Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Three Months Ended March 31, 2021	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenue					
Nurse and allied solutions	$ 624,485	$ 444,464	$ 656,661	$ 1,281,146	$ 868,810
Physician and leadership solutions	139,104	108,622	140,756	279,860	246,464
Technology and workforce solutions	93,856	55,265	88,528	182,384	95,538
	$ 857,445	$ 608,351	$ 885,945	$ 1,743,390	$ 1,210,812
Segment operating income [1]					
Nurse and allied solutions	$ 89,674	$ 61,175	$ 101,530	$ 191,204	$ 120,783
Physician and leadership solutions	21,849	15,325	21,216	43,065	29,894
Technology and workforce solutions	42,653	21,839	42,089	84,742	37,134
	154,176	98,339	164,835	319,011	187,811
Unallocated corporate overhead [2]	20,628	17,801	23,919	44,547	33,292
Adjusted EBITDA [3]	$ 133,548	$ 80,538	$ 140,916	$ 274,464	$ 154,519
Net income	$ 66,770	$ 22,325	$ 70,378	$ 137,148	$ 35,290
Net income as a % of revenue	7.8 %	3.7 %	7.9 %	7.9 %	2.9 %
Income tax expense	22,293	4,633	25,080	47,373	16,357
Income before income taxes	89,063	26,958	95,458	184,521	51,647
Interest expense, net, and other [5]	10,111	11,443	8,944	19,055	22,497
Income from operations	99,174	38,401	104,402	203,576	74,144
Operating margin [6]	11.6 %	6.3 %	11.8 %	11.7 %	6.1 %
Depreciation and amortization	24,740	22,071	23,254	47,994	42,160
Depreciation (included in cost of revenue) [7]	616	355	471	1,087	500
Share-based compensation	6,019	6,347	9,287	15,306	11,274
Acquisition, integration, and other costs [8]	2,999	13,364	3,502	6,501	26,441
Adjusted EBITDA [3]	$ 133,548	$ 80,538	$ 140,916	$ 274,464	$ 154,519
Adjusted EBITDA margin [4]	15.6 %	13.2 %	15.9 %	15.7 %	12.8 %

Reconciliation of Non-GAAP Items (Unaudited)

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	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2021	2020	2021	2021	2020
Net income	$ 66,770	$ 22,325	$ 70,378	$ 137,148	$ 35,290
Adjustments:					
Amortization of intangible assets	15,806	15,068	15,201	31,007	28,499
Acquisition, integration, and other costs (8)	2,999	13,364	3,502	6,501	26,441
Fair value changes of equity investments and instruments (5)	—	593	(1,271)	(1,271)	1,891
Debt financing related costs	—	—	158	158	—
Tax effect of above adjustments	(4,889)	(7,546)	(4,574)	(9,463)	(14,776)
Tax effect of COLI fair value changes (9)	(1,093)	(4,316)	(1,086)	(2,179)	939
Excess tax benefits related to equity awards (10)	(877)	(15)	(676)	(1,553)	(1,236)
Adjusted net income (11)	$ 78,716	$ 39,473	$ 81,632	$ 160,348	$ 77,048
GAAP diluted net income per share (EPS)	$ 1.39	$ 0.47	$ 1.47	$ 2.86	$ 0.74
Adjustments	0.25	0.36	0.23	0.48	0.88
Adjusted diluted EPS (12)	$ 1.64	$ 0.83	$ 1.70	$ 3.34	$ 1.62

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 and six months ended June 30, 2020 include $3,568,000 of restructuring expenses associated with cost reduction actions that were initiated during the three months ended June 30, 2020, acquisition-related costs of the Stratus Video acquisition of $1,713,000 and $9,525,000, respectively, and increases in contingent consideration liabilities for recently acquired companies of $4,800,000 and $5,000,000, 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) **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.

(12) **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 September 30, 2021	
	Low [1]	High [1]
Operating margin	10.0%	10.5%
Depreciation and amortization	3.4%	3.4%
EBITDA margin	13.4%	13.9%
Share-based compensation	0.4%	0.4%
Acquisition, integration, and other costs	0.4%	0.4%
Adjusted EBITDA margin	14.2%	14.7%

(1) Guidance percentage metrics are approximate.