Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Three Months Ended September 30, 2020	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
Revenue					
Nurse and allied solutions	$ 447,802	$ 422,705	$ 382,699	$ 1,699,311	$ 1,562,588
Physician and leadership solutions	111,042	139,394	109,116	466,622	562,762
Technology and workforce solutions	72,427	24,793	59,816	227,781	96,757
	$ 631,271	$ 586,892	$ 551,631	$ 2,393,714	$ 2,222,107
Segment operating income [1]					
Nurse and allied solutions	$ 58,299	$ 61,021	$ 52,923	$ 232,005	$ 219,862
Physician and leadership solutions	16,910	19,098	15,538	62,342	71,378
Technology and workforce solutions	30,398	10,754	25,680	93,212	43,899
	105,607	90,873	94,141	387,559	335,139
Unallocated corporate overhead [2]	16,313	15,434	17,281	66,886	57,740
Adjusted EBITDA [3]	$ 89,294	$ 75,439	$ 76,860	$ 320,673	$ 277,399
Net income	$ 9,308	$ 27,482	$ 26,067	$ 70,665	$ 113,988
Net income as a % of revenue	1.5 %	4.7 %	4.7 %	3.0 %	5.1 %
Income tax expense (benefit)	(3,330)	10,627	7,831	20,858	34,500
Income before income taxes	5,978	38,109	33,898	91,523	148,488
Interest expense, net, and other [5]	22,681	8,859	12,564	57,742	28,427
Income from operations	28,659	46,968	46,462	149,265	176,915
Operating margin [6]	4.5 %	8.0 %	8.4 %	6.2 %	8.0 %
Depreciation and amortization	23,670	17,007	26,936	92,766	58,520
Depreciation (included in cost of revenue) [7]	440	—	481	1,421	—
Share-based compensation	5,419	4,528	3,772	20,465	16,241
Acquisition, integration, and other costs [8]	31,106	6,936	(791)	56,756	25,723
Adjusted EBITDA [3]	$ 89,294	$ 75,439	$ 76,860	$ 320,673	$ 277,399
Adjusted EBITDA margin [4]	14.1 %	12.9 %	13.9 %	13.4 %	12.5 %

Reconciliation of Non-GAAP Items (Unaudited)

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	Three Months Ended			Twelve Months Ended	
	December 31,		Sept 30,	December 31,	
	2020	2019	2020	2020	2019
Net income	$ 9,308	$ 27,482	$ 26,067	$ 70,665	$ 113,988
Adjustments:					
Amortization of intangible assets	15,746	11,074	19,572	63,817	36,493
Acquisition, integration, and other costs [8]	31,106	6,936	(791)	56,756	25,723
Equity instrument fair value changes [5]	—	—	—	1,891	—
Debt financing related costs	11,513	594	1,773	13,286	594
Tax effect of above adjustments	(15,175)	(4,838)	(5,760)	(35,711)	(16,331)
Tax effect of COLI fair value changes [9]	(2,403)	(1,002)	(1,158)	(2,622)	(3,266)
Excess tax deficiencies (benefits) related to equity awards [10]	(813)	203	(791)	(2,840)	(5,915)
Restructuring tax benefits [11]	(1,615)	—	—	(1,615)	—
Adjusted net income [12]	$ 47,667	$ 40,449	$ 38,912	$ 163,627	$ 151,286
GAAP diluted net income per share (EPS)	$ 0.19	$ 0.58	$ 0.55	$ 1.48	$ 2.40
Adjustments	0.81	0.27	0.27	1.95	0.78
Adjusted diluted EPS [13]	$ 1.00	$ 0.85	$ 0.82	$ 3.43	$ 3.18

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) Interest expense, net, and other for the twelve months ended December 31, 2020 includes $1,891,000 related to changes in the fair value of equity instruments. 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 Stratus Video, which was acquired in February 2020, is included in cost of revenue for the three and twelve months ended December 31, 2020. Beginning in 2020, 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. For the three and twelve months ended December 31, 2020, net increases in the fair value of contingent consideration liabilities for recently acquired companies were $6,600,000 and $4,900,000, respectively, and extraordinary legal expenses were approximately $20,000,000 and $21,000,000, respectively. 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. 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. For the three and twelve months ended December 31, 2019, net increases in the fair value of contingent consideration liabilities for recently acquired companies were $4,895,000 and $7,178,000, respectively, and extraordinary legal expenses were approximately $400,000 and $7,100,000, respectively.
(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.

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Reconciliation of Non-GAAP Items (Unaudited)

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(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 and twelve 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 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 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 March 31, 2021	
	Low[1]	**High**[1]
Operating margin	10.3%	10.7%
Depreciation and amortization	2.8%	2.8%
EBITDA margin	13.1%	13.5%
Share-based compensation	0.7%	0.7%
Acquisition, integration, and other costs	0.5%	0.5%
Adjusted EBITDA margin	14.3%	14.7%

(1) Guidance percentage metrics are approximate.

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