

Toyota Danmark A/S

Dynamovej 10
2860 Søborg
CVR no. 48 45 63 16

Annual Report for 2018/19

Adopted at the Annual General
Meeting on 12 July 2019

Chairman



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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 2018 - 31 March 2019.

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 2019 and of the results of the Company's operations for the financial year 1 April 2018 - 31 March 2019.

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 2019

Executive Board



Frank Chukwuma Okoisor
CEO

Board of Directors



Kari Birger Skogster
Chairman



Masaru Shimada



Frank Chukwuma Okoisor

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 2019, and of the results of the Company's operations for the financial year 1 April 2018 - 31 March 2019 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 2018 - 31 March 2019, 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 2019

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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CVR no.: 48 45 63 16
Reporting period: 1 April 2018 - 31 March 2019
Domicile: Gladsaxe

Board of Directors

Kari Birger Skogster, Chairman
Masaru Shimada
Frank Chukwuma Okoisor

Executive Board

Frank Chukwuma Okoisor, CEO

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>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	2.560.165	2.618.208	2.258.097	1.997.035	1.809.909
Gross profit	254.698	246.772	195.504	193.137	146.440
Profit/loss before financial income and expenses	197.923	194.065	140.908	135.566	101.772
Net financials	40	98	46	264	280
Profit/loss for the year	154.368	151.178	109.921	103.024	73.454
Balance sheet					
Balance sheet total	514.512	628.123	614.952	429.553	542.926
Investment in property, plant and equipment	1.074	7.090	18.640	12.636	52
Equity	354.803	351.613	310.356	303.459	273.889
Number of employees	68	64	65	68	70
Financial ratios					
Profit margin	7,7%	7,4%	6,2%	6,8%	5,6%
Return on assets	34,6%	30,9%	22,9%	31,6%	18,7%
Solvency ratio	69,0%	56,0%	50,5%	70,6%	50,4%
Return on equity	43,7%	45,7%	35,8%	35,7%	26,2%

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 has more than 600 subsidiaries and employs around 369,000 people worldwide. All engaged in the global strategy and vision of transforming Toyota from an automotive company to a mobility company. In short, Toyota will lead the way to the future of mobility, enriching lives around the world with the safest and most responsible ways of moving people.

The global strategy builds on Toyota's foundation and values, which consist of the Five Main Principles of Toyota (1935), the Guiding Principles of Toyota (1997) and Toyota Way (2001).

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 68 people at our premises (offices, storage and garage) in Søborg.

TDK collaborate closely with our network of 25 independent retailers operating 69 showrooms around the country and our associated repairers.

Development in the year

The income statement of the Company for 2018/19 shows a profit of TDKK 154,368 and at 31 March 2019 the balance sheet of the Company shows equity of TDKK 354,803.

2018 was almost in same level as 2017 with a slight decline of 1.4%. The Danish automobile industry ended at a total sales of nearly 219,080 passenger cars, an decrease of 3,060 units versus 2017. The market development was driven by SUV and Premium which grew 27.1% and represented a total of 38,8% of the total market in 2018. A,B,C and D segments decreased with 14.4%, and counts for 53,4 % of the total market vs. 61,5% in 2017. In addition, the mix of fleet sales dropped to 49% . Light commercial vehicles (LCV) sales were 33.850 in 2018 vs 36,200 units in 2017.

Toyota sold 19,307 units with a market share of 7.6%, in Denmark. Yaris was once again the most sold model with a total of 5,300 units, followed by Aygo (4,100 units) and C-HR (2,400 units). Critical to our success was the continued growth of Toyota hybrid awareness and acceptance. Our total hybrid sales were 9,600 units (+23% vs 2017), with a sales mix of 63% on Yaris and 93% on C-HR. On LCVs, it was once again Hilux and Proace that accounted for the largest share of our sales. In AutoIndex 2019 (FDM), for the 17th consecutive year, Toyota again achieved two no. 1 places regarding the satisfaction of customers with the retailers and the workshops. The survey includes all suppliers of cars in Denmark, and Toyota has since the launch of AutoIndex in 2003 been amongst the very best. The financial result in 2018 is satisfactory.

Management's Review

Targets and expectations for the year ahead

In 2019, we expect the market to remain at the same level as in 2018, reaching around 258,000 units. In this environment we expect to sell 20,000, with a market share of 7,8%. In 2019, we expect that the automotive market will see further disruption from mobility and EV. With a view on this changing market environment, TDK will take steps to mirror the global strategy that moves Toyota from an automotive company to a mobility company, through the implementation of new mobility projects.

Statement on sustainability

Through our principle activities, TDK contributes 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 TMC and its subsidiaries 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 TDK Code of Conduct, organises 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 2018/19 they were trained alongside our own employees in General Data Protection Regulation (GDPR) and competition law. Furthermore, we are introducing our leadership training 'management of tomorrow' for them. 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 behaviour. TME regularly conduct internal audits related to our conduct and based on the audit conducted in 2018/19 we have made edits to the TDK Code of Conduct to align it more closely to our principle activities as a marketing and sales company. We report quarterly to TME on progress related to our audit findings.

TMC and TME's sustainability governance includes regular reviews of sustainability risks and opportunities through Toyotas Sustainability Meeting and environmental, social and governance (ESG) Committee – a process, which TDK also provide input to through our engagement in TME's 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/.

Management's Review

Environment and climate change

TDK's 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.

At TDK 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. 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. By 2050, Toyota should go beyond zero environmental impact and achieve a net positive impact by addressing six identified challenges:

New Vehicle Zero CO2 Emissions Challenge: TDK focus on increasing the share of Hybrid or Plug In Hybrid cars of which the share of TDK's annual sale has increased from 38% in 2017/28 to 50% in 2018/19. TDK's strategy is to become the market leader.

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. We also aim to set CO2-reduction targets for our network.

Plant Zero CO2 Emissions Challenge: The challenge relates to Toyotas car production plants and hence not in focus per se for TDK.

Challenge of Minimizing and Optimizing Water Usage: Through ISO 14001 TDK focus on use of water and we have reduced water consumption from our premises with 7% over the past 10 years.

Challenge of Establishing a Recycling-based Society and Systems: TDK engages in the 100% battery collection and global recycling system.

Challenge of Establishing a Future Society in Harmony with Nature: TDK is investigating possibilities to contribute to this challenge through national tree planting initiatives.

Management's Review

Through continuous improvements, TDK has reduced the environmental footprint of our operations by reductions in water consumption, use of chemicals and paper. We annually set targets to reduce heat and electricity and has reduced our consumption of heat with 10% and electricity with 38% over the last decade. As of February 2019, TDK's electricity supply is from renewable energy sources and our next initiative is to change lightning in our offices to more energy efficient solutions (LED). We are also in dialogue with an ISO 14001 certified supplier to take over our waste handling from premises to increase our recycling.

Furthermore, to stimulate environmental awareness among our employees we have made June the 'green month' of the year and in 2018/19 we focused on ways to improve local biodiversity in collaboration with the Danish Society for Nature Conservation.

Employee relations and human rights

Our employees are a key asset to the operations of TDK and we must be able to attract and retain employees and ensure that they have the right competences. It is TDK's aim to be one of the best workplaces in the industry. Through our corporate CSR Policy and TDK Code of Conduct, we commit to enhance our business performance in order to continue to provide employment and maintain fair and stable working conditions. At the same time, TDK 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 practise, we:

- maintain a safe and healthy working environment for all our employees,
- respect and honour the rights of all employees, and will not discriminate against them or permit infringement of their rights, and
- recognize our employees' right to freely associate, or not to associate and comply with applicable laws.

Our HR department introduces all new employees to Toyotas 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.

We coordinate and align our HR operations within the Nordics and with TME and we are in the process of implementing a HR management system 'People Soft' across TME. We monitor our performance through KPIs such as gender distribution (see below) and absenteeism among our employees, which in 2018/19 was 2.1% and on par with prior years. Biannually, we conduct an employee satisfaction survey. The 2018/19 results show that our employees are highly motivated and would recommend Toyota as a good place to work. However, the feedback was also that we must do more to develop our employees and address reduce potential stress elements in the workplace.

Management's Review

As part of our working environment organisation, we have established a working environment committee and two groups – one group for our offices and one for the garage. The committee meets three times a year and the groups have quarterly meetings to discuss pertinent issues and oversee developments.

In 2018/19 we have had a special focus on health and well-being to foster healthy lifestyles. For seven weeks in February-March, 2019 we embarked on a health campaign in collaboration with Team Danmark targeted our employees and our network of retailers. The campaign had close links to Toyota's Olympics sponsorship and was well received by our employees and network.

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 Toyota and it is detailed in TDK'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 TDK 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 TME quarterly.

We remind employees of TDK Code of Conduct at our monthly meetings and focus on specific sections related to anti-corruption and bribery during the year. We also inform all new suppliers of our zero tolerance policy and in 2018/19, 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.

Management's Review

Statement on gender distribution in management

It is part of TMC's CSR Policy to support equal employment opportunities, diversity and inclusion for our employees and we do not discriminate against them. Hence, 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 27% female representation.

We aim for a more equal gender distribution in our workforce and at the executive levels. Last year women represented 16% of our management group and we set a target of 20% by 2019. We are pleased that the target has been met, as we today have 21% women in our management group. We continue to focus on women when recruiting executives and expect to have a ratio of 24% female executives by 2020. Similarly we focus on increasing the representation of women on the Board of Directors with the aim of reaching a 25% representation among the three members elected by the annual general assembly by the of 2020. The current representation is 0%.

Management considers recruitment an important pipeline to promote equal opportunities in TDK and a prerequisite for improved gender quality at the executive levels. It is part of Management's continued initiatives to stimulate the number of female candidates when recruiting. In 2018/19 we started to monitor our recruitment practises in relation to gender representation and address unconscious bias as part of the process. Furthermore, two of our management representatives are now engaged in TME's gender diversity committee to address and share good practise on improving gender diversity.

Accounting Policies

The Annual Report of Toyota Danmark A/S for 2018/19 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 2018/19 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.

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 on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined;
- and 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.

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.

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.

Accounting Policies

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.

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:

	Useful life
Buildings	10-60 years
Other fixtures and fittings, tools and equipment	3-10 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 25,000 are expensed in the year of acquisition.

Accounting Policies

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.

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.

Accounting Policies

Current tax liabilities and assets

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.

Financial Highlights

Definitions of financial ratios.

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

Income Statement 1 April - 31 March

	<u>Note</u>	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
Revenue		2.560.165	2.618.208
Change in inventories of goods for resale		-56.947	-67.507
Other operating income		4.296	4.740
Cost of goods and services sold		-2.148.728	-2.201.638
Other external expenses		<u>-104.088</u>	<u>-107.031</u>
Gross profit		254.698	246.772
Staff expenses	1	-54.700	-47.770
Depreciation, amortisation and impairment of property, plant and equipment	2	<u>-2.075</u>	<u>-4.937</u>
Profit/loss before financial income and expenses		197.923	194.065
Financial income		604	614
Financial expenses	3	<u>-566</u>	<u>-503</u>
Profit/loss before tax		197.961	194.176
Tax on profit/loss for the year	4	<u>-43.593</u>	<u>-42.998</u>
Net profit/loss for the year		<u>154.368</u>	<u>151.178</u>
Distribution of profit	5		

Balance Sheet 31 March

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Assets			
Land and buildings		23.711	24.308
Other fixtures and fittings, tools and equipment		<u>3.873</u>	<u>12.062</u>
Property, plant and equipment	6	<u>27.584</u>	<u>36.370</u>
Deposits	7	<u>773</u>	<u>784</u>
Fixed asset investments		<u>773</u>	<u>784</u>
Fixed assets total		<u>28.357</u>	<u>37.154</u>
Inventories (goods for resale)		<u>377.263</u>	<u>434.210</u>
Trade receivables		43.297	53.264
Receivables from group enterprises		53.558	88.079
Other receivables		1.140	511
Deferred tax asset	8	425	221
Corporation tax		9.308	11.412
Prepayments	9	<u>239</u>	<u>232</u>
Receivables		<u>107.967</u>	<u>153.719</u>
Cash at bank and in hand		<u>925</u>	<u>3.040</u>
Current assets total		<u>486.155</u>	<u>590.969</u>
Assets total		<u>514.512</u>	<u>628.123</u>

Balance Sheet 31 March

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Liabilities and equity			
Share capital		25.000	25.000
Retained earnings		175.435	175.435
Proposed dividend for the year		<u>154.368</u>	<u>151.178</u>
Equity		<u>354.803</u>	<u>351.613</u>
Trade payables		54.932	58.525
Payables to group enterprises		31.301	156.004
Other payables		<u>73.476</u>	<u>61.981</u>
Short-term debt		<u>159.709</u>	<u>276.510</u>
Debt total		<u>159.709</u>	<u>276.510</u>
Liabilities and equity total		<u>514.512</u>	<u>628.123</u>
Contingent assets, liabilities and other financial obligations	10		
Related parties and group relation	11		
Fee to auditors appointed at the general meeting	12		
Subsequent events	13		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 April 2018	25.000	175.435	151.178	351.613
Ordinary dividend paid	0	0	-151.178	-151.178
Net profit/loss for the year	0	0	154.368	154.368
Equity at 31 March 2019	25.000	175.435	154.368	354.803

Notes to the Financial Statements

	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
1 Staff expenses		
Wages and salaries	49.827	43.107
Pensions	4.465	4.348
Other social security costs	408	315
Staff expenses total	<u>54.700</u>	<u>47.770</u>
Average number of employees	<u>68</u>	<u>64</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	<u>2.075</u>	<u>4.937</u>
	<u>2.075</u>	<u>4.937</u>
which breaks down as follows:		
Buildings	596	767
Other fixtures and fittings, tools and equipment	<u>1.479</u>	<u>4.170</u>
	<u>2.075</u>	<u>4.937</u>
3 Financial expenses		
Interest paid to group enterprises	106	140
Other financial expenses	185	192
Exchange loss	<u>275</u>	<u>171</u>
	<u>566</u>	<u>503</u>

Notes to the Financial Statements

	<u>2018/19</u>	<u>2017/18</u>	
	TDKK	TDKK	
4 Tax on profit/loss for the year			
Current tax for the year	42.464	42.797	
Deferred tax for the year	1.129	201	
Adjustment of tax concerning previous years	1.334	0	
Adjustment of deferred tax concerning previous years	<u>-1.334</u>	<u>0</u>	
	<u>43.593</u>	<u>42.998</u>	
5 Distribution of profit			
Proposed dividend for the year	<u>154.368</u>	<u>151.178</u>	
	<u>154.368</u>	<u>151.178</u>	
6 Property, plant and equipment			
	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	TDKK	TDKK	TDKK
Cost at 1 April 2018	86.475	25.025	111.500
Additions for the year	0	1.074	1.074
Disposals for the year	<u>0</u>	<u>-10.674</u>	<u>-10.674</u>
Cost at 31 March 2019	<u>86.475</u>	<u>15.425</u>	<u>101.900</u>
Impairment losses and depreciation at 1 April 2018	62.167	12.963	75.130
Depreciation for the year	597	1.479	2.076
Reversal of depreciations of sold assets	<u>0</u>	<u>-2.890</u>	<u>-2.890</u>
Impairment losses and depreciation at 31 March 2019	<u>62.764</u>	<u>11.552</u>	<u>74.316</u>
Carrying amount at 31 March 2019	<u>23.711</u>	<u>3.873</u>	<u>27.584</u>
Depreciated over	<u>10-60 years</u>	<u>3-10 years</u>	

Notes to the Financial Statements

7 Fixed asset investments

	<u>Deposits</u> TDKK
Cost at 1 April 2018	784
Repayment	<u>-11</u>
Cost at 31 March 2019	<u>773</u>
Carrying amount at 31 March 2019	<u>773</u>

	<u>2019</u> TDKK	<u>2018</u> TDKK
8 Deferred tax asset		
Deferred tax asset	221	422
Deferred tax for the year	-1.129	0
Adjustment prior year	<u>1.333</u>	<u>-201</u>
Deferred tax asset	<u>425</u>	<u>221</u>

Deferred tax asset is related to temporary differences on Property, plant & equipment, trade receivables, inventories and other payables.

9 Prepayments

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

Notes to the Financial Statements

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company provides a three-year warranty in respect of new cars sold and two-year warranty as regards spare parts and accessories. 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 until 31 October 2019 totals TDKK 830.

Toyota Danmark A/S has to the Central Tax Administration (SKAT) provided TDKK 500 as warranty.

11 Related parties and group relation

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 98 C(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 Group Annual Report of Toyota Motor Corporation may be obtained at the following address: Toyota Motor Corporation, Japan, Toyota-Cho, Toyota City, Aichi, Prefecture 471-8571.

Notes to the Financial Statements

	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
12 Fee to auditors appointed at the general meeting		
Audit fee	417	411
Non-audit services	<u>327</u>	<u>212</u>
	<u>744</u>	<u>623</u>

13 Subsequent events

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