



CTS Global Reports 1H2022 Results

August 16, 2022

Financial Highlights:

- CTS Global booked a net income of Php 49.9 Mil for the first half of 2022, higher by 73.6% versus the previous year. The increase was largely driven by forex gains of Php 44.9 Mil as the firm was able to capitalize on the strong dollar
- 1H2022 revenues totaled Php 61.4 Mil, down 41.4%, as trading revenue / capital (ROC) reached 7.4% in 1H22 vs 25.0% in 1H21. The decline was largely due to weakness in global markets as US, HK, and PH posted negative returns of -20.6%, -6.6%, and -13.6%, respectively.
- As of June 30, 2022, the asset base increased by 139.9% to Php 2.3 Bil while the company's cash position increased by 216% to Php 1.4 Bil after the capital raising from the Initial Public Offering.

CTS Global Equity Group, Inc. reported net income of Php 49.9 Mil and revenues of Php 61.4 Mil for the first half of the year ending in June 30, 2022. Revenues decreased on lower trading gains from proprietary trading due to global equity market conditions. Margins expanded due to a leaner cost structure and foreign exchange gains. Meanwhile, total operating expenses, which are largely fixed in nature, also decreased by 6.1% YoY to Php 12.6 million. This pushed the net margins up from 27.4% in 2021 to 81.2% in 2022.

Key Performance Indicators

	1H2022	1H2021
Revenue / Capital Ratio	7.4%	25.0%
Gross Margin	47.6%	46.4%
Net Margin	81.2%	27.4%
Global Trading Revenues (in millions)	Php 28.3	Php 60.4
Local Trading Revenues (in millions)	Php 20.2	Php 37.2
Net Liquid Capital (in millions)	Php 1,946.1	Php 549.7

General Performance

The global equity markets continued to be volatile for the second quarter of 2022. For the US market, 2022 marked the worst first half performance in 50 years. Various catalysts including the Russia-Ukraine war, rising inflation, and recessionary fears have caused the equity markets to tumble. The benchmark indices of the US, Hong Kong, and the Philippines exhibited first half returns of -20.6%, -6.6%, and -13.6% respectively.

In comparison to these benchmarks, CTS Global has returned 7.4% over the same period. Breaking down the company's revenues into the markets which it operates in shows the majority of revenues coming from the global markets at 58%, while local trading revenues contributed 42% of total revenues.

The two major trends in the global markets of (1) rising commodity prices, and (2) interest rate hikes have influenced CTS Global's strategic actions. Apart from scaling global trading operations, portions of the IPO proceeds were allocated to Indonesia, a commodity-driven economy, and to government securities to capitalize on the rising rates.

This press release may contain some statements which constitute "forward-looking statements" that are subject to a number of risks and opportunities that could affect the Company's business and results of operations. Although the Company believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action, or events.