

Toyota Financial Services Danmark A/S

Dynamovej 10
2860 Søborg
CVR no. 26 24 19 60

Annual report for 2021/22

Adopted at the annual general
meeting on 21 September 2022

chairman

Nicolai Fløe Jørgensen

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent Auditor's Report	2
Management's review	
Company details	5
Financial highlights	6
Management's review	7
Financial statements	
Accounting policies	14
Income statement 1 April - 31 March	18
Balance sheet 31 March	19
Statement of changes in equity	21
Notes	22

Statement by management on the annual report

The Executive Board and Board of Directors have today considered and approved the Annual Report of Toyota Financial Services Danmark A/S for the financial year 1 April 2021 - 31 March 2022.

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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022.

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.

Søborg, 21 September 2022

Executive board

Christian Schmitz
CEO

Supervisory board

Tomohei Matsushita
chairman

Francis Bernard Kenny

Klaus Naur

Alar Metsson

Independent Auditor's Report

To the Shareholder 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 2022, and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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 2021 - 31 March 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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, 21 September 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Jesper Edelbo
State Authorised Public Accountant
mne10901

Company details

The company

Toyota Financial Services Danmark A/S
Dynamovej 10
2860 Søborg

CVR no.: 26 24 19 60

Reporting period: 1 April 2021 - 31 March 2022

Domicile: Gladsaxe

Consolidated Financial Statements

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

Supervisory board

Tomohei Matsushita, chairman
Francis Bernard Kenny
Klaus Naur
Alar Metsson

Executive board

Christian Schmitz

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial highlights

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

	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	372.085	356.199	337.026	318.173	278.977
Gross profit	245.560	227.710	211.544	100.041	91.938
Profit/loss before net financials	114.823	98.451	96.450	99.112	92.539
Net financials	-8.576	-7.710	3.728	275	-2.606
Profit/loss for the year	83.230	70.779	78.054	77.617	70.176
Balance sheet					
Balance sheet total	6.068.557	6.175.201	6.214.349	5.923.838	5.368.865
Investment in property, plant and equipment	0	0	0	0	-135.197
Equity	588.256	526.260	455.481	455.227	433.733
Number of employees	15	11	11	11	10
Financial ratios					
EBIT margin	30,9%	27,6%	28,6%	31,2%	33,2%
Return on assets	1,9%	1,6%	1,6%	1,8%	1,8%
Solvency ratio	9,7%	8,5%	7,3%	7,7%	8,1%
Return on equity	14,9%	14,4%	17,1%	17,5%	16,8%

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

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.

Developments in the financial year

The financial year, which is the 20th consecutive business year for the company, shows a result of DKK -83.230.000 after tax. The result is impacted by instability of the financial markets influencing the automotive industry and the financing thereof. During the financial year an overall drop in the market for cars has been realized. The COVID-19 outbreak has had some influence in the financial year including the general macroeconomic. Management considers the result as satisfactory, in the circumstances.

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 had a small decrease in its portfolio. But 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" had impact but management don't expect major impact in the Danish Market, but can have some impact in 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 in regard to sales in the upcoming financial year of 2022/23 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 higher level compared to the previous financial year. Still some uncertainty in the financial markets caused by Covid-19 can also occurred and therefore a rise in the financial costs is expected. Management don't expect an increase in the general risks based on this.

The general Macro economic and leftovers from Covid-19 can still have, negative consequences for the company's revenue and earnings in 2022/23, but limited. Management will be following the situation carefully.

Based on management's assessment including an assessment of the development in residual values and delinquencies in the first months of the financial year 2022/23 it's stable and that the level of credit losses provided for on existing loans as at 31 March 2022 is adequate. Overall a result of some DKK 90-100 million before tax is expected for the financial year 2022/23.

Except for the development caused by the Covid-19 outbreak (and the general Marco economic situation) no other events of significance for the assessment of the annual accounts have occurred after the balance sheet date.

Management's review

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 principal activities as a marketing, sales and finance company.

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.

Management's review

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/.

Toyota Financial Services A/S is a part of Toyota Danmark's (TDK) environmental policy is 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.

Statement on sustainability

In close cooperation with Toyota Denmark A/S, the company contributes through our principal 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. After a new with "lock-down" 2021/22 we continue 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.

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 21% this year 27%. 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 2024. The current representation is 0%, there is only limited changes in the Board of Directors and there were no candidates, until now.

As part of one of the largest global organizations, providing financial & mobility solutions to all customers, dealers, and team members in the Toyota Family, we as an organization affect and influence many people with our products. The employees of TFSDK are a vital asset in our long-term business success, and we recognize that having an inclusive and diverse culture is a key factor for achieving this.

At TFSDK, we aim for an inclusive culture where everyone feels valued, engaged, and respected, and where everyone is treated fairly and equally. An important factor to this as a success is that we at TFSDK have an empowering culture, where people can contribute with their unique skills and perspectives. At TFSDK we include and will always include not only people from diverse race, gender, sexual orientation, culture, ethnicity, physical ability, religious backgrounds, but also personality or diversity of thought.

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, 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

Management's review

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 2021 results show that our employees are highly motivated, we have big focus on our Customers. However, the feedback was also that we still 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. Covid-19 have made many Hybrid working, meaning working for home and meeting via Teams, this will still be an option for our employees going forward.

Management's Review

It is important for TFS, that our employees are treated with highest possible respect regardless of 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. This is also something we are working on at regional level.

Statement of policy for data ethics

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) but at the moment, no current plans for AI, however in case we introduce AI, we will assess the possibilities also from a Data ethics point of view. The Protection of personal data and Privacy is expressed in internal and external Privacy Policies as well as our Code of Conduct, which is shared across the organization. We 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.

As a company we are on a journey of transforming our business role from being a car manufacturer to our future role as a mobility company in an era of increasing digitalization. This means new digital platforms and more touchpoints with our customers. Hence, we are working towards an Omni Channel Architecture Strategy, to provide seamless and memorable customer experiences across all touchpoints. This will require more processing of Personal Data than ever before, and while this represents opportunities, it also comes with challenges and dilemmas.

Management's review

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 focus especially on Privacy by Design & Default when designing a new infrastructure/processing to secure data subjects’ rights to Privacy. 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 emerge. We think that in a world of increasing digitalization, Privacy is not only to be considered a CSRcriteria but also, a competition parameter of interest to customers as well as internal/external stakeholders.

For this reason, our strategy aims to put the customer in the “driver’s seat” by providing 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 Financial Services Danmark A/S for 2021/22 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 2021/22 is presented in TDKK.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

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.

Accounting policies

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.

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 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.

Balance sheet

Intangible assets

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
Operating lease - cars	3-5 years
Andre anlæg, driftsmateriel og inventar	6 years

Accounting policies

Assets costing less than DKK 30.700 are expensed in the year of acquisition.

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.

Receivables, loans and leasing

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

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 rent, insurance premiums, subscriptions and interest.

Equity

Dividends

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

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.

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.

Accounting policies

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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.

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.

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.

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>2021/22</u> TDKK	<u>2020/21</u> TDKK
Revenue		372.085	356.199
Other operating income		6	5
Other external expenses		<u>-126.531</u>	<u>-128.494</u>
Gross profit		245.560	227.710
Staff expenses	1	<u>-12.764</u>	<u>-11.348</u>
Profit/loss before amortisation/depreciation and impairment losses		232.796	216.362
Depreciation, amortisation and impairment of property, plant and equipment	2	-107.903	-100.279
Impairment of current assets		<u>-10.070</u>	<u>-17.632</u>
Profit/loss before net financials		114.823	98.451
Financial expenses	3	<u>-8.576</u>	<u>-7.710</u>
Profit/loss before tax		106.247	90.741
Tax on profit/loss for the year	4	<u>-23.017</u>	<u>-19.962</u>
Profit/loss for the year		83.230	70.779
Distribution of profit	5		

Balance sheet 31 March

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Assets			
Operating leases - Motor vehicles		498.955	532.492
Other fixtures and fittings, tools and equipment		<u>7.156</u>	<u>7.998</u>
Tangible assets	6	<u>506.111</u>	<u>540.490</u>
Total non-current assets		<u>506.111</u>	<u>540.490</u>
Trade receivables		5.544.876	5.616.108
Other receivables		<u>17.565</u>	<u>18.598</u>
Receivables		<u>5.562.441</u>	<u>5.634.706</u>
Cash at bank and in hand		<u>5</u>	<u>5</u>
Total current assets		<u>5.562.446</u>	<u>5.634.711</u>
Total assets		<u>6.068.557</u>	<u>6.175.201</u>

Balance sheet 31 March

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
Equity and liabilities			
Share capital		190.000	190.000
Retained earnings		315.026	315.026
Proposed dividend for the year		83.230	21.234
Equity	7	<u>588.256</u>	<u>526.260</u>
Provision for deferred tax	8	105.635	102.423
Total provisions		<u>105.635</u>	<u>102.423</u>
Payables to subsidiaries		2.524.000	2.524.000
Total non-current liabilities	9	<u>2.524.000</u>	<u>2.524.000</u>
Other credit institutions	9	10.244	55.556
Trade payables		49.320	41.144
Payables to group enterprises		2.639.763	2.771.033
Corporation tax		10.488	4.788
Other payables		45.425	49.840
Deferred revenue		95.426	100.157
Total current liabilities		<u>2.850.666</u>	<u>3.022.518</u>
Total liabilities		<u>5.374.666</u>	<u>5.546.518</u>
Total equity and liabilities		<u>6.068.557</u>	<u>6.175.201</u>
Contingent liabilities	10		
Related parties and ownership structure	11		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Equity at 1 April 2021	190.000	315.026	21.234	526.260
Ordinary dividend paid	0	0	-21.234	-21.234
Net profit/loss for the year	0	0	83.230	83.230
Equity at 31 March 2022	<u>190.000</u>	<u>315.026</u>	<u>83.230</u>	<u>588.256</u>

Notes

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	11.624	10.342
Pensions	1.013	891
Other social security costs	127	115
	<u>12.764</u>	<u>11.348</u>
Average number of employees	<u>15</u>	<u>11</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statement Act.		
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation tangible assets	<u>107.903</u>	<u>100.279</u>
	<u>107.903</u>	<u>100.279</u>
which breaks down as follows:		
Operating lease - Motor vehicles	107.061	99.481
Other fixtures and fittings, tools and equipment	842	798
	<u>107.903</u>	<u>100.279</u>
3 Financial expenses		
Interest paid to group enterprises	8.035	6.968
Other financial expenses	541	742
	<u>8.576</u>	<u>7.710</u>

Notes

	2021/22 <u>TDKK</u>	2020/21 <u>TDKK</u>
4 Tax on profit/loss for the year		
Current tax for the year	19.805	14.106
Deferred tax for the year	<u>3.212</u>	<u>5.856</u>
	<u>23.017</u>	<u>19.962</u>
5 Distribution of profit		
Proposed dividend for the year	83.230	21.234
Retained earnings	<u>0</u>	<u>49.545</u>
	<u>83.230</u>	<u>70.779</u>
6 Tangible assets		
	Operating leases - Motor vehicles <u>TDKK</u>	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 April 2021	702.814	8.495
Additions for the year	<u>73.524</u>	<u>0</u>
Cost at 31 March 2022	<u>776.338</u>	<u>8.495</u>
Impairment losses and depreciation at 1 April 2021	170.322	497
Depreciation for the year	<u>107.061</u>	<u>842</u>
Impairment losses and depreciation at 31 March 2022	<u>277.383</u>	<u>1.339</u>
Carrying amount at 31 March 2022	<u>498.955</u>	<u>7.156</u>
Depreciated over	<u>3-5 years</u>	<u>6 years</u>

Notes

7 Equity

The share capital consists of 1.900.000 shares of a nominal value of DKK 100. No shares carry any special rights.

	<u>2022</u> TDKK	<u>2021</u> TDKK
8 Provision for deferred tax		
Provision for deferred tax at 1 April 2021	102.423	96.568
Deferred tax for the year	<u>3.212</u>	<u>5.855</u>
Provision for deferred tax at 31 March 2022	<u>105.635</u>	<u>102.423</u>

Provisions for deferred tax on:

Intangible assets	-105.635	0
Operating Lease - Motor Vehic	30.956	29.565
Other Fixtures and fittings	1.023	849
Inventories	-105.635	0
Trade receivables	-105.635	0
Contract work in progress	-105.635	0
Current asset investments	-105.635	0
Intercompany profit on inventories	-105.635	0
Financial leasing	82.727	82.136
Provision for loss on loans	-9.071	-10.127
Other taxable temporary differences	<u>-105.635</u>	<u>0</u>
	<u>105.635</u>	<u>102.423</u>

Notes

9 Long term debt

Payables to subsidiaries

Between 1 and 5 years	<u>2.524.000</u>	<u>2.524.000</u>
Non-current portion	2.524.000	2.524.000
Other short-term debt to subsidiaries	<u>2.639.763</u>	<u>2.771.033</u>
Current portion	<u>2.639.763</u>	<u>2.771.033</u>
	<u>5.163.763</u>	<u>5.295.033</u>

10 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 bank guarantees for SKAT and Tinglysningsretten at DKK respectively 7,500k and 2,000k regarding the legislations in Denmark for the business the company executes.

11 Related parties and ownership structure

Controlling interest

Toyota Financial Services (UK) PLC, 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

11 Related parties and ownership structure (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.

Consolidated financial statements

The company is reflected in the group report as the parent company Toyota Motor Corporation.

The group report of Toyota Motor Corporation can be obtained at the following address:

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