

Toyota Danmark A/S

Dynamovej 10
2860 Søborg
CVR no. 48 45 63 16

Annual Report for 2023/24

Adopted at the Annual General
Meeting on 12 July 2024

Chairman

Yoshihiro Nakata



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Statement by management on the annual report

The Executive Board and Board of Directors have today considered and approved the Annual Report of Toyota Danmark A/S for the financial year 1 April 2023 - 31 March 2024.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

In our opinion, Management's Review includes a fair and true account of the matters dealt with in the Management's Review.

We recommend the adoption of the Annual Report at the Annual General Meeting.

Copenhagen, 28 June 2024

Executive board

Alar Metsson
CEO

Supervisory board

Carl Robert Christian Norberg Alar Metsson
chairman

Cordula Betty Pleier

Independent Auditor's Report

To the Shareholder of Toyota Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2024, and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Toyota Danmark A/S for the financial year 1 April 2023 - 31 March 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs and the additional requirements applicable in Denmark 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 Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 June 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Anders Røjleskov
State Authorised Public Accountant
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Company details

The Company

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Dynamovej 10
2860 Søborg

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Website: www.toyota.dk

CVR no.: 48 45 63 16

Reporting period: 1 April 2023 - 31 March 2024

Domicile: Gladsaxe

Board of Directors

Carl Robert Christian Norberg, chairman
Alar Metsson
Cordula Betty Pleier

Executive Board

Alar Metsson

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank
Holmens Kanal
DK-1060 København K

Citibank
H.C. Andersens Boulevard 12
DK-1553 København V

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	3.138.189	2.970.162	2.876.081	2.565.852	2.572.123
Gross profit	132.886	201.970	223.512	254.572	322.138
Profit/loss before net financials	63.664	128.242	162.472	197.992	268.448
Net financials	-16.464	-3.190	354	431	90
Profit/loss for the year	36.730	97.457	126.727	154.990	209.340
Balance sheet					
Balance sheet total	840.473	758.681	611.450	691.280	725.018
Investment in property, plant and equipment	654	2.248	2.614	136	7.841
Equity	237.165	297.892	327.162	355.425	409.775
Number of employees	64	63	64	65	67
Financial ratios					
EBIT margin	2,0%	4,3%	5,6%	7,7%	10,4%
Return on assets	8,0%	18,7%	24,9%	28,0%	43,3%
Solvency ratio	28,2%	39,3%	53,5%	51,4%	56,5%
Return on equity	13,7%	31,2%	37,1%	40,5%	54,8%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's Review

The Company's principal activities

Toyota Danmark A/S (TDK) is a subsidiary of Toyota Motor Europe (TME), which is owned by Toyota Motor Corporation (TMC) in Japan. As a long-standing global motor vehicle production and sales corporation, TMC operates in more than 170 countries and regions and employs around 380,000 people worldwide. All engaged in the global strategy and vision of transforming Toyota from an automotive company to a mobility company.

Our vision: Creating Mobility for All. In a diverse and uncertain world, Toyota strives to raise the quality and availability of mobility. We wish to create new possibilities for all humankind and support a sustainable relationship with our plan.

Our way forward: Since Toyota's foundation we have acted in accordance with our Philosophy and Guiding Principles to provide reliable products and support the sustainable development of society. The Toyota Way is our simple framework for applying Toyota's Guiding Principles and building the kind of company we want to be. Through TPS, Toyota's renowned production system, we work according to an original manufacturing philosophy that aims to eliminate waste and achieve the best possible efficiency.

As Toyota's marketing and sales company in Denmark, TDK is responsible for marketing and sales of the Toyota and Lexus brands, as well as the corresponding genuine spare parts and accessories all supplied by TME. TDK also has the market responsibility for the Faroe Islands and Greenland. TDK employs 64 people at our premises (offices and workshop in Søborg).

TDK collaborate closely with our network of 19 independent retailers operating 81 showrooms and repair shops included associated repairs. In addition, 5 retailers/workshop in Faroe Islands and Greenland. Lexus retailer and connected showroom and workshop facilities is located at the HQ of Toyota Danmark and is operated by TDK.

Development in the year

The company's income statement for the year ended 31 March 2024 shows a profit of TDKK 36.730, and the balance sheet at 31. marts 2024 shows equity of TDKK 237.165.

Management's Review

The Danish automobile industry ended with a total of 169.741 passenger cars in the financial year 2023 (FY23), an increase of 15.730 units compared to the financial year 2022 (FY22). The market is of course affected by the general economic conditions, eg. interest rate. Nevertheless, the production constraints among OEMs have reduced and the market has changed from pull to push operations. The electrification rate of the market has accelerated heavily, in December '23 the BEV-UIOs hit the 200K mark, just a little more than a year after the 100K mark. The traditional segment C decreased by 12%, C-SUV by 5%, and B by 1% compared to FY22. However, the traditional segment A increased by 25%, B-SUV by 18%, DSUV 4%, and D/E by 1%. Light Commercial Vehicles sales in FY23 ended at 26.740 units compared to 25.482 units in FY22. That's a 5% increase.

The financial target disclosed in the Annual Report 2022/23, where an increase in the result was expected to be 10% higher than the result for 2022/23, has not been met mainly driven by the special items mentioned in note 1.

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The financial target disclosed in the Annual Report 2022/23, where an increase in the result was expected to be 10% higher than the result for 2022/23, has not been met due to above mentioned causes and special items mentioned in note 1.

In AutoIndex 2023, for the 22nd consecutive year, Toyota again achieved two no. 1 places regarding the satisfaction of customers with the retailers and the workshops, and Toyota reaching number two position in total. The survey includes all suppliers of cars in Denmark, and Toyota has since the launch of AutoIndex in 2003 been amongst the very best.

Significant events occurring after the end of the financial year

Refer to disclosure note 16.

Management's Review

Targets and expectations for the year ahead

In 2024 calendar year, the market is expected to stay on the same level as in 2023, reaching below 200,000 passenger and light commercial vehicles, as a result of the financial prudence. The electrification trend is expected to continue, for passenger cars the BEV sales was 36.3% of the market across 2023, however in December 2023 was 51.5%. Looking at 2024 the trend is expected to increase to 50% BEV sales. For Light Commercial Vehicles the electrification trend is also increasing, coming from 11.2% in 2023 and expected to increase to 13% in 2024. The forecast of 2024 takes this into account, but can be worse or better, than the current predictions under these circumstances.

The car registration tax system implemented in 2021 will continue to influence the future mix of fuel types, where it is expected that the electrified powertrains like HEV, PHEV and BEV will continue to a bigger part of new cars sold in 2024 and onwards.

The uncertainty and electrification trend is affecting the outlook and we expect to sell 17,000 Toyota vehicles which is estimated to result in a market share of 8,5%

Changes in economic conditions, market demand and the competitive environment affecting the car market also have an impact on our profitability, but the uncertain situation regarding the circumstances makes it difficult to project the profit for FY24. However, the management expectations are that the Company will generate a profit in FY24 at the same level as FY23 based on the expectation that market structure and trends will continue as forecasted.

Management's Review

Statement on sustainability

We adhere to the corporate Sustainability Policy: Sustainability is fundamental to how we do business. We contribute to the earth's sustainability and societal development through business activities in cooperation with global society. Toyota seeks to ensure that public policy, societal needs, technology development, and consumer needs are aligned to the greatest extent possible. Wanting to make the future brighter and doing things for someone other than ourselves are the principles behind our philosophy. This supports our sustained efforts to achieve the aims of the United Nations Sustainable Development Goals to ensure that 'no one will be left behind.

Our business activities are described on p.7 under 'the company's principal activities. We comply with local, national, and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity. Furthermore, our TDK Code of Conduct, organizes the basic attitudes necessary for people working at the company and in society, providing a description of basic conducts. We respect our retailers and suppliers and aim to establish long term mutually beneficial relationships based on mutual trust with our business partners. We train our network of retailers in Toyota Way and in 2023/24 we continued training alongside our own employees in the training program named BRiT (Best Retailer in Town) with the focus to ensure a culture where the customer is in the heart of everything we do and managers to develop sustainable retailer operations. In terms of suppliers, we refer to our Supplier CSR policies and guidelines.

TDK's management group takes leadership in fostering a corporate culture and implementing our policies that promote ethical behavior. TME regularly conduct internal audits related to our conduct hence, to support a local TDK Code of Conduct is used to align it more closely to our principle activities as a marketing and sales company.

Toyota Environmental Challenge 2050, it is our duty to conserve resources and manage our ecological footprint for future generations. We have been conducting environmental initiatives since the 1960s. In 1992 we established the Toyota Earth Charter and in 2015 we formulated our long-term global initiatives as the Toyota Environmental Challenge 2050. It commits us to reduce CO2 emissions and achieve carbon neutrality globally by 2050, for our vehicles and operations. In Europe, we are committed to achieve full carbon neutrality by 2040. Our commitment goes further, by improving water usage, promoting end-of-life and recycling technologies, and establishing a society in harmony with nature. For details, please see Toyota Environmental Challenge 2050 (toyota-europe.com) and for details on Toyota's sustainability approach and policies for ESG initiatives along with practical cases and numerical data cf. TMC's Sustainability Data Book www.toyota-europe.com/sustainability.

Management's Review

Environment and climate change

TDK's environmental policy is in line with our Corporate Environmental Sustainability Policy, which states that we care about the environment, it is central to who we are and what we do. We are committed to continually reducing the impact our business has on the world around us and have consistently pioneered technologies, products, and ways of working that are kinder to the environment and benefit society as a whole.

We have since 2008 been ISO 14001 certified to help manage and reduce our local environmental impacts. Our environmental steering committee (ESC) consist of four company representatives including our CEO who review our annual performance and risk assessment, which has identified the cars and spare parts impact on the environment, the portfolio of chemicals and documentation hereof, as well as the buildings thermal envelope and the use of energy for car storage as main risks. ESC also suggests actions we can take to help address the global environmental challenge faced by Toyota. With reference to the six environmental challenges mentioned in the section Statement on sustainability further information follow each challenge:

New Vehicle Zero CO2 Emissions Challenge: TDK focus on increasing the share of electrified cars (hybrid, plug-in hybrid, battery electric and fuel cell electric) of which the share of TDK's annual sale has increased from 38% in FY17 to 65% in FY23. Toyota will the coming years continue to introduce further electrified models, which support the CO2 challenge.

Life Cycle Zero CO2 Emission Challenge: To support this challenge covering all other aspect of a vehicles life cycle not mentioned in challenge 1 and 3, TDK has since 2008 required that our retail and repair network must be ISO 14001 certified, and this continues. We also advise and recommend solutions for our network to reduce CO2. Furthermore, all new build locations, will be under a "Green retailer program". TDK buys green certificate from Ørsted ensuring that all electricity consumption is covered by renewable energy.

Plant Zero CO2 Emissions Challenge: The challenge relates to Toyota's car production plants, and hence not in focus for TDK.

Challenge of Minimizing and Optimizing Water Usage: In the past many years TDK have had a focus on water use and consumption through ISO 14001. We monitor water consumption each month to ensure water leaks are detected. If new technologies arise that will help us to reduce water consumption even more, we will investigate this.

Challenge of Establishing a Recycling-based Society and Systems: TDK engages in the 100% battery collection and global recycling system. TDK uses Stena Recycling as our waste handler, Stena Recycling is also ISO 14001 certified.

Management's Review

Challenge of Establishing a Future Society in Harmony with Nature: In co-operation with the non-profit organization, Growing Trees Network Global and Aarhus Kommune, TDK is contributing to a “people’s forest” in the area of Aarhus. This project started in the fall 2020 and was fully planted in 2022. The forest contains around 37,000 trees.

To further stimulate environmental awareness among our employees we have for the 11th time in row made June the “Green Month” of the year and in 2023/2024 we decided to focus on what you can do as an individual and to support 6 mini challenges were communicated.

Employee relations

At TDK, we value our employees as a key asset to our operations, and we aim to attract and retain qualified and motivated staff. We are aware of the risks and challenges posed by the competitive job market and the low unemployment rate. Therefore, we are committed to enhancing our business performance to provide stable and fair employment opportunities, as well as a harmonious and stimulating work environment. These are part of our corporate Sustainability Policy and TDK Code of Conduct. Moreover, we strive to perform our duties with integrity and respect towards our colleagues and associates. As part of our policies and practices, we:

- Maintain a safe and healthy working environment for all our employees.
- Respect and honor the rights of all employees, and do not discriminate against them or allow any infringement of their rights.
- Recognize our employees' right to freely associate, or not to associate, and comply with applicable laws.

Our People & Culture department introduces all new employees to “Toyota Way”, Toyota's foundation and values, as well as our People & Culture Handbook. We encourage our employees to embrace the Toyota Way, which guides our actions and decisions, and we engage them in dialogue and feedback on how they apply it in their work. We also participate in the global values day every year to celebrate and reinforce our shared values. Our aim is to develop, motivate, and retain our employees by offering them opportunities for learning and growth. All new hires are required to complete mandatory e-learning modules in their first week of work. These include also the TDK Code of Conduct, which outlines our ethical standards and expectations for our behavior as employees.

Management's Review

We coordinate and align our People & Culture operations within the Nordics and with TME. Our HR management system 'Peoplesoft' is being used across TME. With this system we can monitor our performance through KPIs such as gender distribution (see below). Biannually, we conduct an employee engagement survey. The 2023 results show our employees take much pride in working for Toyota, understand the important value of the job they carry out, and a common respect between our employees, and we provide a safe working environment. Based on the feedback, we focused on 4 key focus areas to improve the employee experience. These were Communication, Feedback, Development & Training, and Cooperation. Many actions are decided to be implemented in 2024. Already implemented are "Ways of Working guidelines, Create the Future Project, flexible working conditions, and "Company days" (days dedicated to co-operation, inspiration, and teamwork). Planned activities is new performance year cycle, focusing on individual growth and learning, structured feedback with emphasis on career development.

During 2023 we followed up the internal project "Create the Future" launched in 2022 with the Project Goal: "To keep high motivation and happiness among all at TDK" and bring in additional value and understanding for all processes supported by the key objectives; mapping current and future tasks, clear roles and responsibilities, ensuring work life balance and flexibility, risk assess back up management and lastly re-visit all processes to identify Stop, Change or Enhance.

We develop, support and coach our people through 1-2-1 meetings, mid-year and yearly follow up meetings. We make individual development plans and include "Create the Future" as a natural topic. In 2024 our plan is to further develop Create the Future and to implement Create the Future VOL 2.

One of the ways we ensure a positive and safe working environment is through the TDK working environment committee (AMO), which meets quarterly to address relevant issues and monitor progress. The committee works on key activities that foster a strong and positive culture, which helps us retain our employees. In late 2023, TDK received a routine visit from the Danish labor inspectorate, who assessed both our physical and mental work environment. The inspection was completed without any remarks or comments.

It is important for TDK, that our employees are treated with highest possible respect despite sexual orientation, ethnicity, age, religion, or gender. Diversity of all kinds are addressed on a European level and as well in TDK to assure that TDK respect and work with diversity to assure all rights are respected. We refer to the section "Statement on gender distribution in management" too. And furthermore, our efforts to support human rights and avoid bribery and corruption will continue in years to come with the same high ambitions as previously years.

Management's Review

TDK have a high interest in the engagement and motivation of our retailers' employees, as ensuring the Toyota Way values are top of mind - that is key for our business and to deliver an experience beyond expectation to each single customer. The Toyota Way values are trained on regular basis, as they are part of the entire training program to ensure best skills and competencies. In 2019 we started the implementation of Employee Engagement surveytogether with the retailers, since 2020 as a standard survey, once a year for every retailer, and closely monitored by our performance consultants. We continue seeing strong good results and actions from this and continue this strong process to keep a high engagement, committed employees and low turnover.

Human rights

TDK has a close relationship with suppliers, hence the risk of disrespect of human rights areconsidered low.

Human rights are a part of TDK's Code of Conduct.

We are committed to integrity, honesty and fairness in all internal and external relationships and in line with all applicable laws and regulations including, but not limited to, anti-bribery and anti-corruption laws. As a global company operating in various countries and across different cultures, we know that we run the risk of being directly or indirectly involved in corruption, bribery, facilitation payments and other legal issues. Corruption, bribery and child labour will never be acceptable.

In 2023/24 there haven't been any incident to report.

Anti-corruption and bribery

We consider the risk of anti-corruption and bribery in our market for low.

Our Code of Conduct states that we do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. The zero-tolerance policy apply to all employees in Toyota.

To reduce potential risks and to ensure full compliance with all anti-corruption and bribery laws and regulations such as the Sarbanes Oxley Act TDK has established internal controls andaccounting practices. Furthermore, employees are expected to report genuine facts, concerns, or suspicions they would become aware of regarding corruption, bribery, and violations of our policies at the earliest possible stage to their superior or through our corporate confidential, anonymous 'Whistle Blower' mechanism. Any activities related to the whistleblower mechanism is reported to TME quarterly. And, we have further strengthened our whistleblower set-up by implementation of a website solution managed by our external lawyer and all employees have been trained accordingly. There haven't been any incident to report in 2023/24.

Management's Review

We remind employees of TDK Code of Conduct regularly and focus on specific sections related to anti-corruption and bribery. In 2022 we implemented a yearly mandatory e-learning related to TDK Code of Conduct to ensure awareness and understanding. We also inform all new suppliers of our zero-tolerance policy, and we have engaged our main suppliers on anti-corruption and bribery laws and regulations to ensure they are aware of these as part of their conduct.

TDK Code of Conduct also covers areas such as gifts and hospitality, donations, sponsorship, and lobbying. In terms of community relations and philanthropic activities, we seek to address various social issues within our main areas of focus namely road safety, environment, and education.

In general, we are using different mandatory e-learning programs for all employees such as Competition Law, GDPR and Cyber Security. Ethics and human rights going forward our efforts to support human rights and avoid bribery and corruption will continue in years to come with the same high ambitions as previously years

Statement on gender distribution in management
Description of target figures for the underrepresented gender
Target figures for the underrepresented gender

We aim for a more equal gender distribution in our workforce and at the Executive levels (5 persons). In 2023/24 we went from the objective of 20% achieved female representation in our executive group to 0% in 2024. Good news is that Toyota was successful in developing the EC-female representative to a new regional position.

At GM level (other management level) with report to the executive group consisting of 5 individuals, the current female representation is 0% with an aim to have 20% representation.

	2023/24
Board of Directors	
Total members of the Board of Directors	3
Underrepresented gender, percentage	33%
Target	33%
Year, in which the target figures are expected to be met	N/A
Other Management levels (EC+GM)	
Total members of other management levels	10
Underrepresented gender, percentage	0%
Target	20%
Year for target to be reached	2030

Management's Review

Similarly, we focus on increasing the representation of female on the Board of Directors (BoD) with the aim of reaching a 33% representation among the three members. The BoD were changed January 26th, 2023, and the current representation is 33%. The board of Directors have thereby achieved equal gender distribution of the Board according to the definition from the Danish Business Authority.

TME has announced that Diversity, Equity & Inclusion (DE&I) is a top priority for Europe and the goal is to become the global benchmark for DE&I. And the vision is to be the most inclusive and diverse workplace globally where all members feel safe, respected, engaged, valued and able to unleash their full potential. To cultivate, embrace and leverage diversity, to deliver the highest standards of service to our customers, society and sustainably compete in the marketplace.

In 2023/24, TDK is in process constructing a local DE&I policy that supports the TME vision of top priority.

Description of policies for the underrepresented gender

Policies for the underrepresented gender

With reference to the TME's DE&I Policy, at TDK we work to achieve and integrate diversity and equality aspects in all our initiatives related to recruitment, retention, job satisfaction and development of competencies. The gender distribution among our workforce is a 25% female representation, which is lower by 5% from last year.

The TDK DE&I policy will contain initiatives to attract more female staff and will include employer branding and targeted recruiting processes.

Management's Review

Description of how the company translates its policies on the underrepresented gender into action

One of our strategic priorities is to promote equal opportunities and diversity in TDK, and to increase the representation of women at all levels, especially in leadership positions. We recognize that recruiting a diverse and inclusive talent pool is essential for achieving this goal, and we have taken several actions to ensure that our recruitment practices are fair and unbiased. Since 2018, we have been tracking the gender balance of our applicants and hires, and we have implemented measures to address any unconscious bias in the selection process. For example, we strive to have at least one female candidate in the final shortlist for every position, and we involve diverse interview panels in the hiring decisions. Moreover, we participate in a European-wide initiative to identify the barriers and enablers for gender diversity in Toyota.

Our flexible working arrangements support diversity and equal opportunity by making it easier for our people combine their varied work/life situations. Our policies enable employees to work outside the office and normal working hours where their jobs allow and with their manager's approval.

Statement of policy for data ethics

Description of the entity's work with and policy for data ethical questions

Description of the entity's work with and policy for data ethical questions.

As a Company we are looking into different areas how to utilize technologies best possible such as artificial intelligence (AI), and slowly AI is becoming part of our toolbox (e.g. Microsoft 360 w. Co-Pilot) following AI training for our employees. In all instances where AI will be introduced, we will assess the use of AI not only from a performance perspective but also from a Data ethics point of view, while of course adhering to applicable laws and regulations (e.g. EU AI Act).

The Protection of Personal Data and Privacy is formulated in Toyotas internal and external Privacy Policies as well as our Code of Conduct, all of which are shared across the organization. Toyota will treat all personal data related to employees / associates, customers, and business partners and any other third party we are dealing with, with due care and in compliance with applicable laws and regulations. We will collect and use such data only by legal means and for legitimate purposes.

Management's Review

Toyota's transformational journey from being a car manufacturer to a mobility company continues in an era of increasing digitalization. This means new digital platforms and more touchpoints with our customers. Toyota is working towards an Omni Channel Architecture Strategy, to provide seamless and memorable customer experiences across all touchpoints in the Customer Journey. This will require more processing and sharing of Personal Data than before, and while this represents opportunities, it also comes with challenges and dilemmas.

We achieve this by strictly adhering to the rules and principles set out in applicable laws (e.g., the GDPR (implemented in Denmark as "Databeskyttelsesloven")). For this reason, we are thinking Privacy by Design & Default, and assessing the privacy impact for data subjects when designing a new infrastructure/processing to secure data subjects' rights and freedoms. The GDPR Principles play a major role now and will continue to do so in the future, when new ways of processing and sharing data will emerge.

We think that in a world of increasing digitalization, Privacy should not only be considered a CSR-criteria but also a competition parameter of interest to both customers as well as internal/external stakeholders.

For this reason, our strategy aims to put the customer in the "driver's seat" by providing data subjects with clear and transparent information on our Data Processing and where relevant using GDPR compliant consents as the legal basis for processing e.g., vehicle data and executing marketing communication.

Accounting Policies

The Annual Report of Toyota Danmark A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The Annual Report for 2023/24 is presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the Consolidated Financial Statements of Toyota Motor Corporation, Japan, the Company has not prepared a cash flow statement.

Basis of recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as reporting and functional currency as most of the Company's transactions are in DKK. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Accounting Policies

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Income statement

Revenue

Revenue from the sale of Cars and spare parts is recognised in the income statement when the sale is considered effected based when the following criteria are met:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined;
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

The Company has no significant markets beside the Danish market. In consideration of the Toyota Group's division of business segments, the Company considers spare parts and vehicles as one business segment.

Accounting Policies

The Company's revenue is therefor not broken down by geographical and business segments.

Cost of sales

Cost of sales comprise cars and spare parts consumed to achieve revenue for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment, and rent income and government grants.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses etc.

Staff expenses

Staff expenses comprise wages and salaries as well as other payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly Group owned Danish Companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The joint taxed enterprises have adopted the on-account taxation scheme.

Accounting Policies

Balance sheet

Intangible assets

Development projects

Development projects consists of software, which is clearly defined and identifiable, where the technical utilization rate, sufficient resources and a potential future market or development opportunities can be demonstrated, and where the intention to use the project is recognized as intangible fixed assets if there is sufficient security for that the capital value of future earnings may cover production, sales and administrative costs as well as the development costs themselves.

Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as the costs are incurred.

Capitalized development costs are measured at cost less accumulated depreciation and write-downs or recoverable amount, if this is lower. An amount equal to capitalized development costs in the balance sheet is recognized as "reserve for development costs" under equity. The reserve decreases in value as a result of depreciation.

Capitalized development costs are amortized on a straight-line basis from the time of completion over the period in which development work is expected to generate economic benefits.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

	Useful life
Buildings	10-60 years
Other fixtures and fittings, tools and equipment	3-10 years
Operating leases - Cars	4-5 years

Accounting Policies

Operating leases assets comprise assets, eg. cars, leased out to customers on operating lease terms.

Depreciation period and residual value are reassessed annually.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries and associates are recognised and measured under the equity method.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Accounting Policies

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Accounting Policies

Financial highlights

Definitions of financial ratios.

EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$

Income statement 1 April - 31 March

	<u>Note</u>	<u>2023/24</u> TDKK	<u>2022/23</u> TDKK
Revenue		3.138.189	2.970.162
Change in inventories of goods for resale		41.629	211.072
Other operating income		8.825	175
Cost of goods sold		-2.912.507	-2.855.969
Other external expenses		<u>-143.250</u>	<u>-123.470</u>
Gross profit		132.886	201.970
Staff expenses	2	<u>-57.779</u>	<u>-57.013</u>
Profit/loss before amortisation/depreciation and impairment losses		75.107	144.957
Depreciation, amortisation and impairment of property, plant and equipment	3	-10.917	-16.715
Other operating expenses		<u>-526</u>	<u>0</u>
Profit/loss before net financials		63.664	128.242
Financial income		887	615
Financial expenses	4	<u>-17.351</u>	<u>-3.805</u>
Profit/loss before tax		47.200	125.052
Tax on profit/loss for the year	5	<u>-10.470</u>	<u>-27.595</u>
Profit/loss for the year		<u>36.730</u>	<u>97.457</u>
Distribution of profit	6		

Balance sheet 31 March

	<u>Note</u>	<u>2024</u> TDKK	<u>2023</u> TDKK
Assets			
Software		419	592
Development projects in progress		6.324	1.560
Intangible assets	7	<u>6.743</u>	<u>2.152</u>
Land and buildings		29.871	30.268
Operating lease assets		0	17.208
Other fixtures and fittings, tools and equipment		3.514	3.549
Property, plant and equipment in progress		0	1.126
Tangible assets	8	<u>33.385</u>	<u>52.151</u>
Deposits	9	3.515	3.341
Fixed asset investments		<u>3.515</u>	<u>3.341</u>
Total non-current assets		<u>43.643</u>	<u>57.644</u>

Balance sheet 31 March (continued)

	<u>Note</u>	<u>2024</u> TDKK	<u>2023</u> TDKK
Assets			
Goods for resale		655.060	613.431
Inventories		655.060	613.431
Trade receivables		77.795	52.768
Receivables from group enterprises		14.346	5.871
Other receivables		281	561
Deferred tax asset	11	4.694	2.338
Corporation tax		26.754	20.192
Prepayments	10	15.275	3.570
Receivables		139.145	85.300
Cash at bank and in hand		2.625	2.306
Total current assets		796.830	701.037
Total assets		840.473	758.681

Balance sheet 31 March

	<u>Note</u>	<u>2024</u> TDKK	<u>2023</u> TDKK
Equity and liabilities			
Share capital		25.000	25.000
Reserve for development expenditure		4.933	0
Retained earnings		170.502	175.435
Proposed dividend for the year		36.730	97.457
Equity		<u>237.165</u>	<u>297.892</u>
Other provisions		11.215	9.115
Total provisions		<u>11.215</u>	<u>9.115</u>
Deferred income		0	18.302
Total non-current liabilities	12	<u>0</u>	<u>18.302</u>
Trade payables		53.484	59.048
Payables to group enterprises		438.740	290.254
Other payables		99.869	77.274
Deferred income	12	0	6.796
Total current liabilities		<u>592.093</u>	<u>433.372</u>
Total liabilities		<u>592.093</u>	<u>451.674</u>
Total equity and liabilities		<u>840.473</u>	<u>758.681</u>
Special items	1		
Contingent liabilities and other financial obligations	13		
Related parties and ownership structure	14		
Fee to auditors appointed at the general meeting	15		
Subsequent events	16		

Statement of changes in equity

	Share capital	Reserve for develop- ment expenditure	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 April 2023	25.000	0	175.435	97.457	297.892
Ordinary dividend paid	0	0	0	-97.457	-97.457
Net profit/loss for the year	0	4.933	-4.933	36.730	36.730
Equity at 31 March 2024	25.000	4.933	170.502	36.730	237.165

Notes

1 Special items

Special items amounts to net expenses of DKK 34.5 million comprising grants DKK 8.2 million (recognised as other operating income), impairment loss on operating lease assets DKK 5.3 million (recognised as Depreciation, amortisation and impairment of property, plant and equipment) and revaluation of net realisation value on inventory of cars DKK 37.4 million (recognised as Cost of goods sold).

	<u>2023/24</u> TDKK	<u>2022/23</u> TDKK
2 Staff expenses		
Wages and salaries	49.048	47.127
Pensions	4.334	4.268
Other social security costs	146	143
Other staff costs	<u>4.251</u>	<u>5.475</u>
	<u>57.779</u>	<u>57.013</u>
Average number of employees	<u>64</u>	<u>63</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. The board of directors do not receive remuneration for their participation in the board as this work is very limited.

Notes

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
3 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation intangible assets	173	173
Depreciation and impairment of property, plant and equipment	<u>10.744</u>	<u>16.542</u>
	<u>10.917</u>	<u>16.715</u>
which breaks down as follows:		
Completed development projects	173	173
Buildings	1.804	1.630
Other fixtures and fittings, tools and equipment	408	406
Operating lease assets	<u>8.532</u>	<u>14.506</u>
	<u>10.917</u>	<u>16.715</u>
4 Financial expenses		
Interest paid to group enterprises	16.463	2.726
Other financial expenses	548	827
Exchange loss	<u>340</u>	<u>252</u>
	<u>17.351</u>	<u>3.805</u>
5 Tax on profit/loss for the year		
Current tax for the year	10.997	29.058
Deferred tax for the year	-527	-1.494
Adjustment of tax concerning previous years	1.829	31
Adjustment of deferred tax concerning previous years	<u>-1.829</u>	<u>0</u>
	<u>10.470</u>	<u>27.595</u>

Notes

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
6 Distribution of profit		
Proposed dividend for the year	36.730	97.457
Transferred to reserve for development expenditure	4.933	0
Retained earnings	<u>-4.933</u>	<u>0</u>
	<u>36.730</u>	<u>97.457</u>
7 Intangible assets		
	<u>Software</u>	<u>Development projects in progress</u>
	TDKK	TDKK
Cost at 1 April 2023	867	1.560
Additions for the year	0	4.764
Transfers for the year	<u>0</u>	<u>0</u>
Cost at 31 March 2024	<u>867</u>	<u>6.324</u>
Impairment losses and amortisation at 1 April 2023	275	0
Amortisation for the year	<u>173</u>	<u>0</u>
Impairment losses and amortisation at 31 March 2024	<u>448</u>	<u>0</u>
Carrying amount at 31 March 2024	<u>419</u>	<u>6.324</u>
Depreciated over	<u>5 years</u>	<u></u>

Development projects relate to the development of a new additional software solution of the Company's existing software.

Notes

8 Tangible assets

	Land and buildings	Operating lease assets	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 April 2023	97.520	36.631	15.230	1.126	150.507
Additions for the year	0	0	0	654	654
Transfers for the year	1.407	-36.631	373	-1.780	-36.631
Cost at 31 March 2024	98.927	0	15.603	0	114.530
Impairment losses and depreciation at 1 April 2023	67.252	19.423	11.681	0	98.356
Impairment losses for the year	0	5.336	0	0	5.336
Depreciation for the year	1.804	3.196	408	0	5.408
Transfers for the year	0	-27.955	0	0	-27.955
Impairment losses and depreciation at 31 March 2024	69.056	0	12.089	0	81.145
Carrying amount at 31 March 2024	29.871	0	3.514	0	33.385
Depreciated over	10-60 years	4-5 years	3-10 years		

Notes

9 Fixed asset investments

	Deposits TDKK
Cost at 1 April 2023	3.341
Additions for the year	<u>174</u>
Cost at 31 March 2024	<u>3.515</u>
Carrying amount at 31 March 2024	<u>3.515</u>

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions as well.

	2024 TDKK	2023 TDKK
11 Deferred tax asset		
Deferred tax asset 1 April	2.338	844
Deferred tax for the year	<u>2.356</u>	<u>1.494</u>
Deferred tax asset 31 March	<u>4.694</u>	<u>2.338</u>

12 Long term debt

Deferred income

Between 1 and 5 years	<u>0</u>	<u>18.302</u>
Non-current portion	0	18.302
Within 1 year	<u>0</u>	<u>6.796</u>
Current portion	<u>0</u>	<u>6.796</u>
	<u>0</u>	<u>25.098</u>

Notes

13 Contingent liabilities and other financial obligations

The Company provides a three-year warranty in respect of new cars sold and two-year warranty as regards spare parts and accessories. The Company provides up to a 10-year warranty also known as 'Relax' for cars that are serviced at Toyota dealers once a year. Toyota in Japan and Belgium are liable for the warranties.

The Danish Toyota group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The Danish group companies are jointly and severally liable for Danish corporation taxes.

Rent payments concerning interminable contract totals TDKK 1,499 (2022/23: TDKK 796) which is due within a year.

14 Related parties and ownership structure

Controlling interest

Toyota Motor Europe N.V./S.A., Parent Company
Toyota Motor CO., Japan, Ultimate Parent Company

Transactions

Transactions with related parties have not been disclosed for in accordance with section 98C(7) of the Danish Financial Statements Act as there have been no transactions with related parties, which have not been effected at arm's length.

Consolidated financial statements

The Company is included in the Group Annual Report of Toyota Motor Corporation, Japan. The Company's direct Parent Company does not prepare consolidated financial statements.

The Group Annual Report of Toyota Motor Corporation, ultimate parent company, can be obtained at the following address:

Toyota Motor Corporation
Toyota City, Aichi
Prefecture 471-8571
Japan

Notes

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
15 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers:		
Audit fee	567	540
Non-audit services	<u>514</u>	<u>186</u>
	<u>1.081</u>	<u>726</u>

16 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.