



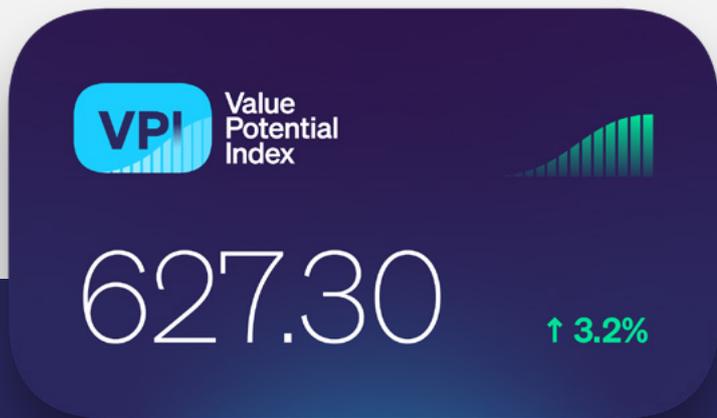
Value Potential Index

Quarterly Report
June 2021



Value Potential Index Quarterly Report June 2021

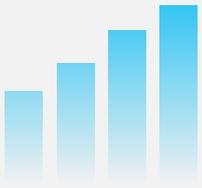
The VPI has seen heavy volatility over the last 18 months as a result of the COVID-19 global pandemic. Uncertainty is the enemy of SME's and the ongoing unpredictability of state based lock-downs has had a profound economic effect on the business sector. At the same time property prices are surging, the world share markets have hit all-time highs and several other economic indicators are showing a far greater "bounce-back" than anyone expected.



The VPI index has improved by 3.2% during the June Quarter to 627.30.



This improvement is based on:



Substantial growth in capital markets with **ASX 200**

+9.36%

during the quarter, and the **ASX Small Caps**

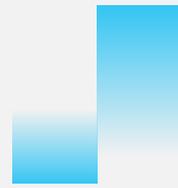
+8.19%



Improvement in **GDP**

+1.79%

and now **above pre-COVID levels.**



Increase in Capitaliz average multiples by

5.06%

Offset by an **increase of businesses** listed for sale of

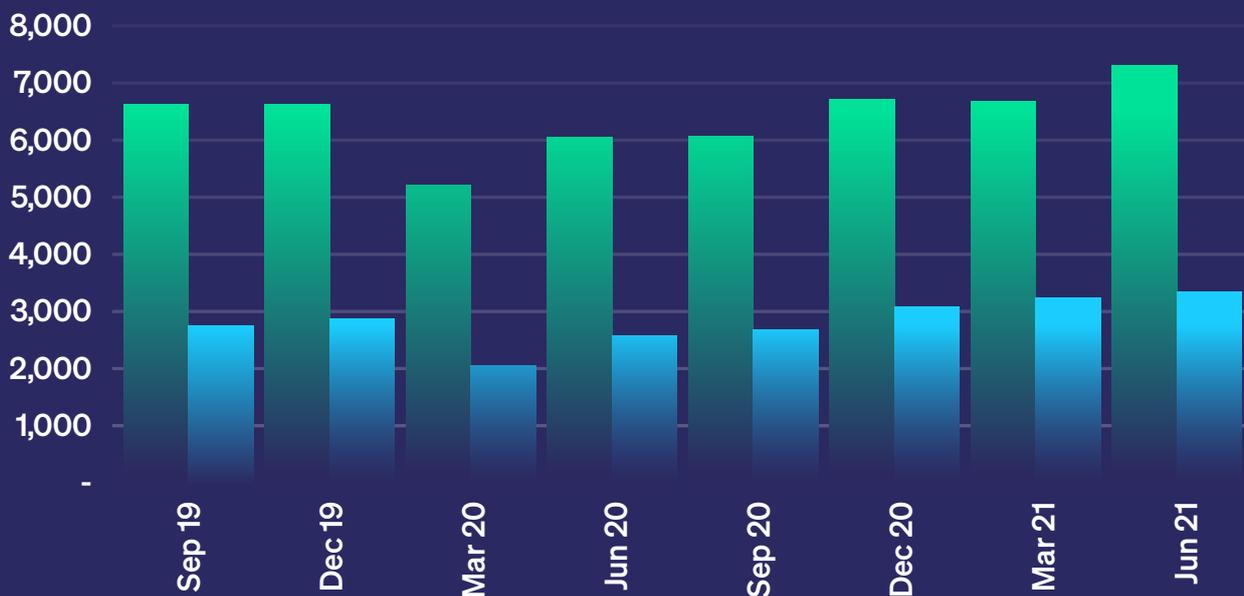
5.86%



Economic Indicators

Indicator	March 2021	June 2021	Movement
ASX 200	6,738.4	7,313	+8.53%
10 year bond rate	1.772	1.455	-17.89%
Gross Domestic Product	501,065	510,084	+1.8%
Inflation	1.1	1.2	+9.09%
Unemployment	5.6	5.3	-5.36%
\$A \$US cross rate	0.6865	0.7479	+8.94%

Equities Markets





Economic Commentary

ASX 200

The ASX 200 increased substantially during the quarter (including reaching an all-time high), starting in March at 6,738 and growing 9.36% to 7,313 in June 2021.

ASX Small Caps (XSO)

This index is the closest public market comparative measure for privately owned SME's, with market capitalization (total value) of between \$20 million and \$200 million. During the quarter this index also increased substantially by 8.19%, reaching a record high of 3,386.

10 Year Bond Rate

The Reserve Bank of Australia (RBA) 10 year bond rate is the best measure of cost of funds and reflects that fact that interest rates in Australia are at historical lows, and have been for an extended period.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of the total market value of goods and services produced in Australia each quarter. This metric shows growth of 1.8% during the quarter.

Unemployment Rate

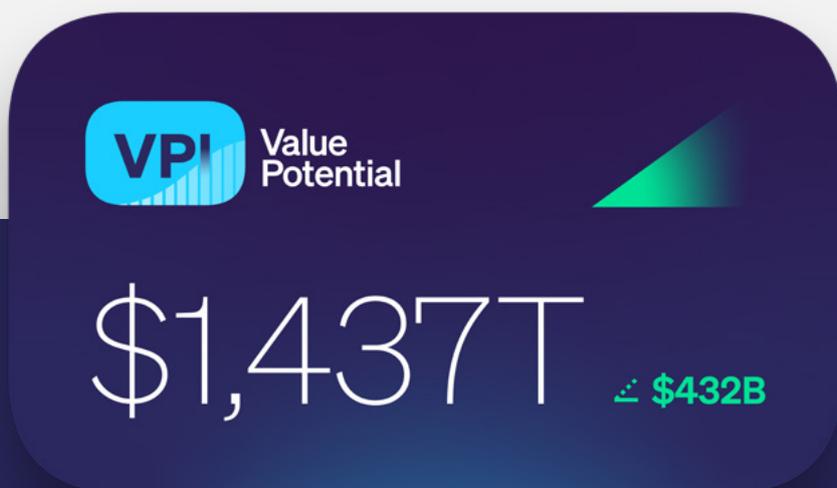
The Australian national unemployment rate reflects seasonally adjusted changes in the proportion of unemployed persons in the labour force. In line with the recovery from COVID-19 this rate fell by just over 5% to 5.36%.

Inflation Rate

The Consumer Price Index (CPI) reflects the change over time in the cost to Australian households of a fixed "basket" of goods and services.

Value Potential

As calculated by the Capitaliz VPI, the total value of Australian privately owned businesses is \$1.437 trillion (average value is \$605,079) and the value potential is currently sitting at \$432 billion (or \$182,000 per business). The value potential represents a large opportunity for Australian business owners to improve the value of their asset.



VPI™ Value Potential Index

The Capitaliz VPI is based on over 750 business valuations over twelve years where we are able to track the key metrics that drive valuations and project potential value over time, based upon implementing the recommendations from our Capitaliz Business Insights Report.

The index includes economic, industry and business based risk scores to determine the appropriate multiple and the gaps identified in the report for profit gap, benchmarking, exit readiness and attractiveness to determine the value potential.

The index is recalculated each time a new valuation is completed and updated regularly with any changes in economic factors, industry trends or business sentiment.

Use of our proprietary index allows us to accurately assess value potential for each business and determine the most appropriate actions to take in order of priority that will most affect the valuation.



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