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Public Policy Holding Company, Inc.

("PPHC" or the "Group")

Acquisition of Lucas Public Affairs

Earnings accretive acquisition expands Group presence in key California market

Public Policy Holding Company (AIM: PPHC), the government relations and public affairs group providing clients with a fully integrated and comprehensive range of services, has acquired Lucas Public Affairs, LLC ("LPA"), a premier California-based public affairs firm (the "Acquisition"), for an initial consideration of \$7.5 million. The Acquisition is immediately accretive to the Group's underlying earnings.

This is PPHC's third significant acquisition since IPO in December 2021 and LPA becomes the 9th brand to sit within the Group's broad umbrella.

Based in Sacramento, California and founded in 2006, LPA is led by Donna Lucas, CEO, and Cassandra Pye, President. It has 28 full-time employees and represents leading corporations and organisations on issues of local, state and national importance.

Acquisition highlights

- The Acquisition is in line with the Group's growth strategy and, alongside the 2022 acquisition of KP Public Affairs, significantly expands its already market leading offering in California.
- As a wholly-owned subsidiary of PPHC, LPA will retain its distinct brand identity and its long-standing management team and staff.
- The initial consideration of \$7.5 million was funded 80% (\$6.0 million) in cash and 20% (\$1.5 million) through the issue of new common shares in PPHC to the owners of LPA (the "New Common Shares").
- Further earnout payments are contingent on LPA achieving an agreed level of profit growth between 2024 and 2028, promoting alignment with the Group's broader growth objectives.
- The Acquisition is immediately accretive to underlying earnings per share.
- Significant revenue and profit synergy potential exists via the referral of work from the PPHC network, which has over 1,200 clients.
- The Group has separately announced today that it has entered into a \$13.0 million credit facility, of which \$6.0 million has been deployed to fund the cash element of the initial consideration.

Overview of LPA

- LPA is a leading public affairs agency in California, the largest state economy in the US and is measured as the fifth largest global economy. California is also at the forefront of major issues including technology regulation, privacy, climate change, energy, and environmental regulations.
- LPA currently has 28 employees, including senior experts and practitioners in corporate communications, issues management, and state-based campaigning.
- LPA helps clients navigate California's complex legislative and regulatory environment. The firm is known for high-level reputation, issue management and strategic communication campaigns - tapping into the team's deep familiarity with California's political, business and media landscape.
- Practice areas of expertise reflect the issues that define California's future including energy and climate, transportation and logistics, K-12 and higher education, water, technology and biotech, housing, health care and

aging, insurance, among others.

- For the year ended 31 December 2023, LPA recorded (unaudited) net revenues of \$6.5 million. Profit before tax amounted to \$1.0 million, after adjusting for PPHC's remuneration policy.

Key terms of the Acquisition

- The initial consideration of \$7.5 million was satisfied on completion, which occurred on 1 May 2024, in part by the issuance of 958,371 New Common Shares of \$0.001 each at a price of £1.25 per Common Share, totaling \$1.5 million, and the balance of \$6.0 million paid in cash. Shares issued to the owners of the selling entity will be subject to a three-year vesting period, and those owners will additionally be subject to certain restrictive covenants.
- The initial cash consideration of \$6.0 million was funded from a credit facility entered into with Bank of America and separately announced today.
- As part of the purchase consideration, in addition to the initial consideration, two future earnout payments could be made with the final payment taking place after the end of 2028. These payments are contingent on LPA delivering profit growth between 2024 and 2028. Such future payments will be satisfied by a mix of cash and equity.
- Including the initial consideration of \$7.5 million, the aggregate consideration is maximised at \$22 million. This maximum would be achieved if LPA was to realise more than 25% compound annual profit growth through 2028.
- Net assets of LPA transferred at completion amount to \$0 million.

Issue of New Common Shares

As part of the consideration payable upon completion, 958,371 New Common Shares of \$0.001 each are to be issued. An application will be made for the New Common Shares, which will rank *pari passu* with the existing Common Shares in issue, to be admitted to trading on AIM. Dealings are expected to commence on or around 7 May 2024.

Following this issue of shares, the Group's total issued and voting share capital upon admission will consist of 116,400,426 Common Shares. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, securities of the Group.

Stewart Hall, CEO of PPHC, commented:

"The acquisition of LPA significantly strengthens our position in a key US state and increases our expertise in critical sectors including technology, green energy, and healthcare. This is an important step towards PPHC's stated goal of being the world's largest, most comprehensive provider of government relations and policy communication services for corporations and NGOs."

"There are very few other jurisdictions that matter more to our clients than California, and nowhere else is the future of business being affected as in Sacramento. LPA's impressive team of communications and public affairs experts are a very strong addition to the growing PPHC family."

"As with our distinctly branded firms in Washington DC and Boston, the addition of LPA, alongside our partners at KP Public Affairs, makes PPHC's expertise in California second-to-none. Both firms will continue to operate independently."

Donna Lucas, CEO of LPA, commented:

"We are genuinely excited about what this opportunity means for LPA's clients and for our team. We had a short list of what we needed to make this move. We wanted stability, a commitment to our roster of current and future firm leaders and we wanted the kind of partner who would allow us to continue to remain independent and true to our culture while continuing to grow. PPHC was founded by people like us who understand our business. They value what we do. We could not ask for a better partner."

Cassandra Pye, President of LPA, commented:

"This partnership gives LPA access to additional assets and tools to support our clients and their priorities. PPHC has collected an amazing network of practitioners leading public affairs operations in DC, and in California, is investing in one of the most talented groups of public affairs practitioners in the state."

"Donna and I are really excited to continue to lead LPA with this exceptional team and with partners who support our commitment to excellence. Our clients are the beneficiaries here. We're strengthening our bench now and for the future."

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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 approximately 1200 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 nine operating entities comprising Crossroads Strategies, Forbes Tate Partners, Seven Letter, O'Neill & Associates, Alpine Group Partners, KP Public Affairs, MultiState Associates, Concordant and Lucas Public Affairs. 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.

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