

# ANNUAL REPORT

## 2022



## HUMIDIFICATION TO ENHANCE WELL-BEING AND REDUCE JETLAG

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## ANTI-CONDENSATION TO IMPROVE FUEL ECONOMY AND REDUCE EMISSIONS

#### FINANCIAL CALENDAR

Interim report, Jan–Mar	28 April 2023
Interim report, Apr–Jun	21 July 2023
Interim report, Jul–Sep	27 October 2023
Year-end report 2023	6 February 2024

#### FOR FURTHER INFORMATION, PLEASE CONTACT

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#### ANNUAL GENERAL MEETING

The Annual General Meeting in CTT will take place at 5pm on Thursday, 4 May 2023 at the company's premises at Brukslagarvägen 5, Nyköping. Shareholders who wish to participate in the Annual General Meeting shall:

- be registered in the share register maintained by Euroclear Sweden AB on Tuesday 25 April 2023, and
- give notice of attendance at the Annual General to the company no later than Thursday 27 April 2023.

For further information, please see <https://www.ctt.se/investors/corporate-governance/annual-general-meeting/>



# THE YEAR IN BRIEF

- Net sales increased by **59%** to **SEK 241 million** (151)  
– in comparable currencies, an increase of **36%**
- Operating profit (EBIT) increased to **SEK 92 million** (27)
- Operating margin (EBIT margin) amounted to **38%** (18)
- Net profit amounted to **SEK 66 million** (14)
- Earnings per share amounted to **SEK 5.29** (1.13)
- Cash flow from operating activities increased to **SEK 61 million** (30)
- The Board of Directors proposes a dividend of **SEK 4.05** per share (0.79)

“WE HAVE A NUMBER OF SPECIFIC NEW GROWTH PROJECTS THAT HAVE BEEN REINFORCED DURING THE YEAR.”

– Henrik Höjer, CEO

SEK **4.05** /SHARE  
DIVIDEND (proposed)

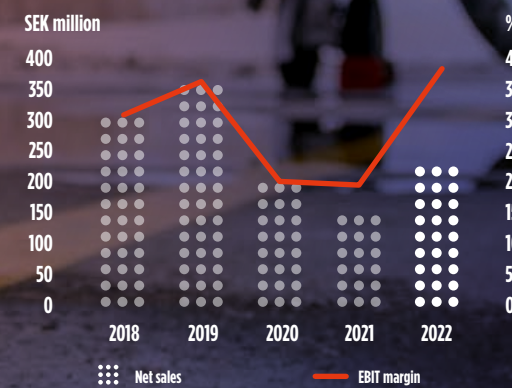
**38%** OPERATING MARGIN  
(EBIT margin)

SEK **241** MILLION

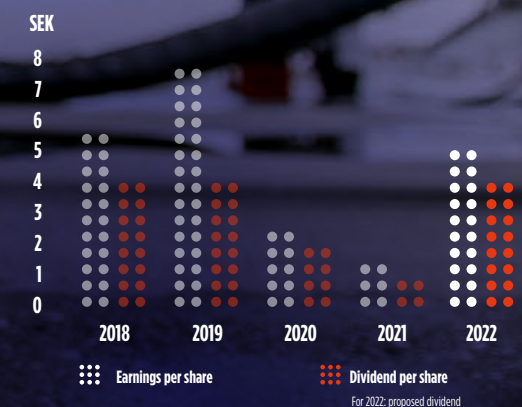
**78%** AFTERMARKET

5% OTHER  
8% OEM  
0% RETROFIT  
9% PRIVATE JET

## NET SALES AND EBIT MARGIN



## EARNINGS AND DIVIDEND PER SHARE



## KEY FIGURES

	2018	2019	2020	2021	2022
Net sales	315	355	201	151	241
Operating profit (EBIT)	90	120	38	27	92
Operating margin (EBIT margin)	29 %	34 %	19 %	18 %	38 %
Earnings per share	5.56	7.39	2.48	1.13	5.29
Dividend per share	4.05	4.05	1.74	0.79	4.05 <sup>1)</sup>

1) Refers to proposed dividend



# CTT MAKES AIR TRAVEL A LITTLE MORE SUSTAINABLE AND FAR MORE COMFORTABLE

– ACTIVE HUMIDITY CONTROL FITTED IN AIRCRAFT IS ALWAYS MORE SUSTAINABLE

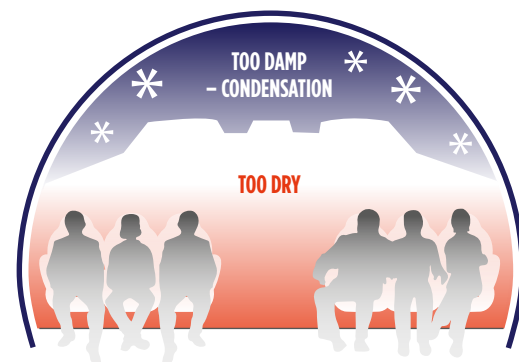
CTT is a pioneer with active systems that master air humidity in aircraft. CTT has obtained a position of market dominance for humidifiers in long-haul aircraft. CTT is first-to-market with Anti-Condensation to combat the root causes of moisture issues in aircraft. CTT has more than 50 major airline customers. CTT had a turnover of SEK 241 million and employed 72 people in 2022.

## CTT SOLVES THE MOISTURE PARADOX

The air on board an aircraft is drier than anywhere else on earth – and yet the fuselage is wet. This is a paradox that has a negative impact on people on board, and on the environment. Aircraft are only equipped with passive humidity systems, which do not solve the root causes of the humidity paradox.

**The dry problem:** The air on board aircraft is extremely dry. This impairs the wellbeing of passengers and crew; particularly in first and business class and in the cockpit, where the air is particularly dry and risks causing dehydration that has an adverse impact on the immune system, for instance.

**The wet problem:** Condensation increases the weight of a medium-sized passenger aircraft by 200–300 kg. This extra weight leads to increased fuel consumption, which increases costs for the airline and has an impact on the environment on account of unnecessary greenhouse gas emissions.



CTT has active humidity control products that increase the moisture content of cabin air and keep the fuselage dry. This means a more comfortable climate on board, and a more sustainable flight with a reduced carbon footprint.

### HUMIDITY IS MEASURED AS RH

- Humidity is usually measured as relative humidity RH, which is defined as the ratio of the partial pressure of water vapour to the partial pressure of water vapour at saturation in the atmosphere, i.e. the vapour pressure of water at the current temperature.
- Rain usually falls at a relative humidity of 100% RH, but there may also be fog or dew. The reverse is not true, though: humidity is not always 100% RH when it rains.
- In winter, indoor air can be about 20–30% RH. It may feel dry, but this can be managed by drinking a bit more. Humans have learnt to manage these levels.

That said, it is difficult to find any populated places on Earth where the humidity is below 15% RH. This means that humans have not adapted to levels below that. Sitting aboard an aircraft with humidity below 10% RH is an abnormal and extremely dry climate for humans, with adverse effects on body functions and well-being.

## VISION

The company’s vision is that active humidity control systems are fitted in all aircraft. CTT is the pioneer and will be the market-leading supplier.

## BUSINESS CONCEPT

CTT’s business concept is to develop, manufacture, supply and provide aftermarket services of active humidity control products that increase humidity to enhance well-being and reduce condensation for better reliability and lowered environmental impact.

## TWO PRODUCT GROUPS FOR ACTIVE HUMIDITY CONTROL

PRODUCT GROUPS	HUMIDIFIERS	ANTI-CONDENSATION
Product benefits	<p><b>KEEPS HUMIDITY AT COMFORT AND WELLNESS LEVEL</b></p> <p>Elevates humidity from unhealthily dry to normal levels, reducing the risk of dehydration, fatigue and viral infections.</p> <p>Higher humidity also leads to better sleep, increased well-being and less jet lag, and keeps the immune system intact without the impact of dehydration.</p>	<p><b>CHECKMATES CONDENSATION AND MOISTURE PROTECTS AIRCRAFT</b></p> <p>Reduces condensation and eliminates accumulated condensate water in the aircraft, cutting weight and hence fuel consumption and carbon footprint.</p> <p>Aircraft without condensation problems are always lighter and their maintenance costs are lower due to fewer electrical failures, no corrosion and longer service life for insulation materials. Anti-Condensation protected aircraft is always more sustainable.</p>
Driving forces in the wake of the pandemic	<p><b>HEALTH AND WELL-BEING</b></p> <p>Increased focus on air quality and better cabin climate drives attention to dry cabin air and its impact on the immune system.</p>	<p><b>MORE SUSTAINABLE FLYING AND REDUCED CARBON FOOTPRINT</b></p> <p>Increased demand to reduce the carbon footprint of passengers, rescue funding investors and owners.</p>
Trends	<p><b>THE PREMIUM EXPERIENCE PARADOX</b></p> <p>Airlines are constantly improving their business class. The dry air in the cabin is counter-productive to premium efforts in gourmet dining, exclusive wines and interiors designed to maximise the experience.</p> <p>Elevated humidity normalises our senses such as taste and smell with less stress on the body. This improves passenger experience from premium investments.</p>	<p><b>THE LOW COST EFFECT</b></p> <p>More and more airlines are copying the low-cost business model. This is leading to increased seat density and higher load factor, and less and less time on the ground. As a result, the passive systems are inadequate. This makes aircraft heavier and increases their environmental impact.</p>
Availability	<p><b>OEM LIKELY TO DRIVE RETROFIT</b></p> <p>OEM supplier of all humidifiers for newly manufactured long-range aircraft: Boeing 787, Airbus A350 and Boeing 777X. Can be retrofitted to all modern long-haul aircraft.</p>	<p><b>RETROFITTING MUST DRIVE OEM</b></p> <p>Not available for narrowbody models produced by Airbus and Boeing. Can be installed in all Airbus and Boeing models. Certification for the Boeing 737MAX is in progress.</p>
Customers	<p><b>DIVERSIFIED CUSTOMER BASE – LARGE POPULATION DRIVING THE MARKET</b></p> <ul style="list-style-type: none"> <li>CTT has humidifiers operating aboard about 1,500 aircraft with more than 50 airlines.</li> </ul>	<p><b>SEVERAL LEADING AIRLINES IN NORTHERN EUROPE</b></p> <ul style="list-style-type: none"> <li>Customers in Northern Europe, such as Sunclass, Jet2.com and Transavia.</li> <li>More than 50 airlines with Anti-Condensation systems in operation on approx. 1,000 Boeing 787s.</li> </ul>



# CEO'S STATEMENT

- Strong demand for long-haul air travel
- Aftermarket sales at an all-time high
- OEM starts to rebound in 2023
- Private Jet grows significantly

## Strong growth in demand for air travel

Market conditions in the aviation industry continued to improve in 2022, and the entire industry had to shift its focus from survival to rapidly scaling up operations in response to a sharp increase in demand for air travel. As part of such efforts, airlines have started renewing aircraft fleets and cabin interiors. Aircraft manufacturers are battling to meet demand while supply chains remain a major constraint on production ramp-up. For CTT, this means a gradually improving market in which a number of airlines are leading the way with strong financial results, while others are still struggling to increase profitability after the pandemic. This is because there have been major geographical differences in the return to normality. Russia's invasion of Ukraine had an impact on CTT as the sanctions meant that CTT immediately suspended ongoing deliveries and scrutinized related growth plans. CTT was able to increase its turnover by more than 50% with record-high profitability that was boosted by favourable dollar exchange rate and inventory build-up of aftermarket products at distributors (to meet higher demand at airlines). Due to the strength of our business model, strategy and market position, we have strengthened our financial position enabling us to continue to invest to further broaden our offering, increase the addressable market and improve customer value.

## Aftermarket sales at an all-time high

2022 showed the importance of the aftermarket in our business model. It generates recurring revenues that

are dependent on the size of the population (number of installed products) and the utilisation rate of the products. To maximise CTT's share, products shall be in-service throughout the life-time of the aircraft and operators shall select CTT in the aftermarket.

CTT currently has good diversification of risk, with products at more than 50 airlines, with a good geographical spread over around 1,500 aircraft in total. That said, CTT is heavily dependent on individual aircraft models, mainly the Boeing 787 and Airbus A350. The advantage is that the population is in modern aircraft models that will form the backbone of global long-haul services for a long time to come. Aftermarket revenues increased by 90% in 2022 to a level even higher than in 2019 (SEK 187 million versus SEK 147 million). The utilisation rate of our population is almost fully restored to normal in all regions, except Asia (including China). This means that the aftermarket growth is increasingly dependent on the number of active systems in operation, driven by new system deliveries and deliveries of the approx. 100 ready-built Boeing 787 aircraft on Boeing inventory (with CTT products already installed, representing almost 10% growth for CTT).

CTT will be continuing to work on activities and investments that lead to utilisation of our systems throughout the entire service life. Further, we are focused to secure the selection-rate of the original aftermarket parts that CTT has developed and adapted together with Airbus and Boeing. To meet these stringent requirements, CTT has developed a

specific and unique material for the humidifier, which was qualified together with Airbus and Boeing. The company's original part meets all the requirements for the humidifier to be supplied together with the new aircraft. The four cornerstones of the aftermarket strategy – distribution, counteracting standardisation and uniformity, customer benefit, and IP and innovation – all aim to ensure that CTT always offers the greatest customer benefit and value, increasing further over time as we add new features, integrate the products into other systems and ensure market-leading quality and availability. This gives CTT a unique competitive advantage and is a strong reason for all customers to continue to choose the company's original parts.

## System deliveries to OEMs to improve

The OEM business is vital in our growth strategy and has been the driving force behind the rapid population increase up to 2019. Despite very high demand for new aircraft in 2022, widebody production rates have been significantly lower than before the pandemic due to issues that prevented ramp-up. We expect 2023 to be the year when the OEM market starts growing again.

**Humidifiers:** CTT has optional humidifier products on popular widebody aircraft models that are at the beginning of their service life. CTT is the sole supplier of humidifiers to models of choice when airlines shall replace their old long-range aircraft. This means good long-term growth prospects. CTT also has the opportunity of increasing product content on the

Boeing 787, if we can convince customers that it shall have the same cabin performance as Airbus A350 and Boeing 777X.

**Anti-Condensation:** CTT's goal has always been to obtain OEM availability for the Anti-Condensation system. To obtain success, airline customers must demand line-fitting when buying new aircraft. Getting products into the existing OEM programmes is challenging at present as long as the supply and capacity problems persist. However, conditions change continuously over time. The long-term goal remains; for Anti-Condensation to be part of the aircraft's air management system (and add a complementary sustainability feature), and for CTT to supply them.

## Financially stronger airlines ready for Retrofit

A number of factors benefit CTT when it comes to selling directly to airlines for retrofitting.

**Humidifiers:** The emphasis on health has increased in the wake of the pandemic. This has led to greater interest in air quality on board and how the cabin climate can be improved in order to enhance well-being. The impact of dry air on the immune systems of passengers and crew has been highlighted in this regard. We have an attractive offering, where the cost of installing the humidifier system is just a fraction of the total budget for upgrading a Business Class. The market potential exceeds SEK 1 billion, based on a target market of around 1,500 aircraft in total.

**Anti-condensation:** Airlines focus increasingly on reducing their carbon footprint. For CTT, an investment decision with a sustainability profile has advantages as companies have different payback requirements and such decisions have top-management and stakeholder interest. CTT is the only supplier of a system that tackles the root-cause of condensation. With high oil prices, rising prices for carbon emission allowances and increasingly stringent sustainability targets, including requirements for the inclusion of SAF in aviation fuel, CTT has never been in a better position to market the Anti-Condensation system.

## Private Jet offering improved and extended

CTT has continued to strengthen its Private Jet offering. The cooperation with Airbus Corporate Jets (ACJ) has been extended further, and ACJ now offers kit solutions for both the ACJ320 family and the ACJ TwoTwenty. The market response is very positive and we intend to bring this successful concept to other manufacturers on the market. CTT has also continued to promote humidification in the sizeable market for large business jets.

**VIP:** CTT's cooperation with ACJ has continued during the year to achieve a higher market share in the VIP narrowbody aircraft segment. The market for VIP aircraft is in the range of 10–20 aircraft per year, with some cyclical variation. Historically, CTT has had a VIP aircraft turnover of SEK 15–30 million. CTT has a high market share for widebody VIP aircraft, but a lower share for narrowbodies. The optimised kit system with STC is a win-win-offering providing enhanced opportunities for significantly larger ACJ320 market share, with an estimated annual revenue potential of around SEK 10–15 million.

**Business jet:** Large cabin, long range business jets is a new segment for CTT with huge potential. We see good opportunity to enter as there are currently no humidification systems available on the latest Bombardier and Gulfstream large cabin models. ACJ is frontrunning with a humidification system available for the TwoTwenty model. The kit system jointly developed with CTT enables ACJ customers to obtain comfort and wellness climate when flying World's largest business jet. The total market potential is approx. SEK 200 million per year (excluding aftermarket). To achieve a high market share, CTT's products must be either optional or endorsed by the manufacturers. The ACJ model is leading-the-way.

## Sustainability embraces CTT

The aviation industry has strong sustainability focus, and this is a necessity for long-term survival with the goals and demands defined by the community. The aviation industry has an explicit focus to improve sustainability driven by airline investments in new, more fuel-efficient aircraft. The sustainability focus is a clear advantage for CTT when it comes to the next step in reducing CO<sub>2</sub> emissions.

CTT has a value-based approach to sustainability aiming to be integrated into everything we do in the short and long term. The UN's Agenda 2030 has been the guiding principal when identifying these goals. CTT has three areas: environmental responsibility, responsible employer and business ethics and human rights.

In addition, CTT has a unique opportunity to make a relatively big difference through our products. Both Anti-Condensation systems and humidifiers are part of the sustainability strategy for airlines, creating a better environment for the crew and passengers and reducing the carbon footprint.

## Growth opportunities – but not without challenges

Airlines are reporting high demand for air travel, and therefore requiring increased resources to scale capacity. The industry is committed to drive the trend towards more sustainable travel at an increasing pace. The impact from a weaker macroeconomic outlook is difficult to assess, such as how high inflation and raised interest rates may reduce demand for air travel and put pressure on airline margins. We do not believe that this will affect the demand for our OEM products, as the underlying trend of high demand for widebody aircraft will continue for a long time to come. We have seen supply disruptions and price increases during the year, and at CTT we have actively worked and managed to minimise that impact. In Private Jet, retrofit and in the aftermarket, we are able to adjust prices in line with inflation. We are monitoring developments closely and assessing how we can continue to adapt our operations.

## CTT has products in fashion of our time

When summing up my first nine months as CEO of CTT, I would like to highlight the fact that the entire CTT team has done a brilliant job of navigating through an industry that took a big hit during the pandemic. The company is in a stronger position and is able to benefit greatly in the recovery. All our staff have done a fantastic job, and we have managed to mitigate the bottlenecks that affected our business environment and were able to deliver on time to our customers while also providing the right quality. This shows that CTT is well positioned for profitable growth. CTT is a world leader when it comes to active humidity control in aircraft. We have airline customers worldwide, which gives us a good geographical diversification of risk and places us in a good position for additional sales. Our greatest asset when it comes to meeting demand is the company's skilled staff, strong partners and dedicated subcontractors.

2022 has been a stimulating and inspiring start to my career at CTT. Together with my colleagues and the company's partners, we can create sustainable value for customers and shareholders by helping to make aviation a little more sustainable and far more comfortable. I am really looking forward to my first full year at CTT.

Nyköping, March 2023  
Henrik Höjer, CEO





# VISION, BUSINESS CONCEPT AND STRATEGY

As a pioneer in active humidity control aboard aircraft, CTT can contribute to make aviation more sustainable. CTT has a vision, a mission and a strategy that aims to increase penetration of humidity control products in global aircraft fleet and thereby make air travel a little better.

## VISION

The company's vision is that active humidity control systems are fitted in all aircraft. CTT is the pioneer and will be the market-leading supplier.

## STRATEGY

The company's strategy aims to create competitive, profitable and sustainable growth by increasing the installed base of products in-service, focusing on the aftermarket, aiming for operational excellence and pursuing technical leadership and innovation.

## BUSINESS CONCEPT

CTT's business concept is to develop, manufacture, supply and provide after-market services of active humidity control products that increase humidity to enhance well-being and reduce condensation for better reliability and lowered environmental impact.

# BUSINESS MODEL WITH SIGNIFICANT AFTERMARKET

CTT is a leading supplier of aircraft humidity control systems that are designed to match the aircraft life cycle, which extends to around 20 years. A reality that creates significant aftermarket revenue potential.

The company's products are based on an active technologies that shall together with strategic partnerships allow CTT to provide reliable, safe, efficient and sustainable systems that eliminate the root causes of moisture problems in aircraft.

The products are designed to be in-service during the entire aircraft lifetime. The business model is based on revenues from the sale of products and systems; either installed by aircraft manufacturers in new aircraft or retrofitted in existing aircraft; and from a significant

aftermarket business. For CTT to reach its full revenue potential, the products must be in-service throughout the life of the aircraft and the operators must select CTT's original aftermarket parts.

## BUSINESS MODEL FOR SUSTAINABLE SHAREHOLDER VALUE



The business model is based on a strong OEM position, with long-term contracts, and strong relationships with airlines and other aircraft operators. As an OEM supplier, CTT faces stringent demands on the organisation, such as delivery capacity and quality. This gives CTT a competitive advantage and the opportunity

to define the agenda for active humidity control in the aviation industry. As the aviation industry has long product life cycles and high barriers, CTT can achieve niche dominance for a long time to come. The business model thereby creates conditions for sustainable profit growth by gradually increasing the

low market penetration of the company's products and steadily growing the aftermarket. Shareholder value will be created by generating strong cash flows, driven by more products in operations and full utilisation throughout the lifetime of aircraft, and CTT will remain the dominant supplier in the aftermarket.

# STRATEGY FOR PROFITABLE GROWTH

The strategy aims to leverage its leading position to create profitable and sustainable growth by increasing market penetration and focus on the aftermarket

The company's strategy is to leverage its leading OEM supplier position, driving the market to obtain higher penetration and consolidating aftermarket share. The mission is for the company's operations to help bring about a more sustainable development for aviation. Being an OEM supplier is key element in the strategy

that provides legitimacy and has major market impact. The company is the pioneer and must solely secure market awareness of the benefits of active humidity control. An increasingly important driving force for selecting the company's products for OEM or retrofit is the fact that they contribute to airlines sustainability

efforts and goals. OEMs place stringent demands on operations and demand constant optimisation. CTT has extensive application know-how and strategic partnerships, which favour the company when it comes to leading development and maintaining its aftermarket dominance.

## STRATEGIC AGENDA

CTT has strategic priorities with integrated long-term sustainability goals and activities to fulfil its vision, pursue its business concept and achieve its targets for growth, profitability and return on capital. The strategy has four cornerstones: 1) growth in the population of systems 2) focus on the aftermarket 3) business optimisation and investments to strengthen technological leadership and 4) frontrun with continuous improvements and innovation. The strategic agenda defines the direction and guides the company's decision-making, resulting in objectives and actions that are reported annually in the annual report.

POPULATION GROWTH

FOCUS ON THE AFTERMARKET

OPERATIONAL EXCELLENCE

TECHNOLOGICAL LEADERSHIP AND INNOVATION

▶ SUSTAINABILITY

## POPULATION GROWTH

The main strategic focus is to drive the market and create conditions for growth. The ultimate goal is to generate a larger installed base of the company's products. The market potential is huge as penetration is very low. There are strong driving forces for population growth in a general drive to make air travel more sustainable, and also an increased focus on creating a healthier cabin climate. CTT is a pioneer and a market-leading supplier of both anti-condensation and humidification systems. However, penetration is low and it is important to achieve mature level in order to drive the market further and increase availability among OEMs. Positive growth momentum is achieved when more and more airlines realise the benefits of active humidity control. Successful OEM programmes are an enabler to obtain this.

The growth strategy has two basic elements:

### Line-fitted products drives population growth

The OEM channel is fundamental in order to achieve high and sustainable growth in the population. Having the company's products available for installation in newly manufactured aircraft is a fundamental prerequisite for scalable growth. CTT supplies either directly to the OEM or indirectly to the air system supplier, for example. This means that the company's products are more or less integrated into other major systems, which requires a good general understanding of aircraft systems.

Successful aircraft models such as the Boeing 787 reinforce the company's goodwill and drive

additional sales on other aircraft models. A large installed base also drive other growth opportunities such as when operators install the systems in existing aircraft (Retrofit). In order to succeed in the Business jet segment, the company's products must be available at the OEM when a new aircraft is purchased.

### Market awareness and promotion

Selling the OEM options and driving the Retrofit market requires systematic and methodical marketing to operators, such as airlines and charter operators. CTT strives to achieve close market partnerships in order to achieve a global market presence.

## FOCUS ON THE AFTERMARKET

The aftermarket is an important part of the business model, and a cornerstone in the company's strategy. As a pioneer, CTT has a very strong position, with strong OEM relationships and strategic, value-adding partners. This provides a good foundation for CTT to maintain its dominant position in the aftermarket.

At a general level, the strategy aims at activities and investments that enable total lifetime utilisation and ensure that the company's original aftermarket parts are selected. Besides spare parts and service activities, it comprises two different consumables, one for the dehumidifier and one for the humidifier, which are replaced annually.

CTT has four cornerstones in its aftermarket strategy:

1. Distribution through aircraft manufacturers
2. Counteracting standardisation and uniformity
3. Customer benefit
4. IP and innovation

A key part of the strategy involves implementing distribution via aircraft manufacturers. This further strengthens ties with OEMs and provides an incentive for them to sell the systems.

Another cornerstone is de-standardisation (read: to counteract standardisation and seek to achieve unique size and features between different models).

Perhaps the most vital part of the strategy is to always offer the greatest customer benefit and value. The aviation industry may be conservative, but the world never stands still. CTT should not stand still either, but must utilise its leading market position to improve customer benefit by adding new features, integrating the products into other systems and securing market-leading availability.

There are a number of advantages favouring CTT to maintain its strong aftermarket position:

Firstly, there are a large number of airlines that choose only original aftermarket parts.

Secondly, there are product-specific advantages stemming from the fact that CTT developed and customised the OEM products together with Airbus and Boeing. Therefore, CTT has unique application expertise and aftermarket products that are compliant with all specifications. To achieve this, CTT has – for example – developed a specific and unique pad-material for the humidifier, which was qualified together with Airbus and Boeing. The company's original consumable part meets all the requirements set for the humidifier in order to be supplied with the new aircraft. This gives CTT a competitive advantage and is a strong reason for many customers to select the company's original parts. Third-party products that rely on pad materials available on the open market will offer lower performance and quality as they are not customised for aircraft nor the application. Overall, as the original equipment manufacturer, enforced by strong partnership, CTT is well positioned to maintain its market dominance.

## OPERATIONAL EXCELLENCE

The company's strategy shall with sustainability guidelines focus on optimising and developing its operations, such as by improving quality in everything CTT does and safeguard highest standard in its delivery capacity. This will primarily be implemented by means of continuous improvement work where the company will streamline processes in all areas of operation.

As far as development is concerned, there are activities in progress aimed at facilitating and improving processes for testing and verification, for example, as well as project methodology.

In production, there is continuous improvement in order to optimise manufacturing costs, but also to improve the working environment and minimise environmental impact.

In sales, as the market grows it is becoming more important to take steps to improve processes with support from a dedicated customer relationship management system. Another important part of the business involves access to strategic key components, highlighted during the turbulence of recent years stressing the value of strong partnerships and

reliable supply chains. CTT places great emphasis on relationships with partners and suppliers to comply and meet stringent demands in terms of deliverability and quality. In some cases, CTT can therefore take over the supply of strategic input goods and elements of the manufacturing process or extend its cooperation with subcontractors. In the service and repair business, processes and procedures must continuously be adapted to provide a high level of service.

## TECHNOLOGICAL LEADERSHIP AND INNOVATION

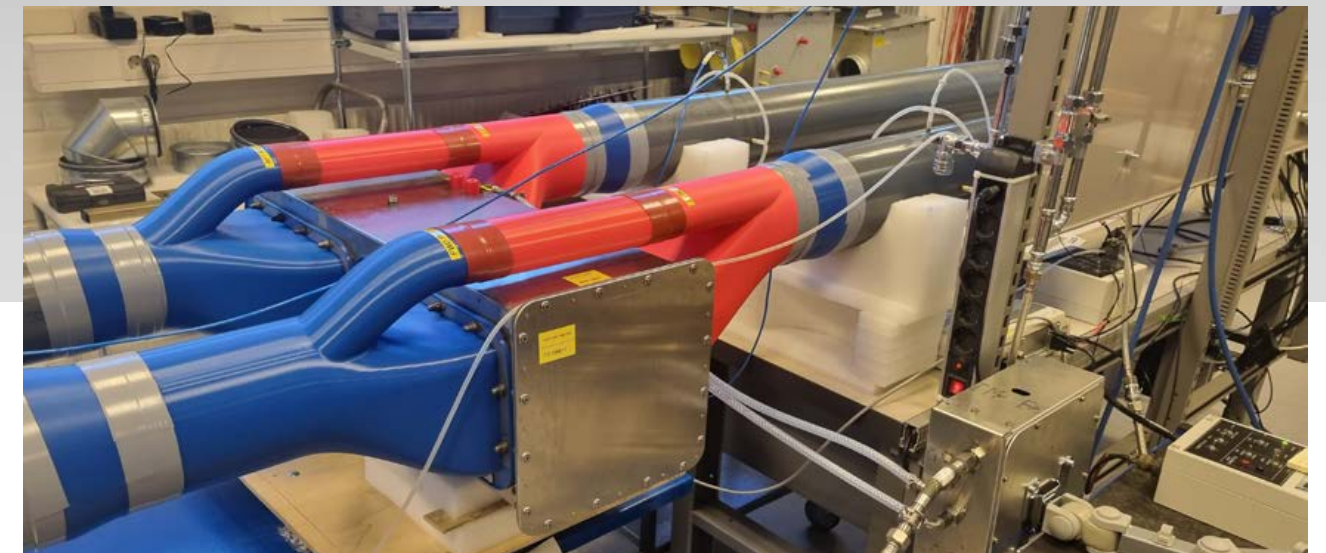
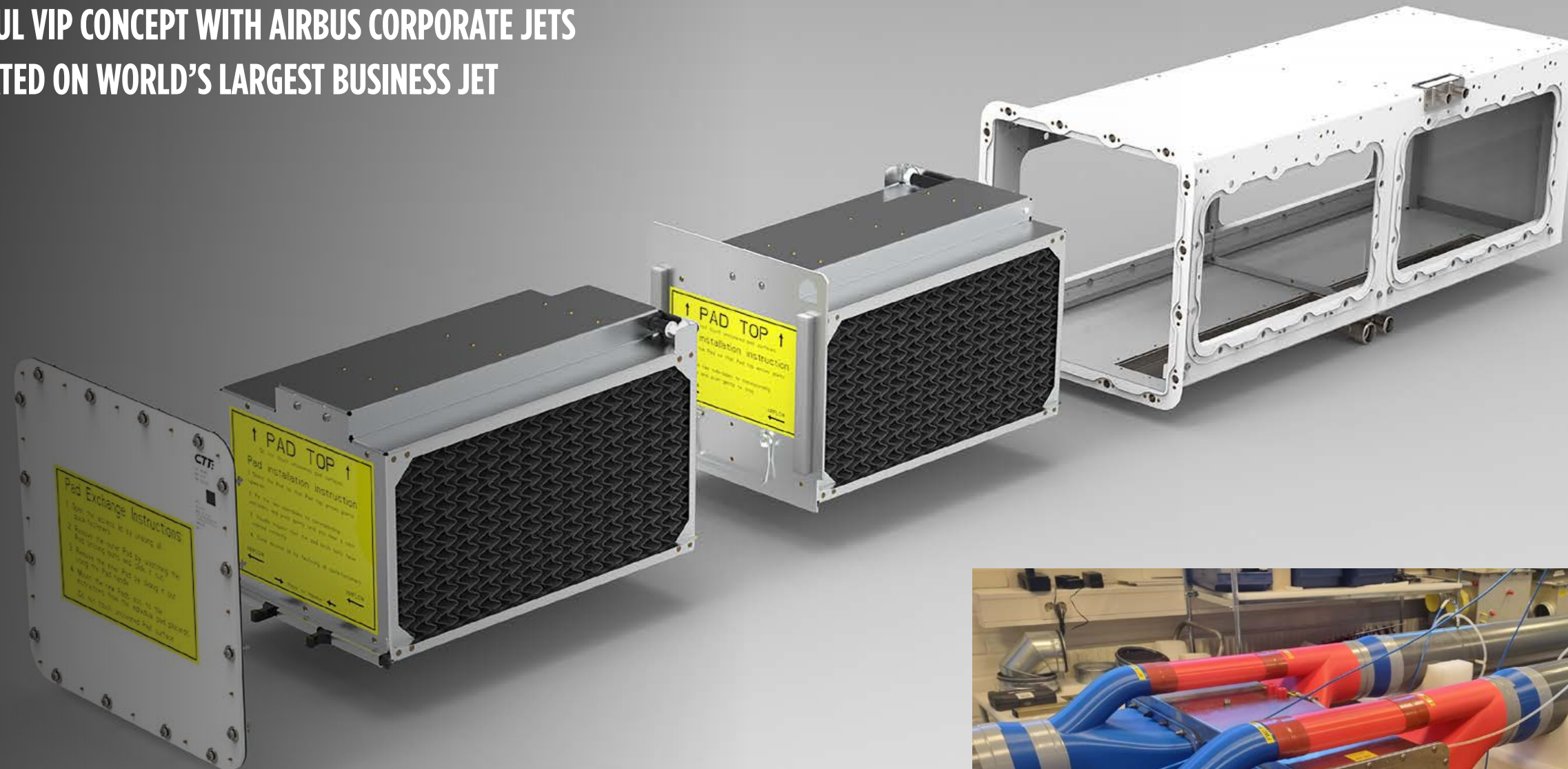
CTT must continue developing and adapting its products to new aircraft types and projects. Functionality and performance have to be improved in the longer term. This may involve weight-reducing efforts or requirements of down-sizing products to

fit in applications with less space available. Other areas include technology and product integration of to reach out to new markets or increase penetration. Investments in research and development are ongoing, with emphasis on new product generations and

integration. In the aftermarket CTT continuously invest to improve performance, reliability and by adding features.



## SUCCESSFUL VIP CONCEPT WITH AIRBUS CORPORATE JETS – REPLICATED ON WORLD’S LARGEST BUSINESS JET



**CTT launched a humidification system for the ACJ TwoTwenty together with Airbus Corporate Jets (ACJ) during the year. CTT has developed and delivered the first system in record time. This manifests CTT’s leading application expertise and ability to adapt to new and unique requirements. Clever engineering means that optimal humidification of the cabin can be achieved despite the very limited space available to install the humidification system.**

When ACJ was about to select a vendor of the humidification system to the ACJ TwoTwenty business jet program, CTT was in a strong position given the successful cooperation between ACJ and CTT on the ACJ320 family. At ACJ, there is a strong belief that higher humidity is required as part of the comfort climate on board. The main argument is the conviction that dry air on long-haul flights is counterproductive to the premium experience ACJ invested heavily in to achieve and offer.

Meeting ACJ’s requirements for cabin humidification aboard an TwoTwenty aircraft that is significantly smaller than the ACJ320 has presented challenges to CTT’s development engineers. This led to a completely new system design while using the company’s proven technology so as not to introduce any risks into the project. This development work has resulted in a

humidification system that is significantly smaller than anything CTT has ever designed before. The humidification system is situated adjacent to a mixing chamber with two airflows, one for the front cabin and one for the aft. The solution was to divide the system with a newly designed double humidifier that is sited separately from the Water Valve Kit, which thus becomes a separate unit. For the new system, the company’s partner BWT has designed and produced a flexible duct system for both the anti-condensation unit and the humidification unit. The complete system has been analysed by simulations of advanced CFD calculations. A mock-up was then built at the CTT laboratory to verify the calculations and digital design. This project was implemented in a very short time and shows the strength of CTT’s engineering and production departments. Different ideas could be analysed quickly using

advanced calculation software and verified in rig tests. ACJ’s engineers have been impressed by the fact that CTT was able to develop and start delivering, in a short time, an optimised system that met high requirements on pressure drop and humidification performance; while still fitting the stringent volume restrictions in the ACJ TwoTwenty. All in all, CTT has strengthened its market position as a leader in humidification systems

in the Private Jet segment and created a front-running position in the Business Jet segment.

This project is based on the same business model as that applied to the ACJ320 family. To date, end customers have purchased an empty aircraft from Airbus and third-party companies sold the humidification system to the end customer, including customisation, integration and installation (with a unique STC,

Supplementary Type Certificate). For CTT, this means unique projects and product customisation every time. With this new business model on ACJ320 and ACJ TwoTwenty, ACJ sells and delivers humidification systems as a kit with STC. This strengthens CTT in the market. It also simplifies installation for the third-party company and standardise production for CTT.



# FOLLOW-UP ON THE STRATEGIC AGENDA 2022

The pandemic has disrupted predictability, visibility and feasibility, affecting most of our strategic goals for 2022.

# STRATEGIC AGENDA FOR GROWTH 2023–2025

Several opportunities for population growth – but not without challenges.

## Strategic goals / priorities for 2022 – OEM

**B777X:** CTT must be ready for normal series production by the end of 2022.

**MC-21:** CTT must be ready to start series deliveries of cockpit humidifiers if sanctions against Russia are lifted

**ACJ320:** CTT must work with Airbus Corporate Jets to market the Enhanced Inflight Humidification (IFH) system in order to achieve maximum penetration on new ACJ320 aircraft

### New OEM opportunities:

**CRJ929:** The schedule for the aircraft programme is considered to be uncertain due to current sanctions against Russia

**Pre-OEM:** Bombardier Global 7500: CTT must work to ensure that Bombardier offers the system in conjunction with the sale of the Global 7500 aircraft

**ACJ TwoTwenty:** To be selected as a supplier of humidifier systems for the Airbus ACJ TwoTwenty Business Jet

## Debriefing 2022

- Certification and black label deliveries obtained in January 2023
- Suspended indefinitely due to sanctions against Russia
- Since the launch, Airbus Corporate Jets (ACJ) has sold four ACJ320 aircraft with four Enhanced IFH systems (100% penetration)
- The OEM programme has been suspended
- The target has not been met. Work is continuing
- The target was met in March 2022

## Strategic goals / priorities for 2022 – Airline sales

### Humidifier systems:

**Humidifier Onboard Business Class:** Systematic marketing towards leading premium airlines in order to establish the product on the market and enable a breakthrough

### Dehumidifier systems:

**A320:** The aim is to be awarded the first contract motivated by sustainability arguments

**B737MAX:** CTT is aiming to install and certify the system at SunExpress

## Debriefing 2022

- In 2022, a new airline has specified its A350s with humidifiers in First and Business Class (with planned delivery of aircraft from the end of 2025)
- Positive momentum, but no contracts
- Test flights started with the dehumidification system installed on the Boeing 737NG

## Strategic goals / priorities for 2022 – Quality and delivery capability

Complete development and improvement of dehumidification products for Narrowbody and Business Jet aircraft

## Debriefing 2022

- The project has made progress in 2022, but has not yet been completed due to other priorities within the development department

## Strategic goals / priorities for 2022 – Innovation capacity

Innovation and product development with a view to increasing the value of our humidifiers – partnership with Camfil The next step is to market the product to OEM and Private Jet

Partnership with Munters in order to develop a new pad material

## Debriefing 2022

- The development project is largely completed, with good results
- The project has been launched and development work is ongoing

## Strategic goals for 2023–2025 – OEM

**Boeing 787:** Humidifiers are available in the catalogue of options for First/Business Class on the Boeing 787

**Boeing 777X:** Series deliveries of humidifiers for the Boeing 777X

**Airbus A350F:** At least five companies have specified humidifiers on the flight deck / in the crew rest

### New OEM opportunities:

Boeing 737 MAX: Dehumidifiers are available as an option when purchasing an aircraft

Airbus A320neo: Dehumidifiers are available in the catalogue of options

### Private Jet (OEM):

Bombardier: The humidifier system is available as an option for new sales of the Global 7500 / 8000

Gulfstream: The humidifier system is available as an option for new sales of the G700 / G800

## Strategic goals for 2023–2025 – Airline sales

### Humidifier systems:

**Humidifier Onboard First / Business Class:** At least 10 (2) airlines operating aircraft with premium class cabin humidification

### Anti-Condensation systems:

**Airbus A320:** At least 5 (2)<sup>1)</sup> active airline customers with Anti-Condensation

**Boeing B737:** At least 5 (2)<sup>1)</sup> active airline customers with Anti-Condensation

**Airbus A220:** At least 3 (0)<sup>1)</sup> active airline customers with Anti-Condensation

<sup>1)</sup> Test customers excluded





# THE MOISTURE PARADOX IN AIRCRAFT – A PROBLEM FOR PEOPLE ON BOARD AND OUR CLIMATE

In the aviation industry, it is a known fact that aircraft have two moisture problems: extremely dry cabin air and excessive moisture in the fuselage and structure. CTT is the pioneer and market-leading provider of active systems that address the root causes and solve the paradox.

Historically, the aviation industry has applied passive methods in order to mitigate condensation problems. These are inadequate for a number of reasons. Firstly, sustainability is increasingly important and airlines must invest in fuel reducing technologies to prevent unnecessary greenhouse gas emissions. Secondly, the fact that aircraft have an unhealthy dry climate must no longer be a necessary evil for premium travel. CTT is a pioneer in its field, using active methods to tackle the root causes of the moisture paradox.

## MOISTURE PROBLEMS IN AIRCRAFT – A BRIEF DESCRIPTION

**The dry problem:** At cruising altitude, the humidity in cabin air drops rapidly. This causes gradual dehydration among passengers and flight crew, with adverse effects on their health and well-being.

**The wet problem:** Condensation occurs when cabin air cools towards the freezing cold aircraft skin. The weight increases as ice and water from condensation accumulates in the aircraft, causing increased fuel consumption, higher operating costs and increased carbon dioxide emissions.

## ONBOARD CLIMATE – A BRIEF DESCRIPTION

Technical system solutions are required to deal with the extreme differences in the atmosphere at cruising altitude and the preferred climate inside the cabin, which should ideally match climate on the ground in terms of fresh air, temperature and air pressure. The outside temperature is below -40 °C, the outside pressure is around a quarter of the normal pressure, and humidity is zero.

**Air pressure:** Air pressure at cruising altitude is around 25% of regular atmospheric pressure. In the cabin, the air pressure must be at least 75%, which is equivalent to a perceived altitude of 2400 m. The pressure selected is a compromise between adequate passenger comfort and the weight of the aircraft. Modern aircraft containing more composite have allowed higher pressures, giving a perceived altitude of around 1800 m.

**Air treatment:** The air on board must contain sufficient oxygen. However, there is a great difference in temperature between the air in the cabin and the air outside, which means that some of the air is recirculated. The air in the cabin is changed completely at two to three-minute intervals aboard an Airbus A350 for instance. The recirculated air passes through highly efficient HEPA filters and is mixed with the heated outdoor air.

**Temperature control in zones:** Each aircraft is divided into climate zones. Each zone has its own supply and exhaust air and temperature control.

**Fresh air at cruise lacks humidity:** There is no humidity in (outside) air at cruising altitude, so the air in the cabin quickly becomes dry. The people on board add humidity in the aircraft cabin. The air and climate system is divided into zones, so the driest sections are the least occupied ones. In practice, the air is driest in the zones where passengers are prepared to pay most for the best possible experience.

## HUMIDITY – A BRIEF DESCRIPTION

- Humidity is usually measured as relative humidity RH, which is defined as the ratio of the partial pressure of water vapour to the partial pressure of water vapour at saturation in the atmosphere, i.e. the vapour pressure of water at the current temperature. In simple terms, relative humidity is the ratio, expressed as a percentage, of the amount of moisture in the atmosphere to the amount that the air can hold at a given temperature.
- 100% relative humidity means that the air is completely saturated with water and cannot hold any more water vapour. This means that the additional water vapour added to the air condenses into liquid or accumulates in the air as mist. It can be said that the chances of rain are higher if the relative humidity is high. Rain usually falls at a relative humidity of 100% RH, but there may also be fog or dew. The reverse is not true, though: humidity is not always 100% RH when it rains.
- Indoor air is usually classified as dry to humans when the humidity level is below 30% RH. The humidity level indoors can be down to 20% RH when it is cold outside. It is difficult to find anywhere on Earth where the humidity is below 20% RH. This means that our bodies are not used nor adapted to extremely dry air. This makes the humidity on board an aircraft an extreme environment.



## THE WET PROBLEM – FOCUS ON PEOPLE

### Extremely dry air on board

When we travel aboard aircraft, the humidity in the cabin gradually drops and reaches a level of 5 to 15% RH after about three hours. The dry air has significant adverse effects on passengers and crew on long-haul flights. The lowest humidity is in the cockpit and crew rest areas, where it can be down to zero. In first class, where the number of passengers is lowest, the humidity is only 5% RH; and it is marginally higher in Business Class, with about 5–10% RH. The fact that air on board aircraft is drier than anywhere else on Earth makes it an extreme environment with adverse effects on the human body. The negative dehydration effects take some time to recover from upon arrival and contribute to jet lag.

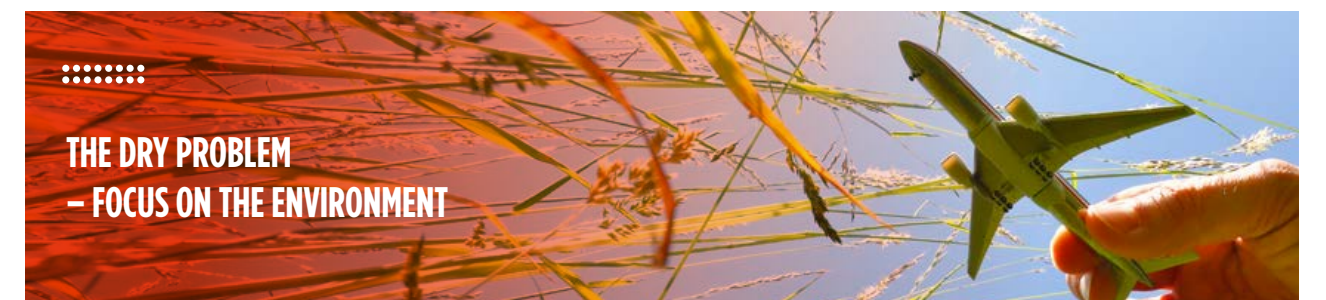
### Problems with dry cabin air

A comfortable indoor climate is more than just temperature. Adequate humidity is also an important condition to obtain it. Humidity between 40 and 60% RH is optimal. Levels around 20–25% RH are normal indoors in winter when the weather is cold. It may feel quite dry, but the body can handle that level well. But if the humidity drops further, the discomfort increases significantly. This manifests itself in how we feel, although it can be hard to pinpoint exactly what is wrong. It affects well-being, impairs taste and smell and the ability to relax and recover. People have problems sleeping, and they are at greater risk of catching a cold.

The effects of extremely low humidity levels – below 10% RH – are severe and more apparent, with dehydrated mucous membranes, skin and eyes. This has an adverse impact on our immune systems, making us more receptive to viral infections, for example.

### Dry air defeats the object of premium ambitions

Airlines are constantly investing to improve the Business Class experience. The trend is towards greater flexibility for better rest and relaxation. Many airlines focus on food and drink experiences. Dry air is counter-productive to such premium ambitions. Increasing humidity to comfort zone will reduce dehydration and normalise taste and smell.



## THE DRY PROBLEM – FOCUS ON THE ENVIRONMENT

### Problems with condensation

Condensation increases the weight of the aircraft and is a recognised problem in the industry. It occurs on all flights when cabin air comes into contact with the very cold interior of the fuselage. Air condenses and freezes to form ice. The condensation impact is largely determined by the number of passengers. The ice turns into water during the approach and on the ground.

### Remains in isolation

On ground, most of this condensate water should be drained out through ducts: this is known as passive means and is standard solution on all aircraft. However, some condensate water remains in the fuselage,

mainly in the insulation. This water dries out if the aircraft is on the ground long enough, but this rarely happens. Instead, more and more water accumulates in the fuselage.

### Condensation creates problems

An increase in aircraft weight results in higher fuel consumption, and thus increased operating costs and unnecessary CO<sub>2</sub> emissions.

Condensation can increase the weight of a narrowbody aircraft by up to 200–300 kg. Water also causes corrosion, failure of electronic components and systems. Condensation also destroys insulation so that it needs to be replaced more often. All-in-all, hardly in-line with airlines sustainability efforts.

Dedicated airline trials show that aircraft weight can be reduced by 200–300 kg, which cuts carbon dioxide emissions by between 65 and 100 tonnes per year. Although the aviation industry accounts for a small percentage of global greenhouse gas emissions, this problem is increasingly accentuated by the world's growing demand for more sustainable air transport.



# THE LEADING SUPPLIER OF AIRCRAFT HUMIDIFIERS

CTT is the world's leading supplier of aircraft humidifiers. CTT has the most optimised, energy-efficient and reliable systems on the market, raising cabin humidity to a level that reduces the risk of dehydration, fatigue, viral infections and jet lag.



**How it works:** Humidity is added in the air duct to the cabin (blue arrows), providing a comfortable humidity level in the premium cabin. Dry air (red arrows) from the Anti-Condensation system prevents moisture problems.



**System:** Humidification for business class in the Boeing 777. A dedicated humidifier is installed in the supply air ducts for a particular cabin zone, and the water is taken from the aircraft's regular water system.

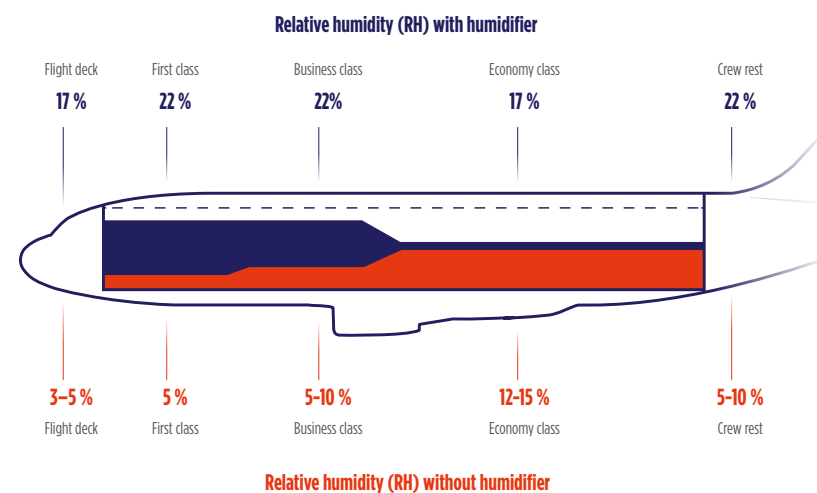
### Humidifiers for passengers, pilots and other crew members

CTT is the leading supplier of aircraft humidifiers, ensuring that humidity remains at levels familiar to humans (around 20 to 25% RH) in an energy-efficient way. This allows the body to function normally. Different versions are available for different aircraft types, to be fitted in cockpit, crew rest areas and the passenger cabin. The humidifiers are mainly installed as an OEM option in newly manufactured long-haul aircraft. It is possible to retrofit humidifiers in the passenger cabin during maintenance or one of the regular upgrades of the cabin interior that airlines make to their aircraft fleets.

### Significant aftermarket

The humidifier's humidity pad needs to be replaced after 4,000 hours or around once a year, in order to maintain performance over time.

This means that CTT has a significant and growing aftermarket driven by the number of in-service humidifiers.



# SUCCESSFUL OEM PROGRAMMES – MORE THAN 50 MAJOR AIRLINE CUSTOMERS

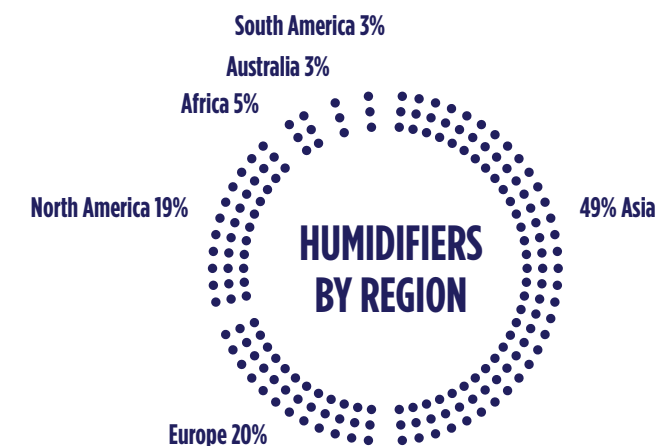
CTT is the sole supplier of humidifiers to Boeing and Airbus for factory installation in their latest long-range aircraft models. CTT's customers include more than 50 of the world's biggest airlines. CTT is also a humidifier supplier to Private jet aircraft. More information about Business jet and VIP can be found on pages 24 to 25.

### Successful OEM programmes drive penetration

The company's products are in operation globally in a well-diversified customer base with over 50 different airlines, including the largest and most well-known airlines in the world. The biggest customer account for approx. 7% of the population, and the ten biggest account for around 40%. Most of the population is at the start of its estimated 15 to 20-year life cycle. CTT has been selected as the sole supplier of humidifiers for the three modern long-range Airbus and Boeing models – the Boeing 787, the Airbus A350 and the Boeing 777X. This creates opportunities for good growth and chances to influence the industry's long-term requirements specification for aircraft humidity control.

### Opportunities of more business increase with the number of customers and the size of the population

With CTT humidifiers as options when purchasing new long-range aircraft, more and more airline customers are gaining experience of the products. This spreads the benefits of active humidity control, creating more opportunities for more business such as when airlines mirror selection on other new models or when retrofitting. It is common that our A380 customers or those on Boeing 787, for example, also continue to specify our equipment when buying A350s. For instance, China Southern began fitting its A380s with humidifiers in the crew rest area (which was the only option available on the A380). When specifying the Boeing 787, they chose to mirror their choice on the A380 and equip the cockpit accordingly. When it came to the A350, a choice was made once again not just to mirror its predecessor, the Boeing 787, but



also to extend to the next level possible – and add the passenger cabin. Air China, Air France, ANA, China Eastern Airlines, Emirates, Etihad and Turkish Airlines are all mirroring their previous choices of humidifier options. These market dynamics are expected to strongly drive the market for humidifiers.

### Competition

CTT is in a strong position as the sole supplier for the latest four long-range commercial aircraft from Airbus and Boeing, and also given its dominant position in the VIP market. There are lower barriers to entry for competitors in the VIP and Retrofit segments, although OEM suppliers have a special position when it comes to retrofitting in commercial aircraft. Our main competitor is Liebherr Aviation when it comes to humidifiers, but it has chosen a market focus in the Business

Jet segment. There is also competition in a broader sense from completely different cabin products and innovations that affect the on-board experience, such as passenger WiFi. These products all compete for airlines' budgets for purchases and timeframes for retrofit projects.

## STRONG TRENDS DRIVING THE MARKET

More stringent environmental requirements will accelerate the phasing out of older aircraft. This benefits CTT, which is the sole supplier of humidifiers for the latest long-haul models. The increased focus on health and well-being is one positive effect of the pandemic.

### MORE AND MORE PEOPLE ARE EXPERIENCING THE BENEFITS OF HUMIDIFICATION

CTT has humidifiers installed on around 1,300 long-range Airbus and Boeing aircraft. CTT has more than 50 major airlines as customers. Every month, five to ten new Airbus A350 and Boeing 787 aircraft are delivered with our humidifiers on board. Cockpit penetration on the Boeing 787 fleet and on new A350 operators stands at around 85%. CTT often meets pilots and crew who testify to the benefits. Airlines have good experience with outstanding performance and excellent reliability. This is evidenced by the fact that airlines continue to mirror their configurations by selecting humidifiers for new models as well.

### MORE AND MORE AIRCRAFT ARE FLYING FURTHER AND FURTHER

Flight routes and passenger behaviour have altered radically over the last decade, in that more direct connections are being offered and requested rather than feeding traffic into and out of major airport hubs as used to be the case. There are more and more direct routes between locations on different continents, resulting in a shorter total travelling time, but a longer uninterrupted time in the air. This is resulting in an increased demand for humidifiers, and thus a larger market for CTT.

### MORE AND MORE PEOPLE ARE SEEING THE BENEFITS OF A BETTER CABIN CLIMATE

Aircraft manufacturers are continuing to introduce cabin climate improvements in new aircraft models that enhance on-board comfort. This means increased cabin pressure, for example, so that the perceived altitude corresponds to the pressure at around 1,800 metres above sea level, compared with 2,400 metres above sea level aboard older aircraft. Furthermore, temperature control has been expanded to include more zones, and noise and vibration have been reduced. The next step in their efforts in long-haul models is to increase passenger cabin air humidity, which is offered as an option on the two latest models: the Airbus A350 and the Boeing 777X. The fact that the two leading aircraft manufacturers are including humidification as part of the cabin climate package is driving the market for CTT.

### MORE AND MORE AIRLINES ARE FOCUSING ON EXPERIENCES AND WELL-BEING

As airlines invest in better, more comfortable business class interior and flight routes become longer, they are searching for innovations and products that enhance passengers experience with focus on greater comfort, wellness and wellbeing. With business travellers in mind, the aim is to create a travel experience that meets stringent demands in terms of flexibility, tasty, healthy food and the opportunity to work and rest. Airlines are trying to differentiate the experience by more effectively influencing and engaging our senses such as smell and taste. More and more airlines are realising that dry cabin air is a negative factor that impairs smell, taste and rest. The aviation industry focuses more closely on air quality issues in the wake of the pandemic. In this context, more and more people are perceiving the importance of higher humidity in order to prevent the immune system being weakened. This means that more decision makers are seeing an increased need for significantly higher humidity, which is driving the market for CTT.

## GROWTH DRIVEN BY REPEAT BUSINESS AND EMERGING SEGMENTS

While the humidifier market for cockpit is established and the market for crew rest is widespread, the market for premium passengers is still emerging. This is providing growth opportunities driven by repeat business for cockpit and crew rests and untapped potential for passenger cabins.



### Positive market trend

Cockpit humidifiers are the most established product. The company's market plan is based on taking advantage of the success with the Boeing 787, with more than 50 major airline customers. More and more airlines are requesting similar equipment on new aircraft. Many airlines have mirrored the choices they have made for the Boeing 787 when buying the Airbus A350. New models such as the A350 and Boeing 777X also give customers the option of selecting humidifiers for the passenger cabin. CTT currently has a large population, with good operational data in respect of reliability and performance. This significantly reduces the step to equip the passenger cabin with humidifiers as well. CTT is seeing a positive market trend driven by positive experiences and commonality efforts.

### The market is expanding to include more aircraft types and more applications

The market is being extended to include new aircraft models, and being broadened by making options available to passengers as well. Market potential is driven by the aircraft production rate. The delivery

rate of widebody aircraft in which CTT systems are available is expected to increase significantly in 2023 compared to 2022. Boeing has announced in 2022 that the first 777X aircraft will be delivered to customers in 2025. CTT's products are optional, and sales are driven by penetration (read: how many airlines choose our options). The aim is to achieve the same humidifier penetration level in cockpits and crew areas on the Airbus A350 and Boeing 777X as on the Boeing 787. Moreover, the market has to be extended to include the passenger cabin.

### Milestone in growth plan occurs as more airlines have humidifiers in Business Class

Only two airlines offer humidification in Business Class aboard their A350s at present. Intercontinental traffic will grow significantly in 2023, and they will start phasing in the A350 on their long-haul routes. This means that for the first time, Business Class passengers will experience the benefits of a healthier cabin climate during a long flight.

### OEM success to drive Retrofit market for cabin air humidification

The objective is to obtain commonality demand when airlines that have linefitted new A350s/777Xs with humidifiers in Business and First Class also retrofit humidifiers when upgrading existing aircraft. The market potential is huge, with cockpit humidifiers currently fitted in around 1,100 aircraft. These aircraft are dedicated for long-haul flights, and those operators already have accepted the humidifier cost-level for its pilots. Those pilots know the difference. Airlines have good experience from performance and reliability data. At CTT, we believe their most premium passengers are worth the same climate (at similar cost).



# PRIVATE JET VIP DOMINANCE - TARGETING LARGE BUSINESS JETS

Private Jet is divided into VIP aircraft, which are redesigned commercial passenger aircraft, and business jets designed as private aircraft.

**Large VIPs have strategic value**

CTT has a very strong position in the VIP segment, which is passenger-to-private converted aircraft (from Airbus and Boeing). Historically, VIP has been of great importance to demonstrate CTT's humidification technology to aircraft manufacturers and airlines. Blocking competitors from entering commercial aircraft models and manufacturers via VIP is also of strategic importance to CTT.

VIP aircraft are purchased without any interior (green aircraft) and delivered for cabin completion at special completion centres. End customers are often government/royal families, VIP charter companies or

ultra-high-net-worth individuals. Historically, the system has been developed together with the completion company, which is CTT's customer and the STC holder. Airbus and Boeing have supplied around 450 VIP aircraft in total. Total VIP aircraft deliveries in recent years has been between five and ten per year. CTT's net sales from VIP projects have been between USD 1.5 million and USD 5 million per year.

**Partnership with Airbus Corporate Jets to achieve higher narrowbody VIP penetration**

In 2019, CTT entered a partnership with Airbus Corporate Jets (ACJ) aiming to optimise the

humidification system for the ACJ320 family for higher efficiency and performance. Airbus introduced the system in 2021 and is marketing the system as part of its comfort climate. The first system was sold in 2021, and sales and deliveries have accelerated in 2022.

**CTT is broadening its offering by addressing large business jets with huge market potential**

Historically, CTT has had no market presence in the business jet segment. Liebherr Aviation is the leading supplier of air humidification systems for business jets. The biggest companies in the business jet market in terms of delivered aircraft are Cessna (Textron),

Bombardier, Gulfstream (General Dynamics) and Falcon (Dassault).

The Business jet market is changing rapidly, with new models that are larger, with longer range and higher speed (large-cabin, long-range) compared to the previous generation. Market leaders Bombardier, Falcon and Gulfstream have introduced new aircraft models. Bombardier has enjoyed great market success with its Global 7500, and has launched a successor in Global 8000 (with scheduled first delivery in 2025). Gulfstream has a number of new models (G500/G600) in the large-cabin business jet segment, and is expected to deliver the first G700 in 2023, which is a competitor to the Global 7500. Dassault is expected to deliver first aircraft of its latest Falcon 6X model in 2023 and has begun development of a brand new model, the Falcon 10X (certification scheduled for late 2025).

Airbus has also launched its first business jet – the Airbus ACJ TwoTwenty – with first delivery in 2023. The ACJ TwoTwenty is the first business jet to offer the CTT humidification system as an option when buying the aircraft.

**Demand is increasing with longer flight range**

Large-cabin, long-range business jet aircraft are expected to increase demand for humidification and require more efficient humidifier systems that can maintain humidity levels above 20% in the entire cabin. The challenge is to achieve efficient systems that maintain good, consistent performance throughout the cabin without causing condensation problems. The business jet market differs from the VIP market in that manufacturers supply turnkey aircraft in most cases. Only a small number of these aircraft pass via independent completion centres.

**Competition**

The main competitor of humidifiers is Liebherr Aerospace. However, CTT has dominated the VIP segment for the last decade, particularly for the very largest models (widebody aircraft).

Liebherr have been the market leader in business jets, with a strong position among most manufacturers. But the latest aircraft (large, cabin long-range) from Bombardier and Gulfstream have no humidification systems. This creates an opportunity for CTT. The growth opportunity is significant in the larger business jet segment, with market potential for CTT totalling around USD 25 million per year. In addition, there are also aftermarket revenues that depend on the installed base and flight hours.



ACJ TwoTwenty is the world's largest business jet with a scheduled first delivery to the end-customer in 2023. Airbus Corporate Jets promotes and sells CTT's humidification system.



The picture shows an Airbus ACJ319neo. Airbus Corporate Jets sells the optimised humidifier system, which is supplied with STC together with the aircraft for cabin completion.



**CASE:** NEW DRIVERS AND OPPORTUNITIES IN THE WAKE OF THE PANDEMIC



**FOCUS ON HEALTH: HUMIDITY TOO LOW FOR THE IMMUNE SYSTEM <sup>1)</sup>**

**The immune system is weakened by dry air**  
The immune system is adversely affected by dry cabin air. The human immune system is adapted to conditions on Earth. When humidity drops to extremely low levels, the mucous membranes, etc. dry out significantly, which weakens the immune system.  
Dry cabin air gradually dries out the mucous membranes during long-haul flights, increasing human susceptibility to bacteria and viruses. The mucous membranes form part of our first line of defence, as they contain antibodies that physically trap pathogens for transport and breakdown. It can be concluded that a weakened immune system increases

the risk of infection not only during the flight, but also – and perhaps more importantly – on arrival at the destination.  
**The air on board is cleaned effectively but is far too dry**  
Aboard a modern passenger aircraft, the air in the cabin is completely renewed at two to three-minute intervals. For the air that is recirculated, HEPA (High Efficiency Particulate Air) filters are available that capture 99.97% of all microbes, such as viruses and bacteria, in order to ensure high air quality. The air aboard an aircraft is forced from the roof down to the

floor. This significantly limits the spread of airborne droplets as the air on board immediately forces the droplets down to the floor. Therefore, the air does not circulate around the cabin.  
Distancing is difficult when flying. Distancing is easier in the premium classes. But these have a different problem – dry air. This means that business class passengers benefit from distancing during the flight itself, but arrive at their destination with their immune systems affected by the dry air.

<sup>1)</sup> [www.ctt.se/downloads/white-papers/](http://www.ctt.se/downloads/white-papers/)

**CASE:** NEW DRIVERS AND OPPORTUNITIES IN THE WAKE OF THE PANDEMIC



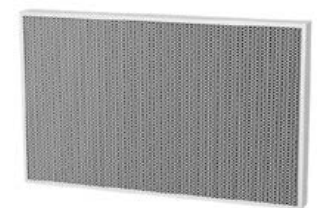
**FOCUS ON AIR QUALITY: GAS FILTRATION IN HUMIDIFIERS**

Aircraft have effective particulate filters for recirculated air. However, there are no filters for gases such as VOCs. CTT's partnership with Camfil, a world leader in filters, is focusing on filtering out ozone and volatile organic compounds (VOCs). Air at high altitude contains a higher concentration of ozone. Camfil is developing a special filter consisting of activated carbon with coconut shell. Filter functionality in humidifiers enhances customer benefits and the value of the product.

**All modern aircraft are equipped with ozone converters**  
The Earth's ozone layer protects us from harmful UV rays, yet ozone molecules themselves are particularly toxic when inhaled. Aircraft typically travel at altitudes between 29,000 and 42,000 feet, where ozone is highly concentrated. The concentration varies depending on the Earth's hemisphere, latitude and season. Passengers would be affected by ozone if there were no converter on board.

All modern aircraft are equipped with ozone converters. Intake of fresh air at high altitude passes through the converter, which leads to significantly lower concentrations of ozone.

**An ozone filter in humidifiers complements and further reduces levels**  
The lower the ozone levels, the better – particularly for pilots and crew who spend many hours in the air. This means that there is an interest in the industry in solutions that further reduce cockpit levels, for example. There is no desire to install more heavy equipment in aircraft that needs servicing. CTT can resolve the issue with minimal weight increase and no additional servicing as it is integrated and synchronised with the humidifier service.



**VOC filter removes kerosene odours and exhaust fumes on the ground**  
Aircraft have no air filtration on the ground. This means that the smell of kerosene or exhaust fumes, for example, sometimes enters the cabin. Such harmful vapours could be eliminated by the filter in CTT's humidifiers. Even if the humidifiers are not active, the air passes through them even on the ground and the air is therefore cleaned to remove volatile organic compounds such as kerosene.



# PIONEER IN MASTERING CONDENSATION

CTT is a pioneer and the only company with products that master condensation in aircraft. Aircraft are standard equipped only with passive systems designed to remove water due to condensation. CTT's Anti-Condensation system solves the root-cause and reduces fuel consumption, CO<sub>2</sub> emissions and lowers the environmental impact of aviation.



**How it works:** CTT products blow dry air into the Crown Area (red arrows), which reduces condensation against the cold outer shell and drying insulation blankets and areas containing moisture-sensitive electrical systems via directional pipe systems.



**System:** Zonal Drying™ for the Airbus A320. The anti-condensation system is situated under the cabin floor at the front of the aircraft. A ducting system distributes the dry air to areas affected by condensation.

### Condensation problems grow and counteract sustainability ambitions

Condensation occurs on all aircraft. Passive systems are available as standard to drain condensate water on ground. This measure is increasingly ineffective when more aircraft seats are installed and airlines operate with high load-factors and longer routes as well as shorter turn-around. This results in accumulation of condensate water and ice, thereby increasing the

weight of the aircraft. This leads to increased fuel consumption, higher operating costs and unnecessary carbon dioxide emissions.

The problems are greatest in countries with periods where the climate is cold and wet. Dedicated airline trials show increased weight up to 300 kg in a narrowbody aircraft. CTT is the only supplier of an anti-condensation systems that prevents and dries out water from condensation. A typical anti-condensation

system consists of one or two dehumidifier units that blow dry air into the Crown Area via ducts.

### Aftermarket

The Anti-Condensation system requires repairs and filter changes after around 12-18 months. This generates a sizeable aftermarket over-time.

# THE TARGET MARKET IS NARROWBODIES – OEM AVAILABILITY IS THE KEY FOR GROWTH

Target market for the Anti-Condensation system is narrowbody aircraft. In order to obtain sustainable growth and reach full market potential - OEM availability is required at Airbus and Boeing.

### OEM availability is a prerequisite for growth

Being a supplier to aircraft manufacturers enables conditions for steady demand and extends the market, as well as increasing the chances of Retrofit sales. Airbus and Boeing dominate the narrowbody segment. The CTT Anti-Condensation products are not available in manufacturers' options catalogues for narrowbody aircraft at present.

### Target market

CTT targets airlines with narrowbody fleets in northern Europe, where the climate reinforces problems with condensation.

### Anti-condensation on widebody models

Anti-Condensation products are available in the Airbus A350 catalogue as standalone or as a mandatory part of the passenger cabin humidification system. The anti-condensation system was also standard on the Boeing 787 until the end of 2019. Around 2,000 dehumidifiers are installed at around 1,000 Boeing 787s in total, which will generate aftermarket revenues many years ahead.

### Competitors

All aircraft face condensation and are fitted with passive means to drain condensate water from the aircraft when parked on ground. Biggest competition is to do nothing in addition to the standard fitted systems.

CTT needs to encourage airlines to request active moisture control when purchasing new aircraft in order to convince manufacturers to be listed in the OEM catalogue.

## MAJOR AIRLINE CUSTOMERS

**Jet2.com** and **Transavia** are CTT's two biggest narrowbody customers. Both airlines have the anti-condensation system on their fleets of Boeing 737s. CTT is aiming for them to continue with the system when they start to introduce Airbus aircraft from 2023 (in total, they have orders for approx. 200 aircraft in the A320-family).

## REDUCING ENVIRONMENTAL FOOTPRINT FROM AVIATION

A narrowbody aircraft (e.g. the Airbus A320) with the CTT anti-condensation system installed reduces CO<sub>2</sub> emissions by up to 65-100 tonnes per year. The effect is even greater on a widebody aircraft.

**approx. 80 tonnes of reduced CO<sub>2</sub> emissions**

= emissions from **50 cars**



# CLIMATE INCREASES NEED TO **REDUCE CO<sub>2</sub>** – HIGH LOAD FACTOR INCREASES DEMAND

The industry is actively striving to increase productivity by adding more passengers per aircraft, which is increasing condensation problems. At the same time, airlines are facing increasing demands – not least from their stakeholders – to reduce their environmental impact, which is driving demand for anti-condensation systems.

“CTT MAKES FLYING BETTER  
– A LITTLE MORE SUSTAINABLE AND  
FAR MORE COMFORTABLE”

## INCREASED SEAT CAPACITY AND HIGH OCCUPANCY

Airlines are actively working to increase the productivity of their fleets, driven in part by the growth of low-cost air travel. Ultimately, they are aiming to get more passengers into each aircraft. This is being done by increasing passenger load factor by selling every seat (i.e. attractive prices), and also by fitting more seats. The problem of condensation increases with more passengers on board. Aircraft are also spending more time in the air, which means they have shorter turnaround (less time to dry out). All in all, more condensate water accumulate in the fuselage.

## MORE ELECTRONICS ON BOARD INCREASE SENSITIVITY TO MOISTURE

The trend in society towards more connected devices – among passengers, crew and the aircraft’s own systems – is driving the development of more sensitive electronics on board aircraft. Electronics are sensitive to moisture, which makes actively tackling condensation a more interesting prospect for airlines.

## MORE SUSTAINABLE AIR TRAVEL REQUIRED – EMISSIONS MUST BE CONTINUOUSLY REDUCED

One of the most important measures is to reduce aircraft weight, where lots of small measures can have a major impact. Excess weight from condensation is an area in such, improving sustainability. With a penetration rate of just a few percent in current global narrowbody fleets, there is major growth potential for CTT products. Active anti-condensation reduces fuel consumption by 0.4–0.6% by reducing aircraft weight by 200–300 kg. This affects the environmental impact by reducing emissions at a level of around 65–100 tonnes of CO<sub>2</sub> per year. Imagine 65–100 balloons in the picture, per year, per aircraft.





# QUALITY THE CORNERSTONE OF OUR PRODUCTION STRATEGY

Quality considerations defines our production strategy, providing plants with even clearer roles. Our Nyköping plant carries out final assembly and testing, while the Nybro plant focuses on serial production of aluminium and stainless steel components and assembles volume products.

**MARIA WESTER**  
Director of Quality & HR

"Keeping quality high at all levels and throughout the entire chain of processes for delivery to the customer is priority one in the aviation industry, and absolutely crucial for us at CTT. The efforts of all our staff every day allow us to meet the high set standards thanks to open communication, diligence and cooperation."



C  
⋮

## CUSTOMER SATISFACTION

CTT's primary focus is to meet or exceed its customers' expectations

T  
⋮

## TECHNICAL EXCELLENCE

Products and systems must be designed, produced and maintained so that they meet or surpass specified requirements

T  
⋮

## TOTAL QUALITY

CTT's key factors to ensure robust and long-term growth are:

- Compliance with all applicable laws, regulations and customer requirements – with continuous improvement of the management system
- Genuinely committed and motivated employees
- Sustainable relationships with suppliers and partners

### Own production

CTT performs final assembly and testing of all its systems and products at the Nyköping plant so as to guarantee delivery quality and compliance and maintain a close presence to the development department. This is particularly important for low-volume products, for testing or at the start of an OEM programme. The PAD product group (humidity pads), which is delivered directly from Nybro by specifically qualified personnel for aircraft release, is an exception to this.

The Nybro plant is a pure production facility that CTT is developing to handle more advanced manufacturing processes. Sheet metal parts and moisture pads are manufactured at this plant. After installing a new, advanced fibre laser combination machine, a combined fibre laser and punching machine that enhances quality, reliability and productivity, we have continued to visualise the production steps with the help of digitalisation in production. We have a modern machine fleet and will be continuing to update that fleet to the latest technology where we review the chances of robotising parts of production as volumes increase, thereby also enhancing the working environment for our staff by eliminating monotonous processes that may cause occupational injuries in the event of prolonged exposure. We have outsourced all service maintenance, etc. to external suppliers in recent years so that we

can focus on production, our core business. Retaining talented staff so as not to lose momentum in the optimisation of our production is a crucial part of efficient production, and CTT attaches great importance to this. This is of particular importance in a growth phase. All CTT operations hold quality accreditation to the aviation industry's own standards.

### Selected subcontractors

CTT works with selected subcontractors for technically complex product parts and components for which the aviation industry has defined special requirements, such as fans, valves, control units and special air pipes and hoses. Particular specifications and drawings are devised for products of this kind. Long-term contracts form the basis for this type of cooperation.

### Quality and reliability

The aviation industry involves a high level of control and regulation. It is also capital-intensive, making delays and downtime costly. As a consequence, therefore, most parts and systems are built to last the lifetime of the aircraft. All processes at the company are defined in the company's own quality system, and regular checks are performed in order to ensure that the processes are being followed and that new processes are developed when necessary.

The quality system meets the requirements defined by public authorities for manufacturing

and repairing parts for the aviation industry. CTT is certified according to ISO9001 and the AS9100 standard applicable in the aviation industry. CTT works in partnership with design organisations approved by aviation authorities, such as Lufthansa Technik, in order to certify aircraft retrofit systems.

### Development

CTT conducts two types of development work. One aims to develop products to fit specific aircraft models. When major aircraft manufacturers develop new models, as Boeing is currently doing with the 777X, it means that CTT also carries out extensive work that includes developing technology and processes, with multiple qualification rounds involving the aircraft manufacturer and public authorities. The second type of development takes place at an earlier stage, before specific contracts are signed. This development involves devising new concepts and ideas for future products, as well as patenting the progress made. One such example is a partnership entered into by CTT and air filter manufacturer Camfil in 2020 in order to integrate ozone and VOC filtration into cockpit, crew rest area and cabin humidifiers.



# SUSTAINABILITY REPORT

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CTT prepares a sustainability report in accordance with the Swedish Annual Accounts Act. The Board of Directors is responsible for the statutory sustainability report, which can be found in the annual report under the items below and covers the reporting requirements in the fields of environment, social conditions, personnel, business ethics and human rights according to the UN's ten principles and Agenda 2030. Attempts are made to achieve full transparency and focus in this regard. The sustainability report has been reviewed and approved by the company's auditors.



# SUSTAINABLE DEVELOPMENT AND RESPONSIBLE ENTERPRISE

CTT has a value-based approach to sustainability and strives to integrate sustainable thinking in everything it does, in both the short and the long term. Sustainability is an important driving force for CTT's product development and its efforts to minimise the environmental impact of its operations. Conducting business ethically in all regards alongside offering attractive, responsible workplaces are other essential elements of CTT's sustainability initiatives. Creating a sustainable, value-creating business is based on integrating the entire chain into sustainability efforts, from supplier to customer.



CTT's vision is for the aviation industry to use CTT products to actively regulate humidity aboard aircraft in order to provide a better climate in the aircraft and on the ground. In 2022, our anti-condensation systems reduced airline CO<sub>2</sub> emissions by the equivalent of 72,000 cars (53,000), higher than in the previous year when flight hours in particular increased again in the wake of the COVID-19 pandemic. At the same time, CTT humidifiers created an improved working environment for around 64% (64) of the world's pilots of widebody Boeing 787 and A350 aircraft by increasing humidity.

The CEO and the management team bear operational responsibility for conducting ongoing sustainability work. A review and evaluation of the previous year's performance is carried out at the start of each year, and a review of the sustainability goals and risks related to each focus area is then conducted on the basis of the outcomes and stakeholder and significance analyses. Specific activities are then defined, with responsibilities and key figures for the coming year. A mid-year review of ongoing activities is carried out at the management strategy meeting after the summer.

To achieve this vision, we conduct responsible enterprise based on our business concept, strategic agenda and sustainability policy. The framework for CTT's sustainability work is based on the Sustainable Development Goals of Agenda 2030, stakeholder and significance analyses carried out and dialogue with our stakeholders, who influence and are influenced by our operations to varying degrees.

### Sustainability policy forms the starting point for sustainability efforts

CTT is constantly working to reinforced sustainability in its operations. We are steering towards increased sustainability on the basis of our sustainability policy, which describes the fact that the company has to

work to integrate social, economic and environmental sustainability throughout everything it does. This means that CTT has to operate in a financially sustainable manner that ensures its survival and evolution over time. The company must respect human rights and promote good working conditions throughout the value chain. CTT must also work actively to reduce its environmental impact and combat corruption.

At the end of the year, the outcomes of the year's goals and activities are compiled and form a basis for the review at the start of the next year, and the circle is closed.

### Certifications and licences form part of CTT's sustainability efforts

CTT has a number of certifications, licences and customer approvals which mainly govern the operation of the business, but which also form an important part of the company's sustainability efforts; by ensuring that working methods and practices relating to a number of different sustainability issues are in place, for example. CTT has a number of different licences/approvals:

- AS9100D certification, the aviation industry's quality standard that includes ISO9001:2015
- Six different administrative approvals under the Swedish Transport Agency, including:
  - Production Organisation Approval (POA)
  - Three Maintenance Organisation Approvals (MOA) covering the EU, the US and Canada which are generally accepted globally. As the UK has left the EU, CTT has needed additional certification of its repair operations with a single licence under CAA UK, as the UK has stopped accepting EASA licences in 2022.
  - Known originator, air freight (Swedish Transport Agency)
- Customer approvals (e.g. from Boeing and Airbus)

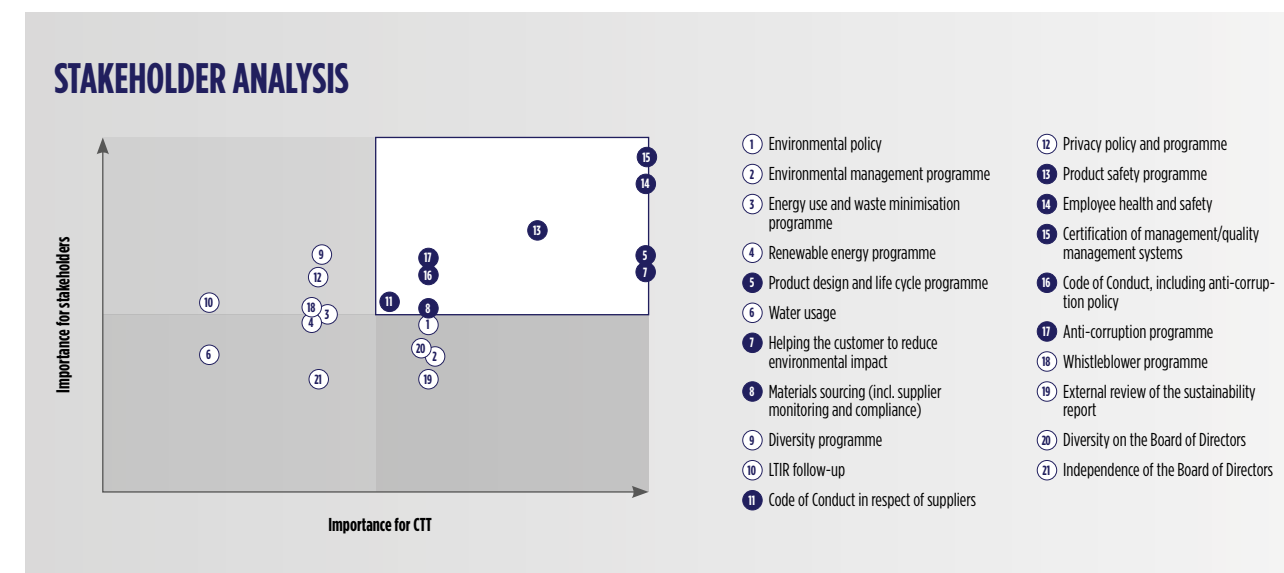
### Stakeholder and materiality analysis

The stakeholder and materiality analyses conducted by CTT are an important part of the annual management review, where activities related to sustainability work for the coming year are decided upon. CTT's primary stakeholders are employees, owners/investors, the community, customers, suppliers and regulatory counterparties. Customers also include airlines, which are

sometimes indirect customers, and end-users, which are the passengers and crew aboard aircraft.

CTT's stakeholder analysis is based on a number of issues related to the company's three main areas: Environmental responsibility, Responsible employer and Business ethics and human rights. These issues are used to assess the impact of a specific issue on CTT's ability to create value for its primary stakeholders and

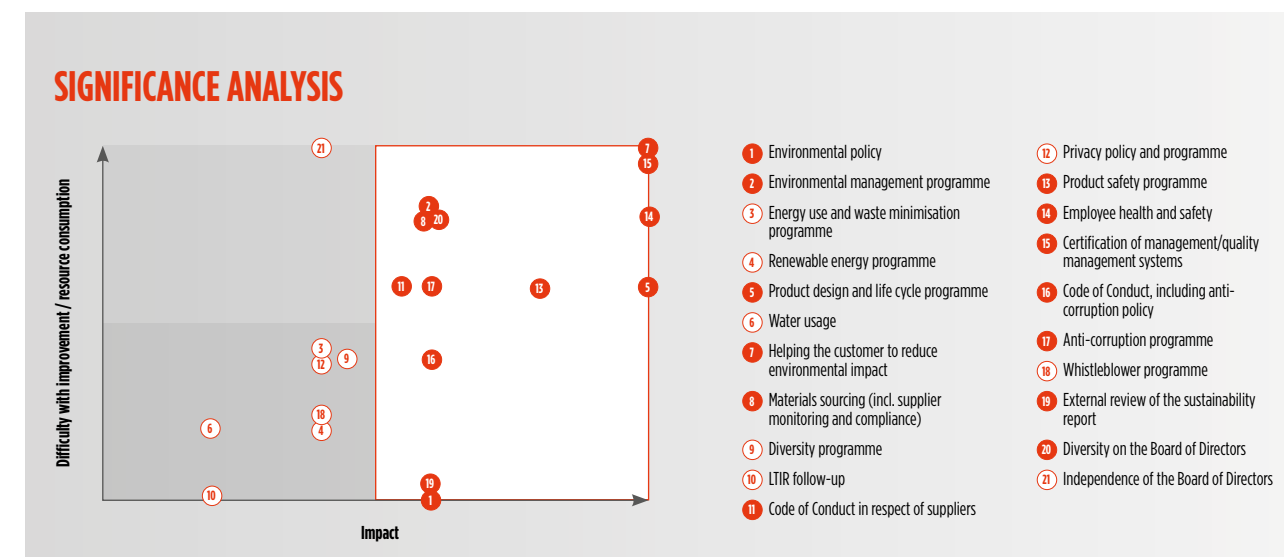
the impact of a specific issue on CTT's ability to go on evolving as a company profitable in the long term. An illustration of the company's stakeholder analysis is presented below, the white area marking the issues that are of major importance to both CTT and its stakeholders, making these priority issues.



CTT's significance analysis compares the positive impact a specific issue is deemed to be capable of having with CTT's ability to positively influence that issue.

An illustration of the company's significance analysis is presented below. The significance analysis is one of the tools used to decide on activities for the coming year,

the balance of impact versus opportunity to influence forming the basis for value-based decisions on which activities to prioritise.





# THREE AREAS THAT CAPTURE CTT'S KEY SUSTAINABILITY ISSUES

UN Agenda 2030 and related Sustainable Development Goals have provided guidance in efforts to identify the most relevant sustainability issues for CTT to deal with, monitor and report. CTT has chosen to group these under three areas: Environmental responsibility, Responsible employer and Business ethics and human rights.

## SUSTAINABILITY AT CTT

### ENVIRONMENTAL RESPONSIBILITY

Climate change is one of the world's most pressing challenges, which is why CTT is making every effort to significantly reduce its climate impact and contribute to the 1.5-degree target under the Paris Agreement. As far as CTT is concerned, it is important to go on identifying and implementing activities that reduce the environmental impact of our operations, but also to regularly check our suppliers' environmental work and environmental certification. A third area of importance to CTT is how the company can influence its customers, airlines, to reduce their environmental impact. Offering anti-condensation systems that reduce condensation in aircraft means that CTT is indirectly contributing to airlines' ability to reduce its emissions by offering CTT's weight-reducing and hence fuel-saving anti-condensation/dehumidification products. These products helped to reduce global

CO<sub>2</sub> emissions by around 116,000 tonnes in 2022, equivalent to about 72,000 cars.

Examples of activities for reducing the company's own environmental impact include the introduction of a renewable energy programme to ensure that all the electricity and heating we buy comes from fossil-free sources, and the installation of solar panels at our production plant in Nybro. When renovating and altering company premises, the company strives to reduce energy consumption on the basis of earlier conducted energy mapping. CTT also has an action programme aimed at a sustainable travel policy, increasing the percentage of environmentally classified company cars and providing electric car charging at each work site. To help customers to reduce their environmental impact, CTT is developing an improved anti-condensation system and has highlighted how



consumables can be recycled in order to achieve greater sustainability throughout the product life cycle. Moreover, CTT carbon-offsets all its travel through the Fly Green Fund, where funds are used to develop biofuels for the aviation industry.



The solar panels at CTT Bribo were commissioned at the end of 2021 and produced around 220,000 kWh in 2022. Above expectations of 200,000 kWh.



### RESPONSIBLE EMPLOYER

As an employer, CTT is responsible for providing equal, safe and healthy workplaces where staff enjoy their work and feel that there are good opportunities for personal development and career paths.

CTT is committed to working proactively on gender equality, diversity and equal opportunities. This is why the company is planning to update its sustainability policy in 2023. At the same time, CTT's various regulatory and customer requirements involve specific security clearances and checks of personnel records. CTT's responsibilities include ensuring that training initiatives are in line with both skills needs and employees' individual career and skills

development plans. A well-established occupational health service means that employees receive regular health checks, and wellness allowances and company-sponsored exercise activities are offered in order to promote movement and exercise. CTT is working actively to reduce work-related injuries and maintains statistics on accidents and incidents, all accidents and serious incidents being reported to the Swedish Work Environment Authority and the Social Insurance Agency. CTT is a member of the Association of Swedish Engineering Industries and the Confederation of Swedish Enterprise and is therefore affiliated to collective agreements. It goes without saying as far

as CTT is concerned that employees have the right to join a trade union, and the company maintains good cooperation with its trade union counterparts.

It is also important to ensure good financial conditions for employees in the form of the profit-sharing foundation, which gives all employees an equal share of the company's profits in relation to hours worked. CTT also strives to maintain the highest possible percentage of permanent positions, offering regular and flexible working hours during the day.



### BUSINESS ETHICS AND HUMAN RIGHTS

CTT's operations must be characterised by high business ethics, and the company must uphold good business practice in all relationships. Backhanders, bribery and other forms of corruption are not accepted under any circumstances. CTT has developed and implemented a new Code of Conduct in 2020 which clearly sets out the company's guidelines for combating all forms of corruption. This policy has been communicated internally in 2021, and in 2022 it began to be followed up with suppliers and customers. The company has also previously introduced and provided training for a whistleblowing function that is open to internal and external parties. The Code of Conduct and the whistleblower function can both be found on the company's website at [www.ctt.se](http://www.ctt.se).

CTT also follows and operates in compliance with the codes of conduct defined by our main customers, Airbus and Boeing, as requirements for supplier partnerships. These include anti-corruption measures and human rights. CTT is working constantly with external counterparties to ensure that contracts are formulated in a manner that minimises the risk of bribery and other forms of corruption. The company has also conducted a control and risk assessment regarding the use of conflict minerals. The outcome of this was that no evidence of the presence of conflict minerals was found in either the company's components or its finished products.



CTT also strives to achieve full transparency in its sustainability reporting. The company became a Nasdaq Transparency Partner during the year, which is proof positive that we openly report what the market wants to see.





# OUR STAFF ARE THE KEY TO OUR SUCCESS

The skills, experience and commitment of our employees are key to CTT's ability to achieve its vision. Together, we are building a company that is characterised throughout by high business ethics, extensive competence and – not least – a healthy working environment where everyone has equal opportunities. Together, we are creating a sustainable organisation.

CTT does its best to be an attractive employer and wants both current and potential employees to feel that we offer good opportunities for an interesting future. The aviation industry is generally characterised by a high degree of accuracy and well-developed procedures in order to meet the requirements and expectations of customers and authorities. Always offering staff opportunities to develop and extend their skills is therefore business-critical and a key element in HR work. This work has had an impact and have contributed to many of CTT's employees staying with

the company for a long time: 84 % of CTT's employees have been employed for more than five years and 56 % for more than ten years. This also means that CTT only needs to hire contractors in exceptional cases. We have had to adjust staffing levels in 2020 and 2021 on account of the pandemic after many years of continuous growth and recruitment, and short-time working on a fair-wage basis without government funding has been implemented for our remaining staff. It is pleasing to note that we have started to reinstate staff in 2022 so that we can grow again.

### An attractive overall package

CTT offers collective agreements, competitive salaries and reduced working hours which give all staff additional time off over Christmas and New Year, for instance, as well as a number of working days between two holidays. Wellness allowances and occupational health services with voluntary health checks are offered in order to promote good health. The company also strives to make it easier for employees to combine work and parenthood.

Annual deposits have been made to a profit-sharing foundation since 2016.

CTT also encourages an inclusive climate with good cohesion. The organisation is relatively flat and staff maintain close relationships with the CEO, who is often involved in day-to-day work. Development opportunities are good in terms of work content and opportunities to apply for new roles. The long lead times in the industry also mean that work can be planned so that excessive workloads can normally be avoided.

### An inclusive workplace where employees enjoy their work

CTT works actively to create an equal opportunities workplace characterised by teamwork, a sense of community, well-being and mutual respect for one another. CTT conducts regular employee surveys in order to monitor employees' perception of the workplace with a view to supporting the continuous development of the working environment. The employee survey conducted in 2022 showed that 92 % (93) of staff were satisfied or very satisfied with the sense of community and well-being at the company.

The HR department received no cases related to victimisation, harassment or discrimination in 2022.



**EMPLOYEE DATA AT CTT, 2022**

Number of employees <sup>1)</sup> .....	<b>73</b> (76)
Percentage of female employees <sup>1)</sup> .....	<b>32%</b> (30)
Average age <sup>1)</sup> .....	<b>49</b> (48)
Average length of service <sup>1)</sup> .....	<b>12 years</b> (11)
Staff turnover <sup>2)</sup> .....	<b>12%</b> (20)
Attendance rate <sup>3)</sup> .....	<b>96.9%</b> (98.5)

1) At the end of the year  
2) During the year. Not including people who were both dismissed and rehired in 2022. This high level in 2021 is due to redundancies linked to the savings programme introduced in order to counter the impact of the COVID-19 pandemic.  
3) During the year



- INCLUDES ALL EMPLOYEES, EACH EMPLOYEE RECEIVING AN EQUAL SHARE IN RELATION TO THE HOURS WORKED
- EACH EMPLOYEE WITH A FULL SHARE OWNS MORE THAN 1,800 SHARES IN CTT VIA THE FUND, AS AT 31 DECEMBER 2022
- AS AT 31 DECEMBER 2022, THE PROF-IT-SHARING FUND WAS THE 19TH BIGGEST SHAREHOLDER IN CTT ACCORDING TO THE SHARE REGISTER
- MORE THAN SEK 82,000 PER ELIGIBLE EMPLOYEE WAS ALLOCATED FOR 2022

# STAFF PROFIT-SHARING FOUNDATION

### Allocation for the profit-sharing foundation

CTT has had an independent profit-sharing foundation in place since 2015 that gives all employees a share in CTT's financial success. The purpose of this foundation is to create a clearer link between the collective performance of employees, their remuneration and the company's results and, in the long term, to reinforce employee engagement through share ownership. Each CTT employee who has worked full-time since the start owns the equivalent of more than 1,800 shares in CTT through the profit-sharing foundation. In total, the profit-sharing foundation – which has been in place for seven years – owned 1.0% of CTT's share capital at the end of the year.

75% of the company's profit before tax is allocated to the foundation each year, up to a maximum of 22.5% of the declared dividend. The allocation per person cannot exceed two months' salary, calculated as the average salary at the company. The funds are invested in CTT shares, which are acquired on the market following the Annual General Meeting each year.

All employees, regardless of their salary and position, are allocated equal shares in relation to their annual working hours, as long as they have been employed for at least three months and have not left in the year in which they started. Payments to employees may be made no earlier than five years after the financial year on which the allocation to the foundation is based. Employees themselves decide whether the funds are to be paid out or remain in the foundation.

A value of more than SEK 82,000 per eligible employee was set aside in 2022, to be invested may 2023. The foundation acquired a total of 5,825 shares in CTT in 2022. 2022 was the second year in which selling shares was an option, and a few people took advantage of this. Net, the profit-sharing foundation owned 128,884 shares as at 31/12/2022.



# “A GREAT ACHIEVEMENT BY OUR DEVELOPMENT TEAM”

When Airbus decided that elevated humidity should be part of the cabin climate aboard ACJ320neo aircraft, performance optimisation was a requirement. This placed major demands on CTT’s development department.

“Create a more consistent moisture level in the cabin”. This was the main objective of the cooperation project launched in 2019 between CTT and Airbus Corporate Jets (ACJ). ACJ’s VIP customers were no longer to experience problems with dry air. CTT already had a certified humidification system for the ACJ320neo, which was sold through interior design companies. ACJ now wanted to sell the system together with the aircraft as a complete kit.

The collaboration was based on CTT’s existing humidification system for the ACJ 320, but this needed to be adapted to achieve more consistent distribution of moisture levels in the cabin. Project Manager Henrik Andersson (Lead Engineer) explains.

“There’s not much space for humidifiers in this type of aircraft. So we already had a special solution where some of the mixing of air took place inside the cabin instead of inside the humidifier.

“It worked well overall. But as a result, the humidity was slightly higher or slightly lower than ideal in the parts of the cabin closest to the air inlets. We wanted to remedy that with this project,” says Henrik.

The solution was to develop a new, more sophisticated ducting system so that the airflow could still be mixed outside the cabin. The duct system also needed to be very compact so that it would fit into the space. The work differed from previous projects as CTT was now an ACJ partner, rather than a supplier. This meant that CTT had access to much more detailed data on the aircraft, as well as regular meetings with the company.

“It was very helpful to get precise information from ACJ, rather than having to measure or estimate the values ourselves. It was also interesting to take a closer look at ACJ’s working methods and culture,” says Henrik.

#### Virtual assistance

Johan Spång (Lead Engineer) is a systems engineer at CTT and was one of the designers of the ducting system. Part of his work involved building what was known as a “digital twin”. This involved simulating the entire ducting system digitally to test possible ideas and solutions without the need for a physical prototype.

“Using digital simulations for the development process saves a lot of time and money. We’ve used the technology before, but not on this scale. This project has definitely enhanced our expertise in this area, and it’s been really enjoyable,” says Johan.

“It’s also better for the environment if we’re able to simulate features digitally instead of using physical prototypes to test them. It seems more sustainable.”

Ida Johansson has worked as a systems engineer at CTT since 2016 and was responsible for the certification of the new humidifier. She says it was impressive to see how accurate the digital simulations were. However, a physical prototype



had to be built in the final stages of the project to ensure that the technology worked exactly as it should in real-life conditions.

“Because the entire ducting system had to be included, this ended up being the most complicated prototype of its kind that CTT has ever built. It was a great achievement by the team that built it, and I’m hugely impressed,” says Ida.

#### Effective cooperation

The project was completed in 2022, and the improved solution has already been installed in three aircraft. Henrik Andersson is very pleased with how the cooperation went and hopes to see more of it in future.

Ida Johansson also thinks the project went well, and says that one of the main advantages of working in CTT’s development department is that all colleagues are so helpful and committed to one another’s work.

“In some companies, it feels like you do your bit of a particular project, hand it over, and then that’s it. Here, we talk to one another and keep an eye on the situation at all times, and we’re ready to step in and help out if we need to. I really like that,” says Ida.

She says that all their work focuses on achieving the best possible quality and safety.

“Accuracy and safety awareness are extremely important. We can see it in whatever work we’re doing – you do your best, and you do your job as well as you can. And the atmosphere here is friendly, too – everyone is equal,” says Ida.

Johan Spång agrees.

“This is a flat organisation, with short decision-making paths. We’re agile and good at adapting to the various needs and requirements of our customers.”



# FOLLOW-UP ON PRIMARY ACTIVITIES AND KEY FIGURES FOR 2022

## ENVIRONMENTAL RESPONSIBILITY

Activity / Key figures	Results, 2022 (2021)	Comment
CO <sub>2</sub> savings from anti-condensation systems supplied	116,000 tonnes (85,000)	Equivalent to emissions from 72,000 passenger cars in a year
Developing an improved anti-condensation system with at least 5% improved energy efficiency	Ongoing	Postponed due to the pandemic and the prioritisation of customer projects
Percentage of environmentally classified company cars	88% (67)	Electric or plug-in hybrid cars
Electricity produced from solar panels, target 200,000 kWh	220,471 kWh (847)	Equivalent to 105 tonnes of CO <sub>2</sub> reduction
Continued inspection of suppliers of chemicals and coatings in respect of certification and compliance with laws and regulations	Implemented	
Streamlining of water consumption and heat recovery	Ongoing	Only renewable energy is used for electricity. For heat, more than 96% comes from renewable sources
Improving current sustainability policy, including environment and diversity	Ongoing	Other actions prioritised – e.g. Nasdaq ESG Transparency Partner, Fly Green Fund, Scope 1 & 2 calculations, website and improvements in AR-2022
Humidified flight deck, percentage	64.0% (63.8)	Refers to Boeing 787 and Airbus A350
Humidified flight deck, hours	3,719,416 (2,750,640)	Refers to Boeing 787 and Airbus A350
Fewer discarded products	0.43% (0.56)	Outcome in relation to total cost of materials

### Key figures and activities, 2023

CO <sub>2</sub> savings from anti-condensation systems supplied
Developing an improved anti-condensation system with at least 5% improved energy efficiency
Percentage of environmentally classified company cars
Electricity produced from solar panels, target 200,000 kWh
Continued inspection of suppliers of chemicals and coatings in respect of certification and compliance with laws and regulations
Streamlining of water consumption and heat recovery
Improving current sustainability policy, including environment and diversity
Humidified flight deck, percentage
Humidified flight deck, hours
Fewer discarded products and increased recycling of waste



## RESPONSIBLE EMPLOYER

Activity / Key figures	Results, 2022 (2021)	Comment
Job security – Percentage of permanent staff	100% (100)	
Fair pay – Percentage of employees above the minimum wage	100% (100)	
Fair pensions – Percentage of employees with occupational pensions	100% (100)	
Compliance with collective agreements – Number of observed deviations from collective agreements	0 (0)	
Equal opportunities workplace – Percentage of staff satisfied or very satisfied on gender equality issues in employee survey	99% (97)	Equivalent to just one person who is dissatisfied
Equal opportunities workplace – Percentage of women in the company	32% (30)	
Employee health in health survey – Percentage of staff satisfied or very satisfied in respect of the “self-assessed health” question	73% (79)	It is likely that the pandemic has had a negative impact compared to the 2019 survey. Other staff composition
Exercise and movement – Percentage of employees using their fitness allowance	64% (51)	Fitness allowance increased from SEK 4,000 to SEK 5,000 in 2023
Regular working hours – Percentage of employees working only during the day	100% (100)	
Carrying out at least one joint health activity for each work site	Implemented	
Continued development of e-learning tools for all employees	Implemented	
Percentage of employees with strain injuries	0% (0)	

### Key figures and activities, 2023

Percentage of permanent staff
Percentage of employees above the minimum wage
Percentage of employees with occupational pension
Number of observed deviations from collective agreements
Percentage of staff satisfied or very satisfied on gender equality issues in employee survey
Percentage of women in the company, develop a gender equality plan
Percentage of staff satisfied or very satisfied in respect of the “self-assessed health” question
Percentage of employees using their fitness allowance
Percentage of employees working only during the day
Carrying out at least one joint health activity for each work site
Continued development of e-learning tools for all employees
Percentage of employees with strain injuries
Accidents resulting in absence, zero tolerance



## BUSINESS ETHICS AND HUMAN RIGHTS

Activity / Key figures	Results, 2022 (2021)	Comment
Completion of communication/training on ethics and anti-corruption policy for suppliers	Ongoing	
Implementation of sanctions policy and code of conduct for customers	Ongoing	Included in all tenders and contracts

### Key figures and activities, 2023

Completion of communication/training on ethics and anti-corruption policy for suppliers
Complete implementation of sanctions policy and code of conduct for customers



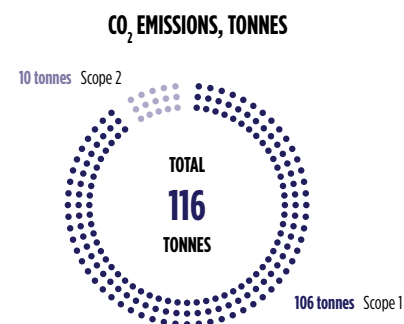
# SUSTAINABILITY PRIORITIES 2023



# SCOPE 1 AND 2 ACCOUNTING – DIRECT AND INDIRECT CONSUMPTION

CTT aims to become more energy efficient and thereby reduce its CO<sub>2</sub> emissions. All electricity and over 96% of heat comes from renewable sources. In 2022, self-generated electricity from solar panels has accounted for 59% (0) of total electricity consumed directly. The consumption of direct district heating has fallen from 378 MWh to 297 MWh during the period. The percentage of green company cars has increased from 67% in the previous year to 88% at the end of the year. Indirect electricity consumption has increased mainly due to the fact that more people are using chargers for electric

cars, which is positive from a sustainability perspective. In total, the CTT anti-condensation system has saved 116,032 tonnes (85,373) of CO<sub>2</sub> for our customers, with the flight hours recorded in 2022 according to statistics from Boeing. In total, CO<sub>2</sub> scope 1 and 2 emissions have decreased by 107 tonnes or 91% compared to the previous year. This is mainly because of the company's own electricity production, which saves 105 tonnes of CO<sub>2</sub>, and because CTT has switched to buying only renewable district heating at the Nybro plant.



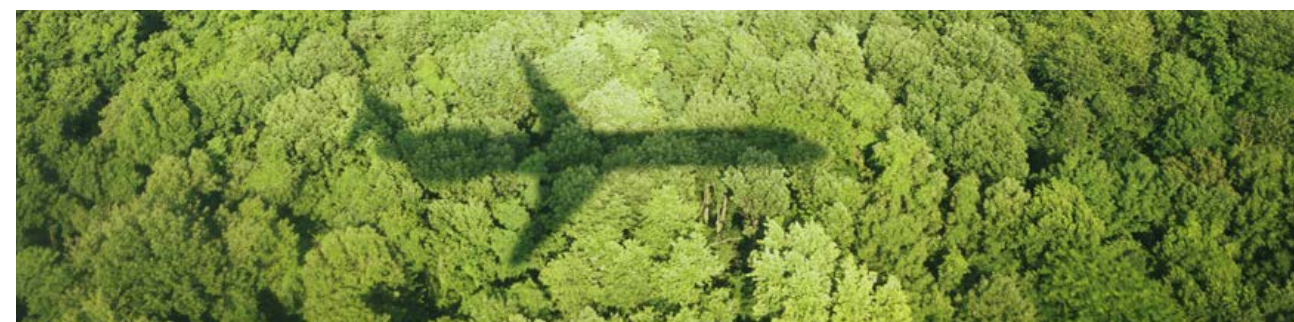
## REPORTING OF KEY FIGURES

	Results, 2022	Per employee	Results, 2021	Per employee
<b>Direct own consumption (Scope 1):</b>				
Electricity consumed, kWh <sup>1)</sup>	374,262	4,990	364,677	4,675
Electricity produced from solar panels, kWh	220,471	2,940	847	11
Heat, kWh	297,060	3,961	377,650	4,842
Water, cubic metres	1,073	14	1,072	14
Percentage of green company cars	88%	-	67%	-
Waste recycling	91%	-	90%	-
<b>Indirect consumption (Scope 2):</b>				
Electricity, kWh <sup>1)</sup>	215,832	2,878	212,855	2,729
Heat, kWh	403,000	5,373	445,000	5,705
Water, cubic metres	881	12	711	9
<b>The customer perspective:</b>				
CO <sub>2</sub> savings from anti-condensation systems supplied, tonnes <sup>2)</sup>	116,032	1,547	85,373	1,095
Flight deck humidification, percentage <sup>3)</sup>	64.0%	-	63.8%	-
Flight-deck humidification, annual flight hours <sup>3)</sup>	3,719,416	-	2,750,640	-

1) Electricity consumption from electric vehicle charging was 16,658 kWh in 2022 and 9,744 kWh in 2021

2) Based on statistics and key figures from Boeing and calculation by CTT of weight savings of 200 kg for narrowbody and 300 kg for widebody aircraft

3) Of modern widebody fleet (Boeing 787 and A350)



# OBJECTIVES AND LONG-TERM PLAN

CTT HAS SHORT, MEDIUM AND LONG-TERM SUSTAINABILITY OBJECTIVES FOR DEVELOPMENT AND INTEGRATION INTO OPERATIONS AND REPORTING

2023	2024–2025	LONGER TIME HORIZON
Devise a plan to make CTT climate neutral throughout the value chain	Implement measures	Targets to be climate neutral / Net Zero Target
Devise a plan for a science-based target initiative	Develop a science-based target and join the SBTi	
Devise a plan for reporting in accordance with the CSRD	Targets to be reported by 2025	
Further develop reporting of Scope 1 and 2 emissions	Map and report the company's Scope 3 emissions	
Devise a plan for environmental certification	ISO-14001 certification	Continued certification, e.g. ISO-14021
Devise a plan for workplace certification	Workplace certification completed	
Devise a plan for a more equal workplace, percentage of women >30%	Implement measures, percentage of women >40%	Percentage of women 40–60%
	Devise a plan for local community engagement, sustainable cities and ecosystems	
	Further expansion of solar panels in Nyköping and Nybro	
	Become part of the Nasdaq Green Equity Designation	

## AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of CTT Systems AB (publ), co. reg. no. 556430-7741

### Mission and responsibilities

The Board of Directors is responsible for the 2022 sustainability report on pages 34–47, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

### Focus and scope of the audit

Our audit was conducted in accordance with FAR recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This means that our audit of the sustainability report has a different focus and a significantly smaller scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this audit provides us with a reasonable basis for our opinion.

### Opinion

A sustainability report has been prepared.

Stockholm, 30 March 2023

Grant Thornton Sweden AB

Camilla Nilsson  
Authorised Public Accountant



# CFO's STATEMENT

2022 was a year characterised by recovery from the COVID-19 pandemic, with the aviation industry being one of the hardest hit sectors. This is clearly reflected in CTT's income statement when comparing 2022 with the pandemic trough year of 2021. However, there is still a long way to go to match the peak year of 2019, particularly for the OEM and Retrofit areas. In 2022, we have seen a clear recovery and growth in the aftermarket, but this has been offset by continued low production and delivery rates in the OEM segment, mainly for the Boeing 787. In addition, Retrofit revenues were zero during the year, mainly due to the sanctions against Russia. Pleasingly, Private Jet revenues have increased compared to 2021, mainly due to the cooperation developed with Airbus Corporate Jet.

I have now been the company's CFO for about eighteen months. This has been an eventful and rewarding period. I am impressed with how CTT handled the pandemic, with a drop in revenue of no less than 57% from the peak year of 2019. This is largely due to the fact that CTT is essentially a well-managed company with a strong business model where the aftermarket has played an important role in the recovery.

Revenue has now grown for seven consecutive quarters. All indications are that the company is out of the difficult period brought on by the pandemic, and I am now look forwarding to strong growth in the future. For this, the company already has both the capacity and the capability, so we have good leverage to return to the same profitability, or better, as before the pandemic. The trend looks good for growth in

Retrofit, Private Jet and OEM over the next year, while growth in Aftermarket will return to reflect the increase in the number of systems in operation following recovery from the pandemic and when inventory build-up has subsided (see the graph below).

2022 was also an eventful year in the foreign exchange markets. CTT has an unusually one-sided currency exposure because practically all sales take place in USD. The company has chosen not to use USD forward hedging. On the other hand, purchases and bank loans in USD are actively sought. During the year, the USD to SEK exchange rate strengthened significantly by about 18% from USD/SEK 8.58 to 10.11 (average rate over the years). This had a positive effect on operating profits of approximately SEK 23 million in 2022.

Cash flow was negatively affected by inventory build-up in 2022, due to several interacting aspects. In general, the weakened SEK exchange rate has led to higher purchase prices, while a number of suppliers have been forced to raise their prices due to high inflation and disruptions in their supply chain. Generally longer lead times mean that CTT ordered critical materials earlier than it used to, which has also built up stocks. During the year, CTT has decided to increase the safety inventory, mainly for pad material and finished pads, so as to ensure that we can always deliver high quality and on time to our customers. As deliveries to the OEM and Retrofit areas increase while the supply chain – hopefully – becomes more stable, CTT's ambition is to reduce inventory by the end of 2023.



Markus Berg, CFO

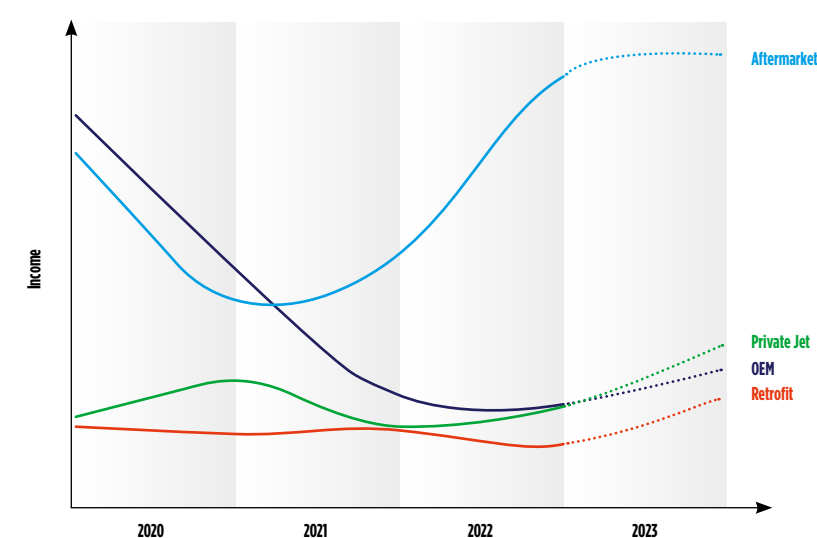
The business generated an operating cash flow of SEK 61 million (30) and the company ended the year with a net cash position of SEK 15 million. CTT's strong financial position and cash flow are allowing the company to continue to provide good returns to shareholders without sacrificing its growth ambitions. The Board proposes that the ordinary dividend be increased to SEK 4.05 per share (0.79), which is at the same level as in 2018 and 2019.

I am also responsible for sustainability and IT. CTT has a value-based approach to sustainability, which means that the company selects the activities that have the greatest impact based on the effort when prioritising what to implement. Most notably, in 2022 the company's solar panels produced just over 220,000 kWh (847), which saves money, but more importantly this reduces CTT's CO<sub>2</sub> footprint by no fewer than 105 tonnes compared to 2021. During the year, CTT also developed a short-, medium- and long-term sustainability plan to develop the company's sustainability work. More information about this can be found in the sustainability report.

In society, there has been a focus on cyber security during the past year, which has also been the case at CTT. Among other things, the company has conducted simulated attacks and vulnerability analyses carried out by third parties, conducted training and augmented our IT platform during the year, all with a view to preventing intrusions into the CTT IT environment. Going forward, the company will continue to improve and develop our IT platform, not only in terms of security but also to improve collaboration and support for our business.

Finally, I would like to take this opportunity to sum up by saying that CTT has strong finances and good prospects for sustainable economic growth.

TRENDS PER PRODUCT AREA



# FINANCIAL STATEMENTS

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# OPERATIONS & OTHER

## General information about operations

CTT Systems AB (publ.) ("CTT") is a market-leading developer and manufacturer of systems for the active control of humidity in aircraft. There are two main problems with humidity in an aircraft: excessive dryness in the cabin where passengers and crew are located, and the accumulation of moisture in the fuselage due to condensation. CTT humidifiers increase the humidity in the cabin for an improved environment for the people on board. At the same time, the company's anti-condensation systems counteract condensation, resulting in lighter aircraft, lower fuel consumption and therefore less environmental impact. Our operations can be briefly described as follows:

- CTT has two product areas – anti-condensation systems and humidifier systems
- As a supplier, CTT is the sole supplier of humidifier systems for the manufacturers Airbus and Boeing's modern long-range aircraft models
- CTT benefits from the fact that the aviation industry tends to have high barriers to entry with strong regulation. In addition, the industry has long lead times and long product life cycles that are ultimately governed by the long model programmes of aircraft manufacturers
- CTT's aftermarket sales are an important part of the business, of great value if CTT receives their full value throughout the product life cycle
- CTT is based in Nyköping, was listed on Nasdaq Stockholm's Small Cap list in 1999 and has been on the Nasdaq Stockholm Mid Cap list since 2021

## Events during the year and after its end

- 01/03/2022: CTT Systems AB stops all deliveries to Russia in accordance with current sanctions. In 2021, Russia's share of net sales was 4%, mainly from the Retrofit area. CTT has no employees or suppliers in Russia, Belarus or Ukraine. CTT has not made any deliveries to Russia in 2022.

- 17/03/2022: CTT Systems AB announces that the company has entered into an agreement with Airbus Corporate Jets (ACJ) for the development of Inflight Humidification (IFH) systems for the ACJ TwoTwenty business jet. CTT and ACJ will jointly design the IFH system, consisting of four humidifiers and one anti-condensation system, which CTT will develop.
- 01/04/2022: Henrik Höjer, CTT Systems AB's new CEO, takes over as planned.
- 01/07/2022: The company has learnt that Trulscor Förförvaltning AB (TFAB) has undertaken to issue call options to the management team of CTT, conditional upon the purchase of shares in CTT. For each CTT share purchased, executives will be offered the right to purchase two options from TFAB at market conditions. This commitment is time-limited until July 2023 and is capped at 20,000 options per person. In total, this means that up to 140,000 options can be issued with an exercise price of SEK 225 and with a term until the end of 2025/beginning of 2026. The call options are non-dilutive for other CTT shareholders.
- 15/09/2022: CTT Systems AB presents the nomination committee for the 2023 Annual General Meeting.

## Research and development

In 2022, CTT has continued to run a number of parallel development projects. Capitalised assets for the year amounted to SEK 6.2 million (8.4) and consisted of development work primarily linked to the New Zonal Dryer and Boeing 777X projects.

CTT's other OEM platforms (A350, Boeing 787, A380 and MC21) along with the Private Jet business generate continuous engineering work and will do so throughout the life cycle of the products, albeit to an increasingly lesser extent for OEMs as time goes on. This expenditure has not been deemed to qualify as expenses that can be recognised as an asset. Expenses for testing and development expensed during the financial year amounted to SEK 2.3 million (3.8). See also Note 9 "Capitalised expenses for development work".

## Employees

CTT has many employees with key expertise in areas strategically important to the company. The company employed a total of 73 people as of 31 December 2022, of whom 23 were women. There is an even age distribution, ranging approximately from 28 to 66. Attendance is high and totalled 96.9 % during the year. For further information on employees, see the sustainability report that begins on page 34.

## Sustainability

CTT develops, certifies, manufactures and markets products that actively regulate the humidity in aircraft, reducing the impact of the aviation industry on both people and the environment. In 2017, CTT adopted a sustainability policy which establishes the strategic direction of CTT's sustainability work on an overall level. Based on this and the 17 Global Goals of Agenda 2030, the company works continuously on developing its sustainability work. For further information on CTT's sustainability work, see the sustainability report that begins on page 34.

CTT has no activities requiring a permit under the Swedish Environmental Code and its environmental impact is insignificant.

## Remuneration to senior executives

The objective of CTT's remuneration policy for senior executives is to offer compensation that aims to attract, motivate and retain qualified expertise at CTT. Remuneration to the CEO and other senior executives shall be market-based and consist of a fixed basic salary, variable remuneration, a pension and in some cases other benefits. For more information, see the corporate governance report starting on page 70.

## Transactions with related parties

Transactions with related parties are described in Note 29.

## Approval of financial statements

The financial statements were approved for issuance by the Board on 30/03/2023.

# DEFINITIONS OF KEY FIGURES

## Return on equity

Profit for the year as a percentage of average equity.

*Return on equity is a measurement that the Company considers important for an investor who wants to be able to compare their investment with alternative investments.*

## Return on total capital

Profit after net financial items with a reversal of financial expenses, as a percentage of average total assets.

*Return on total capital is a measurement that the company considers important for an investor who wants to see how efficiently the use of total capital in the company is used and what return it produces.*

## Return on capital employed

Operating profit (EBIT) plus finance income as a percentage of average capital employed. The capital employed is defined as the total assets less non-interest-bearing liabilities including deferred taxes.

*Return on capital employed is a measure that the Company considers important for investors who want to understand earnings generation in relation to capital employed.*

## Equity per share

Equity in relation to the number of shares on the balance sheet date.

*The Company regards the key financial figure equity per share as relevant to investors since it describes the amount of capital (equity) belonging to the shareholders of the Company.*

## Income per employee

Operating income divided by the number of employees (annualised average of full-time equivalents).

*The Company regards income per employee as a relevant measure for investors who want to understand how effectively the Company is using its human capital.*

## Cash flow per share

Operating cash flow divided by the average number of shares.

*The Company regards cash flow per share as relevant to investors since it describes the amount of cash flow directly attributable to the shareholders of the Company.*

## Quick ratio

Current assets excluding inventories but including granted unutilised overdraft facilities, divided by current liabilities.

*The Company regards the quick ratio (cash liquidity) as important for creditors who want to understand the Company's short-term ability to pay.*

## Earnings per share

Financial measure (key figure) according to IFRS

Profit for the year divided by the average number of shares.

## Interest coverage ratio

Profit after net financial items with reversal of financial expenses divided by finance costs.

*The interest coverage ratio is a key figure that shows how much the result can decrease without risking interest payments. The Company regards the key financial figures as relevant to investors who want to assess the Company's financial resilience.*

## Operating profit (EBIT)

Operating profit before financial items and taxes.

*The Company considers that the key financial figure operating profit (EBIT) is relevant to investors who want to understand the Company's financial results without the influence of how the business operations are financed.*

## Operating result excluding depreciation and amortisation (EBITDA)

Operating profit before financial items and taxes (EBIT) with reversal of depreciation, amortisation and impairment of tangible and intangible assets

*The company believes that the operating result excluding depreciation and amortisation (EBITDA) key figure is relevant for investors who want to understand the company's results without the influence of how the business is financed or the company's depreciation policies for its investments.*

## Operating margin

Operating profit (EBIT) as a percentage of net sales.

*The Company regards the operating margin as a relevant key figure for investors who want to understand the extent of the revenue left over to cover interest, tax and profit.*

## Debt-equity ratio

Interest-bearing liabilities divided by equity.

*The debt-equity ratio shows the relationship between the borrowings (total debt) and equity and thus the leverage effect of the borrowings. The Company regards this key financial figure as relevant to investors' assessment of the financial strength of the Company.*

## Equity ratio

Equity as a percentage of the total assets.

*The equity ratio is a measure that the Company considers important for creditors/lenders who want to understand the Company's long-term ability to pay.*

## Profit margin

Profit after financial items as a percentage of net sales.

*The Company regards the profit margin as relevant to investors because it shows the amount of revenue remaining when all costs excluding tax are covered, and thus compares the profit with the scope of the Company's activities.*



# INCOME STATEMENT

(SEK million)	Note	01/01/2022 – 31/12/2022	01/01/2021 – 31/12/2021
<b>Operating income</b>			
Net sales	3	240.6	151.2
Change in stocks of work in progress and stocks of finished goods		2.8	1.9
Own work capitalised		3.4	3.0
Other operating income	3	16.5	20.1
<b>Total operating income</b>		<b>263.3</b>	<b>176.2</b>
<b>Operating expenses</b>			
Raw materials and consumables		-49.4	-37.7
Other external costs	4	-35.4	-35.6
Employee costs	5	-69.1	-61.5
Depreciation of property, plant and equipment and intangible assets		-7.9	-11.3
Other operating expenses	4	-9.6	-3.3
<b>Total operating expenses</b>		<b>-171.5</b>	<b>-149.4</b>
<b>Operating profit (EBIT)</b>		<b>91.8</b>	<b>26.8</b>
<b>Profit from financial items</b>			
Other interest income and similar items		1.0	-0.7
Interest expenses and similar items		-9.0	-8.2
<b>Net financial items</b>		<b>-8.0</b>	<b>-8.9</b>
<b>Profit before tax</b>		<b>83.8</b>	<b>17.9</b>
Tax	6	-17.5	-3.7
<b>Profit for the year</b>	7	<b>66.3</b>	<b>14.2</b>
Other comprehensive income		-	-
<b>Comprehensive income for the year</b>		<b>66.3</b>	<b>14.2</b>
Earnings per share, SEK	8	5.29	1.13

2022 was a year characterised by recovery from the COVID-19 pandemic, with the aviation industry being one of the hardest hit sectors. This is clearly reflected in CTT's income statement when comparing 2022 with the trough year of 2021. However, there is still a long way to go to match the peak year of 2019, especially for the OEM and Retrofit areas. In 2022, we have seen a clear recovery and growth in the aftermarket, but this has been offset by continued low production and delivery rates in the OEM segment, mainly for the Boeing 787. In addition, Retrofit revenues were zero during the year, mainly due to the sanctions against Russia.

Private Jet revenues have increased compared to 2021. This is mainly due to the cooperation developed with Airbus Corporate Jet.

#### Sales and operating profit

Net sales increased by 59% to SEK 241 million (151) for the whole year 2022, an increase of 36% in comparable currencies. OEM revenues fell by 18% from SEK 25 million to SEK 20 million in 2022. Retrofit revenues have also fallen from a historically low SEK 8 million in 2021 to SEK 0 million in 2022. Private Jet turnover increased from SEK 10 million to SEK 21 million,

equivalent to +111%. The aftermarket has seen a strong recovery and growth in revenue, from SEK 99 million to a peak of SEK 187 million. The operating profit in 2022 was SEK 92 million, an increase of SEK 65 million from SEK 27 million in 2021. The operating margin reached 38%, a strong increase from 18% in 2021. This is mainly due to higher aftermarket share and favourable development of the USD/SEK exchange rate.

#### Currency and other items

During the year, the USD to SEK exchange rate strengthened significantly by about 18% from USD/SEK

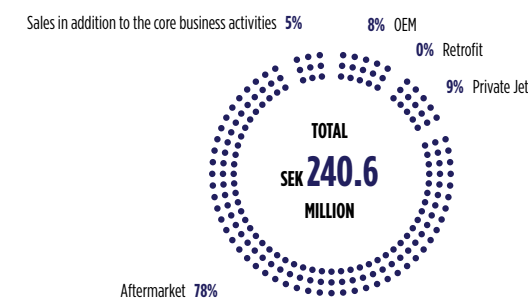
8.58 to 10.11 (average rate over the years). This had a positive effect on operating profits of approximately SEK 23 million in 2022. However, the exchange rate has varied greatly during the year and the closing price in 2022 was 10.55, compared with 9.11 in 2021. The higher closing price meant that our loans in USD were valued higher and led to negative net financial items during the year.

#### Developments in costs

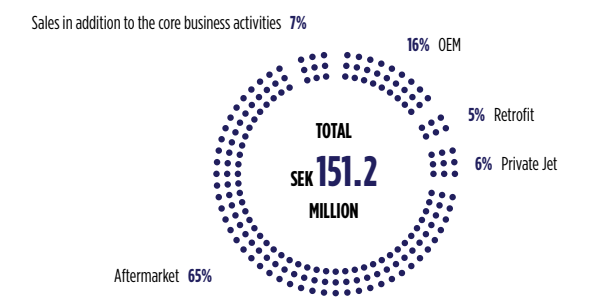
As a result of the COVID-19 pandemic's adverse effect on sales, the company initiated a cost savings programme in 2020, which had an effect in lower costs of approximately SEK 20 million per year in 2021 and 2022. The programme had the greatest effect on staff costs through reductions in terms of both staff and working

hours. CTT has not received any government grants/support for short-term work.

#### BREAKDOWN OF NET SALES 2022



#### BREAKDOWN OF NET SALES 2021



#### FIVE-YEAR SUMMARY OF THE INCOME STATEMENT

INCOME STATEMENT (MSEK)	2022	2021	2020	2019	2018
Operating income	263.3	176.2	233.1	376.5	336.1
Operating expenses excluding depreciation	-163.6	-138.1	-187.9	-250.1	-239.7
Depreciation	-7.9	-11.3	-6.8	-6.7	-6.1
<b>Operating profit (EBIT)</b>	<b>91.8</b>	<b>26.8</b>	<b>38.4</b>	<b>119.6</b>	<b>90.2</b>
Finance income	1.0	-	2.4	0.2	0.5
Financial expenses	-9.0	-8.9	-1.2	-1.8	-1.2
<b>Profit before tax</b>	<b>83.8</b>	<b>17.9</b>	<b>39.6</b>	<b>118.0</b>	<b>89.5</b>
Tax	-17.5	-3.7	-8.5	-25.4	-19.8
<b>Profit for the year</b>	<b>66.3</b>	<b>14.2</b>	<b>31.1</b>	<b>92.6</b>	<b>69.7</b>



# BALANCE SHEET

(SEK million)	Note	31/12/2022	31/12/2021
<b>ASSETS</b>			
<b>Property, plant and equipment</b>			
<i>Intangible assets</i>			
Capitalised expenses for development work	9	79.4	75.1
Licences	10	-	-
Other intangible assets	11	0.8	0.8
		<b>80.2</b>	<b>75.9</b>
<i>Property, plant and equipment</i>			
Land and buildings	12	24.9	25.7
Machinery and other technical facilities	13	13.4	15.6
Equipment, tools and installations	14	4.8	6.7
		<b>43.2</b>	<b>48.1</b>
<i>Financial assets</i>			
Shares in group companies	15	0.0	0.0
Other long-term receivables	16	2.1	1.9
		<b>2.1</b>	<b>1.9</b>
<b>Total fixed assets</b>		<b>125.5</b>	<b>125.8</b>
<b>Current assets</b>			
<i>Inventories</i>			
Raw materials and consumables	17	62.9	52.5
Semi-finished products		15.2	13.2
Work in progress		6.0	5.6
Finished goods		32.3	29.1
		<b>116.4</b>	<b>100.4</b>
<i>Short-term receivables</i>			
Accounts receivable	16, 18	62.5	38.7
Earned but not invoiced income	3	6.3	3.8
Tax receivables		-	4.8
Other receivables	19	2.9	2.0
Prepayments and accrued income	20	3.4	3.7
		<b>75.2</b>	<b>53.1</b>
<i>Cash at bank and in hand</i>	16, 21, 22, 23	<b>60.1</b>	<b>49.3</b>
<b>Total current assets</b>		<b>251.7</b>	<b>202.8</b>
<b>TOTAL ASSETS</b>		<b>377.1</b>	<b>328.5</b>

## CONT. BALANCE SHEET

(SEK million)	Note	31/12/2022	31/12/2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity <sup>1)</sup></b>			
<i>Restricted equity</i>			
Share capital		12.5	12.5
Restricted reserves		79.3	74.0
		<b>91.8</b>	<b>86.5</b>
<i>Unrestricted equity</i>			
Balanced results		111.2	112.2
Profit for the year		66.3	14.2
		<b>177.5</b>	<b>126.4</b>
<b>Total equity</b>		<b>269.3</b>	<b>212.9</b>
<b>Provisions</b>			
Provisions for warranty commitments	25	3.2	3.8
Other provisions for pensions and similar obligations	21, 25	0.2	-
<b>Total provisions</b>		<b>3.4</b>	<b>3.8</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions, interest-bearing	16, 21, 26, 27	43.9	70.8
<b>Total long-term liabilities</b>		<b>43.9</b>	<b>70.8</b>
<b>Current liabilities</b>			
Overdraft facility	21, 22	-	-
Liabilities to credit institutions, interest-bearing	16, 21, 26, 27	1.6	1.4
Advance payment from customers	3	6.7	4.4
Accounts payable	16, 26	17.9	15.4
Other provisions	25	0.2	-
Tax liabilities		7.3	-
Other liabilities	16, 26	7.1	7.8
Accrued expenses and prepaid income	28	19.7	12.1
<b>Total short-term liabilities</b>		<b>60.5</b>	<b>41.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>377.1</b>	<b>328.5</b>

<sup>1)</sup> For more information, see the Change in equity section.



# CHANGE IN EQUITY

CTT's financial position remains strong, with net liabilities of SEK -15 million (23), a high equity ratio of 71% (65) and cash and cash equivalents of SEK 60 million (49) and also credit/loan facilities of SEK 51 million. The largest changes affecting the balance sheet during the year were an increase in cash (see analysis of cash flow for further information), an increase in accounts receivable due to higher sales, repayment of loans, dividends and investments in intangible assets.

## Inventories

The inventory build-up in 2022 was the result of several interacting aspects. In general, the weakened SEK exchange rate has led to higher purchase prices, while a number of suppliers have been forced to raise their prices due to high inflation and disruptions in their supply chain. Generally longer lead times mean that CTT ordered critical materials earlier than it used to, which has also built up stocks. During the year, CTT

has decided to increase the safety inventory, mainly for pad material and finished pads, so as to ensure that we can always deliver high quality and on time to our customers. As deliveries to the OEM and Retrofit areas increase while the supply chain – hopefully – becomes more stable, CTT's ambition is to reduce inventory by the end of 2023.

## Investments

The increase in fixed assets is mainly attributable to investments in development projects. In 2022, CTT has continued to run a number of parallel development projects. Capitalised intangible assets for the year amounted to SEK 6.2 million (8.4) and consisted of development work primarily linked to the New Zonal Dryer and Boeing 777X projects. This year's investments in property, plant and equipment have remained at a low level, SEK 0.9 million (0.2), for cost savings purposes.

## Financial position

CTT's overall financial position is strong, with its equity ratio being 71 % (65) as of 31 December 2022 and cash, including non-utilised financing, amounting to SEK 111 million (102). Net liabilities as of 31 December 2022 amounted to SEK -15 million (23), and equity to SEK 269 million (213). The company estimates that the dividend can be increased to 4.05 per share in 2023, as the cash situation is good and future prospects are deemed to be ever improving. All in all, this means that the Board of Directors' overall assessment is that the company has a strong financial position that will be maintained in the coming year. Assessment is that the company has a strong financial position that will be maintained in the coming year.

## BALANCE SHEET, FIVE-YEAR OVERVIEW

BALANCE SHEET (SEK million)	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018
<b>Assets</b>					
Intangible assets	80.2	75.9	73.0	54.5	43.1
Property, plant and equipment	43.2	48.1	53.6	45.2	40.7
Financial assets	2.1	1.9	1.9	1.9	1.9
Other current assets	191.6	153.4	157.4	151.3	164.9
Cash at bank and in hand	60.1	49.3	21.6	110.0	68.5
<b>Total assets</b>	<b>377.1</b>	<b>328.5</b>	<b>307.5</b>	<b>362.8</b>	<b>319.0</b>
<b>Equity and liabilities</b>					
Equity	269.3	212.9	220.5	240.2	198.3
Provisions, warranty commitments	3.4	3.8	6.1	8.4	6.9
Non-current liabilities, interest-bearing	43.9	70.8	35.7	32.5	31.3
Current liabilities, interest-bearing	1.6	1.4	1.2	-	-
Current liabilities, non-interest-bearing	59.0	39.7	44.0	81.8	82.5
<b>Total equity and liabilities</b>	<b>377.1</b>	<b>328.5</b>	<b>307.5</b>	<b>362.8</b>	<b>319.0</b>

(SEK million)	Restricted equity			Unrestricted equity					Total	Total equity
	Share capital	Reserve fund	Fund for development expenditure	Restricted reserves		Balanced results				
				Total	Total	Share premium reserve	Balanced results	Total	Profit for the year	Total
<b>Equity 31/12/2020</b>	<b>12.5</b>	<b>6.5</b>	<b>63.3</b>	<b>69.8</b>	<b>82.3</b>	<b>28.9</b>	<b>78.2</b>	<b>107.1</b>	<b>31.1</b>	<b>138.2</b>
Dividend to shareholders	-	-	-	-	-	-	-21.8	-21.8	-	-21.8
Provision for development expenditure fund	-	-	4.2	4.2	4.2	-	-4.2	-4.2	-	-4.2
Profit distribution	-	-	-	-	-	-	31.1	31.1	-31.1	-
Profit for the year	-	-	-	-	-	-	-	-	14.2	14.2
<b>Equity 31/12/2021</b>	<b>12.5</b>	<b>6.5</b>	<b>67.5</b>	<b>74.0</b>	<b>86.5</b>	<b>28.9</b>	<b>83.4</b>	<b>112.2</b>	<b>14.2</b>	<b>126.4</b>
Dividend to shareholders	-	-	-	-	-	-	-9.9	-9.9	-	-9.9
Provision for development expenditure fund	-	-	6.2	6.2	6.2	-	-6.2	-6.2	-	-6.2
Reversal of provision for development expenditure fund	-	-	-0.8	-0.8	-0.8	-	0.8	0.8	-	0.8
Profit distribution	-	-	-	-	-	-	14.2	14.2	-14.2	-
Profit for the year	-	-	-	-	-	-	-	-	66.3	66.3
<b>Equity 31/12/2022</b>	<b>12.5</b>	<b>6.5</b>	<b>72.8</b>	<b>79.3</b>	<b>91.8</b>	<b>28.9</b>	<b>82.3</b>	<b>111.2</b>	<b>66.3</b>	<b>177.5</b>

## BOARD PROPOSAL FOR PROFIT DISTRIBUTION

	SEK
Profits available:	
Balanced profits	82,310,880
Share premium reserve	28,856,978
Profit for the year	66,319,563
<b>Total</b>	<b>177,487,421</b>
Dividend to shareholders of SEK 4.05 per share (12,529,443 shares)	50,744,244
Profit/loss carried forward	126,743,177
<b>Total</b>	<b>177,487,421</b>

In 2022, CTT paid a dividend of SEK 9,898 thousand (21,801) to its shareholders. This corresponds to a dividend of SEK 0.79 per share (1.74).

For 2023, the Board proposes a dividend of SEK 50,744 thousand (SEK 4.05 per share). As CTT's dividend must be approved by the Annual General Meeting, no liabilities in this respect are reported in the company's 2022 financial statements. There is not expected to be an effect on income tax for CTT as a result of this transaction.



# CASH FLOW ANALYSIS

(SEK million)	Note	01/01/2022 -31/12/2022	01/01/2021 -31/12/2021
<b>Operating activities</b>			
Operating profit (EBIT) <sup>1)</sup>		91.8	26.8
<b>Adjustment for items not included in cash flow</b>			
Depreciation and amortisation <sup>1)</sup>		7.9	11.3
Other		-0.6	-2.4
Financial receipts		0.5	-
Financial payments		-1.5	-1.2
Income tax paid		-5.2	-6.8
<b>Cash flow from operating activities before changes in working capital</b>		<b>93.0</b>	<b>27.7</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-16.0	0.9
Change in operating receivables		-17.3	6.2
Change in operating liabilities		1.5	-4.4
<b>Cash flow from changes in working capital</b>		<b>-31.7</b>	<b>2.6</b>
<b>Operating cash flow</b>		<b>61.2</b>	<b>30.3</b>
<b>Investment activities</b>			
Acquisition of intangible assets	9	-6.5	-8.4
Acquisition of property, plant and equipment	12, 13, 14	-0.9	-0.2
Acquisition of financial assets		-0.3	-
Sale of property, plant and equipment		0.2	0.1
<b>Cash flow from investment activities</b>		<b>-7.3</b>	<b>-8.6</b>
<b>Financing activities</b>	27		
Proceeds from borrowings		-	29.7
Repayments of borrowings		-33.7	-1.3
Dividends paid		-9.9	-21.8
<b>Cash flow from financing activities</b>		<b>-43.6</b>	<b>6.6</b>
<b>Cash flow for the year</b>		<b>10.3</b>	<b>28.4</b>
Cash and cash equivalents at the start of the year	16, 23	49.3	21.6
Exchange rate difference in cash and cash equivalents		0.5	-0.7
<b>Cash and cash equivalents at the end of the year</b>	16, 23	<b>60.1</b>	<b>49.3</b>

<sup>1)</sup> Exceptional items from the OEM segment have affected other operating income and cash flow positively in 2021 by SEK 9.1 million and amortisation negatively by SEK 4.3 million. The net effect on operating profit amounted to SEK +4.8 million.

## Results, 2022

Cash flow before changes in working capital increased to MSEK 93 (28) for the full year 2022. Cash flow from operating activities increased to SEK 61 million (30), mainly offset by an increase in operating receivables,

including accounts receivable, of SEK 17 million during the year, due to the increase in revenue, as well as increased inventory. Cash and cash equivalents at the end of the period increased to SEK 60 million from SEK 49 million at the beginning of the year. At year-end,

CTT has a tax liability of SEK 7 million for underpaid preliminary income tax for 2022. Overall, a strong cash flow with working capital under good control. Cash flow for the year was also affected by a dividend of SEK 10 million (22).

# FIVE-YEAR SUMMARY OF KEY FIGURES

KEY FIGURES	2022	2021	2020	2019	2018
<b>Sales &amp; Profits</b>					
Net sales, SEK million	241	151	201	355	315
Operating profit (EBIT), MSEK	92	27	38	120	90
Operating margin, %	38	18	19	34	29
Profit margin, %	35	12	20	33	28
Profit for the year, SEK million	66	14	31	93	70
Return on capital employed, %	30	10	14	48	43
Return on equity, %	28	7	13	42	39
Return on total capital, %	24	6	12	35	31
<b>Share data</b>					
Earnings per share, SEK	5.29	1.13	2.48	7.39	5.56
Equity per share, SEK	21.49	16.99	17.60	19.17	15.83
Operating cash flow per share, SEK	4.89	2.42	-0.86	8.67	4.88
Dividend per share, SEK <sup>1)</sup>	4.05	0.79	1.74	4.05	4.05
Number of shares on the balance sheet date	12,529,443	12,529,443	12,529,443	12,529,443	12,529,443
Average number of shares during the period	12,529,443	12,529,443	12,529,443	12,529,443	12,529,443
Market price on the balance sheet date, SEK	213.5	216.5	152.2	176.8	123.2
<b>Cash flow &amp; Financial position</b>					
Cash flow from operating activities, SEK million	61	30	-11	109	61
Quick ratio, %	267	305	218	259	212
Interest coverage ratio, times	44	14	35	64	77
Debt-equity ratio, times	0.2	0.3	0.2	0.1	0.2
Equity ratio, %	71	65	72	66	62
<b>Personnel &amp; Investments</b>					
Number of employees, average for the year	72	76	93	108	98
Income per employee, SEK million	3.7	2.3	2.5	3.5	3.4
Salaries, SEK million	47.9	41.5	47.1	56.4	52.7
Investments, SEK million	7.6	8.6	33.8	22.7	24.6

<sup>1)</sup> 2022 refers to proposed dividend



# RELEVANT FOLLOW-UP ON KEY FIGURES

SEK million	2022	2021	2020
<b>Operating margin</b>			
Operating profit (EBIT)	91.8	26.8	38.4
/ Net sales	240.6	151.2	200.8
= <b>Operating margin</b>	<b>38 %</b>	<b>18 %</b>	<b>19 %</b>
<b>Profit margin</b>			
Profit before tax	83.8	17.9	39.6
/ Net sales	240.6	151.2	200.8
= <b>Profit margin</b>	<b>35 %</b>	<b>12 %</b>	<b>20 %</b>
<b>Return on capital employed</b>			
(Operating profit (EBIT)	91.8	26.8	38.4
+ Financial income)	0.5	0.0	0.0
/ Average capital employed			
Average total capital (total assets)	352.8	318.0	335.2
Total capital at the beginning of the year	328.5	307.5	362.8
Total capital at the end of the year	377.1	328.5	307.5
- Average non-interest-bearing liabilities including deferred taxes	-49.3	-44.9	-70.1
Non-interest-bearing liabilities including deferred taxes, beginning of the year	-39.7	-50.1	-90.2
Non-interest-bearing liabilities including deferred taxes, end of year	-59.0	-39.7	-50.1
Total average capital employed	303.5	273.1	265.0
= <b>Return on capital employed</b>	<b>30 %</b>	<b>10 %</b>	<b>14 %</b>
<b>Return on equity</b>			
Profit for the year	66.3	14.2	31.1
/ Average equity	241.1	216.7	230.3
Equity at the beginning of the year	212.9	220.5	240.2
Equity at the end of the year	269.3	212.9	220.5
= <b>Return on equity</b>	<b>28 %</b>	<b>7 %</b>	<b>13 %</b>
<b>Return on total capital</b>			
(Profit before tax	83.8	17.9	39.6
- Financial expenses)	-2.0	-1.4	-1.2
/ Average total capital (for the calculation, see "Return on capital employed")	352.8	318.0	335.2
= <b>Return on total capital</b>	<b>24 %</b>	<b>6 %</b>	<b>12 %</b>

## CONT. RELEVANT DEBRIEFINGS ON KEY FIGURES

SEK million	2022	2021	2020
<b>Quick ratio</b>			
(Current assets, i.e. other current assets plus cash & bank deposits	251.7	202.8	179.0
- Inventories	116.4	100.4	101.2
+ Granted unutilised overdraft facility)	26.4	22.8	20.7
/ Current liabilities	60.5	41.1	45.2
= <b>Quick ratio</b>	<b>267 %</b>	<b>305 %</b>	<b>218 %</b>
<b>Interest coverage ratio</b>			
(Profit before tax	83.8	17.9	39.6
- Financial expenses)	-2.0	-1.4	-1.2
/ Financial expenses	-2.0	-1.4	-1.2
= <b>Interest coverage ratio, times</b>	<b>44</b>	<b>14</b>	<b>35</b>
<b>Debt-equity ratio</b>			
Interest-bearing liabilities, i.e. total interest-bearing items on balance sheet's debt side	45.4	72.1	36.9
/ Equity	269.3	212.9	220.5
= <b>Debt-equity ratio, times</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>
<b>Income per employee</b>			
Operating income	263.3	176.2	233.1
/ Number of employees	72	76	93
= <b>Income per employee</b>	<b>3.7</b>	<b>2.3</b>	<b>2.5</b>



# RISKS AND RISK MANAGEMENT

CTT has a strong market position in its emerging niche, but there are risks in both the short and long term that could change business operating conditions.

CTT's activities mainly involve the development, production, sale, supply and support of active humidity control products and systems to customers in the aviation industry. Significant risk areas include changes in market conditions, financial and operational risks. With its strict niche focus, CTT is exposed to a number of risks of a binary nature, the

consequences of which allow little or no scope for compensation in other areas.

The overall responsibility for CTT's risk management rests with the Board, which determines the strategic direction and delegates responsibility for operational and financial risks to the CEO. Identified significant risks are then managed on an ongoing basis

at all levels of the organisation and in the strategic planning process. Control processes in the form of policies, guidelines, instructions and procedures regulate the management of these risks. (See the corporate governance report for more information.

## STRATEGIC RISKS

Strategic risks mainly relate to market demand, which is affected by, among other things, economic development, OEM programmes and competition, along with prices.

### Impact of the financial situation

The aviation industry is normally very cyclical. Airlines are accustomed to dealing with sudden swings between overcapacity and various flashpoints to meet strong demand. The most obvious example is the ongoing recovery from the COVID-19 pandemic.

Air travel has grown by an average of about 5% per year over a longer period, driven by a growing middle class. Airlines had a strong 2010s, benefiting from globalisation and historically low interest rates. Both these factors have been reversed for the worse. Interest rates rose sharply last year, which may have a negative impact on the economic conditions for travelling. Higher interest rates also hit the most indebted airlines hard. The world is undergoing a process of deglobalisation as businesses become more local, driven in part by protectionist tendencies. This may negatively affect the demand for business flights. CTT is dependent on aircraft manufacturers' production rate of long-range aircraft, the investment capacity of airlines and the utilisation rate of aircraft fleets with the company's products on board. The impact of an economic downturn will vary, giving CTT time to refocus.

**Mitigation:** An economic slowdown will primarily affect the opportunities for retrofit business. This is particularly true for the sale of dehumidifiers, which have been repeatedly affected when airlines have abruptly banned investments in non-essential products. The cyclical demand for dehumidifiers is partly offset if the customer classifies it as a sustainability project (which takes higher priority and has a longer payback period). Upgrading passenger cabins are major projects that are often linked to new deliveries. This provides greater resilience to smaller cyclical swings. The planning horizon in the OEM is relatively long and changes occur slowly, allowing CTT time to adapt to a slower pace.

CTT has the majority of its installed base of products on the most modern and economical aircraft. In times when airlines adapt capacity to declining demand, this is done primarily by grounding the older elements of the aircraft fleet. Aftermarket activity is through manufacturers' distribution companies. This means that credit management of airlines is handled by them.

### OEM

Aircraft delivery and production rates are determined based on long-term, forward-looking planning. Airbus and Boeing have large order books covering deliveries for many years to come. Airlines try to postpone their scheduled deliveries in the first place, and then to cancel them. If there is not a global decline, manufacturers usually find other airlines that can take these aircraft. If the downturn is deep, the production rate is reduced, usually in increments. For CTT, there is a significant OEM risk in its dependence on single model programmes, mainly the Boeing 787. Production and delivery disruptions in these have a major impact, as became clear in 2022.

**Mitigation:** CTT is an OEM supplier for the newest and most competitive aircraft models from both Boeing and Airbus. The order books are well filled. Changes in production rates are not instantaneous, leading to lag effects in the peaks and troughs. This allows time for planning and adaptation. CTT is working on expanding to several OEM programmes. CTT also has a growing aftermarket business consisting of consumables for installed systems, which provides increased stability and ability to cope with fluctuations in new sales.

### Competition

Competition can occur on the system side and exists in the aftermarket. CTT is the market-leading supplier of humidifiers for commercial aircraft and VIPs. The company's humidifiers are the only ones available when buying new Airbus and Boeing aircraft, which provides a significant competitive advantage when airlines are retrofitting their existing aircraft fleets (driven by the desire to have uniform products in all aircraft operating in a similar way). Competitors have a time window for each new OEM procurement procedure, particularly for completely new aircraft models. There is some risk of competing systems in the Retrofit market.

CTT is the only company in the market with an active system for managing condensation, but its market position is weak. This is because none of the OEM suppliers offer active humidity control systems for their top-selling short- and medium-haul aircraft (where the market and need are greatest). The main competitive threat comes about by failing to do anything beyond the standard built-in systems that already exist to deal with condensation (read: passive drainage solutions). There is also a risk that another active dehumidification technology will become the OEM standard.

Aftermarket competition is common in the aviation industry, which can lead to lower market shares and affect the ability to raise prices. In general, OEM suppliers have an advantage with their original parts.

**Mitigation:** CTT has a strong market position as the sole OEM supplier of humidifiers for the four latest long-range aircraft models. CTT is a market leader, with 50 airline customers and operational data going back 15 years covering about 1,500 aircraft in total. This gives the company an advantage in new procurement procedures and the opportunity to set the humidifier standard for a long time to come. CTT also dominates the VIP market. Its strategy is to block competitors to prevent them from entering the Retrofit market.

There are FAA-approved aftermarket parts manufactured by third parties for the company's humidifiers and dehumidifiers. The company's original humidifier parts are qualified and based on CTT's unique technology, developed and qualified to meet Airbus and Boeing specifications and regulatory requirements. To fulfil these, CTT has developed a unique material together with Munters. The standard materials available on the open market have not been qualified for the application, or for use in aircraft. CTT has leading application know-how that will be further consolidated through continuous investments and strategic partnerships. These are aimed at improving performance and functionality through improvements in the pad material and/or the introduction of value-added filters for VOC and ozone reduction.

### Consolidation and industrial context

CTT is a small player in the aviation industry, where the trend among subcontractors is towards consolidation. Consolidation is mainly driven by economies of scale in sales (primarily OEM) and systems development, as well as digital integration.

**Mitigation:** Being a small and focused stakeholder can bring advantages, as CTT is able to provide a high level of service. The strategic collaboration with Collins Aerospace gives an industrial foundation that provides legitimacy.

### Regulatory requirements

The aviation industry is strictly regulated. If CTT fails to live up to its regulatory requirements, it will have serious effects on its ability to deliver products.

**Mitigation:** CTT is certified to AS9100:D, including ISO9001:2015 which involves regular reviews. Opportunities are given to remedy any deficiencies. CTT works in partnership with various organisations that have development approval, such as Lufthansa Technik and PMV, to certify the Retrofit systems.

### Long cycles and contract commitments

Through its long contracts with OEMs, CTT has pre-set prices for longer periods. This means that profit margins are negatively affected if costs increase at a faster rate than CTT's prices.

**Mitigation:** CTT aims to transfer corresponding risks to its subcontractors, both in terms of contract duration and price. CTT has a greater impact on prices of aftermarket products (which will account for an increasing share of the profit margin over time).

Climate and environment	
<p>The climate impact of aviation, primarily in the form of greenhouse gas emissions, is both a threat and an opportunity for CTT. There are great demands on the industry from various stakeholders to reduce the climate impact of aviation, and many airlines are engaged in long-term efforts to reduce emissions.</p>	<p><b>Mitigation:</b> The company's anti-condensation systems reduce the weight of the aircraft and thus fuel consumption and greenhouse gas emissions. This also reduces wear and tear on the aircraft, which is more sustainable. Humidifiers reduce the risks of dehydration and a weakened immune system during long-haul flights. This creates a better working environment. CTT emphasises the environmental benefits of its products. At the same time, CTT focuses actively on sustainability, and this is reported annually in the company's sustainability report, published in the CTT Annual Report.</p>

Security situation and sanctions	
<p>Unfortunately, wars and conflicts regularly occur in the world and affect aviation. A heightened security situation like the one we are currently experiencing often leads to various sanctions and disruptions to aviation and its value chain.</p>	<p><b>Mitigation:</b> CTT is constantly monitoring risks and implementing mitigation activities to counteract negative consequences for the company. The company has a diversified customer base all over the world, which makes CTT less sensitive to local conflicts. In terms of governance, CTT has a sanctions policy that stipulates regular checks on customers and suppliers.</p>

## OPERATIONAL RISKS

Operational risks are related to customer relationships with a focus on customer satisfaction and ensuring continuous use throughout the product life, delivery capacity and human capital.

Customer relations	
<p>CTT is the sole supplier of products in an emerging market. Our end customers are a large number of airlines all over the world who either buy the products when ordering new aircraft or who have the products retrofitted to an existing aircraft fleet. The company's actual customers are mainly Airbus and Boeing.</p> <p>The challenge for CTT lies mainly in driving market development by creating awareness and insight about problems and solutions to condensation issues.</p>	<p><b>Mitigation:</b> CTT reduces its risks through developing good relationships with airlines, OEMs and other suppliers. Collaborations with OEMs and our strategic market partner Collins Aerospace are of particular importance.</p> <p>CTT conducts methodical work to achieve more successful OEM programmes, widen its customer base and get airlines to harmonise their aircraft fleet with active humidity control.</p>

Uncertain revenues throughout the product lifecycle	
<p>CTT's products have a long service life, but are not critical to the operation of aircraft. If the airlines do not value or experience the benefits of the systems, they can be switched off.</p> <p>Another risk is that an aircraft may often have more than one operator during its lifetime. In the event of a change of operator, there is a risk that the new airline will choose not to use the products. There is also a risk of aftermarket competition.</p>	<p><b>Mitigation:</b> CTT monitors owners and operators to ensure that they are aware of the benefits of CTT systems and that they are satisfied with their performance. The aim of this is to ensure that operators continue to use all their installed humidity control products and choose CTT in the aftermarket.</p>

Product risks	
<p>If CTT's products fail to offer satisfactory quality or performance, it may have consequences in reduced demand or a reduced installed base. Potential functional interference with other systems of the aircraft in the event of a fault would have a negative impact. In addition to operational interference, faults affecting passengers can have a significant effect on relationships and trust. Certain faults that are considered serious may require airlines to shut down the system in question until the faults has been corrected. But even in cases where there are faults that can be managed on an ongoing basis, there is a breakdown in trust that CTT has to address. Experience has shown that minor faults and teething problems that are managed correctly can be made into an advantage. Involvement of an end customer in an accident due to CTT's products would pose a serious threat to everything CTT does.</p>	<p><b>Mitigation:</b> The goal is to have good customer relationships and capture any deficiencies in performance or reliability. CTT has the advantage of being a small niche company. This means that CTT can be relatively quick in prioritising and remedying deficiencies. In some cases, a minor fault can be made into a positive customer experience that strengthens the relationship and builds trust for future business. CTT's risk management includes liability insurance. In addition, active work on quality, which is briefly described under Regulatory requirements above, is an important part of the proactive risk management process.</p>

Warranty commitments	
<p>CTT normally has a warranty of three to four years.</p>	<p><b>Mitigation:</b> CTT makes ongoing provisions into a warranty reserve. Should the warranty reserve not be sufficient, a negative impact may result in a negative effect on earnings.</p>

Supply capacity and supply chain	
<p>CTT is locked into long-term agreements with OEMs, for which CTT is dependent on its subcontractors' ability to meet their requirements in terms of volume, quality and schedule. Keeping the supply chain intact is crucial. For some parts, CTT relies on a single supplier. An inability to deliver would create serious disruptions to CTT's delivery capacity.</p>	<p><b>Mitigation:</b> CTT seeks to link its agreements with OEMs with corresponding agreements with subcontractors. CTT regularly identifies and monitors major and critical suppliers. In cases where risk has been deemed to increase, CTT can increase direct contact with the supplier, and also increase its own back-up stock to cover any future operational disruptions with the supplier.</p>

Facilities	
<p>Facilities involve risks of fire, flooding, power cuts, etc.</p>	<p><b>Mitigation:</b> CTT has two sites in Sweden, in Nyköping and Nybro, with partial redundancy. Facility protection is evaluated regularly by means of safety inspections. CTT has procured adequate services to maintain a high level of protection at all times. We have good partnerships with our stakeholders and produce our own electricity at the plant in Nybro.</p>

Human capital	
<p>The company's success rests on its ability to attract, develop and retain skilled employees, especially since CTT operates in small towns outside the metropolitan regions. It is also easier to maintain quality in production with experienced employees.</p> <p>The social conditions of our employees, such as good working conditions, health and safety, are the basis of being a responsible employer.</p>	<p><b>Mitigation:</b> CTT aims to be seen as an attractive employer thanks to its extensive sustainability work, a good working environment and competitive remuneration. Through the profit-sharing foundation, employees share in financial profits.</p> <p>CTT works to retain employees over time, including through creating a good sense of community within the company and striving for continuous individual development. A sign that this work is succeeding is the result of the company's employee survey, where 92 % were satisfied or very satisfied with the sense of community and well-being at the company. The corresponding figure for personal development satisfaction was 93%. Staff turnover has been low for some time.</p> <p>Also see priority activities on pages 44–45.</p>



**Business ethics and human rights**

A major risk in terms of human rights is that companies in the subcontracting chain do not observe human rights.  
CTT has products installed on aircraft in countries where corruption is prevalent. CTT may also participate in procurement procedures directly with airlines in such countries.

**Mitigation:** The aviation industry is mainly located in countries that are compliant with human rights to a very large extent, and this is particularly true of CTT's supply chain. Therefore, this is seen as a limited risk for CTT.  
CTT has a clear anti-corruption policy included in the company's Code of Conduct to minimise the risk of corruption at the sales stage, and has prepared very clear agreements with partners regarding anti-corruption and ensured that any commissions are at such a level that there is no scope for corruption or bribery. CTT is also supported by its strategic partner Collins Aerospace, which has a very strict regulatory framework in respect of anti-corruption. At the supplier level, the risk is seen as being lower as CTT consistently has well-established and long-term partnerships with its suppliers.

**Disruptions to the IT environment**

Like other companies, CTT is dependent on an effective IT environment. The risks of intrusion into the IT environment or other types of sabotage are high, and growing. Sudden and prolonged downtime in our IT environment would have adverse effects on our delivery capacity.

**Mitigation:** CTT has a clear structure in its IT work, with a strong focus on operational reliability and protection against intrusion. We work continuously to improve both operational reliability and protection against intrusion through improvements to the IT infrastructure and systems as well as internal and external training.

**FINANCIAL RISKS**

Financial risks mainly relate to how CTT is affected by currency and interest rate fluctuations, credit risks and other events in the financial markets.

**Large dependence on the dollar**

CTT is highly dependent on the exchange rate of the US dollar against the Swedish krona. This is due to the fact that the majority of revenues are in USD (as business in the aviation industry is priced in USD), and that CTT has a large proportion of costs in other currencies, mainly SEK. A weakening in USD compared to SEK has an adverse effect on earnings.

**Mitigation:** CTT has chosen not to engage in currency hedging. The company's view is that the advantages (predictability / inertia of movements) do not outweigh the disadvantages (costs). That said, CTT has chosen to take out its bank loans in USD while the company constantly strives to buy as many input materials in USD as possible. In addition, CTT strives to be transparent and present clear information on impact the USD/SEK exchange rate is having on the company.

**Credit risk**

The company's credit risks are mainly linked to accounts receivable. Each sales area has different types of customers associated with different types of credit risk. Retrofit and traditional VIP business to individual airlines and interior design companies are deemed to have the highest credit risk. The customers in OEM and aftermarket are mainly Airbus and Boeing, or their distribution companies. The risk in these transactions is mainly linked to any extension of payment times by the customer, which would have a one-off effect in the form of an additional burden on liquidity.

**Mitigation:** Most of the company's revenue comes from Airbus, Boeing and CTT's main distributor to airlines. CTT carries out a credit assessment for direct transactions with end customers. This relates to Retrofit and VIP transactions, where CTT takes out credit risk insurance where possible, while updating and assessing creditworthiness on an ongoing basis. The new business model with Airbus Corporate Jets (ACJ) reduces credit risk as CTT sells to PMV (which receives orders from ACJ). Within aftermarket and OEM, sales are almost exclusively to Airbus, Boeing or their distribution companies. Here, the risk of insolvency is deemed to be significantly lower. In the event of Airbus or Boeing extending their payment periods to their suppliers, CTT has secured additional credit facilities.

**THE SHARE**

**Listing**

CTT shares were listed in 1997 and are currently traded on the Nasdaq Stockholm Mid Cap list. CTT sees trading on other platforms as being limited.

The Nasdaq Stockholm listing means, among other things, that CTT complies with the marketplace's rules on share information. The company thus publishes financial reports and other stock market information and otherwise follows the rules and practices applicable to stock market companies.

**Analysis**

CTT engages ABG Sundal Collier, which monitors the company and regularly conducts analyses of CTT shares. To see ABG Sundal Collier's information about and analysis of CTT, go to <http://www.introduce.se/foretag/ctt-systems>.

**Price performance and market capitalisation**

In 2022, the CTT share fell by 1.4% to SEK 213.50. The total return for the year was -1.0%. The highest closing price during the year, SEK 236.50, was quoted on 8 November and the lowest, SEK 173, on 4 March. On 31 December 2022, market capitalisation amounted to SEK 2,675 million.

**Share capital**

On 31 December 2022, CTT share capital amounted to SEK 12,529,443 divided into 12,529,443 shares, each share with a quota value of SEK 1. All shares have equal rights to the company's assets and earnings. Each share entitles the holder to one vote at the Annual General Meeting. At the Annual General Meeting, each person entitled to vote may vote on behalf of the full number of owned and/or represented shares without restriction of voting rights.

**Ownership structure**

The number of shareholders decreased during 2022 and amounted to 3,206 (3,491) at the end of 2022. The largest owner was Tomas Torlöf (via the wholly owned company Trulskom Förvaltning AB) with a holding of 13.4% (13.4), followed by SEB Fonder with 9.4% (9.0). The ten largest owners held 62.2% (60.1) of shares. 66.3% (65.9) of the share capital is owned by Swedish owners and 33.7% (34.1) by foreign owners. Swedish ownership is dominated by institutions and companies, with 47.6% (45.5) of the total share capital.

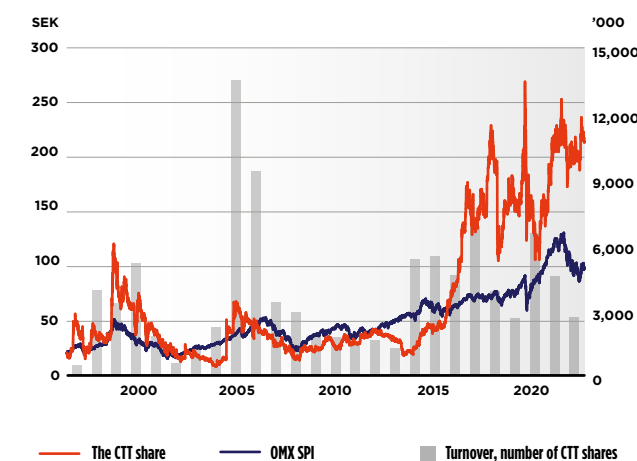
**Profit-sharing foundation**

Since 2015, CTT has had an independent profit-sharing foundation for its employees. The purpose of this foundation is to create a clearer link between the collective performance of employees, their remuneration and the company's results and, in the long term, to reinforce employee engagement through share ownership. As of 31/12/2022, the profit-sharing foundation's holding in CTT amounted to 128,884 shares (135,545), which is 1.0 % (1.1) of the total number of shares in the company. At the turn of the year, the foundation was CTT's 19th largest owner.

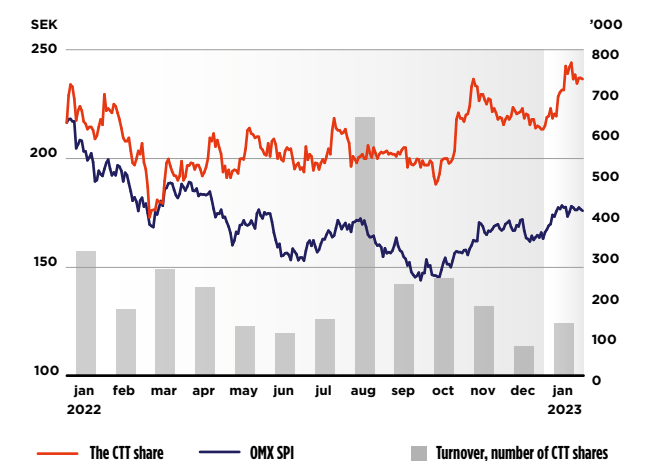
**Dividend and dividend policy**

The Board of Directors proposes that the Annual General Meeting determine a dividend amounting to SEK 4.05 (0.79) per share, corresponding to SEK 50.7 million (9.9). The proposed record date for the dividend is 08/05/2023 and the payment date 11/05/2023. The company's dividend policy is to distribute at least 70% (70) of net profits to shareholders in the form of a dividend, given an equity ratio of 40% (40).

SHARES 1997-2022



SHARES 2022



**Special agreements**

In connection with a partnership agreement with B/E Aerospace (now Collins Aerospace), a shareholder agreement was signed in the autumn of 2014 between the main owners Trulscor Föreltning AB and B/E Aerospace Inc. with regard to the parties' shareholding in the company. The Board is not aware of any other shareholder agreements or other agreements between shareholders in the company.

The company's customer agreement relating OEM can be terminated in the event of a change of ownership which means that control of the company is transferred (known as "change of control").

**Information policy**

The Board of CTT has formulated an information policy that takes into account the rules issued by the stock exchange in the listing agreement. In addition to the

Chairman of the Board and the CEO, the CFO is also authorised to comment on the company's reports and officially-disclosed transactions.

The company distributes all its reports, including year-end reports and press releases, via Modular Finance AB. The company's website, [www.ctt.se](http://www.ctt.se), is simultaneously updated with the same information. It also contains annual reports, interim reports and other information to download.

**THE 20 LARGEST SHAREHOLDERS, 31/12/2022**

#	Owner	Number of shares	% of capital and votes
1	Tomas Torlöf (Trulscor Föreltning AB)	1,678,336	13.4 %
2	SEB Fonder	1,175,018	9.4 %
3	Collins Aerospace, Inc.	1,133,154	9.0 %
4	ODIN Fonder	1,100,000	8.8 %
5	Tredje AP-fonden	559,036	4.5 %
6	Nya Jorame Holding AB	540,000	4.3 %
7	If Skadeförsäkring AB	511,200	4.1 %
8	Andra AP-fonden	463,764	3.7 %
9	Danske Invest	371,373	3.0 %
10	Lannebo Fonder	261,143	2.1 %
11	Christer Torlöf	251,348	2.0 %
12	Allianz Global Investors	227,723	1.8 %
13	Nordnet Pensionsförsäkring	215,711	1.7 %
14	Alcur Fonder	197,556	1.6 %
15	Avanza Pension	191,381	1.5 %
16	AXA	158,000	1.3 %
17	Christer Nordström	146,508	1.2 %
18	Bellevue Asset Management	141,117	1.1 %
19	CTT Systems AB's Profit-sharing Foundation	128,884	1.0 %
20	Stiftelsen Riksbankens Jubileumsfond	112,609	0.9 %
<b>Total</b>		<b>9,563,861</b>	<b>76.3 %</b>
	Other shareholders	2,965,582	23.7 %
<b>Total number of shares</b>		<b>12,529,443</b>	<b>100.0 %</b>
<b>Total number of shareholders</b>		<b>3,206</b>	

**NUMBER OF SHARES/SHAREHOLDERS**

Size categories	Number of owners	Number of shares	Percentage of shares
1-1,000	2,870	476,351	3.8 %
1,001-10,000	277	804,691	6.4 %
10,001-50,000	32	690,258	5.5 %
50,001-100,000	7	521,900	4.2 %
100,001-	20	9,563,861	76.3 %
Anonymous ownership <sup>1)</sup>	n/a	472,382	3.8 %
<b>Total</b>	<b>3,206</b>	<b>12,529,443</b>	<b>100.0 %</b>

<sup>1)</sup> Anonymous ownership refers to foreign custodial banks where underlying ownership is not visible.

**DISTRIBUTION OF OWNERSHIP PER COUNTRY**

Country	Number of shares	% of capital and votes	Number of known owners	Proportion of known owners
Sweden	8,310,324	66.3 %	3,079	96.0 %
USA	1,152,716	9.2 %	10	0.3 %
Norway	1,103,799	8.8 %	15	0.5 %
Denmark	383,282	3.1 %	37	1.2 %
Germany	315,923	2.5 %	9	0.3 %
Other countries	791,017	6.3 %	56	1.7 %
Anonymous ownership <sup>1)</sup>	472,382	3.8 %	n/a	n/a
<b>Total</b>	<b>12,529,443</b>	<b>100.0 %</b>	<b>3,206</b>	<b>100.0 %</b>

<sup>1)</sup> Anonymous ownership refers to foreign custodial banks where underlying ownership is not visible.

**DISTRIBUTION OF OWNERSHIP BY CATEGORY**

Owner category	Number of shares	% of capital and votes	Number of known owners	Proportion of known owners
Swedish private individuals	2,345,016	18.7 %	2,993	93.4 %
Swedish institutional owners	3,580,357	28.6 %	25	0.8 %
Foreign institutional owners	2,312,833	18.5 %	18	0.6 %
Other shareholders	3,818,855	30.5 %	170	5.3 %
Anonymous ownership <sup>1)</sup>	472,382	3.8 %	n/a	n/a
<b>Total</b>	<b>12,529,443</b>	<b>100.0 %</b>	<b>3,206</b>	<b>100.0 %</b>

<sup>1)</sup> Anonymous ownership refers to foreign custodial banks where underlying ownership is not visible.

**SHARE CAPITAL DEVELOPMENT**

Year	Transaction	Change in number of shares	Total number of shares	Increase in share capital, SEK	Total share capital, SEK	Quota value SEK
1991/92	Rights issue	2,670	2,670	267,000	267,000	100
1994/95	Rights issue	2,670	5,340	267,000	534,000	100
1995/96	Rights issue	594	5,934	59,400	593,400	100
1996/97	Rights issue	5,934	11,868	593,400	1,186,800	100
1997/98	Rights issue	11,868	23,736	1,186,800	2,373,600	100
1997/98	Split 100:1	2,349,864	2,373,600	-	2,373,600	1
1997/98	Rights issue	690,000	3,063,600	690,000	3,063,600	1
1998/99	Rights issue	1,021,200	4,084,800	1,021,200	4,084,800	1
2000/01	Rights issue	1,021,200	5,106,000	1,021,200	5,106,000	1
2003/04	Rights issue	1,276,500	6,382,500	1,276,500	6,382,500	1
2004/05	Rights issue	2,127,500	8,510,000	2,127,500	8,510,000	1
2005/06	Rights issue	28,929	8,538,929	28,929	8,538,929	1
2006/07	Rights issue	230,001	8,768,930	230,001	8,768,930	1
2007	Rights issue	269,999	9,038,929	269,999	9,038,929	1
2007	Rights issue	1,807,785	10,846,714	1,807,785	10,846,714	1
2009	Rights issue	544,724	11,391,438	544,724	11,391,438	1
2014	Rights issue	1,138,005	12,529,443	1,138,005	12,529,443	1

Shareholder data source: Monitor from Modular Finance AB. Data compiled and processed from sources including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).



# CTT CORPORATE GOVERNANCE REPORT

This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. Any deviations from the Swedish Code of Corporate Governance are set out in the text below. Governance is via the Annual General Meeting, the Board and the CEO. The company's auditors, who are appointed by the Annual General Meeting, review the accounts and the Board's and the CEO's management of the company. CTT has a nomination committee and an audit committee. The entire Board carries out the duties of the remuneration committee. More information on how CTT is managed is available on the company's website. **A**

This report contains summary information on a number of important corporate governance issues. However, not all questions about corporate governance can be answered in a summary, which is why this report should be read together with the annual report, where more detailed information is available. **A B**

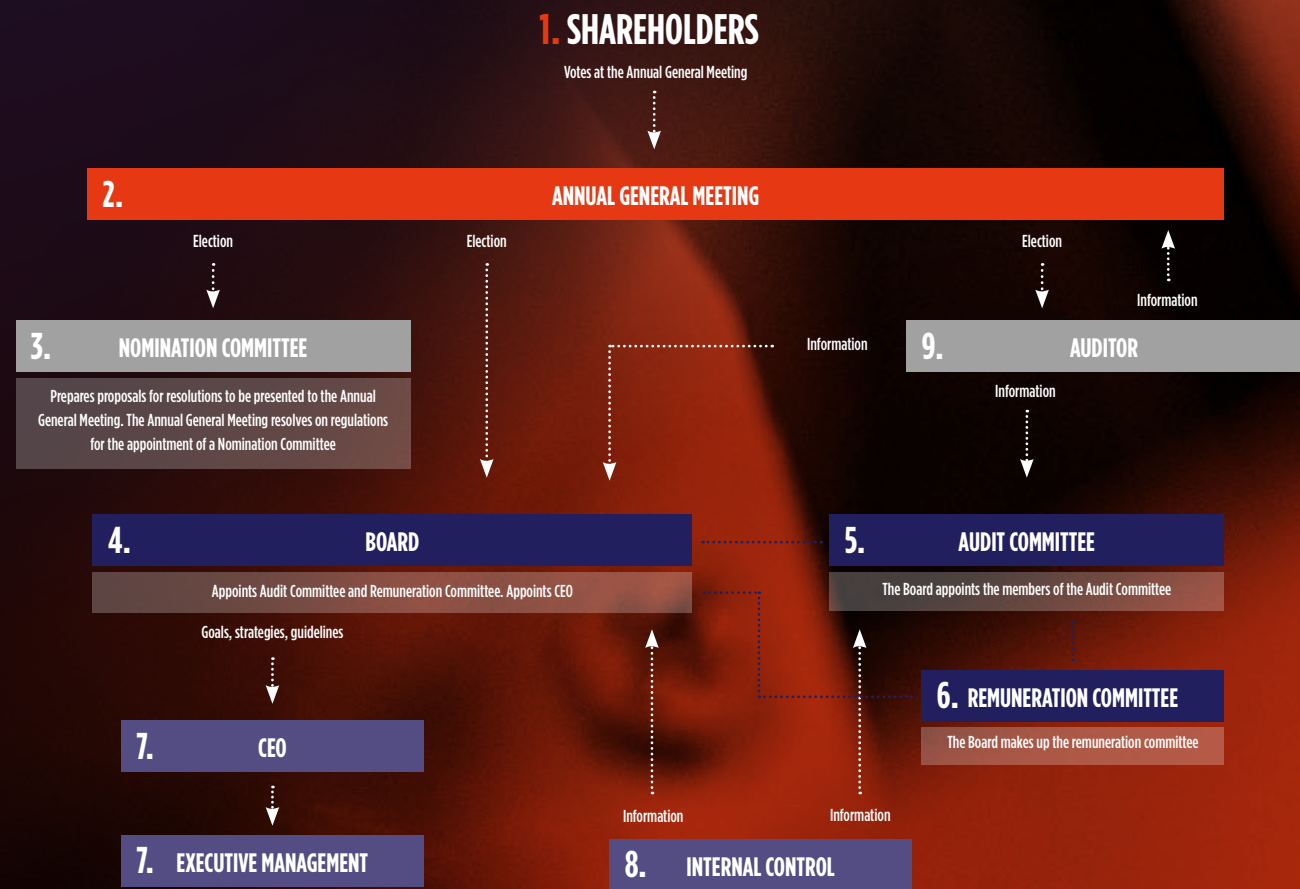
**A SEE WWW.CTT.SE FOR MORE INFORMATION**

*There you will find, among other things:*

- Annual reports
- Articles of association, latest edition adopted 4 May 2022
- Minutes of meetings
- Corporate governance reports
- Owner information
- Presentation of the Board
- Presentation of the CEO and senior executives
- Information policy

**B THE ANNUAL REPORT CONTAINS MORE INFORMATION ABOUT:**

- The shares
- The owners
- The Board
- CEO and senior executives
- Variable remuneration, including allocation to profit-sharing foundation, and remuneration to senior executives (note 5)



## 1. SHAREHOLDERS

On 31 December 2022, the company had 3,206 shareholders. The ten largest owners had a total holding corresponding to 62.2 % of the share capital. **A B**

As of 31/12/2022, Trulskom Förvaltning AB was the company's largest single shareholder with a shareholding of 1,678,336 shares, corresponding to 13.4% of all shares. The company's articles of association do not contain any restrictions as to how many votes each shareholder can cast at an annual general meeting

## 2. ANNUAL GENERAL MEETING

The Annual General Meeting is the company's highest decision-making body. The Board of Directors and auditors are elected at the Annual General Meeting. There, remuneration for the Board and auditor is also determined, as well as decisions on the company's income statement and balance sheet. The Annual General Meeting is prepared and conducted in such a way to create the conditions for the shareholders to exercise their rights in an active and well-informed manner.

### Annual General Meeting, 4 May 2022

The Annual General Meeting was held on 4 May 2022 in accordance with the Act (2022:121) on temporary exemptions to facilitate the conduct of general and association meetings, meaning that participation in the Annual General Meeting could also take place by postal vote. In accordance with the Nomination Committee's proposal, the meeting resolved to re-elect Annika Dalsvall, Steven Buesing, Per Fyrenius, Björn Lenander and Tomas Torlöf as ordinary members of the Board of Directors, and to elect Anna Carmo e Silva as a new member. The AGM also resolved to re-elect Tomas Torlöf as Chairman of the Board. **A B**

The AGM further resolved:

- To approve the income statement and balance sheet for the 2021 financial year and to allocate the profits for the year in accordance with the Board's proposal.
- To grant the members of the Board and the CEO discharge from liability for the 2021 financial year.
- That fees of SEK 360,000 per year for the chairman and SEK 180,000 per year per Board member should be paid. Fees of SEK 40,000 per year per member

and SEK 75,000 per year to the chairman should be paid for committee work on the audit committee. The auditor's fees should continue to be paid according to the approved hours submitted.

- That the current procedure for the Nomination Committee should not be changed.
- To approve the Board's proposal for guidelines for remuneration to senior executives, which in summary consists of a fixed salary, any variable remuneration, other benefits and a pension.
- Grant Thornton Sweden AB was re-elected as registered auditing company. **A**
- Adoption of new Articles of Association regarding the authorisation of postal voting.

## 3. NOMINATION COMMITTEE

A Nomination Committee has been appointed with the task of preparing proposals for the election of Board members and auditors and their remuneration prior to the forthcoming Annual General Meeting. The Nomination Committee consists of four members. The Nomination Committee is a body appointed by the Annual General Meeting with the task of preparing the AGM's resolutions on election and fee issues and, where applicable, procedural issues for the next Nomination Committee. The members of the Nomination Committee shall, regardless of how they are appointed, safeguard

the interests of all shareholders and not disclose what has occurred in the Nomination Committee's work in an unauthorised manner.

The Chairman of the Board shall annually, no later than the end of the third quarter, convene the four largest shareholders in the company, who then have the right to appoint one member each. If any of these shareholders declines to appoint a member, the chairman shall ask the next largest owner. However, the chairman needs to ask a maximum of the company's six largest shareholders. If, despite this, the Nomination Committee does not consist of at least four members, the Nomination Committee itself may appoint a sufficient number of members from the company's shareholders. At the inaugural meeting, the Nomination Committee shall appoint a chairman. The composition of the Nomination Committee shall be announced as soon as possible, but no later than six months before the Annual General Meeting. The Nomination Committee's term of office extends from the time of its formation until the next Nomination Committee has been convened. If there are significant changes in shareholding after the Nomination Committee has been appointed and a member was appointed by shareholders who have reduced their ownership, this member shall resign from the Nomination Committee. The Chairman of the Nomination Committee shall then approach shareholders in accordance

## NOMINATION COMMITTEE FOR THE 2023 ANNUAL GENERAL MEETING

Members <sup>1)</sup>	Appointed by	Independent <sup>2)</sup>	Proportion of votes as of 31 Dec 2022, %
<b>Chair<sup>2)</sup></b>			
Tomas Torlöf	Trulskom Förvaltning AB	Yes/No	13.4 %
<b>Members</b>			
Patrik Jönsson	SEB fonder	Yes/Yes	9.4 %
Steven Buesing	Collins Aerospace, Inc.	Yes/Yes	9.0 %
Jonathan Schönback	ODIN fonder	Yes/Yes	8.8 %
			<b>40.6 %</b>

1) The Swedish Code of Corporate Governance states, among other things, that Board members may be members of the nomination committee, but shall not constitute a majority of the nomination committee members. CTT's Nomination Committee consists of four members, two of whom were Board members in 2022.

2) The Nomination Committee appointed Tomas Torlöf as Chairman of the Nomination Committee, which deviates from the rules in the Swedish Code of Corporate Governance as he is also the Chairman of the Board. The Nomination Committee's reasoning behind this is that Tomas Torlöf is the company's largest shareholder in terms of votes and is well suited to lead the Nomination Committee's work in an effective manner to achieve the best results for all the company's shareholders.

3) Independent in relation to the company and executive management/to the largest shareholder

with the above principles. Changes in the ownership structure occurring after 15 February shall not lead to any change in the composition of the Nomination Committee.

In addition to an inaugural meeting, the Nomination Committee shall hold four further meetings. In addition, the Nomination Committee shall gather information about the Board's work through individual interviews with all Board members.

In its evaluation process, the Nomination Committee shall give special consideration to the need for versatility and breadth in terms of industry knowledge, industrial experience and expertise in responsibility for results, strategic development, sustainability work and international conditions. The Nomination Committee considers rule 4.1 in the Swedish Code of Corporate Governance (the "Code") as a diversity policy. The CTT Nomination Committee strives to prioritise greater diversity on the Board. The company's shareholders have been informed that proposals for Board members can be submitted via e-mail. No such proposals have been received.

Evaluations show that the current members of the Board have the required competence and experience and that it has good knowledge and understanding of the company's operations. The Board has solid experience from the aviation industry, strategic work

and business development as well as the recruitment of executives to small and medium-sized companies. The majority of the Board members hold senior positions with (i) responsibility for results and (ii) work in an international context and (iii) have experience with sustainability work as an integral part of the business process. All in all, the Nomination Committee is able to state that the Board members have the necessary commitment and that the work of the Board has functioned well. The Nomination Committee considers that the Board is not in need of renewal. More information can be found in the Nomination Committee's motivated statement, which is available for download in Swedish ("Valberedningens motiverade yttrande") at www.ctt.se. For information about the Board members, see the Board section in the company's annual report.

#### 4. THE BOARD AND ITS WORK IN 2022

The Board is ultimately responsible for how the company is organised and for the management of the company's affairs. Reporting from company management on the business and its economic and financial status is provided regularly at Board meetings, through reports to the Board and where necessary. The CEO and the Chairman of the Board conduct continuous dialogue about the business. The

Board also monitors how internal control is working.

The division of work between the Board, the Chairman of the Board and the CEO is clarified in written instructions to the CEO, CEO instructions, and the Board's rules of procedure, which the Board adopts annually at the statutory Board meeting immediately after the Annual General Meeting. The aim of these documents is to ensure the development of the company and to meet the Board's need for information and control of operating activities.

Following the election at the Annual General Meeting, the Board consisted of six members. The company's CEO and CFO attend Board meetings as rapporteurs. Below is a presentation of the work of the Board in 2022.

The Board has made an internal evaluation of the work of the CEO and the Board: Evaluation of the Board's work in 2022 has taken place through BoardClic system support and interviews with individual Board members under the auspices of the Nomination Committee during November 2022 and follow-up discussion and reporting, as well as a dedicated meeting in February 2023. The Chairman of the Board made an oral presentation of the results of the evaluation to the Nomination Committee. Evaluation of the CEO for 2022 took place at a dedicated meeting in February 2023, with information from BoardClic.

#### DECEMBER

**Budget meeting:** Budget 2023, market & current situation report, organisation & personnel, follow-up on strategy meeting, financing decisions, policy overview, sustainability

#### OCTOBER

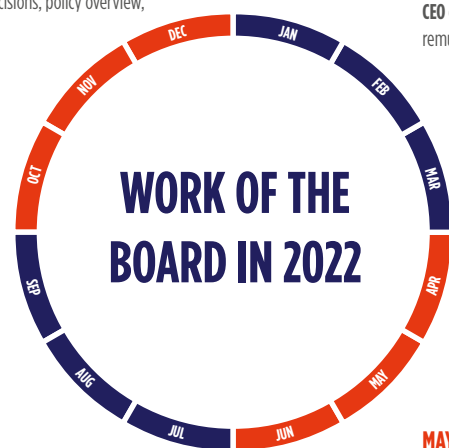
**Report meeting:** Interim report, market & current situation report, organisation & personnel, report from the committees, agreements entered into, follow-up of audit, meeting calendar 2023-2024

#### SEPTEMBER

**Strategy meeting:** Create growth, protect the aftermarket, partnerships, risks, sustainability, innovation and business optimisation

#### JULY

**Report meeting:** Interim report, market & current situation report, organisation & personnel, agreements entered into, report from the committees



#### FEBRUARY

**Report meeting:** Year-end report, market & current situation report, organisation & personnel, agreements entered into, report from the committees, follow-up of audit, dividend proposal and sustainability

**CEO evaluation:** Evaluation of the CEO, decision on variable remuneration to the CEO, CEO targets for 2022, Board evaluation

#### MARCH

**Annual Report & Notice of Annual General Meeting:** Approval of annual report & notice material

#### APRIL

**Report meeting:** Interim report, market & current situation report, report from the committees, organisation & staff, agreements entered into

#### MAY

**Annual General Meeting & Statutory Board Meeting:** Rules of procedure for the Board, CEO instructions, company signatories, election of audit committee & remuneration committee, special audit function (internal audit)

#### COMPOSITION OF THE BOARD

Board members <sup>1)</sup>	Nationality	Elected in	Born	Board fees <sup>2)</sup>	Committee fees <sup>3)</sup>	Independent <sup>3)</sup>	Attendance <sup>4)</sup>	
							Board meetings <sup>5)</sup>	Audit Committee
<b>Chair</b>								
Tomas Torlöf	Swedish	2013	1967	350,000		yes/no	9/9	
<b>Members</b>								
Annika Dalsvall	Swedish	2013	1958	170,000	70,000	yes/yes	9/9	5/5
Per Fyrenius	Swedish	2018	1965	170,000		yes/yes	9/9	
Björn Lenander	Swedish	2018	1961	170,000	37,500	yes/yes	8/9	5/5
Steven Buesing	American	2018	1974	170,000		yes/yes	5/9	
Anna Höjer <sup>6)</sup>	Swedish	2020	1968	35,000	7,500	yes/yes	3/3	2/2
Anna Carmo e Silva <sup>6)</sup>	Swedish	2022	1977	135,000	30,000	yes/yes	5/5	2/2

1) Qualifications and other commitments are shown on pages 78-79

2) Fees refer to payments during the financial year, which are decided by the Annual General Meeting

3) Independent in relation to the company and executive management/to the largest shareholder

4) Attendance refers to meetings during the period in 2022 when the member was elected to the Board/committee

5) As the Board also constitutes a remuneration committee, no separate figures are presented for the remuneration committee's meetings.

6) Anna Höjer resigned on 31 March 2022, and Anna Carmo e Silva took office on 4 May 2022

#### 5. AUDIT COMMITTEE

The Audit Committee examines the most significant accounting policies applied in the company in terms of financial reporting as well as significant changes to the reporting principles. The tasks of the audit committee also include reviewing reports on internal controls and the processes for financial reporting. The Audit Committee reports to the Board after each meeting. All audit committee meetings are minuted and these minutes are available to all Board members and to the auditors.

The auditors attend the Audit Committee's meetings on a number of occasions during the year. CTT's CFO and Chief Accountant participate in the committee's meetings as rapporteurs. The auditors report annually on their review of internal controls at an audit committee meeting. The auditors' reports in 2022 have not prompted any specific action from the Audit Committee or the Board. The company's interim report for the third quarter of 2022 has been reviewed by the company's auditors.

#### 6. REMUNERATION COMMITTEE

At CTT, the Board appoints a remuneration committee, as the company employs a relatively small number of people and is of limited complexity. The preparation and procedures currently applied to remuneration are appropriate and the Board as a whole is involved. The committee evaluates the ongoing and completed programmes for variable remuneration applicable to company management during the year and also monitors and evaluates the application of the

"Guidelines for remuneration to senior executives" for 2022, which were adopted at the Annual General Meeting.

Issues of remuneration and other terms of employment pertaining to the CEO are prepared by the Chairman of the Board, who also represents the Remuneration Committee in remuneration negotiations. Decisions on these issues are made by the Board as a whole. Remuneration and other terms of employment for other senior executives are negotiated and agreed with the CEO.

#### Guidelines for remuneration to senior executives

The objective of CTT's remuneration policy for senior executives is to offer compensation that aims to attract, motivate and retain qualified expertise at CTT.

Remuneration to the CEO and other senior executives shall be market-based and consist of a fixed basic salary, variable remuneration, a pension and in some cases other benefits. The CEO's remuneration is set by the Chairman of the Board and subsequently approved by the Board. Senior executives means the CEO and other members of the management team. In 2021, a new cash-based programme for long-term goal-oriented variable remuneration was established for the Deputy CEO and Head of Sales. The new CEO was included in this programme in 2022. Beyond this, the guidelines remain unchanged compared to the previous year.

The total annual cost of variable remuneration (including provision for the profit-sharing foundation)

at the company, excluding the cost of variable remuneration to the CEO, and any outcomes of long-term target-driven variable remuneration (as set out below), amounts to a maximum of 10% of profits before tax, subject to the proviso that it may not exceed 30% of the dividend to the company's shareholders approved by the Annual General Meeting or 25% of total basic salary for all employees of the company. For the CEO, variable performance-based remuneration is paid in accordance with pre-set targets, to a maximum of six months' pay. For every other senior executive, variable remuneration can amount to a maximum of two months' pay per year. Payment of the variable remuneration intended for key persons and the CEO is conditional on this being invested in CTT shares which are to be retained for an agreed period. In addition, the Deputy CEO and the Head of Sales and Marketing may receive variable performance-based remuneration when certain long-term targets are met. This remuneration is not pensionable but can be exchanged for pension.

The total cost of the entire variable remuneration programme for the financial year is reserved in the financial statements and paid out after the Annual General Meeting has approved the profits and balance sheet and appropriation of the company's profit.



**VARIABLE REMUNERATION 2022**

Type of compensation – Recipient	Cost ceiling 2022 (SEK million)	Share of profit (%) <sup>1)</sup>	Reserved amount (SEK million)	Share of profit (%) <sup>1)</sup>
Variable remuneration – Senior executives (excluding CEO)	2.3	2.5 %	1.8	1.9 %
Variable remuneration – CEO	2.3	2.5 %	0.9	0.9 %
Long-term incentive program <sup>2)</sup>	6.8	7.3 %	0.0	0.0 %
Profit-sharing foundation – All employees	7.0	7.5 %	7.0	7.5 %
		<b>19.8 %</b>		<b>10.4 %</b>

1) Share of profit before tax and before provision for variable remuneration.

2) During the period 2021–2024, the costs may amount to a maximum 12 months' pay for those covered by the programme.

**7. CEO AND EXECUTIVE MANAGEMENT**

The CEO leads and ensures that the business is conducted in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for listed companies, the Articles of Association and in accordance with targets and strategies established by the Board.

The CEO and CFO, in consultation with the Chairman of the Board, prepare the necessary information and

documentation for Board meetings, present the matters and justify their proposals on decisions.

In 2022, CTT's management included the CEO, Deputy CEO, CFO, Head of Sales, Head of Development, Head of Quality and Personnel, Head of Production and the Head of the CTT-Bribo Division. The roles of Production Manager and Head of Bribo Division were merged into one area of responsibility during the year.

**9. AUDITOR**

At the Annual General Meeting on 4 May 2022, the meeting resolved in accordance with the Nomination Committee's proposal that Grant Thornton Sweden AB be elected as the company's auditing company, with Camilla Nilsson as the principal auditor for a period of one year. The company's auditors participate in a number of the audit committee's meetings each year, as well as in two Board meetings, and then make their observations about the company's internal procedures and control systems. The members of the Audit Committee and the Board then have the opportunity to ask questions.

The audit results are reported to shareholders in the form of an auditor's report which constitutes a recommendation to the shareholders prior to resolutions at the Annual General Meeting on approval of the company's income statement and balance sheet, disposition of the company's profits and discharge of liability for Board members and the CEO.

The work of the auditors includes monitoring of compliance with the Articles of Association, the

**8. INTERNAL CONTROLS**

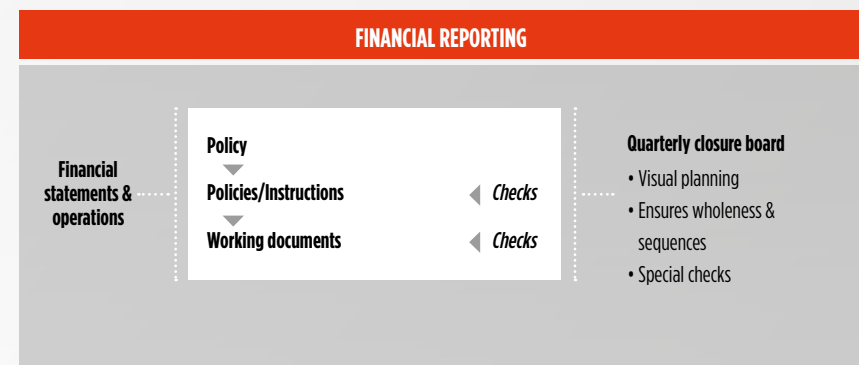
The purpose of internal control is to provide reasonable assurance regarding the reliability of financial reporting and to ensure that it is prepared in accordance with generally accepted accounting principles, applicable laws and regulations and other requirements for listed companies, and that the business as a whole meets the requirements of external parties such as regulators, customers and other stakeholders. The Board of CTT has overall responsibility for the effect of internal control at the company. The CEO is responsible for ensuring that

there are processes and an organisation to ensure internal control and the quality of financial reporting to the Board and the market. There are illustrations below of internal control at CTT in terms of financial reporting, the business as a whole and how the company obtains information to ensure compliance with laws and regulations.

**Special audit function**

CTT does not have its own special audit function (internal audit) because CTT is relatively small and has a simple

legal and operational structure and well-established management and internal control systems. The Audit Committee monitors the company's assessment of internal control, including through contact with the company's auditors. Furthermore, there have been no shortcomings in internal control in the past that would justify a change and the appointment of an internal audit. In light of the above, the Board has chosen not to have a special internal audit.



Financial reporting is based on governing policies that are broken down into procedures/instructions and then into concrete working documents, where the latter two also contain automatic and/or manual controls to continuously ensure correct management and results. A year-end board is used to collect all the steps and to ensure that the steps are carried out in the correct sequence and that ongoing checks are carried out.



To ensure compliance with applicable laws and regulations, information is regularly gathered from a number of different parties, each with expertise in their respective fields.

Companies Act and the Annual Accounts Act, issues concerning the valuation of items in the balance sheet, monitoring of significant accounting processes and governance and financial control.

**10. OTHER**

**Risk analysis**

CTT's operations are affected by a number of risks affecting on CTT's earnings and financial position. When assessing the future development of CTT, it is important to assess opportunities for earnings growth weighed against these risks. The risk factors that are most important for the future development of CTT are described in the directors' report in the annual report under the heading Risks. The policy of CTT's management is to take into account the influence of these risks on decisions made. CTT works very closely with the company's auditors in order to identify risks at an early stage. The auditors conduct an annual review of the internal risk mitigation procedures, and report on this both in writing and orally to the Board.

**Articles of Association**

The Articles of Association set out, among other things, the company's activities, the number of directors and auditors, how the general meeting is to be convened, what business is to be covered at the annual general meeting and where the meeting is to be held.

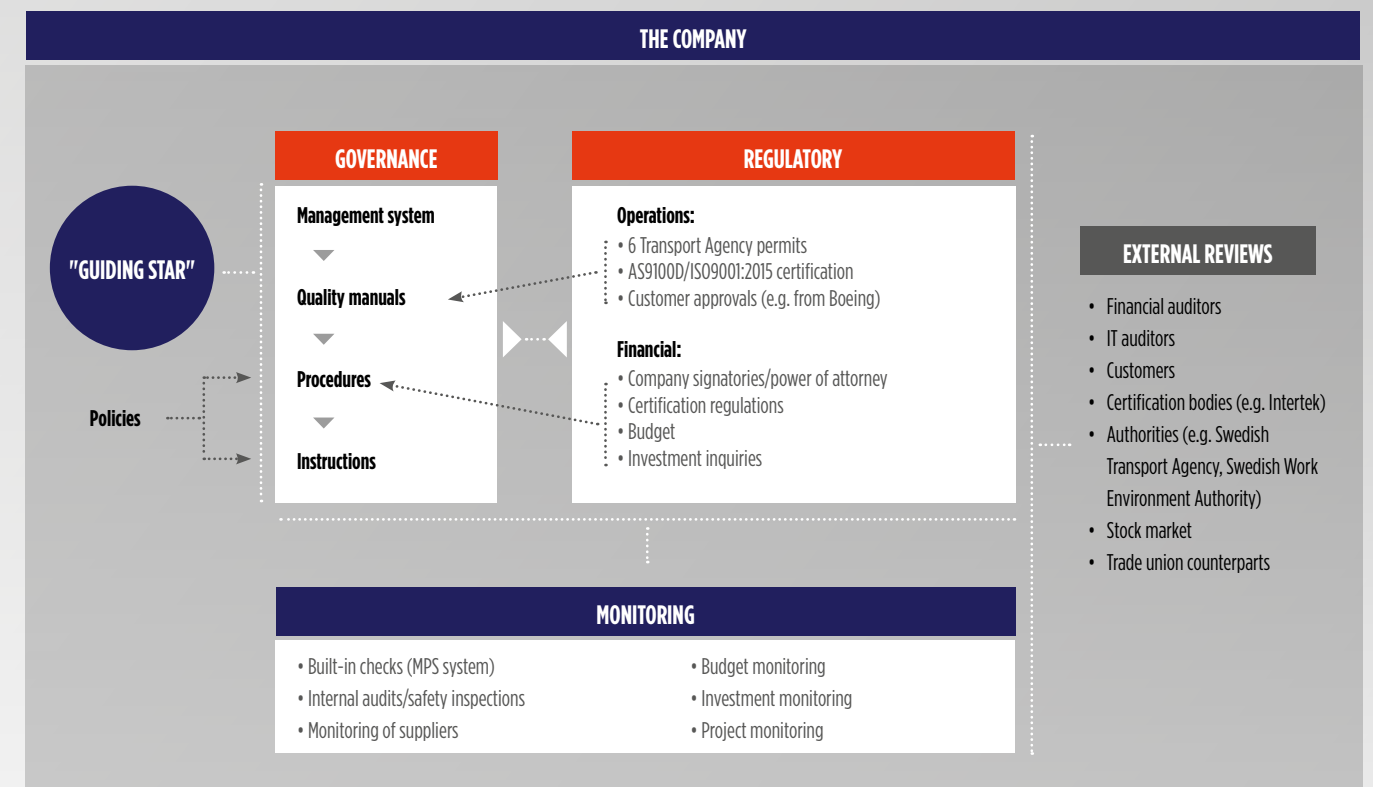
**Information and communication**

The company's information to shareholders and other stakeholders is provided via the annual report, year-end report and interim reports, press releases and the company's website, www.ctt.se.

The website also contains financial reports and press releases for recent years, as well as information on corporate governance. Internal information and external communication are governed at an overarching level in the information policy established by the Board.

CTT's external accounting materials and Investor Relations (IR) must be seen to be open, reliable, easily-available and quick. Quality is a key word, but the

publication of information must also be cost-efficient. The information must meet market and customary requirements. The distribution of press releases, interim reports and year-end reports, along with other regulated external public communications, published in accordance with Nasdaq Stockholm's regulations for issuers and the EU Market Abuse Regulation, takes place through Modular Finance AB. Through them, information reaches the stock exchange, the Financial Supervisory Authority, the media, banks, rating agencies, major shareholders and major customers and suppliers quickly and simultaneously.



Internal control of business operations is based on governing and regulatory elements. The governing elements consist of the management system which is broken down into quality manuals, procedures, instructions and policies. The regulatory elements consist partly of external permits/approval, and partly of internal rules and guidelines determined by the Board. To ensure compliance with these elements, there are a number of monitoring internal activities and follow-ups. In addition, a number of independent external parties carry out regular reviews of the business and the various aspects of the management system.

# SENIOR EXECUTIVES



## HENRIK HÖJER

CEO, born 1966.

**Education:** Master of Science in Industrial and Management Engineering, Linköping University.

**Previous experience:** Senior positions at SAAB AB within JAS 39 Gripen, including Programme Manager, 1992–2010.

CEO of SAAB Training Systems AB 2010–2016.

CEO of RJAG Simulation & Training AG (Switzerland), 2016–2022.

CEO of CTT Systems AB from April 2022.

**Number of shares in CTT:** 5,000

**Number of options in CTT:** 8,000

**Number of related party shares in CTT:** 1,737

## MARKUS BERG

CFO & Head of Sustainability, born 1980.

**Education:** Master of Business Administration, Master's degree in International Economics, Södertörn University, 2004.

**Previous experience:** Business Controller, SSAB Grovplåt 2004–2007, Controller Manager, SSAB Grovplåt 2007–2010, Chief Controller, SSAB Produktion EMEA 2010–2011, Head of Strategy, SSAB Oxelösund 2011–2014, Chief Controller, Telia Fiber Business 2014–2016, Head of Finance, Teracom AB 2016–2021.

CFO of CTT Systems AB from July 2021.

**Number of shares in CTT:** 1,625

**Number of options in CTT:** 0

**Number of related party shares in CTT:** 0

## OLA HÄGGFELDT

CCO, born 1969

**Education:** Master of Science in Engineering, Royal Institute of Technology, 1994.

**Previous experience:** Scania (Development Engineer) 1994–1995, Freudenberg (KAM Automotive) 1995–1997, Siemens Components (KAM Automotive) 1997–2000, Emerson Network Power (Director Nordic, GM M. East & N. Africa, MD Europe) 2000–2009, Delta Electronics (OEM Director) 2009–2010, NorthStar (Director EMEA, VP OEM, VP SEA & China) 2010–2020.

CEO of CTT Systems AB from 2020.

**Number of shares in CTT:** 4,293

**Number of options in CTT:** 0

**Number of related party shares in CTT:** 0

## PETER LANDQUIST

VP Senior Advisor Sales, born 1958.

**Education:** Industrial-technological programme, high school 1976.

**Previous experience:** Production and design, AB Nyge Aero 1986–1993. Head of Design, CTT Systems AB 1993–1998. Technical Manager 1998–2004. Technical Sales 2004–2006. Head of Aftermarket 2006–2011. Head of sales, marketing and aftermarket 2011–2014. Head of Sales and Marketing from 2015.

VP Senior Advisor Sales at CTT Systems from 2020.

**Number of shares in CTT:** 7,333

**Number of options in CTT:** 0

**Number of related party shares in CTT:** 2,760

## TORLEIF NILSSON

Director of Engineering, born 1960.

**Education:** High school, mechanical engineering 1980.

**Previous experience:** Calculation engineer, durability at JAS39 Gripen, Saab AB, 1982–1998. Appointed Chief Engineer in Aircraft Systems Durability in 1990. Section Head, System Strength in the Weapons Integration & Structural Engineering department, Saab Aerosystems 1999–2007. Development Manager at CTT Systems from 2007.

**Number of shares in CTT:** 3,415

**Number of options in CTT:** 0

**Number of related party shares in CTT:** 0

## TONY ROSENDAL

Director of Production, born 1967.

**Education:** Mechanical Engineering programme, high school 1987.

**Previous experience:** Planning, purchasing and production manager, Ogo AB 1988–2000. Production Manager, Mönsterås Metall AB 2000–2008. CEO, Bribo Mekaniska AB 2008–2016. Head of CTT-Bribo division at CTT Systems AB from 2017–2022.

Production Manager for the whole of CTT Systems from August 2022.

**Number of shares in CTT:** 13,232

**Number of options in CTT:** 450

**Number of related party shares in CTT:** 0

## MARIA WESTER

Director of Quality & HR, born 1966.

**Education:** Electronics and telecoms programme, high school. University degree in business administration from Örebro University. Studies in quality technology at MDH. Diploma in personnel administration.

**Previous experience:** Project management/sales, Trade Motion 1988–1989, technical/financial assistant Burndy AB/FCI 1990–1995. Quality and human resources manager at Framatome Connectors Sweden AB 1995–1999. Head of Quality at CTT Systems AB 1999–2005.

Quality and Human Resources Manager at CTT Systems from 2005.

**Number of shares in CTT:** 5,401

**Number of options in CTT:** 0

**Number of related party shares in CTT:** 0

Torbjörn Johansson was CEO until 31 March 2022

Stefan Hammar was Head of Production in Nyköping until 31 August 2022

Trulscor Förvaltning AB (TFAB) has undertaken to issue call options to the management team of CTT, conditional upon the purchase of shares in CTT. For each CTT share purchased, executives will be offered the right to purchase two options from TFAB at market conditions. This commitment is time-limited until July 2023 and is capped at 20,000 options per person. In total, this means that up to 140,000 options can be issued with an exercise price of SEK 225 and with a term until the end of 2025/beginning of 2026. The call options are non-dilutive for other CTT shareholders



# BOARD



	<b>TOMAS TORLÖF</b>	<b>PER FYRENIUS</b>	<b>ANNIKA DALSVALL</b>	<b>ANNA CARMO E SILVA</b>	<b>STEVEN BUESING</b>	<b>BJÖRN LENANDER</b>
<b>Role and year of birth</b>	Chairman, born 1967.	Board member, born 1965.	Board member, born 1958.	Board member, born 1977.	Board member, born 1974.	Board member, born 1961.
<b>Qualifications</b>	Master of Science in Mechanical Engineering, Royal Institute of Technology.	Master of Science in Mechanical Engineering, Royal Institute of Technology.	MSc in Economics, Uppsala University.	Master of Science in Engineering, Chalmers University of Technology.	Masters of Business Administration from the University of Iowa and Certified Public Accountant (CPA).	Master of Science in Engineering, Royal Institute of Technology.
<b>Nationality/elected</b>	Swedish/2013	Swedish/2018	Swedish/2013	Swedish/2022	American/2018	Swedish/2018
<b>Other roles</b>	Board member of Trulscom Förvaltning AB, Trulscom Aktiebolag, Pelago Venture Partners AB, M2J Holding AB. Board member of CTT since 2013. Chairman of the Board of CTT since 2014.	Vice President Corporate Development, Toyota Material Handling Europe AB. Board member of Toyota Material Handling Logistics Solutions AB. Board member of CTT since 2018.	Head of Contracts, Scandinavian Airlines System. Board member of CTT since 2013.	Senior Vice President Strategy and Corporate Management Scania CV AB. Board member of CTT since 2022.	VP & Controller at Collins Aerospace. Board member of CTT since 2018.	CEO, Latour Industries AB. Chairman of the Board at Aritco Group AB, Deniq AB, LSAB Group AB, MS Group AB, Latour Future Solutions AB. Board member at CTEK AB, Caljan A/S, VEGA Srl, Vimec Srl. Board member of CTT since 2018.
<b>Work experience and other information</b>	More than 25 years of experience in starting and developing technology companies as an active owner. Shareholder in CTT since 1995. Second largest owner 2001-2014. Largest owner since 2014.	Member of the European management team for Toyota Material Handling with responsibilities including strategy. Former CEO of the Group's Swedish marketing company and before that active in the then ITT Flygt. Many years of operational experience in areas including sales and aftermarket.	Many years of experience from the aviation industry in procurement and negotiation.	Scania Group since 2002.	Former Vice President and CFO of the Interior Division at Collins Aerospace. Prior to that, Vice President and CFO of the Avionics Division and Head of Investor Relations at Rockwell Collins. Wide knowledge of the aviation industry and financial management.	CEO of Latour Industries AB. More than 25 years of experience in leading positions in international industry.
<b>Attendance <sup>1)</sup></b>						
Board meetings	9/9	9/9	9/9	5/5	5/9	8/9
Audit committee meetings			5/5	2/2		5/5
<b>Independent in relation to</b>						
The company and executive management	yes	yes	yes	yes	yes	yes
Major owners	no	yes	yes	yes	yes	yes
<b>Remuneration and holdings <sup>2)</sup></b>						
Board fees	350,000	170,000	170,000	135,000	170,000	170,000
Committee fees			70,000	30,000		37,500
Number of shares in CTT	Owns 1,678,336 shares in CTT through Trulscom Förvaltning.	Owns 1,090 shares in CTT.	Owns 250 shares in CTT.	-	Owns 400 shares in CTT.	Owns 500 shares in CTT with related parties.

1) Attendance refers to meetings during the period in 2022 when the member was elected to the Board/committee

2) Fees refer to fees paid during the financial year, which were decided at the 2021 and 2022 Annual General Meetings

Anna Höjer was a member of the Board until Henrik Höjer took office on 1 April 2022. Attended 3/3 board meetings



**AUDITOR**  
**Camilla Nilsson**

Authorised Public Accountant, Grant Thornton Sweden AB. Auditor of the company since 2018.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year 2022

All amounts in SEK million unless otherwise stated

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## NOTE 1 GENERAL INFORMATION

CTT Systems AB (publ.), co. reg. no. 556430-7741, was formed in 1991 and is based in Nyköping, Sweden. CTT is a Mid Cap company listed on Nasdaq Stockholm since March 1999.

CTT's main activities involve the development, manufacture and sale of equipment that actively regulates humidity in aircraft.

This annual report was approved for issuance by the Board on 30 March 2023. The company's income statement and balance sheet will be subject to approval at the Annual General Meeting on 4 May 2023.

### EXTERNAL RISKS AND UNCERTAINTIES

The risks in the company's operations can generally be divided into operational risks related to business activities and financial risks related to financial activities. CTT continuously monitors risks and mitigation activities to counteract negative consequences for the company.

The COVID-19 pandemic that struck the world in early 2020 had a major impact on earnings and cash flow, mainly in 2020 and 2021. In 2022, after two years of lockdown and travel restrictions, the company has started to recover and grow in the aftermath of the pandemic.

In early 2022, CTT focused in particular on the war in Ukraine and CTT's business in Russia, where we continuously monitored and evaluated the direct and indirect financial impact of the war on CTT. The subsequent high inflation and interest rate situation have affected CTT, of course, but not significantly during the year.

There have been no significant changes in material risks or uncertainties (including climate) during the year, but CTT continues to have an unusually one-sided currency impact since virtually all sales are in USD. The company has chosen not to use forward hedging of the USD, but is endeavouring to make purchases and bank loans in USD. Major changes in the USD/SEK exchange rate will result in significant currency effects.

A detailed description of CTT's risks, uncertainties and their management can be found on pages 62–66 of the company's annual report for 2022.

## NOTE 2 ACCOUNTING AND VALUATION POLICIES

### Compliance with applied regulations and the going-concern principle

The company's annual report has been prepared in accordance with the Swedish Annual Accounts Act (AAA) and in accordance with IFRS, with the exceptions and additions specified in the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for legal entities". RFR 2 requires the company to apply all EU endorsed standards and pronouncements of the IASB and IFRIC in its annual accounts as far as possible within the framework of the AAA and taking into account the relationship between accounting and taxation. The financial statements have been prepared on the condition that the company conducts operations on a going concern basis.

CTT Systems AB does not prepare consolidated financial statements because the subsidiary CTT Systems Inc. in the USA is dormant and of minor significance, with the result that no consolidated financial statements need to be prepared in accordance with Chapter 7:3 a of the AAA.

### Standards, changes to and interpretations of accounting principles

#### *New and updated standards, changes and interpretations applied from 2022*

Certain changes that came into force on 01 January 2022 and which have therefore begun to be applied this year have not had any significant impact on the company's earnings and position.

#### *Standards, changes and interpretations concerning existing standards which have not yet entered into force and which have not been applied prematurely by the company*

As of the date of approval of these financial statements, certain new standards, changes to and interpretations of existing standards that have not yet entered into force on the balance sheet date have been published by the IASB. These have not been applied prematurely by the company.

The Board of Directors and CEO assume that all relevant statements will be included in the company's accounting principles when they enter into force. New standards, changes and clarifications that have not been applied are not expected to have a significant impact on the company's financial reports.

### Background for compiling the report

Assets and liabilities have been valued at historical acquisition values unless otherwise stated below. Receivables and liabilities in foreign currency have been converted using the exchange rate on the balance sheet date.

Preparing reports in accordance with IFRS requires management to make assessments and estimates and to make assumptions that affect the application of the accounting principles and the reported amounts in the income statements and balance sheets.

### Important estimates and assessments for accounting purposes

The items in the income statements and balance sheets that are significantly affected by management assessments are income from profit recognition agreements (included in net sales, see Note 3), inventories (Note 16), warranty commitments (Note 25) and intangible (Note 9-11) and tangible fixed assets (note 12-14) where depreciation plans are based on assessments of service life. See more information on accounting principles regarding the above items below.

### Revenue recognition

#### *Revenue recognition at a certain time*

In the case of the company's new sales and spare parts sales of products, it is not the company's job to install the products, as this is taken care of by the customers. Revenues



from new sales and spare parts sales are reported when CTT's role has been performed and control of the product has been transferred to the customer, which is upon delivery of the product. Revenue is reported as the amount CTT expects to be entitled to in exchange for the transfer of promised goods to a customer, where the transaction price is stated in the agreement with the customer. CTT has no variable remuneration in its agreements with customers.

The transaction price is due for payment in accordance with the agreement with the customer. CTT's payment terms to customers vary between 30 and 90 days.

For sales of systems for private jets and other profit recognition projects, revenue is recognised over time, see below.

#### Revenue recognition over time

When selling systems for private jets and other profit recognition projects, the development, manufacture and adaptation of the systems last for a longer period of time. In principle, the systems are sold exclusively at a fixed price and the company reports revenue on these assignments as the work is carried out, i.e. when the company's commitments have been fulfilled. When calculating earned profit, the degree of completion has been calculated as incurred expenses as of the balance sheet date in relation to total estimated expenses for completion of the assignment.

Reported revenues and associated contract receivables for profit recognition agreements reflect the best estimate of the outcome and the degree of completion of commitments for each agreement. This includes an assessment of the profit in ongoing customer agreements. With regard to more complicated assignments, there is significant uncertainty when assessing the costs for completion and profitability, which is also taken into account in revenue recognition.

The transaction price is due for payment in accordance with the agreement with the customer. CTT's payment terms to customers vary between 30 and 90 days.

#### Receivables, liabilities and cash and cash equivalents in foreign currency

Monetary assets and liabilities in foreign currency have been converted using the exchange rate on the balance sheet date. Non-monetary assets and liabilities are converted using the exchange rate at the time of acquisition. The company mainly makes its purchases in SEK, with a small element in USD and European currencies, while products are mainly sold in USD, with a small element in SEK and EUR.

#### Inventories

Inventories are valued according to the lowest value principle, i.e. the lower of acquisition value and net sales value. The acquisition value includes all expenses attributable to the manufacturing process, along with the appropriate share of associated manufacturing costs, based on normal capacity. The acquisition value is calculated according to the first-in-first-out principle. The net sales value is the estimated price for which the product can be sold according to normal business conditions, less any applicable sales costs that can be directly attributed to the sales transaction.

For each balance sheet date, a calculation is made of the net sales value of the inventory, taking into account the most reliable information available. Future sales values may be affected by future technology and other market-driven changes that may reduce future sales prices.

#### Segment reporting

The internal reporting by the Board is at the aggregate level of the company. For revenue distribution and other segment information, see Note 3.

#### Receivables

Receivables are assessed on an individual basis and included as the expected amount to be paid.

#### Property, plant and equipment

Self-generated intangible assets consist of capitalised expenses for development work. For these, depreciation normally takes place over 5 years from when the asset is taken into use. Ongoing development regarding the capitalisation of capitalised development costs for the Boeing 777X and New Zonal Dryer projects has not yet been completed, and therefore depreciation has not started. Planned depreciation for the Boeing 777X is production-dependent for a maximum of 10 years. For the New Zonal Dryer project, the presumed depreciation is 10 years. Licences represent licences purchased for development work and have been depreciated based on production rates. The licence was fully depreciated in 2020 and scrapped in 2021.

Property, plant and equipment are initially reported at acquisition value or manufacturing costs, including expenses to get the asset on site and in a condition to be used in accordance with the intentions of the investment. The acquisition value includes the purchase price and other directly attributable expenses such as expenses for delivery, handling, installation, assembly, legal fees and consultancy services. The acquisition value of self-manufactured property, plant and equipment also includes indirect manufacturing costs. Short-term inventories and inventories of lesser value are expensed on an ongoing basis.

On each balance sheet date, a review is made of current assessments of service lives of depreciable assets. The uncertainty in these assessments is due to technological obsolescence that may change the use of the assets.

Tangible and intangible fixed assets are depreciated systematically based on their estimated useful life. The following depreciation periods have been applied.

Intangible assets	2022	2021
Capitalised expenses for development work	5-10 years	5-10 years
Licences	Production dependent	
Other intangible assets	5-10 years	5-10 years

Licences are written off based on deliveries, known as production-dependent depreciation.

Property, plant and equipment	2022	2021
Buildings	10-100 years	10-100 years
Facilities on the ground	20-40 years	20-40 years
Machinery and other technical facilities	3-10 years	3-10 years
Equipment, tools and installations	3-10 years	3-10 years
- Including Improvement fees on leased property	5 years	5 years
- Including Computer equipment	3-5 years	3-5 years

#### Research and Development

Expenses for development, where the results are used to produce new or improved products, are reported as an asset in the company's balance sheet. This also presupposes that the product is expected to be technically and commercially viable and that CTT has sufficient resources to complete development and then use or sell the intangible asset.

The carrying amount includes all directly attributable expenditure to create, produce and prepare the asset for use in the manner intended by management, such as expenditures for materials and services and payment to employees. Other development expenses are reported in the income statement as development costs when they arise.

In the company's balance sheet, capitalised expenses for development work are reported at acquisition value less accumulated depreciation and any write-downs as intangible fixed assets.

Depreciation starts on the month in which the asset is completed and taken into use.

The company recognises provisions for the development fund within restricted equity with the same amount capitalised during the year as an intangible asset relating to its own capitalised development work.

#### Impairment

The reported values of the company's fixed assets are checked annually to determine whether there are indications of impairment. Reported value is tested at least once a year or more frequently if an indication of a decline in value has been identified. Each impairment test calculates the recoverable value of the asset. Recoverable value refers to the higher of an asset's net sales value and value in use. Impairment of assets occurs when the carrying amount exceeds the recoverable amount.

To assess the need for impairment, the recoverable amount for each asset or cash-generating unit is calculated based on expected future cash flows using an appropriate interest rate to be able to discount the cash flow. There are uncertainties in assumptions about future cash flow and the determination of an appropriate discount rate.

#### Leasing

The company applies the exemption in RFR 2 and reports the leasing fees as an expense on a straight-line basis over the leasing period. Right of use and lease liabilities are not reported in the balance sheet. Leasing agreements mainly consist of leased premises, computers and cars.

#### Provisions

Provisions for product warranties, loss-making contracts or other claims are recognised when the company has a legal or informal obligation as a result of a past event and it is probable that an outflow of financial resources will be required and the amounts can be reliably estimated. The timing or amount of this outflow may still be uncertain.

Provisions are valued at the estimated amount required to settle the existing liability, based on the most reliable information available on the balance sheet date.

#### Warranty commitments

The company normally provides a 36-48 month warranty on its products.

Provisions for future warranty commitments are calculated on sales for the period. The size of the provision is calculated as 3% of the sales price of OEM systems for new platforms, 1% of spare parts and repairs, 0% of consumables and a certain aspect of sales in addition to the core business, and 1% or 2% of all other sales. The size of this provision is based on the historical amount of warranty costs.

#### Borrowing costs

Borrowing costs that are directly attributable to ongoing investments in qualifying assets are capitalised in the balance sheet. No loans directly related to investment projects were taken out and therefore no capitalisation has taken place, either in 2022 or in 2021.

#### Remuneration to employees

##### Pensions

Post-employment pension benefits are paid through ongoing payments to external parties, who thereby assume the obligations towards the employees.

CTT has both defined-contribution and defined-benefit pension plans.

The company's obligations in terms of contributions to both defined-contribution and defined-benefit pension plans are recognised as an expense in the income statement as the right to the pension is earned through service.

The pension plan for a pension commitment to the company's CEO is secured through an endowment insurance policy with an external company. The value of this obligation is calculated on an actuarial basis.

##### Defined-contribution pension plans

Fixed contribution (defined-contribution) pension plans are classified plans where the size of the employee's pension depends on the contributions (premiums) that the company pays to the plan and the return on capital earned by the contributions.

##### Defined-benefit pension plans

A defined-benefit pension plan means that an employee is guaranteed a pension corresponding to a certain percentage of salary.

The pension plan in accordance ITP2 is secured through insurance with Alecta and is therefore reported as a defined contribution plan. CTT does not have access to such information allowing it to report this plan as a defined benefit plan.

##### Compensation in the event of termination

A cost for employee termination benefits is recognised if the company is obliged to terminate an employee's employment before the standard date.

##### Short-term benefits

Short-term benefits to employees are calculated without discounting and are reported as an expense in the period when the related services are received. A provision is reported for the expected cost of variable remuneration where CTT has an obligation to make such payments as a result of services received from employees.

##### Share-based compensation

CTT has no outstanding options or ongoing option programs enabling employees to acquire shares in the company below fair value.

#### Financial assets and liabilities

Financial instruments recognised in the balance sheet on the asset side include cash and cash equivalents, accounts receivable and other receivables (financial assets).

The liability side mainly consists accounts payable and loan liabilities (financial liabilities).

A financial asset or liability is recognised in the balance sheet when the company becomes party to the contractual terms of the instrument. Accounts receivable arise when goods have been delivered and the risk has passed to the customer. Debt is recognised when the counterparty has delivered and there is a contractual obligation to pay, even if the invoice has not yet been received.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or the company loses control of them. The same applies to parts of financial assets. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise ceases to exist. The same applies to parts of financial liabilities.

The company has only one category of financial assets and liabilities, which is accrued acquisition value. Items that fall into this category are as follows:

- *Other non-current receivables*  
Endowment insurance policies fall into this category.
- *Accounts receivable*  
Accounts receivable are financial assets that are not derivatives with fixed or determinable payments and that are not listed in an active market. Assets in this category are valued at accrued acquisition value. Accrued acquisition value is determined on the basis of the effective interest rate calculated at the time of acquisition. Accounts receivable are reported at the amount that is expected to be received, i.e. after deductions for expected credit losses.
- *Other receivables*
- *Cash and cash equivalents*  
Cash and cash equivalents, corresponding to the balance sheet item Cash at bank and in hand, consist of cash, cash equivalents and short-term bank deposits. The short-term deposits can easily be converted into known amounts of cash and the risk of changes in value is insignificant.
- *Other financial liabilities*  
CTT's loan liabilities and accounts payable belong to this category.

**Taxes**

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss or, if an underlying transaction is recognised directly in equity, the related tax effect is also recognised in equity.

Current tax is tax to be paid or received for the current year, applying the tax rates that have been decided or in practice decided on the balance sheet date. This also includes the adjustment of current tax attributable to previous periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and the taxable values of assets and liabilities. Deferred tax is calculated by applying the tax rates that have been decided or in practice decided on the balance sheet date.

Deferred tax assets in respect of deductible temporary differences and tax loss carry-forwards are recognised only to the extent that it is probable that they will be recovered.

**NOTE 3 NET SALES AND OTHER OPERATING INCOME****NET SALES**

CTT has chosen to divide net sales between the product areas System Sales, Spare Parts and Maintenance and Other Sales of Goods. Sales are divided further within each product area, see below.

<b>Breakdown of net sales by product area</b>	<b>2022</b>	<b>2021</b>
<b>System Sales</b>		
OEM	20.2	24.7
Retrofit	-	7.6
Private jet	20.5	9.7
<b>Total</b>	<b>40.7</b>	<b>42.0</b>
<b>Spare parts and maintenance</b>		
Aftermarket	186.9	98.6
<b>Total</b>	<b>186.9</b>	<b>98.6</b>
<b>Other sales of goods</b>		
Sales in addition to the core business activities	13.0	10.7
<b>Total</b>	<b>13.0</b>	<b>10.7</b>
<b>Total</b>	<b>240.6</b>	<b>151.2</b>
Of which revenue recognition projects that are recognised over time.	20.2	7.6
<i>Other income is recognised at a certain point in time, i.e. on delivery.</i>		

<b>Geographical breakdown of net sales</b>	<b>2022</b>	<b>2021</b>
Sweden	14.9	11.4
USA	68.4	48.2
Denmark	92.0	53.5
Rest of the world	65.2	38.2
<b>Total</b>	<b>240.6</b>	<b>151.2</b>

In 2022, 77 % (73) of CTT's total sales revenue was attributable to three customers: Boeing, CTT's customer for the A350 programme and our largest distributor to airlines, which accounted for 30 % (29), 9 % (9) and 38 % (36), of the company's sales revenue respectively. It should be noted that these revenues are mainly attributable to deliveries to the Boeing 787 programme, and that our end customers at distributor level are a large number of airlines. The remaining proportion of sales revenue was distributed between customers who each accounted for less than 10% of the company's sales revenue.

Of the 2022 opening value of the balance sheet item "Earned but not invoiced income", SEK 3.8 million, 91%, was invoiced in 2022. The remaining 9% will not be invoiced as it relates to a project closed in advance. The balance sheet item "Invoiced but not earned income" had no opening value in 2022.

The balance sheet item "Advance payment from customers" relates to three contractual customers where revenue is expected to be recognised in 2023. In addition, there is one contractual customer where revenue is expected to be recognised after 2023. The latter relates to a small part, 12%, of the balance sheet item.

**OTHER OPERATING INCOME**

<b>Other operating income</b>	<b>2022</b>	<b>2021</b>
Exchange rate gains	16.0	10.8
Items affecting comparability <sup>1)</sup>	-	9.1
Other	0.5	0.2
<b>Total</b>	<b>16.5</b>	<b>20.1</b>

<sup>1)</sup> Items affecting comparability from the OEM segment, which had in 2021 a positive effect on other operating income of SEK 9.1 million.

**NOTE 4 OTHER EXTERNAL COSTS AND OTHER OPERATING EXPENSES****OTHER EXTERNAL COSTS****Audit costs**

The item Other external costs includes fees to the auditor, see the specification below.

<b>Fees to auditor (SEK thousand)</b>	<b>2022</b>	<b>2021</b>
<b>Grant Thornton Sweden AB</b>		
Audit work	667	807
Auditing activities in addition to auditing work	199	171
Tax advice	28	69
<b>Total</b>	<b>894</b>	<b>1,047</b>

"Audit assignment" refers to the statutory audit of the annual accounts and financial statements and of the management of the Board of Directors and the CEO, as well as audits and other reviews carried out in accordance with an agreement or contract. This includes tasks to be carried out by the company's auditor along with advice or other assistance resulting from observations made during such a review or the performance of such other tasks.

Audit activities in addition to the audit assignment relate to quality assurance services such as a general review of the interim report.

Tax advice refers to services relating to taxation.

**Operational leasing costs**

The figure for Other external costs includes leasing fees of SEK 6.6 million (6.2), of which rental costs for leased premises amount to SEK 4.5 million (4.3). Total remaining leasing fees amount to SEK 18.3 million (19.6), of which rental costs for leased premises amount to SEK 16.3 million (17.0). These are due for payment as below:

<b>Leasing fees</b>	<b>2022</b>	<b>2021</b>
<b>Maturity period:</b>		
Within 1 year	5.8	5.0
Later than 1 year but within 5 years	12.5	14.6
Later than 5 years	-	-
<b>Total</b>	<b>18.3</b>	<b>19.6</b>

**OTHER OPERATING EXPENSES**

<b>Other operating expenses</b>	<b>2022</b>	<b>2021</b>
Exchange rate losses	9.6	3.3
<b>Total</b>	<b>9.6</b>	<b>3.3</b>

**NOTE 5 PERSONNEL**

	<b>2022</b>	<b>2021</b>
<b>Average number of employees</b>		
Women	22	20
Men	50	56
<b>Total</b>	<b>72</b>	<b>76</b>
<b>Board</b>		
Women	2	2
Men	4	4
<b>Total</b>	<b>6</b>	<b>6</b>
<b>Executive management and CEO</b>		
Women	1	1
Men	8	8
<b>Total</b>	<b>9</b>	<b>9</b>

<b>Personnel costs (SEK thousand)</b>	<b>2022</b>	<b>2021</b>
<b>Salaries and other remuneration</b>		
Salaries, fees and benefits	42,284	40,319
Pension costs	5,579	5,514
Allocation for the profit-sharing foundation	5,645	1,219
<b>Total salaries and other remuneration</b>	<b>53,508</b>	<b>47,053</b>
<b>Social expenses</b>		
Social expenses (including special payroll tax) on salaries, fees, benefits and pension costs	14,115	14,098
Special payroll tax on allocation to profit-sharing foundation	1,370	296
<b>Total social expenses</b>	<b>15,485</b>	<b>14,393</b>
Other personnel costs	102	93
<b>Total personnel costs</b>	<b>69,095</b>	<b>61,539</b>



## Salaries and other remuneration 2022 (SEK thousand)

	Board fees	Audit committee fee	Other remuneration to the Board	Basic salary	Variable remuneration	Benefits	Pensions	Allocation for the profit-sharing foundation	Total
<b>Chairman of the Board:</b>									
Tomas Torlöf	350	-	-	-	-	-	-	-	350
<b>Other Board members:</b>									
Steven Buesing	170	-	-	-	-	-	-	-	170
Anna Carmo E Silva	135	30	-	-	-	-	-	-	165
Annika Dalsvall	170	70	-	-	-	-	-	-	240
Per Fyrenius	170	-	-	-	-	-	-	-	170
Anna Höjer	35	8	-	-	-	-	-	-	43
Björn Lenander	170	38	1	-	-	-	-	-	209
<b>Employees:</b>									
CEO, Torbjörn Johansson	-	-	-	1,088	167	30	112	21	1,417
CEO, Henrik Höjer	-	-	-	1,676	500	65	649	62	2,950
Other senior executives	-	-	-	7,717	1,319	425	2,240	549	12,249
Other employees	-	-	-	27,878	-	74	2,579	5,014	35,545
<b>Total</b>	<b>1,200</b>	<b>145</b>	<b>1</b>	<b>38,359</b>	<b>1,985</b>	<b>593</b>	<b>5,579</b>	<b>5,645</b>	<b>53,508</b>

## Salaries and other remuneration 2021 (SEK thousand)

	Board fees	Audit committee fee	Other remuneration to the Board	Basic salary	Variable remuneration	Benefits	Pensions	Allocation for the profit-sharing foundation	Total
<b>Chairman of the Board:</b>									
Tomas Torlöf	320	-	-	-	-	-	-	-	320
<b>Other Board members:</b>									
Steven Buesing	140	-	-	-	-	-	-	-	140
Annika Dalsvall	140	55	-	-	-	-	-	-	195
Per Fyrenius	140	-	-	-	-	-	-	-	140
Anna Höjer	140	30	-	-	-	-	-	-	170
Björn Lenander	140	30	-	-	-	-	-	-	170
<b>Employees:</b>									
CEO	-	-	-	2,142	231	129	664	17	3,182
Other senior executives	-	-	-	7,452	384	408	2,235	116	10,596
Other employees	-	-	-	28,311	-	127	2,615	1,086	32,140
<b>Total</b>	<b>1,020</b>	<b>115</b>	<b>-</b>	<b>37,905</b>	<b>615</b>	<b>664</b>	<b>5,514</b>	<b>1,219</b>	<b>47,053</b>

## Fees and remuneration to Board members

Remuneration is paid to the chairman and members of the Board in accordance with the decision of the Annual General Meeting. Fees are also paid for audit committee work.

## Salary and other remuneration to the CEO

Remuneration to the CEO consists of basic salary, variable remuneration, benefits, pension insurance and a provision for the profit-sharing foundation. The CEO's salary is set by the chairman of the Board after negotiations with the CEO and is subsequently approved by the Board.

## Salaries and remuneration to other senior executives in the company

Other senior executives consist of the company's executive management team, which as of 31/12/2022 consisted of seven people (8).

## Agreement on future pensions

The CEO and CTT both have the right to invoke a pension for the CEO at the age of 67. The pension is defined contribution and in addition to paid pension premiums, there

are no additional pension obligations. The pension for other senior executives is defined contribution and follows the ITP plans, or alternatively includes provisions on a par with ITP. In addition to paid pension premiums, there are no additional pension obligations. CTT has taken out pension insurance for each person and CTT's obligation is limited to payment of the agreed premium during the period of employment.

## Termination and severance pay

The CEO has an agreement allowing for severance pay if the executive leaves their position at the company's request. Severance pay, including termination pay, amounts to one year's salary. Contractual terms apply to other senior executives.

## Variable remuneration and allocation to the profit-sharing foundation

Variable remuneration is maximised and related to the operating profit and in some cases sales achieved. Provisions for the profit-sharing foundation are made in accordance with uniform rules where all employees, including the CEO, are treated equally. The amount allocated to the profit-sharing foundation may change in connection with the company's Annual General Meeting. The total amount for variable remuneration has been

reserved in the financial statements and is paid out after the Annual General Meeting. For aspects of variable remuneration where the condition for the remuneration is that CTT shares shall be acquired, the receiving party shall make the share acquisitions during the period immediately following the Annual General Meeting. There are no other specific agreements on variable remuneration in addition to salary, bonus schemes, profit-sharing plans, retirement age or future pension for the CEO or other senior executives. See the table below for amount limits linked to bonus programmes and the profit-sharing foundation. See the corporate governance report for further information.

Variable remuneration and allocation to the profit-sharing foundation	CEO	Other senior executives	All employees
Maximum cost of the company's profit before tax (%)	2.5	2.5	7.5
<i>(however, a maximum of a total of 30% of the decided dividend)</i>			
Maximum compensation at individual level (proportion of annual salary)	6/12	2/12	2/12
<i>(for the profit-sharing foundation, the average monthly salary of all employees applies as a ceiling)</i>			

## NOTE 6 TAX

	2022	2021
<b>Tax for the year</b>		
Current tax	-17.5	-3.7
<b>Total</b>	<b>-17.5</b>	<b>-3.7</b>
<b>Reconciliation of effective tax</b>		
Profit before tax	83.9	17.9
Tax cost 20.6%	-17.3	-3.7
<b>Tax effect of tax adjustments:</b>		
Other tax adjustments	-0.3	0.0
<b>Total</b>	<b>-17.5</b>	<b>-3.7</b>

## NOTE 7 PROFIT FOR THE YEAR

	2022	2021
<b>Profit for the year has been affected by</b>		
<b>the following currency differences:</b>		
Exchange rate difference on receivables and liabilities of an operating nature	6.4	7.5
Exchange rate difference on receivables and liabilities of a financial nature	-6.5	-7.5
<b>Total</b>	<b>0.0</b>	<b>0.0</b>

## NOTE 8 EARNINGS PER SHARE

Earnings per share have been calculated as the profit for the year divided by the average number of shares outstanding during the period. The average number of shares was 12,529,443 (12,529,443). As there are no outstanding warrants, no dilution has been calculated.

## NOTE 9 CAPITALISED EXPENSES FOR DEVELOPMENT WORK

	31/12/2022	31/12/2021
<b>Initial acquisition values</b>	<b>104.4</b>	<b>100.2</b>
Capitalised expenditure for the year	6.2	8.4
Write-downs <sup>1)</sup>	-	-4.3
<b>Closing accumulated acquisition values</b>	<b>110.5</b>	<b>104.4</b>
<b>Initial depreciations</b>	<b>-29.3</b>	<b>-28.3</b>
This year's depreciations	-1.9	-1.0
<b>Closing accumulated depreciation</b>	<b>-31.2</b>	<b>-29.3</b>
<b>Closing planned residual value<sup>2)</sup></b>	<b>79.4</b>	<b>75.1</b>

1) Items affecting comparability from the OEM segment that have affected write-downs negatively by SEK 4.3 million.  
2) Residual value specified per development project.

	2022	2021
<b>Tax for the year</b>		
Current tax	-17.5	-3.7
<b>Total</b>	<b>-17.5</b>	<b>-3.7</b>
<b>Reconciliation of effective tax</b>		
Profit before tax	83.9	17.9
Tax cost 20.6%	-17.3	-3.7
<b>Tax effect of tax adjustments:</b>		
Other tax adjustments	-0.3	0.0
<b>Total</b>	<b>-17.5</b>	<b>-3.7</b>

3) Depreciation has not started because ongoing development has not yet been completed. The planned depreciation period is production-dependent for a maximum of 10 years.

4) Depreciation has not started because ongoing development has not yet been completed. The estimated depreciation period is 10 years.

Capitalised assets for the year of SEK 6.2 million (8.4) consisted of development work primarily linked to the New Zonal Dryer and Boeing 777X projects. Of the accumulated acquisition values, SEK 67.6 million (63.3) relates to ongoing development projects. In addition to the capitalised expenses, SEK 2.3 million (3.8) of expenses for testing and development have also been expensed on an ongoing basis.

## NOTE 10 LICENCES

	31/12/2022	31/12/2021
<b>Initial acquisition values</b>	<b>-</b>	<b>9.9</b>
Disposals	-	-9.9
<b>Closing accumulated acquisition values</b>	<b>-</b>	<b>-</b>
<b>Initial depreciations</b>	<b>-</b>	<b>-9.9</b>
This year's depreciations	-	-
Disposals	-	9.9
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>-</b>
<b>Closing planned residual value</b>	<b>-</b>	<b>-</b>

In the autumn of 2013, a license agreement was entered into with Nord Micro regarding the development of control units for larger Cair systems. License costs amount to SEK 10.0 million. The agreement entailed an obligation to purchase a certain number of units within a 5-year period and depreciation takes place upon each delivery of a unit, known as the production-dependent depreciation method. In 2018, the licence agreement expired and the debt to Nord Micro was repaid in full. The licence was fully depreciated in 2020 and scrapped in 2021.

## NOTE 11 OTHER INTANGIBLE ASSETS

	31/12/2022	31/12/2021
<b>Initial acquisition values</b>	<b>4.9</b>	<b>4.9</b>
Purchases	0.3	-
<b>Closing accumulated acquisition values</b>	<b>5.2</b>	<b>4.9</b>
<b>Initial depreciations</b>	<b>-4.1</b>	<b>-3.8</b>
This year's depreciations	-0.3	-0.3
<b>Closing accumulated depreciation</b>	<b>-4.4</b>	<b>-4.1</b>
<b>Closing planned residual value</b>	<b>0.8</b>	<b>0.8</b>

## NOTE 12 LAND AND BUILDINGS

	31/12/2022	31/12/2021
<b>Initial acquisition values</b>	<b>30.8</b>	<b>30.8</b>
Purchases	0.0	-
<b>Closing accumulated acquisition values</b>	<b>30.8</b>	<b>30.8</b>
<b>Initial depreciations</b>	<b>-5.0</b>	<b>-4.4</b>
This year's depreciations	-0.8	-0.6
<b>Closing accumulated depreciation</b>	<b>-5.9</b>	<b>-5.0</b>
<b>Closing planned residual value</b>	<b>24.9</b>	<b>25.7</b>
Of which land	0.4	0.4
Of which land facilities	1.0	1.1

## NOTE 13 MACHINERY AND OTHER TECHNICAL FACILITIES

	31/12/2022	31/12/2021
<b>Initial acquisition values</b>	<b>19.5</b>	<b>19.4</b>
Purchases	0.2	0.1
<b>Closing accumulated acquisition values</b>	<b>19.6</b>	<b>19.5</b>
<b>Initial depreciations</b>	<b>-3.8</b>	<b>-1.7</b>
This year's depreciations	-2.4	-2.1
<b>Closing accumulated depreciation</b>	<b>-6.2</b>	<b>-3.8</b>
<b>Closing planned residual value</b>	<b>13.4</b>	<b>15.6</b>

## NOTE 14 EQUIPMENT, TOOLS AND INSTALLATIONS

	31/12/2022	31/12/2021
<b>Initial acquisition values</b>	<b>49.0</b>	<b>48.9</b>
Purchases	0.7	0.2
<b>Closing accumulated acquisition values</b>	<b>49.8</b>	<b>49.0</b>
<b>Initial depreciations</b>	<b>-42.3</b>	<b>-39.3</b>
This year's depreciations	-2.6	-3.1
<b>Closing accumulated depreciation</b>	<b>-44.9</b>	<b>-42.3</b>
<b>Closing planned residual value</b>	<b>4.8</b>	<b>6.7</b>

## NOTE 15 SHARES IN GROUP COMPANIES

The shares below refer to holdings in the dormant subsidiary CTT Systems Inc., USA.

	31/12/2022	31/12/2021
<b>Initial acquisition value</b>	<b>0.0</b>	<b>0.0</b>
<b>Closing book value</b>	<b>0.0</b>	<b>0.0</b>

## NOTE 16 FINANCIAL ASSETS AND LIABILITIES

The company's financial assets and liabilities that are included in the accrued acquisition value category are presented below.

	31/12/2022	31/12/2021
	Reported value	Reported value
<b>Financial assets</b>		
<b>Other long-term receivables</b>		
Endowment insurance	0.2	-
<b>Total</b>	<b>0.2</b>	<b>-</b>
<b>Accounts receivable</b>		
Accounts receivable	62.5	38.7
<b>The maximum credit risk amounts to the carrying amount</b>	<b>62.5</b>	<b>38.7</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents in SEK	54.8	45.8
Cash and cash equivalents in USD	5.3	3.5
<b>Total</b>	<b>60.1</b>	<b>49.3</b>

	31/12/2022	31/12/2021
	Reported value	Reported value
<b>Financial liabilities</b>		
<b>Other financial liabilities</b>		
Liabilities to credit institutions in USD	45.4	72.1
Accounts payable	17.9	15.4
Other current financial liabilities	0.8	1.3
<b>Total</b>	<b>64.2</b>	<b>88.9</b>

## NOTE 17 INVENTORIES

Of the total value of inventories of SEK 116 million (100) as of 31/12/2022, SEK 1.2 million (1.1) has been reserved for obsolescence. The cost of obsolescence for the year amounted to SEK 0.1 million (0.0).

## NOTE 18 ACCOUNTS RECEIVABLE

Accounts receivable entirely consist of outstanding receivables for goods delivered to customers. The company has assessed the credit quality of its receivables based on the customer's creditworthiness. Based on this assessment, provisions for doubtful accounts receivable as of 31/12/2022 amounted to SEK 1.5 million (0.4). Customer losses during the year amounted to SEK 1.1 million (0.3).

	31/12/2022	31/12/2021
<b>Age analysis of non-impaired</b>		
<b>accounts receivable</b>		
Not due	35.7	23.6
Less than 3 months	22.9	8.4
3-6 months	1.5	-
7-12 months	1.1	2.0
Over 12 months	1.3	4.7
<b>Total</b>	<b>62.5</b>	<b>38.7</b>

## NOTE 19 OTHER RECEIVABLES

	31/12/2022	31/12/2021
VAT receivables	2.6	1.8
Other	0.3	0.2
<b>Total</b>	<b>2.9</b>	<b>2.0</b>

## NOTE 20 PREPAYMENTS AND ACCRUED INCOME

	31/12/2022	31/12/2021
Prepaid rents	1.3	1.1
Prepaid insurance costs	0.3	0.3
Prepaid maintenance and licence fees	0.9	1.0
Other	0.9	1.3
<b>Total</b>	<b>3.4</b>	<b>3.7</b>

## NOTE 21 PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

Property and corporate mortgages have been pledged as security for the company's debts to credit institutions, including overdraft facilities granted. An endowment insurance policy has been taken out to secure a pension commitment to the company's CEO. There are no contingent liabilities to external parties.

	31/12/2022	31/12/2021
<b>Collateral pledged</b>		
Property mortgages	12.0	12.0
Corporate mortgages	94.5	94.5
Endowment insurance for pension commitment, CEO	0.2	-
<b>Contingent liabilities</b>	<b>None</b>	<b>None</b>

## NOTE 22 OVERDRAFT FACILITY

	31/12/2022	31/12/2021
Granted credit (not used)	26.4	22.8

The company's overdraft facility consists of credit granted of USD 2,500,000 which, recalculated at the exchange rate on the balance sheet date, amounts to SEK 26,366,000.

## NOTE 23 CASH AND CASH EQUIVALENTS

The cash and cash equivalents item in the cash flow analysis corresponds to the balance sheet item Cash at bank and in hand in the balance sheet.

## NOTE 24 EQUITY

Equity consists of restricted equity and unrestricted equity. The restricted equity consists of share capital, reserve fund and fund for development expenditure. Unrestricted equity consists of profits for the year and balanced results. The item balanced results includes, in addition to balanced results, a share premium reserve.

### Restricted equity

Restricted equity may not be used for dividends.

### - Share capital

CTT share capital amounts to SEK 12,529,443 divided into 12,529,443 shares, each share with a quota value of SEK 1. All shares have equal rights to the company's assets and earnings. Each share gives entitlement to one vote.

### - Reserve fund

The purpose of the reserve fund has been to save part of the net profit to be used later to cover any losses.



– Fund for development expenditure

The amount capitalised for self-generated development expenses will be transferred from unrestricted equity to a fund for development expenses in restricted equity. The fund reduce as the capitalised expenses are written off or written down.

**Unrestricted equity**

Unrestricted equity, together with the profit for the year and retained earnings, also involves a share premium fund. Unrestricted equity is available for dividends to shareholders.

– Premium fund

The share premium fund arises when a new issue of shares is subscribed for at a premium. When the determined price of the new shares in a new issue is higher than the nominal value of the existing shares, the excess is added to the share premium fund. Up until 2020, the share premium fund was an unrestricted fund, which means that the provisions CTT has made for new issues have been unrestricted and included in unrestricted equity. From 2021, the Swedish Companies Act has been updated so that the share premium fund can either be unrestricted or restricted, or alternatively distributed between them. The remaining part, which corresponds to the nominal value, is added to the share capital item (in restricted equity).

– Balanced results

Balanced results consist of the previous year's retained earnings.

Changes in equity are shown in the Change in equity table.

## NOTE 26 MATURITY OF FINANCIAL LIABILITIES

As of 31 December 2022 and 2021, respectively, the company's financial liabilities have agreed maturities (including interest payments where applicable) which can be summarised as below.

Financial liabilities as of 31/12/2022 Due for payment as follows:	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Later than 5 years	Total
<b>Interest-bearing financial liabilities including interest rates</b>							
<i>Interest-bearing financial liabilities</i>							
Interest-bearing liabilities to credit institutions	45.4	-	-	-	-	-	45.4
<b>Total</b>	<b>45.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.4</b>
<i>Interest on financial liabilities</i>							
Interest rates	3.5	-	-	-	-	-	3.5
<b>Total</b>	<b>3.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.5</b>
<b>Total interest-bearing financial liabilities including interest rates</b>	<b>49.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49.0</b>
<b>Non-interest-bearing financial liabilities</b>							
Accounts payable	17.9	-	-	-	-	-	17.9
Other liabilities, part of	0.8	-	-	-	-	-	0.8
<b>Total non-interest-bearing financial liabilities</b>	<b>18.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.7</b>
<b>Total financial liabilities</b>	<b>67.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67.7</b>

## NOTE 25 PROVISIONS

Provisions for warranty commitments	31/12/2022	31/12/2021
<b>Opening provision</b>	<b>3.8</b>	<b>6.1</b>
Amounts claimed	-1.9	-3.3
Provision for the year	1.3	1.0
<b>Closing provision</b>	<b>3.2</b>	<b>3.8</b>

The provision for warranty commitments is expected to be utilised during the coming four-year period. Over a longer period of time, in step with increased sales and an increased number of systems under warranty, the size of the outgoing provision will increase.

Other provisions for pensions and similar obligations	31/12/2022	31/12/2021
<b>Opening provision</b>	<b>-</b>	<b>-</b>
Provision for the year	0.2	-
<b>Closing provision</b>	<b>0.2</b>	<b>-</b>

Other provisions relate to an endowment insurance policy taken out to secure a pension commitment to the company's CEO.

Other provisions – current	31/12/2022	31/12/2021
<b>Opening provision</b>	<b>-</b>	<b>-</b>
Provision for the year	0.2	-
<b>Closing provision</b>	<b>0.2</b>	<b>-</b>

Financial liabilities as of 31/12/2021 Due for payment as follows:	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Later than 5 years	Total
<b>Interest-bearing financial liabilities including interest rates</b>							
<i>Interest-bearing financial liabilities</i>							
Interest-bearing liabilities to credit institutions	1.4	6.5	32.8	31.5	-	-	72.1
<b>Total</b>	<b>1.4</b>	<b>6.5</b>	<b>32.8</b>	<b>31.5</b>	<b>-</b>	<b>-</b>	<b>72.1</b>
<i>Interest on financial liabilities</i>							
Interest rates	1.1	1.1	0.5	0.1	-	-	2.9
<b>Total</b>	<b>1.1</b>	<b>1.1</b>	<b>0.5</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>2.9</b>
<b>Total interest-bearing financial liabilities including interest rates</b>	<b>2.5</b>	<b>7.6</b>	<b>33.3</b>	<b>31.7</b>	<b>-</b>	<b>-</b>	<b>75.1</b>
<b>Non-interest-bearing financial liabilities</b>							
Accounts payable	15.4	-	-	-	-	-	15.4
Other liabilities, part of	1.3	-	-	-	-	-	1.3
<b>Total non-interest-bearing financial liabilities</b>	<b>16.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.7</b>
<b>Total financial liabilities</b>	<b>19.2</b>	<b>7.6</b>	<b>33.3</b>	<b>31.7</b>	<b>-</b>	<b>-</b>	<b>91.8</b>

Liabilities to credit institutions have variable interest rates and quarterly interest charges. Reported amounts correspond to fair value. For loans in foreign currency, the exchange rate on the balance sheet date has been used.

## NOTE 27 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31/12/2021	Cash flows New loans	Amortisation	Changes not affecting cash flow Exchange rate differences	31/12/2022
Liabilities to credit institutions	72.1	-	-33.7	7.0	45.4
<b>Total liabilities arising from financing activities</b>	<b>72.1</b>				<b>45.4</b>

## NOTE 28 ACCRUED EXPENSES AND PREPAID INCOME

	31/12/2022	31/12/2021
Accrued salaries	9.7	2.3
Holiday pay liabilities	4.5	5.2
Accrued social security charges	1.4	1.6
Accrued special payroll tax	1.3	1.3
Accrued commissions and royalties	-	0.1
Invoiced maintenance agreements	0.1	0.1
Other	2.7	1.5
<b>Total</b>	<b>19.7</b>	<b>12.1</b>

## NOTE 29 TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the financial year (0). As of 31/12/2022, there were no debts to related parties (as in the previous year).

To the extent that transactions and agreements for services with related parties are entered into, these are always entered into and performed under market conditions.

## NOTE 30 ASSET MANAGEMENT AND FINANCIAL RISK MANAGEMENT

The overall objective of the Company's financial function with respect to asset management is to ensure the Company's ability to continue as a going concern, to provide cost-effective financing of its operations and to provide secure cash management with a market return on invested funds. The overall goal of financial risk management is to mitigate the risks of a negative impact on the company's earnings. It is logical that financial investments with a low risk profile must be made. With larger risk exposure, for example for exchange rate differences, hedging can be applied. As the company has no outstanding forward hedges as of 31/12/2022, forward contracts regarding future cash flows have not been forecast.

To maintain or adjust the capital structure, the company may – for example – adjust the amount of dividends, raise new or repay existing loans, buy back shares, issue new shares or sell assets to reduce liabilities.

The company's assessed risk exposure and accompanying risk management are described below.

**Market risks***Currency risks*

The company's operations are conducted mainly in Sweden but are exposed to currency fluctuations through international sales. Purchases are mainly made in SEK, although some purchases, mainly of production materials, are made in USD. Products are sold almost exclusively in USD with only a small proportion of sales in SEK and EUR. The company's liabilities to credit institutions in USD amounted to USD 4.3 million as of the balance sheet date. The overdraft facility in USD was not utilised. A higher USD exchange rate by +10% on the balance sheet date would have had a negative impact on earnings after net financial items of USD -430,000. Also see the Directors' Report, under the heading Financial risks. For the impact on operating profit, see Note 7.

*Interest rate risks*

The company's interest rate risks refer, where applicable, to the value of holdings of interest-bearing securities and the company's financing with credit institutions. The company's financing with credit institutions is currently at a variable interest rate. Holdings of interest-bearing securities must always refer to high-liquidity securities which can be sold quickly. The company's liabilities to credit institutions are in USD and amounted to USD 4.3 million as of the balance sheet date. An interest rate one percentage point higher would mean increased annual interest expenses of USD 43,000.

*Price risks*

The company's financial instruments as of 31/12/2022 do not vary due to changes in market prices. The company's stock of raw materials and consumables, as well as finished goods, is not exposed to any significant price risk.

**Credit risks**

The company's credit risks are mainly linked to accounts receivable. Due to the close contacts that the company has with prospective customers prior to delivery, a well-founded credit assessment can be made before delivery, which also continues with ongoing monitoring of current customer relationships. The Retrofit and Private jet sales areas are judged to have a higher credit risk than other areas. In these areas, CTT takes out credit risk insurance where possible. A dominant part of accounts receivable in addition to Retrofit and Private jet is with Boeing, CTT's customer for the A350 program and our largest distributor to the airlines, with all of whom CTT has far-reaching and close relationships.

**Financing risks**

The company's financing is based on strong long-term ownership and a good relationship with the company's bank. On the balance sheet date, there was secured bank financing totalling SEK 96 million (125), of which SEK 45 million (72) was utilised. The change from the previous year consists partly of the repayment of loans and partly of an increase as a result of a weaker SEK against USD during the year, as bank financing is in USD. A covenant is in place with the company's bank specifying the management of intellectual property rights, a minimum equity ratio of 30%, the assumption of new financial liabilities, the provision of collateral and the obligation to provide information. In addition, for the majority of the unutilised part of the bank financing, there is a covenant in place which also specifies an operating margin of at least 10% over the last four quarters. CTT complied with the covenants by a good margin at the end of the year.

**NOTE 31 EVENTS AFTER THE BALANCE SHEET DATE**

No significant events have occurred after the end of the reporting period.

**NOTE 32 PROPOSALS FOR PROFIT DISTRIBUTION**

Board proposal for profit distribution	SEK
Profits available:	
Balanced profits	82,310,880
Share premium reserve	28,856,978
Profit for the year	66,319,563
<b>Total</b>	<b>177,487,421</b>
Dividend to shareholders of SEK 4.05 per share (12,529,443 shares)	50,744,244
Profit/loss carried forward	126,743,177
<b>Total</b>	<b>177,487,421</b>

In 2022, CTT paid a dividend of SEK 9,898 thousand (21,801) to its shareholders. This corresponds to a dividend of SEK 0.79 per share (1.74).

For 2023, the Board proposes a dividend of SEK 50,744 thousand (SEK 4.05 per share). As CTT's dividend must be approved by the Annual General Meeting, no liabilities in this respect are reported in the company's 2022 financial statements. There is not expected to be an effect on income tax for CTT as a result of this transaction.

The Board of Directors considers that the proposed amount of the dividend to shareholders is justified in view of the demands placed on the company by the nature, scope and risks of its activities in terms of the size of its equity capital and also in view of its consolidation needs, liquidity and position in general. Our financial position will remain strong after the proposed dividend and is deemed to be fully sufficient for the company to be able to fulfil its obligations in both the short and long term, and have the opportunity to make any necessary investments.

The Board and CEO declare that the annual accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC)

No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and on generally accepted accounting principles and give a true and fair view of the company's position and results.

The Directors' Report gives a true and fair overview of the company's business, position and performance and describes the principal risks and uncertainties that the company faces. As stated below, the Annual Report has been approved for issuance by the Board on 30 March 2023. The company's income statements and balance sheets will be subject to approval at the Annual General Meeting on 04 May 2023.

**Nyköping, 30/03/2023**

**Tomas Torlöf**  
Chair

**Steven Buesing**  
Board member

**Anna Carmo E Silva**  
Board member

**Annika Dalsvall**  
Board member

**Per Fyrenius**  
Board member

**Björn Lenander**  
Board member

**Henrik Höjer**  
CEO

Our audit report was submitted on 30/03/2023  
Grant Thornton Sweden AB

**Camilla Nilsson**  
Authorised Public Accountant



# AUDIT REPORT

To the general meeting of the shareholders of CTT Systems AB (publ.)  
Corporate identity number 556430-7741

## Report on the annual accounts

### Opinions

We have audited the annual accounts of CTT Systems AB (publ.) for the year 2022 except for the corporate governance statement on pages 70 - 79. The annual accounts of the company are included on pages 48-93 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of CTT Systems AB (publ.) as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 70 - 79. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of CTT Systems AB (publ.) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company.

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

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period.

These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts, but we do not provide a separate opinion on these matters.

#### Revenue recognition of deliveries of goods

Revenues from new sales and spare parts sales of products are reported when the performance commitment has been fulfilled and control of the product has been transferred to the customer at a certain time, which is upon delivery of the product.

Revenues for these deliveries of goods account for the majority of the revenues in the company and we therefore assessed that the revenue recognition for deliveries of goods is a particularly significant area for our audit.

For further information and description of this area, see Note 3 and accounting and valuation policies in Note 2 in the annual accounts.

#### Response in the audit

As part of our audit related to revenue recognition of deliveries of goods, we have performed a number of audit procedures. Our audit procedures included, but were not limited to, the following:

- Review, evaluation and testing of internal control to ensure that revenue recognition of deliveries of goods takes place in a timely manner and using the correct amounts.
- Data analyses regarding the completeness of reported deliveries as well as cut-off review and analytical review measures.
- Review of the valuation of the company's accounts receivable for reported income as of the balance sheet date.
- Review of information provided in the Annual Report and that this is in all material respects in accordance with the requirements of the Annual Accounts Act and IFRS.

#### Valuation of inventories

The company has significant stocks of raw materials, semi-finished products, work in progress and finished goods amounting to SEK 116.4 million. As stated in the accounting policies for Inventories, the net realisable value is calculated at each balance sheet date. As the valuation of inventory is dependent on management's judgement of net realisable value, we consider this area to be a key audit matter.

For further information and description of this area, see Note 17 and accounting and valuation policies in Note 2 in the annual accounts.

#### Response in the audit

As part of our audit related to inventory, we have performed a number of audit procedures. Our audit procedures included, but were not limited to, the following:

- Review of the company's internal control of slow-moving goods and assessments of obsolescence and net selling prices.
- Analytical review of gross profits and turnover rates.
- Review of a sample of raw material inventory items against purchase prices and evaluation of the reasonableness of product costings for work in progress and finished goods inventories.
- Review of information provided in the Annual Report and that this is in all material respects in accordance with the requirements of the Annual Accounts Act and IFRS.

### Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-47, 98-102. The remuneration report for the financial year 2022, which will be submitted after the date of this auditor's report, also constitutes of other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. 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 a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other requirements in accordance with legislation and other statutes

### REPORT ON THE AUDIT OF THE ADMINISTRATION AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

#### Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of CTT Systems AB (publ.) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of CTT Systems AB (publ.) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

#### Opinion

In addition to our audit of the annual accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for CTT Systems AB for the financial year 2022. Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of CTT Systems AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements. Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report. The audit firm applies International Standard on Quality Management 1, that requires that the company design, implement and handle a system for quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef-report is established in a valid XHTML-format and a reconciliation that the Esef report is in accordance with the audited annual accounts.

### THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 70-79 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act.

Grant Thornton Sweden AB, Kungsgatan 57, 103 94 Stockholm, was appointed auditor of CTT Systems AB (publ) by the general meeting of the shareholders on the 4 May 2022 and has been the company's auditor since before 1994.

Stockholm March 30, 2023

Grant Thorconton Sweden AB

Camilla Nilsson  
Authorized Public Accountant



# GLOSSARY

<b>ACJ</b>	Airbus Corporate Jet
<b>ATP</b>	Acceptance Test Procedure
<b>BBJ</b>	Boeing Business jet, originally based on the Boeing 737 but now also on other models
<b>BFE</b>	Buyer Furnished Equipment. Optional equipment provided by the customer/airline for assembly during aircraft manufacture
<b>Business class</b>	Cabin section for business travellers
<b>Business jet</b>	Jet aircraft configured for business travellers
<b>CAGR</b>	Compact Aggregated Growth Rate, the average annual growth over a given period expressed as a percentage
<b>C check</b>	The annual maintenance of an aircraft
<b>Checking time</b>	About a week at intervals of about 12-18 months
<b>Completion Center</b>	"Aircraft workshop" – modifies, custom furnishes VIP aircraft
<b>Crew rest areas/bunks</b>	Crew rest areas, very small area with beds
<b>CRJ</b>	Canadair Regional Jet
<b>D check</b>	Thorough inspection, maintenance and repair of fuselage, systems and (structural check) components. Performed at four to eight year intervals depending on aircraft type. Checking time about one month
<b>EASA</b>	European Aviation Safety Agency
<b>EB</b>	Engineering Bulletin
<b>FAA</b>	Federal Aviation Administration, the American aviation agency
<b>Flag carrier</b>	National airline, e.g. SAS (Sweden) or Lufthansa (Germany)
<b>Flight deck</b>	Cockpit, the pilots' workplace
<b>Hub</b>	Larger airport with feeder traffic to/from smaller airports
<b>IP</b>	Initial Provisioning, spare parts deliveries to customers (airlines) for e.g. Boeing 787 prior to delivery of the aircraft
<b>IR</b>	Investor relations
<b>Launch Customer</b>	First customer of a new aircraft system
<b>Long haul flights</b>	Long-haul flights
<b>Narrow body</b>	Aeroplane with a narrow fuselage, only one aisle (e.g. Boeing 737)
<b>OEM</b>	Original Equipment Manufacturer. When systems are developed specifically for one aircraft manufacturer and then resold by the aircraft manufacturer
<b>Pad</b>	Interchangeable moisture pad of fibre-glass structure with specially designed air ducts for CTT humidifiers
<b>Pax</b>	Passengers
<b>Pax density</b>	Passenger density, utilisation percentage of seats available on the plane
<b>Private jet</b>	Collective name for VIP and Business jet
<b>Regional Jet</b>	Jet-powered passenger planes that take between 30 and 100 passengers on shorter distances
<b>Retrofit</b>	Installation of equipment in aircraft after they have been delivered from the manufacturer (Boeing and Airbus) to the airline
<b>SFE</b>	Supplier Furnished Equipment. Optional equipment provided by the manufacturer for assembly during aircraft manufacture
<b>Short haul</b>	Short-haul flights
<b>STC</b>	Supplement Type Certificate – a certificate certifying that a system is approved by an aviation authority (EASA, FAA)
<b>TC</b>	Type certificate showing the approved basic configuration of an aircraft
<b>Test rig</b>	Test set-up for tests of humidifiers or Zonal Dryer in a laboratory environment
<b>Wide body</b>	Aircraft with a wide fuselage, two aisles (e.g. A350, A380 and Boeing 787)
<b>VIP</b>	Private Jet or Corporate Jet aircraft with exclusive interior

# SHAREHOLDER INFORMATION

## Annual General Meeting

The Annual General Meeting will take place at 5pm on Thursday, 4 May 2023 at the company's premises at Brukslagarvägen 5, Nyköping.

Shareholders who wish to participate in the meeting in person or by postal vote must:

- be entered in the share register maintained by Euroclear Sweden AB by 25 April 2023 at the latest
- notify CTT of their participation by 27 April 2023, whether participating in person or by casting their postal vote according to the instructions in the invitation to attend

For further information, please see <https://www.ctt.se/investors/corporate-governance/annual-general-meeting/>

## Nomination Committee

The role of the Nomination Committee is to prepare the election of the Chairman and other members of the Board. The election of the auditor, the election of the Chairman of the Annual General Meeting, remuneration to these and other related issues. Prior to the 2023 Annual General Meeting, the Nomination Committee consisted of Patrik Jönsson (SEB Investment Management), Steven Buesing (Collins Aerospace, Inc.), Jonathan Schönback (ODIN Fonder) and Tomas Torlöf (Trulskom Förvaltning AB) as chairman.

## Dividends

Monday, 8 May 2023 is proposed as the record date for dividends. If the Annual General Meeting makes a decision in accordance with the proposal, dividends are expected to be paid through Euroclear Sweden AB on Thursday, 11 May 2023.

## Shareholder information

For further information, please contact Markus Berg, CFO, on tel. +46(0)10 457 32 05 or via email, markus.berg@ctt.se

For more information, see: [www.ctt.se](http://www.ctt.se)

The annual report is available in digital format only, from 2022 and forward.

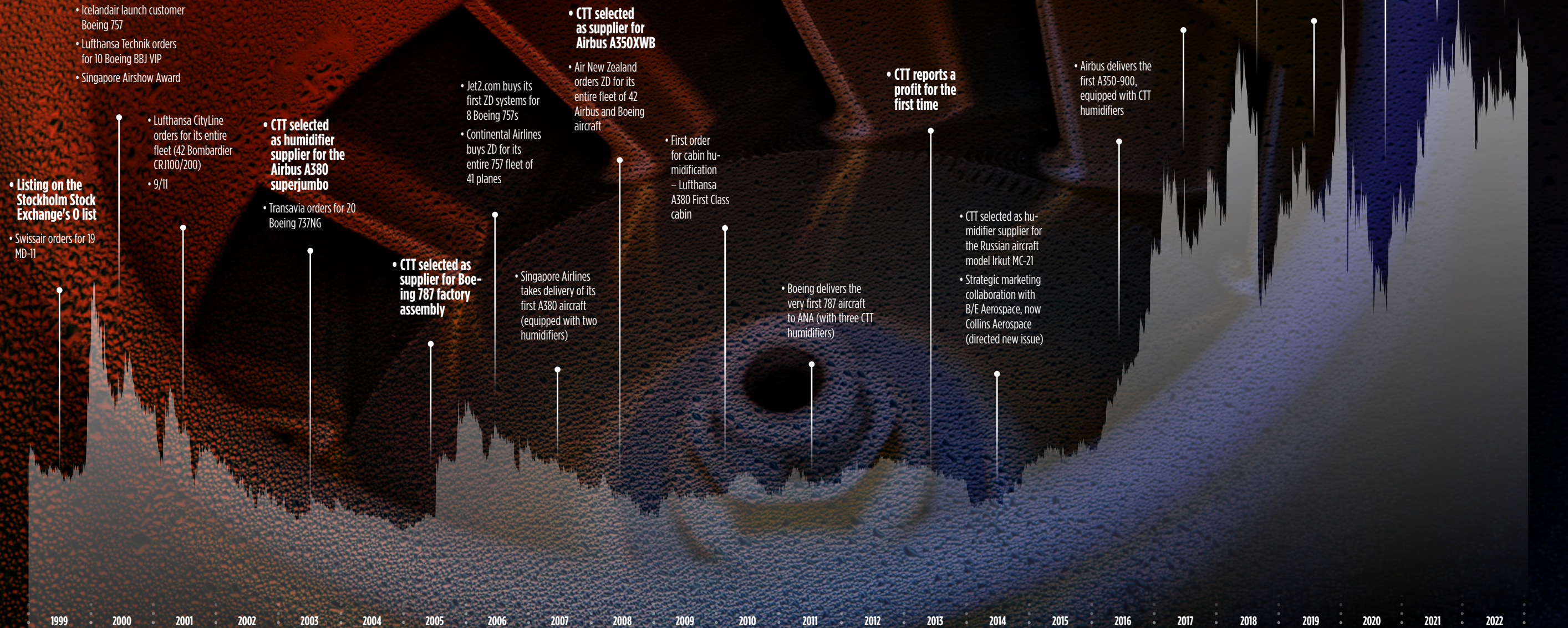
## FINANCIAL CALENDAR

Interim report, Jan–Mar	28 April 2023
Interim report, Apr–Jun	21 July 2023
Interim report, Jul–Sep	27 October 2023
Year-end report 2023	6 February 2024



# HISTORY

## SHARE DEVELOPMENTS AND IMPORTANT EVENTS IN CTT'S HISTORY







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