KOPPERS

Koppers European Holdings ApS

Avernakke 1
5800 Nyborg
Denmark

CVR no. 17 55 85 95

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting on

31 May 2022

Kent Bo Svendsen
Chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Koppers European Holdings ApS for the financial year 1. January – 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Nyborg, 31 May 2022

Executive Board:

Kent Bo Svendsen

Board of Directors:

James A. Sullivan

Stephanie L. Apostolou

Christian Arndal Nielsen

Jimmi Sue Smith

Independent auditor's report

To the shareholder of Koppers European Holdings ApS

Opinion

We have audited the financial statements of Koppers European Holdings ApS for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

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 "Auditors 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 and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 misstatements of the company 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.

Independent auditor's report

- 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.

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 31 May 2022

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck
State Authorised
Public Accountant
mne32169

Management's review

Company details

Koppers European Holdings ApS
Avernakke 1
DK-5800 Nyborg
Denmark

CVR no.:	17 55 85 95
Financial year:	1 January – 31 December

Board of Directors

Jimmi Sue Smith
James A. Sullivan
Stephanie L. Apostolou
Christian Arndal Nielsen

Executive Board

Kent Bo Svendsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

The principal activity of the Company is to hold investments in the Polish and English entities of the Koppers Group.

The English company's main business area is the handling of crude tar that is purchased in the UK and shipped to Denmark on behalf of Koppers International B.V. The finished products derived from it are:

- Main product pitch, which is used in the aluminium industry.
- Various derivate oil products, such as carbon black feedstock, creosote oil and oil extract residue, which is used in various industries, but in particular in the rubber industry, the construction industry and the dye and plastics industries.

Other business areas include the production and sale of chemicals.

Koppers UK Ltd. has signed a processing agreement with Koppers International BV, so that the Company passes on all costs with a fixed mark-up. This results in Koppers European Holdings ApS and Koppers UK Ltd. having a lower risk profile.

The Polish company's principal activity is to own and be responsible for the operation of a tank storage facility in Szczecin where tar is stored and shipped to Denmark. This tar is owned by Koppers International B.V.

Development in activities and financial position

For 2021, the Company realized negative results before tax of DKK 654 (2019: a negative DKK 820 thousand). Results are in line with expectations. Results before tax for 2022 are expected to be in line with results before tax for 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date that materially affect the financial position of the Company at 31 December 2021.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Administrative expenses		-14	-13
Operating loss		**-14**	**-13**
Income from equity investments in group entities		0	-113
Financial income		0	7
Financial expenses	2	-640	-701
Loss before tax		**-654**	**-820**
Tax on loss for the year		144	157
Profit/loss for the year		**-510**	**-663**
Proposed appropriation/distribution of loss			
Retained earnings		**-510**	**-663**

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Investments			
Equity investments in group entities		34.775	34.775
Total fixed assets		**34.775**	**34.775**
Current assets			
Receivables			
Receivables from group entities		0	3
Joint taxation receivables		298	154
Total current assets		**298**	**157**
TOTAL ASSETS		**35.073**	**34.932**
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500	500
Retained earnings		1.954	2.464
Total equity		**2.454**	**2.964**
Liabilities			
Current liabilities			
Trade payables		14	13
Payables to group entities		32.605	31.955
		32.619	31.968
Total liabilities		**32.619**	**31.968**
TOTAL EQUITY AND LIABILITIES		**35.073**	**34.932**
Contingent liabilities	3		
Related party disclosures	4		

Financial statements 1 January – 31 December

Notes

1. Accounting policies

The annual report of Koppers European Holdings ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Koppers European Holdings ApS and group entities are included in the consolidated financial statements of Koppers Holdings Inc, USA.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Income statement

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Financial statements 1 January – 31 December

Notes

1. Accounting policies (continued)

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Equity investments in group entities

Equity investments in group entities are measured at cost. If cost exceeds the net realisable value, write-down is made to this lower value.

Dividends from investments in group entities are recognised in the income statement if the dividends are attributable to earnings generated subsequent to the acquisition of the Company.

Receivables

Receivables are measured at amortised cost.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2. Financial expenses

DKK'000	2021	2020
Interest expense to group entities	640	701

3. Contingent liabilities

The Company is jointly taxed with Danish entities in the Koppers Holdings Inc. Group. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends and interest under the joint taxation scheme. The jointly taxed companies' total net liability to the Danish tax authorities is recognised in the financial statements of Koppers Europe ApS. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc. may entail an increase in the Company's liability.

4. Related party disclosure

Koppers European Holdings ApS' related parties comprise the following:

Control

Koppers Holdings Inc., 436 Seventh Avenue, Pittsburgh, USA. Koppers Holdings Inc. holds the majority of the contributed capital in the Company.

Koppers European Holdings ApS is part of the consolidated financial statements of Koppers Holdings Inc., USA, which is the smallest and largest group in which the Company is included in the consolidated financial statements as a subsidiary.

The consolidated financial statements of Koppers Holdings Inc. can be obtained by contacting the Company or at the following website: www.koppers.com.

Related party transactions

DKK'000	2021	2020
Dividend received	0	0
Capital contribution, received	0	0
Profit/loss on liquidation of Koppers Poland SP.Z.O.O	0	-113

Payables to group entities are disclosed in the balance sheet on page 8, and interest expense is disclosed in note 2.