



Quarterly Report

Q1 2023

The Australian
Economic Stability

Summary

Overview

The report highlights that the Australian economy has continued to remain steady in Q1 2023, with many SME businesses expecting revenue growth of up to 10%. This is a positive sign, and it shows that the economy is performing well in spite of global trends. However, the report also identifies inflation and interest rates as the main concerns for the Australian economy.

While 40% of SME businesses have been impacted by the interest rate rise, 46% have not been affected. The main challenge faced by SME businesses is an increase in the cost of goods. This could be due to a variety of factors, such as supply chain disruptions, increased demand for certain goods, and rising input costs. Other key concerns such as customer spending reduces, decrease in sales and difficulty in securing funding.

The report presents a positive picture of the cash flow situation of SME businesses, with 46.30% reporting a neutral cash flow and 40.74% reporting a positive cash flow. This is good news for SME businesses.

Regarding employment, the report reveals that 26.79% of SME businesses are stable, which is a positive sign. However, it also highlights that 44.44% of SME businesses are still impacted by COVID-19. This suggests that the pandemic continues to have an effect on some businesses, particularly those in industries such as hospitality and travel, which were previously hit hard by lockdowns and restrictions.

In summary, the report provides an overview of the current state of the Australian economy and SME businesses, highlighting both positive and negative trends. While there are concerns about inflation and interest rates, SME businesses are generally experiencing steady revenue growth and positive cash flow.

Capify Business Participants
200
Australia

Data Profile Participants

The report provided are from insights from real businesses across Australia from start ups to established companies in various industry sectors and business milestones.



Industry Sectors include

- Contractor/ Trade Services
- Construction
- Retail
- Hair & Beauty
- Realestate
- Resutarants/ Bars/ Pubs/ Cafes
- Professional Services
- Manufacturing
- IT Services
- Hospitality
- Health
- Agriculture
- Other



Under

\$25,000
in cash account



Average number of Employees **UP TO 10**

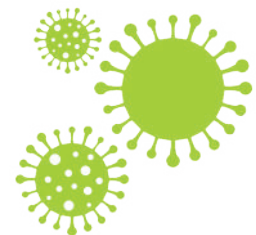
40.7%

Expect Business Growth upto 10%



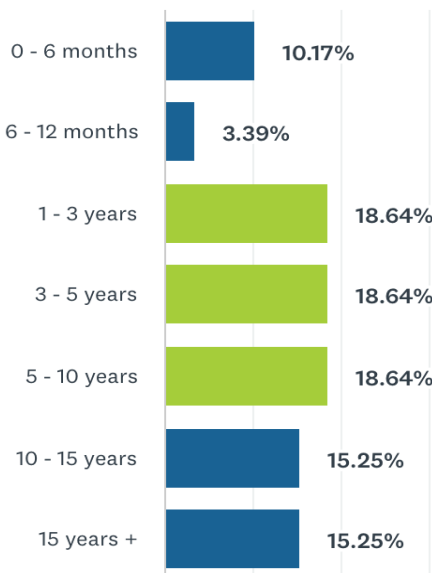
Average SME turnover in Australia:

\$60k-\$100k

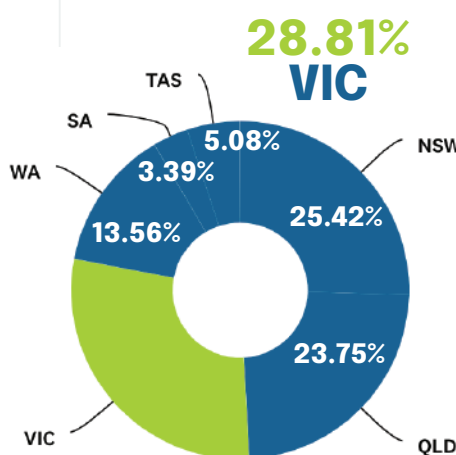


44.44%
Businesses still impacted by Covid

Time in Business



Business Locations



Top 2 Concerns with the Australian Economy

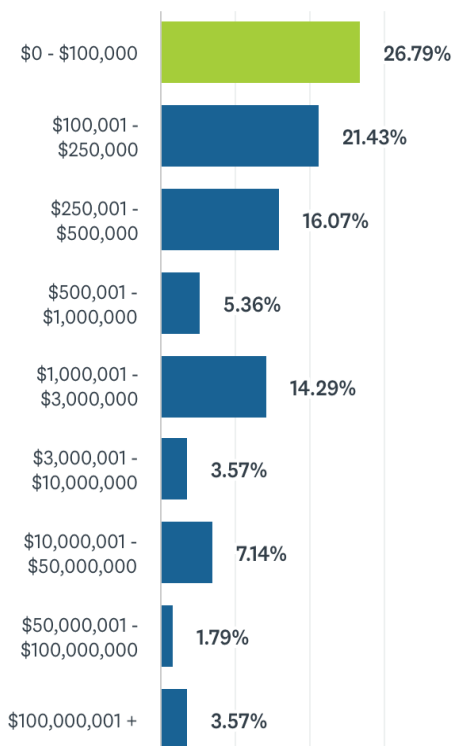
42% Interest Rates
32% Inflation

Business Performance

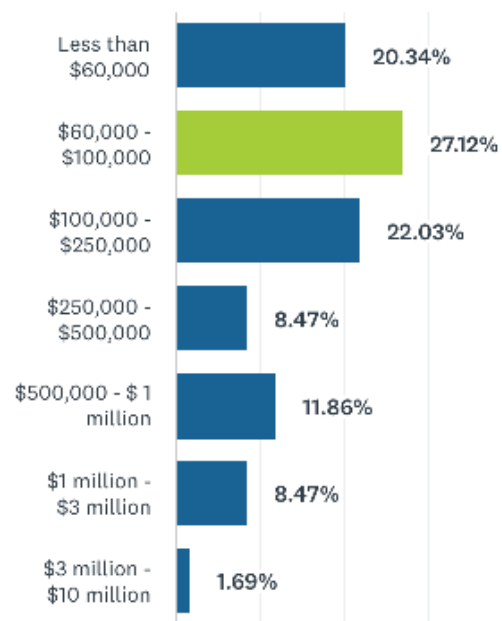
Revenue & Turnover

A significant portion of small and medium-sized enterprises (SMEs), namely 26.79%, had a turnover of less than \$100,000 in 2021, while the next 21.43% fell between \$100,000 and \$250,000. The average revenue figures demonstrate a similar pattern, with 20.34% of businesses generating less than \$60,000, the majority (27.12%) generating between \$60,000 and \$100,000, and a close second (22.03%) generating revenues ranging from \$100,000 to \$250,000. In terms of recent performance, most businesses have been performing steadily, with only a few falling slightly short of their targets.

Annual Turnover in 2021



Average Business Revenue



Business Performance in the last 3 months

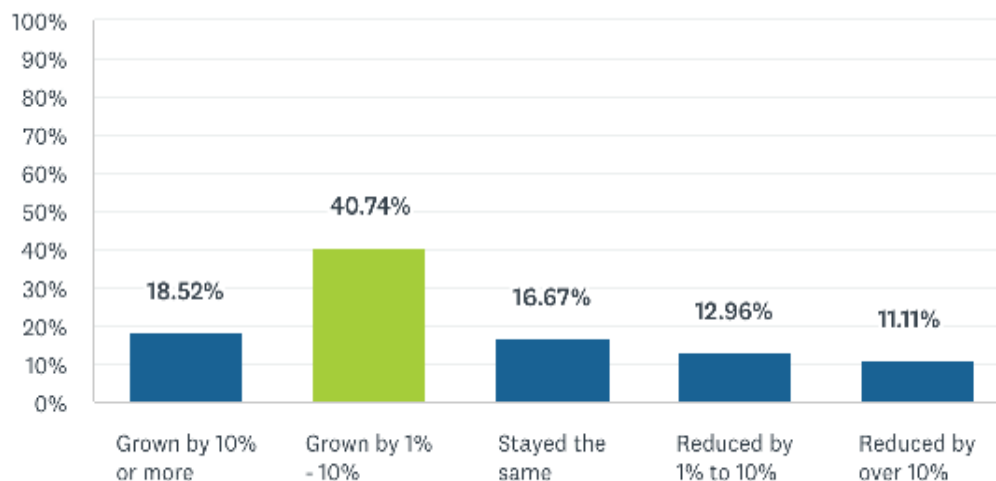


Business Performance

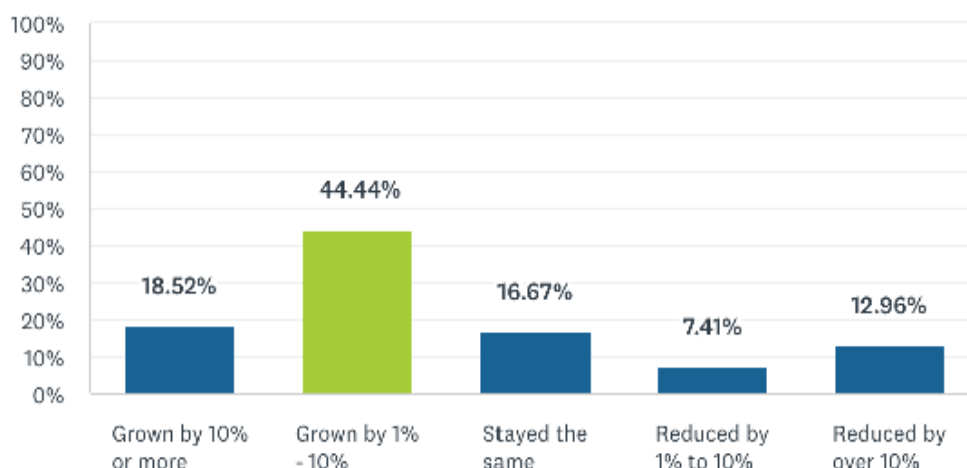
Revenue & Turnover

The report findings indicate that in the last 12 months, Small and Medium-sized Enterprises (SMEs) have had very similar results in terms of turnover and profits, with both sitting at 40-45%. This suggests a strong correlation between the two metrics, indicating that SMEs' profitability is closely tied to their ability to generate revenue. Further analysis and investigation could be conducted to explore potential factors driving this correlation, as well as to identify any opportunities to improve SMEs' profitability and revenue generation in the future.

Business turnover in the last 12 months



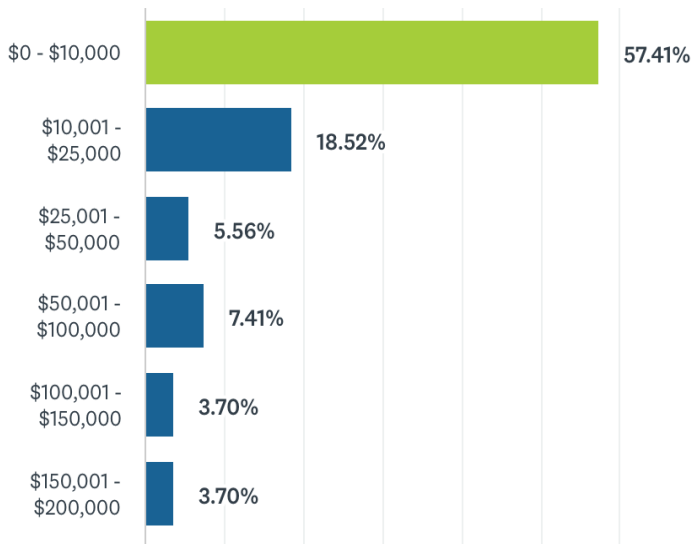
Business Profit in the last 12 months



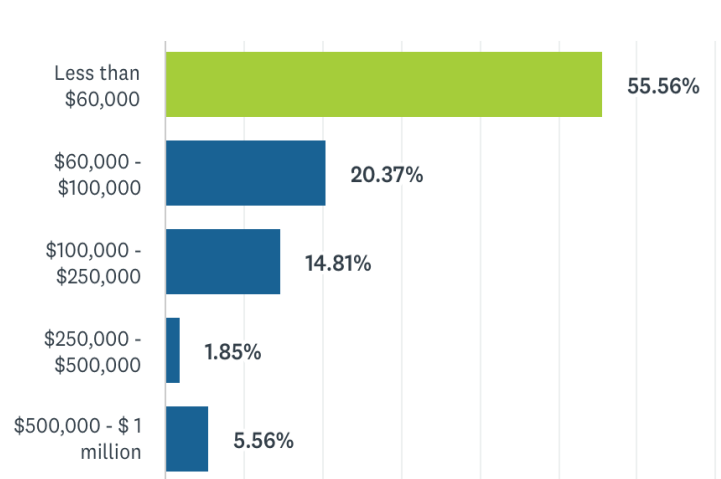
Business Performance

Cashflow

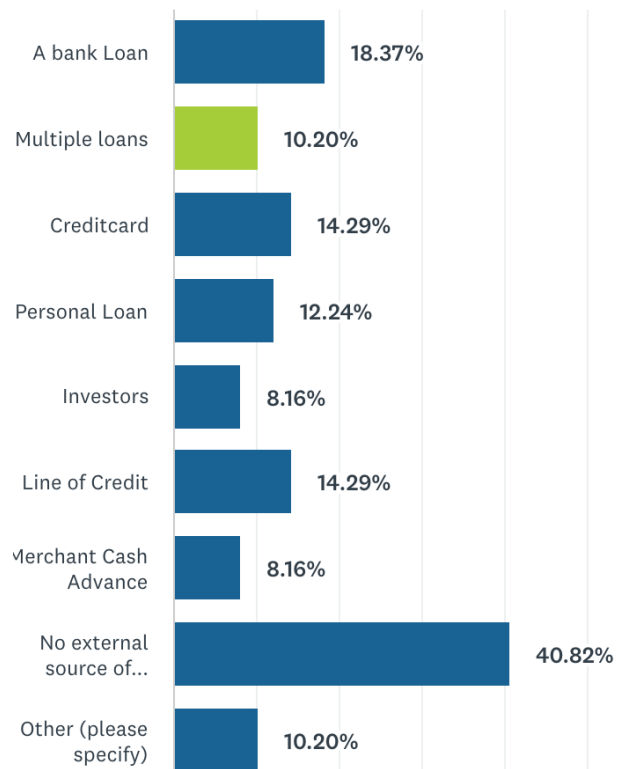
Cash in the Bank



Current Business Debt



Business Funds



The majority of SME businesses (57.41%) have under \$10,000 in their cash account, with 18.52% having under \$25,000. Additionally, 55.56% of SMEs have less than \$60,000 in debt, and the majority (40.82%) currently do not use external funding. These results indicate that there may be opportunities for SMEs to grow and expand by utilising various funding options that are available. Further analysis could be conducted to determine the reasons behind the low cash balances and debt levels of SMEs and to identify potential funding options that could be utilised to support SME growth and expansion.

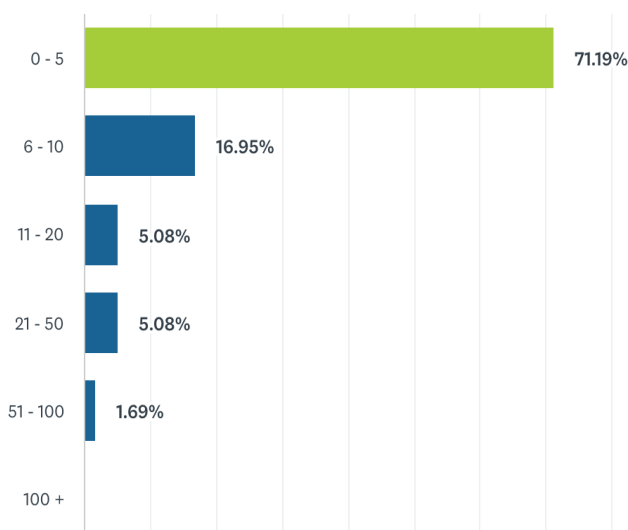
Cashflow Situation

| ANSWER CHOICES | RESPONSES |
|----------------|-----------|
| Positive | 40.74% |
| Negative | 12.96% |
| Neutral | 46.30% |

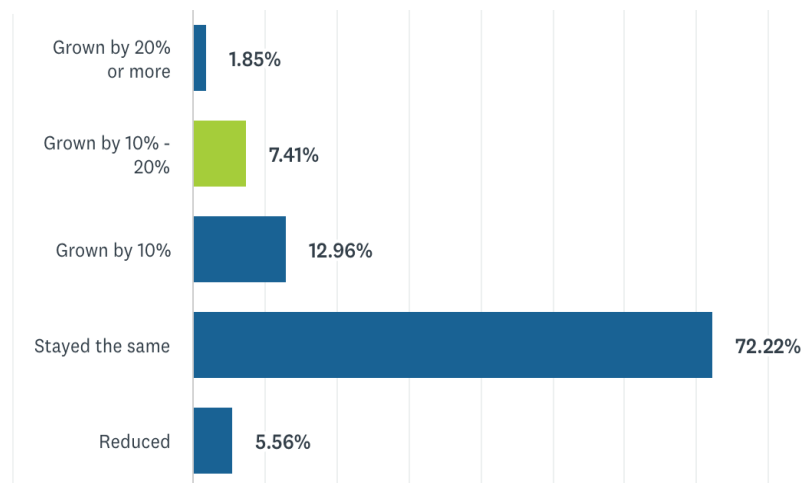
Business Performance

Employment Stability

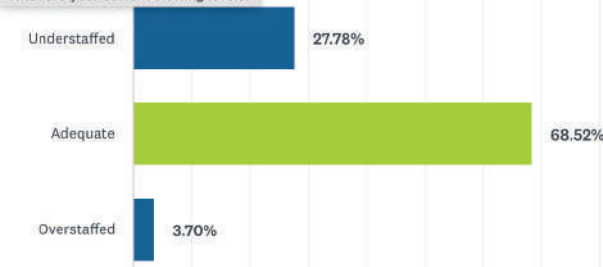
How many employees do you have?



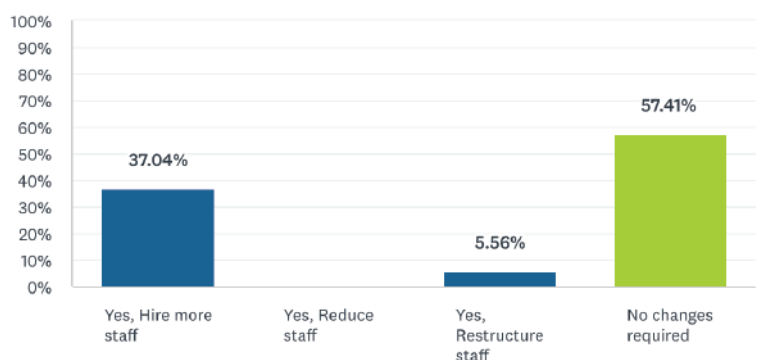
In the last Quarter, has your number of employees changed?



What are your current staffing levels?



Planning for any changes happening in the next 12 months?



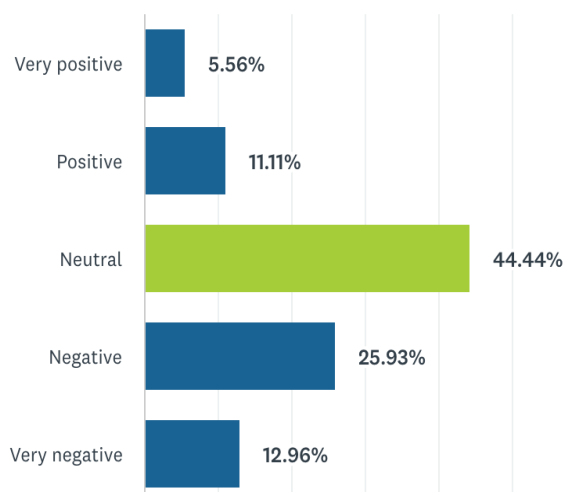
According to the report, employee levels among SME businesses in Australia have remained relatively stable, with 72.22% of businesses keeping their employee levels the same and only 5.56% reducing their staffing. Furthermore, 68.52% of businesses are currently adequately staffed, with 27.78% even understaffed. The report also indicates that 75.41% of businesses are not looking to change staffing, and 37.04% are potentially looking to hire more employees. These findings suggest that employee stability in Australia is currently positive and is likely to continue into Q2.

Business Performance

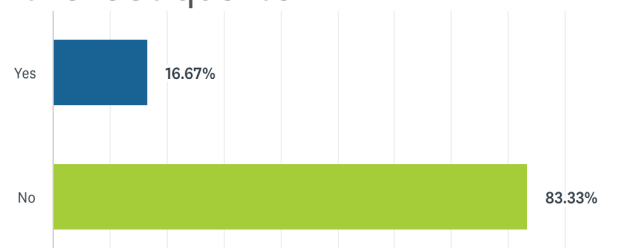
Covid Impact & Government Assistance

The Q1 2023 report indicates that while 44.44% of businesses have been neutral to the impacts of covid, the majority of SMEs (38.89%) have been affected. Among those impacted, 44.44% are still feeling the effects of covid. In response, 16% of SME businesses have applied for government grants in the last quarter to receive assistance.

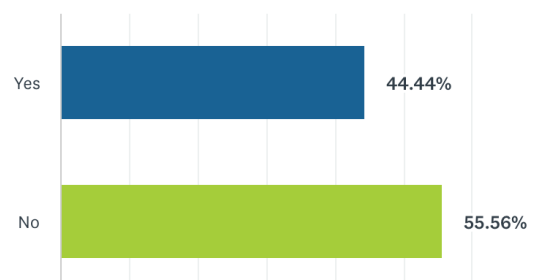
How has Covid impacted SME Businesses



Applied for Government Grants in the last quarter



Still Recovering from Covid



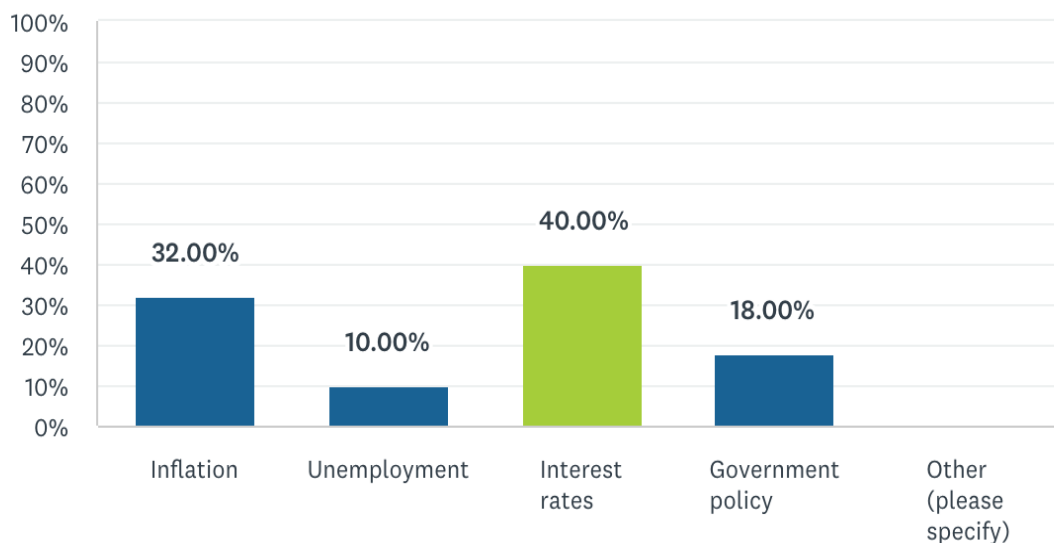
It is clear that covid has had a lasting impact on many SMEs and government assistance remains an important resource for those in need. ongoing support and flexibility will likely be necessary for businesses to fully recover from the impacts of the pandemic into the next quarter.

Australian Economy

Stability Confidence

According to the findings, the top two concerns for Australian businesses are interest rates and inflation, with 40% of respondents stating that interest rates are their main concern and 32% of respondents indicating that inflation is their top concern. These findings suggest that Australian businesses are closely monitoring economic conditions and are particularly sensitive to changes in interest rates and inflation.

Main Concerns with the Australian Economy



The high level of concern about interest rates is likely due to their impact on borrowing costs for businesses. Higher interest rates can make it more expensive for businesses to finance their operations, which can lead to reduced profitability and growth. Additionally, businesses may be concerned about the potential for interest rates to rise in the future, which could further increase borrowing costs and impact their bottom line.

The concern about inflation may be driven by the potential for rising prices to impact consumer demand and reduce purchasing power. If inflation continues to rise, businesses may be forced to increase prices in order to maintain profitability, which could make their products and services less competitive in the market.

Australian Economy

Business Confidence

In addition to the concerns about interest rates and inflation, the report also highlights that the main challenge for Australian businesses currently is cash flow, which is cited as the biggest factor preventing them from growing. This suggests that businesses are struggling to maintain a healthy balance between incoming revenue and outgoing expenses, and may be experiencing difficulties in accessing credit or managing their finances effectively.

Furthermore, the report also notes that Australian businesses are facing increasing costs of goods, which is likely contributing to the cash flow challenges mentioned above. The rise in costs may be due to a range of factors, such as supply chain disruptions, increased demand for certain products, or changes in global trade policies.

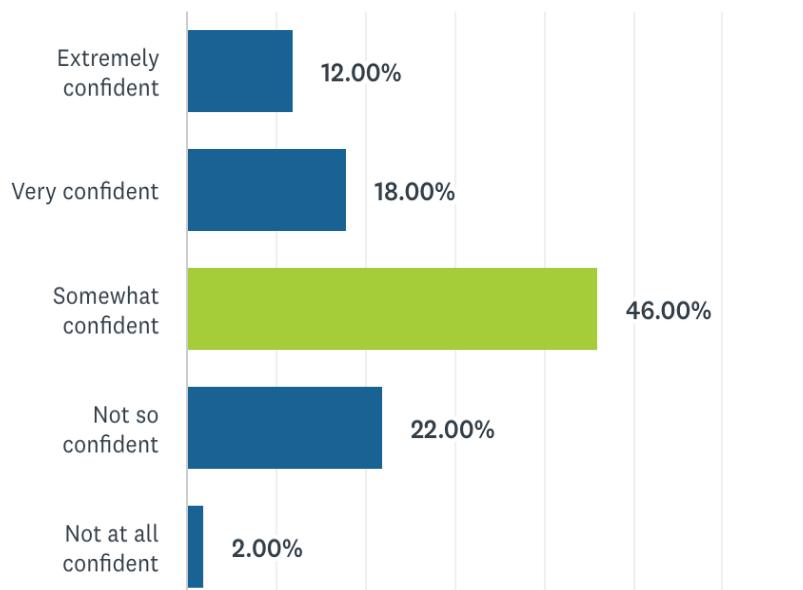
Overall, these findings suggest that Australian businesses are closely monitoring economic conditions and are particularly sensitive to changes in interest rates and inflation. As such, policymakers and regulators should take these concerns into account when developing economic policies and strategies in order to support the growth and success of Australian businesses.

Has interest rates impacted your business

| ANSWER CHOICES | RESPONSES |
|--|-----------|
| ▼ Yes, sales have reduced significantly | 20.00% |
| ▼ Yes, sales have reduced slightly | 20.00% |
| ▼ Yes, sales have increased slightly | 12.00% |
| ▼ Yes, sales have increased significantly | 2.00% |
| ▼ No, there has been no change to the business | 46.00% |

Business Challenges Overview

Business Confidence with the current Australian Economy

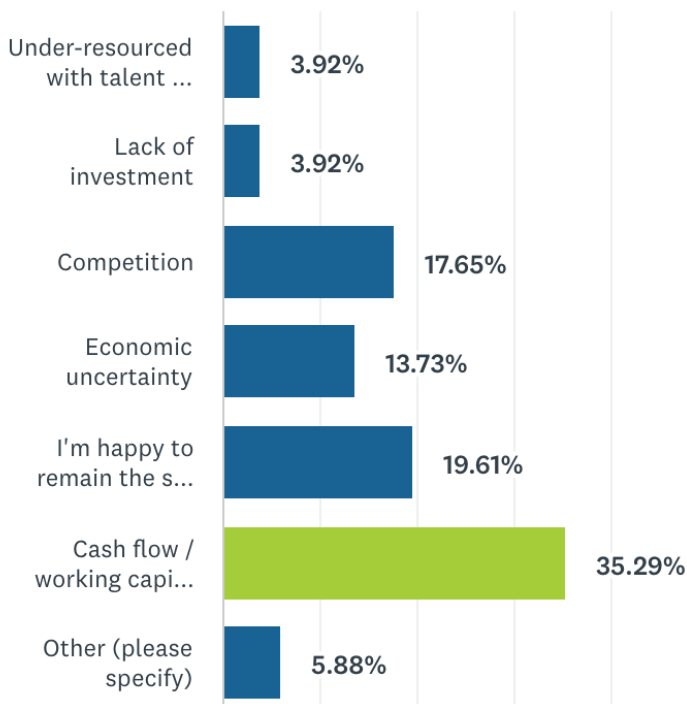


Specific challenges business's are facing as a result of the current economic stability?

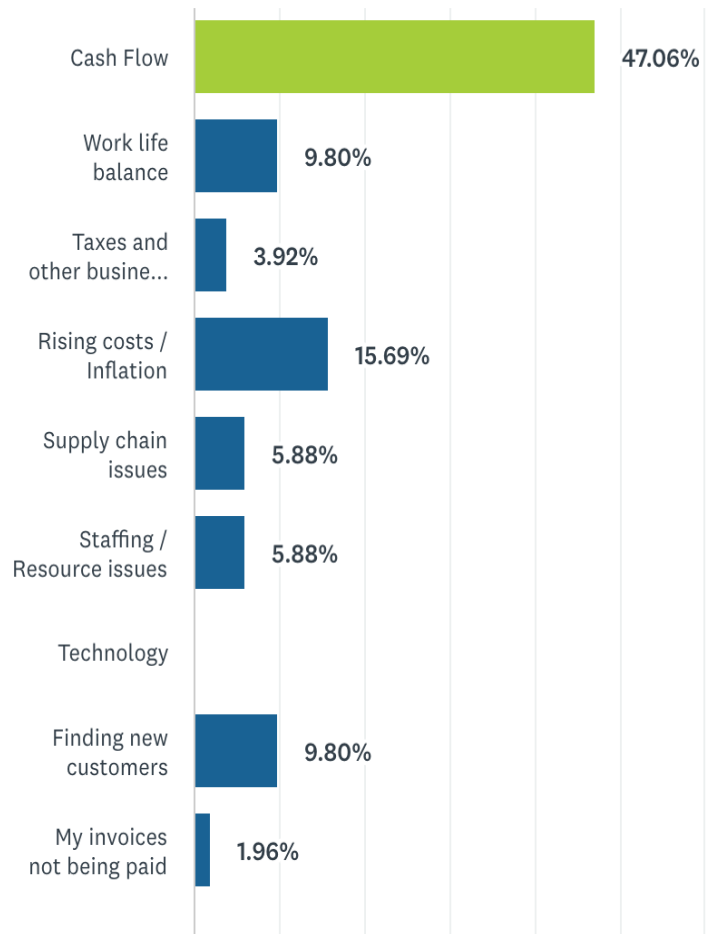
| ANSWER CHOICES | RESPONSES |
|---|-----------|
| ▼ Increased costs of goods and services | 54.00% |
| ▼ Difficulty in securing financing | 32.00% |
| ▼ Decreased customer spending | 30.00% |
| ▼ Decreased sales | 24.00% |
| ▼ Reduced access to skilled labor | 18.00% |
| ▼ Increased competition | 16.00% |
| ▼ Disruption to supply chains | 14.00% |
| ▼ New Government regulations and policies | 14.00% |
| ▼ Political uncertainty | 12.00% |
| ▼ Global economic instability | 4.00% |
| ▼ Exchange rate fluctuations | 2.00% |

Business Challenges Overview

What is stopping you from growing your business?



Most Challenging for Businesses currently?



Interest rate hikes pose significant economic concerns for Australian businesses, impacting cash flow, consumer behavior, and the cost of goods and services

Business Planning

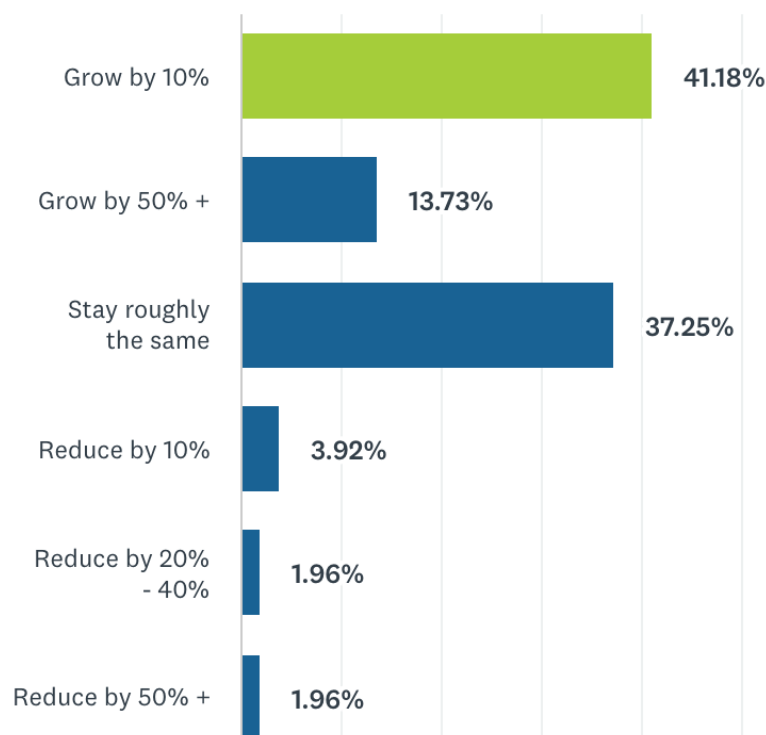
Forecasting

The majority of small and medium-sized enterprises (SMEs) in the study, representing 52.94% of respondents, are looking to invest in their businesses. This suggests that many SMEs are optimistic about their future growth prospects and are willing to put additional funds into their operations in order to expand as 41.18% aim to increase turnover by 10% by the end of 2023.

When asked about where they plan to focus their investments, 47.06% of SMEs indicated they would invest in equipment and machinery. This suggests that many businesses see the value in upgrading their technology and equipment in order to increase productivity and efficiency. In addition, 37.25% of SMEs plan to invest in sales and marketing, indicating a focus on growing their customer base and increasing revenue.

However, it's worth noting that not all SMEs are looking to invest. About 19.16% of respondents stated that they would not be putting additional funds into their businesses at this time. Instead, many of these businesses are looking to reduce costs in order to maintain profitability.

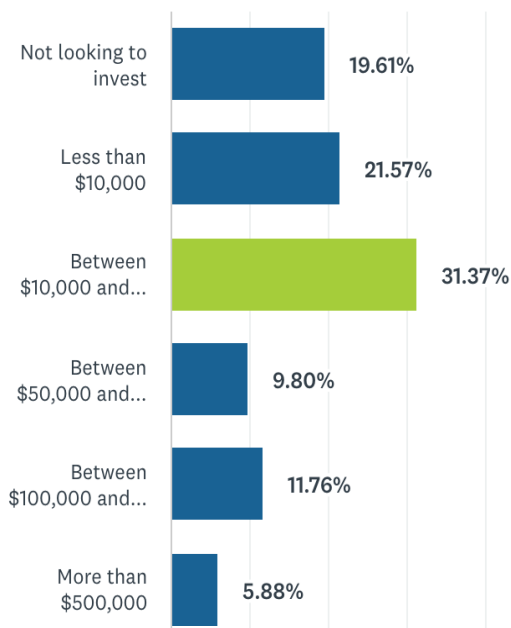
Expected turnover for the remainder of 2023



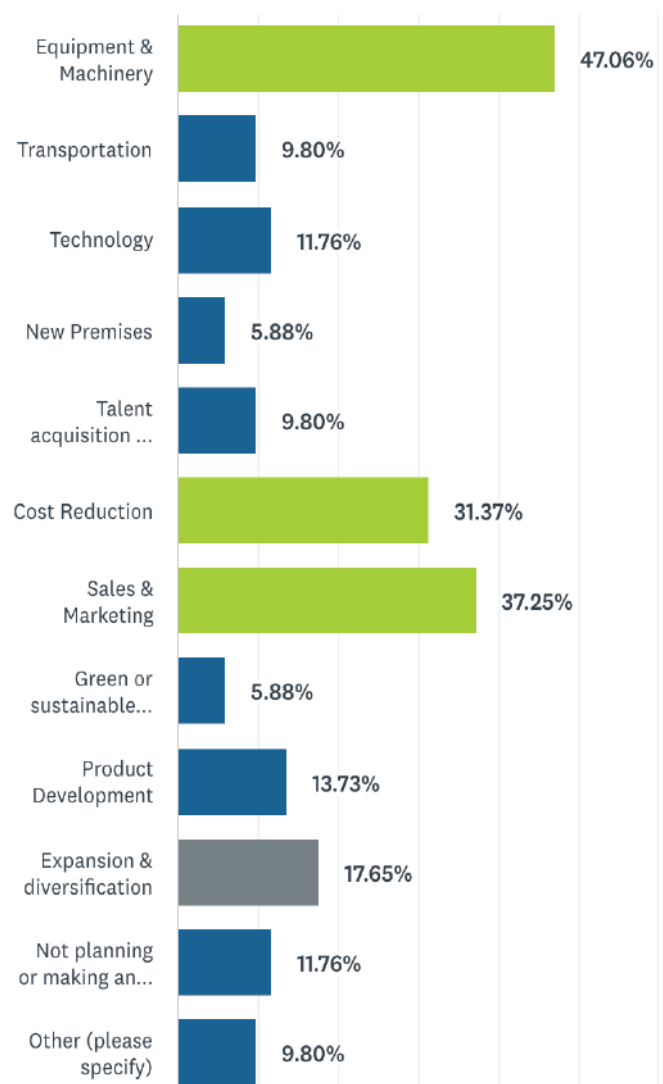
Business Planning Forecasting

Overall, these findings suggest that SMEs in the study are taking a variety of approaches to managing their businesses. While some are focused on growth and expansion through investments in equipment and marketing, others are looking to maintain profitability through cost reduction.

Businesses Planning to invest



Focus Areas for Businesses over the next 12 months





Capify Quarterly Report

For more details contact info@capify.com.au