

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025 (Nine Months Ended December 31, 2024)

[Japanese GAAP]

Company name: NITTOKU CO., LTD. Listing: Tokyo Stock Exchange
 Stock code: 6145 URL: <https://nittoku.co.jp/english/>
 Representative: Sumito Sasazawa, President (CEO)
 Contact: Yumiko Fujita, Director, General Administration Division Executive General Manager
 Tel: +81-48-615-2109
 Scheduled date of payment of dividend: –
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: None

Note: The original disclosure in Japanese was released on February 14, 2025 at 16:00.

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2024

(April 1, 2024–December 31, 2024)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2024	21,551	11.4	506	(74.6)	618	(70.8)	822	(39.1)
Nine months ended Dec. 31, 2023	19,338	(9.8)	1,991	0.9	2,115	0.7	1,349	(6.4)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2024: 241 (down 88.3%)
 Nine months ended Dec. 31, 2023: 2,072 (up 47.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2024	45.85	–
Nine months ended Dec. 31, 2023	74.69	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2024	59,054	37,767	63.5
As of Mar. 31, 2024	56,785	39,770	69.4

Reference: Shareholders' equity (million yen) As of Dec. 31, 2024: 37,514 As of Mar. 31, 2024: 39,420

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	–	17.00	–	17.00	34.00
Fiscal year ending Mar. 31, 2025	–	21.00	–	–	–
Fiscal year ending Mar. 31, 2025 (forecast)	–	–	–	21.00	42.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	34,000	10.4	1,900	(54.4)	1,900	(55.6)	1,500	(45.3)	88.90

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 3 companies (Astecnos Co., Ltd., API Hard- & Software GmbH, and Astecnos America Corporation)

Excluded: —

(2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For more information, please refer to page 9 of the attachments “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies).”

(4) Number of issued shares (common stock)

1) Total number of shares issued at the end of the period (including treasury shares)

As of Dec. 31, 2024:	18,098,923 shares	As of Mar. 31, 2024:	18,098,923 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2024:	848,741 shares	As of Mar. 31, 2024:	32,575 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2024:	17,938,522 shares	Nine months ended Dec. 31, 2023:	18,066,511 shares
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* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information currently available to the Company's management at the time the materials were prepared. As such, they do not constitute an assurance that the Company promises to achieve the future performance. Actual results may differ significantly from these forecasts for a number of reasons. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 4 of the attachments “1. Overview of Results of Operations, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements.”

Contents of Attachments

1. Overview of Results of Operations	2
(1) Overview of Results of Operations for the Period under Review	2
(2) Overview of Financial Position for the Period under Review	3
(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements	4
(4) Implementation of Management Conscious of Cost of Capital and Stock Price and Upcoming Announcement of Medium-term Business Plan	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Changes in Accounting Policies	9
Segment and Other Information	10
Notes to Statement of Cash Flows	10
Revenue Recognition	11

1. Overview of Results of Operations

(1) Overview of Results of Operations for the Period under Review

During the first nine months of the fiscal year ending March 31, 2025 (from April 1 through December 31, 2024), the global economy continued to show a moderate growth trend. However, significant uncertainties persisted due to several factors, including the slowdown of the European and Chinese economies, geopolitical risks stemming from the situations in Ukraine and the Middle East, the impact of the U.S. presidential election on its fiscal policy and financial markets, and trends in resources and energy prices.

Against the backdrop of accommodative financial conditions, the business environment surrounding the Group saw a gradual increase in capital investments due to factors such as investments to address labor shortages, digital-related investments, research and development investments in growth areas and decarbonization, investments to strengthen supply chains, capital investments in electrical equipment and safety in the automotive industry, and the need for automation, efficiency, and quality improvement of manufacturing and production systems.

The Group provides technologies and ideas for designing and building users' overall production systems. As a "line builder" that contributes to the efficiency and quality improvements of the entire production process, we also provide integrated production lines that meet each user's specific needs and wants. On top of such customer-specific machines, we also focus on developing and selling industry-standard machines. At a semiconductor industry exhibition held in Japan in December 2024, our semiconductor-related industry-standard machines received positive feedback, leading to numerous business inquiries. Through these efforts, we are propelling our internal reform measures to balance technical capabilities with profitability. In addition, we are working to secure superior ready-to-work human resources in niche industries through a "satellite strategy" aimed at securing ready-to-work human resources, such as by opening technical centers in locations where human resources we want to hire are gathered.

In response to the recent society's demand for firms to contribute to SDGs and pursue ESG management, the Group provides users with production systems that enable them to save resources, materials, and electricity. We are also working at IMD Co., Ltd., our affiliate, on the research of motors without insulating media that enable the reduction of motor waste and at the Company on the research of production systems for such motors. Through these activities, we endeavor to contribute to global environmental conservation and the international community.

The Group is working with users to develop cutting-edge equipment for their automation projects involving new products in response to new technological innovations, mainly in the mobility industry. Also, the scale of production equipment has become larger, and the delivery times have become longer than in the past. In the first nine months of the current fiscal year, a large percentage of projects involved the elements of new development (evolution and change of user-developed products). Such projects require more time to respond to additional specification changes and quality adjustments based on users' requests, as well as additional costs to meet acceptance inspection conditions and modifications after delivery, which resulted in several events of prolonged delivery times and additional costs. During the third quarter of the current fiscal year (the three months ended December 31, 2024), there was an improvement in the gross profit margin for projects that involved the elements of new development. However, profits significantly decreased year on year during the first nine months of the current fiscal year, partly attributable to the underperformance of overseas subsidiaries, particularly in Europe, where the economic downturn in the mobility industry adversely affected their business performance. Meanwhile, some low-profit projects from the first half of the current fiscal year have already received repeat orders, which will contribute to future revenue growth.

As a result of the above, on a non-consolidated basis, orders received increased by 5.8% year on year to 17,732 million yen. Meanwhile, net sales decreased 9.2% year on year to 12,721 million yen, whereas order backlog increased 2.2% year on year to 24,185 million yen on a non-consolidated basis.

In addition, for the first nine months of the current fiscal year, the Group reported net sales of 21,551 million yen (up 11.4% year on year), operating profit of 506 million yen (down 74.6% year on year), ordinary profit of 618 million yen (down 70.8% year on year), and profit attributable to owners of parent of 822 million yen (down 39.1% year on year) on a consolidated basis.

In this business environment, results by business segment were as follows.

Winding System & Mechatronics Business

The Group has pursued a business model of providing a production system that helps users improve their competitive advantage in the global market. To this end, we provide a variety of production line construction by means of production systems that enable high-performance multi-axis synchronous control through the use of our proprietary OS, based on the technology to integrate multiple processes such as coil winding, handling, assembly, and inspection through a transfer system. We must promptly cater to individual users' unique and diverse needs and wants. In doing so, we are striving to raise the barriers to entry for competitors and further improve our competitiveness and market presence by globally promoting our Black Ocean strategy—a strategy to promote collaboration and co-creation with users and suppliers through open innovation in niche areas. As a result of such efforts, the Company has expanded its capabilities in the mechatronics business into areas not involving a coil winding process, such as high-precision die bonders and handlers for the semiconductor industry and winders for the battery industry.

In recent years, with the rapid progress of digitalization, devices and tools have become more sophisticated. In this business, the Group has successfully transformed itself from a conventional “production facility manufacturer” to a “line builder.” This involves providing technologies and ideas for designing and building of overall production systems of users as well as contributing to production efficiency and quality improvements for the entire process.

As mentioned above, during the third quarter of the current fiscal year (the three months ended December 31, 2024), there was an improvement in the gross profit margin for projects that involved the elements of new development. However, profits significantly decreased year on year during the first nine months of the current fiscal year, partly due to several events of prolonged delivery times and additional costs associated with new development activities, as well as the underperformance of overseas subsidiaries.

As a result of the above, the Winding System & Mechatronics Business segment, which accounts for about 94% of the Group's total net sales, reported net sales of 20,196 million yen (up 16.3% year on year) and segment profit (operating profit) of 977 million yen (down 52.9% year on year) on a consolidated basis.

On a non-consolidated basis, orders received increased to 16,266 million yen (up 6.8% year on year), net sales decreased to 11,353 million yen (down 5.6% year on year), and the order backlog at the end of the third quarter increased to 23,493 million yen (up 1.6% year on year).

Contactless IC Tag & Card Business

During the first nine months of the current fiscal year, net sales of contactless IC cards decreased by 10.3% year on year. Net sales of tags, such as FA and battery tags used to manage production lines, decreased by 75.6% year on year, partly due to adjustments to tag inventory that users had arranged in advance when semiconductors were in short supply.

As a result, net sales of the Contactless IC Tag & Card Business came in at 1,355 million yen (down 31.3% year on year), and segment profit (operating profit) came in at 345 million yen (down 49.3% year on year) on a consolidated basis.

On a non-consolidated basis, orders received decreased to 1,465 million yen (down 4.2% year on year), net sales decreased to 1,367 million yen (down 30.7% year on year), and the order backlog at the end of the third quarter increased to 691 million yen (up 31.0% year on year).

(2) Overview of Financial Position for the Period under Review

1) Assets

Current assets increased by 412 million yen from the end of the prior fiscal year to 39,606 million yen. This was mainly attributable to an increase of 4,774 million yen in work in process, which was partially offset by decreases of 2,882 million yen in cash and deposits and 1,452 million yen in notes and accounts receivable-trade.

Non-current assets increased by 1,855 million yen from the end of the prior fiscal year to 19,447 million yen. This was mainly attributable to increases of 1,347 million yen in buildings and structures, net; 1,087 million yen in land; 224 million yen in goodwill; and 241 million yen in machinery, equipment and vehicles, net; which were partially offset by a decrease of 1,407 million yen in investment securities.

As a result, total assets increased by 2,268 million yen from the end of the prior fiscal year to 59,054 million yen.

2) Liabilities

Current liabilities increased by 2,983 million yen from the end of the prior fiscal year to 16,506 million yen. This was mainly attributable to increases of 1,606 million yen in contract liabilities and 908 million yen in current portion of long-term borrowings.

Non-current liabilities increased by 1,288 million yen from the end of the prior fiscal year to 4,779 million yen. This was mainly attributable to an increase of 1,425 million yen in long-term borrowings.

Consequently, total liabilities increased by 4,271 million yen from the end of the prior fiscal year to 21,286 million yen.

3) Net assets

Total net assets decreased by 2,003 million yen from the end of the prior fiscal year to 37,767 million yen. This was mainly attributable to an increase of 1,514 million yen in treasury shares.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

The earnings forecasts are based on information available at the time of the release of this report. Actual results may differ from these forecasts for a number of reasons. Please refer to the “Notice of Revision of Earnings Forecasts for the Fiscal Year Ending March 31, 2025,” announced today (on February 14, 2025; Japanese version only).

(4) Implementation of Management Conscious of Cost of Capital and Stock Price and Upcoming Announcement of Medium-term Business Plan

Following the presidential change on April 17, 2024, the Group has transitioned to a new management structure. Additionally, starting from the fiscal year ending on March 31, 2025, we have implemented management conscious of cost of capital and stock price to drive our growth. With our quantitative targets, such as ROIC and EBITDA, set, we will continue to seek to enhance our return on capital by securing and developing talented human resources and improving production capacity and profitability through M&As and other means. In addition, we will review our capital policy to ensure our management is conscious of not only business growth but also cost of capital and stock price.

In conjunction with the announcement of financial results for the fiscal year ending March 31, 2025, we will announce a medium-term business plan that covers the fiscal years ending March 31, 2026 to March 31, 2030, outlining the direction of our growth strategy for the next five years. We will endeavor to develop a management strategy for each business area and business division and implement financial and capital policies to strengthen our management foundation, enhance our sales and market share, improve our profitability, and boost our corporate value. At the same time, we will work to further increase our shareholder value through these initiatives. As we recognize the significance of engaging in dialogue with investors and shareholders, we will present the details of this medium-term business plan through our investor relations briefings and one-on-one meetings so as to enhance value-sharing with them.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2024)	Third quarter of current fiscal year (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	15,028	12,146
Notes and accounts receivable-trade	6,910	5,458
Electronically recorded monetary claims-operating	2,514	1,393
Securities	301	235
Work in process	11,094	15,868
Raw materials and supplies	2,702	2,558
Other	713	2,018
Allowance for doubtful accounts	(72)	(73)
Total current assets	39,193	39,606
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,132	6,480
Machinery, equipment and vehicles, net	1,039	1,281
Land	2,811	3,898
Other, net	700	620
Total property, plant and equipment	9,683	12,280
Intangible assets		
Goodwill	—	224
Other	181	222
Total intangible assets	181	447
Investments and other assets		
Investment securities	4,991	3,584
Retirement benefit asset	681	697
Deferred tax assets	46	173
Other	2,006	2,265
Total investments and other assets	7,726	6,720
Total non-current assets	17,591	19,447
Total assets	56,785	59,054

	(Millions of yen)	
	Prior fiscal year (As of Mar. 31, 2024)	Third quarter of current fiscal year (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,913	2,547
Electronically recorded obligations-operating	2,105	3,002
Income taxes payable	1,201	110
Contract liabilities	5,450	7,056
Provision for bonuses	722	399
Current portion of long-term borrowings	399	1,308
Other	1,730	2,082
Total current liabilities	13,523	16,506
Non-current liabilities		
Long-term borrowings	1,584	3,009
Retirement benefit liability	1	5
Deferred tax liabilities	1,186	1,231
Other	719	533
Total non-current liabilities	3,491	4,779
Total liabilities	17,014	21,286
Net assets		
Shareholders' equity		
Share capital	6,884	6,884
Capital surplus	2,528	2,562
Retained earnings	24,722	24,858
Treasury shares	(29)	(1,543)
Total shareholders' equity	34,106	32,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,178	1,498
Foreign currency translation adjustment	2,846	3,042
Remeasurements of defined benefit plans	289	211
Total accumulated other comprehensive income	5,314	4,752
Non-controlling interests	349	253
Total net assets	39,770	37,767
Total liabilities and net assets	56,785	59,054

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

	(Millions of yen)	
	First nine months of prior fiscal year (Apr. 1, 2023–Dec. 31, 2023)	First nine months of current fiscal year (Apr. 1, 2024–Dec. 31, 2024)
Net sales	19,338	21,551
Cost of sales	13,088	16,054
Gross profit	6,250	5,497
Selling, general and administrative expenses	4,258	4,991
Operating profit	1,991	506
Non-operating income		
Interest income	64	48
Dividend income	61	54
Other	90	136
Total non-operating income	216	239
Non-operating expenses		
Interest expenses	25	44
Company funeral-related expenses	–	40
Other	67	41
Total non-operating expenses	92	126
Ordinary profit	2,115	618
Extraordinary income		
Gain on sale of investment securities	–	428
Gain on sale of golf club membership	–	56
Total extraordinary income	–	485
Profit before income taxes	2,115	1,103
Income taxes-current	695	286
Income taxes-deferred	73	4
Total income taxes	769	291
Profit	1,345	812
Loss attributable to non-controlling interests	(4)	(10)
Profit attributable to owners of parent	1,349	822

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

	(Millions of yen)	
	First nine months of prior fiscal year (Apr. 1, 2023–Dec. 31, 2023)	First nine months of current fiscal year (Apr. 1, 2024–Dec. 31, 2024)
Profit	1,345	812
Other comprehensive income		
Valuation difference on available-for-sale securities	350	(679)
Foreign currency translation adjustment	453	187
Remeasurements of defined benefit plans, net of tax	(76)	(78)
Total other comprehensive income	727	(570)
Comprehensive income	2,072	241
Comprehensive income attributable to:		
Owners of parent	2,060	260
Non-controlling interests	11	(19)

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

First nine months of current fiscal year (Apr. 1, 2024–Dec. 31, 2024)

Not applicable.

Changes in Accounting Policies

(Application of the accounting standards for current income taxes)

The Company has applied the revised “Accounting Standard for Current Income Taxes, etc.” (Accounting Standard Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022; hereinafter referred to as the “2022 Revised Accounting Standard”), “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022), and “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022) from the beginning of the first quarter of the current fiscal year.

Previously, the Company recorded corporate tax, inhabitant tax, enterprise tax, etc., on income and other items (hereinafter referred to as “income taxes”) in profit or loss in the amount calculated in accordance with laws and regulations. However, the Company has decided to record income taxes on income separately in profit or loss, shareholder's equity, and other comprehensive income according to the transactions, etc. that generate the income taxes. With regard to income taxes recorded in other comprehensive income, the Company has decided to record the corresponding tax amount when the transactions, etc., that cause the income taxes to be imposed are recorded in profit or loss. If the transactions subject to tax are related to shareholders' equity or other comprehensive income in addition to profit or loss, but it is difficult to calculate the amount of income taxes imposed on shareholders' equity or other comprehensive income, the amount of such taxes is recorded in profit or loss.

Revisions regarding the classification of income taxes are in accordance with the transitional treatment stipulated in the proviso to Article 20-3 of the 2022 Revised Accounting Standard.

The effect of this change in accounting policy on the quarterly consolidated financial statements is immaterial.

Segment and Other Information**I. First nine months of prior fiscal year (Apr. 1, 2023–Dec. 31, 2023)****1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)**

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	17,365	1,973	19,338
Inter-segment sales and transfers	–	–	–
Total	17,365	1,973	19,338
Segment profit	2,074	681	2,755

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Millions of yen)

Profit	Amount
Total for reportable segments	2,755
Corporate expenses (Note)	(763)
Operating profit on the quarterly consolidated statement of income	1,991

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

II. First nine months of current fiscal year (Apr. 1, 2024–Dec. 31, 2024)**1. Information related to net sales and profit or loss for each reportable segment (Millions of yen)**

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Net sales			
External sales	20,196	1,355	21,551
Inter-segment sales and transfers	–	–	–
Total	20,196	1,355	21,551
Segment profit	977	345	1,322

2. Reconciliation of amounts shown on the quarterly consolidated statement of income with total profit or loss for reportable segments (Millions of yen)

Profit	Amount
Total for reportable segments	1,322
Corporate expenses (Note)	(816)
Operating profit on the quarterly consolidated statement of income	506

Note: Corporate expenses mainly include general and administrative expenses that cannot be attributed to any reportable segments.

Notes to Statement of Cash Flows

The Company has not prepared a quarterly consolidated statement of cash flows for the first nine months of the current fiscal year. Depreciation (including amortization of intangible assets except goodwill) and amortization of goodwill for the first nine months of the prior and current fiscal years are as follows.

	First nine months of prior fiscal year (Apr. 1, 2023–Dec. 31, 2023)	First nine months of current fiscal year (Apr. 1, 2024–Dec. 31, 2024)
Depreciation	622	853
Amortization of goodwill	–	39

Revenue Recognition

Disaggregated information of revenue from contracts with customers

First nine months of prior fiscal year (Apr. 1, 2023–Dec. 31, 2023)

(Millions of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Japan	7,600	1,973	9,574
China	2,761	–	2,761
South Korea	643	–	643
Asia	1,932	–	1,932
America	1,526	–	1,526
Europe	2,900	–	2,900
Revenue from contracts with customers	17,365	1,973	19,338
Other revenue	–	–	–
External sales	17,365	1,973	19,338

Note: Net sales are classified by market based on the location of customers.

First nine months of current fiscal year (Apr. 1, 2024–Dec. 31, 2024)

(Millions of yen)

	Reportable segment		Total
	Winding System & Mechatronics Business	Contactless IC Tag & Card Business	
Japan	7,940	1,355	9,295
China	3,504	–	3,504
Asia	2,873	–	2,873
America	1,777	–	1,777
Europe	4,100	–	4,100
Revenue from contracts with customers	20,196	1,355	21,551
Other revenue	–	–	–
External sales	20,196	1,355	21,551

Note: Net sales are classified by market based on the location of customers.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.