

eVISO

Sector: Technology

FY22 profitability in line with estimates

eVISO has delivered FY22 operating figures in line with our estimates, despite the turbulent and volatile environment in the energy market. Net profit has been impacted by a Eu2.9mn tax on extra profits approved by the Italian government. The group has conservatively accounted the effects, but it will appeal against the tax. Taking into account that the price of energy is mainly a pass-through for eVISO, we believe that it has good chances to succeed. Looking forward, the management expects to increase profitability in terms of Eu/MWh and to continue the improvement of the proprietary AI platform. Finally, the reintroduction of system charges at some point in the coming months should bring additional substantial improvements to the NWC. We have increased our top line (incorporating a scenario of higher for longer energy prices) and EBITDA estimates. We confirm our Buy rating with TP of Eu4.5/share.

- Strong top line and NFP already released in August. Profitability in line with estimates.** Top line, KPIs and NFP were already reported in August. Sales were 9% above our estimate (19% versus 2HE), reaching Eu209.6mn (+173% yoy). On top of the effect of strong increases in the price of electricity, rising volumes and business developments played a crucial role. Gross margin expanded across every business line, posting a more than 40% yoy growth. EBITDA came in slightly higher than expected, at Eu4.8mn (+46% yoy). EBIT also posted a substantial increase, with adjusted EBIT landing at Eu3.4mn (+63% yoy and in line with our estimates). Net profit was impacted by a Eu2.9mn extraordinary tax ("Extra-profit contribution"), decided by the Italian government to hit extra profits of corporates which are taking advantage on the current scenario of very high electricity prices. The group has conservatively accounted the effects, but it will appeal against the tax. Considering that the price of energy is mainly a pass-through for eVISO, we believe that it has good chances to succeed. By not considering this amount, adj. net profit landed at Eu2.4mn (up 83% yoy), with a margin of 1.2%. Finally, the company reported a net cash of Eu12.3mn (up from Eu5mn in Dec 2021 and above our estimate of Eu6.7mn), thanks to an excellent management of NWC.
- Improvement in marginality, NWC and AI capabilities at the horizon.** The management expects a continuation of high and volatile prices of gas and electricity in the following 18-24 months. In this scenario, the spreads (in terms of €/MWh) applied by the players in the market are increasing. eVISO is moving in the same direction. Furthermore, while the elimination of the system charges in 2022 has negatively impacted the NWC of the company, their re-introduction by the Italian government at some point in the next months should bring a substantial improvement to the cash cycle. Finally, the company should continue to constantly invest to improve its proprietary AI platform, which has been stress-tested in a turbulent environment. Since May, eVISO has indeed announced several new enhancements, such as the reduction of anomalies by 30x, the improvement of the platform's forecasting capabilities by 18%, and the release of *Nestore Price* (a platform that gathers and analyses the commercial offers of electricity competitors, used by eVISO's salesforce). More important, the limited increase in G&A costs despite the strong increases in business volumes has highlighted a very strong scalability of the platform.
- Slight upward revision of estimates.** We increase both our revenues (incorporating a scenario of higher for longer energy prices) and EBITDA estimates for 2023/2024 by 46%/35% and 5%/5% respectively.
- We confirm our BUY rating with TP of Eu4.5/share.** We combine a multiple-based valuation (70% weight) with a DCF based on our long-term framework (30%). Please see our note ("*Intelligent commodities reloaded*") published in May for more details. We confirm our BUY rating and TP of Eu4.5/share. eVISO has been a strong relative outperformer YTD, but we believe that the long-term potential of the group commands a strong further re-rating.

BUY

Unchanged

TP 4.5

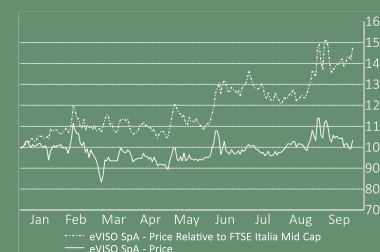
Unchanged

Target price upside: 76%

Change in EPS est.	FY23E	FY24E
	6.6%	6.1%

Ticker (BBG, Reut)	EVS IM	EVS MI
Share price Ord. (Eu)		2.5
N. of Ord. shares (mn)		24.7
Total N. of shares (mn)		24.7
Market cap (Eu mn)		63
Total Market Cap (EU mn)		63
Free Float Ord. (%)		21%
Free Float Ord. (Eu mn)		13
Daily AVG Liquidity Ord. (Eu k)		77

	1M	3M	12M
Absolute Perf.	-6%	2.1%	-12.2%
Rel.to FTSEMIDCap	4%	11.6%	17.6%
52 weeks range		2.1	2.8



	FY22A	FY23E	FY24E
Sales	210	351	308
EBITDA adj.	4.8	6.2	7.4
Net profit adj.	2.4	3.5	4.4
EPS adj.	0.099	0.144	0.179
DPS - Ord.	0.000	0.036	0.047
EV/EBITDA adj.	9.4x	7.6x	6.0x
P/E adj.	24.3x	17.7x	14.2x
Dividend yield	0.0%	1.4%	1.8%
FCF yield	8.9%	4.7%	5.4%
Net debt/(Net cash)	(12.3)	(15.3)	(17.8)
Net debt/EBITDA	nm	nm	nm

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Financial Summary (FY ends on 30/06)

P&L account (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total Revenues	76.7	209.6	351.1	307.8	291.8
Gross Margin	6.0	8.7	10.5	12.3	15.6
EBITDA reported	3.3	4.8	6.2	7.4	9.6
D&A	(1.2)	(2.0)	(2.1)	(2.1)	(2.3)
EBIT reported	2.1	2.8	4.1	5.3	7.3
Net financial charges	(0.4)	(0.3)	(0.1)	(0.1)	(0.1)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	1.8	2.6	4.0	5.2	7.2
Taxes	(0.4)	(3.7)	(1.1)	(1.4)	(2.0)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	1.3	(1.1)	3.0	3.8	5.2
EBITDA adjusted	3.3	4.8	6.2	7.4	9.6
EBIT adjusted	2.1	3.4	4.7	5.9	7.9
Net profit adjusted	1.3	2.4	3.5	4.4	5.8

Margins (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Gross margin	7.8%	4.1%	3.0%	4.0%	5.4%
EBITDA margin (adj)	4.3%	2.3%	1.8%	2.4%	3.3%
EBIT margin (adj)	2.8%	1.6%	1.3%	1.9%	2.7%
Pre-tax margin	2.3%	1.2%	1.1%	1.7%	2.5%
Net profit margin (adj)	1.7%	1.2%	1.0%	1.4%	2.0%

Growth rates (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	57.9%	173.2%	67.5%	-12.3%	-5.2%
EBITDA	40.4%	46.1%	27.8%	20.0%	29.1%
EBITDA adjusted	40.4%	46.1%	27.8%	20.0%	29.1%
EBIT	26.2%	34.8%	43.9%	29.7%	37.5%
EBIT adjusted	26.2%	62.9%	36.3%	26.0%	33.7%
Pre-tax	11.8%	47.0%	55.5%	30.3%	38.1%
Net profit	13.2%	-183.1%	-367.4%	29.2%	37.0%
Net profit adjusted	13.2%	83.1%	45.8%	24.3%	32.0%

Per share data	FY21A	FY22A	FY23E	FY24E	FY25E
Shares	24.571	24.662	24.662	24.662	24.662
N. of shares AVG	22.286	24.617	24.662	24.662	24.662
N. of shares diluted AVG	12.286	24.617	24.662	24.662	24.662
EPS	0.060	(0.045)	0.120	0.155	0.212
EPS adjusted	0.060	0.099	0.144	0.179	0.236
DPS - Ord.	0.016	0.000	0.036	0.047	0.064
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	0.887	0.742	0.860	0.979	1.144

Enterprise value (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Share price Sav. (Eu)		0.0	0.0	0.0	0.0
Share price Ord. (Eu)	2.3	2.4	2.5	2.5	2.5
Market cap	56.2	59.0	62.6	62.6	62.6
Net debt/(Net cash)	(7.5)	(12.3)	(15.3)	(17.8)	(20.1)
Adjustments	(1.4)	(0.9)	(0.2)	0.1	0.1
Enterprise value	47.4	45.8	47.2	44.9	42.6

Cash flow (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
EBITDA adjusted	3.3	4.8	6.2	7.4	9.6
Net financial charges	(0.4)	(0.3)	(0.1)	(0.1)	(0.1)
Cash taxes	(0.4)	(0.5)	(1.1)	(1.4)	(2.0)
Ch. in Working Capital	(0.0)	4.7	(0.5)	0.8	(0.9)
Other operating items	0.2	0.3	0.0	(0.1)	(0.0)
Operating cash flow	2.7	9.1	4.5	6.7	6.6
Capex	(3.0)	(3.8)	(1.6)	(3.3)	(3.1)
FCF	(0.3)	5.2	2.9	3.4	3.5
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	7.9	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	(0.0)	0.0
Dividends	(0.3)	(0.4)	0.0	(0.9)	(1.1)
Ch. in NFP	7.4	4.9	2.9	2.5	2.3

Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Capex/Sales	3.9%	1.8%	0.5%	1.1%	1.1%
Capex/D&A	2.4x	1.9x	0.8x	1.5x	1.4x
FCF/EBITDA	-8.3%	108.0%	47.3%	45.8%	36.2%
FCF/Net profit	-20.7%	-475.0%	99.4%	89.4%	66.5%
Dividend pay-out	nm	0.0%	30.1%	30.1%	30.1%

Balance sheet (Eu mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital	(0.5)	(8.6)	(8.0)	(8.9)	(8.0)
Fixed assets	13.0	15.0	14.5	15.7	16.5
Provisions & others	(0.2)	(0.5)	(0.5)	(0.4)	(0.4)
Net capital employed	12.3	5.9	6.0	6.4	8.1
Net debt/(Net cash)	(7.5)	(12.3)	(15.3)	(17.8)	(20.1)
Equity	19.8	18.3	21.2	24.1	28.2
Minority interests	0.0	0.0	0.0	0.0	0.0

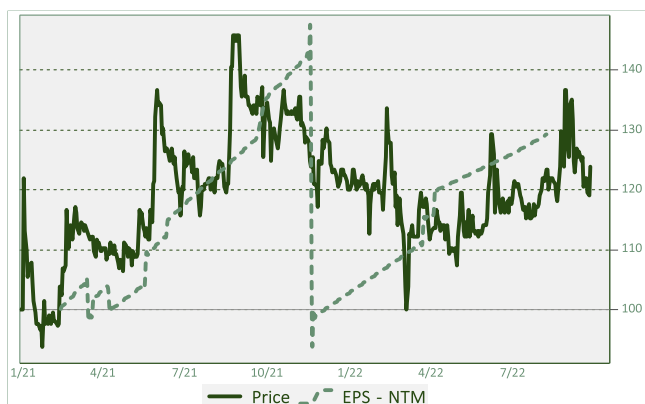
Ratios (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Working capital/Sales	-0.6%	-4.1%	-2.3%	-2.9%	-2.7%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
EV/CE	3.8x	7.1x	7.3x	6.6x	5.0x
P/BV	2.8x	3.2x	3.0x	2.6x	2.2x
EV/Sales	0.6x	0.2x	0.1x	0.1x	0.1x
EV/EBITDA	14.3x	9.4x	7.6x	6.0x	4.4x
EV/EBITDA adjusted	14.3x	9.4x	7.6x	6.0x	4.4x
EV/EBIT	22.4x	16.1x	11.5x	8.4x	5.8x
EV/EBIT adjusted	22.4x	13.3x	10.1x	7.6x	5.4x
P/E	42.4x	-53.5x	21.2x	16.4x	12.0x
P/E adjusted	42.4x	24.3x	17.7x	14.2x	10.8x

ROCE pre-tax	26.7%	36.3%	72.8%	89.2%	103.2%
ROE	6.7%	13.3%	16.7%	18.2%	20.6%
EV/FCF	-172.3x	8.7x	16.1x	13.2x	12.3x
FCF yield	-0.5%	8.9%	4.7%	5.4%	5.5%
Dividend yield	0.7%	0.0%	1.4%	1.8%	2.5%

Share price performance

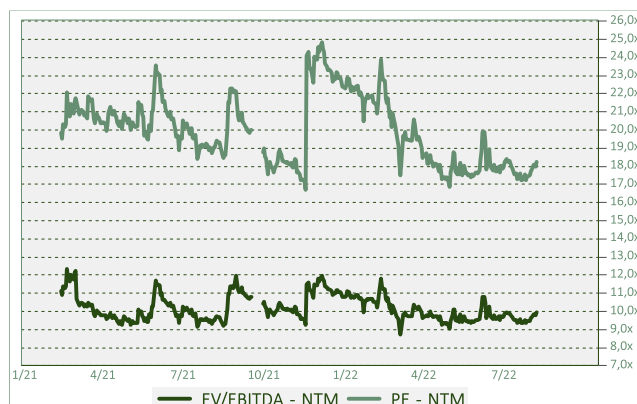
Good market performance from IPO



Source: Factset

Valuation

Market multiples recovered from recent lows

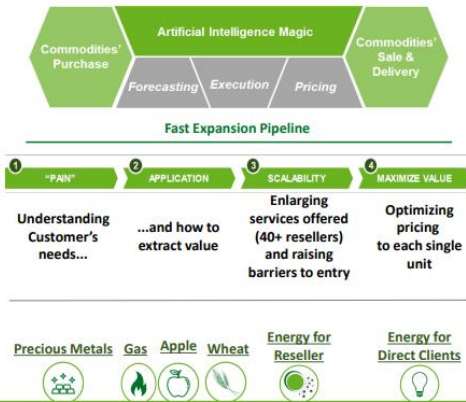


Source: Factset

Key Charts

eVISO's AI platform

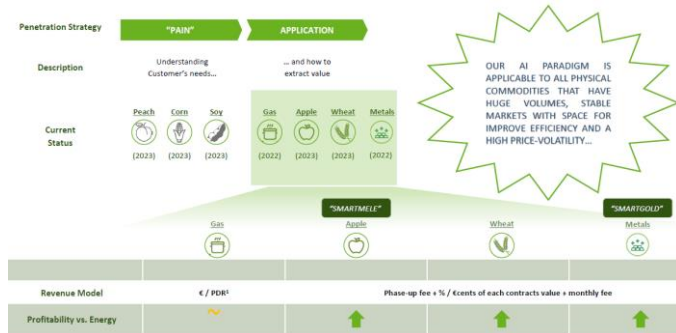
A proprietary AI platform to create value in the business of commodities,...



Source: Company presentation

Expansion into new commodity markets

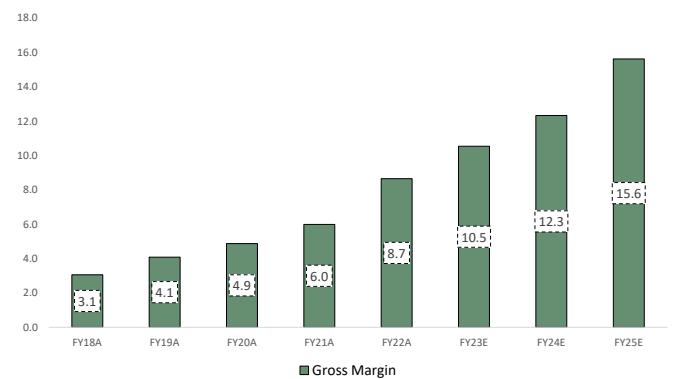
Ongoing expansion into other commodities



Source: Company presentation

Evolution of gross margin – Eu mn

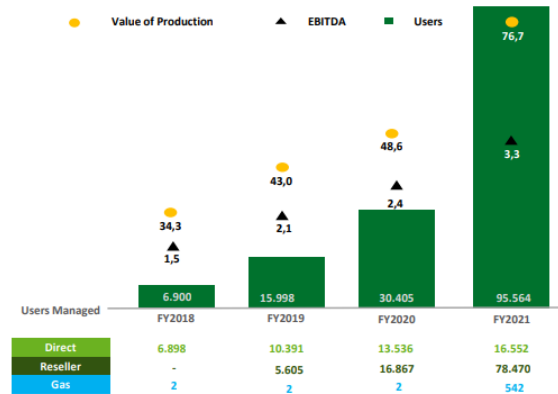
Strong P&L growth profile...



Source: eViso, Alantra estimates

Historical results

...already successfully exploited in the energy business in Italy



Source: Company presentation

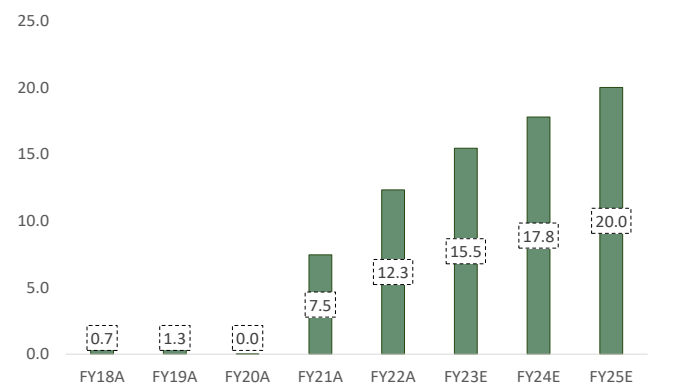
Recent launch of a marketplace in the apple business

"Smartmele" is the first application in agri-commodities

Source: eVISO

Evolution of net cash – Eu mn

...and sound balance sheet



Source: eViso, Alantra estimates

Profile

Background	<p>eVISO has developed a proprietary Artificial Intelligence platform for commodity markets with physical delivery, leveraging on the engineering know-how and sector expertise of its founder and management team. eVISO's AI platform is able to automatically collect, cluster and analyze Big Data and to elaborate forecasts to be applied on both demand and supply sides, optimizing volume and pricing</p> <p>eVISO has successfully deployed its AI platform in the Italian electricity trading and sale business. The group buys electricity on the wholesale market and sells it to end-users or resellers, with an innovative business model: a) 1-to-1 approach to clients and preliminary selection of the most profitable end-users; b) Monitoring of clients' meters and grouping in different clusters, to enhance forecasting capabilities and to save penalties paid on the market; c) Algo trading execution in the complex electricity market. Efficiencies and value creation can be shared with the clients. The group has delivered sales growth, very low churn and gross margin above industry standard</p>
Positioning	<p>eVISO (a digital native player) has developed solutions in the electricity market that incumbents, with legacy business models and traditional commercial approaches, have difficulties to replicate</p> <p>First mover competitive advantage is an entry barrier for potential newcomers. We do not see examples of B2C players in the Italian electricity market, which leverage on an AI technology. This also makes eVISO a potential technology partner for resellers and for incumbents. Some ad-hoc services have been launched in 2021</p> <p>According to our estimates, the group should remain a niche player in the electricity business, suggesting potential for M/L term further expansion</p>
Growth	<p>We expect 12% sales CAGR over FY22A-25E period, driven by electricity prices, but with initial contribution from other commodities</p> <p>We expect eVISO to continue to post above sector-average profitability in the energy business: the expansion of the direct client base and diversification in new commodities with a platform approach (most of revenues flow to gross margin) should be two profitability tailwinds in the future. By contrast, expansion in the reseller business (although important to cover fixed costs) should be a headwind. Overall, we expect eVISO to post a 22% gross margin CAGR with yield on revenues increasing from 4.1% in 2022 to 5.4% in 2025</p> <p>Although we expect eVISO to invest in its AI platform in the coming years, GM growth should trigger margin expansion. We expect EBITDA to grow from Eu4.8mn in FY22 to Eu9.6mn in FY25, posting a 26% CAGR</p>
Strategy	<p>eVISO is managing expansion into other commodities: gas (where the electricity business model can be replicated and upselling potential exploited), apples and metals. In agri-commodities the business model should be skewed to services / marketplace. While new ventures should represent only 3.7% of sales in FY25E, successful expansion would pave the way for margin improvement, the penetration of other areas and the future exploitation of the huge amount of collected data</p> <p>Over the coming years, new opex / capex will be needed to (i) develop the AI platform; (ii) build a new headquarter. Operating cash flow generation and the proceeds from the IPO should support the expected acceleration of the growth plan</p>

Strengths

Proprietary AI platform for data analysis, forecasting and execution
 Proven and profitable application in Italian energy markets
 Limited capital requirements and strong FCF generation

Weaknesses

Time required to train a high quality salesforce
 Intrinsically low margin business
 Credit risk (commercial receivables versus SMC clients)

Opportunities

Growth of the addressed market and market share in existing businesses
 Expansion in new segments of existing businesses
 Expansion in new commodities

Threats

Increasing commercial competition on high-margin clients in electricity
 Failure to exploit the platform in new commodities
 Regulatory changes in the Italian energy market

Key shareholders

O Caminho Srl, 52.7%
 Iscat Srl, 13.9%
 Pandora SS, 12.2%
 Free Float, 21.2%

Management

Gianfranco Sorasio - Founder & CEO
 Lucia Fracassi - COO
 Carlo Cigna - Algo Intelligence Director
 Sergio Amorini - Sales and Customer Care Director
 Federica Berardi - CFO
 Joao Cordovil Wemans - Data Service Director

Next events

General meeting: 27/28 October 2022
 Preliminary 1H23: 15 February 2023
 1H23: 28 March 2023

Release of FY22 (YE June 2022) results

2H22 / FY22 results

Strong top line and NFP already released in August. Profitability in line with estimates

Eu mn	Alantra					Alantra				
	2H21A	2H22A	YoY %	2H22E	A vs E	FY21A	FY22A	YoY %	FY22E	A vs E
Direct - Electricity Business	20.3	36.1	78%	31.9	13%	39.7	72.5	83%	68.3	6%
<i>% on VoP</i>	44.6%	32.9%		34.9%		51.7%	34.6%		35.7%	
Reseller - Electricity Business	20.1	53.0	163%	48.6	9%	28.2	105.6	274%	101.2	4%
<i>% on VoP</i>	44.4%	48.3%		53.1%		36.8%	50.4%		52.9%	
Revenues	44.9	109.0	143%	91.0	20%	75.7	208.1	175%	190.1	9%
<i>on sales %</i>	99.0%	99.2%		99.3%		98.7%	99.3%		99.3%	
Value of Production	45.4	109.8	142%	91.6	20%	76.7	209.6	173%	191.4	10%
<i>on sales %</i>	100.0%	100.0%		100.0%		100.0%	100.0%		100.0%	
EBITDA Adjusted	2.2	3.0	37%	2.9	3%	3.3	4.8	46%	4.8	2%
<i>Ebitda Margin %</i>	4.8%	2.7%		3.2%		4.3%	2.4%		2.5%	
Restated Net Profit	1.1	1.8	66%	2.0	-10%	1.3	2.4	83%	2.6	-8%
<i>Net Profit Margin %</i>	2.4%	1.7%		2.2%		1.7%	1.2%		1.4%	
Net cash end of the period	7.5	12.3		6.8		7.5	12.3		6.8	

Source: eVISO, Alantra estimates

Revision of our FY estimates

New versus old estimates

Slight upward revision of estimates

(Eu mn)	New			Change			Old		
	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E
Total Revenues / Value of Production	209.6	351.1	307.8	9.5%	46.0%	34.7%	191.4	240.5	228.5
EBITDA Adjusted	4.8	6.2	7.4	1.9%	5.4%	5.2%	4.8	5.9	7.1
EBIT Adjusted	3.4	4.7	5.9	-0.3%	7.2%	6.6%	3.5	4.4	5.5
Pretax Profit	2.6	4.0	5.2	-6.3%	7.4%	6.7%	2.8	3.7	4.9
Net profit	(1.1)	3.0	3.8	-154.2%	8.0%	7.1%	2.0	2.7	3.6
Net profit restated	2.4	3.5	4.4	-7.6%	6.6%	6.1%	2.6	3.3	4.2
EPS	0.099	0.144	0.179	(0.076)	0.066	0.061	0.107	0.135	0.168
Net financial position	12.3	15.3	17.8	80.6%	34.9%	-3.5%	6.8	11.3	18.4

Source: Alantra estimates

Peers

Trading multiples

>20% discount versus peers on 2023-2024 EV/EBITDA and EV/EBIT

Company	Country	Mkt Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE		
			FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E
eVISO (Calendarised)	ITALY	60	0.2 x	0.1 x	0.1 x	8.7 x	6.8 x	5.1 x	11.9 x	8.7 x	6.3 x	21.0 x	15.8 x	12.3 x
Premium (discount) to Peers' Italian Technology			-93%	-93%	-91%	-23%	-19%	-32%	-36%	-51%	-36%	-16%	-34%	-10%
CY4Gate SpA	ITALY	208	3.3 x	2.4 x	2.2 x	10.1 x	7.5 x	6.9 x	15.0 x	10.2 x	9.2 x	22.1 x	14.9 x	13.6 x
Expert.ai S.p.A.	ITALY	42	1.2 x	1.0 x	0.8 x	nm	nm	nm	na	na	19.7 x	na	na	20.0 x
Tecma Solutions SpA	ITALY	70	3.4 x	2.2 x	1.6 x	nm	nm	nm	na	69.5 x	10.0 x	na	86.8 x	12.1 x
Almawave S.p.A.	ITALY	122	2.5 x	2.0 x	1.8 x	12.5 x	9.2 x	8.2 x	21.9 x	15.0 x	9.9 x	28.0 x	21.8 x	15.1 x
Datrix S.p.A.	ITALY	57	2.6 x	1.9 x	1.3 x	nm	nm	nm	nm	20.8 x	7.2 x	nm	26.0 x	11.7 x
ALL PEERS Italian Technology	Average		2.6 x	1.9 x	1.5 x	11.3 x	8.3 x	7.5 x	18.4 x	28.8 x	11.2 x	25.1 x	37.4 x	14.5 x
	Median		2.6 x	2.0 x	1.6 x	11.3 x	8.3 x	7.5 x	18.4 x	17.9 x	9.9 x	25.1 x	23.9 x	13.6 x

Source: Factset, Alantra

Financials – eVISO (calendarized) versus selected peers

Lower margins versus technological peers (due to peculiarities of the business model), but similar growth rates

Company	Country	Mkt Cap (Eu mn)	FY22A - FY24E average margins					CAGR FY21A - FY24E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA Adj	EBIT Adj	EPS Adj
eVISO (Calendarised)	ITALY	60	2.3%	1.6%	1.0%	0.9%	30.1%	27.9%	27.7%	35.5%	39.6%
CY4Gate SpA	ITALY	208	32.2%	23.2%	16.7%	7.6%	0.0%	135.4%	112.9%	110.4%	41.5%
Expert.ai S.p.A.	ITALY	42	6.7%	-8.0%	-9.4%	15.0%	0.0%	35.9%	nm	nm	nm
Tecma Solutions SpA	ITALY	70	13.5%	3.6%	2.5%	17.3%	0.0%	53.3%	73.0%	nm	nm
Almawave S.p.A.	ITALY	122	21.1%	14.2%	9.0%	14.6%	0.0%	24.6%	20.9%	34.4%	0.0%
Datrix S.p.A.	ITALY	57	6.4%	-2.7%	-3.0%	14.7%	0.0%	39.8%	nm	nm	nm
PEERS Italian Technology	Average		16.0%	6.1%	3.2%	13.8%	0.0%	57.8%	69.0%	72.4%	20.8%
	Median		13.5%	3.6%	2.5%	14.7%	0.0%	39.8%	73.0%	72.4%	20.8%

Source: Factset, Alantra

Performance

Market performance above peers in the last 6 months

Company	Country	Mkt Cap (Eu mn)	Performance					
			1W	1M	3M	6M	1YR	3YR
eVISO	ITALY	60	-5.1%	-5.8%	2.1%	1.7%	-12.2%	na
CY4Gate SpA	ITALY	208	-2.3%	-4.6%	-6.1%	-18.1%	-24.7%	na
Expert.ai S.p.A.	ITALY	42	-8.7%	-11.9%	-2.2%	-48.3%	-71.3%	-74.9%
Tecma Solutions SpA	ITALY	70	-1.8%	-1.8%	-9.4%	-22.0%	11.6%	na
Almawave S.p.A.	ITALY	122	-1.1%	6.7%	-10.2%	-11.7%	-13.5%	na
Datrix S.p.A.	ITALY	57	-8.2%	-19.9%	-23.1%	-38.2%	na	na
PEERS Italian Technology	Average		-4.4%	-6.3%	-10.2%	-27.7%	-24.5%	-74.9%
	Median		-2.3%	-4.6%	-9.4%	-22.0%	-19.1%	-74.9%

Source: Factset, Alantra

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