

RAE Systems Europe Aps

C/o Honeywell A/S Strandesplanaden 110, 2665 Vallensbæk Strand, Denmark

CVR No.26677653

Annual Report for 1 January - 31 December 2019

*The Annual Report was
presented and adopted at the
Annual General Meeting of the
Company on 22 / Apr /2020.*

DocuSigned by:

CHRISTIAN JENS JENSEN

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Jens Christian Jensen

Chairman of the general assembly

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Management's Statement

The Executive Board have today considered and adopted the Annual Report of RAE Systems Europe Aps for the financial year 1 January - 31 December 2019.

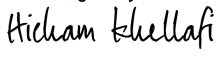
The Annual Report is prepared in accordance with the Danish Financial Statements Act.

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

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position. We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 22 / Apr /2020

Executive Board

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Hicham Khellafi
CEO

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Jens Christian Jensen

Independent Auditor's Report

To the owners of RAE Systems Europe Aps

Opinion

We have audited the financial statements of RAE Systems Europe ApS for the financial year 1 January – 31 December 2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 entity's financial position at 31 December 2019 and of the results of its 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 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 this auditor's 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 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, for disclosing, as applicable, matters related to going concern, and for 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 the 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 skepticism 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.
- 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 conclusion is 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 / Apr /2020

Deloitte Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

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Jan Larsen

State Authorised Public Accountant

MNE-number: 16541

Company Information

The company	RAE Systems Europe Aps C/o Honeywell A/S Strandesplanaden 110, 2665 Vallensbæk Strand, Denmark Telephone: +45 86525155 Telefax: +45 86525177 Website: www.raesystems.eu CVR No.26677653 Established: 01-07-2002 Financial period: 1 January - 31 December Municipality of reg. office: Vallensbæk
Executive Board	Hicham Khellafi Jens Christian Jensen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 Københavns
Bankers	Danske Bank A/S Holmens Kanal 2 1090 København K

Management's review

Principal activity

The main activities is other financial intermediation except insurance and pension insurance. During 2019, no operations have taken place in RAE Systems Europe Aps.

Financial review

The income statement of the company for 2019 shows a profit of EUR 1,239 and at 31 December 2019, the balance sheet of the company shows an equity balance of EUR 5,609,309.

Outlook

The company is expected to operate as holding company in the future.

Uncertainty relating to recognition and measurement

RAE Systems abides with Honeywell Inc.'s strong financial and ethical controls to minimize any revenue recognition issues. Stringent controls remain in place and are reviewed annually, including FCPA training which is established as a mandatory requirement for all Honeywell employees.

Subsequent events

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. We have a significant supplier base in China affected by the outbreak, and the reduction in parts supply will affect our plants in Europe. The effects of the novel coronavirus on our suppliers and our operations may have a significant adverse impact on our revenues and profitability at least through the second quarter of 2020.

Accounting Policies

Basis of accounting

Financial Statements of RAE Systems Europe Aps for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and elective choice of certain provisions applying to reporting class C entities.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2019 are presented in EUR.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Other external expenses

Other external expenses comprise of administration costs.

Profit from investments in subsidiaries and associates

The item includes dividend received from subsidiaries and associates in so far as the dividend does not exceed the accumulated earnings in the subsidiary or the associate in the period of ownership.

Financial income and expenses

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

Financial income and financial expenses comprise interest, financial expenses on finance leases, realised and unrealised exchange rate adjustments as well as value adjustment of securities.

Accounting Policies

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.

The Company is jointly taxed with the Danish subsidiaries in the Honeywell group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Dividend received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net-assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as profit/loss from investments in subsidiaries and associates.

Current assets

Receivables

The company has chosen IAS 39 as interpretation for impairment of financial 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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Equity and liability

Dividend

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

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, including the tax base of tax loss carry-forwards, 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.

Corporation 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.

Other Payables

Other payables are measured at amortised cost, which usually corresponds to nominal value.

Rectification of information of previous financial period

There is following change of prior year's information as per the correct nature:

The investment in shares of Rae Spain and Rae Benelux amount to 13,640 Euro are reclassified from Investment in associates to Other investment as the company hold less than 20% of the total equity.

Income Statement

for the year ended 31 December 2019

	Notes	2019 EUR	2018 EUR
Profit from investments		0	121,218
Other external expenses		-6,151	-66,259
Gross profit/loss		-6,151	54,959
Financial Income		1,833	0
Financial Expenses		-859	-5,404
Profit before tax		-5,177	49,555
Tax benefit/(expense) for the year	1	6,416	12,621
Profit for the year		1,239	62,176
Distribution of profit		0	0
Proposed distribution of profit		0	0
Retained earnings		1,239	62,176

Balance Sheet

at 31 December 2019

	Notes	<u>2019</u>	<u>2018</u>
		EUR	EUR
ASSETS			
Financial assets			
Investments in associates	2	15,680	15,680
Other investments	3	13,640	13,640
		<u>29,320</u>	<u>29,320</u>
Deferred tax asset- long term portion		8,413	1,997
Total non-current assets		<u>37,733</u>	<u>31,317</u>
Current assets			
Receivables			
Receivables from subsidiaries		5,536,632	5,559,433
Corporation tax receivable		34,944	34,944
Total receivables		<u>5,571,576</u>	<u>5,594,377</u>
Total current assets		<u>5,571,576</u>	<u>5,594,377</u>
TOTAL ASSETS		<u>5,609,309</u>	<u>5,625,694</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		67,278	67,278
Retained earnings		5,542,031	5,540,792
TOTAL EQUITY		<u>5,609,309</u>	<u>5,608,070</u>
Other payables		0	17,624
Total current liabilities		<u>0</u>	<u>17,624</u>
Total liabilities		<u>0</u>	<u>17,624</u>
TOTAL EQUITY AND LIABILITIES		<u>5,609,309</u>	<u>5,625,694</u>
Contractual obligations and contingencies, etc.	4		
Collateral	5		
Related parties and ownership	6		

Statement of Changes in Equity

at 31 December 2019

	Share capital	Retained earnings	Total
	EUR	EUR	EUR
Equity at 1 January 2019	67,278	5,540,792	5,608,070
Net profit / loss for the year	0	1,239	1,239
Equity at 31 December 2019	67,278	5,542,031	5,609,309

	Number	Nominal Value
		<i>DKK</i>
Shares at DKK 1	500,000	500,000
		500,000

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

Notes to the annual report

at 31 December 2019

1 Tax on profit / loss for the year	2019	2018
	EUR	EUR
Current tax for the year	0	-13,287
Deferred tax for the year	-1,139	666
Adjustments to prior year	-5,277	0
Total	-6,416	-12,621

2 Investments in associates	2019	2018
	EUR	EUR
Cost at 1 January	15,680	15,680
Carrying amount at 31 December	15,680	15,680

Investments in associates are specified as follows:

Name	Place of registered office	Financial Results	Equity	Votes and ownership
RAE France S.A.R.L	305 Rue des 4 Chemins Parc D'activité des Ayats 69390, Millery, France	EUR 84,991*	EUR 446,919*	49%

*The financial results and equity for RAE France are in accordance latest approved annual report for the year 2018.

3 Other Investments	2019	2018
	EUR	EUR
Cost at 1 January	13,640	13,640
Carrying amount at 31 December	13,640	13,640

Investments are specified as follows:

Name	Place of registered office	Financial Results	Equity	Votes and ownership
RAE Spain S.L	Avenida Remolar 31EL Prat De Llobregat, 08820, Spain	EUR 3,363**	EUR 74,449**	19%
RAE Benelux	Amsterdamstraat 28, 2321, Hoogstraten, Belgium	EUR 108,202**	EUR 188,057**	10%

**The financial results and equity for RAE Spain and RAE Benelux are in accordance latest approved annual report for the year 2018.

4 Contractual obligations and contingencies, etc.

The Company is jointly taxed with all other Danish companies in the Honeywell group. As a consolidated entity, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish corporation tax and withholding tax on dividends, interest and royalties within the jointly taxed companies.

5 Collateral

The company has not provided any security or other collateral in assets at 31 December 2019.

Notes to the annual report

at 31 December 2019

6 Related parties and ownership

Controlling interest

RAE Systems (Asia)
Limited

Registered address

Unit 501, Goldin Financial Global Center
17 Kai Cheung Road, Kowloon Bay
Kowloon Hong Kong

Basis

Parent company

Consolidated financial statements

The Company is included in the Group Annual Report of the Parent Company Honeywell International Inc.

The Group Annual Report of Honeywell International Inc. may be obtained at the following address

Honeywell International Inc.,

251 Little Falls Drive

Wilmington DE 19808

United States

Or on the home page <https://investor.honeywell.com>