2023 Annual Report

PPHC Public Policy Holding Company

Introduction to 2023 Annual Report

The Board of Directors of Public Policy Holding Company (PPHC) is proud to report strong Group results for Fiscal Year 2023, our 9th year of incorporation and 2nd full year as a London Stock Exchange AIM-quoted business.

With a consistent track record of profitable growth, as demonstrated by an organic revenue CAGR of 20% since 2016, the Board and Management Committee are executing on our stated goal of becoming the world's premier provider of government relations, corporate advisory and public affairs services to leading companies, trade organisations and large non-profit/NGO clients.

We operate a complementary portfolio of specialist operating firms, each with distinct brand identities, that offer a range of highly specialised advisory, communications and research services, including registered lobbying to the US (United States) Federal Government and various state governments.

Key Performance Indicators

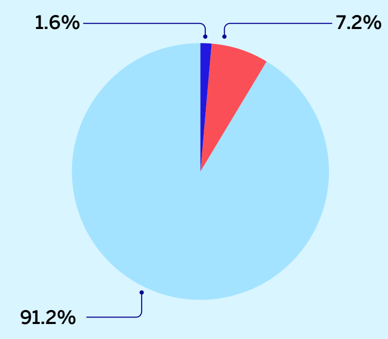
>1200

clients across group
(vs >850 in 2022)

468

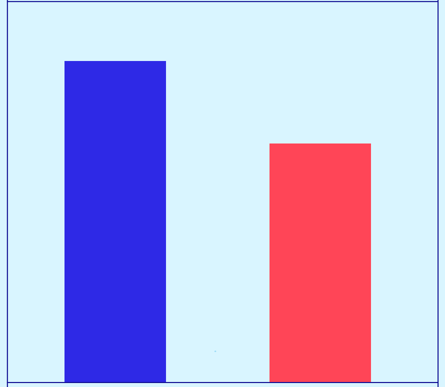
clients spending $100K or more
(vs 382 in 2022, +23%)

Top Client Concentration 2023



- Top Client
- Clients 2–10
- All Other Clients

Employees



333 employees by end 2023

244 employees by end 2022

Average of employees during 2023 was 308 (2022: 205)

Corporate leaders hire PPHC's firms to help enhance and defend their reputations, inform and advance their public policy goals, manage regulatory risks, and otherwise engage with US federal and state-level policy makers, regulators and other key stakeholders.

Each of our operating firms are nonpartisan, with active founders and senior managers residing primarily in and around Washington, DC and in select other state capitals. Each have close professional ties to the US executive branch, Congress, state governments and/or other regulatory authorities.

According to US Federal Government lobbying reporting, in 2023, PPHC remained the largest provider of federal contract lobbying services in the US for the fourth straight year, with $68.2m of disclosed lobbying revenue.

Lobbying Firm[1]	2023 Revenue (in $m)
Brownstein Hyatt Farber Schreck LLP	$62.7M
Akin Gump Strauss Hauer & Feld LLP	$54.8M
Holland & Knight LLP	$47.7M
BGR Government Affairs LLC	$41.8M
Cornerstone Government Affairs Inc.	$41.4M
Invariant LLC.	$39.2M
Thorn Run Partners	$28M
Capitol Counsel LLC	$25.3M
Forbes Tate Partners LLC	**$25M**
Crossroads Strategies LLC	**$24.8M**
Tiber Creek Group Inc.	$24.2M
Mehlman Consulting Inc.	$24M
Cassidy & Associates Inc.	$23.3M
Squire Patton Boggs	$22.6M
Subject Matter	$20M
Van Scoyoc Associates Inc.	$19.9M
Alpine Group Partners LLC	**$18.4M**
Ballard Partners LLC	$17.7M
K&L Gates LLP	$17.6M
Monument Advocacy	$15.8M

[1]Source: Bloomberg Government 2024 Top-Performing Lobbying Firms Report

This core service offering, in combination with our state lobbying activities, represents approximately 71% of the Group's total revenue for 2023. This revenue has proven to be highly resilient to economic and political cycles, retained by the most senior of corporate leaders and serves as a great basis for the growth of other, related offerings.

The Group's stated strategy is to maintain this core lobbying offering, which provides a high degree of client retention and strategic differentiation, whilst also growing related high-margin corporate communications and advisory capabilities, including strategic research, media management and public affairs.

Select 2023 Group Highlights

- 1 March 2023: Our acquisition of MultiState Associates, a leading provider of government affairs and related services in all 50 US states, territories and Canada, was completed on 1 March 2023, adding critical local capabilities just as our clients face more and more challenges and opportunities relating to public policy outside of the Federal Government (see "Strategy Review").
- 1 November 2023: We launched Concordant, a corporate advisory firm that is specifically designed to further-leverage the policy expertise that exists across the Group, thereby enhancing the cross-collaboration and sales that will help drive organic growth and unlock new client budgets.
- Two firms recognised by PR News as Agency Elite Top 100 firms.
- The Company undertook a materiality assessment to better understand the Company's ESG-related risks and opportunities specific to our industry and corporate structure. 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, toward improving and resolving ESG challenges.

  See "Principles of Governance" and see "Corporate Governance-ESG Implementation Plan" of the Annual Report for more information related to our ESG efforts.

Looking ahead into 2024, in which we've seen robust trading in early months, we will continue delivering on our stated strategy, driving both organic and acquisitive revenue growth, maintaining financial discipline, whilst making continued investments in our people, our offering and our culture.

Current trading and Outlook

- Current trading is promising, and the Group continues to grow organically, supported by new client wins across sectors, including RTX Corporation (formerly Raytheon Technologies), Phillips 66, Nuclear Innovation Alliance, Dynavax Technologies and Fight Colorectal Cancer.
- In the medium term the Group expects organic revenue growth, on average, to be between 5% and 10%, supplemented by growth from M&A.
- The Group continues to target an Underlying EBITDA margin of between 25% and 30%.
- Pipeline of strategic and accretive acquisition opportunities in the US and Europe remains strong, as the Group looks to broaden its market position in federal and state advocacy, as well as in the adjacent strategic communications and public affairs markets.

The Board is confident that PPHC is well placed to continue to grow this year, 2024, and for many years ahead.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to report a strong performance in 2023, in which the Group was successful in displaying its ability to generate robust organic growth in challenging macro-economic circumstances. This is testament to the broad strength and diversity of the Group's operations and reflective of the quality of service PPHC provides in federal and state advocacy, public affairs and strategic communications. In addition, it demonstrates the Group is more than capable of delivering excellent growth and good profitability and margin levels through the economic cycle, on what remain excellent market fundamentals.

Despite considerable macro-economic challenges and an unpredictable political climate, the Group has achieved continued financial success and operational progress towards its stated strategy of creating and becoming the world's premier provider of government relations and related services to corporates on a global basis. This has included the earnings accretive acquisition of a market-leading firm, MultiState Associates, the strong integration, and impressive growth of KP Public Affairs, a 2022 acquisition, and the timely development of new and deepened enhanced offerings and expertise in areas such as artificial intelligence, renewable/transitional energy, and defense/aerospace.

The 2023 performance also demonstrates the professionalism of the Group's management and their prudent approach to cost control, which is greatly to their credit. Their ability, resilience and discipline demonstrate the quality of service our clients receive and the stability of the Group's eight operating companies.

The quality and deep experience of our broader teams have proved more vital than ever in helping clients navigate risks and seize on opportunities amidst significant partisanship and unpredictability in the US and around the world. This quality sets us apart and positions us to deliver for clients in 2024 and beyond.

Simon Lee
Chair of the Board
17 April 2024

Board appointments

I was extremely pleased to welcome Keenan Austin Reed onto the Board as an Executive Director in December 2023. Keenan is one of the top lobbyists in Washington and has made a highly positive impact at Alpine Group and PPHC since she joined in 2021. Her advisory expertise and wider interests, along with strong relationships among clients and political stakeholders, further strengthen the Board as we continue to expand our offering and broaden our geographical footprint.

I was also pleased to welcome Roel Smits to the Board as Chief Financial Officer, succeeding Bill Chess who remains on the Board as an Executive Director and assumed the new position of Chief Administrative Officer. Roel joined PPHC in May 2022 as Deputy CFO having previously acted as CFO at Kantar, the data analytics and brand consulting company owned by WPP and Bain Capital. Roel's appointment has added strength to the executive team and he has already made a significant contribution to the Group.

Dividend

On 12 March 2024, the Board declared a final dividend of $0.097 per share for 2023, taking the total dividend for the year to $0.143 per share, up 2% from prior year. This will represent a total aggregate dividend for the year of approximately $16.4 million, equivalent to approximately 62% of the Group's Underlying Net Profit (based on the current number of common outstanding shares). The final dividend of $0.097 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, 26 April 2024. The ex-dividend date is 25 April 2024.

Chief Executive Officer's Report

To our valued investors, clients, employees and partners: thank you.

As we reflect on the past year, which was, undoubtedly, one of the most challenging business environments we've seen in our operating history, we demonstrated the high value of our services to clients and the benefits of our scale. Despite the many headwinds, including high interest rates, a drive for corporate efficiencies, war on two continents and political unrest around the world, we have remained laser-focused on delivering results for our clients. Specifically, in our Government Relations/Lobbying segment – which represents 71% of Group revenue and remains our core differentiator – the year behind us was full of unpredictability with control of the US House and Senate narrowly split and the 2024 Presidential campaign already at full pace. We faced, and continue to face, multiple government shutdown threats, an ousted House speakership, and what has been called the "most unproductive Congress in modern history" by Axios.

Politics aside, if possible, it is in this very environment where our extensive congressional relationships and bipartisan approach have proven to be most instrumental. Our policy and political expertise have enabled our clients to cut through the noise, make strategic calculations, and ultimately to achieve their goals, despite the historic volatility.

All three of our federal-focused lobbying firms (Alpine Group Partners, Crossroads Strategies and Forbes Tate Partners) experienced growth in each quarter of the year, as ranked by the public disclosures that are required for our industry, and we ended the year as the top federal lobbying agency in the US. Additionally, both of our recent strategic acquisitions (KP Public Affairs in 2022 and MultiState Associates in 2023) have performed ahead of internal forecasts. This demonstrates the critical importance of state and local government relations being more and more integrated into comprehensive policy communications and proving the value of our holding company model that rewards referrals and cross-sales to drive accelerated growth.

G. Stewart Hall
Chief Executive Officer
17 April 2024

In our Public Affairs and research segment – which represents 24% of Group revenue – we experienced a higher degree of client caution, project delays, and outright budget pull-back as has been seen across the sector by firms of all sizes. However, it is a testament to our policy-focused portfolio that our client retention measures remained industry-leading. Senior clients continue to rely heavily on our expertise to navigate the tumultuous political environment even though, in some cases, they held back on their communications campaigns and project-oriented services.

Now a decade ago, we started PPHC with a vision to provide effective government relations and advocacy services at a new level of scale and sophistication, with unmatched professionalism and seamless geographical reach. We pledged to offer our clients a new approach to navigating complex policy issues and regulatory systems and to drive positive change like no one else in the industry. And, so, as we kick off our 10th year since the founding of this endeavour, I'm proud to report that we've not only achieved tremendous progress towards this ambitious goal, but we've also attracted, developed and retained some of the most trusted strategic advisors and policy experts in the world.
I am proud to share that we have initiated a process to better understand our Group-wide ESG risks and opportunities and to establish a responsible approach to the development of our ESG strategy. Conducting a materiality assessment reinforced our understanding and will inform the foundations of our strategy. A more detailed discussion of this process and the next phase of our process is included under "Principles of Governance."

To our outstanding team of managers, client counselors and policy experts, I thank you for your continued excellence, commitment to our cause, and care on behalf of our clients.

And, finally, to our clients, now over 1,200, we look forward to furthering your goals and making a difference in the decade ahead.

Strategic Review

More than half of the world's population will vote this year.

What's the role of business?

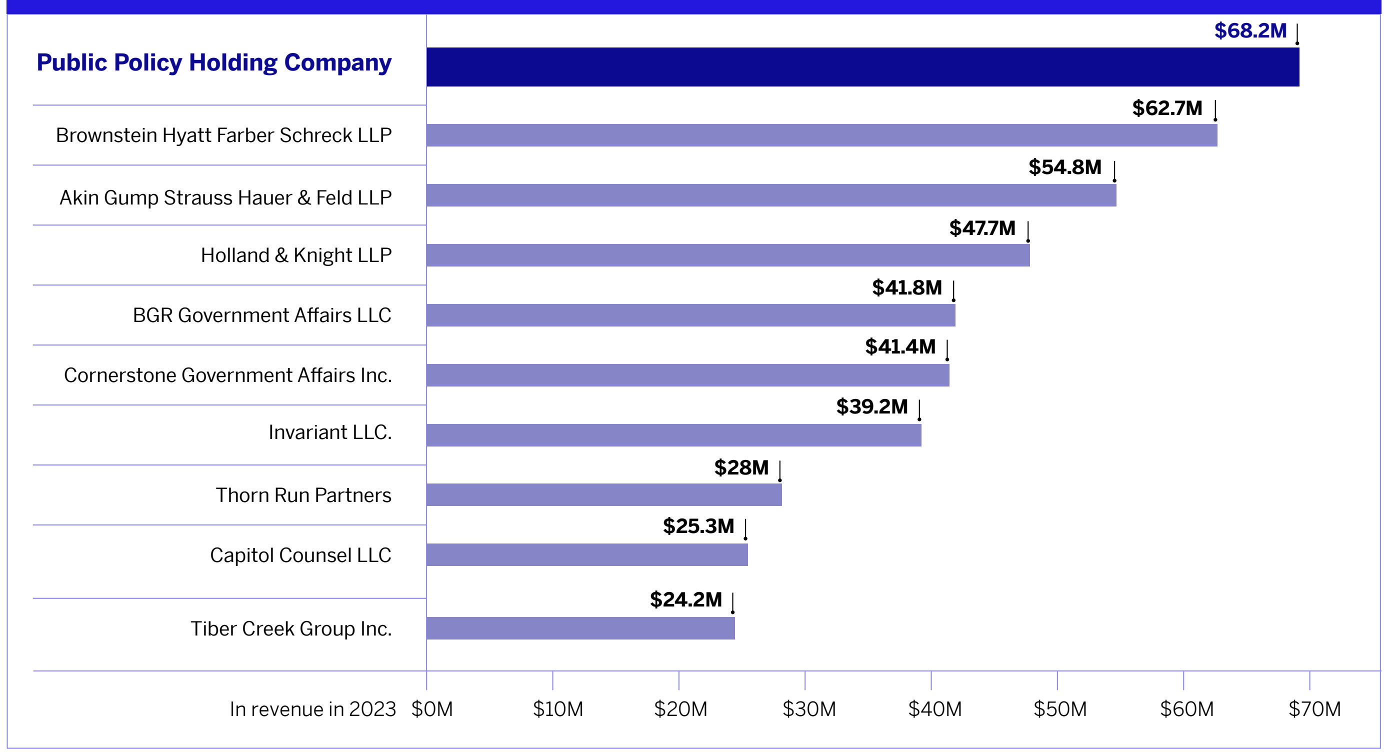
POLITICO

March 2024

Strategic Review

- Excellent strategic progress, sustaining and organically growing the core offering, lobbying, while pursuing successful, value-accretive acquisitions to broaden services and geographic reach.
- Ended 2023 as the #1 federal lobbying agency in the US[2] for the fourth year in a row, with the Group's federal lobbying firms collectively reporting $68.2m of disclosed revenue.

#1 Federal Lobbying Agency[2]



[2]Source: Bloomberg Government 2024 Top-Performing Lobbying Firms Report

- Successful acquisition of MultiState Associates, Inc. ("MultiState" or "MultiState Associates") on 1 March 2023, proving the attractiveness of the holding company proposition to unlock growth and value.
  - Multistate delivered a strong full-year performance, contributing healthily to Group revenue and EBITDA.

MULTISTATE

- All business segments achieved year-on-year growth, demonstrating the strength and breadth of the Group's services.
- Improved client diversification, with the top 10 Group clients representing 8.8% of total revenue, down from 10% in 2022 and reflecting sustained progress from 2021, when the top 10 represented 13%.
- The Group ended 2023 with c.1,200 total clients, compared to c.850 in 2022. The current client roster includes 137 Fortune 500 clients and related trade associations, while directly serving 44 Fortune 100 clients.
- Number of clients spending $100k or greater per year was 468, a year-on-year increase of 23%.
  - The growth of clients spending $100k or greater demonstrates the Group is successfully cross selling its services with multiple operating companies advising on specific policy areas and specialisms.
- Launched in November 2023, Concordant is designed as a new operating entity that integrates PPHC's deep policy and communications expertise for key clients at the crossroads of market risk and transformational growth.

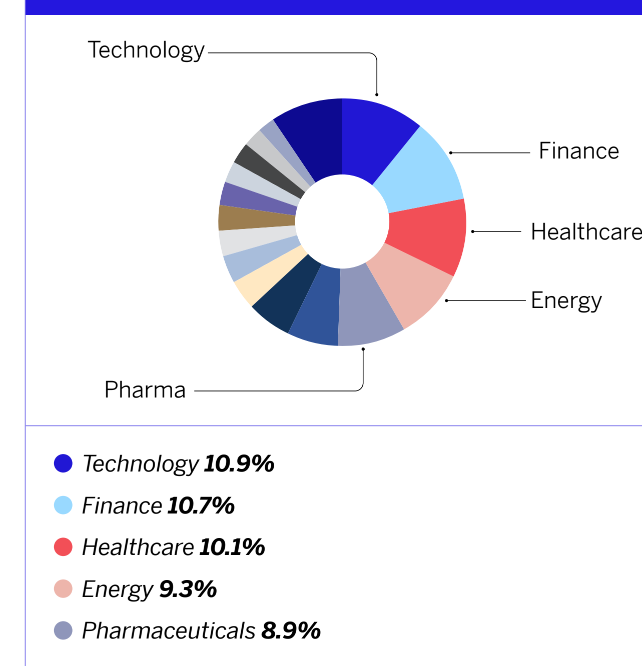
  As an integrated corporate advisory firm, Concordant provides clients with industry-leading government relations, public affairs, audience insight capabilities that are anchored within an organisation's business strategy.

  In a landscape complicated by fragmentation and inefficiency, Concordant empowers C-suite leaders and boards with more control over their operating landscape by integrating strategy, policy and communications into a cohesive client experience.

Concordant

- Continued focus on people, with very low employee attrition, while adding key talent in specialist areas including AI, aerospace and defense, technology and energy transformation. These sector specialisms are central to today's broader policy agenda.

Leading Sectors



- Number of employees as of 31 December 2023 totaled 333, up from 244 as 31 December 2022 for an increase of 36%.

Our firms consistently rank in the top 20 (of more than 2500 government-registered providers) of lobbying services. Collectively, PPHC is the largest provider at the US Federal level. This core service offering continues to provide the Group with high client retention and a strong nexus for other policy and public affairs, research and state-based services.

Total Clients

2023
>1200 Clients

2022
>850 Clients

2021
>730 Clients

Client "Share of Wallet" $100k or more

2023
468 Clients (+23%)

2022
382 Clients

2021
347 Clients

Top Client as % of revenues (client concentration)

2023
1.6%

2022
1.6%

2021
2.5%

Since our founding in 2014, we've consistently executed a focused "buy and build" growth strategy for increasing revenue and profit in three key areas of service:

1. Increasing the share of wallet of our existing roster of key clients with specific attention to clients with revenues greater than or equal to $100,000 annually (+23% in 2023).
2. Specialised public affairs offerings (non-lobbying) including investments in policy advisory, digital capabilities, talent acquisition, employee training and certifications, and through M&A activities.
3. Investments into new geographies (select US states and cities and international capitals such as London and Brussels), where active M&A efforts are underway after the successful acquisition of both KP Public Affairs in 2022 and MultiState Associates in 2023.

For full-year 2023, we are pleased to report on another year of progress on all fronts.

The Group's public affairs and digital media agency companies (Seven Letter and the integrated communications practices of KP Public Affairs and Forbes Tate Partners) continue leading the Group's efforts in public affairs and digital services, which are key to clients' success.

And with the 1 March 2023 addition of MultiState Associates, we added complementary state-based expertise, as well as research, compliance and advisory services that serve over 300 clients.

	2023	2022	2021
US$ million			
Lobbying revenue	95.5	78.2	70.1
Public affairs revenue	32.3	30.6	29.2
Diversified services revenue	7.2	-	-
Total revenue	**135.0**	**108.8**	**99.3**

2023 Member Company Highlights

CRS CROSSROADS STRATEGIES

JOINED	2014
LOCATED	Washington DC

"Despite a politically challenging environment in Washington this year, Crossroads continued to grow both its roster of clients and its team of advocacy professionals. The addition of several lateral hires with diverse skillsets and backgrounds saw a marked increase in engagement with existing and new clients. Our expanded reach led to another year of record revenue and solid growth. It also positions us to manage the potential change the 2024 elections may bring to the policymaking landscape."

Mathew Lapinski
CEO, Crossroads Strategies

2023 Highlights:

- The Crossroads team advocated for inaugural federal funding for public-private support of wastewater surveillance programs in response to the COVID-19 pandemic and the ongoing opioid epidemic. Our professionals secured recognition of this innovative epidemiology tool as an option for states to pursue moving forward.
- Crossroads secured Defense Appropriations report language for a small business providing technology services to combat sexual assault in the Army. Building on this language, after years of delay, the Army renewed contract terms for the program.
- By strategically identifying targets based on programmatic importance and the potential scale of funding increases, Crossroads worked to deliver $238 million in government funding under the Bipartisan Infrastructure Law to a restoration effort for a major American watershed.
- John Breaux Sr., Trent Lott and Ivelisse Porroa-Garcia named 2023 Top Lobbyists by The Hill.

New Clients in 2023: EDF renewables, GE Aerospace, Morton Salt, Vertex

ftp FORBES | TATE PARTNERS

JOINED	2014
LOCATED	Washington DC

"2023 was another banner year for FTP. We continue to house the most effective integrated policy and advocacy firms in the marketplace today, offering both top performing government relations capabilities and one of the best public affairs practices in the country. Despite an unpredictable political environment, our team delivered first-in-class strategies, tactical execution, and far-reaching advocacy campaigns for our clients with a holistic perspective unrivaled in Washington D.C. FTP also added top tier talent across the firm to help expand perspectives for our clients. Dan and I are looking forward to a robust 2024, where we have a tremendous amount of momentum for continued growth."

Jeffrey Forbes
Founding Partner, Forbes Tate Partners

2023 Highlights:

- Named a top-10 lobbying firm by Bloomberg Government and Politico.
- Jeff Forbes, Dan Tate and Jeff Strunk named 2023 Top Lobbyists by The Hill.
- Named to PRNews Elite Top 100 for the third consecutive year.
- Expanded Public Affairs leadership by adding top communications strategist and Ketchum and Weber Shandwick/Powell Tate alum Michelle Baker as Partner.
- Grew State and Local Government Affairs practice with new clients and talent, including Colin Tooze, formerly with Uber and Expedia.
- Launched practice with Remington Road Group, led by Aaron Pickrell, focused on Attorneys General.
- Built extensive practice to help clients navigate the policies around Artificial Intelligence.

2023 Member Company Highlights, continued

SEVEN LETTER

JOINED	2018
LOCATED	Washington DC

"In 2023, we began to see the benefits of investments made in research, creative and advertising offerings as our adoption among our existing client base increased significantly. Additionally, while our public affairs work continues to be the engine driving our business, our efforts to expand into corporate, financial and executive communications represented meaningful growth in non-public affairs revenue."

Erik Smith
CEO, Seven Letter

2023 Highlights:

- Hired Emmy-award winning creative director, Kobina Yankah, and built a state-of-the-art video and audio studio in our Washington, DC headquarters, further enhancing our creative capabilities.
- Named to the Agency Elite Top 100 list and awarded as a "Best Place to Work" by PR Week.
- Hired Partner Mike Ricci, former top communications aide to Maryland Governor Larry Hogan, and current visiting professor at Georgetown University.

O'NEILL AND ASSOCIATES

JOINED	2019
LOCATED	Boston, MA

"2023 was another successful year for O'Neill and Associates. The company continues to be ranked as one of the top lobbying firms in New England. Having built the company around the economic building blocks of the region, we continue to focus our lobbying efforts in the areas of transportation, higher education, healthcare, financial services and energy. I am very proud of the longstanding relationships we enjoy with our clients which I believe speaks to our integrity and exceptional client service."

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

2023 Highlights:

- Secured $1m in congressionally directed spending in the FY2024 federal budget for Massachusetts Port Authority for the design and permitting program for the North Jetty Berth Revitalization project in the Port of Boston.
- In late 2022, O'Neill and Associates secured $75m in state ARPA funds for the Massachusetts Lodging Association (MLA) for COVID recovery relief due to lost business. Throughout 2023, O'Neill and Associates worked with MLA, the Massachusetts Growth Capital Corporation and other industry stakeholders to develop a fair distribution formula that allowed for the maximum level of industry participation.
- Education Partners International (EPI), an Exchange Visitor Program Sponsor, continues to be a leader in educational and cultural exchange. O'Neill and Associates helped EPI grow their program by gaining a nearly 20% increase in the number of State Department J-1 visas they were authorized to apply for.

New Clients in 2023: ALSTOM, nouria, BOSTON BALLET

2023 Member Company Highlights, continued

ALPINE GROUP

JOINED	2020
LOCATED	Washington DC

“As we head into our twenty-eighth year, Alpine Group continues to grow and to provide best-in-industry advocacy and results for our clients over a broad spectrum of issues including appropriations, energy, environment, healthcare, tech/telecom and transportation. The secret to Alpine’s success is the talent of the team we have assembled that is committed to developing and implementing strategies to achieve our clients’ respective goals. The firm has a culture and structure that delivers high-impact, high-character engagement with our clients and key policymakers of importance to those efforts. Success in the legislative and regulatory arenas is matched by leveraging our vast network to identify and provide business-to-business value for our clients.”

Les Spivey
CEO, Alpine Group Partners

2023 Highlights:

- Keenan Austin Reed Awarded the Reginald “Reg” Gilliam Award “Lobbyist of the Year”.
- Courtney Johnson and Keenan Austin Reed being named The Hill’s Top Lobbyists 2023.
- Keenan Austin Reed appointed as Executive Director of PPHC's Board.
- Over two days, we engaged in exciting conversations with policy leaders alongside colleagues and dear friends representing firms from the UK, South Africa, Italy, Japan, Canada, Mexico and Singapore.

New Clients in 2023:

KP PUBLIC AFFAIRS

JOINED	2022
LOCATED	Sacramento, CA

"KP continues to hold its leadership position in Sacramento, managing complex policy issues, and providing award-winning PR and public affairs services to our clients. We are consistently involved in many of the highest profile issues in California, whether it is shaping emerging rules on technology, data privacy and artificial intelligence, or helping clients navigate climate policy and environmental regulations, leading political and PR coalitions on complex water issues, or advocating for our clients on tax and finance. California policy debates often shape the national debate, so we have our finger on the pulse of emerging threats and opportunities for businesses across industry sectors."

Michael Burns
Managing Partner, KP Public Affairs

2023 Highlights:

- Grew our state regulatory consulting practice involving artificial intelligence, climate change and sustainability policies.
- Expanded our energy practice – with expertise in offshore wind, batteries, hydrogen, and more.
- Led a major statewide coalition on the development of state water infrastructure and water policy.
- Secured state infrastructure funding for numerous public and private entities in the energy, transportation, healthcare and technology sectors.
- Won six awards from the Public Relations Society of America – California Capital Chapter.

2023 Highlights:

Rain Industry

2023 Member Company Highlights, continued

MULTISTATE

JOINED	2023
LOCATED	Arlington, VA

"A threshold issue for us in considering becoming part of the PPHC family was the promise that we would continue to manage our business as we always had. One year later to the day, that promise has proved true without exception. At the same time, the corporate support structure PPHC has in place has allowed us to offload responsibilities that don't directly contribute to client service and growth. And the opportunities to reach new clients through the relationships developed by our sister companies under the PPHC umbrella has exceeded our expectations, and we realised strong growth in 2023 in all of our solutions - lobbying, compliance, tracking and consulting."

Joe Crosby
CEO, MultiState Associates

2023 Highlights:

- Enhanced partnership with the Senate Presidents Forum, "States at the Vanguard".
- Hit 20k email subscribers to our policy and industry newsletters such as Morning MultiState, Stakeholder Engagement News, and MultiState Insider.
- Launched webinar program hosting state elected officials and policymaker group executives, giving clients the opportunity to ask questions and engage with industry leaders.
- Launched multistate.ai, the leading resource on how state and local governments are regulating artificial intelligence and related emerging technologies. It has already garnered significant attention from state policy news media (for example, in Pluribus News).
- Launched several new signature resources, such as the annual Legislative Leadership Guide and Building Relationships with State Legislators Guide.
- Compliance added 23 new clients in 2023.

Concordant

FOUNDED	2023
LOCATED	Chicago, IL

"Designed to integrate PPHC's policy expertise within a full-service corporate advisory, Concordant will set a new standard for effectiveness in corporate communications."

Sarah Wills
CEO, Concordant

2023 Highlights:

- Launched in November 2023, Concordant is a new Group operating entity that integrates PPHC's policy and communications expertise for organisations at the crossroads of market risk and transformational growth.
- A full-service, corporate affairs partner, Concordant provides clients with industry-leading government relations, public affairs, audience insight capabilities and full-service, strategic communications, anchored within an organization's strategy.
- In a landscape complicated by fragmentation and inefficiency, Concordant empowers C-suite leaders and boards with more control over their operating landscape by integrating strategy, policy and communications in to a cohesive client experience.

Financial Highlights

Revenue

$135.0m

+24% (organic +2%)

2022: $108.8m

Underlying EBITDA[1]

2023: $35.1m

+12% 2022: $31.2m

Underlying Net Income[1]

2023: $26.5m

+14% 2022 : $23.3m

Underlying EPS

2023: $0.2354 (basic)

+10% 2022: $0.2145

2023: $0.2271 (fully dltd)

+8% 2022: $0.2113

Dividend

2023: $16.4m

2023: $0.143/share

+2% 2022: $0.14/share

[1] Underlying EBITDA and underlying Net Income are stated prior to non-cash items of amortisation of customer intangibles, and ASC 718-10-S99-2 share-based accounting charge, LTIP expense, and M&A related ASC 805-10-55-25 post-combination compensation charges, bargain purchase recognition, and changes in fair value of contingent consideration.

Chief Financial Officer's Report

Record financial performance and excellent strategic progress with acquisitions deepening geographic reach and policy expertise.

Financial Highlights

- Revenue increased 24.1% to a record $135.0m (2022: $108.8m), growing by 2.0% organically, displaying the inherent strength of the Group through the economic cycle.
- Underlying EBITDA rose by 12.4% to $35.1m (2022: $31.2m), in line with market expectations and achieved at a margin of 26.0%, within the Group's target range of between 25% and 30%.
- Underlying Net Income increased by 13.9% to $26.5m (2022: $23.3m).
- Balance sheet remains strong with cash generated from operations of $21.6m and a year-end net cash position of $3.4m, comprising $14.3m cash offset by outstanding debt of $10.9m, reflecting very low leverage levels and positioning the Group well to deliver further value accretive M&A.
- Declaration of a final dividend of $0.097 per Common Outstanding Share, taking the total dividend for 2023 to $0.143 per share, representing an increase of 2% year-on-year and in line with the Group's dividend policy.

Financial Summary

Demonstrating the stability of our core business operations in the midst of significant economic and political headwinds, in addition to the dedication of our management teams, PPHC achieved overall revenue growth of 24.1% to $135 million.

PPHC's results for the year ended 31 December 2023 represent its second full reporting year post-IPO in December 2021. Strong levels of client engagement and activity have driven the Group's revenue up 24.1% to $135.0m (2022: $108.8m). All areas of the Group's business, i.e. government relations, public affairs advisory, and diversified services, achieved growth when compared to 2022.

Equally important, underlying profit remained strong despite the absorption of higher costs related to being a public company, the related increased investment in new hires, and various M&A related charges, with an underlying EBITDA for the year of $35.1m (2022: $31.2m) at a margin of 26.0% (2022: 28.7%), within our guided range of between 25% and 30%.

The Group's cash position at the end of the year remained strong at $14.3m (2022: $21.2m), following the generation of $21.6m operational cash flow, the acquisition activity in 2023 funded through the attraction of a bank financing package, and the payment of dividends. After offsetting against the outstanding bank debt of $10.9m, the Group's net cash position was $3.4m

Key Financial Indicators	2023	2022	Change
All in $m, unless otherwise noted			
Revenue	135.0	108.8	24.1%
EBITDA - Underlying	35.1	31.2	12.4%
EBITDA margin - Underlying (%)	26.0%	28.7%	-2.7pts
Net Income - Underlying	26.5	23.3	13.9%
EPS - Underlying ($) (basic)	0.2354	0.2145	9.7 %
EPS - Underlying ($) (fully diluted)	0.2271	0.2113	7.5%
Dividend per Share ($)	0.1430	0.1400	2.1%
Dividend	16.4	15.5	5.7%
Cash flow from Operations	21.6	20.7	4.5%
Net Cash at year end	3.4	21.0	-83.8%

Underlying Profit & Loss Statement

	2023	2022	Change
All in $m, unless otherwise noted			
Revenue	135.0	108.8	24.1%
Operational expenses	(99.9)	(77.6)	28.7%
EBITDA (Underlying)	35.1	31.2	12.4%
EBITDA margin (Underlying)	26.0%	28.7%	-2.7pts
Depreciation	(0.1)	(0.1)	19.3%
EBIT (Underlying)	34.9	31.1	12.4%
Interest	(0.9)	(0.0)	N/M
EBT (Underlying)	34.0	31.1	9.5%
Taxes	(7.5)	(7.8)	-3.8%
Effective tax rate	-22.1%	-25.1%	-3.0pts
Net Income (Underlying)	26.5	23.3	13.9%
Net income margin (Underlying)	19.6%	21.4%	-1.8pts

Bridge from Underlying to Reported results

	2023	2022
All in $m, unless otherwise noted		
Net Income (Underlying)	26.5	23.3
Share-based accounting charge	(30.9)	(33.4)
Post-combination compensation charge	(6.3)	(2.4)
Change in fair value of contingent consideration	(1.7)	-
Gain on bargain purchase, net of deferred taxes	4.8	-
Long Term Incentive Program charges	(2.8)	(0.3)
Amortization intangibles	(3.9)	(2.1)
Net Income (Reported)	(14.2)	(15.0)

Revenue

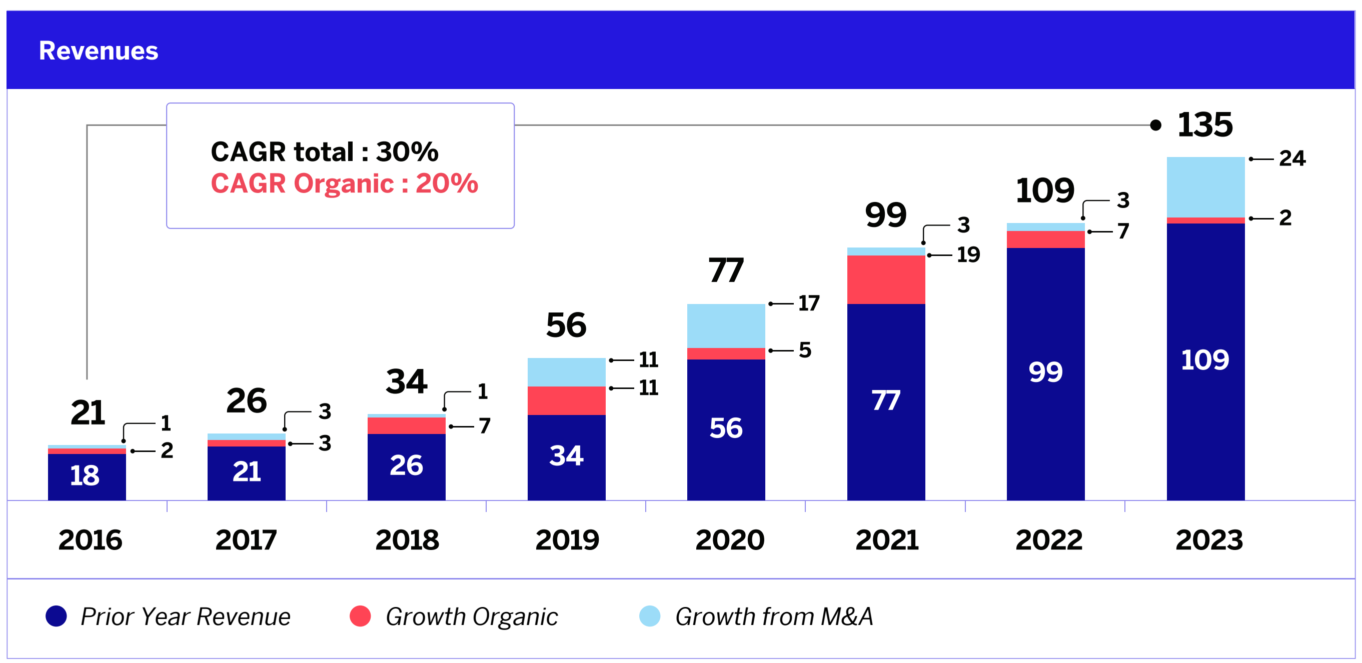
The Group's total revenue for 2023 increased by 24.1% to $135.0 million (2022: $108.8 million). The organic growth rate was 2% while the Company benefitted greatly from the acquisitions of KP Public Affairs on 1 October 2022 and MultiState Associates on 1 March 2023.

Organic growth of 2% is a pleasing result and compares favourably to the muted growth published by other peers in the public affairs sector. This supports the Group's ability to deliver 5% to 10% organic growth per annum on average through the cycle.

In 2023, our government relations business increased by 22% (4% organically) and remained robust as we supported clients in managing their risks and opportunities. Our public affairs business increased by 5% (-4% organically), with growth dampened by a reduction in project work.

With the acquisition of MultiState in March 2023, the Group incorporated new service lines, such as legislative tracking and lobbying compliance, into the portfolio. Going forward, these will be reported under a new business line called Diversified Services.

The Group ended 2023 with approximately 1,200 clients, of which 468 accounted for a net revenue of equal or greater than $100k per annum (up from 382 in 2022). The degree of client concentration is very low: our largest client represented 1.6% of total revenue, similar to 2022. Our top 10 clients represented 8.8% of total revenues, down from 10% last year.

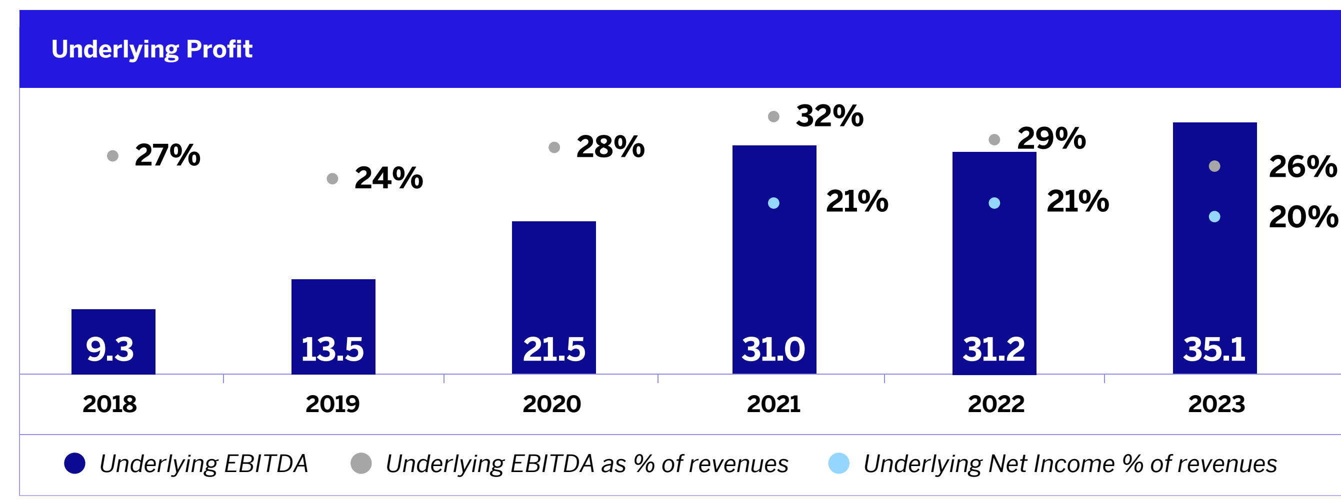


Profit

Underlying EBITDA of $35.1 million was achieved at a margin of 26.0%, in line with our guidance that margins will typically move within the range of 25% to 30%.

We are very pleased that the Group recorded an Underlying EBITDA at record levels, and that the margin has been maintained within our indicated range; especially in light of the fact that since 2022, our profit has been impacted by previously communicated additional expenses relating to the Group's first years as a public company. Those incremental costs, included within the calculation of Underlying EBITDA, included legal and registration fees, compliance costs, M&A related expenses, investments in staff at the Group's holding company and in talent acquisition. We expect to make further investments in 2024 to build out our platform.

At an after-tax level, 2023 Underlying Net Income – which constitutes the basis of our dividend calculation – amounted to $26.5 million, 14% higher than the $23.3 million for 2022.



Employees

The Group started 2023 with 244 employees operating out across six member companies. By end of year, this number had increased to 333 people, which includes 76 from the MultiState acquisition. On average, during 2023 we had 308 employees.

Other

The Group's net finance costs for the year were $959k (2022: $17k), illustrating the acquisition of $14 million bank debt at the time of the MultiState acquisition. By 31 December 2023, this facility had been paid down to a level of $10.9 million.

The tax accrual for 2023 amounted to $7.5 million (2022: $7.8 million), which represents an effective rate of 22.1% to our Underlying Profit. This was lower than the 25.1% we reported in 2022, driven by permanent and temporary differences between GAAP results and taxable results.

Balance sheet and cash flow

The Group's net cash position as of 31 December 2022 was $3.4 million (2022: $21.0 million), taking into account the $10.9 million borrowings at that time.

Our strong financial position enabled us to make the interim dividend payments and allowed us to progress acquisitions.

Cash Flow

	2023FY	2022FY
All in $m, unless otherwise noted		
EBITDA (Underlying)	35.1	31.2
Interest	(0.9)	(0.0)
Taxes	(7.5)	(7.8)
Changes in Working Capital	(5.0)	(2.7)
Operational Cash flow	**21.6**	**20.7**
Capex	(0.2)	-
Acquisitions - Earnout Payments (cash)	(3.6)	-
Acquisitions - Completion Payments (cash)	(17.6)	(11.9)
Note receivable to related parties	(1.8)	-
Investment Cash flow	**(23.2)**	**(11.9)**
Change in Debt balance	11.1	(0.0)
Debt issuance costs	(0.5)	-
Dividend payment	(15.8)	(5.6)
Financing Cash Flow	**(5.2)**	**(5.6)**
Cash generated	**(6.9)**	**3.2**

Balances end of period

	2023FY	2022FY
All in $m, unless otherwise noted		
Cash balance	14.3	21.2
Debt balance	(10.9)	(0.2)
Net cash balance	3.4	21.0

Dividend

The Board of Directors of the Company have declared a final dividend for 2023 of $0.097 per Common Share, which equates to an aggregate amount, based on the current number of outstanding Common Shares, of approximately $11.2 million, 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, 26 April 2024. The ex-dividend date is 25 April 2024. The dividend will be paid no later than 24 May 2024

An interim payment of $5.2 million was already made in October 2023 ($0.046 based on the outstanding Common Shares at that time), in line with the Company's intent to pay about one third of the expected total dividend for the year as an interim dividend.

Consequently, the Group's total dividends for the financial year will be $0.143 per share. This represents, based on the current number of outstanding Common Shares, a total aggregate dividend for the year of approximately $16.4 million, equivalent to approximately 62% of the Group's Underlying Net Profit.

Dividend

	2023FY	2022FY	Change
All in $m, unless otherwise noted			
Net Income (Underlying)	26.5	23.3	13.9%
Cash flow from Operations	21.6	20.7	4.5%
Dividend	16.4	15.5	5.7%
Pay out ratio	61.8%	66.7%	-4.8pts
Payable in calendar year (interim dividend)	5.2	4.9	6.8%
Payable next calendar year (final dividend)	11.2	10.6	5.1%

Per Share

		2023FY	2022FY	change
# wghtd avg shrs - GAAP - basic and diluted	'000	108,606	108,137	0.4%
# wghtd avg shrs - Legally outstndng - basic	'000	112,597	108,476	3.8%
# wghtd avg shrs - Legally outstndng - diluted	'000	116,693	110,147	5.9%
EPS - GAAP reported (basic and fully diluted)	$	(0.1312)	(0.1388)	-5.5%
EPS - Underlying (basic)	$	0.2354	0.2145	9.7%
EPS - Underlying (fully diluted)	$	0.2271	0.2113	7.5%
DPS - based on # shares at time of payment	$	0.1430	0.1400	2.1%
Operational CF per share - Underlying (basic)		0.1919	0.1906	0.7%

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 recognize 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:

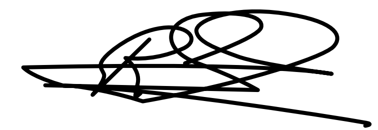
1. Share-based accounting charge: As already mentioned in the previous reports, the shares retained by employee shareholders following the IPO are subject to a vesting schedule; Also, their employment agreements contain certain provisions which enable cash derived from the sale of shares at the time 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 ($197 million) and taking into account the 14.6% of pre-admission employee shares sold in 2021, the 2023 non-cash charge is $30.9 million (2022: $33.4 million). This share-based accounting non-cash charge has no impact on either tax or Company operations.

2. Post-combination compensation charge: In 2023, The Group completed the acquisition of MultiState Associates on 1 March, 2023. In 2022, the Group completed the acquisition of KP Public Affairs on 1 October 2022. Also, the Engage team was brought in-house (digital services supplier to Forbes Tate Partners) on 1 November 2022. To protect the interests of the Group, the shares issued as part of these three transactions were made subject to vesting schedules.

   And also, to a certain degree, 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 2023 charge is $6.3 million (2022: $2.4 million). 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 2023 PPHC issued 0.7 million (2022: 2.8 million) 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 2.3 million restricted stock units, 3.0 million restricted stock awards, and 1.9 million stock appreciation awards. The charges relating to these issuances, $2.8 million in 2023 (2022: $0.3 million), as reflected in our P&L were computed using the Black Scholes method.

Roel Smits
Chief Financial Officer
17 April 2024



4. Amortization of intangibles: The non-cash amortization charge of $3.9 million (2022: $2.2 million) 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 the acquisition of MultiState Associates is tied to continued employment, this part has been accounted for as post-combination compensation. As a consequence, the 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 MultiState Associates.

6. Change in Contingent Consideration: The contingent consideration liability recorded as part of the acquisitions of KP Public Affairs and MultiState Associates 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, and other external inputs, such as discount rates and volatility.

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 comprehends 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 2023 was 112,596,711 (2022: 108,476,437) and on a fully diluted basis (taking into account any issued stock instrument, regardless of exercise price), this number was 116,692,759 (2022: 110,146,640).

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 *Non-Executive Chair*	100%	9/9	100%	3/3	100%	6/6
Stewart Hall *Chief Executive Officer*	100%	9/9	-	-	-	-
Roel Smits *Chief Financial Officer*	100%	2/2*				
Bill Chess *Chief Administration Officer*	100%	9/9	-	-	-	-
Zachary Williams *Executive Director*	100%	9/9				
Keenan Austin Reed *Executive Director*	100%	1/1*	-	-	-	-
Benjamin Ginsberg *Non-Executive Director*	78%	7/9	100%	3/3	83%	5/6
Kimberly White *Non-Executive Director*	100%	9/9	100%	3/3	100%	6/6

*Roel Smits appointed to the Board September of 2023
*Keenan Austin Reed appointed to the Board December 2023

Board of Directors

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.

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 a 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.

Bill Chess

Chief Administrative Officer

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.

Roel Smits

Chief Financial Officer

Roel Smits is Chief Financial Officer of PPHC. Roel joined PPHC in May 2022 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.

Board of Directors, continued

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.

Keenan Austin Reed

Executive Director

Keenan Austin Reed, a global leader on policy and politics, serves as a senior advisor to 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; she brings that expertise to this role.

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.

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

Kimberly 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. Kimberly 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.

She 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 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, 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. The Company intends to create an "ESG Management Committee" (as more fully described in Principle 8) to carry out the Board's directives and report to the Board regularly on the status of the Company's ESG Implementation Plan (See Corporate Governance – ESG Implementation Plan of the Annual Report) and ESG issues that arise.

E. 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.

F. 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 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 – flawlessly advocating on behalf of clients to support the achievement of clients' business objectives.

G. 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.

H. 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: Seek to understand and meet the 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:

- The Annual Report;
- The half-year and full-year results announcements; trading updates (where required or appropriate), although to-date, none have been issued;
- 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.

3 Principle: Take into account wider stakeholder and social 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 Section 2 above. 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.

Principles of Governance, continued

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. The Company intends to develop its ESG strategy taking into account international best practice as part of its strategy to build an even more resilient and responsible business.

H. 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.

4 Principle: Embed effective risk management, 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 component auditors, MN Blum, LLC, 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 Company intends that the ESG Management Committee will report to the Board regularly on identified ESG risks and opportunities and on the status of the ESG Implementation Plan.

5 Principle: 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, five 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, Keenan Austin Reed, as a Principal of the Alpine Group and senior advisor to the Company and Bill Chess as Chief Administrative Officer. The other three 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 and Benjamin Ginsberg.

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 62-65 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.

Principles of Governance, continued

E. The full Board is scheduled to meet regularly and at least four times a year. In 2023, the Board met 9 times, most of which were regularly scheduled, and several of which were special meetings convened to address one or more particular matters such as an M&A transaction, and appointment of Board members.

F. The Audit Committee is scheduled to meet regularly at least two times each year. In 2023, the Audit Committee met 3 times.

G. The Remuneration Committee is scheduled to meet regularly at least two times each year. In 2023, the Remuneration Committee met 6 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's 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) are serving for an initial term expiring at the annual meeting to be held in 2024.

O. The Company's non-executive Chair of the Board is subject to re-appointment by the Board annually.

6 Principle: Ensure that between them the directors have the necessary and up-to-date experience, skills and capabilities

A. 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.

B. The Directors have also received a briefing from the Company's NOMAD in respect of continued compliance with the AIM Rules and the Company's Solicitors in respect of continued compliance with UK MAR and other applicable laws. In 2023, Stifel, as NOMAD attended at least one Board meeting at which Stifel made a presentation regarding compliance and other matters.

C. 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. The Company anticipates that the ESG Management Committee will report to the Board regularly on identified ESG risks and opportunities and on the status of the ESG Implementation Plan.

D. External advisors to the Company – and the Board – include (among others), the Company's independent certified public accountants, as well as MN Blum, the Company's component auditors, representatives of whom attend Board meetings twice each year to discuss and report on the annual audit and half-year review. Crowe UK, as the Company's statutory auditors, attends annually to discuss and report on the annual audit.

Principles of Governance, continued

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

A. 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.

B. The Company plans to engage in a process to periodically 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 Company's intent is to execute this plan in 2024.

C. In accordance with the QCA Code, the Company intends to utilize the following framework for periodic evaluation of the Board based on six key indicators and criteria for Board effectiveness.

1. Clear Purpose and Strong Leadership by the Chair:
   - Documented Board purpose and objectives
   - Regular engagement of the Chair with CEO and other Board members
   - Clear and communicated decision-making process
   - Opportunity for all Board members to influence agenda and actions
2. Balance of Skills, Experience and Independence:
   - Qualifications
   - Experience
   - Independence
   - Diversity
   - Succession Planning
3. Directors that Work as a Team:
   - Communication
   - Process
   - Follow-Up
   - Support
   - Strategy
4. Understanding of the Business and its Strategy:
   - Clear communication of the strategy on all fronts to an increasing set of internal and external stakeholders
5. Information and Engagement with Shareholders and other Key Stakeholders:
   - Investor relations function
   - Chair participation in discussions with key investors
   - Identify/communicate with stakeholder groups
6. Board Performance Evaluation:
   - Periodic internal evaluation
   - Communication and Feedback

8 Principle: Promote a corporate culture that is based on ethical values and behaviors

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 3 above 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.

Principles of Governance, continued

E. The Board has oversight and authority regarding the development, modification and implementation of the Company's mission, key values, culture and business model. The Company intends to create an "ESG Management Committee" to carry out the Board's directives and report to the Board regularly on ESG matters. The Company anticipates that this committee will include at least one Board member, at least one senior executive of the Company and at least one senior executive of one or more Operating Companies. The Company anticipates that the ESG Management Committee will support the Company's ESG strategies and will have primary responsibility for developing the Company's ESG Implementation Plan and monitoring its progress and efficacy.

F. As described in Principles 1, 2 and 3 above, 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.

9 Principle: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

A. 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.

B. 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 62 and 65 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.

C. The Board intends to review the governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward. The Company intends that the ESG Management Committee make recommendations to the Board on the Company's governance framework to integrate ESG risk and opportunity management.

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

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

- The Annual Report;
- The half-year and full-year results announcements;
- Announcements regarding M&A activity, dividends, and certain dealings activities
- Trading updates (where required or appropriate); although none were issued in 2023;
- The Annual General Meetings; and
- The Company's investor relations website

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 2 above.

Board Disclosures

Dividends

Effective on 12 March 2024, the Board of the Company declared a final dividend of $0.097 per share, taking the total dividend for the year to $0.143 per share. This will represent a total aggregate dividend for the year of approximately $16.4 million, equivalent to approximately 62% of the Group's Underlying Net Profit (based on the current number of common outstanding shares). The final dividend of $0.97 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, 26 April 2024. The ex-dividend date is 25 April 2024.

Substantial Shareholders' and Directors' Holdings

Substantial Shareholders	Number of Common Shares
Alpine Group Inc.	12,491,234
Directors' Holdings (as of December 31)	**Number of Common Shares**
Stewart Hall	6,310,030
Roel Smits	268,896
Bill Chess	2,350,978
Zachary Williams	4,822,237
Benjamin Ginsberg	Nil
Simon Lee	204,824
Kimberly White	Nil
Keenan Austin Reed	177,447

Corporate Governance Report

Statement of Directors' Responsibilities

The Board reviews the Company's corporate governance arrangements regularly and expects to evolve these over time, in line with the Company's growth and to integrate ESG risk and opportunities management.

The Board delegates responsibilities to Committees and individuals as it sees fit.

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 ensures that all important matters, particularly strategic decisions, receive adequate time and attention at Board meetings.

The day-to-day management of the Group's key divisions is carried out by the Management Committee which reports 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.

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

- Review, formulate and approve the Company's strategy;
- Review, formulate and approve the Company's budgets;
- Review, formulate and approve the Company's corporate actions; and
- Oversee the Company's progress towards its goals.

The Board delegates authority to two Committees (Audit Committee and Remuneration Committee) to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Audit and Remuneration Committees meet independently of Board meetings.

The Company has outlined an ESG Implementation Plan consisting of the (i) development of a clear purpose statement; (ii) performance of an ESG materiality assessment; (iii) development of awareness and response regarding the Company's external perception; (iv) gathering and assessment of data and (v) development and implementation of a proactive approach to communication.

ESG Implementation Plan

As part of the ESG Implementation Plan and to ensure that the Company is addressing and managing the areas that are most significant to its stakeholders, the Company underwent a materiality assessment in 2023 to identify key non-financial threats and opportunities (short term, medium term and long term) in ESG, tailored to the Company's industry and corporate structure.
The Company intends to consider the following areas in the development of its ESG Implementation Plan and overall ESG strategy:

Engagement: Foster a professional culture where employees feel they have a part to play in contributing to the Company's ESG strategy.

Education: Provide the necessary tools and resources so that the Company's employees are confident in relaying the Company's ESG strategy internally and externally.

Communication: Provide an open and transparent environment for communicating important developments about our ESG strategy to all stakeholders, internal and external.

ESG Management Committee

The Company intends to create an ESG Management Committee to carry out the Board's directives and report to the Board regularly on ESG matters. The Company anticipates that this committee will include at least one Board member, at least one senior executive of the Company and at least one senior executive of one or more Operating Companies. The Company anticipates that the ESG Management Committee will support the Company's ESG strategies and will have primary responsibility for developing the Company's ESG Implementation Plan and monitoring its progress and efficacy. Additionally, the ESG Management Committee will focus on mitigating key ESG risks Company and developing strategies for achieving identified opportunities and goals.

Assessing Materiality

Using International frameworks, peer disclosures, media review and existing communications, the Company undertook a materiality assessment to better understand the Company's ESG-related risks and opportunities specific to our industry and corporate structure which, in turn, inform the foundations of our strategy.

More specifically, the materiality assessment encompassed key components consisting of an in-depth audit of the Company's current ESG-related policies and activities, a comprehensive review of the Group's industry peers and their level of ESG disclosure, a systematic ranking of sustainability issues and the formulation of ESG potential focus areas and 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, toward improving and resolving ESG challenges. The Company anticipates that it will continue to be informed by the results and recommendations from ongoing analysis and assessments and consider ESG impacts, risks, and opportunities for the Group over the short, medium, and long term.

PPHC's ESG materiality map

STEP 1 — Creating a list of all the identified material issues from
- ESG frameworks and standards' recommendations
- Peer review
- Media review
- Social media review

STEP 2 — Condensing the list to prevent overlap between the identified issues

STEP 3 — Assigning a score between 1 (not material) and 5 (highly material) to each topic

STEP 4 — Creating time horizon based scoring via qualitative judgement of researchers

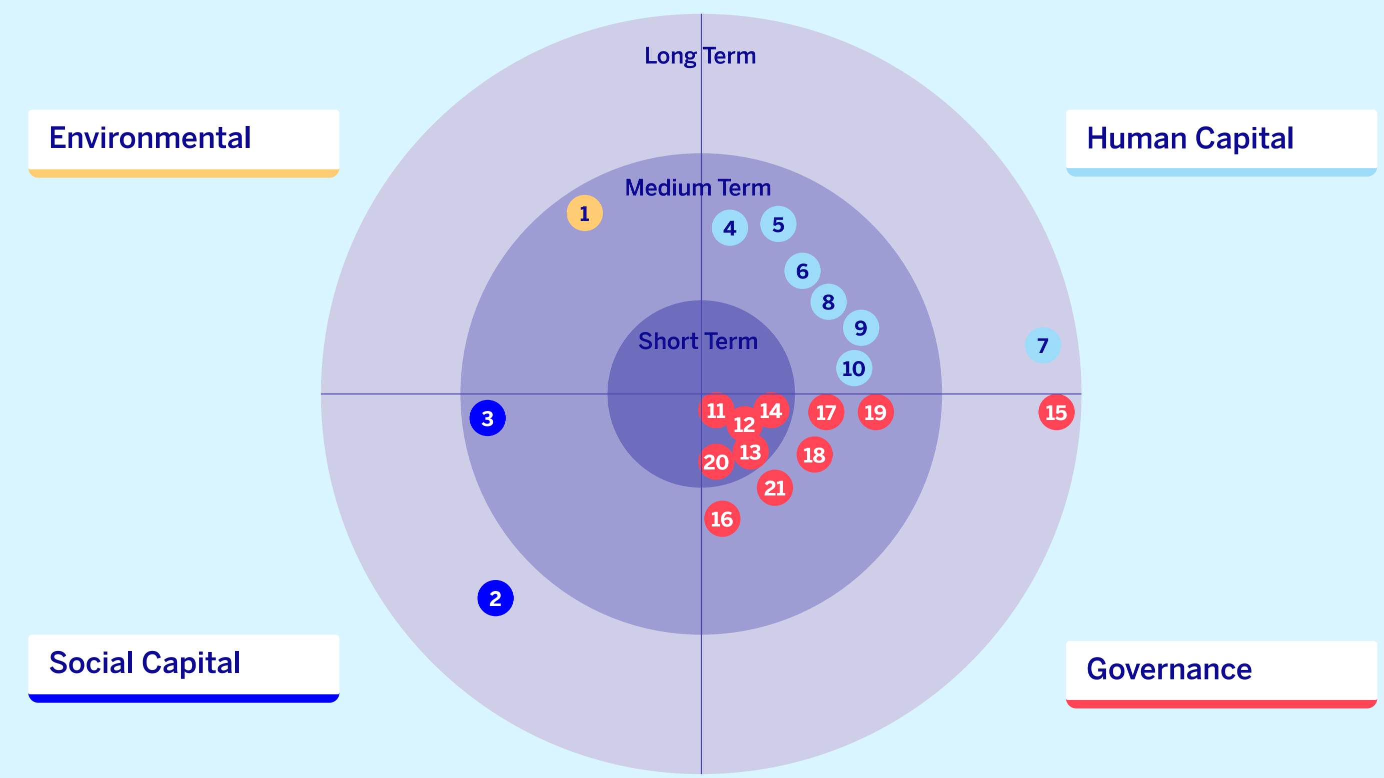
STEP 5 — Plotting the topics onto a materiality matrix

Determining materiality of identified topics

- ESG frameworks and standards' recommendations — Weight pre-assigned by the guiding body
- Peer review identified material issues — Materiality determined by mention in a materiality assessment or, extent of communication on the topic
- ESG frameworks and standards' recommendations — Materiality determined by number of mentions

Materiality map for PPHC

			Score
Environmental	1	Carbon emissions	2
Social Capital	2	Community wellbeing	1
	3	Advocacy	2
Human Capital	4	Employee engagement	3
	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
Governance	11	Governance	5
	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



Key:

Short Term — Long Term

Short Term : 1 - 2 Years
Medium-Term : 2 - 5 Years
Long Term : 5+ Years

Whilst the Company is not providing key sustainability-related performance indicators in its 2023 Annual Report, the Company currently aligns with the Global Reporting Initiative (GRI) standards of disclosure of company data and international ESG standards that expect detailed disclosure of employees by age, gender, job category, ethnicity and portfolio company through its EEOC reporting.

Using various standards and frameworks, and leveraging outcomes of the ESG materiality assessment, the Company is in the process of establishing a disclosure tracker and recommended performance measures to be considered for a reporting strategy in the next phase of the Company's ESG Implementation Plan.

The disclosure tracker is intended to support the Company's efforts to collect and report on the necessary data sets to effectively measure the Company's management and progress.
The following standards, among others, may inform the Company's approach and help structure the disclosure of information as the Company progresses with developing its reporting standards:

- **Sustainability Accounting Standards Board (SASB)** - The SASB helps companies to disclose broader material ESG information for investors. Industry-specific SASB standards set out the sustainability issues most likely to impact financial performance.

- **The Global Reporting Initiative (GRI)**- The GRI Standards are a modular system of interconnected standards. They allow organisations to publicly report the impacts of their activities in a structured way that is transparent to stakeholders and other interested parties.

- **United Nations Sustainable Development Goals (UN SDG) –** 17 Sustainable Development Goals which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

- **United Nations Global Compact (UNGC) –** The UN Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

Audit Committee Report

I am pleased to present this report of the Audit Committee (the "AC") with respect to the Company's 2023 calendar year.

Simon Lee
Audit Committee Chair
17 April 2024

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. The Company's two other non-executive directors, 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 2023, the AC held three 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 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) and Crowe U.K. (as statutory auditor).

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 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 2023 include (a) reviewing the Company's 2022 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 2023 half-year financial statements and the accompanying review report of MN Blum 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 2023, 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 2023, and recommending approval by the Board, (e) reviewing and approving the AC Report for the Company's Annual Report released in 2022, and (f) 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 2023 calendar year.

Kimberly White
Remuneration Committee Chair
17 April 2024

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. The Company's two other non-executive directors, 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 2023, the RC held six 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 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 Remuneration Committee 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 2023 include (a) reviewing and approving the implementation of the Company's bonus plan for fiscal year 2022, (b) reviewing and approving the framework of the Company's bonus plan for fiscal year 2023, (c) reviewing and approving a regular annual allocation and occasional subsequent allocations of awards under the Company's LTIP, including grants of stock options, restricted stock units and restricted stock awards, (d) reviewing and approving the terms, conditions and other provisions of a form of restricted stock unit award agreement and various restricted stock award agreements to be used (in addition to the form of stock option grant agreement previously approved) to implement the Company's LTIP, (e) reviewing and approving proposed changes to compensation of certain officers and other senior executives, (f) reviewing and approving proposed employment terms for Sarah Wills, the senior executive officer of Concordant, a newly-formed operating subsidiary of the Company, and several senior executives of Alpine, (g) periodically reviewing the utilization and size of the LTIP, and (h) reviewing and approving the RC Report for the Company's Annual Report released in 2023. 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 five executive directors – Stewart Hall, Bill Chess, Roel Smits, Zachary Williams and Keenan Austin Reed – are parties to an Executive Employment Agreement with the Company (in the case of Mr. Hall, Mr. Chess 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). Each of the Company's three non-executive directors – Simon Lee, Kimberly White and Benjamin Ginsberg – are parties to a letter of appointment, as described in the Company's Admission Document.

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 reorganization 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. Chess serves as the Company's Chief Administrative Officer, Mr. Smits services as the Company's Chief Financial Officer. Mr. Williams is also a Managing Partner at Forbes Tate Partners, one of the Company's operating subsidiaries and Ms. Austin Reed is also a Principal 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 serves as a non-executive director 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 applicable 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 2023, 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 2023, Mr. Hall received a cash bonus of $333,500. In addition, with respect to such year, Mr. Hall received awards under the Company's LTIP consisting of (i) 247,197 restricted shares of the Company's Common Stock and (ii) 100,000 restricted stock units. Also, with respect to the year ending 31 December 2023, Mr. Hall purchased 25,000 shares of the Company's Common Stock. 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 (and Mr. Smits was appointed Chief Financial Officer). Mr. Chess 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. Chess 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 2023, during which Mr. Chess served as a director of the Company, Mr. Chess received from the Company a salary of $450,000. Also, with respect to the year ending 31 December 2023, Mr. Chess received a cash bonus of $185,500. In addition, with respect to such year, Mr. Chess received awards under the Company's LTIP consisting of (i) 139,048 restricted shares of the Company's Common Stock and (ii) 100,000 restricted stock units. Also, with respect to the year ending 31 December 2023, Mr. Chess purchased 42,000 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 reorganization 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 2023, 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 2023, Mr. Williams received a cash bonus of $50,000. In addition, with respect to such year, Mr. Williams received an award of 40,000 restricted stock units (awarded under the Company's LTIP). Also, with respect to the year ending 31 December 2023, Mr. Williams purchased 36,200 shares of the Company's Common Stock. Mr. Williams 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 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 2023, 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 2023, Mr. Smits received a cash bonus of $216,250. In addition, with respect to such year, Mr. Smits received awards under the Company's LTIP consisting of (i) 93,896 restricted shares of the Company's Common Stock (in lieu of a cash bonus for such year,) and (ii) 100,000 restricted stock units. Also, with respect to the year ending 31 December 2023, Mr. Smits purchased 75,000 shares of the Company's Common Stock. Mr. Smits also purchased 100,000 shares of the Company's Common Stock on 1 October 2022.

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 2023, during which Mr. Lee served as a director of the Company Mr. Lee purchased 80,000 shares of the Company's Common Stock.

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.

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.

Pursuant to an agreement with Alpine Group Partners dated 1 December 2023, Ms. Austin Reed is employed by Alpine Group Partners as Principal. 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 2023, 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 $325,000 per annum from 1 January 2023 through 30 November 2023. Effective 1 December 2023, Ms. Austin Reed was paid a salary by Alpine Group Partners at the rate of $500,000 per annum. Also, with respect to the year ending 31 December 2023, Ms. Austin Reed received a cash bonus of $185,289 and an additional one-time cash bonus of $200,000. In addition, with respect to such year, Ms. Austin Reed received awards under the Company's LTIP consisting of (i) 25,000 stock appreciation rights with respect to the Company's Common Stock, and (ii) 177,477 restricted shares of the Company's Common Stock.

Related Party Transactions

In addition to the transactions with directors described on page 66 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:

The Alpine Group Inc. – The Company agreed to provide The Alpine Group 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 The Alpine Group Inc. in the Company's IPO. The loan accrues interest at a market rate and is repayable on 16 January 2025. The loan is secured by all shares of Company Common Stock owned by The Alpine Group Inc. On 14 April 2022, the Company advanced this loan in the agreed-upon amount of $513,000.

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 interest rate on the 2023 Notes is 7.5% and 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 employee borrower for any reason, if earlier than the maturity date. As of December 31, 2023, the 2023 Notes were 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 2023, 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 125,000 restricted stock units. Mr. Forbes is a stockholder of the Company having received shares in connection with the Company's pre-IPO reorganization on 10 December 2021.

Audited Consolidated Financial Statements

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Public Policy Holding Company, Inc (the "Company") for the year ended 31 December 2023, which comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of operations for the year to 31 December 2023;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of stockholders' equity; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is US Generally Accepted Accounting Practice ('USGAAP')
In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2023 and of its loss for the year then ended; and
- have been properly prepared in accordance with USGAAP.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the FRC's Ethical Standard as applied to listed companies, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included obtaining the working capital projections from management, considering the appropriateness of key assumptions in comparison with historic trends and considering the ability of the Company to maintain positive cash balances in a variety of different scenarios.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Company financial statements as a whole to be $1.45m, based on c. 5% of profit adjusted for share based payments and profit bonuses.

We use a different level of materiality of $1.01m ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with Management to report to it all identified errors in excess of $72,500. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The audit was performed on a consolidated basis with all entities within the scope of audit testing. The underlying audit work was performed by a component auditor under the direction of the group engagement team. There was regular communication with the component audit team throughout the audit process and at the conclusion of the audit. Underlying working papers were obtained and reviewed with elements of testing reperformed and agreed to source documentation by the group engagement team.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Business Combinations The accounting under Business Combinations ("ASC 805") is complex as it includes significant judgements in valuing certain items of the business combination (e.g., consideration transferred, assets acquired, liabilities assumed). We considered the risk that the business combination accounting was inappropriate in accordance with the requirements of ASC 805.	We reviewed management's analysis to determine whether the transaction classifies as a business combination under ASC 805. We obtained and reviewed the purchase price agreement and vouched the cash payments for the acquisitions to the bank statements. We obtained and reviewed the valuation performed by management's specialist and determined if the methodology for the fair value of the assets acquired and liabilities assumed is reasonable. We performed sensitivity analysis on significant assumptions and judgements utilized within the fair value model. We reviewed the disclosure in the accounts to ensure the requirements of ASC 805 have been met.
Revenue recognition We considered the risk that revenue was not recognised in accordance with the requirements of ASC 606.	We substantively tested a sample of revenue transactions to supporting contracts, invoices and cash receipts. As part of the review of the contracts we considered whether there was sufficient evidence to demonstrate that each of the five steps for revenue recognition set out in the standard had been met. We specifically considered whether, in respect of some contracts, the Company was acting as agent or principal. We reviewed the Company's accounting paper on this matter against relevant guidance.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 55, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Completing a risk assessment process during our planning for this audit that specifically considered the risk of fraud;
- Enquiry of management about the group's policies, procedures, and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- Enquiry of management about litigations and claims and inspections of relevant documents;
- Examining supporting documentation for material balances, transactions, and disclosures;
- Specific audit testing and review of areas that could be subject to management override of controls and potential bias including testing of journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatements resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusions or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London, 17 April 2024

Consolidated Balance Sheets

Consolidated Balance Sheets	2023	2022
Assets		
Current assets:		
Cash	$ 14,341,376	$ 21,202,456
Contract receivables, net	14,063,469	11,585,267
Amounts due from related parties	1,054,231	-
Notes receivable - related parties, current portion	350,000	-
Income taxes receivable	975,050	-
Prepaid post-combination compensation, current portion	3,426,318	441,852
Prepaid expenses and other current assets	2,694,149	1,975,957
Total current assets	**36,904,593**	**35,205,532**
Property and equipment, net	801,355	688,313
Notes receivable - related parties, long term	1,913,000	513,000
Operating lease right of use asset	21,434,360	16,239,667
Goodwill	47,909,832	47,909,832
Other intangible assets, net	26,869,331	18,575,116
Deferred income tax asset	7,737,200	2,278,400
Prepaid post-combination compensation, long term	3,954,034	515,500
Other long-term assets	162,473	118,887
Total assets	**$ 147,686,178**	**$ 122,044,247**
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	$ 18,593,014	$ 12,336,324
Income taxes payable	-	4,150,389
Amounts owed to related parties	-	1,276,479
Deferred revenue	2,197,220	2,860,889
Operating lease liability due within one year	4,181,155	3,907,543
Contingent consideration, current portion	1,444,110	1,779,000
Other liability, current portion	534,540	1,821,600
Notes payable, current portion, net	3,370,421	20,664
Total current liabilities	**30,320,460**	**28,152,888**
Notes payable, long term, net	7,570,951	189,975
Contingent consideration, long term	5,475,515	2,466,000
Other liability, long term	1,585,294	435,060
Operating lease liability, long term	20,665,349	14,815,236
Total liabilities	**65,617,569**	**46,059,159**

Consolidated Balance Sheets	2023	2022
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 115,271,961 and 109,346,480 shares issued and outstanding, respectively	109,542	108,024
Additional paid-in capital	156,884,144	120,713,626
Accumulated deficit	(74,925,077)	(44,836,562)
Total stockholders' equity	**82,068,609**	**75,985,088**
Total liabilities and stockholders' equity	**$ 147,686,178**	**$ 122,044,247**

Consolidated Statements of Operations

	2023	2022
Revenue	**$ 134,985,822**	**$ 108,814,491**
Expenses:		
Personnel cost	70,782,459	53,089,741
Employee bonuses	13,178,302	11,010,439
General and administrative expenses	10,929,617	9,608,195
Occupancy expense	5,027,501	3,933,014
Depreciation and amortization expense	3,998,073	2,229,197
Long term incentive program charges	2,796,000	317,679
Total expenses before share-based accounting (ASC 718-10-S99-2) charge and post-combination compensation (ASC 805-10-55-25) charge	106,711,952	80,188,265
Income from operations before share-based accounting (ASC 718-10-S99-2) charge and post-combination compensation (ASC 805-10-55-25) charge	**28,273,870**	**28,626,226**
Share-based accounting (ASC 718-10-S99-2) charge	30,904,000	33,392,300
Post-combination compensation (ASC 805-10-55-25) charge	6,295,060	2,441,052
Loss from operations	**(8,925,190)**	**(7,207,126)**
Gain on bargain purchase, net of deferred taxes	4,835,777	-
Change in fair value of contingent consideration	(1,711,235)	-
Interest income	17,955	12,888
Interest expense	(958,779)	(16,873)
Net loss before income taxes	**(6,741,472)**	**(7,211,111)**
Income tax expense	7,502,800	7,797,600
Net loss	**$ (14,244,272)**	**$ (15,008,711)**
Net loss per share attributable to common stockholders, basic and diluted	$ (0.13)	$ (0.14)
Weighted average common shares outstanding, basic and diluted	108,606,133	108,136,853

Consolidated Statements of Stockholders' Equity

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2021	**108,240,050**	**$ 108,240**	**$ 86,892,903**	**$ (24,255,813)**	**$ 62,745,330**
Stock option expense	-	-	317,679	-	317,679
Dividends	-	-	-	(5,572,254)	(5,572,254)
Forfeiture of unvested restricted stock	(215,662)	(216)	-	216	-
Share-based accounting (ASC 718-10-S99-2) charge	-	-	33,392,300	-	33,392,300
Post-combination compensation (ASC 805-10-55-25) charge-shares	-	-	110,744	-	110,744
Net loss	**-**	**-**	**-**	**(15,008,711)**	**(15,008,711)**
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
Post-combination compensation (ASC 805-10-55-25) charge-shares	-	-	1,529,286	-	1,529,286
Share-based accounting (ASC 718-10-S99-2) charge	-	-	30,904,000	-	30,904,000
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**

Consolidated Statements of Cash Flows

	2023	2022
Cash flows from operating activities		
Net loss	**$ (14,244,272)**	**$ (15,008,711)**
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	119,688	100,285
Amortization expense - intangibles	3,878,386	2,128,912
Amortization of right of use assets	3,725,388	3,115,249
Amortization of prepaid post-combination compensation (ASC 805-10-55-25)	3,081,000	73,648
Amortization of debt discount	125,203	-
Provision for deferred income taxes	(367,400)	(589,961)
Share-based accounting (ASC 718-10-S99-2) charge	30,904,000	33,392,300
Stock-based compensation	2,648,000	317,679
Post-combination compensation (ASC 805-10-55-25) charge-shares	1,529,286	110,744
Change in fair value of contingent consideration	1,711,235	-
Gain on bargain purchase	(4,835,777)	-
(Increase) decrease in		
Accounts receivable, net	(2,478,202)	(3,935,801)
Other assets	(570,601)	(368,068)
Increase (decrease) in		
Accounts payable and accrued expenses	6,114,690	3,805,605
Income taxes payable	(5,192,760)	3,627,889
Deferred revenue	(5,345,073)	682,806
Operating lease liability	(3,044,269)	(3,362,168)
Other liability	1,684,774	2,256,660
Transactions with members/related parties	2,159,517	(5,669,466)
Net cash provided by operating activities	**21,602,813**	**20,677,602**

	2023	2022
Cash flows from investing activities		
Purchases of property and equipment	(232,730)	-
Payment of contingent consideration and other liability	(3,643,200)	-
Proceeds issued for notes receivable - related parties	(1,750,000)	-
Cash paid for acquisitions	(17,600,000)	(11,912,460)
Net cash used in investing activities	**(23,225,930)**	**(11,912,460)**
Cash flows from financing activities		
Proceeds from notes payable	14,000,000	-
Payment of debt issuance costs	(450,729)	-
Proceeds from line of credit	1,000,000	-
Payment of line of credit	(1,000,000)	-
Principal payment of notes payable	(2,943,741)	(26,073)
Distributions	(15,843,493)	(5,572,254)
Net cash used in financing activities	**(5,237,963)**	**(5,598,327)**
Net decrease in cash and cash equivalents	**(6,861,080)**	**3,166,815**
Cash and cash equivalents as of beginning of year	**21,202,456**	**18,035,641**
Cash and cash equivalents as of end of year	**$ 14,341,376**	**$ 21,202,456**
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 833,576	$ 16,873
Cash paid for income taxes	$ 12,427,539	$ 4,770,409
Right of use assets obtained with lease liabilities	$ 8,858,106	$ 3,447,345
Contingent consideration issued for acquisitions	$ 2,784,990	$ 4,245,000
Common stock issued for acquisition	$ 1,232,000	$ -
Increase in deferred revenue from acquisitions	$ 4,681,404	$ 436,911
Increase in other assets and due from related party from acquisition	$ 4,681,404	$ 117,571

Notes to Consolidated Financial Statements

1 Note: 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 other ancillary areas, exclusively in the United States of America ("US.").

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 to present fairly, in all material respects, the Company's financial position, results of operations and cash flows, and are presented in US. Dollars. All material intercompany transactions and balances have been eliminated in consolidation.

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 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

On January 1, 2020, the Company formed Seven Letter ONA to do business in the State of Massachusetts. Revenue and expense from Seven Letter ONA will be allocated to Seven Letter and O'Neill & Associates. During January 2024, the activities of Seven Letter ONA were transferred to Seven Letter and Seven Letter ONA ceased to exist.

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.

The PPHC-LLC Limited Liability Company Agreement ("LLC Agreement") provided for the payment of a "Holdings Distribution Discount" in connection with a sale or IPO of the Company, amounting to $4,462,540 (excluding an interest accrual which is being waived). The Holdings Distribution Discount represents the difference between an operating subsidiary paying three percent of its revenues annually to PPHC-LLC (which has historically been paid by all operating subsidiaries other than Crossroads Strategies, LLC and Forbes Tate Partners, LLC), and each of Crossroads Strategies, LLC and Forbes Tate, LLC, which, as the founding businesses acquired by PPHC-LLC, have paid approximately five percent of their respective revenues annually to PPHC-LLC. Historically, PPHC-LLC and its members viewed this obligation of PPHC-LLC (triggered by the IPO) as an obligation to refund Crossroads Strategies, LLC and Forbes Tate, LLC, their relative overpayments (compared to the other operating subsidiaries) because had those overpayments not been made to PPHC-LLC, those amounts could have been paid as additional

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

bonuses or distributions to the owners of Crossroads Strategies, LLC and Forbes Tate, LLC. This obligation of PPHC-LLC has been contributed and assigned to and assumed by the Company as part of the Contribution Agreement entered into in connection with the Company Conversion. Upon the Company's payment of the Holdings Distribution Discount to Crossroads Strategies, LLC and Forbes Tate, LLC, it is anticipated that Crossroads Strategies, LLC and Forbes Tate, LLC will, in turn, distribute such amounts to their respective owners including but not limited to Stewart Hall and Zachary Williams. The Holdings Distribution Discount of approximately $4,463,000 was paid in full during 2022.

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 not vest and 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. Pursuant to the Executive Employment Agreements for Group Executives employed by Alpine Group Partners, a pro-rata portion of the Retained Pre-IPO Shares held by (and the Liquidated Pre-IPO Shares sold by) The Alpine Group Inc. are subject to vesting, forfeiture and claw back based on the employment of certain of those Group Executives.

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 7.

Revenue Recognition:

The Company generates the majority of its revenue by providing consulting services related to Government Relations, Public Affairs and Diversified Services. 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.

The Company's general practice is to establish an agreement with a client with a fixed monthly payment at the beginning of each month for the month's service to be performed. Most of the consulting service contracts are based on one of the following types of contract arrangements:

- Fixed-fee arrangements require the client to pay a fixed fee in exchange for a predetermined set of professional services. The Company recognizes revenue at the beginning of the month for that month's services.
- 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. 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

1 Note: Organization And Significant Accounting Policies, Continued

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, and 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 periods ended December 31:

	2023	2022
Lobbying revenue	$ 95,476,619	$ 78,177,680
Public affairs revenue	32,256,518	30,636,811
Diversified Services	7,252,685	-
Total revenue	**$ 134,985,822**	**$ 108,814,491**

See the Segment Reporting Note 11 for a description of the principal activities, by reportable segment, from which the Company generates revenue.

As of January 1, 2023 and 2022, the accounts receivable, net and deferred revenue was approximately $11,585,000 and $2,861,000 and $8,214,000 and $1,943,000, respectively. The following table provides information about receivables, contract assets and contract liabilities from contracts with customers as of December 31:

	2023	2022
Accounts receivable	$ 14,248,444	$ 12,142,367
Unbilled receivables	609,163	37,803
Allowance for doubtful accounts	(794,138)	(594,900)
Contract liabilities (deferred revenue)	2,197,220	2,860,889
Total revenue	**$ 134,985,822**	**$ 108,814,491**

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 recognised shortly after billing. Deferred revenue of approximately $2,197,000 and $2,861,000 from December 31, 2023 and 2022 is expected to be recognised as revenue in 2024 and 2023, respectively.

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

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.

Accounts Receivable:

The Company provides for an allowance for doubtful accounts based on management's best estimate of possible losses determined principally on the basis of 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 doubtful accounts. As of December 31, 2023 and 2022, the balance of allowance for doubtful accounts approximated $794,000 and $595,000.

Leases:

A lease is defined as a contract that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. The Company accounts for its leases in accordance with the guidance in Accounting Standards Codification ("ASC") 842 ("ASC 842"). Substantially all of the leases in which the Company is the lessee are comprised of real estate property for remote office spaces and corporate office space. Substantially all of the leases are classified as operating leases.

As of December 31, 2023 and 2022, the Company had approximately $21,434,000 and $16,240,000, respectively, of operating lease ROU assets and $24,847,000 and $18,723,000, respectively of operating lease liabilities on the Company's Consolidated Balance Sheets. The Company has elected not to recognize right-of-use ("ROU") assets and lease liabilities arising from short-term leases, leases with initial terms of twelve months or less, or equipment leases (deemed immaterial) on the Consolidated Balance Sheets.

These leases may contain terms and conditions of options to extend or terminate the lease, which are recognised as part of the ROU assets and lease liabilities when an economic benefit to exercise the option exists and there is a significant probability that the Company will exercise the option. If these criteria are not met, the options are not included in the Company's ROU assets and lease liabilities. Variable lease payment amounts that cannot be determined at the commencement of the lease, such as common area maintenance expenses and increases in lease payments based on changes in index rates, are not included in the ROU assets or liabilities. These variable lease payments are expensed as incurred.

As of December 31, 2023, these leases do not contain material residual value guarantees or impose restrictions or covenants related to dividends or the Company's ability to incur additional financial obligations.

The discount 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:

2024	$ 5,278,220
2025	5,518,176
2026	5,554,996
2027	4,640,618
2028	4,060,012
Thereafter	3,596,703
Total future minimum lease payments	**28,648,725**
Amount representing interest	(3,802,221)
Present value of net future minimum lease payments	**$ 24,846,504**

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

During 2023, the Company entered into a lease amendment to lease additional space for one of its current offices. The lease for the additional space had not commenced as of December 31, 2023 and a corresponding right-of-use asset and lease liability has not been recorded. The Company commenced the use of this lease January 2024. The estimated future payments for this lease amendment total approximately $915,000. exceed federally insured limits, but management does not believe that this results in any significant credit risk.

Lease Cost

	Year ended December 31	
	2023	2022
Operating lease cost (cost resulting from lease payments)	$ 4,898,528	$ 4,011,764
Variable lease cost (cost excluded from lease payments)	428,064	264,179
Sublease income	(410,879)	(396,000)
Net lease cost	**$ 4,915,713**	**$ 3,879,943**
Operating lease - operating cash flows (fixed payments)	**$ 3,968,498**	**$ 4,264,516**
Weighted average lease term - operating leases	5.4 years	5.2 years
Weighted average discount rate - operating leases	5.30%	4.80%

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

Revenue Recognition:

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 recognised at fair value. If fair value cannot be determined, the asset or liability is recognised if probable and reasonably estimable; if these criteria are not met, no asset or liability is recognised. 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 over the fair value of assets acquired and liabilities assumed in business combinations and is allocated to the appropriate reporting unit when acquired. Acquired intangible assets are recorded at fair value.

Goodwill is evaluated for impairment annually during the fourth quarter, or more frequently if an event occurs, or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying value. Goodwill is typically assigned to the reporting unit, which consolidates the acquisition. Components within the same reportable segment are aggregated and deemed a single reporting unit if the components have similar economic characteristics. As of December 31, 2023, the Company's reporting units consisted of Government Relations Consulting, Public Affairs Consulting and Diversified Services. Goodwill is evaluated

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

for impairment using either a qualitative or quantitative approach for each of the Company's reporting units. Generally, a qualitative approach is first performed to determine whether a quantitative goodwill impairment test is necessary. If management determines, after performing an assessment based on qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount or that a fair value of the reporting unit substantially in excess of the carrying amount cannot be assured, then a quantitative goodwill impairment test would be required. The quantitative test for goodwill impairment is performed by determining the fair value of the related reporting units. Fair value is measured based on the discounted cash flow method, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipated future cash flows and discount rates. Management has performed its evaluation and determined the fair value of each reporting unit is greater than the carrying amount and, accordingly, the Company has not recorded any impairment charges related to goodwill for the years ended December 31, 2023 and 2022.

Indefinite-lived intangible assets are tested for impairment annually during the fourth quarter, or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value below its carrying value. The Company's indefinite-lived intangible assets consist of trademarks acquired through various business acquisitions. The Company has the option to first assess qualitative factors to determine whether events or circumstances indicate it is more likely than not that the fair value of the trademarks is greater than the carrying amount, in which case a quantitative impairment test is not required. Management has performed its evaluation and determined that the trademarks are not impaired for the years ended December 31, 2023 and 2022.

Other intangible assets:

The Company's definite-lived intangible assets consists 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.

Impairment of long-lived assets:

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 recognised 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, 2023 and 2022.

Deferred revenue:

Deferred revenue represents prepayment by the customers for services that have yet to be performed. As of December 31, 2023 and 2022, deferred revenue was approximately $2,197,000 and $2,861,000, respectively. Deferred revenue is expected to be recognised as revenue within a year.

Accounts payable and accrued expenses:

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

	2023	2022
Accounts payable	$ 4,348,493	$ 1,199,130
Bonus payable	12,389,037	9,425,261
Other accrued expenses	1,855,484	1,711,933
Total	**$ 18,593,014**	**$ 12,336,324**

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

Marketing and advertising costs:

The Company expenses marketing and advertising costs as incurred. Marketing and advertising expense for the years ended December 31, 2023 and 2022 was approximately $216,000 and $182,000, 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 recognised in the 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.

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 chief operating decision maker ("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.

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

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. 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, 2023 and 2022 does not include the common stock equivalent shares below:

	Year ended December 31	
	2023	2022
Common shares outstanding	109,542,220	108,024,388
Nonvested shares outstanding	5,729,741	1,322,092
Legally outstanding shares	**115,271,961**	**109,346,480**
Stock options and RSUs outstanding	5,314,056	2,718,809
Total fully diluted shares	**120,586,017**	**112,065,289**

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

	Year ended December 31	
	2023	2022
Common shares, weighted average	108,606,133	108,136,853
Nonvested shares, weighted average	3,990,578	339,584
Legally outstanding shares, weighted average	**112,596,711**	**108,476,437**
Stock options and RSUs, weighted average	4,096,048	1,670,203
Total fully diluted, weighted average	**116,692,759**	**110,146,640**

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 significant 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. The carrying values of cash, accounts receivable, and accounts payable and accrued expenses at December 31, 2023 and 2022 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 LLC and Multistate Associates, Inc. The fair value of the contingent consideration was measured using Level 3 inputs.

Notes to Consolidated Financial Statements

1 Note: Organization And Significant Accounting Policies, Continued

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:

Balance at December 31, 2021	$ -
Fair value at issuance	4,245,000
Change in fair value	-
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**

The change in fair value of the contingent consideration of approximately $1,711,000 for the year ended December 31, 2023, consisted of changes in the fair value of the contingent consideration for MultiState Associates, Inc and KP LLC. 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 table below documents the Monte Carlo assumptions and inputs (which are Level 3 inputs) each balance sheet date:

	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%

	As of December 31, 2022		
	Valuation Methodology	**Significant Unobservable Input**	**Range**
Contingent Consideration	Monte Carlo Simulation Method	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

1 Note: 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 our 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 our 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. 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 and the amount is dependent on the achievement of certain future operating results.

Reclassification:

Certain categorizations of the December 31, 2022 segment disclosures have been reclassified to conform to the December 31, 2023 presentation. In addition, the classification of the December 31, 2022 personnel cost, general and administrative expenses, accounts receivable and prepaid expenses and other current assets were reclassified to conform to the December 31, 2023 presentation. These reclassifications had no impact on the total results or net assets of the Company.

Adoption of New Accounting Pronouncement:

During 2023, the Company adopted Accounting Standards Update No. 2016-13 ("ASU 2016-13"), Financial Instruments-Credit Losses. ASU 2016-13 requires organisations 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 accounts receivable. However, the adoption of ASU 2016-13 did not have a material impact to the Company's valuation of its accounts receivable.

Subsequent events:

Management has evaluated the subsequent events for disclosure in these consolidated financial statements through April 17, 2024, the date these consolidated financial statements were available for issuance, and determined that no events have occurred that would require adjustment to or disclosure in these consolidated financial statements.

Notes to Consolidated Financial Statements

2 Note: 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.

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 and 245,389 shares of common stock ("KP True-Up Shares") at an aggregate fair value of $404,000. 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%.

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 organisations 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

2 Note: 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
Tradename	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 recognised 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

2 Note: 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 US.

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 recognised as a charge to expense in accordance with ASC 805-10-55-25 (See Note 6).

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:

Notes to Consolidated Financial Statements

2 Note: Acquisitions, Continued

Cash	$ 179,793
Other current assets	48,571
Right of use assets	173,579
Tradename	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**

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

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") 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 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%.

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.

Notes to Consolidated Financial Statements

2 Note: Acquisitions, Continued

Reasons for the Acquisition

The Company acquired MultiState to expand the scope of its consulting services provided in respect of federal, state and local governments. Specifically, MultiState provides lobbying compliance, legislative activity tracking, lobbying brokerage and other consulting services to Fortune 500 companies, non-profit organisations, 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 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 provisional 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
Tradename	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**

Notes to Consolidated Financial Statements

2 Note: Acquisitions, Continued

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 recognised 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.

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%

3 Note: Related Party Transactions

As of 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 adjustments associated with the Multi-State acquisition.

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 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. The 2021 Note and accrued interest balance as of December 31, 2023 and 2022 was approximately $531,000 and $526,000, which are recorded in notes receivable - related parties and prepaid expenses and other current assets.

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 interest rate on the 2023 Notes is 7.5% and 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 employee borrower for any reason, if earlier than the maturity date. As of December 31, 2023, the 2023 Notes were recorded in notes receivable - related parties.

Notes to Consolidated Financial Statements

4 Note: Goodwill And Intangible Assets

Goodwill

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

	2023	2022
Goodwill	$ 47,909,832	$ 47,909,832

As of December, 31, 2023 and 2022, there have been no impairments to goodwill. During 2022, goodwill increased by approximately $3,015,000 as a result of the acquisition of KP LLC and Engage. See Note 2.

Goodwill is allocated to each segment as follows, as of December 31:

	2023	2022
Goodwill		
Government Relations Consulting	$ 35,512,601	$ 35,512,601
Public Affairs Consulting	12,397,231	12,397,231
Diversified Services	-	-
Total	**$ 47,909,832**	**$ 47,909,832**

Intangible Assets

The Company's intangible assets consist of customer relationship assets acquired through various acquisitions as well as developed technology and noncompete agreements acquired through the acquisition of MS LLC, KP LLC and Engage, which are definite lived assets and are amortized over their estimated useful lives. The estimated useful lives for the customer relationship and developed technology assets range from 7 to 9 years and the estimated useful lives for the noncompete agreements range from 4 to 5 years. 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 as of December 31: 1:

	2023	2022
Customer relationships	$ 27,104,400	$ 21,754,800
Developed technology	3,938,000	-
Noncompete agreements	971,000	446,000
Accumulated amortization	(12,264,069)	(8,543,684)
Total definite lived assets, net	**19,749,331**	**13,657,116**
Tradenames	7,120,000	4,918,000
Total intangible assets, net	**$ 26,869,331**	**$ 18,575,116**

Amortization expense for customer relationship and noncompete agreement assets approximated $3,878,000 and $2,129,000 for 2023 and 2022, respectively.

The approximate estimated future amortization expense for the next five years is as follows:

	Amortization
2024	$ 3,910,000
2025	3,894,000
2026	3,742,000
2027	3,692,000
2028	2,263,000
Thereafter	2,248,000
Total	**$ 19,749,000**

Notes to Consolidated Financial Statements

5 Note: Line Of Credit And Notes Payable

A. Bank credit facility

On February 28, 2023, the Company entered into a $17,000,000 credit facility with a bank ("Credit Facility"). The Credit Facility has two components, Facility 1 is a Senior Secured Line of Credit in the amount of up to $3,000,000 and Facility 2 is a Senior Secured Term Loan in the amount of $14,000,000. The interest rate on Facility 1 and Facility 2 is the Bloomberg Short-Term Bank Yield Index plus 225 basis points. The Credit Facility is collateralized by substantially all of the net assets of the Company. The Credit Facility matures on January 31, 2026. The Company has drawn $14,000,000 from Facility 2 and utilized those funds as part of the consideration to acquire MultiState. During 2023, the Company utilized $1,000,000 from Facility 1 for the MultiState acquisition. The Company paid approximately $451,000 in debt issuance costs for the Credit Facility and has recorded this amount as a debt discount and is amortizing the debt discount to interest expense over the term of the Credit Facility using the straight-line method, which approximates the effective interest method.

The Company is 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 Facility 2. The principal payment for Facility 1 is due on the maturity date for that facility, which is January 31, 2026. Periodic interest-only payments are due on Facility 1 through the maturity date. The Company incurred interest expense of approximately $922,000 for the Credit Facility during the year ended December 31, 2023, which consisted of $797,000 of cash interest and $125,000 of non-cash amortization of debt discount.

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

The Company's Facility 2 consists of the following as of December 31, 2023:

Facility 2	$ 11,083,333
Less unamortized debt issuance costs	(325,527)
Total debt, net of unamortized debt issuance costs	10,757,806
Less current portion	3,349,757
Total Facility 2, long-term	**$ 7,408,049**

As of December 31, 2023, the future principal maturities of Facility 2 is as follows:

2024	$ 3,500,000
2025	3,500,000
2026	4,083,333
Total	**$ 11,083,333**

Notes to Consolidated Financial Statements

5 Note: Line Of Credit And Notes Payable, Continued

B. Note payable - landlord

The Company executed a lease amendment on March 23, 2018, and received a loan of approximately $316,000 to fund certain tenant improvements. The Company shall repay the loan in equal monthly principal and interest installments over the lease term at an interest rate of 8%, with the final payment due on March 1, 2029. Notwithstanding the foregoing, the Company may submit a notice to the landlord to prepay the outstanding balance upon terms to be agreed upon by the landlord and the Company. The balance on the loan as of December 31, 2023 and 2022, was approximately $184,000 and $211,000, respectively. Interest expense on the note payable - landlord for the year ended December 31, 2023 and 2022 was approximately $16,000 and $17,000, respectively.

As of December 31, 2023, the future maturities of this note payable at December 31 is as follows:

2024	$ 29,321
2025	31,755
2026	34,390
2027	37,245
2028	40,240
Thereafter	10,555
Total	**$ 183,506**

6 Note: Stockholders' Equity And Share-Based Accounting Charge

As of December 31, 2023, 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.

As of December 31, 2023 and 2022, 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 balance sheet and the amount outstanding on the statement of equity consists of shares issued with restrictions (collectively "Restricted Shares") as follows:

	Year ended December 31	
	2023	**2022**
Statement of Equity	**109,542,220**	**108,024,388**
Restricted Shares:		
KP Closing Share Payment	739,589	739,589
KP Earnout Shares	245,389	-
Engage Restricted Shares	487,301	487,301
MS Vesting Shares	1,973,316	-
RSAs Unvested	2,188,944	-
Other Restricted Shares	95,202	95,202
Total Restricted Shares	5,729,741	1,322,092
Legally Outstanding Shares	**115,271,961**	**109,346,480**
Stock Options Outstanding	3,089,056	2,718,809
RSUs Outstanding	2,225,000	-
Fully Diluted Shares Outstanding	**120,586,017**	**112,065,289**

Notes to Consolidated Financial Statements

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

The weighted-average common shares outstanding, basic and diluted reported on the consolidated statement of operations is 108,606,133 and 108,136,853, which is different from the 109,542,220 and 108,024,388 ending shares as of December 31, 2023 and 2022 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 restricted stock awards in 2022 to convert a consultant of the Company to a full-time employee ("Consultant Award"). The Consultant Award was valued at approximately $178,000 and vests equally on each of January 1, 2023, January 1, 2024 and January 1, 2025.

ASC 718-10-S99-2 Charge

As discussed in Note 1, 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 $30,904,000 and $33,392,000 for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023, there were 82,687,340 Retained Pre-IPO Shares, held by current employees and subject to vesting requirements, and 36,060,828 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, 2023, the unrecognised compensation cost from these restricted shares was approximately $89,796,000, which is expected to be recognised over a weighted-average period of 3.0 years.

ASC 805-10-55-25 Charge

During 2022 and 2023, the Company acquired KP LLC, Engage and MS LLC (see Note 2) for a combination of cash, shares of Company Common Stock and future contingent payments ("Acquisition Payments"). As described in Note 2, 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 Owners of KP LLC, Senior Principals of Engage or MS Owners, respectively ("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 recognised 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.

The approximate total other liability consists of amounts expected to be paid in cash or stock in the future for post-combination compensation and is comprised of the following as of:

	Year ended December 31	
	2023	2022
Other liability, current portion	$ 536,000	$ 1,822,000
Other liability, long term	1,585,000	435,000
Total	**$ 2,121,000**	**$ 2,257,000**

For the years ended December 31, 2023 and 2022, the post-combination compensation charge recorded by the Company was approximately $6,295,000 and $2,441,000, respectively. This amount consists of the following components:

	Year ended December 31	
	2023	2022
Additions to other liability	$ 1,685,000	$ 2,257,000
Vesting of common stock	1,529,000	111,000
Amortization of prepaid post-combination compensation	3,081,000	73,000
Total	**$ 6,295,000**	**$ 2,441,000**

As of December 31, 2023, the unrecognised post-combination compensation charge was approximately $21,722,000, which is expected to be recognised over a weighted-average period of 2.4 years. The actual amount of Post-Combination Payments is subject to significant estimates and could change materially in the future.

Notes to Consolidated Financial Statements

7 Note: 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 US. 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 ten 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, 2023, the total amount of shares authorized by the Board of Directors under the Omnibus Plan was 11,527,196, with a total of 3,204,189 available for issuance. During the years ended December 31, 2023 and 2022 the Company granted 652,000 and 2,794,859 Options to employees. In addition, during the year ended December 31, 2023, the Company granted 2,250,000 restricted stock units ("RSUs"), and 3,008,951 restricted stock awards ("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, 50,000 RSAs vest in October 2024 and 2,138,944 RSAs that vest over a five year period. 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	
	2023	**2022**
Estimated dividend yield	6.00%	6.00%
Expected stock price volatility	60.00%	60.00%
Risk-free interest rate	3.8%	2.7% to 4.1%
Expected life of option (in years)	6.50	6.50
Weighted-average fair value per share	$ 0.54	$ 0.58

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, 2023 and 2022:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2021	**-**	**$-**	**-**	**$-**
Granted*	2,794,859	2.13	-	-
Exercised	-	-	-	-
Cancelled/Forfeited*	(76,050)	2.13	-	-
Outstanding as of December 31, 2022*	**2,718,809**	**$2.13**	**9.4**	**$-**
Granted*	652,000	2.04	-	-
Exercised	-	-	-	-
Cancelled/Forfeited*	(281,753)	2.21	-	-
Outstanding as of December 31, 2023*	**3,089,056**	**$2.21**	**8.9**	**$-**
Exercisable as of December 31, 2023	-	-	-	-
Vested and expected to vest as of December 31, 2023*	3,089,056	$2.21	8.9	$-

Notes to Consolidated Financial Statements

7 Note: Omnibus Incentive Plan, Continued

The following table summarizes certain information about the stock options outstanding and exercisable as of December 31, 2023:

Exercise Price	Number of Options Outstanding	Weighted-Average Remaining Life	Number of Options Exercisable
$2.04*	652,000	9.4	-
2.22*	100,000	8.8	-
2.25*	2,287,056	8.4	-
2.27*	50,000	8.6	-
	3,089,056		**-**

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

Option expense for the years ended December 31, 2023 and 2022 was approximately $518,000 and $318,000. As of December 31, 2023, there was approximately $926,000 of total unrecognised compensation cost related to non-vested stock-based compensation arrangements, which is expected to be recognised over a weighted-average period of 1.6 years.

Restricted Stock Units ("RSUs")

During the year ended December 31, 2023, the Company issued 2,250,000 RSUs to employees. The Company had not issued any RSUs prior to 2023. 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
	2023
Estimated dividend yield	6.00%
Expected stock price volatility	60.00%
Risk-free interest rate	3.9% to 5.4%
Expected life of instrument (in years)	1 to 3 years
Weighted-average fair value per share	$ 1.41

Activity in the Company's non-vested RSUs for the year ended December 31, 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
Nonvested as of December 31, 2023	**2,225,000**	**$1.41**

RSU expense for the year ended December 31, 2023 was approximately $553,000. As of December 31, 2023, there was approximately $2,615,000 of total unrecognised compensation cost related to non-vested RSU arrangements, which is expected to be recognised over a weighted-average period of 1.5 years.

Notes to Consolidated Financial Statements

7 Note: Omnibus Incentive Plan, Continued

Restricted Stock Awards ("RSAs")

During the year ended December 31, 2023, the Company issued 3,008,951 RSAs to employees. The Company had not issued any RSAs prior to 2023. 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
	2023
Estimated dividend yield	6.00%
Expected stock price volatility	60.00%
Risk-free interest rate	4.9% to 5.4%
Expected life of instrument (in years)	1 to 5 years
Weighted-average fair value per share	$ 1.31

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

	Number of RSUs	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**

RSA expense for the year ended December 31, 2023 was approximately $1,435,000. As of December 31, 2023, there was approximately $2,498,000 of total unrecognised compensation cost related to non-vested RSA arrangements, which is expected to be recognised 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. 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. The Company had not issued any SARs prior to 2023. 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, 2023, the total liability was $290,000. The fair value of the SARs was calculated as follows as of December 31, 2023:

	Year ended December 31
	2023
Estimated dividend yield	6.00%
Expected stock price volatility	60.00%
Risk-free interest rate	4.7%
Expected life of option (in years)	4.5 to 5.5 years
Weighted-average fair value per share	$ 0.46

Notes to Consolidated Financial Statements

7 Note: 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**
Exercisable as of December 31, 2023	-	-
Vested and expected to vest as of December 31, 2023	1,760,000	$ 1.70

SAR expense for the year ended December 31, 2023 was approximately $290,000. 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.

8 Note: Income Taxes

The components of income tax expense attributable to income before income taxes for the years ended December 31, 2023 and 2022, consisted of the following:

	2023	2022
Current tax expense:		
Federal	$ 5,861,100	$ 5,944,400
State	2,274,500	2,443,100
	8,135,600	8,387,500
Deferred tax expense (benefit):		
Federal	$ (491,700)	$ (475,500)
State	(141,100)	(114,400)
	(632,800)	(589,900)
Total Provision for Income Taxes:	**$ 7,502,800**	**$ 7,797,600**

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, and Multistate were taxable asset acquisitions. As such, the purchase consideration for these acquisitions generated tax-deductible goodwill in the combined amount of approximately $34,123,000. 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 $34,123,000 of tax deductible goodwill, approximately $19,839,000 is eligible for amortization during the 2023 tax year.

As of December 31, 2023, there are no known items that would result in a material liability related to uncertain tax positions, as such, there are no unrecognised 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, 2023, the Company had no accrued interest or penalties related to uncertain tax positions.

Notes to Consolidated Financial Statements

8 Note: Income Taxes, Continued

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

	2023	2022
Deferred income tax assets:		
Other assets	$ 244,900	$ 197,600
Long term incentive plan	847,700	-
Goodwill	8,082,100	4,797,000
ASC 842 Lease liability	6,764,200	5,107,000
Total deferred income tax assets	**15,938,900**	**10,101,600**
Deferred income tax liabilities:		
Property and equipment	(218,200)	(188,200)
Prepaid compensation	-	(281,000)
Intangible assets	(2,148,200)	(2,924,000)
Right of use asset	(5,835,300)	(4,430,000)
Total deferred income tax liabilities	**(8,201,700)**	**(7,823,200)**
Total Net Deferred Tax Asset (Liability):	**$ 7,737,200**	**$ 2,278,400**

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 of ($6,741,472) and ($7,211,111) for the years ended December 31, 2023 and 2022, is as follows:

	December 31, 2023		December 31, 2022	
	Amount	% of Pretax Earnings	Amount	% of Pretax Earnings
Federal income tax benefit at statutory rate	$ (1,415,700)	(21.0)	$ (1,514,300)	(21.0)
State income taxes, net of federal income tax benefit	(419,600)	(6.2)	(452,800)	(6.3)
Prepaid post-combination expense	1,713,800	25.4	665,900	9.3
Other nondeductible expenses	(762,200)	(11.3)	-	-
Share-based accounting charge	8,413,400	124.8	9,109,200	126.3
Other	(26,900)	(0.4)	(10,400)	(0.1)
Total Provision for Income Taxes	**$ 7,502,800**	**111.3**	**$ 7,797,600**	**108.2**

The Company's 2022 and 2023 tax years are open under the statute of limitations for examination by the taxing authorities.

9 Note: 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.

Notes to Consolidated Financial Statements

10 Note: Concentration Of Credit Risk

Geographic location

A significant portion of the Company's assets are located in the Washington D.C. metropolitan area. Therefore, the Company is subject to certain economic risks resulting from the majority of its revenue being derived from one geographic location.

11 Note: Segment Reporting

As of December 31, 2023, the Company has three reportable segments; Government Relations Consulting, Public Affairs Consulting and Diversified Services. 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 were introduced with the acquisition of MS LLC, and currently include Lobbying Compliance services and Legislative Tracking.

Other is primarily comprised of depreciation, amortization, interest expense, taxes, share-based accounting charges, post-combination compensation charges, long term incentive program charges, and gain on bargain purchase. The Company's CODM does not evaluate these items at the segment level.

The Company measures the results of its segments using, among other measures, each segment's net revenue and contribution margin, which excludes depreciation, amortization, interest expense, taxes and other non-cash charges. The Company's CODM does not evaluate these items or total assets and liabilities at the segment level but rather evaluates these items on a consolidated basis. Information for the Company's segments, as well as for other, including the reconciliation to net income (loss) is provided in the following tables:

	For the Year Ended December 31, 2022				
	Government Relations	**Public Affairs**	**Diversified Services**	**Other**	**Total**
Revenue	**$ 95,476,619**	**$ 32,256,518**	**$7,252,685**	**$ -**	**$ 134,985,822**
Contribution Margin	**$ 27,601,680**	**$ 5,207,392**	**$ 2,258,872**	**$ -**	**$35,067,944**
Depreciation	-	-	-	(119,688)	(119,688)
Interest, net	-	-	-	(940,824)	(940,824)
Taxes	-	-	-	(7,502,800)	(7,502,800)
Share-based accounting charge	-	-	-	(30,904,000)	(30,904,000)
Post-combination compensation charge	-	-	-	(6,295,060)	(6,295,060)
Long term incentive program charges	-	-	-	(2,796,000)	(2,796,000)
Change in contingent consideration	-	-	-	(1,711,235)	(1,711,235)
Amortization of intangibles	-	-	-	(3,878,386)	(3,878,386)
Gain on bargain purchase, net of taxes	-	-	-	4,835,777	4,835,777
Net income (loss)	**$ 27,601,680**	**$ 5,207,392**	**$ 2,258,872**	**$ (49,312,216)**	**$ (14,244,272)**
Goodwill at end of period	**$ 35,512,601**	**$ 12,397,231**	**$ -**	**$ -**	**$ 47,909,832**

Notes to Consolidated Financial Statements

11 Note: Segment Reporting, Continue

	For the Year Ended December 31, 2022				
	Government Relations	Public Affairs	Diversified Services	Other	Total
Revenue	**$78,177,680**	**$30,636,811**	**$-**	**$-**	**$108,814,491**
Contribution Margin	**$24,439,990**	**$ 6,746,000**	**$-**	**$-**	**$31,185,990**
Depreciation	-	-	-	(100,285)	(100,285)
Interest	-	-	-	(16,873)	(16,873)
Taxes	-	-	-	(7,797,600)	(7,797,600)
Share-based accounting charge	-	-	-	(33,392,300)	(33,392,300)
Post-combination compensation charge	-	-	-	(2,441,052)	(2,441,052)
Long term incentive program charges	-	-	-	(317,679)	(317,679)
Amortization of intangibles	-	-	-	(2,128,912)	(2,128,912)
Gain on bargain purchase, net of taxes	-	-	-	-	-
Net income (loss)	**$24,439,990**	**$6,746,000**	-	**$(46,194,701)**	**$(15,008,711)**
Goodwill at end of period	**$35,512,601**	**$12,397,231**	**$-**	**$-**	**$35,512,601**

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