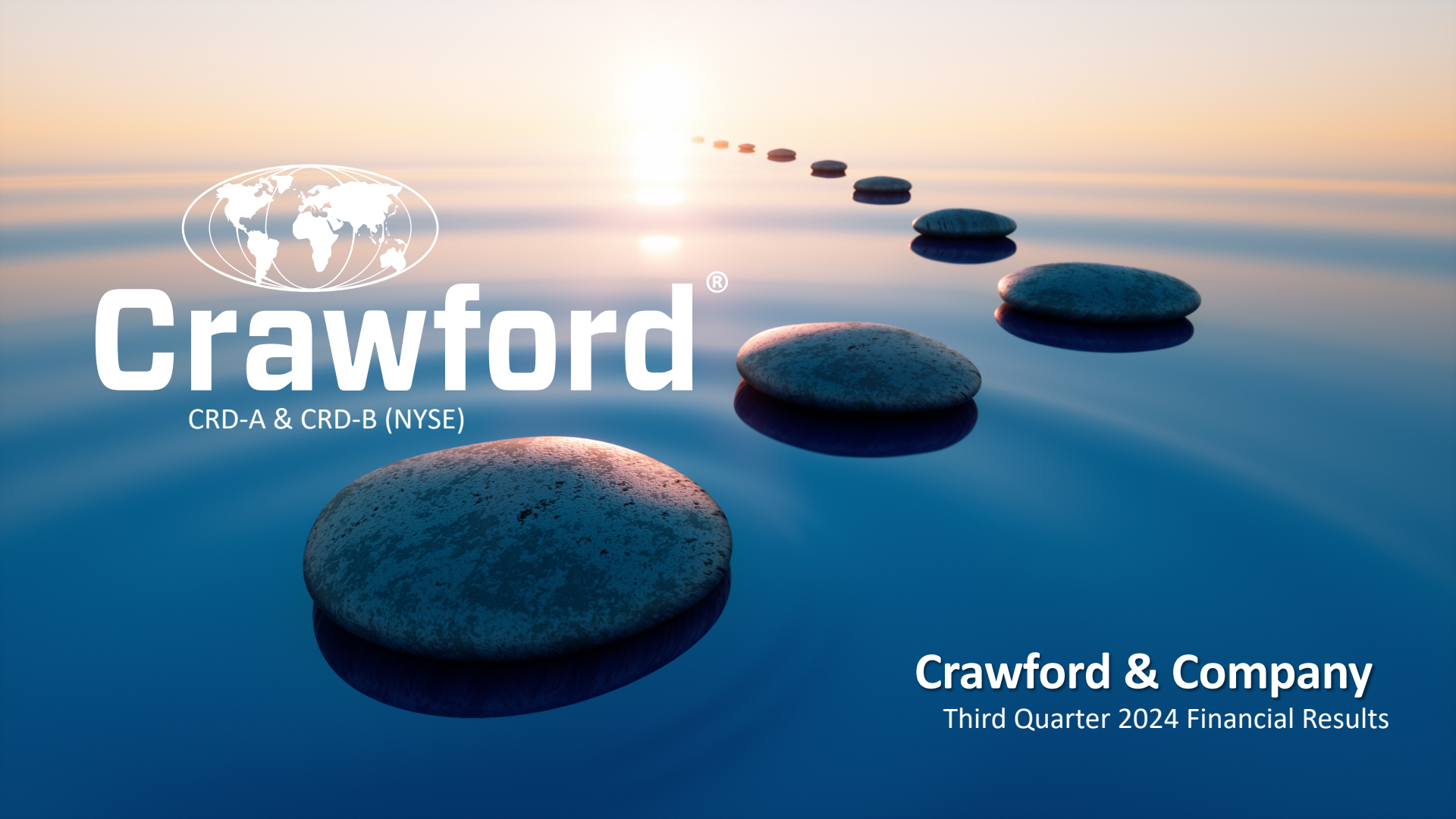

Crawford®
CRD-A & CRD-B (NYSE)
Crawford & Company
Third Quarter 2024 Financial Results

Forward-Looking Statements & 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 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 four 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 acquisition-related intangible assets, contingent earnout adjustments, non-service pension costs, income taxes and net income or loss attributable to noncontrolling interests.

Earnings Per Share
The Company's two classes of stock are substantially identical, except with respect to voting rights for the Class B Common Stock (CRD-B) and protections for the non-voting Class A Common Stock (CRD-A). More information available on the Company's website.

The two-class method is an earnings allocation method under which earnings per share ("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. As a result, the Company may report different EPS for each class of stock due to the two-class method of computing EPS as required by ASC Topic 260 - "Earnings Per Share".

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.

STRATEGIC UPDATE

Rohit Verma
President & Chief Executive Officer



Global Reach; Trusted Partner

70
Countries

$20B+
Claims Managed Annually

10,000+
Employees

50,000+
Field Resources



Multiple Growth Drivers Benefitting Crawford



Climate change continues to drive global demand in weather-related claims



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



Gaining market share within **fragmented U.S. independent loss adjusting market**



Growing and strengthening strategic partnerships across business segments

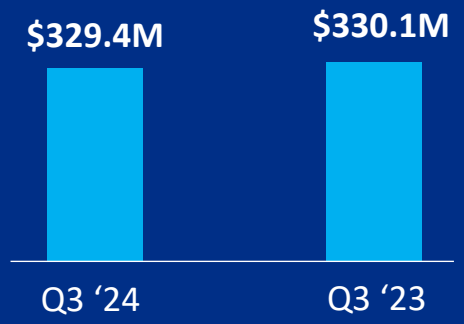


Industry-leading Insurtech capabilities enhancing market share

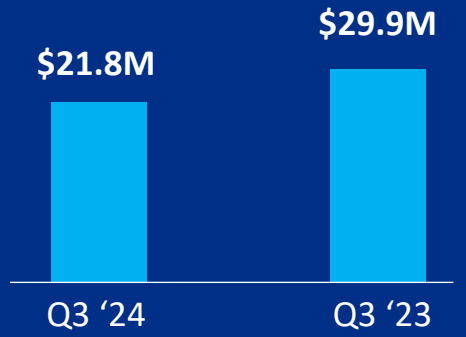
Third Quarter 2024 Summary

- Q3 consolidated revenue consistent YoY
- Q3 operating earnings decrease related to reduced storm activity and increased corporate unallocated costs as compared to previous year
- **Revenue and operating earnings growth** in 2 segments
  - **Record quarterly revenue** in Broadspire segment and U.S. GTS service line
  - Strong **YoY revenue and earnings growth** in International Operations
- **Added $24.4 million in new and enhanced business**
- **Strong balance sheet and liquidity**
  - **Leverage ratio remains low** at 2.22x EBITDA

Revenue



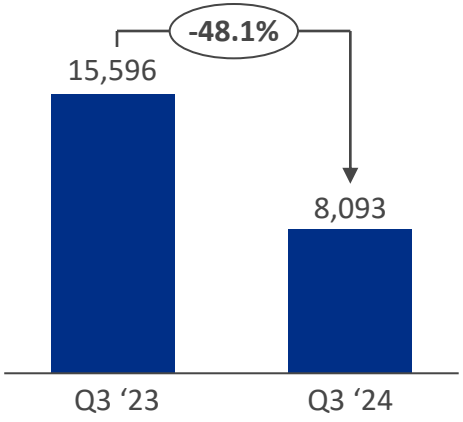
Adjusted Operating Earnings*



* See Appendix for non-GAAP explanation and reconciliation

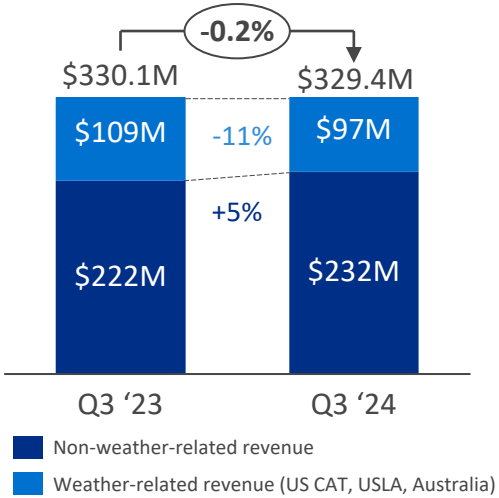
Occurrence of Severe Storms in the U.S. Decreased Year Over Year

U.S. Severe Storm Reports[1]



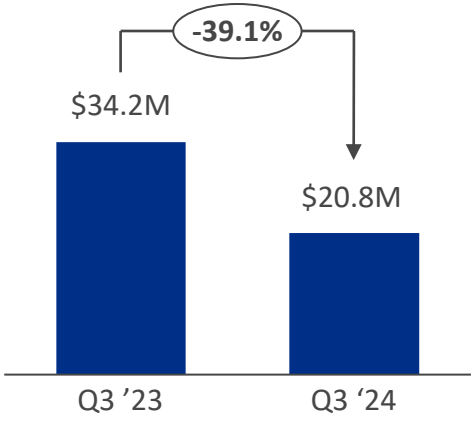
Decrease in weather-related business consistent with reduction in U.S. severe storms

Consolidated Weather-Related vs. Non-Weather-Related Revenue



Non-weather-related business grew 5% YoY

Networks Revenue[2]



Significant decrease reflects reduced frequency of storm activity

[1] National Oceanic and Atmospheric Administration (NOAA) Storm Prediction Database, October 2024

[2] Networks service line generates revenues through deployment of adjusters primarily related to property, casualty, and catastrophic losses

Our Capital Allocation Strategy

Committed to Industry Leading Financial Strength and Employing a Disciplined Approach to Capital Allocation



Investing in long-term growth
through Cap Ex and M&A



Strong liquidity
Leverage ratio below industry average at 2.22x EBITDA



Paid quarterly dividend of $0.07 per share for CRD-A and CRD-B

OPERATIONAL UPDATE

Bruce Swain, Chief Financial Officer



Third Quarter 2024 Revenue Contribution

North America Loss Adjusting
24%

Comprised of the Following North American Service Lines:

- USLA
  - US GTS
  - US Field Ops
- Canada Loss Adjusting
- Canada TPA
- Canada Contractor Connection
- edjuster

International Operations
32%

Comprised of All Service Lines Outside of North America:

- UK
- Europe
- Australia
- Asia
- Latin America
- Legal Services

Broadspire (U.S.-only)
30%

Third Party Administration for:

- Workers' Compensation
- Auto and Liability Claims
- Medical Management
- Disability
- Technology Services
- Accident and Health

Platform Solutions (US-only)
14%

Comprised of the Following Service Lines:

- Contractor Connection
- Networks
  - Catastrophe
  - WeGoLook
- Subrogation (Praxis)

North America Loss Adjusting
Third Quarter 2024 Results

$79.3M
Revenues

$5.4M
Operating Earnings

- **Q3 revenue consistent YoY**
- **U.S. GTS achieved record quarterly revenues with 19% growth** driven by new business wins
- **Q3 operating earnings decreased by 48%**
  - U.S. Field Ops and Canada revenue reduction
  - Increased investment in U.S. GTS talent to support growth
- **Destination for specialized insurance adjusting talent**



International Operations
Third Quarter 2024 Results

$105.7M
Revenues

$5.1M
Operating Earnings

- **YoY revenue growth of 8%**; Growth of **10%** when measured in constant currency
- **Operating earnings more than doubled** YoY
- Operating margin expanded 262 bps
- **Segment turnaround continues** driven by strategy to improve pricing, productivity, and new business growth



Broadspire
Third Quarter 2024 Results

$99.0M
Revenues

$14.4M
Operating Earnings

- **Record quarterly revenue** reflected increase of 7% YoY
- Company leading operating margin of 14.5%
- **Client wins and pricing improvements** drove strong performance
- **94%** of Broadspire business renewed YTD

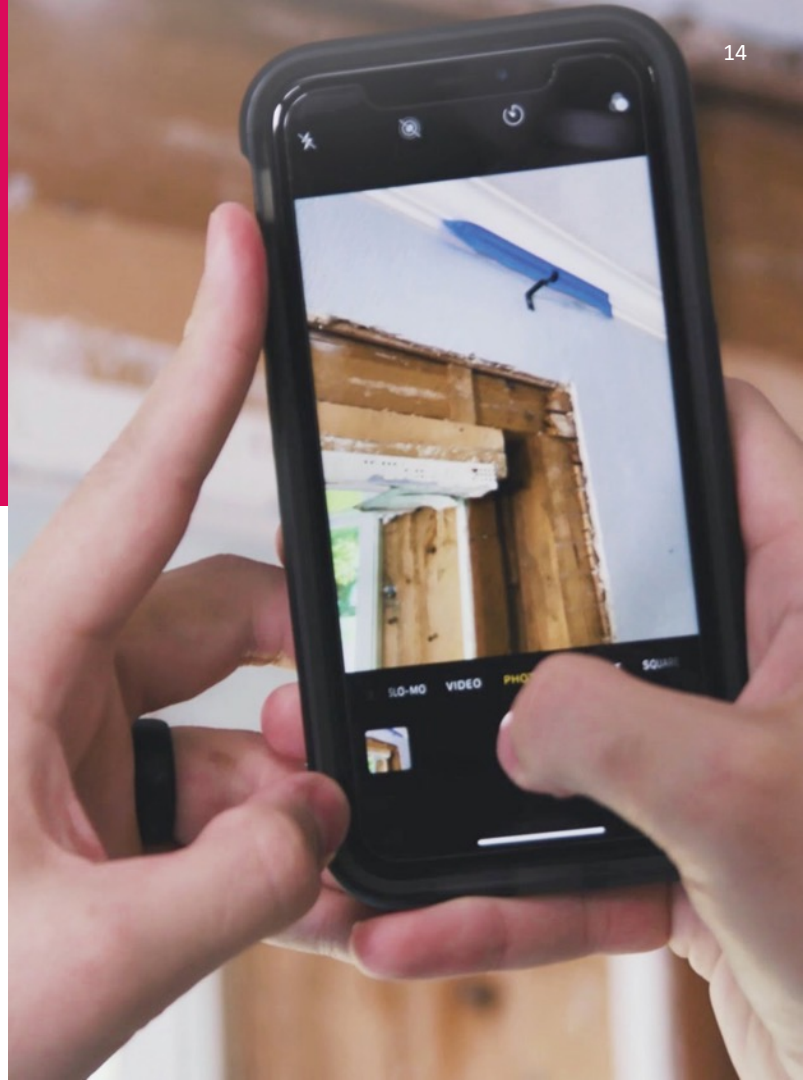


Platform Solutions
Third Quarter 2024 Results

$45.3M
Revenues

$3.8M
Operating Earnings

- **Revenue decreased by 24%**
  - Decrease in weather-related business consistent with reduction in U.S. severe storms
  - We continue to add new clients and grow services – creating greater potential for revenue growth in periods of extreme weather
- Insurance carrier capacity led to reduced utilization of Contractor Connection and Networks services
- **Subrogation revenues grew 12%** YoY



FINANCIAL UPDATE

Bruce Swain, Chief Financial Officer



Q3 2024 Financial Summary

Unaudited ($ in millions, except per share amounts)	Quarter Ended		
	September 30, 2024	September 30, 2023	% Change
Revenues	**$329.4**	$330.1	(0)%
Non-GAAP Revenues excluding foreign exchange fluctuations[1]	**$331.6**	$330.1	0%
Net Income Attributable to Shareholders of Crawford & Company	**$9.5**	$12.3	(23)%
Diluted Earnings per Share			
CRD-A	**$0.19**	$0.25	(24)%
CRD-B	**$0.19**	$0.25	(24)%
Non-GAAP Diluted Earnings per Share [1]			
CRD-A	**$0.22**	$0.35	(37)%
CRD-B	**$0.22**	$0.36	(39)%
Adjusted Operating Earnings [1]	**$21.8**	$29.9	(27)%
Adjusted Operating Margin [1]	**6.6%**	9.1%	(250) bps
Adjusted EBITDA [1]	**$29.6**	$38.6	(23)%
Adjusted EBITDA Margin [1]	**9.0%**	11.7%	(270) bps

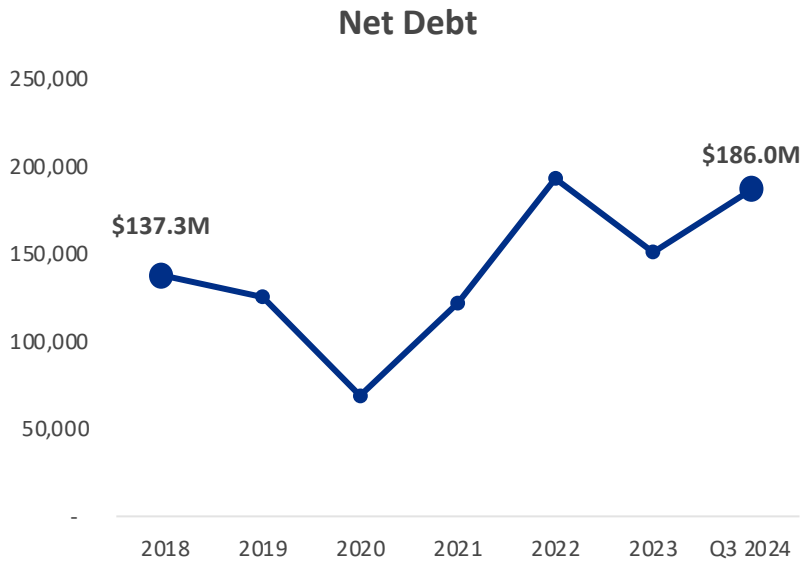
(1) See Appendix for non-GAAP explanation and reconciliation

Balance Sheet Highlights

Unaudited ($ in thousands)	Sept 30, 2024	Dec 31, 2023	Change
Cash and cash equivalents	**$ 52,340**	$ 58,363	$ (6,023)
Accounts receivable, net	**131,352**	131,362	(10)
Unbilled revenues, net	**134,998**	116,611	18,387
Total receivables	**266,350**	247,973	18,377
Goodwill	**76,631**	76,724	(93)
Intangible assets arising from business acquisitions, net	**76,607**	81,786	(5,179)
Deferred revenues	**59,220**	60,411	(1,191)
Pension liabilities	**23,064**	24,006	(942)
Short-term borrowings and current portion of finance leases	**32,440**	14,813	17,627
Long-term debt, less current portion	**205,918**	194,335	11,583
Total debt	**238,358**	209,148	29,210
Total stockholders' equity attributable to Crawford & Company	**160,927**	141,618	19,309
Net debt [(1)]	**186,018**	150,785	35,233

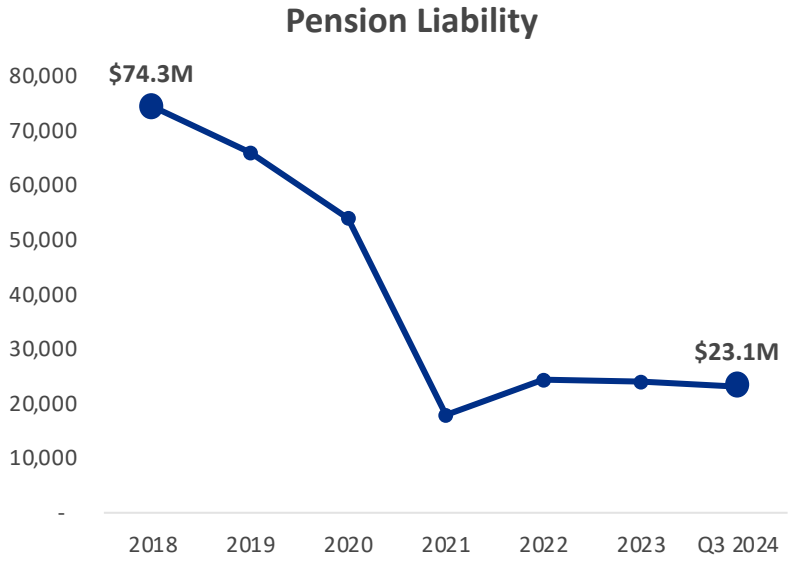
(1) See Appendix for non-GAAP explanation and reconciliation

Net Debt and Pension Liability



Net debt at $186.0 million

Leverage Ratio of 2.22x EBITDA at end of Q3 '24



Pension liability at $23.1 million

Funded Ratio of US pension plan is 93.6% at end of Q3 '24

Operating and Free Cash Flow

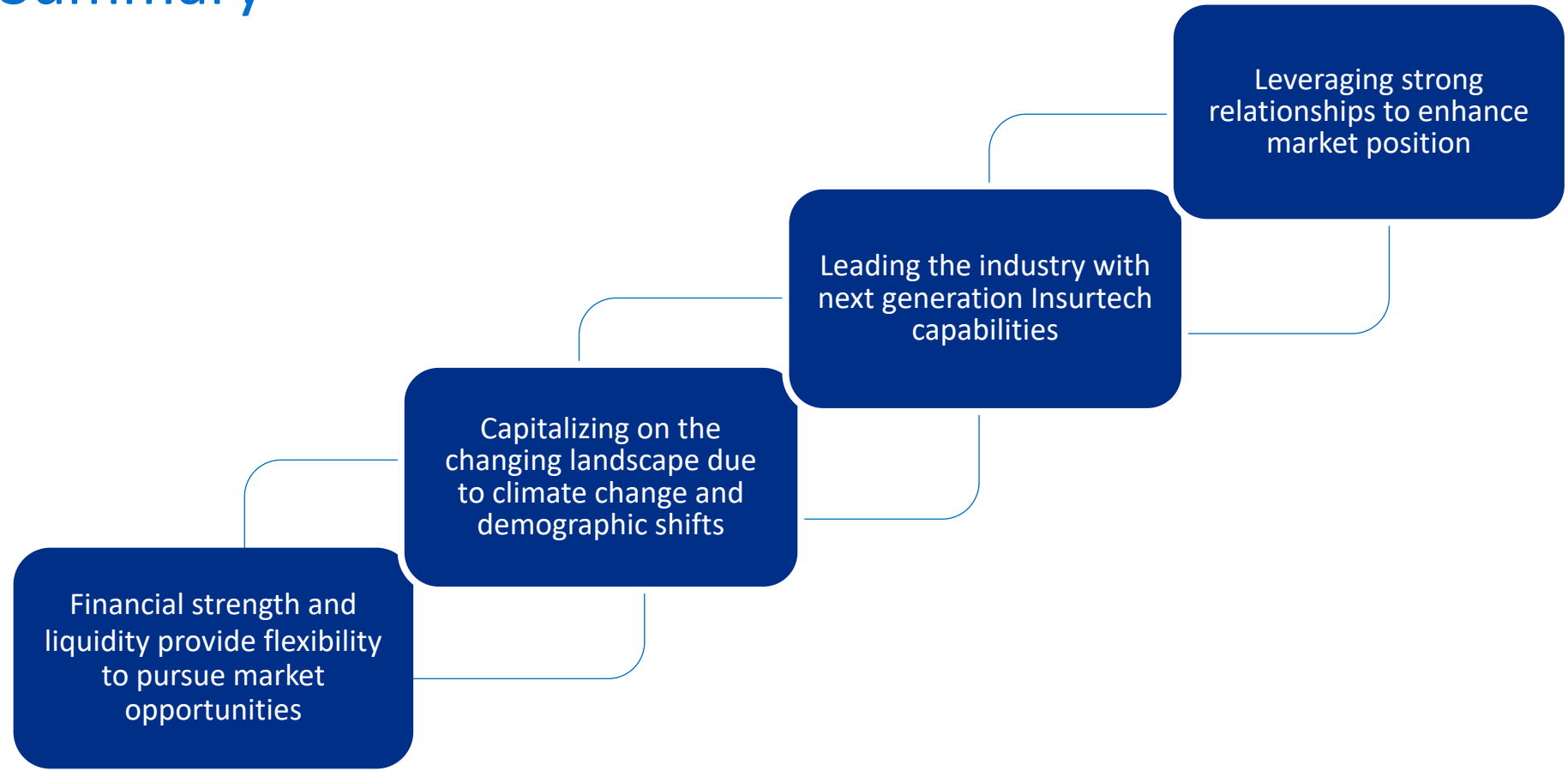
Unaudited ($ in thousands)	2024	2023	Change
Net Income Attributable to Shareholders of Crawford & Company	**$ 20,874**	$ 31,427	$ (10,553)
Depreciation and Other Non-Cash Operating Items	**30,477**	31,456	(979)
Contingent Earnout Adjustments	**(1,547)**	3,100	(4,647)
Billed Receivables Change	**751**	(6,309)	7,060
Unbilled Receivables Change	**(17,263)**	419	(17,682)
Change in Accrued Compensation, 401K, and Other Payroll	**(19,643)**	(735)	(18,908)
Other Working Capital Changes	**(2,556)**	8,719	(11,275)
Cash Flows from Operating Activities	**11,093**	68,077	(56,984)
Property & Equipment Purchases, net	**(2,992)**	(3,360)	368
Capitalized Software (internal and external costs)	**(26,453)**	(24,323)	(2,130)
Free Cash Flow[1]	**$ (18,352)**	$ 40,394	$ (58,746)

(1) See Appendix for non-GAAP explanation and reconciliation

Additional Financial Matters

Unallocated Corporate and Shared Costs and Credits	• Unallocated corporate costs of $7.0 million in Q3 ‘24 compared to corporate costs of $4.8 million in Q3 ‘23 • Variance was primarily due to increases in self-insured expense, professional fees, and other reserves
Non-service Pension Costs	• During Q3 ‘24 non-service pension costs were $2.4 million compared to $2.2 million in Q3 ’23 • These costs are not a component of operating earnings and are added back for non-GAAP earnings and EPS
Contingent Earnout Adjustment	• Recognized pre-tax contingent earnout credit totaling $2.1 million for Q3 ’24 compared to an earnout cost of $2.1 million in Q3 ‘23 • These credits and costs are not a component of operating earnings and are added back for non-GAAP earnings and EPS
Quarterly Dividend	• In Q3 ‘24 Crawford paid a $0.07 dividend per share for CRD-A and CRD-B
Share Repurchases	• In Q3 ‘24 Crawford repurchased 155,000 shares of CRD-B • Approximately 1.1 million shares are eligible to be repurchased under our 2021 Share Repurchase Authorization

Summary


Financial strength and liquidity provide flexibility to pursue market opportunities
Capitalizing on the changing landscape due to climate change and demographic shifts
Leading the industry with next generation Insurtech capabilities
Leveraging strong relationships to enhance market position

Appendix: Segment Results and Non-GAAP Financial Information



North America Loss Adjusting

Unaudited (in thousands, except percentages)	Three months ended September 30, 2024	September 30, 2023	Variance
Revenues	**$79,329**	$79,987	(0.8)%
Direct expenses	**64,572**	60,250	7.2%
Gross profit	**14,757**	19,737	(25.2)%
Indirect expenses	**9,314**	9,269	0.5%
Operating earnings	**$5,443**	$10,468	(48.0)%
Gross profit margin	**18.6%**	24.7%	(6.1)%
Operating margin	**6.9%**	13.1%	(6.2)%
Total cases received	**65,702**	78,434	(16.2)%
Full time equivalent employees	**1,951**	2,029	(3.8)%

International Operations

Unaudited (in thousands, except percentages)	Three months ended		
	September 30, 2024	September 30, 2023	Variance
Revenues	**$105,741**	$98,066	7.8%
Direct expenses	**87,198**	83,592	4.3%
Gross profit	**18,543**	14,474	28.1%
Indirect expenses	**13,407**	12,277	9.2%
Operating earnings	**$5,136**	$2,197	133.8%
Gross profit margin	**17.5%**	14.8%	2.7%
Operating margin	**4.9%**	2.2%	2.7%
Total cases received	**112,818**	121,074	(6.8)%
Full time equivalent employees	**3,668**	3,645	0.6%

Broadspire

Unaudited (in thousands, except percentages)	Three months ended		
	September 30, 2024	September 30, 2023	Variance
Revenues	**$99,009**	$92,229	7.4%
Direct expenses	**73,409**	66,729	10.0%
Gross profit	**25,600**	25,500	0.4%
Indirect expenses	**11,198**	11,968	(6.4)%
Operating earnings	**$14,402**	$13,532	6.4%
Gross profit margin	**25.9%**	27.6%	(1.7)%
Operating margin	**14.5%**	14.7%	(0.2)%
Total cases received	**140,801**	143,173	(1.7)%
Full time equivalent employees	**2,725**	2,599	4.8%

Platform Solutions

Unaudited (in thousands, except percentages)	Three months ended September 30, 2024	September 30, 2023	Variance
Revenues	**$45,296**	$59,839	(24.3)%
Direct expenses	**35,545**	45,761	(22.3)%
Gross profit	**9,751**	14,078	(30.7)%
Indirect expenses	**5,918**	5,555	6.5%
Operating earnings	**$3,833**	$8,523	(55.0)%
Gross profit margin	**21.5%**	23.5%	(2.0)%
Operating margin	**8.5%**	14.2%	(5.7)%
Total cases received	**90,506**	136,663	(33.8)%
Full time equivalent employees	**1,143**	1,333	(14.3)%

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.

Non-GAAP Financial Information (cont.)

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 acquisition-related intangible assets, contingent earnout adjustments, non-service pension costs, income taxes and net income or loss attributable to noncontrolling interests.

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, contingent earnout adjustments, non-service pension costs, income taxes and stock-based compensation expense. 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 Pretax Earnings, Net Income, and Diluted Earnings per Share

Included in non-GAAP adjusted measurements as an add back or subtraction to GAAP measurements, are impacts of amortization of acquisition-related intangible assets, contingent earnout adjustments, and non-service pension costs 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 Revenue 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:

Unaudited (in thousands)		Three Months Ended			
		September 30, 2024		September 30, 2023	
Geographic Area	Currency	**USD equivalent**	**% of total**	USD equivalent	% of total
U.S.	USD	**$ 200,160**	**60.8%**	$ 207,565	62.9%
U.K.	GBP	**42,265**	**12.8%**	38,290	11.6%
Canada	CAD	**23,474**	**7.1%**	24,490	7.4%
Australia	AUD	**23,530**	**7.1%**	22,867	6.9%
Europe	EUR	**15,260**	**4.6%**	14,629	4.4%
Rest of World	Various	**24,686**	**7.6%**	22,280	6.8%
Total Revenues, before reimbursements		**$ 329,375**	**100.0%**	$ 330,121	100.0%

Reconciliation of Non-GAAP Item

Revenues and Costs of Services Provided

Unaudited ($ in thousands)	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023
Revenues Before Reimbursements		
Total Revenues	**$ 342,726**	$ 342,187
Reimbursements	**(13,351)**	(12,066)
Revenues Before Reimbursements	**329,375**	330,121
Costs of Services Provided, Before Reimbursements		
Total Costs of Services	**249,308**	242,035
Reimbursements	**(13,351)**	(12,066)
Costs of Services Provided, Before Reimbursements	**$ 235,957**	$ 229,969

Reconciliation of Non-GAAP Items (cont.)

Operating Earnings

Unaudited ($ in thousands)	Quarter Ended September 30, 2024	Quarter Ended September 30,2023
North America Loss Adjusting	$ 5,443	$ 10,468
International Operations	5,136	2,197
Broadspire	14,402	13,532
Platform Solutions	3,833	8,523
Unallocated corporate and shared costs, net	(6,979)	(4,781)
Consolidated Operating Earnings	21,835	29,939
(Deduct) Add:		
Net corporate interest expense	(4,682)	(4,556)
Stock option expense	(188)	(145)
Amortization expense	(1,932)	(1,986)
Non-service pension costs	(2,441)	(2,170)
Contingent earnout adjustments	2,128	(2,127)
Income tax provision	(5,333)	(6,781)
Net loss attributable to noncontrolling interests	66	145
Net Income Attributable to Shareholders of Crawford & Company	$ 9,453	$ 12,319

Reconciliation of Non-GAAP items (cont.)

Adjusted EBITDA

Unaudited ($ in thousands)	Quarter Ended September 30, 2024	Quarter Ended September 30, 2023
Net Income Attributable to Shareholders of Crawford & Company	**$ 9,453**	$ 12,319
Add (Deduct):		
Depreciation and amortization	**8,813**	9,115
Stock-based compensation	**988**	1,574
Net corporate interest expense	**4,682**	4,556
Non-service pension costs	**2,441**	2,170
Contingent earnout adjustments	**(2,128)**	2,127
Income tax provision	**5,333**	6,781
Adjusted EBITDA	**$ 29,582**	$ 38,642

Non-GAAP Financial Information (cont.)

Net Debt

Unaudited ($ in thousands)	September 30, 2024	December 31, 2023
Short-term borrowings	$ 32,364	$ 14,762
Current installments of finance leases and other obligations	76	51
Long-term debt and finance leases, less current installments	205,918	194,335
Total debt	238,358	209,148
Less:		
Cash and cash equivalents	52,340	58,363
Net debt	$ 186,018	$ 150,785

Non-GAAP Financial Information (cont.)

Segment Gross Profit

Unaudited ($ in thousands)	Three months ended September 30, 2024	September 30, 2023
North America Loss Adjusting	$ 14,757	$ 19,737
International Operations	18,543	14,474
Broadspire	25,600	25,500
Platform Solutions	9,751	14,078
Segment gross profit	68,651	73,789
Segment indirect costs:		
North America Loss Adjusting	(9,314)	(9,269)
International Operations	(13,407)	(12,277)
Broadspire	(11,198)	(11,968)
Platform Solutions	(5,918)	(5,555)
Unallocated corporate and shared costs, net	(6,979)	(4,781)
Consolidated operating earnings	21,835	29,939
Net corporate interest expense	(4,682)	(4,556)
Stock option expense	(188)	(145)
Amortization expense	(1,932)	(1,986)
Non-service pension costs	(2,441)	(2,170)
Contingent earnout adjustments	2,128	(2,127)
Income tax provision	(5,333)	(6,781)
Net loss attributable to noncontrolling interests	66	145
Net income attributable to shareholders of Crawford & Company	$ 9,453	$ 12,319

Reconciliation of Third Quarter Non-GAAP Results

Three Months Ended September 30, 2024 Unaudited ($ in thousands)	Pretax Earnings	Net Income Attributable to Crawford & Company	Diluted Earnings per CRD-A Share	Diluted Earnings per CRD-B Share
GAAP	$ 14,720	$ 9,453	$ 0.19	$ 0.19
Adjustments:				
Amortization of intangible assets	1,932	1,668	0.03	0.03
Non-service-related pension costs	2,441	1,910	0.04	0.04
Contingent earnout adjustments	(2,128)	(2,179)	(0.04)	(0.04)
Non-GAAP Adjusted	$ 16,965	$ 10,852	$ 0.22	$ 0.22

Three Months Ended September 30, 2023 Unaudited ($ in thousands)	Pretax Earnings	Net Income Attributable to Crawford & Company	Diluted Earnings per CRD-A Share	Diluted Earnings per CRD-B Share[1]
GAAP	$ 18,955	$ 12,319	$ 0.25	$ 0.25
Adjustments:				
Amortization of intangible assets	1,986	1,711	0.03	0.03
Non-service-related pension costs	2,170	1,612	0.03	0.03
Contingent earnout adjustments	2,127	2,101	0.04	0.04
Non-GAAP Adjusted	$ 25,238	$ 17,743	$ 0.35	$ 0.36

(1) Sum of reconciling items may differ from total due to rounding of individual components