

Letter to the shareholders Q1 2024



VALUE-HOLDINGS
International AG

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

To the shareholder of

Value-Holdings International AG

Dear Ladies and Gentleman,

the stock market year 2024 did not get off to the same spectacular start as the previous year, when index gains of almost 10 % were recorded in January. Instead, the standard indices, particularly the large-cap indices, posted steady gains. The DAX reached historic all-time highs on several occasions and ended March at a new record high of 18,492 points. The cumulative gain since the beginning of the year was +10.4 %. Even the European blue chips, as measured by the EuroStoxx 50, gained slightly more at +12.4 %. This positive performance was driven by disproportionate gains in US IT stocks, particularly AI companies such as NVIDIA. The performance of European markets was also mainly determined by technology stocks such as SAP and ASML, while large-cap dividend stocks such as RWE, L'Oreal and Deutsche Post were negative. In contrast, small and mid caps continued to underperform in the first three months. The SDAX rose by only 2.4 %. The MDAX was even slightly negative at -0.3 %. The special dividend index STOXX Europe Select Dividend 30 was virtually unchanged at +0.6 %, reflecting the lower performance of high dividend stocks in the first quarter. In addition to corporate earnings reports and the outlook for the new year, the news continued to focus on the development of inflation data, from which the future interest rate policy of the major central banks is derived. There was an increasing impression that the interest rate cuts initially hoped for in April would not take place, but that the first cuts would be made later in the year. In this mixed environment, VHI's **net asset value** (NAV) rose by 5.6 % to **€ 3.18 per share** at 31 March 2024. The price range of the VHI share (WKN: 756 362) on the Berlin Stock Exchange was between € 2.70 and € 3.14 in the first quarter of 2024. At the end of March, the share price was € 2.90.

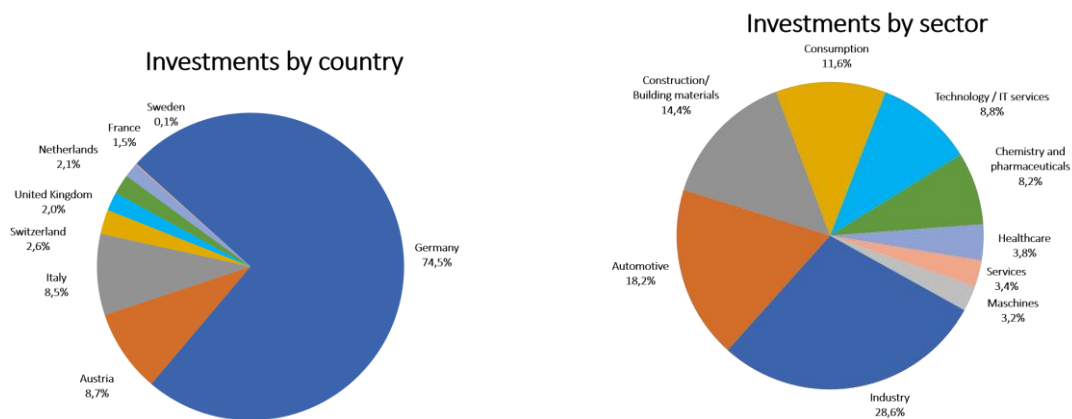
The performance of the individual stocks in the VHI portfolio was very mixed. The best performers were Traton and Sogefi, each rising 56 %. Both companies reported very good results for 2023 and an encouraging outlook. In addition, their dividend proposals exceeded our expectations. Sogefi also announced its intention to sell its automotive filters division at a very attractive price. Kion (+26 %), SAF-Holland (+24 %), Deutz (+23 %) and Keller (+21 %) continued to outperform significantly. In contrast Ceconomy (-25 %) suffered setbacks despite good results and a reasonable outlook for the current consumer environment. Metro (-20%) also lost disproportionately, with almost half of the decline attributable to the dividend discount. We are also dissatisfied with the performance of Delignit (-18 %), Bauer (-17 %) and Orsero (-16 %). Although Delignit reported good business figures for 2023 and an increased dividend, it had to cut back on the forecast for 2024 due to the business with vans and motorhomes becoming more difficult, at least temporarily. After two record years and another significant increase in the dividend, Orsero's business development will normalise again in 2024, which has obviously upset one or the other investors.

In terms of portfolio management, we took advantage of the various developments and made some adjustments to the portfolio. In the case of Siltronic, the outlook for 2024 and 2025 caused us to sell the entire position, which resulted in a nice profit due to the low purchase price. The sale of three quarters of our position in Sogefi, following the excellent share price performance in 2023 and the first quarter of 2024, also made a large contribution to profits. In addition, we sold half of the Quadient position at book

value and adjusted some very small positions at a manageable loss. Purchases were made in ForFarmers, Freenet and Porr, where we took advantage of temporary price weakness to increase our positions. We bought back Swatch after selling it in 2023 at a pleasing profit. The new purchase price is more than a third below the selling price. The only new acquisition is Maschinenfabrik Berthold Hermle AG, one of the world's leading manufacturers of milling machines. With margins well above average, the company has a rock-solid balance sheet with an equity ratio of over 70 % and high net liquidity, enabling it to pay very attractive dividends.

As a result of the portfolio changes described above, the liquidity ratio increased to around 11 % at the end of the first quarter of 2024 (31 December 2023: 9 %). The top 10 investments out of a total of 36 (end of 2023: 35) core positions at 31 March 2024 were as follows:

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



The above transactions have so far resulted in sales gains of approximately T€ 260. Due to the different financial year and the fact that the Annual General Meeting has already taken place, we have received a first dividend payment from Metro. We expect to receive the majority of the income from investments planned for 2024 in the second quarter. From today's perspective, we expect a stable development compared to last year's record level of T€ 465, whereby this forecast includes a range of +/- 5 % around the income for 2023. On the one hand, it should be noted that the previous year's figure was positively influenced by the special dividend payment from Semperit of almost 10 %. On the other hand, it should be noted that we expect some investments to make very high contributions to earnings, so that transactions up to the respective distribution dates or dividend resolutions that deviate from our plans would lead to corresponding deviations from the plan. Depending on the further development of the stock markets and the individual prices of our investments, we can envisage realising further gains in the course of the year. According to current planning, this year's AGM will take place on 19 June 2024. In addition to the resolutions on the discharge of the Executive Board and the Supervisory Board, the agenda will include the 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