

Letter to the shareholders Q2 2024



VALUE-HOLDINGS
International AG

Value-Holdings International AG ● Bahnhofstr. 30 ● 86150 Augsburg

To the shareholder of

Value-Holdings International AG

Dear Leadis and Gentleman,

while the US Federal Reserve still sees no need for a change in interest rate level, the European Central Bank (ECB) cut interest rates in June for the first time since 2019 and therefore ahead of the Fed for the first time in ages. Falling inflation has given the ECB this leeway. The sluggish economy in Europe also urgently needed this stimulus. Economic data is currently showing signs of further deterioration, after an improvement in the business situation was expected or hoped for at the beginning of the year, particularly in the second half of the year. In Germany in particular, the ZEW Economic Sentiment Index and the Ifo Business Climate Index have recently turned negative again, as has the latest Purchasing Managers' Index (PMI) data. Consumers, who should have more money at their disposal with reduced inflation and higher wage settlements, are also currently holding back on spending.

There has not yet been much indication of this gloom on the stock market. Following the pleasing price gains in the first quarter, German and European blue chips have only moved sideways or declined slightly on balance in the last three months. However, the German DAX index reached a new all-time high of 18,869 points on May 15, 2024. By the end of the quarter, prices had fallen back to 18,235 points. Nevertheless, this corresponds to an overall performance of +8.9 % for the first half of the year. The EuroStoxx 50 was at a similar level of +8.2 % as at June 30. By contrast, the performance of the small and mid caps remained less pleasing. While the SDAX was at least slightly up at +2.6 %, the MDAX was clearly in negative territory at -7.2 %. The valuation gap between the blue chips and the small and medium caps has therefore widened further, but should gradually close again in the coming quarters in our opinion. The **net asset value (NAV)** of VHI was **€ 3.14 per share** as at June 30, 2024. Taking into account the dividend payment of € 0.09 per share made in June, this corresponds to an increase of +7,3 % since the beginning of the year. The price of the VHI share (WKN: 756 362) on the Berlin Stock Exchange ranged between € 2.70 and € 3.20 in the first half of 2024. At the end of June, the share price was recorded at € 3.20.

Having already implemented several transactions in the portfolio in the first quarter of 2024, we were also very active in the second quarter. We also decided to gradually liquidate the „Zukunftsdepot“ initiated at the end of 2022, as the expectations associated with these investments were not fulfilled. The majority of the securities in this sub-portfolio were sold with a roughly balanced result. In addition, the remaining holdings of Quadient and Sogefi were sold as well as an initial small position in SAF-Holland, which had been very successful to date. Other outright sales included Keller, Delignit, ForFarmers and Ceconomy. The latter two, like Quadient, have been "problematic" in recent years and have now been sold with a neutral result overall, following the pleasing share price performance in the first few months of the year.

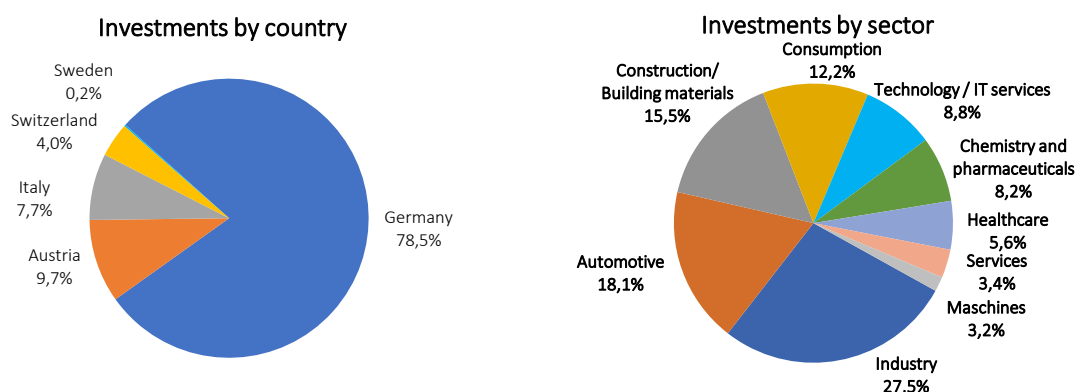
We used some of the liquid funds released to increase our existing investments in Zumtobel and Swatch. We also reinvested in Hugo Boss, which had already been part of VHI's portfolio in the past. Towards the end of the quarter, we also built up initial positions in Wacker Neuson and the preference shares of Sixt.

In view of the sometimes diametrically opposed performance of the blue chips and small caps, it is not surprising that the performance range within the VHI portfolio was also very high in the first half of 2024. We recorded very pleasing price gains for Keller (+56 %), Sogefi (+53 %) and Ceconomy (+22 %) up to the respective sale. Keller and Sogefi realized very high sales gains. Of the investments held as at June 30, Traton (+43 %), q.beyond (+36 %), Deutz (+26 %) and SAF-Holland (+22 %) achieved significant growth. Attractive dividends were also received on the aforementioned holdings. On the negative side, however, Metro (-33 %), Orsero (-26 %) and Semperit (-23 %) were particularly disappointing.

As a result of the portfolio changes described above, the liquidity ratio rose to around 13 % at the end of the second quarter of 2024, meaning that our company was invested at just under 87 % (December 31, 2023: 91 %).

Of a total of 33 (end of 2023: 35) core positions, the top 10 investments in order of portfolio size as at June 30, 2024 were as follows:

1) KSB AG Vz.	5,9 %	6) Neodecortech SpA	3,9 %
2) Sto SE & Co. KGaA	4,6 %	7) Porr AG	3,7 %
3) Traton SE	4,5 %	8) Deutz AG	3,5 %
4) SAF-Holland SE	4,1 %	9) Indus Holding AG	3,5 %
5) Mercedes-Benz Group AG	4,0 %	10) Swatch Group AG	3,5 %



The above-mentioned transactions have so far resulted in sales gains of just over T€ 500. By the end of the first half of the year, we had also already collected the majority of the dividend income planned for this year. We expect to receive the remaining payments in the coming weeks. As we have sold some investments before the respective Annual General Meeting dates, we are currently planning for up to 10 % lower income from securities compared to the previous year's record figure (T€ 465). We had previously assumed a range of +/- 5 % around the 2023 income. Slightly higher than previously expected interest income will have a partially offsetting effect here, after T€ 15 was already recorded as at June 30. Due to the dividend income already received and the realized sales gains, we should also be able to achieve a positive annual result in 2024, subject to higher depreciation at the end of the year.

Provided no unforeseen events occur, we intend to maintain our current dividend policy in the future. This would also mean distributing a dividend per share (at least) at the previous year's level for the 2024 financial year. At this year's Annual General Meeting on June 19, 2024, all items on the agenda were adopted. In addition to the usual discharge resolutions for the Executive Board and Supervisory Board, these included the renewed distribution of a stable dividend of € 0.09 per share.

Thank you for your trust!

Roland Könen

Member of the Board Value-Holdings International AG