COMPANY UPDATE

2026. 2. 9

Tech Team

Donghwan Oh
Senior Analyst
dh1.oh@samsung.com

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Naver (035420)

Double-digit OP growth thanks to commerce unit

- Naver's 4Q operating profit rose 12%, maintaining double-digit growth, led by robust commerce sales.
- The shift of consumers away from Coupang continued, leading to higher transaction value and increased traffic on Naver Shopping in January. With the launch of a shopping agent and the expansion of N-Delivery coverage, the commerce business should maintain strong growth in 2026.
- The company's fast growth in commerce and entry into blockchain-related new businesses remain compelling investment points.

WHAT'S THE STORY?

4Q review: Naver's 4Q sales grew 10.7% y-y, driven by a 36% y-y expansion in commerce sales. The firm's search platform sales growth slowed to -0.5% y-y, on: 1) the base effect related to LY settlement adjustments; 2) fewer business days due to the Chuseok holidays; and 3) the impact of AI-driven page optimization. Total Naver platform ad sales increased 6.7% y-y, with growth accelerating to 8-9% when excluding the Chuseok effect. Commerce sales grew briskly, despite the holiday impact, thanks to consumers shifting away from Coupang in December and the effect of commission hikes. Content and cloud sales declined slightly y-y. Despite increased capex, including GPU purchases, infrastructure costs rose only 15.1% y-y thanks to changes in the useful life of leased assets. As a result, operating profit rose 12.7% y-y in 4Q, beating consensus by 1.8%.

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AT A GLANCE

BUY

Target price	KRW330,000	32.5%
Current price	**KRW249,000**	
Market cap	KRW40.3t/USD27.4b	
Shares (float)	156,852,638 (85.9%)	
52-week high/low	KRW290,500/KRW176,900	
Avg daily trading value (60-day)	KRW347.8b/ USD236.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Naver (%)	3.0	10.8	12.2
Vs Kospi (%pts)	-11.1	-31.4	-45.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	330,000	330,000	0.0%
2025E EPS	15,220	14,107	7.9%
2026E EPS	14,323	15,510	-7.7%

SAMSUNG vs THE STREET

No of estimates	20
Target price	347,300
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	3,195.1	10.7	1.8	-2.0	-2.1
Operating profit	610.6	12.7	7.0	-0.3	1.0
Pre-tax profit	292.9	-45.9	-65.8	-63.1	-60.1
Net profit	164.6	-68.0	-77.6	-72.7	-67.5
Margins (%)					
Operating profit	19.1				
Pre-tax profit	9.2				
Net profit	5.2				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	17.7	15.9	17.9
P/B	1.2	1.3	1.3
EV/EBITDA	11.2	11.6	6.0
Div yield (%)	0.6	0.5	0.6
EPS growth (% y-y)	60.5	35.1	-5.9
ROE (%)	7.9	7.4	8.0
Per-share data (KRW)			
EPS	11,265	15,220	14,323
BVPS	170,953	184,470	198,460
DPS	1,130	1,261	1,416

Commerce remains growth driver in 2026: Consumer migration away from Coupang continued in January, extending the trend from December. Naver Shopping's transaction value surpassed that of Coupang in January (according to WiseRetail), and monthly active users of the Naver Plus Store app jumped 37% m-m (according to Sensor Tower). The shift away from Coupang is primarily benefiting Naver and Kurly, suggesting that Naver Shopping will maintain strong sales growth in 2026. To narrow the delivery gap with Coupang, Naver has announced plans to expand N-Delivery coverage from 15% last year to 25% this year and 50% within three years.

Commerce and blockchain remain compelling investment points: We maintain BUY on Naver with an unchanged target price of KRW330,000 (based on a 2026 P/E of 23.1x, the average for global platform companies). While the exclusion from the sovereign AI project is a negative development, the commerce segment—which has a more direct impact on earnings—is showing solid growth due to the shift away from Coupang and Naver Shopping's strengthening competitiveness. As Naver also has potential to expand into the blockchain business following the enactment of the Phase 2 of the Digital Asset Basic Act, we believe its existing investment points remain valid.

AI agents to launch in 1H, monetization efforts to begin in 2H: While Naver was excluded from the sovereign AI project, raising doubts about its AI capabilities, the company remains committed to its AI service roadmap for this year. Vertical agents will be rolled out sequentially, beginning with a shopping agent in late February. The AI Tab is scheduled for launch in 1H. The AI Briefing will integrate ads in 2H, marking the start of monetization efforts. While immediate sales growth from AI services is unlikely, an anticipated increase in traffic should support continued growth in ad and commerce sales.

Blockchain business faces regulatory hurdles: The enactment of the Phase 2 of the Digital Asset Basic Act is a prerequisite for Naver's blockchain initiatives, including the potential merger with Dunamu and the launch of a Korean won-pegged stablecoin. However, regulatory uncertainty persists due to ongoing disagreements between the Democratic Party of Korea's Digital Asset Task Force and the Financial Services Commission (FSC). If the FSC's proposals—such as limiting major shareholder ownership in crypto exchanges to 15–20% or requiring a bank-led consortium (where the bank holds 50%+1 share) to issue stablecoins—are adopted, the Dunamu merger could be jeopardized. Yet, with the Democratic Party of Korea's task force continuing to advocate for more business-friendly policies, if the Act is passed in 1H26 as the market expects, Naver could begin building a won-pegged stablecoin ecosystem.

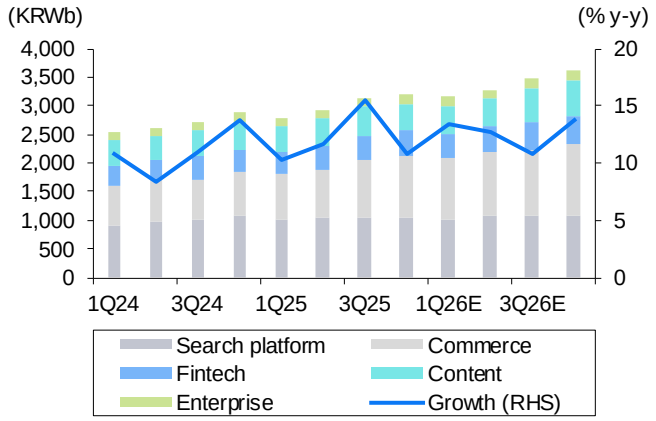
Valuation at lower end of global platform companies: Naver currently trades at a 2026 P/E of 17.3x, a 25% discount to global platform companies. The valuation gap is largely attributed to concerns about its AI capabilities and the resulting slower growth in core advertising ads. While closing the AI technology gap may take time, Naver's differentiated growth drivers—commerce and blockchain—offer unique opportunities. With the monetization of vertical AI set to begin this year, we believe the valuation gap could narrow.

4Q review

(KRWb)	4Q25			Diff (%)		4Q24	3Q25	Chg	
	Result	Samsung	Consensus	Samsung	Consensus			(% y-y)	(% q-q)
Sales	**3,195.1**	**3,259.4**	**3,258.1**	**(2.0)**	**(1.9)**	**2,885.6**	**3,138.1**	**10.7**	**1.8**
Search platform	1,059.6	1,070.6		(1.0)		1,064.7	1,060.2	(0.5)	(0.1)
Commerce	1,054.0	1,058.5		(0.4)		775.1	985.5	36.0	7.0
Fintech	453.1	451.4		0.4		400.9	433.1	13.0	4.6
Content	456.7	513.9		(11.1)		467.3	509.3	(2.3)	(10.3)
Enterprise	171.8	164.9		4.2		177.6	150.0	(3.2)	14.5
Operating expenses	**2,584.4**	**2,646.9**		**(2.4)**		**2,343.6**	**2,567.4**	**10.3**	**0.7**
Development & operations	759.2	756.0		0.4		688.9	749.8	10.2	1.2
Partner	1,114.4	1,131.4		(1.5)		1,021.9	1,097.0	9.1	1.6
Infrastructure	205.2	228.2		(10.0)		185.1	218.6	10.9	(6.1)
Marketing	505.7	531.3		(4.8)		447.7	502.0	12.9	0.7
Operating profit	**610.6**	**612.5**	**599.6**	**(0.3)**	**1.8**	**542.0**	**570.6**	**12.7**	**7.0**
Pre-tax profit	292.9	793.6	715.6	(63.1)	(59.1)	541.4	856.9	(45.9)	(65.8)
Net profit	164.6	603.1	509.9	(72.7)	(67.7)	514.0	734.7	(68.0)	(77.6)
Net profit (controlling)	318.1	597.1	542.0	(46.7)	(41.3)	553.9	726.4	(42.6)	(56.2)
Margins (%)									
Operating profit	19.1	13.6	18.4			18.8	18.2		
Pre-tax profit	9.2	12.9	22.0			18.8	27.3		
Net profit	5.2	9.5	15.6			17.8	23.4		
Net profit (controlling)	10.0	10.8	16.6			19.2	23.1		

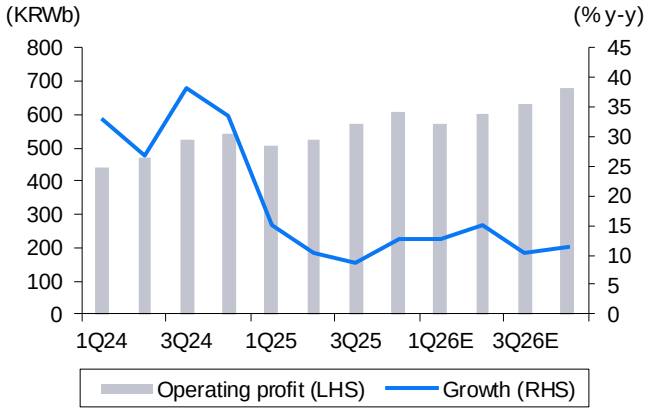
Source: Company data, FnGuide, Samsung Securities estimates

Quarterly sales, by division



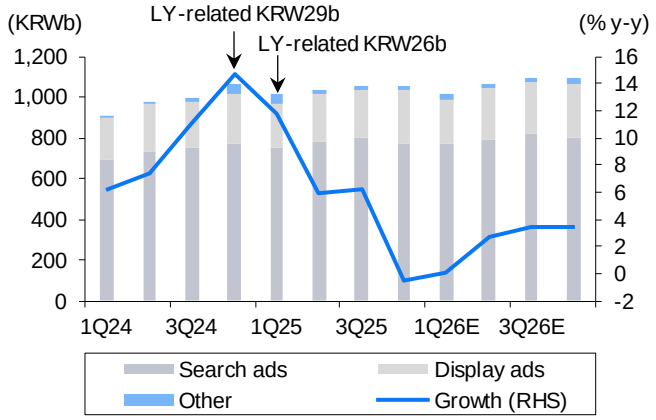
Source: Company data, Samsung Securities estimates

Quarterly operating profit



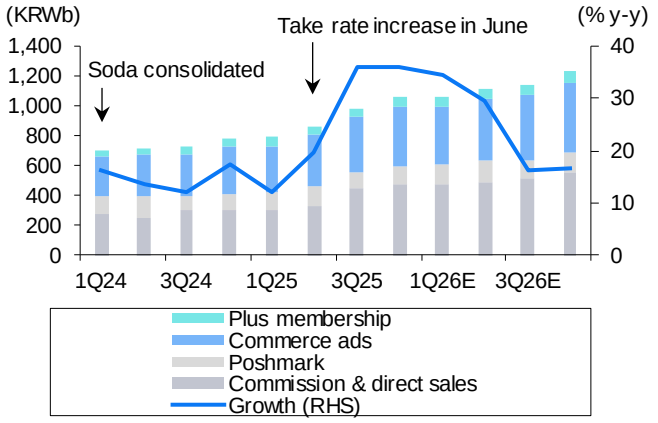
Source: Company data, Samsung Securities estimates

Search platform sales



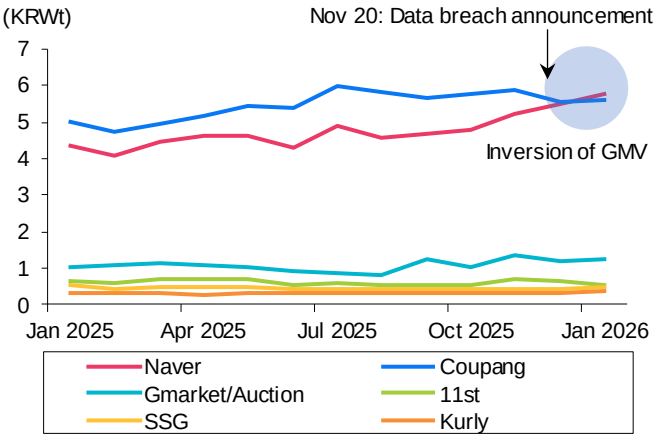
Source: Company data, Samsung Securities estimates

Commerce sales



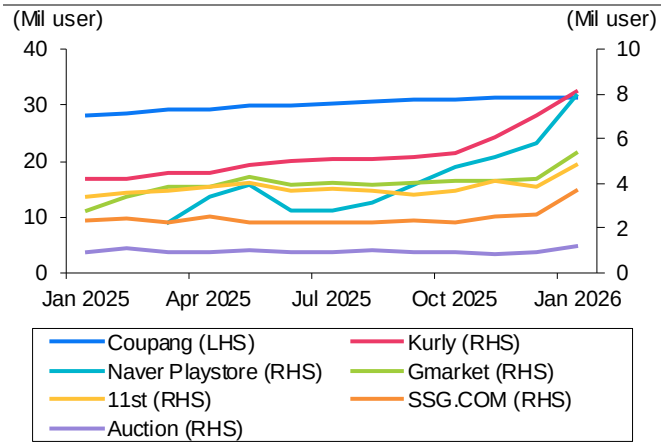
Source: Company data, Samsung Securities estimates

Monthly GMV, by player



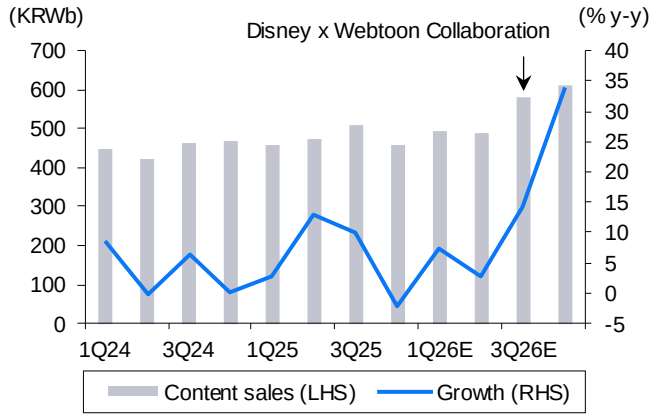
Source: WiseRetail, Samsung Securities

E-commerce mobile app MAU



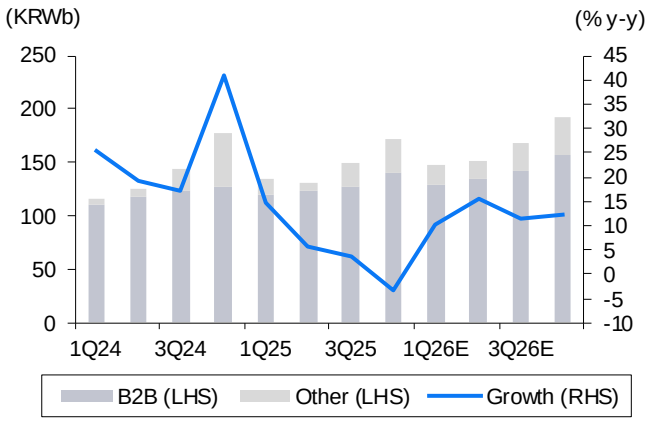
Source: Sensor Tower

Content sales



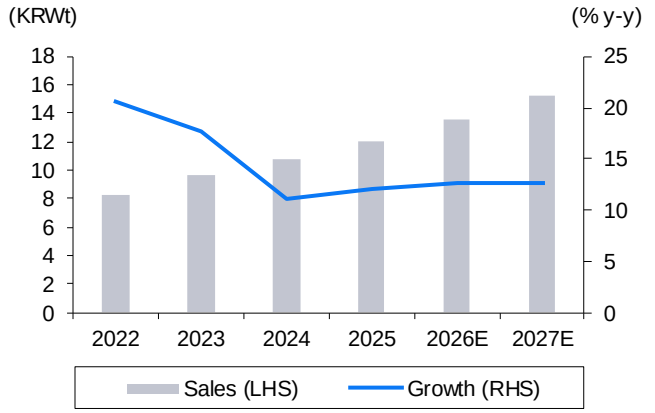
Source: Company data, Samsung Securities estimates

Enterprise sales



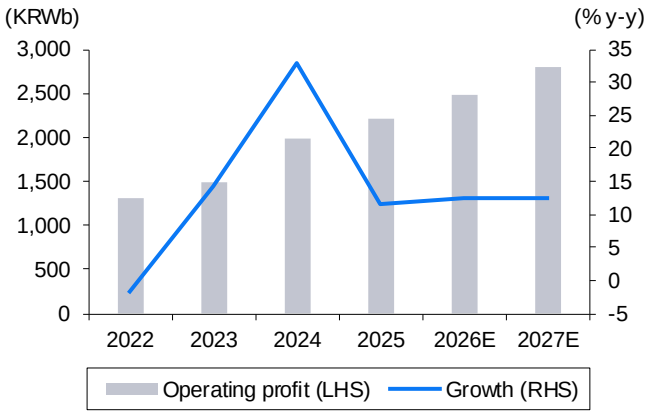
Source: Company data, Samsung Securities estimates

Annual sales



Source: Company data, Samsung Securities estimates

Annual operating profit



Source: Company data, Samsung Securities estimates

Valuation

	(KRW)
2026 EPS	14,323
Target P/E* (x)	23.1
Fair value per share	330,648
Target price	**330,000**
Current price	249,000
Upside (%)	32.5%

Note: *Peer group's 2026 P/E average basis; Based on Feb 6 closing price
Source: Samsung Securities estimates

Global peers: P/E and P/S valuations

(x)	P/E		P/S	
	2025E	2026E	2025E	2026E
Alphabet	31.1	28.8	12.0	10.4
Meta Platforms	22.8	21.2	8.8	7.0
Baidu	18.7	17.3	2.7	2.6
Amazon	27.3	25.0	3.6	3.2
Average	**25.0**	**23.1**	**6.8**	**5.8**

Note: Based on Feb 5 closing prices
Source: Bloomberg

Quarterly results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E
Sales	**2,526**	**2,610**	**2,716**	**2,886**	**2,787**	**2,915**	**3,138**	**3,195**	**3,159**	**3,286**	**3,477**	**3,632**
Search platform	905	978	998	1,065	1,013	1,037	1,060	1,060	1,013	1,064	1,096	1,096
Commerce	703	719	725	775	788	861	985	1,054	1,060	1,115	1,144	1,229
Fintech	354	368	385	401	393	412	433	453	445	469	487	503
Content	446	420	463	467	459	474	509	457	493	487	582	610
Enterprise	117	125	145	178	134	132	150	172	148	152	167	193
Operating expenses	**2,087**	**2,138**	**2,190**	**2,344**	**2,281**	**2,394**	**2,567**	**2,584**	**2,589**	**2,687**	**2,846**	**2,953**
Development & operations	636	683	657	689	688	699	750	759	770	780	808	818
Partner	913	917	938	1,022	974	1,014	1,097	1,114	1,102	1,135	1,190	1,234
Infrastructure	170	172	178	185	189	198	219	205	212	237	271	298
Marketing	367	367	417	448	430	482	502	506	506	536	577	603
Operating profit	**439**	**473**	**525**	**542**	**505**	**522**	**571**	**611**	**570**	**600**	**631**	**679**
Pre-tax profit	660	467	653	541	580	684	857	293	710	755	800	877
Net profit	556	332	530	514	424	497	735	165	525	558	592	649
Net profit (controlling)	511	338	520	554	425	489	726	318	515	547	580	636
Adjusted EPS (KRW)	1,839	2,675	3,192	3,719	2,586	3,334	4,842	4,471	3,396	3,569	3,741	3,618
Margins (%)												
Operating profit	17.4	18.1	19.3	18.8	18.1	17.9	18.2	19.1	18.1	18.2	18.1	18.7
Pre-tax profit	26.1	17.9	24.1	18.8	20.8	23.5	27.3	9.2	22.5	23.0	23.0	24.1
Net profit	22.0	12.7	19.5	17.8	15.2	17.1	23.4	5.2	16.6	17.0	17.0	17.9
Net profit (controlling)	20.2	13.0	19.2	19.2	15.2	16.8	23.1	10.0	16.3	16.7	16.7	17.5

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2025P			2026E			2027E		
	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Sales	**12,099**	**12,035**	**(0.5)**	**13,754**	**13,555**	**(1.4)**	**15,667**	**15,263**	**(2.6)**
Search platform	4,180	4,169	(0.3)	4,313	4,270	(1.0)	4,515	4,404	(2.4)
Commerce	3,693	3,688	(0.1)	4,612	4,549	(1.4)	5,326	5,245	(1.5)
Fintech	1,689	1,691	0.1	1,960	1,904	(2.9)	2,244	2,113	(5.8)
Content	1,956	1,899	(2.9)	2,175	2,172	(0.2)	2,747	2,743	(0.1)
Enterprise	581	588	1.2	693	661	(4.7)	835	757	(9.3)
Operating expenses	**9,889**	**9,827**	**(0.6)**	**11,195**	**11,075**	**(1.1)**	**12,686**	**12,475**	**(1.7)**
Development & operations	2,893	2,896	0.1	3,265	3,175	(2.8)	3,603	3,464	(3.9)
Partner	4,217	4,200	(0.4)	4,669	4,661	(0.2)	5,322	5,175	(2.8)
Infrastructure	834	811	(2.7)	1,008	1,017	1.0	1,175	1,318	12.1
Marketing	1,946	1,920	(1.3)	2,254	2,221	(1.4)	2,585	2,518	(2.6)
Operating profit	**2,210**	**2,208**	**(0.1)**	**2,558**	**2,480**	**(3.1)**	**2,981**	**2,787**	**(6.5)**
Pre-tax profit	2,914	2,414	(17.2)	3,294	3,141	(4.6)	3,859	3,586	(7.1)
Net profit	2,259	1,820	(19.4)	2,503	2,324	(7.2)	2,933	2,654	(9.5)
Net profit (controlling)	2,237	1,958	(12.5)	2,478	2,277	(8.1)	2,904	2,601	(10.4)
Adjusted EPS (KRW)	14,107	15,220	7.9	15,510	14,323	(7.6)	18,127	16,298	(10.1)
Margins (%)									
Operating profit	18.3	18.3		18.6	18.3		19.0	18.3	
Pre-tax profit	24.1	20.1		23.9	23.2		24.6	23.5	
Net profit	18.7	15.1		18.2	17.1		18.7	17.4	
Net profit (controlling)	18.5	16.3		18.0	16.8		18.5	17.0	

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**9,671**	**10,738**	**12,035**	**13,555**	**15,263**
Cost of goods sold	0	0	0	0	0
Gross profit	**9,671**	**10,738**	**12,035**	**13,555**	**15,263**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	8,182	8,758	9,827	11,075	12,475
Operating profit	**1,489**	**1,979**	**2,208**	**2,480**	**2,787**
Operating margin (%)	15.4	18.4	18.3	18.3	18.3
Non-operating gains (losses)	**-7**	**343**	**205**	**660**	**799**
Financial profit	603	633	808	609	745
Financial costs	683	579	569	472	457
Equity-method gains (losses)	267	145	495	408	429
Other	-195	144	-528	115	82
Pre-tax profit	**1,481**	**2,322**	**2,414**	**3,141**	**3,586**
Taxes	496	390	593	817	932
Effective tax rate (%)	33.5	16.8	24.6	26.0	26.0
Profit from continuing operations	985	1,932	1,820	2,324	2,654
Profit from discontinued operations	0	0	0	0	0
Net profit	**985**	**1,932**	**1,820**	**2,324**	**2,654**
Net margin (%)	10.2	18.0	15.1	17.1	17.4
Net profit (controlling interests)	1,012	1,923	1,958	2,277	2,601
Net profit (non-controlling interests)	-27	9	-138	46	53
EBITDA	2,071	2,653	2,978	5,558	5,865
EBITDA margin (%)	21.4	24.7	24.7	41.0	38.4
EPS (parent-based) (KRW)	6,180	11,913	12,407	14,520	16,580
EPS (consolidated) (KRW)	6,013	11,967	11,534	14,816	16,919
Adjusted EPS (KRW)*	7,021	11,265	15,220	14,323	16,298

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**7,028**	**9,375**	**11,673**	**15,592**	**19,732**
Cash & equivalents	3,576	4,196	5,771	8,954	12,309
Accounts receivable	491	478	0	0	0
Inventories	15	22	22	25	28
Other current assets	2,945	4,680	5,879	6,612	7,394
Fixed assets	**28,710**	**28,793**	**29,465**	**28,766**	**28,226**
Investment assets	21,231	20,910	21,682	24,061	26,598
Tangible assets	2,742	2,910	2,572	-106	-2,783
Intangible assets	3,446	3,657	3,519	3,119	2,719
Other long-term assets	1,291	1,316	1,693	1,693	1,693
Total assets	**35,738**	**38,168**	**41,138**	**44,358**	**47,957**
Current liabilities	**6,306**	**6,092**	**8,247**	**9,063**	**9,934**
Accounts payable	0	0	0	0	0
Short-term debt	333	135	133	133	133
Other current liabilities	5,973	5,957	8,114	8,930	9,801
Long-term liabilities	**5,194**	**5,075**	**3,935**	**4,204**	**4,490**
Bonds & long-term debt	2,649	2,870	1,183	1,183	1,183
Other long-term liabilities	2,545	2,204	2,752	3,020	3,306
Total liabilities	**11,500**	**11,167**	**12,182**	**13,267**	**14,423**
Owners of parent equity	**23,206**	**25,460**	**27,548**	**29,637**	**32,027**
Capital stock	16	16	16	16	16
Capital surplus	1,243	1,423	1,507	1,507	1,507
Retained earnings	24,544	25,965	27,211	29,301	31,690
Other	-2,597	-1,944	-1,186	-1,186	-1,186
Non-controlling interests' equity	**1,032**	**1,541**	**1,408**	**1,454**	**1,507**
Total equity	**24,238**	**27,001**	**28,956**	**31,092**	**33,534**
Net debt	-224	-3,321	-5,002	-8,585	-12,367

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**2,002**	**2,590**	**3,293**	**6,104**	**6,451**
Net profit	985	1,932	1,820	2,324	2,654
Non-cash profit and expenses	1,326	1,003	1,925	3,556	3,543
Depreciation	528	609	669	2,678	2,678
Amortization	54	65	100	400	400
Other	744	329	1,156	479	465
Changes in A/L from operating activities	361	152	158	749	798
Cash flow from investments	**-950**	**-1,340**	**-766**	**-420**	**-447**
Change in tangible assets	-633	-522	-712	0	0
Change in financial assets	402	-2,224	-164	-445	-474
Other	-718	1,406	109	25	27
Cash flow from financing	**-110**	**-770**	**-569**	**-263**	**-285**
Change in debt	-18	-377	119	31	33
Change in equity	-314	180	84	0	0
Dividends	-62	-119	-168	-188	-211
Other	284	-454	-604	-106	-107
Change in cash	852	619	1,576	3,183	3,355
Cash at beginning of year	2,724	3,576	4,196	5,771	8,954
Cash at end of year	3,576	4,196	5,771	8,954	12,309
Gross cash flow	**2,311**	**2,935**	**3,745**	**5,880**	**6,196**
Free cash flow	**1,362**	**2,036**	**2,568**	**6,104**	**6,451**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	17.6	11.0	12.1	12.6	12.6
Operating profit	14.1	32.9	11.6	12.3	12.4
Net profit	46.3	96.1	-5.8	27.7	14.2
Adjusted EPS**	9.7	60.5	35.1	-5.9	13.8
Per-share data (KRW)					
EPS (parent-based)	6,180	11,913	12,407	14,520	16,580
EPS (consolidated)	6,013	11,967	11,534	14,816	16,919
Adjusted EPS**	7,021	11,265	15,220	14,323	16,298
BVPS	154,077	170,953	184,470	198,460	214,458
DPS (common)	1,205	1,130	1,261	1,416	1,416
Valuations (x)					
P/E***	31.9	17.7	15.9	17.9	15.8
P/B***	1.5	1.2	1.3	1.3	1.2
EV/EBITDA	18.0	11.2	11.6	6.0	5.0
Ratios (%)					
ROE	4.4	7.9	7.4	8.0	8.4
ROA	2.8	5.2	4.6	5.4	5.7
ROIC	28.8	39.7	41.4	87.5	-139.7
Payout ratio	17.9	8.8	9.6	9.3	8.1
Dividend yield (common)	0.5	0.6	0.5	0.6	0.6
Net debt to equity	-0.9	-12.3	-17.3	-27.6	-36.9
Interest coverage (x)	11.7	18.9	20.9	23.4	26.1

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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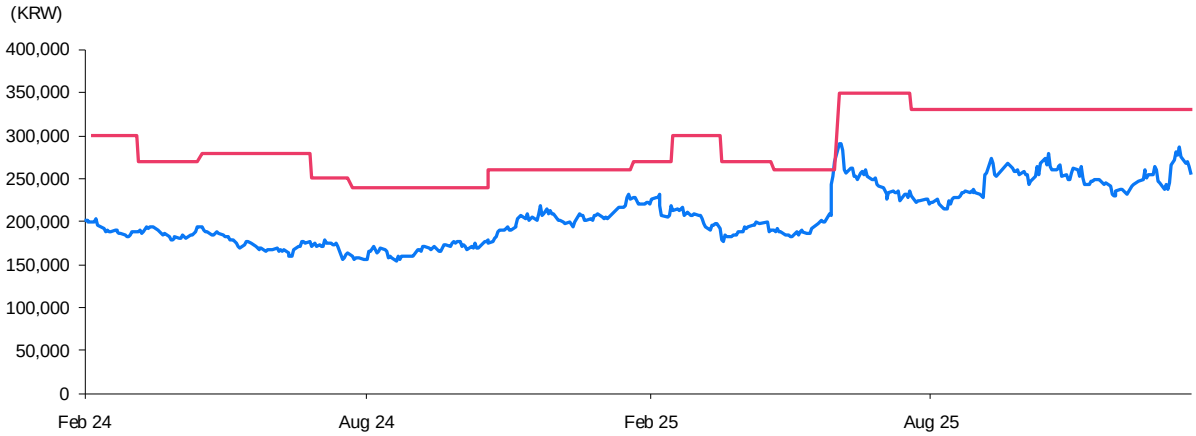
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/10	3/26	5/7	7/16	8/12	11/8	2025/2/10	3/7	4/8	5/12	6/23	8/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	300000	270000	280000	250000	240000	260000	270000	300000	270000	260000	350000	330000
Gap* (average)	-32.32	-30.97	-37.88	-31.99	-30.43	-21.66	-18.21	-31.85	-29.75	-23.69	-29.48	
(max or min)**	-22.83	-27.93	-31.82	-28.80	-25.13	-10.77	-14.26	-28.00	-25.74	3.65	-17.00	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

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