



Letter to the shareholders Q4 2022

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

To the shareholders of

Value-Holdings International AG

Dear Ladies and Gentlemen,

after the stock markets relevant to us were very weak in the third quarter, a rebound took place in October and November with a cumulative gain of around 19 %. After this pronounced recovery, it is not surprising that the year-end rally that so often occurs in December failed to materialise in 2022. Once again, the central bank policy of the American Fed and the ECB, but also of the Bank of Japan, was decisive for this. In view of the recent indications of a possible overshooting of the inflation peak, many market participants had been betting on signals for a less aggressive central bank policy in mid-December. In the fight against inflation, the pace of interest rate hikes is to be slowed down, but at the same time more interest rate steps than before and, above all, longer high interest rates were promised. The issues that had also moved prices in the course of the year, such as the energy price crisis, the Ukraine war or the zero-covid policy in China, were no longer the dominant factors towards the end of the year. Above all, declining gas prices combined with high storage levels as a result of lower energy consumption, also due to the weather, gave at least some hope for the more cyclical stocks.

On a quarterly level, the EuroStoxx 50 rose by 14 % and the DAX by 15 %. VHI's net asset value (NAV) improved to the same extent, reaching € 2.74 per share at the end of the year. Over the year as a whole, this corresponds to a decline of 14.5 %, taking into account the distributed dividend. EuroStoxx 50 and DAX lost 11.7 % and 12.3 % respectively at the same time. With a view to indices that track the smaller-capitalised companies, such as the SDAX (-27.3 %), VHI, which is also invested to a large extent in holdings outside the blue chips, performed comparatively much better. In the full year 2022 the price range of the VHI share (WKN: 756 362) on the Berlin Stock Exchange was between € 1.51 (without volume) and € 3.42. At the end of December, the share price was € 2.70.

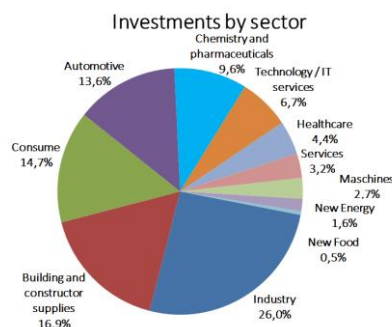
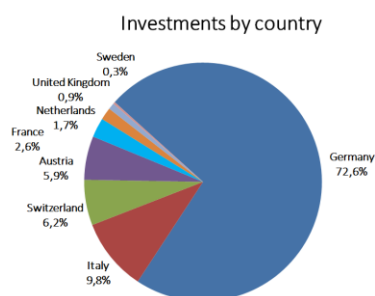
In the final quarter, we were again somewhat more active in portfolio management. In the process, we completely divested three investments. This related to the rather small position Takkt, which rose by over 30 % within a short time after our buyback. In addition, we sold our entire stake in Eutelsat. In the context of the merger with OneWeb, the management has announced its intention to suspend dividend payments for three years instead of the previously communicated two years in order to finance further growth. In addition, the transaction will lead to a considerable dilution of profits in the coming years. We have therefore consistently divested the stock, resulting in a small loss on disposal. Finally, we also sold our long-standing portfolio position in BMW in order to focus more strongly in the future on the stake in Mercedes-Benz, where we have realised accumulated profits in the fourth quarter to date.

We used a large part of the freed-up liquidity to increase existing, promising investments. These include Evonik, Siltronic, Traton, Kion, Freenet, Innotec, Bauer and q.beyond. In the „Zukunftsdepot“, we subscribed to the capital increases in Clearvis and Midsona in order to avoid a dilution effect.

Due to the positive overall market development in the fourth quarter, most of our investments were also able to record share price increases. Over the year as a whole, however, we have to record share price declines, some of them considerable. The biggest declines since the beginning of the year were recorded by q.beyond, Ceconomy and Bauer as well as Deutz, Evonik and Polytec. In addition, some stocks, especially from the „New Food“ sector, have lost considerable value in the „Zukunftsdepot“. The „New Energy“ sector, on the other hand, developed positively for the most part. In addition to the above-mentioned Takkt, DBA Group (+63 %), BIC (+34 %), BMW (+11 %) and Freenet (+13 %) also performed well until the respective sale. Of the portfolio positions, Carlo Gavazzi (+15 %) and Orsero (+12 %) recorded the most significant increases, as (sub-)positions did that we acquired or bought at low cost during the course of the year. These include BASF, KSB, HeidelbergCement, as well as Lanxess, Keller, and Siltronic.

The portfolio changes explained resulted in a liquidity ratio of just under 13 % at the end of the fourth quarter of 2022, meaning that our company was invested at just over 87 % (31.12.2021: 91 %). The top 10 investments out of a total of 36 (end of 2021: 37) core positions, i.e. excluding the „Zukunftstdepot“, were the following securities in order of portfolio size as at 31.12.2022:

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



The above-mentioned transactions have resulted in realized profits of around T€ 645 so far. With income from securities of more than T€ 445, VHI has received significantly more dividend payments than in the previous record year 2019 (T€ 361). The dividend payment of VHI itself was made after the Annual General Meeting on 20th July 2022. Due to the general market development as well as the price development of individual investments, we will have to make write-downs to some portfolio positions in the 2022 annual financial statements. These will have a corresponding effect on the income statement. However, we currently expect to report a positive annual result in 2022, so that we are currently planning to again propose a stable dividend of € 0.09 per share at the upcoming Annual General Meeting.

Yours sincerely

Roland Könen
Member of the Board Value-Holdings International AG