

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File No.: 001-16753



**AMN HEALTHCARE SERVICES, INC.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**

*(State or Other Jurisdiction of  
Incorporation or Organization)*

**8840 Cypress Waters Boulevard**

**Dallas**

*(Address of Principal Executive Offices)*

**Suite 300**

**Texas**

**06-1500476**

*(I.R.S. Employer  
Identification No.)*

**75019**

*(Zip Code)*

Registrant's Telephone Number, Including Area Code: **(866) 871-8519**

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	AMN	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 3, 2021, there were 47,275,009 shares of common stock, \$0.01 par value, outstanding.

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# PART I - FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

### AMN HEALTHCARE SERVICES, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited and in thousands, except par value)

ASSETS	September 30, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	\$ 137,041	\$ 29,213
Accounts receivable, net of allowances of \$6,148 and \$7,043 at September 30, 2021 and December 31, 2020, respectively	570,101	376,099
Accounts receivable, subcontractor	141,626	73,985
Prepaid expenses	19,367	13,629
Other current assets	31,396	40,809
Total current assets	899,531	533,735
Restricted cash, cash equivalents and investments	63,603	61,347
Fixed assets, net of accumulated depreciation of \$190,578 and \$161,752 at September 30, 2021 and December 31, 2020, respectively	127,762	116,174
Operating lease right-of-use assets	36,487	77,735
Other assets	157,909	135,120
Goodwill	893,283	864,485
Intangible assets, net of accumulated amortization of \$262,253 and \$215,234 at September 30, 2021 and December 31, 2020, respectively	530,422	564,911
Total assets	\$ 2,708,997	\$ 2,353,507
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 284,094	\$ 167,881
Accrued compensation and benefits	321,938	213,414
Current portion of notes payable	—	4,688
Current portion of operating lease liabilities	14,396	15,032
Deferred revenue	17,904	11,004
Other current liabilities	2,854	10,938
Total current liabilities	641,186	422,957
Notes payable, net of unamortized fees and premium	842,027	857,961
Deferred income taxes, net	61,187	67,205
Operating lease liabilities	15,004	77,800
Other long-term liabilities	107,115	107,907
Total liabilities	1,666,519	1,533,830
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 10,000 shares authorized; none issued and outstanding at September 30, 2021 and December 31, 2020	—	—
Common stock, \$0.01 par value; 200,000 shares authorized; 49,836 issued and 47,275 outstanding at September 30, 2021 and 49,614 issued and 47,053 outstanding at December 31, 2020	498	496
Additional paid-in capital	480,364	468,726
Treasury stock, at cost; 2,561 shares at September 30, 2021 and December 31, 2020	(119,143)	(119,143)
Retained earnings	680,729	469,558
Accumulated other comprehensive income	30	40
Total stockholders' equity	1,042,478	819,677
Total liabilities and stockholders' equity	\$ 2,708,997	\$ 2,353,507

See accompanying notes to unaudited condensed consolidated financial statements.

**AMN HEALTHCARE SERVICES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited and in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 877,800	\$ 551,631	\$ 2,621,190	\$ 1,762,443
Cost of revenue	571,935	366,998	1,745,914	1,178,204
Gross profit	305,865	184,633	875,276	584,239
Operating expenses:				
Selling, general and administrative	173,932	111,235	491,773	394,537
Depreciation and amortization (exclusive of depreciation included in cost of revenue)	26,104	26,936	74,098	69,096
Total operating expenses	200,036	138,171	565,871	463,633
Income from operations	105,829	46,462	309,405	120,606
Interest expense, net, and other	5,223	12,564	24,278	35,061
Income before income taxes	100,606	33,898	285,127	85,545
Income tax expense	26,583	7,831	73,956	24,188
Net income	\$ 74,023	\$ 26,067	\$ 211,171	\$ 61,357
Other comprehensive income (loss):				
Foreign currency translation and other	11	(14)	(10)	(119)
Other comprehensive income (loss)	11	(14)	(10)	(119)
Comprehensive income	\$ 74,034	\$ 26,053	\$ 211,161	\$ 61,238
Net income per common share:				
Basic	\$ 1.55	\$ 0.55	\$ 4.43	\$ 1.29
Diluted	\$ 1.54	\$ 0.55	\$ 4.40	\$ 1.29
Weighted average common shares outstanding:				
Basic	47,737	47,476	47,666	47,406
Diluted	48,080	47,676	48,022	47,647

See accompanying notes to unaudited condensed consolidated financial statements.

## AMN HEALTHCARE SERVICES, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited and in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount		Shares	Amount			
Balance, December 31, 2019	49,283	\$ 493	\$ 455,193	(2,561)	\$ (119,143)	\$ 400,047	\$ 152	\$ 736,742
Equity awards vested and exercised, net of shares withheld for payroll taxes	140	1	(4,354)	—	—	—	—	(4,353)
Cumulative-effect adjustment from adoption of the credit loss standard, net of tax	—	—	—	—	—	(1,154)	—	(1,154)
Share-based compensation	—	—	4,927	—	—	—	—	4,927
Comprehensive income (loss)	—	—	—	—	—	12,965	(47)	12,918
Balance, March 31, 2020	49,423	\$ 494	\$ 455,766	(2,561)	\$ (119,143)	\$ 411,858	\$ 105	\$ 749,080
Equity awards vested and exercised, net of shares withheld for payroll taxes	119	1	(289)	—	—	—	—	(288)
Share-based compensation	—	—	6,347	—	—	—	—	6,347
Comprehensive income (loss)	—	—	—	—	—	22,325	(58)	22,267
Balance, June 30, 2020	49,542	\$ 495	\$ 461,824	(2,561)	\$ (119,143)	\$ 434,183	\$ 47	\$ 777,406
Equity awards vested and exercised, net of shares withheld for payroll taxes	8	—	(158)	—	—	—	—	(158)
Share-based compensation	—	—	3,772	—	—	—	—	3,772
Comprehensive income (loss)	—	—	—	—	—	26,067	(14)	26,053
Balance, September 30, 2020	49,550	\$ 495	\$ 465,438	(2,561)	\$ (119,143)	\$ 460,250	\$ 33	\$ 807,073

	Common Stock		Additional Paid-in Capital	Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount		Shares	Amount			
Balance, December 31, 2020	49,614	\$ 496	\$ 468,726	(2,561)	\$ (119,143)	\$ 469,558	\$ 40	\$ 819,677
Equity awards vested and exercised, net of shares withheld for payroll taxes	132	1	(5,259)	—	—	—	—	(5,258)
Share-based compensation	—	—	9,287	—	—	—	—	9,287
Comprehensive income (loss)	—	—	—	—	—	70,378	(24)	70,354
Balance, March 31, 2021	49,746	\$ 497	\$ 472,754	(2,561)	\$ (119,143)	\$ 539,936	\$ 16	\$ 894,060
Equity awards vested and exercised, net of shares withheld for payroll taxes	78	1	(471)	—	—	—	—	(470)
Share-based compensation	—	—	6,019	—	—	—	—	6,019
Comprehensive income	—	—	—	—	—	66,770	3	66,773
Balance, June 30, 2021	49,824	\$ 498	\$ 478,302	(2,561)	\$ (119,143)	\$ 606,706	\$ 19	\$ 966,382
Equity awards vested and exercised, net of shares withheld for payroll taxes	12	—	(527)	—	—	—	—	(527)
Share-based compensation	—	—	2,589	—	—	—	—	2,589
Comprehensive income	—	—	—	—	—	74,023	11	74,034
Balance, September 30, 2021	49,836	\$ 498	\$ 480,364	(2,561)	\$ (119,143)	\$ 680,729	\$ 30	\$ 1,042,478

See accompanying notes to unaudited condensed consolidated financial statements.

## AMN HEALTHCARE SERVICES, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited and in thousands)

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 211,171	\$ 61,357
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (inclusive of depreciation included in cost of revenue)	75,871	70,077
Non-cash interest expense and other	(4,541)	3,727
Write-off of fees on credit facilities and senior notes	158	1,773
Change in fair value of contingent consideration	—	(1,700)
Increase in allowance for credit losses and sales credits	2,103	7,580
Provision for deferred income taxes	(4,328)	(17,923)
Share-based compensation	17,895	15,046
Loss on disposal or sale of fixed assets	386	3,664
Amortization of discount on investments	(41)	(96)
Net loss on deferred compensation balances	96	798
Non-cash lease expense	(257)	244
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(196,342)	15,151
Accounts receivable, subcontractor	(67,641)	16,414
Income taxes receivable	5,472	6,157
Prepaid expenses	(5,695)	(3,361)
Other current assets	3,411	2,977
Other assets	780	3,378
Accounts payable and accrued expenses	112,183	(5,484)
Accrued compensation and benefits	96,666	7,630
Other liabilities	(26,268)	29,592
Deferred revenue	6,276	(32)
Restricted investments balance	16	12
Net cash provided by operating activities	227,371	216,981
<b>Cash flows from investing activities:</b>		
Purchase and development of fixed assets	(38,710)	(27,357)
Purchase of investments	(32,437)	(37,418)
Proceeds from maturity of investments	40,000	21,500
Purchase of equity investment	(500)	—
Payments to fund deferred compensation plan	(6,094)	(7,171)
Proceeds from sale of equity investment	78	303
Purchase of convertible promissory notes	—	(490)
Cash paid for acquisitions, net of cash and restricted cash received	(41,264)	(476,491)
Cash paid for other intangibles	(90)	(1,400)
Cash received for working capital adjustments for prior year acquisitions	—	66
Net cash used in investing activities	(79,017)	(528,458)

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from financing activities:</b>		
Payments on term loans	(21,875)	(203,125)
Proceeds from term loans	—	250,000
Payments on revolving credit facility	(70,000)	(205,000)
Proceeds from revolving credit facility	70,000	245,000
Proceeds from senior notes	—	202,000
Payment of financing costs	—	(6,898)
Earn-out payments to settle contingent consideration liabilities for prior acquisitions	(3,100)	(10,622)
Cash paid for shares withheld for taxes	(6,255)	(4,798)
Net cash provided by (used in) financing activities	(31,230)	266,557
Effect of exchange rate changes on cash	(10)	(119)
Net increase (decrease) in cash, cash equivalents and restricted cash	117,114	(45,039)
Cash, cash equivalents and restricted cash at beginning of period	83,990	153,962
Cash, cash equivalents and restricted cash at end of period	\$ 201,104	\$ 108,923
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 35,066	\$ 15,079
Cash paid for interest (net of \$248 and \$300 capitalized for the nine months ended September 30, 2021 and 2020, respectively)	\$ 19,301	\$ 13,848
Cash paid for income taxes	\$ 72,863	\$ 30,727
<b>Acquisitions:</b>		
Fair value of tangible assets acquired in acquisitions, net of cash and restricted cash received	\$ 1,906	\$ 35,704
Goodwill	28,135	274,427
Intangible assets	12,440	228,000
Liabilities assumed	(1,217)	(61,640)
Net cash paid for acquisitions	\$ 41,264	\$ 476,491
<b>Supplemental disclosures of non-cash investing and financing activities:</b>		
Purchase of fixed assets recorded in accounts payable and accrued expenses	\$ 5,080	\$ 1,007

See accompanying notes to unaudited condensed consolidated financial statements.

# AMN HEALTHCARE SERVICES, INC.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in thousands, except per share amounts)

### 1. BASIS OF PRESENTATION

The condensed consolidated balance sheets and related condensed consolidated statements of comprehensive income and cash flows contained in this Quarterly Report on Form 10-Q (this “Quarterly Report”), which are unaudited, include the accounts of AMN Healthcare Services, Inc. and its wholly-owned subsidiaries (collectively, the “Company”). All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all entries necessary for a fair presentation of such unaudited condensed consolidated financial statements have been included. These entries consisted of all normal recurring items. The results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year or for any future period.

The unaudited condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). Please refer to the Company’s audited consolidated financial statements and the related notes for the fiscal year ended December 31, 2020, contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the Securities and Exchange Commission on February 26, 2021 (“2020 Annual Report”).

The preparation of financial statements in conformity with U.S. GAAP requires management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, the Company evaluates its estimates, including those related to intangible assets purchased in a business combination, asset impairments, accruals for self-insurance, compensation and related benefits, accounts receivable, contingencies and litigation, contingent consideration liabilities associated with acquisitions, and income taxes. Actual results could differ from those estimates under different assumptions or conditions. The impact of the novel coronavirus (COVID-19) pandemic did not have a material effect on the Company’s estimates as of September 30, 2021.

#### *Recently Adopted Accounting Pronouncements*

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2019-12, “Simplifying the Accounting for Income Taxes.” The standard is expected to reduce cost and complexity related to accounting for income taxes. The new guidance eliminates certain exceptions and clarifies and amends existing guidance to promote consistent application among reporting entities. Depending on the amended guidance within this standard, adoption is to be applied on a retrospective, modified retrospective or prospective basis. The Company adopted this standard effective January 1, 2021, and the adoption did not have a material effect on the Company’s consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, “Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.” The new guidance clarifies the interactions between accounting standards that apply to equity investments without readily determinable fair values. Specifically, it addresses the accounting for the transition into and out of the equity method. The Company adopted this standard effective January 1, 2021 on a prospective basis, and the adoption did not have a material effect on the Company’s consolidated financial statements.

#### *Cash, Cash Equivalents and Restricted Cash*

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include currency on hand, deposits with financial institutions, money market funds, commercial paper and other highly liquid investments. Restricted cash and cash equivalents primarily includes cash and commercial paper that serve as collateral for the Company’s captive insurance subsidiary claim payments. See Note (7), “Fair Value Measurement” for additional information.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the accompanying condensed consolidated balance sheets and related notes to the amounts presented in the accompanying condensed consolidated statements of cash flows.



	September 30, 2021	December 31, 2020
Cash and cash equivalents	\$ 137,041	\$ 29,213
Restricted cash and cash equivalents (included in other current assets)	18,118	18,626
Restricted cash, cash equivalents and investments	63,603	61,347
Total cash, cash equivalents and restricted cash and investments	218,762	109,186
Less restricted investments	(17,658)	(25,196)
Total cash, cash equivalents and restricted cash	\$ 201,104	\$ 83,990

### *Accounts Receivable*

The Company records accounts receivable at the invoiced amount. Accounts receivable are non-interest bearing. The Company maintains an allowance for expected credit losses based on the Company's historical write-off experience, an assessment of its customers' financial conditions and available information that is relevant to assessing the collectability of cash flows, which includes current conditions and forecasts about future economic conditions.

The following table provides a reconciliation of activity in the allowance for credit losses for accounts receivable:

	2021	2020
Balance as of January 1,	\$ 7,043	\$ 3,332
Adoption of the credit loss standard, cumulative-effect adjustment to retained earnings	—	1,334
Provision for expected credit losses	325	5,178
Amounts written off charged against the allowance	(1,220)	(1,333)
Balance as of September 30,	\$ 6,148	\$ 8,511

## 2. ACQUISITIONS

As set forth below, the Company completed two acquisitions from January 1, 2020 through September 30, 2021, which were accounted for using the acquisition method of accounting. Accordingly, the Company recorded the tangible and intangible assets acquired and liabilities assumed at their estimated fair values as of the applicable date of acquisition. Since the applicable date of acquisition, the Company has revised the allocation of the purchase price to the tangible and intangible assets acquired and liabilities assumed based on analysis of information that has been made available through September 30, 2021. The allocations will continue to be updated through the measurement period, if necessary. The Company recognizes acquisition-related costs in selling, general and administrative expenses in the consolidated statements of comprehensive income.

### *Synzi and SnapMD Acquisition*

On April 7, 2021, the Company completed its acquisition of Synzi Holdings, Inc. ("Synzi") and its wholly-owned subsidiary, SnapMD, LLC ("SnapMD"). Synzi is a virtual care communication platform that enables organizations to conduct virtual visits and use secure messaging, text, and email for clinician-to-patient and clinician-to-clinician communications. SnapMD is a full-service virtual care management company, specializing in providing software to enable healthcare providers to better engage with their patients. The initial purchase price of \$42,240 consisted entirely of cash consideration paid upon acquisition. The acquisition was funded primarily through borrowings under the Senior Credit Facility (as defined below). The results of Synzi and SnapMD have been included in the Company's technology and workforce solutions segment since the date of acquisition. During the second quarter of 2021, \$92 was returned to the Company in respect of the final working capital settlement.

The preliminary allocation of the \$42,148 purchase price, which was reduced by the final working capital settlement, consisted of (1) \$2,790 of fair value of tangible assets acquired, which included \$884 cash received, (2) \$1,217 of liabilities assumed, (3) \$12,440 of identified intangible assets, and (4) \$28,135 of goodwill, of which \$6,085 is deductible for tax purposes. The provisional items pending finalization are income tax related matters and the assessment of additional information related to determining the fair value of certain assets acquired and liabilities assumed. The fair value of intangible assets primarily includes \$10,890 of developed technology and \$1,220 of trademarks with a weighted average useful life of approximately seven years.

### *Stratus Video Acquisition*

On February 14, 2020, the Company completed its acquisition of Stratus Video, a remote video interpreting company that provides healthcare interpretation via remote video, over the phone, and onsite in-person, all supported by proprietary technology platforms. The initial purchase price of \$485,568 consisted entirely of cash consideration paid upon acquisition. The acquisition was funded primarily through (1) borrowings under the Company's \$400,000 secured revolving credit facility (the "Senior Credit Facility"), provided for under a credit agreement (the "New Credit Agreement"), and (2) the Second Amendment (as defined in Note (6) below) to the New Credit Agreement, which provided \$250,000 of additional available borrowings to the Company. The Senior Credit Facility, New Credit Agreement and Second Amendment are more fully described in Note (6), "Notes Payable and Credit Agreement." The results of Stratus Video have been included in the Company's technology and workforce solutions segment since the date of acquisition. During the second quarter of 2020, an additional \$99 of cash consideration was paid to the selling shareholders in respect of the final working capital settlement. The Company incurred \$10,548 of acquisition-related costs during the nine months ended September 30, 2020 as a result of its acquisition of Stratus Video.

The allocation of the \$485,667 purchase price, which included the additional cash consideration paid for the final working capital settlement and was finalized during the first quarter of 2021, consisted of (1) \$44,092 of fair value of tangible assets acquired, which included \$9,176 cash received, (2) \$56,059 of liabilities assumed, (3) \$228,000 of identified intangible assets, and (4) \$269,634 of goodwill, of which \$10,182 is deductible for tax purposes. The intangible assets acquired have a weighted average useful life of approximately seventeen years. The following table summarizes the fair value and useful life of each intangible asset acquired as of the acquisition date:

	Fair Value	Useful Life (in years)
Identifiable intangible assets		
Customer Relationships	\$ 171,000	20
Tradenames and Trademarks	40,000	5 - 10
Developed Technology	16,000	5
Interpreter Database	1,000	4
	\$ 228,000	

During the third quarter of 2020, the Company revised the estimated useful lives for the tradenames and trademarks intangible assets as a result of its plan to rebrand the language services business. Based on this change in circumstances since the date of acquisition, the Company determined that the remaining useful lives of the assets are 5 years and is amortizing the remaining value on a straight-line basis over the remaining useful life. The Company will continue to evaluate the remaining useful lives of other intangible assets impacted by its brand consolidation efforts.

Approximately \$35,329 of revenue and \$8,322 of income before income taxes of Stratus Video were included in the unaudited condensed consolidated statement of comprehensive income for the three months ended September 30, 2020. Approximately \$78,080 of revenue and \$13,787 of income before income taxes of Stratus Video were included in the unaudited condensed consolidated statement of comprehensive income for the nine months ended September 30, 2020.

#### ***Pro Forma Financial Information (Unaudited)***

The following summary presents unaudited pro forma consolidated results of operations of the Company as if the acquisition of Stratus Video had occurred on January 1, 2019, which gives effect to certain adjustments, including acquisition-related costs of \$1,023 and \$11,662, that were reclassified from the three and nine months ended September 30, 2020, respectively, to the three and nine months ended September 30, 2019, respectively. The unaudited pro forma financial information is not necessarily indicative of the operating results that would have occurred had the acquisition been consummated as of the date indicated, nor is it necessarily indicative of the Company's future operating results.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020		2020	
Revenue	\$	551,631	\$	1,776,315
Income from operations	\$	50,465	\$	135,618
Net income	\$	29,030	\$	71,434

### **3. REVENUE RECOGNITION**

Revenue primarily consists of fees earned from the temporary staffing and permanent placement of healthcare professionals, executives, and leaders (clinical and operational). The Company also generates revenue from its software as a service (“SaaS”)-based technologies, including vendor management systems and scheduling software, and outsourced workforce services, including language interpretation and recruitment process outsourcing. The Company recognizes revenue when control of its services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those services. Revenue from temporary staffing services is recognized as the services are rendered by clinical and non-clinical healthcare professionals. Under the Company’s managed services program (“MSP”) arrangements, the Company manages all or a part of a customer’s supplemental workforce needs utilizing its own network of healthcare professionals along with those of third-party subcontractors. Revenue and the related direct costs under MSP arrangements are recorded in accordance with the accounting guidance on reporting revenue gross as a principal versus net as an agent. When the Company uses subcontractors and acts as an agent, revenue is recorded net of the related subcontractor’s expense. Revenue from permanent placement and outsourced workforce services is recognized as the services are rendered. Depending on the arrangement, the Company’s SaaS-based revenue is recognized either as the services are rendered or ratably over the applicable arrangement’s service period.

The Company’s customers are primarily billed as services are rendered. Any fees billed in advance of being earned are recorded as deferred revenue. While payment terms vary by the type of customer and the services rendered, the term between invoicing and when payment is due is not significant. During the nine months ended September 30, 2021 and 2020, previously deferred revenue recognized as revenue was \$10,515 and \$11,408, respectively.

The Company has elected to apply the following practical expedients and optional exemptions related to contract costs and revenue recognition:

- Recognize incremental costs of obtaining a contract with amortization periods of one year or less as expense when incurred. These costs are recorded within selling, general and administrative expenses.
- Recognize revenue in the amount of consideration that the Company has a right to invoice the customer if that amount corresponds directly with the value to the customer of the Company’s services completed to date.
- Exemptions from disclosing the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized in the amount of consideration that the Company has a right to invoice for services performed and (iii) contracts for which variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation.

See Note (5), “Segment Information,” for additional information regarding the Company’s revenue disaggregated by service type.

#### 4. NET INCOME PER COMMON SHARE

Basic net income per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting period. The following table sets forth the computation of basic and diluted net income per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	\$ 74,023	\$ 26,067	\$ 211,171	\$ 61,357
Net income per common share - basic	\$ 1.55	\$ 0.55	\$ 4.43	\$ 1.29
Net income per common share - diluted	\$ 1.54	\$ 0.55	\$ 4.40	\$ 1.29
Weighted average common shares outstanding - basic	47,737	47,476	47,666	47,406
Plus dilutive effect of potential common shares	343	200	356	241
Weighted average common shares outstanding - diluted	48,080	47,676	48,022	47,647

Share-based awards to purchase 21 and 26 shares of common stock were not included in the above calculation of diluted net income per common share for the three and nine months ended September 30, 2021, respectively, because the effect of these instruments was anti-dilutive. Share-based awards to purchase 84 and 79 shares of common stock were not included in the above calculation of diluted net income per common share for the three and nine months ended September 30, 2020, respectively, because the effect of these instruments was anti-dilutive.

## 5. SEGMENT INFORMATION

The Company's operating segments are identified in the same manner as they are reported internally and used by the Company's chief operating decision maker for the purpose of evaluating performance and allocating resources. The Company has three reportable segments: (1) nurse and allied solutions, (2) physician and leadership solutions, and (3) technology and workforce solutions. The nurse and allied solutions segment includes the Company's travel nurse staffing, rapid response nurse staffing and labor disruption, allied staffing, local staffing, and revenue cycle solutions businesses. The physician and leadership solutions segment includes the Company's locum tenens staffing, healthcare interim leadership staffing, executive search, and physician permanent placement businesses. The technology and workforce solutions segment includes the Company's language services, vendor management systems, workforce optimization, recruitment process outsourcing, telehealth, credentialing, and flex pool management and other outsourced solutions businesses.

The Company's chief operating decision maker relies on internal management reporting processes that provide revenue and operating income by reportable segment for making financial decisions and allocating resources. Segment operating income represents income before income taxes plus depreciation, amortization of intangible assets, share-based compensation, interest expense, net, and other, and unallocated corporate overhead. The Company's management does not evaluate, manage or measure performance of segments using asset information; accordingly, asset information by segment is not prepared or disclosed.

The following table provides a reconciliation of revenue and operating income by reportable segment to consolidated results and was derived from each segment's internal financial information as used for corporate management purposes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
Nurse and allied solutions	\$ 627,049	\$ 382,699	\$ 1,908,195	\$ 1,251,509
Physician and leadership solutions	150,663	109,116	430,523	355,580
Technology and workforce solutions	100,088	59,816	282,472	155,354
	<u>\$ 877,800</u>	<u>\$ 551,631</u>	<u>\$ 2,621,190</u>	<u>\$ 1,762,443</u>
<b>Segment operating income</b>				
Nurse and allied solutions	\$ 92,564	\$ 52,923	\$ 283,768	\$ 173,706
Physician and leadership solutions	19,301	15,538	62,366	45,432
Technology and workforce solutions	47,210	25,680	131,952	62,814
	159,075	94,141	478,086	281,952
Unallocated corporate overhead	23,867	16,490	74,915	76,223
Depreciation and amortization	26,104	26,936	74,098	69,096
Depreciation (included in cost of revenue)	686	481	1,773	981
Share-based compensation	2,589	3,772	17,895	15,046
Interest expense, net, and other	5,223	12,564	24,278	35,061
Income before income taxes	<u>\$ 100,606</u>	<u>\$ 33,898</u>	<u>\$ 285,127</u>	<u>\$ 85,545</u>

The following tables present the Company's revenue disaggregated by service type:

	Three Months Ended September 30, 2021			
	Nurse and Allied Solutions	Physician and Leadership Solutions	Technology and Workforce Solutions	Total
Temporary staffing	\$ 627,049	\$ 132,848	\$ —	\$ 759,897
Permanent placement	—	17,815	—	17,815
Outsourced workforce	—	—	58,802	58,802
SaaS-based technologies	—	—	41,286	41,286
Total revenue	<u>\$ 627,049</u>	<u>\$ 150,663</u>	<u>\$ 100,088</u>	<u>\$ 877,800</u>

	<b>Three Months Ended September 30, 2020</b>			
	<b>Nurse and Allied Solutions</b>	<b>Physician and Leadership Solutions</b>	<b>Technology and Workforce Solutions</b>	<b>Total</b>
Temporary staffing	\$ 382,699	\$ 95,648	\$ —	\$ 478,347
Permanent placement	—	13,468	—	13,468
Outsourced workforce	—	—	38,159	38,159
SaaS-based technologies	—	—	21,657	21,657
<b>Total revenue</b>	<b>\$ 382,699</b>	<b>\$ 109,116</b>	<b>\$ 59,816</b>	<b>\$ 551,631</b>

	<b>Nine Months Ended September 30, 2021</b>			
	<b>Nurse and Allied Solutions</b>	<b>Physician and Leadership Solutions</b>	<b>Technology and Workforce Solutions</b>	<b>Total</b>
Temporary staffing	\$ 1,908,195	\$ 379,814	\$ —	\$ 2,288,009
Permanent placement	—	50,709	—	50,709
Outsourced workforce	—	—	164,595	164,595
SaaS-based technologies	—	—	117,877	117,877
<b>Total revenue</b>	<b>\$ 1,908,195</b>	<b>\$ 430,523</b>	<b>\$ 282,472</b>	<b>\$ 2,621,190</b>

	<b>Nine Months Ended September 30, 2020</b>			
	<b>Nurse and Allied Solutions</b>	<b>Physician and Leadership Solutions</b>	<b>Technology and Workforce Solutions</b>	<b>Total</b>
Temporary staffing	\$ 1,251,509	\$ 310,945	\$ —	\$ 1,562,454
Permanent placement	—	44,635	—	44,635
Outsourced workforce	—	—	87,705	87,705
SaaS-based technologies	—	—	67,649	67,649
<b>Total revenue</b>	<b>\$ 1,251,509</b>	<b>\$ 355,580</b>	<b>\$ 155,354</b>	<b>\$ 1,762,443</b>

The following table summarizes the activity related to the carrying value of goodwill by reportable segment:

	<b>Nurse and Allied Solutions</b>	<b>Physician and Leadership Solutions</b>	<b>Technology and Workforce Solutions</b>	<b>Total</b>
Balance, January 1, 2021	\$ 339,015	\$ 152,800	\$ 372,670	\$ 864,485
Goodwill adjustment for Stratus Video acquisition	—	—	663	663
Goodwill from Synzi and SnapMD acquisition	—	—	28,135	28,135
Balance, September 30, 2021	<b>\$ 339,015</b>	<b>\$ 152,800</b>	<b>\$ 401,468</b>	<b>\$ 893,283</b>
Accumulated impairment loss as of December 31, 2020 and September 30, 2021	<b>\$ 154,444</b>	<b>\$ 60,495</b>	<b>\$ —</b>	<b>\$ 214,939</b>

## 6. NOTES PAYABLE AND CREDIT AGREEMENT

On February 9, 2018, the Company entered into the New Credit Agreement with several lenders to provide for the \$400,000 Senior Credit Facility to replace its then-existing credit facilities. On June 14, 2019, the Company entered into the first amendment to the New Credit Agreement (the “First Amendment”) to provide for, among other things, a \$150,000 secured term loan credit facility (the “Term Loan”). The Company fully repaid all amounts under the Term Loan in 2019. On February 14, 2020, the Company entered into the second amendment to the New Credit Agreement (the “Second Amendment”) to provide for, among other things, a \$250,000 secured term loan credit facility (the “Additional Term Loan”). The Second Amendment (together with the New Credit Agreement and the First Amendment, collectively, the “Amended Credit Agreement”) extended the maturity date of the Senior Credit Facility to be coterminous with the Additional Term Loan. The Company used the proceeds from the Additional Term Loan, together with a drawdown of a portion of the Senior Credit Facility, to complete its acquisition of Stratus Video as more fully described in Note (2), “Acquisitions.” The Company repaid

its outstanding indebtedness under the Additional Term Loan in the first quarter of 2021. The maturity date of the Senior Credit Facility is February 14, 2025.

## 7. FAIR VALUE MEASUREMENT

The Company's valuation techniques and inputs used to measure fair value and the definition of the three levels (Level 1, Level 2, and Level 3) of the fair value hierarchy are disclosed in Part II, Item 8, "Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 3—Fair Value Measurement" of the 2020 Annual Report. The Company has not changed the valuation techniques or inputs it uses for its fair value measurement during the nine months ended September 30, 2021.

### *Assets and Liabilities Measured on a Recurring Basis*

Beginning in the third quarter of 2021, the Company invests a portion of its cash and cash equivalents in non-federally insured money market funds that are measured at fair value based on quoted prices, which are Level 1 inputs.

The Company has a deferred compensation plan for certain executives and employees, which is composed of deferred compensation and all related income and losses attributable thereto. The Company's obligation under its deferred compensation plan is measured at fair value based on quoted market prices of the participants' elected investments, which are Level 1 inputs.

The Company's restricted cash equivalents and investments that serve as collateral for the Company's captive insurance company primarily consist of commercial paper that is measured at observable market prices for identical securities that are traded in less active markets, which are Level 2 inputs. The Company's cash equivalents also include commercial paper classified as Level 2 in the fair value hierarchy. Of the \$126,584 commercial paper issued and outstanding as of September 30, 2021, \$17,658 had original maturities greater than three months, which were considered available-for-sale securities. As of December 31, 2020, the Company had \$58,345 commercial paper issued and outstanding, of which \$25,196 had original maturities greater than three months and were considered available-for-sale securities.

The Company's contingent consideration liabilities associated with acquisitions are measured at fair value using a probability-weighted discounted cash flow analysis or a simulation-based methodology for the acquired companies, which are Level 3 inputs. The Company recognizes changes to the fair value of its contingent consideration liabilities in selling, general and administrative expenses in the condensed consolidated statements of comprehensive income.

The following tables present information about the above-referenced assets and liabilities and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements as of September 30, 2021			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 31,569	\$ 31,569	\$ —	\$ —
Deferred compensation	(117,020)	(117,020)	—	—
Commercial paper	126,584	—	126,584	—
	Fair Value Measurements as of December 31, 2020			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 2,198	\$ 2,198	\$ —	\$ —
Deferred compensation	(97,184)	(97,184)	—	—
Commercial paper	58,345	—	58,345	—
Acquisition contingent consideration liabilities	(8,000)	—	—	(8,000)

### Level 3 Information

The following tables set forth a reconciliation of changes in the fair value of contingent consideration liabilities classified as Level 3 in the fair value hierarchy:

	2021	2020
Balance as of July 1,	\$ —	\$ (8,100)
Change in fair value of contingent consideration liability from b4health acquisition	—	6,700
Balance as of September 30,	\$ —	\$ (1,400)

  

	2021	2020
Balance as of January 1,	\$ (8,000)	\$ (23,100)
Settlement of Advanced contingent consideration liability for year ended December 31, 2019	—	20,000
Settlement of b4health contingent consideration liability for year ended December 31, 2020	8,000	—
Change in fair value of contingent consideration liability from b4health acquisition	—	1,700
Balance as of September 30,	\$ —	\$ (1,400)

### Assets Measured on a Non-Recurring Basis

The Company applies fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to its goodwill, indefinite-lived intangible assets, long-lived assets, and equity investments.

The Company evaluates goodwill and indefinite-lived intangible assets annually for impairment and whenever events or changes in circumstances indicate that it is more likely than not that an impairment exists. The Company determines the fair value of its reporting units based on a combination of inputs, including the market capitalization of the Company, as well as Level 3 inputs such as discounted cash flows, which are not observable from the market, directly or indirectly. The Company determines the fair value of its indefinite-lived intangible assets using the income approach (relief-from-royalty method) based on Level 3 inputs.

The Company's equity investment represents an investment in a non-controlled corporation without a readily determinable market value. The Company has elected to measure the investment at cost minus impairment, if any, plus or minus changes resulting from observable price changes. The fair value is determined by using quoted prices for identical or similar investments of the same issuer, which are Level 2 inputs, and other information available to the Company such as the rights and obligations of the securities. The Company recognizes changes to the fair value of its equity investment in interest expense, net, and other in the condensed consolidated statements of comprehensive income. The balance of the equity investment was \$22,633 and \$15,449 as of September 30, 2021 and December 31, 2020, respectively.

There were no triggering events identified, no indication of impairment of the Company's goodwill, indefinite-lived intangible assets, long-lived assets, or equity investments, and no impairment charges recorded during the nine months ended September 30, 2021 and 2020.

### ***Fair Value of Financial Instruments***

The Company is required to disclose the fair value of financial instruments for which it is practicable to estimate the value, even though these instruments are not recognized at fair value in the consolidated balance sheets. The fair value of the Company's 4.625% senior notes due 2027 (the "2027 Notes") and 4.000% senior notes due 2029 (the "2029 Notes") was estimated using quoted market prices in active markets for identical liabilities, which are Level 1 inputs. The carrying amounts and estimated fair value of the 2027 Notes and the 2029 Notes are presented in the following table. See additional information regarding the 2027 Notes and the 2029 Notes in Part II, Item 8, "Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note (8), Notes Payable and Credit Agreement" of the 2020 Annual Report.

	As of September 30, 2021		As of December 31, 2020	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2027 Notes	\$ 500,000	\$ 518,750	\$ 500,000	\$ 521,250
2029 Notes	350,000	359,625	350,000	357,000

The fair value of the Company's long-term self-insurance accruals cannot be estimated as the Company cannot reasonably determine the timing of future payments.

### **8. LEASES**

During the three months ended September 30, 2021, the Company entered into an arrangement to terminate the lease agreement (as amended to date) for its office space in San Diego. The termination will occur in two phases: the first phase terminates the Company's right to use certain floors effective February 28, 2022 and the second phase reduces the remaining lease term to December 31, 2024 from its original termination date of July 31, 2027. As a result of the arrangement, which was accounted for as a modification, the Company paid a termination fee of \$17,000, remeasured the lease liability using its incremental borrowing rate as the discount rate, and recorded decreases to its operating lease liabilities and right-of-use assets of \$27,340 during the three months ended September 30, 2021. Prior to the modification, the total remaining lease payments for this office lease were \$62,487. Under the modified lease terms, the total remaining lease payments (excluding the termination fee paid during the three months ended September 30, 2021) are \$9,564.

### **9. INCOME TAXES**

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. With few exceptions, as of September 30, 2021, the Company is no longer subject to state, local or foreign examinations by tax authorities for tax years before 2011, and the Company is no longer subject to U.S. federal income or payroll tax examinations for tax years before 2017.

Notwithstanding the foregoing, the Company could adjust its provision for income taxes and contingent tax liability based on future developments.

#### ***CARES Act***

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted and signed into law in response to the COVID-19 pandemic. Among other things, the CARES Act contains significant business tax provisions, including a deferral of payment of employer payroll taxes and an employer retention credit for employer payroll taxes.

The Company has deferred payment of the employer's share of payroll taxes of \$48,452, which is included in accrued compensation and benefits and other long-term liabilities in the consolidated balance sheet as of September 30, 2021, with half of such taxes to be paid by the end of 2021 and the other half to be paid by the end of 2022. The Company has claimed an employee retention employment tax credit of \$1,756.

### **10. COMMITMENTS AND CONTINGENCIES: LEGAL PROCEEDINGS**

From time to time, the Company is involved in various lawsuits, claims, investigations, and proceedings that arise in the ordinary course of business. These matters typically relate to professional liability, tax, compensation, contract, competitor disputes and employee-related matters and include individual and class action lawsuits, as well as inquiries and investigations by governmental agencies regarding the Company's employment and compensation practices. Additionally, some of the Company's clients may also become subject to claims, governmental inquiries and investigations, and legal actions relating to services provided by the Company's healthcare professionals. Depending upon the particular facts and circumstances, the



Company may also be subject to indemnification obligations under its contracts with such clients relating to these matters. The Company accrues for contingencies and records a liability when management believes an adverse outcome from a loss contingency is both probable and the amount, or a range, can be reasonably estimated. Significant judgment is required to determine both probability of loss and the estimated amount. The Company reviews its loss contingencies at least quarterly and adjusts its accruals and/or disclosures to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, or other new information, as deemed necessary. The most significant matters for which the Company has established loss contingencies are class actions related to wage and hour claims under California and Federal law. Specifically, among other claims in these lawsuits, it is alleged that certain expense reimbursements should be considered wages and included in the regular rate of pay for purposes of calculating overtime rates.

On May 26, 2016, former travel nurse Verna Maxwell Clarke filed a complaint against AMN Services, LLC, in California Superior Court in Los Angeles County. The Company removed the case to the United States District Court for the Central District of California (Case No. 2:16-cv-04132-DSF-KS) (the “Clarke Matter”). The complaint asserts that, due to the Company’s per diem adjustment practices, traveling nurses’ per diem benefits should be included in their regular rate of pay for the purposes of calculating their overtime compensation. On June 26, 2018, the district court denied the plaintiffs’ Motion for Summary Judgment in its entirety, and granted the Company’s Motion for Summary Judgment with respect to the Plaintiffs’ per diem and overtime claims. The plaintiffs filed an appeal of the judgment relating to the per diem claims with the Ninth Circuit Court of Appeals (the “Ninth Circuit”). On February 8, 2021, a three-judge panel of the Ninth Circuit issued an opinion that reversed the district court’s granting of the Company’s Motion for Summary Judgment and remanded the matter to the district court instructing the district to enter partial summary judgment in favor of the Plaintiffs. On May 7, 2021, the Ninth Circuit issued an order denying the Company’s petition for rehearing. On August 26, 2021, the Company filed a Petition for Writ of Certiorari in the United States Supreme Court seeking review of the Ninth Circuit’s decision. At this time, it is unknown whether the Supreme Court will consider the appeal.

On May 2, 2019, former travel nurse Sara Woehrle filed a complaint against AMN Services, LLC, and Providence Health System – Southern California in California Superior Court in Los Angeles County. The Company removed the case to the United States District Court for the Central District of California (Case No. 2:19-cv-05282 DSF-KS). The complaint asserts that, due to the Company’s per diem adjustment practices, traveling nurses’ per diem benefits should be included in their regular rate of pay for the purposes of calculating their overtime compensation. The Complaint also alleges that the putative class members were denied required meal periods, denied proper overtime compensation, were not compensated for all time worked, including reporting time and training time, and received non-compliant wage statements. The Company has reached a preliminary agreement to settle this matter in its entirety. Final settlement is not expected until the fourth quarter of 2022.

The Company believes that its wage and hour practices, including those associated with the cases described above, conform with the applicable law in all material respects. However, because of the February 2021 ruling by the Ninth Circuit in the Clarke Matter and the inherent uncertainty of litigation, the Company is not able to reasonably predict if any matter will be resolved in a manner that is materially adverse to the Company. Accordingly, the Company recorded an increase to its accruals established in connection with the matters described above amounting to \$20,000 during the fourth quarter of 2020, and the ultimate resolution could result in a loss of up to \$15,000, excluding penalties, in excess of the amounts currently accrued. For all other matters, the Company is unable to currently estimate the possible loss or range of loss beyond the amounts already accrued. Loss contingencies accrued as of September 30, 2021 are included in accounts payable and accrued expenses and other long-term liabilities in the consolidated balance sheets.

## 11. BALANCE SHEET DETAILS

The consolidated balance sheets detail is as follows:

	September 30, 2021	December 31, 2020
<b>Other current assets:</b>		
Restricted cash and cash equivalents	\$ 18,118	\$ 18,626
Income taxes receivable	1,119	6,591
Other	12,159	15,592
Other current assets	<u>\$ 31,396</u>	<u>\$ 40,809</u>
<b>Fixed assets:</b>		
Furniture and equipment	\$ 54,634	\$ 47,355
Software	254,090	220,971
Leasehold improvements	9,616	9,600
	<u>318,340</u>	<u>277,926</u>
Accumulated depreciation	(190,578)	(161,752)
Fixed assets, net	<u>\$ 127,762</u>	<u>\$ 116,174</u>
<b>Other assets:</b>		
Life insurance cash surrender value	\$ 114,037	\$ 98,161
Other	43,872	36,959
Other assets	<u>\$ 157,909</u>	<u>\$ 135,120</u>
<b>Accounts payable and accrued expenses:</b>		
Trade accounts payable	\$ 48,468	\$ 28,089
Subcontractor payable	147,776	79,364
Accrued expenses	60,414	37,849
Loss contingencies	11,627	7,613
Professional liability reserve	6,773	8,897
Other	9,036	6,069
Accounts payable and accrued expenses	<u>\$ 284,094</u>	<u>\$ 167,881</u>
<b>Accrued compensation and benefits:</b>		
Accrued payroll	\$ 114,299	\$ 59,721
Accrued bonuses and commissions	66,215	34,514
Accrued travel expense	2,673	1,998
Health insurance reserve	6,627	5,590
Workers compensation reserve	10,297	10,244
Deferred compensation	117,020	97,184
Other	4,807	4,163
Accrued compensation and benefits	<u>\$ 321,938</u>	<u>\$ 213,414</u>
<b>Other long-term liabilities:</b>		
Workers compensation reserve	\$ 20,716	\$ 20,930
Professional liability reserve	31,768	31,997
Unrecognized tax benefits	5,403	5,447
Other	49,228	49,533
Other long-term liabilities	<u>\$ 107,115</u>	<u>\$ 107,907</u>

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto and other financial information included elsewhere herein and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the Securities and Exchange Commission (“SEC”) on February 26, 2021 (“2020 Annual Report”). Certain statements in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are “forward-looking statements.” See “Special Note Regarding Forward-Looking Statements.” We undertake no obligation to update the forward-looking statements in this Quarterly Report. References in this Quarterly Report to “AMN Healthcare,” the “Company,” “we,” “us” and “our” refer to AMN Healthcare Services, Inc. and its wholly owned subsidiaries.

### **Overview of Our Business**

We provide healthcare workforce solutions and staffing services to healthcare organizations across the nation. As an innovative total talent solutions partner, our managed services programs, or “MSP,” vendor management systems, or “VMS,” workforce consulting services, predictive modeling, staff scheduling, credentialing services, revenue cycle solutions, language services, and the placement of physicians, nurses, allied healthcare professionals and healthcare leaders into temporary and permanent positions enable our clients to successfully reduce staffing complexity, increase efficiency and lead their organizations within the rapidly evolving healthcare environment.

We conduct business through three reportable segments: (1) nurse and allied solutions, (2) physician and leadership solutions, and (3) technology and workforce solutions. For the three months ended September 30, 2021, we recorded revenue of \$877.8 million, as compared to \$551.6 million for the same period last year. For the nine months ended September 30, 2021, we recorded revenue of \$2,621.2 million, as compared to \$1,762.4 million for the same period last year.

Nurse and allied solutions segment revenue comprised 73% and 71% of total consolidated revenue for the nine months ended September 30, 2021 and 2020, respectively. Through our nurse and allied solutions segment, we provide hospitals and other healthcare facilities with a comprehensive managed services solution in which we manage and staff all of the temporary nursing and allied staffing needs of a client and traditional clinical staffing solutions of variable assignment lengths. We also provide revenue cycle solutions, which include skilled labor solutions for remote medical coding, clinical documentation improvement, case management, and clinical data registry, and provide auditing and advisory services.

Physician and leadership solutions segment revenue comprised 16% and 20% of total consolidated revenue for the nine months ended September 30, 2021 and 2020, respectively. Through our physician and leadership solutions segment, we provide a comprehensive managed services solution in which we manage all of the locum tenens needs of a client and place physicians of all specialties, as well as dentists and advanced practice providers, with clients on a temporary basis as independent contractors. We also recruit physicians and healthcare leaders for permanent placement and place interim leaders and executives across all healthcare settings. The interim healthcare professionals we place are typically placed on contracts with assignment lengths ranging from a few days to one year, and a growing number of these placements are under our managed services solution.

Technology and workforce solutions segment revenue comprised 11% and 9% of total consolidated revenue for the nine months ended September 30, 2021 and 2020, respectively. Through our technology and workforce solutions segment, we provide hospitals and other healthcare facilities with a range of workforce solutions, including: (1) language services, (2) software-as-a-service (“SaaS”) VMS technologies through which our clients can manage their temporary staffing needs, (3) workforce optimization services that include consulting, data analytics, predictive modeling, and SaaS-based scheduling technology, (4) recruitment process outsourcing services that leverage our expertise and support systems to replace or complement a client’s existing internal recruitment function for permanent placement needs, (5) telehealth services, (6) credentialing services, and (7) flex pool management and other outsourced solutions services.

As part of our long-term growth strategy to add value for our clients, healthcare professionals, and shareholders, on April 7, 2021 and February 14, 2020, we acquired Synzi, including its wholly-owned subsidiary SnapMD, and Stratus Video (which we have since rebranded as AMN Language Services), respectively. Synzi and SnapMD offer virtual care technology platforms; Synzi focuses on the care management and home health markets and primarily serves as a patient communication and engagement platform, while SnapMD focuses on the outpatient market and primarily serves as a clinical communication and documentation platform. See additional information in the accompanying Note (2), “Acquisitions.”

### **Operating Metrics**

We monitor the following key metrics to help us evaluate our financial condition and performance, identify trends affecting our businesses, and make strategic decisions:

- average travelers on assignment represents the average number of nurse and allied healthcare professionals on assignment during the period;
- bill rates represent the hourly straight-time rates that we bill to clients;
- billable hours represent hours worked by our healthcare professionals that we are able to bill on client engagements;
- days filled is calculated by dividing total locum tenens hours filled during the period by eight hours;
- revenue per day filled is calculated by dividing revenue of our locum tenens business by days filled for the period; and
- bill-to-pay spreads represent the differential between wages paid to healthcare professionals and amounts billed to clients.

## Recent Trends

Demand for our temporary and permanent placement staffing services is driven in part by U.S. economic and labor trends, and since early 2020 through present, the COVID-19 pandemic has impacted demand. When the imposition of “shelter-in-place” orders and the suspension of elective and “non-essential” healthcare services occurred in March 2020 in response to the COVID-19 health crisis, demand for many of our businesses declined significantly. With these orders and suspensions lifted, general utilization of healthcare has continued to improve and has generally returned to pre-COVID-19 levels. Since late 2020, we have been experiencing historically high demand for nurses and certain allied healthcare professionals. Recently, demand across all segments and business lines has been above pre-COVID-19 levels.

In our nurse and allied solutions segment, prior to the COVID-19 pandemic, our ability to recruit enough nurses to meet the then-current demand levels was impacted by the tight labor market and modest bill rate increases. At the peak of the pandemic, demand for nurses was most concentrated in specialties including ICU and telemetry nurses. Now, the current historic demand levels are dispersed across many specialties. Our clients are faced with increased labor shortages resulting from nurse burnout, attrition, retirements and, to a lesser extent, the impact of mandatory vaccination requirements. Bill rates and wages for these nurses have continued to remain well above prior year levels due to the significantly higher demand and our clients’ need to frequently fill positions quickly. Although the number of nurses on travel assignments has increased since July 2020, our ability to adequately meet the high client demand is constrained by the tight labor market along with nurse burnout and the other aforementioned issues related to the pandemic.

The overall demand in our allied staffing division reached all-time highs in the third quarter. We saw record quarterly demand in our respiratory, laboratory, and radiology specialties, while our rehab therapy specialty saw its largest new demand quarter since 2019. The increased demand in some of these specialties was driven by COVID-19 hospitalizations, testing, and vaccination support. Demand in other modalities were driven by the continued surge in elective procedures as more of the population has become comfortable re-entering physician offices and outpatient centers. The return to in-person schools and additional federal funding has driven our school modality to strong year-over-year increases in all healthcare specialties.

In our physician and leadership solutions segment, demand has recovered and now exceeds pre-pandemic levels. We have seen particularly higher demand for certain specialties, such as anesthesiologists, certified registered nurse anesthetists and advanced practice clinicians, in our locum tenens division. Longer term, we expect continued strong core demand resulting from an increased level of burnout and turnover of healthcare leadership roles.

In our technology and workforce solutions segment, our VMS technologies experienced increased utilization and revenue growth this year due to increased demand levels and elevated bill rates.

The utilization of our language services business continued to grow as healthcare utilization returned to more normal activities and with the need and importance of these services having been demonstrated during the pandemic.

The demand for our recruitment process outsourcing increased in the third quarter as clients look for solutions to help address the increased labor shortages and the need to address vacancies in their permanent roles. We expect this increased demand to continue in the current constrained labor market.

As our businesses have continued to grow, we have increased our sales and operations workforce to support our clients and healthcare professionals. We have also increased spending to support our current team members and retain talent.

## Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles (“U.S. GAAP”) requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our

estimates, including those related to intangible assets purchased in a business combination, asset impairments, accruals for self-insurance, compensation and related benefits, accounts receivable, contingencies and litigation, contingent consideration (“earn-out”) liabilities associated with acquisitions, and income taxes. We base these estimates on the information that is currently available to us and on various other assumptions that we believe are reasonable under the circumstances. Actual results could vary from these estimates under different assumptions or conditions. If these estimates differ significantly from actual results, our consolidated financial statements and future results of operations may be materially impacted. There have been no material changes in our critical accounting policies and estimates, other than the adoption of the Accounting Standards Updates (“ASUs”) described in the accompanying Note 1, “Basis of Presentation,” as compared to the critical accounting policies and estimates described in our 2020 Annual Report.

## Results of Operations

The following table sets forth, for the periods indicated, selected unaudited condensed consolidated statements of operations data as a percentage of revenue. Our results of operations include three reportable segments: (1) nurse and allied solutions, (2) physician and leadership solutions, and (3) technology and workforce solutions. The Stratus Video, Synzi and SnapMD acquisitions impact the comparability of the results between the three and nine months ended September 30, 2021 and 2020 depending on the timing of the applicable acquisition. Our historical results are not necessarily indicative of our future results of operations.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Unaudited Condensed Consolidated Statements of Operations:</b>				
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	65.2	66.5	66.6	66.9
Gross profit	34.8	33.5	33.4	33.1
Selling, general and administrative	19.8	20.2	18.8	22.4
Depreciation and amortization	2.9	4.9	2.8	3.9
Income from operations	12.1	8.4	11.8	6.8
Interest expense, net, and other	0.6	2.3	0.9	1.9
Income before income taxes	11.5	6.1	10.9	4.9
Income tax expense	3.1	1.4	2.8	1.4
Net income	8.4 %	4.7 %	8.1 %	3.5 %

### *Comparison of Results for the Three Months Ended September 30, 2021 to the Three Months Ended September 30, 2020*

**Revenue.** Revenue increased 59% to \$877.8 million for the three months ended September 30, 2021 from \$551.6 million for the same period in 2020, primarily attributable to higher organic revenue across our segments.

Nurse and allied solutions segment revenue increased 64% to \$627.0 million for the three months ended September 30, 2021 from \$382.7 million for the same period in 2020. The \$244.3 million increase was primarily attributable to a 34% increase in the average number of travelers on assignment, an approximately 18% increase in the average bill rate, and an approximately \$22.0 million increase in labor disruption revenue during the three months ended September 30, 2021.

Physician and leadership solutions segment revenue increased 38% to \$150.7 million for the three months ended September 30, 2021 from \$109.1 million for the same period in 2020, with the prior year significantly impacted by a demand decline related to the pandemic. The \$41.6 million increase was primarily attributable to a 23% increase in the number of days filled and a 6% increase in the revenue per day filled in our locum tenens business during the three months ended September 30, 2021, as we have seen a return of core business demand and volume. Our interim leadership business experienced an approximately 60% growth primarily due to recovery in demand, growth in core business and COVID-19 project work. Our physician permanent placement and executive search businesses grew 33% as search counts have returned to pre-COVID-19 levels.

Technology and workforce solutions segment revenue increased 67% to \$100.1 million for the three months ended September 30, 2021 from \$59.8 million for the same period in 2020. The \$40.3 million increase was primarily attributable to growth within our VMS, language services, and outsourced solutions businesses. Revenue growth for our language services and VMS businesses was 33% and 113%, respectively, during the three months ended September 30, 2021.

For the three months ended September 30, 2021 and 2020, revenue under our MSP arrangements comprised approximately 52% and 49% of our consolidated revenue, 69% and 67% of our nurse and allied solutions segment revenue, 16% and 16% of our physician and leadership solutions segment revenue, and 3% and less than 1% of our technology and workforce solutions segment revenue, respectively.

**Gross Profit.** Gross profit increased 66% to \$305.9 million for the three months ended September 30, 2021 from \$184.6 million for the same period in 2020, representing gross margins of 34.8% and 33.5%, respectively. The increase in consolidated gross margin for the three months ended September 30, 2021, as compared to the same period in 2020, was primarily due to a higher gross margin in relation to the higher revenue in our nurse and allied solutions segment, driven primarily by higher labor disruption revenue and an additional \$5.6 million of favorable actuarial-based decreases in our workers compensation reserves within the segment, and a change in sales mix resulting from higher revenue in our technology and workforce solutions segment and its higher margins as compared to our staffing businesses. Gross margin by reportable segment for the three months ended September 30, 2021 and 2020 was 29.3% and 27.4% for nurse and allied solutions, 34.8% and 36.7% for physician and leadership solutions, and 69.4% and 66.1% for technology and workforce solutions, respectively.

**Selling, General and Administrative Expenses.** Selling, general and administrative (“SG&A”) expenses were \$173.9 million, representing 19.8% of revenue, for the three months ended September 30, 2021, as compared to \$111.2 million, representing 20.2% of revenue, for the same period in 2020. The increase in SG&A expenses was primarily due to higher employee compensation and benefits and other expenses associated with our revenue growth and a \$3.9 million increase related to acquisition, integration, changes in the fair value of contingent consideration liabilities from acquisitions, restructuring, and extraordinary legal expenses. SG&A expenses broken down among the reportable segments, unallocated corporate overhead, and share-based compensation are as follows:

	(In Thousands)	
	Three Months Ended September 30,	
	2021	2020
Nurse and allied solutions	\$ 91,449	\$ 52,067
Physician and leadership solutions	33,070	24,537
Technology and workforce solutions	22,957	14,369
Unallocated corporate overhead	23,867	16,490
Share-based compensation	2,589	3,772
	\$ 173,932	\$ 111,235

**Depreciation and Amortization Expenses.** Amortization expense decreased 18% to \$16.0 million for the three months ended September 30, 2021 from \$19.6 million for the same period in 2020, primarily attributable to the reduction of useful lives of certain tradename intangible assets during the third quarter of 2020, which was partially offset by additional amortization expenses related to the intangible assets acquired in the Synzi and SnapMD acquisition. Depreciation expense (exclusive of depreciation included in cost of revenue) increased 38% to \$10.1 million for the three months ended September 30, 2021 from \$7.3 million for the same period in 2020, primarily attributable to an increase in purchased and developed hardware and software placed in service for our ongoing information technology investments to support our total talent solutions initiatives and to optimize our internal front and back-office systems. Additionally, \$0.7 million and \$0.5 million of depreciation expense for our language services business is included in cost of revenue for the three months ended September 30, 2021 and 2020, respectively.

**Interest Expense, Net, and Other.** Interest expense, net, and other was \$5.2 million during the three months ended September 30, 2021 as compared to \$12.6 million for the same period in 2020. The decrease was primarily due to a \$5.4 million gain related to the change in fair value of an equity investment and a lower average debt outstanding balance during the three months ended September 30, 2021, which resulted from repayments of the Credit Facilities (as defined below). The overall decrease was partially offset by a higher weighted average interest rate during the three months ended September 30, 2021, which was primarily due to the issuances of higher interest bearing senior notes during the third and fourth quarters of 2020.

**Income Tax Expense.** Income tax expense was \$26.6 million for the three months ended September 30, 2021 as compared to \$7.8 million for the same period in 2020, reflecting effective income tax rates of 26% and 23% for the three months ended September 30, 2021 and 2020, respectively. The increase in the effective income tax rate was primarily attributable to the recognition of a \$0.6 million discrete tax benefit for fair value changes in the cash surrender value of our Company Owned Life Insurance (“COLI”) during the three months ended September 30, 2021 compared to a \$1.6 million discrete tax benefit for COLI during the same period in 2020, in relation to income before income taxes of \$100.6 million and \$33.9 million for the three months ended September 30, 2021 and 2020, respectively. We currently estimate our annual effective tax rate to be approximately 26% for 2021.

### ***Comparison of Results for the Nine Months Ended September 30, 2021 to the Nine Months Ended September 30, 2020***

**Revenue.** Revenue increased 49% to \$2,621.2 million for the nine months ended September 30, 2021 from \$1,762.4 million for the same period in 2020, primarily attributable to higher organic revenue across our segments along with additional revenue of \$22.5 million from our Stratus Video, Synzi and SnapMD acquisitions.

Nurse and allied solutions segment revenue increased 52% to \$1,908.2 million for the nine months ended September 30, 2021 from \$1,251.5 million for the same period in 2020. The \$656.7 million increase was primarily attributable to an approximately 22% increase in the average bill rate, a 21% increase in the average number of travelers on assignment, a 2% increase in billable hours, and an approximately \$21.0 million increase in labor disruption revenue during the nine months ended September 30, 2021.

Physician and leadership solutions segment revenue increased 21% to \$430.5 million for the nine months ended September 30, 2021 from \$355.6 million for the same period in 2020. The \$74.9 million increase was primarily attributable to a 14% increase in the number of days filled and a 6% increase in the revenue per day filled in our locum tenens business during the nine months ended September 30, 2021, which was driven in part by COVID-19 project work as well as a return in core demand and volume. The revenue increase was also attributable to growth in our interim leadership, physician permanent placement, and executive search businesses due to an increase in overall demand as engagement counts have experienced growth and search counts have returned to pre-COVID-19 levels along with COVID-19 project work. Our interim leadership business experienced an approximately 25% growth, while our physician permanent placement and executive search businesses grew 13% during the nine months ended September 30, 2021.

Technology and workforce solutions segment revenue increased 82% to \$282.5 million for the nine months ended September 30, 2021 from \$155.4 million for the same period in 2020. The \$127.1 million increase was primarily attributable to organic growth within our VMS, language services, and outsourced solutions businesses along with additional revenue of \$22.5 million from our Stratus Video, Synzi and SnapMD acquisitions during the nine months ended September 30, 2021. Revenue growth for our language services and VMS businesses was 71% and 92%, respectively, during the nine months ended September 30, 2021.

For the nine months ended September 30, 2021 and 2020, revenue under our MSP arrangements comprised approximately 55% and 49% of our consolidated revenue, 73% and 65% of our nurse and allied solutions segment revenue, 15% and 17% of our physician and leadership solutions segment revenue, and 2% and less than 1% of our technology and workforce solutions segment revenue, respectively.

**Gross Profit.** Gross profit increased 50% to \$875.3 million for the nine months ended September 30, 2021 from \$584.2 million for the same period in 2020, representing gross margins of 33.4% and 33.1%, respectively. The increase in consolidated gross margin for the nine months ended September 30, 2021, as compared to the same period in 2020, was primarily due to a change in sales mix resulting from higher revenue in our technology and workforce solutions segment and its higher margins as compared to our staffing businesses, which was partially offset by a lower margin in our physician and leadership solutions segment driven by the interim leadership business. Gross margin by reportable segment for the nine months ended September 30, 2021 and 2020 was 27.6% and 27.6% for nurse and allied solutions, 36.1% and 36.6% for physician and leadership solutions, and 68.3% and 69.5% for technology and workforce solutions, respectively.

**Selling, General and Administrative Expenses.** SG&A expenses were \$491.8 million, representing 18.8% of revenue, for the nine months ended September 30, 2021, as compared to \$394.5 million, representing 22.4% of revenue, for the same period in 2020. The increase in SG&A expenses was primarily due to higher employee compensation and benefits and other expenses associated with our revenue growth. The overall increase was partially offset by a \$16.0 million decrease related to acquisition, integration, changes in the fair value of contingent consideration liabilities from acquisitions, restructuring, and extraordinary legal expenses. SG&A expenses broken down among the reportable segments, unallocated corporate overhead, and share-based compensation are as follows:

	(In Thousands)	
	Nine Months Ended September 30,	
	2021	2020
Nurse and allied solutions	\$ 243,306	\$ 172,256
Physician and leadership solutions	92,899	84,820
Technology and workforce solutions	62,758	46,192
Unallocated corporate overhead	74,915	76,223
Share-based compensation	17,895	15,046
	<u>\$ 491,773</u>	<u>\$ 394,537</u>

**Depreciation and Amortization Expenses.** Amortization expense decreased 2% to \$47.0 million for the nine months ended September 30, 2021 from \$48.1 million for the same period in 2020, primarily attributable to the reduction of useful lives of certain tradename intangible assets during the third quarter of 2020, which was partially offset by additional amortization expenses related to the intangible assets acquired in the Stratus Video, Synzi and SnapMD acquisitions. Depreciation expense (exclusive of depreciation included in cost of revenue) increased 29% to \$27.1 million for the nine months ended September 30, 2021 from \$21.0 million for the same period in 2020, primarily attributable to an increase in purchased and developed hardware and software placed in service for our ongoing information technology investments to support our total talent solutions initiatives and to optimize our internal front and back-office systems. Additionally, \$1.8 million and \$1.0 million of depreciation expense for our language services business is included in cost of revenue for the nine months ended September 30, 2021 and 2020, respectively.

**Interest Expense, Net, and Other.** Interest expense, net, and other was \$24.3 million during the nine months ended September 30, 2021 as compared to \$35.1 million for the same period in 2020. The decrease was primarily due to a \$6.7 million gain related to the change in fair value of an equity investment and a lower average debt outstanding balance during the nine months ended September 30, 2021, which resulted from repayments of the Credit Facilities. The overall decrease was partially offset by a higher weighted average interest rate during the nine months ended September 30, 2021, which was primarily due to the issuances of higher interest bearing senior notes during the third and fourth quarters of 2020.

**Income Tax Expense.** Income tax expense was \$74.0 million for the nine months ended September 30, 2021 as compared to \$24.2 million for the same period in 2020, reflecting effective income tax rates of 26% and 28% for the nine months ended September 30, 2021 and 2020, respectively. The decrease in the effective income tax rate was primarily attributable to nondeductible meals per diem and officers compensation expenses of \$5.0 million during the nine months ended September 30, 2021 compared to \$4.2 million during the same period in 2020, in relation to income before income taxes of \$285.1 million and \$85.5 million for the nine months ended September 30, 2021 and 2020, respectively.

## Liquidity and Capital Resources

In summary, our cash flows were:

	(In Thousands)	
	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	\$ 227,371	\$ 216,981
Net cash used in investing activities	(79,017)	(528,458)
Net cash provided by (used in) financing activities	(31,230)	266,557

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements, and debt service under our credit facilities and senior notes. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facilities. During the first quarter of 2021, we paid off the remaining balance of our \$250.0 million secured term loan credit facility (the “Additional Term Loan”). As of September 30, 2021, (1) no amount was drawn with \$379.2 million of available credit under our \$400.0 million secured revolving credit facility (the “Senior Credit Facility” and, together with the Additional Term Loan, the “Credit Facilities”), (2) the aggregate principal amount of our 4.625% senior notes due 2027 (the “2027 Notes”) outstanding equaled \$500.0 million and (3) the aggregate principal amount of our 4.000% senior notes due 2029 (the “2029 Notes”) outstanding equaled \$350.0 million. We describe in further detail our amended credit agreement, under which the Credit Facilities are governed, the 2027 Notes, and the 2029 Notes in Part II, Item 8, “Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note (8), Notes Payable and Credit Agreement” of our 2020 Annual Report.



We believe that cash generated from operations and available borrowings under the Senior Credit Facility will be sufficient to fund our operations, including expected capital expenditures, for at least the next 12 months. We intend to finance potential future acquisitions with cash provided from operations, borrowings under the Senior Credit Facility or other borrowings under our amended credit agreement, bank loans, debt or equity offerings, or some combination of the foregoing. The following discussion provides further details of our liquidity and capital resources.

### ***Operating Activities***

Net cash provided by operating activities for the nine months ended September 30, 2021 was \$227.4 million, compared to \$217.0 million for the same period in 2020. The increase in net cash provided by operating activities was primarily attributable to (1) an increase in net income excluding non-cash expenses of \$154.0 million primarily due to improved operating results in our nurse and allied solutions and technology and workforce solutions segments, (2) an increase in accounts payable and accrued expenses between periods of \$117.7 million primarily due to an increase in associate vendor usage and timing of payments, and (3) an increase in accrued compensation and benefits between periods of \$89.0 million primarily due to increases in pay rates, billable hours, and the average number of travelers on assignment in our nurse and allied solutions segment and increased employee compensation and benefits. The overall increase in net cash provided by operating activities was partially offset by (1) an increase in accounts receivable and subcontractor receivables between periods of \$295.5 million due to a higher average receivables balance in the current year, which was due to increases in revenue and associate vendor usage along with timing of collections, and (2) a decrease in other liabilities between periods of \$55.9 million primarily due to our election in the prior year to defer employer payroll taxes in accordance with the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) and the payment of a lease termination fee during the third quarter of 2021, which was partially offset by an increase in accruals established in connection with a legal matter during the fourth quarter of 2020. Our Days Sales Outstanding (“DSO”) was 60 days at September 30, 2021, 55 days at December 31, 2020, and 59 days at September 30, 2020.

### ***Investing Activities***

Net cash used in investing activities for the nine months ended September 30, 2021 was \$79.0 million, compared to \$528.5 million for the same period in 2020. The decrease was primarily due to (1) \$41.3 million used for acquisitions during the nine months ended September 30, 2021, as compared to \$476.5 million during the nine months ended September 30, 2020, and (2) net proceeds of restricted investments related to our captive insurance company of \$7.6 million during the nine months ended September 30, 2021, as compared to a net purchase of \$15.9 million during the nine months ended September 30, 2020. In addition, capital expenditures were \$38.7 million and \$27.4 million for the nine months ended September 30, 2021 and 2020, respectively.

### ***Financing Activities***

Net cash used in financing activities during the nine months ended September 30, 2021 was \$31.2 million, primarily due to (1) repayments of \$70.0 million under the Senior Credit Facility and \$21.9 million under the Additional Term Loan, (2) \$6.3 million in cash paid for shares withheld for payroll taxes resulting from the vesting of employee equity awards, and (3) \$3.1 million for acquisition earn-out payments, partially offset by borrowings of \$70.0 million under the Senior Credit Facility. Net cash provided by financing activities during the nine months ended September 30, 2020 was \$266.6 million, primarily due to (1) borrowings of \$245.0 million under the Senior Credit Facility and \$250.0 million under the Additional Term Loan, which were primarily used to fund our Stratus Video acquisition, and (2) \$202.0 million of gross proceeds received in connection with the issuance of an additional \$200.0 million aggregate principal amount of 4.625% senior notes due 2027 (the “New 2027 Notes”), which were issued at a price of 101.000% of the aggregate principal amount, partially offset by (1) repayments of \$205.0 million under the Senior Credit Facility and \$203.1 million under the Additional Term Loan, (2) \$10.6 million for acquisition earn-out payments, (3) \$4.8 million in cash paid for shares withheld for payroll taxes resulting from the vesting of employee equity awards, and (4) \$6.9 million payment of financing costs in connection with our amended credit agreement and the issuance of the New 2027 Notes.

### ***Letters of Credit***

At September 30, 2021, we maintained outstanding standby letters of credit totaling \$23.0 million as collateral in relation to our workers’ compensation insurance agreements and a corporate office lease agreement. Of the \$23.0 million of outstanding letters of credit, we have collateralized \$2.2 million in cash and cash equivalents and the remaining \$20.8 million is collateralized by the Senior Credit Facility. Outstanding standby letters of credit at December 31, 2020 totaled \$24.1 million.

## Off-Balance Sheet Arrangements

At September 30, 2021, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

## Contractual Obligations

There have been no material changes during the nine months ended September 30, 2021 to the table entitled “Contractual Obligations” in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in our 2020 Annual Report other than the following: (i) the borrowings and repayments under our amended credit agreement, which are described in the accompanying Note (2), “Acquisitions,” and Note (6), “Notes Payable and Credit Agreement,” and (ii) the modification to the operating lease of our office space in San Diego as described in the accompanying Note (8), “Leases.”

## Recent Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.” The new guidance will require companies to apply the definition of a performance obligation under Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers, to recognize and measure contract assets and contract liabilities, such as deferred revenue, relating to contracts with customers that are acquired in a business combination. Under existing guidance, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at their acquisition-date fair values in accordance with ASC Subtopic 820-10, Fair Value Measurements—Overall. Generally, this new guidance will result in the acquirer recognizing acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree prior to the acquisition under ASC Topic 606. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. We are currently evaluating the impact of adopting this standard on our consolidated financial statements.

There have been no other new accounting pronouncements issued but not yet adopted that are expected to materially affect our consolidated financial condition or results of operations.

## Special Note Regarding Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We base these forward-looking statements on our expectations, estimates, forecasts, and projections about future events and about the industry in which we operate. Forward-looking statements are identified by words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “will,” “should,” “would,” “project,” “may,” variations of such words, and other similar expressions. In addition, any statements that refer to projections of demand or supply trends, financial items, anticipated growth, future growth and revenues, future economic conditions and performance, plans, objectives and strategies for future operations, expectations, or other characterizations of future events or circumstances are forward-looking statements. All forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Factors that could cause actual results to differ materially from those implied by the forward-looking statements in this Quarterly Report are set forth in our 2020 Annual Report and include but are not limited to:

- the effects of the COVID-19 pandemic on our business, financial condition and results of operations;
- the duration and extent to which hospitals and other healthcare entities adjust their utilization of temporary nurses and allied healthcare professionals, physicians, healthcare leaders and other healthcare professionals and workforce technology applications as a result of the suspension or reinstatement of restrictions placed on non-essential and elective healthcare as a result of the COVID-19 pandemic;
- the duration that individuals may continue to forgo non-essential and elective healthcare as restrictions and recommendations are reinstated in parts of the country and lifted in others;
- the extent and duration that a significant spike in unemployment that has resulted from the COVID-19 pandemic will cause an increase in under- and uninsured patients and a corresponding reduction in overall healthcare utilization and demand for our services;

- the extent to which the COVID-19 pandemic may disrupt our operations due to the unavailability of our employees or healthcare professionals because of illness, risk of illness, quarantines, travel restrictions, mandatory vaccination requirements, desire to travel and work on temporary assignments or other factors that limit our existing or potential workforce and pool of candidates;
- the severity and duration of the impact the COVID-19 pandemic has on the financial condition and cash flow of many hospitals and healthcare systems such that it impairs their ability to make payments to us, timely or otherwise, for services rendered;
- the effects of economic downturns or slow recoveries, which could result in less demand for our services, pricing pressures and negatively impact payments terms and collectability of accounts receivable;
- any inability on our part to anticipate and quickly respond to changing marketplace conditions, such as alternative modes of healthcare delivery, reimbursement, or client needs and requirements, including mandatory vaccination requirements;
- the negative effects that intermediary organizations may have on our ability to secure new and profitable contracts;
- the level of consolidation and concentration of buyers of healthcare workforce, staffing and technology solutions, which could affect the pricing of our services and our ability to mitigate concentration risk;
- the ability of our clients to increase the efficiency and effectiveness of their staffing management and recruiting efforts, through predictive analytics, online recruiting, telemedicine or otherwise, which may negatively affect our revenue, results of operations, and cash flows;
- the repeal or significant erosion of the Patient Protection and Affordable Care Act without a corresponding replacement may negatively affect the demand for our services;
- any inability on our part to recruit and retain sufficient quality healthcare professionals at reasonable costs, which could increase our operating costs and negatively affect our business and profitability;
- any inability on our part to grow and operate our business profitably in compliance with federal and state regulation, including privacy laws, conduct of operations, costs and payment for services and payment for referrals as well as laws regarding employment and compensation practices and government contracting;
- any challenge to the classification of certain of our healthcare professionals as independent contractors, which could adversely affect our profitability;
- the effect of investigations, claims, and legal proceedings alleging medical malpractice, violations of employment, privacy and wage regulations and other legal theories of liability asserted against us, which could subject us to substantial liabilities;
- any technology disruptions or our inability to implement new infrastructure and technology systems effectively may adversely affect our operating results and ability to manage our business effectively;
- any failure to further develop and evolve our current workforce solutions technology offerings and capabilities, which may harm our business;
- disruption to or failures of our SaaS-based technologies, or our inability to adequately protect our intellectual property rights with respect to such technologies or sufficiently protect the privacy of personal information, could reduce client satisfaction, harm our reputation and negatively affect our business;
- security breaches and cybersecurity incidents, including ransomware, that could compromise our information and systems, which could adversely affect our business operations and reputation and could subject us to substantial liabilities;
- any inability on our part to quickly and properly credential and match quality healthcare professionals with suitable placements, which may adversely affect demand for our services;
- any inability on our part to continue to attract, develop and retain our sales and operations team members, which may deteriorate our operations;
- our increasing dependence on third parties, including offshore vendors, for the execution of certain critical functions;
- the loss of our key officers and management personnel, which could adversely affect our business and operating results;

- any inability to consummate and effectively incorporate acquisitions into our business operations, which may adversely affect our long-term growth and our results of operations;
- businesses we acquire may have liabilities or adverse operating issues, which could harm our operating results;
- any increase to our business and operating risks as we develop new services and clients, enter new lines of business, and focus more of our business on providing a full range of client solutions;
- any inability on our part to maintain our positive brand awareness and identity, which may adversely affect our results of operation;
- the expansion of social media platforms presents new risks and challenges, which could cause damage to our brand reputation;
- any recognition of an impairment to the substantial amount of goodwill or indefinite-lived intangibles on our balance sheet;
- our indebtedness, which could adversely affect our ability to raise additional capital to fund operations, limit our ability to react to changes in the economy or our industry, and expose us to interest rate risk to the extent of any variable rate debt;
- the terms of our debt instruments that impose restrictions on us that may affect our ability to successfully operate our business; and
- the effect of significant adverse adjustments to our insurance-related accruals on our balance sheet, which could decrease our earnings or increase our losses and negatively impact our cash flows.

### ***Item 3. Quantitative and Qualitative Disclosures about Market Risk***

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates, and commodity prices. During the three and nine months ended September 30, 2021, our primary exposure to market risk was interest rate risk associated with our variable interest debt instruments. A 100 basis point increase in interest rates on our variable rate debt would not have resulted in a material effect on our unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2021. During the three and nine months ended September 30, 2021, we generated substantially all of our revenue in the United States. Accordingly, we believe that our foreign currency risk is immaterial.

### ***Item 4. Controls and Procedures***

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Interim Principal Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Interim Principal Financial Officer have concluded that our disclosure controls and procedures as of September 30, 2021 were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Interim Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. *Legal Proceedings***

Information with respect to this item may be found in the accompanying Note (9), “Commitments and Contingencies: Legal Proceedings,” which is incorporated herein by reference.

### **Item 1A. *Risk Factors***

We do not believe that there have been any material changes to the risk factors disclosed in Part I, Item 1A of our 2020 Annual Report. The risk factors described in our 2020 Annual Report are not the only risks we face. Factors we currently do not know, factors that we currently consider immaterial or factors that are not specific to us, such as general economic conditions, may also materially adversely affect our business or our consolidated operating results, financial condition or cash flows.

### **Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds***

From time to time, we may repurchase our common stock in the open market pursuant to programs approved by our Board. We may repurchase our common stock for a variety of reasons, such as acquiring shares to offset dilution related to equity-based incentives and optimizing our capital structure. On November 1, 2016, our Board authorized us to repurchase up to \$150.0 million of our outstanding common stock in the open market. Under the repurchase program announced on November 1, 2016 (the “Company Repurchase Program”), share purchases may be made from time to time beginning in the fourth quarter of 2016, depending on prevailing market conditions and other considerations. The Company Repurchase Program has no expiration date and may be discontinued or suspended at any time.

During the nine months ended September 30, 2021, we did not repurchase any shares of common stock. We describe in further detail our repurchase program and the shares repurchased thereunder in Part II, Item 5, “Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” set forth in our 2020 Annual Report.

### **Item 3. *Defaults Upon Senior Securities***

None.

### **Item 4. *Mine Safety Disclosures***

Not applicable.

### **Item 5. *Other Information***

None.

## Item 6. Exhibits

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
10.1	<a href="#"><u>Lease Termination Agreement, dated as of September 9, 2021, between Kilroy Realty, L.P. and AMN Healthcare, Inc.*</u></a>
31.1	<a href="#"><u>Certification by Susan R. Salka pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*</u></a>
31.2	<a href="#"><u>Certification by Christopher S. Schwartz pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*</u></a>
32.1	<a href="#"><u>Certification by Susan R. Salka pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u></a>
32.2	<a href="#"><u>Certification by Christopher S. Schwartz pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u></a>
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*

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\* Filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 5, 2021

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. SALKA

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**Susan R. Salka**  
**President and Chief Executive Officer**  
**(Principal Executive Officer)**

Date: November 5, 2021

/s/ CHRISTOPHER S. SCHWARTZ

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**Christopher S. Schwartz**  
**Controller**  
**(Interim Principal Financial Officer)**

**LEASE TERMINATION AGREEMENT**

This Lease Termination Agreement (this "**Agreement**") is entered into as of the 9th day of September, 2021 (the "**Effective Date**"), by and between KILROY REALTY, L.P., a Delaware limited partnership ("**Landlord**"), and AMN HEALTHCARE, INC., a Nevada corporation ("**Tenant**").

**RECITALS :**

A. Landlord and Tenant entered into that certain Office Lease, dated April 2, 2002 (the "**Office Lease**"), as amended by that certain First Amendment to Office Lease dated as of May 31, 2002 (the "**First Amendment**"), as amended by that certain Second Amendment to Office Lease dated as of June 30, 2006 (the "**Second Amendment**"), and as amended by that certain Third Amendment to Office Lease dated as of June 30, 2014 (the "**Third Amendment**") (the Office Lease, First Amendment, Second Amendment and Third Amendment are, collectively, the "**Lease**"), whereby Landlord leases to Tenant and Tenant leases from Landlord approximately 175,672 rentable (164,128 usable) square feet of space (the "**Existing Premises**") consisting of all of the first (1<sup>st</sup>), second (2<sup>nd</sup>), third (3<sup>rd</sup>), fourth (4<sup>th</sup>) and fifth (5<sup>th</sup>) floors of that certain six (6) story building located at 12400 High Bluff Drive, San Diego, California 92130 (the "**Building**"), which Building contains a total of approximately 208,961 rentable (195,264 usable) square feet of space..

B. Tenant and Landlord desire to enter into this Agreement in order to terminate the Lease in two phases, with the first (1<sup>st</sup>) phase comprised of approximately 141,307 rentable square feet on the first (1<sup>st</sup>), second (2<sup>nd</sup>), third (3<sup>rd</sup>) and fourth (4<sup>th</sup>) floors of the Building (the "**Phase 1 Premises**"), and the second (2<sup>nd</sup>) phase comprised of approximately 34,365 rentable square feet on the fifth (5<sup>th</sup>) floor of the Building (the "**Phase 2 Premises**"), and to release one another from their respective obligations thereunder, except as otherwise provided herein.

**A G R E E M E N T :**

NOW, THEREFORE, in consideration of the foregoing recitals and the conditions and the covenants hereinafter contained, and for other consideration hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows.

1. **Effectiveness of this Lease Termination Agreement.** Landlord and Tenant hereby acknowledge and agree that, notwithstanding the full execution and delivery of this Agreement by Landlord and Tenant, this Agreement is expressly conditioned (the "**Condition Precedent**") upon the full execution and delivery of a new lease agreement (the "**Third-Party Lease**") between Landlord and a third party (the "**Third Party**") for the Third Party's lease of the Premises on or before October 31, 2021 (which date may be extended until November 30, 2021 upon written notice to Tenant by Landlord) (the "**Condition Outside Date**"). The terms and conditions of the Third-Party Lease shall be acceptable to Landlord in its sole and absolute discretion. In the event the Condition Precedent is not satisfied on or before the Condition



Outside Date (as the same may be extended) then this Agreement shall automatically terminate and be of no further force or effect, and the Lease shall continue unmodified and in full force and effect. Landlord shall have no liability whatsoever to Tenant relating to or arising from Landlord's failure to cause the Condition Precedent to be satisfied. The Lease shall remain unmodified and in full force and effect unless and until such time as the Condition Precedent is satisfied.

2. **Phased Termination of the Lease.** Landlord and Tenant hereby agree that conditioned upon the performance by the parties of the provisions of this Agreement, the Lease will terminate and be of no further force or effect as to (i) the Phase 1 Premises as of 11:59 P.M. on February 28, 2022 (the "**Phase 1 Termination Date**"), and (ii) the Phase 2 Premises as of 11:59 P.M. on December 31, 2024 (the "**Phase 2 Termination Date**"). The Phase 1 Termination Date and Phase 2 Termination Date shall each be a "**Termination Date**" and collectively are the "**Termination Dates**." Effective as of the Effective Date of this Agreement, (i) Section 2.2 of the Office Lease (as amended by Section 3.2 of the Third Amendment) (Option to Extend) is hereby deleted in its entirety and of no further force or effect, (ii) Section 12 of the Third Amendment (Right of First Refusal) is hereby deleted in its entirety and of no further force or effect, and (iii) Section 20 of the Third Amendment (Permitted Holdover) is hereby deleted in its entirety and of no further force or effect. Accordingly, and notwithstanding anything to the contrary contained in the Lease, Landlord and Tenant hereby acknowledge and agree that Tenant shall not have any further right to extend the Lease Term or any right of first offer, right of first refusal, or other expansion rights.

3. **Ongoing Obligations for Phase 2 Premises.** Effective as of the date immediately following the Phase 1 Termination Date, (i) the Phase 1 Premises shall no longer constitute a part of the Premises, and (ii) the "Premises" shall thereupon and thereafter consist solely of the Phase 2 Premises, and all of the terms and conditions of the Lease shall continue unmodified and in full force and effect only with respect to the Phase 2 Premises. In connection with the foregoing, (i) Tenant's Share with respect to the Phase 2 Premises shall be 16.4457%, (ii) Tenant shall be entitled to 172 parking passes in connection with the Phase 2 Premises (35 of which may be used for a reserved parking space), and (iii) the Base Rent schedule with respect to the Phase 2 Premises shall be as set forth below:

Period During Extended Term	Annual Base Rent	Monthly Installment of Base Rent	Monthly Base Rent Rate per Rentable Square Foot
March 1, 2022 – December 31, 2022	\$1,875,605.15	\$156,300.43	\$4.55
January 1, 2023 – December 31, 2023	\$1,941,251.33	\$161,770.94	\$4.71
January 1, 2024 – December 31, 2024	\$2,009,195.13	\$167,432.93	\$4.87

The amounts identified in the column entitled Monthly Base Rent Rate per Rentable Square Foot are rounded amounts and are provided for informational purposes only.

4. **Surrender of Premises.** Tenant hereby agrees to vacate the Phase 1 Premises and surrender and deliver exclusive possession of the Phase 1 Premises to Landlord on or before the Phase 1 Termination Date, and to vacate the Phase 2 Premises and surrender and deliver exclusive possession of the Phase 2 Premises to Landlord on or before the Phase 2 Termination Date, each in accordance with the provisions of the Lease and this Agreement. On or before the Phase 1 Termination Date, Tenant shall, at Tenant's sole cost and expense, remove or cause to be removed from the Phase 1 Premises any and all of Tenant's personal property, and such similar articles of any other persons claiming under Tenant, and deliver the Phase 1 Premises to Landlord in a broom-clean condition. Tenant shall be obligated to remove the building-top component of "Tenant's Signage" (as that term is defined in Section 23.4 of the Office Lease) on or before August 31, 2022, in the manner required under the Lease. Similarly, on or before the Phase 2 Termination Date, Tenant shall, at Tenant's sole cost and expense, remove or cause to be removed from the Phase 2 Premises any and all of Tenant's personal property and such similar articles of any other person's claiming under Tenant, and deliver the Phase 2 Premises to Landlord in a broom-clean condition, and in addition Tenant shall be obligated to remove Tenant's sign(s) on any monument sign(s) serving the Project installed as part of Tenant's Signage on or before the Phase 2 Termination Date, in the manner required under the Lease. Tenant shall immediately repair at its own expense all damage to the Phase 1 Premises and Phase 2 Premises, and the Building, resulting from any such removal in the manner required under the Lease. If Tenant fails to timely complete such removal and/or repair any damage caused by such removal, Landlord may (but shall not be obligated to) take such action as is permitted to Landlord in the Lease. In the event Tenant fails to surrender the Phase 1 Premises and/or the Phase 2 Premises by the applicable Termination Dates, then the holdover provisions of the Lease, including, without, limitation, Article 16 of the Lease, shall apply.

5. **Consideration to Landlord.** In consideration for Landlord's execution of this Agreement, Tenant shall deliver to Landlord, promptly following the receipt by Tenant of confirmation from Landlord that the Third Party Lease has been executed and accordingly the Condition Precedent has been satisfied, the sum of Seventeen Million and No/100 Dollars (\$17,000,000.00) (the "**Termination Fee**").

6. **Release of Liability.** Except as with respect to all obligations set forth in the Lease that survive the termination of the Lease (unless and to the extent any such obligations are modified or superseded by the express terms of this Agreement), including, without limitation, each party's indemnity obligations, and except as provided in Sections 4, 6 and 7 hereof, and conditioned on the performance by the parties of the provisions of this Agreement, effective as of the Phase 1 Termination Date:

(a) Landlord and Tenant shall, be fully and unconditionally released and discharged from their respective obligations arising from or in connection with the provisions of the Lease, specifically including, without limitation, any right Tenant may have to audit or review Landlord's books or records or to contest any "Operating Expenses," as that term is defined in the Lease, billed to Tenant under the Lease, arising from or relating to the Phase 1 Premises; and

(b) this Agreement shall fully and finally settle all demands, charges, claims, accounts or causes of action of any nature, including, without limitation, both known and unknown claims and causes of action that may arise out of or in connection with the obligations of the parties under the Lease with regard to the Phase 1 Premises and arising or otherwise accruing after the Phase 1 Termination Date.

In addition, and conditioned on the performance by the parties of the provisions of this Agreement, effective as of the Phase 2 Termination Date:

(c) Landlord and Tenant shall, be fully and unconditionally released and discharged from their respective obligations arising from or in connection with the provisions of the Lease, specifically including, without limitation, any right Tenant may have to audit or review Landlord's books or records or to contest any Operating Expenses billed to Tenant under the Lease, arising from or relating to the Phase 2 Premises; and

(d) this Agreement shall fully and finally settle all demands, charges, claims, accounts or causes of action of any nature, including, without limitation, both known and unknown claims and causes of action that may arise out of or in connection with the obligations of the parties under the Lease with regard to the Phase 2 Premises and arising or otherwise accruing after the Phase 2 Termination Date.

Each of the parties expressly waives the provisions of California Civil Code Section 1542, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Each party acknowledges that it has received the advice of legal counsel with respect to the aforementioned waiver and understands the terms thereof.

**7. Representations of Tenant.** Tenant represents and warrants to Landlord that: (a) Tenant has not heretofore assigned or sublet all or any portion of its interest in the Lease; (b) as of the Phase 1 Termination Date and to Tenant's knowledge, no person, firm or entity has any right, title or interest in the Phase 1 Premises and as of the Phase 2 Termination Date, no person, firm or entity will have any right, title or interest in the Phase 2 Premises; (c) Tenant has the full right, legal power and actual authority to enter into this Agreement and to terminate the Lease without the consent of any person, firm or entity; and (d) Tenant has the full right, legal power and actual authority to bind Tenant to the terms and conditions hereof. Tenant further represents and warrants to Landlord that as of the date hereof there are no, and as of the Phase 1 Termination Date there shall not be any, mechanic's liens or other liens encumbering all or any portion of the Phase 1 Premises by virtue of any act or omission on the part of Tenant, its predecessors, contractors, agents, employees, successors or assigns. In addition, Tenant further represents and warrants to Landlord that as of the Phase 2 Termination Date there shall not be any, mechanic's liens or other liens encumbering all or any portion of the Phase 2 Premises by virtue of any act or omission on the part of Tenant, its predecessors, contractors, agents, employees, successors or assigns. Notwithstanding the termination of the Lease and the release of liability provided for herein, the representations and warranties set forth in this Section 7 shall survive the Termination Dates and Tenant shall be liable to remove or otherwise resolve any such liens in accordance with the terms of the Lease.

8. **Continuing Liability.** Notwithstanding the termination of the Lease and the release of liability provided for herein, Tenant shall remain liable, as to the Phase 1 Premises, with respect to the period of its tenancy prior to the Phase 1 Termination Date, and, as to the Phase 2 Premises, with respect to the period of its tenancy prior to the Phase 2 Termination Date, for the performance of all of its obligations under the Lease (including, without limitation, Tenant's payment of Base Rent and Additional Rent, including the reconciliation of Tenant's Share of Direct Expenses) and Landlord shall have all the rights and remedies with respect to such obligations as set forth in the Lease.

9. **CASp.** For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp designated by Landlord, subject to Landlord's reasonable rules and requirements; (b) Tenant, at its sole cost and expense, shall be responsible for making any improvements or repairs within the Existing Premises or the Remaining Premises to correct violations of construction-related accessibility standards; and (c) if Tenant in fact requests such CASp inspection and the results of such CASp inspection shall require any improvements or repairs to the Building or Project (outside the Existing Premises or the Remaining Premises, as applicable) to correct violations of construction-related accessibility standards, then Tenant shall reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such improvements or repairs.

10. **Attorneys' Fees.** Should any dispute arise between the parties hereto or their legal representatives, successors and assigns concerning any provision of this Agreement or the rights and duties of any person in relation thereto, the party prevailing in such dispute shall be entitled, in addition to such other relief that may be granted, to recover reasonable attorneys' fees and legal costs in connection with such dispute.

11. **Governing Law.** This Agreement shall be governed and construed under the laws of the State of California.

12. **Counterparts; Signatures.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but such counterparts, when taken together, shall constitute one agreement. The parties hereto consent and agree that this Agreement may be signed and/or transmitted by e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (1) to the extent a party signs

this Agreement using electronic signature technology, by clicking “SIGN”, such party is signing this Agreement electronically, and (2) the electronic signatures appearing on this Agreement shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

13. **Binding Effect**. This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective legal representatives, successors and assigns.

14. **Time of the Essence**. Time is of the essence of this Agreement and the provisions contained herein.

15. **Further Assurances**. Landlord and Tenant hereby agree to execute such further documents or instruments as may be necessary or appropriate to carry out the intention of this Agreement.

16. **Voluntary Agreement**. The parties have read this Agreement and mutual release as contained herein, and on the advice of counsel they have freely and voluntarily entered into this Agreement.

*[signatures contained on following page]*

IN WITNESS WHEREOF, Landlord and Tenant have executed this Agreement as of the day and year first above written.

**"LANDLORD":**

KILROY REALTY, L.P.,  
a Delaware limited partnership

By: Kilroy Realty Corporation, a Maryland  
corporation

Its: General Partner

By: /s/ Nelson Ackerly

Name: Nelson Ackerly

Its: Senior Vice President, San Diego

By: /s/ Robert Paratte

Name: Robert Paratte

Its: EVP, Leasing and Business Development

**"TENANT":**

AMN HEALTHCARE, INC.,  
a Nevada corporation

By: /s/ Chris Schwartz

Name: Chris Schwartz

Its: Controller

By: /s/ Denise Jackson

Name: Denise Jackson

Its: Chief Legal Officer

**Certification Pursuant To  
Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Susan R. Salka, certify that:

1. I have reviewed this report on Form 10-Q of AMN Healthcare Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SUSAN R. SALKA

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**Susan R. Salka**  
**Director, President and Chief Executive Officer**  
**(Principal Executive Officer)**

Date: November 5, 2021

**Certification Pursuant To  
Rule 13a-14(a) of the Securities Exchange Act of 1934**

I, Christopher S. Schwartz, certify that:

1. I have reviewed this report on Form 10-Q of AMN Healthcare Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER S. SCHWARTZ

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**Christopher S. Schwartz**  
**Controller**  
**(Interim Principal Financial Officer)**

Date: November 5, 2021



**AMN Healthcare Services, Inc.**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan R. Salka, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SUSAN R. SALKA

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**Susan R. Salka**  
**Director, President and Chief Executive Officer**  
**(Principal Executive Officer)**

Date: November 5, 2021

**AMN Healthcare Services, Inc.**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher S. Schwartz, Interim Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHRISTOPHER S. SCHWARTZ

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**Christopher S. Schwartz**  
**Controller**  
**(Interim Principal Financial Officer)**

Date: November 5, 2021