



To the shareholders of

Value Holdings AG

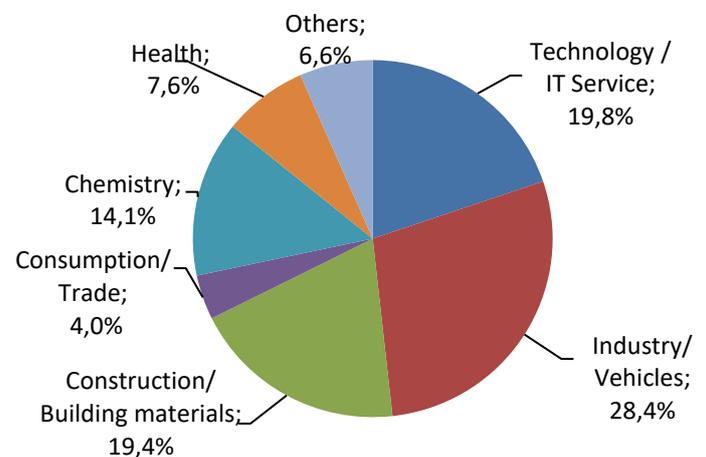
Letter to the Shareholders III-2022

Dear Ladies and Gentlemen,

prices continued to fall in the 3rd quarter. After 9 months, the German stock index DAX is at 12,114 points, 23.7 % below the value at the end of 2021. Investors were particularly reluctant to invest in industrial stocks, which lost almost 1/3 of their value as measured by the DAX Industrial. Small- and mid-caps did not fare any better, as shown by the price declines of the MDAX and SDAX of around 36 % each. There are plenty of explanations for the weak stock market performance: persistently high inflation rates, rising interest rates and the fear of a recession. Consumer sentiment has plummeted to a low. Due to high electricity, oil and gas bills, less money is available for consumer goods. Less consumption weighs on the profit outlook of companies. We do not know whether and how far share prices will fall in the fourth quarter. As a rule, however, share prices turn upwards again before the profits do so. And there are also rays of hope: the gas supply over the winter seems to be secured. The price of gas has halved since the highs, oil has fallen by 30 %. If Germany succeeds in securing energy supplies now, the time has come to invest in equities for the next upswing. Even if profits continue to fall for a few quarters in a recession, it should be worthwhile to invest in excellent companies with a good market position.

Portfolio

The net asset value of the portfolio of Value-Holdings AG fell by 24.6 % to € 5.21 as at 30 September 2022. The weighting of the health sector has decreased significantly due to the sale of Geratherm. The chemical industry stocks have a higher weighting, as we have slightly increased our positions in Evonik and Lanxess. Industrial stocks suffered heavy price losses in the third quarter. We therefore added to our holdings in KION, SAF-Holland and Traton, which meant that the sector's share of the overall portfolio remained more or less the same. The newly acquired TAKKT was allocated to the "Others" sector, which significantly increased the weighting. The following chart shows the sector weighting of our participations:



Result 9 months 2022

Figures in T€	01.01.22-30.09.22	01.01.21-30.09.21
Revenues	1.713	3.570
Cost price of sales	1.356	2.695
Gross profit	357	875
Other income	22	10
Dividend income	294	347
Personnel costs	-102	-84
Material costs	-90	-70
EBITDA	481	1.078

In the first nine months of 2022, Value-Holdings AG generated proceeds from the sale of securities amounting to T€ 1,597. In the 3rd quarter, the entire position of Geratherm was tendered as part of a takeover bid. The shares in Dr. Höhle AG, which had been purchased only a few months earlier, were also completely sold, in this case after a disappointing earnings announcement. Both transactions were approximately neutral in terms of earnings. The acquisition costs of the securities sold amounted to T€ 1,356, resulting in realized profits of T€ 241. The service revenues amounted to T€ 116. Dividend and investment income amounted to T€ 294. The decrease is due to the lack of dividends from our long-standing participation CAPCAD, which was sold at the end of last year. Personnel costs increased to 102 T€. Material costs increased to T€ 90, in particular due to the reallocation of rental space, but this was partially offset by the proceeds from subleasing to companies in the Value-Holdings Group, which are included in other operating income. In the first nine months of 2022, EBITDA amounted to T€ 481 (previous year: T€ 1,078).

Development of the subsidiaries:

Value-Holdings International AG:

In the first nine months of 2022, the NAV of Value-Holdings International AG (VHI) decreased by 25 % to € 2.39 per share. In the 3rd quarter, VHI was also able to sell some investments, such as BIC or Henkel, at a profit. The realised profits increased to € 350 thousand as a result. In addition, VHI received further dividends. Total dividend income rose to just under T€ 440 and is thus significantly above the previous year's level of T€ 357.

Value-Holdings Capital Partners AG:

The two funds managed by VHC did not decouple themselves from the negative development of the stock markets in the first 9 months of 2022. With a decline of almost 25 %, the performance of the Value-Holdings Deutschland Fund is roughly on par with the DAX. The Value-Holdings Dividenden Fund shows a minus of 23 %, which corresponds to the loss in value of the EuroStoxx50.

2022 preview:

Investors are currently holding back on German shares. Yet the valuation of German shares is favourable, as a look at the indicator developed by Morgan Stanley, consisting of a combination of price-earnings ratio, price-book ratio and dividend yield, shows. The MSCI Germany has fallen to its lowest level in more than 30 years compared to the MSCI Europe. We therefore assume that German equities are very attractively valued when looking beyond the horizon. However, the economic consequences of the war in Ukraine on the development of the overall economy and on the earnings situation of the companies are still not assessable. Therefore, we do not know whether it could be possible to realise further profits in the fourth quarter and how high any value adjustments will be. However, the profits already realised and the dividend and investment income received are a good basis for closing the year 2022 with at least a slightly positive result. However, this forecast is subject to the prerequisite that no further slumps occur on the stock markets that would result in even higher value adjustments than those already included in our planning.

Value-Holdings AG Postfach 10 25 54, 86015 Augsburg Bahnhofstrasse 30, 86150 Augsburg Phone: +49(0)821/575394, Fax: +49(0)821/574575 www.value-holdings.de info@value-holdings.de Location: Augsburg, HRB 64 CEO: Georg Geiger Board of Directors: Ludwig Lehmann
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