

Letter to the shareholders Q3 2024



VALUE-HOLDINGS
International AG

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To the shareholder of

Value-Holdings International AG

Dear Leadis and Gentleman,

after the European Central Bank cut interest rates for the first time since 2019 in June and followed up in September, the US Federal Reserve followed suit shortly before the end of the quarter with a major move of 0.5 %. In view of the weakening global economy, most market participants expect the major central banks to continue to cut interest rates until 2026. In view of the current economic data, it is becoming apparent that the improvement in the business situation hoped for in the second half of the year at the start of the year is now unlikely to materialize until the first half of 2025 at the earliest. In Germany in particular, the ZEW economic expectations and the Ifo business climate index are showing poor figures, meaning that a rapid return to growth is not to be expected, especially as the major German export regions of America and China are also increasingly weakening. Geopolitically, the markets continue to be preoccupied by the war in Ukraine and the Middle East. In addition, as the US presidential election approaches, the (predicted) outcome is also likely to have at least a temporary impact on prices on the capital markets. In any case, there was still little sign of an economic slowdown on the stock markets in the third quarter; instead, stock market participants were delighted with the interest rate cuts that have finally been implemented, making it cheaper for companies to refinance and making valuations appear more attractive again. After the DAX and the EuroStoxx 50 had already made significant gains in the first half of the year, the indices continued to rise in the past quarter. The flash crash at the beginning of August did nothing to change this. This followed the Bank of Japan's decision to raise its key interest rate by 25 basis points. This forced a number of market participants to liquidate their carry trades, with the resulting selling pressure subsequently leading to a domino effect on the markets, although this only lasted for a short time. With a closing price of 19,474 points, the DAX reached a new all-time high on September 27, 2024. At the end of the third quarter, the year-to-date performance of the German blue-chip index was +15.4 %. The EuroStoxx 50, on the other hand, was not quite able to keep up, but is also up double digits at +10.6 %. The difference in performance between the blue chips and small caps has not changed significantly recently. After a very weak performance in the first half of the year, the MDAX was at least able to make up a few percentage points, but was still in negative territory at -1.0 % as at September 30, while the SDAX at least remained in positive territory at +1.4 %. Following the interest rate cuts that have taken place and are still planned, we can imagine that the valuation gap between large caps and small and medium-sized companies will gradually close again in the coming quarters.

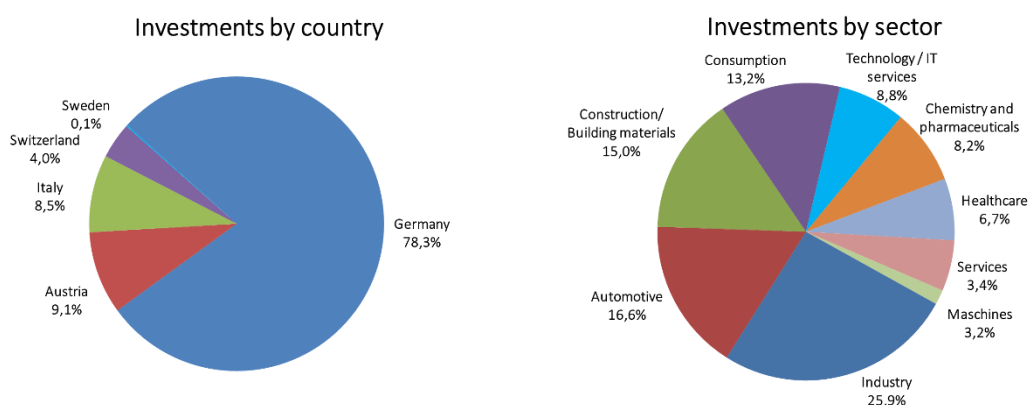
The **net asset value (NAV)** of VHI was **€ 3.07 per share** as at September 30, 2024. Taking into account the dividend payment of € 0.09 per share made in June, this corresponds to an increase of +4 % since the beginning of the year. The VHI share price (WKN: 756 362) ranged between € 2.70 and € 3.20 on the Berlin Stock Exchange in the first nine months of 2024. At the end of September, the share was quoted at € 2.96. After being quite active in portfolio management in the first half of the year and especially in the second quarter of 2024, we were rather cautious in the quarter under review. We were not represented at all on the sell side. On the buy side, we made additional purchases in one or the other existing investments. These

include Orsero and Zumtobel as well as Hugo Boss, Sixt and Wacker Neuson, which were only newly allocated in the second quarter. We only made a completely new investment in Paul Hartmann. The Group is a leading European provider of system solutions for medicine and care with products in the incontinence management, wound care and infection management segments.

The comparatively weaker NAV performance in the third quarter is primarily attributable to the portfolio's highly weighted investments, which have recently experienced negative share price performance. In the third quarter, all of the top 5 holdings as at 30.06.2024 lost between -4 % (Traton) and -23 % (Sto). In view of the sometimes diametrically opposed performance of the blue chips and small caps, it is not surprising that the performance range within the VHI portfolio was also very wide in the first nine months. Keller (+56 %), Sogefi (+53 %) and Ceconomy (+22 %) recorded very pleasing price gains up to the respective sale. Of the investments held as at September 30, Traton (+38 % - despite the decline in the third quarter), Hornbach Holding (+34 %), q.beyond (+31 %), SMT Scharf (+30 %) and Fresenius (+22 %) achieved significant gains. On the negative side, however, Semperit (-19 %), Metro (-23 %) and Orsero (-25 %) were particularly disappointing.

The portfolio changes described above resulted in a liquidity ratio of around 9 % at the end of the third quarter of 2024, meaning that our company was invested at just over 91 % (December 31, 2023: 91 %). The top 10 investments out of a total of 34 (end of 2023: 35) core positions were the following securities in order of portfolio size as at September 30, 2024:

1) KSB AG Vz.	5,6 %	6) Mercedes-Benz AG	3,7 %
2) Traton SE	4,4 %	7) Sto SE & Co. KGaA	3,7 %
3) Neodecortech SpA	4,0 %	8) Porr AG	3,7 %
4) Hornbach Holding AG	4,0 %	9) Swatch Group AG	3,6 %
5) SAF-Holland SE	3,8 %	10) Fresenius SE & Co. KGaA	3,6 %



The transactions implemented in the first nine months have so far resulted in sales gains of just over T€ 500. In the third quarter, we also received the last dividend income planned for 2024. Overall, VHI received income from securities amounting to T€ 445, which represents a slight decrease compared to the record figure of the previous year (T€ 465). In contrast, the interest income generated to date is already above the full 2023 level (T€ 12), meaning that we will come close to the cumulative value of dividend and interest income from 2023 (T€ 477) for the year as a whole. In view of the realized sales gains and the dividend and interest income already received, we should also be able to achieve a positive annual result in 2024, subject to write-downs at the end of the year. Provided no unforeseen events occur, we intend to maintain our current dividend policy in the future. This would also mean distributing a dividend per share (at least) at the previous year's level for the 2024 financial year.

Thank you for your trust!

Roland Könen
Member of the Board Value-Holdings International AG