M/I Homes, Inc. and Subsidiaries
Non-GAAP Reconciliation [1]
(Dollars and shares in thousands, except per share amounts)

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
Total revenue	$ 742,150	$ 722,485	$ 2,500,290	$2,286,282
Gross margin	$ 142,775	$ 130,039	$ 489,427	$ 443,769
Add: Impairment [2]	5,002	5,809	5,002	5,809
Add: Acquisition-related charges [3]	—	598	639	5,147
Add: Acquisition and integration costs [4]	—	—	—	1,700
Adjusted gross margin	$ 147,777	$ 136,446	$ 495,068	$ 456,425
Gross margin percentage	19.2%	18.0%	19.6%	19.4%
Adjusted gross margin percentage	19.9%	18.9%	19.8%	19.9%
Income before income taxes	$ 51,279	$ 44,405	$ 166,025	$ 141,289
Add: Impairment [2]	5,002	5,809	5,002	5,809
Add: Acquisition-related charges [3]	—	598	639	5,147
Add: Acquisition and integration costs [4]	—	—	—	1,700
Adjusted income before income taxes	$ 56,281	$ 50,812	$ 171,666	$ 153,945
Net income	$ 41,780	$ 32,407	$ 127,587	$ 107,663
Add: Impairment - net of tax [2]	3,802	4,415	3,802	4,415
Add: Acquisition-related charges - net of tax [3]	—	454	486	3,912
Add: Acquisition and integration costs - net of tax [4]	—	—	—	1,292
Adjusted net income	$ 45,582	$ 37,276	$ 131,875	$ 117,282
Impairment - net of tax [2]	$ 3,802	$ 4,415	$ 3,802	$ 4,415
Acquisition-related charges - net of tax [3]	$ —	$ 454	$ 486	$ 3,912
Acquisition and integration costs - net of tax [4]	$ —	$ —	$ —	$ 1,292
Divided by: Diluted weighted average shares outstanding	29,049	28,181	28,475	29,178
Diluted earnings per share related to impairment [2]	$ 0.13	$ 0.15	$ 0.13	$ 0.15
Diluted earnings per share related to acquisition-related charges [3]	—	0.02	0.02	0.13
Diluted earnings per share related to acquisition and integration costs [4]	—	—	—	0.05
Add: Diluted earnings per share	1.44	1.15	4.48	3.70
Adjusted diluted earnings per share	$ 1.57	$ 1.32	$ 4.63	$ 4.03

M/I Homes, Inc. and Subsidiaries
Non-GAAP Financial Results [(1)]
(Dollars in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net income	$ 41,780	$ 32,407	$ 127,587	$ 107,663
Add:				
Provision for income taxes	9,499	11,998	38,438	33,626
Interest expense, net of interest income	3,727	4,225	17,515	16,990
Interest amortized to cost of sales	8,802	8,112	29,411	25,457
Depreciation and amortization	4,154	3,777	15,950	14,531
Non-cash charges	6,762	8,012	10,848	11,783
Adjusted EBITDA	$ 74,724	$ 68,531	$ 239,749	$ 210,050

(1) We believe these non-GAAP financial measures are relevant and useful to investors in understanding our operations and may be helpful in comparing us with other companies in the homebuilding industry to the extent they provide similar information. These non-GAAP financial measures should be used to supplement our GAAP results in order to provide a greater understanding of the factors and trends affecting our operations.

(2) Represents the related charges divided by diluted weighted average shares outstanding during the respective period as presented in the Summary Statement of Income.

(3) Represents purchase accounting adjustments related to our acquisition of Pinnacle Homes in Detroit, Michigan on March 1, 2018.

(4) Represents costs which include, but are not limited to, legal fees and expenses, travel and communication expenses, cost of appraisals, accounting fees and expenses, and miscellaneous expenses related to our acquisition of Pinnacle Homes. As these costs are not eligible for capitalization as initial direct costs, such amounts are expensed as incurred.