Value Potential Index

Quarterly Report
March Q1 2025

Capitaliz

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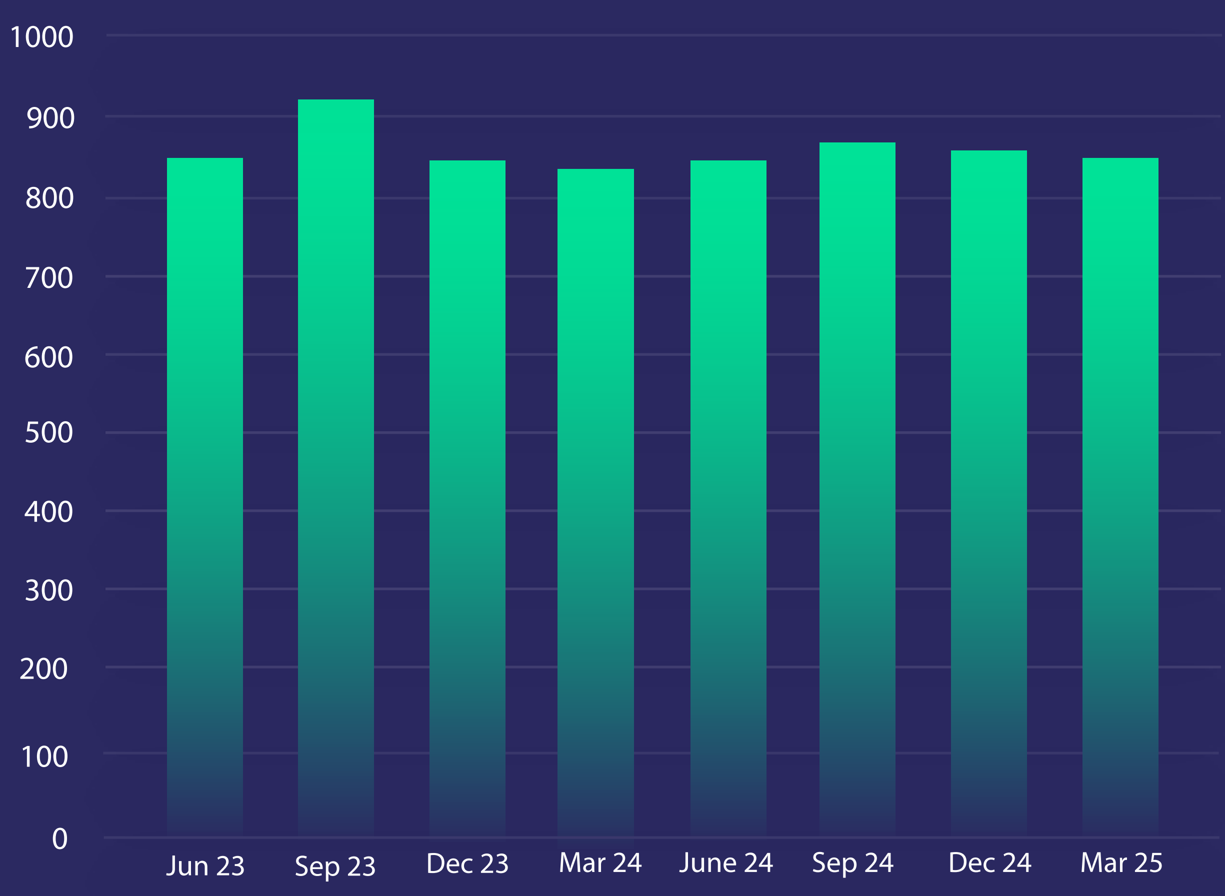
Australia's VPI has seen a very minor decrease this quarter. The stability of the macros would suggest decision-makers are largely adopting a wait-and-see posture.

Value Potential Index

859.52

↓ -0.91%

The VPI index has slightly decreased by 0.91% during the March Quarter to 859.52.



The ASX 200 decreased by

-8.08%

The ASX small caps decreased quarter on quarter by

-2.98%

There was modest increase in GDP of

+0.20%

Near or below long-term trends

A small decrease in businesses listed for sale of

-0.86%

Possibly a seasonal trend

A small increase in Capitaliz multiples

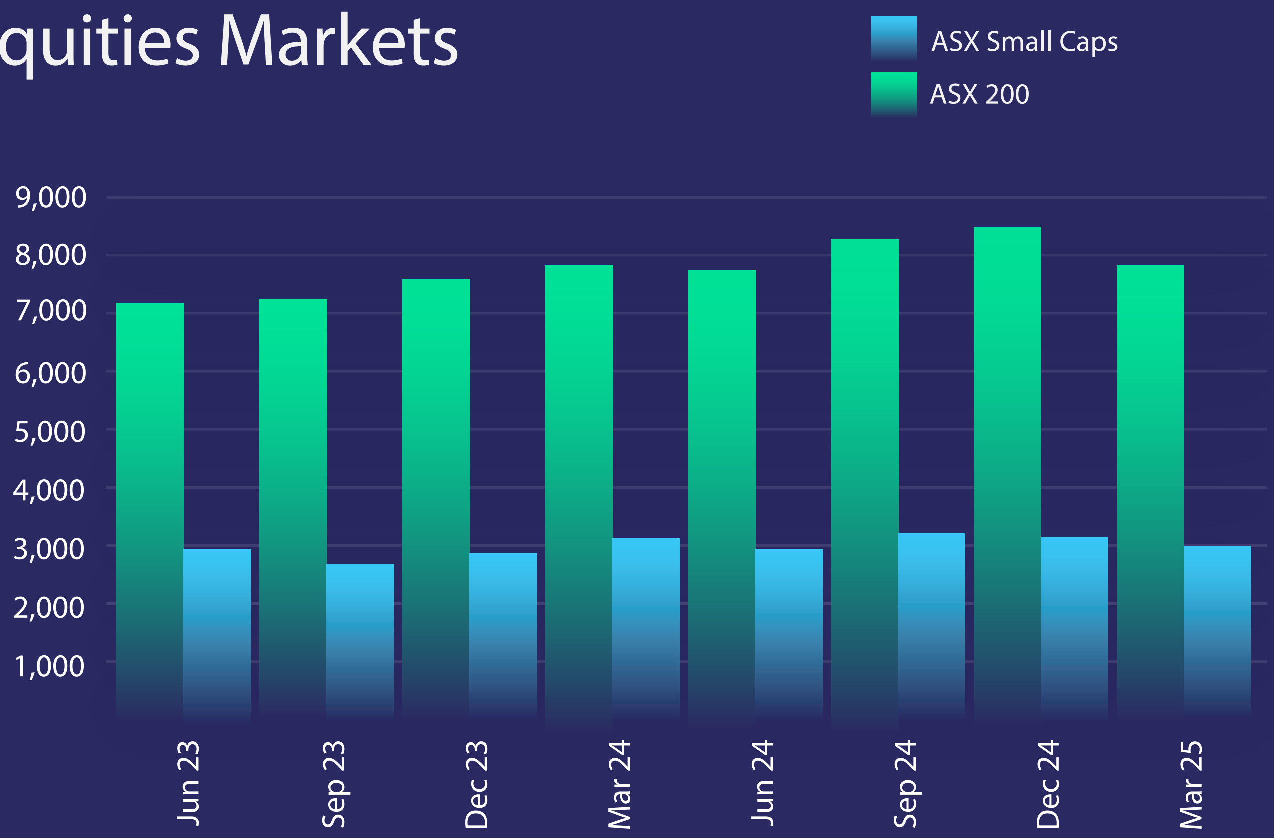
+2.22%

Likely linked to a decrease in listings of businesses for sale.

Economic Indicators

Indicator	Dec 2024	Mar 2025	Movement
ASX 200	8532	7843	-8.08%
10-Year Bond Rate (%)	4.413	4.374	-0.88%
Gross Domestic Product (millions)	$658,495	$659,800	0.20%
Inflation (%)	2.4	2.5	4.17%
Unemployment (%)	4	4.1	2.50%
AUS cross rate	0.6220	0.6283	1.01%

Equities Markets



Economic Commentary

ASX 200

The ASX 200 saw a substantial decrease this quarter, perhaps signaling the beginning of a correction.

ASX Small Caps (XSO)

This index is the closest public market comparative measure for privately owned SMEs, with market capitalisation (total value) of between $20 million and $200 million.

10-Year Bond Rate

The Reserve Bank of Australia (RBA) 10-year bond rate is the best measure of cost of funds. In the pre-Pandemic era, Australians became accustomed to historically low rates, but rates are broadly considered to be on the rise.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of the total market value of goods and services produced in Australia each quarter.

Unemployment Rate

The Australian national unemployment rate reflects seasonally adjusted changes in the proportion of unemployed persons in the labour force.

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 800 business valuations over thirteen 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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