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**Public Policy Holding Company, Inc.**

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

**Acquisition of Pagefield and Expansion of Credit Facility**

*Earnings-accretive acquisition in London expands Group presence internationally*

Public Policy Holding Company (AIM: PPHC), the government relations and public affairs group providing clients with a fully integrated and comprehensive range of services, is pleased to announce that it has acquired Pagefield Communications Limited ("Pagefield"), a premier London-based strategic communications and cross-party public affairs advisory firm (the "Acquisition"), for an initial consideration of £16.2 million.

Until now, PPHC's nine operating companies have been solely based in the US, although its c.1,200 clients - including nearly half of the Fortune 100 - are global by nature. Alongside organic growth, as outlined at the time of its IPO in December 2021 and reiterated since, PPHC has been targeting acquisitions within the key political capitals of London and Brussels, as well as more US states, in order to broaden its geographic reach and policy expertise.

Since IPO, PPHC has acquired three businesses in the US, with Pagefield becoming its first international acquisition and the 10<sup>th</sup> brand to sit under the Group's broad umbrella, which encourages the cross-selling of services between operating companies to augment organic growth.

Founded in 2010 by Mark Gallagher, Oliver Foster and Sara Price and based in London, England, Pagefield is led by Foster, CEO, and has 36 full-time employees. Mr. Foster will continue as CEO, and Mr. Gallagher and Ms. Price will remain with the business as senior advisers. Pagefield's clients include corporations and organisations campaigning on issues of local, national and global importance.

**Acquisition highlights**

- The Acquisition is in line with the Group's growth strategy of considered M&A into key geographies and industry/policy specialisations.
- As a wholly-owned subsidiary of PPHC, Pagefield will retain its distinct brand identity and its long-standing executive, senior management team and employees.
- Significant revenue and profit synergy potential exists via the referral to and from the existing Group, which has over 1,200 clients.
- The initial consideration of £16.2 million has been funded 93% (£15.1 million) in cash and 7% (£1.1 million) through the issue of new common shares in PPHC to the shareholders of Pagefield (the "New Common Shares").
- Further earnout payments are contingent on Pagefield achieving profit growth targets, promoting alignment with the Group's broader growth objectives.
- The Acquisition is accretive to underlying earnings per share.

**Overview of Pagefield**

- Pagefield is a leading strategic communications and cross-party public affairs advisory firm in the UK, which is measured as the 6<sup>th</sup> largest global economy and, along with the EU, is at the forefront of global policy issues including technology regulation, energy transition/green energy and other environmental regulations.
- A cross-party consultancy, Pagefield helps clients navigate the UK's complex legislative and regulatory environment and is known for high-level reputation, issues management and strategic communication campaigns

- tapping into the team's deep familiarity with the UK's political, business and media landscape.

- Practice areas of expertise are Public and Regulatory Affairs, Public Relations, Campaigning and Digital & Social Media. This aligns with the Group's offerings of Government Relations and Public Affairs.
- Pagefield's clients include some of the world's premier brands, established listed companies, fast-moving start-ups and challengers, inspiring charities and individuals.
- For the year ended 31 December 2023, Pagefield recorded (unaudited) net revenues of £6.0 million, growing at an average rate of 10% for the past three years. Profit before tax amounted to £2.3 million, after application of post-completion compensation policy.

#### **Key terms of the Acquisition**

- The initial consideration of £16.2 million has been funded by £15.1 million paid in cash and the balance of £1.1 million being satisfied by the issuance of 897,640 New Common Shares of \$0.001 each at a price of £1.2561 per New Common Share. Shares issued to the shareholders of Pagefield ("Sellers") will be subject to a four-year lock-in period and the Sellers will additionally be subject to certain restrictive covenants. Certain additional payments may be made to the Sellers to the extent that Pagefield benefits from some specified tax relief and other benefits.
- In addition to the initial consideration, a further earnout payment could be made after the end of 2025, capped at £6.3 million, contingent on Pagefield achieving average profit after tax for the two years ended 31 December 2025 above an agreed hurdle. Any payment, would be satisfied through a mix of 65.4% paid in cash and 34.6% through the issue of equity.
- Finally, and integral to the transaction, incentive programmes have been agreed for Mr. Foster and the leadership team. These incentive programmes will reward these participants based on the growth in profit after tax for the five years to 31 December 2028. Any payments under such programmes will be payable in 2029 up to a maximum of £7.5 million and will be paid 60% in cash and 40% in equity.
- Taking into account these three payments, the maximum aggregate consideration that could be payable would be £30 million. This maximum would only be payable in the event that Pagefield were to achieve significant growth in profit after tax.
- Unaudited net assets of Pagefield at completion amount to approximately £0 million.

#### **Expansion of bank facilities**

- In order to support with the financing of the initial cash element of the Acquisition, the Group announces it has expanded the Senior Secured Supplemental Credit Facility with Bank of America (the "Facility"), which was recently entered into on April 30th 2024, from \$13 million to \$25 million. Of this facility, \$6 million had been deployed for the recent acquisition of Lucas Public Affairs, and the remaining balance of \$19 million has been drawn to fund the cash element of the initial consideration of Pagefield.
- As previously communicated, the interest rate payable on this Supplemental Credit Facility is the Secured Overnight Financing Rate (SOFR) plus 260 basis points, and the Facility will mature on 30 April 2028.
- The Group reaffirms its commitment to maintaining a prudent leverage ratio as it executes on a dual-track strategy of organic growth and M&A. The Group's ability to maintain M&A financing flexibility facilitates its wider capital allocation policy, which includes dividend payments. Following the Acquisition, the effective debt position of the Group will be approximately \$35 million before taking into account the Group's evolving cash balance. The Group considers this to be a conservative level relative to its reported underlying EBITDA of \$35.1 million for the year ended 31 December 2023 and cash from operations of \$21.6 million.

#### **Issue of New Common Shares**

As part of the initial consideration payable, 897,640 New Common Shares of \$0.001 each are issued to the Sellers. 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 ("Admission"). Dealings are expected to commence on or around 12 June 2024.

Following this issue of shares, the Group's total issued and voting share capital upon Admission will consist of 119,279,632 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:**

"We have been targeting international M&A, particularly into the key political capitals of London and Brussels, since IPO. In Pagefield, we have acquired a high-quality business with outstanding people and a sought-after client base. Our clients are global by nature, present in multiple geographies and it is essential that we can support them wherever they operate.

"Pagefield stands to benefit greatly from our ability to cross refer business while our US-based operating companies will

equally benefit from its expertise and deep familiarity with the UK's political, business and media landscape. As a UK listed company, we welcome Pagefield into the PPHC Group and look forward to working with Pagefield as we deliver value for our shareholders.

"Finally, our pipeline of acquisition opportunities under development remains healthy and we retain a strong balance sheet which gives us the resources to continue to pursue our M&A strategy alongside organic growth."

**Oliver Foster, CEO of Pagefield, commented:**

"We are delighted to be joining the PPHC family whilst maintaining the Pagefield brand, ethos and values. This next phase in our growth will open up a huge well of professional - and international - expertise to our clients. We already advise and represent a number of international clients in the UK and PPHC works with a number of UK clients in the US.

"Therefore, the long-term client benefits were crystal clear from the moment we began our discussions and the opportunities for professional collaboration to add further value to current, new and shared clients is incredibly exciting."

**Mark Gallagher, Co-Founder of Pagefield, added:**

"I am thrilled that we have found a terrific new home for Pagefield and our exceptional team - a prerequisite for the future of a company we founded some fourteen years ago. Today we are laying the foundation stone of what I have no doubt will be a transatlantic PR powerhouse. As founders of the business, Sara and I are also delighted to maintain our involvement in Pagefield and to have a stake in the future success of PPHC as a whole."

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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 US. 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 ten operating entities in the US and UK. 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](http://www.pphcompany.com).

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