

Investor Presentation

March 2023



THE LEADER AND INNOVATOR IN TOTAL TALENT SOLUTIONS

Non-GAAP Measures

This presentation contains certain financial measures that are not in accordance with generally accepted accounting principles in the United States (“GAAP”) or with rules adopted by the SEC that apply to registration statements under the Securities Act of 1933, as amended, and periodic reports under the Exchange Act. These “non-GAAP financial measures,” as defined under the rules of the SEC, are intended as supplemental measures of our operating performance that are not required by, or presented in accordance with GAAP, and are not intended to be an alternative to the Company's condensed consolidated financial statements presented in accordance with GAAP. The non-GAAP financial measures included in this presentation consist of (1) Adjusted EBITDA, (2) Adjusted Net Income, (3) Adjusted EBITDA Margin, and (4) Free Cash Flow (which means cash flow from operations less capital expenditures) referenced throughout the presentation. Management believes that the items excluded from Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA Margin, and Free Cash Flow are significant components in understanding and assessing operating performance. Therefore, Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA Margin, and Free Cash Flow should not be considered a substitute for net income, cash flows from operating, investing or financing activities, operating margin, or cash flow from operations, as the case may be. Because Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA Margin, and Free Cash Flow are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, the Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA Margin, and Free Cash Flow numbers contained herein may not be comparable to other similarly titled measures of other companies. In addition, our management believes that Adjusted EBITDA and Adjusted EBITDA Margin serve as industry-wide financial measures. The non-GAAP measures contained in this presentation should not be used in isolation to evaluate the Company's performance. A quantitative reconciliation of the Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA Margin and Free Cash Flow non-GAAP measures identified in this presentation, along with further detail about the use and limitations of certain of these non-GAAP measures, to the most directly comparable GAAP financial measures may be found in the appendix slides to this presentation and on the Company's website at <http://ir.amnhealthcare.com>.

Forward-Looking Statements

This investor presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements include, among others, statements concerning the trajectory of the healthcare industry and economic recovery, future demand for our services and demand within the healthcare industry, duration and severity of labor shortages, our debt and leverage strategies, our capabilities related to our digital customer experience and technology-enabled solutions and analytics, our ability to attract and retain talent and continue to serve the needs of large and growing clients, our ability to deliver long-term profitable growth, our working capital needs and our capabilities to address challenges and trends in the healthcare industry. AMN Healthcare Services, Inc. (the “Company”) bases these forward-looking statements on its current beliefs, expectations, estimates, forecasts and projections about future events and the industry in which it operates. Forward-looking statements are identified by words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “will,” “should,” “would,” “project,” “may,” variations of such words and other similar expressions. In addition, statements that refer to performance; plans, objectives and strategies for future operations; and other characterizations of future events or circumstances, are forward-looking statements.

The Company’s actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Factors and other cautionary statements that could cause actual results to differ from those discussed in or implied by the forward-looking statements contained in this presentation are set forth in (i) the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, (ii) its subsequent periodic reports, current reports, and other SEC filings, and (iii) the cautionary statements included in the Company’s most recent earnings release issued on November 3, 2022, including our financial condition and our results of operations, the intensity, impact and duration of and reasons behind the workforce shortages, our ability to attract new clients and the opportunities ahead for AMN and the vital role it plays in healthcare delivery, our ability to anticipate and quickly respond to changing marketplace conditions, such as alternative modes of healthcare delivery, reimbursement, or client needs, and our ability to manage the pricing impact that the labor market and consolidation of healthcare delivery organizations may have on our business.

Be advised that developments subsequent to this presentation are likely to cause these statements to become outdated and the Company is under no obligation (and expressly disclaims any such obligation) to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Investment Highlights



Purpose-Driven, Values-Based Organization

Committed to
Serving All Our
Stakeholders



Leader and Innovator in Total Talent Solutions for Healthcare;

Uniquely Positioned
to Serve Growing
Health Systems
and Diverse Care
Settings



Experienced, Diverse and Deep Leadership Team

Driving Tech-
Enabled Innovation
that Benefits
Healthcare
Professionals and
Clients



Well-Positioned to
Generate Long-
Term Profitable
Growth with **Strong
Balance Sheet
and Cash Flow
Generation**



**Continued
Opportunity for
Disciplined and
Strategic M&A** to
Deliver Higher
Margins and More
Resilient Revenues

AMN Overview



~4K

Corporate Employees



500+

MSP/VMS Clients



\$5.2B

Annual Revenue



\$3.5B

Market Cap

#1

Leader in Healthcare Total Talent Solutions



Nurse & Allied Solutions

WORKFORCE STAFFING

Travel Nursing
Allied Healthcare
Local Staffing
Rapid Response
Revenue Cycle Solutions
School Staffing
Labor Disruption
International Staffing and Permanent Placement

Physician & Leadership Solutions

WORKFORCE STAFFING

Physician Staffing
Interim Leadership

LEADERSHIP SEARCH

Executive Search
Academic Leadership
Clinical Leadership

PHYSICIAN SEARCH

Retained Search for Physicians and Advanced Practices

Technology & Workforce Solutions

TALENT MANAGEMENT

Vendor Management Systems
Recruitment Solutions
Float Pool Management
Scheduling & Staff Planning
Credentialing
Analytics & Assessment

VIRTUAL CARE

Language Services
Teleservices Platforms

>70%

of Revenue from These Segments is Derived from Managed Services Programs (MSPs)

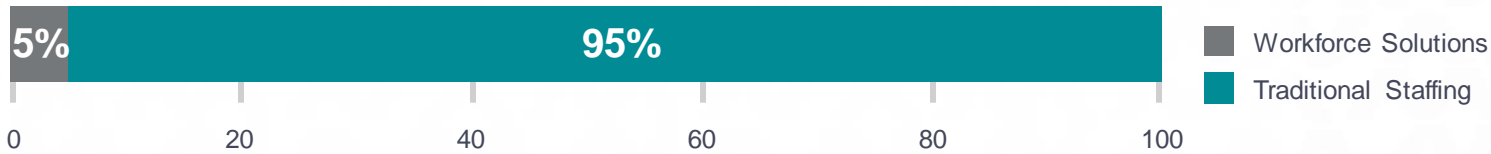
Our Transformation to Leader in Total Talent Solutions

2008

Where We Were

Limited Offerings with Strong Foundation

- Managed Services Programs (MSPs) had little market penetration
- Business was primarily diversified staffing fulfillment
- Smaller average client size

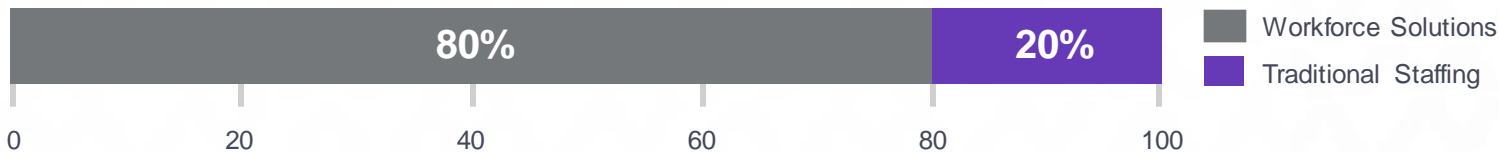


2022

Where We Are

Innovative Staffing and Total Talent Solutions Partner

- Strategic partner to major health systems
- Top 30 MSPs use average of >7 AMN solutions
- Full spectrum of workforce technology, staffing and search solutions
- Added businesses that reduce our economic sensitivity



Revenue mix for 2022 is LTM as of September 30, 2022.

2023+

WHERE WE ARE GOING

Provider of **comprehensive total talent solutions**

Creating new, tech-enabled solutions for an **industry that needs innovation** to cost-effectively manage persistent labor challenges

Enhanced digital experience for clinicians and clients

Focus on Being the Total Talent Solutions Partner for Our Clients

Our Sustainable Competitive Advantages

- Passionate and Engaged **Company Culture**
- **Leader and Innovator** in Total Talent Solutions
- Strong Team Blending **Deep Industry Expertise with Dynamic New Leadership**
- **Leading Digital and Analytics Capabilities** Support Deeper Client and Clinician Relationships
- Ability to Create **Repeatable, Predictable and Value-Added MSP Programs**
- Unparalleled Ability to **Serve the Needs of Large, Diverse Health Systems and Multiple Care Settings**
- Recognized **Leader in ESG, Committed to Diversity, Equality and Inclusion** in Partnership with Our Clients and Communities

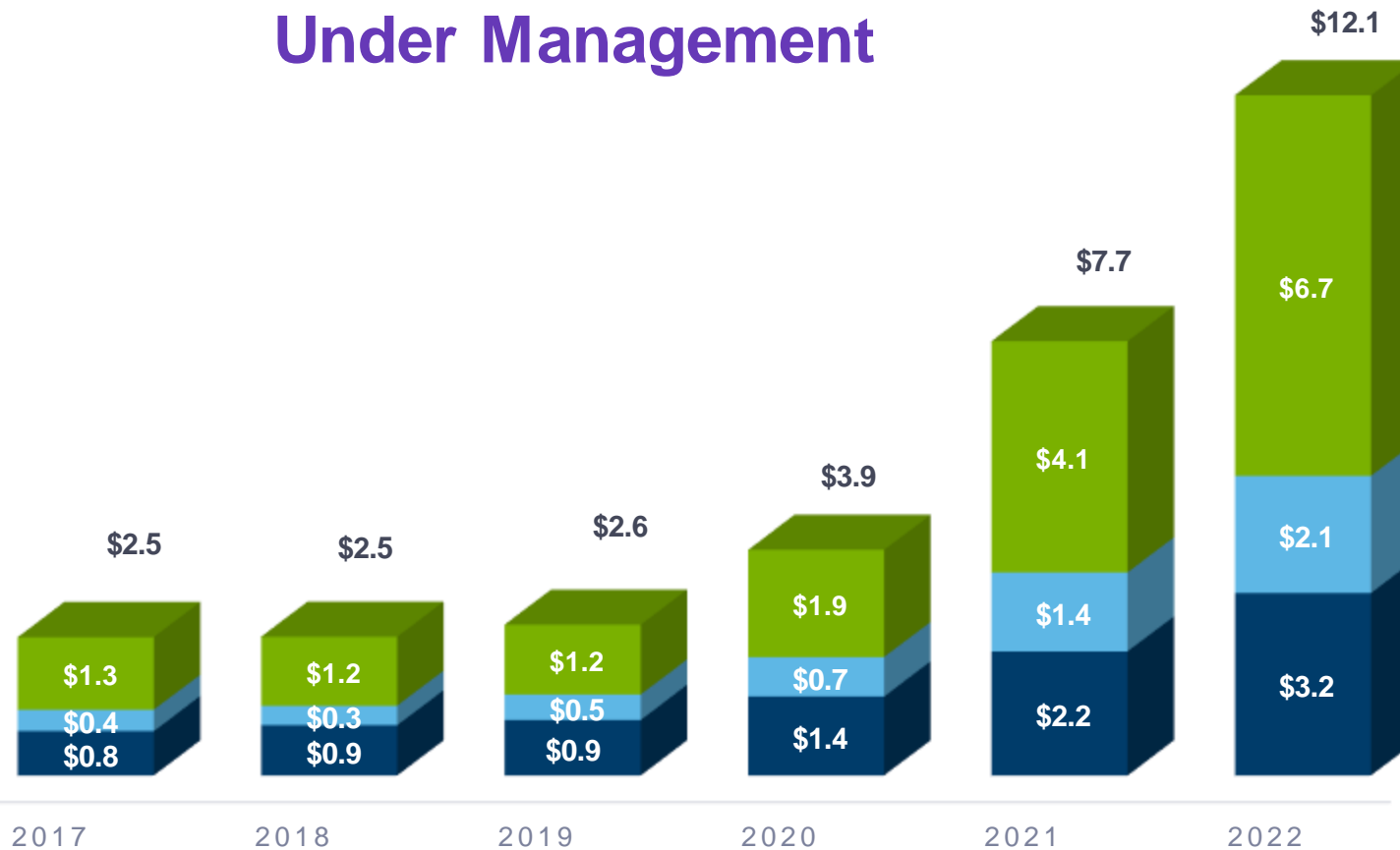


Value-Based
Organization
Committed To
Serving All Our
Stakeholders

MSP and VMS Lead Our Value Proposition

\$12 Billion of Spend Under Management

MSP and VMS Gross Spend Under Management (\$B)



■ MSP Filled by AMN ■ MSP Filled by Affiliates ■ Vendor Neutral Managed Spend



brings together people, processes and technology to deliver better care. We offer a complete range of managed services solutions, from technology-only VMS to vendor-neutral and staffing-led MSP

Diverse, Industry-Leading Talent



Cary Grace
*President &
Chief Executive Officer*
Joined: 2022



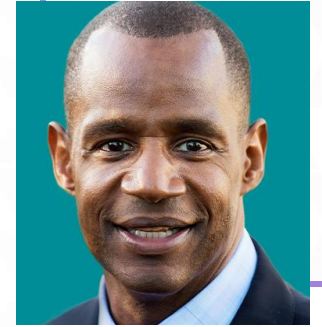
Jeff Knudson
*Chief Financial & Accounting
Officer*
Joined: 2021



Kelly Rakowski
*Group President & COO,
Strategic Talent Solutions*
Joined: 2018



Landry Seedig
*Group President & COO,
Nursing and Allied Solutions*
Joined: 2008



James Taylor
*Group President & COO,
Physician & Leadership Solutions*
Joined: 2021



Denise Jackson
*Chief Legal Officer
& Corporate Secretary*
Joined: 2000



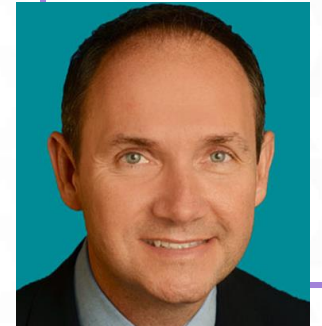
Mark Hagan
*Chief Information
and Digital Officer*
Joined: 2018



Carolyn Kenny
Chief People Officer
Joined: 2021



Nishan Sivathasan
Chief Strategy & Experience Officer
Joined: 2019



Dr. Cole Edmonson
Chief Clinical Officer
Joined: 2019

Culture of Accountability and Continuous Improvement

Talented, Diverse Board of Directors



Douglas Wheat
Chairman of the Board, AMN Healthcare
Managing Partner, Wheat Investments
Director Since: 1999



Cary Grace
President &
Chief Executive Officer
AMN Healthcare
2022



Jeffrey Harris
Former General Counsel,
Apogent Technologies
2005



Martha Marsh
Former President & CEO,
Stanford Hospital
2010



Mark Foletta
Former CFO, Amylin
Pharmaceuticals
2012



Daphne Jones
Former SVP,
GE Healthcare
2018



Teri Fontenot
CEO Emeritus,
Woman's Hospital
2019



Sylvia Trent-Adams
SVP & Chief Strategy Officer, University of North
Texas Health Science Center
2020



Jorge A. Caballero
Managing Partner,
Deloitte Business Tax Services
2021

2021-22 Finalist, NACD DEI Award

Skills Matrix

Healthcare Industry **89%**

Strategy **89%**

C-Suite Leadership **78%**

Board Leadership / Governance **78%**

M&A **56%**

Finance **44%**

Risk Mgmt. /
Legal **33%**

Digital **22%**

Seasoned & New
Directors Focused
on Increasing
Stakeholder Value

ESG is in our DNA

*We are setting ambitious goals, collaborating across our value chain, and embedding ESG in our core to advance our ESG vision:
A healthy, just, equitable, and sustainable world where all can thrive.*



Our Business is Advancing Health

250K+

Placements at our client facilities in 2022; 135K+ unique healthcare professionals

3K+

Language services interpreters drove health equity via
14M+
Patient interactions, enabling access, improving health outcomes, and saving lives

Enhancing Environmental Sustainability

Measured our greenhouse gas emissions (GHGE) for Scopes 1, 2, and 3 (2020-2022), and measured our operational Water & Waste footprints

On track to meet our commitment to set Science-Based Targets by end of 2024 for Scopes 1, 2, and 3 GHGE

Championing Good Governance

56% Women representation on our Board of Directors

33% BIPOC representation on our Board of Directors

1st ESG Report
published, & 1st ESG Materiality Assessment Conducted

2022 Winner, NACD DEI Award

Driving Diversity, Equity, and Inclusion

\$961M

in spend with small businesses and diverse-owned companies, including \$477M in spend with businesses that are diverse-owned

69%

of our team members are women (63% of leaders, 40% of C-Suite)

40%

of our team members are BIPOC (29% of leaders, 20% of C-Suite)

\$6.8M in New Giving Commitments in 2022

\$5M

for our Team Member and Healthcare Professional Hardship Funds (\$0.5M+ dispersed to folks in need)

\$1.8M

to grow and further diversify the healthcare professional pipeline, and support clinician health & wellness

We strive to be an ESG beacon in our industry, driving outsized shared value

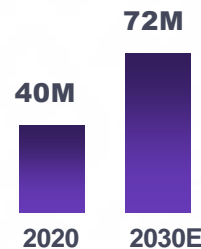
Well-Positioned to Capture Long-Term U.S. Secular Trends

Aging Population

U.S. Population Aged 65+

More Days Spent in Hospital

- **3x** for 65+
- **4x** for 75+



U.S. Population Aged 65+



~50% RNs and physicians are 50+

~33% physicians will be 65+ by 2030

Job Openings / Turnover

~139,000 Shortage

of U.S. physicians by 2033

~500,000 RNs anticipated to retire by the end of 2022

Regional & Specialty Nurse Shortage

is expected by 2032

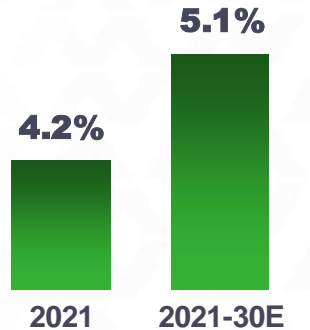
39% Turnover

in 2021 – as the pandemic accelerated the impact of anticipated labor shortages

Healthcare Spend

Annual Growth in Healthcare Spend

Growth in Medicare spending is projected to reach **+7.2% per year for 2021–30**, reflecting **faster expected growth in healthcare costs**



Sources: U.S. Census, Population Surveys; National Health Expenditure Projections – CMS, 3/22; “The Complexities of Physician Supply and Demand,” AAMC, 4/20; “The Future of Nursing 2020-2030: Charting a Path to Achieve Health Equity,” National Academy of Medicine, May 2021. “Addressing Health Worker Burnout: The U.S. Surgeon General’s Advisory on Building a Thriving Health Workforce” May 2022

We Are Proactively Addressing These Trends

- Working with clients to develop a long-term vision to build a flexible, sustainable workforce
- Providing flexible work opportunities for older workers, enabling them to stay in the labor force longer
- Helping clients to have the right clinician, in the right place, at the right time
- Bringing new solutions that enable clients to optimize workforce mix
- Continuing to build the industry’s most powerful healthcare recruiting engine
- Focusing on unparalleled capabilities to serve large health systems gaining share by consolidation
- Sharpening recruiting tools as demand grows faster than labor supply
- Investing more heavily in digital to increase value proposition and efficiency

Significant Opportunity with a Large, Fragmented Market

Total Addressable Market: ~\$46B



Well-Positioned To Increase Market Share

Commentary

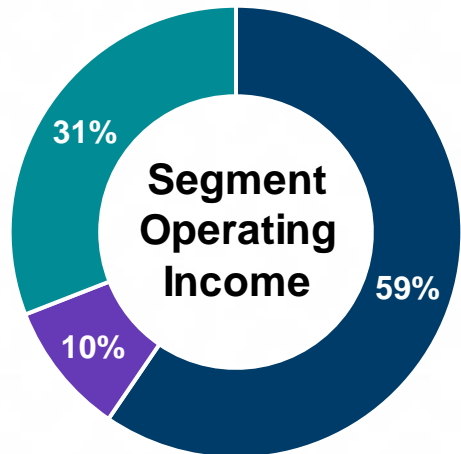
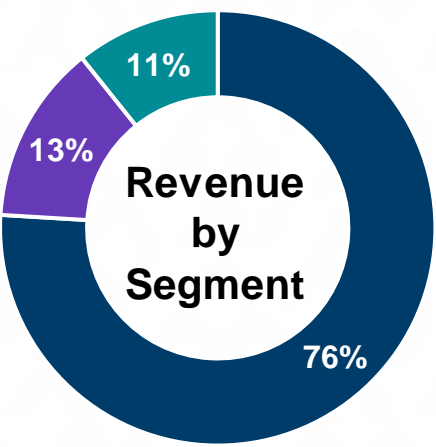
- Evolving to serve more diverse needs driven by increasingly complexity of large, growing health systems
- Proactively anticipating needs driven by dramatic changes in care delivery and value-based reimbursement
- Other addressable markets we serve:
 - Language Interpretation
 - Permanent Placement / Search
 - Recruitment Process Outsourcing
 - Workforce Consulting
 - Credentialing

¹ Source: AMN internal estimates.

² Revenue is for FY 2022.

Most Comprehensive Set of Total Talent Solutions

	Staffing Solutions			Workforce Solutions				
	Travel Nurse	Allied Health	Locum Tenens	MSP	Leadership / Search	RPO	VMS	Video Interpretation
AMN Healthcare	✓	✓	✓	✓	✓	✓	✓	✓
CHG Healthcare	✓	✓	✓				✓	
Jackson Healthcare	✓	✓	✓	✓	✓			
medical solutions	✓	✓		✓			✓	
CROSS COUNTRY HEALTHCARE	✓	✓	✓	✓	✓	✓		



- Nurse and Allied Solutions
- Physician and Leadership Solutions
- Technology and Workforce Solutions

Our market-leading spectrum of solutions enables AMN to address clients' total workforce challenges, not just contingent staffing

Diversification also has benefits for our investors, improving our revenue growth rate and operating leverage

Key Pillars To Our Long-Term Growth

INVEST
in
Innovation



LEVERAGE
Total Talent
Solutions



SUSTAIN
Financial
Discipline



BE A HOLISTIC PARTNER FOR OUR CLIENTS

Invest in Innovation



Where We Are Making Investments Internally

Mobile Applications

Data Analytics Platform

Augmented Human Intelligence

Personalized Digital Experience

How We Are Addressing Current Challenges

Invest in Innovation through Internal Development and Strategic Acquisitions to Expand Our Total Talent Solutions

Over 50% of Our Annual Capex is for Innovation and Digital Enhancements

Select Acquisitions



Nurse & Allied Staffing

2015: Onward | 2019: Advanced Medical | 2022: Connetics



Vendor Management Systems

2013: ShiftWise | 2015: Medefis | 2019: b4health



Language Interpretation

2020: Stratus Video



Credentialing

2019: Silversheet



Leadership Solutions

2015: The First String | 2016: B.E. Smith | 2018: Phillips DiPisa/Leaders For Today



Scheduling & Predictive Workforce Analytics

2014: Avantas



Teletherapy and Virtual Care

2019: Advanced Medical | 2021: Synzi

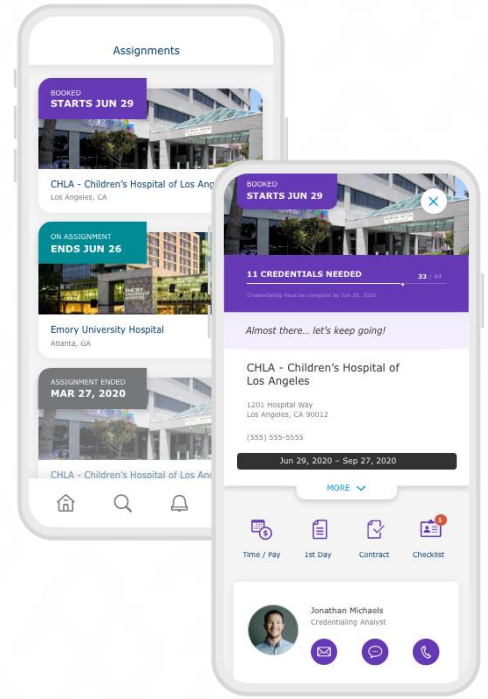


Revenue Cycle Solutions

2016: Peak | 2018: MedPartners

Continue To Expand Our Solutions Into More Stages Of Talent Lifecycle

Innovation in Action: AMN Passport



Personalized Top Jobs



Timely Notifications



Self-Service Capabilities



AMN Contact List



Time & Pay Details



Profile Management

Our Technology Roadmap

Candidate Engagement	Client Experience	Total Talent Solutions	AMN Operations
<ul style="list-style-type: none">• More mobile, two-way, seamless• Mobile apps for recruiting and engagement	<ul style="list-style-type: none">• Insightful reporting and predictive analytics• Data integrations for speed and accuracy	<ul style="list-style-type: none">• Shifting to an integrated tech ecosystem• Help clients manage/ optimize total workforce• Investing in AI	<ul style="list-style-type: none">• Creating new big-data assets• 360° view of clients and candidates

Continuing Our Long Track Record of Innovation

Leverage Scale and Expertise to Drive Client Efficiencies



Our Scale and Expertise

- **A leading provider of healthcare staffing** with a strong presence in all major specialties
- **Largest provider of MSP** with unique capabilities to serve multiple, large customers
 - **Expanding relationships with largest healthcare systems** as they grow and consolidate
- **Leading provider focused on total talent solutions for large health systems** that address the full spectrum of labor spend (clinical and non-clinical; contingent and core flex and permanent talent)
- **Resources to bring innovation and solve problems** in crises
- Leveraging **strong AMN Healthcare brand**

Our Impact

Assisting clients to centralize and better utilize contingent staff spending

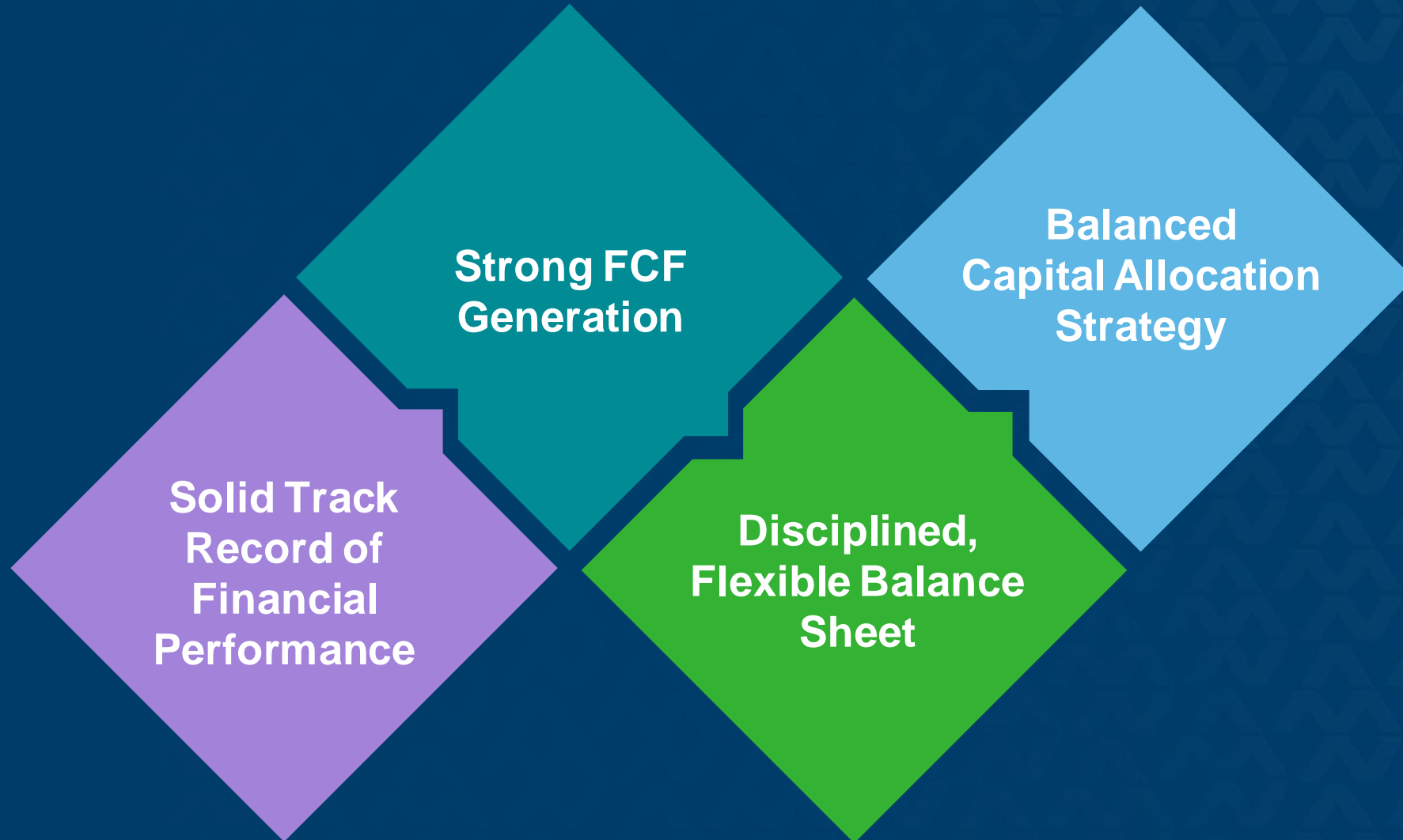
Ensuring flexibility in labor planning to drive efficiency

Accelerating time to hire and fulfilling the need for healthcare professionals

Maintaining or improving consistently high quality of care

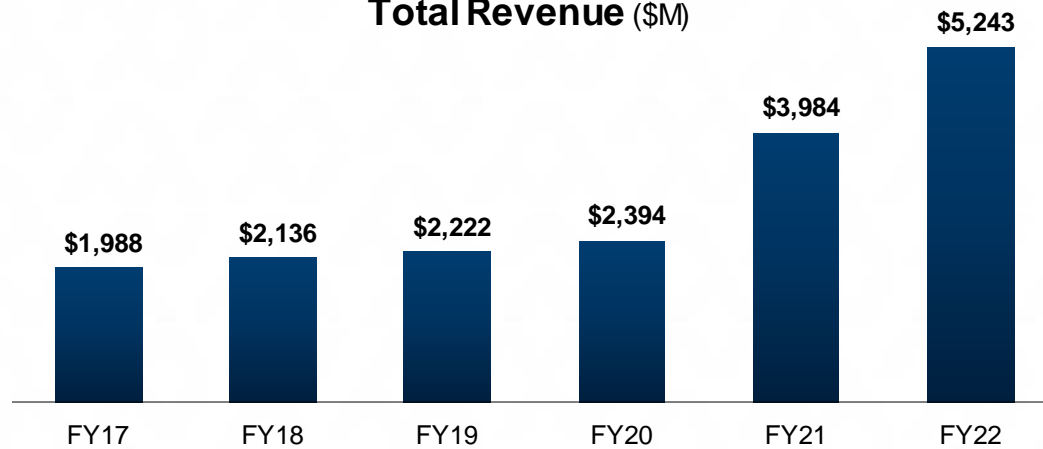
Expanding Relationships with Largest Healthcare Systems

Sustainable Financial Discipline

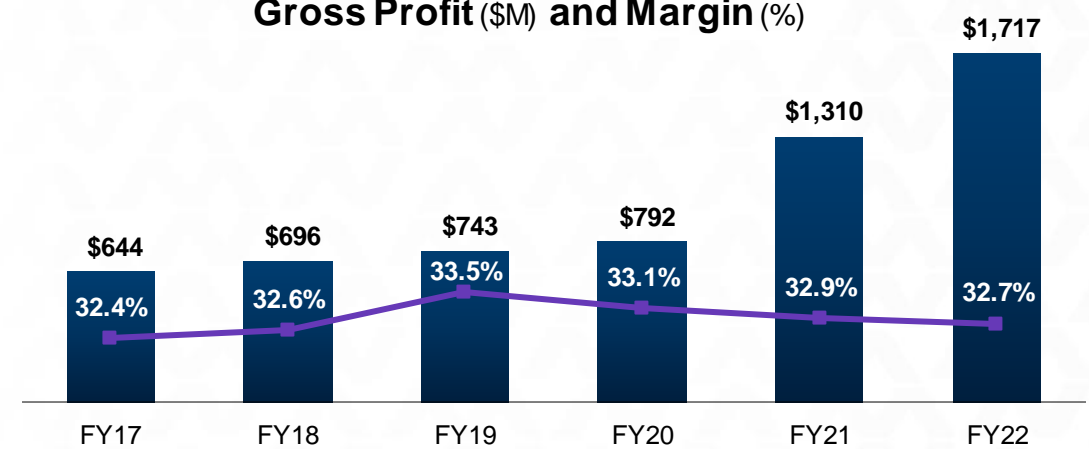


AMN Historical Financial Summary

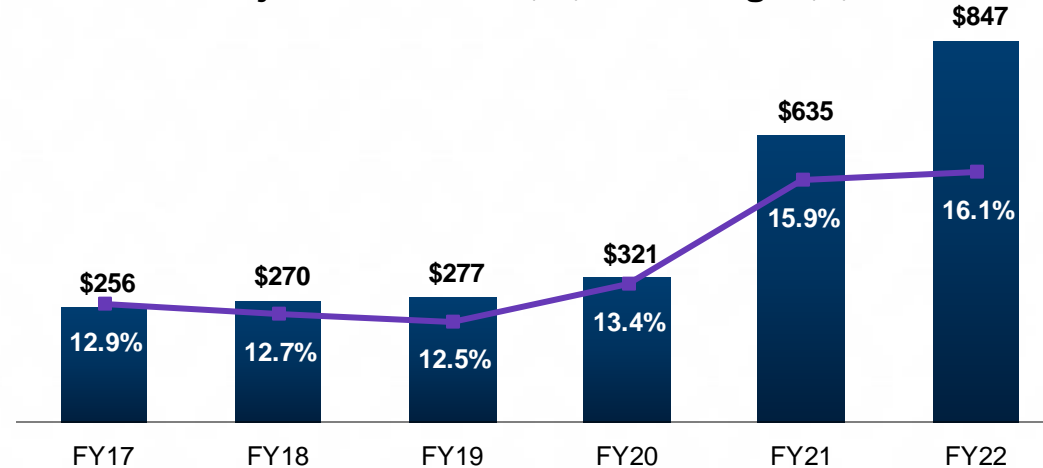
Total Revenue (\$M)



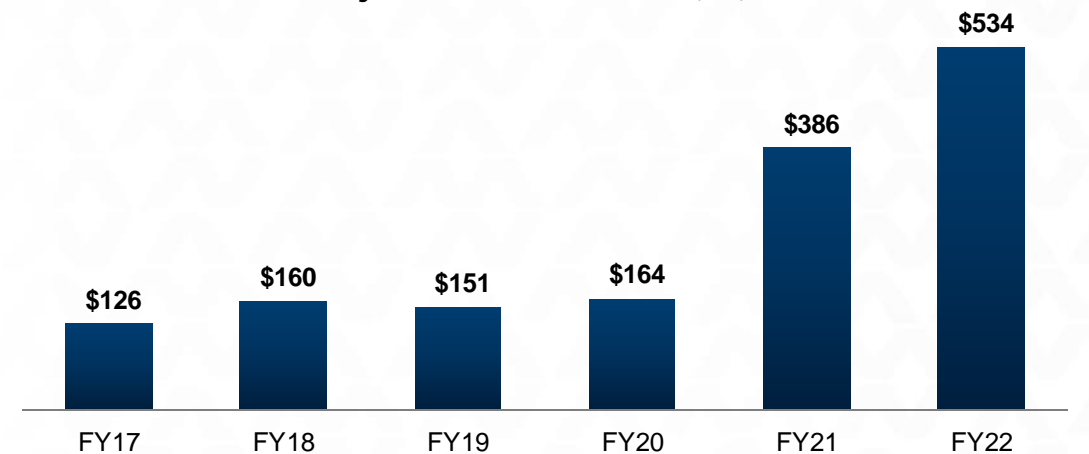
Gross Profit (\$M) and Margin (%)



Adjusted EBITDA (\$M) and Margin (%)



Adjusted Net Income (\$M)

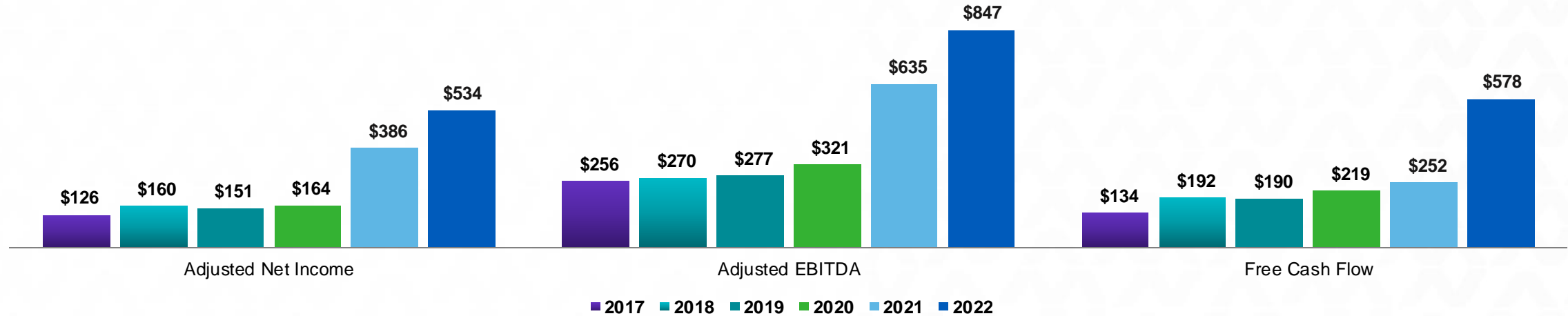


Please refer to non-GAAP reconciliations in the appendix of this presentation.

Strong Free Cash Flow Generation



Adjusted Net Income, Adjusted EBITDA & Free Cash Flow (\$M)



Commentary

- Scalable operating model – ability to flex cost structure and create operating leverage to drive attractive cash flow and earnings growth
- Strong free cash generation supports balanced capital allocation strategy and future growth
- 331% growth in FCF since 2017 as revenue grew and operating leverage improved
- We project \$70M - \$80M annual capital expenditures, or about 1.5% - 2.0% of revenue
- Capex budget is approximately 30% - 40% maintenance, more than half innovation and digital enhancements

Cash Flows Enable Multi-faceted Growth Strategy

Disciplined, Flexible Balance Sheet

Summary Balance Sheet (\$M, 12/31/22)

Cash and Cash Equivalents	\$ 65
Total Current Assets	\$ 1,094
Total Assets	\$ 2,888
Total Current Liabilities	\$ 858
Total Debt	\$ 850
Total Equity	\$ 1,044

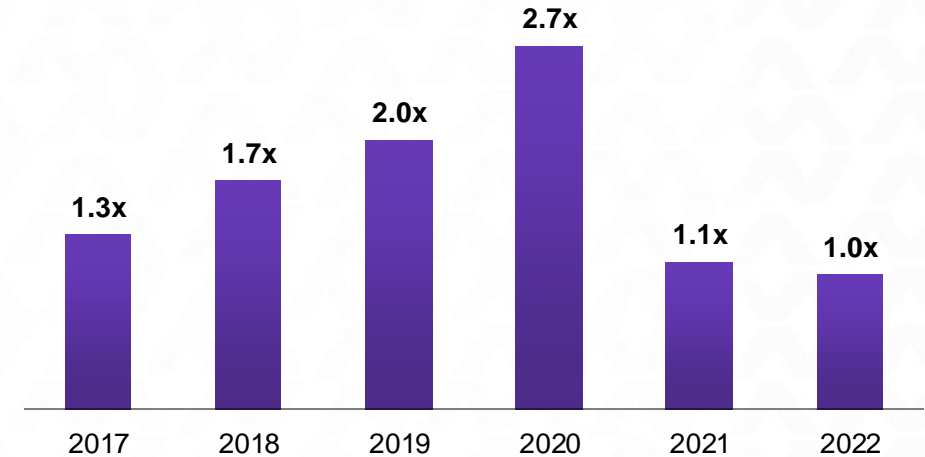
(\$M, 12/31/22)

Cash and Cash Equivalents	\$ 65
Available Credit ²	\$ 379
Total Available Liquidity	\$ 443

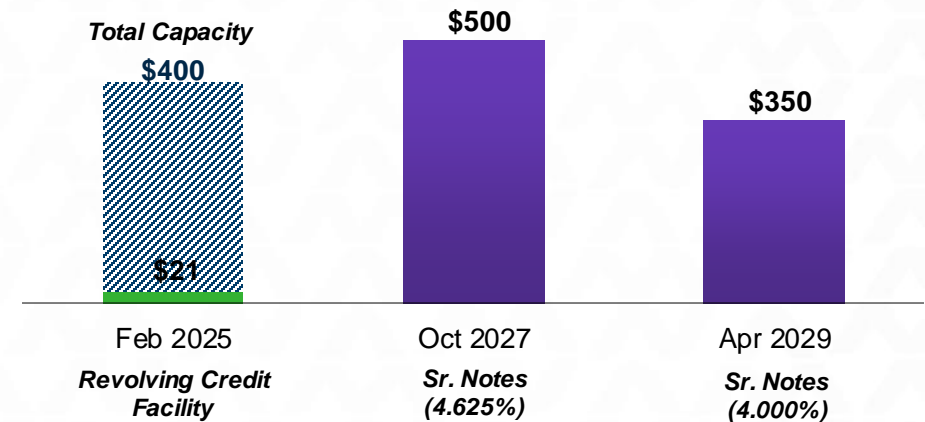
1 Leverage Ratio represents the ratio of the Company's debt outstanding (including the outstanding letters of credit collateralized by the senior credit facility) minus cash and cash equivalents at the end of the subject period to adjusted EBITDA for the twelve-month period at the end of the subject period.

2 Available credit is net of \$21.4 million used as collateral for letters of credit (in green in chart on right).

Net Leverage Ratio¹



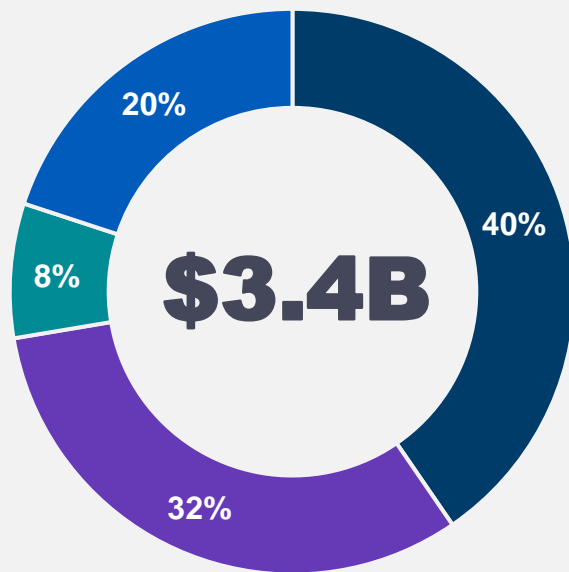
Debt Maturity Schedule (\$M)



Total Leverage Ratio Objective Is In Range Of 2-2.5x

Balanced Capital Allocation Strategy

Historical Use of Capital (2017 – Q4 2022)



- Debt Reduction
- M&A
- Reinvestment
- Buybacks

Debt Reduction

- Target net leverage ratio of 2-2.5x
- Current leverage ratio opens borrowing capacity for future investments

M&A

- Acquisitions remain a high priority in uses of capital
- Seek tech-enabled solutions that deepen our expertise

Reinvestment

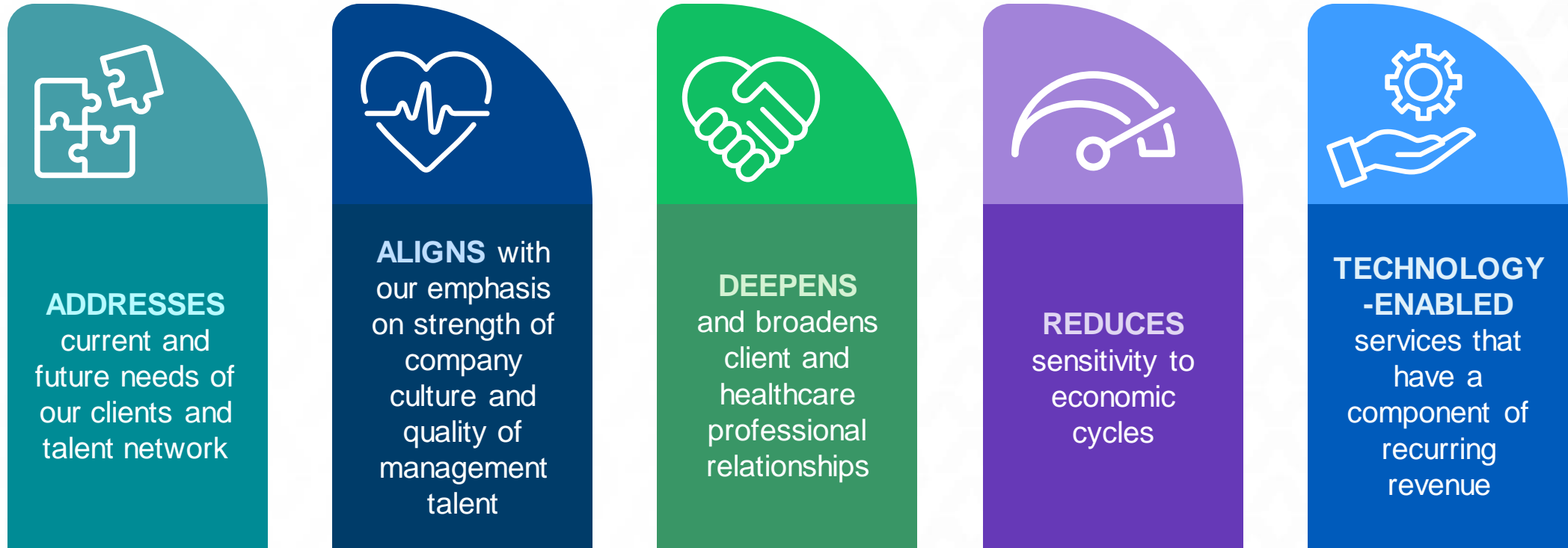
- Development to drive future growth
- Making IT systems smarter and more integrated

Share Buybacks

- Since 2016, AMN repurchased 8.2 million shares for \$699M ⁽¹⁾
- As of Dec. 31, 2022, \$151M remained authorized for buybacks

¹⁾ As of December 31, 2022

Our Strategic Approach to M&A



FINANCIAL FILTERS

Accretive to Profit Margins and Revenue Growth

ROIC > Cost of Capital

Adjusted EPS Accretion in First Full Year

Investment Highlights



Purpose-Driven, Values-Based Organization

Committed to
Serving All Our
Stakeholders



Leader and Innovator in Total Talent Solutions for Healthcare;

Uniquely Positioned
to Serve Growing
Health Systems
and Diverse Care
Settings

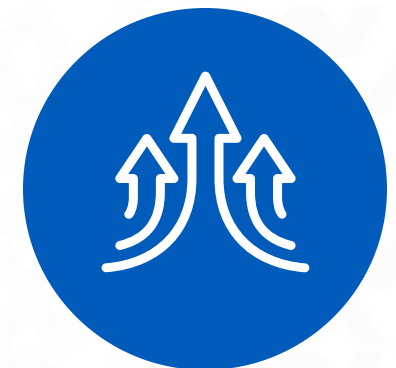


Experienced, Diverse and Deep Leadership Team

Driving Tech-
Enabled Innovation
that Benefits
Healthcare
Professionals and
Clients



Well-Positioned to
Generate Long-
Term Profitable
Growth with **Strong
Balance Sheet
and Cash Flow
Generation**



**Continued
Opportunity for
Disciplined and
Strategic M&A** to
Deliver Higher
Margins and More
Resilient Revenues

Appendix

Reconciliation of Non-GAAP Items (Unaudited)

	For the Years Ended December 31,					
	2017	2018	2019	2020	2021	2022
(Dollars in thousands)						
Net income	\$ 132,558	\$ 141,741	\$ 113,988	\$ 70,665	\$ 327,388	\$ 444,050
Income tax expense	60,205	44,944	34,500	20,858	116,533	162,653
Income before income taxes	192,763	186,685	148,488	91,523	443,921	606,703
Interest expense, net, and other ⁽¹⁾	19,677	16,143	28,427	57,742	34,077	40,398
Income from operations	212,440	202,828	176,915	149,265	477,998	647,101
Depreciation and amortization	32,279	41,237	58,520	92,766	101,152	133,007
Depreciation (included in cost of revenue) ⁽²⁾	—	—	—	1,421	2,545	4,104
Share-based compensation	10,237	10,815	16,241	20,465	25,217	30,066
Acquisition, integration, and other costs ⁽³⁾	1,458	3,358	25,723	56,756	28,514	32,409
Legal settlement accrual increases ⁽⁴⁾	—	12,140	—	—	—	—
Adjusted EBITDA ⁽⁵⁾	<u>\$ 256,414</u>	<u>\$ 270,378</u>	<u>\$ 277,399</u>	<u>\$ 320,673</u>	<u>\$ 635,426</u>	<u>\$ 846,687</u>
Revenue	\$ 1,988,454	\$ 2,136,074	\$ 2,222,107	\$ 2,393,714	\$ 3,984,235	\$ 5,243,242
Gross profit	\$ 644,419	\$ 696,383	\$ 743,465	\$ 791,778	\$ 1,309,601	\$ 1,716,684
Gross margin	32.4 %	32.6 %	33.5 %	33.1 %	32.9 %	32.7 %
Net income	\$ 132,558	\$ 141,741	\$ 113,988	\$ 70,665	\$ 327,388	\$ 444,050
Net income as a % of revenue	6.7 %	6.6 %	5.1 %	3.0 %	8.2 %	8.5 %
Adjusted EBITDA ⁽⁵⁾	\$ 256,414	\$ 270,378	\$ 277,399	\$ 320,673	\$ 635,426	\$ 846,687
Adjusted EBITDA margin ⁽⁶⁾	12.9 %	12.7 %	12.5 %	13.4 %	15.9 %	16.1 %

Reconciliation of Non-GAAP Items (Unaudited)

(Dollars in thousands)	Year Ended	
	December 31, 2022	
Revenue		
Nurse and allied solutions	\$	3,982,453
Physician and leadership solutions		697,946
Technology and workforce solutions		562,843
	\$	<u>5,243,242</u>
Segment operating income ⁽⁷⁾		
Nurse and allied solutions	\$	576,226
Physician and leadership solutions		92,331
Technology and workforce solutions		<u>299,390</u>
		967,947
Unallocated corporate overhead ⁽⁸⁾		<u>121,260</u>
Adjusted EBITDA ⁽⁵⁾	\$	846,687

Reconciliation of Non-GAAP Items (Unaudited)

(Dollars in thousands)	For the Years Ended December 31,					
	2017	2018	2019	2020	2021	2022
Net income	\$ 132,558	\$ 141,741	\$ 113,988	\$ 70,665	\$ 327,388	\$ 444,050
Adjustments:						
Amortization of intangible assets	18,628	24,239	36,493	63,817	63,015	83,078
Acquisition, integration, and other costs ⁽³⁾	1,458	3,358	25,723	56,756	28,514	32,409
Legal settlement accrual increases ⁽⁴⁾	—	12,140	—	—	—	—
Fair value changes of equity investments and instruments ⁽¹⁾	—	(7,349)	—	1,891	(6,683)	3,429
Debt financing related costs	—	574	594	13,286	158	—
Tax effect of above adjustments	(7,833)	(8,570)	(16,331)	(35,711)	(22,101)	(30,918)
Tax correction related to prior periods ⁽⁹⁾	—	(2,501)	—	—	—	—
Tax effect of COLI fair value changes ⁽¹⁰⁾	—	1,676	(3,266)	(2,622)	(2,767)	4,665
Excess tax benefits related to equity awards ⁽¹¹⁾	(5,449)	(5,401)	(5,915)	(2,840)	(1,820)	(2,971)
Tax law effect on deferred taxes ⁽¹²⁾	(13,039)	—	—	—	—	—
Restructuring tax benefits ⁽¹³⁾	—	—	—	(1,615)	—	—
Adjusted net income ⁽¹⁴⁾	<u>\$ 126,323</u>	<u>\$ 159,907</u>	<u>\$ 151,286</u>	<u>\$ 163,627</u>	<u>\$ 385,704</u>	<u>\$ 533,742</u>

Reconciliation of Non-GAAP Items (Unaudited)

	For the Years Ended December 31,					
(Dollars in thousands)	2017	2018	2019	2020	2021	2022
Net cash provided by operating activities	\$ 160,518	\$ 226,993	\$ 224,862	\$ 256,826	\$ 305,356	\$ 653,733
Purchase and development of fixed assets	(26,529)	(35,206)	(35,218)	(37,702)	(53,573)	(75,831)
Free cash flow ⁽¹⁵⁾	<u>\$ 133,989</u>	<u>\$ 191,787</u>	<u>\$ 189,644</u>	<u>\$ 219,124</u>	<u>\$ 251,783</u>	<u>\$ 577,902</u>

Reconciliation of Non-GAAP Items (Unaudited)

- (1) Changes in the fair value of equity investments and instruments are recognized in interest expense, net, and other. Since the changes in fair value are unrelated to the Company's operating performance, we exclude the impact from the calculation of adjusted net income and adjusted diluted EPS.
- (2) A portion of depreciation expense for AMN Language Services (formerly known as Stratus Video, which was acquired in February 2020 and has since been rebranded) is included in cost of revenue. We exclude the impact of depreciation included in cost of revenue from the calculation of adjusted EBITDA.
- (3) **Acquisition, integration, and other costs** include acquisition and integration costs, net changes in the fair value of contingent consideration liabilities for recently acquired companies, certain legal expenses, restructuring expenses, and certain nonrecurring expenses, which we exclude from the calculation of adjusted EBITDA, adjusted net income, and adjusted diluted EPS because we believe that these expenses are not indicative of the Company's operating performance. For the three and twelve months ended December 31, 2022, acquisition and integration costs were approximately \$1,400,000 and \$4,400,000, respectively, expenses related to the closures of certain office leases were approximately \$2,600,000 and \$15,300,000, respectively, certain legal expenses were approximately \$9,000,000 and \$13,800,000, respectively, and other nonrecurring expenses were approximately \$600,000 and \$1,800,000, respectively. Additionally, the aforementioned costs for the three and twelve months ended December 31, 2022 were partially offset by net decreases in contingent consideration liabilities for recently acquired companies of approximately \$1,700,000 and \$2,900,000, respectively. For the three and twelve months ended December 31, 2021, acquisition and integration costs were approximately \$900,000 and \$7,300,000, respectively, expenses related to the closures of certain office leases were approximately \$8,700,000 and \$11,500,000, respectively, and certain legal expenses were approximately \$7,000,000. Additionally, acquisition, integration, and other costs for the three and twelve months ended December 31, 2021 included an adjustment of \$2,264,000 to correct an immaterial out-of-period error. For the twelve months ended December 31, 2020, net increases in the fair value of contingent consideration liabilities for recently acquired companies were \$4,900,000 and certain legal expenses were approximately \$21,000,000. Additionally, acquisition, integration, and other costs for the twelve months ended December 31, 2020 were partially offset by a one-time insurance policy benefit of \$1,601,000.
- (4) During the third quarter of 2018, the Company recorded increases to its legal accruals established in connection with settlement agreements entered into during September and October 2018 in two class actions related to wage and hour claims, both of which were paid during 2019. Since the settlements are largely unrelated to the Company's operating performance, we excluded their impact in the calculation of adjusted EBITDA and adjusted net income. Amounts recorded in prior quarters in these two class actions and legal accruals related to other matters are immaterial and their impact was not excluded in the calculation of adjusted EBITDA or adjusted net income.
- (5) **Adjusted EBITDA** represents net income plus interest expense (net of interest income) and other, income tax expense (benefit), depreciation and amortization, depreciation (included in cost of revenue), acquisition, integration, and other costs, restructuring expenses, certain legal expenses, and share-based compensation. Management believes that adjusted EBITDA provides an effective measure of the Company's results, as it excludes certain items that management believes are not indicative of the Company's operating performance. Adjusted EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to income from operations or net income as an indicator of operating performance. Although management believes that some of the items excluded from adjusted EBITDA are not indicative of the Company's operating performance, these items do impact the statement of comprehensive income, and management therefore utilizes adjusted EBITDA as an operating performance measure in conjunction with GAAP measures such as net income.
- (6) **Adjusted EBITDA margin** represents adjusted EBITDA divided by revenue.
- (7) **Segment operating income** represents net income plus interest expense (net of interest income) and other, income tax expense (benefit), depreciation and amortization, depreciation (included in cost of revenue), unallocated corporate overhead, acquisition, integration, and other costs, and share-based compensation.

Reconciliation of Non-GAAP Items (Unaudited)

- (8) **Unallocated corporate overhead** (as presented in the tables above) consists of unallocated corporate overhead (as reflected in our quarterly and annual financial statements filed with the SEC) less acquisition, integration, and other costs.
- (9) During the first quarter of 2018, the Company recorded a net tax benefit to adjust for an immaterial out-of-period error identified in that quarter related to the income tax treatment of fair value changes in the cash surrender value of its company owned life insurance for years ended December 31, 2015 through December 31, 2017. These fair value changes had not previously been included as a benefit in the tax provision of the related years.
- (10) The Company records net tax expense (benefit) related to the income tax treatment of the fair value changes in the cash surrender value of its company owned life insurance. Since this change in fair value is unrelated to the Company's operating performance, we excluded the impact on adjusted net income.
- (11) The consolidated effective tax rate is affected by the recording of excess tax benefits and tax deficiencies relating to equity awards vested and exercised during the period. As a result of the adoption of a new accounting pronouncement on January 1, 2017, the Company no longer records excess tax benefits and tax deficiencies to additional paid-in capital, but such excess tax benefits and tax deficiencies are now recognized in income tax expense. The magnitude of the impact of excess tax benefits and tax deficiencies generated in the future, which may be favorable or unfavorable, is dependent upon the Company's future grants of share-based compensation and the Company's future stock price on the date awards vest in relation to the fair value of the awards on the grant date. Since these excess tax benefits and tax deficiencies are largely unrelated to our income before taxes and are unrepresentative of our normal effective tax rate, we excluded their impact in the calculation of adjusted net income.
- (12) During the year ended December 31, 2017, we recorded a discrete net tax benefit of \$14,039,000 and a discrete tax expense of \$1,000,000 from a remeasurement of our deferred tax assets and liabilities related to the impact of the Tax Cuts and Jobs Act and prior period share based awards, respectively. We excluded these non-cash items in the calculation of adjusted net income as they were unrelated to our prior year's income before taxes.
- (13) The Company recorded a restructuring tax benefit during the year ended December 31, 2020, which was related to the acquisition of Stratus Video. Since this benefit is largely unrelated to our income before taxes and is unrepresentative of our normal effective tax rate, we excluded its impact in the calculation of adjusted net income.
- (14) **Adjusted net income** represents GAAP net income excluding the impact of the (A) amortization of intangible assets, (B) acquisition, integration, and other costs, (C) certain legal expenses, (D) changes in fair value of equity investments and instruments, (E) deferred financing related costs, (F) tax effect, if any, of the foregoing adjustments, (G) excess tax benefits and tax deficiencies relating to equity awards vested and exercised since January 1, 2017, (H) net tax expense (benefit) related to the income tax treatment of fair value changes in the cash surrender value of its company owned life insurance, and (I) restructuring tax benefits. Management included this non-GAAP measure to provide investors and prospective investors with an alternative method for assessing the Company's operating results in a manner that is focused on its operating performance and to provide a more consistent basis for comparison between periods. However, investors and prospective investors should note that this non-GAAP measure involves judgment by management (in particular, judgment as to what is classified as a special item to be excluded in the calculation of adjusted net income). Although management believes the items in the calculation of adjusted net income are not indicative of the Company's operating performance, these items do impact the statement of comprehensive income, and management therefore utilizes adjusted net income as an operating performance measure in conjunction with GAAP measures such as GAAP net income.
- (15) **Free cash flow** represents cash flow from operations less capital expenditures.