

Rae Systems Europe Aps

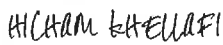
Strandesplanaden 110, 2665, Vallensbæk Strand, Denmark

CVR no. 26677653

Annual report 2022

Approved at the Company's annual general meeting on 29/06/2023

Director: Hicham Khellafi

DocuSigned by:

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Rae Systems Europe Aps

COMPANY INFORMATION

Entity

Rae Systems Europe Aps
Strandesplanaden 110
2665, Vallensbæk Strand

Company CVR: 26677653

Financial year: 2022-01-01 - 2022-12-31

Annual general meeting: 29/06/2023

Executive Board

Hicham Khellafi
Director

Bankers

Danske Bank
Holmes kanal 2
1092 København K

Lawyers

MoltkeLeth
Amaliegade 12
1256 København K

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S

Rae Systems Europe Aps

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the annual report of Rae Systems Europe Aps for the financial year 1 January - 31 december 2022.

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

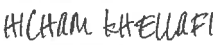
In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 december 2022 and of the results of the company's operations for the financial year 1 January - 31 december 2022.

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, 29/06/2023

Executive Board:

DocuSigned by:

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Hicham Khellafi
Director

Rae Systems Europe Aps

Independent auditor's report To the shareholders of Rae Systems Europe Aps

Opinion

We have audited the financial statements of Rae Systems Europe Aps for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis of 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 Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity'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 Entity 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:

Rae Systems Europe Aps

Independent auditor's report

To the shareholders of Rae Systems Europe Aps

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Rae Systems Europe Aps

**Independent auditor's report
To the shareholders of Rae Systems Europe Aps**

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen 29/06/2023

Deloitte Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Jan Larsen
State Authorised Public Accountant
MNE-number: 16541

Rae Systems Europe Aps

COMPANY

Management review

Principal activity

Rae Systems Europe Aps main activities is other financial intermediation. During 2022, no operations have taken place in Rae Systems Europe Aps.

Financial review

The income statement of the Company for 2022 shows a profit of EUR 39 thousand and at 31 december 2022 the balance sheet of the Company shows equity of EUR 3.743 thousand.

Outlook

Rae Systems Europe Aps is expecting to operate as holding company.

Events after the balance sheet date

The entity does not have any significant events after the balance sheet date with an impact on the 2022 figures.

Rae Systems Europe Aps

	Note	2022 EUR	2021 EUR
Other external expenses		(16.624)	(16.846)
Gross margin		<u>(16.624)</u>	<u>(16.846)</u>
Operating loss		(16.624)	(16.846)
Other operating income		31.715	898
Profit/(Loss) before net financials		<u>15.091</u>	<u>(15.948)</u>
Dividend income		27.440	0
Finance expenses		0	(26.330)
Profit/(Loss) before tax		<u>42.531</u>	<u>(42.278)</u>
Tax benefit/(expense) for the year	2	(3.320)	9.301
Profit/(loss) for the year		<u>39.211</u>	<u>(32.977)</u>

Rae Systems Europe Aps

	Note	2022 EUR	2021 EUR
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Investments in associates	3	15.680	15.680
Other securities and investments	4	13.640	13.640
Deferred tax assets		0	842
		<u>29.320</u>	<u>30.162</u>
Total non-current assets		<u>29.320</u>	<u>30.162</u>
Current assets			
<i>Receivables</i>			
Receivables from group enterprises		3.706.428	3.687.200
Dividend receivable from associates		27.440	0
Corporation tax receivable		0	9.583
		<u>3.733.868</u>	<u>3.696.783</u>
Total current assets		<u>3.733.868</u>	<u>3.696.783</u>
TOTAL ASSETS		<u>3.763.188</u>	<u>3.726.945</u>

Rae Systems Europe Aps

	Note	2022 EUR	2021 EUR
Equity and liabilities			
Equity			
Share capital		67.278	67.278
Retained earnings		3.676.539	3.637.327
Equity holders' share of equity		<u>3.743.817</u>	<u>3.704.605</u>
Total equity		<u>3.743.817</u>	<u>3.704.605</u>
Current liabilities			
Other payables		16.051	22.340
Corporation tax payable		3.320	0
Total current liabilities		<u>19.371</u>	<u>22.340</u>
Total liabilities		<u>19.371</u>	<u>22.340</u>
Total equity and liabilities		<u>3.763.188</u>	<u>3.726.945</u>

Rae Systems Europe Aps

31 december

	Note	Share Capital EUR	Retained earning EUR	Total EUR
Equity at 1 January 2021		67.278	3.670.304	3.737.582
Net profit/loss for the year		0	(32.977)	(32.977)
Equity at 1 January 2022		67.278	3.637.327	3.704.605
Net profit/loss for the year		0	39.211	39.211
Equity at 31 december 2022		<u>67.278</u>	<u>3.676.538</u>	<u>3.743.816</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The annual report of Rae Systems Europe Aps for 2022 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 used in the preparation of the financial statements are consistent with those of last year.

Financial Statements for 2022 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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Tax for the year

	2022 EUR	2021 EUR
Tax for the year		
Current tax charge for the year	3.320	(9.582)
Deferred tax for the year	0	281
	<u>3.320</u>	<u>(9.301)</u>

3. Investments in associates

	2022 EUR	2021 EUR
Cost at 1 January	15.680	15.680
Cost at 31 December	<u>15.680</u>	<u>15.680</u>
Carrying amount at 31 December	<u>15.680</u>	<u>15.680</u>

Investments in associates are specified as follows:

31 december

2022

Name and registered office	Ownership %	Profit/loss EUR	Equity EUR
RAE France S.A.R.L	49%	137.658	568.099

*The financial results and equity for RAE France are in accordance latest approved annual report for the year 2022.

4. Other investments

	2022 EUR	2021 EUR
Cost at 1 January	13.640	13.640
Carrying amount at 31 December	<u>13.640</u>	<u>13.640</u>

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 36.676**	EUR 163,153**	19%
RAE Benelux	Amsterdamstraat 30, 2321, Hoogstraten, Belgium	EUR 14.980*	EUR 203.982*	10%

**The financial results and equity are in accordance with the latest approved annual report for the year 2021 for RAE Benelux and for the year 2022 for RAE Spain.

NOTES TO THE FINANCIAL STATEMENTS

5. Contractual obligations and contingencies, etc.

5.1 Contingent liabilities

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. The companies are jointly liable for taxes in the joint taxation.

6. Collateral

The Company has not provided any security or other collateral in assets as at 31 december 2022.

7. Related parties

Controlling interest	Registered address	Basis
RAE Systems (Asia) Limited	Unit 501, Goldin Financial Global Center 17 Kai Cheung Road, Kowloon Bay, Hong Kong	Parent Company

The Company's financial statements are included by full consolidation in the financial statements of Honeywell International Inc., a company registered in the USA, which is the smallest and largest group to consolidate these financial statements. The financial statements of Honeywell International Inc. are publicly available and can be obtained from Corporate Publications, Honeywell International Inc., 251 Little Falls Drive, Wilmington DE 19808 United States or on the homepage <http://investor.honeywell.com>.