



Letter to the shareholders Q1 2023

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

To the shareholders of

Value-Holdings International AG

Dear Ladies and Gentlemen,

the new stock market year 2023 started quite brilliantly in January with almost double-digit gains, before only slight increases were added in the following two months under rather volatile movements. Ultimately, this development is somewhat surprising in parts. Admittedly, some of the issues that were still dominant in 2022, such as massively increased energy costs or the most diverse supply chain problems, have certainly improved. However, the significant increase in capital market interest rates in the previous year made it clear in the course of the first quarter that the zero interest rate policy that lasted for many years was not healthy. Starting with the insolvency of the so far rather unknown Silicon Valley Bank and ending with the Swiss bailout of Credit Suisse, which will now be merged into UBS, this banking quake temporarily had a considerable impact on price movements in March. In addition, in recent weeks the corporate reporting season for the past financial year, including the outlook for 2023, has had an impact at the micro level. There are diverging signals regarding the outlook for future economic development. For example, expectations for the service sector in Europe, as indicated by the PMI purchasing managers' index, continued to rise. In contrast, indicators for the manufacturing sector are weakening, showing a significant slowdown in activity after the corona-induced catch-up in the previous year. However, from current discussions with business leaders, a picture emerges that while many board members expect a weak first half of 2023, they forecast a significant upturn then in the second half of the year.

On a quarterly basis, the EuroStoxx 50 rose by 14 % and the DAX by 12 %. The small cap index SDAX increased by about 10 %. The **net asset value** (NAV) of VHI was € 3.05 per share as of 31 March 2023, which corresponds to an increase of more than 11 % since the beginning of the year. The price range of the VHI share (WKN: 756 362) on the Berlin Stock Exchange was between € 2.70 and € 3.10 in the first quarter of 2023. At the end of March, the share price was established at € 2.90.

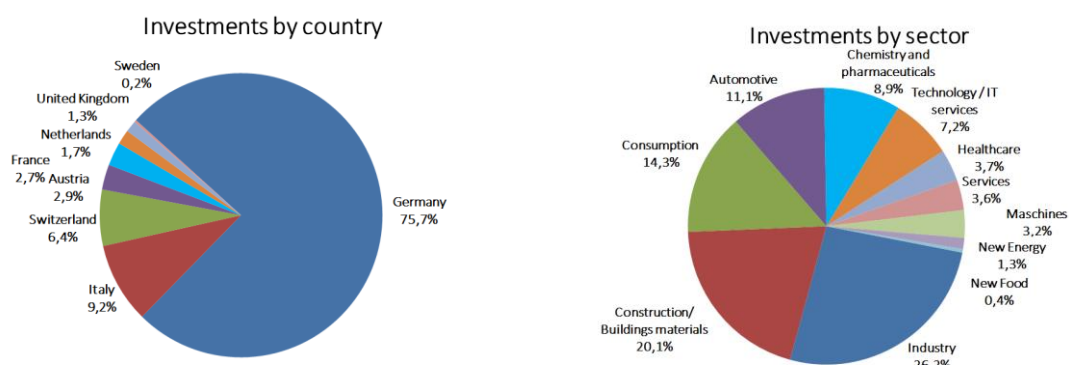
After being somewhat more active in portfolio management in the final quarter of 2022, we have also made further adjustments since the beginning of the year. In case of the sales position, the entire shareholding in Swatch should be mentioned here, which has increased disproportionately to the market by almost 25 % since the beginning of the year and had thus reached its fair value. In addition, we sold our remaining Eurokai shares in order to invest the freed-up funds in more promising stocks. Among the purchases, the increases in already existing holdings predominated, some of which still had rather small position sizes. These include Siltronic, InnoTec, Keller and Polytec. In the case of Bauer, we exercised our subscription rights as part of the capital increase so as not to be diluted. We also made a first-time investment in Friedrich Vorwerk. Vorwerk develops, implements and operates high-tech energy infrastructures for the natural gas, electricity and hydrogen markets and is thus one of the main beneficiaries of the European energy transition towards a sustainable and renewable energy industry. Among other things, the company was involved in the construction of part of the connecting pipeline for the LNG terminal in Wilhelmshaven last year.

In view of the enormous need for investment in energy infrastructure and the billion-euro infrastructure programmes that have been set up, we see considerable potential for the company in the coming years. In our opinion, however, the capital market had overestimated the prospects at the time of the IPO in 2021. In addition, there were disappointments in the earnings development in 2022 as a result of an over-utilisation of the company's own capacities. As a result, the share price more than quintuplet from its high of well over € 50 to a single-digit price. We have recognised our opportunity here.

Due to the positive overall market development in the first quarter, most of our shareholdings also recorded price increases. Deutz, Hochtief, KSB Vz, Ceconomy, SAF-Holland and Kion achieved disproportionately high increases of more than 30 %. Only a few exceptions have shown declining prices so far. These include SMT Scharf, Metro, Fresenius and Keller in the core portfolio.

The portfolio changes explained have resulted in the liquidity ratio falling to around 11 % at the end of the first quarter of 2023, meaning that our company was invested with just under 89 % (31.12.2022: 87 %). The top 10 investments out of a total of 35 (end of 2022: 36) core positions, i.e. excluding the Zukunftsportfolio, were the following securities in order of portfolio size as at 31.03.2023:

1) Sto SE & Co. KGaA	4,7 %	6) SMT Scharf AG	3,8 %
2) Mercedes-Benz Group AG	4,5 %	7) Hawesko Holding AG	3,3 %
3) Hochtief AG	4,3 %	8) Deutz AG	3,1 %
4) Neodecortech SpA	4,2 %	9) SAF-Holland SE	3,1 %
5) KSB AG Vz.	4,2 %	10) Evonik AG	3,1 %



The above-mentioned transactions have so far led to sales profits of just under T€ 159. Depending on the further development of the stock markets and the individual prices of our investments, we can imagine realising further profits in the course of the year. In the first quarter, we have not yet received any dividend payments. We expect to be able to collect the majority of the planned dividend payments in the next three months. Provided that the announced dividend proposals of our holdings are actually approved and there are no significant changes within the portfolio until the respective annual general meetings, the dividend income should be about 10 % below the record value of the previous year (T€ 448). This year's Annual General Meeting will take place on 8 May 2023. In addition to the usual discharge resolutions for the Executive Board and Supervisory Board, the renewed distribution of a stable dividend of € 0.09 per share as well as the re-election of the existing Supervisory Board members will be on the agenda.

Yours sincerely

Roland Könen
Member of the Board Value-Holdings International AG