

# SMARTBROKER Holding AG

Financial Services - Germany



**Buy** (old: Buy)

07.09.2023

**EUR 15.00** (old: EUR 16.00)

## Profit warning after soft H1 in the media segment; chg

Smartbroker cut its guidance for FY23, as a result of the currently challenging market environment that is especially burdening the Media segment, already visible in the weak H1 figures:

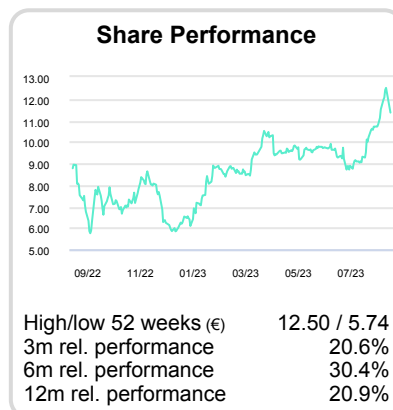
- **Sales of € 23.4m** (-16% yoy) are lower than anticipated (eNuW: € 26.3m), mainly driven by the soft development of the Media segment with only c. € 14.2m (-16% yoy vs eNuW: € 17.3m). Sales in the transaction segment was soft, but in line with expectations (€ 9.2m vs eNuW: € 9.0m), as marketing budgets were reduced during H1 (to € 1.7m) to keep the powder dry for the launch of Smartbroker+ that finally happened a week ago.
- **EBITDA came in weak at € 1.7m** (vs € 4.6m in H1'22 vs eNuW: € 4.4m) as a result of the weaker top-line that could not be fully compensated by reduced marketing spendings.

Looking into H2, we expect the Media segment to remain rather flattish, while the transaction business should develop slightly better compared to H1, on the back of the recent launch of Smartbroker+ that should start fuelling customer inflow and transactions already this year. Still, the full growth potential of Smartbroker+ should become visible in FY24e. Consequently, **management cut its sales guidance for FY23** by 9% at mid-point to **€ 46-51m in sales and € -1m to € 1m in EBITDA**.

Given that we considered FY23 a transition year, that is additionally burdened by high development costs of Smartbroker+, the guidance cut is not having notable impact on the case. As Smartbroker+ is offering the **unique combination of the service range of an established full-service broker at a neobroker pricing**, we expect customer inflows and transactions to ramp-up within the next months and years.

Especially synergy effects between the Media segment and the Smartbroker should fuel both: While **CAC of Smartbroker are seen to decline**, thanks to the reach of the media portals, new customer of Smartbroker are expected to mainly use the embedded media portals within the app, **increasing page views and interactions** and making the portals more attractive for advertisers.

While the timing of the guidance cut is not ideal, it is not changing the investment case. We hence reiterate **BUY** with reduced **PT of € 15**, based on DCF.



### Market data

Share price (in €)	11.35
Market cap (in € m)	178.0
Number of shares (in m pcs)	15.7
Enterprise value (in € m)	169.3
Ø trading volume (6 months)	10,400

### Identifier

Bloomberg	SB1 GR
Reuters	SB1.DE
WKN	A2GS60
ISIN	DE000A2GS609

### Key shareholders

Andre Kolbinger	57.0%
Management	8.0%
Free Float	35.0%

### Estimates changes

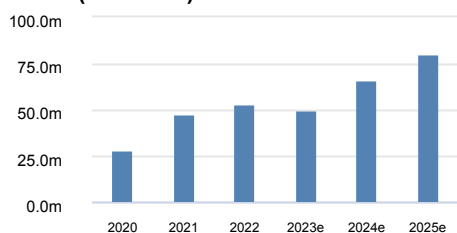
	2023e	2024e	2025e
Sales	-9%	-10%	-10%
EBIT	-6078%	-173%	-47%
EPS	-392%	-62%	-31%

- ### Comment on changes
- We trimmed our sales estimates for FY23 and beyond to reflect the weak H1 Media sales and the challenging market environment

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	28.2	48.2	52.8	50.4	66.7	80.5
Sales growth	229.9%	70.9%	9.5%	-4.5%	32.4%	20.6%
EBITDA	4.5	3.6	8.8	0.3	2.6	12.0
Net debt (if net cash=0)	-6.6	-19.8	-12.5	-8.7	-10.5	-19.5
FCF	0.7	1.4	-15.5	-3.8	1.8	9.0
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.23	-0.03	-0.64	-0.18	0.13	0.57
EBITDA margin	16.0%	7.4%	16.6%	0.6%	3.9%	14.9%
ROCE	5.9%	0.7%	-13.0%	-4.7%	-2.9%	9.1%
EV/sales	5.8	3.1	3.1	3.4	2.5	2.0
EV/EBITDA	36.5	42.6	18.9	555.4	64.6	13.2
PER	48.9	-333.4	-17.7	-63.8	88.6	19.8
Adjusted FCF yield	0.6%	-0.5%	-5.9%	-1.2%	-1.7%	1.6%

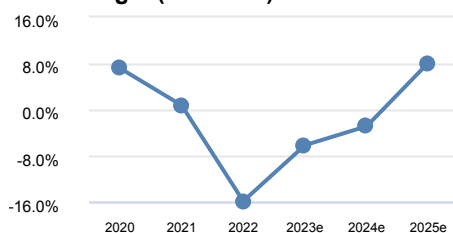
Source: Company data, NuWays, Close price as of 05.09.2023

### Sales (2020-25e)



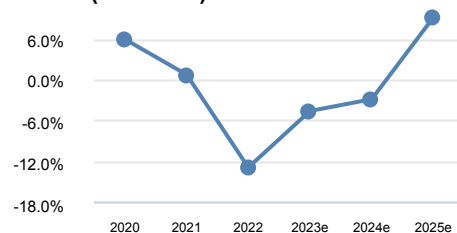
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

### ROCE (2020-25e)



Source: NuWays Research

### Company description

Smartbroker Holding AG operates a full-service online broker as well as four leading finance media portals in order to service Germany's most active investor community with best-in-class online brokerage.

### Guidance

- Sales FY23: € 46-51m
- EBITDA FY23: € -1 to 1m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>28.2</b>	<b>48.2</b>	<b>52.8</b>	<b>50.4</b>	<b>66.7</b>	<b>80.5</b>
<i>Sales growth</i>	229.9%	70.9%	9.5%	-4.5%	32.4%	20.6%
Increase/decrease in finished goods and work-in-process	-0.0	0.9	2.4	0.0	0.0	0.0
<b>Total sales</b>	<b>28.2</b>	<b>49.1</b>	<b>55.2</b>	<b>50.4</b>	<b>66.7</b>	<b>80.5</b>
Other operating income	0.3	0.6	1.4	1.3	1.7	2.1
Material expenses	13.5	25.9	21.1	25.3	36.6	39.3
Personnel expenses	8.0	12.6	18.7	16.1	20.3	23.2
Other operating expenses	2.5	7.7	8.0	10.0	9.0	8.0
<b>Total operating expenses</b>	<b>23.7</b>	<b>45.5</b>	<b>46.4</b>	<b>50.1</b>	<b>64.1</b>	<b>68.5</b>
<b>EBITDA</b>	<b>4.5</b>	<b>3.6</b>	<b>8.8</b>	<b>0.3</b>	<b>2.6</b>	<b>12.0</b>
Depreciation	2.5	3.2	17.2	3.4	4.5	5.5
<b>EBITA</b>	<b>2.0</b>	<b>0.3</b>	<b>-8.4</b>	<b>-3.1</b>	<b>-1.9</b>	<b>6.5</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>2.0</b>	<b>0.3</b>	<b>-8.4</b>	<b>-3.1</b>	<b>-1.9</b>	<b>6.5</b>
Interest income	0.0	0.0	0.0	0.4	6.0	7.5
Interest expenses	0.2	0.2	0.4	0.0	0.0	0.0
Investment income	2.7	0.0	0.0	0.0	0.0	0.0
Financial result	2.5	-0.3	-1.5	-0.8	4.9	6.4
<b>Recurring pretax income from continuing operations</b>	<b>4.6</b>	<b>0.0</b>	<b>-9.9</b>	<b>-3.9</b>	<b>2.9</b>	<b>12.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.6</b>	<b>0.0</b>	<b>-9.9</b>	<b>-3.9</b>	<b>2.9</b>	<b>12.9</b>
Income tax expense	1.0	0.6	0.1	-1.2	0.9	3.9
<b>Net income from continuing operations</b>	<b>3.6</b>	<b>-0.5</b>	<b>-10.1</b>	<b>-2.7</b>	<b>2.1</b>	<b>9.0</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.6</b>	<b>-0.5</b>	<b>-10.1</b>	<b>-2.7</b>	<b>2.1</b>	<b>9.0</b>
Minority interest	0.0	-0.0	-0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>3.5</b>	<b>-0.5</b>	<b>-10.0</b>	<b>-2.8</b>	<b>2.0</b>	<b>9.0</b>
Average number of shares	15.1	15.1	15.4	15.7	15.7	15.7
<b>EPS reported</b>	<b>0.23</b>	<b>-0.03</b>	<b>-0.65</b>	<b>-0.18</b>	<b>0.13</b>	<b>0.57</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	229.9%	70.9%	9.5%	-4.5%	32.4%	20.6%
Increase/decrease in finished goods and work-in-process	-0.0%	1.8%	4.5%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.0%</b>	<b>101.8%</b>	<b>104.5%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	0.9%	1.3%	2.6%	2.6%	2.6%	2.6%
Material expenses	47.7%	53.6%	39.9%	50.2%	54.8%	48.9%
Personnel expenses	28.3%	26.2%	35.5%	32.0%	30.4%	28.8%
Other operating expenses	8.9%	15.9%	15.1%	19.8%	13.5%	9.9%
<b>Total operating expenses</b>	<b>84.0%</b>	<b>94.4%</b>	<b>87.9%</b>	<b>99.4%</b>	<b>96.1%</b>	<b>85.1%</b>
<b>EBITDA</b>	<b>16.0%</b>	<b>7.4%</b>	<b>16.6%</b>	<b>0.6%</b>	<b>3.9%</b>	<b>14.9%</b>
Depreciation	8.8%	6.7%	32.6%	6.8%	6.8%	6.8%
<b>EBITA</b>	<b>7.2%</b>	<b>0.7%</b>	<b>-15.9%</b>	<b>-6.2%</b>	<b>-2.9%</b>	<b>8.1%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>7.2%</b>	<b>0.7%</b>	<b>-15.9%</b>	<b>-6.2%</b>	<b>-2.9%</b>	<b>8.1%</b>
Interest income	0.1%	0.0%	0.1%	0.7%	9.1%	9.4%
Interest expenses	0.6%	0.3%	0.7%	0.0%	0.0%	0.0%
Investment income	9.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Financial result	9.0%	neg.	neg.	neg.	7.3%	7.9%
<b>Recurring pretax income from continuing operations</b>	<b>16.2%</b>	<b>0.1%</b>	<b>-18.8%</b>	<b>-7.8%</b>	<b>4.4%</b>	<b>16.0%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>16.2%</b>	<b>0.1%</b>	<b>-18.8%</b>	<b>-7.8%</b>	<b>4.4%</b>	<b>16.0%</b>
Tax rate	22.1%	1408.5%	-1.3%	30.0%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>12.6%</b>	<b>-1.1%</b>	<b>-19.1%</b>	<b>-5.4%</b>	<b>3.1%</b>	<b>11.2%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>12.6%</b>	<b>-1.1%</b>	<b>-19.1%</b>	<b>-5.4%</b>	<b>3.1%</b>	<b>11.2%</b>
Minority interest	0.2%	-0.0%	-0.0%	0.1%	0.1%	0.1%
<b>Net profit (reported)</b>	<b>12.4%</b>	<b>-1.1%</b>	<b>-19.0%</b>	<b>-5.5%</b>	<b>3.0%</b>	<b>11.2%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	20.5	37.5	33.6	33.6	33.6	33.6
Property, plant and equipment	0.4	0.9	1.8	3.3	3.3	3.3
Financial assets	7.9	2.2	1.5	0.3	-0.8	-2.0
<b>FIXED ASSETS</b>	<b>28.8</b>	<b>40.6</b>	<b>36.9</b>	<b>37.3</b>	<b>36.1</b>	<b>35.0</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	2.8	7.0	6.1	5.9	7.8	9.4
Other assets and short-term financial assets	3.6	1.9	2.7	2.7	2.7	2.7
Liquid assets	14.1	25.5	27.4	23.5	25.3	34.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.4	0.8	0.8	0.8	0.8
<b>CURRENT ASSETS</b>	<b>22.4</b>	<b>34.8</b>	<b>37.0</b>	<b>32.9</b>	<b>36.6</b>	<b>47.2</b>
<b>TOTAL ASSETS</b>	<b>51.2</b>	<b>75.4</b>	<b>73.9</b>	<b>70.2</b>	<b>72.8</b>	<b>82.2</b>

<b>SHAREHOLDERS EQUITY</b>	<b>30.2</b>	<b>49.5</b>	<b>49.4</b>	<b>46.6</b>	<b>48.5</b>	<b>57.4</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	1.9	5.0	3.5	3.5	3.5	3.5
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.6	8.9	3.0	2.1	2.7	3.3
Advance payments received on orders	0.0	0.1	0.2	0.2	0.2	0.2
Other liabilities (incl. from lease and rental contracts)	6.4	1.9	0.4	0.4	0.4	0.4
Deferred taxes	1.0	0.9	0.8	0.8	0.8	0.8
Deferred income	1.7	2.3	1.2	1.2	1.2	1.2
<b>CURRENT LIABILITIES</b>	<b>8.0</b>	<b>10.9</b>	<b>3.6</b>	<b>2.7</b>	<b>3.4</b>	<b>3.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>51.2</b>	<b>75.4</b>	<b>73.9</b>	<b>70.2</b>	<b>72.8</b>	<b>82.2</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	40.0%	49.7%	45.5%	47.9%	46.2%	40.9%
Property, plant and equipment	0.8%	1.2%	2.4%	4.8%	4.6%	4.1%
Financial assets	15.5%	3.0%	2.0%	0.5%	-1.2%	-2.4%
<b>FIXED ASSETS</b>	<b>56.3%</b>	<b>53.9%</b>	<b>49.9%</b>	<b>53.1%</b>	<b>49.7%</b>	<b>42.6%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	5.5%	9.2%	8.3%	8.4%	10.7%	11.4%
Other assets and short-term financial assets	7.1%	2.5%	3.7%	3.9%	3.8%	3.3%
Liquid assets	27.5%	33.9%	37.0%	33.5%	34.8%	41.8%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.7%	0.5%	1.0%	1.1%	1.0%	0.9%
<b>CURRENT ASSETS</b>	<b>43.7%</b>	<b>46.1%</b>	<b>50.1%</b>	<b>46.9%</b>	<b>50.3%</b>	<b>57.4%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>59.0%</b>	<b>65.6%</b>	<b>66.9%</b>	<b>66.4%</b>	<b>66.7%</b>	<b>69.8%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	3.7%	6.7%	4.7%	4.9%	4.8%	4.2%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	3.1%	11.8%	4.0%	2.9%	3.8%	4.0%
Advance payments received on orders	0.1%	0.1%	0.2%	0.3%	0.3%	0.2%
Other liabilities (incl. from lease and rental contracts)	12.5%	2.5%	0.6%	0.6%	0.6%	0.5%
Deferred taxes	1.9%	1.2%	1.1%	1.2%	1.2%	1.0%
Deferred income	3.3%	3.1%	1.6%	1.7%	1.6%	1.4%
<b>CURRENT LIABILITIES</b>	<b>15.7%</b>	<b>14.4%</b>	<b>4.9%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>4.8%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	3.6	-0.5	-10.1	-2.7	2.1	9.0
Depreciation of fixed assets (incl. leases)	2.5	3.8	18.4	3.4	4.5	5.5
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	-0.2	-0.4	0.0	0.0	0.0
Cash flow from operating activities	-1.3	10.1	-13.3	-2.3	1.8	9.0
Increase/decrease in inventory	-0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-2.3	-2.3	-0.4	0.3	-1.9	-1.6
Increase/decrease in accounts payable	1.4	9.0	-1.2	-0.9	0.7	0.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.9	6.8	-1.6	-0.6	-1.2	-1.0
<b>Cash flow from operating activities</b>	<b>1.2</b>	<b>13.9</b>	<b>5.0</b>	<b>1.2</b>	<b>6.4</b>	<b>14.5</b>
CAPEX	0.5	12.5	20.6	5.0	4.5	5.5
Payments for acquisitions	0.0	9.1	1.2	0.0	0.0	0.0
Financial investments	3.4	0.5	0.5	0.0	0.0	0.0
Income from asset disposals	2.6	2.4	0.3	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.3</b>	<b>-19.8</b>	<b>-22.0</b>	<b>-5.0</b>	<b>-4.5</b>	<b>-5.5</b>
Cash flow before financing	-0.1	-5.9	-16.9	-3.8	1.8	9.0
Increase/decrease in debt position	4.7	-1.8	9.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	19.1	10.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	-0.2	-0.4	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.0	0.2	0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>4.5</b>	<b>17.2</b>	<b>18.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	4.4	11.5	1.9	-3.8	1.8	9.0
<b>Liquid assets at end of period</b>	<b>14.1</b>	<b>25.5</b>	<b>27.4</b>	<b>23.5</b>	<b>25.3</b>	<b>34.3</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	229.9%	70.9%	9.5%	-4.5%	32.4%	20.6%
EBITDA growth	30.1%	-3.9%	94.1%	-91.4%	-70.5%	3840.3%
EBIT growth	-40.4%	-90.5%	-514.8%	-995.7%	-76.9%	-309.5%
EPS growth	-88.0%	-103.1%	-381.1%	422.2%	-119.6%	-422.4%
<b>Efficiency</b>						
Sales per employee	581.6	964.1	754.1	719.9	953.0	1,149.5
EBITDA per employee	93.2	71.1	125.3	4.4	37.0	171.6
No. employees (average)	48	50	70	70	70	70
<b>Balance sheet analysis</b>						
Avg. working capital / sales	6.6%	-1.0%	5.4%	1.6%	5.9%	5.9%
Inventory turnover (sales/inventory)	0.0	11,304.6	11,304.6	11,304.6	11,304.6	11,304.6
Accounts receivable turnover	36.2	52.8	42.5	42.5	42.5	42.5
Accounts payable turnover	20.3	67.2	20.6	15.0	15.0	15.0
<b>Cash flow analysis</b>						
Free cash flow	0.7	1.4	-15.5	-3.8	1.8	9.0
Free cash flow/sales	2.4%	3.0%	-29.4%	-7.6%	2.7%	11.2%
FCF / net profit	18.7%	neg.	154.1%	140.3%	88.8%	99.6%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-6.6	-19.8	-12.5	-8.7	-10.5	-19.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	2.2%	2.9%	3.4%	0.0%	0.0%	0.0%
<b>Returns</b>						
ROCE	5.9%	0.7%	-13.0%	-4.7%	-2.9%	9.1%
ROE	11.6%	-1.0%	-20.3%	-6.0%	4.1%	15.7%
Adjusted FCF yield	0.6%	-0.5%	-5.9%	-1.2%	-1.7%	1.6%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	0.23	-0.03	-0.65	-0.18	0.13	0.57
Average number of shares	15.1	15.1	15.4	15.7	15.7	15.7
<b>Valuation ratios</b>						
P/BV	5.7	3.5	3.6	3.8	3.7	3.1
EV/sales	5.8	3.1	3.1	3.4	2.5	2.0
EV/EBITDA	36.5	42.6	18.9	555.4	64.6	13.2
EV/EBIT	81.3	434.9	-19.7	-54.2	-86.1	24.2

Source: Company data, NuWays

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Company	Disclosures
SMARTBROKER Holding AG	2,8

### Historical target price and rating changes for SMARTBROKER Holding AG

Company	Date	Analyst	Rating	Target Price	Close
SMARTBROKER Holding AG	18.08.2023	Jarchow, Frederik	Buy	EUR 16.00	EUR 10.70

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

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