
Toyota Material Handling Danmark A/S

Industrivej 3, DK-3550 Slangerup

Annual Report for 1 April 2022 - 31 March 2023

CVR No 62 65 70 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /9 2023

Thomas Vang Christensen
Chairman of the General
Meeting

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Toyota Material Handling Danmark A/S for the financial year 1 April 2022 - 31 March 2023.

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 2023 of the Company and of the results of the Company operations for 2022/23.

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, 6 September 2023

Executive Board

Troels Christensen

Supervisory Board

Stefan Peter Gradenwitz
Chairman

Eva Åsa Marita Hammarström

Jan Henriksen

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 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 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 2022 - 31 March 2023, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials 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, 6 September 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden
State Authorised Public Accountant
mne32209

Gösta Gauffin
State Authorised Public Accountant
mne45821

Company Information

The Company

Toyota Material Handling Danmark A/S
Industrivej 3
DK-3550 Slangerup

Telephone: + 45 70 22 02 60
E-mail: info@dk.toyota-industries.com
Website: www.toyota-forklifts.dk

CVR No: 62 65 70 14
Financial period: 1 April - 31 March
Incorporated: 29 May 1964
Financial year: 60th financial year
Municipality of reg. office: Frederikssund

Supervisory Board

Stefan Peter Gradenwitz, Chairman
Eva Åsa Marita Hammarström
Jan Henriksen
Anders Helbo

Executive Board

Troels Christensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Ret & Råd Advokater
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:

	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	753,635	708,741	695,810	677,843	727,860
Gross profit/loss	325,724	289,203	265,728	253,900	255,035
Profit/loss before financial income and expenses	42,419	32,563	26,670	13,890	22,528
Net financials	-195	1,682	4,646	8,987	15,003
Net profit/loss for the year	32,950	27,292	24,404	17,640	28,760
Balance sheet					
Balance sheet total	1,129,522	1,074,045	1,047,815	964,619	917,822
Equity	237,964	230,014	227,722	203,319	210,678
Investment in property, plant and equipment	-157,201	-140,724	-85,868	-71,623	-71,253
Number of employees	321	308	306	316	311
Ratios					
Gross margin	43.2%	40.8%	38.2%	37.5%	35.0%
Profit margin	5.6%	4.6%	3.8%	2.0%	3.1%
Return on assets	3.8%	3.0%	2.5%	1.4%	2.5%
Solvency ratio	21.1%	21.4%	21.7%	21.1%	23.0%
Return on equity	14.1%	11.9%	11.3%	8.5%	14.7%

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 2022/23 shows a profit of DKK 32,950k, and at 31 March 2023 the balance sheet of the Company shows equity of DKK 237,964k.

Toyota Material Handling Denmark 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 related 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 was flat, while the market increased during 2021 and first half of 2022 to new records. Market has since summer 2022 decreased.

Toyota Material Handling Denmark A/S is continuously improving sustainable processes adjusting costs and resources to ensure the optimal level for any given level of activity. Toyota Material Handling A/S has launched several projects based on 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 Denmark A/S to further its capabilities and competences within this area in the coming years.

Compared to last year, our revenue has increased from DKK 708,741k in 2021/22 to DKK 753,635k in 2022/23, while our net profit has increased from DKK 27,292k in 2021/22 to DKK 32,950k in 2022/23. The result for the year is satisfactory.

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 price level. We still need to be able to anticipate our customers' needs and deliver solutions for sufficient material handling.

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 increased the last year, but prices have now stabilized. 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.

Management's Review

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 conducted both internally and together with our customers 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 A/S has a Gold Ecovadis certification. 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.

In line with the Paris Agreements on combatting climate change, Toyota Materiel Handling Europe (including Toyota Material Handling Danmark A/S), has signed up for the Business Ambition for 1.5 C. The company is committed to set science-based emissions reduction targets across the entire value chain that are consistent with keeping global warming to 1.5 C above pre-industrial levels. It has also committed to a long-term target to halve greenhouse gas emissions by 2030 and reach net-zero emissions by no later than 2040.

Intellectual capital resources

It is material to the continued growth of Toyota Material Handling Danmark A/S that the Company can 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 Parent Company Toyota Material Handling Europe, which prepares consolidated sustainability reports, see <https://toyota-forklifts.eu/about-toyota/sustainability/>.

Management's Review

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, colour, ethnic origin, sexual orientation, disability, and religious and political affiliation. Our remuneration policy embeds fairness, transparency, and equal opportunities for all.

The gender representation of the present Board of Directors is 75% men / 25% women and 50% men / 50% women for board members appointed by TMHE. Toyota Material Handling Danmark A/S has a target that the underrepresented genders make up to least 1/3 of those board members appointed by TMHE. Target is achieved for 2022/23.

Gender representation is also an integral part of the TMHE Recruitment policy giving guidelines for the recruitment of management positions. According to Danish legislation Toyota Material Handling Danmark A/S' has made a target plan for the 5 coming years to ensure a balanced gender distribution at the management levels in the company in general, so that these are at least the same percentage distribution as the percentage distribution for the entire company. The company therefore tries to ensure the best possible representation of the underrepresented gender among the candidates when occupying management positions. The representation for the management team is 87,5% men / 12,5% women. Target is achieved for 2022/23.

Data Ethics

The company does not have formal written policies around data ethics. This is because the company only collects and processes sensitive personal data to a limited extent.

The management does, however in connection with determining the company's business strategies as well as in the execution of the company's activities consider generally recognized principles and good business ethics. Just like current legislation is ensured to be complied with at all times.

Management's Review

Expected development

Our main strategic initiatives will be focused on our strategy "Quality in everything we do" and a selected number of strategic Hoshin areas.

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 a higher revenue but a slightly lower result in the range of DKK 25 – 30 mio.

Income Statement 1 April - 31 March

	Note	2022/23 DKK '000	2021/22 DKK '000
Revenue	1	753,635	708,741
Other operating income		16,158	12,009
Cost of sales		-364,595	-356,739
Other external expenses		<u>-79,474</u>	<u>-74,808</u>
Gross profit/loss		325,724	289,203
Staff expenses	2	-216,044	-203,408
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-67,261</u>	<u>-53,232</u>
Profit/loss before financial income and expenses		42,419	32,563
Financial income		15,015	14,680
Financial expenses	4	<u>-15,210</u>	<u>-12,998</u>
Profit/loss before tax		42,224	34,245
Tax on profit/loss for the year	5	<u>-9,274</u>	<u>-6,953</u>
Net profit/loss for the year		<u>32,950</u>	<u>27,292</u>

Balance Sheet 31 March

Assets

	Note	2022/23 DKK '000	2021/22 DKK '000
Demo and rental trucks		308,072	253,524
Fixtures and fittings, tools and equipment		16,385	13,406
Leasehold improvements		696	861
Property, plant and equipment	6	325,153	267,791
Receivables leases		284,658	299,468
Fixed asset investments	7	284,658	299,468
Fixed assets		609,811	567,259
Inventories		82,552	56,401
Trade receivables		279,012	278,103
Contract work in progress	8	0	902
Receivables from group enterprises		122,957	134,459
Other receivables		923	937
Corporation tax		3,953	2,186
Prepayments	9	30,223	33,743
Receivables		437,068	450,330
Cash at bank and in hand		91	55
Currents assets		519,711	506,786
Assets		1,129,522	1,074,045

Balance Sheet 31 March

Liabilities and equity

	Note	2022/23 DKK '000	2021/22 DKK '000
Share capital		2,500	2,500
Retained earnings		205,464	202,514
Proposed dividend for the year		30,000	25,000
Equity		237,964	230,014
Provision for deferred tax	11	4,933	1,463
Other provisions	12	2,042	2,351
Provisions		6,975	3,814
Lease obligations		339,403	342,672
Payables to group enterprises		191,180	148,724
Long-term debt	13	530,583	491,396
Lease obligations	13	142,011	139,259
Prepayments received from customers		30,495	31,945
Trade payables		24,131	32,753
Contract work in progress, liabilities	8	685	0
Payables to group enterprises	13	101,845	92,703
Other payables		51,030	49,107
Deferred income	14	3,803	3,054
Short-term debt		354,000	348,821
Debt		884,583	840,217
Liabilities and equity		1,129,522	1,074,045
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
Accounting Policies	18		

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	202,514	25,000	230,014
Ordinary dividend paid	0	0	-25,000	-25,000
Net profit/loss for the year	0	2,950	30,000	32,950
Equity at 31 March	2,500	205,464	30,000	237,964

Notes to the Financial Statements

	2022/23 DKK '000	2021/22 DKK '000
1 Revenue		
Business segments		
Truck sales	464,096	442,215
After-sales market	289,539	266,526
	753,635	708,741
Geographical segments		
The Company operates on the markets for stackers and forklift trucks in Denmark.		
2 Staff expenses		
Wages and salaries	195,429	184,420
Pensions	14,119	13,232
Other staff expenses	6,496	5,756
	216,044	203,408
Average number of employees	321	308
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	63,015	53,232
Impairment of property, plant and equipment	4,246	0
	67,261	53,232
Which is specified as follows:		
Depreciation demo and rental trucks	59,934	51,417
Depreciation fixtures and fittings, tools and equipment	2,916	1,626
Depreciation leasehold improvements	165	189
Impairment losses demo and rental trucks	4,246	0
	67,261	53,232

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK '000	DKK '000
4 Financial expenses		
Interest paid to group enterprises	6	210
Other financial expenses	15,140	12,535
Exchange adjustments, expenses	64	253
	<u>15,210</u>	<u>12,998</u>
5 Tax on profit/loss for the year		
Current tax for the year	5,803	9,254
Deferred tax for the year	3,471	-2,304
Current tax last year	0	3
	<u>9,274</u>	<u>6,953</u>

Notes to the Financial Statements

6 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	410,235	28,048	7,359
Additions for the year	151,662	5,539	0
Disposals for the year	-56,749	-6,805	0
Cost at 31 March	<u>505,148</u>	<u>26,782</u>	<u>7,359</u>
Impairment losses and depreciation at 1 April	156,711	14,642	6,498
Impairment losses for the year	4,246	0	0
Depreciation for the year	59,934	2,916	165
Reversal of impairment and depreciation of sold assets	-23,815	-7,161	0
Impairment losses and depreciation at 31 March	<u>197,076</u>	<u>10,397</u>	<u>6,663</u>
Carrying amount at 31 March	<u>308,072</u>	<u>16,385</u>	<u>696</u>
Depreciated over	<u>3-6 years</u>	<u>3-5 years</u>	<u>6-10 years</u>

7 Fixed asset investments

	Receivables leases DKK '000
Cost at 1 April	299,468
Additions for the year	114,360
Disposals for the year	-100,923
Transfers for the year	-28,247
Cost at 31 March	<u>284,658</u>
Carrying amount at 31 March	<u>284,658</u>

The total receivables relating to leases amount to DKK 412.329k, of which short-term receivables amount to DKK 127,671k, which are presented in trade receivables.

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK '000	DKK '000
8 Contract work in progress		
Selling price of work in progress	2,181	960
Payments received on account	<u>-2,866</u>	<u>-58</u>
	<u>-685</u>	<u>902</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	0	902
Prepayments received recognised in debt	<u>-685</u>	<u>0</u>
	<u>-685</u>	<u>902</u>
9 Prepayments		
Prepayments consist of prepaid expenses concerning rent, leases, insurance premiums and subscriptions.		
10 Distribution of profit		
Proposed dividend for the year	30,000	25,000
Retained earnings	<u>2,950</u>	<u>2,292</u>
	<u>32,950</u>	<u>27,292</u>
11 Provision for deferred tax		
Provision for deferred tax at 1 April	1,463	3,730
Amounts recognised in the income statement for the year	3,470	-2,304
Amounts adjusted and recognised for the year	<u>0</u>	<u>37</u>
Provision for deferred tax at 31 March	<u>4,933</u>	<u>1,463</u>

Notes to the Financial Statements

	2022/23 DKK '000	2021/22 DKK '000
12 Other provisions		
Other provisions contains provision for warranty, provision for leaseholds and provision for losses on LTR contracts.		
Other provisions	2,042	2,351
	2,042	2,351
13 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	339,403	342,672
Long-term part	339,403	342,672
Within 1 year	142,011	139,259
	481,414	481,931
Payables to group enterprises		
Between 1 and 5 years	191,180	148,724
Long-term part	191,180	148,724
Within 1 year	101,845	92,703
	293,025	241,427

Notes to the Financial Statements

14 Deferred income

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

	<u>2022/23</u>	<u>2021/22</u>
	DKK '000	DKK '000
15 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	13,249	11,475
Between 1 and 5 years	17,774	12,559
After 5 years	<u>10,763</u>	<u>9,742</u>
	<u>41,786</u>	<u>33,776</u>
Rental liabilities, non-terminable until 31 March	6,449	5,102
Other contingent liabilities		

The Company has no securities or contingent liabilities at 31 March 2023.

Notes to the Financial Statements

16 Related parties

	<u>Basis</u>
Controlling interest	
Toyota Industries Corporation, Japan	Ultimate Parent
Toyota Industries Europe AB, Sweden	Intermediate holding company
Toyota Material Handling Europe AB, Sweden	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 Consolidated Annual Report of the intermediate holding company and the ultimate Parent Company.

<u>Name</u>	<u>Place of registered office</u>
Toyota Industries Corporation	Japan
Toyota Industries Europe AB	Sweden

The Group Annual Report of Toyota Industries Europe AB may be obtained at the following address:

Toyota Industries Europe AB
Svarvargatan 8
595 81 Mjölby
Sweden

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

Toyota Industries Corporation
2-1 Toyoda-cho
Kariya-shi
Aichi 448-8671
Japan

Notes to the Financial Statements

	<u>2022/23</u> DKK '000	<u>2021/22</u> DKK '000
17 Fee to auditors appointed at the general meeting		
Audit fee to PricewaterhouseCoopers	337	333
Other services	<u>65</u>	<u>60</u>
	<u>402</u>	<u>393</u>

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Toyota Material Handling Danmark A/S for 2022/23 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 2022/23 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

18 Accounting Policies (continued)

Leases

The Company is applying IAS 17 as its base of interpretation for both recognition and classification of leases.

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 alternative borrowing rate 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.

The remaining 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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Income Statement

Revenue

The Company is applying IAS 18 as its basis of interpretation for the recognition of 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.

When entering into finance lease agreements as lessor, the leased asset is deemed to have been sold to the lessee at the commencement of the lease term. Net revenue is recognised at the lower of the fair value of the leased asset and the net present value of the lease payments that the lessee is obliged to pay according to the agreement, computed at a market rate of interest.

Revenue from the sale for services is recognised when the services have been rendered. In the case of prepayments received for services, the allocated transaction price is recognised as prepayments received from customers at the date of the original sale transaction and recognized as revenue over the period of the service. In the case of long-term contracts for services and service guarantees, revenue is recognized on a straight-line basis over the term of the contract or, if services are not rendered on a straight-line basis, based on the stage of completion using the cost-to-cost method.

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 products and consumables consumed to achieve revenue for the year.

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 payroll expenses.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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

Notes to the Financial Statements

18 Accounting Policies (continued)

The fixed assets' residual values are determined at nil.

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.

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

18 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

When entering into finance lease agreements as lessor, a receivable is recognised in the balance sheet corresponding to the net present value of the minimum lease payments that the lessee is obliged to pay. Lease receivables are measured after initial recognition at amortised cost.

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

18 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

18 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$