Toyota Danmark A/S

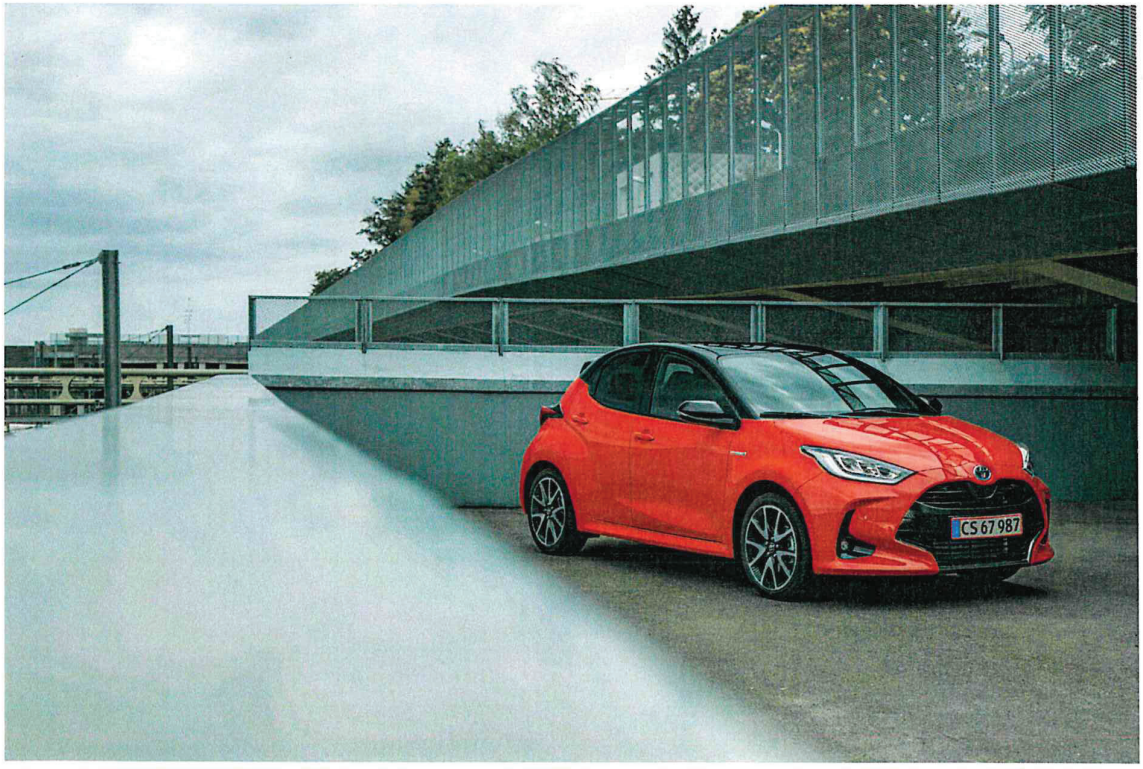
Dynamovej 10
2860 Søborg
CVR no. 48 45 63 16

Annual Report for 2020/21

Adopted at the Annual General Meeting on 12 July 2021

Chairman

Matthew Harrison



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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 2020 - 31 March 2021.

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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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 2021

Executive Board

Alar Metsson
CEO

Board of Directors

Dirk Tony De Man Chairman	Akito Takami	Alar Metsson

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 2021, and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 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 2020 - 31 March 2021, 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 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Leif Ulbæk Jensen
State Authorised Public Accountant
mne23327

Anders Røjleskov
State Authorised Public Accountant
mne28699

Company Details

The Company	Toyota Danmark A/S Dynamovej 10 2860 Søborg	
	Telephone:	+45 44 84 04 00
	E-mail:	toyota@toyota.dk
	Website:	www.toyota.dk
	CVR no.:	48 45 63 16
	Reporting period:	1 April 2020 - 31 March 2021
	Domicile:	Gladsaxe
Board of Directors	Dirk Tony De Man, chairman Akito Takami Alar Metsson	
Executive Board	Alar Metsson	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup	
Bankers	Danske Bank Holmens Kanal DK-1060 København K	
	Citibank H.C. Andersens Boulevard 12 DK-1553 København V	

Financial Highlights

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

	2020/21	2019/20	2018/19	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Revenue	2.565.852	2.572.123	2.560.165	2.618.208	2.258.097
Gross profit	254.572	322.138	254.698	246.772	195.504
Profit/loss before net financials	197.992	268.448	197.923	194.065	140.908
Net financials	431	90	40	98	46
Profit/loss for the year	154.990	209.340	154.368	151.178	109.921
Balance sheet					
Balance sheet total	691.280	725.018	514.512	628.123	614.952
Investment in property, plant and equipment	136	7.841	1.074	7.090	18.640
Equity	355.425	409.775	354.803	351.613	310.356
Number of employees	65	67	68	64	65
Financial ratios					
EBIT margin	7,7%	10,4%	7,7%	7,4%	6,2%
Return on assets	28,0%	37,7%	38,5%	30,9%	22,9%
Solvency ratio	51,4%	56,5%	69,0%	56,0%	50,5%
Return on equity	40,5%	54,8%	43,7%	45,7%	35,8%

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

Management's Review

The Company's principal activities

Toyota Danmark A/S (TDK) is a subsidiary of Toyota Motor Europe (TME), which is owned by Toyota Motor Corporation (TMC) in Japan. As a long-standing global motor vehicle production and sales corporation, TMC 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 Toyoda (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 64 people at our premises (offices, storage and garage) in Søborg.

TDK collaborate closely with our network of 30 independent retailers operating 85 showrooms and repair shops around the countries and our associated repairers.

Development in the year

The company's income statement for the year ended 31 March 2021 shows a profit of TDKK 154.990, and the balance sheet at 31 March 2021 shows equity of TDKK 355.425.

The company has not made use of any of of the Covid-19 schemes.

The realised results are better than expected, ref. the expectations stated in the Financial Statements for 2019/2020, as the sold vehicles exceeds the expectations with approximately 1,098 vehicles.

The Danish automobile industry ended at a total sales of 198,113 passenger cars in the calendar year 2020, a decrease of 27,466 units versus 2019. The market development was affected by COVID-19 lock downs and other production constrains among OEM´s. The total market was anticipated to be in the 2019 level before COVID-19 restrictions was launched in Denmark in March 2020. Despite that market ended better than the first market forecast made in April/May 2020, then it was still facing a significant drop with 12%. Almost all segments dropped in the Danish automobile industry vs. 2019 and especially the traditional A (-18%), B (-18%), C (-18%) and D/E segment (-30%) dropped by 18% and more. B-SUV and D-SUV segment were the only segments to increase by 25% and 15%, respectively vs. 2019. Light commercial vehicles (LCV) sales were 31,109 in 2020 vs 33,095 units in 2019 and did not drop as much as passenger cars, only -6%.

Management's Review

Toyota sold 17.098 units in calendar year 2020, corresponding to a market share of 7.4% which is in line with the previous year. Yaris was once again the most sold model with a total of 4,682 units, followed by Aygo (4,608 units), Corolla (2,386 units) and RAV4 (2,008 units). Our total Hybrid sales were 9.067 units, with a sales mix of 65% for Yaris, 98% for Corolla, 100% on C-HR and the RAV4 had a mix of 88%. On LCVs, it was once again Hilux and Proace that accounted for the largest share of our sales, supported by Proace City which was launch mid-year. In AutoIndex 2020 (FDM), for the 19th 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 2020 is satisfactory and the financial result was better than expected due a new car market, that ended higher than anticipated.

Significant events occurring after the end of the financial year
Refer to disclosure note 15.

Targets and expectations for the year ahead
In 2021, the market is expected to be flat compared to 2020, reaching around 232,000 units. The market started to slow down in Q1 2021, as a result of lock down in Denmark from end of December. COVID-19 is still affecting the car market in Denmark and as well impacts financial situation of Toyota Denmark. Due to lock down and later vaccination schedule, then it is expected that the market of new cars will be in the same level as 2020. Toyota expects to take 8% of the market. COVID-19 has affected aftersales and can be further affected by COVID-19. Consumers drives less mileage due to less traveling and many people are working from home. It is difficult to estimate the actual outcome of the COVID-19, since we don´t know if new lock downs are necessary. We still expect, that 2021 will be less travelling and still a higher degree of working from home than before the Covid-19 pandemic. The forecast of 2021 take this into account, but can be worse of better, than the current predictions.

Another important and significant change was the new car registration tax system, that has been implemented in 2020. This is challenging our ability to remain and secure the same profit level. It will also fuel the future mix of fuel types, where it is expected that the new EV and PHEV technologies will play a bigger part of new cars sold.

The uncertainty is affecting the future outlook and in the “new” market we expect to sell 19,300 vehicles which is estimated to result in a market share of 8,0%. We expect as well an impact on our profitability, but the uncertain situation makes it difficult to project the profit for FY21. However, it is our expectations that the Company will generate a positive result in the same level as FY20

Management's Review

Statement on sustainability

Through our principle activities which is described in section "The Company´s principal 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 2020/21 they continued training alongside our own employees in the training programme 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.

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 created a local 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 2017/18 to 53% in 2019/20. In 2020/21 the sales of Hybrid or Plug In Hybrid has further increased to 57% of the total sale. Toyota will in the near future introduce further models, that supports the CO2 strategy and EV cars will be introduced with the first one being our Light Commercial vehicle

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: The past 10 years TDK have had a focus on water use and consumption through ISO 14001. Therefore we have reached an acceptable level of water usage. We monitor water consumption each month to ensure water leaks are detected. If new technologies arise that will help us to reduce water consumption even more, we will look in to this.

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: In co-operation with the non- profit organisation, Green Network Foundation and Aarhus Kommune, TDK is contributing to a “people’s forrest” in the area of Aarhus. This project started in the fall 2020, and when fully planted the forrest will contain around 37,000 trees expectedly in 2022. All trees will be donated by TDK and symbolize the Toyota Hybrid sales volume from 2019 to 2021.

Through continuous improvements, TDK has reduced the environmental footprint of our operations by reductions in use of chemicals and paper. We annually set targets to reduce heat and electricity and has reduced our consumption significantly over the last decade. TDK has reached a level where it becomes more difficult to find new reduction areas. Each year we set a 3% reduction target in consumption for both heat an electricity. But the weather has an impact on our consumption, and due to this, then are the targets not always reached. As of January 2020 waste handling is taken over by Stena Recycling, who is also ISO 14001 certified. And light sources are also being exchanged to LED.

To further stimulate environmental awareness among our employees we have for the 8th time in row made June the “Green Month” of the year and in 2020/2021 we decided to focus on our environmental targets reached in the past and the content of our targets set for the coming period. In addition we focused on the actual huge influence on the environment caused by the ongoing Corona Pandemic.

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 an obvious risk to our performance, if TDK is not able to attract and retain employees. Due to this, then TDK’s aim to be one of the best workplaces in the industry. Among the counter measures to the risk, TDK 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 TDK Code of Conduct. 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
- 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 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 day annually. This is being done to develop our employees, motivate them to develop and as well retain our employees. TME has introduced a new Toyota Way in the end of last fiscal year, which will be enrolled in the coming years.

We coordinate and align our HR operations within the Nordics and with TME and we have implemented a HR management system 'People Soft' across TME. With this system we can monitor our performance through KPIs such as gender distribution (see below) and absenteeism among our employees, which in 2020/21 was 1.0% vs. 1.8% last year. Biannually, we conduct an employee satisfaction survey. The 2018/19 results shows 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. Due to this, then all employees have been asked to create a development plan with their managers, which we can track and see in People Soft. The enhanced structured approach to development has led to several of training activities among our employees during the year. COVID-19 created some constrains, but still some employee managed to develop them self through training. All employees are expected to update their development plan in the coming months.

Another counter measure to attract and retain our employees, then 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. The groups are working with key activities to assure a working environment that is stimulation a strong and positive culture, which enables our ability to retain the employees. The key actions in 2020 has been in relation to safety and avoid accident in our workshop. Due to this we have invested in better lightning and specific tools that can help the staff to transport heavy material between the cars. This implementation has resulted in no accident and sickness leave due to pain from lifting heavy material.

It is important for TDK, 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 TDK to assure that TDK respect and work with diversity to assure all rights are respected.

TDK takes also a large interest that our Retailers staff are motivated and engaged, which has resulted in implementing an employee survey together with the retailers. Those results are being shared to address if open issues have to be resolved. It is also important that the staff of our retailers share the same values as TDK employees and they are also trained in Toyota Way on regular basis. In 2020 we have rolled out this tool and through our retail consultant a close monitoring of staff engagement among our retailers take place. We expect to see strong results from this action in the coming years and reduce HC turnaround and stronger engagement.

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. There haven´t been any incident to report in 2020/21.

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 2019/20, 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.

We have during the year rolled out an updated competitor law e-learning to all employees.

Statement on gender distribution in management

Description of target figures for the underrepresented gender

Target figures for the underrepresented gender

We aim for a more equal gender distribution in our workforce and at the executive levels. We have achieved 20% female representation in our executive group during 2020. Similarly we focus on increasing the representation of women on the Board of Directors with the aim of reaching a 33% representation among the three members elected by the annual general assembly by the of 2023. The current representation is 0%. The target to achieve 33% female representation was not met due to the General meeting did not elect a female to the Board of Directors.

Description of policies for the underrepresented gender

Policies for the underrepresented gender

It is part of TMC's CSR Policy to support equal employment opportunities, diversity and inclusion for ouremployees 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 32% female representation vs. 33% the year before.

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

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 practices 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. Our group has initiated a specific programme on a European level to identify how Toyota can improve gender diversity. We have two employees, who represent us in this group. Specific KPI´s are being designed, which will create an extra focus from management to secure improved gender diversity.

Accounting Policies

The Annual Report of Toyota Danmark A/S for 2020/21 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 2020/21 is presented in TDKK.

Cash flow statement

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

Basis of recognition and measurement

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

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

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

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

Translation policies

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

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

Accounting Policies

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

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

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

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

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

Income statement

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

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

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

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

Accounting Policies

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

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

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

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

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

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

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

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

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

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

Accounting Policies

Balance sheet

Intangible assets

Development projects

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

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

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

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

Property, plant and equipment

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

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

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.

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. Extra payment and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

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

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

Accounting Policies

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

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

Financial highlights

Definitions of financial ratios.

Profit margin $\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$

Return on assets $\frac{\text{Profit/loss before financials x 100}}{\text{Total assets}}$

Equity ratio $\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$

Return on equity $\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$

Income Statement 1 April - 31 March

	Note	2020/21 TDKK	2019/20 TDKK
Revenue		**2.565.852**	**2.572.123**
Change in inventories of goods for resale		53.914	75.908
Other operating income		1.589	1.196
Cost of goods sold		-2.248.081	-2.213.063
Other external expenses		-118.702	-114.026
Gross profit		**254.572**	**322.138**
Staff expenses	1	-55.078	-52.435
Profit/loss before amortisation and depreciation		**199.494**	**269.703**
Depreciation, amortisation and impairment of property, plant and equipment	2	-1.502	-1.255
Profit/loss before net financials		**197.992**	**268.448**
Financial income		733	642
Financial expenses	3	-302	-552
Profit/loss before tax		**198.423**	**268.538**
Tax on profit/loss for the year	4	-43.433	-59.198
Profit/loss for the year		**154.990**	**209.340**
Distribution of profit	5		

Balance Sheet 31 March

	Note	2021	2020
		TDKK	TDKK
Assets			
Development projects in progress		867	938
Intangible assets	6	**867**	**938**
Land and buildings		23.357	23.542
Other fixtures and fittings, tools and equipment		3.023	3.544
Property, plant and equipment in progress		7.124	6.569
Property, plant and equipment	7	**33.504**	**33.655**
Deposits	8	3.277	3.277
Fixed asset investments		**3.277**	**3.277**
Total non-current assets		**37.648**	**37.870**
Goods for resale		507.085	453.171
Inventories		**507.085**	**453.171**
Trade receivables		105.386	73.386
Receivables from group enterprises		11.990	143.884
Other receivables		2.629	2.042
Deferred tax asset	9	452	0
Corporation tax		25.672	12.467
Prepayments	10	256	1.217
Receivables		**146.385**	**232.996**
Cash at bank and in hand		**162**	**981**
Total current assets		**653.632**	**687.148**
Total assets		**691.280**	**725.018**

Balance Sheet 31 March

	Note	2021	2020
		TDKK	TDKK
Equity and liabilities			
Share capital		25.000	25.000
Retained earnings		175.435	175.435
Proposed dividend for the year		154.990	209.340
Equity		**355.425**	**409.775**
Provision for deferred tax	9	0	207
Total provisions		**0**	**207**
Other payables		4.495	2.867
Total long term liabilities	11	**4.495**	**2.867**
Trade payables		45.555	42.871
Payables to group enterprises		187.194	219.944
Other payables	11	98.611	49.354
Total short term liabilities		**331.360**	**312.169**
Total liabilities		**335.855**	**315.036**
Total equity and liabilities		**691.280**	**725.018**
Contingent liabilities and other financial obligations	12		
Related parties and ownership structure	13		
Fee to auditors appointed at the general meeting	14		
Subsequent events	15		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 April 2020	25.000	175.435	209.340	409.775
Ordinary dividend paid	0	0	-209.340	-209.340
Net profit/loss for the year	0	0	154.990	154.990
Equity at 31 March 2021	**25.000**	**175.435**	**154.990**	**355.425**

Notes

	2020/21	2019/20
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	43.083	45.345
Pensions	4.423	4.572
Other social security costs	376	459
Other staff costs	7.196	2.059
	55.078	**52.435**
Including remuneration to the Executive Board	0	2.792
	0	**2.792**
Average number of employees	65	67

The Executive Board has in 2019/20 consisted of 2 members. Remuneration to the Executive Board has not been disclosed for 2020/21 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	1.502	1.255
	1.502	**1.255**
which breaks down as follows:		
Buildings	1.191	607
Other fixtures and fittings, tools and equipment	311	648
	1.502	**1.255**

Notes

	2020/21	2019/20
	TDKK	TDKK
3 Financial expenses		
Interest paid to group enterprises	122	134
Other financial expenses	124	223
Exchange loss	56	195
	302	**552**

4 Tax on profit/loss for the year		
Current tax for the year	44.092	58.566
Deferred tax for the year	-659	632
	43.433	**59.198**

5 Distribution of profit		
Proposed dividend for the year	154.990	209.340
	154.990	**209.340**

6 Intangible assets

	Development projects in progress
	TDKK
Cost at 1 April 2020	938
Transfers for the year	-71
Cost at 31 March 2021	867
Carrying amount at 31 March 2021	**867**

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

Notes

7 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 April 2020	86.913	15.533	6.569	109.015
Additions for the year	1.006	203	484	1.693
Disposals for the year	0	-1.557	0	-1.557
Transfers for the year	0	0	71	71
Cost at 31 March 2021	87.919	14.179	7.124	109.222
Impairment losses and depreciation at 1 April 2020	63.371	11.989	0	75.360
Depreciation for the year	1.191	175	0	1.366
Impairment and depreciation of sold assets for the year	0	136	0	136
Reversal of depreciations of sold assets	0	-1.144	0	-1.144
Impairment losses and depreciation at 31 March 2021	64.562	11.156	0	75.718
Carrying amount at 31 March 2021	**23.357**	**3.023**	**7.124**	**33.504**
Depreciated over	10-60 years	3-10 years		

Notes

8 Fixed asset investments

	Deposits TDKK
Cost at 1 April 2020	3.277
Cost at 31 March 2021	3.277
Carrying amount at 31 March 2021	**3.277**

9 Provision for deferred tax

	2021 TDKK	2020 TDKK
Provision for deferred tax	-207	425
Deferred tax for the year	659	-632
Provision for deferred tax	**452**	**-207**

10 Prepayments

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

11 Long term debt

	2021 TDKK	2020 TDKK
Other payables		
Between 1 and 5 years	4.495	2.867
Non-current portion	4.495	2.867
Other short-term other debt	98.611	49.354
Current portion	98.611	49.354
	103.106	**52.221**

Notes

12 Contingent liabilities and other financial obligations

The Company provides a three-year warranty in respect of new cars sold and two-year warranty as regards spare parts and accessories. 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 December 2021 totals TDKK 724 which is due within a year.

Other lease payments concerning interminable contract until 31 July 2021 totals TDKK 26 which is due within a year.

13 Related parties and ownership structure

Controlling interest

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

Toyota Motor CO., Japan, Ultimate Parent Company

Transactions

Transactions with related parties have not been disclosed for in accordance with section 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-Cho,

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

Notes

	2020/21	2019/20
	TDKK	TDKK
14 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers:		
Audit fee	448	435
Non-audit services	244	167
	692	**602**

15 Subsequent events

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