



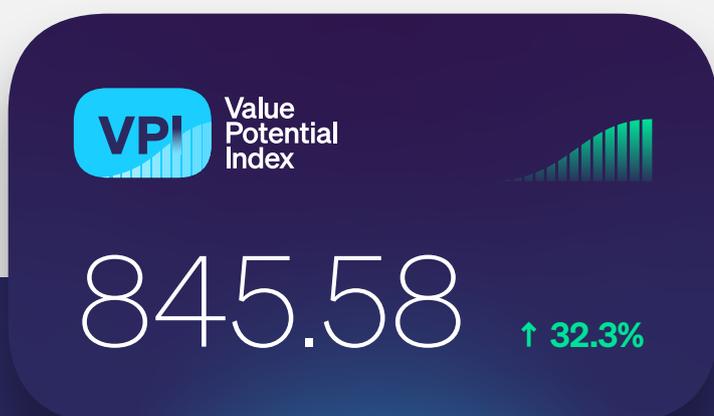
Value Potential Index

Quarterly Report
December Q4 2021



Value Potential Index Quarterly Report December Q4 2021

The VPI Index has grown by 32.3% in the December quarter, a significant jump. Inflation is at the highest it has been in recent years and Australians expect the first interest rate hike in over a decade to be imminent. A broad and deep asset appreciation effect was observed some time after the Global Financial Crisis, much of which could be attributed to the effect of colossal government stimulus joining the money supply, which tended to largely pool in assets, rather than goods and services. We believe we are seeing an echo of that asset appreciation effect, now that the COVID-19 pandemic has begun to subside and the implications of Australia's largest ever stimulus package linger.



The VPI index has increased by 32.3% during the December Quarter to 845.58.





Capital markets saw a slight increase since end September 2021 period

+1.54%

the **ASX200** and Australian small caps were also slightly up this quarter by

+1.64%



Increase in **GDP**

+3.4%

Increase in businesses for sale of

+3.43%



Increase in Capitaliz average multiples by

+15.07%



Economic Indicators

Indicator	Sep 2021	Dec 2021	Movement
ASX 200	7,332	7,445	+1.54%
10 year bond rate	1.48	1.67	+12.84%
Gross Domestic Product	505,134	522,309	+3.40%
Inflation	0.8	3.5	+16.67%
Unemployment	4.6	4.2	-8.70%
\$A \$US cross rate	0.7227	0.725	+0.32%

Equities Markets





Economic Commentary

ASX 200

The ASX 200 increased by 1.54% during the quarter, starting at 7,332 and finishing at 7,445.

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 1.64%.

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 an increase of 3.40% during the quarter.

Unemployment Rate

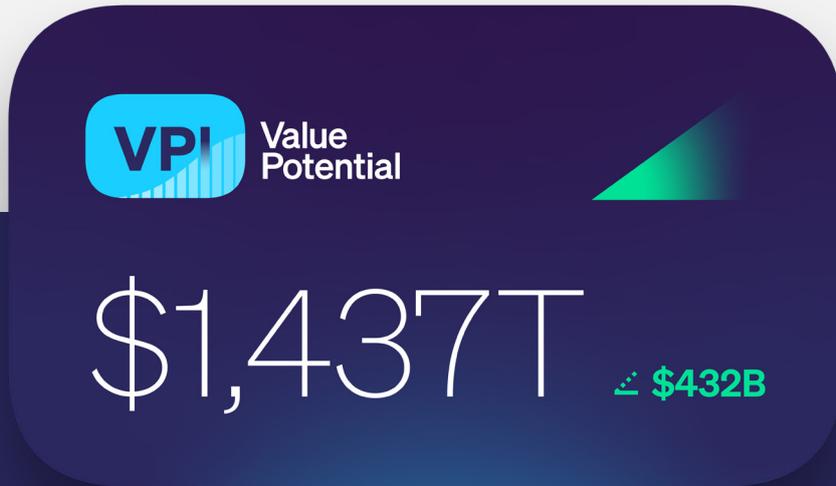
The Australian national unemployment rate reflects seasonally adjusted changes in the proportion of unemployed persons in the labour force. In line with the recovery from COVID-19. This rate decreased from 4.6% to 4.2%.

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 \$182,073 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.

Capitaliz
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