Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	December 31, 2020
Revenue			
Nurse and allied solutions	$ 656,661	$ 424,346	$ 447,802
Physician and leadership solutions	140,756	137,842	111,042
Technology and workforce solutions	88,528	40,273	72,427
	$ 885,945	$ 602,461	$ 631,271
Segment operating income (1)			
Nurse and allied solutions	$ 101,530	$ 59,608	$ 58,299
Physician and leadership solutions	21,216	14,569	16,910
Technology and workforce solutions	42,089	15,295	30,398
	164,835	89,472	105,607
Unallocated corporate overhead (2)	23,919	15,491	16,313
Adjusted EBITDA (3)	$ 140,916	$ 73,981	$ 89,294
Net income	$ 70,378	$ 12,965	$ 9,308
Net income as a % of revenue	7.9 %	2.2 %	1.5 %
Income tax expense (benefit)	25,080	11,724	(3,330)
Income before income taxes	95,458	24,689	5,978
Interest expense, net, and other (5)	8,944	11,054	22,681
Income from operations	104,402	35,743	28,659
Operating margin (6)	11.8 %	5.9 %	4.5 %
Depreciation and amortization	23,254	20,089	23,670
Depreciation (included in cost of revenue) (7)	471	145	440
Share-based compensation	9,287	4,927	5,419
Acquisition, integration, and other costs (8)	3,502	13,077	31,106
Adjusted EBITDA (3)	$ 140,916	$ 73,981	$ 89,294
Adjusted EBITDA margin (4)	15.9 %	12.3 %	14.1 %

AMN Healthcare

Reconciliation of Non-GAAP Items (Unaudited)

Continued from page 1

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
Net income	$ 70,378	$ 12,965	$ 9,308
Adjustments:			
Amortization of intangible assets	15,201	13,431	15,746
Acquisition, integration, and other costs (8)	3,502	13,077	31,106
Fair value changes of equity investments and instruments (5)	(1,271)	1,298	—
Debt financing related costs	158	—	11,513
Tax effect of above adjustments	(4,574)	(7,230)	(15,175)
Tax effect of COLI fair value changes (9)	(1,086)	5,255	(2,403)
Excess tax benefits related to equity awards (10)	(676)	(1,221)	(813)
Restructuring tax benefits (11)	—	—	(1,615)
Adjusted net income (12)	$ 81,632	$ 37,575	$ 47,667
GAAP diluted net income per share (EPS)	$ 1.47	$ 0.27	$ 0.19
Adjustments	0.23	0.52	0.81
Adjusted diluted EPS (13)	$ 1.70	$ 0.79	$ 1.00

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Reconciliation of Non-GAAP Items (Unaudited)

(1) **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.
(2) **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.
(3) **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, extraordinary 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.
(4) **Adjusted EBITDA margin** represents adjusted EBITDA divided by revenue.
(5) 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.
(6) **Operating margin** represents income from operations divided by revenue.
(7) 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.
(8) Acquisition, integration, and other costs include acquisition and integration costs, net changes in the fair value of contingent consideration liabilities for recently acquired companies, extraordinary legal expenses, and restructuring 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. Acquisition, integration, and other costs for the three months ended March 31, 2020 include advisory fees contingent upon closing of the Stratus Video acquisition of $5,000,000. Acquisition, integration, and other costs for the three months ended December 31, 2020 include a net increase in the fair value of contingent consideration liabilities for recently acquired companies of $6,600,000 and extraordinary legal expenses of approximately $20,000,000. The extraordinary legal expenses primarily relate to an increase to the Company's legal reserve during the fourth quarter of 2020 for a wage and hour claim.
(9) 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 and adjusted diluted EPS.

AMN Healthcare

Reconciliation of Non-GAAP Items (Unaudited)

Continued from page 3

(10) 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, the Company's future stock price on the date awards vest or exercise in relation to the fair value of the awards on the grant date or the exercise behavior of the Company's stock appreciation rights holders. 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 and adjusted diluted EPS.

(11) The Company recorded a restructuring tax benefit during the three months 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 and adjusted diluted EPS.

(12) **Adjusted net income** represents GAAP net income excluding the impact of the (A) amortization of intangible assets, (B) acquisition, integration, and other costs, (C) extraordinary 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, and (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.

(13) **Adjusted diluted EPS** represents adjusted net income divided by diluted weighted average common shares outstanding. 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 diluted EPS as an operating performance measure in conjunction with GAAP measures such as GAAP diluted EPS.

Reconciliation of Guidance Operating Margin to Guidance Adjusted EBITDA Margin

	Three Months Ending June 30, 2021	
	Low [1]	High [1]
Operating margin	10.5%	11.0%
Depreciation and amortization	2.9%	2.9%
EBITDA margin	13.4%	13.9%
Share-based compensation	0.7%	0.7%
Acquisition, integration, and other costs	0.3%	0.3%
Adjusted EBITDA margin	14.4%	14.9%

(1) Guidance percentage metrics are approximate.

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