

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents unaudited supplemental pro forma results for fiscal 2019 and 2018 as if both the Grakon acquisition had occurred as of the beginning of fiscal 2018 and the Pacific Insight acquisition had occurred as of the beginning of fiscal 2017. The unaudited pro forma information is presented for information purposes only and is not indicative of the results of operations that would have been achieved if the acquisitions had taken place at such times. The unaudited pro forma results presented below primarily include amortization charges for acquired intangible assets, depreciation adjustments for property, plant and equipment that has been revalued, interest expense adjustments due to an increased debt level, adjustments for certain acquisition-related charges and related tax effects.

(Dollars in Millions)	Fiscal Year Ended	
	April 27, 2019	April 28, 2018
Revenues	\$ 1,073.3	\$ 1,095.0
Net Income	\$ 106.4	\$ 70.5

4. Goodwill and Intangible Assets

Goodwill

The Company evaluates goodwill for impairment on an annual basis as of the beginning of the fourth quarter each year and at an interim date, if indicators of potential impairment exist. Goodwill impairment testing is conducted at the reporting unit level, which is generally defined as an operating segment or one level below an operating segment (also known as a component), for which discrete financial information is available and segment management regularly reviews the operating results of that reporting unit.

At the beginning of the fourth quarter of fiscal 2019, the Company performed a quantitative goodwill impairment test on its reporting units. The Company utilizes a combination of an income and market value approach to estimate the fair value of each of its reporting units. Cash flow projections are based on management's estimates of revenue growth rates and earnings before interest, taxes, depreciation and amortization ("EBITDA") margins, taking into consideration business and market conditions for the countries and markets in which the reporting unit operates. The Company calculates the discount rate based on a market-participant, risk-adjusted weighted average cost of capital, which considers industry specific rates of return on debt and equity capital for a target industry capital structure, adjusted for risks associated with business size, geography and other factors specific to the reporting unit. The market value approach is based on appropriate valuation multiples observed for the reporting unit's guideline public companies.

The goodwill impairment assessment indicated that it was more likely than not that the fair value of each of the reporting units exceeded its respective carrying value. The Company does not believe that any of its reporting units are at risk for impairment.

A summary of the changes in goodwill by reportable segment is as follows:

(Dollars in Millions)	Automotive	Industrial	Total
Balance as of April 30, 2016	\$ —	\$ 1.7	\$ 1.7
Foreign Currency Translation	—	(0.1)	(0.1)
Balance as of April 29, 2017	—	1.6	1.6
Acquisitions	57.2	—	57.2
Foreign Currency Translation	0.3	0.1	0.4
Balance as of April 28, 2018	57.5	1.7	59.2
Acquisitions	49.4	125.9	175.3
Foreign Currency Translation	(0.6)	(0.6)	(1.2)
Balance as of April 27, 2019	\$ 106.3	\$ 127.0	\$ 233.3