

## Non-GAAP Financial Measures

To complement our Consolidated Statements of Operations and Cash Flows, we use non-GAAP financial measures of Adjusted gross margin, Adjusted operating income, Adjusted net income, and Adjusted EBITDA. We believe that Adjusted gross margin, Adjusted operating income, Adjusted net income, and Adjusted EBITDA are complements to U.S. GAAP amounts and such measures are useful to investors. The presentation of these non-GAAP measures is not meant to be considered in isolation or as an alternative to net income as an indicator of our performance, or as an alternative to cash flows from operating activities as a measure of liquidity.

The following table provides a reconciliation from U.S. GAAP Gross margin to non-GAAP Adjusted gross margin (amounts in thousands):

	Fiscal Years Ended March 31,		
	2019	2018	2017
Net sales <sup>(1)</sup>	\$1,382,818	\$1,200,181	\$ 757,338
Cost of sales <sup>(1)</sup>	924,276	860,744	571,944
Gross Margin (GAAP) <sup>(1)</sup>	458,542	339,437	185,394
Gross margin as a % of net sales	33.2%	28.3%	24.5%
<b>Non-GAAP adjustments:</b>			
Plant start-up costs <sup>(2)</sup>	(927)	929	427
Stock-based compensation expense	2,756	1,519	1,384
Adjusted gross margin (non-GAAP) <sup>(1)</sup>	\$ 460,371	\$ 341,885	\$ 187,205
Adjusted gross margin as a % of net sales	33.3%	28.5%	24.7%

<sup>(1)</sup> Fiscal years ending March 31, 2018 and 2017 adjusted due to the adoption of ASC 606.

<sup>(2)</sup> \$0.9 million in costs incurred during fiscal year 2018 related to the relocation of the Company's tantalum powder facility equipment from Carson City, Nevada to its existing Matamoros, Mexico plant were reclassified from "Plant start-up costs" to "Restructuring charges" during fiscal year 2019.

The following table provides reconciliation from U.S. GAAP Operating income to non-GAAP Adjusted operating income (amounts in thousands):

	Fiscal Years Ended March 31,		
	2019	2018	2017
Operating income (GAAP) <sup>(1)</sup>	\$ 200,849	\$ 112,852	\$ 34,968
<b>Non-GAAP adjustments:</b>			
(Gain) loss on write down and disposal of long-lived assets	1,660	(992)	10,671
ERP integration costs/IT transition costs	8,813	80	7,045
Stock-based compensation	12,866	7,657	4,720
Restructuring charges <sup>(2)</sup>	8,779	14,843	5,404
Legal expenses related to antitrust class actions	5,195	6,736	2,640
TOKIN investment-related expenses	—	—	1,101
Plant start-up costs <sup>(2)</sup>	(927)	929	427
Adjusted operating income (non-GAAP) <sup>(1)</sup>	\$ 237,235	\$ 142,105	\$ 66,976

<sup>(1)</sup> Fiscal years ending March 31, 2018 and 2017 adjusted due to the adoption of ASC 606.

<sup>(2)</sup> \$0.9 million in costs incurred during fiscal year 2018 related to the relocation of the Company's tantalum powder facility equipment from Carson City, Nevada to its existing Matamoros, Mexico plant were reclassified from "Plant start-up costs" to "Restructuring charges" during fiscal year 2019.