

**Buy** (old: Buy)

24.01.2024

**EUR 20.00** (old: EUR 20.00)

## Reassuring order intake and strong trading momentum

Yesterday, VOQUZ published **reassuring 2023 order intake figures**, pointing towards improved operations in the second half of the year.

Total **order intake increased by 11.5% yoy to € 5.5m** with recurring orders accounting for a solid 58% (€ 3.2m). The share of product related sales slightly declined to 73% (-6.1pp yoy), while the proportion of orders from SAP license management stood at 85% (-4.3pp yoy) stemming from samQ (eNuW: 75%) and the company's new product visoryQ (eNuW: 10%).

Overall, this indicates sequential improvements in H2'23 after a rather lackluster operating performance in H1'23 with only 3% sales growth and negative EBTIDA (€ -0.5m). In fact, we expect an **acceleration in top-line growth to 6%** on a FY basis as well as a containment of the EBTIDA loss to only € -0.2m. Given the compelling order intake, these estimates could even serve as conservative in the end. That said, we expect management to put out **preliminary FY23 figures in the course of Q1**.

While 2023 has to be seen as a transition year, **VOQUZ' compelling mid-term prospects remain fully intact**: On the one hand, the still lagging SAP S/4HANA transition - only 1/3 of customer adapted the new ERP software so far - should provide tailwinds going forward. Mind you, SAP-ERP customers must switch from ECC to S/4HANA until 2027 when the mainstream maintenance fades out, which should in turn lead to exponentially increasing adoption rates in the coming quarters. Even though capacities are not unlimited, VOQUZ looks set to be one of the main beneficiaries, especially thanks to its new software visoryQ, which helps clients to set up an efficient ERP strategy. According to management, the new product is perceived well by the market, allowing for significant **cross-selling with the company's legacy software samQ**, which gets visible in a continuously **strong current trading**.

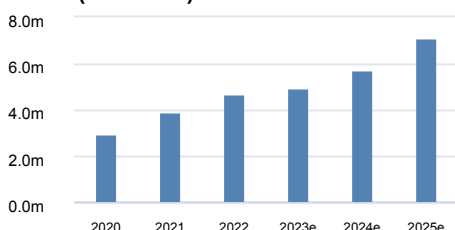
Against this backdrop, the company should be well positioned to return to **double-digit top-line growth** (eNuW: +14.5% yoy), **positive EBITDA** (€ 0.6m) as well as **FCF generation** (€ 0.5m) in 2024e.

Given the recent weakness as well as the strong underlying mid-term trends combined with the scalability of the capital-light business model, valuation continues to look undemanding with shares trading at only 1.3x EV/Sales '23e. We hence **reiterate BUY with an unchanged PT of € 20.00** based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	3.0	3.9	4.7	5.0	5.7	7.1
Sales growth	66.4%	31.3%	21.4%	5.7%	14.5%	24.8%
EBITDA	0.7	1.0	0.6	-0.2	0.6	1.5
Net debt (if net cash=0)	-0.1	-1.0	-0.1	0.1	-0.3	-1.3
FCF	0.4	0.6	-0.3	-0.1	0.5	0.9
Net Debt/EBITDA	0.0	0.0	0.0	-1.0	0.0	0.0
EPS pro forma	n.a.	0.46	0.06	-0.67	0.15	0.67
EBITDA margin	22.4%	24.7%	13.2%	-3.1%	11.0%	20.5%
ROCE	70.6%	37.0%	10.4%	-24.0%	9.7%	34.1%
EV/sales	-0.0	1.8	1.6	1.6	1.3	0.9
EV/EBITDA	-0.2	7.2	12.3	-52.2	11.9	4.5
PER	n.a.	16.2	116.8	-11.2	48.9	11.2
Adjusted FCF yield	-266.3%	9.4%	3.2%	-4.3%	6.0%	15.0%

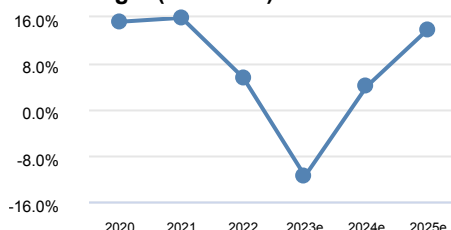
Source: Company data, NuWays, Close price as of 22.01.2024

### Sales (2020-25e)



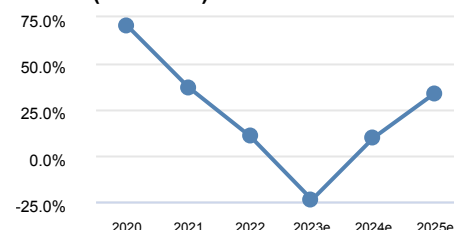
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

### ROCE (2020-25e)



Source: NuWays Research

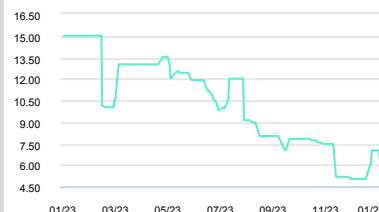
### Company description

VOQUZ is a leading developer and provider of Software Asset Management (SAM) solutions with a clear focus on SAP license and authorization management.

### Guidance

- Sustained double digit sales growth
- Mid-term: > 20% EBITDA margin

### Share Performance



High/low 52 weeks (€)	15.00 / 5.00
3m rel. performance	-41.4%
6m rel. performance	-43.7%
12m rel. performance	-65.9%

### Market data

Share price (in €)	5.45
Market cap (in € m)	7.8
Number of shares (in m pcs)	1.1
Enterprise value (in € m)	7.5
Ø trading volume (6 months)	25

### Identifier

Bloomberg	HC7 GR
Reuters	HC7.DE
WKN	A3CSTW
ISIN	DE000A3CSTW4

### Key shareholders

VOQUZ Technology GmbH	75.6%
Peter Rattey	11.4%
Free Float	13.0%

### Estimates changes

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>3.0</b>	<b>3.9</b>	<b>4.7</b>	<b>5.0</b>	<b>5.7</b>	<b>7.1</b>
<i>Sales growth</i>	66.4%	31.3%	21.4%	5.7%	14.5%	24.8%
Increase/decrease in finished goods and work-in-process	0.2	0.3	0.2	0.3	0.4	0.5
<b>Total sales</b>	<b>3.1</b>	<b>4.2</b>	<b>5.0</b>	<b>5.3</b>	<b>6.1</b>	<b>7.6</b>
Other operating income	0.2	0.1	0.2	0.3	0.2	0.3
Material expenses	0.6	0.7	1.0	0.9	1.0	1.1
Personnel expenses	0.6	0.9	1.4	2.0	1.7	1.8
Other operating expenses	1.5	1.7	2.2	2.8	3.0	3.6
<b>Total operating expenses</b>	<b>2.5</b>	<b>3.2</b>	<b>4.3</b>	<b>5.4</b>	<b>5.5</b>	<b>6.2</b>
<b>EBITDA</b>	<b>0.7</b>	<b>1.0</b>	<b>0.6</b>	<b>-0.2</b>	<b>0.6</b>	<b>1.5</b>
Depreciation	0.2	0.3	0.4	0.4	0.4	0.5
<b>EBITA</b>	<b>0.5</b>	<b>0.6</b>	<b>0.3</b>	<b>-0.6</b>	<b>0.2</b>	<b>1.0</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>0.5</b>	<b>0.6</b>	<b>0.3</b>	<b>-0.6</b>	<b>0.2</b>	<b>1.0</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	-0.0	0.0	0.0	0.0	0.0
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.0	0.0	-0.0	-0.0	0.0	0.0
<b>Recurring pretax income from continuing operations</b>	<b>0.4</b>	<b>0.6</b>	<b>0.3</b>	<b>-0.6</b>	<b>0.2</b>	<b>1.0</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>0.4</b>	<b>0.6</b>	<b>0.3</b>	<b>-0.6</b>	<b>0.2</b>	<b>1.0</b>
Income tax expense	0.0	0.1	0.2	0.1	0.1	0.3
<b>Net income from continuing operations</b>	<b>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>-0.7</b>	<b>0.2</b>	<b>0.7</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>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>-0.7</b>	<b>0.2</b>	<b>0.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>-0.7</b>	<b>0.2</b>	<b>0.7</b>
Average number of shares	0.0	1.0	1.0	1.0	1.0	1.0
<b>EPS reported</b>	<b>n.a.</b>	<b>0.46</b>	<b>0.06</b>	<b>-0.67</b>	<b>0.15</b>	<b>0.67</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>	66.4%	31.3%	21.4%	5.7%	14.5%	24.8%
Increase/decrease in finished goods and work-in-process	5.8%	7.1%	5.2%	5.5%	7.0%	7.0%
<b>Total sales</b>	<b>105.8%</b>	<b>107.1%</b>	<b>105.2%</b>	<b>105.5%</b>	<b>107.0%</b>	<b>107.0%</b>
Other operating income	5.3%	2.2%	3.7%	5.8%	4.0%	4.5%
Material expenses	18.8%	17.8%	20.3%	18.3%	18.0%	16.0%
Personnel expenses	19.7%	23.0%	28.9%	39.9%	30.0%	25.0%
Other operating expenses	50.1%	43.9%	46.6%	56.2%	52.0%	50.0%
<b>Total operating expenses</b>	<b>83.4%</b>	<b>82.4%</b>	<b>92.0%</b>	<b>108.6%</b>	<b>96.0%</b>	<b>86.5%</b>
<b>EBITDA</b>	<b>22.4%</b>	<b>24.7%</b>	<b>13.2%</b>	<b>-3.1%</b>	<b>11.0%</b>	<b>20.5%</b>
Depreciation	7.1%	8.7%	7.7%	8.5%	7.0%	6.5%
<b>EBITA</b>	<b>15.3%</b>	<b>15.9%</b>	<b>5.5%</b>	<b>-11.6%</b>	<b>4.0%</b>	<b>14.0%</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>15.3%</b>	<b>15.9%</b>	<b>5.5%</b>	<b>-11.6%</b>	<b>4.0%</b>	<b>14.0%</b>
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.1%	-0.2%	0.0%	0.1%	0.0%	0.0%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	0.2%	neg.	neg.	0.0%	0.0%
<b>Recurring pretax income from continuing operations</b>	<b>15.2%</b>	<b>16.1%</b>	<b>5.5%</b>	<b>-11.7%</b>	<b>4.0%</b>	<b>14.0%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>15.2%</b>	<b>16.1%</b>	<b>5.5%</b>	<b>-11.7%</b>	<b>4.0%</b>	<b>14.0%</b>
Tax rate	2.0%	22.8%	74.2%	-20.2%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>14.8%</b>	<b>12.4%</b>	<b>1.4%</b>	<b>-14.0%</b>	<b>2.8%</b>	<b>9.8%</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>14.8%</b>	<b>12.4%</b>	<b>1.4%</b>	<b>-14.0%</b>	<b>2.8%</b>	<b>9.8%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>14.8%</b>	<b>12.4%</b>	<b>1.4%</b>	<b>-14.0%</b>	<b>2.8%</b>	<b>9.8%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	1.5	1.5	1.5	1.5	1.5	1.5
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.1	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
Inventories	0.0	0.0	0.0	0.1	0.1	0.1
Accounts receivable	1.0	1.8	2.5	2.1	2.0	2.0
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.1	1.0	0.3	0.2	0.7	1.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	0.1	0.1	0.1	0.1
<b>CURRENT ASSETS</b>	<b>1.2</b>	<b>2.9</b>	<b>3.0</b>	<b>2.5</b>	<b>2.9</b>	<b>3.8</b>
<b>TOTAL ASSETS</b>	<b>2.8</b>	<b>4.4</b>	<b>4.5</b>	<b>4.0</b>	<b>4.4</b>	<b>5.3</b>

<b>SHAREHOLDERS EQUITY</b>	<b>0.7</b>	<b>1.9</b>	<b>2.0</b>	<b>1.3</b>	<b>1.6</b>	<b>2.4</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	0.3	0.3	0.2	0.2	0.3	0.3
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.3	0.4	0.5	0.5	0.5	0.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	1.0	0.8	0.4	0.4	0.4	0.4
Deferred taxes	0.2	0.2	0.2	0.2	0.2	0.2
Deferred income	0.3	0.5	0.7	0.7	0.7	0.7
<b>CURRENT LIABILITIES</b>	<b>1.3</b>	<b>1.2</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>1.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>2.8</b>	<b>4.4</b>	<b>4.5</b>	<b>4.0</b>	<b>4.4</b>	<b>5.3</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	54.4%	34.1%	33.3%	37.3%	33.9%	27.9%
Property, plant and equipment	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Financial assets	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>FIXED ASSETS</b>	<b>58.2%</b>	<b>34.2%</b>	<b>33.4%</b>	<b>37.5%</b>	<b>34.0%</b>	<b>28.0%</b>
Inventories	1.1%	1.1%	0.0%	1.6%	1.6%	1.7%
Accounts receivable	34.6%	40.3%	56.7%	51.4%	44.6%	36.6%
Other assets and short-term financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	3.7%	21.8%	6.2%	5.6%	16.1%	30.7%
Deferred taxes	0.0%	0.8%	0.8%	1.0%	0.9%	0.7%
Deferred charges and prepaid expenses	2.4%	1.7%	2.7%	3.1%	2.8%	2.3%
<b>CURRENT ASSETS</b>	<b>41.8%</b>	<b>65.8%</b>	<b>66.6%</b>	<b>62.5%</b>	<b>66.0%</b>	<b>72.0%</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>23.7%</b>	<b>44.3%</b>	<b>44.3%</b>	<b>33.0%</b>	<b>37.1%</b>	<b>45.2%</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	10.3%	7.5%	4.5%	5.8%	5.8%	5.2%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	10.3%	8.3%	11.9%	12.0%	12.5%	12.8%
Advance payments received on orders	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	37.3%	18.9%	8.4%	9.4%	8.6%	7.1%
Deferred taxes	7.8%	5.2%	5.3%	6.0%	5.4%	4.5%
Deferred income	10.6%	12.1%	15.7%	17.6%	16.0%	13.1%
<b>CURRENT LIABILITIES</b>	<b>47.6%</b>	<b>27.7%</b>	<b>20.3%</b>	<b>21.5%</b>	<b>21.0%</b>	<b>19.9%</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	0.4	0.5	0.1	-0.7	0.2	0.7
Depreciation of fixed assets (incl. leases)	0.2	0.3	0.4	0.4	0.4	0.5
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.1	0.0	-0.6	0.0	0.0	0.0
Cash flow from operating activities	0.3	0.4	-0.1	0.0	0.6	1.1
Increase/decrease in inventory	0.3	0.5	0.0	-0.1	-0.0	-0.0
Increase/decrease in accounts receivable	-0.8	-0.8	-0.8	0.5	0.1	0.0
Increase/decrease in accounts payable	0.2	0.1	0.2	-0.1	0.1	0.1
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.2	-0.2	-0.6	0.4	0.2	0.1
<b>Cash flow from operating activities</b>	<b>0.4</b>	<b>0.6</b>	<b>0.1</b>	<b>0.1</b>	<b>0.7</b>	<b>1.3</b>
CAPEX	0.0	0.0	0.4	0.1	0.2	0.4
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.6	0.2	0.0	0.2	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.6</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.4</b>
Cash flow before financing	-0.2	0.4	-0.3	-0.3	0.5	0.9
Increase/decrease in debt position	0.0	0.0	0.2	0.2	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.4	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.1	0.0	-0.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.1</b>	<b>0.4</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-0.0	0.8	-0.7	-0.1	0.5	0.9
<b>Liquid assets at end of period</b>	<b>0.1</b>	<b>1.0</b>	<b>0.3</b>	<b>0.2</b>	<b>0.7</b>	<b>1.6</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	66.4%	31.3%	21.4%	5.7%	14.5%	24.8%
EBITDA growth	414.2%	44.8%	-34.9%	-124.4%	-511.7%	132.5%
EBIT growth	-2326.0%	37.2%	-57.9%	-321.2%	-139.6%	336.7%
EPS growth	n.a.	n.a.	-86.1%	-1146.4%	-122.8%	336.7%
<b>Efficiency</b>						
Sales per employee	98.8	129.7	135.0	116.1	118.3	134.2
EBITDA per employee	22.1	32.0	17.9	-3.6	13.0	27.5
No. employees (average)	30	30	35	43	48	53
<b>Balance sheet analysis</b>						
Avg. working capital / sales	24.1%	26.5%	28.8%	30.7%	30.5%	21.0%
Inventory turnover (sales/inventory)	92.6	77.8	n.a.	80.0	80.0	80.0
Accounts receivable turnover	119.6	164.9	196.0	150.0	125.0	100.0
Accounts payable turnover	35.6	34.0	41.2	35.0	35.0	35.0
<b>Cash flow analysis</b>						
Free cash flow	0.4	0.6	-0.3	-0.1	0.5	0.9
Free cash flow/sales	13.6%	14.8%	-6.2%	-1.1%	8.5%	13.0%
FCF / net profit	91.4%	119.3%	neg.	8.1%	303.5%	132.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-0.1	-1.0	-0.1	0.1	-0.3	-1.3
Net Debt/EBITDA	0.0	0.0	0.0	-1.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	n.a.	-21.8%	0.6%	1.6%	0.0%	0.0%
<b>Returns</b>						
ROCE	70.6%	37.0%	10.4%	-24.0%	9.7%	34.1%
ROE	66.1%	25.0%	3.4%	-53.4%	9.8%	29.0%
Adjusted FCF yield	-266.3%	9.4%	3.2%	-4.3%	6.0%	15.0%
Dividend yield		-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	n.a.	0.46	0.06	-0.67	0.15	0.67
Average number of shares	0.0	1.0	1.0	1.0	1.0	1.0
<b>Valuation ratios</b>						
P/BV	n.a.	4.1	4.0	6.0	4.8	3.2
EV/sales	-0.0	1.8	1.6	1.6	1.3	0.9
EV/EBITDA	-0.2	7.2	12.3	-52.2	11.9	4.5
EV/EBIT	-0.2	11.1	29.6	-13.8	32.7	6.6

Source: Company data, NuWays

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Company	Disclosures
VOQUZ Labs AG	2,8

### Historical target price and rating changes for VOQUZ Labs AG

Company	Date	Analyst	Rating	Target Price	Close
VOQUZ Labs AG	20.11.2023	Sennewald, Philipp	Buy	EUR 20.00	EUR 7.45
	28.04.2023	Sennewald, Philipp	Buy	EUR 32.00	EUR 13.00
	27.04.2023	Sennewald, Philipp	Buy	EUR 33.00	EUR 13.00
	24.04.2023	Sennewald, Philipp	Buy	EUR 32.00	EUR 13.00

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