	
Inventories	399,923	538,029	
Other	173,177	155,187	
Allowance for doubtful receivables	(1,813)	(1,899)	
Total current assets	1,457,813	1,557,356	
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)	197,286	198,947	
Machinery, equipment and vehicles (net)	340,378	354,176	
Land	418,454	419,742	
Leased assets (net)	21,171	21,308	
Other (net)	169,427	167,262	
Total property, plant and equipment	1,146,716	1,161,435	
Intangible assets:			
Investments and other assets:			
Investment securities	222,192	228,065	
Asset for retirement benefits	7,912	7,552	
Other	90,220	101,290	
Allowance for doubtful receivables	(5,063)	(8,806)	
Total investments and other assets	315,261	328,101	
Total non-current assets	1,510,335	1,539,039	
Total Assets	2,968,148	3,096,395	

	(Millions of Yen)	
As of	FY2022 March 31, 2022	FY2023 June 30, 2022
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	345,443	337,441
Short-term loans payable	1,526	132,242
Long-term loans payable due within one year	62,437	206,532
Lease obligations	4,394	4,459
Income taxes payable	6,621	6,455
Accrued expenses	244,683	223,632
Reserve for warranty expenses	66,261	66,107
Provision for loss on compensation for damage	11,500	11,400
Other	156,068	132,004
Total current liabilities	898,933	1,120,272
Non-current liabilities:		
Bonds	50,000	50,000
Long-term loans payable	540,083	396,603
Lease obligations	19,015	19,208
Deferred tax liability related to land revaluation	64,537	64,537
Provision related to environmental regulations	-	6,889
Liability for retirement benefits	33,433	35,195
Other	45,450	48,616
Total non-current liabilities	752,518	621,048
Total Liabilities	1,651,451	1,741,320
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,003	262,974
Retained earnings	581,458	583,858
Treasury stock	(2,100)	(1,994)
Total capital and retained earnings	1,126,318	1,128,795
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	29,707	26,133
Deferred gains/(losses) on hedges	(1,314)	(1,621)
Land revaluation	145,536	145,536
Foreign currency translation adjustment	(6,162)	35,014
Accumulated adjustments for retirement benefits	7,055	4,988
Total accumulated other comprehensive income/(loss)	174,822	210,050
Stock Acquisition Rights	440	362
Non-controlling Interests	15,117	15,868
Total Net Assets	1,316,697	1,355,075
Total Liabilities and Net Assets	2,968,148	3,096,395

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first three months ended June 30, 2021 and 2022)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first three months ended	FY2022 June 30, 2021	FY2023 June 30, 2022
Net sales	803,399	617,223
Cost of sales	622,363	486,390
Gross profit	181,036	130,833
Selling, general and administrative expenses	154,930	150,361
Operating income/(loss)	26,106	(19,528)
Non-operating income		
Interest income	697	1,672
Equity in net income of affiliated companies	-	8,048
Foreign exchange gain	2,385	33,222
Other	1,383	1,399
Total	4,465	44,341
Non-operating expenses		
Interest expense	1,692	1,728
Equity in net loss of affiliated companies	1,275	-
Other	1,086	2,354
Total	4,053	4,082
Ordinary income	26,518	20,731
Extraordinary income		
Gain on sales of property, plant and equipment	17	41
Other	4	-
Total	21	41
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,110	414
Other	5	69
Total	1,115	483
Income before income taxes	25,424	20,289
Income taxes		
Current	6,804	6,833
Deferred	6,903	(1,749)
Total	13,707	5,084
Net income	11,717	15,205
Net income attributable to Non-controlling interests	340	208
Net income attributable to owners of the parent	11,377	14,997

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first three months ended	FY2022 June 30, 2021	FY2023 June 30, 2022
Net income	11,717	15,205
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	5,729	(3,575)
Deferred gains/(losses) on hedges	193	(346)
Foreign currency translation adjustment	239	36,950
Adjustments for retirement benefits	(653)	(2,066)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	3,844	4,915
Total	9,352	35,878
Comprehensive income	21,069	51,083
Comprehensive income/(loss) attributable to:		
Owners of the parent	20,580	50,225
Non-controlling interests	489	858

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

For the first three months ended	FY2022 June 30, 2021	FY2023 June 30, 2022
Cash flows from operating activities:		
Income before income taxes	25,424	20,289
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	22,254	25,122
Increase/(decrease) in allowance for doubtful receivables	(100)	3,655
Increase/(decrease) in reserve for warranty expenses	2,685	(154)
Increase/(decrease) in provision for loss on compensation for damage	-	(100)
Increase/(decrease) in provision related to environmental regulations	-	6,889
Increase/(decrease) in liability for retirement benefits	(892)	(406)
Interest and dividend income	(866)	(1,773)
Interest expense	1,692	1,728
Equity in net loss/(income) of affiliated companies	1,275	(8,048)
Loss/(gain) on sales and retirement of property, plant and equipment	1,093	373
Decrease/(increase) in trade notes and accounts receivable	(29,096)	10,534
Decrease/(increase) in inventories	23,047	(110,671)
Decrease/(increase) in other current assets	5,938	25,070
Increase/(decrease) in trade notes and accounts payable	(39,875)	(16,240)
Increase/(decrease) in other current liabilities	(100)	(37,634)
Other	4,750	(49,301)
Subtotal	17,229	(130,667)
Interest and dividends received	11,957	5,382
Interest paid	(1,509)	(1,756)
Income taxes refunded/(paid)	(5,363)	(5,434)
Net cash provided by/(used in) operating activities	22,314	(132,475)
Cash flows from investing activities:		
Purchase of investment securities	(244)	(172)
Purchase of property, plant and equipment	(30,819)	(28,351)
Proceeds from sales of property, plant and equipment	192	214
Purchase of intangible assets	(3,099)	(3,886)
Payments of long-term loans receivable	(45)	(5)
Collections of long-term loans receivable	470	4
Other	6	(60)
Net cash provided by/(used in) investing activities	(33,539)	(32,256)

(Millions of Yen)

For the first three months ended	FY2022 June 30, 2021	FY2023 June 30, 2022
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	109,934	126,735
Repayments of long-term loans payable	(451)	(560)
Proceeds from sale and leaseback transactions	3	49
Repayments of lease obligations	(1,267)	(1,246)
Cash dividends paid	-	(12,597)
Cash dividends paid to non-controlling interests	(29)	(107)
Net decrease/(increase) in treasury stock	87	77
Net cash provided by/(used in) financing activities	108,277	112,351
Effect of exchange rate fluctuations on cash and cash equivalents	1,937	46,215
Net increase/(decrease) in cash and cash equivalents	98,989	(6,165)
Cash and cash equivalents at beginning of the period	738,793	740,385
Cash and cash equivalents at end of the period	837,782	734,220

(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 Three Months (April 1, 2021 through June 30, 2021)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2022 First Three Months Ended June 30, 2021	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	197,948	303,412	153,541	148,498	803,399	-	803,399
Inter-segment	477,594	61,441	6,539	13,684	559,258	(559,258)	-
Total	675,542	364,853	160,080	162,182	1,362,657	(559,258)	803,399
Segment income	17,102	3,047	2,875	5,388	28,412	(2,306)	26,106

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 three months ended June 30, 2021.

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

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 Three Months (April 1, 2022 through June 30, 2022)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2023 First Three Months Ended June 30, 2022	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	165,809	253,406	87,228	110,780	617,223	-	617,223
Inter-segment	378,486	64,243	6,692	8,554	457,975	(457,975)	-
Total	544,295	317,649	93,920	119,334	1,075,198	(457,975)	617,223
Segment income/(loss)	(3,556)	(7,412)	4,505	4,677	(1,786)	(17,742)	(19,528)

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

2. The segment income/(loss) is reconciled with the operating loss in the consolidated statement of operations for FY2023 first three months ended June 30, 2022.

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

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)

August 9, 2022

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

Mazda Motor Corporation

(For the Three Months Ended June 30, 2022)

(In 100 millions of yen)

(In thousands of units)

(Upper left: return on sales)

		FY 2022		FY 2023		FY 2022		FY 2023	
		First 3 Months (Apr.'21-Jun.'21)		First 3 Months (Apr.'22-Jun.'22)		Full Year Ended March 31, 2022		Full Year Forecast Ending March 31, 2023	
			%		%		%		%
Domestic	1	1,431	42.3	1,134	(20.8)	5,696	(4.2)	6,100	7.1
Overseas	2	6,603	139.1	5,038	(23.7)	25,507	11.5	31,900	25.1
Net sales	3	8,034	113.3	6,172	(23.2)	31,203	8.3	38,000	21.8
Operating income	4	261	—	(195)	—	1,042	—	1,200	15.1
Ordinary income	5	265	—	207	(21.8)	1,235	337.2	1,050	(15.0)
Income before income taxes	6	254	—	203	(20.2)	1,124	—	1,000	(11.0)
Net income attributable to owners of the parent	7	114	—	150	31.8	816	—	800	(1.9)
Operating income by segment (geographic area)									
Japan	8	171		(36)		857			
North America	9	30		(74)		(95)			
Europe	10	29		45		149			
Other areas	11	54		47		165			
Operating income changes									
Volume & mix	12			(463)				964	
Exchange rate	13			179				450	
Cost improvement	14			(184)				(728)	
Fixed costs and others	15			12				(439)	
Transfer of extraordinary loss in the previous fiscal year	16			-				(89)	
Total	17			(456)				158	
Average rate for the period (Yen)									
USD	18	110		130		112		123	
EUR	19	132		138		131		133	
Capital expenditures	20	263		162		1,443		1,200	
Depreciation and amortization	21	223		251		903		1,050	
R & D costs	22	336		299		1,346		1,400	
Total assets	23	29,977		30,964		29,681			
Net assets	24	11,935		13,388		13,011			
Financial debt	25	8,677		8,128		6,808			
Net financial debt	26	299		786		(596)			
Free cash flow (Operating & Investing)	27	(112)		(1,647)		529			
Japan	28	28	7.3	25	(9.6)	149	(15.8)	191	28.3
North America	29	138	69.8	79	(42.3)	439	8.9	483	9.9
Europe	30	55	97.3	30	(45.5)	190	6.3	190	0.0
China	31	47	(23.0)	24	(49.5)	170	(25.5)	170	0.0
Other	32	86	77.2	75	(12.7)	303	0.7	316	4.0
Global retail volume	33	353	44.6	233	(34.0)	1,251	(2.8)	1,349	7.8
Japan	34	38	50.7	28	(26.6)	152	(8.3)	173	13.7
North America	35	101	154.7	64	(37.1)	386	3.2	489	26.9
Europe	36	50	114.3	22	(56.7)	169	(1.8)	187	10.5
Other	37	72	182.5	53	(26.4)	284	2.2	331	16.4
Consolidated wholesales volume	38	261	129.6	166	(36.4)	991	0.1	1,180	19.0
Domestic	39	186	211.5	138	(25.6)	696	(6.8)		
Overseas	40	83	(8.4)	71	(13.9)	327	(22.8)		
Global production volume	41	268	79.0	209	(22.0)	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).

EXHIBIT 3

August 9, 2022

(For your information)

Mazda Motor Corporation
FY March 2023 First Quarter Financial Results Briefing (for analysts)
Main Q&A

Q1: An operating loss close to ¥20.0 billion was posted in the first quarter. How do you evaluate the results in comparison with your original plan? Is this what you expected including the effects of a weaker yen and reduction in production?

A1: The reduction in production was almost the same as our expectations. Production recovered in June, but the increase in vehicles did not result in consolidated wholesales. In fixed costs and other, we booked approximately ¥7.0 billion as a provision related to environmental regulations in the US. For these reasons, operating profit was lower than our original plan. Foreign exchange had a favorable effect on profit and the impact of surging material prices was almost the same as our expectations. The most significant contributing factor in profit reduction was the decline in wholesales due to the Shanghai lockdown.

Q2: Are you confident about production and wholesale recovery from the second quarter onward despite their decline in the first quarter? Do you foresee to some extent another increase in wholesale volume in the second half of the year in terms of achieving the full-year wholesale forecast of 1.18 million units?

A2: Our production has been at the level of 100,000 units per month, but it decreased significantly in April and May due to the impact of the Shanghai lockdown. Recovery began in June, but those vehicles produced in June that were shipped to distant markets including the US, did not make it into the final wholesale to local dealers. We are confident of a recovery from July onwards, including in-transit inventories and recovery of production. To achieve the full-year forecast, we are still having problems with semiconductor procurement, but we are working closely with various semiconductor manufacturers and our suppliers to eliminate bottlenecks step by step. In addition, we intend to introduce new products and model changes in the second half of the year. We want to ensure the wholesale of these products as well.

Q3: Although the yen has been weakening, you are keeping the full-year plan unchanged for other uncertain factors. Assuming a wholesale volume at the 300,000 unit-level and an operating profit of ¥70.0 billion in the second quarter, am I correct in understanding that you are planning to maintain the same pace in the second half of the fiscal year? Do you foresee any opportunities or risks in your full-year plan?

A3: We are aiming for a wholesale volume above the 300,000 unit level during the second quarter, including 40,000 units which did not result in wholesale in the first quarter. This represents an increase of about 150,000 units from 166,000 units in the first quarter and sets the path for profit recovery. Our fixed costs are already very lean but from the second quarter onwards, there will be further increases in fixed costs including the Alabama Plant. Even with these increases, we aim to deliver 40% of the full-year operating profit target in the first half. If the current exchange rate levels continue throughout the year, we foresee exchange rate opportunities. In our plan, we assume that the yen will move in a slightly stronger direction toward the end of the year. On the other hand, the global situation and future procurement environment for parts and materials may change significantly. We have left the full-year plan unchanged, keeping the "opportunity" of a weaker yen as a buffer against future risks.

Q4: What is your policy on vehicle price revisions? When the industry demand is strong, to what extent do you raise prices in the US or other markets? Is there also a risk that the sales volume will decrease as a result?

A4: We raise prices in the US and other markets by taking into account factors such as the market characteristics, competitive environment and product competitiveness. In the current situation, price increases do not lower the sales volume. We will continue to take actions such as price revisions, reductions in incentives, and mix improvements to optimize profitability in each market.

Q5: How will the pace of production at the Alabama Plant increase going forward? Please explain your outlook for the price range of the CX-50 and average prices compared to the CX-5 when the plant reaches full operation.

A5: Currently, production operations are still in the early stages. Therefore, we are confirming quality as we produce. We prioritize quality assurance since we are building brand new products in a new place at a new factory. Presently, the labor market is tight as the unemployment rate is particularly low in Alabama compared to the rest of the US. We are hoping to increase the production volume in the future as we keep an eye on the situation of the labor market and quality assurance. We believe that achieving stable operations, retaining workers, and helping suppliers to develop will be a shortcut for this plant to become an outstanding plant in the medium to long term.

The CX-50 is popular among outdoor-oriented customers while the CX-5 is mainly for city use. In other words, the customer orientation is different between the two models. Due to the popularity of the turbo model and an expected high demand for accessories, we anticipate the prices of the CX-50 will be higher, and forecast the average selling price to be higher.

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EXHIBIT 4

Consolidated Financial Results
For the Second Quarter of the Fiscal Year Ending March 31, 2023
(For the First Six Months Ended September 30, 2022)



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

November 10, 2022

Company Name : **Mazda Motor Corporation** (Tokyo Stock Exchange / Code No. 7261)
 URL : <https://www.mazda.com/>
 Representative Person : Akira Marumoto, Representative Director and President
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Filing of *Shihanki Hokokusho*, quarterly securities report : Scheduled for November 14, 2022
 Payment of Dividends : Scheduled for December 2, 2022
 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 September 30, 2022)

(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	%
FY2023 2nd quarter	1,642,506	9.8	55,241	39.0	110,360	225.6	85,859	259.9
FY2022 2nd quarter	1,495,855	34.1	39,741	-	33,893	-	23,854	-

Note: Comprehensive income **FY2023 2nd quarter** **125,902 millions of yen** (**299.1 %**)
 FY2022 2nd quarter 31,543 millions of yen (- %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2023 2nd quarter	136.30	136.19
FY2022 2nd quarter	37.87	37.84

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
As of September 30, 2022	3,230,600	1,429,917	43.7
March 31, 2022	2,968,148	1,316,697	43.8

Reference: Net Assets excluding non-controlling interests

As of September 30, 2022 **1,413,125 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: Yes

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	140,000	34.3	170,000	37.6	130,000	59.4	206.36

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

ATTACHMENT

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Financial Summary (Consolidated)

For the Second 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 six months of the fiscal year ending March 31, 2023 was 514 thousand units, down 22.1% year on year.

(In thousands of units)

	FY 2022 First 6 Months (Apr.'21-Sep.'21)	FY 2023 First 6 Months (Apr.'22-Sep.'22)	vs. Prior Year	
			Volume	Rate (%)
Japan	60	68	8	14.0 %
North America	249	181	(68)	(27.3)%
Europe	106	67	(40)	(37.1)%
China	89	49	(40)	(45.2)%
Other	156	150	(7)	(4.2)%
Total	660	514	(146)	(22.1)%

<Breakdown>

USA	190	133	(57)	(29.9)%
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(Consolidated Financial Results)

Financial performance on a consolidated basis for the first six months of the fiscal year ending March 31, 2023 was as follows. Net sales amounted to ¥1,642.5 billion, an increase of ¥146.7 billion or 9.8% compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥55.2 billion, an increase of ¥15.5 billion or 39.0% compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥110.4 billion, an increase of ¥76.5 billion or 225.6% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥85.9 billion, an increase of ¥62.0 billion or 259.9% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥22.9 billion.

Operating income changes were as follows.

Volume & mix	14.9	billion yen
Exchange rate	56.3	billion yen
Cost improvement	(58.3)	billion yen
Fixed costs and others	2.6	billion yen
Total	15.5	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of September 30, 2022, total assets increased ¥262.5 billion from the end of the previous fiscal year, to ¥3,230.6 billion, reflecting increase in inventories, etc. Total liabilities increased ¥149.2 billion from the end of the previous fiscal year to ¥1,800.7 billion.

Net Assets as of September 30, 2022 increased ¥113.2 billion from the end of the previous fiscal year to ¥1,429.9 billion, reflecting net income attributable to owners of the parent of ¥85.9 billion and increase in Accumulated Other Comprehensive Income. 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 44.8%).

(Cash Flows)

Cash and cash equivalent as of September 30, 2022 increased ¥36.8 billion from the end of the previous fiscal year to ¥777.2 billion. Interest-bearing debt as of September 30, 2022 increased ¥49.5 billion from the end of previous fiscal year to ¥730.3 billion. As a result, we are in a net cash position of ¥46.8 billion.

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

Cash flows from operating activities

Net cash used in operating activities was ¥0.6 billion, reflecting an increase in inventories, etc. offset by income before income taxes ¥109.3 billion. (For the first six months of the previous fiscal year, net cash provided by operating activities was ¥37.0 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥50.0 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥43.9 billion. (For the first six months of the previous fiscal year, net cash used in investing activities was ¥62.0 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥50.6 billion. (For the previous fiscal year, consolidated free cash flow was negative ¥25.0 billion.)

Cash flows from financing activities

Net cash provided by financing activities was ¥30.3 billion, mainly due to the increase in short-term loans. (For the first six months of the previous fiscal year, net cash provided by financing activities was ¥100.9 billion.)

(3) Future Estimates such as Consolidated Financial Forecast

We have revised the full-year consolidated financial forecast for the fiscal year ending March 2023 as shown below. The prior forecast was announced on May 13, 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%	100.0	2.6 %
Operating Income		140.0	34.3%	20.0	16.7 %
Ordinary Income		170.0	37.6%	65.0	61.9 %
Net Income Attributable to Owners of the parent		130.0	59.4%	50.0	62.5 %
Exchange rate (Yen)	USD	136	24	13	
	EUR	139	8	6	

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		181	21.9 %	(10)	(5.0)%
North America		444	1.0 %	(39)	(8.1)%
Europe		175	(7.7)%	(15)	(7.7)%
China		110	(35.3)%	(60)	(35.3)%
Other		306	0.7 %	(10)	(3.2)%
Total		1,216	(2.8)%	(133)	(9.9)%

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 September 30, 2022	
ASSETS			
Current Assets:			
Cash and deposits	669,390	717,189	
Trade notes and accounts receivable	146,136	154,787	
Securities	71,000	60,000	
Inventories	399,923	570,276	
Other	173,177	189,909	
Allowance for doubtful receivables	(1,813)	(1,945)	
Total current assets	1,457,813	1,690,216	
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)	197,286	201,453	
Machinery, equipment and vehicles (net)	340,378	382,350	
Land	418,454	420,182	
Leased assets (net)	21,171	20,325	
Other (net)	169,427	143,711	
Total property, plant and equipment	1,146,716	1,168,021	
Intangible assets:	48,358	50,216	
Investments and other assets:			
Investment securities	222,192	221,281	
Asset for retirement benefits	7,912	8,051	
Other	90,220	101,447	
Allowance for doubtful receivables	(5,063)	(8,632)	
Total investments and other assets	315,261	322,147	
Total non-current assets	1,510,335	1,540,384	
Total Assets	2,968,148	3,230,600	

	(Millions of Yen)	
As of	FY2022 March 31, 2022	FY2023 September 30, 2022
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	345,443	417,819
Short-term loans payable	1,526	79,016
Long-term loans payable due within one year	62,437	189,038
Lease obligations	4,394	4,228
Income taxes payable	6,621	13,989
Accrued expenses	244,683	259,459
Reserve for warranty expenses	66,261	62,570
Provision for loss on compensation for damage	11,500	9,600
Other	156,068	151,955
Total current liabilities	898,933	1,187,674
Non-current Liabilities:		
Bonds	50,000	50,000
Long-term loans payable	540,083	386,011
Lease obligations	19,015	18,535
Deferred tax liability related to land revaluation	64,537	64,537
Provision related to environmental regulations	-	9,135
Liability for retirement benefits	33,433	34,892
Other	45,450	49,899
Total non-current liabilities	752,518	613,009
Total Liabilities	1,651,451	1,800,683
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,003	262,977
Retained earnings	581,458	654,720
Treasury stock	(2,100)	(1,994)
Total capital and retained earnings	1,126,318	1,199,660
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	29,707	19,616
Deferred gains/(losses) on hedges	(1,314)	(477)
Land revaluation	145,536	145,536
Foreign currency translation adjustment	(6,162)	44,246
Accumulated adjustments for retirement benefits	7,055	4,544
Total accumulated other comprehensive income/(loss)	174,822	213,465
Stock Acquisition Rights	440	475
Non-controlling Interests	15,117	16,317
Total Net Assets	1,316,697	1,429,917
Total Liabilities and Net Assets	2,968,148	3,230,600

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first six months ended September 30, 2022 and 2021)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first six months ended	FY 2022 September 30, 2021	FY2023 September 30, 2022
Net sales	1,495,855	1,642,506
Cost of sales	1,173,961	1,287,652
Gross profit	321,894	354,854
Selling, general and administrative expenses	282,153	299,613
Operating income	39,741	55,241
Non-operating income		
Interest income	1,515	4,215
Equity in net income of affiliated companies	-	6,718
Foreign exchange gain	2,061	48,592
Other	3,313	3,536
Total	6,889	63,061
Non-operating expenses		
Interest expense	3,717	3,845
Equity in net loss of affiliated companies	5,341	-
Other	3,679	4,097
Total	12,737	7,942
Ordinary income	33,893	110,360
Extraordinary income		
Gain on sales of property, plant and equipment	34	62
Compensation for the exercise of eminent domain	-	271
Gain on change in equity	4,047	-
Other	23	-
Total	4,104	333
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,906	1,211
Other	187	158
Total	2,093	1,369
Income before income taxes	35,904	109,324
Income taxes		
Current	5,680	18,419
Deferred	5,971	4,480
Total	11,651	22,899
Net income	24,253	86,425
Net income attributable to Non-controlling interests	399	566
Net income attributable to owners of the parent	23,854	85,859

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first six months ended	FY2022 September 30, 2021	FY2023 September 30, 2022
Net income	24,253	86,425
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	7,571	(10,091)
Deferred gains/(losses) on hedges	173	789
Foreign currency translation adjustment	(3,113)	40,876
Adjustments for retirement benefits	(648)	(2,477)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	3,307	10,380
Total	7,290	39,477
Comprehensive income	31,543	125,902
Comprehensive income/(loss) attributable to:		
Owners of the parent	31,139	124,502
Non-controlling interests	404	1,400

(For the three months ended September 30, 2022 and 2021)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

	For the three months ended	
	FY2022 September 30, 2021	FY2023 September 30, 2022
Net sales	692,456	1,025,283
Cost of sales	551,598	801,262
Gross profit	140,858	224,021
Selling, general and administrative expenses	127,223	149,252
Operating income	13,635	74,769
Non-operating income		
Interest income	818	2,543
Dividend income	1,041	1,084
Foreign exchange gain	-	15,370
Other	889	1,053
Total	2,748	20,050
Non-operating expenses		
Interest expense	2,025	2,117
Equity in net loss of affiliated companies	4,066	1,330
Foreign exchange loss	324	-
Other	2,593	1,743
Total	9,008	5,190
Ordinary income	7,375	89,629
Extraordinary income		
Gain on sales of property, plant and equipment	17	21
Compensation for the exercise of eminent domain	-	271
Gain on change in equity	4,047	-
Other	23	-
Total	4,087	292
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	796	797
Other	186	89
Total	982	886
Income before income taxes	10,480	89,035
Income taxes		
Current	(1,124)	11,586
Deferred	(932)	6,229
Total	(2,056)	17,815
Net income	12,536	71,220
Net income attributable to Non-controlling interests	59	358
Net income attributable to owners of the parent	12,477	70,862

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2022 September 30, 2021	FY2023 September 30, 2022
Net income	12,536	71,220
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	1,842	(6,516)
Deferred gains/(losses) on hedges	(20)	1,135
Foreign currency translation adjustment	(3,352)	3,926
Adjustments for retirement benefits	5	(411)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	(537)	5,465
Total	(2,062)	3,599
Comprehensive income	10,474	74,819
Comprehensive income/(loss) attributable to:		
Owners of the parent	10,559	74,277
Non-controlling interests	(85)	542

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

For the first six months ended	FY2022 September 30, 2021	FY2023 September 30, 2022
Cash flows from operating activities:		
Income before income taxes	35,904	109,324
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	43,988	51,407
Increase/(decrease) in allowance for doubtful receivables	(98)	3,445
Increase/(decrease) in reserve for warranty expenses	(645)	(3,691)
Increase/(decrease) in provision for loss on compensation for damage	-	(1,900)
Increase/(decrease) in provision related to environmental regulations	-	9,135
Increase/(decrease) in liability for retirement benefits	(1,405)	(1,842)
Interest and dividend income	(2,725)	(5,400)
Interest expense	3,717	3,845
Equity in net loss/(income) of affiliated companies	5,341	(6,718)
Loss/(gain) on change in equity	(4,047)	-
Loss/(gain) on sales and retirement of property, plant and equipment	1,872	878
Decrease/(increase) in trade notes and accounts receivable	5,377	(2,677)
Decrease/(increase) in inventories	91,659	(132,201)
Decrease/(increase) in other current assets	13,615	(9,749)
Increase/(decrease) in trade notes and accounts payable	(133,387)	59,571
Increase/(decrease) in other current liabilities	(19,572)	1,788
Other	(12,439)	(76,995)
Subtotal	27,155	(1,780)
Interest and dividends received	21,890	12,876
Interest paid	(3,750)	(3,656)
Income taxes refunded/(paid)	(10,777)	(8,061)
Refund of income taxes for prior periods	2,455	-
Net cash provided by/(used in) operating activities	36,973	(621)
Cash flows from investing activities:		
Purchase of investment securities	(269)	(209)
Purchase of property, plant and equipment	(56,297)	(43,924)
Proceeds from sales of property, plant and equipment	674	411
Purchase of intangible assets	(7,272)	(7,747)
Payments of long-term loans receivable	(101)	(5)
Collections of long-term loans receivable	944	13
Other	328	1,484
Net cash provided by/(used in) investing activities	(61,993)	(49,977)

(Millions of Yen)

For the first six months ended	FY2022 September 30, 2021	FY2023 September 30, 2022
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	109,124	74,796
Proceeds from long-term loans payable	70,014	4,500
Repayments of long-term loans payable	(75,907)	(33,437)
Proceeds from sale and leaseback transactions	6	83
Repayments of lease obligations	(2,339)	(3,020)
Cash dividends paid	-	(12,597)
Cash dividends paid to non-controlling interests	(31)	(109)
Net decrease/(increase) in treasury stock	62	77
Net cash provided by/(used in) financing activities	100,929	30,293
Effect of exchange rate fluctuations on cash and cash equivalents	(795)	57,104
Net increase/(decrease) in cash and cash equivalents	75,114	36,799
Cash and cash equivalents at beginning of the period	738,793	740,385
Cash and cash equivalents at end of the period	813,907	777,184

(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 Six Months (April 1, 2021 through September 30, 2021)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2022 First Six Months Ended September 30, 2021	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	369,045	580,660	280,442	265,708	1,495,855	-	1,495,855
Inter-segment	830,172	121,553	10,932	24,512	987,169	(987,169)	-
Total	1,199,217	702,213	291,374	290,220	2,483,024	(987,169)	1,495,855
Segment income/(loss)	25,115	(1,079)	4,571	7,931	36,538	3,203	39,741

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

2. The segment income/(loss) is reconciled with the operating income in the consolidated statement of operations for FY2022 first six months ended September 30, 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 Six Months (April 1, 2022 through September 30, 2022)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2023 First Six Months Ended September 30, 2022	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	405,996	701,199	251,552	283,759	1,642,506	-	1,642,506
Inter-segment	987,617	169,310	14,738	22,161	1,193,826	(1,193,826)	-
Total	1,393,613	870,509	266,290	305,920	2,836,332	(1,193,826)	1,642,506
Segment income	53,157	1,483	6,952	11,307	72,899	(17,658)	55,241

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 six months ended September 30, 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)

(Transfer of Affiliated Company)

The Company has decided to transfer all of its equity interest in MAZDA SOLLERS Manufacturing Rus LLC (MSMR), an automobile manufacturing and sales company in Vladivostok, Russia, to SOLLERS PJSC (SOLLERS), our joint venture partner, and signed a transfer agreement on October 24, 2022.

1. Reason for the transfer

Due to the situation in Ukraine that arose in February 2022, the Company has ceased the shipments of parts to MSMR since March 2022, and MSMR has ceased its operations since the end of April 2022. Although the Company has continued discussions with SOLLERS, it sees no path to restarting the business, hence we have agreed to transfer all of our equity interest to SOLLERS.

2. Name of the transferee

SOLLERS PJSC

3. Timing of the transfer

The transfer procedure will be executed as soon as possible after receiving approval from the relevant authorities.

4. Investment to be transferred, transfer price, gain/loss related to the transfer, and equity ratio after the transfer

- 1) Investment to be transferred: All of the equity interests held by the Company
- 2) Transfer price: 1 Euro
- 3) Gain/loss related to the transfer: Expected to record an extraordinary loss of approximately ¥12.0 billion
- 4) Equity ratio after the transfer: 0%

5. Other important special terms, etc.

The transfer agreement includes the right for the Company to repurchase its equity interest in MSMR at the transfer price, which can be exercised over the next three years.

Financial Summary (Consolidated)

ID #:7642

November 10, 2022

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

Mazda Motor Corporation

(For the Six Months Ended September 30, 2022)

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

		FY 2022		FY 2023		FY 2022		FY 2023				
		First 6 months (Apr.'21-Sep.'21)		1st Qtr.	2nd Qtr.	First 6 months (Apr.'22-Sep.'22)		Full Year Ended March 31, 2022		Full Year Forecast Ending March 31, 2023		
			%				%		%		%	
Domestic	1	2,638	1.2	1,134	1,547	2,681	1.6	5,696	(4.2)	6,100	7.1	
Overseas	2	12,321	44.1	5,038	8,706	13,744	11.6	25,507	11.5	32,900	29.0	
Net sales	3	14,959	34.1	6,172	10,253	16,425	9.8	31,203	8.3	39,000	25.0	
Operating income	4	2.7%	397	(3.2%)	747	3.4%	552	3.3%	1,042	3.6%	1,400	34.3
Ordinary income	5	2.3%	339	3.4%	897	6.7%	1,104	4.0%	1,235	4.4%	1,700	37.6
Income before income taxes	6	2.4%	359	3.3%	890	6.7%	1,093	3.6%	1,124	3.8%	1,500	33.5
Net income attributable to owners of the parent	7	1.6%	239	2.4%	709	5.2%	859	2.6%	816	3.3%	1,300	59.4
Operating income by segment (geographic area)												
Japan	8	251		(36)	568	532		857				
North America	9	(11)		(74)	89	15		(95)				
Europe	10	46		45	25	70		149				
Other areas	11	79		47	66	113		165				
Operating income changes												
Volume & mix	12			(463)	612	149				868		
Exchange rate	13			179	384	563				1,106		
Cost improvement	14			(184)	(399)	(583)				(1,074)		
Fixed costs and others	15			12	14	26				(453)		
Transfer of extraordinary loss in the previous fiscal year	16			-	-	-				(89)		
Total	17			(456)	611	155				358		
Average rate for the period (Yen)												
USD	18	110		130	138	134		112		136		
EUR	19	131		138	139	139		131		139		
Capital expenditures	20	571		162	198	360		1,443		1,100		
Depreciation and amortization	21	440		251	263	514		903		1,050		
R & D costs	22	684		299	296	595		1,346		1,400		
Total assets	23	28,763		30,964		32,306		29,681				
Net assets	24	12,040		13,388		14,131		13,011				
Financial debt	25	8,598		8,128		7,303		6,808				
Net financial debt	26	459		786		(468)		(596)				
Free cash flow (Operating & Investing)	27	(250)		(1,647)	1,141	(506)		529				
Japan	28	60	(19.2)	25	43	68	14.0	149	(15.8)	181	21.9	
North America	29	249	34.7	79	101	181	(27.3)	439	8.9	444	1.0	
Europe	30	106	29.9	30	37	67	(37.1)	190	6.3	175	(7.7)	
China	31	89	(23.6)	24	25	49	(45.2)	170	(25.5)	110	(35.3)	
Other	32	156	29.0	75	75	150	(4.2)	303	0.7	306	0.7	
Global retail volume	33	660	14.1	233	281	514	(22.1)	1,251	(2.8)	1,216	(2.8)	
Japan	34	69	(5.7)	28	43	70	2.3	152	(8.3)	172	13.4	
North America	35	190	34.2	64	113	177	(6.8)	386	3.2	442	14.7	
Europe	36	90	36.2	22	41	63	(30.4)	169	(1.8)	168	(0.8)	
Other	37	132	50.6	53	87	140	6.3	284	2.2	317	11.6	
Consolidated wholesales volume	38	481	30.5	166	284	450	(6.3)	991	0.1	1,100	11.0	
Domestic	39	312	14.3	138	198	337	8.0	696	(6.8)			
Overseas	40	154	(24.7)	71	95	166	8.0	327	(22.8)			
Global production volume	41	466	(2.4)	209	294	503	8.0	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).

EXHIBIT 5

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

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

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
As of	millions of yen	millions of yen	%
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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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)%
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(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	FY 2022 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	FY 2022 December 31, 2021	FY2023 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 December 31, 2021	FY2023 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 December 31, 2021	FY2023 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

(In 100 millions of yen) (In thousands of units) (Upper left: return on sales)		FY 2022 First 9 months (Apr.'21-Dec.'21)			FY 2023 First 9 months (Apr.'22-Dec.'22)			FY 2022 Full Year Ended March 31, 2022		FY 2023 Full Year Forecast Ending March 31, 2023										
		1st Qtr.	2nd Qtr.	3rd Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	Return on Sales	Return on Sales											
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	5.1%	4.1%	1,095	71.9	3.3%	1,042	—	3.8%	1,500	43.9		
Ordinary income		5	2.8%	596	—	3.4%	8.7%	207	897	250	5.0%	1,354	127.3	4.0%	1,235	337.2	4.5%	1,750	41.7	
Income before income taxes		6	2.4%	509	—	3.3%	8.7%	203	890	131	4.5%	1,224	140.4	3.6%	1,124	—	4.1%	1,600	42.4	
Net income attributable to owners of the parent		7	1.4%	294	—	2.4%	6.9%	150	709	177	3.8%	1,036	252.0	2.6%	816	—	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)		18	USD	111		130		138		141		137		112					134	
		19	EUR	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						
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)
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
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).

EXHIBIT 6

Consolidated Financial Results
For the First Quarter of the Fiscal Year Ending March 31, 2024
(For the First Three Months Ended June 30, 2023)



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

August 8, 2023

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 : Nobuhiko Kageyama, General Manager, Accounting Department, Financial Services Division
 Phone 082-282-1111

Filing of *Shihanki Hokokusho*, quarterly securities report : Scheduled for August 10, 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, 2023 through June 30, 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 1st quarter	1,090,971	76.8	30,025	-	63,922	208.3	37,242	148.3
FY2023 1st quarter	617,223	(23.2)	(19,528)	-	20,731	(21.8)	14,997	31.8

Note: Comprehensive income **FY2024 1st quarter** **73,837 millions of yen** (**44.5 %**)
 FY2023 1st quarter 51,083 millions of yen (**142.5 %**)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2024 1st quarter	59.11	59.07
FY2023 1st quarter	23.81	23.79

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
June 30, 2023	3,261,635	1,514,802	45.9
March 31, 2023	3,259,251	1,456,801	44.2

Reference: Net Assets excluding non-controlling interests

As of June 30, 2023 **1,497,028 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
	yen	yen	yen	yen	yen
FY2023	-	20.00	-	25.00	45.00
FY2024	-	-	-	-	-
FY2024 (Forecast)	-	20.00	-	25.00	45.00

Note: Revision of the dividend forecast most recently announced: No

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	4,500,000	17.6	180,000	26.8	172,000	(7.5)	130,000	(9.0)	206.32

Note: Revision of the consolidated financial forecast most recently announced: No

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 June 30, 2023	631,803,979 shares
	As of March 31, 2023	631,803,979 shares
2) Number of treasury stock		
	As of June 30, 2023	1,727,265 shares
	As of March 31, 2023	1,841,110 shares
3) Average number of outstanding shares		
	For 3 months ended June 30, 2023	630,000,021 shares
	For 3 months ended June 30, 2022	629,920,628 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 First 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 three months of the fiscal year ending March 31, 2024 was 309 thousand units, up 32.4% year on year. In addition to the recovery from supply constraints caused by Shanghai lockdown last year, the Large Product models introduced in the previous fiscal year drove the increase in sales volume.

(In thousand units)

	FY 2023 First 3 Months (Apr.'22-Jun.'22)	FY 2024 First 3 Months (Apr.'23-Jun.'23)	vs. Prior Year	
			Volume	Rate (%)
Japan	25	42	17	69.7 %
North America	79	128	49	61.2 %
Europe	30	44	14	45.6 %
China	24	20	(4)	(16.7)%
Other	75	75	(0)	(0.3)%
Total	233	309	76	32.4 %

< Breakdown >

USA	61	95	35	57.6 %
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(Consolidated financial result)

Financial performance on a consolidated basis for the first three months of the fiscal year ending March 31, 2024 was as follows. Net sales amounted to ¥1,091.0 billion, an increase of ¥473.8 billion or 76.8% compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥30.0 billion. (For the first three months of the previous fiscal year, operating loss was ¥19.5 billion.) Ordinary income amounted to ¥63.9 billion, an increase of ¥43.2 billion or 208.3% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥37.2 billion, an increase of ¥22.2 billion or 148.3% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥25.5 billion.

Operating income changes (an increase of ¥49.5 billion compared to the corresponding period in the previous fiscal year) were as follows.

Volume & mix	81.9	billion yen
Foreign exchange	5.8	billion yen
Raw material, logistics costs, etc.	(3.3)	billion yen
Cost improvement	4.9	billion yen
Fixed costs and others	(39.8)	billion yen
Total	49.5	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of June 30, 2023, total assets increased ¥2.4 billion from the end of the previous fiscal year, to ¥3,261.6 billion. Total liabilities decreased ¥55.6 billion from the end of the previous fiscal year to ¥1,746.8 billion mainly due to a decrease in trade notes and accounts payable.

Net Assets as of June 30, 2023 increased ¥58.0 billion from the end of the previous fiscal year to ¥1,514.8 billion, reflecting net income attributable to owners of the parent of ¥37.2 billion and increase in Accumulated Other Comprehensive Income. Equity ratio increased 1.7 percentage points from the end of the previous fiscal year to 45.9% (Percentage after consideration of the equity credit attributes of the subordinated loan was 47.0%).

(Cash Flows)

Cash and cash equivalent as of June 30, 2023 decreased ¥31.0 billion from the end of the previous fiscal year to ¥686.1 billion. Interest-bearing debt as of June 30, 2023 decreased ¥40.4 billion from the end of previous fiscal year to ¥575.1 billion. As a result, we are in a net cash position of ¥111.0 billion.

Cash flows for the first three 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 ¥28.4 billion, reflecting income before income taxes of ¥63.2 billion, offset by a decrease in trade notes and accounts payable, etc. (For the first three months of the previous fiscal year, net cash used in operating activities was ¥132.5 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥28.8 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥24.5 billion. (For the first three months of the previous fiscal year, net cash used in investing activities was ¥32.3 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was negative ¥0.4 billion. (For the previous fiscal year, consolidated free cash flow was negative ¥164.7 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥59.1 billion, mainly reflecting the repayments of long-term loans payable. (For the first three months of the previous fiscal year, net cash provided by financing activities was ¥112.4 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 May 12, 2023.

2. Quarterly Consolidated Financial Statements and Major Footnotes

(1) Quarterly Consolidated Balance Sheets

		(Millions of Yen)	
As of	FY2023 March 31, 2023	FY2024 June 30, 2023	
ASSETS			
Current Assets:			
Cash and deposits	628,098	646,109	
Trade notes and accounts receivable	166,921	147,714	
Securities	89,000	40,000	
Inventories	670,904	700,159	
Other	170,814	161,600	
Allowance for doubtful receivables	(1,573)	(1,715)	
Total current assets	1,724,164	1,693,867	
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)	200,542	200,785	
Machinery, equipment and vehicles (net)	378,913	389,297	
Land	419,419	420,276	
Leased assets (net)	25,289	25,458	
Other (net)	140,443	141,744	
Total property, plant and equipment	1,164,606	1,177,560	
Intangible assets:	54,614	55,829	
Investments and other assets:			
Investment securities	214,895	234,004	
Asset for retirement benefits	12,289	13,311	
Other	88,966	87,346	
Allowance for doubtful receivables	(283)	(282)	
Total investments and other assets	315,867	334,379	
Total non-current assets	1,535,087	1,567,768	
Total Assets	3,259,251	3,261,635	

(Millions of Yen)

As of	FY2023 March 31, 2023	FY2024 June 30, 2023
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	480,975	420,793
Short-term loans payable	1,460	68,924
Long-term loans payable due within one year	199,579	72,415
Lease obligations	6,847	6,905
Income taxes payable	18,212	31,570
Accrued expenses	274,964	290,582
Reserve for warranty expenses	108,895	127,392
Other	170,288	160,750
Total current liabilities	1,261,220	1,179,331
Non-current Liabilities:		
Bonds	50,000	50,000
Long-term loans payable	345,340	365,009
Lease obligations	20,869	21,026
Deferred tax liability related to land revaluation	64,434	64,434
Provision related to environmental regulations	14,533	18,355
Liability for retirement benefits	18,238	19,129
Other	27,816	29,549
Total non-current liabilities	541,230	567,502
Total Liabilities	1,802,450	1,746,833
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,035	263,007
Retained earnings	699,231	720,724
Treasury stock	(1,995)	(1,871)
Total capital and retained earnings	1,244,228	1,265,817
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	20,243	33,706
Deferred gains/(losses) on hedges	(68)	(100)
Land revaluation	145,302	145,302
Foreign currency translation adjustment	14,184	37,584
Accumulated adjustments for retirement benefits	15,709	14,719
Total accumulated other comprehensive income/(loss)	195,370	231,211
Stock Acquisition Rights	475	379
Non-controlling Interests	16,728	17,395
Total Net Assets	1,456,801	1,514,802
Total Liabilities and Net Assets	3,259,251	3,261,635

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first three months ended June 30, 2022 and 2023)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first three months ended	FY2023 June 30, 2022	FY2024 June 30, 2023
Net sales	617,223	1,090,971
Cost of sales	486,390	874,592
Gross profit	130,833	216,379
Selling, general and administrative expenses	150,361	186,354
Operating income/(loss)	(19,528)	30,025
Non-operating income		
Interest income	1,672	3,538
Equity in net income of affiliated companies	8,048	1,747
Foreign exchange gain	33,222	31,015
Other	1,399	2,232
Total	44,341	38,532
Non-operating expenses		
Interest expense	1,728	1,928
Loss on transfer of receivables	212	1,952
Other	2,142	755
Total	4,082	4,635
Ordinary income	20,731	63,922
Extraordinary income		
Gain on sales of property, plant and equipment	41	167
Other	-	13
Total	41	180
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	414	886
Other	69	57
Total	483	943
Income before income taxes	20,289	63,159
Income taxes		
Current	6,833	24,589
Deferred	(1,749)	926
Total	5,084	25,515
Net income	15,205	37,644
Net income attributable to Non-controlling interests	208	402
Net income attributable to owners of the parent	14,997	37,242

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first three months ended	FY2023 June 30, 2022	FY2024 June 30, 2023
Net income	15,205	37,644
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(3,575)	13,465
Deferred gains/(losses) on hedges	(346)	44
Foreign currency translation adjustment	36,950	21,533
Adjustments for retirement benefits	(2,066)	(981)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	4,915	2,132
Total	35,878	36,193
Comprehensive income	51,083	73,837
Comprehensive income/(loss) attributable to:		
Owners of the parent	50,225	73,083
Non-controlling interests	858	754

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

For the first three months ended	FY2023 June 30, 2022	FY2024 June 30, 2023
Cash flows from operating activities:		
Income before income taxes	20,289	63,159
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	25,122	27,463
Increase/(decrease) in allowance for doubtful receivables	3,655	29
Increase/(decrease) in reserve for warranty expenses	170	16,735
Increase/(decrease) in provision related to environmental regulations	6,889	3,748
Net changes in asset and liability for retirement benefits	(406)	(1,376)
Interest and dividend income	(1,773)	(3,920)
Interest expense	1,728	1,928
Equity in net loss/(income) of affiliated companies	(8,048)	(1,747)
Loss/(gain) on sales and retirement of property, plant and equipment	373	718
Decrease/(increase) in trade notes and accounts receivable	10,534	25,606
Decrease/(increase) in inventories	(110,671)	8,526
Decrease/(increase) in other current assets	25,070	18,364
Increase/(decrease) in trade notes and accounts payable	(16,240)	(70,010)
Increase/(decrease) in other current liabilities	(37,931)	(16,805)
Other	(49,428)	(37,663)
Subtotal	(130,667)	34,755
Interest and dividends received	5,382	7,722
Interest paid	(1,756)	(1,877)
Income taxes refunded/(paid)	(5,434)	(12,171)
Net cash provided by/(used in) operating activities	(132,475)	28,429
Cash flows from investing activities:		
Purchase of investment securities	(172)	(164)
Purchase of property, plant and equipment	(28,351)	(24,474)
Proceeds from sales of property, plant and equipment	214	429
Purchase of intangible assets	(3,886)	(4,493)
Other	(61)	(123)
Net cash provided by/(used in) investing activities	(32,256)	(28,825)

(Millions of Yen)

For the first three months ended	FY2023 June 30, 2022	FY2024 June 30, 2023
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	126,735	65,802
Proceeds from long-term loans payable	-	36,000
Repayments of long-term loans payable	(560)	(143,497)
Proceeds from sale and leaseback transactions	49	36
Repayments of lease obligations	(1,246)	(1,677)
Cash dividends paid	(12,597)	(15,749)
Cash dividends paid to non-controlling interests	(107)	(87)
Net decrease/(increase) in treasury stock	77	96
Net cash provided by/(used in) financing activities	112,351	(59,076)
Effect of exchange rate fluctuations on cash and cash equivalents	46,215	28,484
Net increase/(decrease) in cash and cash equivalents	(6,165)	(30,988)
Cash and cash equivalents at beginning of the period	740,385	717,093
Cash and cash equivalents at end of the period	734,220	686,105

(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)

(Change in presentation)

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 Three Months (April 1, 2022 through June 30, 2022)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2023 First Three Months Ended June 30, 2022	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	165,809	253,406	87,228	110,780	617,223	-	617,223
Inter-segment	378,486	64,243	6,692	8,554	457,975	(457,975)	-
Total	544,295	317,649	93,920	119,334	1,075,198	(457,975)	617,223
Segment income/(loss)	(3,556)	(7,412)	4,505	4,677	(1,786)	(17,742)	(19,528)

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

2. The segment income/(loss) is reconciled with the operating loss in the consolidated statement of operations for FY2023 first three months ended June 30, 2022.

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

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 Three Months (April 1, 2023 through June 30, 2023)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2024 First Three Months Ended June 30, 2023	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	243,363	509,451	187,490	150,667	1,090,971	-	1,090,971
Inter-segment	648,868	126,369	8,028	16,267	799,532	(799,532)	-
Total	892,231	635,820	195,518	166,934	1,890,503	(799,532)	1,090,971
Segment income	8,542	25,936	5,112	7,551	47,141	(17,116)	30,025

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 three months ended June 30, 2023.

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

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

EXHIBIT 7

Consolidated Financial Results
For the Second Quarter of the Fiscal Year Ending March 31, 2024
(For the First Six Months Ended September 30, 2023)



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

November 7, 2023

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 November 10, 2023
 Payment of Dividends : Scheduled for December 1, 2023
 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 September 30, 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 2nd quarter	2,317,259	41.1	129,611	134.6	179,235	62.4	108,132	25.9
FY2023 2nd quarter	1,642,506	9.8	55,241	39.0	110,360	225.6	85,859	259.9

Note: Comprehensive income
FY2024 2nd quarter 167,058 millions of yen (32.7 %)
FY2023 2nd quarter 125,902 millions of yen (299.1 %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2024 2nd quarter	171.63	171.49
FY2023 2nd quarter	136.30	136.19

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
September 30, 2023	3,505,467	1,608,113	45.3
March 31, 2023	3,259,251	1,456,801	44.2

Reference: Net Assets excluding non-controlling interests

As of September 30, 2023 1,589,536 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
	yen	yen	yen	yen	yen
FY2023	-	20.00	-	25.00	45.00
FY2024	-	25.00	-	-	-
FY2024 (Forecast)	-	-	-	25.00	50.00

Note: Revision of the dividend forecast most recently announced: No

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: 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	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 September 30, 2023	631,803,979 shares
	As of March 31, 2023	631,803,979 shares
2) Number of treasury stock		
	As of September 30, 2023	1,727,526 shares
	As of March 31, 2023	1,841,110 shares
3) Average number of outstanding shares		
	For 6 months ended September 30, 2023	630,032,824 shares
	For 6 months ended September 30, 2022	629,939,090 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 Second 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 six months of the fiscal year ending March 31, 2024 was 616 thousand units, up 19.9% year on year.

(In thousands of units)

	FY 2023 First 6 Months (Apr.'22-Sep.'22)	FY 2024 First 6 Months (Apr.'23-Sep.'23)	vs. Prior Year	
			Volume	Rate (%)
Japan	68	82	14	20.5 %
North America	181	251	70	39.0 %
Europe	67	90	23	34.1 %
China	49	45	(4)	(7.6) %
Other	150	148	(1)	(0.9) %
Total	514	616	102	19.9 %
<Breakdown>				
USA	133	184	51	38.4 %

(Consolidated Financial Results)

Financial performance on a consolidated basis for the first six months of the fiscal year ending March 31, 2024 was as follows. Net sales amounted to ¥2,317.3 billion, an increase of ¥674.8 billion or 41.1% compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥129.6 billion, an increase of ¥74.4 billion or 134.6% compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥179.2 billion, an increase of ¥68.8 billion or 62.4% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥108.1 billion, an increase of ¥22.2 billion or 25.9% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥68.4 billion.

Operating income changes were as follows.

Volume & mix	106.2	billion yen
Exchange rate	14.3	billion yen
Raw material, logistics costs, etc.	(10.0)	billion yen
Cost improvement	12.0	billion yen
Fixed costs and others	(48.1)	billion yen
Total	74.4	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of September 30, 2023, total assets increased ¥246.2 billion from the end of the previous fiscal year, to ¥3,505.5 billion. Total liabilities increased ¥94.9 billion from the end of the previous fiscal year to ¥1,897.4 billion.

Net Assets as of September 30, 2023 increased ¥151.3 billion from the end of the previous fiscal year to ¥1,608.1 billion, mainly reflecting net income attributable to owners of the parent of ¥108.1 billion. Equity ratio increased 1.1 percentage points from the end of the previous fiscal year to 45.3% (Percentage after consideration of the equity credit attributes of the subordinated loan was 46.3%).

(Cash Flows)

Cash and cash equivalent as of September 30, 2023 increased ¥64.1 billion from the end of the previous fiscal year to ¥781.2 billion. Interest-bearing debt as of September 30, 2023 decreased ¥59.7 billion from the end of previous fiscal year to ¥555.8 billion. As a result, we are in a net cash position of ¥225.4 billion.

Cash flows for the first six 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 ¥165.1 billion, mainly reflecting income before income taxes of ¥177.2 billion. (For the first six months of the previous fiscal year, net cash used in operating activities was ¥0.6 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥55.8 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥45.8 billion. (For the first six months of the previous fiscal year, net cash used in investing activities was ¥50.0 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥109.3 billion. (For the first six months of the previous fiscal year, consolidated free cash flow was negative ¥50.6 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥79.1 billion, mainly reflecting the repayments of long-term loans payable. (For the first six months of the previous fiscal year, net cash provided by financing activities was ¥30.3 billion.)

(3) Future Estimates such as Consolidated Financial Forecast

We have revised the full-year consolidated financial forecast for the fiscal year ending March 31, 2024 as shown below. The prior forecast was announced on May 12, 2023.

For more information, please refer to “Notice of Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024” that has been released today.

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

(In billions of yen)

	Full Year	vs. Prior Year	vs. Prior Forecast		
			Amount	Rate (%)	
			Net Sales	4,800.0	25.4 %
Operating Income	250.0	76.1 %	70.0	38.9 %	
Ordinary Income	254.0	36.6 %	82.0	47.7 %	
Net Income Attributable to Owners of the parent	170.0	19.0 %	40.0	30.8 %	
Exchange rate (Yen)	USD	140	5	12	
	EUR	151	10	12	

Global Retail Volume Forecast (April 1, 2023 through March 31, 2024)

(In thousands of units)

	Full Year	vs. Prior Year	vs. Prior Forecast	
			Volume	Rate (%)
			Japan	176
North America	537	32.1 %	41	8.2 %
Europe	193	20.4 %	4	1.9 %
China	91	8.4 %	(34)	(26.9)%
Other	289	(1.9)%	(17)	(5.6)%
Total	1,286	15.9 %	(14)	(1.0)%

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	FY2023 March 31, 2023	FY2024 September 30, 2023	
ASSETS			
Current Assets:			
Cash and deposits	628,098	742,207	
Trade notes and accounts receivable	166,921	162,539	
Securities	89,000	39,000	
Inventories	670,904	721,027	
Other	170,814	197,755	
Allowance for doubtful receivables	(1,573)	(1,940)	
Total current assets	1,724,164	1,860,588	
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)	200,542	202,386	
Machinery, equipment and vehicles (net)	378,913	389,529	
Land	419,419	420,387	
Leased assets (net)	25,289	25,182	
Other (net)	140,443	144,797	
Total property, plant and equipment	1,164,606	1,182,281	
Intangible assets:	54,614	57,842	
Investments and other assets:			
Investment securities	214,895	250,567	
Asset for retirement benefits	12,289	68,907	
Other	88,966	85,564	
Allowance for doubtful receivables	(283)	(282)	
Total investments and other assets	315,867	404,756	
Total non-current assets	1,535,087	1,644,879	
Total Assets	3,259,251	3,505,467	

	(Millions of Yen)	
As of	FY2023 March 31, 2023	FY2024 September 30, 2023
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	480,975	484,380
Short-term loans payable	1,460	51,354
Long-term loans payable due within one year	199,579	99,885
Lease obligations	6,847	7,066
Income taxes payable	18,212	56,326
Accrued expenses	274,964	304,428
Reserve for warranty expenses	108,895	125,693
Other	170,288	167,055
Total current liabilities	1,261,220	1,296,187
Non-current Liabilities:		
Bonds	50,000	50,000
Long-term loans payable	345,340	335,448
Lease obligations	20,869	20,703
Deferred tax liability related to land revaluation	64,434	64,376
Provision related to environmental regulations	14,533	20,953
Liability for retirement benefits	18,238	73,802
Other	27,816	35,885
Total non-current liabilities	541,230	601,167
Total Liabilities	1,802,450	1,897,354
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,035	263,007
Retained earnings	699,231	791,803
Treasury stock	(1,995)	(1,872)
Total capital and retained earnings	1,244,228	1,336,895
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	20,243	44,885
Deferred gains/(losses) on hedges	(68)	121
Land revaluation	145,302	145,113
Foreign currency translation adjustment	14,184	46,195
Accumulated adjustments for retirement benefits	15,709	16,327
Total accumulated other comprehensive income/(loss)	195,370	252,641
Stock Acquisition Rights	475	471
Non-controlling Interests	16,728	18,106
Total Net Assets	1,456,801	1,608,113
Total Liabilities and Net Assets	3,259,251	3,505,467

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first six months ended September 30, 2023 and 2022)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first six months ended	FY2023 September 30, 2022	FY2024 September 30, 2023
Net sales	1,642,506	2,317,259
Cost of sales	1,287,652	1,832,632
Gross profit	354,854	484,627
Selling, general and administrative expenses	299,613	355,016
Operating income	55,241	129,611
Non-operating income		
Interest income	4,215	8,294
Equity in net income of affiliated companies	6,718	4,584
Foreign exchange gain	48,592	42,014
Other	3,536	4,592
Total	63,061	59,484
Non-operating expenses		
Interest expense	3,845	3,788
Loss on transfer of receivables	697	4,465
Other	3,400	1,607
Total	7,942	9,860
Ordinary income	110,360	179,235
Extraordinary income		
Gain on sales of property, plant and equipment	62	170
Compensation for the exercise of eminent domain	271	1
Other	-	30
Total	333	201
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	1,211	1,775
Impairment loss	49	421
Other	109	12
Total	1,369	2,208
Income before income taxes	109,324	177,228
Income taxes		
Current	18,419	55,031
Deferred	4,480	13,351
Total	22,899	68,382
Net income	86,425	108,846
Net income attributable to Non-controlling interests	566	714
Net income attributable to owners of the parent	85,859	108,132

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first six months ended	FY2023 September 30, 2022	FY2024 September 30, 2023
Net income	86,425	108,846
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(10,091)	24,633
Deferred gains/(losses) on hedges	789	147
Foreign currency translation adjustment	40,876	27,479
Adjustments for retirement benefits	(2,477)	631
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	10,380	5,322
Total	39,477	58,212
Comprehensive income	125,902	167,058
Comprehensive income/(loss) attributable to:		
Owners of the parent	124,502	165,592
Non-controlling interests	1,400	1,466

(For the three months ended September 30, 2023 and 2022)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the three months ended	FY2023	FY2024
	September 30, 2022	September 30, 2023
Net sales	1,025,283	1,226,288
Cost of sales	801,262	958,040
Gross profit	224,021	268,248
Selling, general and administrative expenses	149,252	168,662
Operating income	74,769	99,586
Non-operating income		
Interest income	2,543	4,756
Equity in net income of affiliated companies	-	2,837
Foreign exchange gain	15,370	10,999
Other	2,137	2,360
Total	20,050	20,952
Non-operating expenses		
Interest expense	2,117	1,860
Loss on transfer of receivables	485	2,513
Equity in net loss of affiliated companies	1,330	-
Other	1,258	852
Total	5,190	5,225
Ordinary income	89,629	115,313
Extraordinary income		
Gain on sales of property, plant and equipment	21	3
Compensation for the exercise of eminent domain	271	-
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	-	65
Total	292	68
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	797	889
Impairment loss	49	421
Other	40	2
Total	886	1,312
Income before income taxes	89,035	114,069
Income taxes		
Current	11,586	30,442
Deferred	6,229	12,425
Total	17,815	42,867
Net income	71,220	71,202
Net income attributable to Non-controlling interests	358	312
Net income attributable to owners of the parent	70,862	70,890

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the three months ended	FY2023 September 30, 2022	FY2024 September 30, 2023
Net income	71,220	71,202
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(6,516)	11,168
Deferred gains/(losses) on hedges	1,135	103
Foreign currency translation adjustment	3,926	5,946
Adjustments for retirement benefits	(411)	1,612
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	5,465	3,190
Total	3,599	22,019
Comprehensive income	74,819	93,221
Comprehensive income/(loss) attributable to:		
Owners of the parent	74,277	92,509
Non-controlling interests	542	712

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

For the first six months ended	FY2023 September 30, 2022	FY2024 September 30, 2023
Cash flows from operating activities:		
Income before income taxes	109,324	177,228
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	51,407	55,767
Impairment loss	49	421
Increase/(decrease) in allowance for doubtful receivables	3,445	208
Increase/(decrease) in reserve for warranty expenses	(2,426)	14,803
Increase/(decrease) in provision for loss on compensation for damage	(1,900)	(100)
Increase/(decrease) in provision related to environmental regulations	9,135	6,372
Net changes in asset and liability for retirement benefits	(1,842)	(3,083)
Interest and dividend income	(5,400)	(9,811)
Interest expense	3,845	3,788
Equity in net loss/(income) of affiliated companies	(6,718)	(4,584)
Loss/(gain) on sales and retirement of property, plant and equipment	878	1,604
Decrease/(increase) in trade notes and accounts receivable	(2,677)	12,381
Decrease/(increase) in inventories	(132,201)	(213)
Decrease/(increase) in other current assets	(9,749)	(16,430)
Increase/(decrease) in trade notes and accounts payable	59,571	(10,306)
Increase/(decrease) in other current liabilities	1,124	(2,385)
Other	(77,645)	(53,625)
Subtotal	(1,780)	172,035
Interest and dividends received	12,876	15,747
Interest paid	(3,656)	(3,519)
Income taxes refunded/(paid)	(8,061)	(19,182)
Net cash provided by/(used in) operating activities	(621)	165,081
Cash flows from investing activities:		
Purchase of investment securities	(209)	(510)
Purchase of property, plant and equipment	(43,924)	(45,825)
Proceeds from sales of property, plant and equipment	411	540
Purchase of intangible assets	(7,747)	(10,143)
Other	1,492	117
Net cash provided by/(used in) investing activities	(49,977)	(55,821)

(Millions of Yen)

For the first six months ended	FY2023 September 30, 2022	FY2024 September 30, 2023
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	74,796	49,003
Proceeds from long-term loans payable	4,500	49,000
Repayments of long-term loans payable	(33,437)	(158,615)
Proceeds from sale and leaseback transactions	83	45
Repayments of lease obligations	(3,020)	(2,744)
Cash dividends paid	(12,597)	(15,749)
Cash dividends paid to non-controlling interests	(109)	(88)
Net decrease/(increase) in treasury stock	77	95
Net cash provided by/(used in) financing activities	30,293	(79,053)
Effect of exchange rate fluctuations on cash and cash equivalents	57,104	33,901
Net increase/(decrease) in cash and cash equivalents	36,799	64,108
Cash and cash equivalents at beginning of the period	740,385	717,093
Cash and cash equivalents at end of the period	777,184	781,201

(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 Six Months (April 1, 2022 through September 30, 2022)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2023 First Six Months Ended September 30, 2022	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	405,996	701,199	251,552	283,759	1,642,506	—	1,642,506
Inter-segment	987,617	169,310	14,738	22,161	1,193,826	(1,193,826)	—
Total	1,393,613	870,509	266,290	305,920	2,836,332	(1,193,826)	1,642,506
Segment income	53,157	1,483	6,952	11,307	72,899	(17,658)	55,241

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 six months ended September 30, 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 Six Months (April 1, 2023 through September 30, 2023)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2024 First Six Months Ended September 30, 2023	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	486,265	1,066,496	424,909	339,589	2,317,259	—	2,317,259
Inter-segment	1,430,835	268,101	16,898	36,324	1,752,158	(1,752,158)	—
Total	1,917,100	1,334,597	441,807	375,913	4,069,417	(1,752,158)	2,317,259
Segment income	116,671	45,136	10,766	16,178	188,751	(59,140)	129,611

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 six months ended September 30, 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

EXHIBIT 8

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)
	yen	yen
FY2024 3rd quarter	262.67	262.45
FY2023 3rd quarter	164.41	164.28

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio
	millions of yen	millions of yen	%
December 31, 2023	3,515,035	1,640,938	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
	yen	yen	yen	yen	yen
FY2023	-	20.00	-	25.00	45.00
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	FY2024
	December 31, 2022	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

EXHIBIT 9

***Notes**

(1) Changes in Significant Subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation):

Newly added subsidiaries: None Excluded subsidiaries: None

(2) 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

(3) Number of outstanding shares (Common stock)

- 1) Outstanding shares at period-end (including treasury stock)

As of March 31, 2024	631,803,979 shares
As of March 31, 2023	631,803,979 shares
- 2) Treasury stock at period-end

As of March 31, 2024	1,728,394 shares
As of March 31, 2023	1,841,110 shares
- 3) Average number of outstanding shares during the period

Year ended March 31, 2024	630,052,693 shares
Year ended March 31, 2023	629,950,225 shares

(Reference)

Unconsolidated Financial Highlights (April 1, 2023 through March 31, 2024)

(1) Unconsolidated Financial Results

(Percentage indicates change from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2024	3,636,113	21.2	132,302	171.0	226,555	120.8	137,731	53.4
FY2023	3,000,360	28.3	48,828	(30.1)	102,591	(21.1)	89,771	6.2

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2024	218.60	218.42
FY2023	142.50	142.38

(2) Unconsolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	millions of yen	millions of yen	%	yen
As of Mar. 31, 2024	2,718,102	1,280,920	47.1	2,032.19
As of Mar. 31, 2023	2,467,387	1,118,720	45.3	1,775.08

Reference: Net Assets excluding stock acquisition rights (as of March 31)

FY2024	1,280,449 millions of yen
FY2023	1,118,245 millions of yen

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

Cautionary Statements with Respect to Forward-Looking Statements and Other Notes

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. Overview of Financial Results, etc. - (4) Financial Forecast" on page 4 of the attachment.

Attachment

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Financial Summary (Consolidated) For the Fiscal Year Ended March 2024

Financial Summary (Unconsolidated) For the Fiscal Year Ended March 2024

1. Overview of Financial Results, etc.

(1) Overview of Financial Results

In the business environment surrounding the Mazda Group in the fiscal year ended March 31, 2024, the global economy as a whole showed signs of recovery as economic activities returned to normal following the end of the COVID-19 pandemic. Nevertheless, the outlook continued to remain uncertain due to the prolonged Russia-Ukraine crisis, the outbreak of conflicts in the Middle East, and concerns about an economic slowdown amid global financial tightening.

Under these conditions, we faced various logistics constraints including a shortage of vessels, congestion at unloading ports, and longer transportation periods due to rerouting. To secure profits in this environment, in addition to introducing a range of Large Product lineup, we implemented various measures to strengthen sales such as shifting product destinations to markets where sales are strong and reviewing our model mix, sales prices, and equipment. At the same time, we worked to improve management efficiency by increasing investment efficiency and inventory turnover. In addition, we have been promoting initiatives such as electrification to realize our 2030 management policy. In November last year, we established Electrification Business Division (e-Mazda for short) to accelerate the shift of resources to the electrification business. We are steadily working toward the introduction of our first battery electric vehicle with a dedicated battery electric vehicle platform in 2027.

In terms of products, during the consolidated fiscal year ended March 31, 2024, we commenced sales of the Mazda CX-90 in North America in April 2023 and later in other parts of the world. In November of the same year, we released the Mazda MX-30 Rotary-EV in Japan. At the Japan Mobility Show 2023 in October last year, we unveiled the Mazda Iconic SP, a compact sports car concept designed to adapt to a new era. This model features Mazda's unique two-rotor rotary-EV system, which remains compact and thus offers a high degree of layout flexibility, enabling the concept model to have a low center of gravity that enhances driving performance.

Mazda will redouble its efforts to further cultivate people's love of cars through human-centered research and development and unique brand experiences, and will win the support of customers by continuing to evolve Mazda's signature driving pleasure through technology that is in tune with the times and the creation of exciting moving experiences.

[Global sales]

Global sales volume for the fiscal year was 1,241 thousand units, up 11.8% year on year. In addition to strong performance in the United States, growth in vehicle sales was driven by Large Products, the newly introduced CX-90 and the Mazda CX-50, which is manufactured at the Alabama plant in the U.S.

<Japan>

Sales declined 2.8% year on year to 160 thousand units amid increasingly intense competition, particularly for crossover SUVs. The improved Roadster, a product upgrade model, introduced in January this year, has been performing well.

<North America>

In the United States, sales were driven by the newly introduced CX-90 and the CX-50, following an increase in production volume with the start of two-shift operations at the Alabama plant, resulting in a 24.6% record-high growth in sales to 375 thousand units. Performance in North America as a whole was also strong, with a 26.4% year-on-year growth in sales to 514 thousand units, thanks to robust sales in Canada and Mexico.

<Europe>

Increased sales in major markets such as Germany and the UK boosted sales in Europe by 12.6% year on year to 180 thousand units. By model, the Mazda CX-60 and Mazda CX-30 in particular contributed to the increase in sales.

<China>

Sales of the Mazda3, Mazda CX-5, and newly introduced CX-50 contributed to an increase in sales volume, resulting in a 14.7% increase year on year to 97 thousand units.

<Other markets>

In Australia, one of Mazda’s major markets, the newly introduced CX-60, the CX-3 and CX-30 contributed to an increase in sales, resulting in an 8.0% year-on-year growth to 98 thousand units. In other markets as a whole, however, overall sales declined 1.7% year on year to 289 thousand units due to a contraction in sales in Thailand and other ASEAN markets.

[Consolidated financial results]

Financial performance on a consolidated basis for the fiscal year ended March 31, 2024 was as follows.
(In billion yen)

	FY2023	FY2024	vs. Prior Year	
	Full Year	Full Year	Amount	Rate
Net sales	3,826.8	4,827.7	1,000.9	26.2%
Operating income	142.0	250.5	108.5	76.4%
Ordinary income	185.9	320.1	134.2	72.2%
Net income attributable to owners of the parent	142.8	207.7	64.9	45.4%

And, operating income changes were as follows. (In billion yen)

	Full Year
Volume & mix	125.2
Exchange rate	53.5
Raw material, logistics costs, etc.	(11.2)
Cost improvement	24.8
Fixed costs and others	(83.8)
Total	108.5

Financial results by segment were as follows. (In billion yen)

		FY2023	FY2024	vs. Prior Year	
		Full Year	Full Year	Amount	Rate
Net sales	Japan	3,194.8	3,868.0	673.2	21.1%
	North America	2,044.0	2,983.2	939.1	45.9%
	Europe	665.9	926.7	260.8	39.2%
	Other	656.1	732.6	76.5	11.7%
Operating income	Japan	71.3	152.2	80.9	113.4%
	North America	38.1	87.6	49.6	130.2%
	Europe	14.9	20.3	5.4	35.9%
	Other	26.7	26.9	0.2	0.6%

(2) Overview of Financial Position

As of March 31, 2024, total assets increased ¥532.5 billion from the end of the previous fiscal year, to ¥3,791.8 billion. Total liabilities increased ¥231.9 billion from the end of the previous fiscal year to ¥2,034.4 billion.

Net assets as of March 31, 2024 increased ¥300.6 billion from the end of the previous fiscal year to ¥1,757.4 billion, reflecting net income attributable to owners of the parent of ¥207.7 billion and others. Equity ratio increased 1.6 percentage points from the end of the previous fiscal year to 45.8% (Percentage after consideration of the equity credit attributes of the subordinated loan was 46.7%).

(3) Overview of Cash Flows

Cash and cash equivalent as of March 31, 2024 increased ¥202.2 billion from the end of the previous fiscal year to ¥919.3 billion. Interest-bearing debt as of March 31, 2024 decreased ¥47.7 billion from the end of previous fiscal year to ¥567.8 billion. As a result, we are in a net cash position of ¥351.5 billion.

Cash flows for the fiscal year ended March 31, 2024 by activities were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥418.9 billion, mainly reflecting income before income taxes of ¥298.3 billion, additionally a decrease in inventories, etc. (For the previous fiscal year, net cash provided by operating activities was ¥137.4 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥179.9 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment and loans receivable. (For the previous fiscal year, net cash used in investing activities was ¥99.4 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥239.0 billion. (For the previous fiscal year, consolidated free cash flow was positive ¥38.0 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥84.7 billion, mainly reflecting the repayments of long-term loans payable. (For the previous fiscal year, net cash used in financing activities was ¥89.9 billion.)

(4) Financial Forecast

For the next fiscal year ending March 31 2025, we are targeting further top-line growth. In terms of sales, we expect an increase in unit sales, mainly driven by four Large Products that are globally available. In terms of the consolidated business forecast, operating income is expected to reach a new record high as a result of a further volume growth, especially of Large products, and an improvement in variable profit per unit.

The forecast for consolidated business performance and global sales volume for the next fiscal year is as follows.

Consolidated Financial Forecast (April 1, 2024 through March 31, 2025)

	Full Year		vs. Prior Year	
Net sales	5,350.0	billion yen	10.8	%
Operating income	270.0	billion yen	7.8	%
Ordinary income	220.0	billion yen	(31.3)	%
Net income attributable to owners of the parent	150.0	billion yen	(27.8)	%
Exchange rate				
USD	143	Yen	(2)	Yen
EUR	155	Yen	(2)	Yen

Global Retail Volume Forecast (April 1, 2024 through March 31, 2025)

	Full Year		vs. Prior Year	
Japan	180	thousand units	12.5	%
North America	600	thousand units	16.7	%
Europe	183	thousand units	1.5	%
China	98	thousand units	1.2	%
Other	339	thousand units	17.1	%
Total	1,400	thousand units	12.8	%

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 exchange rates.

(5) Basic Dividend Policy, Dividends for March 2024 and March 2025 Fiscal Years

Mazda’s policy regarding the stock dividend is to determine the amount of dividend payments, taking into account current fiscal year’s financial results, business environment, and financial condition, etc. And Mazda is striving for realization of a stable shareholder returns and its future steady increase.

For the fiscal year ended March 31, 2024, we plan to pay a dividend of 60 yen per share (an interim dividend of 25 yen and a year-end dividend of 35 yen (ordinary dividend of 30 yen and special dividend of 5 yen)).

As for the dividend forecast for the next fiscal year ending March 31, 2025, the interim dividend will be 25 yen per share and the year-end dividend to be determined. We are going to promptly announce the dividend forecast as soon as it is determined, taking into account the progress of future business performance and other factors.

2. Basic Rationale for the Selection of Accounting Standards

We are considering to apply International Financial Reporting Standards (IFRS) in the future, in order to enhance the international comparability of our financial information, quality of Group management and corporate governance. In regard to the timing of IFRS application, we will examine it observing the trend of the adoption among Japanese companies as well as the domestic and overseas economic situations, etc.

3. Consolidated Financial Statements and Major Footnotes

(1) Consolidated Balance Sheets

	(Millions of Yen)	
As of	FY2023 March 31, 2023	FY2024 March 31, 2024
ASSETS		
Current Assets:		
Cash and deposits	628,098	818,563
Trade notes and accounts receivable	166,921	163,426
Securities	89,000	104,000
Inventories	670,904	680,452
Other	170,814	228,155
Allowance for doubtful receivables	(1,573)	(1,567)
Total current assets	1,724,164	1,993,029
Non-current Assets:		
Property, plant and equipment:		
Buildings and structures (net)	200,542	205,336
Machinery, equipment and vehicles (net)	378,913	405,095
Tools, furniture and fixtures (net)	78,496	71,833
Land	419,419	419,653
Leased assets (net)	25,289	24,498
Construction in progress	61,947	66,460
Total property, plant and equipment	1,164,606	1,192,875
Intangible assets:		
Software	52,158	60,284
Other	2,456	2,443
Total intangible assets	54,614	62,727
Investments and other assets:		
Investment securities	214,895	304,378
Long-term loans receivable	313	18,592
Asset for retirement benefits	12,289	96,107
Deferred tax assets	51,011	55,989
Other	37,642	68,350
Allowance for doubtful receivables	(283)	(279)
Total investments and other assets	315,867	543,137
Total non-current assets	1,535,087	1,798,739
Total Assets	3,259,251	3,791,768

(Millions of Yen)

As of	FY2023 March 31, 2023	FY2024 March 31, 2024
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	480,975	435,290
Short-term loans payable	1,460	30,304
Bonds due within one year	-	20,000
Long-term loans payable due within one year	199,579	94,238
Lease obligations	6,847	7,231
Income taxes payable	18,212	79,079
Other accounts payable	46,566	52,842
Accrued expenses	274,964	403,325
Reserve for warranty expenses	108,895	156,383
Other	123,722	126,925
Total current liabilities	1,261,220	1,405,617
Non-current liabilities:		
Bonds	50,000	45,000
Long-term loans payable	345,340	359,122
Lease obligations	20,869	19,894
Deferred tax liability related to land revaluation	64,434	64,345
Provision related to environmental regulations	14,533	29,505
Liability for retirement benefits	18,238	67,594
Other	27,816	43,313
Total non-current liabilities	541,230	628,773
Total Liabilities	1,802,450	2,034,390
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,035	263,007
Retained earnings	699,231	875,629
Treasury stock	(1,995)	(1,873)
Total capital and retained earnings	1,244,228	1,420,720
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	20,243	77,407
Deferred gains/(losses) on hedges	(68)	135
Land revaluation	145,302	145,099
Foreign currency translation adjustment	14,184	55,394
Accumulated adjustments for retirement benefits	15,709	38,830
Total accumulated other comprehensive income/(loss)	195,370	316,865
Stock Acquisition Rights	475	471
Non-controlling Interests	16,728	19,322
Total Net Assets	1,456,801	1,757,378
Total Liabilities and Net Assets	3,259,251	3,791,768

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations

(Millions of Yen)

	FY2023	FY2024
	March 31, 2023	March 31, 2024
	For the years ended	
Net sales	3,826,752	4,827,662
Cost of sales	3,025,230	3,788,978
Gross profit	801,522	1,038,684
Selling, general and administrative expenses	659,553	788,181
Operating income	141,969	250,503
Non-operating income		
Interest income	10,603	21,413
Dividend income	2,566	3,435
Rental income	1,701	1,720
Equity in net income of affiliated companies	15,777	8,808
Foreign exchange gain	25,952	54,181
Other	5,209	5,543
Total	61,808	95,100
Non-operating expenses		
Interest expense	8,483	7,838
Loss on transfer of receivables	2,349	10,416
Burden charge payment	2,106	-
Other	4,903	7,229
Total	17,841	25,483
Ordinary income	185,936	320,120
Extraordinary income		
Gain on sales of property, plant and equipment	136	217
Compensation for the exercise of eminent domain	271	1
Reversal of provision for environmental measures	54	-
Other	-	14
Total	461	232
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	5,094	15,420
Impairment loss	296	5,787
Loss on liquidation of subsidiaries and affiliates	10,953	-
Other	82	822
Total	16,425	22,029
Income before income taxes	169,972	298,323
Income taxes		
Current	44,523	109,860
Deferred	(18,790)	(20,953)
Total	25,733	88,907
Net income	144,239	209,416
Net income attributable to Non-controlling interests	1,425	1,720
Net income attributable to owners of the parent	142,814	207,696

Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the years ended	FY2023 March 31, 2023	FY2024 March 31, 2024
Net income	144,239	209,416
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	(9,466)	57,145
Deferred gains/(losses) on hedges	1,241	164
Foreign currency translation adjustment	14,371	35,503
Adjustments for retirement benefits	8,639	22,942
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	6,441	6,962
Total	21,226	122,716
Comprehensive income	165,465	332,132
Comprehensive income/(loss) attributable to:		
Owners of the parent	163,596	329,394
Non-controlling interests	1,869	2,738

(3) Consolidated Statements of Changes in Net Assets

(For the Year Ended March 31, 2023)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen
Balance at April 1, 2022	283,957	263,003	581,458	(2,100)	1,126,318	29,707	(1,314)
Changes during the period:							
Dividends paid			(25,197)		(25,197)		
Net income attributable to owners of the parent			142,814		142,814		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		(29)		107	78		
Change of scope of consolidation			(78)		(78)		
Reversal for land revaluation			234		234		
Change in ownership interest of parent arising from transactions with non-controlling shareholders		61			61		
Changes in items other than capital and retained earnings, net						(9,464)	1,246
Total changes during the period	-	32	117,773	105	117,910	(9,464)	1,246
Balance at March 31, 2023	283,957	263,035	699,231	(1,995)	1,244,228	20,243	(68)

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen
Balance at April 1, 2022	145,536	(6,162)	7,055	174,822	440	15,117	1,316,697
Changes during the period:							
Dividends paid							(25,197)
Net income attributable to owners of the parent							142,814
Purchase of treasury stock							(2)
Sale of treasury stock							78
Change of scope of consolidation							(78)
Reversal for land revaluation							234
Change in ownership interest of parent arising from transactions with non-controlling shareholders							61
Changes in items other than capital and retained earnings, net	(234)	20,346	8,654	20,548	35	1,611	22,194
Total changes during the period	(234)	20,346	8,654	20,548	35	1,611	140,104
Balance at March 31, 2023	145,302	14,184	15,709	195,370	475	16,728	1,456,801

(For the Year Ended March 31, 2024)

	Capital and Retained Earnings					Accumulated Other Comprehensive Income/(Loss)	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges
	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen
Balance at April 1, 2023	283,957	263,035	699,231	(1,995)	1,244,228	20,243	(68)
Changes during the period:							
Dividends paid			(31,501)		(31,501)		
Net income attributable to owners of the parent			207,696		207,696		
Purchase of treasury stock				(2)	(2)		
Sale of treasury stock		(28)		124	96		
Change of scope of consolidation					-		
Reversal for land revaluation			203		203		
Change in ownership interest of parent arising from transactions with non-controlling shareholders					-		
Changes in items other than capital and retained earnings, net						57,164	203
Total changes during the period	-	(28)	176,398	122	176,492	57,164	203
Balance at March 31, 2024	283,957	263,007	875,629	(1,873)	1,420,720	77,407	135

	Accumulated Other Comprehensive Income/(Loss)				Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Land revaluation	Foreign currency translation adjustment	Accumulated adjustments for retirement benefits	Total			
	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen	Milyen
Balance at April 1, 2023	145,302	14,184	15,709	195,370	475	16,728	1,456,801
Changes during the period:							
Dividends paid							(31,501)
Net income attributable to owners of the parent							207,696
Purchase of treasury stock							(2)
Sale of treasury stock							96
Change of scope of consolidation							-
Reversal for land revaluation							203
Change in ownership interest of parent arising from transactions with non-controlling shareholders							-
Changes in items other than capital and retained earnings, net	(203)	41,210	23,121	121,495	(4)	2,594	124,085
Total changes during the period	(203)	41,210	23,121	121,495	(4)	2,594	300,577
Balance at March 31, 2024	145,099	55,394	38,830	316,865	471	19,322	1,757,378

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

For the years ended	FY2023 March 31, 2023	FY2024 March 31, 2024
Cash flows from operating activities:		
Income before income taxes	169,972	298,323
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	105,950	113,348
Impairment loss	296	5,787
Increase/(decrease) in allowance for doubtful receivables	(4,688)	(165)
Increase/(decrease) in reserve for warranty expenses	21,999	44,778
Increase/(decrease) in provision for loss on compensation for damage	(11,100)	(161)
Increase/(decrease) in provision related to environmental regulations	14,533	14,850
Net changes in asset and liability for retirement benefits	(7,251)	(6,136)
Interest and dividend income	(13,169)	(24,848)
Interest expense	8,483	7,838
Equity in net loss/(income) of affiliated companies	(15,777)	(8,808)
Loss/(gain) on sales and retirement of property, plant and equipment	4,687	15,202
Loss on liquidation of subsidiaries and affiliates	10,953	-
Decrease/(increase) in trade notes and accounts receivable	(17,509)	13,439
Decrease/(increase) in inventories	(258,052)	42,764
Decrease/(increase) in other current assets	(5,222)	(4,761)
Increase/(decrease) in trade notes and accounts payable	127,833	(62,823)
Increase/(decrease) in other current liabilities	54,634	84,807
Other	(42,065)	(85,171)
Subtotal	144,507	448,263
Interest and dividends received	20,755	30,708
Interest paid	(8,112)	(7,448)
Income taxes refunded/(paid)	(19,726)	(52,628)
Net cash provided by/(used in) operating activities	137,424	418,895
Cash flows from investing activities:		
Net decrease/(increase) in time deposits	-	(3,252)
Purchase of investment securities	(3,124)	(3,868)
Proceeds from sales and redemption of investment securities	433	151
Purchase of property, plant and equipment	(79,787)	(92,742)
Proceeds from sales of property, plant and equipment	822	1,118
Purchase of intangible assets	(19,341)	(22,501)
Net decrease/(increase) in short-term loans receivable	(2)	(32,892)
Payments of long-term loans receivable	(19)	(25,325)
Collections of long-term loans receivable	98	31
Other	1,493	(609)
Net cash provided by/(used in) investing activities	(99,427)	(179,889)

(Millions of Yen)

For the years ended	FY2023 March 31, 2023	FY2024 March 31, 2024
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	(74)	29,441
Proceeds from long-term loans payable	4,802	108,000
Repayments of long-term loans payable	(63,546)	(199,577)
Proceeds from issuance of bonds	-	14,937
Proceeds from sale and leaseback transactions	145	93
Repayments of lease obligations	(5,872)	(6,047)
Cash dividends paid	(25,197)	(31,501)
Cash dividends paid to non-controlling interests	(197)	(144)
Net decrease/(increase) in treasury stock	76	94
Net cash provided by/(used in) financing activities	(89,863)	(84,704)
Effect of exchange rate fluctuations on cash and cash equivalents	28,884	47,870
Net increase/(decrease) in cash and cash equivalents	(22,982)	202,172
Cash and cash equivalents at beginning of the period	740,385	717,093
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(310)	-
Cash and cash equivalents at end of the period	717,093	919,265

(5) Footnotes to the Consolidated Financial Statements

(Note on the Assumptions as Going Concern)

Not applicable

(Changes in Presentation)

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 fiscal year ended 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)**1) Overview of Reportable Segments**

The reportable segments of Mazda Group consist of business components for which separate financial statements are available. The reportable segments are the subject of periodical review by board of directors' meetings for the purpose of making decisions on the distribution of corporate resources and evaluating business performance.

Mazda Group is primarily engaged in the manufacture and sale of automobiles. Businesses in Japan are managed by Mazda Motor Corporation. Businesses in North America are managed by Mazda Motor of America, Inc. and Mazda Motor Corporation. And businesses in Europe regions are managed by Mazda Motor Europe GmbH and Mazda Motor Corporation. Areas other than Japan, North America and Europe are defined as Other areas, regarding it as one management unit. Business deployment in countries in Other areas are managed in an integrated manner by Mazda Motor Corporation.

Accordingly, Mazda Group consists of regional segments based on a system of managing production and sale. As such, Japan, North America, Europe and Other areas are designated as four reportable segments.

2) Measurement of Sales, Income or Loss, Assets, and Other Items by Reportable Segments

The accounting treatment of reportable segments is the same as that used for the preparation of Consolidated Financial Statements. In addition, inter-segment sales or transfer are based on the current market price.

3) Sales, Income or Loss, Assets, and Other Items by Reportable Segments

(For the fiscal year ended March 31, 2023)

(Millions of Yen)

Year Ended March 31, 2023	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	953,929	1,636,023	635,349	601,451	3,826,752	-	3,826,752
Inter-segment sales or transfer	2,240,913	408,020	30,571	54,639	2,734,143	(2,734,143)	-
Total	3,194,842	2,044,043	665,920	656,090	6,560,895	(2,734,143)	3,826,752
Segment income	71,331	38,061	14,920	26,728	151,040	(9,071)	141,969
Segment assets	2,552,277	671,464	267,657	372,176	3,863,574	(604,323)	3,259,251
Other items							
Depreciation and amortization	59,784	34,846	4,808	6,512	105,950	-	105,950
Investments in affiliated companies on the equity method	33,558	-	-	91,769	125,327	-	125,327
Increase in property, plant and equipment and intangible assets	80,141	10,375	1,195	2,428	94,139	-	94,139

Notes: 1. Notes on Adjustment:

(1) The adjustment on segment income is eliminations of inter-segment transactions.

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

2. The segment income is reconciled with the operating income in the consolidated statement of operations for the fiscal year ended March 31, 2023.

The segment assets are reconciled with the total assets in the consolidated balance sheet as of March 31, 2023.

(For the fiscal year ended March 31, 2024)

(Millions of Yen)

Year Ended March 31, 2024	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	942,619	2,342,380	887,650	655,013	4,827,662	-	4,827,662
Inter-segment sales or transfer	2,925,430	640,795	39,039	77,614	3,682,878	(3,682,878)	-
Total	3,868,049	2,983,175	926,689	732,627	8,510,540	(3,682,878)	4,827,662
Segment income	152,188	87,618	20,273	26,882	286,961	(36,458)	250,503
Segment assets	2,880,242	817,324	351,486	387,741	4,436,793	(645,025)	3,791,768
Other items							
Depreciation and amortization	63,629	37,161	6,382	6,176	113,348	-	113,348
Investments in affiliated companies on the equity method	36,408	9,439	-	86,121	131,968	-	131,968
Increase in property, plant and equipment and intangible assets	102,808	15,071	1,229	2,235	121,343	-	121,343

Notes: 1. Notes on Adjustment:

(1) The adjustment on segment income is eliminations of inter-segment transactions.

(2) The adjustment on segment assets is mainly eliminations of inter-segment receivables and payables.

2. The segment income is reconciled with the operating income in the consolidated statement of operations for the fiscal year ended March 31, 2024.

The segment assets are reconciled with the total assets in the consolidated balance sheet as of March 31, 2024.

(Information on Amounts Per Share of Common Stock)

	FY2023 (April 1, 2022 to March 31, 2023)	FY2024 (April 1, 2023 to March 31, 2024)
Net assets per share of common stock (Yen)	2,285.21	2,757.74
Net income per share of common stock (Basic) (Yen)	226.71	329.65
Net income per share of common stock (Diluted) (Yen)	226.52	329.38

Note1: The calculation basis of Net income per share of common stock is as follows.

	FY2023 (April 1, 2022 to March 31, 2023)	FY2024 (April 1, 2023 to March 31, 2024)
Net income per share of common stock:		
Net income attributable to owners of the parent (Millions of Yen)	142,814	207,696
Amount not attribute to common stock shareholders (Millions of Yen)	-	-
Net income attributable to owners of the parent related to common stock (Millions of Yen)	142,814	207,696
Average number of shares outstanding during the period (Thousands of shares)	629,950	630,052
Diluted net income per share of common stock		
Net income adjustment attributable to parent company shareholder (Millions of Yen)	-	-
Increase in common stock (Thousands of shares)	530	521
(of which Stock Acquisition Rights (Thousands of shares))	(530)	(521)
Overview of potentially dilutive common stock not included in the calculation of diluted net income per share because the stock have no dilution effect	-	-

Note2: The calculation basis of Net assets per share of common stock is as follows.

	FY2023 (As of March 31, 2023)	FY2024 (As of March 31, 2024)
Total Net assets (Millions of Yen)	1,456,801	1,757,378
Amount deducted from total Net assets (Millions of Yen)	17,203	19,793
(of which Stock Acquisition Rights (Millions of Yen))	(475)	(471)
(of which Non-controlling Interests (Millions of Yen))	(16,728)	(19,322)
Net assets related to common stock (Millions of Yen)	1,439,598	1,737,585
Number of common stock used in the calculation of net assets per share (Thousands of shares)	629,962	630,075

(Significant Subsequent Events)

Not applicable.

4. Unconsolidated Financial Statements and Major Footnotes

(1) Unconsolidated Balance Sheets

(Millions of Yen)

As of	FY2023 March 31, 2023	FY2024 March 31, 2024
ASSETS		
Current Assets:		
Cash and deposits	375,500	496,807
Accounts receivable - Trade	363,469	341,548
Securities	89,000	104,000
Finished products	69,899	71,324
Work in process	108,616	99,845
Raw materials and supplies	13,965	11,894
Prepaid expenses	7,506	7,999
Accounts receivable - Other	52,466	49,105
Short-term loans receivable	137,007	102,332
Other	49,485	55,993
Allowance for doubtful receivables	(279)	(159)
Total current assets	1,266,634	1,340,688
Non-current Assets:		
Property, plant and equipment:		
Buildings	92,599	94,968
Structures	14,953	15,420
Machinery and equipment	231,442	250,827
Vehicles	4,940	5,949
Tools, furniture and fixtures	21,838	25,194
Land	296,661	296,264
Leased assets	3,303	4,461
Construction in progress	55,962	56,549
Total property, plant and equipment	721,698	749,632
Intangible assets:		
Software	47,732	55,471
Leased assets	1	1
Total intangible assets	47,733	55,472
Investments and other assets:		
Investment securities	84,964	165,122
Stocks of subsidiaries and affiliates	247,928	249,034
Investments in capital of subsidiaries and affiliates	40,766	40,766
Long-term loans receivable from subsidiaries and affiliates	5,958	22,755
Long-term prepaid expenses	19,044	34,513
Prepaid pension cost	-	44,864
Deferred tax assets	28,540	-
Other	4,122	15,256
Total investments and other assets	431,322	572,310
Total non-current assets	1,200,753	1,377,414
Total Assets	2,467,387	2,718,102

		(Millions of Yen)	
As of		FY2023	FY2024
		March 31, 2023	March 31, 2024
LIABILITIES			
Current Liabilities:			
Accounts payable - Trade		365,729	328,681
Bonds due within one year		-	20,000
Long-term loans payable due within one year		198,000	93,500
Lease obligations		1,252	1,566
Accounts payable - Other		14,160	16,540
Accrued expenses		84,102	103,521
Income taxes payable		6,656	54,533
Deposit received		59,769	77,321
Reserve for warranty expenses		85,647	128,675
Forward exchange contracts		828	255
Other		5,053	5,851
Total current liabilities		821,196	830,443
Non-current Liabilities:			
Bonds		50,000	45,000
Long-term loans payable		343,500	358,000
Lease obligations		2,522	3,540
Deferred tax liability		-	3,937
Deferred tax liability related to land revaluation		64,434	64,345
Provision related to environmental regulations		13,792	28,049
Reserve for retirement benefits		21,196	61,807
Reserve for loss on business of subsidiaries and affiliates		19,532	20,697
Long-term guarantee deposited		5,777	6,186
Asset retirement obligations		3,976	3,777
Other		2,742	11,401
Total non-current liabilities		527,471	606,739
Total Liabilities		1,348,667	1,437,182
NET ASSETS			
Capital and Retained Earnings:			
Common stock		283,957	283,957
Capital surplus			
Capital reserve		193,847	193,847
Other capital surplus		73,757	73,729
Total capital surplus		267,604	267,576
Retained earnings			
Other earned surplus			
Unappropriated retained earnings		403,144	509,578
Total retained earnings		403,144	509,578
Treasury stock		(1,990)	(1,868)
Total capital and retained earnings		952,715	1,059,243
Valuation and Translation Adjustments:			
Net unrealized gain/(loss) on available-for-sale securities		20,368	76,083
Deferred gains/(losses) on hedges		(140)	24
Land revaluation		145,302	145,099
Total valuation and translation adjustments		165,530	221,206
Stock Acquisition Rights		475	471
Total Net Assets		1,118,720	1,280,920
Total Liabilities and Net Assets		2,467,387	2,718,102

(2) Unconsolidated Statements of Operations

(Millions of Yen)

	For the years ended	
	FY2023 March 31, 2023	FY2024 March 31, 2024
Net sales	3,000,360	3,636,113
Cost of sales	2,579,670	3,066,966
Gross profit	420,690	569,147
Selling, general and administrative expenses	371,862	436,845
Operating income	48,828	132,302
Non-operating income		
Interest income	8,665	17,113
Interest income of securities	10	22
Dividends income	21,148	26,501
Rental income	4,331	4,305
Foreign exchange gain	27,113	52,068
Other	917	1,885
Total	62,184	101,894
Non-operating expenses		
Interest expense	4,122	4,988
Interest paid on bonds	166	174
Other	4,133	2,479
Total	8,421	7,641
Ordinary income	102,591	226,555
Extraordinary income		
Gain on sales of property, plant and equipment	10	14
Gain on reversal of reserve for loss on business of subsidiaries and affiliates	1,111	-
Other	54	-
Total	1,175	14
Extraordinary losses		
Loss on sales of property, plant and equipment	255	5
Loss on retirement of property, plant and equipment	4,359	14,774
Impairment loss	217	5,683
Reserve for loss on business of subsidiaries and affiliates	10,215	-
Loss on liquidation of subsidiaries and affiliates	-	2,098
Other	67	675
Total	15,113	23,235
Income before income taxes	88,653	203,334
Income taxes		
Current	8,585	57,692
Deferred	(9,703)	7,911
Total	(1,118)	65,603
Net income	89,771	137,731

(3) Unconsolidated Statements of Changes in Net Assets

(For the Year Ended March 31, 2023)

	Capital and Retained Earnings					
	Common stock	Capital surplus		Retained earnings	Treasury stock	Total Capital and Retained earnings
		Capital reserve	Other capital surplus	Other earned surplus Unappropriated retained earnings		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2022	283,957	193,847	73,786	338,335	(2,095)	887,830
Changes during the period:						
Dividends paid				(25,197)		(25,197)
Net income				89,771		89,771
Purchase of treasury stock					(2)	(2)
Sale of treasury stock			(29)		107	78
Reversal for land revaluation				234		234
Changes in items other than capital and retained earnings, net						
Total changes during the period	-	-	(29)	64,809	105	64,885
Balance at March 31, 2023	283,957	193,847	73,757	403,144	(1,990)	952,715

	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2022	29,793	(1,381)	145,536	173,948	440	1,062,218
Changes during the period:						
Dividends paid						(25,197)
Net income						89,771
Purchase of treasury stock						(2)
Sale of treasury stock						78
Reversal for land revaluation						234
Changes in items other than capital and retained earnings, net	(9,425)	1,241	(234)	(8,418)	35	(8,383)
Total changes during the period	(9,425)	1,241	(234)	(8,418)	35	56,502
Balance at March 31, 2023	20,368	(140)	145,302	165,530	475	1,118,720

(For the Year Ended March 31, 2024)

	Capital and Retained Earnings					
	Common stock	Capital surplus		Retained earnings	Treasury stock	Total Capital and Retained earnings
		Capital reserve	Other capital surplus	Other earned surplus Unappropriated retained earnings		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2023	283,957	193,847	73,757	403,144	(1,990)	952,715
Changes during the period:						
Dividends paid				(31,501)		(31,501)
Net income				137,731		137,731
Purchase of treasury stock					(2)	(2)
Sale of treasury stock			(28)		124	96
Reversal for land revaluation				204		204
Changes in items other than capital and retained earnings, net						
Total changes during the period	-	-	(28)	106,434	122	106,528
Balance at March 31, 2024	283,957	193,847	73,729	509,578	(1,868)	1,059,243

	Valuation and Translation Adjustments				Stock Acquisition Rights	Total Net Assets
	Net unrealized gain/(loss) on available-for-sale securities	Deferred gains/(losses) on hedges	Land revaluation	Total valuation and translation adjustments		
	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen	Mil.yen
Balance at April 1, 2023	20,368	(140)	145,302	165,530	475	1,118,720
Changes during the period:						
Dividends paid						(31,501)
Net income						137,731
Purchase of treasury stock						(2)
Sale of treasury stock						96
Reversal for land revaluation						204
Changes in items other than capital and retained earnings, net	55,715	164	(204)	55,675	(4)	55,671
Total changes during the period	55,715	164	(204)	55,675	(4)	162,199
Balance at March 31, 2024	76,083	24	145,099	221,206	471	1,280,920

(4) Footnotes to the Unconsolidated Financial Statements

(Note on the Assumptions as Going Concern)

Not applicable

EXHIBIT 10

Consolidated Financial Results
For the First Quarter of the Fiscal Year Ending March 31, 2025
(For the First Three Months Ended June 30, 2024)



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

August 7, 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 +81-82-282-1111
 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, 2024 through June 31, 2024)

(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	%
FY2025 1st quarter	1,205,563	10.5	50,360	67.7	80,267	25.6	49,814	33.8
FY2024 1st quarter	1,090,971	76.8	30,025	-	63,922	208.3	37,242	148.3

Note: Comprehensive income
 FY2025 1st quarter **71,804 millions of yen** (**(2.8)** %)
 FY2024 1st quarter 73,837 millions of yen (**44.5** %)

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
FY2025 1st quarter	79.06	78.99
FY2024 1st quarter	59.11	59.07

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
As of	millions of yen	millions of yen	%
June 30, 2024	3,883,182	1,807,003	46.0
March 31, 2024	3,791,768	1,757,378	45.8

Reference: Net Assets excluding non-controlling interests

As of **June 30, 2024** **1,786,057 millions of yen**
 As of March 31, 2024 1,737,585 millions of yen

2. Dividends

	Dividends Per Share				
	1st Qtr.	2nd Qtr.	3rd Qtr.	Year End	Full-Year
	yen	yen	yen	yen	yen
FY2024	-	25.00	-	35.00	60.00
FY2025	-	-	-	-	-
FY2025 (Forecast)	-	25.00	-	-	-

Note 1: Revision of the dividend forecast most recently announced: None

The year-end dividend forecast for the fiscal year ending March 31, 2025 is to be determined.

Note 2: Breakdown of year-end dividend for the fiscal year ended March 31, 2024: ordinary dividend 30 yen; special dividend 5 yen

3. Consolidated Financial Forecast (April 1, 2024 through March 31, 2025)

(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
FY2025 Full Year	5,350,000	10.8	270,000	7.8	220,000	(31.3)	150,000	(27.8)	238.04

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

Notes:

(1) **Significant changes in the scope of consolidation during the period:** 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 11 of the attachment.

(4) **Number of outstanding shares (Common stock)**

1) Number of outstanding shares (including treasury stock)		
	As of June 30, 2024	631,803,979 shares
	As of March 31, 2024	631,803,979 shares
2) Number of treasury stock		
	As of June 30, 2024	1,648,210 shares
	As of March 31, 2024	1,728,394 shares
3) Average number of outstanding shares		
	For 3 months ended June 30, 2024	630,117,398 shares
	For 3 months ended June 30, 2023	630,000,021 shares

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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. Overview of Consolidated Business Results, etc. for the Quarterly Period - (4) Future Estimates such as Consolidated Financial Forecast” on page 4 of the attachment.

ATTACHMENT

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Financial Summary (Consolidated)

For the First Quarter of the Fiscal Year Ending March 31, 2025

1. Overview of Consolidated Business Results, etc. for the Quarterly Period

(1) Overview of Consolidated Business Results

(Global Sales)

Global sales volume for the first three months of the fiscal year ending March 31, 2025 was 309 thousand units, mostly unchanged year on year. Despite increasing competition in the major markets, sales in North America continued to perform well, due to flexible responses such as enhanced sales promotion programs.

(In thousands of units)

	FY 2024 First 3 Months (Apr.'23-Jun.'23)	FY 2025 First 3 Months (Apr.'24-Jun.'24)	vs. Prior Year	
			Volume	Rate (%)
Japan	42	29	(13)	(31.3) %
North America	128	146	18	14.3 %
Europe	44	49	5	11.9 %
China	20	18	(2)	(9.0) %
Other	75	67	(8)	(10.2) %
Total	309	309	1	0.3 %
<Breakdown>				
USA	95	102	7	7.3 %

(Consolidated Financial Results)

Financial performance on a consolidated basis for the first three months of the fiscal year ending March 31, 2025 was as follows. Net sales amounted to ¥1,205.6 billion, an increase of ¥114.6 billion or 10.5% compared to the corresponding period in the previous fiscal year. Operating income amounted to ¥50.4 billion, an increase of ¥20.4 billion or 67.7% compared to the corresponding period in the previous fiscal year. Ordinary income amounted to ¥80.3 billion, an increase of ¥16.4 billion or 25.6% compared to the corresponding period in the previous fiscal year. Net income attributable to owners of the parent amounted to ¥49.8 billion, an increase of ¥12.6 billion or 33.8% compared to the corresponding period in the previous fiscal year, reflecting the factors such as income taxes of ¥28.9 billion.

Operating income changes were as follows.

Volume & mix	3.3	billion yen
Sales incentives	(35.1)	billion yen
Exchange rate	43.9	billion yen
Raw material, logistics costs, etc.	(7.8)	billion yen
Cost improvement	3.8	billion yen
Fixed costs and others	12.3	billion yen
Total	20.4	billion yen

(2) Consolidated Financial Position and Cash Flows

(Assets, Liabilities and Net Assets)

As of June 30, 2024, total assets increased ¥91.4 billion from the end of the previous fiscal year, to ¥3,883.2 billion. Total liabilities increased ¥41.8 billion from the end of the previous fiscal year to ¥2,076.2 billion.

Net Assets as of June 30, 2024 increased ¥49.6 billion from the end of the previous fiscal year to ¥1,807.0 billion, mainly reflecting net income attributable to owners of the parent of ¥49.8 billion. Equity ratio increased 0.2 percentage points from the end of the previous fiscal year to 46.0% (Percentage after consideration of the equity credit attributes of the subordinated loan was 46.9%).

(Cash Flows)

Cash and cash equivalent as of June 30, 2024 increased ¥25.7 billion from the end of the previous fiscal year to ¥944.9 billion. Interest-bearing debt as of June 30, 2024 increased ¥11.1 billion from the end of previous fiscal year to ¥578.9 billion. As a result, we are in a net cash position of ¥366.0 billion.

Cash flows for the first three months of the fiscal year ending March 31, 2025 by activities were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥26.2 billion, reflecting income before income taxes of ¥79.2 billion, offset by income taxes paid, etc. (For the first three months of the previous fiscal year, net cash provided by operating activities was ¥28.4 billion.)

Cash flows from investing activities

Net cash used in investing activities was ¥20.2 billion, mainly reflecting capital expenditure for the purchase of property, plant and equipment of ¥24.3 billion. (For the first three months of the previous fiscal year, net cash used in investing activities was ¥28.8 billion.)

As a result, consolidated free cash flow (net of operating and investing activities) was positive ¥6.0 billion. (For the first three months of the previous fiscal year, consolidated free cash flow was negative ¥0.4 billion.)

Cash flows from financing activities

Net cash used in financing activities was ¥13.4 billion, mainly reflecting payments of dividends and repayments of long-term loans payable, offset by funds raised through long-term loans. (For the first three months of the previous fiscal year, net cash used in financing activities was ¥59.1 billion.)

(3) Business and Financial Issues to Be Addressed

Investigation Report on Applications for Type Designation Submitted to the Ministry of Land, Infrastructure, Transport and Tourism and Guidance from the Ministry

Under the request issued in January 2024 by the Ministry of Land, Infrastructure, Transport and Tourism to conduct an “Investigation of facts regarding the existence of irregularities in Applications for Type Designation,” the Company investigated all of its 2,403 tests for applications for Type Designation, implemented in the period covered by this investigation^{*1}. The investigation results confirmed irregularities in a total of five tests in two test categories, which was reported to the Ministry on May 30, 2024.

Subsequently, an on-site inspection was conducted by the Ministry from June 10, and on June 28, the Ministry announced the guidance on the matter, the confirmation results of conformity to the standards, and the lifting of the

order to suspend shipments of current production vehicles. Based on the results of the on-site inspection, the Company is instructed to implement measures to prevent recurrence, and to report on the implementation status of these measures every six months for the time being. The Ministry has confirmed that the five affected models^{*2} are in compliance with the standards.

Accordingly, shipments and production of the two current production vehicles^{*3}, that had been suspended since May 30, 2024, resumed in July.

We take this guidance seriously and will work to restore trust by ensuring that the entire company will implement recurrence prevention measures.

*1: The covered period is 10 years, from January 2014 to January 2024.

*2: Atenza, Axela, Atenza/MAZDA6, ROADSTER RF, MAZDA2 (1.5-litre gasoline engine models) for Japan

*3: ROADSTER RF, MAZDA2 (1.5-litre gasoline engine model) for Japan

(4) Future Estimates such as Consolidated Financial Forecast

The full-year consolidated financial forecast for the fiscal year ending March 31, 2025 remains unchanged from the previous forecast, released on May 10, 2024.

Exchange rate assumptions for the full year have been revised to 150 yen to the U.S. dollar and 162 yen to the Euro (Previous forecast 143 yen to the U.S. dollar, 155 yen to the Euro).

2. Quarterly Consolidated Financial Statements and Major Footnotes

(1) Quarterly Consolidated Balance Sheets

		(Millions of Yen)	
As of	FY2024 March 31, 2024	FY2025 June 30, 2024	
ASSETS			
Current Assets:			
Cash and deposits	818,563	769,719	
Trade notes and accounts receivable	163,426	159,042	
Securities	104,000	179,000	
Inventories	680,452	755,242	
Other	228,155	221,342	
Allowance for doubtful receivables	(1,567)	(1,522)	
Total current assets	1,993,029	2,082,823	
Non-current Assets:			
Property, plant and equipment:			
Buildings and structures (net)	205,336	206,255	
Machinery, equipment and vehicles (net)	405,095	418,212	
Land	419,653	420,641	
Leased assets (net)	24,498	25,417	
Other (net)	138,293	123,790	
Total property, plant and equipment	1,192,875	1,194,315	
Intangible assets:	62,727	64,043	
Investments and other assets:			
Investment securities	304,378	287,496	
Asset for retirement benefits	96,107	97,224	
Other	142,931	157,560	
Allowance for doubtful receivables	(279)	(279)	
Total investments and other assets	543,137	542,001	
Total non-current assets	1,798,739	1,800,359	
Total Assets	3,791,768	3,883,182	

(Millions of Yen)

As of	FY2024 March 31, 2024	FY2025 June 30, 2024
LIABILITIES		
Current Liabilities:		
Trade notes and accounts payable	435,290	471,862
Short-term loans payable	30,304	33,135
Bonds due within one year	20,000	20,000
Long-term loans payable due within one year	94,238	151,549
Lease obligations	7,231	7,428
Income taxes payable	79,079	46,882
Accrued expenses	403,325	445,365
Reserve for warranty expenses	156,383	161,491
Other	179,767	154,809
Total current liabilities	1,405,617	1,492,521
Non-current Liabilities:		
Bonds	45,000	45,000
Long-term loans payable	359,122	309,265
Lease obligations	19,894	20,704
Deferred tax liability related to land revaluation	64,345	64,345
Provision related to environmental regulations	29,505	39,928
Liability for retirement benefits	67,594	68,514
Other	43,313	35,902
Total non-current liabilities	628,773	583,658
Total Liabilities	2,034,390	2,076,179
NET ASSETS		
Capital and Retained Earnings:		
Common stock	283,957	283,957
Capital surplus	263,007	262,993
Retained earnings	875,629	903,390
Treasury stock	(1,873)	(1,786)
Total capital and retained earnings	1,420,720	1,448,554
Accumulated Other Comprehensive Income/(Loss):		
Net unrealized gain/(loss) on available-for-sale securities	77,407	63,246
Deferred gains/(losses) on hedges	135	195
Land revaluation	145,099	145,099
Foreign currency translation adjustment	55,394	91,294
Accumulated adjustments for retirement benefits	38,830	37,669
Total accumulated other comprehensive income/(loss)	316,865	337,503
Stock Acquisition Rights	471	398
Non-controlling Interests	19,322	20,548
Total Net Assets	1,757,378	1,807,003
Total Liabilities and Net Assets	3,791,768	3,883,182

(2) Quarterly Consolidated Statements of Operations and Comprehensive Income
(For the first three months ended June 30, 2023 and 2024)

Quarterly Consolidated Statements of Operations

(Millions of Yen)

For the first three months ended	FY2024 June 30, 2023	FY2025 June 30, 2024
Net sales	1,090,971	1,205,563
Cost of sales	874,592	948,488
Gross profit	216,379	257,075
Selling, general and administrative expenses	186,354	206,715
Operating income	30,025	50,360
Non-operating income		
Interest income	3,538	6,101
Equity in net income of affiliated companies	1,747	5,214
Foreign exchange gain	31,015	24,071
Other	2,232	2,258
Total	38,532	37,644
Non-operating expenses		
Interest expense	1,928	2,476
Loss on transfer of receivables	1,952	4,507
Other	755	754
Total	4,635	7,737
Ordinary income	63,922	80,267
Extraordinary income		
Gain on sales of property, plant and equipment	167	381
Other	13	-
Total	180	381
Extraordinary losses		
Loss on sales and retirement of property, plant and equipment	886	1,323
Impairment loss	-	142
Other	57	-
Total	943	1,465
Income before income taxes	63,159	79,183
Income taxes		
Current	24,589	36,555
Deferred	926	(7,703)
Total	25,515	28,852
Net income	37,644	50,331
Net income attributable to Non-controlling interests	402	517
Net income attributable to owners of the parent	37,242	49,814

Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

For the first three months ended	FY2024 June 30, 2023	FY2025 June 30, 2024
Net income	37,644	50,331
Other comprehensive income/(loss)		
Net unrealized gain/(loss) on available-for-sale securities	13,465	(14,155)
Deferred gains/(losses) on hedges	44	(24)
Foreign currency translation adjustment	21,533	34,146
Adjustments for retirement benefits	(981)	(1,156)
Share of other comprehensive income/(loss) of affiliates accounted for using equity method	2,132	2,662
Total	36,193	21,473
Comprehensive income	73,837	71,804
Comprehensive income/(loss) attributable to:		
Owners of the parent	73,083	70,452
Non-controlling interests	754	1,352

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

For the first three months ended	FY2024 June 30, 2023	FY2025 June 30, 2024
Cash flows from operating activities:		
Income before income taxes	63,159	79,183
Adjustments to reconcile income before income taxes to net cash provided by/(used in) operating activities:		
Depreciation and amortization	27,463	28,991
Impairment loss	-	142
Increase/(decrease) in allowance for doubtful receivables	29	(127)
Increase/(decrease) in reserve for warranty expenses	16,735	3,555
Increase/(decrease) in provision related to environmental regulations	3,748	10,444
Net changes in asset and liability for retirement benefits	(1,376)	(1,558)
Interest and dividend income	(3,920)	(6,717)
Interest expense	1,928	2,476
Equity in net loss/(income) of affiliated companies	(1,747)	(5,214)
Loss/(gain) on sales and retirement of property, plant and equipment	718	942
Decrease/(increase) in trade notes and accounts receivable	25,606	9,770
Decrease/(increase) in inventories	8,526	(41,118)
Decrease/(increase) in other current assets	18,364	13,711
Increase/(decrease) in trade notes and accounts payable	(70,010)	27,621
Increase/(decrease) in other current liabilities	(16,805)	(562)
Other	(37,663)	(36,443)
Subtotal	34,755	85,096
Interest and dividends received	7,722	12,185
Interest paid	(1,877)	(2,448)
Income taxes refunded/(paid)	(12,171)	(68,663)
Net cash provided by/(used in) operating activities	28,429	26,170
Cash flows from investing activities:		
Purchase of investment securities	(164)	(346)
Purchase of property, plant and equipment	(24,474)	(24,305)
Proceeds from sales of property, plant and equipment	429	368
Purchase of intangible assets	(4,493)	(5,338)
Net decrease/(increase) in short-term loans receivable	1	9,286
Other	(124)	121
Net cash provided by/(used in) investing activities	(28,825)	(20,214)

(Millions of Yen)

For the first three months ended	FY2024 June 30, 2023	FY2025 June 30, 2024
Cash flows from financing activities:		
Net increase/(decrease) in short-term loans payable	65,802	2,830
Proceeds from long-term loans payable	36,000	23,500
Repayments of long-term loans payable	(143,497)	(16,068)
Proceeds from sale and leaseback transactions	36	10
Repayments of lease obligations	(1,677)	(1,520)
Cash dividends paid	(15,749)	(22,053)
Cash dividends paid to non-controlling interests	(87)	(126)
Net decrease/(increase) in treasury stock	96	73
Net cash provided by/(used in) financing activities	(59,076)	(13,354)
Effect of exchange rate fluctuations on cash and cash equivalents	28,484	33,058
Net increase/(decrease) in cash and cash equivalents	(30,988)	25,660
Cash and cash equivalents at beginning of the period	717,093	919,265
Cash and cash equivalents at end of the period	686,105	944,925

(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)

-Application of the Accounting Standard for Current Income Taxes

We have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This has no effect on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the first quarter of the fiscal year ending March 31, 2025. This change in accounting policies was applied retrospectively. Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This has no effect on the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

(Segment Information)

I. FY2024 First Three Months (April 1, 2023 through June 30, 2023)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2024 First Three Months Ended June 30, 2023	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	243,363	509,451	187,490	150,667	1,090,971	-	1,090,971
Inter-segment sales or transfer	648,868	126,369	8,028	16,267	799,532	(799,532)	-
Total	892,231	635,820	195,518	166,934	1,890,503	(799,532)	1,090,971
Segment income	8,542	25,936	5,112	7,551	47,141	(17,116)	30,025

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 Three Months ended June 30, 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.

II. FY2025 First Three Months (April 1, 2024 through June 30, 2024)

1) Net sales and Income or Loss by Reportable Segments

(Millions of Yen)

FY2025 First Three Months Ended June 30, 2024	Reportable Segments					Adjustment (Note 1)	Consolidated (Note 2)
	Japan	North America	Europe	Other areas	Total		
Net sales:							
Outside customers	192,701	689,288	180,472	143,102	1,205,563	-	1,205,563
Inter-segment sales or transfer	764,664	145,771	9,272	17,607	937,314	(937,314)	-
Total	957,365	835,059	189,744	160,709	2,142,877	(937,314)	1,205,563
Segment income	59,234	22,956	6,129	5,834	94,153	(43,793)	50,360

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 FY2025 first Three Months ended June 30, 2024.

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)

-Issuance of Corporate Bonds

On July 31, 2024, the Company issued its “Unsecured Bond No.32” and “Unsecured Bond No.33” as follows.

Unsecured Bond No.32 (with inter-bond pari passu clause) (Transition Bond)

- | | |
|-------------------------|--|
| 1) Date of issue | July 31, 2024 |
| 2) Principal amount | 20,000 million yen |
| 3) Issue price | 100 yen per face value of 100 yen |
| 4) Annual interest rate | 1.147% |
| 5) Method of redemption | Bullet repayment at maturity |
| 6) Maturity date | July 31, 2029 |
| 7) Use of proceeds | Eligible green or transition project financing as defined in the Company’s Sustainable Finance Framework |

Unsecured Bond No.33 (with inter-bond pari passu clause) (Transition Bond)

- | | |
|-------------------------|--|
| 1) Date of issue | July 31, 2024 |
| 2) Principal Amount | 10,000 million yen |
| 3) Issue price | 100 yen per face value of 100 yen |
| 4) Annual interest rate | 1.845% |
| 5) Method of redemption | Bullet repayment at maturity |
| 6) Maturity date | July 31, 2034 |
| 7) Use of proceeds | Eligible green or transition project financing as defined in the Company’s Sustainable Finance Framework |