

Norican Group

Shaping Industry

QUARTERLY FINANCIAL REPORT
FIRST QUARTER 2020



DISCLAIMER

Norican Global A/S (“Norican”), through its subsidiaries, including Norican A/S (collectively “Norican Group” or the “Company”), is providing the following consolidated financial results for the first quarter of 2020 to holders of Norican A/S €340,000,000 Senior Secured Notes due 2023.

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy the notes or any other security.

This quarterly report includes “forward-looking statements” within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this quarterly report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, our liquidity, capital resources and capital expenditures, the general economic outlook and industry trends, litigation outcomes, future developments in the markets in which Norican Group participates or is seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plan,” “potential,” “predict,” “projected,” “should” or “will” or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions, and our actual results of operations, including our financial condition and liquidity and the development of the industries in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this report. You should not place undue reliance on these forward-looking statements.

In addition, even if our results of operations, including our financial condition and liquidity and the development of the industries in which we operate, are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. We are subject to numerous risks that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this report may not occur. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. These forward-looking statements speak only as of the date on which the statements were made. We undertake no obligation to update or revise any forward-looking statements or risk factors, whether as a result of new information, future events or developments or otherwise. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

PRESENTATION OF THE GROUP

Norican Group is home to four leading, globally-operating brands in the parts formation and parts preparation market sectors: DISA and Wheelabrator (collectively the “Legacy Norican Group” businesses), Italtipresse Gauss (incorporating Italtipresse Industrie and Gauss Automazione), StrikoWestofen, (collectively, the “Aluminium business”), supported by our Norican Digital solutions.

KEY FINANCIAL FIGURES

	First Quarter		Year
	2020	2019	2019 ⁽⁵⁾
	Unaudited (in € thousands)		
Revenues	€ 80,269	€ 114,994	€ 503,923
Reported EBITDA⁽¹⁾	3,366	13,667	62,662
Net cash flow provided by/(used in) operating activities	(1,484)	8,235	29,894
Capital expenditures⁽³⁾	(435)	(903)	(4,380)
Net interest-bearing debt	226,870	228,910	222,045
Equipment order backlog⁽⁴⁾	139,473	161,289	115,749

⁽¹⁾ Reported EBITDA represents EBITDA as adjusted for certain non-recurring and/or non-cash costs. Reported EBITDA is presented because it may be a relevant measure for assessing underlying performance for a given period. This measure is not a defined financial indicator under IFRS.

⁽²⁾ Results of the Wheelabrator Vibro business were reclassified to discontinued operations during the second quarter of 2019 and in accordance with IFRS 5, prior quarters have been restated to reflect this classification. The effect of this is a reduction in revenues, cost of sales and SG&A, and an increase in operating income from the 2019 first quarter previous amounts presented.

⁽³⁾ Capital expenditures reported represents the cash effects of purchases of property, plant and equipment.

⁽⁴⁾ We define order backlog in respect of the Norican Group as amounts due under signed contracts for equipment for which we have generally received a deposit. Equipment order backlog should not be relied upon to the exclusion of IFRS financial measures.

⁽⁵⁾ Amounts shown for the 2019 year-end period are audited except Reported EBITDA and Equipment order backlog, which are not defined financial indicators under IFRS.

OPERATING AND FINANCIAL REVIEW

Results of operations

The table below sets forth certain line items from the unaudited consolidated income statement of Norican Group for the year-to-date periods ended 4 April 2020 ("2020") and 30 March ("2019").

	2020	2019 ⁽¹⁾	Variance	% Variance
Revenues	€ 80,269	€ 114,994	€ (34,725)	(30%)
Cost of sales	56,301	78,205	(21,904)	(28%)
Gross margin	23,968	36,789	(12,821)	(35%)
Operating expenses:				
Selling, general and administrative	23,871	26,354	(2,483)	(9%)
Amortisation expense	2,589	2,580	9	-
Total operating expenses	26,460	28,934	(2,474)	(9%)
Operating income	(2,492)	7,855	(10,347)	(132%)
Equipment order backlog	139,473	161,289	(21,816)	(14%)

⁽¹⁾ Results of the Wheelabrator Vibro business were reclassified to discontinued operations during the second quarter of 2019 and in accordance with IFRS 5, prior quarters have been restated to reflect this classification. The effect of this is a reduction in revenues, cost of sales and SG&A, and an increase in operating income from the 2019 first quarter previous amounts presented.

The impacts of the coronavirus outbreak on global markets, and in particular on the automotive and other manufacturing industries in which the Company operates, has materially negatively impacted the Company's first quarter 2020 results and is expected to continue to add pressure to our global operations, our suppliers and the industries we serve. As a consequence of the global pandemic, during the first quarter of 2020, certain of the Company's manufacturing plants were temporarily closed due to government mandates. During these closures, production activities and customer deliveries of equipment and spare parts from those facilities were suspended. Furthermore, demand from our automotive-exposed customers, which has traditionally accounted for approximately 60% of consolidated revenue, continued to weaken in the first quarter of 2020.

Revenues decreased to €80.3 million in 2020 from €115.0 million in 2019, a decrease of €34.7 million, or 30% due primarily to reduced demand for equipment and aftermarket parts, particularly in Asia. Included in these amounts are the effects of fluctuations in currency translation rates which increased revenue by €0.9 million during 2020, as compared to translation rates for 2019. Legacy Norican Group revenues decreased €19.5 million, or 23% compared to the prior year. The decrease in Legacy Norican Group revenues is due to decreased equipment revenue of €10.4 million, and decreased aftermarket revenue of €9.1 million.

Cost of sales decreased to €56.3 million in 2020 compared to €78.2 million in 2019, a decrease of €21.9 million, or 28%, due primarily to the decline in sales volumes. Aftermarket sales comprised 67% of revenues in 2020 as compared to 56% in 2019. Due primarily to the decline in sales volumes, gross margin contribution decreased to 30% in 2020 from 32% in 2019.

SG&A decreased to €23.9 million in 2020 compared to €26.3 million in 2019, a decrease of €2.5 million, or 9%. Changes in currency exchange rates increased SG&A by €0.2 million. Included in SG&A are non-customer specific research and development expenses of €1.5 million in 2020 as compared to €1.7 million in 2019.

Amortization expense of €2.6 million in 2020, is approximately equal to the prior year. This represents the amortization of customer relationships, patents and other intangibles on a straight-line basis over a 10- to 20-year useful life, and capitalized research and development expense which is amortized on a straight-line basis over a six-year useful life.

The Company recorded a restructuring provision during 2020 in the amount of €5.6 million related to the consolidation of manufacturing operations within Europe, North America and Asia, as well as the closure of certain offices within North America and Asia. The restructuring is comprised primarily of accrued severance costs and impairment of leased assets for the facilities in Europe.

Equipment order backlog is used in addition to and in conjunction with results presented in accordance with IFRS. Equipment order backlog should not be relied upon to the exclusion of IFRS financial measures. As of 4 April 2020, order backlog was €139.5 million which is comprised of backlog for the Legacy Norican businesses of €100.0 million and backlog for the Aluminium business of €39.5 million.

Reported EBITDA

	First Quarter		Year ended December 31, 2019
	2020	2019	
	Unaudited (in € thousands)		
Net (loss)/income	€ (17,029)	€ 599	€ (23,673)
Income tax expense	173	2,002	4,195
Net finance cost	4,867	4,887	19,868
Depreciation of PP&E	1,323	1,218	5,239
Depreciation of leased assets	1,946	2,013	8,075
Amortisation	2,589	2,580	10,267
EBITDA	(6,131)	13,299	23,971
Restructuring charges	5,561	-	6,460
Foreign exchange	3,968	(1,236)	(1,580)
Loss from discontinued operations	-	578	1,983
Impairment of goodwill	-	-	30,000
Other non-operating expenses	(32)	1,026	1,828
Reported EBITDA	€ 3,366	€ 13,667	€ 62,662

Reported EBITDA decreased to €3.4 million in 2020 from €13.7 million in 2019, a decrease of €10.3 million, or 75%. Changes in currency exchange rates increased Pro Forma Reported EBITDA by €0.1 million, or less than 1% in 2020. The decline in Reported EBITDA is due primarily to the combined effect of lower sales and operating earnings.

Cash flows

The following table summarizes net cash flows from operating, investing and financing activities for 2020 and 2019 and the year ended 31 December 2019:

	First Quarter		Year ended
	2020	2019	December 31, 2019
	Unaudited (in € thousands)		
Net cash (used by)/from operating activities	€ (1,484)	€ 8,235	€ 29,894
Net cash used in investing activities	(333)	(893)	(4,276)
Net cash used in financing activities	(2,076)	(2,085)	(10,892)
Foreign currency effect on cash and cash equivalents	(631)	2,847	1,420
Net change in cash	(4,524)	8,104	16,146
Cash and cash equivalents at the beginning of the period	112,310	96,164	96,164
Cash and cash equivalents at the end of the period	€ 107,786	€ 104,268	€ 112,310

Net cash used by operating activities amounted to €1.5 million in 2020, which is attributable to a net loss of €17.0 million, adjusted for non-cash items deducted from income of €14.7 million, and cash provided by working capital activities of €0.8 million. Within working capital, changes in accounts receivable and deferred revenue increased cash by €16.2 million and €7.8 million, respectively, and were offset by changes in inventory, trade and other payables, accrued liabilities and provisions and other of €9.4 million, €9.0 million, €0.8 million, and €4.0 million, respectively.

Net cash from operating activities amounted to €8.2 million in 2019 which is the net result of net income of €0.6 million, adjusted for non-cash items deducted from income of €4.4 million, and cash generated by working capital activities of €3.2 million. Within working capital, changes in deferred revenue, trade and other receivables and accrued liabilities and provisions increased cash by €11.9 million, €10.8 million and €0.5 million, respectively and were partially offset by changes in inventory, trade and other payables and other changes which decreased cash by €12.0 million, €6.6 million and €1.4 million, respectively.

Net cash used in investing activities of €0.3 million is comprised of €0.4million in capital expenditures in 2020, offset by asset disposal proceeds of €0.1 million. Capital expenditures are comprised of investments in machinery, equipment and other of €0.3 million, including IT investments of €0.1 million, and buildings and improvements of €0.1 million.

Net cash used in investing activities is comprised of €0.9 million in capital expenditures in 2019. Capital expenditures are comprised primarily of investments in machinery, equipment and other of €0.9 million, including IT purchases of €0.2 million.

Net cash used in financing activities amounted to €2.1 million in 2020 and 2019, comprised of payments on the Company's lease liabilities in both years.

Net debt

Norican Group interest-bearing debt, which is reduced by debt issuance costs in accordance with IFRS, net of cash balances increased to €226.9 million as of 4 April 2020 as compared to €222.0 million as of 31 December 2019, an increase of €4.9 million. The increase in net debt is primarily due to cash used by operations, financing and investing activities during the period.

Material changes in liquidity and capital resources

Norican Group continually analyses its liquidity and capital resources position. The Company has assessed its currently available capital resources and its current liquidity position as satisfactory and has not noted any material changes in the current period. As of 4 April 2020, there are no cash amounts outstanding under the €75.0 million SSRCF; however, there are €24.7 million in commercial guarantees issued which reduce availability under the facility. The SSRCF term expires 30 October 2022.

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(First Quarter 2020 Amounts Unaudited, in Thousands)

	Note	4 April 2020	31 December 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		€ 107,785	€ 112,310
Trade and other receivables		73,042	89,298
Inventory	2	98,592	89,205
Other current assets		18,735	19,214
Total current assets		298,154	310,027
PROPERTY, PLANT AND EQUIPMENT		49,298	54,509
GOODWILL AND OTHER INTANGIBLE ASSETS		370,809	373,546
DEFERRED TAX ASSETS		16,557	15,898
OTHER NON-CURRENT ASSETS		1,355	1,346
TOTAL ASSETS		€ 736,173	€ 755,326
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		€ 30,365	€ 39,345
Accrued liabilities and provisions	3	81,316	80,770
Deferred revenue		48,083	40,308
Other current liabilities		9,871	12,405
Total current liabilities		169,635	172,828
LONG-TERM DEBT	4	334,655	334,355
PENSION AND OTHER LIABILITIES		50,352	49,251
DEFERRED TAX LIABILITIES		28,226	28,911
EQUITY			
Share capital		1,555	1,555
Other reserves		155,495	155,015
Retained earnings		(8,815)	8,126
Non-controlling interest		5,070	5,285
Total equity	5	153,305	169,981
TOTAL LIABILITIES AND EQUITY		€ 736,173	€ 755,326

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in Thousands)

	Note	First Quarter	
		2020	2019
REVENUES		€ 80,269	€ 114,994
COST OF SALES		56,301	78,205
GROSS MARGIN		23,968	36,789
OPERATING EXPENSES			
Selling, general and administrative		23,871	26,354
Amortisation expense		2,589	2,580
Total operating expenses		26,460	28,934
OPERATING INCOME		(2,492)	7,855
NON-OPERATING EXPENSE:			
Net finance cost	4	(4,867)	(4,887)
Foreign exchange		(3,968)	1,236
Restructuring provision and impairment	3	(5,561)	-
Loss from discontinued operations		-	(578)
Other		32	(1,025)
Total non-operating expense		14,364	(5,254)
INCOME BEFORE INCOME TAX		(16,856)	2,601
INCOME TAX EXPENSE		173	(2,002)
NET (LOSS)/INCOME		(17,029)	599
Net (loss)/income attributable to the Parent		€ (16,942)	€ 423
Net (loss)/income attributable to the non-controlling interest		€ (87)	€ 176

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited, in Thousands)

	First Quarter	
	2020	2019
COMPREHENSIVE (LOSS)/INCOME		
Items that may be recycled subsequently to the income statement:		
Losses on hedging instruments, net of deferred tax	€ (2,679)	€ (1,118)
Currency translation differences	3,032	997
Net income/(loss) recognised directly in equity	353	(121)
Net (loss)/income	€ (17,029)	€ 599
COMPREHENSIVE (LOSS)/INCOME	€ (16,676)	€ 478
Comprehensive (loss)/income attributable to the Parent	€ (16,461)	€ 189
Comprehensive (loss)/income attributable to the non-controlling interest	€ (215)	€ 289

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in Thousands)

	Note	First Quarter	
		2020	2019
CASH FLOWS FROM OPERATIONS:			
Net (loss)/income		€ (17,029)	€ 599
Adjustments to reconcile net income to net cash from operations			
Non-cash items			
Foreign exchange		3,968	(1,236)
Depreciation		1,323	1,218
Depreciation of right-of-use assets		1,946	2,013
Amortisation of intangibles and debt issuance costs		2,888	2,984
Restructuring provision	3	5,560	-
Deferred tax		(967)	(570)
Changes in working capital		827	3,227
Net cash (used in)/from operations		(1,484)	8,235
CASH FLOWS USED IN INVESTING ACTIVITIES			
Capital expenditures		(435)	(903)
Asset disposal proceeds and other		102	10
Net cash used in investing activities		(333)	(893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of debt facilities, net		-	(15)
Repayments of lease liability		(2,076)	(2,070)
Net cash used in financing activities	4	(2,076)	(2,085)
FOREIGN CURRENCY EFFECT ON CASH AND CASH EQUIVALENTS		(631)	2,847
NET (DECREASE)/INCREASE IN CASH		(4,524)	8,104
CASH, BEGINNING OF PERIOD		112,310	96,164
CASH, END OF PERIOD		€ 107,786	€ 104,268
Cash paid for interest, included in net cash from operations		€ 246	€ 214
Cash paid for income taxes, included in net cash from operations		€ 2,649	€ 2,288

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL ACCOUNTING PRINCIPLES

The interim condensed consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the 2019 Norican Group annual report. The condensed consolidated interim financial statements have not been audited or subject to a review by independent auditors. IAS 34 prescribes guidance on preparation of condensed interim financial statements and serves as the foundation for this report.

The Company uses a 4-4-5 calendar in reporting its quarterly results. Each quarter has 13 weeks which are grouped into two 4-week “months” and one 5-week “month”. Accounting principles applied in the preparation of these condensed consolidated interim financial statements for the first quarter ended 4 April 2020 are consistent with those applied in the annual consolidated financial statements for 2019.

Results of the Wheelabrator Vibro business were reclassified to discontinued operations during the second quarter of 2019, and in accordance with IFRS 5, previously reported prior year amounts have been restated to reflect this classification.

2. INVENTORY

Inventories, net of provisions, consist of the following:

	4 April 2020		31 December 2019	
Raw material	€	13,770	€	11,864
Work-in-process		41,995		36,010
Finished goods		42,827		41,331
Total	€	98,592	€	89,205

3. RESTRUCTURING

The Company recorded a restructuring provision during 2020 in the amount of €5.6 million related to the consolidation of manufacturing operations within Europe, North America and Asia as well as the closure of certain offices within North America and Asia. The restructuring is comprised primarily of accrued severance costs and impairment of leased assets for the facilities in Europe.

4. BORROWINGS

Borrowings at amortised cost consist of the following:

	4 April 2020	31 December 2019
Senior Secured Notes due 2023	€ 340,000	€ 340,000
Debt issuance costs	(5,345)	(5,645)
Total	€ 334,655	€ 334,355

On 17 May 2017, the Company issued €340.0 million in 4.5% Senior Secured Notes due 15 May 2023 (the “Notes”). The Notes were admitted to trading on the Official List of The International Stock Exchange on 21 June 2017. Interest on the Notes is payable in cash semi-annually in arrears on each 15th of November and May.

In addition, the Company entered into a €75.0 million Super Senior Revolving Credit Facility (the “Revolver”) with availability from 31 May 2017 to 30 October 2022. Cash availability within the Revolver is limited to €55.0 million. Interest on the Revolver is variable based on LIBOR and the periodic financial performance of the Company. There is no cash amount outstanding under the Revolver as of 4 April 2020; however, commercial guarantees have been issued at 4 April 2020 which reduce the availability of the Revolver by €24.7 million.

The Notes and Revolver are secured by first-priority pledges of the shares of certain significant subsidiaries of the Company and a first-priority security interest over the intra-group receivables between certain subsidiaries in addition to certain assets of Company guarantors, as defined in the indenture.

The borrowings under the Notes and Revolver are secured equally and ratably by first-priority security interests; however, the holders of the Notes will only receive proceeds from the enforcement of the collateral after certain super senior priority obligations including obligations under the Revolver and certain hedging obligations have been paid in full.

The Company and/or its affiliates may, from time to time, depending upon market conditions and other factors, repurchase outstanding Notes, whether or not such indebtedness trades above or below its face amount, for cash in open market purchases, in privately negotiated transactions or otherwise.

5. EQUITY

	Share Capital	Other Reserves	Retained Earnings	Total Shareholders Equity	Minority Interests	Total Equity
Balance at 31 December 2018	€ 1,552	€ 161,676	€ 32,950	€ 196,178	€ 4,201	€ 200,379
Total comprehensive income	-	(234)	423	189	289	478
Balance at 30 March 2019	€ 1,552	€ 161,442	€ 33,373	€ 196,367	€ 4,490	€ 200,857
Balance at 31 December 2019	€ 1,555	€ 155,015	€ 8,126	€ 164,696	€ 5,285	€ 169,981
Total comprehensive income	-	480	(16,941)	(16,461)	(215)	(16,676)
Balance at 4 April 2020	€ 1,555	€ 155,495	€ (8,815)	€ 148,235	€ 5,070	€ 153,305

6. LIST OF MAJOR SUBSIDIARY COMPANIES

Name of Subsidiary	Country of Origin	% Owned*	Type of Company
Norican A/S	Denmark	100%	Holding
Norican Group ApS	Denmark	100%	Holding
DISA Holding A/S	Denmark	100%	Holding
DISA Industries A/S	Denmark	100%	Manufacturing
WGH Holding Corp.	British Virgin Islands	100%	Holding
Wheelabrator Group (Canada) ULC	Canada	100%	Sales
DISA (Changzhou) Machinery Ltd.	China	100%	Manufacturing
Italpresse Industrie (Shanghai) Co. Ltd.	China	100%	Sales
StrikoWestofen Thermal Equipment (Taicang), Co. Ltd.	China	100%	Manufacturing
Wheelabrator Czech s.r.o.	Czech Republic	100%	Manufacturing
Matrasur Composites SAS	France	100%	Manufacturing
Wheelabrator Group SAS	France	100%	Manufacturing
Wheelabrator Group GmbH	Germany	100%	Manufacturing
Wheelabrator Group Holding GmbH	Germany	100%	Holding
LMCS Group Holding GmbH	Germany	100%	Holding
Light Metal Casting Solutions Group GmbH	Germany	100%	Holding
SWO Holding GmbH	Germany	100%	Holding
Norican Digital GmbH	Germany	100%	Sales
Light Metal Casting Equipment GmbH	Germany	100%	Holding
StrikoWestofen GmbH	Germany	100%	Sales
DISA Limited Hong Kong	Hong Kong	100%	Sales
DISA India Ltd.	India	75%	Manufacturing
DISA Technologies Private Ltd.	India	100%	Manufacturing
Italpresse Industrie S.r.l.	Italy	100%	Manufacturing
Gauss Automazione S.p.A.	Italy	100%	Manufacturing
DISA K.K.	Japan	100%	Sales
WG Plus de Mexico S de RL de CV	Mexico	100%	Manufacturing
StrikoWestofen de Mexico, S.A. de C.V.	Mexico	100%	Sales
IP Mexico Die Casting S.A. de C.V.	Mexico	100%	Sales
Wheelabrator Schlick Sp. Z.o.o.	Poland	100%	Manufacturing
SWO Polska Sp. Z.o.o.	Poland	100%	Manufacturing
Wheelabrator Group SLU	Spain	100%	Sales
DISA Industrie AG	Switzerland	100%	Manufacturing
DISA Holding AG	Switzerland	100%	Holding
WGH UK Holdings Limited	United Kingdom	100%	Holding
WGH UK Ltd.	United Kingdom	100%	Holding
Wheelabrator Technologies (UK) Ltd.	United Kingdom	100%	Holding
Wheelabrator Group Ltd.	United Kingdom	100%	Sales
Striko UK Ltd.	United Kingdom	100%	Sales
DISA Industries Inc.	United States	100%	Sales
WG Global LLC	United States	100%	Holding

8. LIST OF MAJOR SUBSIDIARY COMPANIES (continued)

Name of Subsidiary	Country of Origin	% Owned*	Type of Company
DISA Holding LLC	United States	100%	Holding
Wheelabrator Group Inc.	United States	100%	Manufacturing
Wheelabrator (Delaware) LLC	United States	100%	Holding
Strikowestofen Dynarad Furnace Corp.	United States	100%	Sales

*Ownership percentage corresponds to voting rights.