
Toyota Material Handling Danmark A/S

Industrivej 3, DK-3550 Slangerup

Annual Report for 1 April 2020 - 31 March 2021

CVR No 62 65 70 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/8 2021

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 2020 - 31 March 2021.

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 2021 of the Company and of the results of the Company operations for 2020/21.

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, 31 August 2021

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 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 Material Handling 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 ("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, 31 August 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden
State Authorised Public Accountant
mne32209

Maj-Britt Nørskov Nannestad
State Authorised Public Accountant
mne32198

Company Information

The Company

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

Telephone: + 45 70 22 02 60

Facsimile: + 45 70 22 02 61

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: 58th 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

VQ 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:

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	695,810	677,843	727,860	674,926	655,282
Gross profit/loss	265,728	253,900	255,035	222,958	217,806
Profit/loss before financial income and expenses	26,670	13,890	22,528	4,269	9,027
Net financials	4,646	8,987	15,003	17,500	14,815
Net profit/loss for the year	24,404	17,640	28,760	16,713	18,647
Balance sheet					
Balance sheet total	1,047,815	964,619	917,822	856,606	819,488
Equity	227,722	203,319	210,678	181,918	165,205
Investment in property, plant and equipment	-85,868	40,274	-71,253	-62,256	21,388
Number of employees	306	316	311	303	297
Ratios					
Gross margin	38.2%	37.5%	35.0%	33.0%	33.2%
Profit margin	3.8%	2.0%	3.1%	0.6%	1.4%
Return on assets	2.5%	1.4%	2.5%	0.5%	1.1%
Solvency ratio	21.7%	21.1%	23.0%	21.2%	20.2%
Return on equity	11.3%	8.5%	14.7%	9.6%	12.0%

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 2020/21 shows a profit of DKK 24,4 M, and at 31 March 2021 the balance sheet of the Company shows equity of DKK 227,7 M.

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 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 now is increasing with a short decrease when Corona broke out.

We see the continuously low interest rate as a contributor to the positive macroeconomic trends. Toyota Material Handling Denmark 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 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 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 677.8 M in 2019/20 to DKK 695.8 M in 2020/21, while our net profit has increased from DKK 17.6 M in 2019/20 to DKK 24.4 M in 2020/21. The result for the year is satisfactory.

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.

Management's Review

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 A/S obtained a Gold Ecovadis certification in 2021. 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.

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.

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, 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.

Expected development

Our main strategic initiatives will be focused around our strategy Zero Muda and a selected number of 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 revenue and a result at the same level as this year's result in the range of DKK 22,5 - 27,5 mio.

The Covid-19 outbreak has had an impact on the Euro zones GBP which also affects 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 project our business. This focus continues, but inevitable the Covid-19 pandemic constitutes a risk and uncertainty in the business climate for the time being.

Income Statement 1 April - 31 March

	Note	2020/21 DKK '000	2019/20 DKK '000
Revenue	1	695,810	677,843
Other operating income		10,585	10,250
Cost of sales		-374,510	-361,007
Other external expenses		<u>-66,157</u>	<u>-73,186</u>
Gross profit/loss		265,728	253,900
Staff expenses	2	-191,987	-191,603
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-47,071</u>	<u>-48,407</u>
Profit/loss before financial income and expenses		26,670	13,890
Financial income		17,392	21,365
Financial expenses	4	<u>-12,746</u>	<u>-12,378</u>
Profit/loss before tax		31,316	22,877
Tax on profit/loss for the year	5	<u>-6,912</u>	<u>-5,237</u>
Net profit/loss for the year		<u>24,404</u>	<u>17,640</u>

Balance Sheet 31 March

Assets

	Note	2020/21 DKK '000	2019/20 DKK '000
Goodwill		0	2,561
Development projects in progress		0	0
Intangible assets	6	0	2,561
Demo and rental trucks		235,200	225,930
Fixtures and fittings, tools and equipment		4,415	775
Leasehold improvements		889	1,077
Property, plant and equipment	7	240,504	227,782
Receivables leases		295,216	315,453
Fixed asset investments	8	295,216	315,453
Fixed assets		535,720	545,796
Inventories		55,349	66,925
Trade receivables		291,695	273,649
Contract work in progress	9	1,551	0
Receivables from group enterprises		150,435	68,063
Other receivables		4,731	5,739
Corporation tax		0	2,271
Prepayments	10	8,289	2,066
Receivables		456,701	351,788
Cash at bank and in hand		45	110
Currents assets		512,095	418,823
Assets		1,047,815	964,619

Balance Sheet 31 March

Liabilities and equity

	Note	2020/21 DKK '000	2019/20 DKK '000
Share capital	11	2,500	2,500
Retained earnings		200,222	200,819
Proposed dividend for the year		25,000	0
Equity		227,722	203,319
Provision for deferred tax	13	3,730	6,393
Other provisions	14	2,188	1,809
Provisions		5,918	8,202
Lease obligations		349,696	350,736
Payables to group enterprises		122,575	127,799
Other payables		0	10,589
Long-term debt	15	472,271	489,124
Lease obligations	15	137,443	130,265
Prepayments received from customers		22,702	20,481
Trade payables		22,662	15,927
Contract work in progress, liabilities	9	0	1,062
Payables to group enterprises	15	84,247	53,248
Corporation tax		2,497	0
Other payables	15	69,689	40,939
Deferred income	16	2,664	2,052
Short-term debt		341,904	263,974
Debt		814,175	753,098
Liabilities and equity		1,047,815	964,619
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		

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	200,818	0	203,318
Net profit/loss for the year	0	-596	25,000	24,404
Equity at 31 March	2,500	200,222	25,000	227,722

Notes to the Financial Statements

	<u>2020/21</u>	<u>2019/20</u>
	DKK '000	DKK '000
1 Revenue		
Business segments		
Truck sales	422,884	422,610
After-sales market	<u>272,926</u>	<u>255,233</u>
	<u>695,810</u>	<u>677,843</u>
Geographical segments		
The Company operates on the markets for stackers and forklift trucks in Denmark.		
2 Staff expenses		
Wages and salaries	175,252	174,440
Pensions	12,577	12,703
Other staff expenses	<u>4,158</u>	<u>4,460</u>
	<u>191,987</u>	<u>191,603</u>
Average number of employees	<u>306</u>	<u>316</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

	<u>2020/21</u> DKK '000	<u>2019/20</u> DKK '000
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,561	2,560
Depreciation of property, plant and equipment	44,510	45,847
	<u>47,071</u>	<u>48,407</u>
Which is specified as follows:		
Goodwill	2,561	2,560
Demo and rental trucks	43,402	44,689
Fixtures and fittings, tools and equipment	842	938
Leasehold improvements	266	220
	<u>47,071</u>	<u>48,407</u>
4 Financial expenses		
Other financial expenses	12,596	12,016
Exchange adjustments, expenses	150	362
	<u>12,746</u>	<u>12,378</u>

Notes to the Financial Statements

	<u>2020/21</u> DKK '000	<u>2019/20</u> DKK '000
5 Tax on profit/loss for the year		
Current tax for the year	9,539	6,316
Deferred tax for the year	-2,633	-549
Current tax last year	6	-530
	<u>6,912</u>	<u>5,237</u>
6 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	10,241	185
Amortisation for the year	<u>2,561</u>	<u>0</u>
Impairment losses and amortisation at 31 March	<u>12,802</u>	<u>185</u>
Carrying amount at 31 March	<u>0</u>	<u>0</u>
Amortised over	<u>5 years</u>	<u>5 years</u>

Notes to the Financial Statements

7 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	333,654	12,964	7,120
Additions for the year	81,209	4,581	78
Disposals for the year	-63,536	-114	0
Transfers for the year	10,080	0	0
Cost at 31 March	<u>361,407</u>	<u>17,431</u>	<u>7,198</u>
Impairment losses and depreciation at 1 April	107,724	12,189	6,043
Impairment losses for the year	2,895	0	0
Depreciation for the year	40,507	843	266
Reversal of impairment and depreciation of sold assets	-24,919	-16	0
Impairment losses and depreciation at 31 March	<u>126,207</u>	<u>13,016</u>	<u>6,309</u>
Carrying amount at 31 March	<u>235,200</u>	<u>4,415</u>	<u>889</u>
Depreciated over	<u>3-6 years</u>	<u>3-5 years</u>	<u>6-10 years</u>

8 Fixed asset investments

	Receivables leases DKK '000
Cost at 1 April	315,453
Additions for the year	134,455
Disposals for the year	<u>-154,692</u>
Cost at 31 March	<u>295,216</u>
Carrying amount at 31 March	<u>295,216</u>

The total receivables relating to leases amount to DKK 430.555k, of which short-term receivables amount to DKK 133.293k, which are presented in trade receivables.

Notes to the Financial Statements

	2020/21 DKK '000	2019/20 DKK '000
9 Contract work in progress		
Selling price of work in progress	3,818	6,845
Payments received on account	-2,267	-6,845
	<u>1,551</u>	<u>0</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	1,551	0
Prepayments received recognised in debt	0	-1,062
	<u>1,551</u>	<u>-1,062</u>
10 Prepayments		
Prepayments consist of prepaid expenses concerning rent, leases, insurance premiums and subscriptions.		
11 Equity		
The share capital consists of 2,500 shares of a nominal value of DKK '000 1,000. No shares carry any special rights.		
There have been no changes in the share capital during the last 5 years.		
12 Distribution of profit		
Proposed dividend for the year	25,000	0
Retained earnings	-596	17,640
	<u>24,404</u>	<u>17,640</u>
13 Provision for deferred tax		
Provision for deferred tax at 1 April	6,393	6,943
Amounts recognised in the income statement for the year	-2,663	-550
Provision for deferred tax at 31 March	<u>3,730</u>	<u>6,393</u>

Notes to the Financial Statements

	2020/21 DKK '000	2019/20 DKK '000
14 Other provisions		
Other provisions contains provision for warranty, provision for leaseholds and provision for losses on LTR contracts.		
Other provisions	2,188	1,809
	2,188	1,809
15 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	349,696	350,736
Long-term part	349,696	350,736
Within 1 year	137,443	130,265
	487,139	481,001
Payables to group enterprises		
Between 1 and 5 years	122,575	127,799
Long-term part	122,575	127,799
Within 1 year	84,247	53,248
	206,822	181,047
Other payables		
Between 1 and 5 years	0	10,589
Long-term part	0	10,589
Other short-term payables	69,689	40,939
	69,689	51,528

Notes to the Financial Statements

16 Deferred income

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

	<u>2020/21</u> DKK '000	<u>2019/20</u> DKK '000
17 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	9,376	11,398
Between 1 and 5 years	<u>7,749</u>	<u>15,387</u>
	<u>17,125</u>	<u>26,785</u>
Rental liabilities, non-terminable until 31 March	4,772	5,063

Other contingent liabilities

The Company has no securities or contingent liabilities at 31 March 2021.

Notes to the Financial Statements

18 Related parties

	<u>Basis</u>
Controlling interest	
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 Consolidated Annual Report of the ultimate Parent Company

<u>Name</u>	<u>Place of registered office</u>
Toyota Industries Corporation	

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

19 Fee to auditors appointed at the general meeting

	<u>2020/21</u>	<u>2019/20</u>
	DKK '000	DKK '000
Audit fee to PricewaterhouseCoopers	325	310
Other services	60	60
	<u>385</u>	<u>370</u>

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Toyota Material Handling 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 remain unchanged from last year.

The Financial Statements for 2020/21 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 Corporation, 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

20 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

20 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.

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	6-10 years

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.

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

20 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

20 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

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