

# Crawford & Company

Second Quarter 2021  
Earnings Conference Call

# Forward-Looking Statements and Additional Information

## Forward-Looking Statements

This presentation contains forward-looking statements, including statements about the expected future financial condition, results of operations and earnings outlook of Crawford & Company. Statements, both qualitative and quantitative, that are not statements of historical fact may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from historical experience or Crawford & Company's present expectations. Accordingly, no one should place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Crawford & Company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that may arise or not arise after the date the forward-looking statements are made. Results for any interim period presented herein are not necessarily indicative of results to be expected for the full year or for any other future period. For further information regarding Crawford & Company, and the risks and uncertainties involved in forward-looking statements, please read Crawford & Company's reports filed with the Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov) or in the Investor Relations portion of Crawford & Company's website at <https://ir.crawco.com>.

Crawford's business is dependent, to a significant extent, on case volumes. The Company cannot predict the future trend of case volumes for a number of reasons, including the fact that the frequency and severity of weather-related claims and the occurrence of natural and man-made disasters, which are a significant source of cases and revenue for the Company, are generally not subject to accurate forecasting.

## Revenues Before Reimbursements ("Revenues")

Revenues Before Reimbursements are referred to as "Revenues" in both consolidated and segment charts, bullets and tables throughout this presentation.

## Segment and Consolidated Operating Earnings

Under the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 280, "Segment Reporting," the Company has defined segment operating earnings as the primary measure used by the Company to evaluate the results of each of its three operating segments. Segment operating earnings represent segment earnings, including the direct and indirect costs of certain administrative functions required to operate our business, but excludes unallocated corporate and shared costs and credits, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, loss on disposition of business, income taxes and net income or loss attributable to noncontrolling interests and redeemable noncontrolling interests.

## Earnings Per Share

The Company's two classes of stock are substantially identical, except with respect to voting rights and the Company's ability to pay greater cash dividends on the non-voting Class A Common Stock than on the voting Class B Common Stock, subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of Class A Common Stock must receive the same type and amount of consideration as holders of Class B Common Stock, unless different consideration is approved by the holders of 75% of the Class A Common Stock, voting as a class.

In certain periods, the Company has paid a higher dividend on CRD-A than on CRD-B. This may result in a different earnings per share ("EPS") for each class of stock due to the two-class method of computing EPS as required by ASC Topic 260 - "Earnings Per Share". The two-class method is an earnings allocation method under which EPS is calculated for each class of common stock considering both dividends declared and participation rights in undistributed earnings as if all such earnings had been distributed during the period.

## Segment Gross Profit

Segment gross profit is defined as revenues, less direct costs, which exclude indirect centralized administrative support costs allocated to the business. Indirect expenses consist of centralized administrative support costs, regional and local shared services that are allocated to each segment based on usage.

## Non-GAAP Financial Information

For additional information about certain non-GAAP financial information presented herein, see the Appendix following this presentation.

# Key Highlights

Second Quarter 2021

## Q2 NON-GAAP GROWTH METRICS<sup>1</sup>



**14%**

Revenues



**32%**

EPS<sup>2</sup>



**\$10.5M**

Operating Cash Flow

**Delivered solid financial performance, supported by hard work and commitment of Crawford's team**

**Our strategy execution is resulting in double digit growth**

- Revenue growth from US markets:
  - **Loss Adjusting: 15%**
  - **Platform Solutions: 39%**
  - **TPA: 10%**
- Continued challenges within certain geographies – Europe, Asia and Canada – weighing down flow through

**We are continuing to invest in emerging areas**

- Capturing market share through growth of Platform Solutions and Crawford Legal Services

# Evolving Crawford's Strategy for Long-Term Growth

Our enhanced operating structure creates a better focus for management to leverage customer synergies and simplify our capital allocation framework



## LOSS ADJUSTING

- Become the benchmark in quality and expertise
- Digitally enabled for efficiency
- Broadest global reach
- Major and complex: Grow by investing in expertise
- Volume claims: Improve margin through efficiency



## PLATFORMS

- Most comprehensive alternatives in industry to traditional loss adjusting approaches
- New markets and capabilities enabled by tech, built on years of claims experience
- Drive growth through scaling businesses with compelling transactional economics



## TPA

- Industry leading data and analytics for improved claims outcomes
- Digitalization to improve adjuster and customer experience
- Margin enhancement through efficiencies and scaling

**Strategic evolution to reimagine claims ecosystem**

# Advancing Crawford's Strategy

We are building upon our already solid foundation as we aim to further position the business for future growth and cash generation



## LOSS ADJUSTING

- Hired 46 specialist adjustors marking solid progress on three-year goal
- Benefiting from digital investments we have made in Australia and the UK



## PLATFORMS

- Q2 2021 delivered the highest number of transactions in the last two years
- Top-five US carriers within the Platform Solutions Segment were major drivers of growth in the quarter



## TPA

- Gaining traction in North America in Managing General Agent, Captive and carrier outsource market leveraging technology and data insights
- Internationally, differentiating through digital product offering
- Crawford Legal Services driving market share gains

**Strategic evolution to reimagine claims ecosystem**

# Environmental, Social and Governance

Crawford is committed to addressing those ESG factors most material to our operations



## Corporate Governance

- Michelle Jarrard – First woman elected Non-Executive Board Chair
- Committed to maintaining the trust of our investors and other stakeholders, including our employees, clients and vendors



## Inclusion and Diversity

- Launched Office of Inclusion and Diversity and an Employee Advisory Council
- Established Employee Resource Groups aligned with our purpose
- Formed a Global Inclusion and Diversity Council to promote inclusion and diversity
- Proud member of the Business Insurance Diversity Inclusion Institute



## Employee Health & Safety

- Continue to prioritize the health and wellness of our employees globally
- Providing access to physical and mental health and wellness programs, including free Headspace membership
- Working parents support group on Intranet



## Human Capital Development

- Conducted employee pulse survey and COVID-19 response surveys
- Promoting an environment where employees are empowered to grow, emboldened to act and inspired to innovate through internal programs and initiatives

# Our Capital Allocation Strategy

We're committed to employing a consistent strategy and are staying disciplined on our valuation approach



**Strong financial position**  
and liquidity



**Regular quarterly dividend**  
For CRD-A and CRD-B



**Continuing share repurchase program**  
as a component of our capital  
allocation strategy



Quality



Expertise



Digital

Acquire ancillary  
services to bolster  
presence in property  
claim ecosystem

Bolster technical  
capabilities by  
attracting top-tier  
technical adjusting  
talent globally

Drive market share  
within fragmented  
independent loss  
adjusting market in  
the US

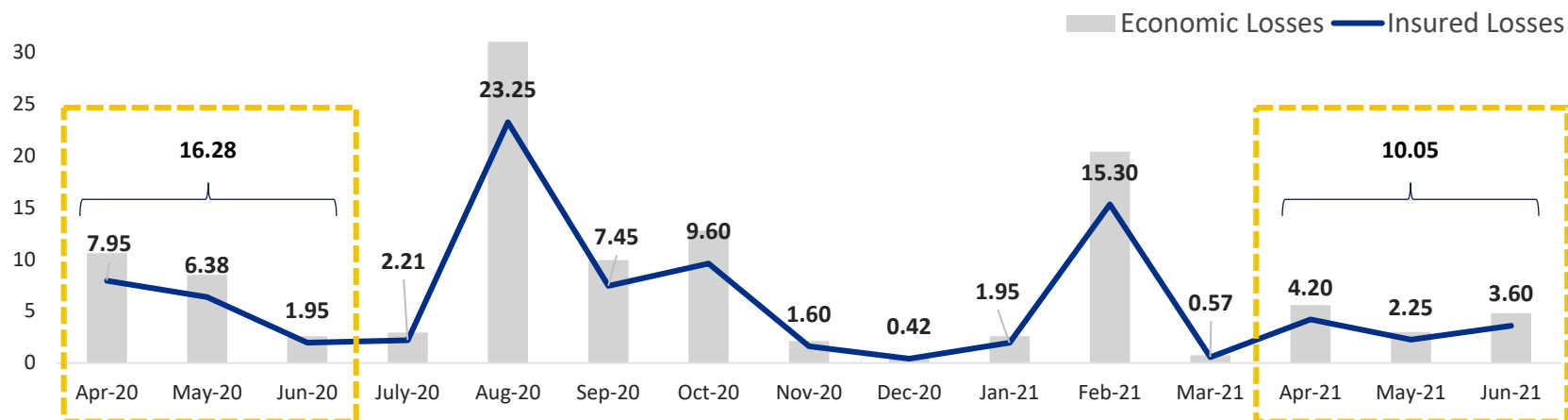
Increase presence in  
rapidly growing P&C  
insurance markets with  
strong outsourced  
claims processing  
tailwinds

A photograph of two people shaking hands, with a large blue semi-circular overlay on the left side of the image. The text 'Operational Overview' is written in white on the blue overlay.

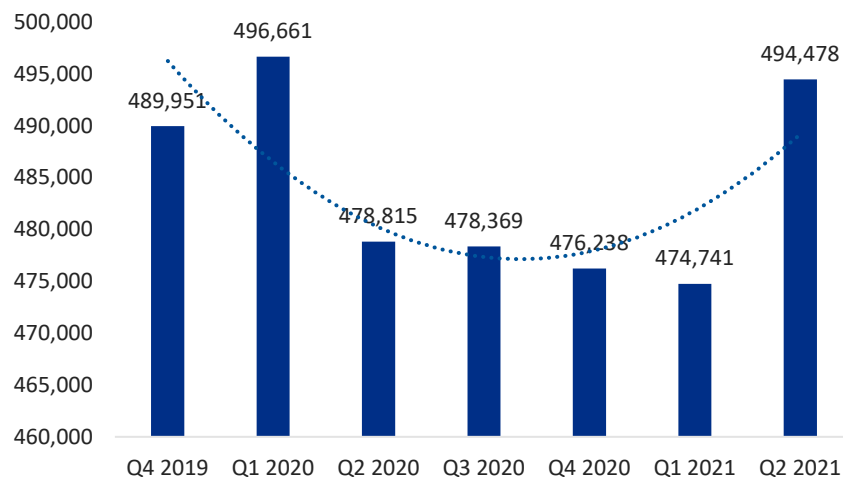
# Operational Overview

# External Factors

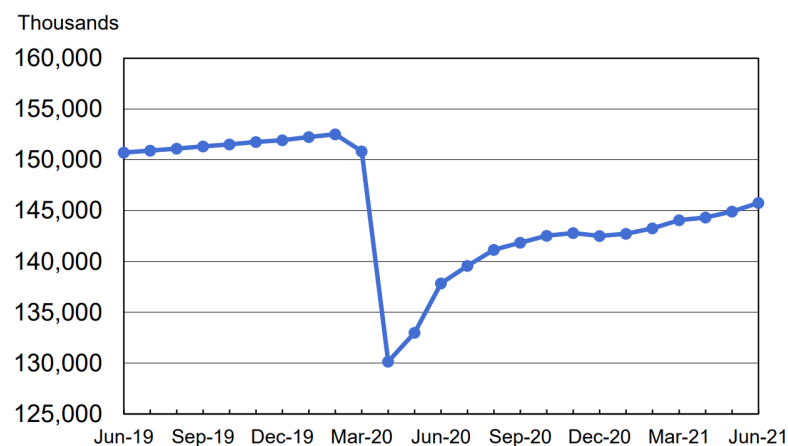
**ESTIMATED ECONOMIC AND INSURED LOSSES – CATASTROPHIC EVENTS IN THE US (\$B)<sup>1</sup>**



**CRAWFORD TPA US CLAIMS VOLUMES (TTM)**



**NONFARM PAYROLL EMPLOYMENT, SEASONALLY ADJUSTED JUNE 2019-JUNE 2021<sup>2</sup>**



# Impact Across Our Global Service Lines (GSLs)

## Second Quarter Performance

### Loss Adjusting

43% of  
total revenues

- 15% revenue growth in US
- Recovering economic activity in US
- Strong demand for major and complex adjustors driving investment in talent
- Won ~\$10 million of new business in the quarter

Revenue  
**\$116M**  
Operating Earnings  
**\$6.2M**

### Platform Solutions

19% of  
total revenues

- Transformational area for Crawford
- Volume increasing – Q2 saw the highest number of transactions in past two years
- Despite benign weather, saw strong flow through
- Won nearly \$2 million of new business in the quarter

Revenue  
**\$51.1M**  
Operating Earnings  
**\$10.4M**

### TPA: Broadspire

38% of  
total revenues

- Claims volume up approximately 5% versus prior year
- Impact of COVID still being felt in Canada and EU
- Medical management is below pre-pandemic levels
- Won more than \$8 million of new business in the quarter

Revenue  
**\$100.4M**  
Operating Earnings  
**\$4.7M**

# Customer Excellence

Maintained and exceeded pre-pandemic client service delivery levels



## Net Promoter Score

Improved overall score to 46, increasing 1 point from the prior quarter

Referenced as part of our standard operations to further improve client service



## New and Renewal Business Activity<sup>1</sup>

Added close to \$20 million in new and enhanced business

Retained 96% of our Broadspire renewable business through June

Strong market interest in Crawford Inspection Services

46

NPS<sup>2</sup>

302

Client responses<sup>2</sup>

~2.5K

Client meetings

A background image showing a close-up of two hands shaking in a firm grip, symbolizing a business agreement or partnership. The image is partially covered by a large, semi-circular blue overlay on the left side. The text 'Financial Overview' is written in white on the blue overlay.

# Financial Overview

# Second Quarter 2021 Financial Summary

(\$ in millions, except per share amounts)	Quarter Ended		% Change
	June 30, 2021	June 30, 2020	
Revenues	<b>\$267.5</b>	\$234.4	14%
Non-GAAP Revenues excluding foreign exchange fluctuations <sup>(1)</sup>	<b>\$255.2</b>	\$234.4	9%
Net Income Attributable to Shareholders of Crawford & Company	<b>\$11.8</b>	\$5.9	100%
Diluted Earnings per Share			
CRD-A	<b>\$0.22</b>	\$0.11	100%
CRD-B	<b>\$0.22</b>	\$0.11	100%
Non-GAAP Diluted Earnings per Share <sup>1</sup>			
CRD-A	<b>\$0.25</b>	\$0.19	32%
CRD-B	<b>\$0.26</b>	\$0.19	37%
Adjusted Operating Earnings <sup>1</sup>	<b>\$19.6</b>	\$18.2	8%
Adjusted Operating Margin <sup>1</sup>	<b>7.3%</b>	7.8%	(50bps)
Adjusted EBITDA <sup>1</sup>	<b>\$29.0</b>	\$25.5	14%
Adjusted EBITDA Margin <sup>1</sup>	<b>10.8%</b>	10.9%	(10bps)

# Crawford Loss Adjusting

	Three months ended		
<i>(in thousands, except percentages)</i>	June 30, 2021	June 30, 2020	Variance
Revenues	\$115,956	\$109,062	6.3%
Direct expenses	88,712	78,537	13.0%
Gross profit	27,244	30,525	(10.7%)
Indirect expenses	21,045	20,482	2.7%
Operating earnings	\$6,199	\$10,043	(38.3%)
Gross profit margin	23.5%	28.0%	(4.5%)
Operating margin	5.3%	9.2%	(3.9%)
Total cases received	87,107	84,701	2.8%
Full time equivalent employees	3,430	3,337	2.8%

## Highlights

- 15% revenue growth in US
- Recovering economic activity in US
- Strong demand for major and complex adjustors driving investment in talent
- Won ~\$10 million of new business in the quarter

## Operating Results

### (2Q 2021 v. 2Q 2020)

- Revenues of \$116.0 million versus \$109.1 million
- Constant dollar revenues of \$107.3 million
- Gross profit of \$27.2 million versus \$30.5 million
- Gross profit margin of 23.5% versus 28.0%
- Operating earnings of \$6.2 million versus \$10.0 million
- Operating margin of 5.3% versus 9.2%

# Crawford Platform Solutions

	Three months ended		
<i>(in thousands, except percentages)</i>	June 30, 2021	June 30, 2020	Variance
Revenues	\$51,127	\$36,686	39.4%
Direct expenses	35,692	26,024	37.2%
Gross profit	15,435	10,662	44.8%
Indirect expenses	5,067	3,517	44.1%
Operating earnings	\$10,368	\$7,145	45.1%
Gross profit margin	30.2%	29.1%	1.1%
Operating margin	20.3%	19.5%	0.8%
Total cases received	131,977	96,746	36.4%
Full time equivalent employees	1,210	961	25.9%

## Highlights

- Transformational area for Crawford
- Volume increasing – Q2 saw the highest number of transactions in past two years
- Despite benign weather, saw strong flow through
- Won nearly \$2 million of new business in the quarter

## Operating Results

### (2Q 2021 v. 2Q 2020)

- Revenues of \$51.1 million versus \$36.7 million
- Constant dollar revenues of \$50.4 million
- Gross profit of \$15.4 million versus \$10.7 million
- Gross profit margin of 30.2% versus 29.1%
- Operating earnings of \$10.4 million versus \$7.1 million
- Operating margin of 20.3% versus 19.5%

# Crawford TPA Solutions

	Three months ended		
<i>(in thousands, except percentages)</i>	June 30, 2021	June 30, 2020	Variance
Revenues	<b>\$100,374</b>	\$88,668	13.2%
Direct expenses	<b>81,310</b>	71,498	13.7%
Gross profit	<b>19,064</b>	17,170	11.0%
Indirect expenses	<b>14,349</b>	14,048	2.1%
Operating earnings	<b>\$4,715</b>	\$3,122	51.0%
Gross profit margin	<b>19.0%</b>	19.4%	(0.4%)
Operating margin	<b>4.7%</b>	3.5%	1.2%
Total cases received	<b>197,125</b>	187,045	5.4%
Full time equivalent employees	<b>3,522</b>	3,108	13.3%

## Highlights

- Claims volume up ~5% versus prior year
- Impact of COVID still being felt in Canada and EU
- Medical management is below pre-pandemic levels
- Won more than \$8 million of new business in the quarter

## Operating Results

### (2Q 2021 v. 2Q 2020)

- Revenues of \$100.4 million versus \$88.7 million
- Constant dollar revenues of \$97.6 million
- Gross profit of \$19.1 million versus \$17.2 million
- Gross profit margin of 19.0% versus 19.4%
- Operating earnings of \$4.7 million versus \$3.1 million
- Operating margin of 4.7% versus 3.5%

# Additional Financial Matters

---

## Unallocated Corporate and Shared Costs and Credits

- Unallocated corporate costs of \$1.7 million compared to \$2.1 million in the prior year period
  - Decrease driven by a reduction in severance costs present in 2020 and a lower credit from the Canada wage subsidy
- 

## Canada Emergency Wage Subsidy

- Realized a \$2.2 million pretax benefit versus \$4.3 million benefit in Q2 2020
  - Don't expect to recognize any further benefits during the remainder of 2021
- 

## Share Repurchases

- Repurchased approximately 256,000 shares of CRD-A and 81,000 shares of CRD-B at an average per share cost of \$9.09 and \$8.28, respectively
  - Total cost of share repurchases during 2021 was \$3.0 million
- 

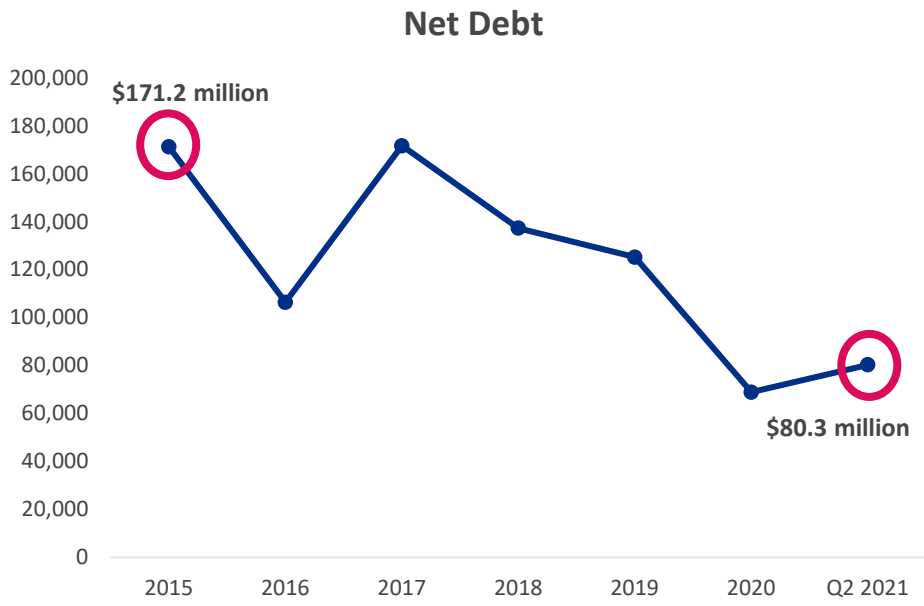
## COVID-19

- Experienced some recovery in the second quarter, particularly in the US
  - Certain international operations continue to be impacted by lockdowns and a slow recovery
-

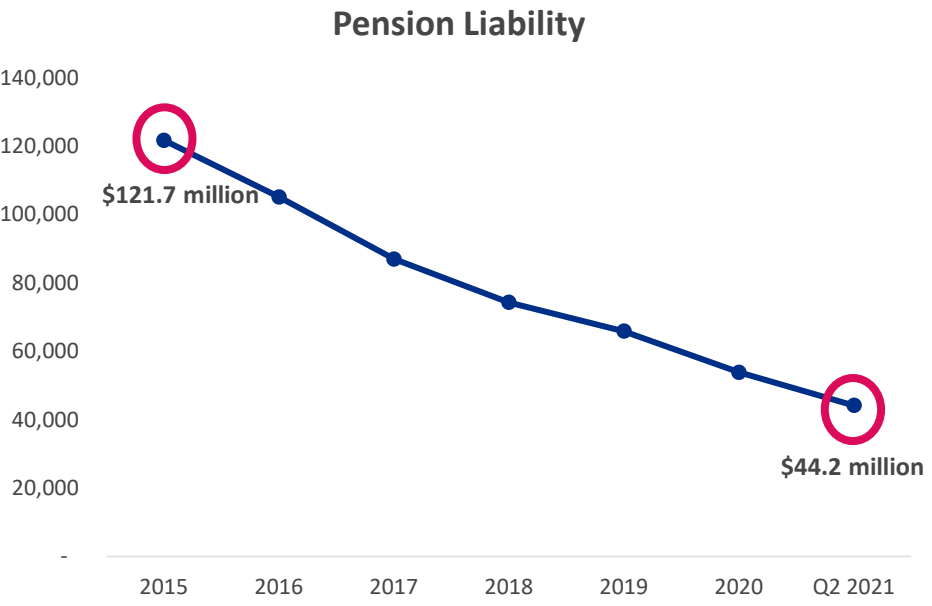
# Balance Sheet Highlights

Unaudited (\$ in thousands)	June 30, 2021	December 31, 2020	Change
Cash and cash equivalents	\$ 44,708	\$ 44,656	\$ 52
Accounts receivable, net	124,651	123,060	1,591
Unbilled revenues, net	115,489	103,528	11,961
Total receivables	240,140	226,588	13,552
Goodwill	74,728	66,537	8,191
Intangible assets arising from business acquisitions, net	69,316	71,176	(1,860)
Deferred revenues	52,288	51,369	919
Pension liabilities	44,223	53,886	(9,663)
Short-term borrowings and current portion of finance leases	7,084	1,837	5,247
Long-term debt, less current portion	117,878	111,758	6,120
Total debt	124,962	113,595	11,367
Total stockholders' equity attributable to Crawford & Company	215,763	186,939	28,824
Net debt <sup>1</sup>	80,254	68,939	11,315

# Net Debt and Pension Liability



Net debt at \$80.3 million



Pension liability at \$44.2 million

# Operating And Free Cash Flow

Unaudited (\$ in thousands)	For the year to date periods ended June 30,		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Net Income (Loss) Attributable to Shareholders of Crawford & Company	\$ 17,844	\$ (5,501)	\$ 23,345
Depreciation and Other Non-Cash Operating Items	24,498	19,912	4,586
Goodwill Impairment	—	17,674	(17,674)
Loss on Disposition of Business	—	341	(341)
Billed Receivables Change	3,111	5,473	(2,362)
Unbilled Receivables Change	(7,026)	(7,000)	(26)
Change in Accrued Compensation, 401K, and Other Payroll	(12,324)	(13,959)	1,635
Change in Accrued and Prepaid Income Taxes	(7,424)	(6,806)	(618)
Other Working Capital Changes	(3,223)	5,054	(8,277)
U.S. and U.K. Pension Contributions	(4,924)	(3,156)	(1,768)
Cash Flows from Operating Activities	10,532	12,032	(1,500)
Property & Equipment Purchases, net	(2,120)	(5,476)	3,356
Capitalized Software (internal and external costs)	(10,083)	(8,823)	(1,260)
Free Cash Flow <sup>1</sup>	\$ (1,671)	\$ (2,267)	\$ 596

# Crawford & Company

The world's largest publicly listed independent provider of global claims management and outsourcing solutions.



**9,000**

employees

**50K+**

field resources

**70**

countries

**\$18B+**

Claims Managed Annually

# Appendix: Non-GAAP Financial Information



# Appendix: Non-GAAP Financial Information

**Measurements of financial performance not calculated in accordance with GAAP should be considered as supplements to, and not substitutes for, performance measurements calculated or derived in accordance with GAAP. Any such measures are not necessarily comparable to other similarly-titled measurements employed by other companies.**

## **Reimbursements for Out-of-Pocket Expenses**

In the normal course of our business, our operating segments incur certain out-of-pocket expenses that are thereafter reimbursed by our clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are required to be included when reporting expenses and revenues, respectively, in our consolidated results of operations. In this presentation, we do not believe it is informative to include in reported revenues the amounts of reimbursed expenses and related revenues, as they offset each other in our consolidated results of operations with no impact to our net income or operating earnings. As a result, unless noted in this presentation, revenue and expense amounts exclude reimbursements for out-of-pocket expenses.

## **Net Debt**

Net debt is computed as the sum of long-term debt, capital leases and short-term borrowings less cash and cash equivalents. Management believes that net debt is useful because it provides investors with an estimate of what the Company's debt would be if all available cash was used to pay down the debt of the Company. The measure is not meant to imply that management plans to use all available cash to pay down debt.

## **Free Cash Flow**

Management believes free cash flow is useful to investors as it presents the amount of cash the Company has generated that can be used for other purposes, including additional contributions to the Company's defined benefit pension plans, discretionary prepayments of outstanding borrowings under our credit agreement, and return of capital to shareholders, among other purposes. It does not represent the residual cash flow of the Company available for discretionary expenditures.

## **Segment and Consolidated Operating Earnings**

Operating earnings is the primary financial performance measure used by our senior management and chief operating decision maker to evaluate the financial performance of our Company and operating segments and make resource allocation and certain compensation decisions. Management believes operating earnings is useful to others in that it allows them to evaluate segment and consolidated operating performance using the same criteria our management and chief operating decision maker use. Consolidated operating earnings represent segment earnings including certain unallocated corporate and shared costs and credits, but before net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, loss on disposition of business, income taxes and net income or loss attributable to noncontrolling interests.

# Appendix: Non-GAAP Financial Information (cont.)

## **Segment and Consolidated Gross Profit**

Gross profit is defined as revenues less direct expenses which exclude indirect overhead expenses allocated to the business. Indirect expenses consist of centralized administrative support costs, regional and local shared services that are allocated to each segment based on usage.

## **Adjusted EBITDA**

Adjusted EBITDA is used by management to evaluate, assess and benchmark our operational results and the Company believes that adjusted EBITDA is relevant and useful information widely used by analysts, investors and other interested parties. Adjusted EBITDA is defined as net income attributable to shareholders of the Company with recurring adjustments for depreciation and amortization, net corporate interest expense, income taxes and stock-based compensation expense. Additionally, adjustments for non-recurring expenses for loss on disposition of business have been included in the calculation of adjusted EBITDA. Adjusted EBITDA is not a term defined by GAAP and as a result our measure of adjusted EBITDA might not be comparable to similarly titled measures used by other companies.

## **Adjusted Revenue, Operating Earnings, Pretax Earnings, Net Income, Diluted Earnings per Share and EBITDA**

Included in non-GAAP adjusted measurements as an add back or subtraction to GAAP measurements, are impacts of amortization of customer-relationship intangible assets, the goodwill impairment and loss on disposition of business, which arise from non-core items not directly related to our normal business or operations, or our future performance. Management believes it is useful to exclude these charges when comparing net income and diluted earnings per share across periods, as these charges are not from ordinary operations.

# Total Revenues Before Reimbursements by Major Currency

The following table illustrates revenue as a percentage of total revenue in the major currencies of the geographic areas in which Crawford does business:

<i>(in thousands)</i> Geographic Area      Currency			Three Months Ended			
			June 30, 2021		June 30, 2020	
			USD equivalent	% of total	USD equivalent	% of total
U.S.	USD	\$	155,714	58.2%	\$ 131,889	56.3%
U.K.	GBP		34,280	12.8%	32,559	13.9%
Canada	CAD		20,337	7.6%	20,853	8.9%
Australia	AUD		27,497	10.3%	18,778	8.0%
Europe	EUR		14,145	5.3%	14,019	6.0%
Rest of World	Various		15,484	5.8%	16,318	6.9%
Total Revenues, before reimbursements			\$ 267,457	100.0%	\$ 234,416	100.0%

# Reconciliation of Non-GAAP Items

## Revenues, Costs of Services Provided, and Operating Earnings

	Quarter Ended June 30, 2021	Quarter Ended June 30, 2020
<b>Unaudited (\$ in thousands)</b>		
<b>Revenues Before Reimbursements</b>		
Total Revenues	\$ 276,545	\$ 242,875
Reimbursements	(9,088)	(8,459)
Revenues Before Reimbursements	<u>267,457</u>	<u>234,416</u>
<b>Costs of Services Provided, Before Reimbursements</b>		
Total Costs of Services	202,245	172,057
Reimbursements	(9,088)	(8,459)
Costs of Services Provided, Before Reimbursements	<u>\$ 193,157</u>	<u>\$ 163,598</u>
	<b>Quarter Ended June 30, 2021</b>	<b>Quarter Ended June 30, 2020</b>
<b>Unaudited (\$ in thousands)</b>		
<b>Operating Earnings:</b>		
Crawford Loss Adjusting	\$ 6,199	\$ 10,043
Crawford Platform Solutions	10,368	7,145
Crawford TPA Solutions	4,715	3,122
Unallocated corporate and shared costs and credits, net	(1,662)	(2,066)
<b>Consolidated Operating Earnings</b>	<u>19,620</u>	<u>18,244</u>
(Deduct) Add:		
Net corporate interest expense	(1,213)	(2,452)
Stock option expense	(264)	(286)
Amortization expense	(2,750)	(2,732)
Loss on disposition of business	—	(341)
Income tax provision	(3,590)	(6,311)
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(23)	(224)
<b>Net Income Attributable to Shareholders of Crawford &amp; Company</b>	<u>\$ 11,780</u>	<u>\$ 5,898</u>

# Reconciliation of Non-GAAP Items (cont.)

## Adjusted EBITDA

Unaudited (\$ in thousands)	Quarter Ended	
	June 30, 2021	June 30, 2020
<b>Net income attributable to shareholders of Crawford &amp; Company</b>	<b>\$ 11,780</b>	<b>\$ 5,898</b>
Add:		
Depreciation and amortization	<b>10,464</b>	9,390
Stock-based compensation	<b>1,954</b>	1,118
Net corporate interest expense	<b>1,213</b>	2,452
Loss on disposition of business	<b>—</b>	341
Income tax provision	<b>3,590</b>	6,311
<b>Adjusted EBITDA</b>	<b>\$ 29,001</b>	<b>\$ 25,510</b>

# Reconciliation of Non-GAAP Items (cont.)

## Net Debt

Unaudited (\$ in thousands)	June 30, 2021	December 31, 2020
<b>Net Debt</b>		
Short-term borrowings	\$ 7,000	\$ 1,570
Current installments of finance leases and other obligations	84	267
Long-term debt and finance leases, less current installments	117,878	111,758
Total debt	124,962	113,595
Less:		
Cash and cash equivalents	44,708	44,656
Net debt	\$ 80,254	\$ 68,939

# Reconciliation of Non-GAAP Items (cont.)

## Segment Gross Profit

(\$ in thousands)	Three months ended	
	June 30, 2021	June 30, 2020
Segment gross profit:		
Crawford Loss Adjusting	\$ 27,244	\$ 30,525
Crawford Platform Solutions	15,435	10,662
Crawford TPA Solutions	19,064	17,170
Segment gross profit	61,743	58,357
Segment indirect costs:		
Crawford Loss Adjusting	(21,045)	(20,482)
Crawford Platform Solutions	(5,067)	(3,517)
Crawford TPA Solutions	(14,349)	(14,048)
Unallocated corporate and shared costs, net	(1,662)	(2,066)
Consolidated operating earnings	19,620	18,244
Net corporate interest expense	(1,213)	(2,452)
Stock option expense	(264)	(286)
Amortization expense	(2,750)	(2,732)
Loss on disposition of business	—	(341)
Income tax provision	(3,590)	(6,311)
Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(23)	(224)
Net income attributable to shareholders of Crawford & Company	\$ 11,780	\$ 5,898

# Reconciliation of Second Quarter Non-GAAP Results

## Three Months Ended June 30, 2021

Unaudited (\$ in thousands)	Revenues	Non-GAAP Operating Earnings	Pretax Earnings	Net Income Attributable to Crawford & Company	Diluted Earnings per CRD-A Share <sup>(1)</sup>	Diluted Earnings per CRD-B Share
GAAP	\$ 267,457	\$ 19,620	\$ 15,393	\$ 11,780	\$ 0.22	\$ 0.22
Adjustments:						
Amortization of intangible assets	—	—	2,750	2,063	0.04	0.04
Non-GAAP Adjusted	\$ 267,457	\$ 19,620	\$ 18,143	\$ 13,843	\$ 0.25	\$ 0.26

<sup>(1)</sup> Sum of reconciling items may differ from total due to rounding of individual components.

## Three Months Ended June 30, 2020

Unaudited (\$ in thousands)	Revenues	Non-GAAP Operating Earnings	Pretax Earnings	Net Income Attributable to Crawford & Company <sup>(2)</sup>	Diluted Earnings per CRD-A Share <sup>(2)</sup>	Diluted Earnings per CRD-B Share <sup>(2)</sup>
GAAP	\$ 234,416	\$ 18,244	\$ 12,433	\$ 5,898	\$ 0.11	\$ 0.11
Adjustments:						
Amortization of intangible assets	—	—	2,732	2,049	0.04	0.04
Income tax impact of first quarter goodwill impairment	—	—	—	2,206	0.04	0.04
Loss on disposition of business	—	—	341	265	—	—
Non-GAAP Adjusted	\$ 234,416	\$ 18,244	\$ 15,506	\$ 10,418	\$ 0.19	\$ 0.19

(2) The income tax impact of goodwill impairment was based on the estimated annual effective income tax rate. Due to the non-discrete income tax treatment of the first quarter 2020 goodwill impairment, the income tax benefit normalized as income was earned during the remainder of the year, resulting in a lower full year income tax benefit during 2020.