



Letter to the shareholders Q3 2022

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

To the shareholders of

Value-Holdings International AG

Dear Ladies and Gentlemen,

the economic and political situation has worsened again in the last three months, even though the main topics have remained unchanged. Above all, however, fears of recession have recently increased significantly. In particular, the statements by the US Federal Reserve to raise interest rates or keep them at a high level until inflation has returned to an acceptable level and, above all, to accept negative effects on economic growth, have dampened the appetite for shares among stock market players. In addition, the effects of the Ukraine war on energy costs continue to weigh heavily, especially in Europe. Accordingly, consumers' propensity to consume is at a low point, as massively increased costs for gas and electricity are significantly reducing disposable income. In industry, too, concerns are spreading about further increases in input costs, and not only in energy bills. So it is not surprising that important leading indicators such as the Purchasing Managers Index (PMI) or the ifo Business Climate Index are also clearly declining.

These issues weighed on the stock markets, so that the indices relevant to us continued to fall on a quarterly basis. September in particular once again confirmed its reputation as the worst stock market month. The German leading index DAX and its European counterpart EuroStoxx 50 each lost around 5 % in the third quarter, while the small cap index SDAX even fell by 11 %. Since the beginning of the year, losses have totalled 23.7 % (DAX), 22.8 % (EuroStoxx 50) and 35.9 % (SDAX). Many of Value-Holdings International AG's (VHI) investments also suffered in this environment and in some cases had to record significant price losses. Above all, industrial and consumer-related stocks were affected by rising input costs, fears of recession and uncertainty about the further impact of the Ukraine war (keyword: energy costs and gas supply). These stocks were virtually on a buyer's strike and the price losses were disproportionately high. On a quarterly basis, the minus amounts to about 12 %, taking into account the distributed dividend. In the course of the year so far, it was therefore no longer possible to maintain the previous outperformance against the major indices. The net asset value (NAV) fell by a total of -25.1 % to € 2.39 per share (including dividend distribution). The price range of the VHI share (WKN: 756 362) on the Berlin Stock Exchange has been between € 1.51 (without volume) and € 3.42 so far in 2022. At the end of September the quotation was € 2.68.

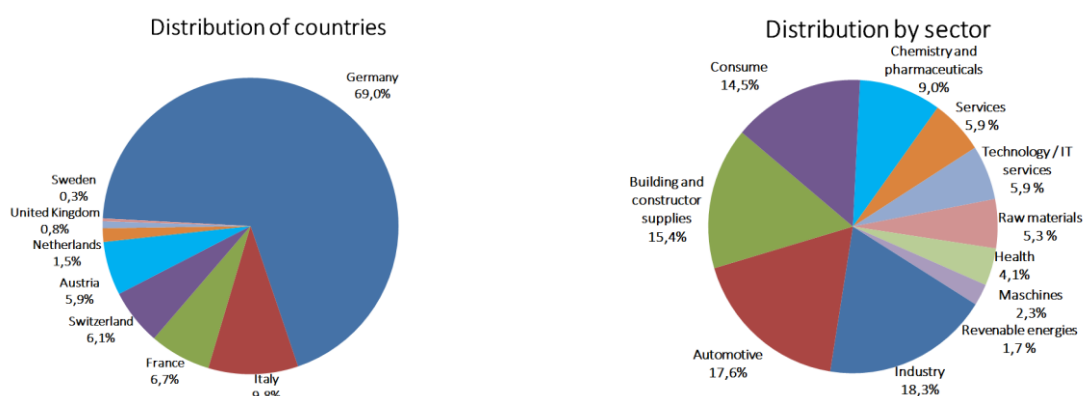
In the third quarter, we implemented further transactions in the portfolio. We completely divested Henkel and Dr. Höhle, both of which we had only acquired in the first half of 2022, but then recognised increased risks due to current developments. We also made further partial disposals in Eurokai and only hold a small residual position here. At the end of the quarter, we finally sold of our long-standing investment in BIC, which was one of the best-performing stocks in the portfolio this year with a price increase of 33 %. The potential to reach fair value was significantly lower here than with new investments or with other portfolio positions, which we increased in return. The latter include additional purchases in Traton, KSB and Kion. In addition, we again built up initial positions in Freenet and Takkt, which we had only sold in the second

quarter at significantly higher prices after the respective fair values had been reached. The discounts to our selling prices at the time of the re-investments were 27 % and 37 % respectively.

In view of the further price losses on the markets and the development of the overall portfolio in the third quarter, it is not surprising that, when looking at the price performance of the individual portfolio positions, numerous VHI investments had to record price declines, some of them considerable. However, some stocks have also developed positively. In addition to the aforementioned BIC, Orsero (+24 %) and Carlo Gavazzi (+6 %) were the strongest performers among the holdings since the beginning of the year, without taking into account the dividends paid. DBA Group (+63 %) and Freenet (+13 %) also developed positively until the respective sale. Unfortunately, the list of disproportionate share price declines is longer. Ceconomy, SAF-Holland, Deutz, q.beyond, Semperit, Kion, Servizi Italia and Sto are worth mentioning here, with VHI recording the largest losses in the first nine months.

The portfolio changes explained resulted in a liquidity ratio of around 8 % at the end of the third quarter of 2022, meaning that our company was invested at just under 92 % (31.12.2021: 91 %). The top 10 investments of a total of 39 (end of 2021: 37) core positions, i.e. excluding the Future Portfolio, were the following companies in order of portfolio size as at 30.09.2022:

1) BMW AG (Preferred)	5,2 %	6) Hochtief AG	3,5 %
2) SMT Scharf AG	4,9 %	7) Eutelsat Communication S.A.	3,4 %
3) Neodecortech SpA	4,7 %	8) Hawesko Holding AG	3,3 %
4) Sto SE & Co. KGaA	4,4 %	9) Evonik AG	3,3 %
5) Mercedes-Benz Group AG	4,3 %	10) KSB AG (Preferred)	3,2 %



The above-mentioned transactions have so far resulted in sales profits of approximately T€ 390. In addition, VHI was able to receive further dividend payments in the third quarter. With just under T€ 440 in income from securities, the company has thus already been able to record significantly more than in the entire record year 2019 (T€ 361). The dividend payment of VHI itself took place after this year's Annual General Meeting, which was held in Augsburg on 20 July 2022. In addition to the dividend payment, the discharge of the Board of Management and the Supervisory Board was unanimously approved. In view of the share price development of our investments to date and the current mixed situation, we currently assume that we will have to make value adjustments to individual investments at the end of the year, which will have a corresponding effect on the annual result. However, the goal remains unchanged to be able to make at least a stable dividend distribution for 2022.

Yours sincerely

Roland Könen
Member of the Board Value-Holdings International AG