



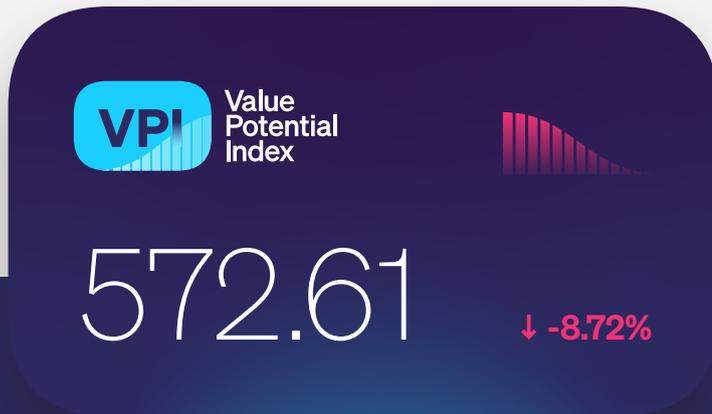
Value Potential Index

Quarterly Report
September Q3 2021



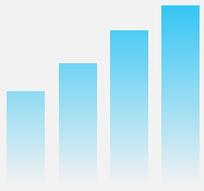
Value Potential Index Quarterly Report September Q3 2021

The VPI has declined to 572.61 (during COVID lockdowns in many areas) ongoing and unpredictable COVID lockdowns have had an ongoing effect on the SME sector. The effect has been somewhat reduced by government subsidies and support for business owners. Whilst at the same time world share markets, property prices and other indicators are far stronger than expected. This is off the back of all-time highs in June (pre the latest round of COVID lockdowns).



The VPI index has declined by 8.72% during the September Quarter to 572.61.





Capital markets are largely unchanged since end **June 2021 period**

+0.26%

increase in **ASX 200** and caps were also slightly up this quarter by

+2.74%



Decrease in **GDP**

-0.97%

but still **above pre-COVID levels.**

Slight **increase** in businesses for sale of

+2.87%

though some of these were **distressed sales period**



Decrease in Capitaliz average multiples by

-17.54%

The largest recent decrease due in large part to **COVID shutdowns.**



Economic Indicators

| Indicator | June 2021 | Sep 2021 | Movement |
|------------------------|-----------|----------|----------|
| ASX 200 | 7,313 | 7,332 | +0.26% |
| 10 year bond rate | 1.455 | 1.48 | -1.72% |
| Gross Domestic Product | 510,084 | 505,134 | -0.97% |
| Inflation | 1.2 | 0.8 | -33.33% |
| Unemployment | 5.3 | 4.6 | -13.21% |
| \$A \$US cross rate | 0.7479 | 0.7227 | -3.37% |

Equities Markets





Economic Commentary

ASX 200

The ASX 200 increased by 0.26% during the quarter, starting in July at 7,313 and growing 0.26% to 7,332 in September 2021.

ASX Small Caps (XSO)

This index is the closest public market comparative measure for privately owned SMEs, with market capitalization (total value) of between \$20 million and \$200 million. During the quarter this index also increased by 2.74%.

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 a decline of -0.97% during the quarter.

Unemployment Rate

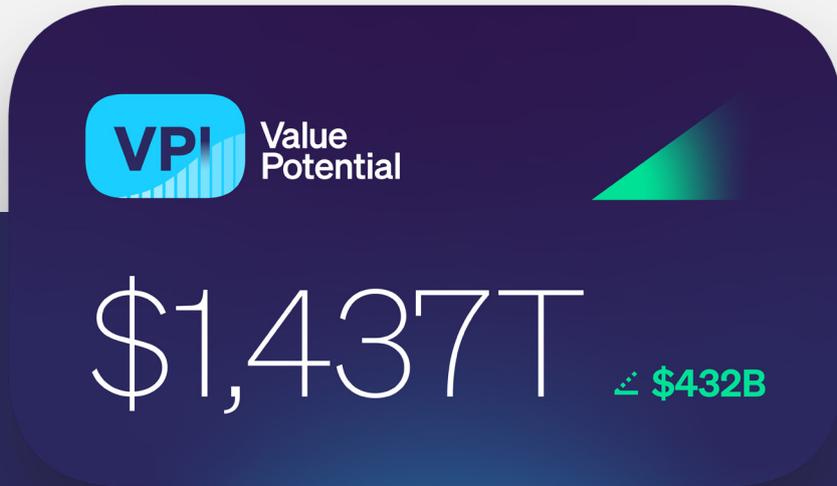
The Australian national unemployment rate reflects seasonally adjusted changes in the proportion of unemployed persons in the labour force. In line with the recovery from COVID-19. This rate decreased from 5.3% to 4.6%.

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 economic factors, industry trends, or business sentiment changes

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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