The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via a Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

Public Policy Holding Company, Inc.

("PPHC", the "Company" or the "Group")

Unaudited interim results for the six months ended 30 June 2023

Strong growth within target margin levels; on track to meet full year expectations

Public Policy Holding Company, Inc., the leading government relations and public affairs group of companies providing a comprehensive range of advisory services, today announces its interim results for the six months ended 30 June 2023 ("2023H1").

Summary
Group revenue increased 27% to $65.7m, with a strong Q2 as encouraging trends returned following the delayed formation of the majority leadership in the United States House of Representatives in the early part of this year. PPHC continues to pursue its stated M&A strategy to add certain complementary specialisations to its portfolio, as well as to expand its footprint both in the US and into the EU and UK. The strong momentum in Q2 has positioned the Group well for the remainder of the year and the Group remains on track to meet full year expectations for FY23, with management retaining immediate and long-term confidence in the Group's growth and margin prospects.

	2023H1	2022H1	Change
Group Revenue	$65.7m	$51.7m	+27%
Underlying EBITDA	$16.9m	$14.4m	+17%
Underlying EBITDA margin	25.8%	27.9%	(2.2)pt
Underlying Profit after Tax	$12.7m	$10.7m	+18%
Underlying EPS basic	11.4c	9.9c	+15%
Underlying EPS fully diluted	11.1c	9.9c	+12%
Interim Dividend	$0.0460	$0.0450	+2%
Net Debt / (Cash) at period-end	$9.1m	-$(17.8)m	$(27.0)m

Financial Highlights

- 2023H1 Group revenue increased 27% to $65.7m (2022H1: $51.7m), with organic growth of 4%.
- Underlying EBITDA of $16.9m is up 17% year-on-year and was achieved at a 25.8% margin, in line with the Group's ongoing intention to manage the business between 25% and 30% at margin level.
- Underlying Profit after Tax of $12.7m was 18% ahead of 2022H1, while Underlying EPS (basic) increased by 15%.
- The Group continued to generate cash, supporting ongoing M&A ambitions and the wider capital allocation policy. At period-end, Net Debt totalled $9.1m (2022FY: Net Cash of $17.8m), with the movement a result of the use of debt to fund the EPS accretive acquisition of MultiState Associates, Inc. ("MultiState") in March 2023.
- The Board retains strong confidence in the Group's ongoing prospects and has declared an Interim Dividend of $0.046 per Common Outstanding Share.

Operational Highlights

- The Group advanced its strategy of supplementing organic growth with M&A, acquiring MultiState Associates on 1 March 2023. The integration process is ongoing and MultiState is performing ahead of internal expectations. Alongside the acquisition of KP Public Affairs in October 2022, the Group now has seven operating companies providing a greater range of services in more US geographies.
- Diversification of revenue continues with the top 10 Group clients representing 8.0% of total revenue in 2023H1, versus 10.0% at the end of FY22 and 13.1% for FY21.

- Revenue distribution by segment reflects the inclusion of new business lines following the MultiState acquisition, while existing lines remained stable: Government Relations 71% (2022H1: 73%); Public Affairs 25% (2022H1: 27%); and Diversified Services 4% (2022H1: Nil).
- A broadening client base is supported by sustained high retention rates, with the Group now directly representing almost 40% of the Fortune 100 (and 22% of the Fortune 500), in addition to many more via their trade associations that the Group serves.
    - New Group clients include The Aluminium Association, General Electric, Hertz, Life Science Logistics, Morton's Salt, Veterinary Medical Association and Rain Industries.
    - Client retention rate (based on # of clients) in 2023H1 was 80%, with Government Relations above 90% and Public Affairs between 65% and 70%.
    - Each of the Group's business lines (Government Relations, Public Affairs and Diversified Services) achieved growth when compared to 2022H1.
- The quality of PPHC's operating companies continues to be reflected in the 2023 Lobbying Disclosure Act rankings, with Group agencies, when aggregated, topping the rankings as the US market leader in both Q1 and Q2 2023, as well as for the whole of FY22.
- Strengthening of the management team with Roel Smits being promoted to CFO in July as part of the executive succession planning process and retention of Bill Chess as an Executive Director in the newly created position of Chief Administrative Officer.

Outlook and medium-term guidance

- The strong performance delivered in H1 has set the Group up well for the remainder of the year.
    - The Group is on track to meet full year market expectations.
    - Revenue growth between 20% and 30%, with the FY23 organic growth rate expected to be similar to H1 and supported by the better-than-expected performance of recently acquired companies.
    - The Underlying EBITDA margin for H2 is expected to be around the same level as in H1.
- The focus in H2 will be on driving client retention rates, new business generation and the continued cross-selling of services across the Group's broad operating company base to support organic growth prospects.
- The market for public affairs and professional lobbying services in key geographies remains fragmented and the Board continues to view the Group as a natural consolidator in the sector with favourable bipartisan positioning.
- The pipeline of acquisition opportunities under development in the US, UK and Mainland Europe remains strong in an active market for the strategic communications sector. The Group is actively seeking to expand its portfolio of operating companies internationally while adding complementary specialisations.
- The Board retains its confidence in the ongoing prospects for the Group and reiterates its medium-term guidance to achieve:
    - organic revenue growth between 5% and 10%;
    - incremental growth from future M&A; and
    - an Underlying EBITDA margin between 25% and 30%.

Stewart Hall, CEO of PPHC, commented:

"We are a very well-placed business, with increasingly diversified operating companies and growing capabilities at a time of massive change in the interplay of business and government around the world. Corporates, charities, NGOs and other client organisations are increasing their spend in the specific advisory areas that we specialise in, and our high-quality operating companies generate excellent client retention rates and provide high quality earnings.

"Even though the delayed formation of Congress slowed the start of Q1, clients returned leading to improved Q2 trading and setting the Group up well for H2. Our lobbying operations continue to be market leading in the US, consistently at the top of the Lobbying Disclosure Act rankings, while demand for our specialist public affairs advisory work continues to increase.

"The two recent acquisitions are successfully integrating and benefiting from their association with the Group. Acquisitions are an important part of our strategy as they enable us to effectively diversify the client offering into new areas while increasing our geographical reach. This, in time, supports our ongoing ability to generate a good level of organic growth as we have greater reach and more sought-after services to cross-refer clients. The markets we operate in remain highly fragmented and we are a natural sector consolidator, with a well advanced and exciting pipeline of acquisition opportunities in the US, UK and Mainland Europe.

"Our people continue to be the lifeblood of the business, and we are proud that they consistently generate work that

achieves incredible results on behalf of clients. Their knowledge and depth of experience attracts high levels of premier new business, and we now directly retain well over a fifth of the Fortune 500 as clients.

"These interim results show that in a difficult macro-economic environment, we remain well positioned to deliver good growth at target margin levels and can continue to capitalise on the clear market opportunity. The runway for growth and expansion remains significant, and we look forward to continuing to achieve for our people, clients, wider stakeholders and investors in the second half and beyond."

Enquiries

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About PPHC

Incorporated in 2014, PPHC is a US-based government relations and public affairs group providing clients with a fully integrated and comprehensive range of services including government and public relations, research, and digital advocacy campaigns. Engaged by over 1000 clients, including companies, trade associations and non-governmental organisations, the Group is active in all major sectors of the U.S. economy, including healthcare and pharmaceuticals, financial services, energy, technology, telecoms and transportation. PPHC's services support clients to enhance and defend their reputations, advance policy goals, manage regulatory risk, and engage with US federal and state-level policy makers, stakeholders, media, and the public.

PPHC operates a holding company structure and currently has seven operating entities comprising Crossroads Strategies, Forbes Tate Partners, Seven Letter, O'Neill & Associates, Alpine Group Partners, KP Public Affairs and MultiState Associates. Operating in the strategic communications market, the Group has a strong track record of organic and acquisitive growth, the latter focused on enhancing its capabilities and to establish new verticals, either within new geographies or new related offerings.

For more information, see www.pphcompany.com.

Operational Review

Introduction

The Group made good progress in the first half of the year, delivering on its stated growth strategy which includes organic growth, the pursuit of further acquisition targets, the expansion of its existing service capabilities and the broadening of its geographic footprint into key US state capitals and metropolitan areas.

Clients

PPHC provides a comprehensive range of government relations and public affairs services to its clients. As of 31 June 2023, the Group had c.1,200 clients. The strong growth from the c.850 clients reported for FY22 is a result of sustained organic growth and acquisitions. The Group's core lobbying offering remains strong, as evidenced by all three of the Group’s lobbying firms, when combined, maintaining their number one position in the listing of Federal lobbyists, as according to quarterly and annual disclosures as required by US Federal law and available to the public.

The Group’s operating companies achieved strong new business performances and high client retention rates throughout another turbulent period of change of partisan power in Congress, with the results of the November 2022 mid-term elections resulting in divided government and a prolonged campaign for Speaker of the House in early 2023.

PPHC’s emphasis on retained clients with greater than or equal to $100,000 annual spending is ongoing. The Group ended FY22 with 382 clients spending $100,000 or more, and is on track report growth in this KPI for FY23. This is supported by the internal referral awards and compensation programmes that are based on Group-wide performance. Central to this growth strategy is the introduction of premium non-lobbying services (Diversified Services), which are increasingly key to client success. Such offerings include compliance services for Federal and state-level lobbying, policy and trade research, stakeholder research, and a wide range of grant writing and procurement-related expertise.

The Group now directly represents almost 40% of the Fortune 100 and 22% of the Fortune 500, in addition to many more via their trade associations that the Group serves.

Investing to accelerate growth

PPHC successfully completed the acquisition of MultiState, a provider of state-based government affairs strategies and other related services to a large number of corporate clients, on 1 March 2023. This was the Group’s second acquisition since IPO, the first being Sacramento-based KP Associates, which completed on 1 October 2022. Both acquisitions are integrating successfully and are over-delivering on their respective projections.

The Group’s pipeline of M&A opportunities remains strong in the US, UK and Mainland Europe, with further M&A pipeline development supported by additional corporate capacity, in-region advisors, and by the increased public profile of the Group. The strategic communications market remains active around the world and the Group is seeking to capitalise on the current opportunities and to expand its portfolio of operating companies, both in the US and internationally, while adding complementary specialisations.

Talent

The Group ended 2022 with 244 employees. By the end of 2023H1, this number had increased to 322, which includes 75 from the acquisition of MultiState. The Group’s average employee count during 2023H1 was 294 (2022H1: 192). Annualised revenue per employee reduced by 17% to $447k (2022H1: $539k/employee), albeit this was impacted by the very different productivity figures at recent acquisitions KP Public Affairs and MultiState Associates given the nature of those businesses, as well as by bringing in-house the digital supplier Engage. On a company-by-company basis, however, these measures remain relevant and the Group is tracking them carefully.

As part of the Group’s executive succession planning process, Roel Smits succeeded Bill Chess as Chief Financial Officer as of 3 July 2023. Roel served as PPHC’s Deputy CFO since May 2022 and adds extensive experience in M&A and CFO leadership experience from his years at Kantar and WPP.
Bill remains an Executive Director in the newly created role of Chief Administrative Officer, reporting directly to the CEO, where he is driving internal efficiency and collaboration.

Outlook and medium-term guidance

The Group's outlook for FY23 remains unchanged and is as follows:

- The strong performance delivered in H1 has set the Group up well for the remainder of the year:
  - The Group is on track to meet full year market expectations.
  - Revenue growth between 20% and 30%, with the organic growth rate expected to be similar to H1 and supported by the better-than-expected performance of recently acquired companies.
  - The Underlying EBITDA margin for H2 is expected to be around the same level as in H1.
- The Board retains its confidence in the ongoing prospects for the Group and reiterates its medium-term guidance to achieve:
  - organic revenue growth between 5% and 10%;
  - incremental growth from future M&A; and
  - an Underlying EBITDA margin between 25% and 30%.

Financial Review

In the first half year of 2023, demonstrating the stability of the Group's core business operations, the dedication of our management teams across our operating companies, the success of our acquisitions, and the critical importance of our work to our clients, revenue grew 27% to $65.7 million.

All in $ million, unless otherwise noted	2023H1	2022H1	Change
Group Revenue	$65.7	$51.7	+27%
Underlying EBITDA	$16.9m	$14.4m	+17%
Underlying EBITDA margin	25.8%	27.9%	-2.2pt
Underlying Profit after Tax	$12.7m	$10.7m	+18%
Underlying EPS basic	11.4c	9.9c	+15%
Underlying EPS fully diluted	11.1c	9.9c	+12%
Interim Dividend	$0.0460	$0.0450	+2%
Net Debt at period-end	$9.1m	- $17.8m	- $27.0m

All areas of the Group's business lines (government relations, public affairs advisory and diversified services) achieved growth when compared to 2022H1.

Equally important, our underlying profitability was healthy, with Underlying EBITDA for the period of $16.9m, up 17% over 2022H1 ($14.4m) at a margin of 25.8% (2022H1: 27.9%), within our guided range of between 25% and 30%.

The Group's cash position at the end of the period was $4.5m, offset by bank debt of $13.6m, resulting in a net debt position of $9.1m (2022H1: net cash $17.8m). The increase in debt relates to the acquisition of MultiState Associates and earnout payments to the prior owners of KP Public Affairs.

Underlying Profit & Loss Statement

All in $'000, unless otherwise noted	2023H1	2022H1	change
Revenue	**65,712**	**51,739**	27%
Operational expenses	(48,789)	(37,299)	31%
EBITDA (Underlying)	**16,923**	**14,439**	17%
EBITDA margin (Underlying)	*25.8%*	*27.9%*	-2.2
Depreciation	(58)	(58)	
EBIT (Underlying)	**16,865**	**14,381**	17%
Interest	(384)	(8)	
Taxes	(3,788)	(3,635)	
Net Income (Underlying)	**12,692**	**10,738**	18%
Net income margin (Underlying)	*19.3%*	*20.8%*	-1.4

Bridge from Underlying to Reported Results

All in $'000, unless otherwise noted	2023H1	2022H1	change
Net Income (Underlying)	**12,692**	**10,738**	18%
Share-based accounting charge	(15,431)	(15,576)	
Post-combination compensation charge	(3,016)	0	
Long Term Incentive Program charges	(654)	(61)	
Amortization intangibles	(1,924)	(942)	
Gain on bargain purchase, net of deferred taxes	4,836	0	
Net Income (Reported)	**(3,496)**	**(5,841)**	-40%

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

Revenue

The Group's total revenue for 2023H1 increased by 27.0% to $65.7 million (2022H1: $51.7 million). The organic growth rate was 3.9% and the remainder was driven by the acquisitions of KP Public Affairs and MultiState Associates.

Organic growth of 3.9% was resilient, given 2022H1 included a period political uncertainty that caused clients to display a cautious and moderated approach to adhoc project spending, while retained revenues remained strong, aided by high client retention.

Looking at the Group's revenue profile: in 2023H1, client concentration continued its declining trend, as the largest client represented 1.4% of total revenue, down from 1.6% in 2022. Also, in 2023H1, the Government Relations business increased by 24% (4% organically) as the Group supported clients in managing their risks and opportunities. The Public Affairs division increased by 17% (3% organically).

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.

Profit

Underlying EBITDA of $16.9 million was achieved at a margin of 25.8%, in line with the Group's historic performance and ongoing guidance that margins will typically move within the range of 25% to 30%.

Long term Underlying EBITDA	*2018*	*2019*	*2020*	*2021*	*2022*	*2022H1*	*2023H1*
Underlying EBITDA ($m)	9.3	*13.5*	*21.5*	*32.0*	*31.2*	*14.4*	*16.9*
Underlying EBITDA as % of Revenue	27.4%	*24.4%*	*27.8%*	*32.2%*	*28.7%*	*27.9%*	*25.8%*

Since 2022, Underlying EBITDA has been impacted by the additional expenses relating to the Group's status as a public company, M&A related expenses, investments in staff at the holding company level and in talent acquisition. As previously communicated, we expect to make further investments in 2023 to build out the platform.

At an after-tax level, 2023H1 Underlying Net Income amounted to $12.7m, up 18% from 2022H1's $10.7m. This metric constitutes the basis of our dividend calculation.

Other

The Group's net finance costs for the year were $384k (2022H1: $8k), illustrating the incorporation of debt on the Group's balance sheet at the time of the MultiState acquisition on 1 March 2023.

The tax accrual for 2023H1 amounted to $3.8 million, which represents a blended charge of 23.0% to Underlying Profit. This implied an improvement over the 25.3% effective rate in 2022H1.

Balance sheet and cash flow

The Group's net debt position as of 30 June 2023 was $9.1 million (31 December 2021: $17.8 million net cash), taking into account the $4.5 million cash position at that time.

Cash Flow Statement summary

All in $'000, unless otherwise noted	2023H1	2022H1
Net income	**(3,496)**	**(5,841)**
Add back: Share based compensation	15,431	15,576
Add back: Acquisition related charges	(2,741)	0
Add back: LTIP	654	61
Add back: Amortization	3,809	2,376
Add back: Depreciation	58	58
All other changes in Working Capital	(11,787)	(11,491)

Operational Cash flow	**1,927**	**739**
Capex	(108)	0
Acquisitions	(21,243)	0
Investment Cash flow	**(21,352)**	**0**
Change in Debt balance	13,820	(13)
Debt issuance costs	(451)	0
Dividend payment	(10,642)	(703)
Financing Cash Flow	**2,728**	**(717)**
Cash generated	**(16,698)**	**22**

The generation of Operational Cash Flow in the first half year tends to be muted as a result of the payment of annual bonuses across the Group in Q1 and seasonal working capital trends. Similar to prior years, management continues to expect the majority of Operational Cash Flow to be generated in H2.

Dividend

The Board of Directors of the Company has declared an Interim Dividend for 2023 of $0.046 per Common Share, which equates to an aggregate amount, based on the current number of outstanding Common Shares, of approximately $5.2 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, 22 September 2023. The ex-dividend date is 21 September 2023. The dividend will be paid no later than 20 October 2023.

This interim payment is in line with the Company's intention to pay approximately one third of the expected total dividend for the year as an Interim Dividend. Also in the future, the Group will continue to weigh the dividend payout against the need to preserve cash for M&A purposes and debt repayment.

Information per share

		2023H1	2022H1	change
# weighted avg shares - GAAP - basic and fully diluted	'000	108,484	108,229	0%
# weighted avg shares - Legally outstanding - basic	'000	111,324	108,228	3%
# weighted avg shares - Legally outstanding - fully diluted	'000	114,729	108,921	5%
EPS - GAAP reported (basic and fully diluted)	$	(0.0322)	(0.0540)	-40%
EPS - Underlying (basic)	$	0.1140	0.0992	15%
EPS - Underlying (fully diluted)	$	0.1106	0.0986	12%
DPS - based on # shares at time of payment	$	0.0460	0.0450	2%

For the purpose of giving investors a useful view on Earnings Per Share, the Group computed EPS not only on a GAAP Reported Profit basis, but also on an Underlying Profit basis. As explained in the section below, for the latter calculation the Group includes in the denominator those shares that have been issued in relation to post-IPO acquisitions. While those shares are still subject to vesting rules, and therefore not part of the Common Outstanding share count per GAAP definition, they entitle the recipients to dividends and voting rights.

Basis of preparation

The Company was incorporated on 4 February 2021, and was admitted to trading on the AIM market of the London Stock Exchange on 16 December 2021 (the "IPO"). 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, or external lobbyist firms), 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. Five elements distinguish our Underlying Net Income from our Reported Net Income:

(1) Share-based accounting charge: As already mentioned 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 2023H1 non-cash charge is $15.4 million (2022H1: $15.6 million). This share-based accounting non-cash charge has no impact on either tax or Company operations.

(2) Post-combination compensation charge: In 2022 and 2023, the Group completed the acquisitions of KP Public Affairs on 1 October 2022 and MultiState Associates on 1 March 2023. 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 two 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 2023H1 charge is $3.0 million (2022H1: $0 million). Again, this is non-cash charge and has no impact on either tax or Company operations.

(3) LTIP charges. In 2022 and 2023, the Group issued 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. In 2022 and HY23, PPHC has issued 6.4 million stock stock-related units in a mix of options and restricted stock. The options were issued at a premium exercise price (market price at time of grant plus 20%), exercisable at the 3rd anniversary of the grant. Restricted stock units were issued under a gradual 3 year vesting schedule. The charges relating to these issues, $0.7 million in 2023H1 (2022H1: $0.1 million) as reflected in our P&L, were computed using the Black Scholes method.

(4) Amortization of intangibles: The non-cash amortization charge of $1.9 million in 2023H1 (2022H1: $0.9 million) relates to the amortization of customer relationships 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 much 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.

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 2023H1 was 111,323,766 (2022H1: 108,228,513) and on a fully diluted basis (taking into account any issued stock instrument, regardless of exercise price), this number was 114,728,537 (2022H1: 108,920,722).

Note to Investors:

In accordance with a letter provided to shareholders by Link, certain IRS forms are required to be completed.

More details and links to these forms can be found at https://pphcompany.com/notice-to-investors/

Consolidated Balance Sheets

	Unaudited at June 30, 2023	Unaudited at June 30, 2022	Audited at December 31, 2022
Assets			
Current assets:			
Cash	$ 4,504,950	$ 18,057,698	$ 21,202,456
Accounts receivable, net	17,637,146	11,737,244	12,149,803
Amounts due from related parties	1,038,569	-	-
Prepaid post-combination compensation, current portion	3,293,838	-	441,852
Prepaid expenses and other current assets	1,701,453	1,060,909	1,411,421
Total current assets	28,175,956	30,855,851	35,205,532
Property and equipment, net	738,870	730,636	688,313
Note receivable - related party, long term	513,000	513,000	513,000
Operating lease right of use asset	23,324,777	14,474,803	16,239,667
Goodwill	47,909,832	44,893,532	47,909,832
Other intangible assets, net	28,824,164	11,935,161	18,575,116
Deferred income tax asset	7,706,000	-	2,278,400
Prepaid post-combination compensation, long term	5,761,506	-	515,500
Other long-term assets	221,918	732,289	118,887
Total assets	$ 143,176,023	$ 104,135,272	$ 122,044,247
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	$ 13,282,751	$ 8,218,970	$ 12,336,324
Income taxes payable	522,017	113,119	4,150,389
Amounts owed to related parties	-	1,539,397	1,276,479
Deferred revenue	3,117,997	2,500,738	2,860,889
Operating lease liability due within one year	3,515,876	3,489,218	3,907,543
Contingent consideration, current portion	592,000	-	1,779,000
Other liability, current portion	-	-	1,821,600
Notes payable, net, current portion	3,370,421	19,590	20,664
Total current liabilities	24,401,062	15,881,032	28,152,888
Notes payable, net, long term	9,259,637	203,797	189,975
Line of credit	1,000,000	-	-
Deferred income tax liability	-	2,613,400	-
Contingent consideration, long term	4,616,390	-	2,466,000
Other liability, long term	1,356,252	-	435,060
Operating lease liability, long term	22,761,705	13,599,017	14,815,236
Total liabilities	63,395,046	32,297,246	46,059,159
Stockholders' equity			
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 113,083,017, 109,346,480 and 108,240,250 shares issued and outstanding, respectively	108,721	108,199	108,024
Additional paid-in capital	138,646,823	102,530,075	120,713,626
Accumulated deficit	(58,974,567)	(30,800,248)	(44,836,562)
Total stockholders' equity	79,780,977	71,838,026	75,985,088
Total liabilities and stockholders' equity	$ 143,176,023	$ 104,135,272	$ 122,044,247

Consolidated Statements of Operations

	Unaudited six months ended June 30, 2023	Unaudited six months ended June 30, 2022	Audited year ended December 31, 2022
Revenue	$ 65,711,955	$ 51,738,804	$ 108,814,491
Expenses:			
Personnel cost	34,398,546	25,272,856	52,252,267
Employee bonuses	5,999,863	5,144,896	11,010,439
General and administrative expenses	5,921,584	5,060,981	10,432,781
Occupancy expense	2,469,262	1,820,763	3,933,014
Depreciation and amortization expense	1,981,485	1,000,368	2,229,197
Long term incentive program charges	654,000	61,494	317,679
Total expenses before share-based accounting (ASC 718-10-S99-2) charge and post-combination compensation (ASC 805-10-55-25) charge	51,424,740	38,361,358	80,175,377
Income from operations before share-based accounting (ASC 718-10-S99-2) charge and post-combination compensation (ASC 805-10-55-25) charge	14,287,215	13,377,446	28,639,114
Share-based accounting (ASC 718-10-S99-2) charge	15,430,500	15,575,773	33,392,300
Post-combination compensation (ASC 805-10-55-25) charge	3,016,024	-	2,441,052
Loss from operations	(4,159,309)	(2,198,327)	(7,194,238)
Gain on bargain purchase, net of deferred taxes	4,835,777	-	-
Interest expense	(384,469)	(8,150)	(16,873)
Net income (loss) before income taxes	291,999	(2,206,477)	(7,211,111)
Income tax expense	3,788,400	3,634,800	7,797,600
Net loss	$ (3,496,401)	$ (5,841,277)	$ (15,008,711)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.03)	$ (0.05)	$ (0.14)
Weighted average common shares outstanding, basic and diluted	$ 108,483,598	108,228,513	108,136,853

Consolidated Statements of Stockholders' Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
June 30, 2022					
Balance as of December 31, 2021	108,240,050	$ 108,240	$ 86,892,903	$ (24,255,813)	$ 62,745,330
Stock option expense	-	-	61,494	-	61,494
Dividends	-	-	-	(703,294)	(703,294)
Forfeiture of unvested restricted stock	(136,147)	(136)	-	136	-
Share-based accounting (ASC 718-10-S99-2) charge	95,202	95	15,575,678	-	15,575,773
Net loss	-	-	-	(5,841,277)	(5,841,277)
Balance as of June 30, 2022	108,199,105	$ 108,199	$ 102,530,075	$ (30,800,248)	$ 71,838,026
June 30, 2023					
Balance as of December 31, 2022	108,024,388	$ 108,024	$ 120,713,626	$ (44,836,562)	$ 75,985,088
Stock option expense	-	-	583,000	-	583,000
Dividends	-	-	-	(10,641,674)	(10,641,674)
Forfeiture of unvested restricted stock	(69,576)	(70)	-	70	-
Issuance of common stock for acquisition	767,401	767	1,231,233	-	1,232,000
Share-based accounting (ASC 718-10-S99-2) charge	-	-	15,430,500	-	15,430,500
Post-combination compensation (ASC 805-55-10-25) charge-shares	-	-	688,464	-	688,464
Net loss	-	-	-	(3,496,401)	(3,496,401)
Balance as of June 30, 2023	108,722,213	$ 108,721	$ 138,646,823	$ (58,974,567)	$ 79,780,977

Consolidated Statements of Cash Flows

	Unaudited six months ended June 30, 2023	Unaudited six months ended June 30, 2022	Audited year ended December 31, 2022
Cash flows from operating activities			
Net loss	$ (3,496,401)	$ (5,841,277)	$ (15,008,711)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	57,932	57,962	100,285
Amortization expense - intangibles	1,923,553	942,406	2,128,912
Amortization of right of use assets	1,834,971	1,433,768	3,115,249
Amortization of debt discount	50,081	-	-
Provision for deferred income taxes	(336,200)	(301,200)	(589,961)
Share-based accounting (ASC 718-10-S99-2) charge	15,430,500	15,575,773	33,392,300
Stock-based compensation	654,000	61,494	317,679
Amortization of prepaid post-combination compensation (ASC 805-55-10-25)	1,406,008	-	73,648
Post-combination compensation (ASC 805-55-10-25) charge-shares	688,464	-	110,744
Gain on bargain purchase	(4,835,777)	-	-
(Increase) decrease in			
Accounts receivable, net	(5,023,678)	(3,523,242)	(3,935,801)
Other assets	(201,886)	(748,529)	(368,068)
Increase (decrease) in			
Accounts payable and accrued expenses	875,427	(111,385)	3,805,605
Income taxes payable	(3,695,693)	(409,381)	3,627,889
Deferred revenue	(4,424,296)	558,202	682,806
Operating lease liability	(1,613,192)	(1,549,367)	(3,362,168)
Other liability	921,192	-	2,256,660
Transactions with members/related parties	1,711,514	(5,406,548)	(5,669,466)
Net cash provided by operating activities	1,926,519	738,676	20,677,602
Cash flows from investing activities			
Purchases of property and equipment	(108,489)	-	-
Payment of contingent consideration	(3,643,200)	-	-
Cash paid for acquisitions and prepaid post-combination compensation, net of cash acquired	(17,600,000)	-	(11,912,460)
Net cash used in investing activities	(21,351,689)	-	(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	(13,325)	(26,073)
Principal payments on notes payable	(1,179,933)	-	-
Distributions	(10,641,674)	(703,294)	(5,572,254)
Net cash provided by (used in) financing activities	2,727,664	(716,619)	(5,598,327)
Net increase (decrease) in cash and cash equivalents	(16,697,506)	22,057	3,166,815
Cash and cash equivalents as of beginning of year	21,202,456	18,035,641	18,035,641
Cash and cash equivalents as of end of year	$ 4,504,950	$ 18,057,698	$ 21,202,456
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 334,388	$ 8,150	$ 16,873
Cash paid for income taxes	$ 7,822,459	$ 4,345,381	$ 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	$ -	$ 235,547
Increase in accounts payable and accrued expenses from acquisitions	$ -	$ -	$ 201,364
Increase in other assets from acquisitions	$ 4,681,404	$ -	$ 117,571

NOTE 1: 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 Governmental Relations Consulting, Public Affairs Consulting and Diversified Services exclusively in the United States of America (“U.S.”).

These unaudited interim consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with the accounting policies set out in the Annual Report and Financial statements of the Company for the year ended December 31, 2022 using the recognition and measurement principles 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 U.S. 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.

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.

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 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. As of June 30, 2022, the Holdings Distribution Discount of approximately $1,539,000 is included in the amounts owed to related parties in the Company's Consolidated Balance Sheets. This amount was paid in full prior to December 31, 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 6.

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.

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 revenue for the six months ended June 30, 2022 was reclassified to conform with the presentation of the six months ended June 30, 2023. The following table provides disaggregated revenue by revenue type for the periods ended:

	Six months ended June 30, 2023	**Six months ended June 30, 2022**	**12 months ended December 31, 2022**
Government Relations Consulting	$ 46,529,662	$ 37,571,400	$ 78,177,680
Public Affairs Consulting	16,507,022	14,167,404	30,636,811
Diversified Services	2,675,271	-	-
Total revenue	$ 65,711,955	$ 51,738,804	$ 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:

	June 30, 2023	**June 30, 2022**	**December 31, 2022**

Accounts receivable, net	$16,206,378	$11,119,762	$11,585,267
Other receivables	1,430,768	617,482	564,536
Contract liabilities (deferred revenue)	3,117,997	2,500,738	2,860,889

Contract liabilities relate to advance consideration received from customers under the terms of the Company's contracts primarily related to retainer fees and reimbursements of third-party expenses, both of which are generally recognized shortly after billing. Deferred revenue of approximately $2,861,000 and $1,943,000 from December 31, 2022 and 2021 is expected to be recognized as revenue in 2023 and 2022, respectively.

Cash and Cash Equivalents:

The Company considers all cash investments with original maturities of three months or less to be cash equivalents. At times, the Company maintains cash accounts that exceed federally insured limits, but management does not believe that this results in any significant credit risk.

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 June 30, 2023, June 30, 2022 and December 31, 2022, the balance of allowance for doubtful accounts approximated $427,000, $250,000 and $595,000, respectively.

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 June 30, 2023, June 30, 2022 and December 31, 2022, the Company had approximately $23,325,000, $14,475,000 and $16,240,000, respectively, of operating lease ROU assets and $26,278,000, $17,088,000 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 recognized 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 June 30, 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 June 30, 2023:

July 1, 2023 to June 30, 2024	$ 4,619,237
July 1, 2024 to June 30, 2025	5,497,074
July 1, 2025 to June 30, 2026	5,583,853
July 1, 2026 to June 30, 2027	5,051,079
July 1, 2027 to June 30, 2028	4,509,861
Thereafter	5,480,000
Total future minimum lease payments	30,741,104
Amount representing interest	(4,463,523)
Present value of future minimum lease payments	$26,277,581

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 June 30, 2023 and a corresponding right-of-use asset and lease liability has not been recorded. The lease commencement date for this lease is expected to occur within the next 12 months. The estimated future payments for this lease amendment total approximately $1,016,000.

Lease Cost

	June 30, 2023	June 30, 2022	December 31, 2022
Operating lease cost (cost resulting from lease payments)	$2,381,525	$1,913,537	$4,011,764
Variable lease cost (cost excluded from lease payments)	247,867	82,829	264,179
Sublease income	(224,653)	(206,045)	(396,000)
Net lease cost	$2,404,739	$1,790,321	$3,879,943
Operating lease - operating cash flows (fixed payments)	$2,050,685	$2,032,661	$4,264,516
Weighted average lease term - operating leases	5.8 years	5.6 years	5.2 years
Weighted average discount rate - operating leases	5.20%	4.70%	4.80%

The Company subleases office space to third parties under separate sublease agreements, which are generally month-to-month leases. The amount of future sublease income from subtenants as of June 30, 2023 is immaterial.

Property and equipment:

Property and equipment consist of furniture, equipment and leasehold improvements and is carried at cost less accumulated depreciation. Depreciation is provided generally on a straight-line method over the estimated useful lives of the related assets ranging from 5 to 15 years.

Business Combination

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the acquisition at their respective fair values with limited exceptions. Assets acquired and liabilities assumed in a business combination that arise from contingencies are generally recognized at fair value. If fair value cannot be determined, the asset or liability is recognized if probable and reasonably estimable; if these criteria are not met, no asset or liability is recognized. Transaction costs are expensed as incurred. The operating results of the acquired business are reflected in the Company's consolidated financial statements after the date of acquisition.

Goodwill and indefinite-lived intangible assets:

Goodwill represents the excess of the purchase price 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 June 30, 2023, the Company's reporting units consisted of Government Relations Consulting, Public Affairs Consulting and Diversified Services. Goodwill is evaluated 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 six months ended June 30, 2023 and 2022 and the year ended December 31, 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 six months ended June 30, 2023 and 2022 and the year ended December 31, 2022.

Customer relationship asset:

The Company's definite-lived intangible asset consists of customer relationships that have been acquired through various acquisitions. The Company is amortizing 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 recognized for an amount by which the carrying amount of the asset exceeds the fair value of the asset. The Company has not recorded any impairment charges related to long-lived assets for the for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022.

Deferred revenue:

Deferred revenue represents prepayment by the customers for services that have yet to be performed. As of June 30, 2023, June 30, 2022 and December 31, 2022, deferred revenue was approximately $3,118,000, $2,501,000 and $2,861,000, respectively. Deferred revenue is expected to be recognized as revenue within a year.

Accounts payable and accrued expenses:

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

	June 30, 2023	June 30, 2022	December 31, 2022
Accounts payable	$ 5,733,663	$1,702,628	$ 1,199,130
Bonus payable	5,559,928	4,910,912	9,425,261
Other accrued expenses	1,989,160	1,605,430	1,711,933
Total	$13,282,751	$8,218,970	$12,336,324

Marketing and advertising costs:

The Company expenses marketing and advertising costs as incurred. Marketing and advertising expense for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022 was approximately $81,000, $56,000 and $182,000, respectively.

Income taxes:

Prior to the Conversion Date, PPHC-LLC was a limited liability company whereby the tax attributes were passed through to and reported on the members of PPHC-LLC's tax returns.

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

A valuation allowance is recorded, if necessary, to reduce net deferred taxes to their realizable values if management believes it is more likely than not that the net deferred tax assets will not be realized.

The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the 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.

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 six months ended June 30, 2023 and 2022 and the year ended December 31, 2022 does not include the common stock equivalent shares below:

	June 30, 2023	**June 30, 2022**	**December 31, 2022**
Common shares outstanding	108,722,213	108,199,105	108,024,388
Nonvested shares outstanding	4,360,804	-	1,322,092
Legally outstanding shares	113,083,017	108,199,105	109,346,480
Stock options and RSUs outstanding	4,774,445	2,644,859	2,718,809
Total fully diluted shares	117,857,462	110,843,964	112,065,289

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

	June 30, 2023	**June 30, 2022**	**December 31, 2022**
Common shares, weighted average	108,483,598	108,228,513	108,136,853
Nonvested shares, weighted average	2,840,168	-	339,584
Legally outstanding shares, weighted average	111,323,766	108,228,513	108,476,437
Stock options and RSUs, weighted average	3,404,771	692,209	1,670,203
Total fully diluted, weighted average	114,728,537	108,920,722	110,146,640

Fair value of financial instruments:

The carrying values of cash, accounts receivable, and accounts payable and accrued expenses at June 30, 2023, June 30, 2022 and December 31, 2022 approximated their fair value due to the short maturity of these instruments.

Reclassification:

Certain categorizations of the June 30, 2022 and December 31, 2022 segment disclosures have been reclassified to conform to the June 30, 2023 presentation. These reclassifications had no impact on the total results or net assets of the Company.

Restatement:

During the preparation and review of the Company's consolidated financial statements for the six months ended June 30, 2023, it was determined that certain typographical errors were made in the Company's previously issued (unaudited) consolidated financial statements for the six months ended June 30, 2022. These errors were immaterial and did not impact the Company's overall financial position or net loss presented. However, these errors have been corrected for presentation in these consolidated financial statements. The corrections were a change in the balance sheet for the accounts payable and accrued expenses balance from $8,418,970 to $8,218,970, a change in the cash flow statement for the change in the amortization of the right-of-use assets from $1,432,768 to $1,433,768 and the change in accounts payable and accrued expenses from $110,385 to $111,385, and a change in the net loss reported in the statement of equity from ($5,887,954) to ($5,841,277).

Subsequent events:

Management has evaluated the subsequent events for disclosure in these consolidated financial statements.

NOTE 2: ACQUISITIONS

<u>KP Public Affairs LLC</u>

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 ("KP Closing Cash Payment") and issued 739,589 shares of the Company's common stock ("KP Closing Share Payment") to Seller at an aggregate fair value of $1,145,200.

During the six months ended June 30, 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 organizations doing business in the state of California.

Accounting for the Acquisition

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

Purchase Consideration

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

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

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

Purchase Price Allocation

The allocation of the purchase consideration resulted in the following amounts being allocated to the assets acquired and liabilities assumed as of the purchase date of October 1, 2022 based on their respective estimated fair values is 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 relationships	7	$5,861,000
Noncompete agreements	5	$306,000

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

Engage LLC

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

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

Each of the Senior Principals will vest in the Engage Restricted Shares as long as they remain continuously employed through each applicable vesting date, except if the termination occurs under certain permitted events ("Engage Acceleration Event") as defined in the Engage Agreement. If one of the Senior Principals is terminated as a result of an Engage Acceleration Event, all of such Senior Principal's unvested Engage Restricted Shares shall become fully vested.

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

With respect to the Engage Cash Payment, each of the Senior Principals have a vesting requirement related to their respective cash payment. If any of the Senior Principals is terminated as a result of an Engage Acceleration Event, all of such Senior Principal's unvested Engage Cash Payment shall become fully vested.

In addition, the Engage Agreement contains certain provisions requiring the forfeiture of a respective Senior Principal's Engage Restricted Shares and a portion of the Engage Cash Payment made to both the Junior Principals and Senior Principals if certain restrictive covenants are breached by the respective Junior Principal or Senior Principal.

Reasons for the Acquisition

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

Accounting for the Acquisition

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

Purchase Consideration

The Company determined that certain consideration provided to Engage in the Engage Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that the purchase consideration consists of the amount of Engage Cash Payment paid to the Junior Principals and the Engage Cash Payment to the Senior Principals that is not subject to vesting or claw back linked to continuing employment, which totaled $894,000. The value of the Engage Restricted Shares of $825,000 and the remaining Engage Cash Payment amount of $1,031,000 ("Prepaid Post-Combination Compensation") will be recognized as a charge to expense in accordance with ASC 805-10-55-25 (See Note 6).

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 November 1, 2022 based on their respective estimated fair values is summarized below:

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 relationships	7	$414,461
Noncompete agreements	4	$140,000

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

MultiState Associates, Inc.

On March 1, 2023, the Company entered into an Asset Purchase Agreement ("MultiState Agreement") and acquired certain assets and assumed certain liabilities of MultiState Associates, Inc. ("MS Seller" or "MultiState Inc") through the creation of a wholly-owned subsidiary, MultiState Associates, LLC ("MS LLC"). At the closing of the transaction, the Company paid the Seller cash in the amount of $17,600,000 ("MS Closing Cash Payment") and issued 2,740,717 shares of the Company's common stock ("MS Closing Share Payment") to Seller at an aggregate fair value of $4,400,000, of which, 1,973,316 shares have vesting requirements ("MS 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.

Reasons for the Acquisition

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

Accounting for the Acquisition

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

Purchase Consideration

The Company determined that certain consideration provided to MS Sellers in the MultiState Agreement does not qualify as purchase consideration in accordance with the guidance of ASC 805. The Company determined that 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	$ 4,026,562
Other current assets	654,842
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

The identified definite-lived intangible assets were as follows:

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

The fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results, anticipating future cash flows and discount rates. The fair value of the developed technology was determined using the relief from royalty method, which requires management to estimate a number of factors, including the estimated future revenues expected to be generated from the technology and a hypothetical royalty rate attributable to the technology. The fair value of noncompete agreements was determined using an income approach method, which requires management to estimate a number of factors related to the expected future cash flows of MS LLC and the potential impact and probability of competition, assuming such noncompete agreements were not in place. The primary factors that contributed to the gain on bargain purchase recognized from the MS LLC acquisition include the requirement for the key employees of MS LLC to stay employees of the Company for a significant period of time.

NOTE 3: RELATED PARTY TRANSACTIONS

As of June 30, 2023, the amounts due from related parties of approximately $1,039,000 include the amount expected to be paid to the Company related to working capital adjustments associated with the MultiState acquisition. As of June 30, 2022, the amounts owed to related parties consisted of the Holding Distribution Discount of approximately $1,539,000. See Note 1. As of December 31, 2022, the amounts owed to related parties totaling approximately $1,276,000 include the amounts expected to be refunded to the owners of KP LLC and Engage related to the working capital adjustments associated with those acquisitions.

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 note receivable balance as of June 30, 2023, June 30, 2022 and December 31, 2022 was $513,000 and the amount of accrued interest is immaterial.

NOTE 4: GOODWILL AND INTANGIBLE ASSETS

Goodwill

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

	June 30, 2023	June 30, 2022	December 31, 2022
Goodwill	$47,909,832	$44,893,532	$47,909,832

As of June 30, 2023, June 30, 2022 and December, 31, 2022, there have been no impairments to goodwill. During the last six months of 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:

	June 30, 2023	June 30, 2022	December 31, 2022
Goodwill			
Government Relations Consulting	$ 35,274,832	$ 33,356,532	$ 35,274,832
Public Affairs Consulting	12,635,000	11,537,000	12,635,000
Diversified Services	-	-	-
Total	$ 47,909,832	$ 44,893,532	$ 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:

	June 30, 2023	June 30, 2022	December 31, 2022
Customer relationships	$ 27,103,861	$ 15,320,800	$ 21,596,261
Developed technology	3,938,000	-	-
Noncompete agreements	971,000	-	446,000
Accumulated amortization	(10,308,697)	(7,198,639)	(8,385,145)
Total indefinite lived assets, net	21,704,164	8,122,161	13,657,116
Tradenames	7,120,000	3,813,000	4,918,000
Total intangible assets, net	$ 28,824,164	$ 11,935,161	$ 18,575,116

Amortization expense for customer relationship, developed technology and noncompete agreement assets approximated $1,924,000, $942,000 and $2,129,000 for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022, respectively.

The approximate estimated future amortization expense is as follows:

	Amortization
July 1, 2023 to December 31, 2023	$ 1,955,000
2024	3,910,000
2025	3,894,000
2026	3,742,000
2027	3,692,000
Thereafter	4,511,000
Total	$ 21,704,000

NOTE 5: 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 $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 Inc. and $1,000,000 from Facility 1. 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 $376,000 for the Credit Facility during the six months ended June 30, 2023, which consisted of $326,000 of cash interest and $50,000 of non-cash amortization of debt discount.

The Company's Facility 2 consists of the following as of June 30, 2023:

Facility 2	$12,833,334
Less unamortized debt issuance costs	400,648
Total debt, net of unamortized debt issuance costs	12,432,686
Less current portion	3,349,757
Total Facility 2, long-term	$ 9,082,929

As of June 30, 2023, the balance of Facility 1 is $1,000,000 and is classified as a long-term liability.

As of June 30, 2023, the future maturities of Facility 2 is as follows:

July 1, 2023 to December 31, 2023	$ 1,750,000
2024	3,500,000
2025	3,500,000
2026	4,083,334
Total	$12,833,334

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 June 30, 2023, June 30, 2022 and December 31, 2022, was approximately $198,000, $223,000 and $211,000, respectively. Interest expense on the note payable - landlord for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022 was approximately $8,000, $9,000 and $17,000, respectively.

As of June 30, 2023, the the future maturities of the note payable - landlord is as follows:

July 1, 2023 to December 31, 2023	$ 13,807
2024	29,321
2025	31,755
2026	34,390
2027	37,245
Thereafter	50,854
Total	$197,372

NOTE 6: STOCKHOLDERS' EQUITY AND SHARE-BASED ACCOUNTING CHARGE

As of June 30, 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 June 30, 2023, June 30, 2022 and December 31, 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:

	June 30, 2023	June 30, 2022	December 31, 2022
Statement of Equity	108,722,213	108,199,105	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	-	-
Other Restricted Shares	915,209	-	95,202
Total Restricted Shares	4,360,804	-	1,322,092
Legally Outstanding Shares	113,083,017	108,199,105	109,346,480
Stock Options Outstanding	3,274,445	2,644,859	2,718,809
RSUs Outstanding	1,500,000	-	-
Fully Diluted Shares Outstanding	117,857,462	110,843,964	112,065,289

The weighted-average common shares outstanding, basic and diluted reported on the consolidated statement of operations is 108,483,598, 108,228,513 and 108,136,853, which is different from the 108,722,213, 108,199,105 and 108,024,388 ending shares as of June 30, 2023, June 30, 2022 and December 31, 2022 due to the first number representing an average during the period compared to the amount outstanding at the end of the period.

Other Restricted Shares consists of restricted stock awards issued in 2023 to employees (see Note 7) and 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 $15,431,000, $15,576,000 and $33,392,000 for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022, respectively.

As of June 30, 2023, there were 83,340,513 Retained Pre-IPO Shares subject to vesting requirements and 21,084,981 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 June 30, 2023, the unrecognized compensation cost from these restricted shares was approximately $105,270,000, which is expected to be recognized over a weighted-average period of 3.5 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 recognized as a charge for post-combination compensation over the period of the applicable vesting requirement or the period over which the claw back rights linked to employment lapse.

The total other liability of approximately $1,356,000 and $2,257,000 as of June 30, 2023 and December 31, 2022 consists of amounts expected to be paid in cash or stock in the future for post-combination compensation. For the six months ended June 30, 2023 and the year ended December 31, 2022, the post-combination compensation charge recorded by the Company was approximately $3,016,000 and $2,441,000, respectively. Approximately $921,000 and $2,257,000 of this amount was included as other liability at June 30, 2023 and December 31, 2022, respectively. Approximately $688,000 and $111,000 of the post-combination compensation charge is from the issuance of Common Stock that vested as of June 30, 2023 and December 31, 2022 and the remaining approximately $1,406,000 and $74,000 was from the amortization of the prepaid post-combination compensation asset for the six months ended June 30, 2023 and the year ended December 31, 2022, respectively. As of June 30, 2023, the unrecognized post-combination compensation charge was approximately $24,500,000, which is expected to be recognized over a weighted-average period of 2.2 years. The actual amount of Post-Combination Payments is subject to significant estimates and could change materially in the future.

NOTE 7: OMNIBUS INCENTIVE PLAN

During 2021, the Company adopted the Public Policy Holding Company, Inc. 2021 Omnibus Incentive Plan (the "Omnibus Plan"), under which Options (both nonqualified options, and incentive stock options subject to favorable U.S. income tax treatment), restricted stock units, restricted stock, unrestricted stock, SARs, 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 June 30, 2023, the total amount of shares authorized by the Board of Directors under the Omnibus Plan was 11,201,762, with a total of 5,607,310 available for issuance. During the six months ended June 30, 2023, the Company granted 652,000 Options, 1,500,000 restricted stock units ("RSUs"), and 820,007 restricted stock awards ("RSAs"). During the six months ended June 30, 2022, the Company granted 2,644,859 Options and for the year ended December 31, 2022 a total of 2,794,859 Options were granted. The 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. The RSAs vest on December 31, 2023 and 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:

	Six months ended June 30, 2023	Six months ended June 30, 2022	12 months ended December 31, 2022
Estimated dividend yield	6.00%	6.00%	6.00%
Expected stock price volatility	60.00%	60.00%	60.00%
Risk-free interest rate	3.76%	3.01%	2.7% to 4.1%
Expected life of option (in years)	6.50	6.50	6.50
Weighted-average fair value per share	$0.54	$0.58	$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 Option activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	2,718,809	$ 2.13*	-	$ -
Granted	652,000	2.02*	-	-
Exercised	-	-	-	-
Cancelled/Forfeited	(96,364)	2.23*	-	-
Outstanding as of June 30, 2023	3,274,445	2.19*	9.1	-
Exercisable as of June 30, 2023	-	-	-	-
Vested and expected to vest as of June 30, 2023	3,274,445	$ 2.19*	9.1	$ -

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2021	-	$ -	-	$ -
Granted	2,644,859	2.20*	-	-
Exercised	-	-	-	-
Cancelled	-	-	-	-
Outstanding as of June 30, 2022	2,644,859	2.20*	9.9	-
Exercisable as of June 30, 2022	-	-	-	-
Vested and expected to vest as of June 30, 2022	2,644,859	2.20*	9.9	-

	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	-
Exercisable as of December 31, 2022	-	-	-	-
Vested and expected to vest as of December 31, 2022	2,718,809	$ 2.13*	9.4	$ -

The following table summarizes certain information about the stock options outstanding and exercisable as of June 30, 2023:

Exercise Price	Number of Options Outstanding	Weighted-Average Remaining Life	Number of Options Exercisable
$ 2.02*	652,000	9.9	-
2.20*	100,000	9.3	-
2.23*	2,472,445	8.9	-
2.25*	50,000	9.1	-
	3,274,445		-

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

Option expense for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022 was approximately $269,000, $61,000, and $318,000, respectively. As of June 30, 2023, there was approximately $1,252,000 of total unrecognized compensation cost related to non-vested Option arrangements, which is expected to be recognized over a weighted-average period of 2.1 years.

RSUs

During the six months ended June 30, 2023, the Company issued 1,500,000 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:

	Six months ended June 30, 2023
Estimated dividend yield	6.00%
Expected stock price volatility	60.00%
Risk-free interest rate	3.9% to 4.7%
Expected life of option (in years)	1 to 3 years
Weighted-average fair value per share	$1.47

Activity in the Company's non-vested RSUs for the six months ended June 30, 2023 was as follows:

Weighted Average Grant Date

	Number of RSUs	Fair Value
Nonvested as of December 31, 2022	-	$ -
Granted	1,500,000	1.47
Vested	-	-
Cancelled/Forfeited	-	-
Nonvested as of June 30, 2023	1,500,000	$ 1.47

RSU expense for the six months ended June 30, 2023 was approximately $83,000. As of June 30, 2023, there was approximately $2,127,000 of total unrecognized compensation cost related to non-vested RSU arrangements, which is expected to be recognized over a weighted-average period of 1.9 years.

<u>RSAs</u>

During the six months ended June 30, 2023, the Company issued 820,007 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:

	Six months ended June 30, 2023
Estimated dividend yield	6.00%
Expected stock price volatility	60.00%
Risk-free interest rate	4.9%
Expected life of option (in years)	0.5 years
Weighted-average fair value per share	$1.61

Activity in the Company's non-vested RSAs for the six months ended June 30, 2023 was as follows:

	Number of RSAs	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2022	-	$ -
Granted	820,007	1.61
Vested	-	-
Cancelled/Forfeited	-	-
Nonvested as of June 30, 2023	820,007	$ 1.61

RSA expense for the six months ended June 30, 2023 was approximately $231,000. As of June 30, 2023, there was approximately $1,089,000 of total unrecognized compensation cost related to non-vested RSA arrangements, which is expected to be recognized over a weighted-average period of 0.5 years.

<u>SARs</u>

During the six months ended June 30, 2023, the Company issued 1,825,000 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 June 30, 2023, the total liability was $71,000. The fair value of the SARs was calculated as follows for the six months ended June 30, 2023:

	Six months ended June 30, 2023
Estimated dividend yield	6.00%
Expected stock price volatility	60.00%
Risk-free interest rate	4.1% to 4.2%
Expected life of option (in years)	4.4 to 5.4 years
Weighted-average fair value per share	$0.59

	Number of Shares	**Weighted Average Exercise Price**
Outstanding as of December 31, 2022	-	$ -
Granted	1,825,000	1.66
Exercised	-	-
Cancelled/Forfeited	(50,000)	1.66
Outstanding as of June 30, 2023	1,775,000	1.66
Exercisable as of June 30, 2023	-	-
Vested and expected to vest as of June 30, 2023	1,775,000	$ 1.66

SAR expense for the six months ended June 30, 2023 was approximately $71,000. 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.

NOTE 8: INCOME TAXES

Prior to December 10, 2021, the net income (loss) related to the Company's operations were reported as part of a partnership income tax return for federal and state income tax purposes. Because the partnership entity was not subject to income tax at the Company level, no provision for income taxes was required for periods prior to December 10, 2021.

Due to the Company Conversion that occurred on December 10, 2021, an initial net deferred tax liability was recorded in conjunction with the Company's operations that would be taxable at the corporate entity level.

An initial deferred tax liability in the amount of $2,942,400 was recorded, with a corresponding adjustment to stockholders' equity.

The Company recorded the following income tax expense (benefit) for the six months ended June 30, 2023 and 2022 and the year ended December 31, 2022:

	Six months ended June 30, 2023	Six months ended June 30, 2022	12 months ended December 31, 2022
Current tax expense:			
Federal	$2,926,200	$2,822,400	$5,944,400
State	1,198,400	1,113,600	2,443,100
	4,124,600	3,936,000	8,387,500
Deferred tax expense (benefit):			
Federal	(258,800)	(235,800)	(475,500)
State	(77,400)	(65,400)	(114,400)
	(336,200)	(301,200)	(589,900)
Total Provision for Income Taxes:	$3,788,400	$3,634,800	$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. None of the goodwill that was acquired prior to June 30, 2022 is deductible for income tax purposes. The acquisitions of KP LLC, Engage and MS LLC are taxable asset acquisitions. As such, the purchase consideration for these acquisitions will generate 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 $10,362,000 is eligible to begin being amortized for tax purposes during the 2022 tax year and an additional $9,477,000 is eligible to begin being amortized for tax purposes during the 2023 tax year.

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

	Six months ended June 30, 2023	Six months ended June 30, 2022	12 months ended December 31, 2022
Deferred tax assets:			
Other assets	$ 196,000	$ 104,900	$ 197,600
Deferred revenue	1,277,000	-	-
Goodwill	8,279,000	-	4,797,000
ASC 842 Lease liability	7,154,000	4,622,000	5,107,000
Total deferred income tax assets	16,906,000	4,726,900	10,101,600
Deferred tax liabilities:			
Other	(380,000)	(198,000)	(469,200)
Intangible assets	(2,503,000)	(3,228,000)	(2,924,000)
Right of use asset	(6,317,000)	(3,914,300)	(4,430,000)

Total deferred income tax liabilities	(9,200,000)	(7,340,300)	(7,823,200)
Total Net Deferred Tax Asset (Liability):	$ 7,706,000	$ (2,613,400)	$ 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 for the six months ended June 30, 2023 and 2022, and the year ended December 31, 2022, is as follows:

	June 30, 2023		**June 30, 2022**		**December 31, 2022**	
	Amount	**% of Pretax Earnings**	**Amount**	**% of Pretax Earnings**	**Amount**	**% of Pretax Earnings**
Federal income tax expense (benefit) at statutory rate	$ 34,000	21.0	$(473,200)	(21.0)	$(1,514,300)	(21.0)
State income taxes, net of federal income tax benefit	10,200	6.3	(136,200)	(6.0)	(452,800)	(6.3)
Nondeductible expenses	3,790,800	2,341.8	4,241,800	192.2	9,775,100	135.6
Other	(46,600)	(28.8)	2,400	0.1	(10,400)	(0.1)
Total Provision for Income Taxes	$3,788,400	2,340.3	$3,634,800	165.3	$7,797,600	108.2

As of June 30, 2023, there are no known items that would result in a material liability related to uncertain tax positions, as such, there are no unrecognized tax benefits. The Company's policy is to recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of June 30, 2023, the Company had no accrued interest or penalties related to uncertain tax positions. The Company's 2021 and 2022 tax years are open under the statute of limitations for examination by the taxing authorities.

NOTE 9: RETIREMENT PLAN

Effective January 1, 2020, the Company established the Public Policy Holding Company, LLC 401(k) Plan ("PPHC Plan"). The PPHC Plan covers employees that reach certain age and length of service requirements. Eligible employees can contribute into the plans through salary deferral. The PPHC Plan does not have any employer contribution and expenses are immaterial.

NOTE 10: CONCENTRATION OF CREDIT RISK

Geographic location

Most 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.

NOTE 11: SEGMENT REPORTING

As of June 30, 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 Six Months Ended June 30, 2023

	Government Relations	Public Affairs	Diversified Services	Other	Total
Revenue	**$46,529,662**	**$ 16,507,022**	**$ 2,675,271**	**$ -**	**$ 65,711,955**
Contribution Margin	**$13,631,400**	**$ 2,636,300**	**$ 655,000**	**$ -**	**$ 16,922,700**
Depreciation	-	-	-	(57,932)	(57,932)
Interest	-	-	-	(384,469)	(384,469)
Taxes	-	-	-	(3,788,400)	(3,788,400)
Share-based accounting charge	-	-	-	(15,430,500)	(15,430,500)
Post-combination compensation charge	-	-	-	(3,016,024)	(3,016,024)
Long term incentive program charges	-	-	-	(654,000)	(654,000)
Amortization of intangibles	-	-	-	(1,923,553)	(1,923,553)
Gain on bargain purchase, net of taxes	-	-	-	4,835,777	4,835,777
Net income (loss)	**$13,631,400**	**$ 2,636,300**	**$ 655,000**	**$(20,419,101)**	**$ (3,496,401)**
Goodwill at end of period	**$35,274,832**	**$ 12,635,000**	**$ -**	**$ -**	**$ 47,909,832**

For the Six Months Ended June 30, 2022

	Government Relations	Public Affairs	Diversified Services	Other	Total
Revenue	**$37,571,400**	**$ 14,167,404**	**$ -**	**$ -**	**$ 51,738,804**
Contribution Margin	**$11,497,308**	**$ 2,942,000**	**$ -**	**$ -**	**$ 14,439,308**
Depreciation	-	-	-	(57,962)	(57,962)
Interest	-	-	-	(8,150)	(8,150)
Taxes	-	-	-	(3,634,800)	(3,634,800)
Share-based accounting charge	-	-	-	(15,575,773)	(15,575,773)
Long term incentive program charges	-	-	-	(61,494)	(61,494)
Amortization of intangibles	-	-	-	(942,406)	(942,406)
Net income (loss)	**$11,497,308**	**$ 2,942,000**	**$ -**	**$(20,280,585)**	**$ (5,841,277)**
Goodwill at end of period	**$33,356,532**	**$ 11,537,000**	**$ -**	**$ -**	**$ 44,893,532**

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	**$24,439,790**	**$ 6,746,000**	**$ -**	**$ -**	**$ 31,185,790**
Depreciation	-	-	-	(100,285)	(100,285)
Interest	-	-	-	(16,873)	(16,873)
Taxes	-	-	-	(7,797,400)	(7,797,400)
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)	**$24,439,790**	**$ 6,746,000**	**$ -**	**$(46,194,501)**	**$ (15,008,711)**
Goodwill at end of period	**$35,274,832**	**$ 12,635,000**	**$ -**	**$ -**	**$ 47,909,832**