

Koppers Denmark ApS

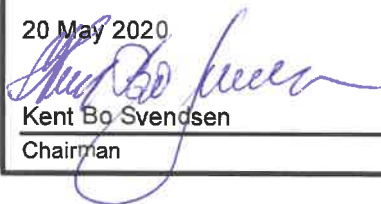
Avernakke 1
5800 Nyborg
Denmark

CVR no. 11 00 07 38

Annual report 2019

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

20 May 2020

A handwritten signature in blue ink, appearing to read "Kent Bo Svendsen", written over a horizontal line.

Kent Bo Svendsen
Chairman

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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 Denmark ApS for the financial year 1. January – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 20 May 2020

Executive Board:



Kent Bo Svendsen

Board of Directors:

 James A. Sullivan	 Stephanie L. Apostolou	 Christian Arndal Nielsen
 Michael J. Zugay	 Franklin Miguel Fernandez	 Hanne Dyhr

Statement by the Board of Directors and the Executive Board

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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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 20 May 2020

Executive Board:


Kent Bo Svendsen

Board of Directors:

 James A. Sullivan	 Stephanie L. Apostolou	 Christian Arndal Nielsen
 Michael J. Zuzay	 Franklin Arguel Fernandez	 Hanne Dyhr

Independent auditor's report

To the shareholder of Koppers Denmark ApS

Opinion

We have audited the financial statements of Koppers Denmark ApS for the financial year 1 January – 31 December 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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 rules and requirements. 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.

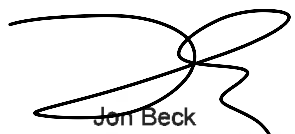
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially 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, 20 May 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Jon Beck
State Authorised
Public Accountant
mne32169

Management's review

Company details

Koppers Denmark ApS
Avernakke 1
5800 Nyborg
Denmark

Telephone	+45 63 31 31 00
CVR no.:	11 00 07 38
Established:	1 July 1987
Registered office:	Nyborg
Financial year:	1 January – 31 December

Board of Directors

Stephanie Leigh Apostolou
James A. Sullivan
Christian Arndal Nielsen
Michael Joseph Zugay
Franklin Miguel Fernandez
Hanne Dyhr

Executive Board

Kent Bo Svendsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	2016	2015
Key figures					
Gross profit	45.624	48.817	46.822	37.760	40.502
Operating profit	20.812	21.167	21.091	17.689	18.750
Profit/loss from financial income and expenses	190	785	-9.673	1.020	1.309
Profit/loss from the year	16.051	17.086	-13.355	14.632	15.454
Assets and liabilities					
Fixed assets	181.111	161.441	147.730	135.818	90.807
Current assets	146.252	122.038	113.287	89.414	121.385
Total assets	327.363	283.479	261.017	225.232	212.192
Equity	221.249	205.198	188.112	170.781	140.695
Current liabilities other than provisions	75.926	55.079	50.908	35.161	40.705
Investment in property, plant and equipment	25.420	23.177	23.969	43.918	24.146
Ratios					
Return on invested capital	9,4%	10,8%	11,7%	8,8%	9,6%
Current ratio	192,6%	221,6%	222,5%	254,3%	298,2%
Return on equity	7,5%	8,7%	-7,9%	8,9%	10,4%
Equity ratio	67,6%	72,4%	72,1%	75,8%	73,6%
Other key figures					
Average number of full-time employees	81	80	81	81	79

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of ratios "Recommendation & Ratios".

Return on invested capital
$$\frac{\text{Operating profit} * 100}{\text{Average invested capital}}$$

Equity ratio
$$\frac{\text{Equity} * 100}{\text{Total assets}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} * 100}{\text{Average equity}}$$

Current Ratio
$$\frac{\text{Current assets} * 100}{\text{Current liabilities}}$$

Management's review

Operating review

Principal activities

Koppers Denmark ApS' principal activity is the distillation of crude coal tar, a by-product obtained by conversion of coal to coke. The finished products produced from the distillation of crude tar are:

- The main product, pitch, which is sold to the aluminium industry.
- Carbon black feedstock oil, which is used for rubber production (primarily tires).
- Creosote oil, which is used for wood preservation.
- Naphthalene oil, which is distributed to the dye and plastics industries and as a strength-improving agent in concrete and other tar petroleum products.
- Other specialty products that are used in the chemical industry.

Development in activities and financial position

Operating profit for the year came in at DKK 20,8 million against an operating profit of DKK 21,2 million in 2018.

Operating profit of the year is considered satisfactory and in line with expectations. For 2020, operating profit is expected to be in line for the operating profit for 2019.

Particular risks

Operating risks

Koppers Denmark ApS has signed a processing agreement with Koppers International BV, so that the company passes on all costs with a fixed mark-up.

Financial risks

Currency risks

There are no major currency risks. The vast majority of costs and income are denominated in DKK.

Management's review

Operating review, continued

Environmental matters

Koppers Denmark ApS seeks the lowest possible impact on its surroundings by taking measures to optimise the consumption of raw material and energy, minimise waste from processes, minimise the risk of accidents and reduce the consequences of accidents as well as minimise any harmful influence on employees and the environment.

New and existing processes are adapted and improved while accounting for an overall assessment of the technical and economic feasibility and social requirements for the environment, safety and health. The Company cooperates openly with the competent authorities on issues in this regard. Koppers Denmark ApS has prepared environmental accounts since 1994.

Research and development activities

Koppers Denmark ApS does not have any significant independent research and development activities as these are performed by other group entities. The Koppers Group is convinced that resources used in this area are sufficient to maintain a leading position.

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 2019.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		45.624	48.817
Distribution costs		0	-50
Administrative expenses	2	-24.812	-27.600
Operating profit		20.812	21.167
Financial income	3	811	1.049
Financial expenses	4	-621	-264
Profit before tax		21.002	21.952
Tax on profit/loss for the year	5	-4.951	-4.866
Profit/loss for the year	6	16.051	17.086

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Land and building		9.562	3.618
Storage tanks		24.996	26.141
Plant and machinery		82.464	82.793
Fixtures and fittings, tools and equipment		5.406	5.014
Assets under construction		39.407	24.599
		<u>161.835</u>	<u>142.165</u>
Investments	8		
Equity investments in group entities		19.171	19.171
Other securities and equity investments		105	105
		<u>19.276</u>	<u>19.276</u>
Total fixed assets		<u>181.111</u>	<u>161.441</u>
Current assets			
Investories			
Spare parts		7.730	7.376
Receivables			
Trade receivables		1.539	610
Receivables from group entities		132.868	106.802
Other receivables		1.421	1.428
Prepayments	9	602	1.636
		<u>136.430</u>	<u>110.476</u>
Cash at bank and in hand		<u>2.092</u>	<u>4.186</u>
Total current assets		<u>146.252</u>	<u>122.038</u>
TOTAL ASSETS		<u>327.363</u>	<u>283.479</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity	10		
Contributed capital		70.000	70.000
Retained earnings		151.249	135.198
Total equity		<u>221.249</u>	<u>205.198</u>
Provisions			
Provisions for deferred tax	11	15.023	14.873
Other provisions	12	6.684	6.684
Total provisions		<u>21.707</u>	<u>21.557</u>
Liabilities other than provisions			
Non-current liabilities other than provisions	13		
Lease liabilities		6.478	0
Deferred income		2.003	1.645
		<u>8.481</u>	<u>1.645</u>
Current liabilities other than provisions			
Lease liabilities	13	1.231	0
Trade payables		22.986	23.285
Payables to group entities		38.657	22.121
Joint taxation liability		3.065	995
Other payables		9.515	8.271
Deferred income	13	472	407
		<u>75.926</u>	<u>55.079</u>
Total liabilities other than provisions		<u>84.407</u>	<u>56.724</u>
TOTAL EQUITY AND LIABILITIES		<u>327.363</u>	<u>283.479</u>
Contractual obligations, contingencies, etc.	14		
Related party disclosures	15		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	70.000	135.198	205.198
Transferred over the profit appropriation	0	16.051	16.051
Equity at 31 December 2019	70.000	151.249	221.249

Financial statements 1 January – 31 December

Notes

1. Accounting Policies

The annual report of Koppers Denmark ApS for 2019 has been prepared in accordance with the provisions applying to reporting class C medium-sized 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 Denmark ApS and group entities are included in the consolidated financial statements of Koppers Holdings Inc, USA.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statements in the consolidated financial statements of Koppers Holding 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.

None-current assets acquired in foreign currency are measured at the exchange rates at the transaction date.

Income statement

Revenue

Income from the sale of goods, comprising the sale of trade and finished goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms® 2010.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Financial statements 1 January – 31 December

Notes

1. Accounting policies (continued)

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Income from the sale of services comprise proceeds from processing agreement with Koppers International B.V.

Production costs

Production costs comprise costs, including depreciation, amortisation, wages and salaries, incurred to generate revenue for the year.

Gross Profit

In accordance with Section 32 of the Danish Financial Statements Act, revenue and production costs are aggregated in the financial statement caption "Gross profit"

Distribution costs

Distribution costs comprise costs expenses incurred to distribute goods sold during the year and to conduct sales campaigns etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including expenses for administrative staff, Management, office premises, office expenses and depreciation.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies 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.

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.

Financial statements 1 January – 31 December

Notes

1. Accounting policies (continued)

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings and storage tanks	30 years
Plant and machinery	5-15 years
Fixtures and fittings, tools and equipment	5-15 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognized prospectively

Land is not depreciated

Fixed assets under construction are recognized and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognized in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income or other operating costs, respectively.

Leased assets

Leased assets is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of the assets are determined on the same basis of those of property and equipment.

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

Short term leases and leases of low-value assets

Short term leases that have a lease term of 12 months or less and leases of low-value assets are not recognized as a right of use assets and lease liability and the lease payments associated with these leases are expensed as a straight line base over the lease term.

Financial statements 1 January – 31 December

Notes

1. Accounting policies (continued)

Balance sheet

Investments

Equity investments in group subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost. Inventories are written down to this lower value.

In assessment of net realizable value of inventories obsolescence is taken into account.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realizable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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.

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.

Financial statements 1 January – 31 December

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1. Accounting policies (continued)

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.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs of environmental obligations, restructuring and etc. provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Liabilities other than provisions

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.

Deferred income

Deferred income comprises received government grants that are recognised in subsequent years over the estimated useful life of the related asset.

Financial statements 1 January – 31 December

Notes

2. Staff costs

DKK'000	2019	2018
Wages and salaries	53.081	51.277
Pensions	2.238	2.068
Other social security costs	184	183
	<u>55.503</u>	<u>53.528</u>
Average number of full-time employees	<u>81</u>	<u>80</u>
Staff costs are recognised in the financial statements as:		
Production	39.812	37.965
Administration	15.691	15.563
	<u>55.503</u>	<u>53.528</u>

Staff costs include remuneration of the Company's Executive Board and Board of Directors, DKK 1.577 thousand (2018: DKK 1.636 thousand)

3. Financial income

DKK'000	2019	2018
Interest income from group entities	811	1.049
	<u>811</u>	<u>1.049</u>

4. Financial expenses

DKK'000	2019	2018
Interest expense to group entities	72	71
Other financial expenses	537	151
Interest expense relating to tax adjustment	12	42
	<u>621</u>	<u>264</u>

Financial statements 1 January – 31 December

Notes

5. Tax on profit for the year

DKK'000	2019	2018
Current tax for the year	4.801	3.320
Deferred tax for the year	-141	1.546
Adjustment of tax concerning previous years	291	0
	<u>4.951</u>	<u>4.866</u>

6. Proposed profit appropriation/distribution of loss

a

DKK'000	2019	2018
Retained earnings	16.051	17.086
	<u>16.051</u>	<u>17.086</u>

7. Property, plant and equipment

DKK'000	Land and buildings	Storage tanks	Plant and machinery	Fixtures & fittings, tools & equipment	Assets under construction	Total
Costs at 1 January 2019	41.598	78.781	216.336	13.701	24.599	375.015
Additions for the year	0	547	0	0	24.873	25.420
Disposals for the year	0	0	-366	-20	0	-386
Transfers for the year	0	0	10.065	0	-10.065	0
Costs at 31 December 2019	<u>41.598</u>	<u>79.328</u>	<u>226.035</u>	<u>13.681</u>	<u>39.407</u>	<u>400.049</u>
Depreciation and impairment losses at 1 January 2019	-37.980	-	-133.251	-8.979	0	-232.850
Depreciation for the year	-81	-1.692	-10.686	-1.001	0	-13.460
Depreciation on disposals for the year	0	0	366	20	0	386
Depreciations and impairment losses at 31 December 2019	<u>-38.061</u>	<u>54.332</u>	<u>-143.571</u>	<u>-9.960</u>	<u>0</u>	<u>-245.924</u>
Carrying amount at 31 December 2019	<u>3.537</u>	<u>24.996</u>	<u>82.464</u>	<u>3.721</u>	<u>39.407</u>	<u>154.125</u>

Financial statements 1 January – 31 December

Notes

7. Property, plant and equipment (continued)

Leased assets

DKK'000	Land and buildings	Storage tanks	Plant and machinery	Fixtures & fittings, tools & equipment	Assets under construction	Total
Costs at 1 January 2019	0	0	0	0	0	0
Additions for the year	6.395	0	0	2.372	0	8.767
Disposals for the year	0	0	0	0	0	0
Transfers for the year	0	0	0	0	0	0
Costs at 31 December 2019	6.395	0	0	2.372	0	8.767
Depreciation and impairment losses at 1 January 2019	0	0	0	0	0	0
Depreciation for the year	-370	0	0	-687	0	-1.057
Depreciation on disposals for the year	0	0	0	0	0	0
Depreciations and impairment losses at 31 December 2019	-370	0	0	-687	0	-1.057
Carrying amount at 31 December 2019	6.025	0	0	1.685	0	7.710
Total carrying amount at 31 December 2019	9.562	24.996	82.464	5.406	39.407	161.835

8. Investments

DKK'000	Equity investments in group entities	Other securities and equity investments
Cost at 1 January 2019	19.171	105
Capital contribution	0	0
Cost at 31 December 2019	19.171	105
Carrying amount at 31 December 2019	19.171	105

Financial statements 1 January – 31 December

Notes

8. Investments (Continued)

Name/legal form Subsidiaries	Registered office	Voting rights and ownership interest	Equity DKK'000	Profit for the year DKK'000
Koppers Tar Tech International ApS	Nyborg	100%	4.034	287
Koppers European Holdings ApS	Nyborg	100%	3.627	32
			<u>7.661</u>	<u>319</u>

9. Prepayments

DKK'000	2019	2018
Prepaid insurance	157	1.403
Other prepayments	445	233
	<u>602</u>	<u>1.636</u>

10. Contributed capital

The contributed capital consists of 70.000 shares of nom. DKK 1.000 each.

All shares rank equally.

11. Deferred tax

DKK'000	2019	2018
Deferred tax at 1 January	14.873	13.261
Adjustment of prior year	291	0
Deferred tax adjustment for the year in the income statement	-141	1.612
	<u>15.023</u>	<u>14.873</u>

12. Other provisions

DKK'000	2019	2018
Environmental provision	6.684	6.684
Other provisions at 31 December	<u>6.684</u>	<u>6.684</u>

Environmental provision relates to expected costs of disposal of sediment in tanks.

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13. Non-current liabilities other than provisions

DKK'000	31/12 2019	31/12 2018	Repayment 1 year	Repayment 2-5 years	Outstanding debt after 5 years
Lease liabilities	7.709	0	1.231	3.858	2.620
Deferred income	2.475	2.052	472	1.483	520
	10.184	2.052	1.703	5.341	3.140

14. Contractual obligations, contingencies, etc.

Collateral

Of cash bank and in hand, an amount of DKK 311 thousand has been provided as collateral

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.

15. Related party disclosures

Koppers Denmark 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 Denmark 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	2019	2018
Sale of services	177.459	180.716
Purchase of goods and commodities	-13.873	-6.213
Management fee expenses	-600	-6.782

15. Related party disclosures (Continued)

Related party transactions (Continued)

Payables and receivables to and from group entities are disclosed in the balance sheet on pages 10 and 11, and interest regarding group entities is disclosed in notes 3 and 4.