

JBS

4Q25 Preview: Lean times, fat opportunity

LatAm Meatpackers

(i) Seara: Adjusted EBITDA of **US\$385mn Est.** (+19% q/q; -14% y/y), with a margin of **15.0%** (+1.3p.p. q/q; -4.8p.p. y/y), reflecting the reopening of China for Brazilian poultry shipments and Europe, which improved export mix toward higher-value destinations (paws, wings, whole chicken), combined with solid domestic demand during the festive season and a +9% q/q rise in chilled chicken prices; **(ii) JBS Brazil:** Adjusted EBITDA of **US\$275mn Est.** (-11% q/q; +19% y/y), with a margin of **6.5%** (-0.9p.p. q/q; -0.2p.p. y/y), supported by strong beef export growth, with trade flow redirected primarily to China and other Asian markets offsetting the impact of higher U.S. tariffs; cattle costs pressuring margins at ~R\$317/aroba (+4% q/q; -1% y/y); **(iii) Beef North America:** Adjusted EBITDA of **US\$7mn Est.**, with a margin of **0.1%** (improving from -0.6% in 3Q25), reflecting a sequential improvement partly driven by the gradual reversal of negative mark-to-market hedging impacts, even as cattle supply remains historically tight (~86mn heads) and boxed beef prices softened -5% q/q; **(iv) JBS Australia:** Adjusted EBITDA of **US\$205mn Est.** (-10% q/q; +97% y/y), with a margin of **10.1%** (-0.3p.p. q/q; +4.2p.p. y/y), impacted by rising cattle acquisition costs (+7% q/q; +35% y/y) and lower export volumes, partially offset by firm beef prices; **(v) USA Pork:** Adjusted EBITDA of **US\$171mn Est.** (-25% q/q; -11% y/y), with a margin of **8.2%** (-2.0p.p. q/q; -1.4p.p. y/y), pressured by a sharp decline in Pork cutout price (-14% q/q), which more than offset lower hog input costs and higher slaughter volumes (+7% q/q); **(vi) PPC:** Adjusted EBITDA of **US\$415mn Est.** (-5% vs. Est.; -34% q/q; -21% y/y), with a margin of **9.2%** (-0.8p.p. vs. Genial Est.; -4.1p.p. q/q; -2.8p.p. y/y), below prior estimates, driven by a sharper-than-expected deterioration in chicken spreads — particularly in commodity cuts — as the USDA National Composite Whole Bird Price fell -12% q/q and supply remained elevated, compressing profitability more meaningfully than anticipated; **(vii)** Therefore, we reiterate our **BUY rating**, with a **12M Target Price of R\$98.00** (vs. R\$85.00 previously) for **BDRs-B3** and **US\$18.50** (vs. R\$16.00 previously) for **JBS-NYSE**, implying an **upside of +20.1%**.

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Company

JBS US Equity
Buy

Price: US\$ 15.37 (18-Mar-2026)
Target Price 12M: US\$ 18.50 (NYSE)

JBSS32 BZ Equity
Target Price 12M: R\$ 98.00 (B3)

Table 1. Income Statement JBS (4Q25 Genial Est.)

(US\$ milhões)	4Q25E Genial Est.	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Net Revenue	22,505	22,597	-0.4%	19,974	12.7%
COGS	(19,625)	(19,625)	0.0%	(16,997)	15.5%
Adjusted EBITDA	1,678	1,835	-8.5%	1,847	-9.1%
EBITDA Margin (%)	7.5%	8.1%	-0.7p.p	9.2%	-1.8p.p
EBIT	996	1,219	-18.3%	966	3.1%
EBIT Margin (%)	4.4%	5.4%	-1.0p.p	4.8%	-0.4p.p
D&A	(600)	(584)	2.7%	(556)	7.9%
Financial Result	(330)	(408)	-19.1%	(360)	-8.4%
Net Income	536	644	-16.7%	458	17.0%
Net Margin (%)	2.4%	2.9%	-0.5p.p	2.3%	0.1p.p

Source: JBS, Genial Investimentos

JBS will release its **4Q25 results** on **Mar. 25**, after the market closes. We expect 4Q25 to show **(i)** solid net revenue growth y/y but **(ii)** softer profitability, reflecting still robust demand across most protein markets but with cost pressures and weaker spreads in some U.S. operations.

Consolidated **Net revenue** is expected to total **US\$22.5bn Est.** (-0.4% q/q; +12.7% y/y), with a slightly sequential contraction, mainly reflected in **weaker dynamics** in **USA Pork, PPC** and **JBS Australia**. The decline should be primarily explained by softer pork and chicken price dynamics in the U.S., alongside lower export volumes in Australia. This probably will more than neutralize the **stronger performance** on quarterly basis of **Seara, JBS Brazil** (stability) and **Beef North America** (reversal to break-even line vs. negative previously). We believe it is important to emphasize that **Seara** should stand out positively following the reopening of key export markets (particularly China, after the avian flu) combined with firmer domestic poultry prices, while **JBS Brazil** and **Beef North America** will probably continue to benefit from resilient beef demand and still elevated global cutout prices.

On an **annual** basis, net revenue expansion should remain vigorous, mainly driven by **JBS Brazil** and **Beef North America**, reflecting strong demand, but with a still tight global cattle supply cycle. **Seara** should also contribute positively with the normalization of export shipments and solid demand for poultry and processed foods, while **JBS Australia** must continue to recover supported by firm international beef prices despite the sequential fairness in volumes.

We are projecting an **Adjusted EBITDA** of **US\$1.7bn Genial Est.** (-8.5% q/q; -9.1% y/y), with a margin of **7.5%** (-0.7p.p. q/q; -1.8p.p. y/y), with a sequential profitability pressured mainly by **weaker spreads** in **PPC** (9.2% already reported; -4.1p.p q/q; -2.8p.p y/y) and **USA Pork** (8.2% Est.; -2p.p q/q; -1.4p.p y/y), reflecting softer chicken and pork price dynamics in the U.S., in addition to **tighter margins** at **JBS Brazil** (6.5% Est.; -0.9p.p q/q; -0.2p.p. y/y) due to higher cattle acquisition costs at ~R\$317/arroba (+4% q/q).

These effects should be partially offset by the **sequential improvement** in **Beef North America** (0.1% Est.; +0.7p.p q/q; -1.2p.p y/y), benefiting from the normalization of hedging effects despite still elevated cattle prices, and by the **margin recovery** at **Seara** (15% Est.; +1.3p.p q/q; -4.8p.p y/y) supported by stronger export mix and firmer poultry prices. On an annual basis, the contraction in consolidated margins should reflect the gradual normalization of protein profitability cycles following the exceptionally strong margins observed in 2024, particularly in poultry/hog operations. Finally, **Net income** is projected to reach **US\$536mn Genial Est.** (-16.7% Est. q/q; +17.0% y/y), with a margin of **2.4%** (-0.5p.p. q/q; +0.1p.p. y/y).

4Q25 Preview: In detail!

Beef North America: Spreads remain tight, but sequential profitability improves. We estimate Net revenue of US\$7.4bn Genial Est. (+2% q/q; +16% y/y), reflecting still elevated beef prices in the U.S. market supported by resilient domestic demand. Retail beef prices remain historically high, with the USDA red meat basket continuing to show strong price levels despite some moderation during the quarter. We believe that demand for beef in the U.S. should have remained relatively robust, with total slaughter also increasing +2% q/q, even in an industry that continues to navigate a challenging cattle cycle, with very limited cattle herd availability for processing.

Sequentially, however, it seems to us that selling prices have softened slightly, consistent with the decline observed in the USDA Comprehensive boxed beef price indicator (-5% q/q), which likely limited the company's ability to fully pass through higher input costs. Even so, the top line should remain supported by firm beef price levels vs. with last year. On the cost side, as said, the operating environment continues to be pressured by tight cattle supply in the U.S., with herd levels still close to historical lows (86 million heads vs. 94 million head at 2Q25).

This structural constraint continues to sustain elevated live cattle prices, which remain the main headwind for industry profitability. Additionally, part of the sequential improvement in profitability should be linked to the regulation of hedging effects. In previous quarters, the sharp increase in cattle prices generated negative mark-to-market impacts on derivative positions, which should gradually reverse as physical cattle purchases are realized throughout the quarter. As a result, Adjusted EBITDA is projected at US\$7mn Genial Est. (vs. -US\$46mn in 3Q25), with margin improving to 0.1% (vs. -0.6% in 3Q25; -1.2p.p. y/y).

PPC: Results below our estimates amid weaker chicken spreads. Pilgrim's Pride (PPC), JBS's chicken subsidiary focused mainly on the North American market, already released its 4Q25 results. Net revenue totaled US\$4.5bn (-3% vs. Genial Est.), decreasing -5% q/q, but up +3% y/y, coming slightly under our prospects, reflecting softer pricing dynamics in the U.S. chicken market during the quarter. Despite still resilient demand across retail and foodservice channels, industry indicators point to weaker chicken pricing during the period. The USDA National Composite Whole Bird Price indicator contracted -12% q/q, while some chicken parts (such as wings and leg quarters) also traded below prior-year levels, pressuring spreads. At the same time, poultry supply remained relatively elevated (-2% q/q), with broiler placements slightly above y/y basis, which limited price recovery, but contributed to a smooth increase in sales volume.

Added to the fact that the input costs remaining basically in line with last quarter figures, with USDA Corn prices dropping -2% q/q and USDA Soybean prices increasing +2% q/q, Adjusted EBITDA totaled US\$415mn (-5% vs. Genial Est.), down -34% q/q and -21% y/y, with the margin reaching 9.2% (-0.8p.p. vs. Genial Est.), squeezing -4.1p.p. q/q and -2.8p.p. y/y, coming slightly below what we expected, mainly due to a sharper deterioration in chicken spreads (particularly in commodity chicken cuts), that ended up driving a stronger compression in profitability.

JBS Brazil: Strong export volumes, but higher cattle costs. We estimate Net revenue of US\$4.2bn Genial Est. (+2% q/q; +22% y/y), supported mainly by robust export dynamics during the quarter. According to SECEX data, Brazilian beef shipments advanced +10% q/q, reflecting continued strong external demand even after the imposition of higher tariffs by the Trump administration on Brazilian beef exports to the US. The impact of these tariffs appears to have been largely mitigated by the shipment's redirection to other destinations, particularly China and other Asian markets, which continued to absorb significant volumes.

Domestic consumption should have remained relatively stable, with export markets continuing to represent the main growth driver for the operation. On the cost side, however, the scenario remained challenging. The average cattle price reached ~R\$317/arroba (+4% q/q; -1% y/y), according to CEPEA/ESALQ data, reflecting the ongoing pressure lower availability and retention rates of females. Given that cattle acquisition costs represent the largest component of the division's cost structure, the increase in raw material prices should more than offset the revenue growth generated by stronger exports. As a result, Adjusted EBITDA is projected at US\$275mn Genial Est. (-11% q/q; +19% y/y), with margin contracting to 6.5% (-0.9p.p. q/q; -0.2p.p. y/y).

Seara: China reopening supports margin recovery. We estimate Net Revenue of US\$2.6bn Est. (+9% q/q; +13% y/y), reflecting stronger export dynamics following the reopening of key markets that had previously imposed temporary restrictions on Brazilian poultry shipments. China's approval for the resumption of shipments — one the most relevant destination for Seara's portfolio — alongside the reopening of flows to Europe should support a more favorable product mix. Additionally, performance should remain supported by solid demand domestically during the year-end festive season (Christmas and New Year), which typically sustains processed foods and poultry consumption even amid signs of a broader retail slowdown in other discretionary categories.

We believe the reopening of China allowed part of the export-oriented mix (particularly paws, wings and whole chicken) to return to higher-value destinations that pay a premium on the average ticket, reducing the need to redirect lower-price cuts to alternative markets or by-product channels such as pet food. In parallel, domestic poultry prices also moved higher during the quarter, with CEPEA/ESALQ chilled chicken prices rising +9% q/q, reinforcing the improvement in average realizations. Given this backdrop, Adjusted EBITDA should reach US\$385mn Est. (+19% q/q; -14% y/y), with margin expanding sequentially to 15.0% (+1.3p.p. q/q) as export mix improves. On an annual basis, however, profitability should still reflect the gradual normalization of the poultry cycle following the exceptionally strong margins observed in 2024, resulting in a contraction of -4.8p.p. y/y.

USA Pork: Lower pork prices weigh on revenue and margins. We estimate Net revenue of US\$2.1bn Genial Est. (-6% q/q; +4% y/y), reflecting weaker pork price dynamics. According to market indicators, the USDA National Daily Negotiated Pork cutout price declined -14% q/q, which should be the main driver behind the sequential contraction in the division's top line, even as U.S. pork production increased, with slaughter volumes rising +7% q/q, contributing to a greater trades condition of pork in the domestic market. Therefore, we believe that the increase in production should not be enough to offset the impact of lower prices.

On the cost side, input expenses also showed some restraint, with the USDA Iowa/Minnesota Daily Direct Hog indicator decreasing as well, which should soften the impact of weaker pork prices on profitability. However, the decline in costs should not fully compensate for the sharp drop observed in pork selling prices. As a result, Adjusted EBITDA is projected at US\$171mn Genial Est. (-25% q/q; -11% y/y), with margin declining to 8.2% (-2.0p.p. q/q; -1.4p.p. y/y).

JBS Australia: Lower export volumes, while cattle costs remain elevated. We estimate Net revenue of US\$2.0bn Genial Est. (-7% q/q; +15% y/y), reflecting a sequential decline mainly associated with lower export volumes. From what we have gathered, MLA export indicators data suggest a shipment levels moderation of -6% q/q, which tends to be a relevant for the company's sales dynamics given the strong export orientation of the Australian operation. However, beef prices in export markets remained relatively firm, which should partially offset the impact of lower volumes on the top line. Demand for Australian beef continues to be supported by international markets (particularly the US), where tight cattle supply in North America continues to sustain global beef prices, although volumes are now lower.

On the cost side, the operating environment remains pressured by higher cattle prices in Australia. According to MLA data, cattle acquisition costs continued to trend upward (+7% q/q; +35% y/y), reflecting tight herd conditions and strong international demand for Australian livestock. Therefore, Adjusted EBITDA is projected at US\$205mn Genial Est. (-10% q/q; +97% y/y), with margin slightly easing to 10.1% (-0.3p.p. q/q; +4.2p.p. y/y). On an annual basis, however, profitability should show a strong recovery compared with 4Q24, when margins were significantly pressured by the sharp increase in cattle costs and negative operational impacts in the salmon business.

Our take on JBS

Middle East conflict: Primarily through Seara's channel. At the consolidated level, **Africa & Middle East** represented ~3% of **JBS's total net revenue** in the 3Q25 LTM, a figure that on its face appears modest. However, the composition of that exposure matters: the risk is not evenly distributed across segments, but rather **concentrated in Seara**, where the Middle East is structurally the most important export corridor. According to SECEX data, **Saudi Arabia** (11%) and the **UAE** (9%) are ranked as the #1 and #2 destinations for Brazilian poultry exports by value as of Sep/25, making the Gulf region Seara's single **most relevant international market** for halal-certified chicken and processed foods.

The ongoing **conflict involving Iran** and the effective disruption to **Strait of Hormuz transit**, now in its third week, therefore poses a more meaningful operational risk to Seara than the consolidated revenue share suggests. We believe that the primary channel of impact is logistical: with major ocean carriers having suspended Hormuz transits and rerouted vessels via the Cape of Good Hope — adding an estimated **10-14 days to voyage times and triggering war-risk surcharges** — the cost and reliability of delivering perishable protein to Gulf markets has deteriorated sharply. Seara's halal-certified poultry is a temperature-sensitive product with limited tolerance for extended transit, making route disruption a margin hazard rather than merely a revenue risk.

Secondly, indirect channel affects all segments through **higher bunker fuel costs** feeding into freight rates across every route, and through potential fertilizer cost inflation given the Gulf's role as a major urea supplier.

The net assessment is asymmetric in terms of scenarios. If the disruption proves temporary, the direct impact on JBS is likely manageable: **(i)** Seara can partially redirect volumes to alternative markets; **(ii)** JBS's geographic diversification, with 50% of net revenue generated in the US, provides a natural buffer; and **(iii)** the company's strong MENA operational presence suggests established contingency relationships in the region. On the other hand, a prolonged closure would structurally **(iv)** impair Seara's most profitable export corridor, compress margins through sustained freight cost inflation, and could force volume reallocation into more competitive or lower-margin markets. We will continue to monitor the situation closely, with particular attention to Seara's export volumes and freight cost evolution.

Brazil: Contracting supply pipeline, confirming cycle turnaround. The cattle cycle transition, while more gradual than we initially anticipated, has now clearly asserted itself in price dynamics. In **3Q25**, the cattle cost averaged **R\$305/arroba** (-7% vs. Apr peak), partially weighed down by the transitory uncertainty generated by **US trade policy**, which temporarily disrupted shipment flows and cooled slaughterhouse momentum. That headwind proved **short-lived**: large meatpackers quickly reallocated volumes toward China and Mexico, and the underlying structural drivers reasserted themselves.

In **4Q25**, the cattle cost recovered to **R\$317/arroba** (+4% q/q), above the **~R\$335/arroba** range we had conservatively projected at the time. In addition, current spot levels of **R\$347/arroba** (+9% vs. 4Q25) resume that the cycle's supply-tightening logic is now fully visible, and the key driver for us is straightforward: the **supply pipeline is contracting**. Based on the data we have access to, female slaughter continued its structural decline, reaching **32% of total herd in 4Q25** (-6p.p. q/q) and well below the **45%** peak seen in 2Q25. This accelerated withdrawal of reproductive females from the slaughter scale is precisely the signal that confirms **herd rebuilding is underway**, with calf replacement becoming the priority across the chain. As fewer females enter slaughter schedules in coming quarters, we believe available supply to meatpackers will continue to shrink structurally, providing a durable floor — and likely a **ceiling-raising effect** — on arroba pricing into 26E.

On the volume side, total slaughter came in at **7.6 million head in 4Q25** (-6% q/q), consistent with tighter animal availability and shorter feedlot pipelines. Export beef sales reinforced the demand picture, reaching **937kt in 4Q25** (+10% q/q), a record pace that continues to drain the domestic supply of finished cattle efficiently, preventing any meaningful price correction even as seasonal factors shift. With the global cattle cycle turning simultaneously across major producing countries, and Brazilian beef remaining competitively priced internationally, **external demand is set to remain a fundamental price floor rather than a cyclical tailwind**. Therefore, the conclusion continues unchanged from our prior thesis, but the conviction is higher: the Brazilian cattle cycle turnaround is under way, supply-driven, and now confirmed by the data. The arroba **trajectory into 26E** should continue to reflect **(i)** the compounding effect of female retention; **(ii)** shorter slaughter schedules; and **(iii)** sustained export absorption.

North America: Cycle still in its late negative phase. We believe the 4Q25E result in Beef North America division (0.1% Est. EBITDA's margin) should come in slightly above what pure market conditions would have implied — with the cutout retreating to US\$366/cwt (-5% q/q) faster than cattle costs eased to US\$232/cwt (-3% q/q) — as the sequential profitability improvement was partly supported by hedging normalization rather than a genuine spread recovery. Stripping that effect out, the underlying spread environment should have remained genuinely challenging, consistent with the broader industry picture.

The more concerning forward signal, in our view, is the slaughter dynamic: with the US cattle herd at its **smallest level in 75Y**, total slaughter still grew to **7.5 million head in 4Q25** (+2% q/q) — suggesting the industry accelerated the depletion of an already scarce supply base. This pulls forward cattle availability that would otherwise exist later in 2026, **tightening the pipeline further** and sustaining upward pressure on live cattle procurement costs even as the herd attempts to stabilize. Near-term, we predict a modest potential **recovery in 1Q26E**, with fed cattle averaging **US\$234–238/cwt Est.** and the choice **cutout at US\$375–385/cwt Est.** — implying somewhat wider spreads vs. 4Q25, though absolute margin levels should remain thin.

We therefore expect 2026 to remain a difficult year overall, with margins likely recovering gradually toward **~1–2%** but constrained by structurally tight cattle supply. We even note that the first annual increase in beef replacement heifers in a decade should be insufficient to drive meaningful herd growth in 2026 or likely even 2027 — keeping the recovery shallow. **Capacity rationalization** across the industry, in which JBS is both subject and agent alongside Tyson and Cargill, should **gradually support spreads** over time. We see a more meaningful inflection **beginning in 2027**, with **margins** recovering toward **3–4% Est.** and a stronger recovery approaching 2028 (~6%).

Lean times, fat opportunity. 4Q25E is expected to **reiterate the margin compression** trend observed throughout 2025, with Adjusted EBITDA margin of **7.5% Est.** (-0.7p.p. q/q; -1.8p.p. y/y). Looking ahead, pressure will probably continue. The cattle cycle picture across JBS's two **largest beef geographies points** to a **challenging 2026E**. In **Brazil**, the structural turnaround is now confirmed, with female slaughter declining to 32% of total herd, herd rebuilding underway and arroba already at **R\$347/arroba spot** (+9% vs. 4Q25), but the supply contraction that supports the long-term thesis works against meatpacker margins in the near term, as tighter animal availability and sustained export demand should keep slaughter costs elevated.

In **North America**, with the US **cattle herd at its smallest in 75Y** and industry slaughter still accelerating in 4Q25, the supply base is being depleted faster than it recovers, sustaining cost pressure even as cutout prices face sequential headwinds — full-year margins should remain thin (~1–2%), with a meaningful **inflection only expected** from **27E onwards**. Both cycles are moving in the same direction: tightening supply, elevated input costs, and compressed spreads, making 26E a year where beef operations should remain a consolidated profitability headwind.

On the rerating front, despite accumulating over 9M of NYSE trading history and progressively building the liquidity track record required for index eligibility (Russel 1000 and subsequently the S&P 500), the valuation gap remains wide, with JBS currently trading at **5.6x EV/EBITDA 26E**, a **32% discount vs. international peers**. We interpret the still-modest fund absorption not as a rejection of the repricing thesis, but as a temporal misalignment between the structural change in listing and the rebalancing mechanics of global funds.

With the Russell 1000 inclusion window near — **(i)** Jun/26 reconstitution (Rank Day: April 30) and **(ii)** the new Nov/26 semi-annual reconstitution introduced by FTSE Russell —, we are reducing our discount rate to reflect this short-term catalyst, **upgrading our TP** as a premised on JBS converging to a **15% discount vs. international peers** (vs. ~30% nowadays), a conservative assumption that nonetheless implies a meaningful re-rating from current levels. Therefore, we reiterate our **BUY rating**, with a **12M Target Price** of **R\$98.00** (vs. R\$85.00 previously) for **BDRs-B3** and **US\$18.50** (vs. R\$16.00 previously) for **JBS-NYSE**, implying an **upside** of **+20.1%**.

Appendix: JBS

Figure 1. JBS – Income Statement in R\$ Millions (Genial Est. 25-28)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	85,626	86,911	88,214	89,538
(-) COGS	(74,316)	(75,257)	(76,210)	(77,174)
Gross Profit	11,310	11,653	12,005	12,364
(-) Expenses	(7,107)	(6,953)	(6,925)	(6,984)
Adjusted EBITDA	6,794	7,156	7,440	7,641
(-) D&A	(2,284)	(2,319)	(2,353)	(2,389)
EBIT	4,203	4,701	5,080	5,380
(+/-) Financial Result	(1,306)	(1,239)	(1,169)	(1,097)
(-) Taxes	(586)	(594)	(603)	(612)
Net income	2,331	2,607	3,308	3,761
Profitability				
Net margin (%)	2.7%	3.0%	3.8%	4.2%

Figure 2. JBS– Cash Flow in R\$ Millions (Genial Est. 25-28)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	85,626	86,911	88,214	89,538
(-) COGS	(74,316)	(75,257)	(76,210)	(77,174)
Adjusted EBITDA	6,794	7,156	7,440	7,641
EBIT	4,203	4,701	5,080	5,380
(-) Taxes	(586)	(594)	(603)	(612)
(+) D&A	2,284	2,319	2,353	2,389
(+/-) Δ WK	(2,016)	(1,960)	(1,901)	(1,840)
(-) Capex	(2,000)	(1,950)	(1,900)	(1,890)
FCFF	2,192	2,652	3,036	3,299

Disclosure Section

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Buy	Expected return above +10% in relation to the Company's sector average	49%
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under Review	Under review	5%

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