



2024 Annual Report

PPHC 

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Offices in Washington, DC | Boston | N. California | Dallas/Fort Worth | New York | Nashville
 Abu Dhabi | Dubai | London | Shanghai

PPHC at a Glance

Founded in

2014



Advise

49

Companies on the Fortune 100

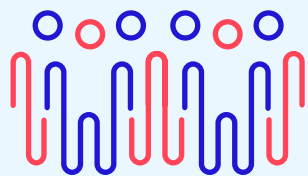
132

Companies on the Fortune 500

Over

450

Employees¹



18

Offices¹ in 4 Countries



Clients¹

c. 1300



#1

Federal lobbying agency² in the United States for the fifth year in a row



Our Mission

To be the preeminent Strategic Communications and Government Relations provider by uniting a diverse group of leading specialists around the world for the collective success of our clients, employees, and shareholders.

What We Do

PPHC is a family of premier advisory firms specializing in Government Relations, Public Affairs, and Strategic Communications.

Our Companies

Combined, work with nearly 1,300 corporate brands, institutions, and coalitions across all industry sectors. PPHC offers the breadth, depth and geographic reach unlike anyone else in the industry. We are an entrepreneurially led platform designed to offer clients bipartisan expertise, breakthrough research and industry-defining communications.

PPHC Values

Transparency

We communicate openly, freely, and with clarity.

Objectivity

We make unbiased and fair decisions in all aspects of our business operations.

Fiscal Responsibility

We operate under the premise that a fair return is due for all stakeholders.

Integrity

Ethics and legal compliance are at the forefront of our practices and procedures.

Excellence

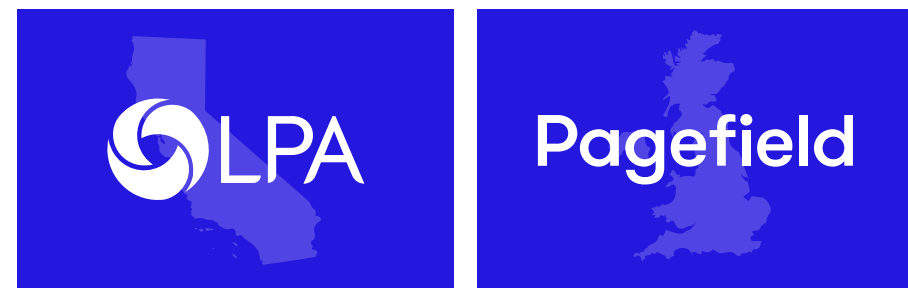
We must flawlessly advocate on behalf of our clients to support the achievement of their business objectives.

1. PPHC data as of April 2025

2. Source: Politico

2024 Highlights

Continued M&A – Lucas Public Affairs and Pagefield



Recognition – two firms recognized by PR News as Agency Elite Top 120 firms



Our three federal lobbying firms maintained spots in the top 20 LDA revenue rankings

Lobbying Firm ³	2024 Revenue (in \$m)
PPHC agencies combined (pro forma)	69.8
Brownstein Hyatt Farber Schreck	67.8
Akin Gump Strauss Hauer & Feld	56.6
Holland & Knight	49.7
Cornerstone Government Affairs	48.3
BGR Group	45.2
Invariant	42.6
Thorn Run Partners	30.1
Mehlman Consulting	29.4
Cassidy & Associates	26.4
Forbes Tate Partners	26.2
Capitol Counsel	25.8
Crossroads Strategies	25.2
Tiber Creek Group	24.1
Avoq	20.1
Squire Patton Boggs	20.0
Ballard Partners	19.6
Van Scoyoc Associates	19.5
Alpine Group	18.4
Strategic Marketing Innovations	17.1
K&L Gates	17.0

Strong earnings quality with 80-85% of revenue renewed annually

>1200

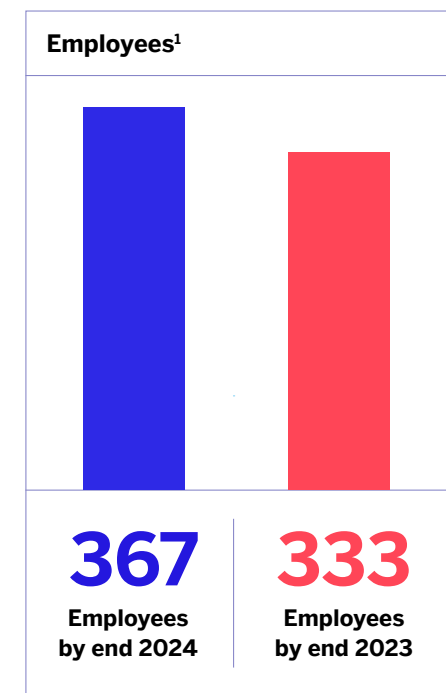
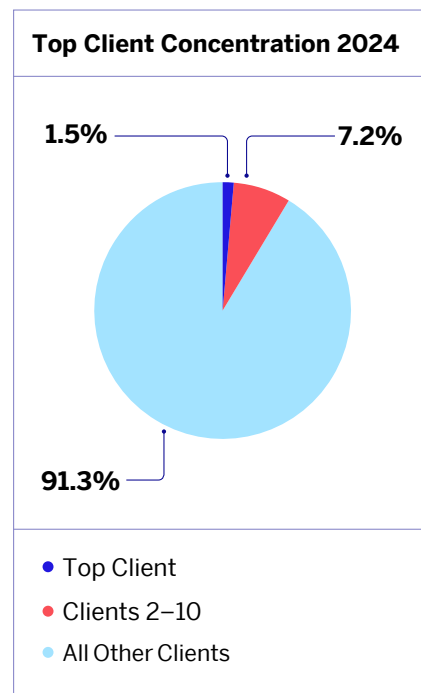
Clients across group

503

Clients² spending \$100K or more (vs 437 in 2023)

137

Clients spending \$250K or more (vs 118 in 2023)



1. Average employees during 2024 was 349 (FY2023: 308) 2. Historical numbers have been restated for client consolidation

3. Source: Politico

Revenue

\$149.6m

Up 11% from 2023

Underlying EBITDA

\$36.1m

Up 3% from 2023

Underlying Net Income

\$27.7m

Up 5% from 2023

Free Cash Flow

\$22.2m

Up 4% from 2023

Dividend

~\$11.4m

Based on 9.4 \$ct per share

Chairman's Statement

On behalf of the Board of Directors, I am pleased to report on a transformative year for PPHC in 2024, marked by strategic international expansion and a strong financial performance across our increasingly diversified operations. The Group has demonstrated its ability to navigate market challenges while executing on growth opportunities, particularly evidenced by our successful entry into the UK market with Pagefield and now- finalised acquisition of TrailRunner, which extends our reach into key Asian and Middle East markets, as well as into more US regions/states.

FY2024 was characterised by distinct halves, with challenging conditions in Public Affairs during the first six months followed by encouraging momentum in H2. This recovery, combined with the consistent strength of our Government Relations practice and exceptional growth in Diversified Services, underscores the fundamental strength of our business model and its ability to perform through different market cycles.

2024 was pivotal in advancing our strategic vision of becoming the world's premier provider of strategic communications, government relations, and related services. The acquisitions of LPA and Pagefield represented significant steps in expanding our geographic footprint and service capabilities.

The acquisition of TrailRunner, announced in January 2025 and completed in April, further accelerates this strategy, adding significant strategic communications capabilities and geographic expansion.

The Group's management has demonstrated commendable operational discipline throughout the year, maintaining robust margins while continuing to invest in growth initiatives and successfully integrating acquired businesses. Their focused approach to cost management positions us well for the future. The integration of recent acquisitions and the launch of new service offerings reflect the deep expertise and operational excellence across our operating companies.

Looking ahead, the expertise of our teams across policy, strategic communications, and public affairs has never been more relevant. In an environment characterised by evolving stakeholder expectations and complex regulatory changes — including renewed trade tensions and tariff rhetoric — our ability to help clients navigate challenges and seize opportunities sets us apart. The strengthening momentum we saw in the latter part of 2024, combined with our expanded global capabilities, gives us confidence in our ability to deliver enhanced value for our clients and shareholders throughout 2025.

Simon Lee

Chair of the Board
April 2025



Dividend

The Board of Directors of the Company has declared a total dividend for 2024 of \$0.094 per Common Share, which equates to an aggregate amount, based on the anticipated number of outstanding Common Shares, of approximately \$11.4m. Because \$0.047 per Common Share was paid as interim dividend in October 2024, a final dividend of \$0.047 per Common Share remains payable to the holders of record of all the issued and outstanding shares of the Company's Common Stock

as of the close of business on the record date, 25 April 2025. The ex-dividend date is 24 April 2025. The final dividend will be paid no later than 23 May 2025.

This proposed final dividend reflects the intended dividend reduction announced in January 2025, aimed at retaining more of the Group's strong free cash flow, and enabling the Group to continue pursuing accretive M&A and drive long-term growth.

Board Update

The Group's former Chief Administrative Officer and Chief Financial Officer, Bill Chess, transitioned from an Executive Director role to a Non-Executive Director role, effective as of his retirement from his full-time executive

career on 30 June 2024. The Board remains focused on ensuring strong governance and strategic oversight as PPHC continues to grow and expand its capabilities.

Chief Executive Officer's Report

G. Stewart Hall

Chief Executive Officer

April 2025



As we reflect on 2024, I want to express my gratitude to our investors, clients, employees, and partners who have been integral to our journey.

2024 was a year of strategic expansion and resilient performance for PPHC. Despite market challenges, we've strengthened our position as the leading advisory firm in our core markets while successfully executing our international growth strategy.

Our Government Relations segment, representing 69% of Group revenue, delivered organic growth of 4% and maintained, for the fifth consecutive year, its position as the leading provider of federal lobbying services in the US. This performance demonstrates the enduring value of our services during periods of policy change and complexity. Experience shows that times of transition create increased demand for sophisticated government relations advice, as organisations seek to understand and adapt to evolving policy dynamics.

A defining milestone in this strategy has been our expansion into strategic communications and corporate affairs, furthering our ability to serve clients navigating high-stakes regulatory, reputational, and policy challenges. The acquisitions of Pagefield in the UK and LPA in California, complemented by our recently completed acquisition of TrailRunner International, represent a major step forward in our goal to build a global, integrated strategic advisory platform.

In our Public Affairs segment (24% of revenue), we saw a marked turnaround from -13% organic growth in H1 to +4% in H2 as project work returned following the conclusion of various elections. Meanwhile, our Diversified Services segment demonstrated exceptional organic growth of 23%, validating our investment in specialised capabilities across AI regulation, energy transition, and strategic communications.

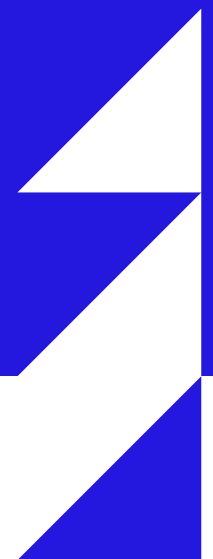
As we enter the second decade of PPHC's operations, our founding vision has evolved from providing sophisticated government relations services at scale, to building a truly global platform supporting clients across multiple markets and policy jurisdictions. There is significant global addressable market in our operating spheres, and as a group, we consider ourselves ideally positioned to capitalise on that opportunity. The successful integration of recent acquisitions represents significant progress toward this goal.

Looking ahead, we see substantial opportunities in the evolving political and policy landscape. To our team of now over 450 professionals, thank you for your continued excellence. And to our nearly 1300 clients, we remain committed to helping you navigate an increasingly complex global economic and attendant policy environment with clarity and confidence.

“Every **political** problem is an instant **reputational** problem, and every reputational problem is an instant political problem.”

—
Stewart Hall
CEO, PPHC

Strategic Review

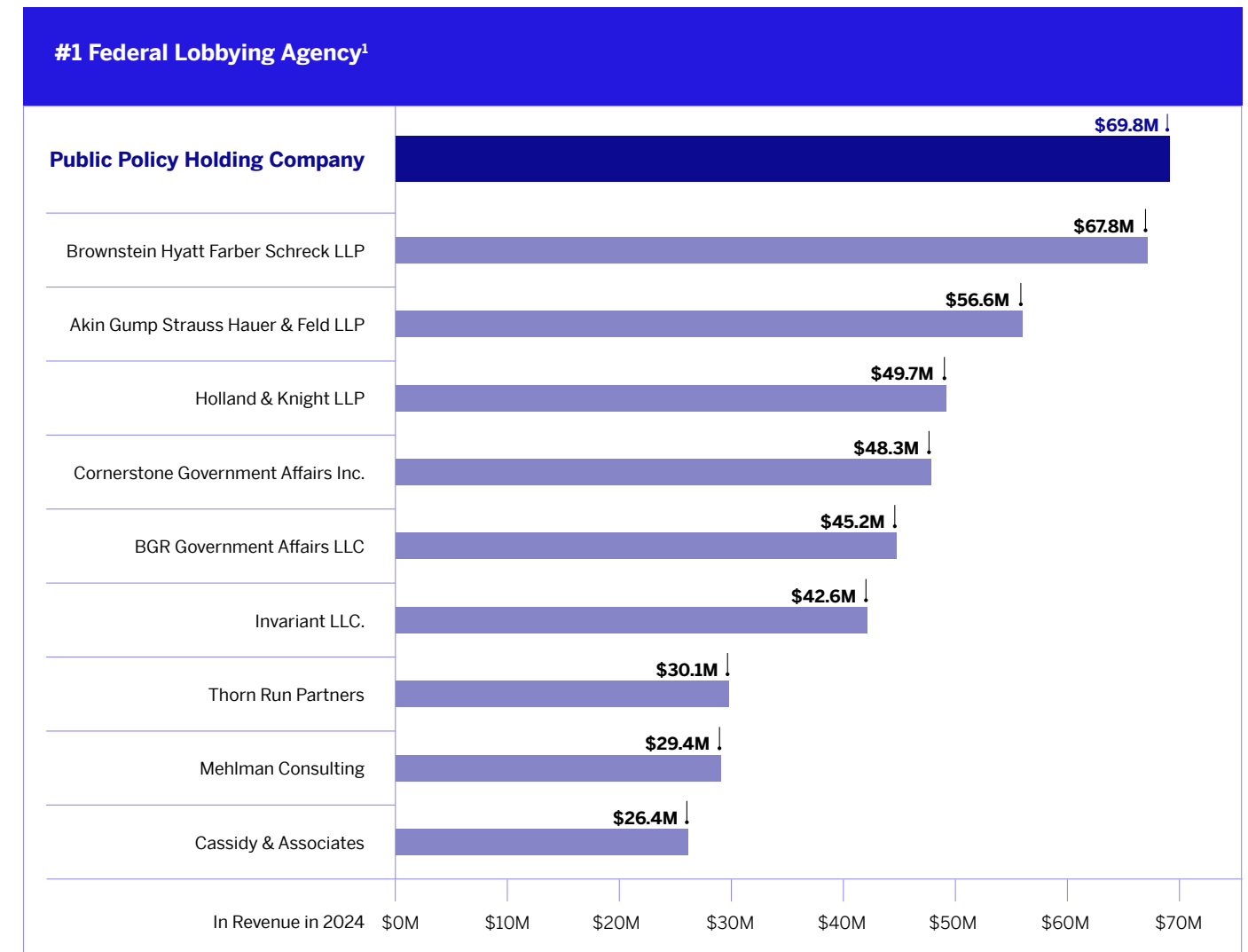


Strategic Review

PPHC continued to make strong progress in 2024. The Group’s diversified service offerings, long-standing client relationships, and increasing ability to provide fully integrated solutions across government relations and public affairs have enabled it to navigate election-year uncertainties while maintaining steady growth.

- ▲ The year showcased the Group’s ability to successfully execute its stated growth strategy, with ten operating companies providing an enhanced and complementary range of services to a now global client base:
 - ▲ Organic growth of 3% was achieved in a year that saw major elections, and therefore political disruption, across many of the world’s largest economies including the US and UK.
 - ▲ This was supplemented by the continued execution of the Group’s inorganic growth strategy, with the acquisitions of California-based Lucas Public Affairs (“LPA”) and London-based Pagefield Communications (“Pagefield”) completed in the Period.
 - ▲ LPA broadens the Group’s presence in a state capital characterised by high regulation and would rank as the world’s fifth largest economy if measured on its own; Pagefield established the Group’s first international presence.
- ▲ Revenue diversification further enhanced with the top 10 Group clients representing 8.7% of revenue in FY2024 versus 10.8% in FY2023 (**), and increasing international revenue contribution.
- ▲ The revenue share of each division as a proportion of the Group’s total remained broadly similar to last year, with Government Relations at 69% (FY2023: 71%), Public Affairs at 24% (FY2023: 24%), and Diversified Services at 7% (FY2023: 5%).

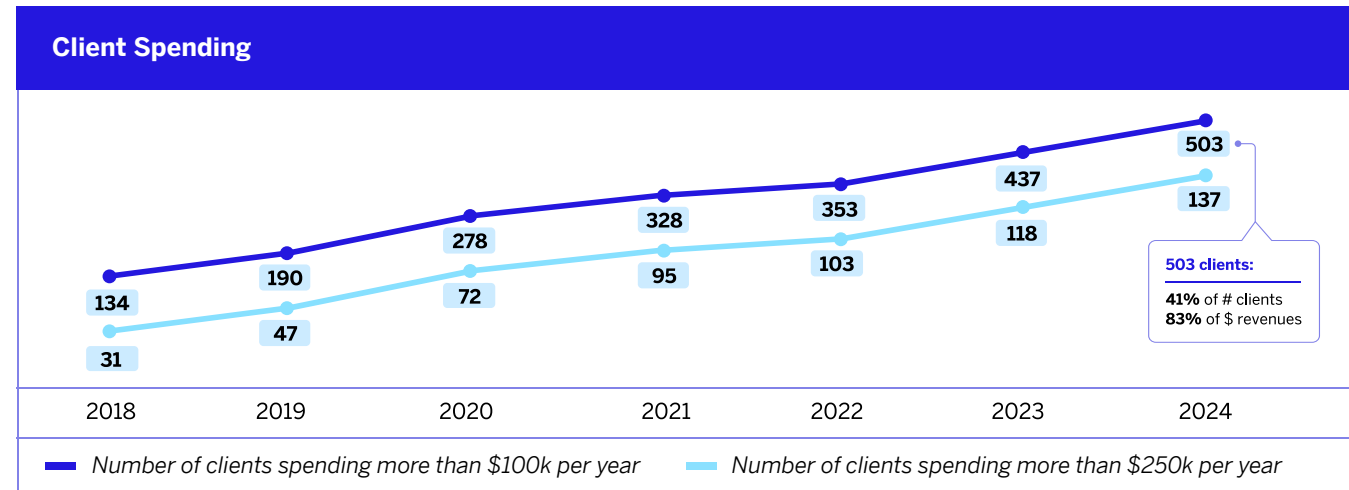
(**) Historic client data has been re-stated based on client-consolidation analysis.



- ▲ A broader client base of c.1,200 Group clients is supported by sustained high retention rates, with the Group directly representing almost half of the Fortune 100 and more than a quarter of the Fortune 500, in addition to many more via trade associations. The number of clients spending more than \$100,000 increased by 15% to 503 (**) and the number of clients spending more than \$250,000 increased by 16% to 137.
- ▲ The quality of PPHC’s operating companies continues to be reflected in the 2024 Lobbying Disclosure Act rankings, with Group agencies, when aggregated, topping the rankings as the US market leader in both Q3 and Q4 2024, as well as for the previous 16 consecutive quarters.

1. Source: Politico

Clients



History through 2023 re-stated based on client-consolidation analysis

PPHC provides a comprehensive suite of Government Relations and Public Affairs services to its clients. In 2024, the Group serviced over 1,200 clients, demonstrating the resilience and continued demand for its expertise. Client retention remains strong, with an annual renewal rate of ~71% and revenue retention between 80% to 85% in line with historic norms.

The Group's divisions experienced varied performance in 2024:

- Government Relations: the largest division grew revenue by 7%, of which 4% was organic, underpinned by robust demand for regulatory and legislative support. All three of PPHC's lobbying firms maintained their leading position in the Federal lobbyist rankings, as reflected in public disclosures mandated by U.S. federal law.

- Public Affairs: revenue increased 13%, largely driven by the acquisitions of Lucas Public Affairs and Pagefield. The organic performance of -5% reflects a weaker H1 of -13% followed by a return to good growth of 4% in H2 as project work rebounded with clients responding to clearer political direction.
- Diversified Services: the fastest-growing division, up 47% year-over-year, with 23% organic growth. While coming from a lower base, the division's expansion reflects increasing demand for specialised services, including compliance, grant writing, and research-driven policy insights.

	2024	2023	2022
US\$ million			
Lobbying revenue	102.5	95.5	78.2
Public affairs revenue	36.4	32.3	30.6
Diversified services revenue	10.7	7.2	-
Total revenue	149.6	135.0	108.8

PPHC's strategy continues to focus on clients with annual spending above \$100,000, a critical growth metric. The Group ended FY2024 with 503 such clients, reflecting a 15% increase compared to 437 in FY2023

(restated for client consolidation). Similarly, the clients spending above \$250,000 increased from 118 in FY2023 to 137 in FY2024, reflecting a 16% increase.

Client "Share of Wallet" \$100k or more**

2024
503 Clients (+15%)

2023
437 Clients

2022
353 Clients

Client "Share of Wallet" \$250k or more

2024
137 Clients (+16%)

2023
118 Clients

2022
103 Clients

Top 10 Clients as % of revenues (client concentration)

2024
8.7%

2023
10.8%

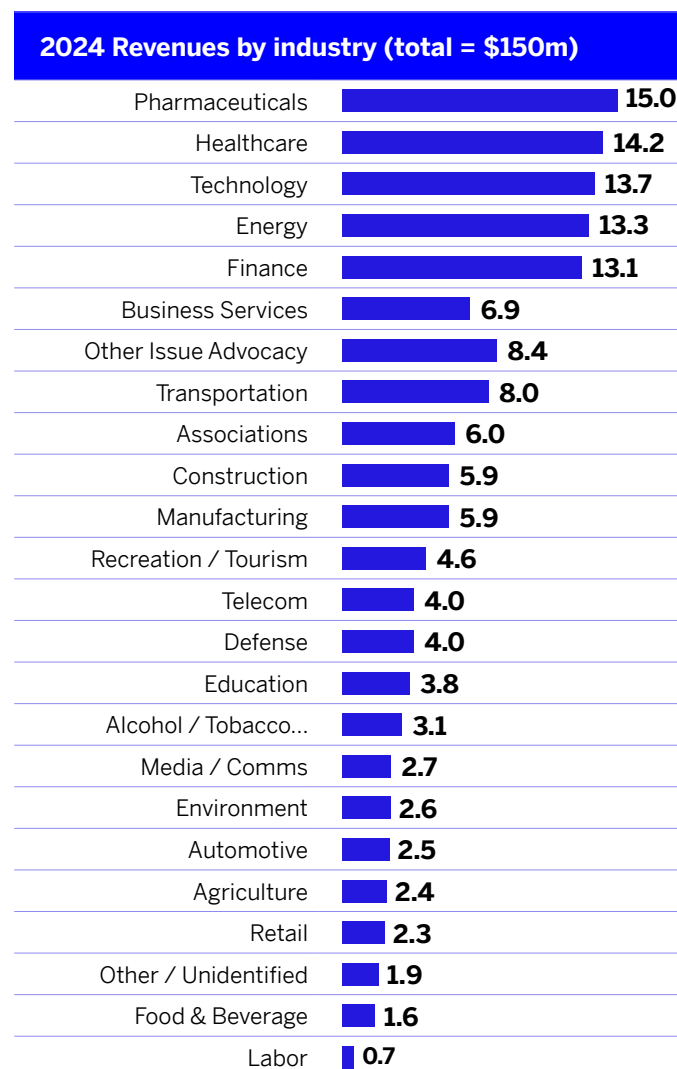
2022
11.0%

(**) Historic client data has been re-stated based on client-consolidation analysis.

This expansion has been supported by:

- Internal referral incentives and Group-wide performance-linked compensation.
- Roll-out of Concordant, a brand launched organically in late 2023, which provides clients a single touchpoint for strategic communications integrated with PPHC’s full-service offerings.
- Expanded premium non-lobbying services, including state and federal compliance, stakeholder research, and procurement-related expertise.

PPHC now directly represents nearly half of the Fortune 100 and more than a quarter of the Fortune 500, in addition to serving many more via numerous trade associations.



Investing to accelerate growth

In Q2 2024, PPHC completed its third and fourth major acquisitions since IPO: London-based Pagefield and California-based LPA. These follow PPHC’s previous acquisitions of Sacramento-based KP Public Affairs in 2022 and MultiState Associates in 2023. Pagefield is a leading strategic communications and cross-party public affairs advisory firm operating in the UK, which ranks as the world’s sixth largest economy and stands alongside the EU at the forefront of global policy

development. LPA is a prominent public affairs agency based in California, which represents both the largest state economy in the US and the world’s fifth largest economy overall.

The acquisition of LPA strengthens the Group’s position in a key US state and increases expertise in critical sectors including technology, green energy, and healthcare. The acquisition of Pagefield delivers on the

Group’s ambition to enter into international political capitals. LPA has now been fully integrated and the integration of Pagefield is progressing in line with our expectations. Both companies are successfully utilising the newly expanded PPHC network and have registered new business wins via intra-group client referrals.

The government relations and strategic communications markets remain active around the world and the Group is seeking to capitalise on the current pipeline of opportunities as it aims to further broaden its geographic base into key political geographies while adding complementary specialisations. The M&A pipeline remains strong across the US, UK, and mainland Europe, with the

Group actively evaluating opportunities to expand into strategic political geographies and adjacent service areas.

Since the period end, we have acquired TrailRunner International, a premier strategic communications advisory firm headquartered in Texas, with eight office locations across the US, UK, Middle East, and Asia. TrailRunner brings a distinctive suite of strategic communications capabilities and meaningfully enhances PPHC’s global footprint. This expansion directly supports our ambition to become the global partner of choice for clients navigating today’s increasingly complex political and communications landscape.



TrailRunner’s offering complements PPHC’s core strength in government relations and public affairs, enabling the Group to deliver a more integrated, cross-disciplinary platform that supports clients at the intersection of risk, reputation, and regulation. With a proven track record of successful integration, strong underlying cash flow generation, and access

to existing banking facilities, PPHC remains well positioned to continue executing its disciplined M&A strategy. The Group will continue to evaluate complementary, earnings-accretive opportunities across key geographies and adjacent service lines, in line with its long-term growth ambitions.

2024 Member Company Highlights



JOINED **2014**

LOCATED **Washington DC**

"Despite challenges created by political and economic uncertainty, Crossroads had another successful year in both client successes and growth as a firm. Strategic hiring over the past few years positions the firm well as we enter a dynamic policymaking environment in 2025."



Mathew Lapinski
CEO, Crossroads Strategies

2024 Highlights:

- ▲ Crossroads successfully secured a \$26 million competitive grant from the Department of Transportation Rail Infrastructure and Safety Improvements program for a Pacific Northwest Port client. The grant award enjoyed support from a cross-section of geographically diverse policymakers. The grant will allow the port to remain one of the largest bulk exporters of soy, corn, and wheat to markets worldwide.
- ▲ On behalf of a broad group of technology stakeholders, the firm defeated a bipartisan proposal that would have substantially increased clients' exposure to liability. Crossroads engaged a diverse group of stakeholders on both the political left and right to slow congressional consideration of the legislation.
- ▲ Crossroads assisted a startup artificial intelligence client in establishing a government affairs presence in Washington, DC. The firm's efforts yielded multiple opportunities for the company to provide testimony at congressional hearings and other forums, access to federal grant opportunities, and a substantial increase in the company's profile to federal policymaking audiences.
- ▲ Senior Vice President Ivelisse Porroa-Garcia was named President of the Hispanic Lobbyists Association, a non-profit organization that fosters mentorship and professional development opportunities for Hispanic/Latino government relations professionals.

New Clients Include: **BLOCK** **NETGEAR** **HALOON**



JOINED **2014**

LOCATED **Washington DC**

"In 2024, we continued to build on our sustained growth and success over the last decade, expanding our client roster and investing in high-caliber talent. Day in and day out, our seasoned and incisive team of government relations and public affairs practitioners deliver strategic, timely, and highly valued counsel. Looking ahead to a new Congress and new administration in 2025, Dan and I strongly believe that Forbes Tate Partners will remain a powerhouse consultancy sought after by organisations across every industry."



Jeffrey Forbes
Founding Partner, Forbes Tate Partners

2024 Highlights:

- ▲ Government relations practice pushed further into high-growth industries and high-profile policy areas, such as artificial intelligence, energy, semiconductor manufacturing, health care, pharmaceuticals, and foreign affairs, among many other sectors.
- ▲ Public affairs practice executed larger, longer-term campaigns with an expanded client roster – and grew its project portfolio with existing clients.
- ▲ Hired Justin Kintz as a partner on the government relations team to expand the firm's international relations and technology expertise.
- ▲ Honored by Bloomberg Government and POLITICO as a top 10 lobbying firm.
- ▲ Recognized by PR News as an "Elite Top 120" firm for the third year in a row.
- ▲ Celebrated among The Hill's 2024 Top Lobbyists: Jeff Forbes, Dan Tate, Jr., and Jeff Strunk.
- ▲ Co-Founder Dan Tate Jr. received the Bryce Harlow Business-Government Relations Award.
- ▲ Well-positioned for strong returns in 2025 and beyond.

2024 Member Company Highlights, continued



JOINED **2018**

LOCATED **Washington DC**

"In 2024, we saw significant revenue growth within both our public affairs and corporate communications practices, the latter of which supported the hiring of two expert practitioners as Partners. We have continued to invest in staff with expertise in research, creative development, and new media, all with an eye towards expected growth in our research, advertising, and creative offerings."



Erik Smith
CEO, Seven Letter

2024 Highlights:

- ▲ Hired former Heads of Corporate Communications at Herbalife and AmerySis to support exponential growth in the firm's corporate communications practice.
- ▲ Released the third Seven Letter Insight Post-Election Voters Survey, following the 2024 election
- ▲ Named to PR News Agency Elite 120 & a "Best Place to Work" by PR Week
- ▲ Head of Research Matt George was named a finalist for Provoke Media's SABRE Awards "Data Professional of the Year"; Benji Englander was named "One to Watch" in the 2024 People of the Year awards by PRNEWS; Seven Letter podcast CONTROL was a finalist for Podcast of the Year for the PR News Platinum Awards

O'NEILL AND ASSOCIATES

JOINED **2019**

LOCATED **Boston, MA**

"For over 30 years, O'Neill and Associates has been ranked as one of the top public affairs firms in New England. Our practice is built around the economic building blocks of the region, focusing on higher education, transportation, energy, health care, financial services and real estate development. As we continue to grow in both revenue and size, it is important to recognise that the secret to our strength is our team. The team we have assembled is committed to providing exceptional client service and understands how to develop and implement integrated government relations strategies designed to meet each of our client's goals and objectives. I am very proud of the longstanding relationships we enjoy with our clients, which I believe speaks to the integrity and professionalism of the ONA team."



Thomas P. O'Neill III
CEO, O'Neill and Associates

2024 Highlights:

- ▲ Ambassador Theater Group (ATG) Entertainment is a world leader in live entertainment. Its portfolio of venues includes historic theatres, modern live music arenas, studio theatres, cinemas, and conference spaces. ATG owns, operates, and/or produces for some of the world's most iconic venues across the UK, the US, and Germany, entertaining over 18 million audience members each year. O'Neill and Associates was able to secure the inclusion of a tax credit for live theatre in Massachusetts the Economic Development Bill signed by Governor Maura Healey in December 2024. This marked a significant victory for ATG and the broader Massachusetts theatre community.
- ▲ The American Resort Development Association (ARDA) is a nonprofit, nonpartisan, Washington, D.C.-based trade association for the timeshare industry, representing hundreds of privately held and publicly traded companies. In 2024, O'Neill and Associates introduced legislation, now law, which modernizes the termination provisions for today's timeshare product and adds the option for timeshare owners to extend a resort's life if they would like to continue using their timeshare. The new law ensures that when these expiration dates approach, Massachusetts timeshare owners can choose whether they want to continue owning their timeshare or whether they want the resort to wind down, which enables them to recoup some of the value of the timeshare. Timeshares are a vital component of Massachusetts' hospitality industry, particularly on Cape Cod and in the Berkshires, and contribute hundreds of millions in annual consumer spending and tax revenues and thousands of jobs to Massachusetts.

New Clients Include:



2024 Member Company Highlights, continued



JOINED **2020**

LOCATED **Washington DC**

“The Alpine Group continues to deliver results that matter— as a top 20 lobbying firm in Washington, we shape policy on AI, energy, healthcare, and more, securing key wins in the appropriations process and beyond. Our strength is our team: sharp, strategic, and trusted. We don’t just respond to policy—we help drive it. With unmatched global insights and deep relationships, we turn influence into impact for our clients.”



Keenan Austin Reed
CEO, Alpine Group Partners

2024 Highlights:

- ▲ In 2024 Alpine Group hosted its second FIPRA Roadshow, bringing together global public affairs leaders from over a dozen countries to exchange insights on the geopolitical and economic implications of China’s evolving role on the world stage.
- ▲ Alpine expanded its team with the addition of defense and national security expert Abbey Overland, tax and trade specialist Colin Brainard, and healthcare professional Shayne Woods.
- ▲ Launched the Sustainable Aviation Fuel (SAF) Coalition, now nearly 60 members strong—including United and American Airlines. Representing the full SAF value chain, the coalition drives federal policy to accelerate the production and adoption of sustainable aviation fuels.
- ▲ The Alpine Group grew its healthcare portfolio by 50%, reflecting a surge in client demand and industry impact.



JOINED **2022**

LOCATED **Sacramento, CA**

“2024 was a growth year for KP. We expanded our health care practice to include a major health care provider and a large physician group, our energy practice added nuclear fusion and hydrogen, and our environmental regulatory practice engaged several associations involved in California’s product recycling programs. We also improved our capabilities, adding two veteran lawyers involved in legislative and regulatory advocacy. California continues to be in the forefront of innovations such as artificial intelligence, and we are well-positioned to help our clients take advantage of opportunities and manage policy challenges.”



Michael Burns
Managing Partner, KP Public Affairs

2024 Highlights:

KP received the following awards from the Public Relations Society of America, Capitol Chapter Awards:

- ▲ Feature/editorial writing: Association of Regional Center Agencies op-ed on budget constraints hitting Californians with developmental disabilities.
- ▲ Audiovisual: CA Water for All Educational Video
- ▲ Special Event: California Residential Mitigation Program, Brace and Bolt, Northridge 30th Anniversary
- ▲ External/Community Relations: Quest Diagnostics Drug Testing Index
- ▲ Special Event: San Joaquin Joint Powers Authority, New Rail Cars Launch
- ▲ Special Event: Cal Office of Emergency Services, Great California Shakeout

New Clients Include:



2024 Member Company Highlights, continued

M
MULTISTATE

JOINED **2023**

LOCATED **Arlington, VA**

"2024 marked seven consecutive years of double-digit profit growth for MultiState. It may be a cliché, but our success is fully and directly a result of our exceptional team. All segments of our business grew: Issue Management and Lobbying Compliance (diversified services); Lobbying; and Strategic Government Relations. Our engineering team, guided by senior leadership, successfully launched a new software platform integrating artificial intelligence technology with the actual intelligence of our policy experts. MultiState is committed to remaining the undisputed national leader in state and local government relations services."



Joe Crosby
CEO, MultiState Associates

2024 Highlights:

- Launched our new Issue Management (legislative tracking) platform, streamlining our workflow and integrating AI tools.
- Published multistate.ai, our comprehensive resource covering state and local government actions to regulate artificial intelligence (AI) and related emerging technologies.
- Developed a Health Policy Practice, building on the model of our successful Tax Policy Practice. Our health policy experts created "StateVitals", a subscription service for industry executives who need to understand the rapid changes in state health policy.
- Lauren Doroghazi was elected as Director of the State Government Affairs Council (SGAC). SGAC is the premier national association for multi-state government affairs professionals for major U.S. corporations, trade associations and service providers.
- Marvin Yates was elected Director of the National Conference of State Legislatures Foundation for State Legislatures (NCSL Foundation). The NCSL Foundation is committed to strengthening state legislatures, building the public's trust in the legislative process and helping lawmakers confront and solve the critical issues of the day through a public-private dialogue.
- Maggie Mick joined the Finance Committees of the Republican Governors Association and the Democratic Governors Association; both groups are the independent voluntary political entities organized to support candidates for gubernatorial elections.



JOINED **2024**

LOCATED **Sacramento, CA**

"At Lucas Public Affairs, we focused on strengthening the firm from the inside out — investing in people, streamlining systems and building the infrastructure needed to strategically position the firm for continued growth in 2025 and beyond. The year 2024 was one of profound change and deep engagement on some of the most consequential issues shaping California and the nation. The state continued to drive broad narratives around the world's energy transition and AI policy, and LPA played a central role in convening conversations that moved those forward. We expanded our work in crisis, sports, energy and transportation with significant projects that are shaping sectors and regional approaches. LPA continues to bring a unique blend of policy expertise, political know-how and strategic capabilities to complex and ever-evolving challenges. As the world looks to the west coast of the U.S. for leadership in innovation and economic transformation, our team remains at the forefront — helping inform dialogue and policy so our clients not just respond to change but lead it."



Donna Lucas
CEO, Lucas Public Affairs

2024 Highlights:

- Expanded Executive Leadership team to include two rising, highly skilled strategists, Jessyca Sheehan and Travis Taylor, establishing a leadership group with strong issue expertise and client management skills.
- AI capabilities expanded, enabling teams and clients to stay ahead of emerging technology, regulation and innovative ways to engage policymakers and the public.
- LPA Vision launched and expanded, a proprietary strategic planning platform designed to gather meaningful insights, build alignment and deliver measurable outcomes.
- Strengthened our bench of expert partners to bolster our service and expertise offerings, including in media relations and crisis communications.
- Collaborated with numerous PPHC member companies to connect them to California clients in need of special expertise outside the state, strengthening our offering.
- Donna Lucas named to Capitol Weekly's Top 100 Hall of Fame, recognised among the most influential voices shaping California politics and public policy for several decades.

2024 Member Company Highlights, continued

Pagefield

JOINED **2024**

LOCATED **London, UK**

"The UK General Election in July saw the Conservatives lose power after 14 years, with a new Labour government gaining the third highest majority in Parliament for 100 years. Despite challenging economic conditions, Pagefield's bipartisan ethos has enabled us to capitalise on new public affairs opportunities as we help clients navigate these changes. Meanwhile, our corporate communications offer has continued to expand, and I am particularly pleased to see the demand from international clients within the PPHC network who recognise that London is a major hub for international media and therefore a key market for shaping corporate reputations across the globe. The integration of our digital and marketing services across both public affairs and corporate communications hit several key milestones in 2024 as we developed and executed high-profile integrated campaigns - utilising our own in-house content studio for digital productions - and we see huge potential for continued growth as we offer those digital services across the PPHC portfolio in 2025."



Oliver Foster
CEO, Pagefield

2024 Highlights:

- ▲ We secured a series of major policy wins for our real estate coalition clients, including legislative changes under the outgoing Conservative administration and manifesto pledges for the incoming Labour administration.
- ▲ Our international trade offer - chaired by a former Permanent Secretary of the Department for International Trade - continued to grow, focusing in particular on transatlantic trade. This included a tie-up with CRS to deliver a high-level roundtable on the impact of the Trump administration's tariffs on UK businesses.
- ▲ Our two-year campaign to repatriate the Elgin Marbles to Greece was highly commended in the PR Week Corporate Affairs Awards
- ▲ The team secured a significant win for a leading transport sector client following a campaign for fuel duty to be frozen in the new Labour Government's first fiscal event
- ▲ CEO Oliver Foster continued to be recognised in PR Week's Power Book

New Clients Include:



Financial Highlights

Revenue

\$149.6m
Up 11% from \$135.0m

Organic growth +3%, with GR (retainers) +4%, Diversified Services (subscriptions) +23%, but PA (mostly projects) -5%. PA rebounded to positive growth in H2

EBITDA	Margin
\$36.1m Up 3% from \$35.1m	\$24.2% Down 1.8pt from 26.0%
Strong profit conversion. EBITDA includes \$3.1m in incremental one-off costs and M&A related costs.	Close to target range 25-30%.
Adjusted*: \$39.2m, up 12%	Adjusted*: \$39.2m, up 12%

Net Income	Margin
\$27.7m Up 5% from \$26.5m	18.5% Down 1.1pt from 19.6%
Impacted by higher interest (from increase in bank loans) but lower effective tax rate	Close to target range 25-30%.
Adjusted*: \$30.1m, up 14%	Adjusted*: 20.1%, up 0.5pt

Free Cash Flow

\$22.2m
Up 4% from \$21.4m

Continuing strong cash flow generation due to low capex needs.

Adjusted*: **\$24.6m, up 15%**

Earnings/share - Basic	Earnings/share - Fully Diluted
\$0.2345 flat from \$0.2354	\$0.2222 Down 2% from \$0.2271
EPS development muted in 2024, as increase in # of shares issued higher than normal due to Alpine Group remediation in 2023-Q4. 2024-Q2 acquisitions Lucas PA and Pagefield had limited impact yet due to timing.	
Adjusted*: \$0.2546, up 8%	Adjusted*: \$0.2412, up 6%

Full Dividend/ share	Net (Debt)/Cash at period end
\$.0940 Down 34% from \$0.1430	\$(17.5m) Down \$20.9m from +\$3.4m
Final dividend and future dividend halved from past practice – aimed at re-investing in accretive M&A and share repurchases	Added \$25m Incremental debt in Q2 for completed acquisitions, ending the year with gross debt of \$32m, maintaining prudent leverage ratio.

Adjusted*: 2024 performance if PPHC would not have incurred the \$3.1m increase in M&A costs due to first international acquisition and start-up costs for Concordant. These expense levels are unlikely to be repeated in 2025.

Chief Financial Officer's Report

Strong performance in line with expectations and strategic progress with international expansion

Financial Highlights

- ▲ Revenue increased 11% to \$149.6m (FY2023: \$135.0m), with organic growth contributing 3% and the balance driven by accretive acquisitions completed in the Period and in 2023.
- ▲ Underlying EBITDA of \$36.1m, up 3% year-on-year, was achieved at a 24.2% margin. This margin performance was achieved after the Group expended \$3.1m in M&A related costs and start-up investment in Concordant over the level it incurred in 2023. Adjusted for these incremental costs, the margin would have been 26.2%. Underlying Net Income of \$27.7m was up 5% (FY2023: \$26.5m) with an increase in finance costs offset by a more favourable effective tax rate.
- ▲ EPS of \$0.2345 was flat relative to the prior year, with increased earnings being offset by a 5% increase in the number of shares in issue.
- ▲ The Group's balance sheet remains robust, underpinned by strong free cash flow of \$22.2m, up 4% year-on-year (FY2023: \$21.4m), enabling strategic progress via organic investment and earnings-enhancing M&A.
- ▲ Net Debt at period-end of \$17.5m (FY2023: net cash \$3.4m) reflects a prudent leverage ratio and the deployment of \$25m of new debt into two earnings-accretive acquisitions in FY2024.
- ▲ The Board retains strong confidence in the Group's outlook and has declared a final dividend of \$0.0470 per Common Outstanding Share, bringing the total dividend for FY2024 to \$0.0940. This is in line with the updated dividend policy announced in January 2025, which enables the retention of more capital and for the Group to act decisively on accretive M&A opportunities, thus driving long-term shareholder returns and value creation.

	2024	2023	Change	Adj Change (*)
Group Revenue	\$149.6m	\$135.0m	+11%	+11%
Underlying EBITDA	\$36.1m	\$35.1m	+3%	+12%
Underlying EBITDA margin	24.2%	26.0%	-1.8pts	0.2pts
Underlying Net Income	\$27.7m	\$26.5m	+5%	+14%
Underlying EPS basic	23.45c	23.54c	0%	+8%
Underlying EPS fully diluted	22.22c	22.71c	-2%	+6%
Dividend per share	9.40c	14.30c	-34%	-34%
Free Cash Flow	\$22.2m	\$21.4m	+4%	+15%
Net Debt / (Cash) at period-end	\$(17.5)m	\$3.4m	\$(20.9)m	\$(20.9)m

(*) For presentation purposes only, the Group also presents "Adjusted Change", adjusting for an exceptional increase in M&A costs and Concordant start-up costs of \$3.1m in 2024 (going from \$0.5m in FY2023 to \$3.6m in FY2024)

Financial Summary

The fiscal year 2024 was our 3rd full year since the IPO at the end of 2021. As of 2024, we have consolidated our audit work with global firm Forvis Mazars. The transition from our former auditors has progressed smoothly.

Underlying Profit & Loss Statement

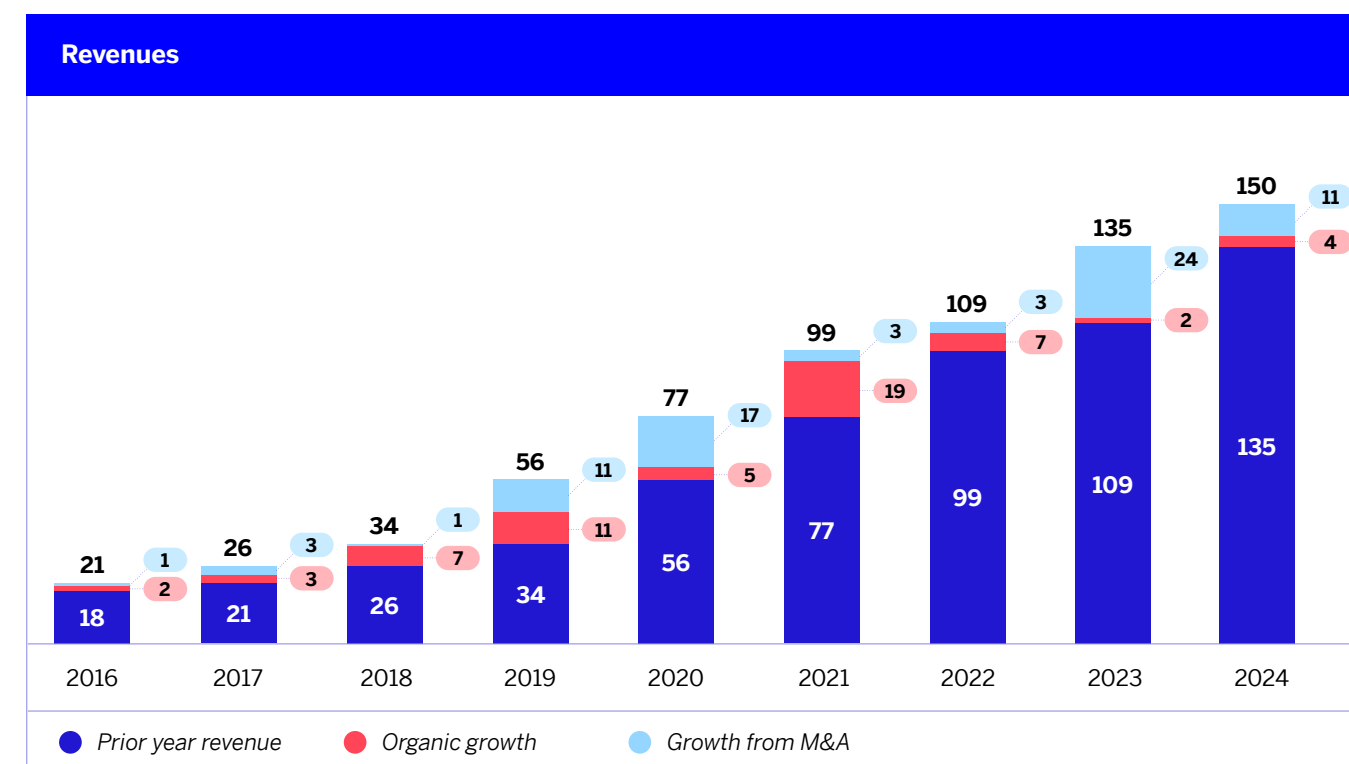
	2024	2023	Change
All in \$m, unless otherwise noted			
Revenue	149.6	135.0	11%
EBITDA (Underlying)	36.1	35.1	3%
EBITDA margin (Underlying)	24.2%	26.0%	-1.8pts
Depreciation	(0.1)	(0.1)	-14%
EBIT (Underlying)	36.0	34.9	3%
Interest	(1.7)	(0.9)	-83%
EBT (Underlying)	34.3	34.0	1%
Taxes	(6.5)	(7.5)	13%
Effective tax rate	-19.1%	-22.1%	3.0pts
Net Income (Underlying)	27.7	26.5	5%
Net income margin (Underlying)	18.5%	19.6%	-1.1pts
EPS - Underlying (\$) (basic)	23.45c	23.54c	0%
EPS - Underlying (\$) (fully diluted)	22.22c	22.71c	-2%
DPS	9.40c	14.30c	-34%

Bridge from Underlying to Reported Results

	FY2024	FY2023	Change
All in \$m, unless otherwise noted			
Net Income (Underlying)	27.7	26.5	5%
Share-based accounting charge	(31.8)	(30.9)	-3%
M&A: Post-combination comp	(11.6)	(6.3)	-84%
M&A: bargain purchase	2.5	4.8	49%
M&A: change in contingent consideration	(1.9)	(1.7)	-12%
Long Term Incentive Program charges	(4.2)	(2.8)	-49%
Amortization intangibles	(4.7)	(3.9)	-20%
Net Loss (Reported)	(24.0)	(14.2)	-68%

Please refer to the section 'basis of preparation' for an explanation of the non-cash items excluded from Underlying Net Income.

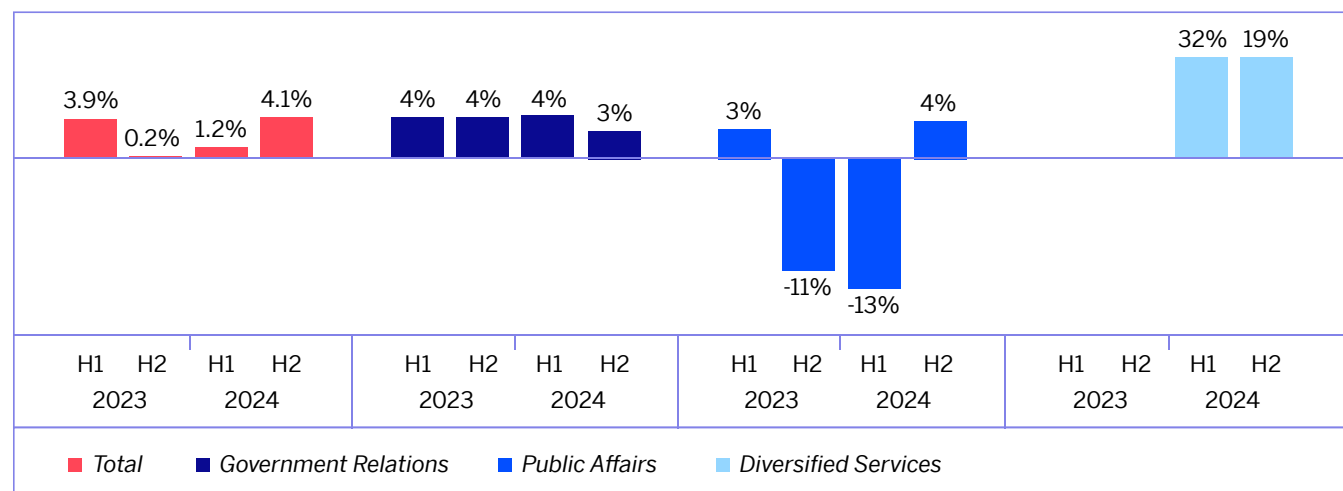
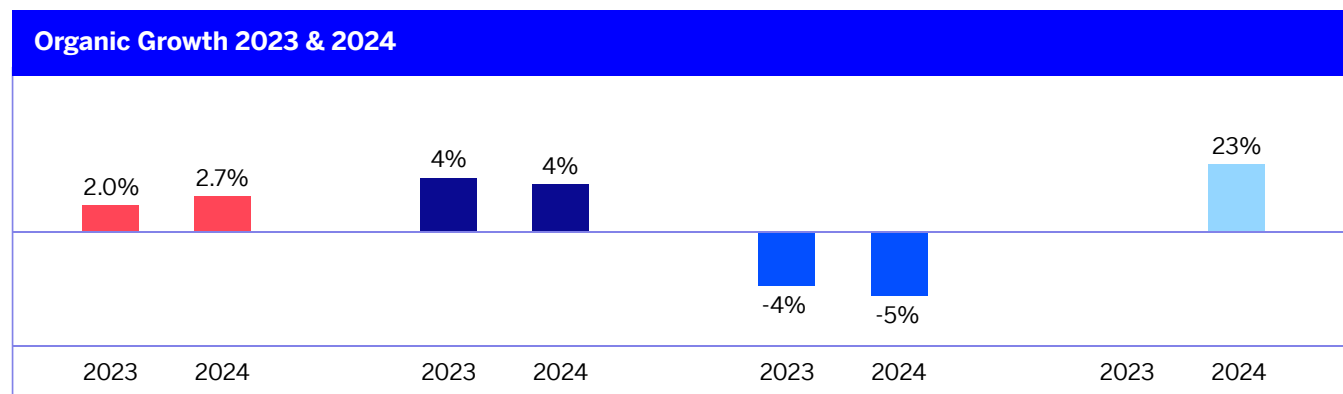
Revenue



FY2024 revenue increased by 11% to \$149.6m (FY2023: \$135.0m), with organic growth contributing 3% and the balance driven by the acquisitions of Lucas Public Affairs on 1 May 2024, of Pagefield Communications on 7 June 2024, as well as the annualisation of MultiState's contribution which was acquired on 1 March 2023. Organic growth of

3% was the outcome of slower organic growth of 1% in H1, followed by stronger organic growth of 4% in H2, especially fuelled by a return of project work (and growth) on the Public Affairs side. By segment, for FY2024 the Group saw organic growth of 4% in Government relations, of -5% in Public Affairs and of 23% in Diversified Services.

	FY2024	% of total	Reported growth			Organic growth		
			H1	H2	FY	H1	H2	FY
All in \$m, unless otherwise noted								
Government Relations	102.5	69%	8%	7%	7%	4%	3%	4%
Public Affairs	36.4	24%	-6%	32%	13%	-13%	4%	-5%
Diversified Services	10.7	7%	97%	19%	47%	32%	19%	23%
Total	149.6	100%	8%	13%	11%	1%	4%	3%



In FY2024, 69% of the Group's revenues stemmed from Government relations (FY2023: 71%), 24% came from Public Affairs (FY2023: 24%), and 7% from Diversified Services (FY2023: 5%).

In 2024, 3% of revenue was generated outside of the US, pursuant to the acquisition of Pagefield in the UK in June 2024.

	FY2024	% of total	Reported growth			Organic growth		
			H1	H2	FY	H1	H2	FY
U.S.	145.6	97%	7%	8%	8%	1%	4%	3%
Outside U.S.	4.0	3%						
Total	149.6	100%	8%	13%	11%	1%	4%	3%

All in \$m, unless otherwise noted

With non-US\$ denominated operations, in future periods the Group intends to report growth numbers on a constant currency basis in addition to its reported

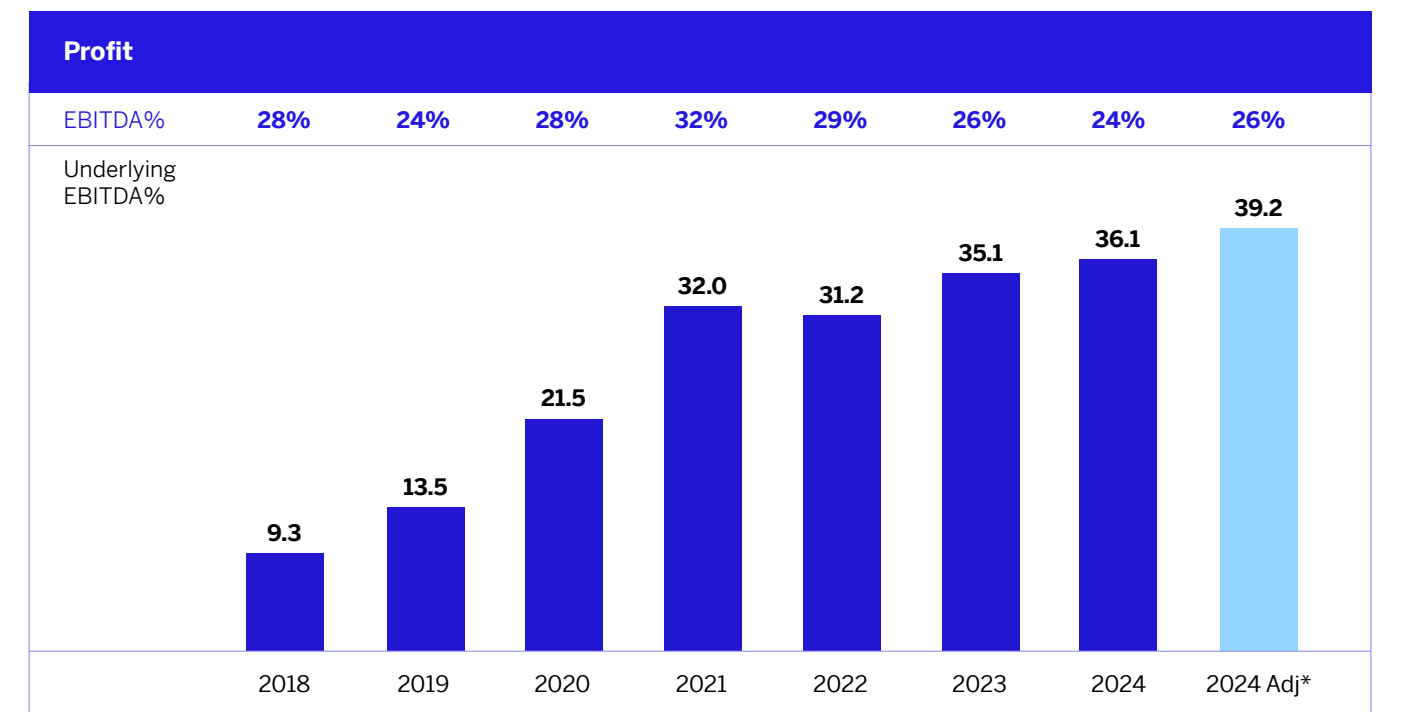
basis. For FY2024 the difference between 'constant currency' and actually reported was negligible and therefore not explicitly illustrated.

Profit

Underlying EBITDA increased 3% to \$36.1m and was achieved at a margin of 24.2%, close to the Group's historic performance and guidance that margins will typically range between 25% and 30%. In 2024 the Group incurred \$3.6m in exceptional expenses which was \$3.1m more than in 2023 (2023: \$0.5m). Of the

\$3.1m increase, \$2.1m was from M&A related expenses (especially driven by the Group's first international acquisition) and \$0.9m from additional start-up losses at Concordant. Adjusting for the \$3.1m in incremental exceptional expenses, Group margin was 26.2%.

Long term Underlying EBITDA	2018	2019	2020	2021	2022	2023	2024	2024 Adj
Underlying EBITDA (\$m)	9.3	13.5	21.5	32.0	31.2	35.1	36.1	39.2
Underlying EBITDA margin	27.4%	24.4%	27.8%	32.2%	28.7%	26.0%	24.2%	26.2%



(*) Underlying EBITDA adjusted for incremental expenses M&A and Concordant \$3.1m

Notes:
Underlying EBITDA (non- GAAP) includes all cash compensation, but excludes implied costs of equity-based compensation
Underlying EBITDA pre-2022 is proforma based on Group's post-IPO compensation policy

After interest and taxes, the Group's Underlying Net Income for FY2024 amounted to \$27.7, up 5% from \$26.5m in FY2023.

Other

The Group's net finance costs for FY2024 were \$1.7m (FY2023: \$0.9m), reflecting the \$25.0m additional debt acquired in support of the LPA and Pagefield acquisitions in Q2 2024.

The tax provision for FY2024 was \$6.5m (FY2023: \$7.5m), reflecting a blended tax rate of 19.1% on Underlying Profit before Tax, down from 22.1% in FY2023. The decrease is primarily due to temporary

differences between tax and accounting profit, mainly related to goodwill treatment

The Group ended 2023 with 333 employees and at 31 December 2024 this had increased to 367, primarily as a result of the acquisitions of LPA and Pagefield. The Group's average employee count during the year was 349 (FY2023: 308).

Cash Flow

Adjustment to Presentation of Cash Flow

GAAP

During the Company's preparation of its consolidated financial statements for the six months ended 30 June 2024, management determined that certain cash flow items relating to payments made in respect of its acquisitions had been incorrectly classified within the consolidated statements of cash flows for the six months ended 30 June 2023 (unaudited) and the year ended 31 December 2023 (audited). As a result, the Company has adjusted the GAAP statement of cash flow for its consolidated financial statements in this filing. Management emphasises that these changes did not impact the Company's total assets, liabilities, equity or net profit or Earnings Per Share as of 30 June 2023 or 31 December 2023 or during the period or year then ended.

The adjustments all relate to the fact that, as part of the acquisitions that have been completed since PPHC's IPO in 2021, and in order to protect the interests of the Group, some of the shares and cash payable as part of these transactions can be clawed back and forfeited on certain events of termination of employment. In

the P&L, the addition of these provisions to purchase price paid creates a post-combination compensation charge in accordance with accounting guidance under US GAAP (Accounting Standards Codification, ASC 805-10-55-25). In examining the accounting guidance in ASC 230, Classification of Certain Cash Receipts and Cash Payments, the Group has decided to classify the cash flow impact of the post-combination compensation charges as cash used for operational purposes and in certain cases as cash used for financing purposes, as appropriate.

In addition, with respect to contingent consideration paid not within three months of the acquisition date, after examining the accounting guidance of ASC 230, Classification of Certain Cash Receipts and Cash Payments, from this interim filing onwards the Group will classify these payments as cash flow from financing activities (for the portion up to the acquisition date fair value of the contingent consideration liability) and cash flow from operating activities (for the portion in excess of the acquisition date fair value of that liability).

Non-GAAP

Notwithstanding the abovementioned adjusted GAAP presentation, as part of this Management commentary the Group also continues to provide a non-GAAP summary of Cash Flows. In this non-GAAP summary, all acquisition-related payments have been clustered

and reported under 'Cash Flow from Investments'. In addition, the Group also presents, as part of Management commentary, the often used measure 'Free Cash Flow'.

Cash Flow Summary

The Group recorded strong (non-GAAP) Cash Flow from Operations of \$22.3m (FY2023: \$21.6m), and Free Cash Flow of \$22.2m increased to the same degree (FY2023: \$21.4m). Similar to prior years, the

Group generated most Free Cash Flow in the second half, as a result of the payment of annual bonuses across the Group in Q1 and seasonal working capital trends.

	GAAP		Centralize Acquisition Payments		Adjusted (non-GAAP)		change
	FY2024	FY2023*	FY2024	FY2023	FY2024	FY2023	
All in \$m, unless otherwise noted							
EBITDA (Underlying)	36.1	35.1			36.1	35.1	3%
Interest	(1.7)	(0.9)			(1.7)	(0.9)	-83%
Taxes	(6.5)	(7.5)			(6.5)	(7.5)	13%
Changes in working capital	(11.5)	(16.4)	5.9	11.4	(5.6)	(5.0)	-11%
Cash flow from Operations	16.4	10.2	5.9	11.4	22.3	21.6	3%
Capital expenditure	(0.1)	(0.2)			(0.1)	(0.2)	76%
Cash paid for acquisitions, net of cash acquired	(19.8)	(8.1)	(6.6)	(13.1)	(26.4)	(21.2)	-24%
Note receivable to related parties	0.4	(1.8)			0.4	(1.8)	120%
Cash flow from Investments	(19.5)	(10.1)	(6.6)	(13.1)	(26.1)	(23.2)	-13%
Change in Debt balance	21.1	11.1			21.1	11.1	-91%
Debt issuance costs	(0.2)	(0.5)			(0.2)	(0.5)	52%
Dividend payment	(16.8)	(15.8)			(16.8)	(15.8)	-6%
Cash paid for acquisitions, financing	(0.7)	(1.8)	0.7	1.8	0.0	0.0	
Cash flow from Financing	3.3	(7.0)	0.7	1.8	4.1	(5.2)	NM
FX impact on cash	(0.1)	0.0			(0.1)	0.0	
Cash generated	0.2	(6.9)	0.0	0.0	0.2	(6.9)	NM

*2023 GAAP Cash Flow statement was re-stated, as explained in Note B to the GAAP financials and explanation in this section

Conversion Cash flow from Operations to Free Cash Flow

	FY2024	FY2023	Change
All in \$m, unless otherwise noted			
Cash flow from Operations (Adjusted)	22.3	21.6	3%
Capex	(0.1)	(0.2)	76%
Free Cash Flow	22.2	21.4	4%

Balances End of Period

The Group's debt position at the end of the Period was \$32.0m, offset by cash of \$14.5m, resulting in a Net Debt position of \$17.5m (FY2023: net cash \$3.4m). Debt increased following the Q2 2024 acquisitions of

Lucas Public Affairs and Pagefield Communications, but the Company's strong cash generation allows for the steady repayment of debt.

	FY2024	FY2023	Change
All in \$m, unless otherwise noted			
Cash balance	14.5	14.3	1%
Debt balance	(32.0)	(10.9)	193%
Net cash / (debt) balance	(17.5)	3.4	NM

Earnout Obligations

As part of the typical structure applied for the acquisitions that were completed post-IPO, the Group also committed to making certain earnout payments. These earnout payments are based on a profit-driven formula and only materialise if the acquired company realises profit growth after the date of completion. Payments are typically made in a mix of cash and shares. In turn, each of these components of earnout payments may be subject to further vesting requirements and employment conditions, which keeps the recipients financially committed to the Group.

In relation to these earnout payments, the Group has liabilities recorded of \$15.8m on its balance sheet, spread across the line items 'Contingent Consideration' and 'Other Liabilities'. This number is a reflection not

only of the estimated foreseen nominal payments, but also of discount factors and fair value estimates.

In nominal terms, over the period 2025-2029, based on expected performance of each of the acquired companies, we anticipate having to make earnout payments of \$44.1m, of which \$24.6m payable in cash and the remainder in shares. The maximum earnout liability over that same period, which would only be reached if each acquisition meets very aggressive profit growth targets, would be \$97.1, of which \$57.4m payable in cash and the remainder in shares. Generally, in order for an acquisition to reach maximum earnout payments, it would need to grow its profit by 25-30% annually over the earnout period.

Expected Earnout Liabilities – in Nominal Terms

	2025	2026	2027	2028	2029	Total
All in \$m, unless otherwise noted						
Expected earnout payments in Cash	3.7	3.3	3.1	13.5	1.1	24.6
Expected earnout payments in PPHC stock	0.6	3.3	1.6	13.5	0.6	19.5
Expected earnout payments - total	4.3	6.5	4.7	27.0	1.7	44.1
Maximum earnout payments in Cash						
Maximum earnout payments in PPHC stock	0.7	6.0	6.3	18.8	8.0	39.7
Maximum earnout payments - total	4.9	14.4	18.9	37.5	21.4	97.1

Note that these earnout liabilities do not yet include the acquisition of Trailrunner.

Information per Share

	FY2024	FY2023	Change	
# weighted avg shares - GAAP - basic and fully diluted	'000	111,827	108,606	3%
# weighted avg shares - Legally outstanding - basic	'000	118,217	112,597	5%
# weighted avg shares - Legally outstanding - fully diluted	'000	124,792	116,693	7%
EPS - GAAP reported (basic and fully diluted)	\$	-21.42c	-13.12c	-63%
EPS - Underlying (basic)	\$	23.45c	23.54c	0%
EPS - Underlying (fully diluted)	\$	22.22c	22.71c	-2%
DPS - Interim	\$	9.40c	14.30c	-34%
Free Cash Flow per share - Underlying (basic)	\$	18.81c	18.98c	-1%

For the purpose of giving investors a useful view on Earnings Per Share, the Group computed EPS not only on a GAAP Reported Profit basis, but also on an Underlying Profit basis. As explained in the section below, for the latter calculation the Group includes in the denominator (1) those shares that have been issued in relation to post-IPO acquisitions but have not yet vested and (2) unvested Restricted Stock Awards (RSA's). While those shares are still subject to vesting rules, and therefore not part of the Common Outstanding share count per GAAP definition, they

entitle the recipients to dividends and voting rights.

Note that the growth in weighted of average number of shares in FY2024 (5% basic, 7% fully diluted) was not only driven by customary drivers such as LTIP issuance and M&A related issuances, but also importantly by the one-off issue of 2.1m shares in the fourth quarter of 2023 in relation to the Alpine remediation plan. It should also be noted that the dilution pool – impacting the fully diluted statistics - includes stock options that are currently 'under water' versus the share price in February 2025.

Basis of Preparation

The financial statements have been prepared in accordance with US GAAP (Generally Accepted Accounting Principles).

When the Company purchases services or goods on behalf of its clients (for example in the case of media purchases), the Group does not recognise the purchased goods as net revenue, but only the net fees earned on the purchases. Therefore, purchases on behalf of clients do not materially impact the top-line or the margins.

Management believes that Underlying EBITDA and Underlying Net Income are more useful performance indicators than the reported Net Income. Six elements distinguish our Underlying Net Income from our Reported Net Income:

1 Share-based accounting charge: As already mentioned in the previous reports, shares issued to employee shareholders at the time of the IPO are subject to a vesting schedule; Also, their employment agreements contain certain provisions which enable cash derived from the sale of shares at the time of the IPO to be clawed back and forfeited on certain events of termination of employment. These items create a share-based accounting noncash charge in accordance with accounting guidance under US GAAP (Accounting Standards Codification, 718-10-S99-2, compensation-stock compensation). Based on the value of the Company at the time of admission (\$197m) and taking into account the 14.6% of pre-admission employee shares sold in 2021, the FY2024 non-cash charge is \$31.8m (FY2023: \$30.9m). The increase has primarily been driven by the acceleration of vesting of the shares of William Chess at his retirement as CFO. This share-based accounting non-cash charge has no impact on either tax or Company operations.

2 Post-combination compensation charge: In the acquisitions that have been completed since the IPO in 2021, the Group makes payments in cash and shares. In order to protect the interests of the Group, to a large extent the shares issued as part of these transactions were made subject to vesting schedules. To a similar degree, also the cash paid as part of these transactions can be clawed back and forfeited on certain events of termination of employment.

The addition of these provisions to purchase price paid creates a post-combination compensation charge in accordance with accounting guidance under US GAAP (Accounting Standards Codification, ASC 805-10-55-25). The FY2024 charge was \$11.6m (FY2023: \$6.3m). Again, this is a non-cash charge and has no impact on either tax or Company operations.

3 LTIP charges: In 2022 the Group issued the first stock-based compensation units under the Omnibus Plan. This plan was introduced at the time of the IPO and allows the Group to issue up to a certain number of stock-related units (e.g. options, restricted stock). In FY2024, PPHC issued 0.4m (FY2023: 0.7m) stock options at a premium exercise price (market price at time of grant plus 20%), exercisable at the 3rd anniversary of the grant. Also, the Group issued 2.9m restricted stock units (FY2023: 2.3m), and 0.7m restricted stock awards (FY2023: 3.0m, of which 2.1m in relation to the Alpine re-investment plan). No stock appreciation rights were awarded (FY2023: 1.9m) as they are getting phased out. The charges relating to these issuances, \$4.2m in FY2024 (FY2023: \$2.8m), as reflected in our P&L were computed using the Black Scholes method.

Roel Smits

Chief Financial Officer

April 2025

- 4 Amortization of intangibles:** The non-cash amortization charge of \$4.7m (FY2023: \$3.9m) relates to the amortization of customer relationships, developed technology, and noncompete agreements per ASC 805.
- 5 Bargain purchase:** As laid out in point 2, because a significant part of the purchase price of our acquisitions is tied to continued employment, this part has been accounted for as post-combination compensation in the Group's P&L. As a consequence, for certain acquisitions, the remaining book purchase price is lower than the tax purchase price. The reason for the bargain purchase gain is tied directly to the tax purchase price significantly exceeding the book purchase price and is not a reflection of a true bargain purchase of the actual intangible and tangible assets of these acquisitions. The increase in net income resulting from the bargain purchase was \$2.5m in FY2024 (FY2023:\$4.8m).
- 6 Change in Contingent Consideration:** The contingent consideration liability recorded as part of the acquisitions is adjusted at each reporting period for the change in the estimated fair value of that liability. The fair value changes over time based on management assumptions, the passage of time, payments made, and other external inputs, such as discount rates and volatility. The change in the estimated fair value of the contingent consideration is recorded as a non-operating expense of \$1.9m in FY2024 (FY2023: 1.7m).



For the calculation of Earnings per Share (EPS) based on GAAP Profit, as a denominator, the Group uses the weighted average number of Common Outstanding shares during the period. For the calculation of Earnings per Share (EPS) based on Underlying Profit, as a denominator, the Group uses the weighted average number of Legally Issued shares during the period. This comprises all the Common Outstanding shares, as well as those shares that were yet unvested but entitled the owner to dividends and voting rights (e.g. shares issued in relation to one of our post-IPO acquisitions). Consequently, the weighted average number of legally issued shares in FY2024 was 118,217,173 (FY2023: 112,596,711) and on a fully diluted basis (taking into account any issued stock instrument, regardless of exercise price), this number was 124,791,886 (FY2023: 116,692,759).

Management and Governance



The Board

Board Attendance

Attendance records for the Board and Committee meetings held during the year are shown below. These include scheduled Board, Audit Committee, and Remuneration Committee meetings.

Board Member	Board of Directors		Audit Committee		Remuneration Committee	
	% of attendance	Number of meetings	% of attendance	Number of meetings	% of attendance	Number of meetings
Simon Lee <i>Non-Executive Chair</i>	100%	10/10	100%	4/4	100%	9/9
Stewart Hall <i>Chief Executive Officer</i>	100%	10/10	-	-	-	-
Roel Smits <i>Chief Financial Officer</i>	100%	10/10	-	-	-	-
Zachary Williams <i>Executive Director</i>	100%	10/10	-	-	-	-
Keenan Austin Reed <i>Executive Director</i>	100%	10/10	-	-	-	-
Bill Chess <i>Non-Executive Director</i>	90%	9/10	-	-	-	-
Benjamin Ginsberg <i>Non-Executive Director</i>	100%	10/10	100%	4/4	89%	8/9
Kimberly White <i>Non-Executive Director</i>	100%	10/10	100%	4/4	100%	9/9



Board of Directors



Simon Lee

Non-Executive Chair

As well as Chairing PPHC, Simon is Chair of Brit Syndicates and the Advisory Board of Perfect Cellar. He is Non-Executive Director of Fairfax International (Barbados) Ltd. Simon also serves on the Advisory Board of Entelechy. Until December 2013, he served as group chief executive of RSA Insurance Group plc, a FTSE 100 insurer. Simon also spent 17 years with NatWest Group where he held a number of senior leadership positions, including CEO of NatWest Offshore, Head of US Retail Banking, CEO NatWest Mortgage Corporation (US) and Director of Global Wholesale Markets.

Simon Lee is Chair of the Audit Committee and a member of the Remuneration Committee of PPHC.



Stewart Hall

Chief Executive Officer

Stewart is a co-founder of the Group. He is also founder and chairman of Crossroads Strategies, a bipartisan, multi-disciplinary federal relations, advocacy and advisory firm based in Washington DC. Stewart has extensive experience in both the public and private sectors. He co-founded Federalist Group in 1999, which was acquired by Ogilvy Public Relations (WPP) in 2005. Prior to that, he served as Legislative Director to Senator Richard Shelby (R-AL) from 1992-1996, working across defense policy, appropriations and financial services committees.



Roel Smits

Chief Financial Officer

Roel Smits is Chief Financial Officer of PPHC. Roel joined PPHC in May 2022 as Deputy Chief Financial Officer with a strong focus on driving the company's mergers and acquisitions (M&A) agenda. Prior to joining PPHC, Roel spent 10 years in various CFO roles at Kantar, where he most recently was CFO of Kantar Americas. Before joining Kantar, Roel spent 6 years leading the North American M&A team of WPP.



Zachary Williams

Executive Director

Zachary is a Managing Partner at Forbes Tate Partners, a bipartisan, full-service government and public affairs advocacy firm that became part of PPHC in 2014. Prior to Forbes Tate Partners, he was a founder and managing partner of Cauthen Forbes and Williams.

Board of Directors, continued



Keenan Austin Reed

Executive Director

Keenan Austin Reed, a global leader on policy and politics, serves as a senior advisor to the Public Policy Holding Company. Austin Reed is known for mobilizing her immense network and building brands and coalitions to advance the goals of her clients and the broader Capitol Hill community. Austin Reed is also a Principal at the Alpine Group, a top 20 lobbying firm in Washington and a PPHC member company. She joined Alpine Group in 2021 and has swiftly risen to the firm's leadership. Recently Austin Reed was named "Lobbyist of the Year" by the prestigious Washington Government Relations Group. Austin Reed is also the founder and Chair of Black Women Leading, a 501c3, that supports the empowerment of Black women in public service, notably the Black Women's Congressional Alliance (BWCA).



Bill Chess

Non-Executive Director

Bill is a co-founder of the Group. Previously, he was COO and CFO of Ogilvy Public Relations Worldwide (WPP), during which time he oversaw acquisition activity across all global regions. Bill began his business career with Unilever, including as Financial VP of Lever's Food Division. He is a veteran of the United States Air Force where he served as an air traffic controller.



Benjamin Ginsberg

Non-Executive Director

Benjamin has most recently been a political law Partner at international law firm, Jones Day, before retiring in August 2020. Prior to that he served as national counsel to the Bush-Cheney presidential campaigns in 2000 and 2004, as well as the Romney for President campaigns of 2008 and 2012. He joined Patton Boggs, a full-service global law firm, in 1993 after serving eight years as counsel to the Republican National Committee, the Republican Senatorial Committee and the Republican Congressional Committee. Benjamin is counsel to the Republican Governors Association.

Benjamin Ginsberg is a member of the Audit Committee and the Remuneration Committee.



Kimberly White

Non-Executive Director

Kym is Senior Vice President and Chief Corporate Affairs Officer of Generate:Biomedicines, a company focused on the application of AI to drug discovery founded by Flagship Pioneering. She most recently spent three years in the Alphabet ecosystem serving as a senior advisor to Verily and Isomorphic Labs, two of Alphabet's "bets" in healthcare. Kym has served as Chief Communications Officer for a number of public companies including CVS Health, Vertex Pharmaceuticals and Baxter. In addition to her corporate roles, she held senior leadership roles at Edelman and Ogilvy over a 20+ year agency career.

Kym is Chair of the Remuneration Committee and a member of the Audit Committee.

Principles of Governance

The Directors recognize the importance of sound corporate governance and have taken account of the requirements of the QCA Code to the extent that they consider appropriate having regard to the Company's size, board structure, state of development and level of resources. Further information on the Company's compliance with the QCA Code can be found at www.pphcompany.com on the AIM Rule 26 page. Directors support high standards of corporate governance and have decided to comply fully with the QCA Code as set out over the next few pages:

1 Principle: Establish a purpose, strategy and business model which promote long-term value for shareholders

- A. The Company is a leading group of trusted advisory firms specializing in government relations, strategic communications, public relations, strategic research, grassroots influence and digital campaign solutions. Together, our companies work with over 1200 corporate clients, institutions and coalitions to define and advance responsible policy goals, manage risk, shape public debate and orchestrate issue advocacy campaigns on their behalf, with integrity. The Company purpose is to inform, guide and shape policy decisions that responsibly impact the future.
- B. The Board holds at least one session each year dedicated to strategy, which includes input from senior members of the management team and any necessary external advisers. A strategic report reflecting the outcome of such sessions is included in the Annual Report.

- C. The Board, at its regularly scheduled meetings, receives detailed updates regarding M&A strategy and execution and Operating Company operations. In addition, the Board periodically receives detailed presentations in connection with the approval of specific M&A transactions, and, separately, special presentations by senior management of the Operating Companies describing the nature of each Operating Company's business, focus, approach, personnel, outlook, and results.
- D. Principal risks facing the Group were set out in the Admission Document. The Board periodically reviews, updates and discusses these risks and identifies and deploys mitigation steps to manage these risks and confront day-to-day challenges of the business. The Company has recently undertaken an objective process with Buchanan Communications to better understand relevant ESG risks and impacts through a materiality assessment. This process is more fully described in Corporate Governance – ESG Implementation Plan of the Annual Report.
- E. The Company's articulated mission, and related five key values, are intended to guide the Board, Company management and personnel in executing the Group's business plans and mitigate risks. The Company's mission is to become the most trusted public and government affairs, and strategic communications, organisation in the world by uniting a diverse group of industry leading organisations for the shared value of the Group's clients, companies, employees and society. The five key values are: (i) Transparency – communicating openly, freely and with clarity; (ii) Objectivity – making unbiased and fair decisions; (iii) Fiscal Responsibility – operating under the premise that a fair return is due for all stakeholders; (iv) Integrity – putting ethics and legal compliance at the forefront of practices and procedures; and (v) Excellence – lawlessly advocating on behalf of clients to support the achievement of clients' business objectives.
- F. The Company's senior management periodically review the Company's mission statement and key values to reflect new thinking and feedback from all stakeholders, taking into account various considerations including strategies and goals in support of the Company's ESG and sustainability goals.
- G. The primary challenge to executing the Company's model and strategy is cohesively synthesizing highly entrepreneurial, successful professionals coming from a fragmented industry lacking scalability. The Company's approach to achieving this is to build and grow an infrastructure (centralized functions including finance, HR, benefits and payroll, client development, M&A and legal) through which complementary (and overlapping), separately branded, businesses are empowered to focus on their key competencies, executive management is encouraged to operate with entrepreneurial creativity and autonomy, and key talent is incentivized through equity participation and a robust referral system. The Company's public company status facilitates all of this by providing channels for growth capital for the Group as well as employee participation in the Group's collective growth.

Principles of Governance, continued

2 Principle: Promote a corporate culture that is based on ethical values and behaviours

- A. The Group promotes a culture of integrity, honesty, trust and respect, and all employees of the Group are expected to operate in an ethical manner in all its internal and external dealings. The Company's Code of Ethics described in Principle 4 articulates and reinforces this culture.
- B. The employee handbook and policies promote this culture and include such matters as anti-bribery and corruption, communication, use of social media and general conduct of employees. This handbook is updated at least annually and is tailored to the Group's expanding geographic footprint.
- C. The Board takes responsibility for the promotion of ethical values and behaviors throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Company.
- D. The Board and senior management will periodically review the links between the Company's mission, key values, culture and business model. The Company anticipates considering ESG strategies in executing the Company's overall corporate strategy
- E. The Board has oversight and authority regarding the development, modification and implementation of the Company's mission, key values, culture and business model.
- F. As described in Principles 3 and 5, Company senior executives regularly communicate with the Chair of the Board, other Directors, each other, and with senior executives of each of the Company's operating subsidiaries. Company leadership serves as examples of the Company's ethical values.

3 Principle: Seek to understand and meet shareholder needs and expectations

- A. The Board is committed to open and ongoing engagement with the Company's Shareholders. The Board communicates with Shareholders through:
 - a. The Annual Report;
 - b. The half-year and full-year results announcements, as well as; trading updates (where required or appropriate).
 - c. The Annual General Meetings; and the Company's investor relations website.
- B. Semi-annual meetings are held between the Company's Chief Executive Officer, Chief Financial Officer and Chief Strategy Officer and institutional investors and analysts to ensure that the Company's strategy, financials, and business developments are communicated effectively.

- C. The Board intends to engage with Shareholders who do not vote in favour of resolutions at annual general meetings to understand their motivation.
- D. The Company's Chief Strategy Officer oversees investor relations for external shareholders and prospective investors, analysts, and regulators. Communications with internal shareholders, option holders and other participants in the LTIP programme are handled in conjunction with HR and Group operations.
- E. The Company's Management Committee is led by the Company's Chief Executive Officer and consists of one or two senior executives from each of the Operating Companies. The Management Committee meets at least quarterly and addresses issues related to company strategy, financial operations, cross-selling opportunities and other matters appropriate for the full Committee. It is important to note that issues specific to a single Operating Company or its individual clients are not discussed at this Management Committee as such matters are subject to client confidentiality and conflict assurances.
- F. The Company maintains an active corporate website www.pphcompany.com and posts content regularly to social media (Linkedin, X, Instagram) in order to inform stakeholders of its business updates and key milestones, along with the required financial reporting provided within the specific investor website. The Company engages directly with retail investors via earned media and through the Investor Meets Company platform and similar services. The Company intends to continue the use of the Investor Meets Company platform and will pursue additional opportunities to engage with investors at various conferences.
- G. The Company's management receives and reviews a quarterly analysis of the Company's Shareholder register prepared by Link Market Services (Guernsey) Ltd and Stifel (as the Company's Nominated Advisor, or NOMAD). Periodically, this information is relayed to the Board.
- H. The Company's management speaks regularly, on a weekly basis, with the NOMAD to share ongoing developments, ideas, and plans. They also speak periodically as additional matters arise.
- I. The Company undertook a comprehensive materiality assessment during 2023 to identify the ESG and sustainability issues that are most important to our stakeholders, which, in turn, inform the foundations of our ESG strategy.
- J. The Company plans to develop an open and transparent environment for communicating important developments about our ESG strategy to all stakeholders, internal and external. The Company's approach to ESG communication will be guided by the need for accuracy, balance (positive and negative), comparability (period to period), and context.

Principles of Governance, continued

4 Principle: Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success

- A. The Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including employees, existing and new customers, academics, and its group of advisors that it collaborates with as part of its business strategy and business operation, in order to achieve long-term success.
- B. The Company has articulated a Code of Ethics, including conducting business honestly and ethically wherever operations are maintained; to improve the quality of the Group's services, products and operations; to maintain a reputation for honesty, fairness, respect, responsibility, integrity, trust, and sound business judgment; managers and employees are expected to adhere to high standards of business and personal integrity as a representation of the Group's business practices, at all times consistent with their duty of loyalty to the Company.
- C. The Directors and the Group maintain an ongoing dialogue with stakeholders to inform strategy and the day-to-day running of the business, including through channels highlighted in Principle 3. This includes, among others, clients, subcontractors, and other key business partners.
- D. The Group's business model, including the holding company structure with its wholly owned operating subsidiaries, facilitates identifying shared challenges and opportunities, and identifying key resources and relationships needed to successfully navigate those challenges and seize those opportunities, and communication and feedback
- E. Through the Management Committee, and various other periodic meetings and calls, the Company's Chief Executive Officer receives regular feedback from senior management of the Operating Companies. This feedback occurs in two capacities – executive-level management of each Operating Company as well as key shareholders owning (with other employees) a majority of the Company's issued and outstanding shares of stock.
- F. The Company has created and maintains a platform, through ADP, to receive and share information regarding Group policies, resources, practices, and procedures.
- G. To ensure that the Company's efforts are focused, the Company underwent a desktop-based materiality assessment which included an internal audit. This process has identified a number of initiatives in which the Company is already engaged. The intention is that the Company continually evolves and evaluates

its approaches taking into account industry best practice for our sector. See the Corporate Governance – ESG Implementation Plan section of the Annual Report for a more detailed description of the Company's developing ESG strategies and goals.

5 Principle: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

- A. Principal risks facing the Group and the industry in which it operates are set out in the Admissions Document. The Company currently operates a risk framework including a risk register that is managed by the Chief Operating Officer. The risk register is intended to be reviewed at least annually by the Board. The Chief Executive Officer and Audit Committee review the risk register regularly throughout the year.
- B. The Company's risk management efforts include (i) providing ongoing educational opportunities for executives, managers and other employees regarding legal compliance as well as compliance with the Company policies and procedures, (ii) continuously evaluating the Company's practices, policies and procedures to assure compliance, (iii) expanding the in-house legal team to serve as a resource for the Group, (iv) implementing financial security protocols, (v) expanding the Company's M&A and Finance teams to support the Company business model and strategy and (vi) structuring management oversight and control with various checks and balances.
- C. The Company's Chief Executive Officer utilizes the Management Committee, as well as regular discussions, separately, with the NOMAD and Chair of the Board to discuss risks, opportunities, and threats on a timely basis.
- D. The Company's intends that its statutory auditors, Forvis Mazars, LLP, will periodically identify risks in connection with the annual audit of the Company's consolidated financial statements and the preparation of the Annual Report. These are discussed with Company management and the Audit Committee.
- E. The Company's management regularly communicates with the Company's insurance advisors to assess changes in the Group from an organisational perspective and determine whether adjustments to the Company's insurance portfolio are appropriate.
- F. The Company has engaged cybersecurity consultants to assess and develop a tailored process to enhance the Group's overall cybersecurity.
- G. The Audit Committee monitors auditor independence.

Principles of Governance, continued

6 Principle: Establish and maintain the board as a well-functioning, balanced team led by the Chair

- A. The Board has been constructed to ensure that it has the right balance of skills, experience, independence, and knowledge of the business. Since the Company's admission to AIM, the Board has expanded from six individuals to eight individuals, four of whom are executive directors – Stewart Hall, as Chief Executive Officer, Roel Smits as Chief Financial Officer, Zachary Williams, as a senior executive of Forbes Tate Partners and Keenan Austin Reed, as a Principal of the Alpine Group and senior advisor to the Company. The other four directors are non-executives and include Simon Lee, as Chair of the Board and Chair of the Audit Committee, Kimberly White, as Chair of the Remuneration Committee, Benjamin Ginsberg, and Bill Chess.
- B. Benjamin Ginsberg and Kimberly White are considered by the Board to be independent non-executive directors and were selected with the objective of bringing experience and independent judgement to the Board.
- C. The Board is supported by the Audit Committee and the Remuneration Committee. The Audit Committee has three members (the three non-executive directors) and is chaired by Simon Lee. The Remuneration Committee also has three members (the three non-executive directors) and is chaired by Kimberly White. Each committee has "Terms of Reference" adopted by the Board in connection with the Company's admission to AIM. Additional details of these committees are set out on pages 70-73 of the Annual Report.
- D. The Board adheres to a Schedule of Matters Reserved to the Board adopted by the Board in connection with the Company's admission to AIM.
- E. The full Board is scheduled to meet regularly and at least four times a year. In 2024, the Board met 10 times, most of which were regularly scheduled, and some of which were special meetings convened to address one or more particular matters such as an M&A transaction, and amendment to the Company's LTIP.
- F. The Audit Committee is scheduled to meet regularly at least two times each year. In 2024, the Audit Committee met 4 times.
- G. The Remuneration Committee is scheduled to meet regularly at least two times each year. In 2024, the Remuneration Committee met 9 times.
- H. Processes are in place to ensure that each member of the Board is, at all times, provided with such information as is necessary for each member to discharge such member duties. For example, prior

to each Board meeting or Committee meeting, the Company's corporate Secretary, prepares and circulates for Board or Committee review a detailed "Board Pack" of materials to be reviewed prior to, and during, each meeting. These materials, and others presented at the meetings, form the basis for further discussion of each matter presented to the Board and its Committees. To facilitate Board review and reference, all Board materials are made available through an online Board portal.

- I. The agenda for each Board and Committee meeting is carefully selected based on numerous conversations among the Chair and CEO, and among Company management. Minutes of the proceedings of the Board and each Committee are recorded, reviewed, approved, and maintained for reference.
- J. At each meeting of the Board and each Committee, the chair of the meeting announces whether any potential conflicts have arisen regarding any matter on the agenda. If the chair is aware of no conflicts, the meeting proceeds; if a conflict is raised, it will be discussed and, if appropriate, one or more members will be recused.
- K. At each meeting of the Board, the non-executive directors have an opportunity to request to meet in executive session.
- L. The Company's Chief Executive Officer and the Company's non-executive Chair of the Board speak regularly on a weekly basis to share ongoing developments, ideas, and plans. They also speak periodically as additional matters arise.
- M. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.
- N. The Bylaws of the Company state that at the annual meeting of stockholders, directors shall be elected as set forth in the Company's corporate charter. The Company's charter requires that the Board be classified, with respect to the term for which the directors severally hold office, into three classes, designated as Class I, Class II and Class III, respectively. Currently, there are three Class I Directors, three Class II Directors, and two Class III Directors. The initial Class I Directors (Stewart Hall and Kimberly White) served for an initial term that expired at the initial annual meeting held on June 1, 2022 (and, at such meeting, each was re-elected for a term expiring at the annual meeting of stockholders to be held in 2025). The third Class I Director (Keenan Austin Reed) was elected to the Board in 2023 for a term expiring at the annual meeting of the stockholders to be held in 2025. The initial Class II Directors (Bill Chess and Benjamin Ginsberg) served for an initial term that expired at the annual meeting held in 2023 (and, at such meeting, each was re-elected for a term expiring at the annual meeting of stockholders to be held in 2026). The third Class II Director (Roel Smits) was elected to the Board in 2023 for a term expiring at the annual meeting of stockholders to be held in 2026. The initial Class III Directors (Zachary Williams and Simon Lee) served for an initial term that expired at the annual meeting held in 2024 (and, at such meeting, each was re-elected for a term expiring at the annual meeting of stockholders to be held in 2027).
- O. The Company's non-executive Chair of the Board is subject to re-appointment by the Board annually.

Principles of Governance, continued

7 Principle: Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to date experience, skills and capabilities

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Board is not dominated by one individual and all Directors can challenge proposals put forward to the meeting, democratically. The Board has a healthy mix of those with industry experience, financial and legal experience. All Directors are encouraged to, and do, participate actively in discussions of matters presented to the Board.

- A. The Directors also receive an annual briefing from the Company's NOMAD in respect of continued compliance with the AIM Rules and regular briefings from the Company's Solicitors in respect of continued compliance with UK MAR and other applicable laws. In 2024, Stifel, as NOMAD attended two Board meetings, one at which Stifel made a presentation regarding compliance and other matters.
- B. In addition to the Chief Executive Officer, other Company officers (the Chief Financial Officer and Chief Operating Officer) regularly advise the Board on financial, M&A and other matters. The Company's corporate Secretary and the Company's Chief Legal Officer regularly advise the Board on matters regarding corporate governance, process, procedures, and compliance.
- C. External advisors to the Company – and the Board – include (among others), the Company's independent certified public accountants, as well as Forvis Mazars, LLP, the Company's statutory auditors, representatives of whom attend Board meetings at least twice per year to discuss and report on the annual audit and half-year review.
- D. The Non-Executive Chair leads the Board and is responsible for its governance structures, performance and effectiveness. The Non-Executive Directors are responsible for bringing independent and objective judgement to Board decisions. The Chief Executive Officer is the primary contact for the Company's Shareholders and is responsible for ensuring that the link between the Board and the shareholders is strong and efficient. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.
- E. The Board is supported by the Audit Committee and Remuneration Committee. Details of these committees and their responsibilities are set out in Part I of the Admissions Document and highlighted on pages 70 and 72 of the Annual Report. From time to time, separate committees may be set up by the Board in order to consider and address specific issues, as and when they arise.
- F. The Board intends to review the governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

8 Principle: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Chair is responsible for ensuring an effective Board. Simon Lee, serving as the Board's Chair, takes an active role in executing the vision of the Company through weekly calls with the Chief Executive Officer. Mr. Lee also receives regular updates from the corporate Secretary and Chief Legal Officer regarding Board and other governance matters. In carrying out his functions as Chair, Mr. Lee utilizes his extensive leadership experience (including as a board chair) with a particular focus on U.K. points of emphasis.

In 2024, the Company engaged in a process to evaluate the performance of the Board, the Committees, and the individual Directors against its objectives to ensure that members of the Board provide relevant and effective contributions. The evaluation process was led by the Company's Chair.

In accordance with the QCA Code, the Company utilized the following framework for evaluation of the Board based on six key indicators and criteria for Board effectiveness.

- A. Clear Purpose and Strong Leadership by the Chair:
 - i. Documented Board purpose and objectives
 - ii. Regular engagement of the Chair with CEO and other Board members
 - iii. Clear and communicated decision-making process
 - iv. Opportunity for all Board members to influence agenda and actions
- B. Balance of Skills, Experience and Independence:
 - i. Qualifications
 - ii. Experience
 - iii. Independence
 - iv. Diversity
 - v. Succession Planning
- C. Directors that Work as a Team:
 - i. Communication
 - ii. Process
 - iii. Follow-Up
 - iv. Support
 - v. Strategy

Principles of Governance, continued

8 Principle: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement, Continue

D. Understanding of the Business and its Strategy:

- i. Clear communication of the strategy on all fronts to an increasing set of internal and external stakeholders

E. Information and Engagement with Shareholders and other Key Stakeholders:

- i. Investor relations function
- ii. Chair participation in discussions with key investors
- iii. Identify/communicate with stakeholder groups

F. Board Performance Evaluation:

- i. Periodic internal evaluation
- ii. Communication and Feedback

The Chair intends to review and summarize findings from the Board evaluations, present the findings to the full Board and to develop and monitor a post-evaluation action plan.

9 Principle: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose strategy and culture.

The Remuneration Committee's responsibilities generally include determining the Company's policy on the remuneration packages of the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, other executive directors, and other senior executives as designated by the Board. The RC also has responsibility for: (i) recommending to the Board a remuneration policy for executive directors and other senior executives, and monitoring its implementation; (ii) approving and recommending to the Board and the Company's shareholders, the total individual remuneration package of the executive directors and other senior executives (including bonuses, incentive payments and share incentive awards or other share awards); and (iii) approving the design of, and determine targets for, any performance related pay schemes and share incentive plans operated by the Company.

In 2024, the Company implemented updates to its Incentive Compensation Policy to better align with business objectives, ensure long-term sustainability, and create operational improvements. These changes address bonus eligibility and windows for implementing salary increases to facilitate promotion cycles throughout the year. In addition, the updates

are intended to streamline approval processes for compensation decisions and modernize equity awards to align with current regulatory standards and organizational goals. It is anticipated that these changes, collectively, will strengthen compliance, improve fiscal responsibility, and support equitable compensation practices across the organisation.

10 Principle: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

A. The Company intends to use the following principal methods of communication with its Shareholders:

- a. The Annual Report;
- b. The half-year and full-year results announcements;
- c. Announcements regarding M&A activity, dividends, and certain dealings activities
- d. Trading updates (the Company issued a trading update on 27 January 2025)
- e. The Annual General Meetings;
- f. The Company's investor relations website; and
- g. Capital Markets Events (the Company held a Capital Markets event on 30 January 2025)

B. The Company has retained investor relations agency support with London-based firms to facilitate awareness of its business and performance of its stock amongst analysts, retail investors and others. Effective 1 February 2023, the agency retained was Buchanan Communications, 107 Cheapside, London EC2V 6DN

C. The Company's website (www.pphcompany.com) is updated on a regular basis with information regarding the Group's activities and performance. The Company's reports, presentations, notices of annual general meetings, and results of voting at shareholder meetings are anticipated to be made available on the website.

D. The role of the Management Committee in facilitating communication among the Chief Executive Officer and senior leadership of the Company's operating subsidiaries who also, collectively, own a majority of the Company's outstanding stock, is described in Principle 3 above.

Board Disclosures

Dividends

Effective on 11 March 2025, the Board of the Company declared a final dividend of \$0.0470 per share, taking the total dividend for the year to \$0.0940 per share. This will represent a total aggregate dividend for the year of approximately \$11.4 million, equivalent to approximately 41% of the Group’s Underlying Net Profit

(based on the current number of common outstanding shares). The final dividend of \$0.0470 per share is payable to the holders of record of all of the issued and outstanding shares of the Company’s Common Stock as of the close of business on the record date, 25 April 2025. The ex-dividend date is 24 April 2025.

Substantial Shareholders’ and Directors’ Holdings

	Number of Common Shares
AG Holdings, Inc. (formerly The Alpine Group, Inc.)*	12,491,234
Directors’ Holdings (as of December 31)	Number of Common Shares
Stewart Hall	6,368,279
Roel Smits	315,705
Bill Chess	2,493,416
Zachary Williams	4,835,571
Benjamin Ginsberg	Nil
Simon Lee**	249,824
Kimberly White	Nil
Keenan Austin Reed	208,970

* As of February 2025, AG Holdings, Inc. is no longer a Substantial Shareholder.

** Simon Lee holds shares through PCA Fiona Lee, his spouse. As of April 2025, the number of shares held is 323,694.

Corporate Governance Report

Statement of Directors’ Responsibilities

The Board conducts regular reviews of the Company’s corporate governance framework and will continue to adapt these practices in line with the Company’s growth trajectory. Environmental, Social, and Governance (ESG) risks and opportunities are integrated into governance and strategic planning, in alignment with the Company’s evolving risk profile and stakeholder expectations.

Responsibilities are delegated by the Board to Committees and individuals as appropriate. The Chair’s principal responsibilities are to ensure

that the Company and its Board are acting in the best interests of shareholders. The Chair’s leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness, creates the right Board dynamic and culture and ensures that all important matters, particularly strategic decisions, receive adequate time and attention at Board meetings.

Operational oversight of the Group’s divisions is undertaken by operating company executives, who also form part of the Management Committee, which reports directly to the Board.

Whistle Blowing and Anti-Bribery Policies

The Company’s Whistle Blowing Policy is aimed at preventing illegal activity and unethical business conduct by encouraging Directors, officers, and employees to report any wrongdoing or suspected violations. The Company also has an Anti-Bribery Policy to ensure the highest standards of personal and professional ethical behaviour are adhered to.

Authority is delegated to two Committees—the Audit Committee and the Remuneration Committee—to support the Board in achieving its objectives while maintaining a robust internal control and risk management system. These Committees convene independently of full Board meetings.

All Directors participate in the key areas of decision making, including the following:

- ▲ Strategy development and approval;
- ▲ Budget planning and approval;
- ▲ Corporate actions review and approval;
- ▲ Monitoring progress toward corporate objectives.

ESG Implementation Plan

The Company initiated the development of an ESG Implementation Plan, which we anticipate will include:

- ▲ Defining a clear purpose statement;
- ▲ Conducting an ESG materiality assessment;
- ▲ Evaluating and responding to external stakeholder perceptions;
- ▲ Collecting and analysing relevant data;
- ▲ Implementing a proactive communication strategy.

Assessing Materiality

As part of the ESG Implementation Plan, and to ensure that the Company is addressing and managing the issues most relevant to its stakeholders, the Company conducted a materiality assessment in 2023. This assessment was designed to identify key non-financial risks and opportunities across the short, medium, and long term, and was tailored to the Company’s industry and organisational structure.

Using international frameworks, peer disclosures, media analysis, and existing internal communications, the Company sought to better understand ESG-related risks and opportunities specific to its operations. We anticipate that these insights will form the basis of the Company’s evolving ESG strategy.

The assessment involved several key components. It included a detailed audit of the Company’s current ESG-related policies and initiatives, a comprehensive review of ESG disclosures by industry peers, and a structured prioritisation of sustainability issues. This process also informed the identification of potential ESG focus areas and contributed to the development of a potential forward-looking sustainability strategy.

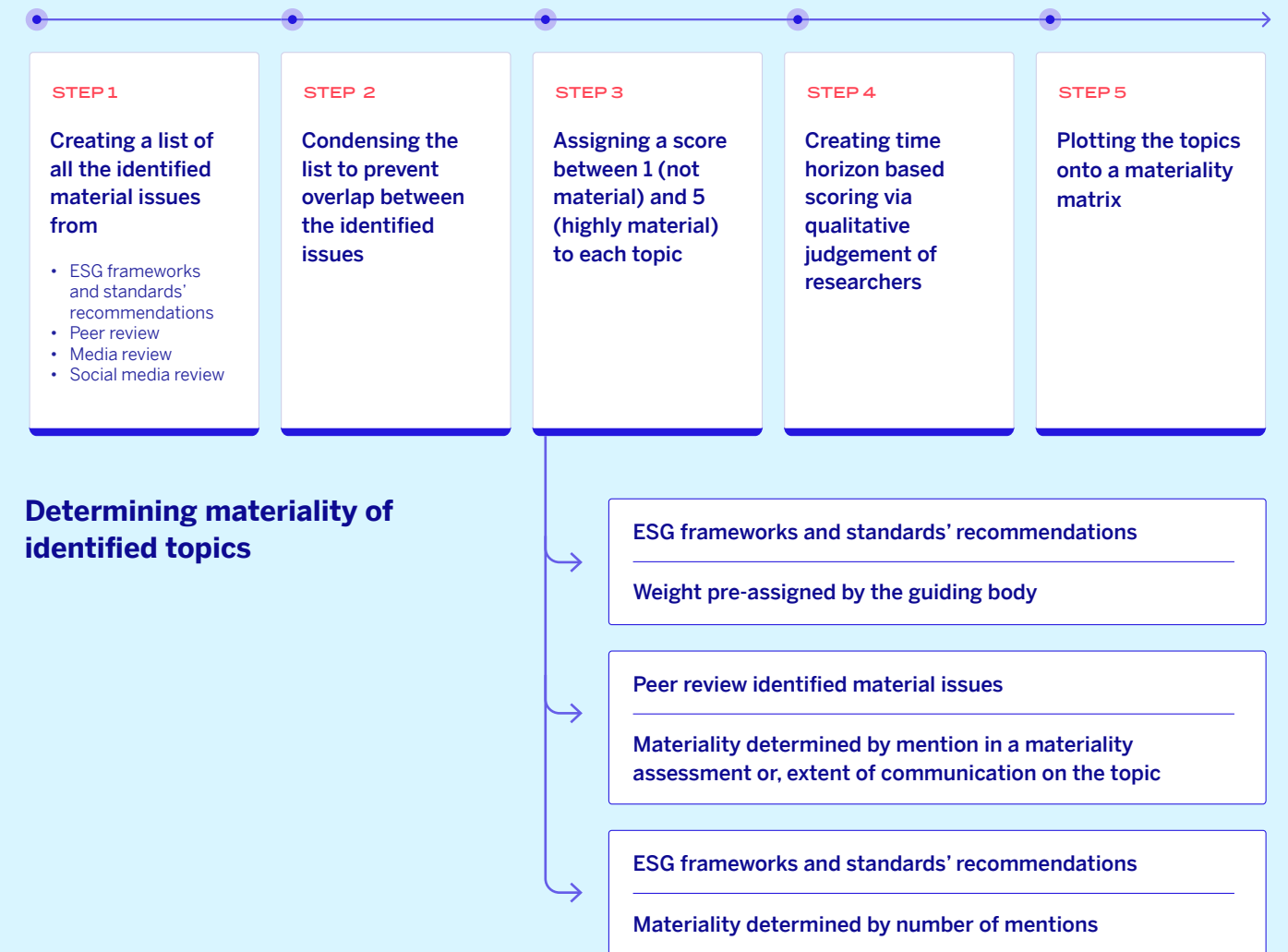
Through continued analysis and re-assessment, the Company intends to remain conscious of how the Company can positively and proactively contribute, in a meaningful way.

Building on the materiality assessment and applying relevant standards and frameworks, the Company is in the process of developing a disclosure tracker. The Company anticipates that the tracker will support the establishment of recommended performance metrics and guide the reporting strategy in the next phase of the ESG Implementation Plan.

The disclosure tracker may assist in monitoring management practices and informing the Company’s progress in key areas over time. While the Company has not yet adopted a formal reporting framework, several established standards and guidelines are under consideration to inform future disclosure practices.

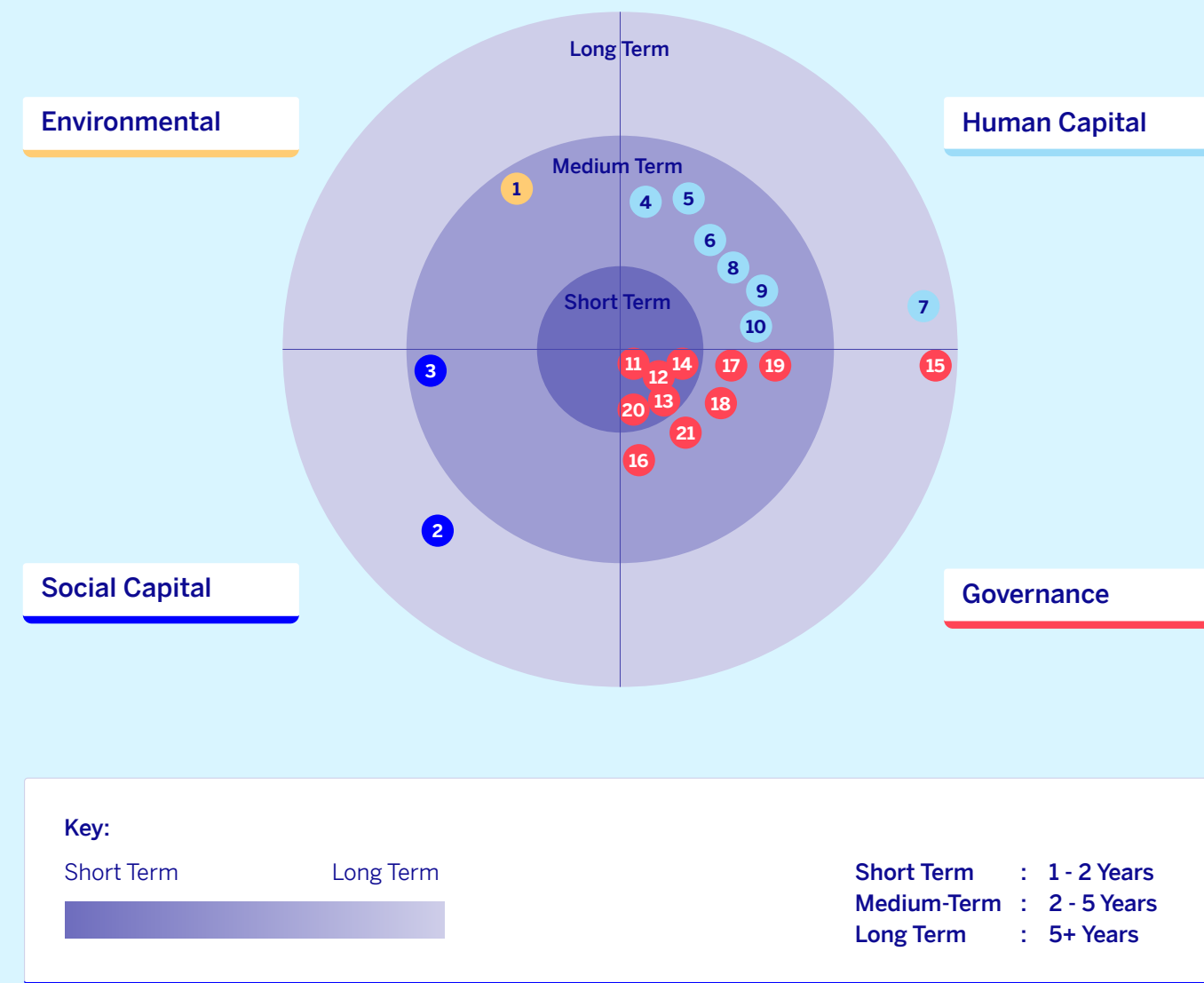
These include the Sustainability Accounting Standards Board (SASB), which provides industry-specific standards identifying ESG topics most likely to affect financial performance, and the Global Reporting Initiative (GRI), which offers a modular system of standards designed to support structured and transparent public reporting on sustainability impacts. The Company is also monitoring developments from the International Sustainability Standards Board (ISSB), which is working to establish a comprehensive global baseline for sustainability-related disclosures.

PPHC’s ESG materiality map



Materiality map for PPHC

			Score
Environmental	1	Carbon emissions	2
	2	Community wellbeing	1
Social Capital	3	Advocacy	2
	4	Employee engagement	3
Human Capital	5	Privacy and data security	3
	6	D&I	3
	7	Human rights	1
	8	Human capital development	3
	9	Wellbeing	3
	10	Talent and skills	3
	11	Governance	5
Governance	12	Ethics and fraud	5
	13	Client reputational risk	5
	14	Professional integrity	5
	15	Future of work	1
	16	Responsible services	4
	17	Transparency	4
	18	Regulations	4
	19	Geopolitical influence	3
	20	Conflict of interest	5
	21	Greenwashing	4



Audit Committee Report

I am pleased to present this report of the Audit Committee (the “AC”) with respect to the Company’s 2024 calendar year.

In accordance with the Company’s Terms of Reference for the AC (the “AC Terms of Reference”), the AC consists of three members. In addition to serving as Chair of the Board, I serve as Chair of the AC. Two additional non-executive directors of the Company, Benjamin Ginsberg and Kimberly White, are also members of the AC. Jill Kendrick, the Company’s Chief Operating Officer, serves as Secretary of the Company and as Secretary of the AC.

As highlighted in the Company’s Admissions Document, the Board has acknowledged that certain corporate governance guidelines recommend that the chair of a board not also be a member of that board’s audit committee. However, the QCA Code does not include such a recommendation. The Company’s Board has carefully considered the membership and chair of the Audit Committee and has concluded that I am an appropriate choice to serve as chair.

In 2024, the AC held four meetings. All AC members attended each meeting. Each of Stewart Hall, Roel Smits, Ms. Kendrick, Bill Chess and Neal Strum, as respectively, the Company’s Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Administrative Officer (prior to Mr. Chess’ retirement as CAO in July, 2024) and Chief Legal Officer, has

made themselves available to all of the AC members for dialogue with the AC since its formation, providing information and insight into the Company’s policies, procedures, and operations. The AC has also communicated with the Company’s external auditors - the public accounting firms of MN Blum (as component auditor until July 2024), Crowe U.K. (as statutory auditor until July 2024), and Forvis Mazars, LLP (as independent external (statutory) auditors effective July 2024).

The AC’s responsibilities are described in the AC Terms of Reference and generally include ensuring that the financial performance of the Company is properly reported on and reviewed. More specifically, the AC’s role includes: (i) considering and monitoring the appointment and re-appointment of the Company’s external auditors as well as advising on the terms of engagement between the Company and such auditors; (ii) ensuring procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; (iii) reporting formally to the Board on proceedings after each AC meeting; (iv) monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements); (v) undertaking narrative

Simon Lee

Audit Committee Chair
April 2025



reporting and advising the Board on whether the content of the annual report and accounts provides the necessary information for shareholders to assess the Company’s performance, business model and strategy; (vi) reviewing internal control and risk management systems; (vii) reviewing the Company’s policies for detecting fraud; (viii) reviewing any changes to accounting policies and checking the application of these policies on a year-to-year basis; (ix) reviewing the Company’s internal audit functions, (x) reviewing and monitoring the extent of the non-audit services undertaken by external auditors, and (xi) ensuring that the Company has in place the procedures, resources and controls to enable compliance with the AIM Rules and the QCA Code.

Highlights of the AC’s activities in 2024 include (a) reviewing the Company’s 2023 financial statements and the accompanying auditors’ reports of MN Blum and Crowe U.K. as well as the related results announcement, and recommending approval by the Company’s Board, (b) reviewing the Company’s 2024 half-year financial statements as well as the related results announcement, and recommending approval by the Board, (c) reviewing the terms of engagement of MN Blum as the Company’s component auditor for 2024, and recommending approval by the Company’s

Board, (d) reviewing the terms of engagement of Crowe U.K. as the Company’s statutory auditor for 2024, and recommending approval by the Board, (e) reviewing the termination of the engagement of MN Blum as the Company’s component auditor effective as of July 2024 and recommending approval by the Board, (f) reviewing the termination of the engagement of Crowe UK as the Company’s statutory auditor effective as of July 2024, and recommending approval by the Board, (g) reviewing the terms of engagement of Forvis Mazars, LLP as the Company’s independent external (statutory) auditors for the year ending December 31, 2024, and recommending approval by the Board, (h) reviewing and approving the AC Report for the Company’s Annual Report for 2023 released in 2024, and (i) periodically reviewing and discussing the Company’s Risk Register and Related Party Register. In addition, after each AC meeting, I gave the Board a full report on the AC’s actions.

I look forward to attending the Company’s next Annual General Meeting and to responding to shareholders’ questions regarding the work of the AC.

Remuneration Committee Report

I am pleased to present this report of the Remuneration Committee (the “RC”) with respect to the Company’s 2024 calendar year.

In accordance with the Company’s Terms of Reference for the RC (the “RC Terms of Reference”), the RC consists of three members. I serve as Chair of the RC. Two additional non-executive directors of the Company, Simon Lee (who also serves as Chair of the Board) and Benjamin Ginsberg, are also members of the RC. Jill Kendrick, the Company’s Chief Operating Officer, serves as Secretary of the Company and as Secretary of the RC.

In 2024, the RC held nine meetings. All RC members attended each meeting except for one meeting at which one member was absent. Each of Stewart Hall, Roel Smits, Ms. Kendrick, Bill Chess and Neal Strum, as respectively, the Company’s Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Administrative Officer (prior to Mr. Chess’ retirement as CAO in July, 2024) and Chief Legal Officer, has made themselves available to the RC members for dialogue with the RC since its formation, providing information and insight into the Company’s policies, procedures, and operations.

The RC’s responsibilities are described in the RC Terms of Reference and generally include determining the Company’s policy on the remuneration packages of the Company’s Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, other executive

directors, and other senior executives as designated by the Board. The RC also has responsibility for: (i) recommending to the Board a remuneration policy for executive directors and other senior executives, and monitoring its implementation; (ii) approving and recommending to the Board and the Company’s shareholders, the total individual remuneration package of the executive directors and other senior executives (including bonuses, incentive payments and share incentive awards or other share awards); and (iii) approving the design of, and determine targets for, any performance related pay schemes and share incentive plans operated by the Company. The remuneration of the Company’s non-executive directors (including the Chair of the Board) is a matter for the Company’s executive directors. No director or member of management may be involved in any discussions as to their own remuneration.

Highlights of the RC’s activities in 2024 include (a) reviewing and approving the implementation of the Company’s bonus plan for fiscal year 2023, (b) reviewing and approving the framework of the Company’s bonus plan for fiscal year 2024, (c) reviewing and approving a regular annual allocation and occasional additional allocations of awards under the Company’s LTIP, which may include grants of stock options, restricted stock

Kimberly White

Remuneration Committee Chair
April 2025



units and restricted stock awards, (d) reviewing and approving the terms, conditions and other provisions of a form of restricted stock unit award agreement, various restricted stock award agreements, and a form of stock option grant agreement for U.S. employees and a separate form of stock option grant agreement for U.K. employees, to implement the Company’s LTIP, (e) reviewing and approving proposed changes to compensation of certain officers and other senior executives of the Company and its operating subsidiaries, (f) reviewing and approving a proposed separation agreement and consulting agreement for Mr. Chess in connection with his retirement as CAO, (f) a services agreement and reward agreement for Oliver Foster, a director and Chief Executive Office of Pagefield Communications Limited, a newly-acquired operating subsidiary of the Company, and reviewing and approving a management incentive plan for certain senior leaders of Pagefield Communications Limited, (g) periodically reviewing the utilization and size of the LTIP, including in 2024, reviewing and approving a proposed amendment to increase the cap on the number of awards issuable under the Company’s LTIP and a proposed form of LTIP U.K. Sub-Plan and related form of U.K. Stock Option Agreement, and (h) reviewing and approving the RC Report for the Company’s Annual Report for 2023 released in 2024. In addition, after each RC meeting, I gave the Board a full report on the RC’s actions.

Directors’ Agreements

Each of the Company’s four executive directors – Stewart Hall, Roel Smits, Zachary Williams and Keenan Austin Reed – are parties to an Executive Employment Agreement with the Company (in the case of Mr. Hall, and Mr. Smits) or with two of the Company’s operating subsidiaries (in the case of Mr. Williams and Ms. Austin Reed), as described in detail in the following section of this Annual Report (Directors Remuneration Report). Three of the Company’s non-executive directors – Simon Lee, Kimberly White and Ben Ginsberg – are parties to a letter of appointment, as described in the Company’s Admission Document. Mr. Chess, a non-executive director of the Company is party to a consulting agreement, as described in detail in the following sections of this Annual Report (Directors Remuneration Report and Related Party Transactions).

I look forward to attending the Company’s next Annual General Meeting and to responding to shareholders’ questions regarding the work of the RC.

Directors' Remuneration Report

Prior to the Company's pre-IPO reorganisation on 10 December 2021, Stewart Hall served as the Company's sole director from the Company's formation on 4 February 2021. On 10 December 2021, the number of directors was increased to six, and each of William Chess, Zachary Williams, Simon Lee, Kimberly White and Benjamin Ginsberg was elected as a director. On 12 September 2023 the number of directors was increased to seven, and Roel Smits was elected as a director. On 12 December 2023, the number of directors was increased to eight, and Keenan Austin Reed was elected as a director. Mr. Hall serves as the Company's Chief Executive Officer, Mr. Smits serves as the Company's Chief Financial Officer. Mr. Chess serves as a consultant to the Company, Mr. Williams is also a Managing Partner at Forbes Tate Partners, one of the Company's operating subsidiaries and Ms. Austin Reed is the Chief Executive Officer at Alpine Partners Group, one of the Company's operating subsidiaries. Mr. Lee serves as non-executive Chair of the Board of the Company and Chair of the Board's Audit Committee. Ms. White serves as a non-executive director of the Company and Chair of the Board's Remuneration Committee. Mr. Ginsberg and Mr. Bill Chess serve as non-executive directors of the Company.

Pursuant to an agreement with the Company dated 2 August 2021 (effective beginning at the time of the IPO on 16 December 2021), Mr. Hall is employed by the Company as Chief Executive Officer. Prior to 16 December 2021, Mr. Hall was employed by Crossroads Strategies, one of the Company's operating subsidiaries. Mr. Hall is eligible to receive an annual cash bonus in accordance with the terms of the Company's annual bonus program, subject to the attainment of applica-

ble performance targets to be set by the Board or its delegate. Mr. Hall is also eligible to receive equity-based awards in accordance with the Company's Omnibus Incentive Plan. With respect to the year ending 31 December 2024, during which Mr. Hall served as a director of the Company, Mr. Hall received from the Company a salary of \$800,000. Also, with respect to the year ending 31 December 2024, Mr. Hall received awards under the Company's LTIP consisting of (i) 25,365 restricted shares of the Company's Common Stock and (ii) 100,000 restricted stock units, and (iii) 33,334 shares of the Company's Common Stock as a result of previously issued RSUs vesting. Mr. Hall became a stockholder of the Company upon receiving shares in connection with the Company's pre-IPO reorganization on 10 December 2021.

Pursuant to an agreement with the Company dated 1 August 2021 (effective beginning at the time of the IPO on 16 December 2021), Mr. Chess was employed by the Company as Chief Financial Officer. On 2 July 2023, Mr. Chess was appointed Chief Administrative Officer. Effective 1 July 2024, Mr. Chess retired as Chief Administrative Officer of the Company. Pursuant to an agreement with the Company dated 1 July 2024, Mr. Chess serves as a consultant to the Company. The monthly fee payable by the Company to Mr. Chess as a consultant to the Company is \$10,000. With respect to the year ending 31 December 2024, during which Mr. Chess served as an executive and non-executive director of the Company, Mr. Chess received from the Company an annual salary of \$450,000. In addition, with respect to such year, Mr. Chess received awards under the Company's LTIP consisting of (i) 17,438 restricted shares of the Company's Common, and (ii) 100,000 shares of the

Company's Common Stock as a result of previously issued RSUs vesting. Also, with respect to the year ending 31 December 2024, Mr. Chess purchased 25,000 shares of the Company's Common Stock. Mr. Chess became a stockholder of the Company upon receiving shares in connection with the Company's pre-IPO reorganisation on 10 December 2021.

Pursuant to an agreement with Forbes Tate Partners dated 2 August 2021 (effective beginning at the time of the IPO on 16 December 2021), Mr. Williams is employed by Forbes Tate Partners as a Managing Partner. Mr. Williams is eligible to receive an annual cash bonus in accordance with the terms of the Company's annual bonus program, subject to the attainment of applicable performance targets to be set by the Board or its delegate. Mr. Williams is also eligible to receive equity-based awards in accordance with the Company's Omnibus Incentive Plan. With respect to the year ending 31 December 2024, during which Mr. Williams served as a director of the Company, Mr. Williams received from Forbes Tate Partners a salary of \$500,000. Also, with respect to the year ending 31 December 2024, Mr. Williams received (i) an award of 40,000 restricted stock units (awarded under the Company's LTIP), and (ii) 13,334 shares of the Company's Common Stock as a result of previously issued RSUs vesting. Mr. Williams became a stockholder of the Company upon receiving shares in connection with the Company's pre-IPO reorganisation on 10 December 2021.

Pursuant to an agreement with the Company effective 1 May 2022, Mr. Smits was employed by the Company as Deputy Chief Financial Officer. On 2 July 2023, Mr. Smits was appointed Chief Financial Officer of the Company.

Mr. Smits is eligible to receive an annual cash bonus in accordance with the terms of the Company's annual bonus program, subject to the attainment of applicable performance targets to be set by the Board or its delegate. Mr. Smits is also eligible to receive equity-based awards in accordance with the Company's Omnibus Incentive Plan. With respect to the year ending 31 December 2024, during which Mr. Smits served as a director of the Company, Mr. Smits received from the Company a salary of \$425,000. Also, with respect to the year ending 31 December 2024, Mr. Smits received a cash bonus of \$172,000. In addition, with respect to such year, Mr. Smits received awards under the Company's LTIP consisting of (i) 13,475 restricted shares of the Company's Common Stock, (ii) 80,000 restricted stock units, and (iii) 33,334 shares of the Company's Common Stock as a result of previously issued RSUs vesting.

Pursuant to a letter of appointment with the Company dated 13 December 2021, Mr. Lee serves as non-executive Chair of the Board and as Chair of the Board's Audit Committee. The annual fee payable by the Company to Mr. Lee is US \$120,000. With respect to the year ending 31 December 2024, Mr. Lee also received US \$2,000 in additional compensation. In May 2024, Mr. Lee transferred 204,824 shares of Company stock held in his name to his wife.

Pursuant to a letter of appointment with the Company dated 13 December 2021, Ms. White serves as a non-executive director of the Company and Chair of the Board's Remuneration Committee. The annual fee payable by the Company to Ms. White is US \$80,000. With respect to the year ending 31 December 2024, Ms. White received US \$2,000 in additional compensation.

Pursuant to a letter of appointment with the Company dated 13 December 2021, Mr. Ginsberg serves as a non-executive director of the Company. The annual fee payable by the Company to Mr. Ginsberg is US \$80,000. With respect to the year ending 31 December 2024, Mr. Ginsberg also received US \$2,000 in additional compensation.

Pursuant to an agreement with Alpine Group Partners dated 1 December 2023, Ms. Austin Reed was employed by Alpine Group Partners as Principal. As of 1 October 2024, Ms. Reed is employed by Alpine Group Partner as Chief Executive Officer. Ms. Austin Reed also serves as a Special Advisor to the Company and receives a salary of US \$100,000 per annum. Ms. Austin Reed is eligible to receive an annual cash bonus in accordance with the terms of the Company's annual bonus program, subject to the attainment of applicable performance

targets to be set by the Board or its delegate. Ms. Austin Reed is also eligible to receive equity-based awards in accordance with the Company's Omnibus Incentive Plan. With respect to the year ending 31 December 2024, during which Ms. Austin Reed served as a director of the Company, Ms. Austin Reed was paid a salary by Alpine Group Partners at the rate of \$500,000 per annum from 1 January 202 through 30 September 2024. Effective 1 October 2024, Ms. Austin Reed was paid a salary by Alpine Group Partners at the rate of \$675,000 per annum. Also, with respect to the year ending 31 December 2024, Ms. Austin Reed received a cash bonus of \$85,000. In addition, with respect to such year, Ms. Austin Reed received awards under the Company's LTIP consisting of (i) 31,523 restricted shares of the Company's Common Stock, and (ii) 93,000 restricted stock units.

Related Party Transactions

In addition to the transactions with directors described on pages 74-76 of this Annual Report (Directors Remuneration), the Company entered into the following agreements with stockholders holding more than 10% of the Company's issued and outstanding Common Stock:

AG Holdings, Inc. (formerly, The Alpine Group Inc.) – The Company agreed to provide AG Holdings, Inc. with a one-time loan in an amount up to US \$750,000 in connection with certain US federal, state and local income taxes incurred in connection with certain shares of Company Common Stock sold by AG Holdings, Inc. in the Company's IPO. On 14 April 2022, the Company advanced this loan in the agreed-upon amount of \$513,000. As of 3 February 2025, the amount outstanding and repayable (including principal and interest) was \$532,451.25. The Company accepted 316,779 Company shares, each at a price of £1.3515 ("Repayment Shares"), in full satisfaction of this amount. The Repayment Shares were cancelled effective 4 February 2025. As a result of the dissolution and liquidation process of AG Holdings, Inc. effective 21 March 2025, AG Holdings Inc. is no longer a Substantial Shareholder.

During November 2023, the Company, through Alpine Group Partners, LLC entered into term note agreements ("2023 Notes") with certain employees of Alpine Group Partners, LLC totaling \$1,750,000. The original interest rate on the 2023 Notes was 7.5%. In November 2024, the Company, through Alpine Group Partners, LLC, agreed to reduce the interest rates on the 2023 Notes from 7.5% to 4.45%. The notes are payable in annual

installments of \$350,000 plus all accrued and unpaid interest beginning on 1 November 2024 with a maturity date of 1 November 2028 or the effective date of the termination of employment of the respective employee borrower for any reason, if earlier than the maturity date. The Company, through Alpine Group Partners, LLC, waived the first annual payment of principal and interest that was due and payable on 1 November 2024. As of 31 December 2024, the 2023 Notes are recorded in notes receivable - related parties.

Jeffrey Forbes - Pursuant to an agreement with Forbes Tate Partners dated 2 August 2021 (effective beginning at the time of the IPO on 16 December 2021), Mr. Forbes is employed by Forbes Tate Partners as Founding Partner. Mr. Forbes is eligible to receive an annual cash bonus in accordance with the terms of the Company's annual bonus program, subject to the attainment of applicable performance targets to be set by the Board or its delegate. Mr. Forbes is also eligible to receive equity-based awards in accordance with the Company's Omnibus Incentive Plan.

With respect to the year ending 31 December 2024, Mr. Forbes received from Forbes Tate a salary of \$1,000,000 per annum. In addition, with respect to such year, Mr. Forbes received awards under the Company's LTIP consisting of 75,000 restricted stock units. Mr. Forbes is a stockholder of the Company having received shares in connection with the Company's pre-IPO reorganisation on 10 December 2021. As of 13 November, 2024, Mr. Forbes is no longer a Substantial Shareholder.

Audited Consolidated Financial Statements



Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Public Policy Holding Company, Inc. and subsidiaries, which comprise the consolidated balance sheet as of December 31, 2024 and the related consolidated statements of operations and other comprehensive loss, stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Public Policy Holding Company, Inc. as of December 31, 2024, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are

required to be independent of Public Policy Holding Company, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

The 2023 financial statements, before they were restated for the matter discussed in Note K, were audited by other auditors, and their report thereon, dated April 17, 2024, expressed an unmodified opinion. As part of our audit of the 2024 financial statements, we also audited the adjustments described in Note K that were applied to restate the 2023 financial statements. In our opinion, such adjustments are

appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Policy Holding Company, Inc.'s ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- ▲ Exercise professional judgment and maintain professional skepticism throughout the audit.

- ▲ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- ▲ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Policy Holding Company, Inc.'s internal control. Accordingly, no such opinion is expressed.
- ▲ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Policy Holding Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

Forvis Mazars, LLP

Tysons, Virginia

April 24, 2025

Consolidated Balance Sheets

	December 31	
	2024	2023
Assets		
Current assets:		
Cash	\$ 14,535,943	\$ 14,341,376
Contract receivables, net	18,284,530	14,063,469
Amounts due from related parties	-	1,054,231
Notes receivable - related parties, current portion	863,000	350,000
Income taxes receivable	3,185,120	975,050
Prepaid post-combination compensation, current portion	6,070,073	3,426,318
Prepaid expenses and other current assets	2,726,320	2,694,149
Total current assets	45,664,986	36,904,593
Property and equipment, net	750,620	801,355
Notes receivable - related parties, long term	1,050,000	1,913,000
Operating lease right of use asset	18,428,307	21,434,360
Goodwill	64,308,106	47,909,832
Other intangible assets, net	32,143,666	26,869,331
Deferred income tax asset	11,037,500	7,737,200
Prepaid post-combination compensation, long term	888,184	3,954,034
Other long-term assets	189,085	162,473
Total assets	\$ 174,460,454	\$ 147,686,178
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,044,302	\$ 18,593,014
Amounts owed to related parties	556,396	-
Deferred revenue	3,149,957	2,197,220
Operating lease liability, current portion	4,826,715	4,181,155
Contingent consideration, current portion	2,092,597	1,444,110
Other liability, current portion	1,134,675	534,540
Notes payable, current portion, net	6,031,204	3,370,421
Total current liabilities	37,835,846	30,320,460
Notes payable, long term, net	26,014,133	7,570,951
Contingent consideration, long term	8,803,464	5,475,515
Other liability, long term	3,744,925	1,585,294
Operating lease liability, long term	16,807,668	20,665,349
Total liabilities	93,206,036	65,617,569

Consolidated Balance Sheets, <i>Continued</i>	2024	2023
Common stock, \$0.001 par value, 1,000,000,000 shares authorized, 120,087,982 and 115,271,961 shares issued and outstanding, respectively	114,002	109,542
Additional paid-in capital	197,397,482	156,884,144
Accumulated deficit	(115,721,104)	(74,925,077)
Accumulated other comprehensive loss	(535,962)	-
Total stockholders' equity	81,254,418	82,068,609
Total liabilities and stockholders' equity	\$ 174,460,454	\$ 147,686,178

Consolidated Statements of Operations and Other Comprehensive Loss

	December 31	
	2024	2023
Revenue	\$ 149,563,307	\$ 134,985,822
Expenses:		
Personnel cost	81,824,942	70,782,459
Employee bonuses	10,374,636	13,178,302
General and administrative expenses	15,660,905	10,929,617
Occupancy expense	5,574,150	5,027,501
Depreciation and amortization expense	4,807,299	3,998,073
Long term incentive program charges	4,162,000	2,796,000
Share-based accounting charge	31,803,600	30,904,000
Post-combination compensation charge	11,598,647	6,295,060
Change in fair value of contingent consideration	1,909,750	1,711,235
Total operating expenses	167,715,929	145,622,247
Loss from operations	(18,152,622)	(10,636,425)
Gain on bargain purchase	2,463,927	4,835,777
Interest income	176,537	17,955
Interest expense	(1,899,986)	(958,779)
Net loss before income taxes	(17,412,144)	(6,741,472)
Income tax expense	6,544,800	7,502,800
Net loss	\$ (23,956,944)	\$ (14,244,272)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0,21)	\$ (0,13)
Weighted average common shares outstanding, basic and diluted	\$ 111,826,822	\$ 108,606,133
Comprehensive loss:		
Net loss	\$ (23,956,944)	\$ (14,244,272)
Foreign currency translation loss	\$ (535,962)	\$ -
Total comprehensive loss	\$ (24,492,906)	\$ (14,244,272)

Consolidated Statements of Stockholders' Equity For the Years Ended December 31, 2024 and 2023

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockhold- ers' Equity
	Shares	Amount				
Balance as of December 31, 2022	108,024,388	\$ 108,024	\$ 120,713,626	\$ (44,836,562)	\$ -	\$ 75,985,088
Issuance of common stock for acquisition	767,401	768	1,231,232	-	-	1,232,000
Forfeiture of unvested restricted stock	(69,576)	(70)	-	70	-	-
Vesting of restricted stock awards	820,007	820	-	(820)	-	-
Dividends	-	-	-	(15,843,493)	-	(15,843,493)
Long term incentive program charges	-	-	2,506,000	-	-	2,506,000
Share-based accounting charge	-	-	30,904,000	-	-	30,904,000
Post-combination compensation charge-shares	-	-	1,529,286	-	-	1,529,286
Net loss	-	-	-	(14,244,272)	-	(14,244,272)
Balance as of December 31, 2023	109,542,220	\$ 109,542	\$ 156,884,144	\$ (74,925,077)	\$ -	\$ 82,068,609
Long term incentive program charges	-	-	3,784,000	-	-	3,784,000
Dividends	-	-	-	(16,835,962)	-	(16,835,962)
Vesting of stock issued from Multistate acquisition	936,571	937	-	(937)	-	-
Vesting of stock issued from KP Public Affairs acquisition	492,488	492	-	(492)	-	-
Vesting of stock issued from Engage acquisition	324,868	325	-	(325)	-	-
Vesting of stock issued to consultant	63,468	63	-	(63)	-	-
Vesting of restricted stock units and restricted stock awards	1,303,579	1,304	-	(1,304)	-	-
Common stock issued to Multistate as settlement of contingent consideration	441,432	441	690,559	-	-	691,000
Issuance of common stock for acquisition	897,640	898	1,442,422	-	-	1,443,320
Post-combination compensation charge-shares	-	-	2,792,757	-	-	2,792,757
Share-based accounting charge	-	-	31,803,600	-	-	31,803,600
Foreign currency translation gain (loss)	-	-	-	-	(535,962)	(535,962)
Net loss	-	-	-	(23,956,944)	-	(23,956,944)
Balance as of December 31, 2024	114,002,266	\$ 114,002	\$ 197,397,482	\$ (115,721,104)	\$ (535,962)	\$ 81,254,418

Consolidated Statements of Cash Flows

	2024	2023*
Cash flows from operating activities:		
Net loss	\$ (23,956,944)	\$ (14,244,272)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	136,121	119,688
Amortization expense - intangibles	4,671,178	3,878,386
Amortization of right of use assets	4,070,635	3,725,388
Amortization of prepaid post-combination compensation	5,061,895	3,081,000
Accretion of other liability	3,742,313	1,684,774
Amortization of debt discount	181,596	125,203
Provision for deferred income taxes	(1,294,100)	(367,400)
Share-based accounting charge	31,803,600	30,904,000
Long-term incentive program charges	4,162,000	2,648,000
Post-combination compensation charge-shares	2,792,757	1,529,286
Change in fair value of contingent consideration	1,909,750	1,711,235
Gain on bargain purchase	(2,463,927)	(4,835,777)
(Increase) decrease in:		
Accounts receivable, net	(3,117,809)	(2,478,202)
Prepaid post-combination expense	(4,639,800)	(9,504,000)
Prepaid expenses and other assets	572,613	(570,601)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,052,883)	6,114,690
Income taxes payable/receivable	(2,218,740)	(5,192,760)
Deferred revenue	958,600	(5,345,073)
Contingent consideration	(268,563)	(42,600)
Operating lease liability	(4,276,703)	(3,044,269)
Other liability	(981,750)	(1,821,600)
Transactions with members/related parties	1,610,627	2,159,517
Net cash used in investing activities	16,402,466	10,234,613

	2024	2023*
Cash flows from investing activities:		
Purchases of property and equipment	(55,854)	(232,730)
Proceeds issued for notes receivable - related parties	-	(1,750,000)
Proceeds received for notes receivable - related parties	350,000	-
Cash paid for acquisitions, net of cash acquired	(19,783,750)	(8,096,000)
Net cash used in investing activities	(19,489,604)	(10,078,730)
Cash flows from financing activities:		
Proceeds from notes payable	25,000,000	14,000,000
Payment of debt issuance costs	(214,992)	(450,729)
Proceeds from line of credit	-	1,000,000
Payment of line of credit	-	(1,000,000)
Principal payment of notes payable	(3,862,639)	(2,943,741)
Payment of contingent consideration	(749,687)	(1,779,000)
Distributions	(16,835,962)	(15,843,493)
Net cash provided by (used in) financing activities	3,336,720	(7,016,963)
Effect of exchange rate changes on cash and cash equivalents	(55,015)	-
Net increase (decrease) in cash and cash equivalents	194,567	(6,861,080)
Cash and cash equivalents as of beginning of period	14,341,376	21,202,456
Cash and cash equivalents as of end of period	\$ 14,535,943	\$ 14,341,376
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,718,390	\$ 833,576
Cash paid for income taxes	\$ 10,048,970	\$ 12,427,539
Right of use assets obtained with lease liabilities	\$ 1,064,582	\$ 8,858,106
Contingent consideration issued for acquisitions	\$ 3,798,077	\$ 2,784,990
Common stock issued for acquisitions	\$ 1,443,320	\$ 1,232,000
Increase in deferred revenue and other assets from acquisition of Multistate, Inc.	\$ -	\$ 4,681,404
Stock issued for settlement of contingent consideration	\$ 691,000	\$ -

*see Note K

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies

Organization and Basis of Presentation:

Public Policy Holding Company, Inc. ("PPHC-Inc.") was incorporated on February 4, 2021. From PPHC Inc.'s incorporation until December 10, 2021 (the "Conversion Date"), all of the issued and outstanding shares of stock of PPHC-Inc. were owned by Public Policy Holding Company, LLC ("PPHC LLC"), which (i) was organized as a Delaware limited liability company on July 1, 2014, and (ii) owned certain wholly-owned operating subsidiaries, all organized as Delaware limited liability companies (the "Subsidiaries," and collectively with PPHC-Inc., the "Company"). On the Conversion Date, PPHC-LLC contributed and assigned substantially all of its assets and liabilities (including all of the Subsidiaries, but excluding certain specified assets and liabilities) to PPHC-Inc. in exchange for the issuance by PPHC-Inc. of 100,000,000 shares (the "Contribution Shares") of Common Stock, par value \$0.001 per share ("Common Stock") of PPHC-Inc. Pursuant to a formula approved by the Executive Board and General Board of PPHC-LLC (the "Waterfall"), PPHC LLC then liquidated and distributed the Contribution Shares to each of PPHC-LLC's owners who (other than The Alpine Group, Inc.), in turn, distributed such shares to their respective owners in accordance with the Waterfall (collectively, the "Company Conversion").

The Company provides consulting services in the areas of Governmental Relations, Public Affairs and

Diversified Services, primarily in the United States of America ("U.S."). With the acquisition of Pagefield Communications Limited ("Pagefield"), the Company has expanded its capabilities to the United Kingdom and parts of Europe.

The Company has prepared the accompanying consolidated financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP"). Such consolidated financial statements reflect all adjustments that are, in management's opinion, necessary, and are presented in United States Dollars ("USD"). All intercompany transactions and balances have been eliminated in consolidation.

The functional currency of Pagefield is the British pound sterling ("GBP"). The assets and liabilities of Pagefield are translated to USD at period end exchange rates, while statements of operations accounts are translated at the average exchange rate during the period. Stockholders' equity accounts are translated at their historical exchange rate. The effects of foreign currency translation adjustments are included in other comprehensive loss, which is a component of other comprehensive loss in stockholders' equity.

Principles of Consolidation:

The consolidated financial statements include all of the accounts of the entities listed below:

Parent company:

Public Policy Holding Company, Inc.

Wholly owned holding company:

PPHC International Ltd

PPHC International LLC

Wholly owned operating subsidiaries:

Crossroads Strategies, LLC

Forbes Tate Partners, LLC

Blue Engine Message & Media, LLC, doing business as Seven Letter

O'Neill & Partners LLC, doing business as O'Neill & Associates

Alpine Group Partners, LLC

KP Public Affairs, LLC

MultiState Associates, Inc.

Concordant LLC

Lucas Public Affairs, LLC

Pagefield Communications Limited

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

Initial Public Offering:

On December 16, 2021, PPHC-Inc. completed an initial public offering and placement ("IPO") of its shares of Common Stock, and the admission of Common Stock to trading on the AIM market of the London Stock Exchange.

During 2021, all the ultimate owners of PPHC-LLC ("Group Executives") entered into Executive Employment Agreements. The Group Executives sold some of their Common Stock in conjunction with the IPO ("Liquidated Pre-IPO Shares") but retained the majority of their shares ("Retained Pre-IPO Shares"). The Retained Pre-IPO Shares are subject to a vesting schedule under which the Common Stock held by each Group Executive will vest in equal installments on the first five anniversaries of the effective date of the IPO, provided that the Group Executive remains continuously employed by the employer; this vesting schedule applies to all the Company's employees holding Common Stock at the time of the IPO. In the event that a Group Executive's employment terminates (other than on death or "disability", or by the employer without "cause", or by the Group Executive for what is deemed to be for

a "good reason") then the unvested proportion of the Retained Pre-IPO Shares which have not vested, will be automatically forfeited and clawed back as of the date of such termination. In the event a Group Executive's employment terminates on death or "disability," or by the employer without "cause," or by the Group Executive for what is deemed to be "good reason," then all unvested shares will vest automatically as of the date of such termination. The Executive Employment Agreements also contain certain provisions which enable cash derived from the sale of Liquidated Pre-IPO Shares and Retained Pre-IPO Shares that have vested to be clawed back and forfeited on certain events of termination of employment or breaches of certain provisions of the Executive Employment Agreements.

The addition of the vesting provisions to previously issued shares creates a share-based accounting charge in accordance with the accounting guidance in Accounting Standards Codification ("ASC") 718-10-S99-2, Compensation-Stock Compensation. (see Note F).

Revenue Recognition:

The Company generates the majority of its revenue by providing consulting services through fixed-fee arrangements related to Government Relations, Public Affairs and Diversified Services. The Company's general practice is to establish a contract with a client with a fixed monthly payment at the beginning of each month for the month's service to be performed.

Revenue is recognized when control of services provided are transferred to customers and in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services using the following steps: 1) identify the contract, 2) identify the performance obligations, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue as or when the Company satisfies the performance obligations.

A significant portion of the Company's contracts with customers have termination clauses that give the customer the right to terminate the contract without cause with one month's notice without any substantial penalty. As such, the Company believes such contracts should be treated as a month-to-month contract as this reflects the non-cancellable period of performance. The parties do not have enforceable rights and obligations beyond the month (or months) of services already performed. The Company's contracts generally do not contain a material right.

Most of the consulting service contracts are based on one of the following types of contract arrangements:

- ▲ Fixed-fee ("Retainer") arrangements require the client to pay a fixed fee in exchange for a predetermined set of professional services. Such contracts generally comprise of a single performance obligation for consulting services. The Company recognizes revenue over time by measuring the progress toward complete satisfaction of the performance obligation.
- ▲ Additional services include items such as 1) advertisement placement and management, 2) video production, and 3) website development, in which third-party companies may be engaged to achieve specific business objectives. These services are either in a separate contract or within the fixed-fee consulting contract, in which the Company usually receives a markup on the cost incurred by the Company. Generally, these contracts are less than four months in length. The Company recognizes revenues earned to date in an amount that is probable or unlikely to reverse and by applying the proportional performance method when the criteria for revenue recognition is met. Any out-of-pocket administrative expenses incurred are billed at cost.

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

In determining the method and amount of revenue to recognize, the Company has to make judgments and estimates. Specifically, complex arrangements with nonstandard terms and conditions may require management's judgment in interpreting the contract to determine the appropriate accounting, including whether the promised services specified in an arrangement are distinct performance obligations and should be accounted for separately, and how to allocate the transaction price, including any variable consideration, to the separate performance obligations. When a contract contains multiple performance obligations, the Company allocates the transaction price to each performance obligation based on its estimate of the stand-alone selling price. Other judgments include determining whether performance obligations are satisfied over-time or at a point-in-time and the selection of the method to measure progress towards completion.

Certain services provided by the Company include the utilization of a third-party in the delivery of those services. These services are primarily related to the production of an advertising campaign or media buying services. The Company has determined that it acts as an agent and is solely arranging for the third-parties to provide services to the customer. Specifically, the Company does not control the specified services before transferring those services to the customer, is not primarily responsible for the performance of the third-party services, nor can the Company redirect those services to fulfill any other contracts. The Company does not have discretion in establishing the third-party pricing in its contracts with customers. For these performance obligations for which the Company acts as an agent, the Company records revenue as the net amount of the gross billings less amounts remitted to the third-party.

The following table provides disaggregated revenue by revenue type for the years ended December 31, 2024 and 2023:

	2024	2023
Government relations revenue	\$ 102,463,869	\$ 95,476,619
Public affairs revenue	36,405,430	32,256,518
Diversified services revenue	10,694,008	7,252,685
Total revenue	\$ 149,563,307	\$ 134,985,822

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers as of:

	2024	2023
Accounts receivable	\$ 19,161,501	\$ 14,248,444
Unbilled receivables	225,073	609,163
Allowance for credit losses	(1,102,044)	(794,138)
Total contract receivables, net	18,284,530	14,063,469
Contract liabilities (deferred revenue)	3,149,957	2,197,220

Contract liabilities relate to advance consideration received from customers under the terms of the Company's contracts primarily related to retainer fees and reimbursements of third-party expenses, both of which are generally recognized shortly after billing.

Deferred revenue of approximately \$3,150,000 and \$2,197,000 from December 31, 2024 and 2023 is expected to be recognized as revenue in 2025 and 2024, respectively.

Cash and Cash Equivalents

The Company considers all cash investments with original maturities of three months or less to be cash equivalents. At times, the Company maintains cash

accounts that exceed federally insured limits, but management does not believe that this results in any significant credit risk.

Contract receivables

The Company provides for an allowance for credit losses; it is management's best estimate of possible losses based on historical experience and specific allowances for known troubled accounts, if needed. Accounts are generally considered past due after the contracted payment terms, which are generally net 30 day terms.

All accounts or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for credit losses. As of December 31, 2024 and 2023 the balance of the allowance for credit losses approximated \$1,102,000 and \$794,000.

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

Leases

The Company determines if a contract is a leasing arrangement at inception. Operating lease assets represent the Company's right to control the use of an identified asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized on the Consolidated Balance Sheets at the commencement date based on the present value of lease payments over the lease term. The Company uses the incremental borrowing rate on the commencement date in determining the present value of its lease payments. The Company recognizes lease expense for its operating leases on a straight-line basis over the lease term.

The Company leases office space and equipment under non-cancelable operating leases, which may include renewal or termination options that are reasonably certain of exercise. Most leases include one or more options to renew. The exercise of lease renewal options is at the Company's sole discretion. Certain of the Company's lease agreements include rental payments that are adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and are expensed on a straight-line basis.

Property and equipment

Property and equipment consist of furniture, equipment and leasehold improvements and is carried at cost less accumulated depreciation.

Depreciation is provided generally on a straight-line method over the estimated useful lives of the related assets ranging from 5 to 15 years.

Business combination

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the acquisition at their respective fair values with limited exceptions. Assets acquired and liabilities assumed in a business combination that arise from contingencies are generally recognized at fair value.

If fair value cannot be determined, the asset or liability is recognized if probable and reasonably estimable; if these criteria are not met, no asset or liability is recognized. Transaction costs are expensed as incurred. The operating results of the acquired business are reflected in the Company's consolidated financial statements after the date of acquisition.

Goodwill and indefinite-lived intangible assets

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired and the indefinite-lived intangible assets which consists of trademarks. In accordance with ASC 350, Intangibles – Goodwill and Other, ("ASC 350"), Goodwill and indefinite-lived intangible assets are not amortized but tested for impairment annually and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

The Company assesses goodwill for impairment at the reporting unit level. A reporting unit is an operating segment or a business one level below that operating

segment if discrete financial information is available and regularly reviewed by the chief operating decision maker ("CODM").

The Company tests its goodwill and indefinite-lived intangible assets for impairment annually as of the end of the fourth quarter using the qualitative assessment. Based on the results of the Company's qualitative assessment, there was no goodwill of indefinite-lived intangible asset impairment for the years ended December 31, 2024 and 2023.

Other intangible assets

The Company's definite-lived intangible assets consist of customer relationships, developed technology and noncompete agreements that have been acquired through various acquisitions. The Company amortizes these assets over their estimated useful lives.

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets

to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for an amount by which the carrying amount of the asset exceeds the fair value of the asset. The Company has not recorded any impairment charges related to long-lived assets for the years ended December 31, 2024 and 2023.

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

Deferred revenue

Deferred revenue represents prepayment by the customers for services that have yet to be performed.

As of December 31, 2024 and 2023, deferred revenue was approximately \$3,150,000 and \$2,197,000, respectively.

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of the following as of December 31:

	2024	2023
Accounts payable	\$ 4,753,171	\$ 4,348,493
Bonus payable	9,926,791	12,389,037
Other accrued expenses	5,364,340	1,855,484
Total	\$ 20,044,302	\$ 18,593,014

Marketing and advertising costs

The Company expenses marketing and advertising costs as incurred. Marketing and advertising expense

for the years ended December 31, 2024 and 2023 was approximately \$534,000 and \$216,000 respectively.

Income taxes

The Company utilizes the asset and liability method in the Company's accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company records a valuation allowance against deferred tax assets when realization of the tax benefit is uncertain. A valuation allowance is recorded, if necessary, to reduce net deferred taxes to their realizable values if

management believes it is more likely than not that the net deferred tax assets will not be realized. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Share-based accounting charge and stock option expense

The Company accounts for its share-based accounting (ASC 718-10-S99-2) charge using the fair value method. The fair value method requires the Company to estimate the grant-date fair value of its share-based awards and amortize this fair value to expense over the requisite service period or vesting term. For restricted and nonvested stock awards, the grant-date fair value is based upon the market price of the Company's common

stock on the date of the grant. For stock options, the grant-date fair value is based on the Black-Scholes Option Pricing Model. For stock appreciation rights ("SARs") recorded as a liability, the Company adjusts the value of the SARs based on the fair value at each reporting date, which is calculated based on the Black-Scholes Option Pricing Model. The Company records forfeitures as they occur.

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

Segment information

GAAP requires segmentation based on an entity's internal organization and reporting of revenue and operating income based upon internal accounting methods commonly referred to as the "management approach." Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the CODM, or decision-making group, in deciding how to allocate

resources and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company's operations are conducted in three reportable segments. These segments consist of Government Relations Consulting, Public Affairs Consulting and Diversified Services. See Note K for more information regarding the Company's segment disclosures.

Basic and diluted earnings (loss) per share

The Company computes earnings (loss) per share in accordance with ASC 260, Earnings per Share, which requires presentation of both basic and diluted earnings per share on the face of the Consolidated Statements of Operations and Other Comprehensive Loss. Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the

weighted average number of outstanding shares during the period. Diluted earnings (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Due to their anti-dilutive effect, the calculation of diluted net loss per share for the years ended December 31, 2024 and 2023 does not include the common stock equivalent shares below:

	Year ended December 31	
	2024	2023
Common shares outstanding	114,002,266	109,542,220
Nonvested shares outstanding	6,085,716	5,729,741
Legally outstanding shares	120,087,982	115,271,961
Stock options and RSUs outstanding	7,730,192	5,314,056
Total fully diluted shares	127,818,174	120,586,017

The following table includes the weighted average shares outstanding for each respective period:

	Year ended December 31	
	2024	2023
Common shares, weighted average	111,826,822	108,606,133
Nonvested shares, weighted average	6,390,351	3,990,578
Legally outstanding shares, weighted average	118,217,173	112,596,711
Stock options and RSUs, weighted average	6,574,713	4,096,048
Total fully diluted, weighted average	124,791,886	116,692,759

Fair value of financial instruments

As a basis for determining the fair value of certain of the Company's financial instruments, the Company utilizes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1** Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2** Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Assets and liabilities measured at fair value are classified in their entirety based on the level of input that is significant to the

fair value measurement. The Company's assessment of the significance of a particular input to the entire fair value measurement requires management to make judgments and consider the factors specific to the asset or liability.

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

The carrying values of cash, contract receivables, and accounts payable and accrued expenses at December 31, 2024 and 2023 approximated their fair value due to the short maturity of these instruments. The Company's financial instruments that are measured on a recurring basis consist of contingent consideration

from the acquisition of KP Public Affairs LLC ("KP LLC"), Multistate Associates Inc. ("MultiState Inc"), Lucas Public Affairs, Inc. ("LPA"), and Pagefield Communications Limited ("Pagefield"). The fair value of the contingent consideration was measured using Level 3 inputs.

The following table summarized the change in fair value, as determined by Level 3 inputs, for the contingent consideration using the unobservable Level 3 inputs:

		As of December 31, 2024
		Range
Balance at December 31, 2022	\$ 4,245,000	
Fair value at issuance	2,784,990	
Payout of contingent consideration	(1,821,600)	
Change in fair value	1,711,235	
Balance at December 31, 2023	6,919,625	
Fair value at issuance	3,798,077	
Cash and stock payout of contingent consideration	(1,709,250)	
Change in fair value	1,909,750	
Effect of currency translation adjustment	(22,141)	
Balance at December 31, 2024	\$ 10,896,061	

The change in fair value of the contingent consideration of approximately \$1,910,000 for the year ended December 31, 2024, consisted of an increase in the fair value of the contingent consideration for MultiState Inc and KP LLC offset by a decrease in the fair value of the contingent consideration for LPA and Pagefield. The change in fair value was primarily due to the effect of the change in the forecasted growth rate of each entity.

The Company performed Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize estimates including; expected volatility of future operating results, discount rates applicable to future results, and expected growth rates.

The tables below document the Monte Carlo assumptions and inputs (which are Level 3 inputs) each balance sheet date:

				As of December 31, 2024
	Valuation Methodology	Significant Unobservable Input		Range
Contingent Consideration	Monte Carlo Simulation Method	Discount rate for credit risk and time value		5.2% to 5.4%
		Discount rate for future profit after tax		11.5% to 21.3%
		Expected volatility of future annual profit after tax		29.0% to 34.0%
		Forecasted growth rate		4.9% to 70.8%

				As of December 31, 2023
	Valuation Methodology	Significant Unobservable Input		Range
Contingent Consideration	Monte Carlo Simulation Method	Discount rate for credit risk and time value		4.8% to 6.5%
		Discount rate for future profit after tax		14.6% to 21.0%
		Expected volatility of future annual profit after tax		33.0% to 37.0%
		Forecasted growth rate		4.9% to 30.3%

Notes to Consolidated Financial Statements

Note A Organization And Significant Accounting Policies, Continued

Assumptions related to future operating performance are based on management's annual and ongoing budgeting, forecasting and planning processes and represent management's best estimate of the future results of the Company's operations at a point in time. These estimates are subject to many assumptions, such as the economic environments in which the Company operates, demand for services and competitor actions. Estimated calculations of the future annual profit after tax amounts are discounted to present value using a market participant, weighted average cost of capital, which considers the risk inherent in

the probability adjusted future annual profit after tax amounts from services provided. The financial and credit market volatility directly impacts certain inputs and assumptions used to develop the weighted average cost of capital such as the risk-free interest rate, industry beta, debt interest rate, and the Company's market capital structure. These assumptions are based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value hierarchy. The use of different inputs and assumptions could increase or decrease the Company's estimated fair value calculations of the contingent consideration.

Contingent consideration

The Company estimates and records the acquisition date fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, the Company estimates changes in the fair value of contingent consideration and recognizes any change in fair value in the Consolidated Statements of Operations and Other Comprehensive Loss. The estimate of the fair value of contingent consideration requires very subjective assumptions to be made of future operating results,

discount rates and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and, therefore, materially affect the Company's future financial results. The contingent consideration liability is to be settled through a combination of cash and shares of common stock based on each respective purchase agreement and the amount ultimately paid is dependent on the achievement of certain future operating results.

Other liability

Other liability consists of certain future payments that the Company could be required to make if various operating targets are achieved from the acquisitions of KP LLC,

MultiState Inc, LPA, and Pagefield (see Note B and Note F) The Company records post-combination business expense over the vesting or claw-back period applicable

for these future payments on a straight-line basis with the amount accrued recorded as Other liability. The future earn-out payments that have vesting or claw-back rights

are tied to employment will reduce the amount of the Other liability when paid.

New accounting pronouncements

Recently Adopted Accounting Standards

During 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13 ("ASU 2016-13"), Financial Instruments-Credit Losses. ASU 2016-13 requires organizations to measure all expected credit losses for instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This guidance is applicable for the Company's contract receivables. However, the adoption of ASU 2016-13 did not have a material impact to the Company's valuation of its contract receivables.

During November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Segment Reporting (Topic 280). ASU No. 2023-07 was issued to improve the disclosures about a public entity's reportable segments and requires more detailed information about a reportable segment's expenses. The primary focus of ASU No. 2023-07 is enhanced disclosures about significant segment expenses. The guidance is applicable and effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company has adopted the provisions of ASU No. 2023-07 for the fiscal year ended December 31, 2024 and has updated the disclosure information provided in its segment footnote reporting accordingly.

Accounting Standards Not Yet Adopted

During December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands annual disclosures in an entity's income tax rate reconciliation table and requires annual disclosures regarding cash taxes paid both in the U.S. (federal, state and local) and foreign jurisdictions. The amendments in this ASU are effective for annual periods beginning after December 31, 2024, although early adoptions is permitted. The Company is evaluating the potential impact of this guidance on its consolidated financial statement disclosures.

During November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The guidance requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. This guidance is effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The Company expects to adopt this guidance in its fiscal year beginning January 1, 2027. The Company is evaluating the potential impact of this guidance on its consolidated financial statement disclosures.

Notes to Consolidated Financial Statements

Note B Acquisitions

KP Public Affairs LLC

On October 1, 2022, the Company entered into an Asset Purchase Agreement ("KP Agreement") and acquired certain assets and assumed certain liabilities of KP Public Affairs LLC ("Seller" or "KP LLC") through the creation of a wholly-owned subsidiary, KP Public Affairs, LLC ("KP"). At the closing of the transaction, the Company paid the Seller cash in the amount of \$10,306,800 ("Closing Cash Payment") and issued 739,589 shares of the Company's common stock ("Closing Share Payment") to Seller at an aggregate fair value of \$1,145,200.

There are additional contingent payments that the Seller can earn in the future depending on certain operating results that are achieved. The total amount of consideration that the Company could be required to pay to the Seller in the amount of cash and stock ("Seller Shares") is \$35,000,000. The equity component of the contingent payments ranges between 20% and 35%.

During the year ended December 31, 2023, the Company paid the Seller an additional amount of consideration totaling \$4,048,000 ("KP Closing True-Up Payment") based on the specific operating results of KP through December 31, 2022. The payment of the KP Closing True-Up Payment was pro-rated as \$3,643,200 in cash ("KP True-Up Cash Payment") and 245,389 shares of common stock ("KP True-Up Share Payment") at an aggregate fair value of \$404,800. Approximately \$1,822,000 of the cash paid was applied against the contingent liability,

\$1,822,000 of the cash was applied against the other liability and the remaining \$404,800 worth of common stock issued was recorded as post-combination expense and equity over the required vesting terms for the shares issued.

The KP Agreement provides certain forfeiture provisions applicable to any future cash or share payments owed, which generally require the owners of KP LLC ("Owner" or "Owners") to remain employed by the Company for a certain period of time to receive the full amount of those future payments. There are certain exceptions to the forfeiture provisions if termination of employment occurs under certain permitted events ("Acceleration Event") as defined in the KP Agreement.

In addition, under certain circumstances outlined in the KP Agreement, the Company can claw back a portion of certain payments previously paid if an Owner is not employed by the Company as of December 31, 2026.

If an Owner's employment is terminated as a result of an Acceleration Event, a percentage of the unvested Seller Shares (representing such Owner's ownership percentage in Seller) shall become fully vested. The Seller Shares issued have some restrictions but they also have certain legal rights consistent with the Company's other shares of Common Stock outstanding, including certain voting rights and the rights to dividends paid by the

Company. In addition, the KP Agreement contains certain provisions requiring the forfeiture of a percentage of all cash and shares received by Seller if certain restrictive covenants are breached by an Owner.

Reasons for the acquisition

The Company acquired KP LLC to expand its governmental and public affairs consulting services provided to state and local governments. Specifically, KP LLC provides significant services to companies and organizations doing business in the state of California.

Accounting for the acquisition

The acquisition of Seller was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC 805, Business

Combinations ("ASC 805"). The acquired assets, including identifiable intangible assets and liabilities assumed, have been recorded at their estimated fair values with the excess purchase price assigned to goodwill.

Purchase consideration

The Company determined that certain consideration provided to Sellers in the KP Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that the purchase consideration consists of the amount of cash payments owed to Sellers that are not subject to a vesting or claw back provision that is directly linked to the continued employment of Sellers.

The total purchase consideration consisted of the following amounts:

Closing Cash Payment	\$ 10,306,800
Contingent consideration	4,245,000
Total purchase consideration	\$ 14,551,800

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

The contingent consideration consists of the estimated fair value of the Closing True-Up Cash Payment, Interim Earnout Cash Payment, and Final Earnout Cash Payment that are not subject to a vesting requirement or claw back provision directly linked to the future employment of Owners.

Purchase price allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of October 1, 2022 based on their respective estimated fair values summarized below:

Cash	\$ 139,547
Other current assets	69,000
Right of use assets	3,273,766
Tradenname	1,091,000
Noncompete agreements	306,000
Customer relationship	5,861,000
Deferred income tax asset	4,277,500
Goodwill	3,016,300
Other current liabilities	(208,547)
Lease liability	(3,273,766)
Total estimated purchase price	\$ 14,551,800

The identified definite-lived intangible assets were as follows:

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationship	7	\$5,861,000
Noncompete agreements	5	\$306,000

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipating future cash flows and discount rates. The fair value of noncompete agreements was determined using an income approach method, which requires management to estimate a number of factors related to the expected future cash flows of KP LLC and the potential impact and probability of competition, assuming such noncompete agreements were not in place. The primary factors that contributed to the goodwill recognized from the KP LLC acquisition include the key employees of KP

LLC combined with additional synergies expected from increasing the Company's service capabilities.

The fair value of the contingent consideration was performed using Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize estimates including; expected volatility of future operating results, discount rates applicable to future results, and expected growth rates. The table below provides the significant inputs to the calculation of the contingent consideration as of the acquisition date:

Significant Unobservable Input	Range
Discount rate for credit risk and time value	5.9 % to 6.2 %
Discount rate for future profit after tax	20.0% to 22.2%
Expected volatility of future annual profit after tax	30.0% to 35.0%
Forecasted growth rate	3.0% to 17.8%

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

Engage LLC

On November 1, 2022, the Company (through its wholly-owned subsidiary, Forbes Tate Partners, LLC) entered into an Asset Purchase Agreement ("Engage Agreement") and acquired certain assets and assumed certain liabilities of Engage LLC ("Engage"). At the closing of the transaction, the Company paid Engage cash in the amount of \$1,925,000 ("Engage Cash Payment") and issued 487,301 shares of the Company's common stock ("Engage Restricted Shares") at an aggregate fair value of \$825,000.

A portion of the Engage Cash Payment was designated to certain owners ("Junior Principal(s)") of Engage and the remaining of the Engage Cash Payment was designated to the other owners ("Senior Principal(s)") of Engage. In addition, all of the Engage Restricted Shares were issued to the Senior Principals. There are no vesting requirements or claw back provisions linked to continuing employment for the Engage Cash Payment paid to the Junior Principals. There are vesting requirements and claw back provisions linked to continuing employment of the Senior Principals for the Engage Cash Payment paid and Engage Restricted Shares issued to the Senior Principals.

Each of the Senior Principals will vest in the Engage Restricted Shares as long as they remain continuously employed through each applicable vesting date, except if the termination occurs under certain permitted events ("Engage Acceleration Event") as defined in the Engage

Agreement. If one of the Senior Principals is terminated as a result of an Engage Acceleration Event, all of such Senior Principal's unvested Engage Restricted Shares shall become fully vested.

The Engage Restricted Shares issued have some restrictions but they also have certain legal rights consistent with the Company's other shares of Common Stock outstanding, including certain voting rights and the rights to dividends paid by the Company.

With respect to the Engage Cash Payment, each of the Senior Principals have a vesting requirement related to their respective cash payment. If any of the Senior Principals is terminated as a result of an Engage Acceleration Event, all of such Senior Principal's unvested Engage Cash Payment shall become fully vested. In addition, the Engage Agreement contains certain provisions requiring the forfeiture of a respective Senior Principal's Engage Restricted Shares and a portion of the Engage Cash Payment made to both the Junior Principals and Senior Principals if certain restrictive covenants are breached by the respective Junior Principal or Senior Principal.

Reasons for the acquisition

The Company acquired Engage to expand its governmental and public affairs consulting services provided within the U.S.

Accounting for the acquisition

The acquisition of Engage was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC 805, Business Combinations ("ASC 805"). The acquired assets, including identifiable intangible assets and liabilities assumed, have been recorded at their estimated fair values with the excess purchase price assigned to goodwill.

Purchase consideration

The Company determined that certain consideration provided to Engage in the Engage Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that the purchase consideration consists of the amount of

Engage Cash Payment paid to the Junior Principals and the Engage Cash Payment to the Senior Principals that is not subject to vesting or claw back linked to continuing employment, which totaled \$894,000. The value of the Engage Restricted Shares of \$825,000 and the remaining Engage Cash Payment amount of \$1,031,000 ("Prepaid Post-Combination Compensation") will be recognized as a charge to expense in accordance with ASC 805-10-55-25 (see Note F).

Purchase price allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of November 1, 2022 based on their respective estimated fair values summarized below:

Cash	\$ 179,793
Other current assets	48,571
Right of use assets	173,579
Tradenname	14,000
Noncompete agreements	140,000
Customer relationship	414,461
Deferred income tax asset	325,539
Other current liabilities	(228,364)
Lease liability	(173,579)
Total estimated purchase price	\$ 894,000

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

In 2023, during the measurement period, the Company determined that an adjustment to increase the Company's deferred tax asset of \$281,000 was necessary

and a corresponding gain on bargain purchase was recorded.

The identified definite-lived intangible assets were as follows:

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationship	7	\$414,461
Noncompete agreements	4	\$140,000

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipating future cash flows and discount rates. The fair value of noncompete agreements was determined using an

income approach method, which requires management to estimate a number of factors related to the expected future cash flows of Engage and the potential impact and probability of competition, assuming such noncompete agreements were not in place.

MultiState Associates, Inc.

On March 1, 2023, the Company entered into an Asset Purchase Agreement ("MultiState Agreement") and acquired certain assets and assumed certain liabilities of MultiState Associates, Inc. ("MS Seller" or "MultiState Inc") through the creation of a wholly-owned subsidiary, MultiState Associates, LLC ("MS LLC"). At the closing of the transaction, the Company paid the Seller cash in the amount of \$17,600,000 ("MS Closing Cash Payment") and issued 2,740,717 shares of the Company's common stock ("MS Closing Share Payment") to Seller at an

aggregate fair value of \$4,400,000, of which, 1,973,316 shares have vesting requirements ("MS Closing Vesting Shares").

In addition, there are additional contingent payments that the MS Seller can earn in the future depending on certain operating results that are achieved. The total amount of consideration that the Company could be required to pay to the MS Seller in the amount of cash and stock ("MS Seller Shares") is \$70,000,000. The equity component of

the contingent payments is 50%. During the year ended December 31, 2024, the Company paid the MS Seller \$2,000,000 of cash ("MS First Interim Cash Payment") and \$2,000,000 of common stock ("MS First Interim Share Payment"). Approximately \$1,709,000 of the cash and stock paid was applied against the contingent liability, \$982,000 of the cash was applied against the other liability and prepaid post-combination expense and the remaining \$1,309,000 worth of common stock issued ("MS First Interim Vesting Shares") will be recorded as post-combination expense and equity over the required vesting terms for the shares issued.

The MultiState Agreement provides certain forfeiture provisions applicable to any future cash or share payments owed, which generally require certain owners of MS LLC ("MS Owner" or "MS Owners") to remain employed by the Company for a certain period of time to receive the full amount of those future payments. There are certain exceptions to the forfeiture provisions if termination of employment occurs under certain permitted events ("MS Acceleration Event") as defined in the MultiState Agreement.

In addition, under certain circumstances outlined in the MultiState Agreement, the Company can claw back a portion of certain payments previously paid if an MS Owner is not employed by the Company as of certain future dates.

If an MS Owner's employment is terminated as a result of an MS Acceleration Event, a percentage of the unvested MS Seller Shares (representing such MS Owner's ownership percentage in MS Seller) shall

become fully vested. The MS Seller Shares issued have some restrictions but they also have certain legal rights consistent with the Company's other shares of Common Stock outstanding, including certain voting rights and the rights to dividends paid by the Company. In addition, the MultiState Agreement contains certain provisions requiring the forfeiture of a percentage of all cash and shares received by MS Seller if certain restrictive covenants are breached by an MS Owner.

Reasons for the acquisition

The Company acquired MultiState Inc to expand the scope of its consulting services provided in respect of federal, state and local governments. Specifically, MultiState Inc provides lobbying compliance, legislative activity tracking, lobbying brokerage and other consulting services to Fortune 500 companies, non-profit organizations, elected officials and leading advocacy and trade associations throughout the United States.

Accounting for the acquisition

The acquisition of MS Seller was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC 805, Business Combinations ("ASC 805"). The acquired assets, including identifiable intangible assets and liabilities assumed, have been recorded at their estimated fair values.

Purchase consideration

The Company determined that certain consideration provided to MS Sellers in the MultiState Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

the purchase consideration consists of the amount of cash and share payments owed to MS Sellers that are not subject to a vesting or claw back provision that is directly

linked to the continued employment of MS Sellers. The total purchase consideration consisted of the following amounts:

MS Closing Cash Payment	\$ 8,096,000
MS Closing Share Payment	1,232,000
Contingent consideration	2,784,990
Total purchase consideration	\$ 12,112,990

The contingent consideration consists of the estimated fair value of future payments that are not subject to vesting or claw back provisions tied to continued employment.

Purchase price allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of March 1, 2023 based on their respective estimated fair values is summarized below:

Receivable from MS Sellers	\$ 4,490,227
Other current assets	191,177
Right of use assets	61,976
Tradenname	2,202,000
Noncompete agreements	525,000
Customer relationships	5,507,600

Developed technology	3,938,000
Deferred income tax asset	4,743,079
Deferred revenue	(4,681,404)
Lease liability	(309,888)
Net assets acquired	16,667,767
Less estimated purchase price	(12,112,990)
Gain on bargain purchase	\$ 4,554,777

The identified definite-lived intangible assets were as follows:

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationships	7	\$ 5,507,600
Developed technology	7	\$ 3,938,000
Noncompete agreements	5	\$ 525,000

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipating future cash flows and discount rates. The fair value of the developed technology was determined using the relief from royalty method, which requires management to estimate a number of factors, including the estimated future revenues expected to be generated from the technology and a hypothetical royalty rate attributable to the technology. The fair value of noncompete

agreements was determined using an income approach method, which requires management to estimate a number of factors related to the expected future cash flows of MS LLC and the potential impact and probability of competition, assuming such noncompete agreements were not in place. The primary factors that contributed to the gain on bargain purchase recognized from the MS LLC acquisition include the requirement for the key employees of MS LLC to stay employees of the Company for a significant period of time.

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

The fair value of the contingent consideration was performed using Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize estimates including; expected volatility of future operating results,

discount rates applicable to future results, and expected growth rates. The table below provides the significant inputs to the calculation of the contingent consideration as of the acquisition date:

Significant Unobservable Input	Range
Discount rate for credit risk and time value	5.7 % to 7.0 %
Discount rate for future profit after tax	15.9% to 16.6%
Expected volatility of future annual profit after tax	36.0% to 38.0%
Forecasted growth rate	3.0% to 14.4%

Doherty Law Group

On February 1, 2024, the Company entered into an Asset Purchase Agreement ("Doherty Agreement") and acquired certain assets and assumed certain liabilities of John Francis Doherty and Doherty Law Group (collectively, the "Seller" or "Doherty"). At the closing of the transaction, the Company paid the Seller cash in the amount of \$270,000 ("Doherty Closing Cash Payment") and issued 62,637 shares of the Company's common stock ("Doherty Closing Share Payment") to Seller at an aggregate fair value of approximately \$90,000, of which, all the shares have vesting requirements ("Doherty Vesting Shares").

In addition, there are additional contingent payments that the Seller can earn in the future depending on certain operating results that are achieved. The total additional amount of consideration that the Company could be required to pay to the Seller is \$195,000 of cash ("Doherty Earnout Cash Payment") and \$195,000 of stock ("Doherty Earnout Shares") for total additional consideration of up to \$390,000. This combined with the closing payments already made could require total payments of up to \$750,000 to the Seller.

The Doherty Agreement provides certain forfeiture provisions applicable to any future cash or share payments owed, which generally require John Doherty ("Doherty Owner") to remain employed by the Company for a certain period of time to receive the full amount of those future payments. There are certain exceptions to the forfeiture provisions if termination of employment occurs under certain permitted events ("Doherty Acceleration Event") as defined in the Doherty Agreement. In addition, under certain circumstances outlined in the Doherty Agreement, the Company can claw back a portion of certain payments previously paid if Doherty Owner is not employed by the Company as of certain future dates.

If Doherty Owner is terminated as a result of a Doherty Acceleration Event, a percentage of the unvested Doherty Owner Shares (representing such Doherty Owner's ownership percentage in Seller) shall become fully vested. The Doherty Seller Shares issued have some restrictions but they also have certain legal rights consistent with the Company's other shares of Common Stock outstanding, including certain voting rights and the rights to dividends paid by the Company. In addition, the Doherty Agreement contains certain provisions requiring the forfeiture of a percentage of all cash and shares received by Doherty Owner if certain restrictive covenants are breached by a Doherty Owner.

Reasons for the acquisition

The Company acquired Doherty to enhance the scope of services provided by KP LLC.

Accounting for the acquisition

The acquisition of Doherty was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC 805, Business Combinations ("ASC 805"). The acquired assets, including identifiable intangible assets and liabilities assumed, have been recorded at their estimated fair values.

Purchase Consideration

The Company determined that certain consideration provided to Doherty in the Doherty Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that the purchase consideration consists of the amount of cash and share payments owed to Doherty that are not subject to a vesting or claw back provision that is directly linked to the continued employment of Doherty Owners. The total preliminary purchase consideration consisted of the following amounts:

Doherty closing cash payment	\$ 70,200
Contingent consideration	17,200
Total purchase consideration	\$ 87,400

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

The Doherty Closing Cash Payment and contingent consideration allocated as preliminary purchase consideration consists of the amount of the Doherty Closing Cash Payment and estimated fair value of future payments that are not subject to vesting or claw back provisions tied to continued employment.

Purchase price allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of February 1, 2024 based on their respective estimated fair values is summarized below:

Customer relationships	\$ 77,000
Noncompete agreement	7,400
Deferred income tax asset	111,000
Net assets acquired	195,400
Less estimated purchase price	87,400
Gain on bargain purchase	\$ 108,000

The identified definite-lived intangible assets were as follows:

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationships	7	\$ 77,000
Noncompete agreement	4	\$ 7,400

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipating future cash flows and discount rates. The fair value of noncompete agreements was determined using an income approach method, which requires management to estimate a number of factors related to the expected future cash flows of Doherty and the potential impact and probability of competition, assuming such noncompete agreements were not in place. The primary factors that contributed to the gain on bargain purchase recognized from the Doherty acquisition include the requirement for the Doherty Owner to stay an employee of the Company for a significant period of time.

The fair value of the contingent consideration was calculated by estimating the amount of taxes subject to clawback on both the Doherty Closing Cash Payment and Doherty Earnout Cash Payment. The fair value of the Doherty Earnout Cash Payment was performed using Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize estimates including: expected volatility of future operating results, discount rates applicable to future results, and expected growth rates. The table below provides the significant inputs to the calculation of the contingent consideration as of the acquisition date:

Significant Unobservable Input	Range
Discount rate for credit risk and time value	5.1%
Discount rate applicable to future revenue	14.9%
Expected volatility of future revenue	20.0%
Forecasted growth rate	9.5%

Lucas Public Affairs, Inc. ("LPA")

On May 1, 2024, the Company entered into an Asset Purchase Agreement ("LPA Agreement") and acquired certain assets and assumed certain liabilities of Lucas Public Affairs, Inc. ("Seller" or "LPA") through the creation of a wholly-owned subsidiary, Lucas Public Affairs, LLC ("LPA LLC"). At the closing of the transaction,

the Company paid the Seller cash in the amount of \$6,000,000 ("LPA Closing Cash Payment") and issued 958,371 shares of the Company's common stock ("LPA Closing Share Payment") to Seller at an aggregate fair value of approximately \$1,500,000, of which, all the shares have vesting requirements ("LPA Vesting Shares").

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

In addition, there are additional contingent payments that the Seller can earn in the future depending on certain operating results that are achieved. The total additional amount of consideration that the Company could be required to pay to the Seller is \$9,800,000 of cash and \$4,700,000 of stock ("LPA Seller Shares") for total additional consideration of up to \$14,500,000. This combined with the closing payments already made could require total payments of up to \$22,000,000 to the Seller.

The LPA Agreement provides certain forfeiture provisions applicable to any future cash or share payments owed, which generally require the owners of the Seller ("LPA Owner") to remain employed by the Company for a certain period of time to receive the full amount of those future payments. There are certain exceptions to the forfeiture provisions if termination of employment occurs under certain permitted events ("LPA Acceleration Event") as defined in the LPA Agreement.

In addition, under certain circumstances outlined in the LPA Agreement, the Company can claw back a portion of certain payments previously paid if a LPA Owner is not employed by the Company as of certain future dates.

If a LPA Owner's employment is terminated as a result of a LPA Acceleration Event, a percentage of the unvested LPA Owner Shares (representing such LPA Owner's ownership percentage in Seller) shall become fully vested. The LPA Seller Shares issued have some restrictions but

they also have certain legal rights consistent with the Company's other shares of Common Stock outstanding, including certain voting rights and the rights to dividends paid by the Company. In addition, the LPA Agreement contains certain provisions requiring the forfeiture of a percentage of all cash and shares received by LPA Owner if certain restrictive covenants are breached by a LPA Owner.

Reasons for the acquisition

The Company acquired LPA to expand the scope of its consulting services provided in respect of federal, state and local governments. Specifically, LPA provides significant complementary services to companies and organizations doing business in the state of California.

Accounting for the acquisition

The acquisition of LPA was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC 805, Business Combinations ("ASC 805"). The acquired assets, including identifiable intangible assets and liabilities assumed, have been recorded at their estimated fair values.

Purchase consideration

The Company determined that certain consideration provided to LPA in the LPA Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that the purchase consideration consists of the amount of cash and share

payments owed to LPA that are not subject to a vesting or claw back provision that is directly linked to the continued employment of LPA Owners. The total purchase consideration consisted of the following amounts:

LPA Closing Cash Payment	\$ 1,560,000
Contingent consideration	377,073
Total purchase consideration	\$ 1,937,073

The LPA Closing Cash Payment and contingent consideration allocated as purchase consideration consists of the amount of the LPA Closing Cash Payment and estimated fair value of future payments that are not subject to vesting or claw back provisions tied to continued employment.

Purchase price allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of May 1, 2024 based on their respective estimated fair values is summarized below:

Customer relationships	\$ 1,150,900
Right of use assets	283,656
Tradenname	1,021,400
Noncompete agreements	158,700
Deferred income tax asset	1,962,000
Lease liability	(283,656)
Net assets acquired	4,293,000
Less estimated purchase price	(1,937,073)
Gain on bargain purchase	\$ 2,355,927

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

The fair value of the identified definite-lived intangible assets was as follows:

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationships	7	\$ 1,150,900
Noncompete agreement	5	\$ 158,700

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipating future cash flows and discount rates. The fair value of noncompete agreements was determined using an income approach method, which requires management to estimate a number of factors related to the expected future cash flows of LPA LLC and the potential impact and probability of competition, assuming such noncompete agreements were not in place. The primary factors that contributed to the gain on bargain purchase recognized from the LPA acquisition include the requirement for the

key employees of LPA to stay employees of the Company for a significant period of time.

The fair value of the contingent consideration was performed using Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize estimates including: expected volatility of future operating results, discount rates applicable to future results, and expected growth rates. The table below provides the significant inputs to the calculation of the contingent consideration as of the acquisition date:

Significant Unobservable Input	Range
Discount rate for credit risk and time value	5.2 % to 5.4 %
Discount rate for future profit after tax	15.7% to 16.4%
Expected volatility of future annual profit after tax	35.0% to 38.0%
Forecasted growth rate	9.5% to 13.4%

Pagefield Communications Limited ("Pagefield")

On June 7, 2024, the Company entered into a Share Purchase Agreement ("Pagefield Agreement") and acquired the stock of Pagefield Communications Limited ("Pagefield") from the owners of Pagefield ("Seller" or "Sellers") through the creation of a wholly-owned subsidiary, PPHC International Ltd. ("PPHC LTD"). At the closing of the transaction, the Company paid the Sellers cash in the amount of 14,992,868 GBP, which was approximately \$19,209,000 USD ("Pagefield Closing Cash Payment") and issued 897,640 shares of the Company's common stock ("Pagefield Closing Share Payment") to Sellers at an aggregate fair value of approximately \$1,443,000.

In addition, there are additional contingent payments that the Sellers can earn in the future depending on certain operating results that are achieved. The total additional amount of consideration that the Company could be required to pay to the Sellers is up to 13,800,000 GBP, which includes up to 8,800,000 GBP subject to future vesting and clawback provisions. The additional contingent consideration combined with the closing payments already made could require total payments of up to 30,000,000 GBP to the Sellers.

The Pagefield Agreement provides certain vesting and forfeiture provisions applicable to a portion of the future cash or share payments owed. These provisions are specifically designated toward the continued employment of one of the Sellers ("Restricted Owner"). The Restricted Owner is required to remain employed by the Company

for a certain period of time to receive the full amount of those future payments. There are certain exceptions to the forfeiture provisions if termination of employment occurs under certain permitted events ("Pagefield Acceleration Event") as defined in the Pagefield Agreement. If the Restricted Owner's employment is terminated as a result of a Pagefield Acceleration Event, a percentage of the unvested Restricted Owner Shares shall become fully vested.

Reasons for the acquisition

The Company acquired Pagefield to expand the geographic scope of its consulting services. Specifically, Pagefield provides services to companies and organizations doing business in the United Kingdom ("UK") while interacting with the UK government.

Accounting for the acquisition

The acquisition of Pagefield was accounted for as a business combination and reflects the application of acquisition accounting in accordance with ASC 805, Business Combinations ("ASC 805"). The acquired assets, including identifiable intangible assets and liabilities assumed, have been recorded at their estimated fair values.

Purchase consideration

The Company determined that certain consideration provided to Pagefield in the Pagefield Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

that the purchase consideration consists of the amount of cash and share payments owed to Pagefield that are not subject to a vesting or claw back provision that is

directly linked to the continued employment of one of the Sellers. The total purchase consideration consisted of the following amounts:

Pagefield closing cash payment	\$ 19,208,862
Pagefield closing share payment	1,443,320
Contingent consideration	3,403,441
Total purchase consideration	\$ 24,055,623

The contingent consideration allocated as purchase consideration consists of the amount of the estimated fair value of the projected future payments that are not subject to vesting or claw back provisions tied to continued employment.

Purchase price allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of June 7, 2024 based on their respective estimated fair values is summarized below:

Cash acquired	\$ 1,055,312
Contract receivables	1,128,390
Other current assets	2,259,782
Property and equipment	30,584
Customer relationships	5,183,735
Tradenname	1,548,971

Noncompete agreements	954,494
Accounts payable and accrued expenses	(2,720,673)
Other current liabilities	(463,118)
Deferred income tax liability	(1,701,049)
Net assets acquired	7,276,428
Less estimated purchase price	(24,055,623)
Goodwill*	\$ 16,779,195

*Based on the exchange rate in effect at the acquisition date

The fair value of the identified definite-lived intangible assets was as follows:

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationships	7	\$ 5,183,735
Noncompete agreement	3	\$ 954,494

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results and discount rates. The fair value of noncompete agreements was determined using an income approach method, which requires management to estimate a number of factors related to the expected future cash flows of Pagefield and the potential impact and probability of competition, assuming such noncompete agreements were not in place.

The fair value of the contingent consideration was performed using Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize estimates including; expected volatility of future operating results, discount rates applicable to future results, and expected growth rates.

Notes to Consolidated Financial Statements

Note B Acquisitions, Continued

The table below provides the significant inputs to the calculation of the contingent consideration as of the acquisition date:

Significant Unobservable Input	Range
Discount rate for credit risk and time value	5.3% to 5.9%
Discount rate for future profit after tax	12.0% to 12.4%
Expected volatility of future annual profit after tax	34.0% to 37.0%
Forecasted growth rate	9.1% to 9.5%

Acquisition and post-combination compensation payments

The cash payments (including post-combination compensation) made for the acquisitions at their respective closing date and subsequent earn-out payments made are as follows:

	Year ended December 31	
	2024	2023
MS closing cash payment	\$ -	\$ 17,600,000
KP true-up cash payment	-	3,643,200
LPA closing cash payment	6,000,000	-
Pagefield closing cash payment	19,208,862	-
MS first interim cash payment	2,000,000	-
Doherty closing cash payment	270,000	-
Total acquisition payments	27,478,862	21,243,200
Pagefield cash acquired	(1,055,312)	-
Total cash payments, net of cash acquired	\$ 26,423,550	\$ 21,243,200

Acquisition and post-combination compensation payments

These cash payments (including post-combination compensation) are included in the Consolidated Statements of Cash Flows as follows:

	Year ended December 31	
	2024	2023
Cash flows from operating activities	\$ 5,890,113	\$ 11,368,200
Cash flows from investing activities	19,783,750	8,096,000
Cash flows from financing activities	749,687	1,779,000
Total cash payments, net of cash acquired	\$ 26,423,550	\$ 21,243,200

The stock payments (including post-combination compensation) made for the acquisitions at their closing date and subsequent earn-out payments made consisted of the following:

	Year ended December 31	
	2024	2023
MS closing share payment	\$ -	\$ 4,400,000
KP true-up share payment	-	404,800
LPA closing share payment	1,500,000	-
Pagefield closing share payment	1,441,524	-
MS first interim share payment	2,000,000	-
Doherty closing share payment	90,000	-
Total share payments	\$ 5,031,524	\$ 4,804,800

Notes to Consolidated Financial Statements

Note C Goodwill And Intangible Assets

Goodwill

Goodwill is an indefinite lived asset with balances as follows as of December 31:

	2024	2023
Goodwill	\$ 64,308,106	\$ 47,909,832

As of December 31, 2024 and 2023, there have been no impairments to goodwill. During 2024, goodwill increased by approximately \$16,779,000 as a result of the acquisition of Pagefield. (see Note B).

Intangible assets

The Company's intangible assets consist of customer relationship assets, developed technology and noncompete agreements acquired through various acquisitions, which are definite lived assets and are amortized over their estimated useful lives. In addition, intangible assets consist of tradenames, which are indefinite lived assets and evaluated for impairment on

an annual basis or more frequently as needed. The cost of the Company's tradenames, customer relationships, developed technology and noncompete agreements, and the accumulated amortization of the Company's customer relationships, developed technology and noncompete agreements is as follows:

	December 31, 2024			
	Useful Life (in Years)	Gross Book Value	Accumulated Amortization	Net Book Value
Customer relationships	7 to 9	\$ 33,556,240	\$ (15,277,159)	\$ 18,279,081
Developed technology	7 to 9	3,938,000	(1,031,382)	2,906,618
Noncompete agreements	3 to 5	2,069,904	(767,109)	1,302,795
Total definite lived assets		39,564,144	(17,075,650)	22,488,494
Tradenames		9,655,172	-	9,655,172
Total intangible assets		\$ 49,219,316	\$ (17,075,650)	\$ 32,143,666

	December 31, 2023			
	Useful Life (in Years)	Gross Book Value	Accumulated Amortization	Net Book Value
Customer relationships	7 to 9	\$ 27,104,400	\$ (11,431,887)	\$ 15,672,513
Developed technology	7 to 9	3,938,000	(468,810)	3,469,190
Noncompete agreements	4 to 5	971,000	(363,372)	607,628
Total definite lived assets		32,013,400	(12,264,069)	19,749,331
Tradenames		7,120,000	-	7,120,000
Total intangible assets		\$ 39,133,400	\$ (12,264,069)	\$ 26,869,331

Amortization expense for customer relationship, noncompete agreement and developed technology assets approximated \$4,671,000, and \$3,878,000

for the years ended December 31, 2024 and 2023, respectively. The approximate estimated future amortization expense for the next five years is as follows:

Year	Amortization
2025	\$ 5,143,000
2026	4,984,000
2027	4,752,000
2028	3,194,000
2029	2,936,000
Thereafter	1,479,000
Total	\$ 22,488,000

Notes to Consolidated Financial Statements

Note D Leases

As of December 31, 2024 and 2023 the Company had approximately \$18,428,000 and \$21,434,000, respectively, of operating lease ROU assets and \$21,634,000 and \$24,847,000, respectively of operating lease liabilities on the Company's Consolidated Balance Sheets.

The incremental borrowing rate for operating leases was based on market rates from a bank for obligations with comparable terms effective at the lease inception date. The following table presents lease costs, future minimum lease payments and other lease information as of December 31:

Year	Amount
2025	\$ 5,781,524
2026	5,696,077
2027	4,785,234
2028	4,208,240
2029	2,509,995
Thereafter	1,407,361
Total future minimum lease payments	24,388,431
Amount representing interest	(2,754,048)
Present value of net future minimum lease payments	\$ 21,634,383

Lease cost	Year ended December 31	
	2024	2023
Operating lease cost (cost resulting from lease payments)	\$ 5,322,444	\$ 4,898,528
Variable lease cost (cost excluded from lease payments)	434,587	428,064
Sublease income	(336,812)	(410,879)
Net lease cost	5,420,219	4,915,713
Cash paid for amounts included in the measurement of lease liabilities	5,467,595	3,968,498
Weighted average lease term - operating leases	4.5 years	5.4 years
Weighted average discount rate - operating leases	5.25%	5.30%

The Company subleases office space to third parties under separate sublease agreements, which are generally month-to-month leases.

Note E Line Of Credit And Notes Payable

Bank credit facility

On February 28, 2023, the Company entered into a \$17,000,000 credit agreement with a bank ("Credit Agreement"). The Credit Agreement has two components. 2023 Facility 1 is a Senior Secured Line of Credit in the amount of up to \$3,000,000 and 2023 Facility 2 is a Senior Secured Term Loan in the amount of \$14,000,000.

During April 2024 and June 2024, the Company entered into the First Amendment to Credit Agreement and Second Amendment to Credit Agreement (collectively the "Amended Credit Agreements"). The Amended Credit Agreements provided the Company with an additional term loan of \$6,000,000 on April 30, 2024 ("2024 Term Loan A") and an additional term loan of \$19,000,000 on June 7, 2024 ("2024 Term Loan B").

In accordance with the Amended Credit Agreements, the definition of the interest rate applicable to the 2023 Facility 1 and 2023 Facility 2 changed from being calculated based on the Bloomberg Short-Term Bank Yield Index plus 225 basis points to the Secured Overnight Financing Rate ("SOFR") as administered by the Federal Reserve Bank of New York plus 2.25% per annum. The interest rate for the 2024 Term Loan A and 2024 Term Loan B (collectively the "2024 Term Loans") is the SOFR plus 2.60% per annum. The Company determined that the Amended Credit Agreements qualify as a debt modification in accordance with ASC 470-50, Debt

Modifications and Extinguishments. As a result, the third party fees incurred in conjunction with the modification totaling approximately \$585,000 were expensed during 2024 and the fees incurred directly with the lender of approximately \$201,000 have been recorded as a debt discount and are being amortized to expense over the term of the Amended Credit Agreements using the straight-line method, which approximates the effective interest method.

The loans under the Credit Agreement and Amended Credit Agreements are collateralized by substantially all of the net assets of the Company. The 2023 Facility 2 matures on January 31, 2026. The Company has drawn \$14,000,000 from 2023 Facility 2 and utilized those funds as part of the consideration to acquire MultiState Inc. During 2023, the Company utilized \$1,000,000 from 2023 Facility 1 for the MultiState Inc. acquisition. The Company paid approximately \$451,000 in debt issuance costs for the Credit Agreement and has recorded this amount as a debt discount and is amortizing the debt discount to interest expense over the term of the Credit Agreement using the straight-line method, which approximates the effective interest method. The Company borrowed \$6,000,000 for the 2024 Term Loan A and \$19,000,000 for the 2024 Term Loan B during April 2024 and June 2024, respectively.

Notes to Consolidated Financial Statements

Note E Line Of Credit And Notes Payable, Continued

The Company was required to make monthly payments of principal of \$291,667 plus interest beginning in March 2023 through the maturity date of January 31, 2026 for the 2023 Facility 2. The principal payment for 2023 Facility 1 is due on the maturity date for that facility, which is January 31, 2026. Periodic interest-only payments are due on 2023 Facility 1 through the maturity date. The Company was required to make interest-only payments on the 2024 Term Loans starting on May 1, 2024 through October 31, 2024. Beginning on November 1, 2024, the Company was required to make forty-two equal monthly installments of principal each in the amount of 1.25% of the unpaid principal balance of the 2024 Term Loans as of October 31, 2024, plus interest on the 2024 Term Loans, until the maturity date of the 2024 Term Loans

of April 30, 2028. In addition, a final payment of all outstanding principal and interest will be due on April 30, 2028. During January 2025, the Company entered into the Third Amendment, which modified the future required payments. See Note M.

As of December 31, 2024 and 2023, the 2023 Facility 1 had been repaid in full. The Company is able to re-borrow up to \$3,000,000, less any outstanding letters of credit, under 2023 Facility 1 or 80% of the Company's eligible receivables, whichever is less.

The Company's 2023 Facility 1, 2023 Facility 2, 2024 Term Loan A, and 2024 Term Loan B consist of the following as of December 31:

	Original Loan Amount	2024	2023
2023 Facility 1	\$ 3,000,000	\$ -	\$ -
2023 Facility 2	14,000,000	7,875,000	11,083,333
2024 Term Loan A	6,000,000	5,850,000	-
2024 Term Loan B	19,000,000	18,525,000	-
Less: unamortized debt issuance costs	651,962	358,923	325,527
Total debt, net of unamortized issuance costs	41,348,038	31,891,077	10,757,806
Less: current portion		5,999,449	3,349,757
Total debt, long-term		25,891,628	7,408,049

As of December 31, 2024, after the Third Amendment, the future principal maturities of these loans are as follows:

	2023 Facility 2	2024 Term Loan A	2024 Term Loan B	Total
2025	\$ 2,450,000	\$ 900,000	\$ 2,850,000	\$ 6,200,000
2026	2,100,000	900,000	2,850,000	5,850,000
2027	2,100,000	900,000	2,850,000	5,850,000
2028	1,225,000	3,150,000	9,975,000	14,350,000
Total	\$ 7,875,000	\$ 5,850,000	\$ 18,525,000	\$ 32,250,000

As of December 31, the total approximate interest expense incurred for these loans was as follows:

	2024	2023
Cash interest	\$ 1,693,000	\$ 797,000
Debt discount amortization	182,000	125,000
Total interest expense	\$ 1,875,000	\$ 922,000

The Credit Agreement and Amended Credit Agreements contain certain non-financial and financial covenants that the Company is required to comply with and submit a compliance certificate to the bank on a quarterly basis.

The financial covenants include a total leverage ratio and fixed coverage ratio. The Company was in compliance with all covenants during 2023 and 2024.

Notes to Consolidated Financial Statements

Note F Stockholders' Equity And Share-Based Accounting Charge

As of December 31, 2024, the authorized capital of the Company consists of 1,100,000,000 shares of capital stock, \$0.001 par value per share, of which 1,000,000,000 shares are designated as common stock and 100,000,000 shares are designated as preferred stock. There are no shares of preferred stock outstanding. During May 2024 and October 2024, the Company issued dividends of \$0.097 and \$0.047 per share, respectively. During June 2023 and October 2023, the Company issued dividends of \$0.095 and \$0.046 per share, respectively.

As of December 31, 2024 and 2023, the number of the Company's shares of common stock outstanding for legal purposes was greater than the number of shares of common stock outstanding for accounting purposes. Therefore, the difference between the legally outstanding shares of common stock on the face of the Consolidated Balance Sheets and the amount outstanding on the Consolidated Statements of Stockholders' Equity consists of shares issued with restrictions (collectively "Restricted Shares") as follows:

	Year ended December 31	
	2024	2023
Consolidated Statements of Stockholders' Equity	114,002,266	109,542,220
Restricted Shares:		
KP Closing Share Payment	369,795	739,589
KP Earnout Shares	122,695	245,389
Engage Restricted Shares	162,433	487,301
MS Closing Vesting Shares	1,315,544	1,973,316
MS First Interim Vesting Shares	557,598	-
Lucas Public Affairs Closing Shares	958,371	-
Other restricted shares	2,599,280	2,284,146
Total restricted Shares	6,085,716	5,729,741
Stock options outstanding	3,383,542	3,089,056
Unvested RSUs outstanding	4,346,650	2,225,000
Total stock options and unvested RSUs outstanding	7,730,192	5,314,056
Fully Diluted Shares Outstanding	127,818,174	120,586,017

The weighted-average common shares outstanding, basic and diluted reported on the Consolidated Statements of Operations and Other Comprehensive Loss is 111,826,822 and 108,606,133, which is different from the 114,002,266 and 109,542,220 ending shares as December 31,

2024 and 2023 on the Consolidated Statements of Stockholders' Equity due to the first numbers representing an average during the year compared to the amount outstanding at the end of the year.

Other Restricted Shares consists of the following as of December 31:

	2024	2023
Unvested restricted stock awards, primarily granted to Alpine Inc.	\$ 2,397,452	\$ 2,188,944
Other unvested stock awards	201,828	95,202
Total other restricted shares	\$ 2,599,280	\$ 2,284,146

ASC 718-10-S99-2 charge

As discussed in Note A, during 2021 the Company entered into Executive Employment Agreements with Group Executives. As a result, the addition of the vesting provisions to previously issued shares created a share-based accounting charge in accordance with the accounting guidance in ASC 718-10-S99-2, Compensation-Stock Compensation. As a result, the Company recorded a share-based accounting (ASC 718-10-S99-2) charge of approximately \$31,804,000 and \$30,904,000 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024, there were 80,378,410 Retained Pre-IPO Shares, held by current employees and subject to vesting requirements, and 50,714,152 of these shares were fully vested. These shares were issued in 2021 and the weighted-average grant date fair value of these shares was \$1.82 as of the grant date. As of December 31, 2024, the unrecognized compensation cost from these restricted shares was approximately \$57,862,000, which is expected to be recognized over a weighted-average period of 2.0 years.

Notes to Consolidated Financial Statements

Note F Stockholders' Equity And Share-Based Accounting Charge, Continued

ASC 805-10-55-25 charge

The Company has acquired various companies from 2022 to 2024 for a combination of cash, shares of Company Common Stock and future contingent payments ("Acquisition Payments"). As described in Note B, a portion of the Acquisition Payments are subject to vesting and/or claw back provisions that are directly linked to the continuing employment of the certain owners of the acquired companies ("Post-Combination Payments"). As a result, in accordance with the guidance of ASC 805-10-55-25, Business Combinations, the Post-Combination Payments are not considered part of the purchase consideration for these acquisitions and the fair value of the Post-Combination Payments is being recognized as a charge for post-combination compensation over the period of the applicable vesting requirement or the period over which the claw back rights linked to employment lapse.

As of December 31, 2024, the unrecognized post-combination compensation charge was approximately \$21,962,000, which is expected to be recognized over a weighted-average period of 2.1 years. The actual amount of Post-Combination Payments is subject to significant estimates and could change materially in the future.

For the years ended December 31, 2024 and 2023, the post-combination compensation charge recorded by the Company was approximately \$11,599,000 and \$6,295,000, respectively. This amount consists of the following components:

	Year ended December 31	
	2024	2023
Additions to other liability	\$ 4,028,000	\$ 1,685,000
Vesting of common stock	2,509,000	1,529,000
Amortization of prepaid post-combination compensation	5,062,000	3,081,000
Total	\$ 11,599,000	\$ 6,295,000

The Company's potential future payments from its acquisitions exceed the liabilities recorded on the Company's Consolidated Balance Sheets primarily due to the fact that the contingent consideration liability and other liability are calculated at fair value. However, the estimated future payments associated with the contingent consideration liability and other liability are recorded on the Consolidated Balance Sheets at their estimated fair value, which is a lesser amount than the estimated future payments. The fair value calculation of the contingent consideration and other liability includes certain discount rates and other factors that impact the value of these

liabilities (see Note B). The calculated fair value is based on the total payments that the Company expects to pay in the future rather than the total maximum payments that it could be required to pay.

As of December 31, 2024, the table below highlights the other liability and contingent consideration recorded on the Company's Consolidated Balance Sheets (as discounted) compared to the undiscounted estimated payout and the maximum payout of cash and stock that could occur if all future contingent earn-out provisions from the acquisitions were achieved:

Liabilities recorded on balance sheet, December 31, 2024	Total
Other liability, current	\$ 1,134,675
Other liability, long term	3,744,925
Contingent consideration, current	2,092,597
Contingent consideration, long term	8,803,464
Total liabilities recorded on balance sheet, December 31, 2024**	\$ 15,775,661

Undiscounted potential future payments*

	Estimated [^]	Maximum [#]
Potential cash future payments		
2025	\$ 3,728,000	\$ 4,209,000
2026	3,250,000	8,406,000
2027	3,053,000	12,595,000
2028	13,481,000	18,750,000
2029	1,112,000	13,434,000
Total potential cash future payments	\$ 24,624,000	\$ 57,394,000

Notes to Consolidated Financial Statements

Note F Stockholders' Equity And Share-Based Accounting Charge, Continued

Undiscounted potential future payments*, Continued

	Estimated [^]	Maximum [#]
Potential stock future payments*		
2025	\$ 580,000	\$ 700,000
2026	3,250,000	5,983,000
2027	1,610,000	6,295,000
2028	13,481,000	18,750,000
2029	599,000	7,956,000
Total potential stock future payments	\$ 19,520,000	\$ 39,684,000
Total potential future payments	\$ 44,144,000	\$ 97,078,000
Total liabilities recorded on balance sheet, December 31, 2024	15,775,661	15,775,661
Total remaining difference	\$ 28,368,339	\$ 81,302,339

*Includes estimate for future Pagefield payments based on December 31, 2024 exchange rate of GBP/USD **At fair value.

[^]Management's estimate as of December, 2024 of the future payments of cash and stock for earn-out payments.

[#]The maximum amount of future payments of cash and stock for earn-out payments.

Note G Omnibus Incentive Plan

During 2021, the Company adopted the Public Policy Holding Company, Inc. 2021 Omnibus Incentive Plan (the "Omnibus Plan"), under which Options (both nonqualified options, and incentive stock options subject to favorable U.S. income tax treatment), stock appreciation rights, restricted stock units, restricted stock, unrestricted stock, cash-based awards and dividend equivalent rights may be issued. An award may not be granted if the number of common shares committed to be issued under that award exceeds fifteen percent of the ordinary shares of the Company in issue immediately before that day, when added to the number of common shares which have been issued, or committed to be issued, to satisfy awards under the Omnibus Plan, or options or awards under any other employee share plan operated by the Company, granted in the five previous years. As of December 31, 2024, the total amount of shares authorized by the Board of Directors under the Omnibus Plan was 18,013,197 with

a total of 5,761,967 available for issuance. During the years ended December 31, 2024 and 2023 the Company granted 425,000 and 652,000 Options to employees. In addition, during the year ended December 31, 2024, the Company granted 2,930,000 RSUs and 703,737 RSAs. The stock options have a contractual term of ten years and vest three years after their issuance. The RSUs vest over a three-year period with one-third vesting each year after the grant date. 820,007 RSAs vested on December 31, 2023, 17,438 vested on July 1, 2024; 442,301 vested on October 2024; 35,490 vested on December 31, 2024; 686,299 vest in May 2025; and 1,711,153 RSAs vest over a remaining four year period beginning with approximately 428,000 per year starting in October 2025, with 1,569,196 fully vested by October 2028 and 141,957 fully vested by December 2028. The RSAs include voting and dividend rights prior to vesting.

Options

Determining the appropriate fair value model and the related assumptions requires judgment. The fair value of each option granted is estimated using a Black-Scholes option-pricing model on the date of grant as follows:

	Year ended December 31	
	2024	2023
Estimated dividend yield	4.00% to 10.00%	6.00%
Expected stock price volatility	40.00%	60.00%
Risk-free interest rate	4.3% to 4.4%	3.8%
Expected life of option (in years)	6.50	6.50
Weighted-average fair value per share	\$ 0.25	\$ 0.54

Notes to Consolidated Financial Statements

Note G Omnibus Incentive Plan, Continued

The expected volatility rates are estimated based on the actual volatility of comparable public companies over the expected term. The expected term represents the average time that Options that vest are expected to be outstanding. Due to limited historical data, the Company

calculates the expected life based on the midpoint between the vesting date and the contractual term, which is in accordance with the simplified method. The risk-free rate is based on the United States Treasury yield curve during the expected life of the option.

The following summarizes the stock option activity for the years ended December 31, 2024 and 2023:

	Number of Shares	Weighted Average Exercise Price-(USD)	AWeighted Average Exercise Price-(GBP)	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	3,089,056	\$ 2.21*	£ 1.74	8.9	\$ -
Granted	425,000	2.02*	1.62	-	-
Exercised	-	-	-	-	-
Cancelled/Forfeited	(130,514)	2.14*	1.71	-	-
Outstanding as of December 31, 2024	3,383,542	2.15*	1.72	7.8	-
Exercisable as of December 31, 2024	50,000	2.20	1.76	-	-
Vested and expected to vest as of December 31, 2024	3,383,542	\$ 2.15*	£ 1.72	7.8	\$ -

	Number of Shares	Weighted Average Exercise Price-(USD)	AWeighted Average Exercise Price-(GBP)	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	2,718,809	\$ 2.13*	£ 1.77	9.4	\$ -
Granted	652,000	2.04*	1.60	-	-
Exercised	-	-	-	-	-
Cancelled/Forfeited	(281,753)	2.21*	1.74	-	-
Outstanding as of December 31, 2023	3,089,056	2.21*	1.74	8.9	-
Exercisable as of December 31, 2023	-	-	-	-	-
Vested and expected to vest as of December 31, 2023	\$ 3,089,056	\$ 2.21*	£ 1.74	8.9	\$ -

The following table summarizes certain information about the stock options outstanding and exercisable as of December 31, 2024:

Exercise Price	Number of Options Outstanding	Weighted-Average Remaining Life	Number of Options Exercisable
\$1.97*	\$ 80,000	9.8	\$ -
2.00*	566,750	8.4	-
2.04*	335,000	9.5	-
2.17*	100,000	7.8	-
2.21*	2,251,792	7.4	50,000
2.23*	50,000	7.6	-
	\$ 3,383,542		\$ 50,000

*The applicable exercise prices have been adjusted based on the applicable exchange rate of GBP to U.S. Dollars at the end of each period presented.

Notes to Consolidated Financial Statements

Note G Omnibus Incentive Plan, Continued

Option expense for the years ended December 31, 2024 and 2023 was approximately \$550,000 and \$518,000, respectively. As of December 31, 2024, there was approximately \$410,000 of total unrecognized

compensation cost related to non-vested stock option compensation expense, which is expected to be recognized over a weighted-average period of 0.8 years.

Restricted Stock Units ("RSUs")

Determining the appropriate fair value model and the related assumptions requires judgment. The fair value of each RSU granted is estimated using a Black-Scholes option-pricing model on the date of grant as follows:

	Year ended December 31	
	2024	2023
Estimated dividend yield	10.00%	6.00%
Expected stock price volatility	40.00% to 50.00%	60.00%
Risk-free interest rate	4.5% to 5.1%	3.9% to 5.4%
Expected life of instrument (in years)	1 to 3 years	1 to 3 years
Weighted-average fair value per share	\$ 1.47	\$ 1.41

Activity in the Company's non-vested RSUs for the years ended December 31, 2024 and 2023 was as follows:

	Number of RSUs	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2022	-	\$ -
Granted	2,250,000	1.41
Vested	-	-
Cancelled/Forfeited	(25,000)	1.47

	Number of RSUs	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2023*	2,225,000	1.41
Granted	2,930,000	1.41
Vested	(808,350)	1.49
Cancelled/Forfeited	-	-
Nonvested as of December 31, 2024*	4,346,650	\$ 1.40

RSU expense for the years ended December 31, 2024 and 2023, was approximately \$1,974,000 and \$553,000, respectively. As of December 31, 2024, there was approximately \$4,810,000 of total unrecognized

compensation cost related to non-vested RSU arrangements, which is expected to be recognized over a weighted-average period of 1.1 years.

Restricted Stock Awards ("RSAs")

Determining the appropriate fair value model and the related assumptions requires judgment. The fair value of each RSA granted is estimated using a Black-Scholes option-pricing model on the date of grant as follows:

	Year ended December 31	
	2024	2023
Estimated dividend yield	0.00%	6.00%
Expected stock price volatility	40.00%	60.00%
Risk-free interest rate	5.1% to 5.2%	4.9% to 5.4%
Expected life of instrument (in years)	1 year	1 to 5 years
Weighted-average fair value per share	\$ 1.43	\$ 1.31

Notes to Consolidated Financial Statements

Note G Omnibus Incentive Plan, Continued

Activity in the Company's non-vested RSAs ended December 31, 2023 was as follows:

	Number of RSAs	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2022	-	\$ -
Granted	3,008,951	1.31
Vested	(820,007)	1.61
Cancelled/Forfeited	-	-
Nonvested as of December 31, 2023	2,188,944	\$ 1.19
Granted	703,737	1.43
Vested	(495,229)	1.34
Cancelled/Forfeited	-	-
Nonvested as of December 31, 2024	2,397,452	\$ 1.23

RSA expense for the years ended December 31, 2024 and 2023, was approximately \$1,260,000 and \$1,435,000, respectively. As of December 31, 2024, there was approximately \$2,250,000 of total unrecognized

compensation cost related to non-vested RSA arrangements, which is expected to be recognized over a weighted-average period of 2.6 years.

Stock Appreciation Rights ("SARs"):

During the year ended December 31, 2023, the Company issued 1,850,000 SARs to employees. There were no SARs issued during 2024. SARs are not issued shares or committed shares to be issued and therefore do not count against the total number of shares that can be issued under the Omnibus Plan. Upon exercise of a SAR, the Company shall pay the grantee in cash an amount equal to the excess of the fair market value of a share of stock on the effective date of exercise in excess of the exercise price of the SAR. This cash settlement feature requires the SARs to be classified as a liability and marked

to market at each reporting period. The SARs vest over a three-year period with one-third vesting each year after the grant date. Determining the appropriate fair value model and the related assumptions requires judgment. The fair value of each SAR granted is estimated using a Black-Scholes option-pricing model and the fair value is adjusted at each reporting period. Each SAR has a cash settlement feature and is recorded as a liability in the Company's Consolidated Balance Sheets. As of December 31, 2024 and 2023, the total liability recorded was \$668,000 and \$290,000, respectively.

The fair value of the SARs was calculated as follows as of:

	Year ended December 31	
	2024	2023
Estimated dividend yield	4.00%	6.00%
Expected stock price volatility	45.00%	60.00%
Risk-free interest rate	4.4% to 4.5%	4.7%
Expected life of instrument (in years)	2.9 to 3.9 years	4.5 to 5.5 years
Weighted-average fair value per share	\$ 0.51	\$ 0.46

Notes to Consolidated Financial Statements

Note G Omnibus Incentive Plan, Continued

	Number of Shares	Weighted Average Exercise Price
Outstanding as of December 31, 2022	-	\$ -
Granted	1,850,000	1.70
Exercised	-	-
Cancelled/Forfeited	(90,000)	1.70
Outstanding as of December 31, 2023	1,760,000	1.70
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(55,000)	1.67
Outstanding as of December 31, 2024	1,705,000	1.61
Exercisable as of December 31, 2024	568,354	1.67
Vested and expected to vest as of December 31, 2024	1,705,000	\$ 1.61

SAR expense for the years ended December 31, 2024 and 2023, was approximately \$378,000 and \$290,000, respectively. The amount of the future expense for all

SARs issued will depend upon the value of the Company's common stock and other factors at each future reporting date.

Note H Income Tax

The components of income tax expense attributable to income before income taxes for the years ended December 31, 2024 and 2023, consisted of the following:

	2024	2023
Current tax expense:		
Federal	\$ 5,587,700	\$ 5,861,100
State	2,251,200	2,274,500
Foreign	-	-
	7,838,900	8,135,600
Deferred tax expense (benefit):		
Federal	(1,252,000)	(491,700)
State	(216,000)	(141,100)
Foreign	173,900	-
	(1,294,100)	(632,800)
Total provision for income taxes	\$ 6,544,800	\$ 7,502,800

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The acquisitions of KP LLC, Engage, Multistate, Doherty and LPA were taxable asset acquisitions. As such, the purchase consideration for these acquisitions generated tax-deductible goodwill in the combined amount of approximately \$47,253,000. A deferred tax asset

has been recorded in relation to the excess of the tax deductible goodwill as compared to the GAAP carrying value of goodwill. Of the approximately \$47,253,000 of tax deductible goodwill, approximately \$32,724,000 is eligible for amortization for tax purposes during the 2024 tax year. None of the goodwill recorded in connection with the acquisition of Pagefield is deductible for tax purposes.

Notes to Consolidated Financial Statements

Note H Income Tax, Continued

As of December 31, 2024, there are no known items that would result in a material liability related to uncertain tax positions, as such, there are no unrecognized tax benefits. The Company's policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2024, the Company had no accrued interest or penalties related to uncertain tax positions.

The Company's 2021 to 2023 domestic income tax return years are open under the statute of limitations for examination by the taxing authorities. Additionally, the Company's income tax return for Pagefield for the years 2020 to 2023 are open under the statute of limitations for

examination by the applicable taxing authorities. The Company has \$4,348,000 of foreign net operating losses that carry forward indefinitely. There are no domestic federal or state net operating loss carryforwards as of December 31, 2024.

The Tax Cuts and Jobs Act of 2017 subjects a U.S. shareholder to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to account for GILTI in the year the tax is incurred. The Company recorded a GILTI inclusion of approximately \$642,000 during the year ended December 31, 2024. No GILTI inclusion was recorded for the year ended December 31, 2023.

Significant components of the Company's deferred tax assets and liabilities are as follows as of December 31:

	2024	2023
Deferred tax assets:		
Other assets	\$ 318,200	\$ 244,900
Foreign operating losses	1,087,000	-
Long term incentive plan	717,400	847,700
Foreign equity compensation and accrual	392,000	-
Goodwill	10,997,900	8,082,100
Lease liability	5,810,000	6,764,200
Total deferred income tax assets	19,322,500	15,938,900

	2024	2023
Deferred tax liabilities:		
Other	(183,700)	(218,200)
Intangible assets	(3,152,300)	(2,148,200)
Right of use asset	(4,949,000)	(5,835,300)
Total deferred income tax liabilities	(8,285,000)	(8,201,700)
Total net deferred tax asset	\$ 11,037,500	\$ 7,737,200

A reconciliation for the difference between actual income tax expense (benefit) compared to the amount computed by applying the statutory federal income tax rate to net loss before income tax for the years ended December 31, 2024 and 2023, is as follows:

	December 31, 2024		December 31, 2023	
	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings
Federal income tax benefit at statutory rate	\$ (3,656,900)	(21.0)	\$ (1,415,700)	(21.0)
State income taxes, net of federal income tax benefit	(1,167,700)	(6.7)	(419,600)	(6.2)
Nondeductible share-based accounting charge	8,541,100	49.1	8,413,400	124.8
Prepaid post-combination compensation expense	3,106,900	17.8	1,713,800	25.4
Foreign rate differential	101,100	0.6	-	-
Other	(379,700)	(2.2)	(789,100)	(11.7)
Total provision for income taxes	\$ 6,544,800	37.6	\$ 7,502,800	111.3

Notes to Consolidated Financial Statements

Note I Retirement Plan

Effective January 1, 2020, the Company established the Public Policy Holding Company, LLC 401(k) Plan ("PPHC Plan"). The PPHC Plan covers employees that reach certain age and length of service requirements.

Eligible employees can contribute into the plans through salary deferral. The PPHC Plan does not have any employer contribution and expenses are immaterial.

Note J Segment Reporting

The Company has three reportable segments: Government Relations Consulting, Public Affairs Consulting and Diversified Services. The Company organizes its segments based on the nature of services provided. Government Relations Consulting services include federal and state advocacy, strategic guidance, political intelligence and issue monitoring. Public Affairs Consulting services include crisis communications, community relations, social and digital podcasting, public opinion research, branding and messaging, relationship marketing and litigation support. Diversified Services include Lobbying Compliance services and Legislative Tracking.

The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The CODM uses Adjusted Pre-Bonus EBITDA to allocate resources and assess performance for each of the segments. Adjusted Pre-Bonus EBITDA is defined as net income excluding allocations of bonuses, corporate level expenses, depreciation, interest expense, interest income, income taxes, share-based accounting charges, post-

combination compensation charges, long-term incentive program charges, changes in contingent consideration, amortization of intangibles and gains on bargain purchase.

The CODM is not regularly provided assets on a segment basis since it is not used to allocate resources and assess performance for each of the segments; therefore, such information is not presented. In addition, for the years ended December 31, 2024 and 2023, revenues in each of the three segments were primarily attributable the United States operations as there were no other country from which the Company derived revenues that exceeded 10%.

The following tables present segment information by revenues, significant expenses consisting of staff costs and non-staff costs and Adjusted Pre-Bonus EBITDA by segment, and a reconciliation to the consolidated net loss before income taxes. For the year ended December 31, 2023, the segment information has been recast to conform to the 2024 segment information.

	For the Year Ended December 31, 2024			
	Government Relations	Public Affairs	Diversified Services	Total
Revenue	\$ 102,463,869	\$ 36,405,430	\$ 10,694,008	\$ 149,563,307
Less significant expenses:				
Staff costs	47,341,565	23,419,061	4,893,449	75,654,075
Non-staff costs	8,172,581	5,202,751	702,469	14,077,801
Segment Adjusted Pre-Bonus EBITDA	46,949,723	7,783,618	5,098,090	59,831,431
Reconciliation to net loss before income taxes:				
Unallocated bonuses				(10,374,636)
Unallocated corporate level expenses				(13,328,121)
Depreciation				(136,121)
Interest, net				(1,723,449)
Share-based accounting charge				(31,803,600)
Post-combination compensation charges				(11,598,647)
Long term incentive program charges				(4,162,000)
Change in contingent consideration				(1,909,750)
Amortization of intangibles				(4,671,178)
Gain on bargain purchase				2,463,927
Net loss before income taxes				\$ (17,412,144)

Notes to Consolidated Financial Statements

Note J Segment Reporting, Continued

	For the Year Ended December 31, 2023			
	Government Relations	Public Affairs	Diversified Services	Total
Revenue	\$ 95,476,619	\$ 32,256,518	\$ 7,252,685	\$ 134,985,822
Less significant expenses:				
Staff costs	41,963,175	19,989,995	3,547,726	65,500,896
Non-staff costs	7,594,041	3,516,641	565,604	11,676,286
Segment Adjusted Pre-Bonus EBITDA	45,919,403	8,749,882	3,139,355	57,808,640
Reconciliation to net loss before income taxes:				
Unallocated bonuses				(13,178,302)
Unallocated corporate level expenses				(9,562,394)
Depreciation				(119,688)
Interest, net				(940,824)
Share-based accounting charge				(30,904,000)
Post-combination compensation charges				(6,295,060)
Long term incentive program charges				(2,796,000)
Change in contingent consideration				(1,711,235)
Amortization of intangibles				(3,878,386)
Gain on bargain purchase				4,835,777
Net loss before income taxes				\$ (6,741,472)

Note K Adjustment To Previously Issued Financial Statements

During the Company's preparation of its consolidated financial statements, management determined that certain cash flow items had been incorrectly classified within the Consolidated Statements of Cash Flows for the year ended December 31, 2023. These errors did not impact the Company's total assets, liabilities, equity or net loss as of December 31, 2023 or during the year then ended.

During 2023, the Company made a cash payment of \$17,600,000 for the acquisition of MultiState Associates, Inc. (see Note B). The Company classified this payment as a cash flow from investing activities in its consolidated financial statements for the year ended December 31, 2023. However, \$9,504,000 of this payment was recorded as prepaid post-combination expense due to the vesting and claw-back provisions tied to continuing employment for this payment amount. In examining the accounting guidance in ASC 230, Classification of Certain Cash Receipts and Cash Payments, management determined that the \$9,504,000 payment should have been classified as a cash flow from operating activities. As a result, the Company has adjusted the cash flow presentation for its consolidated financial statements for the year ended December 31, 2023 for this item. During 2023, the Company made a cash payment of \$3,643,200 for an earn-out payment related to the acquisition of KP LLC (see Note B). The Company classified this payment

as a cash flow from investing activities in its consolidated financial statements for the year ended December 31, 2023. However, \$1,821,600 of this payment was for amounts owed that are tied to vesting or claw-back provisions requiring continued employment. The liability recorded for this amount is an operating liability that is recorded as Other Liability on the Company's Consolidated Balance Sheets. Therefore, the cash settlement payment for this liability requires classification as a cash flow from operating activities.

In addition, the other \$1,821,600 of this payment was settlement of the contingent consideration liability recorded in the Company's Consolidated Balance Sheets. However, this payment was not made within three months of the acquisition date of KP LLC. As such, in accordance with the accounting guidance of ASC 230, Classification of Certain Cash Receipts and Cash Payments, the portion of the cash payment up to the acquisition date fair value of the contingent consideration liability of \$1,779,000 should be classified as a cash flow from financing activities and the amounts paid in excess of the acquisition date fair value of that liability of \$42,600 should be classified as a cash flow from operating activities. As a result, the Company has adjusted the cash flow presentation for its consolidated financial statements for the year ended December 31, 2023 in this interim filing for these items.

Notes to Consolidated Financial Statements

Note K Adjustment To Previously Issued Financial Statements, Continued

The total impact to the Company's consolidated financial statements for the year ended December 31, 2023 is as follows:

	Audited year ended December 31, 2023	Adjustment	Unaudited December 31, 2023 As Adjusted
Accretion of other liability	\$ -	\$ 1,684,774	\$ 1,684,774
Prepaid post-combination compensation		(9,504,000)	(9,504,000)
Contingent consideration		(42,600)	(42,600)
Other liability	1,684,774	(3,506,374)	(1,821,600)
Net cash provided by operating activities	21,602,813	(11,368,200)	10,234,613
Payment of contingent consideration and other liability	(3,643,200)	3,643,200	-
Cash paid for acquisitions and prepaid post combination expense, net of cash acquired	(17,600,000)	9,504,000	(8,096,000)
Net cash used in investing activities	(23,225,930)	13,147,200	(10,078,730)
Payment of contingent consideration	-	(1,779,000)	(1,779,000)
Net cash used in financing activities	\$ (5,237,963)	\$ (1,779,000)	\$ (7,016,963)
Net decrease in cash and cash equivalents	\$ (6,861,080)	\$ -	\$ (6,861,080)

Note L Related Party Transactions

As of December 31, 2024, the amounts owed to related parties of approximately \$556,000 consists primarily of a working capital loan of approximately \$569,000 from the sellers of LPA to the Company, which will be repaid in early 2025. As of and December 31, 2023, the amounts due from related parties of approximately \$1,054,000 include the amount expected to be paid to the Company related to working capital loan and adjustments associated with the MultiState acquisition. During the year ended December 31, 2024, the working capital loan and adjustments with Multistate were settled.

During December 2021, the Company entered into a term note agreement ("2021 Note") with The Alpine Group, Inc. ("Alpine Inc"). The 2021 Note provided Alpine Inc with the ability to request a one-time borrowing of up to \$750,000 from the Company at any time prior to December 31, 2022. The purpose of the 2021 Note was to provide Alpine Inc with funds to cover certain federal and state income taxes to be owed by Alpine Inc in connection with the sale of shares of the Company's common stock in the IPO. During April 2022, the Company advanced \$513,000 to Alpine Inc in accordance with the terms of the 2021 Note. The interest rate on the 2021 Note is equal to the Prime Rate as published in the Wall Street Journal. The 2021 Note balance as of December 31, 2024 and 2023 was \$513,000. The 2021 Note was classified as a current asset as of December 31, 2024, and a non-current asset as of December 31, 2023. The amount of accrued interest

and interest revenue from the 2021 Note is not material. The 2021 Note requires an annual payment of accrued and unpaid interest on the last business day of December each year and through the maturity date of January 16, 2025. During February 2025, the 2021 Note plus accrued interest totaling approximately \$532,000 was repaid through the transfer of 316,779 shares of PPHC-Inc common stock from Alpine Inc to the Company, which shares have been retired.

During November 2023, the Company entered into term note agreements ("2023 Notes") with certain employees of the Alpine Group Partners, LLC totaling \$1,750,000. The original interest rate on the 2023 Notes was 7.5%. In November 2024, the Company, through Alpine Group Partners, LLC, agreed to reduce the interest rates on the 2023 Notes from 7.5% to 4.45%. The notes are payable in annual installments of \$350,000 plus all accrued and unpaid interest beginning on November 1, 2024 with a maturity date of November 1, 2028 or the effective date of the termination of employment of the respective borrower for any reason, if earlier than the maturity date. As of December 31, 2024 and 2023, the 2023 Notes were recorded in notes receivable - related parties with \$350,000 classified as a current asset and \$1,050,000 and \$1,400,000, respectively, classified as a non-current asset. The amount of accrued interest and interest revenue from the 2023 Notes is not material.

Notes to Consolidated Financial Statements

Note M Subsequent Events

During January 2025, the Company entered into the Third Amendment to Credit Agreement ("Third Amendment"). The Third Amendment will provide the Company with an additional term loan of up to \$24,000,000 ("Second Supplemental Term Facility"). The Company drew down the \$24,000,000 on March 31, 2025. The Company is required to make monthly principal payments on the first day of the month following the month in which the Company draws under the Second Supplemental Term Facility ("2025 Term Loan C"). Through March 1, 2026, the Company is required to make equal monthly installments of principal equal to 0.83% of the unpaid principal balance as of the funding date, plus interest. The Company is then required to make equal monthly installments of principal equal to 1.25% of the unpaid principal as of the funding date, plus interest, through the loan's maturity date of March 31, 2029. The interest rate on the 2025 Term Loan C is SOFR plus 2.60% per annum.

The Third Amendment also extends the maturity date of 2023 Facility 2 from January 31, 2026 to March 31, 2029 and reduces the annual principal repayments from \$291,667 to \$175,000. The Company is required to make monthly payments of principal of \$175,000 beginning March 28, 2025 through the maturity date of March 31, 2029 for the 2023 Facility 2.

During January 2025, the Company entered into an Asset Purchase Agreement ("Trailrunner Agreement") to acquire Trailrunner International LLC and its international entities (collectively, the "Trailrunner Seller"). At the closing of the transaction, the Company has agreed to pay the Trailrunner Seller cash in the amount of \$28,050,000 and issue 2,966,138 shares of the Company's common stock to the Trailrunner Seller at an aggregate fair value of approximately \$4,950,000.

In addition, there are additional contingent payments that the Trailrunner Seller can earn in the future depending on certain operating results that are achieved. The total additional amount of consideration that the Company could be required to pay to the Trailrunner Seller is \$37,000,000. The transaction closed on April 1, 2025.

Management has evaluated the subsequent events for disclosure in these consolidated financial statements through April 24, 2025, the date these consolidated financial statements were available for issuance, and determined that no other events have occurred that would require adjustment to or disclosure in these consolidated financial statements.

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