

**Exhibit 2**

**Valuation Schedules: Gator Electronics Inc.**

**December 31, 20X3, Income Approach: Discounted Cash Flow Method (U.S. Reporting Unit)**

\$US in thousands

	Audited FYE 12/31/20X1	Audited FYE 12/31/20X2	Unaudited 12/31/20X3	Two-Year CAGR*	Entity Projections					Normalized	Terminal
					FYE 12/31/20X4	FYE 12/31/20X5	FYE 12/31/20X6	FYE 12/31/20X7	FYE 12/31/20X8		
<b>Revenue</b>	\$ 1,325,000	\$ 1,100,000	\$ 1,140,000	-7.2%	\$ 1,160,000	\$ 1,290,000	\$ 1,340,000	\$ 1,380,000	\$ 1,450,000	\$ 1,450,000	
<i>Revenue growth</i>		-17.0%	3.6%		1.8%	11.2%	3.9%	3.0%	5.1%		
Operating expenses	1,145,000	1,155,000	1,090,000		1,080,000	1,123,200	1,156,896	1,191,603	1,227,351	1,227,351	
<b>Operating income (EBITDA)</b>	180,000	(55,000)	50,000	-47.3%	80,000	166,800	183,104	188,397	222,649	222,649	
<i>Operating income growth</i>		-130.6%	190.9%		60.0%	108.5%	9.8%	2.9%	18.2%	18.2%	
<i>Operating margin</i>	13.6%	-5.0%	4.4%		6.9%	12.9%	13.7%	13.7%	15.4%	15.4%	
Less: depreciation	33,125	27,500	28,500		29,000	32,250	33,500	34,500	36,250	36,250	
<b>Earnings before interest and taxes (EBIT)</b>	146,875	(82,500)	21,500	-61.7%	51,000	134,550	149,604	153,897	186,399	186,399	
Provision for income taxes	44,063	-	6,450		15,300	40,365	44,881	46,169	55,920	55,920	
<b>Debt-free income</b>	102,812	(82,500)	15,050		35,700	94,185	104,723	107,728	130,479	130,479	
<i>Debt-free income growth</i>		-180.2%	118.2%		137.2%	163.8%	11.2%	2.9%	21.1%		
<i>Debt-free net margin</i>		-7.5%	1.3%		3.1%	7.3%	7.8%	7.8%	9.0%	9.0%	
Cash flow adjustments: add/(deduct)											
Plus: depreciation	33,125	27,500	28,500		29,000	32,250	33,500	34,500	36,250	36,250	
Less: capital expenditures	(30,000)	(25,000)	(30,000)		(25,000)	(25,000)	(20,000)	(25,000)	(36,250)	(36,250)	
Less: incremental working capital	(4,000)	(4,000)	(5,000)		-	-	-	-	-	-	
<b>Free cash flow to the firm</b>	\$ 101,937	\$ (84,000)	\$ 8,550	-71.0%	\$ 39,700	\$ 101,435	\$ 118,223	\$ 117,228	\$ 130,479	\$ 130,479	\$ 134,394
<i>Present value factor (mid-year convention)</i>					0.9407	0.8325	0.7367	0.6520	0.5770		
<b>Present value of discrete cash flows</b>					\$ 37,347	\$ 84,444	\$ 87,097	\$ 76,429	\$ 75,282		
Total present value of discrete cash flows	\$ 360,599									Capitalization multiple	10.0000x
Present value of terminal value	775,400									Terminal value	\$ 1,343,937
Business enterprise value	\$ 1,135,999										
Less: interest-bearing debt	150,000										
Equity value	\$ 985,999										
<b>Equity value (rounded)</b>	<b>\$ 990,000</b>										

<i>Assumptions:</i>	
Discount rate	13.0%
Depreciation rate	2.5%
Incremental working capital rate	0.0%
Long-term growth rate	3.0%
Corporate income tax rate	30.0%

\* Two-year CAGR: Compound annual growth rate of key financial metrics.

**Exhibit 1****Valuation Schedules: Gator Electronics Inc.****December 31, 20X3, ASC 350 Goodwill Impairment Analysis Summary - Step 1 Test (U.S. Reporting Unit)**

\$US in thousands

<b>Reporting Unit</b>	<b>Fair Value of Equity</b>	<b>Book Value of Equity</b>	<b>Step 1 Passed?</b>
U.S.	<u>\$ 990,000</u>	<u>\$ 730,000</u>	YES
Total	<u><u>\$ 990,000</u></u>	<u><u>\$ 730,000</u></u>	

**Exhibit 3****Valuation Schedules: Gator Electronics Inc.****December 31, 20X3, WACC Analysis (U.S. Reporting Unit)**

\$US in thousands

<b>Description</b>	<b>U.S.</b>	<b>Notes</b>
Risk-free rate	4.5%	Long-term governmental bond as of the measurement date.
Equity risk premium	7.5%	Long horizon equity risk premium
Beta	1.10	Beta is based on guideline public companies.
	<u>12.8%</u>	Risk free rate + [beta x equity risk premium].
<i>Unsystematic risk factors:</i>		
Size premium	2.0%	Applicable size premium.
Company-specific risk	1.0%	Risk premium is based on qualitative factors that reflect specific risks not factored in the beta or size premium.
Cost of equity	<u>15.8%</u>	Risk-free rate + [beta x equity risk premium] + size premium + company-specific risk.
Estimated pretax cost of debt	8.0%	Applicable borrowing rate for market participant/subject company as of the measurement date.
Tax rate	30.0%	Corporate income tax rate.
After-tax cost of debt	<u>5.6%</u>	After-tax cost of debt = 8% * (1 – 30%).
Equity-to-capital	70.0%	Industry/market capital structure.
Debt-to-capital	<u>30.0%</u>	Industry/market capital structure.
<b>Estimated WACC (rounded)</b>	<b><u>13.0%</u></b>	<b>WACC = [equity-to-capital * cost of equity] + [debt-to-capital x after-tax cost of debt].</b>

**Exhibit 4****Valuation Schedules: Gator Electronics Inc.****December 31, 20X3, Reporting Unit Balance Sheet (U.S. Reporting Unit)**

\$US in thousands

	12/31/20X3	
	Balances	Common Size
<b>ASSETS</b>		
Cash and short-term investments	\$ 540,000	33.8%
Accounts receivable, net	150,000	9.4%
Inventories	100,000	6.3%
Other current assets	40,000	2.5%
Total current assets	830,000	51.9%
PP&E, net	400,000	25.0%
Intangible assets	70,000	4.4%
Goodwill	280,000	17.5%
Other assets	20,000	1.3%
Total long-term assets	770,000	48.1%
Total assets	\$ 1,600,000	100.0%
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 540,000	33.8%
Income taxes payable	80,000	5.0%
Other current liabilities	100,000	6.3%
Total current liabilities	720,000	45.0%
Long-term debt	150,000	9.4%
Other long-term debt	-	0.0%
Total long-term liabilities	150,000	9.4%
Total liabilities	870,000	54.4%
Preferred stock	-	0.0%
Common equity	730,000	45.6%
Total shareholders' equity	730,000	45.6%
Total liabilities and shareholders' equity	\$ 1,600,000	100.0%