Reconciliation of Non-GAAP Items (Unaudited)

(in thousands)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Three Months Ended June 30, 2020	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenue					
Nurse and allied solutions	$ 382,699	$ 398,417	$ 444,464	$ 1,251,509	$ 1,139,883
Physician and leadership solutions	109,116	143,842	108,622	355,580	423,368
Technology and workforce solutions	59,816	25,338	55,265	155,354	71,964
	$ 551,631	$ 567,597	$ 608,351	$ 1,762,443	$ 1,635,215
Segment operating income (1)					
Nurse and allied solutions	$ 52,923	$ 52,533	$ 61,175	$ 173,706	$ 158,841
Physician and leadership solutions	15,538	17,547	15,325	45,432	52,280
Technology and workforce solutions	25,680	11,426	21,839	62,814	33,145
	94,141	81,506	98,339	281,952	244,266
Unallocated corporate overhead (2)	17,281	12,255	17,801	50,573	42,306
Adjusted EBITDA (3)	$ 76,860	$ 69,251	$ 80,538	$ 231,379	$ 201,960
Adjusted EBITDA margin (4)	13.9 %	12.2 %	13.2 %	13.1 %	12.4 %
Net income	$ 26,067	$ 23,515	$ 22,325	$ 61,357	$ 86,506
Income tax expense	7,831	8,394	4,633	24,188	23,873
Income before income taxes	33,898	31,909	26,958	85,545	110,379
Interest expense, net, and other (5)	12,564	7,830	11,443	35,061	19,568
Income from operations	46,462	39,739	38,401	120,606	129,947
Operating margin (6)	8.4 %	7.0 %	6.3 %	6.8 %	7.9 %
Depreciation and amortization	26,936	17,085	22,071	69,096	41,513
Depreciation (included in cost of revenue) (7)	481	—	355	981	—
Share-based compensation	3,772	2,825	6,347	15,046	11,713
Acquisition, integration, and other costs (8)	(791)	9,602	13,364	25,650	18,787
Adjusted EBITDA (3)	$ 76,860	$ 69,251	$ 80,538	$ 231,379	$ 201,960

Reconciliation of Non-GAAP Items (Unaudited)

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	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2020	2019	2020	2020	2019
Net income	$ 26,067	$ 23,515	$ 22,325	$ 61,357	$ 86,506
Adjustments:					
Amortization of intangible assets	19,572	11,411	15,068	48,071	25,419
Acquisition, integration, and other costs (8)	(791)	9,602	13,364	25,650	18,787
Equity instrument fair value changes (5)	—	—	593	1,891	—
Debt financing related costs	1,773	—	—	1,773	—
Tax effect of above adjustments	(5,760)	(5,463)	(7,546)	(20,536)	(11,493)
Tax effect of COLI fair value changes (9)	(1,158)	(162)	(4,316)	(219)	(2,264)
Excess tax deficiencies (benefits) related to equity awards (10)	(791)	(576)	(15)	(2,027)	(6,118)
Adjusted net income (11)	$ 38,912	$ 38,327	$ 39,473	$ 115,960	$ 110,837
GAAP diluted net income per share (EPS)	$ 0.55	$ 0.49	$ 0.47	$ 1.29	$ 1.82
Adjustments	0.27	0.32	0.36	1.14	0.51
Adjusted diluted EPS (12)	$ 0.82	$ 0.81	$ 0.83	$ 2.43	$ 2.33

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, 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, 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 nine months ended September 30, 2020 includes $1,891,000 related to changes in the fair value of equity instruments, respectively. Since the changes in fair value is unrelated to the Company's operating performance, we excluded the impact from the calculation of adjusted net income and adjusted diluted EPS for the nine months ended September 30, 2020.
(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 nine months ended September 30, 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 for the three months ended September 30, 2020 of $7,510,000 were offset by a decrease in contingent consideration liabilities for recently acquired companies of $6,700,000 and a one-time insurance policy benefit of $1,601,000. Acquisition, integration, and other costs for the nine months ended September 30, 2020 of $28,951,000 were partially offset by a net decrease in contingent consideration liabilities for recently acquired companies of $1,700,000 and the one-time insurance policy benefit of $1,601,000. Acquisition, integration, and other costs include restructuring expenses associated with cost reduction actions that were initiated during the second quarter of 2020 and extraordinary legal expenses, which we exclude from the calculation of adjusted EBITDA because we believe that these expenses are not indicative of the Company's operating performance.
(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.

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 instruments, (E) write offs of deferred financing 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 related to the income tax treatment of fair value changes in the cash surrender value of its company owned life insurance. 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.

AMN® Healthcare

Reconciliation of Guidance Operating Margin to Guidance Adjusted EBITDA Margin

	Three Months Ending December 31, 2020		
	Low (1)		High (1)
Operating margin	7.6%		8.1%
Depreciation and amortization		4.0%	
EBITDA margin	11.6%		12.1%
Share-based compensation		0.7%	
Acquisition, integration, and other costs		1.0%	
Adjusted EBITDA margin	13.3%		13.8%

(1) Guidance percentage metrics are approximate.