

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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(Reference)

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	FY2025
		March 31, 2024	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 |