Smart Fit
2Q22 Earnings Results Conference Call Transcript
August 11th, 2022

José Rizzardo:

Good morning, everyone, and welcome to the Smart Fit conference call to announce the results of the second quarter of 2022. Before starting, I would like to give a message for those of you who want to listen to the conference in English.

Today with us, we have Misters, Edgard Corona, CEO; Thiago Borges, CFO; Diogo Corona, CEO; André Pezeta, Director for Latin America and New Businesses and Alexandre Gregianin, CTO.

Participants will be in only listen mode during the conference call while the Company is making its presentation and then we are going to start the questions and answers session when further instructions will be provided. As a reminder, the presentation that will guide this conference call is available at the Company's investor relations website, at CVM and also, at the webinar platform.

Before I continue, we would like to clarify that statements made during this conference call relative to the Company's business prospects, operational and financial projections and goals are beliefs and assumptions of the Company's management are based on information currently available to the Company. Forward looking statements are not a guarantee of future performance because they involve risks, uncertainties and assumptions.

Now, I would like to turn the conference over to our Founder and CEO, Edgard Corona, who is going to start the presentation. Please, Edgard, you may start.

Edgard Corona:

Good morning, everyone, and thank you for attending our conference call for the second quarter of 2022 results. I would like to start the conference with the highlights of the period: our membership and revenue are still working intensely on capturing customers always at affordable prices.

Our member base is still expanding and we are recovering the number of members in the pre-pandemic level. I would like to reinforce three points:

Number one, we ended June with 3,1 million students or members in our clubs, a growth of 58% as compared to June 21. We closed the quarter with 3,4 million members.

Number two: in the clubs that we opened during the pandemic, our membership reached 84% as of March 20, recovery of 3p.p. as compared to first quarter of 2021, with gain in all our regions of operation. This is even more positive if we consider the historical negative seasonality in the second quarter. That always happens in the industry of health clubs. In July, due to the good performance in sales, our membership recovered more than 2p.p., reaching 86% as of March 20.

Number three: in the quarter, the net revenue of the Company was R$689 million, a growth of 11% as compared to the previous quarter. The club that we opened until 2019 had a revenue close to historical levels and on June 2022, the revenue of those units reached 21% as compared to January and February of 2020, with Brazil, Mexico and Other LatAm above 90%.

Talking about costs, we are still managing our operational cost and delivering excellent services. In the last two and a half years, we made it even more intense, focusing more on this theme, considering the inflation and negative impact of COVID in our industry. This work has made it possible so that in second quarter of 2022 the cost per club open until 2019 was only 6.6% above the level of January 2020, significantly below the inflation of the period.

Now talking about margins and profitability, the continuing recovery of revenue per club in addition to costs, expense management has provided increasing improvement in our profitability. The second biggest region has gone back to pre-pandemic level in terms of margin and EBITDA and so the cash gross margin was 52.4% in 45.5% in EBITDA, both in line with historical levels.

In the quarter, the Company's EBITDA reached R$121 million, 83% growth as compared to first quarter of 2021, with a gain of 6.9p.p. in the margin as compared to the previous quarter. Operating cash generation grew, reaching R$197 million in the quarter.

Finally, as informed yesterday, we have revised our guidance of units during 2022. We kept our discipline of capital allocation and considering the growing increase in interest rate in the many regions where we operate, we decided to delay the construction of a few of our own units that were going to be open this year, deferring it to next year. We are going to go back to this theme at the end of the presentation.

These were my messages. I will be waiting for you in the Q&A session at the end of the presentation. I will give it over to Alexandre, our CTO, to continue the presentation.

Alexandre Gregianin:

Thank you, Edgard. Good morning, everyone. In the second quarter of 2022, we continued the work of evolving our digital platforms, focusing on higher engagement with our users and operational efficiency in our stores. One of the main projects was the full redesign of our private areas, providing more autonomy to our members in a relationship with Smart Fit without needing to interact with some staff.

Now, with a more intuitive experience, we had an increase of 18,8% in the number of people that have migrated from Smart to Black Plan with a more expensive ticket providing more benefits to the members. Today, about 42% of plan upgrades are conducted through the digital channel.

In the Smart Fit APP the focus remains in providing the best training experience in our units, in addition to using the platform to understand customer habits and to optimize our operation.

We have released the possibility to change the exercise so that the user can choose a different equipment in case they did not like it or because it is not available in the unit, with 33% of the

users of our APP using that feature, we have a data mass today that is enough to optimize the layout of our units, taking out under-used pieces of equipment or adding pieces of equipment that are used very intensively. We have a high engagement of our members with an average number of sessions in a month with 8.4 and 54% of our membership use the APP in the second quarter.

And now I am going to give it over to Thiago, who is going to talk about the recovery of our membership.

Thiago Borges:

Thank you, Ale. Good morning, everyone. I would like to continue our presentation giving highlights to the continuing improvement of our membership during second quarter. We have reached in June 3,1 million members in clubs, reaching 109% of pre-pandemic levels. In the clubs that we opened before the pandemic we have recovered 3p.p. in the second quarter and reached 84% of our membership as of March 2020.

On this slide, I would like to emphasize that in the second quarter, the revenue of the clubs that opened until 2019 has reached 94% of pre-pandemic levels. The revenue is recovering at a more accelerated pace because of our initiatives to improve average tickets, including price adjustments, whenever necessary.

We should also highlight that in June, we had a growth in the membership with about 90,000 new members and more than 2p.p. in the number of members in clubs that existed before the pandemic, with a growth of 86% in membership. July was the best year in sales in Brazil, which helped in the recovery of our membership.

Going to the next slide, as we have seen before, the recovery of our membership has been constant and has taken place at different times with different speeds in different regions where we operate. We understand it is necessary to analyze the following factors to help understanding the recovery.

Number one, the level of drop of membership that took place in the worst times of the pandemic, number two, the macroeconomic factors of each region, especially the financial situation of the population and number three, the fear that the pandemic still causes in people, and lastly, seasonal factors.

So, in the first chart on the left, you can see the shrinkage of membership in the units that we had before the pandemic. At the end of the second quarter of 2021, when we had 100% of our units opened already, back then, Brazil and Mexico had lost approximately 40% of their membership. In contrast, with 29% in Other regions in Latin America, this is an excess of 10p.p. explained by the different impact of the first and second waves of the pandemic in these regions. With this scenario, we could understand that the challenge for the recovery for Brazil and Mexico was going to be higher or worse.

As to the macroeconomic scenario, as you are all well aware, inflation is a global problem, however, with a more specific and more intense impact in Brazil as compared to other regions. In Brazil, in the last 12 months, the total inflation rate was 11.3% above Mexico and Colombia.

The higher inflation led to higher interest rates in Brazil as compared to the other two countries.

And to understand better how this macroeconomic scenario impacts the purchasing decision of our target audience we made research in June with more than 2,400 respondents in Brazil, Mexico and Colombia, and we would like to share some data with you.

Brazil and Mexico have presented the highest percentage of people worried about their financial status, about 64% of interviewed, and with the same research, you also saw the situation of COVID in these regions. Brazil has shown that 65% of the people interviewed are still worried about the COVID, well above the level of Colombia with 41% and Mexico with 53%.

Additionally, both in Colombia and Mexico, almost 80% of the interviewed persons feel safe that they will not get COVID, whereas in Brazil, this number drops to 66% of the persons who were interviewed. Once we analyze these features, we understand that Others Latin America had a more favorable condition for faster recovery, in contrast with Mexico and Brazil. And when we compare Brazil and Mexico, it is important to highlight that Mexico has recently gone through its best seasonal period this year, which was very positive for membership recovery, and the seasonally favorable period for Brazil takes place in the second half of the year until January.

Now, I would like to turn it over to Diogo, to give you an overview of revenue recovery.

Diogo Corona:

Good morning. So, Brazil's resumption and strategy. So we are recovering revenue efficiency in terms of cost. Few pillars of our brand. Our brand health was at 92%, same as pre-pandemic levels. And today we won the award for the most loved brand in Sao Paulo from Veja Sao Paulo magazine.

In terms of performance, we have focused on ticket positive response in revenue growth and our focus has been on the top of the funnel. So we want to have more people knowing our brand so that we can surf and have a better performance in future quarters. Communication strategy in the next quarter we have the intention of focusing more on the end of the funnel and conversions with a more predictable scenario in Brazil.

So, on the right side, of slide number seven, we are showing the number of clubs open before 2019 in Brazil. In the fourth quarter of 2021 we had 61% of revenue, in first quarter of 2021 we had 79%, with growth of 11p.p, in second quarter we had 87% with growth of 8p.p. and in June, as we are talking about the average of the quarter, we can talk about the last month of the last quarter, we got 90% of revenue and same store sales as compared to pre-pandemic levels, a growth of 3p.p. as compared to the second quarter of 2022.

Now talking about active membership in July, first month of third quarter, we added 2p.p. in the volume of active membership we had in the same stores as compared to pre-pandemic stores. Now let's talk about the revenue.

Thiago Borges:

Thank you, Diogo. Now on slide number eight. The revenue of pre-pandemic units has increased 7p.p. in 2Q as compared to 1Q, as compared to pre-pandemic levels. As we saw, 3p.p. came to a higher membership and 4p.p. were due to higher tickets that we implemented along last year in the different geographies where we operate and are being gradually reflected in our bottom line. And Brazil had the highest growth in the period with a gain of 8p.p., followed by Mexico and Others, LatAm with 5p.p. each.

When we analyzed the month of June, the level of revenue of our units that were open before the pandemic reached 98%. And if we consider 2p.p. gains in our membership that took place in June, so the revenue of those units would go back to pre-pandemic levels.

As we saw, the dynamics of our recovery is regionalized. However, all regions have same store sales above 90%, with a highlight of Others Latin America, whose revenue is at 120% considering the full recovery of membership associated to higher tickets, bringing the margin in those regions back to historical levels.

On slide number nine, I would like to go over our club expansion in the quarter. We have added 31 new clubs in this quarter, a pace that was above the previous period when we added 25. And in the last 12 months, we have added 140 new units, reached 1,121 clubs in the end of quarter, 14% growth as compared to the previous year. The expansion of 31 units was, especially in Others Latin America, where we opened 18 new units, followed by Mexico with 12 units.

The main focus in opening in these regions is due to the advanced state of recovery and the ramp up curve that is more accelerated. Brazil has only added one unit because we suffered the impact of ten units being closed up, three of Bio Ritmo that are in Company units that did not go back to in-person operations and three that were in supermarkets that were closed for a long time. In addition, trying to make the most of the favorable moment we relocated two units in Brazil, to more attractive commercial points.

Now, I would like to talk about the financial results, starting with the evolution of the net revenue. We should highlight that this has been the fourth quarter in a row with strong recovery of revenue already exceeding the first quarter of 2020. The revenue in the quarter has reached R$689 million, with an 11% growth as compared to first quarter this year. Because of the 7% growth in the average membership of our own clubs and expansion of the network of units by 3%.

In Brazil, Smart Fit units have had an increase in revenue of 13% as compared to the previous quarter, a positive reflection of the changes in our repricing and membership growth strategy, and as a consequence, it was possible to see a growth of 12% of Smart Fit.

In Mexico, revenue has grown 15% versus the previous quarter due to more intensive recovery of customer membership in this base, with an increase of 13% in our average membership. In Others in LatAm revenue has grown 11% as compared to first quarter because of the expansion of the network of units by 6%, an increase of 6% in our membership.

On the next slide, number 11, you can see how the fast increase in revenue has provided significant leverage. So, cash profit has increased because of the continuing improvement of revenue. Considering all clubs that were open last year, gross margin has expanded for the fourth quarter in a row, with an expansion of 16.7p.p. reaching 39.6%. We should highlight that the gross margin in Others Latin America, our second biggest region of operation, has gone back to historical levels, reaching 51.4%.

As the last message on this slide, reinforcing what Edgard has already said in the beginning, I would like to emphasize that we are still focusing on cost management to reduce the impact of inflation in the period. In the second quarter, the cash cost of clubs that were open before 2019 juts went up 6.6% if you compare to the baseline of two years before, a growth that is significantly below the inflation of the year, demonstrating the results of the major efforts of our team in the pursuit for margin recovery.

Now moving to the next slide, you can see the evolution of expenses. Sales, general and administrative expenses had a reduction of 2% compared to the previous quarter, with a dilution of 2,9p.p. in the period as a result of the growth of revenue. And we should highlight that in this quarter, expenses with sales had a dilution of 1,1p.p., representing 10.3% of the net revenue in the period and impact of the continued recovery in revenue per club.

Now moving to slide number 13, we would like to share with you the evolution of the Company's EBITDA. This quarter's EBITDA totaled R$121 million, a growth of 83% as compared to first quarter of 2022, with a positive impact of higher revenue and dilution of costs and expenses. In this quarter, the EBITDA margin had a strong expansion of 6,9p.p., reaching 17.6%.

We believe that we are on the right track to recover the historical margins of the Company, recovery of revenue and strong discipline in managing our costs and expenses, as an example we have our second largest region of operation, the region, Other in LatAm with a profitability of the operation recovered to pre-pandemic levels.

Now moving to slide number 14, you can see our financial liquidity and CAPEX. In the second quarter, we have invested R$235 million in the opening of 34 own clubs and in clubs under construction. In spite of the acceleration in investments after the third quarter of 2021, we have a robust cash position and low financial leverage.

We closed 2Q with 2,8 billion in cash with a net debt of R$381 million net debt profile, that is quite long. We should mention that in April we used funds from the sixth issuance of debentures to prepay approximately R$500 million in a maturity related to the fourth edition.

And now ending our session, we move to our last slide, which is related to our material fact that we announced yesterday, reviewing our guidance in terms of units to be open in 2022. We reviewed this projection as a reflection of our continuing discipline in capital allocation considering the increasing interest in interest rates in different regions where we operate. We saw that it is necessary to delay the construction of some of our own units that were supposed to be opened this year, reducing the expansion of the units.

While still confident in the consolidation of our leadership position in the fitness industry in Latin America. And right now, the right decision is to balance out the pace of expansion using part

of the disbursements that we are going to make this year in preserving the Company's strong cash position

These were our comments about the results of the second quarter, and now I would like to give it to Rizzardo for our Q&A session.

José Rizzardo:

Thank you, Thiago.

Let's start the Q&A session. If you have any questions, click the questions icon on the left side of your screen to send them in writing, we will collect them and respond as they are received. Please wait a moment.

I will open the microphone for the first question from Maria Clara, from Itaú.

Maria Clara, Itaú:

Hello everyone, thank you very much for taking our questions. We would like to understand how you have been seeing the short-term prospects in terms of recovery of the active membership of the Company, especially in Brazil. And considering the second quarter season is weaker, could you tell us which are the growth prospects in sales and profitability for the second half of the year? Please. Thank you.

Diogo Corona:

Well, second quarter is historically a weaker quarter, our best quarter is first quarter usually. But even so, in July we had the best month of the year in sales. July historically is not a strong month, but it was very strong. In second quarter we have some strong months, historically, August, September and October. August starts very well and as I said, in second quarter we had more focus on ticket. And we tested an acceleration in July, it worked very well. It was the best month of the year. August started very well.

We are very optimistic that we will be able to accelerate our pace of conversion and sales, and we are going to continue accelerating it very much. And we are very optimistic in terms of recovery. We have recovered 2p.p. only in the month of July in our active membership base. And we are very optimistic with acceptance of a more predictable scenario in Brazil.

Maria Clara, Itaú:

Thank you.

Eric, Santander:

Good morning, everyone. Thank you very much for taking my question. So, we would like to understand a little bit more in terms of the new guidance. We understand that the preservation of cash was one of the priorities lying behind the review.

But thinking that there are other markets outside Brazil with a stronger performance, we were expecting a migration may be in terms of openings in Brazil where interest rates are slightly higher to other regions. So, could you give us more color on why you did not implement that change and really look to cash?

Thiago Borges:

Thank you, Eric. Thank you for your question. This is Thiago answering. So, yes, we did that migration. If you remember a little bit of the history of openings, Brazil historically accounted for half of the openings and in the previous guidance of 195 units this was our forecast. About half of the openings, about 90 openings, 95 were going to be in Brazil. And that difference, about 50 in Mexico and 50 in Others in LatAm.

So, in Others in LatAm, we have accelerated within the horizon of one business year, which we find healthy. The number will be close to 70 or 75 openings this year. We reduced that obviously in Brazil. But Brazil started the year with great uncertainty, and we have been monitoring this uncertainty in Brazil.

So that migration that you referred to was implemented but at a healthy pace. Not necessarily trying to offset it completely. Also because of our decision, it is not a decision of reviewing the guidance in the long term. This is something that is a one off. It is specific to get through the most uncertain moment and we do not want to leverage the Company and we are just leveraging as much as the recovery of the EBITDA.

So that first quarter EBITDA was R$66 million and the second was R$120 million. So, we did that to try to have a level of disbursements for investments related to the recovery. And obviously these numbers will grow and as EBITDA grows, we are going to have more openings in first quarter and second quarter.

Eric:

So great. Thank you very much.

Javier, Morgan Stanley:

Good morning. I have a question about discipline and cost and expenses, especially with personnel in a context of high inflation. My question is: Is this sustainable going forward in the future? Or is it going to evolve as you recover your top line?

Edgard Corona:

So, this is Edgard. Hello. Good to talk to you. So how can we digitalize a Company? And this was a metric that the market talked a lot about. So, we want to have more efficiency in the Company, when we use it, you no longer need the teacher to do this, when you use it for reception processes, you get more people out of reception. Structurally, we have more savings in this area. We have a different Smart today than it was two and a half years ago. This work is our relentless work to make the customer experience better, depending on fewer people.

At the same time, we think that we are going to continue working intensely in terms of Real Estate in Brazil because there was a major distortion between inflation and the value of properties and inflation rates. This is a longer-term work and we are very hopeful that we will be able to have some gain in this area. The answer is yes, it is structural and this change is going to remain and we are expecting it to continue.

And now thinking of countries, we had sometimes 5% against 10%-11% in some categories. This is going to have a lower impact and most of it is incorporated in the month of June. This cost, the number will remain.

Javier:

Thank you very much Edgard. Nice to talk to you.

Edgard Corona:

Thank you. My pleasure.

José Rizzardo:

Thank you, Javier. Now we have three more questions. I am going to do them all at once and we will answer them at once.

Participant via webcast:

“Could you talk more about the criteria that led to your closings? So, the network expansion, has it changed the profile in terms of your own stores and franchise? Could you talk about Brazil, Mexico and other Latin? And the third question is, considering the competitive environment, is it possible to expand pricing expansion in any of your regions of operation? “

Thiago Borges:

I am going to start with the first part here, about the closing criteria. So, we have been managing costs and you have been seeing costs that increased only 6% as compared to January and February 2020 when the inflation was significantly higher than this percentage always leads us to have a very accurate and careful analysis of the profitability of each unit and in which items we can review.

And the issue of rental, as we said before, we are experiencing, especially in Brazil, a mismatch between rental prices and real inflation, IGPM does not necessarily reflect the inflation that we see that is in the pockets of our members. So sometimes the rental of the unit goes up to a level that we do not think is the right level. We have been very successful in talking with landlords and they have been quite reasonable also considering the quality of having Smart Fit as their tenants and it has been reasonable.

But sometimes negotiations are not so successful in combination with the fact that the Real Estate market is favorable right now, to find new points of sales, we have been made a few reallocations. So, this is something that in the past we used to do, but we did not really have

these two factors combined together influencing us to make these decisions. So, this is our main criteria for closing down units and sometimes it happens in the same quarter that we close and reallocate. Sometimes it is a different quarter and you see some closings.

In the future you are still going to have some shut downs. Some units will be shut down. There were some corporate units and also the supermarket chain that shut down for renovation and construction work. But this is one off, maybe two or three per quarter. This is something that we will always be doing to improve our business profitability.

When we reallocate, it is important to mention too, that equipment and investment is 100% used. And we also use a little bit, not everything, of the improvements that we made, so we can take 50% of the initial CAPEX to a new unit. And so, this is something that has a smaller cost in terms of reallocation. Of course, we also assess if the unit is being reallocated and how old it is, whether it is mature or if we can transfer it to a different unit. So, these are the closing criteria.

André Pezeta:

About expansion, the main change in franchise was in Brazil for cash preservation, as Thiago said. The profile remains similar in Mexico and other countries in Latin America and about the competitive environment, price increases were implemented in the past. We had some price increases, as you saw in Brazil and in Others Latin America, and in case of Mexico, we have not increased because historically our prices were higher than in other countries and we decided to keep prices and the only thing is that the ticket that have had price increases in the future will go up considering the membership of members who used to pay the previous price and the members that are paying the new price.

Participant via webcast:

“Can the Company talk about in which countries we had more stores opening in Others Latin America? “

André Pezeta:

So, the main countries that represent Others Latin America are Colombia, Peru and Chile, which accounted for most of this growth. And these are the countries that will account for future growth in the number of clubs. Other countries are smaller and they are not really representative in that group.

Participant via webcast:

“Considering deflation over the next few months, which are the Company's prospects for third quarter? “

Edgard Cornona:

Well, whenever we have very high inflation in investment in health. So, the scenario is very positive, and no matter that we had the emergency allowance and a lower adjustment in rental. So usually when that happens, we sell more. Low inflation helps us greatly and high inflation

and this mismatch until things happen, so it is worse. We are feeling this, as of July is slightly more optimistic and we hope this will happen in the next quarter even more intensely.

Participant via webcast:

“The Company changed anything in terms of pricing and commercial terms in Brazil? “

Diogo Corona:

Well, in June, we only expedited our promotions, intensified them. So, we adjusted, and we look very much at the locations, the reality in Brazil it differs greatly between different regions. We started looking at each unit in order to maximize revenue and the appropriate pricing. We did this along the quarter, very much so, and in July specifically, once we had implemented the price adjustments, we offered a strong promotion, used media and that is why we had this very intense result in sales.

Participant via webcast:

“Can the Company comment on your strategy for Mexico considering that we have been seeing a recovery in membership and less in ticket. And the question is, how did you do it? How do you expect to recover the ticket in the future, months and quarters?”

André Pezeta:

This is André Pezeta answering your question. As I said before, we did not have a strategy of higher prices in Mexico as you have seen in Thiago's presentation, Mexico is one of the countries that because of the economy people are worried about the recovery. Historically in Mexico we have higher prices than in every other country. However, we also had fewer members than in other countries in America and our strategy was to keep prices. Another thing that we did was to sell a lot of our lower ticket plan, which is a Smart Plan. So, most of the membership recovery that you saw in Mexico was in the Smart Plan members. And what we are seeing in the future is that the price schedule is not going to go up in Mexico, but these customers that are from Smart Plan are going to migrate from Smart to Black.

Participant via webcast:

“How does the Company see the impact of inflation go looking to the future and its capacity of implementing new price adjustments in the short term? “

Thiago Borges:

Well, we have already implemented the price adjustments last year in the different geographies assuming the inflation accumulated until then, plus the forecast for this year's inflation. So, in the short term, we are not seeing the need to increase prices any further because price increases in our business dynamic needs to be done in advance, between 12 and 24 months in advance, so that it is reflected in the increase once inflation is already materialized.

So, we expect that the price increases that we implement with inflation forecasts were okay because now we are expecting deflation. We hope that we are at the level that we will not need

to increase any more prices in the short term, but I think that we have demonstrated in looking over the last 12 months, we showed the discipline to understand the pricing discipline of our business and costs and to make the necessary adjustments.

Participant via webcast:

“Comparison of new store openings. What is the ramp up curve of the opening of 2022 versus the Company's history in terms of members per unit?”

André Pezeta:

This is André Pezeta. So basically, we are seeing these curves in line with what is going on in the recovery, the curve is slightly below history. That is why we plan to delay openings in Brazil for next year, as Edgard mentioned about the pipeline. However, for Mexico, we see that the curve is very much in line in Others Latin America. We see that the curve is in line with our historical levels and that is why we have been increasing our pace of expansion both in Mexico and in other countries in Latin America.

José Rizzardo:

Thank you, André. We have no more questions. We would like to thank you all very much for your attendance. Our investor relations team is available if you have any questions to ask. The Smart Fit Conference call has now ended. We thank you once again for your participation. Thank you very much. You may disconnect and have a good day.

“This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of the Company hosting this event, which was transcribed by MZ. Please, refer to the Company’s Investor Relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript”