

# SMARTBROKER Holding AG

Financial Services - Germany



**Buy** (old: Buy)

09.02.2024

**EUR 10.00** (old: EUR 15.00)

## Another difficult year ahead; chg

For the first time, Smartbroker Holding (SBH) reported monthly trading stats which can be seen as starting point of the future of the Smartbroker. Further, the longstanding Group CFO Roland Nicklaus will leave the company in April. In detail:

**The number of customers declined to 175k** (-3% mom, excluding 79k deleted, inactive customers, including c. 44k FondDiscount customers), which is clearly a negative read considering the growth ambition. Positively, after the deletion of inactive customers, the share of active customers should be close to 100%, far above the industry average of 20-40% (eNuW), visible in strong **25 trades p.a. per customer**.

**Only 0.36m executed transactions in January.** While this is fully in line with the avg number of monthly transactions throughout 2023, it is disappointing given that January is usually one of the strongest months of the year.

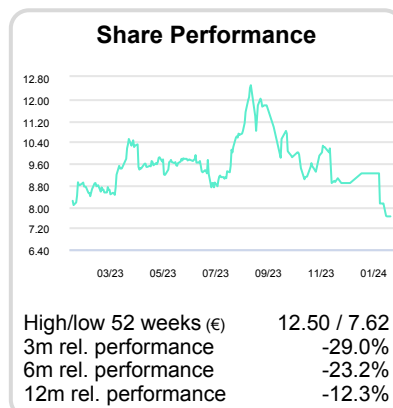
**AuC declined to € 8.9bn** (-5% mom, incl. c. € 0.6bn AuC at FondsDiscount), despite the overall solid capital market performance in January, indicating significant outflows. Positively, AuC per customer of € 51k is above levels of neobrokers (c. € 7-10k).

**Promising KPI's from the Media segment.** In contrary to the Transaction segment, the KPI development in the Media segment was sound: Site visits increased by 7% mom to 227m and the number of unique users grew substantially to 3.8m (26% mom).

**CFO on the leave.** SBH announced that Roland Nicklaus will leave the company end of March after being with the company for 15 years. As he will remain shareholder of SBH, member of the supervisory Board of the Smartbroker AG and external advisor of the company, the effects should be limited.

Overall, the Smartbroker is still seen to be the growth driver of the Group, as Smartbroker+ is offering a **unique combination of the service range of an established full-service broker at a neobroker pricing** that should drive customer inflows and transactions, fueled by the reach of the proprietary media portals. For FY24e we now expect **€ 50m in sales** and **€ 1.5m in EBITDA**.

As the investment case remains intact, we reiterate our **BUY** with a reduced **PT of € 10**, based on DCF.



### Market data

Share price (in €)	7.62
Market cap (in € m)	119.5
Number of shares (in m pcs)	15.7
Enterprise value (in € m)	108.2
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	0%	-25%	-30%
EBIT	0%	-52%	-86%
EPS	0%	-36%	-48%

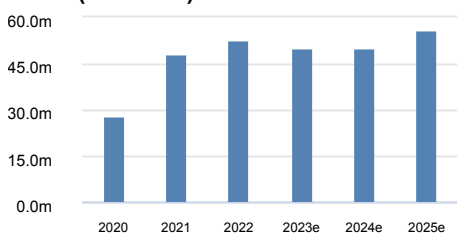
### Comment on changes

- To reflect weak trading stats, we adjust the expected growth trajectory of the Smartbroker and significantly reduce no. of customers and transactions for FY24 and beyond

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	28.2	48.2	52.8	50.4	50.0	56.3
Sales growth	229.9%	70.9%	9.5%	-4.5%	-0.7%	12.5%
EBITDA	4.5	3.6	8.8	0.3	1.5	6.0
Net debt (if net cash=0)	-6.6	-19.8	-12.5	-8.5	-11.3	-16.4
FCF	0.7	1.4	-15.5	-4.0	2.8	5.1
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.23	-0.03	-0.64	-0.22	0.10	0.31
EBITDA margin	16.0%	7.4%	16.6%	0.6%	3.1%	10.7%
ROCE	5.9%	0.7%	-13.0%	-4.7%	-4.6%	1.4%
EV/sales	3.8	2.0	2.0	2.2	2.2	1.8
EV/EBITDA	24.0	26.8	12.2	368.8	70.9	17.2
PER	32.8	-223.8	-11.9	-35.2	76.8	24.7
Adjusted FCF yield	1.0%	-0.9%	-9.2%	-3.1%	-3.5%	-1.2%

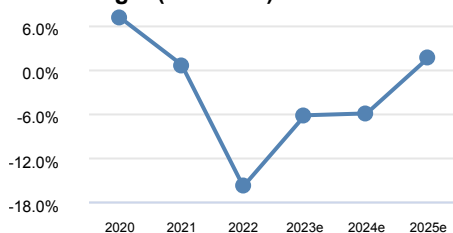
Source: Company data, NuWays, Close price as of 06.02.2024

### Sales (2020-25e)



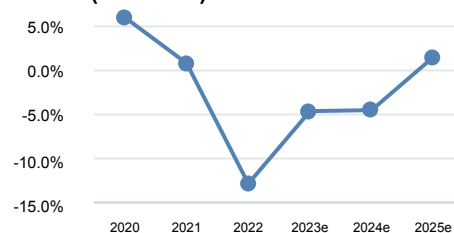
Source: NuWays Research

### 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>50.0</b>	<b>56.3</b>
<i>Sales growth</i>	229.9%	70.9%	9.5%	-4.5%	-0.7%	12.5%
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>50.0</b>	<b>56.3</b>
Other operating income	0.3	0.6	1.4	1.3	1.3	1.4
Material expenses	13.5	25.9	21.1	23.0	21.3	21.9
Personnel expenses	8.0	12.6	18.7	20.2	20.0	20.8
Other operating expenses	2.5	7.7	8.0	8.2	8.5	9.0
<b>Total operating expenses</b>	<b>23.7</b>	<b>45.5</b>	<b>46.4</b>	<b>50.1</b>	<b>48.5</b>	<b>50.3</b>
<b>EBITDA</b>	<b>4.5</b>	<b>3.6</b>	<b>8.8</b>	<b>0.3</b>	<b>1.5</b>	<b>6.0</b>
Depreciation	2.5	3.2	17.2	3.4	4.5	5.1
<b>EBITA</b>	<b>2.0</b>	<b>0.3</b>	<b>-8.4</b>	<b>-3.1</b>	<b>-3.0</b>	<b>0.9</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>-3.0</b>	<b>0.9</b>
Interest income	0.0	0.0	0.0	0.4	5.7	6.5
Interest expenses	0.2	0.2	0.4	0.4	0.4	0.4
Investment income	2.7	0.0	0.0	0.0	0.0	0.0
Financial result	2.5	-0.3	-1.5	-0.0	5.3	6.0
<b>Recurring pretax income from continuing operations</b>	<b>4.6</b>	<b>0.0</b>	<b>-9.9</b>	<b>-3.2</b>	<b>2.3</b>	<b>7.0</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>-3.2</b>	<b>2.3</b>	<b>7.0</b>
Income tax expense	1.0	0.6	0.1	0.2	0.7	2.1
<b>Net income from continuing operations</b>	<b>3.6</b>	<b>-0.5</b>	<b>-10.1</b>	<b>-3.4</b>	<b>1.6</b>	<b>4.9</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>-3.4</b>	<b>1.6</b>	<b>4.9</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>-3.4</b>	<b>1.6</b>	<b>4.8</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>-0.22</b>	<b>0.10</b>	<b>0.31</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%	-0.7%	12.5%
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%	45.7%	42.5%	38.9%
Personnel expenses	28.3%	26.2%	35.5%	40.0%	40.0%	37.0%
Other operating expenses	8.9%	15.9%	15.1%	16.3%	17.0%	16.0%
<b>Total operating expenses</b>	<b>84.0%</b>	<b>94.4%</b>	<b>87.9%</b>	<b>99.4%</b>	<b>96.9%</b>	<b>89.3%</b>
<b>EBITDA</b>	<b>16.0%</b>	<b>7.4%</b>	<b>16.6%</b>	<b>0.6%</b>	<b>3.1%</b>	<b>10.7%</b>
Depreciation	8.8%	6.7%	32.6%	6.8%	9.0%	9.0%
<b>EBITA</b>	<b>7.2%</b>	<b>0.7%</b>	<b>-15.9%</b>	<b>-6.2%</b>	<b>-5.9%</b>	<b>1.7%</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>-5.9%</b>	<b>1.7%</b>
Interest income	0.1%	0.0%	0.1%	0.7%	11.3%	11.5%
Interest expenses	0.6%	0.3%	0.7%	0.8%	0.8%	0.8%
Investment income	9.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Financial result	9.0%	neg.	neg.	neg.	10.5%	10.7%
<b>Recurring pretax income from continuing operations</b>	<b>16.2%</b>	<b>0.1%</b>	<b>-18.8%</b>	<b>-6.3%</b>	<b>4.6%</b>	<b>12.4%</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>-6.3%</b>	<b>4.6%</b>	<b>12.4%</b>
Tax rate	22.1%	1408.5%	-1.3%	-6.3%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>12.6%</b>	<b>-1.1%</b>	<b>-19.1%</b>	<b>-6.6%</b>	<b>3.2%</b>	<b>8.7%</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>-6.6%</b>	<b>3.2%</b>	<b>8.7%</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>-6.7%</b>	<b>3.1%</b>	<b>8.6%</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	2.3	2.3	2.3
Financial assets	7.9	2.2	1.5	1.5	1.5	1.5
<b>FIXED ASSETS</b>	<b>28.8</b>	<b>40.6</b>	<b>36.9</b>	<b>37.5</b>	<b>37.5</b>	<b>37.5</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	2.8	7.0	6.1	8.3	6.9	6.9
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	21.3	24.2	29.2
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>33.1</b>	<b>34.5</b>	<b>39.7</b>
<b>TOTAL ASSETS</b>	<b>51.2</b>	<b>75.4</b>	<b>73.9</b>	<b>70.6</b>	<b>72.0</b>	<b>77.1</b>
<b>SHAREHOLDERS EQUITY</b>	<b>30.2</b>	<b>49.5</b>	<b>49.4</b>	<b>46.0</b>	<b>47.4</b>	<b>52.2</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	4.5	4.5	4.5
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	3.5	3.4	3.9
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	1.8	1.8	1.8
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>4.1</b>	<b>4.0</b>	<b>4.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>51.2</b>	<b>75.4</b>	<b>73.9</b>	<b>70.6</b>	<b>72.0</b>	<b>77.1</b>
<b>Balance sheet (common size)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Intangible assets	40.0%	49.7%	45.5%	47.7%	46.7%	43.6%
Property, plant and equipment	0.8%	1.2%	2.4%	3.3%	3.3%	3.0%
Financial assets	15.5%	3.0%	2.0%	2.1%	2.1%	1.9%
<b>FIXED ASSETS</b>	<b>56.3%</b>	<b>53.9%</b>	<b>49.9%</b>	<b>53.1%</b>	<b>52.1%</b>	<b>48.6%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	5.5%	9.2%	8.3%	11.7%	9.5%	9.0%
Other assets and short-term financial assets	7.1%	2.5%	3.7%	3.9%	3.8%	3.6%
Liquid assets	27.5%	33.9%	37.0%	30.2%	33.6%	37.9%
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%	1.0%
<b>CURRENT ASSETS</b>	<b>43.7%</b>	<b>46.1%</b>	<b>50.1%</b>	<b>46.9%</b>	<b>47.9%</b>	<b>51.4%</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>65.2%</b>	<b>65.9%</b>	<b>67.6%</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%	6.3%	6.2%	5.8%
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%	4.9%	4.8%	5.0%
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%	0.6%
Deferred taxes	1.9%	1.2%	1.1%	2.5%	2.5%	2.3%
Deferred income	3.3%	3.1%	1.6%	1.7%	1.6%	1.5%
<b>CURRENT LIABILITIES</b>	<b>15.7%</b>	<b>14.4%</b>	<b>4.9%</b>	<b>5.8%</b>	<b>5.6%</b>	<b>5.8%</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	-3.4	1.6	4.9
Depreciation of fixed assets (incl. leases)	2.5	3.8	18.4	3.4	4.5	5.1
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	-2.5	2.8	5.1
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	-2.1	1.4	-0.1
Increase/decrease in accounts payable	1.4	9.0	-1.2	0.5	-0.0	0.4
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	-1.7	1.4	0.3
<b>Cash flow from operating activities</b>	<b>1.2</b>	<b>13.9</b>	<b>5.0</b>	<b>1.0</b>	<b>7.3</b>	<b>10.1</b>
CAPEX	0.5	12.5	20.6	5.0	4.5	5.1
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>-5.1</b>
Cash flow before financing	-0.1	-5.9	-16.9	-4.0	2.8	5.1
Increase/decrease in debt position	4.7	-1.8	9.0	-2.0	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>-2.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	4.4	11.5	1.9	-6.0	2.8	5.1
<b>Liquid assets at end of period</b>	<b>14.1</b>	<b>25.5</b>	<b>27.4</b>	<b>21.3</b>	<b>24.2</b>	<b>29.2</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%	-0.7%	12.5%
EBITDA growth	30.1%	-3.9%	94.1%	-91.5%	-82.6%	1893.2%
EBIT growth	-40.4%	-90.5%	-514.8%	-996.8%	-64.6%	-130.0%
EPS growth	-88.0%	-103.1%	-381.1%	536.0%	-115.2%	-242.6%
<b>Efficiency</b>						
Sales per employee	581.6	964.1	754.1	719.9	714.9	804.3
EBITDA per employee	93.2	71.1	125.3	4.3	21.8	85.7
No. employees (average)	48	50	70	70	70	70
<b>Balance sheet analysis</b>						
Avg. working capital / sales	6.6%	-1.0%	5.4%	2.6%	6.2%	6.7%
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	60.0	50.0	45.0
Accounts payable turnover	20.3	67.2	20.6	25.0	25.0	25.0
<b>Cash flow analysis</b>						
Free cash flow	0.7	1.4	-15.5	-4.0	2.8	5.1
Free cash flow/sales	2.4%	3.0%	-29.4%	-8.0%	5.7%	9.0%
FCF / net profit	18.7%	neg.	154.1%	120.8%	177.0%	103.5%
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	-8.5	-11.3	-16.4
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%	4.3%	2.9%	3.5%
<b>Returns</b>						
ROCE	5.9%	0.7%	-13.0%	-4.7%	-4.6%	1.4%
ROE	11.6%	-1.0%	-20.3%	-7.4%	3.3%	9.3%
Adjusted FCF yield	1.0%	-0.9%	-9.2%	-3.1%	-3.5%	-1.2%
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	-0.22	0.10	0.31
Average number of shares	15.1	15.1	15.4	15.7	15.7	15.7
<b>Valuation ratios</b>						
P/BV	3.8	2.3	2.4	2.6	2.5	2.3
EV/sales	3.8	2.0	2.0	2.2	2.2	1.8
EV/EBITDA	24.0	26.8	12.2	368.8	70.9	17.2
EV/EBIT	53.5	273.3	-12.7	-35.5	-36.4	110.0

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	06.09.2023	Jarchow, Frederik	Buy	EUR 15.00	EUR 11.35
	18.08.2023	Jarchow, Frederik	Buy	EUR 16.00	EUR 10.70

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Date of publication creation: 09/02/2024 07:51 AM

Date of publication dissemination: 09/02/2024 07:51 AM

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