
Toyota Material Handling Danmark A/S

Industrivej 3, DK-3550 Slangerup

Annual Report for 1 April 2019 - 31 March 2020

CVR No 62 65 70 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/8 2020

Thomas Vang Christensen
Chairman of the General
Meeting

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Management's Statement

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

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

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

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

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

Slangerup, 25 August 2020

Executive Board

Troels Christensen

Board of Directors

Stefan Peter Gradenwitz
Chairman

Eva Åsa Marita Hammarström

Torben Toft

Anders Helbo

Independent Auditor's Report

To the Shareholder of Toyota Material Handling Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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, 25 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Boje Andreassen
State Authorised Public Accountant
mne2338

Maj-Britt Nørskov Nannestad
State Authorised Public Accountant
mne32198

Company Information

The Company

Toyota Material Handling Danmark A/S
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DK-3550 Slangerup

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Website: www.toyota-forklifts.dk

CVR No: 62 65 70 14

Financial period: 1 April - 31 March

Incorporated: 29 May 1964

Financial year: 57th financial year

Municipality of reg. office: Frederikssund

Board of Directors

Stefan Peter Gradenwitz, Chairman
Eva Åsa Marita Hammarström
Torben Toft
Anders Helbo

Executive Board

Troels Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Lou Advokater P/S
Carlsbergvej 32 D
DK-3400 Hillerød

Bankers

SEB Bank Danmark
Bernstorffsgade 50
DK-1577 København V

Financial Highlights

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

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	677,843	727,860	674,926	655,282	587,584
Gross profit/loss	253,900	255,035	222,958	217,806	194,592
Profit/loss before financial income and expenses	13,890	22,528	4,269	9,027	16,246
Net financials	8,987	15,003	17,500	14,815	12,892
Net profit/loss for the year	17,640	28,760	16,713	18,647	22,392
Balance sheet					
Balance sheet total	964,619	917,822	856,606	819,488	751,407
Equity	203,319	210,678	181,918	165,205	146,558
Investment in property, plant and equipment	40,274	54,277	-62,256	21,388	27,325
Number of employees	316	311	303	297	259
Ratios					
Gross margin	37.5%	35.0%	33.0%	33.2%	33.1%
Profit margin	2.0%	3.1%	0.6%	1.4%	2.8%
Return on assets	1.4%	2.5%	0.5%	1.1%	2.2%
Solvency ratio	21.1%	23.0%	21.2%	20.2%	19.5%
Return on equity	8.5%	14.7%	9.6%	12.0%	16.5%

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

Management's Review

Key activities

The Company deals in all aspects of stackers and forklifts and hires out and provides service support on these.

Development in the year

The income statement of the Company for 2019/20 shows a profit of DKK 17,640 and at 31 March 2020 the balance sheet of the Company shows equity of DKK 203,319.

Toyota Material Handling Danmark A/S is a strong, market-leading enterprise within the forklift truck segment.

We offer our customers a full-range product portfolio in the forklift truck segment in addition to various forms of financing and hire. Moreover, our service organization is represented nationwide, which enables us to react quickly in all parts of Denmark when our customers need our assistance. We offer a high level of competencies within fleet management, automation products, logistics consulting and other similar products.

We believe that our customers' needs in this area are developing these years and, therefore, we consider it one of our key areas which we want to maintain and where our product development will take place. The total truck market realized a continuous increase in orders from the spring of 2014 until 2017/18. From 2017/18 until the beginning of 2020 market has been flat, while the market has decreased since the outbreak of Corona.

We see the continuously low interest rate as a contributor to the positive macroeconomic trends. Toyota Material Handling Danmark A/S is continuously improving sustainable processes adjusting costs and resources in order to ensure the optimal level for any given level of activity. Toyota Material Handling Danmark A/S has launched several projects on the basis of TPS and its concepts of Lean with the aim of reducing costs, strengthening delivery on time and improving quality and productivity. It is the absolute commitment of Toyota Material Handling Danmark A/S to further its capabilities and competences within this area in the coming years.

Compared to last year, our revenue has decreased from DKK 727.9 million in 2018/19 to DKK 677.8 million in 2019/20, while our net profit has decreased from DKK 28.8 million in 2018/19 to DKK 17.6 million in 2019/20. The result has developed negatively in certain specific business areas, therefore the overall result for the year is not considered as satisfying.

Management's Review

Special risks - operating risks and financial risks

Operating risks

Like most markets, the forklift truck market is seeing increased focus on prices. Only through continued consolidation of the Company's high-quality level, continued improvement of our service level and continued focus on the direction of changes in the customers' needs as well as constant focus on the development in costs, will it be possible to maintain a satisfactory result development. We still need to be able to anticipate our customers' needs and deliver solutions for sufficient material handling.

Market risks

Foreign exchange risks

Toyota Material Handling Danmark A/S is not exposed to any significant foreign exchange or interest rate risks.

Raw material prices

Raw material prices have remained relatively stable. The present level is under control; however, if significant increases are seen, it may affect the result for the coming years.

Bad debts

We have continuous focus on bad debts. We will continue maintaining a strong focus on the development of our processes in this area to ensure that losses on debtors will remain at a low level.

Environmental issues

Toyota Material Handling Danmark A/S is environmentally conscious and makes continuous efforts to reduce environmental impact from the Company's operations. In this connection, it should be noted that most of the Company's products consist of electric-powered forklift trucks, which are the optimum kind of engines for environmental purposes. Most of our range is available with lithium-ion and fuel cell technology for low carbon solutions. Sustainability has been a high-priority area, and projects have been carried out both internally and together with our customers in order to optimize the effort and minimize environmental impact. Moreover, it should be noted that Toyota Material Handling's production companies have obtained ISO 14001 environmental certification and that Toyota Material Handling Danmark obtained a Gold Ecovadis certification in 2019. The Ecovadis gold level ranking reflects our commitment to sustainable development and our ambition to contribute to societies and the environment in which we operate.

Management's Review

Intellectual capital resources

It is material to the continued growth of Toyota Material Handling Danmark A/S that the Company is able to continue attracting and retaining qualified employees.

The Company offers a comprehensive course program which ensures and maintains a high knowledge level. This is moreover maintained and developed through our TLLP program, ISO 9001 and Ecovadis certifications.

Corporate social responsibility

For a statement on corporate social responsibility, we refer to our ultimate Parent Company Toyota Industries Corporation, which prepares consolidated financial statements.

Gender representation

A balanced gender representation and antidiscrimination in general are central topics in the Toyota Material Handling Europe (TMHE) code of conduct.

TMHE is committed to equal opportunity and follows recruitment and selection practices that comply with all applicable employment laws. As such, TMHE promotes equal opportunities in employment, regardless of gender, age, marital status, race, color, ethnic origin, sexual orientation, disability, and religious and political affiliation.

It is the aim to ensure that the gender representation of the Board of Directors is in line with the rest of the Company.

The gender representation of the present Board of Directors is 75% men / 25% women. Gender representation is also an integral part of the TMHE Recruitment policy giving guidelines for the recruitment of Senior Management positions.

Our remuneration policy embeds fairness, transparency and equal opportunities for all.

Management's Review

Expected development

Our main strategic initiatives will be focused around five defined Hoshin areas which are unchanged compared to 2019/20:

1. Harmonize process structure
2. Strengthen service position
3. Step change market contact
4. Take lead in connectivity
5. Grow automation

In the coming years, we will continue to develop our capabilities to deliver better and more customized logistic solution and consultancy services taking a step closer to the customer.

We are fully committed to building on our internal capabilities and competencies within TPS and its concepts of Lean making our processes even more cost-efficient, keeping our OPEX cost base constant, delivering on time and providing better products and solutions to the market.

Throughout the coming year, we expect to realize higher revenue at higher margins with a constant OPEX, yielding better results.

The Covid-19 outbreak has had a significant impact on the Euro zones GDP and Industrial production level which also effects Toyota Material Handling Danmark A/S. Since the outbreak of Covid-19 we have had a dedicated risk management team in place to handle changes in the physical interactions and cooperation with our customers, as well as taking relevant and timely actions to protect our business. This focus continues, but inevitable the COVID-19 pandemic constitutes a significant risk and uncertainty in the business climate for the time being.

Income Statement 1 April - 31 March

	Note	2019/20 DKK '000	2018/19 DKK '000
Revenue	2	677,843	727,860
Other operating income		10,250	10,969
Cost of sales		-361,007	-408,444
Other external expenses		-73,186	-75,350
Gross profit/loss		253,900	255,035
Staff expenses	3	-191,603	-186,953
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-48,407	-45,554
Profit/loss before financial income and expenses		13,890	22,528
Financial income		21,365	27,085
Financial expenses	5	-12,378	-12,082
Profit/loss before tax		22,877	37,531
Tax on profit/loss for the year	6	-5,237	-8,771
Net profit/loss for the year		17,640	28,760

Balance Sheet 31 March

Assets

	Note	2019/20 DKK '000	2018/19 DKK '000
Goodwill		2,561	5,121
Development projects in progress		0	0
Intangible assets	7	2,561	5,121
Demo and rental trucks		225,930	199,618
Fixtures and fittings, tools and equipment		775	1,473
Leasehold improvements		1,077	911
Property, plant and equipment	8	227,782	202,002
Receivables leases		315,453	302,520
Fixed asset investments	9	315,453	302,520
Fixed assets		545,796	509,643
Inventories		66,925	60,361
Trade receivables		273,649	278,927
Contract work in progress	10	0	1,716
Receivables from group enterprises		68,063	54,214
Other receivables		5,739	4,765
Corporation tax		2,271	5,284
Prepayments	11	2,066	2,646
Receivables		351,788	347,552
Cash at bank and in hand		110	266
Currents assets		418,823	408,179
Assets		964,619	917,822

Balance Sheet 31 March

Liabilities and equity

	Note	2019/20 DKK '000	2018/19 DKK '000
Share capital		2,500	2,500
Retained earnings		200,819	183,178
Proposed dividend for the year		0	25,000
Equity	12	203,319	210,678
Provision for deferred tax	14	6,393	6,943
Other provisions	15	1,809	1,704
Provisions		8,202	8,647
Lease obligations		350,736	320,132
Payables to group enterprises		127,799	117,759
Other payables		10,589	0
Long-term debt	16	489,124	437,891
Lease obligations	16	130,265	125,638
Prepayments received from customers		20,481	24,323
Trade payables		15,927	19,557
Contract work in progress, liabilities	10	1,062	0
Payables to group enterprises	16	53,248	35,286
Other payables	16	40,939	53,742
Deferred income	17	2,052	2,060
Short-term debt		263,974	260,606
Debt		753,098	698,497
Liabilities and equity		964,619	917,822
Subsequent events	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Accounting Policies	21		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 April	2,500	183,179	25,000	210,679
Ordinary dividend paid	0	0	-25,000	-25,000
Net profit/loss for the year	0	17,640	0	17,640
Equity at 31 March	2,500	200,819	0	203,319

Notes to the Financial Statements

1 Subsequent events

The Covid-19 outbreak has had a significant impact on the Euro zones GDP and Industrial production level which also effects Toyota Material Handling Denmark A/S. Since the outbreak of Covid-19 we have had a dedicated risk management team in place to handle changes in the physical interactions and cooperation with our customers, as well as taking relevant and timely actions to protect our business. This focus continues, but inevitable the COVID-19 pandemic constitutes a significant risk and uncertainty in the business climate for the time being.

	<u>2019/20</u> DKK '000	<u>2018/19</u> DKK '000
2 Revenue		
Business segments		
Truck sales	422,610	464,920
After-sales market	255,233	262,940
	<u>677,843</u>	<u>727,860</u>
Geographical segments		

The Company operates on the markets for stackers and forklift trucks in Denmark.

3 Staff expenses

Wages and salaries	174,440	170,793
Pensions	12,703	11,823
Other staff expenses	4,460	4,337
	<u>191,603</u>	<u>186,953</u>
Average number of employees	<u>316</u>	<u>311</u>

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

Notes to the Financial Statements

	2019/20 DKK '000	2018/19 DKK '000
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,560	2,560
Depreciation of property, plant and equipment	45,847	43,007
Gain and loss on disposal	0	-13
	48,407	45,554
Which is specified as follows:		
Goodwill	2,560	2,560
Demo and rental trucks	44,689	41,644
Fixtures and fittings, tools and equipment	938	1,109
Leasehold improvements	220	254
Loss/(profit) on sale of property, plant and equipment	0	-13
	48,407	45,554
5 Financial expenses		
Interest paid to group enterprises	241	223
Other financial expenses	11,775	11,663
Exchange adjustments, expenses	362	196
	12,378	12,082

Notes to the Financial Statements

	<u>2019/20</u> DKK '000	<u>2018/19</u> DKK '000
6 Tax on profit/loss for the year		
Current tax for the year	6,316	7,956
Deferred tax for the year	-550	861
Current tax last year	-529	-46
	<u>5,237</u>	<u>8,771</u>
7 Intangible assets		
	<u>Goodwill</u> DKK '000	<u>Development projects in progress</u> DKK '000
Cost at 1 April	<u>12,802</u>	<u>185</u>
Cost at 31 March	<u>12,802</u>	<u>185</u>
Impairment losses and amortisation at 1 April	7,681	185
Amortisation for the year	<u>2,560</u>	<u>0</u>
Impairment losses and amortisation at 31 March	<u>10,241</u>	<u>185</u>
Carrying amount at 31 March	<u>2,561</u>	<u>0</u>
Amortised over	<u>5 years</u>	<u>5 years</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Demo and rental trucks DKK '000	Fixtures and fittings, tools and equipment DKK '000	Leasehold improvements DKK '000
Cost at 1 April	289,720	12,724	6,734
Additions for the year	116,944	240	386
Disposals for the year	-73,010	0	0
Cost at 31 March	<u>333,654</u>	<u>12,964</u>	<u>7,120</u>
Impairment losses and depreciation at 1 April	90,098	11,251	5,823
Impairment losses for the year	5,013	0	0
Depreciation for the year	39,676	938	220
Reversal of impairment and depreciation of sold assets	-27,063	0	0
Impairment losses and depreciation at 31 March	<u>107,724</u>	<u>12,189</u>	<u>6,043</u>
Carrying amount at 31 March	<u>225,930</u>	<u>775</u>	<u>1,077</u>
Depreciated over	<u>3-6 years</u>	<u>3-5 years</u>	<u>6-10 years</u>

9 Fixed asset investments

	Receivables leases DKK '000
Cost at 1 April	302,520
Additions for the year	164,928
Disposals for the year	<u>-151,995</u>
Cost at 31 March	<u>315,453</u>
Carrying amount at 31 March	<u>315,453</u>

The total receivables relating to leases amount to DKK 446,620k, of which short-term receivables amount to DKK 131,167k, which are presented in trade receivables.

Notes to the Financial Statements

	2019/20 DKK '000	2018/19 DKK '000
10 Contract work in progress		
Selling price of work in progress	5,782	2,889
Payments received on account	-6,844	-1,173
	<u>-1,062</u>	<u>1,716</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	0	1,716
Prepayments received recognised in debt	-1,062	0
	<u>-1,062</u>	<u>1,716</u>

11 Prepayments

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

12 Equity

The share capital consists of 2,500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

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

13 Distribution of profit

Proposed dividend for the year	0	25,000
Retained earnings	17,640	3,760
	<u>17,640</u>	<u>28,760</u>

Notes to the Financial Statements

	2019/20	2018/19
	DKK '000	DKK '000
14 Provision for deferred tax		
Provision for deferred tax at 1 April	6,943	6,082
Amounts recognised in the income statement for the year	-550	861
Provision for deferred tax at 31 March	6,393	6,943
Intangible assets	-644	-483
Property, plant and equipment	6,356	7,300
Provisions	-376	-352
Others	1,057	478
	6,393	6,943

15 Other provisions

Other provisions contains provision for warranty, provision for leaseholds and provision for losses on LTR contracts.

Other provisions	1,809	1,704
	1,809	1,704

16 Long-term debt

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

The debt falls due for payment as specified below:

Lease obligations

Between 1 and 5 years	350,736	320,132
Long-term part	350,736	320,132
Within 1 year	130,265	125,638
	481,001	445,770

Payables to group enterprises

Between 1 and 5 years	127,799	117,759
Long-term part	127,799	117,759
Within 1 year	53,248	35,286
	181,047	153,045

Notes to the Financial Statements

16 Long-term debt (continued)

	2019/20	2018/19
	DKK '000	DKK '000
Other payables		
Between 1 and 5 years	10,589	0
Long-term part	10,589	0
Other short-term payables	40,939	53,742
	51,528	53,742

17 Deferred income

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

18 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	11,398	12,280
Between 1 and 5 years	15,387	22,767
	26,785	35,047

Rental liabilities, non-terminable until 31 March 2021	5,063	6,744
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Other contingent liabilities

The Company has no securities or contingent liabilities at 31 March 2020.

Notes to the Financial Statements

19 Related parties

	<u>Basis</u>
Controlling interest	
Toyota Industries Corporation	Ultimate parent
Toyota Material Handling Europe AB	Parent

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.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Toyota Industries Corporation	2-1 Toyoda-cho Kariya-shi, Aichi, Japan
Toyota Industries Europe AB	Svarvargatan 8, Mjölby, Sweden

20 Fee to auditors appointed at the general meeting

	<u>2019/20</u>	<u>2018/19</u>
	DKK '000	DKK '000
Audit fee to PricewaterhouseCoopers	310	308
Other services	61	61
	<u>371</u>	<u>369</u>

Notes to the Financial Statements

21 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

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

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 Industries Europe AB, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

21 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

Segment reporting

Segment information is presented in respect of business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments. In compliance with the Danish Executive Order on exemptions from the Danish Financial Statements Act, reporting on geographical segments comprises revenue only.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Staff expenses

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

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:

Demo and rental trucks	3-6 years
Other buildings	3-5 years
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	6-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

21 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

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

Equity

Dividend

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Lease obligations

Lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Deferred income

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

Financial Highlights

Explanation of financial ratios

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