
Toyota Financial Services Danmark A/S

Dynamovej 10, DK-2860 Søborg

Annual Report for 1 April 2019 - 31 March 2020

CVR No 26 24 19 60

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
12/08 2020

Annacarina Staunstrup
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Toyota Financial Services Danmark A/S for the financial year 1 April 2019 - 31 March 2020.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2020 of the Company and of the results of the Company operations for 2019/20.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Søborg, 12 August 2020

Executive Board

Michael Junker

Board of Directors

Douglas Frank Gillies
Chairman

James Chadwick

Klaus Naur

Alar Metsson

Independent Auditor's Report

To the Shareholders of Toyota Financial Services 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Toyota Financial Services Danmark A/S for the financial year 1 April 2019 - 31 March 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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, in our view, 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, 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 judgement and maintain professional scepticism 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.
- 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

Independent Auditor's Report

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, 12 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jesper Edelbo

statsautoriseret revisor

mne10901

Company Information

The Company

Toyota Financial Services Danmark A/S
Dynamovej 10
DK-2860 Søborg

CVR No: 26 24 19 60
Financial period: 1 April - 31 March
Municipality of reg. office: Gladsaxe

Consolidated Financial Statements

The Company is included in the Group Annual Report of Toyota Motor Corporation.

Board of Directors

Douglas Frank Gillies, Chairman
James Chadwick
Klaus Naur
Alar Metsson

Executive Board

Michael Junker

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	337,026	318,173	278,977	252,579	216,761
Operating profit/loss	96,350	100,041	91,938	97,998	94,285
Profit/loss before financial income and expenses	96,450	99,112	92,539	98,155	94,495
Net financials	3,727	275	-2,606	-11,069	-16,842
Net profit/loss for the year	78,054	77,617	70,176	69,204	58,717
Balance sheet					
Balance sheet total	6,214,349	5,923,838	5,368,865	5,090,516	4,485,371
Equity	455,481	455,227	433,733	403,481	376,106
Investment in property, plant and equipment	0	0	-135,197	-96,473	-61,113
Number of employees	11	11	10	10	10
Ratios					
Profit margin	28.6%	31.2%	33.2%	38.9%	43.6%
Return on assets	1.6%	1.7%	1.7%	1.9%	2.1%
Solvency ratio	7.3%	7.7%	8.1%	7.9%	8.4%
Return on equity	17.1%	17.5%	16.8%	17.8%	16.3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Main activity

Toyota Financial Services A/S is a joint venture owned by Toyota Financial Services (UK) PLC and Jyske Finans A/S, the former holding 80.1% and 19.9% respectively. Therefore, the company is a part of the Toyota Group.

The main activity of the company consists of financing of vehicles and related services. This primarily extends to all new and used Toyota models for both private consumers and businesses.

Development in the year

The financial year, which is the 18th consecutive business year for the company, shows a result of DKK 100,177,756 before tax. The result is supported by stability of the financial markets influencing the automotive industry and the financing thereof. During the financial year a rise in the market for cars has been realized. The COVID-19 outbreak has had little influence due to its relatively late occurrence in the financial year. Management considers the result as satisfactory.

General risks

The company's main operating risks are connected to residual value guarantees and credit risk.

Accordingly, the company has implemented procedures to follow the development in residual values closely. Residual values on cars are set to match the estimated market value of the car by the end of the contract, including further changes in registration tax as expected.

Credit risk is monitored through ongoing credit evaluations, including Toyota vendors and other major clients.

Financial risks

The company enters into loan and leasing agreements with both fixed and variable interest terms. It remains the policy of the company to make sure that the financing of the contracts is matched in such a way as to minimise the exposure of changes in interest rates.

In addition to this, it is the company's policy to exclusively enter into/finance loan agreements based on Danish crowns (DKK), in order to eliminate the currency exposure.

Capital resources

Toyota Financial Services A/S has entered into a financing contract with Toyota Motor Finance (Netherlands) B.V. and has in doing so secured the necessary funding. This contract is prolonged on a current basis. Furthermore, Toyota Financial Services A/S has established financing contracts with Nordea Bank Denmark A/S and Bank of Tokyo-Mitsubishi UFJ, Ltd.

Management's Review

Investments

The company continues to build up its portfolio. Therefore, it is expected that ongoing investments will be made to enable the portfolio growth within the next 2-3 years.

The company does not envisage making any other sizeable investments in the upcoming financial year.

Subsequent events and expectations for the future

The implications of Covid-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy.

It remains the primary objective of Toyota Financial Services A/S to support Toyota Danmark A/S in the sale of vehicles. The secondary objective is to increase the number of financing contracts entered into, as well as the market share of Toyota vehicles sold. These objectives are to be obtained in collaboration with Toyota Danmark A/S and its network of vendors.

The company's expectations for the future are highly dependent on the overall expectations of the automotive industry, the expectations of Toyota Danmark A/S regarding sales in the upcoming financial year of 2020/21 as well as the financial markets. Due to the outbreak of Covid-19, which is anticipated to have a significant influence on the markets, sales are expected to land at a lower level compared to the previous financial year. An uncertainty in the financial markets caused by Covid-19 has also occurred and therefore a rise in the financial costs is expected. Furthermore, an increase in the general risks must also be expected.

Therefore, Covid-19 is likely to have negative consequences for the company's revenue and earnings in 2020/21. Management will be following the situation carefully, but it is still too early to say what effect Covid-19 will have on revenue and earnings in 2020/21. Needless to say, management will make an effort to make up for any lost revenue and earnings later in the year.

Based on management's assessment including an assessment of the development in residual values and delinquencies in the first months of the financial year 2020/21 it is the expectation of management that the level of credit losses provided for on existing loans as at 31 March 2020 is adequate. Overall a result of some DKK 70-80 million before tax is expected for the financial year 2020/21.

Except for the development caused by the Covid-19 outbreak no other events of significance for the assessment of the annual accounts have occurred after the balance sheet date.

Management's Review

Statement on sustainability

In close corporation with Toyota Denmark A/S, the company contributes through our principle activities, to Toyota's global strategy and the efforts to be a good corporate citizen trusted by all stakeholders and create an affluent society through all business operations.

We adhere to the corporate CSR Policy: Contribution towards sustainable development, which states that all group companies take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that we carry out in each country and region, based on our Guiding Principles. 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 Code of Conduct, organizes the basic attitudes necessary for people working at the company and in society, providing a description of basic conducts, this is an ongoing training. 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 2019/20 they were trained alongside our own employees a training program named BRiT with the focus on how Toyota wants to act towards customers and as managers at retailers and as well in Toyota. In terms of suppliers, we refer to our Supplier CSR policies and guidelines.

Environment and climate change

Toyota Financial Services A/S is also a part of Toyota Denmark A/S's environmental policy in line with our corporate CSR Policy, which states that we aim for growth that is in harmony with the environment by seeking to minimize the environmental impact of our business operations, such as by working to reduce the effect of our vehicles and operations on climate change and biodiversity.

At Toyota Financial Services A/S and Toyota Denmark A/S a key focus is to increase the sale of our most environmentally friendly cars and we have since 2008 been ISO 14001 certified to help manage and reduce our local environmental impacts.

Toyota Financial Services A/S's management group takes leadership in fostering a corporate culture and implementing our policies that promote ethical behavior. Toyota Finance Europe (EAR) regularly conduct internal audits related to our conduct and based on the audit conducted in 2018/19 we have a local TFS Code of Conduct to align it more closely to our principle activities as a marketing, sales and finance company.

Management's Review

Statement on gender distribution in management

It is part of TMC's and TFSC's CSR policy to support equal employment opportunities, diversity and inclusion for our employees and we do not discriminate against them. Hence at TFS we work to achieve and integrate diversity and equality aspects in all our initiatives related to recruitment, retention, job satisfaction and development of competencies.

We aim for a more equal gender distribution in our workforce, last year women represented 15% this year 19%. Similarly, we focus on increasing the representation of women on the Board of Directors with the aim of reaching a 25% during end of year 2023. The current representation is 0%, there is only limited changes in the Board of Directors and there were no candidates, until now.

Employee relations and human rights

Our employees are a key asset to the operations of TFS and we must be able to attract and retain employees and ensure that they have the right competences. It is an obvious risk to our performance, if TFS is not able to attract and retain employees. Due to this, then TFS's aim to be one of the best workplaces in the industry. Among the counter measures to the risk, TFS commit to enhance our business performance in order to continue to provide employment and maintain fair and stable working conditions which is part of our corporate CSR Policy and TFS Code of Conduct. At the same time, TFS tries to create a harmonious and stimulating work environment and we strive to perform our duties with integrity and respect towards other employees and associates. As part of our policies and practice, we:

- Maintain a safe and healthy working environment for all our employees
- Respect and honor the rights of all employees, and will not discriminate against them or permit infringement of their rights

•Recognize our employees' right to freely associate, or not to associate and comply with applicable laws
Our HR department introduces all new employees to Toyota's foundation and values, the content of TDK Code of Conduct and our HR Handbook. Driven by our values, we engage in dialogue with our employees on the Toyota Way as part of the annual staff development interviews and we engage in the global values day annually. This is being done to develop our employees, motivate them to develop and as well retain our employees.

We coordinate and align our HR operations within the EAR Region HR management system and training. We conduct an employee satisfaction survey "Pulse". The 2019 results show that our employees are highly motivated, we have big focus on our Customers. However, the feedback was also that we can do more to develop our employees. Goals and objectives should be clearly defined for a particular performance period (e.g., a year), but revisited throughout to ensure they remain clear and relevant. On an ongoing basis check in with people about their progress and help clarify how the objectives relate to any changes in the business that are emerging.

Management's Review

It is important for TFS, that our employees are treated with highest possible respect despite sexual orientation, race or gender. Diversity of all kinds are addressed on a European level and as well in TFS to assure that TFS respect and work with diversity to assure all rights are respected.

Management's Review

Anti-corruption and bribery

Our corporate CSR Policy 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 TFS and it is detailed in TFS's anti-corruption policy and Code of Conduct.

To reduce potential risks and to ensure full compliance with all anti-corruption and bribery laws and regulations such as the Sarbanes Oxley Act TFS has established internal controls and accounting 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 EAR Region quarterly. We remind employees of TFS Code of Conduct at our monthly meetings and focus on specific sections related to anti-corruption and bribery during the year.

TFS 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.

We report quarterly to EAR Region on progress related to our audit findings and our compliance. Toyota Financial Service Europe and TFSCs sustainability governance includes regular reviews of sustainability risks and opportunities through Toyotas Sustainability Meeting and environmental, social and governance (ESG) Committee – a process, which TFS also provide input to through our engagement in EAR Region different E, S and G fora. We identify sustainability issues based on the importance for our business and the expectations of our stakeholders in order to be a trusted company and we work with these in a national context. For details on Toyota's sustainability issues, risks, consolidated efforts and contributions to the UN Sustainable Development Goals, please see TMC's Sustainability Data Book www.global.toyota/en/sustainability/report/.

Income Statement 1 April - 31 March

	Note	2019/20 DKK	2018/19 DKK
Revenue		337,025,894	318,172,982
Other operating income		100,235	-929,674
Other external expenses		<u>-125,581,776</u>	<u>-128,134,325</u>
Gross profit/loss		211,544,353	189,108,983
Staff expenses	2	-10,939,550	-10,069,424
Depreciation, amortisation and impairment of property, plant and equipment	3	-82,286,511	-61,996,172
Impairment of current assets		<u>-21,867,858</u>	<u>-17,931,728</u>
Profit/loss before financial income and expenses		96,450,434	99,111,659
Financial income	4	3,652,129	906,966
Financial expenses	5	<u>75,197</u>	<u>-631,786</u>
Profit/loss before tax		100,177,760	99,386,839
Tax on profit/loss for the year	6	<u>-22,123,779</u>	<u>-21,769,355</u>
Net profit/loss for the year		<u>78,053,981</u>	<u>77,617,484</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		0	77,617,484
Retained earnings		<u>78,053,981</u>	<u>0</u>
		<u>78,053,981</u>	<u>77,617,484</u>

Balance Sheet 31 March 2020

Assets

	Note	2019/20 DKK	2018/19 DKK
Operating leases - Motor vehicles		452,296,722	335,539,700
Other fixtures and fittings, tools and equipment		3,460,889	2,812,443
Property, plant and equipment	7	455,757,611	338,352,143
Fixed assets		455,757,611	338,352,143
Receivable loans		5,737,336,486	5,547,070,006
Other receivables		19,129,050	38,412,006
Corporation tax		2,120,595	0
Receivables		5,758,586,131	5,585,482,012
Cash at bank and in hand		5,014	4,320
Currents assets		5,758,591,145	5,585,486,332
Assets		6,214,348,756	5,923,838,475

Balance Sheet 31 March 2020

Liabilities and equity

	Note	2019/20 DKK	2018/19 DKK
Share capital		190,000,000	190,000,000
Retained earnings		265,481,149	187,609,439
Proposed dividend for the year		0	77,617,484
Equity	8	<u>455,481,149</u>	<u>455,226,923</u>
Provision for deferred tax	10	96,567,525	87,540,869
Provisions		<u>96,567,525</u>	<u>87,540,869</u>
Payables to group enterprises		2,569,000,010	2,389,123,246
Long-term debt	11	<u>2,569,000,010</u>	<u>2,389,123,246</u>
Credit institutions		27,016,055	110,848,332
Trade payables		39,147,262	37,908,127
Payables to group enterprises	11	2,876,570,186	2,694,689,046
Corporation tax		0	11,157,105
Other payables		55,333,425	45,762,038
Deferred income		95,233,144	91,582,789
Short-term debt		<u>3,093,300,072</u>	<u>2,991,947,437</u>
Debt		<u>5,662,300,082</u>	<u>5,381,070,683</u>
Liabilities and equity		<u>6,214,348,756</u>	<u>5,923,838,475</u>
Covid-19	1		
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Statement of Changes in Equity

	Share capital DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
2019/20				
Equity at 1 April	190,000,000	187,427,168	77,617,484	455,044,652
Ordinary dividend paid	0	0	-77,617,484	-77,617,484
Net profit/loss for the year	0	78,053,981	0	78,053,981
Equity at 31 March	190,000,000	265,481,149	0	455,481,149
2018/19				
Equity 1. april	190,000,000	194,609,439	49,123,246	433,732,685
Net effect from change of accounting policy	0	-7,000,000	0	-7,000,000
Adjusted equity at 1 April	190,000,000	187,609,439	49,123,246	426,732,685
Ordinary dividend paid	0	0	-49,123,246	-49,123,246
Net profit/loss for the year	0	0	77,617,484	77,617,484
Equity at 31 March	190,000,000	187,609,439	77,617,484	455,226,923

Notes to the Financial Statements

1 Covid-19

The company's expectations for the future are highly dependent on the overall expectations of the automotive industry, the expectations of Toyota Danmark A/S in regard to sales in the upcoming financial year of 2020/21 as well as the financial markets.

Due to the outbreak of Covid-19, which is anticipated to have a significant influence on the markets, sales are expected to land at a lower level compared to the previous financial year. An uncertainty in the financial markets caused by Covid-19 has also occurred and therefore a rise in the financial costs is expected.

Furthermore, an increase in the general risks must also be expected. Therefore, Covid-19 is likely to have negative consequences for the company's revenue and earnings in 2020/21.

Management will be following the situation carefully, but it is still too early to say what effect Covid-19 will have on revenue and earnings in 2020/21. Needless to say, management will make an effort to make up for any lost revenue and earnings later in the year.

Based on management's assessment including an assessment of the development in residual values and delinquencies in the first months of the financial year 2020/21 it is the expectation of management that the level of credit losses provided for on existing loans as at 31 March 2020 is adequate.

	2019/20	2018/19
	DKK	DKK
2 Staff expenses		
Wages and salaries	9,928,471	9,125,270
Pensions	923,333	836,818
Other social security expenses	87,746	107,336
	10,939,550	10,069,424
Average number of employees	11	11

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statement Act.

3 Depreciation, amortisation and impairment of property, plant and equipment

Depreciation of property, plant and equipment	82,286,511	61,996,172
	82,286,511	61,996,172
Which is specified as follows:		
Operating lease - Motor vehicles	81,662,490	61,480,848
Other fixtures and fittings, tools and equipment	624,021	515,324
	82,286,511	61,996,172

Notes to the Financial Statements

	2019/20 DKK	2018/19 DKK
3 Depreciation, amortisation and impairment of property, plant and equipment (continued)		
4 Financial income		
Interest received from group enterprises	3,652,129	906,966
	3,652,129	906,966
5 Financial expenses		
Interest paid to group enterprises	-205,764	22,760
Other financial expenses	130,567	609,026
	-75,197	631,786
6 Tax on profit/loss for the year	2019/20 DKK	2018/19 DKK
Current tax for the year	12,915,015	11,157,105
Deferred tax for the year	9,026,569	10,612,250
Adjustment of tax concerning previous years	182,195	0
	22,123,779	21,769,355
7 Property, plant and equipment		
	Operating leases - Motor vehicles DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 April	437,310,058	3,156,785
Additions for the year	312,206,762	5,260,541
Disposals for the year	-162,223,314	-4,630,078
Cost at 31 March	587,293,506	3,787,248

Notes to the Financial Statements

7 Property, plant and equipment (continued)

	Operating leases - Motor vehicles <u>DKK</u>	Other fixtures and fittings, tools and equipment <u>DKK</u>
Impairment losses and depreciation at 1 April	104,272,117	344,342
Depreciation for the year	81,662,490	624,021
Reversal of impairment and depreciation of sold assets	<u>-50,937,823</u>	<u>-642,004</u>
Impairment losses and depreciation at 31 March	<u>134,996,784</u>	<u>326,359</u>
Carrying amount at 31 March	<u>452,296,722</u>	<u>3,460,889</u>

8 Equity

The share capital consists of 190,000,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

9 Distribution of profit

	<u>2019/20</u> DKK	<u>2018/19</u> DKK
Proposed dividend for the year	0	77,617,484
Retained earnings	<u>78,053,981</u>	<u>0</u>
	<u>78,053,981</u>	<u>77,617,484</u>

10 Provision for deferred tax

Other Fixtures and fittings	582,837	519,361
Operating Lease - Motor Vehicles	22,421,924	15,302,668
Financial leasing	83,367,665	80,227,018
Provision for loss on loans	<u>-9,804,900</u>	<u>-8,508,178</u>
	<u>96,567,525</u>	<u>87,540,869</u>

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises

Between 1 and 5 years	<u>2,569,000,010</u>	<u>2,389,123,246</u>
Long-term part	2,569,000,010	2,389,123,246
Within 1 year	<u>2,876,570,186</u>	<u>2,694,689,046</u>
	<u>5,445,570,196</u>	<u>5,083,812,292</u>

Notes to the Financial Statements

12 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company is jointly taxed with other Danish entities controlled by Toyota Motor Corporations Group. Under the Danish tax regime all Danish companies are jointly and severally liable for the Danish tax Group's tax payment.

The company has given bankguarantees for SKAT and Tinglysningsretten at DKK respectively 200k and 2,000k regarding the legislations in Denmark for the business the company executes.

13 Related parties

	Basis
Controlling interest	
Toyota Financial Services (UK) PLC Great Burgh Burgh Heath, Epsom Surrey KT18 5UZ England (United Kingdom)	Controlling shareholder
Other related parties	
Toyota Danmark A/S	Copenhagen, Group related Denmark
Toyota Motor Finance (Netherlands) B.V.	Amsterdam, Group related The Netherlands

Notes to the Financial Statements

13 Related parties (continued)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

The vehicles recorded under other fixtures and fittings, tools and equipment as well as the vehicles relating to the outstanding financial leasing and operating leasing are mainly of the brand Toyota and have been purchased from Toyota Danmark A/S.

The company obtains finance for the purchase of vehicles for subsequent leasing as well as car loans from Toyota Motor Finance (Netherlands) B.V. The amount financed is separately shown in the balance sheet. The related interest expense has been recorded under interest expenses.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Toyota Financial Services (UK) PLC, Surrey, UK

Consolidated Financial Statements

The Company is included in the Group Annual Report of

<u>Name</u>	<u>Place of registered office</u>
Toyota Motor Corporation	

The Group Annual Report of Toyota Motor Corporation may be obtained at the following address:

Toyota Motor Corporation
Toyota-Cho 1 Toyota Aichi
471 8571
Japan
www.toyota-global.com

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Toyota Financial Services Danmark A/S for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2019/20 are presented in DKK.

Changes in accounting policies

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, the Company has not prepared a cash flow statement.

Recognition and measurement

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, and reversals due to changed accounting estimates of amounts, which previously have 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. 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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Income Statement

Revenue

Revenue from loans and leasing are recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end, and the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Other external expenses

Other external expenses comprise loan and leasing costs and expenses for premises, sales and office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

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.

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 changes in 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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Balance Sheet

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.

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:

Operating lease - cars	3-5 years
Other fixtures and fittings, tools and equipment	6 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14,100 are expensed in the year of acquisition.

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.

Receivables, loans and leasing

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

IFRS 9 covers the "Expected loss" model. Accordingly, write-down of receivables is amended for accounting purposes. In accordance with IFRS 9, future expected losses must be recognised.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and interest.

Notes to the Financial Statements

14 Accounting Policies (continued)

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$