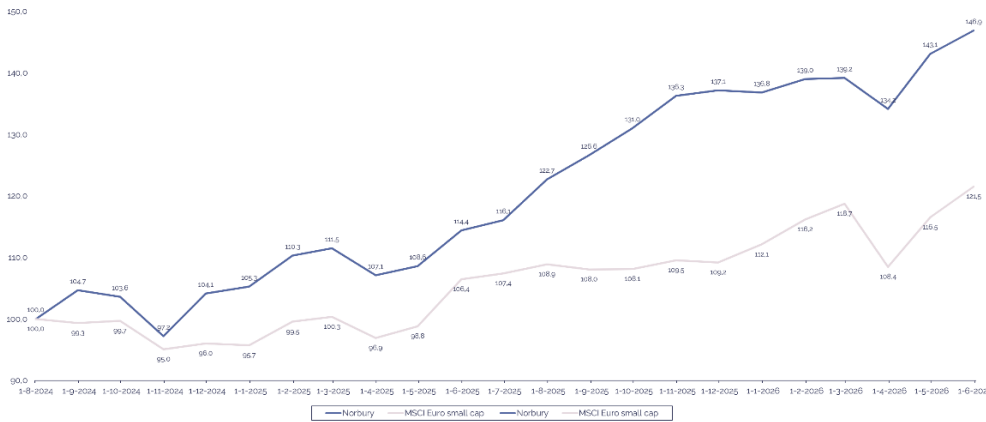


Monthly update

The Norbury Capital Fund was up +2.7% in May, trailing the MSCI Europe Small-Cap index which was up +4.3%. Year-to-date, the fund is up +7.4% (versus +8.4% for the index). Top performers for the fund were **Tonies** (after solid results), **Medincell** and **Lumibird**. The latter is a new position in the fund - we'll explain below why we believe this is an interesting equity story.



Since the start of the fund, we have been continuously looking for interesting investment cases around the defense theme. Within defense drones and countermeasures are a hot topic given how the battlefield in Ukraine has evolved. A lot of companies with exposure in this field already have seen dramatic share price increases. We believe that with Lumibird we have found a company that will greatly benefit from this theme without the stock reflecting this properly. On top of that this business also has some nascent semiconductor exposure, which can also see strong growth. So why isn't the market fully seeing this?

Lumibird is a French small-cap company (~€650m EV) led by founder and majority shareholder Marc Le Flohic with relatively limited sellside coverage. The company produces solid state lasers, fibers and diodes. It does so in 2 divisions, a medical division and a photonics division. Last year this was roughly 50/50 in underlying earnings.

The company has started the process of selling its medical division. This business unit is primarily active in the eye-treatment industry. Their diagnostic and treatment systems are used to treat blindness. This is an attractive market and prior transactions in space often were sold for around 15x, which would put the total value of this business at €300m. We believe that full sale of the division is relatively close.

If we're right and this business gets sold, we're left with the fast-growing photonics division, active in defense, semi, space and medtech industries. We'll focus on the defense and semiconductor industry for now. While the name (photonics!) and semiconductor both scream meme-potential for this stock (we can dream) this is not our main reason for investing in the company. Within semi the company's lasers mainly go into diagnostics and inspection tools. Recently the company won a

contract with a large Japanese customer, and we think the revenue growth within this pocket will materially accelerate in the coming period.

However, the main growth driver for the coming years – we believe – is the defense sector. Within defense the company is exposed to the Skyranger.. The Skyranger is Rheinmetall's answer to the changing air defense landscape.

This mobile air-defense turret can be mounted on wheeled or tracked vehicles and are a way more agile and cheaper way to defend against the threat of drones as it shoots bullets. To correctly assess the distance of the drones (and make sure they get hit) the Skyranger uses a rangefinder. It is a highly precise laser beam that needs to exactly assess the distance and position of the drone it tries to hit. As we understand it, Lumibird is the exclusive laser supplier for the Skyranger Rheinmetall expects strong growth in the coming years and we think >€100m of revenues for Lumibird is a real possibility. Combined with the strong growth in the industrial / semi business and a recovery in the medtech business the whole division could do >€250m in revenues in 2-3 years. Given higher margins in the growth segments this could translate into >€60m in EBIT in the near-term. Corrected for the medical division the company would trade on roughly 6x EBIT 2028E for a business with secure growth in defense and optionality in a.o. semi and space applications.

The opportunity lies in the complexity today which should disappear if and when the medical division gets sold. This is a small cap however, not super liquid and sales processes can fail, which is probably where the downside lies if you invest today. We believe the risk/reward is compelling and believe the shares have the potential to double from here.