



# Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2024	2023	2024	2024	2023
Net income	\$ 6,989	\$ 53,174	\$ 16,237	\$ 40,554	\$ 198,190
Net income as a % of revenue	1.0 %	6.2 %	2.2 %	1.8 %	6.7 %
Income tax expense	819	22,211	5,730	12,538	72,094
Income before income taxes	7,808	75,385	21,967	53,092	270,284
Interest expense, net, and other	14,444	11,541	15,715	46,787	33,975
Income from operations	22,252	86,926	37,682	99,879	304,259
Operating margin <sup>(7)</sup>	3.2 %	10.2 %	5.1 %	4.4 %	10.2 %
Depreciation and amortization	41,122	39,175	43,101	126,942	113,599
Depreciation (included in cost of revenue) <sup>(8)</sup>	1,928	1,552	1,637	5,363	4,196
Share-based compensation	5,555	306	6,357	19,651	15,442
Acquisition, integration, and other costs <sup>(9)</sup>	3,017	5,771	5,310	13,792	16,616
Legal settlement accrual changes <sup>(10)</sup>	—	—	—	—	21,000
Adjusted EBITDA <sup>(3)</sup>	\$ 73,874	\$ 133,730	\$ 94,087	\$ 265,627	\$ 475,112
Selling, general and administrative (“SG&A”) expenses	\$ 149,681	\$ 163,405	\$ 149,044	\$ 473,567	\$ 570,775
SG&A margin <sup>(11)</sup>	21.8 %	19.1 %	20.1 %	21.1 %	19.2 %
Share-based compensation	5,555	306	6,357	19,651	15,442
Acquisition, integration, and other costs <sup>(9)</sup>	3,017	5,771	5,310	13,792	16,616
Legal settlement accrual changes <sup>(10)</sup>	—	—	—	—	21,000
Adjusted SG&A expenses <sup>(12)</sup>	\$ 141,109	\$ 157,328	\$ 137,377	\$ 440,124	\$ 517,717
Adjusted SG&A margin <sup>(13)</sup>	20.5 %	18.4 %	18.5 %	19.6 %	17.4 %

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	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2024	2023	2024	2024	2023
Net income	\$ 6,989	\$ 53,174	\$ 16,237	\$ 40,554	\$ 198,190
Adjustments:					
Amortization of intangible assets	22,104	22,563	24,744	71,734	66,340
Acquisition, integration, and other costs <sup>(9)</sup>	3,017	5,771	5,310	13,792	16,616
Legal settlement accrual changes <sup>(10)</sup>	—	—	—	—	21,000
Cumulative effect of change in accounting principle <sup>(14)</sup>	—	—	—	—	2,974
Tax effect of above adjustments	(6,532)	(7,367)	(7,814)	(22,237)	(27,802)
Tax effect of COLI fair value changes <sup>(15)</sup>	(2,530)	1,227	(910)	(6,174)	(2,324)
Tax deficiencies (benefits) related to equity awards and ESPP <sup>(16)</sup>	206	134	(235)	145	(2,346)
Adjusted net income <sup>(17)</sup>	<u>\$ 23,254</u>	<u>\$ 75,502</u>	<u>\$ 37,332</u>	<u>\$ 97,814</u>	<u>\$ 272,648</u>
GAAP diluted net income per share (EPS)	\$ 0.18	\$ 1.39	\$ 0.42	\$ 1.06	\$ 4.99
Adjustments	0.43	0.58	0.56	1.50	1.87
Adjusted diluted EPS <sup>(18)</sup>	<u>\$ 0.61</u>	<u>\$ 1.97</u>	<u>\$ 0.98</u>	<u>\$ 2.56</u>	<u>\$ 6.86</u>

# 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, legal settlement accrual changes, 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 and legal settlement accrual changes.
- (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, 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.
- (4) **Adjusted EBITDA margin** represents adjusted EBITDA divided by revenue.
- (5) **Segment operating margin** represents segment operating income divided by revenue.
- (6) **Leverage ratio** represents the ratio of the consolidated funded indebtedness (as calculated per the Company's credit agreement) at the end of the subject period to the consolidated adjusted EBITDA (as calculated per the Company's credit agreement) for the 12-month period ended at the end of the subject period.
- (7) **Operating margin** represents income from operations divided by revenue.
- (8) A portion of depreciation expense for AMN Language Services is included in cost of revenue. We exclude the impact of depreciation included in cost of revenue from the calculation of adjusted EBITDA.
- (9) **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 other costs associated with exit or disposal activities, 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 nine months ended September 30, 2024, acquisition and integration costs were approximately \$0.3 million and \$1.8 million, respectively, expenses related to the closures of certain office leases were approximately \$0.7 million and \$1.8 million, respectively, certain legal expenses of approximately \$(2.3) million and \$1.0 million, respectively, restructuring expenses and other costs associated with exit or disposal activities were approximately \$3.3 million and \$6.3 million, respectively, and other nonrecurring expenses were approximately \$1.0 million and \$5.3 million, respectively. Additionally, the aforementioned costs for the nine months ended September 30, 2024 were partially offset by an immaterial out-of-period adjustment of \$2.4 million related to acquisition-related costs incurred in connection with the acquisition of MSDR. For the three and nine months ended September 30, 2023, acquisition and integration costs were approximately \$1.3 million and \$3.3 million, respectively, expenses related to the closures of certain office leases were approximately \$1.7 million and \$3.7 million, respectively, certain legal expenses of approximately \$1.2 million and \$2.2 million, respectively, restructuring expenses and other costs associated with exit or disposal activities were approximately \$0.2 million and \$3.7 million, respectively, and other nonrecurring expenses were approximately \$1.4 million and \$1.3 million, respectively. Additionally, acquisition, integration, and other costs for the nine months ended September 30, 2023 included increases in contingent consideration liabilities for recently acquired companies of approximately \$2.4 million.

# Reconciliation of Non-GAAP Items (Unaudited)

(10) During the nine months ended September 30, 2023, the Company recorded an increase to its legal accrual for a wage and hour claim in connection with reaching an agreement to settle the matter in its entirety. Since the settlement is largely unrelated to the Company's operating performance, we excluded its impact in the calculations of adjusted EBITDA, adjusted net income, and adjusted diluted EPS.

(11) **SG&A margin** represents selling, general and administrative (“SG&A”) expenses divided by revenue.

(12) **Adjusted SG&A expenses** represent SG&A expenses excluding the impact of share-based compensation, acquisition, integration, and other costs and legal settlement accrual changes. 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 SG&A expenses). Although management believes the items in the calculation of adjusted SG&A expenses are not indicative of the Company's operating performance, these items do impact the statement of comprehensive income, and management therefore utilizes adjusted SG&A expenses as an operating performance measure in conjunction with GAAP measures such as GAAP SG&A expenses.

(13) **Adjusted SG&A margin** represents adjusted SG&A expenses divided by revenue.

(14) As a result of a change in accounting principle on January 1, 2023 related to forfeitures of share-based awards, the Company recognized the cumulative effect of the change in share-based compensation expense during the nine months ended September 30, 2023. The cumulative effect of the change in accounting principle is immaterial to prior periods and, therefore, was recognized in the period of the change. Since the cumulative effect is unrelated to the Company's operating performance for the nine months ended September 30, 2023, we excluded its impact in the calculation of adjusted net income and adjusted diluted EPS.

(15) 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.

(16) The consolidated effective tax rate is affected by the recording of tax benefits and tax deficiencies relating to equity awards vested during the period and tax benefits recognized for disqualifying dispositions related to our employee stock purchase plan (“ESPP”). The magnitude of the impact of tax benefits and tax deficiencies generated in the future related to equity awards and ESPP is dependent upon the Company's future grants of share-based compensation, the Company's future stock price on the date equity awards vest in relation to the fair value of the awards on the grant date, the Company's future stock price on either the ESPP's offering date or purchase date, whichever is lower, and the length of time the shares issued under the ESPP are held by employees. Since these tax benefits and tax deficiencies related to equity awards and ESPP 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.

(17) **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) cumulative effect of change in accounting principle, (G) tax effect, if any, of the foregoing adjustments, (H) excess tax benefits and tax deficiencies relating to equity awards vested and ESPP, (I) 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 (J) 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.

# Reconciliation of Non-GAAP Items (Unaudited)

(18) **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

	<b>Three Months Ending</b>	
	<b>December 31, 2024</b>	
	<b>Low <sup>(1)</sup></b>	<b>High <sup>(1)</sup></b>
Operating margin	1.8%	2.5%
Depreciation and amortization (total)	6.3%	6.1%
EBITDA margin	8.1%	8.6%
Share-based compensation	0.6%	0.6%
Acquisition, integration, and other costs	0.5%	0.5%
Adjusted EBITDA margin	<u>9.2%</u>	<u>9.7%</u>

(1) Guidance percentage metrics are approximate.