



Public Policy Holding Company, Inc.

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

2025 Q3 Results

PPHC, a leading global strategic communications provider offering a comprehensive range of advisory services in the areas of government relations, corporate communications and public affairs, announces that it has filed financial information related to its unaudited results for the three and nine months ended 30 September 2025 with the U.S. Securities and Exchange Commission ("SEC") as part of an amendment to its Form S-1 Registration Statement.

The financial information filed with the SEC is consistent with the Company's 2025 Q3 Trading Update released on 22 October 2025 and provides additional supporting detail, which is included below.

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Part I - Financial Information

Item 1. Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	September 30, 2025	December 31, 2024
	<i>(Unaudited)</i>	
ASSETS:		
Current assets:		
Cash and cash equivalents	11,145	14,536
Contract receivables, net	25,124	18,285
Notes receivable - related parties, current portion	350	863
Income taxes receivable	882	3,185
Prepaid post-combination compensation, current portion	6,039	6,070
Prepaid expenses and other current assets	5,672	2,726
Total current assets	49,211	45,665
Property and equipment at cost, less accumulated depreciation	856	751
Notes receivable - related parties, long term	1,550	1,050
Operating lease right of use asset	17,103	18,428
Goodwill	66,690	64,308
Other intangible assets, net of accumulated amortization	41,641	32,144
Deferred income tax asset	22,506	11,038
Prepaid post-combination compensation, long term	4,751	888
Other long-term assets	276	189
TOTAL ASSETS	201,524	174,400

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LIABILITIES AND EQUITY:		
Current liabilities:		
Accounts payable and accrued expenses	21,912	20,044
Amounts owed to related parties	1,017	556
Deferred revenue	4,931	3,150
Operating lease liability, current portion	5,500	4,827
Contingent consideration, current portion	8,272	2,093
Other liability, current portion	602	1,135
Notes payable, current portion, net	8,177	6,031
Total current liabilities	50,411	37,836
Notes payable, long term, net	41,462	26,014
Contingent consideration, long term	9,777	8,803
Other liability, long term	7,013	3,745
Operating lease liability, long term	14,408	16,808
Total liabilities	123,072	93,206
Stockholders' equity:		
Common stock, 0.001 par value, 1,000,000,000 shares authorized, 25,134,706 and 24,017,597 shares issued and outstanding as of September 30, 2025, and December 31, 2024, respectively	23	23
Additional paid-in capital	226,929	197,489
Accumulated deficit	(146,621)	(115,721)
Accumulated other comprehensive income (loss)	1,181	(536)
Total stockholders' equity	81,513	81,254
TOTAL LIABILITIES AND EQUITY	204,584	174,460

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Amounts in thousands, except share and per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Revenue	48,787	39,415	136,686	110,549
Operating expenses:				
Salaries and other personnel costs	41,940	33,537	114,605	92,421
Office and other direct costs	1,918	1,492	5,204	4,227
Cost of services	43,858	35,029	119,808	96,647
Salaries, general and administrative	6,882	8,412	23,908	21,088
Mergers and acquisitions expense	130	97	406	1,655
Depreciation and amortization expense	1,551	1,189	4,319	3,047
Change in fair value of contingent consideration	2,270	(498)	4,946	1,766
Total operating expenses	54,691	44,230	153,387	124,202
Loss from operations	(5,904)	(4,815)	(16,701)	(13,654)
Gain on bargain purchase	-	-	-	2,464
Interest income	27	42	89	140
Interest expense	(981)	(751)	(2,481)	(1,348)
Other expense	(7)	-	(30)	-
Net loss before income taxes	(6,866)	(5,524)	(19,124)	(12,399)
Income tax expense	(574)	(1,187)	(4,662)	(4,894)
Net loss	(7,440)	(6,711)	(23,786)	(17,292)
Net loss per share attributable to common stockholders, basic and diluted	(0.45)	(0.67)	(1.51)	(1.89)
Basic and diluted	17,403,040	13,654,190	17,165,104	13,126,771
Net loss	(7,440)	(6,711)	(23,786)	(17,292)
Foreign currency translation gain (loss)	(524)	1,265	1,717	1,003
Total comprehensive loss	(7,965)	(5,446)	(22,069)	(16,290)

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Amounts in thousands, except share and per share data)

(Unaudited)

Common Stock

Accumulated

	Shares (Revised)	Amount	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2024	24,017,597	23	197,489	(115,721)	(536)	81,254
Long term incentive program charges	-	-	1,179	-	-	1,179
Vesting of stock issued from Multistate acquisition	-	-	1	(1)	-	-
Repayment of note receivable by Alpine Group	(63,356)	-	(532)	-	-	(532)
Post-combination compensation charge-shares	-	-	605	-	-	605
Share-based accounting charge	-	-	7,444	-	-	7,444
Foreign currency translation gain	-	-	-	-	721	721
Net loss	-	-	-	(10,615)	-	(10,615)
Balance at March 31, 2025	23,954,241	23	206,185	(126,337)	186	80,056
Long term incentive program charges	-	-	1,148	-	-	1,148
Issuance of unvested legally outstanding shares	719,547	-	-	-	-	-
Forfeiture of unvested restricted stock	(2,630)	-	-	-	-	-
Dividends	-	-	-	(5,765)	-	(5,765)
Vesting of restricted stock awards	-	-	1	(1)	-	-
Vesting of restricted stock units	100,333	-	-	(1)	-	-
Issuance of common stock for acquisition	134,915	-	1,190	-	-	1,190
Post-combination compensation charge-shares	-	-	893	-	-	893
Issuance of common stock for settlement of other liability	-	-	342	-	-	342
Share-based accounting charge	-	-	7,394	-	-	7,394
Foreign currency translation gain	-	-	-	-	1,520	1,520
Net loss	-	-	-	(5,730)	-	(5,730)
Balance at June 30, 2025	24,906,406	23	217,153	(137,834)	1,706	81,048
Long term incentive program charges	-	-	1,626	-	-	1,626
Dividends	-	-	-	(1,347)	-	(1,347)
Vesting of restricted stock units	185,471	-	-	-	-	-
Issuance of common stock for acquisition	42,829	-	94	-	-	95
Post-combination compensation charge-shares	-	-	662	-	-	662
Share-based accounting charge	-	-	7,394	-	-	7,394
Foreign currency translation loss	-	-	-	-	(524)	(524)
Net loss	-	-	-	(7,440)	-	(7,440)
Balance at September 30, 2025	25,134,706	23	226,929	(146,621)	1,181	81,513

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in thousands, except share and per share data)
(Unaudited)

	<u>Common Stock</u>					
	Shares (Revised)	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
Balance at December 31, 2023	23,054,393	22	156,972	(74,925)	-	82,069
Long term incentive program charges	-	-	597	-	-	597
Issuance of unvested legally outstanding shares	34,019	-	-	-	-	-
Vesting of stock issued from Multistate acquisition	-	-	1	(1)	-	-
Post-combination compensation charge-shares	-	-	424	-	-	424
Share-based accounting charge	-	-	7,597	-	-	7,597
Net loss	-	-	-	(5,416)	-	(5,416)
Balance at March 31, 2024	23,088,412	22	165,591	(80,342)	-	85,271
Long term incentive program charges	-	-	690	-	-	690
Issuance of unvested legally outstanding shares	499,701	-	-	-	-	-
Dividends	-	-	-	(11,202)	-	(11,202)
Vesting of restricted stock units	98,336	-	-	-	-	-
Issuance of common stock for acquisition	179,528	-	1,443	-	-	1,443
Post-combination compensation charge-shares	-	-	1,178	-	-	1,178

Common stock issued to iVivint state as settlement of contingent consideration	88,287	-	691	-	-	691
Share-based accounting charge	-	-	7,597	-	-	7,597
Foreign currency translation loss	-	-	-	-	(262)	(262)
Net loss	-	-	-	(5,166)	-	(5,166)
Balance at June 30, 2024	23,954,264	23	177,190	(96,710)	(262)	80,240
Long term incentive program charges	-	-	1,378	-	-	1,378
Vesting of restricted stock units	20,000	-	-	-	-	-
Post-combination compensation charge-shares	-	-	(15)	-	-	(15)
Share-based accounting charge	-	-	8,659	-	-	8,659
Foreign currency translation gain	-	-	-	-	1,265	1,265
Net loss	-	-	-	(6,711)	-	(6,711)
Balance at September 30, 2024	23,974,264	23	187,211	(103,421)	1,003	84,816

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)
(Unaudited)

	Nine months ended September 30,	
	2025	2024
Cash Flows from Operating Activities:		
Net loss	(23,786)	(17,292)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	146	80
Amortization expense - intangibles	4,486	4,451
Amortization of right of use assets	3,397	3,020
Amortization of prepaid post-combination compensation	6,474	3,886
Accretion of other liability	4,069	2,118
Amortization of debt discount	164	128
Provision for deferred income taxes	(1,609)	(241)
Share-based accounting charge	22,232	23,853
Stock-based compensation	4,623	2,962
Post-combination compensation charge-shares	2,160	1,078
Change in fair value of contingent consideration	4,950	1,814
Gain on bargain purchase	-	(2,464)
Credit losses on accounts receivable	2,349	656
(Increase) decrease in:		
Accounts receivable	(8,321)	(4,640)
Prepaid post-combination expense	(10,306)	(4,498)
Prepaid expenses and other assets	(1,097)	2,187
Increase (decrease) in:		
Accounts payable and accrued expenses	342	(6,324)
Income taxes payable and receivable	2,326	(3,873)
Deferred revenue	1,765	2,450
Contingent considerations	(3)	-
Operating lease liability	(3,797)	(3,055)
Other liabilities	(996)	-
Transactions with members and related parties	461	1,593
Net Cash Provided by Operating Activities	10,030	7,889
Cash Flows from Investing Activities:		
Purchases of property and equipment	(222)	(29)
Proceeds issued for notes receivable - related parties	(500)	-
Cash paid for acquisitions	(20,991)	(20,200)
Net Cash Used in Investing Activities	(21,713)	(20,229)
Cash Flows from Financing Activities:		
Proceeds from notes payable	24,000	25,000
Payment of debt issuance costs	(115)	(806)
Payment of deferred equity offering costs	(1,472)	-
Principal payment of note payable	(6,455)	(2,355)
Payment of contingent considerations	(726)	(1,018)
Dividends paid	(7,112)	(11,202)
Net Cash Provided by Financing Activities	8,120	9,619
Effect of foreign exchange rate changes on cash and cash equivalents	172	35
Net Decrease in Cash and Cash Equivalents	(3,391)	(2,686)
Cash and Cash Equivalents as of Beginning of Period	14,536	15,396
Cash and Cash Equivalents at the End of Period	11,145	12,710

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

Nine months ended September 30,

	2025	2024
Supplemental disclosure of cash flow information:		
Cash paid for interest	2,304	519
Cash paid for income taxes	8,060	4,403
Common stock received for repayment of note receivable with Alpine Group	532	-
Right of use assets obtained with lease liabilities	2,071	1,021
Contingent consideration issued for acquisitions	2,871	3,781
Common stock issued for acquisitions	1,281	1,443
Stock issued for settlement of other liability	342	-
Accrued deferred equity offering costs	298	-
Stock issued for settlement of contingent consideration	-	691

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements

PUBLIC POLICY HOLDING COMPANY, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

(Unaudited)

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

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 20,000,000 shares (the "Contribution Shares") of Common Stock, par value 0.001 per share ("Common Stock") of PPHC-Inc. Pursuant to a formula approved by the Executive Board and General Board of PPHC-LLC (the "Waterfall"), PPHC-LLC then liquidated and distributed the Contribution Shares to each of PPHC-LLC's owners who (other than The Alpine Group, Inc.), in turn, distributed such shares to their respective owners in accordance with the Waterfall (collectively, the "Company Conversion").

The Company provides consulting services in the areas of Government Relations Consulting, Corporate Communications & Public Affairs Consulting and Compliance and Insights Services, primarily in the US. With the acquisition of Pagefield Communications Limited ("Pagefield") and TrailRunner International ("TrailRunner"), the Company has expanded its capabilities to the United Kingdom and parts of Asia. As of September 30, 2025, the Company conducts its business through 12 individual member companies.

The unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting. These condensed consolidated financial statements are unaudited and, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments and accruals) necessary for a fair statement of the results for the periods presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The year-end condensed consolidated balance sheet data was derived from our audited consolidated financial statements but does not include all disclosures required by GAAP. Operating results for the nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with GAAP have been omitted in accordance with the SEC's rules and regulations for interim reporting. Our financial position, results of operations and cash flows are presented in United States Dollars ("USD" or "US Dollars").

Reverse Stock Split

On September 29, 2025, the Company's Board of Directors approved an amendment to the Company's amended and restated certificate of incorporation to effect a reverse stock split of the Company's Common Stock, including all unvested Common Stock, at a ratio of one share for every five shares (the "Reverse Stock Split"). The Reverse Stock Split was effective on October 2, 2025. The authorized number of shares, and par value per share, of Common Stock are not affected by the Reverse Stock Split. Under the terms of the Reverse Stock Split, the number of shares awarded, issuable upon exercise of options awarded or issued or issuable pursuant to other equity awards under the Company's existing omnibus incentive plan, and the exercise price of such options, have been adjusted on a pro rata basis. For all periods presented, all references to shares, options to purchase common stock, share amounts, per share amount, and related information contained in the consolidated financial statements have been retrospectively adjusted to reflect the Reverse Stock Split.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires the Company's management to make estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include, but not limited to, the allowance for credit losses, useful lives of intangible assets, recoverability of the carrying amounts of intangible assets, shared-based compensation, business acquisitions, valuation of contingent considerations, post-combination liabilities and income tax provision. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

Certain monetary amounts, percentages and other figures included elsewhere in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by PPHC-Inc. in accordance with GAAP and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations.

The accompanying unaudited consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods ended September 30, 2025 and 2024, but are not necessarily indicative of the results of operations to be anticipated for any future interim periods or for the full year ending December 31, 2025.

The consolidated balance sheet as of December 31, 2024 included herein was derived from the audited financial statements as of that date.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant transactions among the Company and its subsidiaries have been eliminated upon consolidation.

Significant Accounting Policies

The Company's significant accounting policies are disclosed in the consolidated financial statements for the year ended December 31, 2024. There were no material changes or developments during the reporting period to the Company's significant accounting policies with the exception of the following development:

Deferred Offering Costs: Costs directly attributable to the Company's offering of its equity securities are deferred as prepaid expenses and other current assets. These costs primarily represent specific incremental legal, accounting, investment banking and consulting costs directly related to the Company's efforts to raise capital through a public sale of its Common Stock. Future costs will be deferred until the completion of the offering, at which time deferred costs will be reclassified to additional paid-in capital as a reduction of the offering proceeds. At September 30, 2025, the Company had 2.1 million of deferred offering costs, included within prepaid expenses and other current assets in the accompanying condensed consolidated balance sheet. At December 31, 2024, the balance of deferred offering costs was not material.

NOTE 2. CORRECTION OF ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During 2025, the Company determined that previously filed interim and annual financial statements had an immaterial error in its earnings per share calculation resulting from the inclusion of certain unvested Pre-UK IPO shares in the basic earnings per share calculation and the Company was also not appropriately applying the two-class method to calculate Basic and Diluted earnings per share in accordance with ASC 260, *Earnings Per Share*. As a result, earnings per share calculations have been revised for the year ended December 31, 2024. The application of the two-class method results in an adjustment to the numerator (net loss attributable to common stockholders) for dividends paid to unvested participating stockholders.

The Company assessed the materiality of this revision and concluded that this error correction in its Consolidated Statements of Operations and Comprehensive Loss, Consolidated Statements of Stockholders' Equity and Note 1 - Organization and Significant Accounting Policies (Basic and diluted earnings (loss) per share) is not material to any previously presented financial statements based upon overall considerations of both quantitative and qualitative factors. In concluding this error was immaterial, the Company considered factors such as the capital structure of the Company, the impact to key performance metrics presented to external investors, executive remuneration and the pervasiveness of the error within the financial statements, amongst others. These immaterial corrections had no impact on the Consolidated Balance Sheet or Consolidated Statements of Cash Flows and did not result in a change in operating losses or net loss in the Statement of Operations.

The impact of these corrections for the year ended December 31, 2024 is as follows:

	As previously reported	Adjustment	As revised
For the year ended December 31, 2024			
Net loss per share - basic and diluted:			
Net loss per share - basic and diluted	(1.07)	(1.27)	(2.34)
Net loss attributable to common stockholders	(23,957)	(7,396)	(31,353)
Shares used to compute basic and diluted net loss per share			
	22,365	(8,956)	13,409

The assessment also resulted in the revision of the number of outstanding shares presented in the Statement Stockholders' Equity. The previously reported share count in the Statement of Stockholders' Equity included legally outstanding shares that were fully vested as well as Retained Pre-UK IPO Shares (Note 11). The Company has revised this share count to present all legally issued shares regardless of vesting conditions.

The impact of these corrections for the year ended December 31, 2024 is as follows:

	As previously reported	Adjustment	As revised
Balance as of December 31, 2023	21,908,445	1,145,948	23,054,393
Issuance of unvested legally outstanding shares	-	537,054	537,054
Vesting of stock issued from Multistate acquisition	187,315	(187,315)	-
Vesting of stock issued from KP Public Affairs acquisition	98,498	(98,498)	-
Vesting of stock issued from Engage acquisition	64,974	(64,974)	-
Vesting of stock issued to consultant	12,694	(12,694)	-
Vesting of restricted stock units	-	158,337	158,337
Vesting of restricted units and restricted stock awards	260,716	(260,716)	-
Common stock issued to Multistate as settlement of contingent consideration	88,287	-	88,287
Issuance of common stock for acquisition	179,528	-	179,528
Balance as of December 31, 2024	22,800,457	1,217,142	24,017,599

NOTE 3. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

During December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which expands annual disclosures in an entity's income tax rate reconciliation table and requires annual disclosures regarding cash taxes paid both in the United States (federal, state and local) and foreign jurisdictions. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, although early adoptions is permitted. The Company is evaluating the potential impact of this guidance on its consolidated financial statement disclosures.

During June 2024, the FASB issued ASU 2024-01, *Compensation - Stock Compensation (Topic 718)*, which provides guidance on the scope application of profits interest and similar awards. This guidance is effective for public business entities for annual reporting periods beginning after December 15, 2024, and interim reporting periods beginning after December 15, 2025. The Company is evaluating the potential impact of this guidance on its consolidated financial statement disclosures.

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

NOTE 4. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The Company computes earnings (loss) per share in accordance with ASC 260, *Earnings per Share*, which requires presentation of both basic and diluted earnings per share on the face of the consolidated statements of operations and other comprehensive loss. Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of outstanding shares during the period. Diluted earnings (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Due to their anti-dilutive effect, the calculation of diluted net loss per share for the nine months ended September 30, 2025 and the year ended December 31, 2024 does not include the common stock equivalent shares and nonvested shares. The Company's weighted-average shares utilized for its calculation of earnings (loss) per share includes only the common shares outstanding.

The following table includes the outstanding number of shares and potentially dilutive stock options and Restricted Stock Units ("RSUs") as of September 30, 2025 and December 31, 2024, respectively:

	September 30, 2025	December 31, 2024
Common shares outstanding	17,523,582	16,883,845
Nonvested shares outstanding	7,611,124	7,133,752
Legally outstanding shares	25,134,706	24,017,597
Stock options and RSUs outstanding ⁽¹⁾	1,751,207	1,546,039
Total fully diluted shares	26,885,913	25,563,636

(1) The holders of Restricted Stock Units and Stock Options are not entitled to dividends or to vote

The following tables includes the weighted average shares outstanding and potentially dilutive stock options and RSUs for three and nine months ended September 30, 2025 and 2024, respectively:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Common shares, weighted average	17,403,040	13,654,190	17,165,104	13,126,771
Nonvested shares, weighted average	7,596,227	10,319,856	7,360,491	10,388,236
Legally outstanding shares, weighted average	24,999,267	23,974,046	24,525,595	23,515,007
Stock options and RSUs outstanding, weighted average	1,807,070	1,570,000	1,666,200	1,226,210

Weighted average	1,887,072	1,579,920	1,000,209	1,230,210
Total securities on a fully diluted basis, weighted average	26,886,339	25,553,972	26,191,804	24,751,217

The following table shows the computation of basic and diluted loss per share for the three and nine months ended September 30, 2025 and 2024, respectively:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Numerator				
Net losses	(7,440)	(6,711)	(23,786)	(17,292)
Less unvested common stock dividends under the two - class method	(410)	(2,506)	(2,161)	(7,527)
Net loss attributable to common stockholders	(7,850)	(9,216)	(25,948)	(24,819)
Denominator				
Weighted-average basic shares outstanding	17,403,040	13,654,190	17,165,104	13,126,771
Basic and diluted loss per share	(0.45)	(0.67)	(1.51)	(1.89)

NOTE 5. REVENUE

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

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

- Fixed-fee arrangements, ("Retainer" and "Subscription Services") require the client to pay a fixed fee in exchange for a predetermined set of professional services. Retainer contracts generally comprise of a single stand-ready performance obligation for consulting services. The Company recognizes Retainer revenue over time by measuring the progress toward complete satisfaction of the performance obligation. Subscription Services generally comprise of a single performance obligation recognized over-time.
- Project revenue that includes additional services such as 1) advertisement placement and management; 2) video production; 3) website development; and 4) research services, in which third-party companies may be engaged to achieve specific business objectives. These services are either in a separate contract or within the fixed-fee consulting contract, in which the Company usually receives a markup on the cost incurred by the Company. Generally, these contracts are less than 12 months in length. The Company utilizes an output method to measure progress toward complete satisfaction of the performance obligation, recognizing revenue based on the services delivered to the customer to date as a proportion of the total services promised in the contract. This approach reflects the transfer of control to the customer, as the customer receives and consumes the benefits of each service as it is performed. Any out-of-pocket administrative expenses incurred are billed at cost.

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

Certain services provided by the Company include the utilization of a third-party in the delivery of those services. These services are primarily related to the production of an advertising campaign, procurement of media, and procurement of research 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, it 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 any discretion in establishing the third-party pricing in its contracts with customers. For these performance obligations for which the Company acts as an agent, the Company records revenue as the net amount of the gross billings, less amounts remitted to the third-party.

The following table provides disaggregated revenue by revenue type:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Government Relations Consulting revenue	27,478	26,286	80,943	76,615
Corporate Communications & Public Affairs Consulting revenue	18,022	10,501	46,178	26,038
Compliance and Insights Services revenue	3,287	2,628	9,565	7,895
Total revenue	48,787	39,415	136,686	110,549

Revenue by geographic region:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
United States	16,229	27,507	120,240	109,170

United States	40,000	31,000	130,540	100,170
International	2,449	1,818	6,346	2,379
Revenue by geographic market	48,787	39,415	136,686	110,549

NOTE 6. CONTRACT BALANCES AND ALLOWANCE FOR EXPECTED CREDIT LOSSES

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

	September 30, 2025	December 31, 2024
Accounts receivable	26,792	19,162
Unbilled receivables	838	225
Allowance for expected credit losses	(2,506)	(1,102)
Total contract receivables, net	25,124	18,285
Contract Liabilities / (Deferred revenue)	(4,931)	(3,150)

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 4.9 million and 3.1 million from September 30, 2025 and December 31, 2024 is expected to be recognized as revenue within one year of the respective balance sheet date.

The following table summarized information about the activity in the allowance for expected credit losses as follows:

Balance at December 31, 2023	794
Provision for expected credit losses	1,024
(Write-off)/Recoveries	(716)
Balance at December 31, 2024	1,102
Provision for expected credit losses	2,349
(Write-off)/Recoveries	(945)
Balance at September 30, 2025	2,506

NOTE 7. GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill is an indefinite lived asset with balances as follows:

Balance at December 31, 2023	47,910
Acquired goodwill	16,779
Foreign currency translation	(381)
Balance at December 31, 2024	64,308
Acquired goodwill	1,170
Foreign currency translation	1,212
Balance at September 30, 2025	66,690

We monitor our reporting units for indicators of impairment throughout the year to determine if a change in facts or circumstances warrants a re-evaluation of our goodwill. There were no goodwill impairment charges recorded in the nine months ended September 30, 2025 and for the year ended December 31, 2024, and there were no goodwill impairment charges.

Intangible assets

The Company's intangible assets consist of customer relationships, including the related customer contracts, developed technology and noncompete agreements acquired through acquisitions, which are definite lived assets and are amortized over their estimated useful lives. In addition, intangible assets consist of trade names, which are indefinite lived assets and evaluated for impairment on an annual basis or more frequently as needed.

The following presents the Company's gross and net amounts of intangible assets, other than goodwill, as reported on the Consolidated Balance Sheets as of September 30, 2025 and December 31, 2024:

	September 30, 2025		
	Weighted Average Useful Life (in Years)	Gross Book Value	Accumulated Amortization
Customer relationships	7.5	43,310	(19,134)
Developed technology	7.0	3,938	(1,453)
Noncompete agreements	4.5	3,327	(1,141)
Total definite lived assets		50,575	(21,729)
Trade names		12,795	
Total intangible assets		63,370	(21,729)
			41,641

	December 31, 2024		
	Weighted Average Useful Life (in Years)	Gross Book Value	Accumulated Amortization
Customer relationships	7.2	33,556	(15,277)
Developed technology	7.0	3,938	(1,031)
Noncompete agreements	3.9	2,070	(767)
Total definite lived assets		39,564	(17,076)
Trade names		9,655	-
Total intangible assets		49,219	(17,076)
			32,144

Amortization expense for customer relationship, noncompete agreement and developed technology assets

approximated 1.6 million and 4.6 million and 1.3 million and 3.4 million for the three and nine months ended September 30, 2025 and 2024, respectively.

NOTE 8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	September 30, 2025	December 31, 2024
Accounts payable	5,715	4,753
Bonus payable	10,354	9,927
Other accrued expenses	5,843	5,364
Total	21,912	20,044

NOTE 9. LEASES

The Company leases office space and equipment under non-cancelable operating leases. The following table presents lease costs and other quantitative information:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Operating lease cost (cost resulting from lease payments)	1,422	1,333	4,230	3,904
Variable lease cost (cost excluded from lease payments)	165	108	386	343
Sublease income	(103)	(87)	(279)	(257)
Net lease cost	1,485	1,354	4,337	3,990
Cash paid for amounts included in the measurement of lease liabilities	1,559	1,413	4,630	3,938
Weighted average lease term - operating leases	3.9 years	4.7 years	3.9 years	4.7 years
Weighted average discount rate - operating leases	5.4%	5.2%	5.4%	5.2%

Future payments of operating leases as of September 30, 2025 are listed in the table below:

Year	Amount
2025 (Excluding the Nine months ended September 30, 2025)	1,573
2026	6,297
2027	5,354
2028	4,650
2029	2,799
Thereafter	1,436
Total future minimum lease payments	22,108
Amount representing interest	(2,200)
Present value of net future minimum lease payments	19,909

NOTE 10. NOTES PAYABLE

The Company has several term loans outstanding with a financial institution ("Term Loans"). The 2023 Facility 2 loan matures on March 31, 2029 with monthly principal payments of 0.2 million plus interest. The 2024 Term Loan A and 2024 Term Loan B (collectively the "2024 Term Loans") require monthly principal payments of 0.3 million plus interest until their maturity date of April 30, 2028. The 2025 Term Loan C requires monthly principal payments of 0.2 million per month plus interest through March 1, 2026, increasing to 0.3 million per month plus interest through the maturity date of March 31, 2029. The interest rate for all of these loans is the Secured Overnight Financing Rate ("SOFR") plus 2.60% per annum.

The Company's total debt consists of the following as of:

	Original Loan Amount	September 30, 2025	December 31, 2024
2023 Facility 2	14,000	5,250	7,875
2024 Term Loan A	6,000	5,175	5,850
2024 Term Loan B	19,000	16,388	18,525
2025 Term Loan C	24,000	23,004	-
Other debt	-	133	154
Less: unamortized debt issuance costs	748	310	359
Total debt, net of unamortized issuance costs	62,252	49,639	32,045
Less: current portion		(8,177)	(6,031)
Total debt, long-term	41,462	26,014	

As of September 30, 2025, the future principal maturities of the Terms Loans are as follows:

	2023 Facility 2	2024 Term Loan A	2024 Term Loan B	2025 Term Loan C	Total
2025	525	225	713	598	2,060
2026	2,100	900	2,850	3,298	9,148
2027	2,100	900	2,850	3,600	9,450
2028	525	3,150	9,975	3,600	17,250
2029	-	-	-	11,909	11,909
Total	5,250	5,175	16,388	23,004	49,817

Total approximate interest expense incurred for the Term Loans was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cash interest on term loans	910	696	2,288	1,201
Cash interest on other debt	2	6	16	20
Debt discount amortization	69	49	177	128
Total interest expense	981	751	2,481	1,348

The Credit Agreement and Amended Credit Agreements for the Term Loans contain certain non-financial and financial covenants that the Company is required to comply with and submit a compliance certificate to the bank on a quarterly basis. The financial covenants include a total leverage ratio and fixed coverage ratio. The Company was in compliance with all covenants as of September 30, 2025 and December 31, 2024.

NOTE 11. SHARE-BASED ACCOUNTING CHARGE

On December 16, 2021, PPHC-Inc. completed its initial public offering ("UK IPO") and its shares began trading on the AIM market of the London Stock Exchange. During 2021, all ultimate owners of PPHC-LLC, referred to as Company Executives, entered into Executive Employment Agreements. These executives sold some of their shares during the UK IPO (referred to as Liquidated Pre-UK IPO Shares) but retained the majority of their shares ("Retained Pre-UK IPO Shares"). The retained shares vest in equal installments over five years, provided the executive remains continuously employed. If an executive's employment terminates, except in cases of death, disability, termination without cause, or for good reason, the unvested shares will be forfeited. In cases of death, disability, termination without cause, or for good reason, all unvested shares will vest immediately. Additionally, the agreements include clawback provisions, allowing the company to reclaim cash from the sale of Liquidated Pre-UK IPO Shares and vested Retained Pre-UK IPO Shares under certain conditions.

As a result of the vesting conditions for the Retained Pre-UK IPO Shares, the Company recorded share-based accounting charges of 7.4 million and 22.2 million and 8.7 million and 23.9 million for the three and nine months ended September 30, 2025 and 2024, respectively.

As of September 30, 2025, there were 14,223,476 Retained Pre-UK IPO Shares held by current employees and subject to vesting requirements, and 11,054,003 of these shares were fully vested. These shares were issued in 2021 and the weighted-average grant date fair value of these shares was 9.10 as of the grant date. For the Retained Pre-UK IPO shares, the grant-date fair value is based upon the market price of the Company's common stock on the date of the grant. As of September 30, 2025, the unrecognized compensation cost from these restricted shares was approximately 35.6 million, which is expected to be recognized over a weighted-average period of 1.2 years.

The share-based accounting charge relating to the Retained Pre-UK IPO Shares is recorded to costs of services and general and administrative expense in the consolidated statement of operations. The table below represents the total expense relating to Retained Pre-UK IPO Shares recognized in the consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2025 and 2024:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cost of services	6,654	6,107	20,011	19,425
General and administrative expense	740	2,552	2,221	4,428
Total expense relating to Retained Pre-UK IPO Shares	7,394	8,659	22,232	23,853

NOTE 12. POST-COMBINATION COMPENSATION CHARGE

The Company has acquired various companies from 2022 to 2025 for a combination of cash, shares of Company Common Stock and future contingent payments ("Acquisition Payments"). A portion of the Acquisition Payments are subject to vesting and/or claw back provisions that are directly linked to the continuing employment of certain individuals of the acquired companies ("Post-Combination Payments"). As a result, the Post-Combination Payments are 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 post-combination compensation charge recorded by the Company was approximately 4.0 million and 12.7 million and 3.6 million and 8.7 million for the three and nine months ended September 30, 2025 and 2024, respectively. The post-combination compensation charge is recorded in cost of services in the consolidated statements of operations and comprehensive loss. This amount consists of the following components:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Additions to other liability	1,030	1,403	4,089	3,600
Vesting of common stock	677	(15)	2,175	1,308
Amortization of prepaid post-combination compensation	2,256	2,232	6,475	3,832
Total	3,963	3,619	12,739	8,740

As of September 30, 2025, the unrecognized post-combination compensation charge was approximately 46.9 million, which is expected to be recognized over a weighted-average period of 2.1. The actual amount of Post-Combination Payments is subject to significant estimates and could change materially in the future.

NOTE 13. RELATED PARTY TRANSACTIONS

As of September 30, 2025, the amounts owed to related parties of approximately 1.0 million consists primarily of a working capital loan of approximately 0.7 million from the sellers of TrailRunner to the Company, which will be repaid in 2025.

As of September 30, 2024, the amounts owed to related parties of approximately 0.5 million include the amount

As of September 30, 2024, the amounts owed to related parties of approximately 0.5 million include the amount related to a working capital loan and adjustments associated with the MultiState acquisition. During the year ended December 31, 2024, the working capital loan and adjustments with MultiState were settled.

During December 2021, the Company entered into a term note agreement ("2021 Note") with The Alpine Group, Inc. ("Alpine Inc"). The 2021 Note provided Alpine Inc with the ability to request a one-time borrowing of up to 0.8 million 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 UK IPO. During April 2022, the Company advanced 0.5 million to Alpine Inc in accordance with the terms of the 2021 Note. The interest rate on the 2021 Note is equal to the Prime Rate as published in the Wall Street Journal. The 2021 Note balance as of June 30, 2024 was 0.5 million. The 2021 Note was classified as a current asset as of June 30, 2024. The amount of accrued interest and interest revenue from the 2021 Note is not material. The 2021 Note requires an annual payment of accrued and unpaid interest on the last business day of December each year and through the maturity date of January 16, 2025. During February 2025, the 2021 Note plus accrued interest totaling approximately 0.5 million was repaid through the transfer of 63,356 shares of PPHC-Inc common stock from Alpine Inc to the Company, which shares have been retired.

During November 2023, the Company entered into term note agreements ("2023 Notes") with certain employees of the Alpine Group Partners, LLC totaling 1.8 million. The interest rate on the 2023 Notes is 7.5% and was reduced to 4.45%. The notes are payable in annual installments of 0.4 million plus all accrued and unpaid interest beginning on November 1, 2024 with a maturity date of November 1, 2028 or the effective date of the termination of employment of the respective employee borrower for any reason, if earlier than the maturity date. As of September 30, 2025 and 2024, the 2023 Notes were recorded in notes receivable - related parties with 0.4 million and 0.4 million classified as a current asset and 1.1 million and 1.4 million, respectively, classified as a non-current asset. The amount of accrued interest and interest revenue from the 2023 Notes is not material.

On August 1, 2025, the Company issued a loan to employees in the amount of 0.5 million. The interest rate on the loan is 4.06%. The employee loan has a maturity date of August 1, 2030. As of September 30, 2025, the employee loan was recorded in notes receivable - related parties, long term.

NOTE 14. OMNIBUS INCENTIVE PLAN

As of September 30, 2025, the total amount of shares authorized by the Board of Directors under the Omnibus Plan was 3,770,206 with a total of 638,956 available for issuance.

The total long-term incentive program expense, net of forfeitures, is detailed in the following table:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Options	45	121	239	385
RSUs	639	719	1,703	1,257
RSAs	942	538	2,011	830
SARs	346	222	670	491
Total	1,972	1,599	4,623	2,962

The table below represents the total expense relating to the long-term incentive program recognized in the consolidated statements of operations and comprehensive loss as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cost of services	1,638	1,155	3,831	1,870
General and administrative expense	334	444	792	1,092
Total	1,972	1,599	4,623	2,962

As of September 30, 2025, total unrecognized compensation expense and the applicable weighted-average period for that expense to be recognized is as follows:

	Number of Shares	Weighted Average Exercise Price-(USD) ⁽¹⁾	Unrecognized compensation		Weighted average period
			2025	2024	
Options			249		0.5 years
RSUs			8,319		1.0 years
RSAs			2,802		1.0 year
Total			11,370		

Options

The following summarizes the stock option activity for the nine months ended September 30, 2025 and 2024:

	Number of Shares	Weighted Average Exercise Price-(USD) ⁽¹⁾	Weighted Average Exercise Price-(GBP)	Weighted Average Contractual Term (in years)	
				2025	2024
Outstanding as of December 31, 2024	676,709	11.55	£8.60	7.8	
Granted	62,588	11.25	8.35		10.0
Exercised	-		-		-
Cancelled/Forfeited	(27,397)	10.15	7.55		-
Outstanding as of September 30, 2025	711,900	11.60	8.65	7.3	
Exercisable as of September 30, 2025	433,392	11.65	8.65	6.5	
Vested and expected to vest as of September 30, 2025	711,900	11.60	£8.65	7.3	

	Number of Shares	Weighted Average Exercise Price-(USD) ⁽¹⁾	Weighted Average Exercise Price-(GBP)	Weighted Average Contractual Term (in years)
Outstanding as of December 31, 2023	617,812	11.05	£8.70	8.9
Granted	69,000	10.90	8.15	-
Exercised	-	-	-	-
Cancelled/Forfeited	(36,103)	10.95	8.20	-
Outstanding as of September 30, 2024	650,709	11.55	8.65	8.1
Exercisable as of September 30, 2024	-	-	-	-
Vested and expected to vest as of September 30, 2024	650,709	11.55	£8.65	8.1

(1) The applicable exercise prices have been adjusted based on the applicable exchange rate of GBP to USD at the end of each period presented.

Restricted Stock Units ("RSUs")

Activity in the Company's non-vested RSUs was as follows for the nine months ended September 30, 2025 and 2024, respectively:

	Number of RSUs	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2024	869,330	7.00
Granted	498,532	8.75
Vested	(285,804)	7.60
Cancelled/Forfeited	(35,600)	5.45
Nonvested as of September 30, 2025	1,046,458	7.70
Nonvested as of December 31, 2023	445,000	7.05
Granted	586,000	7.05
Vested	(118,336)	7.60
Cancelled/Forfeited	-	-
Nonvested as of September 30, 2024	912,664	7.00

Restricted Stock Awards ("RSAs")

Activity in the Company's non-vested RSAs was as follows:

	Number of RSAs	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2024	479,491	6.15
Granted	195,588	9.45
Vested	(134,177)	7.15
Cancelled/Forfeited	(61,005)	5.65
Nonvested as of September 30, 2025	479,897	5.45
Nonvested as of December 31, 2023	437,789	5.95
Granted	140,748	7.15
Vested	-	-
Cancelled/Forfeited	-	-
Nonvested as of September 30, 2024	578,537	6.25

Stock Appreciation Rights ("SARs")

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 remeasured at each reporting period. The SARs vest over a three-year period with one-third vesting each year after the grant date. 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. As of September 30, 2025 and 2024, the total liability recorded was 1.3 million and 0.6 million, respectively.

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

	September 30, 2025	December 31, 2024
Estimated dividend yield	4.0%	4.0%
Expected stock price volatility	40.0%	45.0%
Risk-free interest rate	3.6%	4.4% to 4.5%
Expected life of instrument (in years)	2.1 to 3.5 years	2.9 to 3.9 years
Weighted-average fair value per share	4.64	2.55

Activity in the Company's SARs was as follows for the period ended September 30, 2025 and year ended December 31, 2024:

	Number of Shares	Weighted Average Exercise Price
Outstanding as of December 31, 2023	352,000	8.50
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(11,000)	8.35
Outstanding as of December 31, 2024	341,000	8.05
Granted	-	-
Exercised	-	-
Cancelled/Forfeited	(20,000)	8.05

Cancelled/Forfeited	(50,000)	0.95
Outstanding as of September 30, 2025	311,000	8.95
Exercisable as of September 30, 2025	311,000	8.95
Vested and expected to vest as of September 30, 2025	207,337	8.90

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 15. INCOME TAXES

For interim periods, the Company recognizes an income tax expense (benefit) based on an estimated annual effective tax rate ("EAETR"), calculated on a worldwide consolidated basis, expected for the entire year. The interim annual estimated effective tax rate is based on the statutory tax rates then in effect, as adjusted for estimated changes in estimated permanent differences and excludes certain discrete items whose tax effect, when material, are recognized in the interim period in which they occur. These changes in permanent differences and discrete items result in variances to the effective tax rate from period to period. The Company's estimated annual effective tax rate changes throughout the year as on-going estimates of Pre-Tax Income, and changes in permanent differences are revised, as discrete items occur, as well as due to the impact of additional business combinations.

For the three and nine months ended September 30, 2025, the Company recognized an income tax (benefit) expense of approximately 0.6 million and 4.7 million. The Company's effective tax rate was (24.2)% after discrete items for the nine months ended September 30, 2025.

For the three and nine months ended September 30, 2024, the Company recognized an income tax expense of approximately 1.2 million and 4.9 million. The Company's effective tax rate was (32.9)% after discrete items for the nine months ended September 30, 2024.

The effective tax rates for the periods differed from the federal statutory rate of 21% primarily due to state taxes, GAAP compensation incurred that is not deductible for tax purposes, as well as other items related to prior periods' business combinations that generate permanent book/tax differences.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law in the US, which contains a broad range of tax reform provisions affecting businesses. The Company has evaluated the full effects of these legislative changes, and the impact is not material.

NOTE 16. FAIR VALUE MEASUREMENT

The following table presents a summary of the Company's liabilities that are measured at fair value on a recurring basis by their respective fair value hierarchy level as of September 30, 2025:

	Level 1	Level 2	Level 3
Other liabilities	-	-	7,651
Contingent consideration	-	-	18,049
Total liabilities	-	-	25,700

The following table presents a summary of the Company's liabilities that are measured at fair value on a recurring basis by their respective fair value hierarchy level as of December 31, 2024:

	Level 1	Level 2	Level 3
Other liabilities	-	-	4,880
Contingent consideration	-	-	10,896
Total liabilities	-	-	15,776

The carrying values of cash, contract receivables, and accounts payable and accrued expenses at September 30, 2025 and December 31, 2024 approximated their fair value due to the short maturity of these instruments.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

Contingent Consideration

The fair value of contingent consideration from the Company's acquisitions were measured using Level 3 inputs.

The following table summarized the change in fair value, as determined by Level 3 inputs, for the contingent consideration using the unobservable Level 3 inputs for the nine months ended September 30, 2025 as follows:

Balance at December 31, 2024	10,896
Fair value at issuance	3,165
Payout of contingent consideration	(729)
Change in fair value	4,956
Effect of currency/translation adjustment	54
Purchase price adjustment	(294)
Balance at September 30, 2025	18,049

The following table summarized the change in fair value, as determined by Level 3 inputs, for the contingent consideration using the unobservable Level 3 inputs for the nine months ended September 30, 2024 as follows:

Balance at December 31, 2023	6,920
Fair value at issuance	3,755
Cash and stock payout of contingent consideration	(1,709)
Change in fair value	1,784
Effect of currency/translation adjustment	128
Balance at September 30, 2024	10,878

The estimated fair value of contingent consideration is calculated by Monte Carlo simulations utilizing estimates including: expected volatility of future operating results, discount rates applicable to future results, and expected growth rates.

Other Liabilities

The fair value of other liabilities, comprising of post-combination compensation obligations of the Company, relates to various acquisitions. The estimated fair value of other liabilities is calculated by Monte Carlo simulations utilize estimates including; expected volatility of future operating results, discount rates applicable to future results, and expected growth rates.

The following table summarized the change in fair value, as determined by Level 3 inputs, for the other liabilities using the Level 3 inputs for the nine months ended September 30, 2025 as follows:

Balance at December 31, 2024	4,880
Fair value at issuance	667
Accretion of liability	1,942
Payout of post combination compensation	(1,338)
Change in fair value	1,503
Effect of currency translation adjustment	(3)
Balance at September 30, 2025	7,651

The following table summarized the change in fair value, as determined by Level 3 inputs, for the other liabilities using the Level 3 inputs for the nine months ended September 30, 2024 as follows:

Balance at December 31, 2023	2,120
Fair value at issuance	-
Accretion of liability	2,260
Payout of post combination compensation	(707)
Change in fair value	574
Balance at September 30, 2024	4,247

The Monte Carlo assumptions and inputs (which are Level 3 inputs) are as follows for the nine months ended September 30, 2025 and 2024 are as follows:

September 30, 2025		
Significant Input	Weighted Average Input	Input Range
Discount rate for credit risk and time value	4.5%	4.3% to 4.9%
Discount rate for future profit after tax	15.0%	11.0% to 20.4%
Expected volatility of future annual profit after tax	32.5%	30.0% to 37.0%
Forecasted growth rate	13.6%	(23.5)% to 62.5%

September 30, 2024		
Significant Input	Weighted Average Input	Input Range
Discount rate for credit risk and time value	4.7%	4.4% to 5.4%
Discount rate for future profit after tax	15.1%	11.0% to 20.8%
Expected volatility of future annual profit after tax	32.6%	31.0% to 36.0%
Forecasted growth rate	11.1%	4.9% to 52.1%

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

The Notes Payable of the Company are subject to a variable interest rate and as such, the carrying amount closely approximates the fair value of this instrument.

Non-financial Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

Certain non-financial assets are measured at fair value on a nonrecurring basis, primarily goodwill, intangible assets (Level 3 fair value measurements) and right-of-use lease assets (Level 2 fair value measurement). Accordingly, these assets are not measured and adjusted to fair value on an ongoing basis but are subject to periodic evaluations for potential impairment.

NOTE 17. ACQUISITION

TrailRunner

On January 24, 2025, the Company entered into a binding agreement ("TrailRunner Agreement") to acquire TrailRunner International LLC and its wholly-owned subsidiaries (collectively, the "TrailRunner Seller" or "TrailRunner"), a Texas-based global communications advisory firm. At the closing of the transaction, the Company agreed to pay the TrailRunner Seller cash in the amount of approximately 28.2 million and issue 593,228 shares of the Company's common stock to the TrailRunner Seller at an aggregate fair value of approximately 5.2 million.

In addition, there are additional contingent payments that the TrailRunner Seller can earn in the future depending on certain operating results that are achieved. The total additional amount of consideration that the Company could be required to pay to the TrailRunner Seller is 37.0 million. Although the Company remitted the funds to the TrailRunner Seller on March 31 2025, the effective date of the transaction was April 1, 2025.

Reasons for the acquisition

The Company acquired TrailRunner to expand the Company's ability to provide a distinct suite of corporate communication capabilities and enhance its global footprint. TrailRunner has eight office locations across the United States, United Kingdom, Middle East, and Asia.

Accounting for the acquisition

The acquisition of TrailRunner 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 TrailRunner 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 TrailRunner that are not subject to a vesting or claw back provision that is directly linked to the continued employment of the TrailRunner Seller. The total preliminary purchase consideration consisted of the following amounts:

Cash paid	18,607
Common stock issued	1,190
Contingent consideration	2,189
Total	21,986

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

Preliminary purchase price allocation

The purchase price allocation is preliminary and subject to change during its measurement period. The Company has not yet completed its evaluation and determination of certain assets acquired and liabilities assumed, primarily (i) the final valuation of intangible assets, and (ii) the final assessment and valuation of certain other assets acquired and liabilities assumed which could also impact goodwill during the measurement period. Although not expected to be significant, such adjustments may result in changes in the valuation of assets and liabilities acquired.

The preliminary 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 April 1, 2025, based on their respective estimated fair values is summarized below:

Cash acquired	85
Accounts receivable	758
Other current assets	172
Property and equipment	27
Right of use asset	2,067
Customer relationships	7,796
Tradename	2,760
Noncompete agreements	786
Deferred tax asset	8,804
Goodwill	1,170
Accounts payable and accrued expenses	(372)
Operating lease liability	(2,067)
Total preliminary purchase price	21,986

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

Definite-lived intangible assets	Weighted-average useful life (in years)	Amount
Customer relationship	7.0	7,796
Noncompete agreements	5.0	786

The preliminary fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results and discount rates. The fair value of the trade names was determined using the relief from royalty method. 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 TrailRunner and the potential impact and probability of competition, assuming such noncompete agreements were not in place.

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

Significant unobservable input	Range
Discount rate for credit risk and time value	5.0% to 5.3%
Discount rate applicable to future annual EBITDA	14.2% to 15.7%
Expected volatility of future annual EBITDA	31.0% to 33.0%
Forecasted growth rate	3.0% to 13.6%

Pine Cove

On July 11, 2025, the Company entered into an Asset Purchase Agreement ("APA") with Pine Cove Capital, LLC, a

strategic advisory and government relations business serving clients in technology, energy, digital health, and financial services. The transaction was structured as an asset purchase, with Purchaser acquiring substantially all operating assets of Seller, including tangible assets, intellectual property, client contracts, and goodwill, while assuming certain specified liabilities. At the closing of the transaction, the Company agreed to pay the Pine Cove Seller cash in the amount of approximately 2.6 million and issue 42,829 shares of the Company's common stock to the Pine Cove Seller at an aggregate fair value of approximately 0.5 million.

In addition, there are additional contingent payments that the Pine Cove Seller can earn in the future depending on certain operating results that are achieved. The total additional amount of consideration that the Company could be required to pay to the Pine Cove Seller is 10.0 million. The transaction closed effective August 1, 2025 (the "Closing Date" or "Acquisition Date").

Reasons for the acquisition

The Company acquired Pine Cove to continue the Company's expansion into certain key US state capitals, complementing the Company's federal capabilities with best-in-class local market expertise. Texas, as one of the largest state economies and most consequential for public policy activities, has long been a stated priority for local government relations expansion.

Accounting for the acquisition

The acquisition of Pine Cove 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 Pine Cove 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 Pine Cove that are not subject to a vesting or claw back provision that is directly linked to the continued employment of the Pine Cove Seller. The total preliminary purchase consideration consisted of the following amounts:

Cash paid	2,550
Common stock issued	95
Contingent consideration	682
Total	3,327

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

Preliminary purchase price allocation

The purchase price allocation is preliminary and subject to change during its measurement period. The Company has not yet completed its evaluation and determination of certain assets acquired and liabilities assumed, primarily the final valuation of intangible assets. Although not expected to be significant, such adjustments may result in changes in the valuation of assets and liabilities acquired.

The preliminary 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 August 1, 2025, based on their respective estimated fair values is summarized below:

Customer relationships	1,584
Tradename	268
Noncompete agreements	402
Deferred tax asset	1,073
Total preliminary purchase price	3,327

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

Definite-lived intangible assets	Weighted-average useful life (in years)		Amount
	7.0	5.0	
Customer relationship	7.0		1,584
Noncompete agreements		5.0	402

The preliminary fair value of customer relationships was determined using the income approach, which requires management to estimate a number of factors for each reporting unit, including projected future operating results and discount rates. The fair value of the trade names was determined using the relief from royalty method. 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 Pine Cove and the potential impact and probability of competition, assuming such noncompete agreements were not in place.

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

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

Significant unobservable input	Range
Discount rate for credit risk and time value	4.5% to 4.6%
Discount rate for future profit sharing	15.5% to 16.2%

Discount rate for future profit after tax	15.5% to 16.5%
Expected volatility of future annual profit after tax	30.0% to 31.0%
Forecasted growth rate	-% to 40.5%

NOTE 18. SEGMENT REPORTING

The Company determined that its business is conducted across three reportable segments as of September 30, 2025 as follows: Government Relations Consulting, Corporate Communications & Public Affairs Consulting and Compliance and Insights Services.

- *Government Relations Consulting* services (which is also commonly referred to as "lobbying") include advocacy, strategic guidance, political intelligence and issue monitoring at the US federal and state levels and in the United Kingdom through our offices in London;
- *Corporate Communications & Public Affairs Consulting* services include crisis communications, financial communications and investor relations, litigation support, community relations, social and digital media, public opinion research, branding and messaging, and relationship marketing, across the United States and internationally through our offices in London, Shanghai, Abu Dhabi, and Dubai; and
- *Compliance and Insights Services* include lobbying compliance services and legislative tracking.

The Chief Operating Decision Maker ("CODM"), being its Chief Executive Officer, is not regularly provided assets on a segment basis since it is not used to allocate resources and assess performance for each of the segments; therefore, total segment assets have not been disclosed. In addition, for the three and nine months ended September 30, 2025 and 2024, revenues in each of the three segments were primarily attributable the United States operations as there were no other countries from which the Company derived segment revenues that exceeded 10% of that segment.

The following tables present segment information by revenues, significant expenses consisting of staff costs and non-staff costs and Adjusted Pre-Bonus EBITDA by segment, and a reconciliation to the consolidated net loss before income taxes for each of the three and nine months ended September 30, 2025 and 2024.

For the three and nine months ended September 30, 2024, the segment information has been recast to conform to the 2025 segment information.

	Three months ended September 30, 2025			
	Government Relations Consulting	Corporate Communications & Public Affairs Consulting	Compliance and Insights Services	Total
Revenue	27,478	18,022	3,287	48,787
Costs and expenses:				
Staff costs	12,573	10,417	1,261	24,251
Non-staff costs	3,372	2,128	240	5,741
Segment Adjusted Pre-Bonus EBITDA	11,533	5,476	1,786	18,795
Reconciliation to net loss before income taxes:				
Unallocated bonuses				(4,293)
Unallocated corporate level expenses				(3,115)
Depreciation				(53)
Share-based accounting charge				(7,394)
Post-combination compensation charges				(3,963)
Long term incentive program charges				(1,972)
Change in contingent consideration				(2,270)
Amortization of intangibles				(1,639)
Loss from operations				(5,904)
Gain on bargain purchase				-
Interest, net				(955)
Other expense				(7)
Net loss before income taxes				(6,866)
Income tax expense				574
Net loss after income taxes				(7,440)

	Three months ended September 30, 2024			
	Government Relations Consulting	Corporate Communications & Public Affairs Consulting	Compliance and Insights Services	Total
Revenue	26,286	10,501	2,628	39,415
Costs and expenses:				
Staff costs	11,837	6,317	1,241	19,395

Non-staff costs	2,240	1,148	201	3,589
Segment Adjusted Pre-Bonus EBITDA	12,209	3,036	1,186	16,431
Reconciliation to net loss before income taxes:				
Unallocated bonuses			(3,679)	
Unallocated corporate level expenses			(2,858)	
Depreciation			(37)	
Share-based accounting charge			(8,659)	
Post-combination compensation charges			(3,619)	
Long term incentive program charges			(1,599)	
Change in contingent consideration			498	
Amortization of intangibles			(1,293)	
Loss from operations			(4,815)	
Gain on bargain purchase			-	
Interest, net			(709)	
Net loss before income taxes			(5,524)	
Income tax expense			1,187	
Net loss after income taxes			(6,711)	

Nine months ended September 30, 2025

	Government Relations Consulting	Corporate Communications & Public Affairs Consulting	Compliance and Insights Services	Total
Revenue	80,943	46,178	9,565	136,686
Costs and expenses:				
Staff costs	37,471	27,145	3,847	68,463
Non-staff costs	7,697	6,314	527	14,538
Segment Adjusted Pre-Bonus EBITDA	35,775	12,719	5,191	53,685
Reconciliation to net loss before income taxes:				
Unallocated bonuses			(11,176)	
Unallocated corporate level expenses			(9,930)	
Depreciation			(146)	
Share-based accounting charge			(22,232)	
Post-combination compensation charges			(12,739)	
Long term incentive program charges			(4,623)	
Change in contingent consideration			(4,946)	
Amortization of intangibles			(4,595)	
Loss from operations			(16,701)	
Interest, net			(2,393)	
Other expense			(30)	
Net loss before income taxes			(19,124)	
Income tax expense			4,662	
Net loss after income taxes			(23,786)	

Nine months ended September 30, 2024

	Government Relations Consulting	Corporate Communications & Public Affairs Consulting	Compliance and Insights Services	Total
Revenue	76,615	26,038	7,895	110,549
Costs and expenses:				
Staff costs	35,108	17,258	3,640	56,007
Non-staff costs	6,091	3,823	513	10,426
Segment Adjusted Pre-Bonus EBITDA	35,416	4,957	3,742	44,115
Reconciliation to net loss before income taxes:				
Unallocated bonuses			(7,072)	
Unallocated corporate level expenses			(9,908)	
Depreciation			(99)	
Share-based accounting charge			(23,853)	
Post-combination compensation charges			(8,740)	
Long term incentive program charges			(2,962)	

Change in contingent consideration	(1,766)
Amortization of intangibles	(3,369)
Loss from operations	(13,654)
Gain on bargain purchase	2,464
Interest, net	(1,209)
Net loss before income taxes	(12,399)
Income tax expense	4,894
Net loss after income taxes	(17,292)

NOTE 19. SUBSEQUENT EVENTS

On October 28, 2025, we issued 43,337 shares of Common Stock (all of which was issued upon the vesting of previously issued RSUs) to our executive officers and other Company employees pursuant to the Omnibus Incentive Plan for services to the Company and in reliance on the exemption provided in Rule 701 under the Securities Act.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), about our expectations, beliefs, or intentions regarding our business, financial condition, results of operations, strategies, the outcome of litigation, or prospects. Forward-looking statements are those that do not relate strictly to historical or current matters, but instead relate to anticipated or expected events, activities, trends, or results as of the date they are made. These forward-looking statements can be identified by the use of terminology such as "anticipate," "believe," "estimate," "expect," "intend," "project," "will," or the negative thereof or other variations thereon or comparable terminology. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, without limitation, those discussed in Item I. Description of Business in our registration statement on Form S-1 filed with the Securities and Exchange Commission (the "SEC"), as amended on October 21, 2025 (the "Form S-1A"), those contained in this report, and such other factors contained in our other filings we make with the SEC. We do not undertake any obligation to update forward-looking statements, except as required by law.

These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance. The following discussion should be read in conjunction with the Form S-1A and the consolidated financial statements and related notes included in this report.

Overview

Public Policy Holding Company, Inc. ("we," "us," "our," "PPHC," or the "Company") through our wholly-owned subsidiaries, operate a portfolio of firms that offer global strategic communications services, including government relations, public affairs and public relations. Engaged by over 1,300 clients, including companies, trade associations and non-governmental organizations, we are active in all major sectors of the economy, including healthcare and pharmaceuticals, financial services, energy, technology, telecoms and transportation. Our services help clients to enhance and defend their reputations, advance policy goals, manage regulatory risk and engage with federal and state-level policy makers, stakeholders, media and the public in multiple jurisdictions and with diverse and complementary capabilities.

Since our inception in 2014, we have acquired and integrated numerous businesses specializing in key facets of strategic communications, including government relations, public affairs, research, crisis management, investor relations and creative communications delivery. Under the PPHC holding company, the Company now operates as 12 member companies in the United States ("US") and the United Kingdom ("UK"), with expanding reach into Europe and parts of Asia and the Middle East. These 12 member companies include Crossroads Strategies, LLC ("Crossroads"), Forbes Tate Partners LLC ("Forbes Tate"), Blue Engine Message & Media, LLC (doing business as Seven Letter) ("Seven Letter"), O'Neill & Partners, LLC (doing business as O'Neill & Associates) ("O'Neill"), Alpine Group Partners, LLC ("Alpine"), KP Public Affairs LLC ("KP"), MultiState Associates, LLC ("MultiState"), Concordant LLC ("Concordant"), Lucas Public Affairs, LLC ("Lucas"), Pagefield Communications Limited ("Pagefield"), TrailRunner International, LLC ("TrailRunner"), and Pine Cove Strategies LLC ("Pine Cove").

We operate in large, growing markets that we believe provide us significant opportunity for continued growth. We estimate our total addressable market ("TAM") in 2024 was in excess of 20.0 billion, comprising 4.4 billion of disclosed federal lobbying expenditure in 2024, 2.2 billion of disclosed United States state-based lobbying expenditure, an estimated 5.6 billion global public affairs spend, and an estimated 8.4 billion global corporate communications spend. The latter, which covers corporate, crisis, and financial communications, became part of our offering with the 2025 acquisition of TrailRunner. We believe this segment may be larger than 8.4 billion, though it is difficult to quantify given that industry metrics often combine it with broader public relations categories-such as marketing communications-that PPHC does not provide.

We have built a scalable platform which also creates cross-selling and referral opportunities. We provide our companies with a scalable platform for growth, providing uniform and efficient financial infrastructure, legal services, human resources, compliance and administration at the parent company level. We also incentivize cross-company selling, talent referrals and effective conflict management remedies across our client portfolio.

We have grown our geographical reach and practice capabilities to provide clients a full range of services through multiple member companies. Our evolution to date is the result of a careful and methodical strategy to build a unique service platform to simplify and more effectively address global client challenges and opportunities in an increasingly fragmented and accelerated policy and communications landscape. This growth strategy is predicated on adding both geographic reach for clients and a complete set of asset capabilities to bring the client the ability to synthesize and simplify the best in class practices to address policy and reputational issues. Leveraging deep policy and issue expertise derived from our original core government relations member companies, first established in 2014, we now work with clients to provide the full-spectrum of strategic communications, including government affairs, public affairs,

PPHC's mission is to provide the full spectrum of strategic communications, including government affairs, public affairs, issues and crisis communications, financial communications and corporate and institutional reputation management needs.

Building on the globalization of public policy and reputation challenges, our founders and many of our senior managers operate in Washington, DC, and have past careers and/or close professional ties to the US executive branch, Congress and regulatory authorities over a period of more than 30 years. Other leaders operate principally at the state or regional level, drawing on decades of experience, deep community ties and relationships with key stakeholders in key markets, including Sacramento, California, Dallas-Fort Worth, Texas and New York, New York. With the acquisition of Pagefield in June 2024 and TrailRunner in April 2025, we have expanded our operations to London, Shanghai, Abu Dhabi and Dubai, giving us truly global reach. We continue to look for opportunities to broaden the geographic scope of our services both domestically and abroad.

Adding complementary practice capabilities to augment geographic coverage, our business comprises three reporting segments-Government Relations Consulting, Corporate Communications & Public Affairs Consulting and Compliance and Insights Services-corresponding to the different types of strategic communications services our member companies provide to our clients:

- *Government Relations Consulting* services include advocacy, strategic guidance, political intelligence and issue monitoring at the United States federal and state levels and internationally through our offices in London, Shanghai, Abu Dhabi and Dubai;
- *Corporate Communications & Public Affairs Consulting* services include crisis communications, community relations, social and digital media, public opinion research, branding and messaging, relationship marketing and litigation support; and
- *Compliance and Insights Services* include lobbying compliance services and legislative tracking.

As of September 30, 2025, we had approximately 1,300 active client relationships, which were highly diversified with the top 10 PPHC clients representing 9.2% of revenue for the first nine months in 2025 versus 8.7% at the end of FY 2024 and 10.8% for FY 2023. We did not have a single client representing more than 2.0% of overall revenues. Our client portfolio includes clients in the healthcare and pharmaceuticals, defense and aerospace, agriculture, financial services, energy, technology, telecom and transportation sectors. We also have a track record of high client retention, with an average annual renewal rate of approximately 78.3% and an average revenue retention of 84.4% between 2020 to 2024.

From January 1, 2018 to December 31, 2024, we achieved revenue growth of 28.1% CAGR, with organic revenue growth of 15.6% CAGR over the same period.

Executive Highlights

Third Quarter Financial Results

- Q3 2025 revenue increased by 23.8% over the prior period to 48.8 million, with organic growth contributing 4.5% and the balance driven by three acquisitions made in 2024 and 2025.
- For the three months ended September 30, 2025, GAAP Net losses increased from (6.7) million in 2024, to (7.4) million in 2025, the increase is due to a 2.8 million increase in the change in fair value of contingent consideration primarily driven by our acquisitions activity; this was offset by a decrease of 1.3 million in share based accounting charges which primarily relates to the one time acceleration of expense in the three months ended September 30, 2024, relating to the retirement of an executive.
- Adjusted EBITDA of 11.5 million, up 15.2% over the prior period, achieved at a 23.6% margin.
- Adjusted Net Income of 9.8 million was up 23.1% with an increase in finance costs offset by a more favorable effective tax rate.
- Adjusted fully diluted EPS of 0.36 was up 0.05 or 17.0%, with fully diluted share count increasing by 5.2%.
- PPHC's cash generation remains robust with net cash flows provided by operating activities increasing by 1.8 million to 9.6 million while Adjusted Free Cash Flow increased to 9.5 million (Q3 2024: 6.5 million), allowing for continued progress against stated strategic goals via organic investment and earnings accretive M&A.
- Net Debt of 38.5 million (September 30, 2024: 20.2 million) reflects a prudent leverage ratio in Management's view.

Nine Months Ended September 30, 2025 Financial Results

- Revenue increased by 23.6% to 136.7 million, with organic growth contributing 6.5% and the balance driven by three acquisitions made in 2024 and 2025.
- For the nine months ending September 30, GAAP Net losses increased from (17.3) million in 2024 to (23.8) million in 2025, driven by a 4.0 million increase in post-combination compensation charges primarily stemming from the recent acquisitions of Lucas, Pagefield, TrailRunner and Pine Cove, and by a 3.1 million increase in the change in fair value of contingent consideration.
- Adjusted EBITDA at record level of 33.0 million, up 14.5% over the prior period, achieved at a 24.1% margin.
- Adjusted Net Income of 25.3 million was up 21.1% over the prior period with an increase in finance costs offset by a more favorable effective tax rate.
- Adjusted fully diluted EPS of 0.97 was up 0.12 or 14.4%, with fully diluted share count increasing by 5.8%.
- PPHC's cash generation remains robust with net cash flows provided by operating activities increasing by 2.1 million to 10.0 million while Adjusted Free Cash Flow increased to 21.1 million as compared to 12.4 million in 2024, reflecting strong cash conversion helped by diligent working capital management.

(in millions except share and per share amounts)

	Three months ended September 30,			Nine months ended September 30,			%	
	2025	2024	Change	% Change	2025	2024		
Revenue	48.8	39.4	9.4	23.8%	136.7	110.5	26.2	
Net Loss	(7.4)	(6.7)	(0.7)	10.4%	(23.8)	(17.3)	(6.5)	
Adjusted EBITDA	11.5	10.0	1.5	15.0%	33.0	28.8	14.5%	

Adjusted EBITDA	11.5	10.0	1.5	15.2%	33.0	20.0	4.2	14.5%
Adjusted EBITDA margin	23.6%	25.3%			24.1%	26.0%	(1.9)pts	
Adjusted Net Income	9.8	8.0	1.8	23.1%	25.3	20.9	4.4	21.1%
Basic and diluted loss per share	(0.45)	(0.67)	0.22	32.8%	(1.51)	(1.89)	0.38	20.1%
Adjusted EPS fully diluted	0.36	0.31	0.05	17.0%	0.97	0.85	0.12	14.4%
Dividend paid, per share	0.054	-	0.054	-%	0.283	0.467	(0.18)	(39.4)%
Cash and cash equivalents at end of period					11.1	12.7	(1.6)	(12.3)%
Net Debt at period-end					(38.5)		(20.2)	(18.3)
								90.6%

Refer to the Non-GAAP Financial Measures section below for our definition of the non-GAAP measures.

Recent Developments

We announced the acquisition of the business of Texas-based Pine Cove Capital, LLC, subsequently renamed Pine Cove Strategies ("Pine Cove") a premier Texas-based strategic consulting firm (the "Acquisition"), for an initial consideration of 3.0 million and a total potential consideration of 13.0 million. The acquisition was completed during August 2025. The Acquisition is in line with the Company's growth strategy to expand into certain key United States state capitals, complementing the Company's federal capabilities with best-in-class local market expertise. Texas, as one of the largest state economies and most consequential for public policy activities, has long been one of the Company's stated priorities for local government relations expansion. Austin, the capital of Texas, is a critical nexus of business, politics, and regulatory affairs. Together with the April 2025 acquisition of TrailRunner International, this Acquisition enhances the Company's ability to deliver top-tier strategic communications and government relations services across Texas, supporting clients at greater scale both locally and nationally. Pine Cove will become PPHC's third state government relations operation, alongside KP Public Affairs (California) and O'Neill and Associates (Massachusetts). Combined with MultiState's 50-state reach, this further strengthens PPHC's leadership in the fragmented state government relations market. The business assets of Pine Cove Capital, LLC were acquired through a newly formed wholly owned subsidiary, Pine Cove Strategies, LLC, which retained its brand and operates independently.

Comparison of the three and nine months ended September 30, 2025 and September 30, 2024

Results of Operations

Revenue

We generate substantially all of our revenue by providing consulting services related to Government Relations Consulting, Corporate Communications & Public Affairs Consulting and Compliance and Insights Services, primarily through fixed-fee arrangements whereby the client pays a fixed monthly retainer or subscription amount in exchange for a predetermined set of professional services. The Company recognizes retainer revenue over time by measuring the progress toward complete satisfaction of the performance obligation. We also generate a smaller portion of our revenue from project-specific revenues which was 9.8%, 9.0%, 10.1%, and 6.4% of total revenue in the three and nine months ending September 30, 2025 and 2024, respectively.

The components of fluctuations in revenue by reportable segment for the three and nine months ended September 30, 2024, were as follows:

	(in millions) (unaudited)					
	Three months ended September 30,					
	2025		2024		Organic Revenue Growth ⁽¹⁾	Total Growth
	Revenue from acquisitions	Organic revenue	Total revenue	Total revenue		
Government Relations Consulting	0.5	27.0	27.5	26.3	2.8%	4.5%
Corporate Communications & Public Affairs Consulting	7.1	10.9	18.0	10.5	3.9%	71.6%
Compliance and Insights Services	-	3.3	3.3	2.6	25.1%	25.1%
Total	7.6	41.2	48.8	39.4	4.5%	23.8%

	(in millions) (unaudited)					
	Nine months ended September 30,					
	2025		2024		Organic Revenue Growth ⁽¹⁾	Total Growth
	Revenue from acquisitions	Organic revenue	Total revenue	Total revenue		
Government Relations Consulting	1.5	79.4	80.9	76.6	3.7%	5.6%
Corporate Communications & Public Affairs Consulting	17.4	28.7	46.2	26.0	10.3%	77.3%
Compliance and Insights Services	-	9.6	9.6	7.9	21.1%	21.1%
Total	19.0	117.7	136.7	110.5	6.5%	23.6%

(1) Refer to the Non-GAAP Financial Measures section below for the Company's definition of Organic Revenue Growth.

Our total revenue increased 23.8%, to 48.8 million in the three months ended September 30, 2025 compared to 39.4 million in the three months ended September 30, 2024, with Organic Revenue Growth contributing 4.5% of growth.

Our total revenue increased 23.6%, to 136.7 million for the nine months ended September 30, 2025 compared to 110.5 million for the nine months ended September 30, 2024, with Organic Revenue Growth contributing 6.5% of growth.

These increases demonstrate the stability of the Company's core business operations, the dedication of our management teams across our operating companies, and the critical importance of our work to our clients, with the remainder of growth driven by the successful integration of Lucas Public Affairs, Pagefield Communications (acquisitions completed in Q2 2024) which are now meaningfully contributing to the Company's financial performance, TrailRunner International (completed in Q2 2025), and Pine Cove Strategies (completed in Q3 2025).

Organic growth of 4.5% and 6.5% for the three and nine months ended September 30, 2025 was the outcome of strong continued organic growth in Government Relations at 2.8% and 3.7%, Corporate Communications & Public Affairs at 3.9% and 10.3% and Compliance and Insights Services at 25.1% and 21.1%.

During the three and nine months ended September 30, 2025, 56.3% and 59.2% of the Company's revenues stemmed from Government Relations as compared to the same periods in 2024 of 66.7% and 69.3%, 36.9% and 33.8% came from Corporate Communications & Public Affairs as compared to the same periods in 2024 of 26.6% and 23.6%, and 6.7% and 7.0% from Compliance and Insights Services as compared to the same periods in 2024 of 6.7% and 7.1%.

Our Government Relations Consulting segment's revenue increased by 4.5% to 27.5 million in the three months ended September 30, 2025, compared to 26.3 million in the three months ended September 30, 2024. Our Government Relations Consulting segment's revenue increased by 5.6%, to 80.9 million in the nine months ended September 30, 2025, compared to 76.6 million in the nine months ended September 30, 2024. These increases reflect Organic Revenue Growth of 2.8% and 3.7%, for the three and nine months ended September 30, 2025 in tandem with the acquisitions of Pagefield (completed in 2024 Q2) and Pine Cove Strategies (completed in 2025 Q3).

Our Corporate Communications & Public Affairs Consulting segment's revenue increased by 71.6%, to 18.0 million in the three months ended September 30, 2025, compared to 10.5 million in the three months ended September 30, 2024. Our Corporate Communications & Public Affairs Consulting segment's revenue increased by 77.3%, to 46.2 million in the nine months ended September 30, 2025, compared to 26.0 million in the nine months ended September 30, 2024. These increases reflect Organic Revenue Growth of 3.9% and 10.3% for the three and nine months ended September 30, 2025, reflecting a strong rebound from a slower first six months in 2024, in tandem with the acquisitions of Pagefield, Lucas Public Affairs (both completed in 2024 Q2) and Trailrunner International (completed in 2025 Q2).

Our Compliance and Insight Services segment's revenue grew, by 25.1%, to 3.3 million in the three months ended September 30, 2025, compared to 2.6 million in the three months September 30, 2024. Our Compliance and Insight Services segment's revenue grew, by 21.1%, to 9.6 million in the nine months ended September 30, 2025, compared to 7.9 million in the nine months ended September 30, 2024. All of this growth was organic, driven by increasing demand for specialized services, including compliance, grant writing, and research-driven policy insights, and characterized by high renewal rates, favorable pricing and new clients wins, all together reflective of a unique and high value-added offering.

In the three and nine months ended September 30, 2025, we generated 2.4 million and 6.3 million, or 5.0% and 4.6% of our total revenue, outside of the US, as compared to 1.8 million and 2.4 million, or 4.6% and 2.2% for the three and nine months ended September 30, 2024. The Company's revenue realized outside the US was 5.0% and 4.6% for the three and nine months ended September 30, 2025.

Cost of Services

The table below presents the components of cost of services:

	(in millions)							
	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Salaries and other personnel costs								
Personnel cost	29.7	22.7	7.0	31.0%	78.0	62.4	15.6	25.1%
Long-term incentive program charges	1.6	1.2	0.5	41.8%	3.8	1.9	2.0	104.9%
Share-based accounting charge	6.7	6.1	0.5	8.9%	20.0	19.4	0.6	3.0%
Post-combination compensation charge	4.0	3.6	0.3	9.5%	12.7	8.7	4.0	45.8%
Total personnel costs	41.9	33.5	8.4	25.1%	114.6	92.4	22.2	24.0%
Office and other direct costs								
Amortization developed software	0.1	0.1	-	-%	0.4	0.4	-	-%
Occupancy expense	1.8	1.4	0.4	31.5%	4.8	3.8	1.0	25.7%
Total office and other direct costs	1.9	1.5	0.4	28.5%	5.2	4.2	1.0	23.1%
Cost of services	43.9	35.0	8.8	25.2%	119.8	96.6	23.2	24.0%

Salaries and other personnel cost represents our largest component of cost of services. Its principal components include employee salaries, share-based accounting charges, long term incentive program charges, post-combination compensation expense, benefits and bonuses of employees from operations that deliver services to our clients. Salaries and other personnel cost increased by 25.1% or 8.4 million, in the three months ended September 30, 2025, to 41.9 million, compared to 33.5 million for the three months ended September 30, 2024. In the nine months ended September 30, 2025, salaries and other personnel costs increased by 24.0% to 114.6 million compared to 92.4 million for the nine months ended September 30, 2024, of the 22.2 million increase, 11.1 million was driven by the acquisition of TrailRunner in April 2025. Additionally, employee bonus amounts were 5.4 million and 10.1 million for the three and nine months ended September 30, 2025 compared to 3.4 million and 6.4 million for the three and nine months ended September 30, 2024. These amounts represent annual bonus amounts paid to employees for

months ended September 30, 2024. These amounts represent annual bonus payments paid as compensation for services to senior executives and employees based on the Company's performance, the relative performance of the member company and the individual. The remaining increases were driven by targeted hiring in tandem with revenue growth across all three segments.

Office and other direct costs represent our other component of cost of services. Its principal component includes operating lease expense for premises leased by the Company's member companies. Office and other direct costs increased by 31.5% and 25.7% in the three and nine months ended, September 30, 2025 to 1.8 million and 4.8 million, respectively compared to 1.4 million and 3.8 million for the three and nine months ended September 30, 2024, respectively reflecting the addition of new office spaces associated with the acquisitions of Lucas, Pagefield and TrailRunner.

Salaries, general and administrative expenses

The table below presents the components of general and administrative expenses:

	(in millions)							
	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
Personnel cost	0.8	1.9	(1.1)	(57.2)%	6.7	5.4	1.3	23.9%
General and administrative expenses	4.9	3.1	1.8	57.3%	13.9	9.8	4.1	42.3%
Occupancy expense	0.1	0.1	-	(22.6)%	0.3	0.4	(0.1)	(24.7)%
Long term incentive program charges	0.3	0.7	(0.4)	(57.6)%	0.8	1.1	(0.3)	(27.5)%
Share-based accounting charge	0.7	2.6	(1.8)	(71.0)%	2.2	4.4	(2.2)	(49.8)%
Salaries, general and administrative	6.9	8.4	(1.5)	(18.2)%	23.9	21.1	2.8	13.4%

General and administrative expenses' principal components comprise general and administrative expenses, employee salaries, share-based accounting charges, long term incentive program charges, post-combination compensation expense, benefits and bonuses of employees employed in the Company's corporate function. General and administrative expenses decreased by 18.2% and increased 13.4% in the three and nine months ended September 30, 2025, to 6.9 million and 23.9 million, compared to 8.4 million and 21.1 million for the three and nine months ended September 30, 2024, reflecting investments in the Company's holding company, an increase in costs of advisors and auditors, and additional costs associated with the acquisitions of Lucas, Pagefield and TrailRunner. Additionally, the share-based accounting charge decreased by 1.8 million and 2.2 million in the three and nine months ended September 30, 2025 due the accelerated vesting of retained 2021 Pre-UK IPO shares for a single executive upon retirement from the corporate function of the Company during the three months ended September 30, 2024.

Mergers and acquisitions expense

The principal components of mergers and acquisitions expense include legal, accounting and other advisory expenses, as well as transaction taxes (UK stamp duty) and debt origination costs. Mergers and acquisitions expense decreased by 33.5% and 75.4% in the three and nine months ended September 30, 2025, to 0.1 million and 0.4 million, compared to 0.1 million and 1.7 million in the three and nine months ended September 30, 2024, reflecting the reduction in costs from the relatively high 2024 costs associated with the acquisitions of Lucas and Pagefield, the latter representing the Company's first non-US acquisition.

Depreciation and amortization expense

The table below presents the components of depreciation and amortization expense:

	(in millions)			
	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Charged to cost of services	0.1	0.1	0.4	0.4
Charged to depreciation and amortization expense	1.6	1.2	4.3	3.0
Total depreciation and amortization expense	1.7	1.3	4.7	3.5

The principal components of depreciation and amortization expense include the amortization of intangible assets relating to customer relationships and non-compete contracts. Depreciation and amortization expense increased by 27.2% and 36.7% in the three and nine months ended September 30, 2025, to 1.7 million and 4.7 million respectively, compared to 1.3 million and 3.5 million in the three and nine months ended September 30, 2024, reflecting additional costs associated with the acquisitions of Lucas, Pagefield and TrailRunner.

Change in fair value of contingent consideration

Change in fair value of contingent consideration represents changes in the obligations relating to historical acquisitions. The contingent consideration liability is settled through a combination of cash and shares of our Common Stock based on each respective purchase agreement, and the amount ultimately paid is dependent on the achievement of certain operating results. Change in fair value of contingent consideration increased by 556.0% and 180.1% in the three and nine months ended September 30, 2025, to 2.3 million and 4.9 million, respectively, compared to (0.5) million and 1.8 million in the three and nine months ended September 30, 2024, reflecting a combination of changes in the outlook of companies under earnout, additional contingent consideration associated with the acquisitions of Lucas, Pagefield and TrailRunner, and the payout of contingent consideration to KP.

Gain on bargain purchase

Gain on bargain purchase comprises the difference between the fair value of the net identifiable assets acquired and the purchase price paid where the purchase price is lower than the fair value of the acquired assets. Gain on bargain

the purchase price paid, where the purchase price is lower than the fair value of the acquired assets. Gain on bargain purchase decreased to zero for both the three and nine months ended September 30, 2025, compared to zero and 2.5 million in the three and nine months ended September 30, 2024, reflecting the 2024 acquisition of Lucas.

Interest income

Interest income represents the interest income accrued principally on interest bearing accounts and financial instruments. Interest income decreased by 35.7% and 36.4% in the three and nine months ended September 30, 2025, to zero and 0.1 million, respectively, compared to zero and 0.1 million in the three and nine months ended September 30, 2024, in each case reflecting the interest on loans made to certain Alpine employees.

Interest expense

Interest expense represents the interest expense incurred under our Term Loans (as defined below), comprising cash interest amounts and debt discount amortization amounts. For a description of the Term Loans see "*Liquidity and Capital Resources-Financial Obligations*," below and Note 10 - Notes Payable to our consolidated financial statements. Interest expense increased by 30.8% and 84.0% in the three and nine months ended September 30, 2025, respectively, to 1.0 million and 2.5 million, respectively, compared to 0.8 million and 1.3 million in the three and nine months ended September 30, 2024, respectively, reflecting interest on increased principal amounts, associated with the new Loans in 2025.

Non-GAAP Financial Measures

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability. These financial and operating metrics include Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA Incl. M&A expense, Adjusted net income, Adjusted diluted EPS, Organic Revenue Growth, Adjusted Free Cash Flow, Principal Cash Sources and Principal Cash Uses which are financial measures not recognized under US GAAP. These non-GAAP financial measures are used by management to measure our operating performance, but may not be directly comparable to similar measures, such as EBITDA or Adjusted EBITDA, relied on or reported by other companies, including other companies in our industry. We believe excluding items that neither relate to the ordinary course of business nor reflect our underlying business operating performance, such as equity-based compensation, the amortization of acquired intangible assets, acquisition-related post-combination compensation and contingent consideration, gains on bargain purchase price, interest and tax enables meaningful period-to-period comparisons of our operating performance. We also use these non-GAAP financial measures when publicly providing our business outlook, for internal management purposes, and as a basis for evaluating potential acquisitions and dispositions.

We believe that the exclusion of equity-based compensation expense such as stock options, restricted stock awards, restricted stock units and equity-based compensation related to retained Pre-UK IPO shares granted in relation to our listing on the London Stock Exchange, is appropriate because it eliminates the impact of non-cash expenses for equity-based compensation costs that are based upon valuation methodologies and assumptions that can vary significantly over time due to factors that are (i) unrelated to our core operating performance, and (ii) can be outside of our control. Although we exclude equity-based compensation expenses from our non-GAAP measures, equity compensation has been, and will continue to be, an important part of our future compensation strategy and a significant component of our future expenses that may increase in future periods. Additionally, we believe the exclusion of compensation expense related to share appreciation rights, which are cash settled, is unrelated to our core operating performance in addition to the fact that share appreciation rights are no longer part of the Company's compensation plans going forward.

We define Adjusted EBITDA, which is a non-GAAP financial measure, as consolidated net loss before depreciation, interest income, interest expense, income tax expense, long-term incentive program charges, share-based accounting charges, post-combination compensation charges, change in fair value of contingent consideration, gain on bargain purchase price net of deferred taxes, amortization of intangible assets, and merger and acquisition expenses. We define Adjusted EBITDA margin, which is a non-GAAP financial measure, as Adjusted EBITDA as a percentage of total revenue. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with a more complete understanding of our operating results, including underlying trends. While our Adjusted EBITDA and Adjusted EBITDA margin may not be directly comparable to the EBITDA or other measures used by others, we believe it helps provide a clearer picture of the underlying performance of the business by removing certain expenses tied to specific historical acquisitions, including post-combination compensation charges, as well as non-cash charges such as depreciation and amortization of intangibles.

We use Adjusted Net Income for the purpose of calculating Adjusted Earnings per Diluted Share ("Adjusted diluted EPS"). Management uses Adjusted diluted EPS diluted to assess total group operating performance on a consistent basis. We define Adjusted Net Income as net income excluding the impact of long-term incentive program charges, share-based accounting charges, post-combination compensation charges, change in fair value of contingent consideration, gain on bargain purchase price net of deferred taxes and amortization of intangible assets. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with a clearer picture of our underlying business operating results.

We define Adjusted Free Cash Flow, which is a non-GAAP financial measure, as net cash provided by operating activities less cash payments for purchases of property and equipment and less acquisition related payouts classified in operating cash flows specifically changes in prepaid post combination payments, changes in other liability (liability classified asout obligations) and changes in contingent consideration. We believe this non-GAAP financial measure, when considered together with our GAAP financial results, provides management and investors with useful supplemental information on the Company's ability to generate cash for ongoing business operations and capital deployment.

Principal Cash Sources and Principal Cash Uses are Non-GAAP liquidity measures. Principal Cash Sources is defined as net cash provided by operating activities excluding changes in items related to acquisition payments. Principal Cash Uses comprise of capital expenditure, changes in amounts owed to/from related parties, dividends paid and acquisition payments to sellers. This presentation reflects the metrics used by us to assess our sources and uses of cash and was derived from our consolidated statement of cash flows. We believe that this presentation is meaningful to understand the primary sources and uses of our cash flow and the effect on our cash and cash equivalents. Non-GAAP liquidity measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with US GAAP. Non-GAAP liquidity measures as reported by us may not be comparable to similarly titled amounts reported by other companies. Additional information regarding our cash flows can be found in our consolidated statement of cash flows in the consolidated financial statements.

We define Net Cash (Debt) as total unrestricted cash and cash equivalents less the total principal amount of debt outstanding. The total principal amount of debt outstanding is comprised of the long-term debt and current maturities of long-term debt as presented in our consolidated balance sheets adding back any debt issuance costs. We believe that the presentation of Net Cash (Debt) provides useful information to investors because our management reviews Net Cash (Debt) as part of our oversight of overall liquidity, financial flexibility and leverage.

We define Organic Revenue Growth as the year-over-year revenue growth excluding revenues from acquired businesses for the first twelve months following the date of acquisition. For purposes of this calculation, the revenue of an acquired business is classified as acquired revenue and excluded from Organic Revenue Growth until the thirteenth month following the acquisition date. Beginning in the thirteenth month, the revenue from that acquisition is included in the Organic Revenue Growth comparison against the corresponding prior-year period. This approach ensures comparability by aligning revenue bases year-over-year and isolating the performance of our ongoing operations. We believe that Organic Revenue Growth is a useful supplemental metric for investors and management, as it provides a clearer view of underlying revenue trends excluding the impact of acquisition-related growth.

Executive Highlights

The table below presents the revenue, its growth, and other financial performance measures over the period 2018-2024. Results for the period 2018-2022 provides supplemental financial information prior to the Company's initial registration with the SEC:

	(in millions)								CAGR 2018- 2024
	2018	2019	2020	2021	2022	2023	2024	YTD 2025	
Revenue	33.8	55.5	77.4	99.3	108.8	135.0	149.6	136.7	28.1%
Revenue growth (year over year)	28.0%	64.2%	39.5%	28.3%	9.6%	24.1%	10.8%	23.6%	
Organic Revenue Growth	25.3%	32.5%	8.3%	24.4%	6.7%	2.0%	2.7%	6.5%	
Net loss					(15.0)	(14.2)	(24.0)	(23.8)	
Adjusted EBITDA					31.5	35.4	38.6	33.0	
Net loss margin					(13.8)%	(10.6)%	(16.0)%	(17.4)%	
Adjusted EBITDA margin					29.0%	26.2%	25.8%	24.1%	
Top 10 clients as % of total revenue	25.9%	17.9%	12.3%	14.7%	11.0%	10.8%	8.7%	9.2%	

The table below sets out the non-GAAP financial measures used by our management together, in each case, with the nearest comparable measure under GAAP.

	(in millions except per share amounts)			
	Three months ended September 30,			
	2025	2024	Change	% Change
Revenue	48.8	39.4	9.4	23.8%
Net loss	(7.4)	(6.7)	(0.7)	(10.9)%
Net loss margin	(15.3)%	(17.0)%	1.8pts	
Adjusted EBITDA	11.5	10.0	1.5	15.2%
Adjusted EBITDA margin	23.6%	25.3%	(1.8)pts	
Adjusted Net Income	9.8	8.0	1.8	23.1%
Net loss per share, basic and diluted	(0.45)	(0.67)	0.22	33.2%
Adjusted EPS, diluted	0.36	0.31	0.05	17.0%
Dividend per share	0.05	-	0.05	
Net cash provided by operating activities	9.6	7.7	1.8	23.7%
Adjusted Free Cash Flow	9.5	6.5	2.9	44.7%
Cash and cash equivalents at end of period	11.1	12.7	(1.6)	
Net Debt at period-end	(38.5)	(20.2)	(18.3)	

	(in millions except per share amounts)			
	As reported for the nine months ended September 30,			
	2025	2024	Change	% Change
Revenue	136.7	110.5	26.1	23.6%
Net loss	(23.8)	(17.3)	(6.5)	(37.6)%
Net loss margin	(17.4)%	(15.6)%	(1.8)pts	
Adjusted EBITDA	33.0	28.8	4.2	14.5%
Adjusted EBITDA margin	24.1%	26.0%	(1.9)pts	
Adjusted Net Income	25.3	20.9	4.4	21.1%
Net loss per share, basic and diluted	(1.51)	(1.89)	0.38	20.0%
Adjusted EPS, diluted	0.97	0.85	0.12	14.4%
Dividend per share	0.28	0.47	(0.18)	
Net cash provided by operating activities	10.0	7.9	2.1	27.1%
Adjusted Free Cash Flow	21.1	12.4	8.8	70.8%
Cash and cash equivalents at end of period	11.1	12.7	(1.6)	

The table below sets forth a reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to net loss and net loss margin.

	(in millions)							
	Three months ended September 30,			Nine months ended September 30,				
	2025	2024	Change	% Change	2025	2024	Change	% Change
Net loss	(7.4)	(6.7)	0.7	9.8%	(23.8)	(17.3)	6.5	27.3%
Net loss margin	(15.3)%	(17.0)%	1.8pts		(17.4)%	(15.6)%	(1.8)pts	
Adjustments:								
Interest income	-	-	-	(55.6)%	(0.1)	(0.1)	0.1	(57.3)%
Interest expense	1.0	0.8	0.2	23.5%	2.5	1.3	1.1	45.7%
Income tax expense	0.6	1.2	(0.6)	(106.6)%	4.7	4.9	(0.2)	(5.0)%
Depreciation and amortization	1.7	1.3	0.4	21.4%	4.7	3.5	1.3	26.8%
EBITDA	(4.2)	(3.5)	(0.7)	(17.4)%	(12.0)	(7.7)	(4.3)	(35.6)%
Long-term incentive program charges	2.0	1.6	0.4	18.9%	4.6	3.0	1.7	35.9%
Share-based accounting charge	7.4	8.7	(1.3)	(17.1)%	22.2	23.9	(1.6)	(7.3)%
Post-combination compensation charge	4.0	3.6	0.3	8.7%	12.7	8.7	4.0	31.4%
Change in fair value of contingent consideration	2.3	(0.5)	2.8	121.9%	4.9	1.8	3.2	64.3%
Gain on bargain purchase, net of deferred taxes	-	-	-	-%	-	(2.5)	2.5	-%
Adjusted EBITDA incl. M&A expenses	11.4	9.9	1.5	13.1%	32.5	27.1	5.4	16.6%
M&A Expenses	0.1	0.1	-	25.1%	0.4	1.7	(1.2)	(307.3)%
Adjusted EBITDA	11.5	10.0	1.5	13.2%	33.0	28.8	4.2	12.6%
Adjusted EBITDA Margin	23.6%	25.3%	(1.8)pts		24.1%	26.0%	(1.9)pts	

Depreciation and Amortization includes non-cash amortization charges relating to the amortization of acquired customer relationships, developed technology, and non-compete agreements. Depreciation and amortization expense for the three and nine months ended September 30, 2025 of 1.7 million and 4.7 million, respectively, compared to 1.3 million and 3.5 million for the three and nine months ended September 30, 2024, respectively. This increase was primarily driven by non-cash amortization charges of 4.6 million in 2025, compared to 3.4 million in 2024, related to acquired intangible assets including customer relationships, developed technology, and non-compete agreements.

Long-term incentive program charges relate to the Omnibus Incentive Plan under which options, stock appreciation rights, restricted stock units and restricted stock awards have been granted. The amortization of the fair value of share-based awards is recorded as an expense in the statement of operations with a portion recorded to salaries and other personnel costs within cost of services and a portion recorded to general and administrative costs.

Share-based accounting charges relate to the Pre-UK IPO shares retained by the Company Executives at the time of the London Stock Exchange IPO in 2021, governed by their new Executive Employment Agreements entered into in 2021. Under these new Employment Agreements, the retained shares were made subject to a new vesting arrangement, and will vest in equal installments over five years, provided the executive remains employed. The Company records a share-based accounting charge for each vesting period, with the final charge to be recorded in the year ending December 31, 2026. The expense is recorded to cost of services or general and administrative expense depending on the role of the executive. These charges are distinct from normal personnel costs because these charges are uniquely tied to the vesting agreements at the time of the 2021 IPO, and do not represent a cash outflow of the Company.

Post-combination expense arises from certain acquisitions that have been completed since the London IPO in 2021. In order to protect the interests of the Company, to a certain extent the cash and shares paid and payable as part of these transactions are made subject to vesting schedules that require continued employment. The addition of these provisions to purchase price paid and payable for an acquired business creates a post-combination compensation charge in accordance with accounting guidance under GAAP (Accounting Standards Codification 805-10-55-25). These charges are distinct from normal personnel costs because (i) these payments are directly tied to the acquisition of the respective company and prescribed within such purchase agreements (ii) these payments are incremental to the market rate compensation packages afforded to the same recipients (iii) the post-combination compensation is limited in time to the earnout period agreed at the point of acquisition of a company, and will no longer be an expense after the expiration of that earnout.

Change in fair value of contingent consideration arises from the remeasurement of contingent consideration relating to the business acquisitions of the Company. We exclude these costs, or gains, from calculating non-GAAP measures because (i) they are based upon valuation methodologies and assumptions that vary over time and are outside of our control and thus are unrelated to our core operating performance.

Gain on bargain purchase, net of deferred taxes as a non-cash gain, have been excluded from the calculation of non-GAAP measures.

M&A costs are comprised of costs incurred around the time of a transaction, such as legal and professional fees, debt origination costs, and transaction-related taxes, directly incurred as a result of acquisitions. The exclusion of merger and acquisition-related costs provides investors with a clearer understanding of our core operating performance, as these costs are unrelated to our efforts to serve our clients and can vary significantly from period-to-period depending on the timing, size, and complexity of transactions, which can distort comparability of financial results over time.

EPS and Adjusted EPS diluted for the three and nine months ended September 30, 2025 and 2024, were as follows:

Net loss and Adjusted Net Income for the three and nine months ended September 30, 2023 and 2024, were as follows:

	(in millions, except per share amounts)					
	Three months ended September 30,					
	2025			2024		
	GAAP	Adjustments ⁽¹⁾	Non-GAAP	GAAP	Adjustments ⁽¹⁾	Non-GAAP
Net loss and Adjusted Net Income	(7.4)	17.2	9.8	(6.7)	14.7	8.0
Adjustments to Net Income						
Amortization of intangible assets		1.6			1.3	
Share-based accounting charge		7.4			8.7	
Post-combination compensation charge		4.0			3.6	
Change in fair value of contingent consideration		2.3			(0.5)	
Long-term incentive program expense		2.0			1.6	
Gain on bargain purchase price		-			-	
		17.2			14.7	
Weighted average number of shares outstanding						
- Common Shares	17,403,040			13,654,190		
- Fully Diluted		26,886,339			25,553,972	
Earnings per share (EPS,), based on						
- Common Shares	(0.45)			(0.67)		
- Fully Diluted (Adjusted EPS, diluted)		0.36			0.31	
	(in millions, except per share amounts)					
	Nine months ended September 30,					
	2025			2024		
	GAAP	Adjustments ⁽¹⁾	Non-GAAP	GAAP	Adjustments	Non-GAAP
Net loss and Adjusted Net Income	(23.8)	49.1	25.3	(17.3)	38.2	20.9
Adjustments to Net Income						
Amortization of intangible assets		4.6			3.4	
Share-based accounting charge		22.2			23.9	
Post-combination compensation charge		12.7			8.7	
Change in fair value of contingent consideration		4.9			1.8	
Long-term incentive program expense		4.6			3.0	
Gain on bargain purchase price		-			(2.5)	
		49.1			38.2	
Weighted average number of shares outstanding						
- Common Shares	17,165,104			13,126,771		
- Fully Diluted		26,191,804			24,751,217	
Earnings per share (EPS,), based on						
- Common Shares	(1.51)			(1.89)		
- Fully Diluted (Adjusted EPS, diluted)		0.97			0.85	

(1) Table may not sum due to immaterial rounding differences

The table below sets forth a reconciliation of net cash provided by operating activities to Adjusted Free Cash Flow.

	(in millions)			
	Nine months ended September 30,			
	2025	2024	Change	% Change
Net cash provided by operating activities	10.0	7.9	2.1	27.1%
Prepaid post-combination expense	10.3	4.5	5.8	129.1%
Change in other liability	1.0	-	1.0	-%
Capex	(0.2)	-	0.2	673.1%
Adjusted Free Cash Flow	21.1	12.4	8.8	70.8%

The table below sets forth a reconciliation of cash and cash equivalents at period-end to net debt at period-end.

	(in millions)	
	September 30,	December 31,

	2025	2024	Change	% Change
Cash and cash equivalents as of end of period	11.1	14.5	(3.4)	(23.3)%
Notes payable, long-term, net	(41.5)	(26.0)	15.4	59.4%
Notes payable, current portion, net	(8.2)	(6.0)	2.1	35.6%
Net debt at period-end	(38.5)	(17.5)	21.0	119.9%

Segment Results of Operations

As discussed in Note 16 - Segment Reporting, we have three reportable segments as of September 30, 2025, Government Relations Consulting, Corporate Communications & Public Affairs Consulting and Compliance and Insights Services. The results of operations of our segments are as follows⁽¹⁾:

	(in millions)							
	Three months ended September 30,				Nine months ended September 30,			
	2025	2024	Change	% Change	2025	2024	Change	% Change
<i>Government Relations Consulting</i>								
Revenue	27.5	26.3	1.2	4.5%	80.9	76.6	4.3	5.6%
Staff costs	12.6	11.8	0.7	6.2%	37.5	35.1	2.4	6.7%
Non-staff costs	3.4	2.2	1.1	50.6%	7.7	6.1	1.6	26.4%
Segment Adjusted Pre-Bonus EBITDA	11.5	12.2	(0.7)	(5.5)%	35.8	35.4	0.4	1.0%
<i>Corporate Communications & Public Affairs Consulting</i>								
Revenue	18.0	10.5	7.5	71.6%	46.2	26.0	20.1	77.3%
Staff costs	10.4	6.3	4.1	64.9%	27.1	17.3	9.9	57.3%
Non-staff costs	2.1	1.1	1.0	85.5%	6.3	3.8	2.5	65.2%
Segment Adjusted Pre-Bonus EBITDA	5.5	3.0	2.4	80.4%	12.7	5.0	7.8	156.6%
<i>Compliance and Insights Services</i>								
Revenue	3.3	2.6	0.7	25.1%	9.6	7.9	1.7	21.1%
Staff costs	1.3	1.2	-	1.6%	3.8	3.6	0.2	5.7%
Non-staff costs	0.2	0.2	-	19.4%	0.5	0.5	-	2.7%
Segment Adjusted Pre-Bonus EBITDA	1.8	1.2	0.6	50.6%	5.2	3.7	1.4	38.7%
Unallocated bonus expense	(4.3)	(3.7)	(0.6)	16.7%	(11.2)	(7.1)	(4.1)	58.0%
Unallocated corporate costs	(3.1)	(2.9)	(0.3)	9.2%	(10.0)	(9.9)	(0.1)	0.5%
Adjusted EBITDA incl. M&A expense	11.4	9.9	1.5	15.0%	32.5	27.1	5.4	20.0%
Adjusted EBITDA incl. M&A expense margin	23.3%	25.1%	(1.8)pts		23.8%	24.5%	(0.7)pts	
M&A Expenses	0.1	0.1	-	33.5%	0.4	1.7	(1.2)	(75.4)%
Adjusted EBITDA	11.5	10.0	1.5	15.2%	33.0	28.8	4.2	14.5%
Adjusted EBITDA Margin	23.6%	25.3%	(1.8)pts		24.1%	26.0%	(1.9)pts	

(1) Table may not sum due to immaterial rounding differences.

The personnel costs for the three and nine months ended September 30, 2025 for the Government Relations Consulting segment increased by 0.7 million and 2.4 million respectively, of which 0.1 million and 1.7 million were the result of the acquisitions of Pagefield and Pine Cove, while 0.6 million and 0.7 million arose from increases in line with revenue. Furthermore, for the three and nine months ended September 30, 2025, the personnel costs for the Corporate Communications & Public Affairs Consulting segment increased 4.1 million and 9.9 million respectively, which primarily reflects the acquisition of Lucas, Pagefield and TrailRunner. Additionally, for the three and nine months ended September 30, 2025, post-combination compensation expense increased by 0.3 million and 4.0 million, primarily relating to the acquisitions of Lucas, Pagefield, TrailRunner and Pine Cove.

Government Relations Consulting Segment Adjusted Pre-Bonus EBITDA decreased by 0.7 million and increased by 0.4 million, or (5.5)% and 1.0% for the three and nine months ended September 30, 2025, respectively, with expense increases, from acquisitions of Pagefield (2024 Q2), Pine Cove (2025 Q1) and trade receivable provisions offsetting the associated revenue increases.

Corporate Communications & Public Affairs Consulting Segment Adjusted Pre-Bonus EBITDA increased by 2.4 million and 7.8 million, or 80.4% and 156.6% for the three and nine months ended September 30, 2025, respectively, as a consequence of continued strong organic growth reflecting a rebound from the slower first six months in 2024, in tandem with the acquisitions of Pagefield, Lucas Public Affairs (both 2024 Q2) and TrailRunner International (2025 Q2).

Compliance and Insights Services Segment Adjusted Pre-Bonus EBITDA increased by 0.6 million and 1.4 million, or 50.6% and 38.7% for the three and nine months ended September 30, 2025, respectively reflecting the strong pricing of subscription contracts in this area, in combination with the increased use of technology in servicing our clients.

Factors Affecting Our Results of Operations

On-going changes in policy, regulatory and political activity are driving demand for our services.

Ongoing changes in policy, regulatory and political activity are driving demand for our services.

The size of the market for government relations services has steadily grown over the past decade. Federal level lobbying increased at a CAGR of over 3.0% between 2014 and 2024. In general, changes in power - and the associated change in agendas - drive a need for clients to interact with government and voter constituencies on policy matters. In recent years this market growth was driven by historic levels of stimulus and infrastructure spending from the federal government during and immediately after the COVID years, increased focus on state and city lobbying, and active legislative agendas at all government levels. Also following the outcome of the 2025 United States elections, we have observed material new business activity in the United States driven by evolving United States tariff policies, tax policies, antitrust initiatives and an expected move toward deregulation of certain industries. These factors are applicable to all three segments of the Company.

The market for public affairs is complementary to that for government relations, and is believed to be larger. While the long-term growth trends for all of these markets are believed to be similar, in the short term. Public affairs is more susceptible to the swings of economic environment and timing of elections.

Since our inception, we have grown our business substantially through strategic acquisitions of other firms in our industry and expect to make additional acquisitions in the future.

Since our founding in 2014, we have acquired multiple businesses, which currently operate as 12 semi-autonomous companies. Following each successive acquisition, each new company has been integrated into our corporate structure and its financial position, cash flows and operating results subsequently consolidated in to the Company's accounts and annual financial statements. Our revenue has grown significantly over the period since 2014 in part as a result of such consolidation as well organic growth. In the years ending December 31, 2023 and 2024, we acquired three businesses (MultiState, Lucas and Pagefield); in April 2025, we also completed the acquisition of TrailRunner and in August 2025, we completed the acquisition of Pine Cove. We continue to actively seek to expand our portfolio of member companies internationally with strategically and financially attractive opportunities while adding complementary specializations. We believe that we can substantially grow our revenue in the coming years through a combination of such acquisitions and organic growth. Our ability to grow our revenues through further M&A activity, and to and achieve our desired EBITDA margins, will depend on a number of factors, including the availability of acquisition targets and our ability to negotiate favorable pricing and terms, factors which may in turn be impacted by market conditions, interest rates and the demand for services in our industry.

Limited Exposure to Shifts in Political Power

Since inception, our strategy has been to minimize reliance on the political orientation of the parties that control executive or legislative government bodies. To that end, each of our member companies operates with clients from across the political spectrum irrespective of their party affiliation. In addition, we do not engage in work for political campaigns. This approach is intended to ensure stability in our client base and mitigate the potential impact of changes in political leadership on our business operations.

Relatively low cyclical demand for lobbying services helps mitigate greater cyclicity in the public affairs and strategic communications market.

The level and variability of demand for lobbying services varies by industry, and the demand for lobbying services can be impacted by political developments such as proposed legislation affecting a particular industry or group. For example, in a given year, proposed soda taxes may result in increased lobbying spend by the beverage industry or legislation affecting federal health care spending or reimbursements could boost lobbying spend by the healthcare and pharmaceutical industries. Overall, however, lobbying spend appears to be less correlated to the to the economic cycle, and has shown a relatively modest decline during recent recessions-for example, there was only a ~2% decline in active lobbyist positions during the 2008 recession.

By contrast, corporate allocations to public affairs are more exposed to cyclical, for example through project-based fees, than government affairs. During an economic downturn, clients may be more likely to defer big public affairs projects and trim media spend. Increased public affairs spending in recent years has been driven by several key trends, including more advanced digital engagement capabilities and channels and heightened consumer and brand activism, but there can be no assurance that such trends will continue. We believe that our core lobbying relationships provide a strong foothold giving us access to client decision makers, and we have seen less cyclical variability in our related public relations revenues than our competitors that do not have integrated lobbying offerings.

There has been recent discussion in the financial press about a heightened risk of recession in the US or other global markets over the next 12 months. While, as noted, we would expect any resulting impact on the demand for our services to be felt primarily in our Corporate Communications & Public Affairs Consulting segment, and to be mitigated by the strength of our client relationships, a prolonged or severe downturn in the United States or global economy could negatively impact demand for lobbying and public affairs services and thus our revenues and results of operations.

Digital disruption and AI are likely to continue to affect the needs of our Strategic Communications and Public Affairs clients and the way we do business.

Work in our Government Relations Consulting segment has faced limited digital disruption to its core business model or service offering. Firms still largely operate in a traditional way based on relationships and face-to face interactions (physically or virtually). Digital content, communication and channels have, however, been a significant disruptor to the public relations industry as well as the strategic communications sector and have significantly changed the way that communications and advocacy are delivered. Data analytics knowledge and tools have become increasingly valuable and are more often than not required hiring criteria for all agency partners.

Liquidity and Capital Resources

Our primary sources of liquidity have been cash flows from operations and bank borrowings, and our principal uses of cash flows from operations include investment in strategic acquisitions and distributions to our shareholders.

Our ability to fund future acquisitions, capital expenditures and working capital, and to make scheduled payments of principal, or to pay the interest on, or to refinance, our indebtedness, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors that are beyond our control. We believe that our cash flows from operating activities and bank borrowings will be sufficient to fund our anticipated acquisitions, capital expenditure, working capital requirements and debt service requirements as they become due.

Historical cash flows

The following table⁽¹⁾ summarizes our cash flows, as reported in our accompanying consolidated financial statements:

	(in millions)			
	Nine months ended September 30,			
	2025	2024	Change	% Change
Net cash provided by operating activities	10.0	7.9	2.1	27.1%
Net cash used in investing activities	(21.7)	(20.2)	(1.5)	7.3%
Net cash provided by financing activities	8.1	9.6	(1.5)	(15.6)%
Effect of exchange rate changes on cash and cash equivalents	0.2	-	0.1	390.3%
Net decrease in cash and cash equivalents	(3.4)	(2.7)	(0.7)	26.3%
Cash and cash equivalents as of beginning of year	14.5	15.4	(0.9)	(5.6)%
Cash and cash equivalents as of end of year	11.1	12.7	(1.6)	(12.3)%

(1) Table may not sum due to immaterial rounding.

Cash flows generated from operating activities

Net cash provided by operating activities was 10.0 million for the nine months ended September 30, 2025, compared to 7.9 million for the nine months ended September 30, 2024. This increase of 2.1 million, or 27.1%, was primarily due to the growth in our business operations, additional income associated with the acquisitions of Lucas, Pagefield, TrailRunner and Pine Cove, and favorable movements in working capital. In absolute terms, the cash provided by operating activities tends to be lowest in the first three months of the year due to payment of bonuses.

Cash flows used in investing activities

Cash flows used in investing activities was 21.7 million for the nine months ended September 30, 2025, compared to 20.2 million for the nine months ended September 30, 2024. This decrease of 1.5 million, or 7.3% was primarily due to an increase in the amount of cash paid for acquisitions (net of cash acquired), reflecting the acquisition of TrailRunner and Pine Cove in 2025 and the acquisitions of Lucas and Pagefield in 2024.

Cash flows used in financing activities

Cash flows provided by financing activities was 8.1 million for the nine months ended September 30, 2024, compared to 9.6 million used in financing activities for the nine months ended September 30, 2024. In each year, these financing cash flow results stemmed from the acquisition of new Bank Facilities for acquisitions (24.0 million in 2025 and 25.0 million in 2024), offset by repayment on bank facilities and payment of dividends.

The following tables summarizes the components of changes in cash and cash equivalents:

	(Amount in millions)			
	Nine months ended September 30,			
	2025	2024	Change	% Change
Net cash provided by Operating Activities - as reported	10.0	7.9	2.1	-
Add back: items related to Acquisitions				
Other liability	1.0	-	1.0	-%
Contingent consideration	-	-	-	-%
Prepaid post-combination expense	10.3	4.5	5.8	129%
Principal cash sources	21.3	12.4	8.9	72%
Capital Expenditures	(0.2)	-	(0.2)	673%
Dividends Paid	(7.1)	(11.2)	4.1	(37)%
Proceeds issued for notes receivable - related parties	(0.5)	-	(0.5)	-%
Items related to acquisitions:				
Cash paid for acquisitions, net of cash acquired	(21.0)	(20.2)	(0.8)	4%
Payment of contingent consideration	(0.7)	(1.0)	0.3	(29)%
Other liability	(1.0)	-	(1.0)	-%
Contingent consideration	-	-	-	-%
Prepaid post-combination expense	(10.3)	(4.5)	(5.8)	129%
Total items related to acquisitions	(33.0)	(25.7)	(7.3)	28%
Principal cash uses	(40.9)	(36.9)	(3.9)	11%
Principal cash uses in excess of principal cash sources	(19.5)	(24.6)	5.0	(21)%
Effect of Foreign exchange rate changes on cash and cash equivalents	0.2	-	0.1	390%
Net Financing activities				
Proceeds from notes payable	24.0	25.0	(1.0)	(4)%
Payment of debt issuance costs	(0.1)	(0.8)	0.7	(86)%
Principal payment of notes payable	(6.5)	(2.4)	(4.1)	174%
Payment of deferred equity offering costs	(1.5)	-	(1.5)	-%
Change in Cash and cash equivalents - as reported	(3.4)	(2.7)	(0.7)	26%

Future Capital Requirements

We are actively seeking to expand our portfolio of member companies internationally with strategically and financially attractive opportunities while adding complementary specializations. We expect to fund the purchase price for such acquisitions with net cash from operating activities and a combination of new stock issuance and debt financing.

Our capital expenditures principally include investments in office build-outs and small equipment, and have not historically been material to the Company.

Contractual Commitments and Contingencies

Contractual obligations

Our principal contractual obligations consist of our obligations in respect of financial indebtedness that is owed under our credit facilities. In addition, we have obligations under leases, trade and other payables, capital commitments and other contractual commitments.

Contractual obligations	(in millions)					
	Payments due by					
	2025	2026	2027	2028	Thereafter	Total
Long-term debt (excluding interest)	2.1	9.1	9.5	17.3	11.9	49.8
Operating lease obligations	1.6	6.3	5.4	4.6	4.2	22.1
Total	3.6	15.4	14.8	21.9	16.1	71.9

Contingent Obligations

Earnout obligations

As part of the typical structure our acquisition of new member companies, we are committed to making certain earnout payments. These earnout payments are based on a profit-driven formula and only materialize if the acquired company realizes profit growth after the date of completion. Payments are typically made in a mix of cash and shares. In turn, each of these components of earnout payments may be subject to further vesting requirements and employment conditions, which keeps the recipients financially committed to business.

In relation to these earnout payments, as of September 30, 2025, we have recorded liabilities of 25.7 million on our balance sheet, spread across the line items Contingent Consideration and Other Liabilities. This number reflects both the estimated foreseen nominal payments, and also discount factors and fair value estimates. In nominal terms, over the period 2025-2030, based on expected performance of each of the acquired companies, we anticipate having to make earnout payments of 82.3 million, of which 47.4 million would be payable in cash, and the remainder in shares. The maximum earnout liability over that same period, which would only be reached if each acquisition meets very aggressive profit growth targets, would be 142.5 million, of which 84.3 million would be payable in cash, and the remainder in shares. Generally, in order for an acquisition to reach maximum earnout payments, it would need to grow its profit by 25-30% annually over the earnout period.

The following tables summarizes nominal earnout expectations:

	(in millions)						
	Remainder of 2025	2026	2027	2028	2029	2030	Total
Expected earnout payments in Cash	1.1	10.9	7.1	22.8	1.6	3.9	47.4
Expected earnout payments in PPHC stock	-	4.6	2.8	22.8	1.0	3.9	35.0
Expected earnout payments - total	1.1	15.5	9.9	45.5	2.6	7.7	82.3
Maximum earnout payments in Cash	1.5	16.5	15.4	22.8	18.1	10.0	84.3
Maximum earnout payments in PPHC stock	-	7.5	6.9	22.8	11.1	10.0	58.3
Maximum earnout payments - total	1.5	24.0	22.4	45.5	29.1	20.0	142.5

We expect that our contingent obligations may evolve over time in response to current business and market conditions, with the result that future amounts due may differ considerably from the expected amounts payable set out in the table above.

Off-Balance Sheet Arrangements

During the nine months ended September 30, 2025 and 2024, the Company did not engage in any other off-balance sheet commitments, contingencies or arrangements as set forth in Item 303(b) of Regulation S-K.

Critical Accounting Estimates

Business Acquisitions and Valuation of Contingent Consideration and Post-Combination Liabilities

The Company accounts for business acquisitions using the acquisition method. Under ASC 805 Business Combinations, a business combination occurs when an entity obtains control of a "business." The Company determines whether or not the gross assets acquired meet the definition of a business. If they meet this criteria, the Company accounts for the transaction as a business acquisition. If they do not meet this criteria the transaction is accounted for as an asset acquisition. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issuance of debt or equity securities.

Contingent consideration is measured at fair value at the date of acquisition and is based on expected cash flow of the acquisition target discounted over time using an observable market discount rate. The Company generally utilizes outside valuation experts to determine the amount of contingent consideration. We estimate and record the acquisition date fair value of contingent consideration as part of purchase price consideration for business acquisitions. Additionally, each reporting period, we estimate changes in the fair value of contingent consideration and recognizes any change in fair value in our consolidated statements of operations and other comprehensive loss. The fair value of the contingent consideration is generally measured using Monte Carlo simulations to estimate the achievement and amount of certain future operating results. The Monte Carlo simulations utilize subjective assumptions and estimates including; expected volatility of future operating results, discount rates applicable to future results, and expected growth rates. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and, therefore, materially affect our future financial results. The contingent consideration liability is to be settled through a combination of cash and shares of Common Stock based on each respective purchase agreement and the amount ultimately paid is dependent on the achievement of certain future operating results. During the years ended December 31, 2024 and 2023, the Company recorded a loss from the change of fair value of contingent consideration of 1.9 million and 1.7 million, respectively, which are included in operating expenses on the accompanying consolidated statement of operations. During the three and nine months ended September 30, 2025 and 2024, the Company recorded a loss (gain) from the change of fair value of contingent consideration of 2.3 million, 4.9 million, (0.5) million and 1.8 million, respectively, which are included in operating expenses on the unaudited condensed consolidated statement of operations.

Furthermore, the contractual purchase price of business acquisitions may include future payments to the seller that are not accounted for under ASC 805 Business Combinations due the existence of contractual vesting periods or claw-backs. Such future payments are generally recorded as liabilities of the Company. When a component of the contractual purchase price of an acquired business is determined not to be consideration transferred in exchange for the business, and should therefore be accounted for as a separate transaction (such as compensation costs), the Company may, on occasion, recognize a gain on bargain purchase price because the accounting purchase price is not inclusive of such a separate component of the contractual purchase price when being compared to the fair value of the identifiable net assets of the acquired business which, in some cases, may result in the fair value of the identifiable net assets being in excess of the fair value of the purchase price consideration.

The Company records post-combination business expense over the vesting or claw-back period applicable for these future payments on a straight-line basis with the amount accrued recorded as other liability. The future earnout payments that have vesting or claw-back rights tied to employment will reduce the amount of the other liability when paid. The fair value of other liabilities is measured using the same Monte Carlo simulation with the same assumptions and inputs as outlined above for contingent consideration liabilities. The fair value of post-combination compensation obligations is remeasured at each reporting date, any changes in fair value are reflected as a cumulative catch up to post-combination compensation expense in the period in which the remeasurement occurred.

Goodwill and Indefinite-lived Intangible Assets

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired and the indefinite-lived intangible assets which consists of trademarks. In accordance with ASC 350, Intangibles - Goodwill and Other, goodwill and indefinite-lived intangible assets are not amortized but tested for impairment annually and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We test our goodwill and indefinite-lived intangible assets for impairment annually as of the end of the fourth quarter using the qualitative assessment. The process of evaluating the potential impairment is highly subjective and requires the application of significant judgment. We first assess whether there are qualitative factors which would indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. We consider events and circumstances such as, but not limited to, macroeconomic conditions, industry and market conditions, our overall financial performance, and other relevant entity-specific events. If the qualitative assessment indicates that the fair value of the reporting unit is less than its carrying amount, a quantitative assessment is performed. Based on the results of our qualitative assessment, there was no goodwill or indefinite-lived intangible asset impairment for the years ended December 31, 2024 and 2023.

Other Intangible Assets

Our definite-lived intangible assets consist of customer relationships, developed technology and non-compete agreements that have been acquired through various acquisitions. The Company generally utilizes third-party specialists to determine the fair value of acquired intangible assets. The valuation of these assets involves significant

judgment and the use of valuation techniques such as the multi-period excess earnings method and the with-and-without method. These models require management to make assumptions about future revenue growth, customer attrition, operating margins, contributory asset charges, and discount rates. Changes in these assumptions could materially affect the fair value assigned to the intangible assets and the related amortization expense.

We amortize these assets over their estimated useful lives. Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for an amount by which the carrying amount of the asset exceeds the fair value of the asset. We have not recorded any impairment charges related to long-lived assets for the years ended December 31, 2024 and 2023.

Long-term incentive program charges

The fair value of awards issued under the Company's long-term incentive program are estimated using a Black-Scholes option-pricing model on the grant date which requires subjective inputs. The inputs of the option-pricing model include the fair market value of our Common Stock based on the closing price as reported on the date of the grant on the AIM, estimated dividend yield, expected stock price volatility and risk-free interest rate. The amortization of the fair value of share-based awards is recorded as an expense in the statement of operations either within salaries and other personnel costs within cost of services or to general and administrative costs.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks from interest rates, which could affect our operating results, financial position and cash flows. We manage this risk through our regular operating activities.

Interest Rate Risk

We are exposed to interest rate risk on borrowings under our Bank Credit Facilities. The interest rate under the 2023 Facilities is the Secured Overnight Financing Rate ("SOFR") as administered by the Federal Reserve Bank of New York, plus 2.25% per annum. The interest rate under the 2024 Facilities is SOFR plus 2.60% per annum, and the interest rate under the 2025 Term Loan is SOFR plus 2.60% per annum. Interest is payable monthly. A 100 basis-point increase in Bank Credit Facilities debt balances outstanding as of September 30, 2025 would increase our annual interest expense by 0.5 million.

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