

**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

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**16 December 2024**

**Ricardo plc ("Ricardo" or the "Group")**

**Ricardo divests Ricardo Defense**

Further to the previous announcement, dated 21 October 2024, and consistent with the Group's strategy, Ricardo is pleased to announce the conditional disposal of the Group's interests in the Ricardo Defense Business to Proteus Enterprises LLC and Gladstone Investment Corporation, via GPD Acquisition Inc. (the "Buyer") for US \$85 million (£67.5 million\*) (the "Disposal"), following an extensive and thorough process conducted by the Board.

**Highlights**

- Sale of Ricardo Defense to Proteus and Gladstone, via GPD Acquisition Inc, for \$85 million (£67.5 million) as adjusted post-Closing on a cash-free, debt-free basis
- Highly complementary to the Group's five-year strategy and supports the acceleration of Ricardo's portfolio transition to a high growth, high margin and less capital-intensive business in the medium to long term.
- The Group has separately announced the Acquisition of an 85% shareholding of E3 Advisory for AUD \$101.4 million (£51.0 million^), with the remaining 15% expected to be acquired after 3 years. Details of the Acquisition are contained in the Acquisition announcement, which should be read in conjunction with this announcement.
- Reflecting the current strong financial performance of Ricardo Defense, the Disposal is expected to be dilutive to the Group's earnings per share in the near term, partly offset by earnings contribution from E3 Advisory.

**Graham Ritchie, Chief Executive Officer of Ricardo, commented:**

The Disposal forms part of the Group's stated strategy to optimise our portfolio, as it repositions itself for long-term and sustainable growth in environmental and energy transition solutions. Ricardo Defense has an established and successful history in delivering integrated vehicle engineering solutions for the US Army, and as a Group, we are privileged to have played a role in its success. We are confident, that under a different ownership, this business will continue to grow and prosper.

With the sale of Ricardo Defense and the announcement that we have entered into an agreement to acquire E3 Advisory, we are now a more focused business, leveraging our expertise to create further value in the medium to long term across our chosen markets.

**Strategic rationale**

Aligned to its strategy, Ricardo continues to position itself as an environmental, engineering, and strategic consultancy that offers expertise and solutions that support global sustainability agendas. Ricardo sits at the intersection of transport, energy, and environmental agendas, which is a key competitive differentiator in the consulting market. The depth and breadth of engineering, scientific and economic expertise that the Group holds, from strategy to implementation, supports the complexity of energy transition.

Ricardo's strategic investments are focused on expanding and strengthening the 'Environmental and Energy Transition' portfolio. This approach allows Ricardo to strengthen its position for long-term sustainable growth where it can accelerate its portfolio transition and simplify its brand positioning as a leader in environmental and energy transition.

The Ricardo Defense Business currently sits within the Group's Established Mobility portfolio and provides capabilities in engineering and production services for land vehicles in the defense sector. Its solutions products have been the principal contributor to its recent strong financial performance, due to an extension contract award in September 2023.

The Board believes the current timing is optimal to maximise the value of Ricardo Defense through a sale, considering the successful ramp up of delivery of the ABS retrofit system, the finite time period for delivery of the ABS retrofit solution, and the improved visibility in the business of pilot programmes.

Having conducted an extensive competitive sale process, the Board considers it has achieved an appropriate valuation for the business and will deploy the sale proceeds in line with its capital allocation policy, with a focus on accelerating the portfolio transition of the Group and strengthening its 'Environmental and Energy Transition' portfolio.

### **Summary transaction details**

The aggregate consideration payable by the Buyer in connection with the Disposal comprises of US \$85 million as adjusted for normalised working capital adjustments, and as reduced by (a) indebtedness, (b) Ricardo's costs and fees related to the Disposal, and (c) other costs and expenses as allocated to the Group under the terms of the Ricardo Defense Equity Purchase Agreement.

The sale of the Ricardo Defense Business is structured as a purchase by the Buyer of all of the issued and outstanding stock of a wholly owned subsidiary of the Group, Ricardo US Holdings Inc.

Further details of the principal terms of the Disposal are set out in Appendix 1 to this announcement.

### **Summary information on Ricardo Defense**

Ricardo Defense provides both product and technical service solutions to complex integration challenges facing the U.S. Department of Defense and prime contractors. The business delivers integrated engineering, software and lifecycle logistics solutions to customer-specific challenges across various US defense platforms, and it therefore operates as a separate entity within the Group and functions under a U.S. Government Special Security Agreement.

At present, the Ricardo Defense Business is one of the three business units within the Group's Established Mobility portfolio, and in FY 23/24 accounted for 26 per cent of the Group's revenue and 60 per cent of the Group's operating profit.

Headquartered in Troy, Michigan, USA, Ricardo Defense has circa. 240 colleagues and its business's operations are located mainly across the United States, with some field-services operating internationally, providing product and technical services across the various defense platforms.

### **Process and timetable**

Completion of the Disposal is conditional on the terms outlined in Appendix.1 and is expected to take place in December 2024.

### **UK Listing rules**

Due to the Disposal size in relation to Ricardo, it constitutes a Significant Transaction for the purposes of the UK Listing Rules made by the Financial Conduct Authority (the "FCA") for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended), which came into effect on 29 July 2024 (the "UKLRs") and is therefore notifiable in accordance with UKLR 7.3.1R and 7.3.2R. In accordance with the UKLRs, the Disposal is not subject to shareholder approval.

### **Transaction effects on the Group**

In FY 23/24, Ricardo Defense contributed revenue of £123.4 million and an underlying operating profit of £23.5 million to the Group, reporting an underlying operating margin of 19%. The gross assets of the Ricardo Defense Business as at 30 June 2024 were £29.5 million. Appendix 2 includes key historic financial information on Ricardo Defense.

Following Completion, Ricardo will no longer receive the strong profit contribution that Ricardo Defense has made to the consolidated profit of the Group. As a result, the disposal of Ricardo Defense is expected to be dilutive to the Group's earnings per share in the near term, partly offset by immediate earnings contribution from the acquisition of E3 Advisory. Future earnings per share dilution will reduce over time, given lower expected contribution from the ABS programme and growth in the Group's continuing operations.

Ricardo's continuing operations is focused on growing its core consulting services in environmental and energy transition, offering higher growth, higher margin and lower capital intensity in the medium to long

term. Within its outlined five-year strategic ambition, this portfolio will represent over 75% of the Group's operating profit.

Ricardo Defense forms part of the Group's Established mobility portfolio which is expected to generate lower growth in the medium to long-term when compared to the Environmental and Energy transition portfolio.

In FY 24/25, the Group will benefit from the receipt of the net cash proceeds, after payment of the first instalment of consideration for E3 Advisory, and the reduction in interest costs arising from the reduction in borrowings. The Group intends to utilise the Net Disposal Proceeds to fund the full consideration for the purchase of 85% of E3 Advisory, including the deferred elements due on the initial 85 per cent. of shares acquired.

The sale of Ricardo Defense supports Ricardo's portfolio transition and improves the Group's long-term quality of earnings.

### **Group financial targets**

Following the disposal of Ricardo Defense and the acquisition of E3 Advisory, Ricardo remains confident in its objective to deliver higher growth and higher margin through the portfolio transformation. Ricardo continues to focus on and remains confident in achieving the financial target set out at the capital markets day in 2022 of doubling operating profit on an organic basis. With the disposal of Ricardo Defense, the acquisition of E3 Advisory, and potentially further portfolio transformation actions, the timing of the delivery of this target is expected to be later than 2027 and will be influenced by the shape of the overall Group.

### **Board's views on the Disposal**

Considering all that is outlined above, the Board believes that the disposal of Ricardo Defense is in the best interests of Ricardo shareholders, reflecting the intrinsic value of Ricardo Defense and accelerating the Group's transition to sustainably growing its environmental and energy transition portfolio.

~ENDS~

### **Footnote:**

\* Rate of exchange USD|GBP 1.26 on the 13 December 2024

^ Rate of exchange AUD|GBP 1.99 on the 13 December 2024

### **Enquiries**

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### **About Ricardo plc**

Ricardo plc is a global strategic, environmental, and engineering consulting company, listed on the London Stock Exchange. With over 100 years of engineering excellence and close to 3,000 employees in more than 20 countries, we provide exceptional levels of expertise in delivering innovative cross-sector sustainable outcomes to support energy transition and scarce resources, environmental services, together with safe and smart transport solutions. Our global team of consultants, environmental specialists, engineers, and scientists support our customers to solve the most complex and dynamic challenges to help achieve a safe and sustainable world. Visit [www.Ricardo.com](http://www.Ricardo.com).

## Appendix 1

### PRINCIPAL TERMS OF THE DISPOSAL

#### Ricardo Defense Equity Purchase Agreement

##### 1. Parties to and structure of the Ricardo Defense Equity Purchase Agreement

On the 13 December 2024, the Seller and the Buyer, entered into the Ricardo Defense Equity Purchase Agreement, pursuant to which the Seller agreed to sell the entire issued share capital of Ricardo US Holdings Inc to the Buyer upon Completion. The Ricardo Defense Equity Purchase Agreement is governed by the laws of the state of Delaware, other than the laws of conflict.

##### 2. Consideration

The aggregate consideration payable by the Buyer in connection with the Disposal comprises US \$85 million as adjusted for normalised working capital adjustments, and as reduced by (a) indebtedness, (b) the Seller's costs and fees related to the Disposal, and (c) other costs and expenses as allocated to the Group under the terms of the Ricardo Defense Equity Purchase Agreement.

##### 3. Closing statement

The Buyer will prepare and provide a closing statement in accordance with the principles set out in the Ricardo Defense Equity Purchase Agreement no later than 120 business days after Completion. The closing statement (once agreed) will determine any net debt and working capital adjustments to the consideration payable by the Buyer.

##### 4. Conditions

Completion is subject to satisfaction (or waiver, where applicable) of certain conditions prior to the Ricardo Defense Long Stop Date, including:

- a. a pre-completion capital restructure of the Group Companies;
- b. notification of transaction to US Defense Counter intelligence and Security Agency;
- c. key personnel executing and delivering retention agreements in an agreed form;
- d. there being no breach of the representations and warranties between the date of signing of the Ricardo Defense Equity Purchase Agreement and Completion that give rise to a material adverse effect; and
- e. certain other conditions precedent which are customary for a transaction of this nature.

##### 5. Conduct of the Ricardo Defense Business between signing and Completion

During the period from the date of signing of the Ricardo Defense Equity Purchase Agreement to Completion, the Seller has agreed to customary obligations relating to the conduct of the Ricardo Defense Business. These obligations include (i) ensuring the Ricardo Defense Business is carried on in its ordinary and usual course; (ii) preserving assets; (iii) not making any warranty inaccurate; and (iv) providing access to the Buyer as required under the Ricardo Defense Equity Purchase Agreement. Each obligation is subject to certain customary exceptions.

##### 6. Warranties and indemnities

The Ricardo Defense Equity Purchase Agreement contains representations and warranties given by the Seller, and the Buyer respectively which are customary for a transaction of this nature. The Buyer will take out Representations & Warranty Insurance, the costs of which will be split 50/50 between the Seller and the Buyer and will be the Buyer's sole recourse for breach of the representations and warranties under the Equity Purchase Agreement other than in the case of fraud. The representation and warranties given by the Buyer relate to amongst other things, title and capacity, authority and insolvency matters, litigation and funding in place for the Disposal.

##### 7. Termination and liquidated damages

The Ricardo Defense Equity Purchase Agreement may be terminated if any of the conditions described in paragraph 4 above are not satisfied or (if capable of waiver) waived on or before the Ricardo Defense Long Stop Date. If the Seller has satisfied all conditions on or prior to Completion and the Buyer is unable to comply with its completion obligations to obtain satisfaction of the conditions, a liquidated damages sum of US \$1,700,000 shall be payable to the Seller.

## 8. Governing Law

The Equity Purchase Agreement is subject to Delaware Law.

## 9. Transitional Services Agreement

The Seller will provide certain IT services to the Ricardo Defense Business for a period of up to 12 months from the date of Completion pursuant to a transitional services agreement with the option of a 3-month extension. The service charge payable to the Seller in respect of the services is approximately £112,000.00 per annum (the Service Charge). Each party's liability is capped at £500,000 for breach of its obligations under the Transitional Services Agreement, other than where liability cannot be lawfully excluded under applicable law, for example in the event of fraud.

## Appendix 2

### HISTORICAL FINANCIAL INFORMATION RELATING TO RICARDO'S DEFENSE BUSINESS

The following historical financial information relating to Ricardo Defense has been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie the audited consolidated financial statements of the Group for the years ended 30 June 2023 and 30 June 2024.

KPMG LLP was the auditor of the Group in respect of each of the years ended 30 June 2023 and 30 June 2024. The consolidated statutory accounts for the Group in respect of each of the years ended 30 June 2023 and 30 June 2024, have been delivered to the Registrar of Companies. The auditor's reports in respect of these statutory accounts were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act.

The following financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act. The financial information in this Section C of Part IV (Unaudited Historical Financial Information relating to the Ricardo Defense Business) has been prepared using the IFRS accounting policies used to prepare the consolidated financial statements of the Group for the years ended 30 June 2023 and 30 June 2024.

<b>Unaudited income statements relating to Ricardo Defense for the years ended 30 June 2023 and 30 June 2024</b>	<b>Year ended 30 June 2023</b> <b>£ million</b>	<b>Year ended 30 June 2024</b> <b>£ million</b>
Revenue	88.6	123.4
Cost of sales	(67.9)	(91.3)
<b>Gross profit</b>	<b>20.7</b>	<b>32.1</b>
Administrative expenses	(7.4)	(8.6)
<b>Operating profit</b>	<b>13.3</b>	<b>23.5</b>
<b>Underlying operating profit</b>	<b>13.4</b>	<b>23.5</b>
Finance income	-	-
Finance costs	(0.1)	(0.1)
Net finance costs	(0.1)	(0.1)
<b>Profit before taxation</b>	<b>13.2</b>	<b>23.4</b>
Income tax expense	-	-
<b>Profit for the year</b>	<b>13.2</b>	<b>23.4</b>
<b>Profit / (loss) attributable to:</b>		
Owners of the parent	13.2	23.4
Non-controlling interests	-	-
	13.2	23.4

Notes:

- (1) The income statements presented above are unaudited and have been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie the audited consolidated financial statements of the Group for the years ended 30 June 2023 and 30 June 2024.
- (2) The income statements presented above eliminate the impact of intercompany transactions between Ricardo Defense and the Group (as continuing).
- (3) The Ricardo Defense Business has been part of the Pre-Completion Group's US tax group which had available US tax losses and other tax credits and consequently has not incurred any income tax expense for the periods presented. The Ricardo Defense Business has since been charged for the use of the tax losses and credits in the current financial year.
- (4) Underlying operating profit is a measure used by the Board to monitor and measure the trading performance of the Group and its divisions. It excludes certain items which the Board believes distort the trading performance of the Group and its divisions. These include the amortisation of acquired intangible assets, acquisition-related expenditure, costs related to implementation and configuration of purchased software services, restructuring costs, and other specific adjusting items.

**Unaudited statement of net assets relating to Ricardo Defense as at 30 June 2024**

As at 30 June 2024  
£ million

**ASSETS**

**Non-current assets**

Goodwill	3.5
Other intangible assets	2.9
Property, plant and equipment	1.3
Right-of-use assets	1.2
	<b>8.9</b>

**Current assets**

Inventories	9.4
Trade, contract and other receivables	9.4
Cash and cash equivalents	1.8
	<b>20.6</b>

**Total assets**

**29.5**

**LIABILITIES**

**Current liabilities**

Borrowings	-
Lease liabilities	0.4
Trade, contract and other payables	8.3
Current tax liabilities	0.3
	<b>9.0</b>

**Net current assets**

**11.6**

**Non-current liabilities**

Lease liabilities	0.8
	<b>0.8</b>

Total liabilities

**9.8**

Net assets

**19.7**

Notes:

- (1) The statement of net assets presented above is unaudited and has been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie the audited consolidated financial statements of the Group for the year ended 30 June 2024.
- (2) Intercompany balances between Ricardo Defense and the Group (as continuing) have been eliminated within the statements of net assets presented above.

## Appendix 3

### OTHER INFORMATION

#### **PART A – Risk factors**

This Part A (Risk Factors) addresses the risks known to the Group and the Directors which are material risk factors to the Disposal, will be material new risk factors to the Continuing Group as a result of the Disposal, or are existing material risk factors to the Group which will be impacted by the Disposal. The information given is as of the date of this announcement and, except as required by any applicable law, rules or regulations, will not be updated. Shareholders should carefully consider the risks and uncertainties described below, together with all other information contained in this announcement. The risks described below are not set out in any order of priority, assumed or otherwise.

Additional risks and uncertainties currently unknown to the Group and the Directors, or which the Group and the Directors currently deem immaterial or deem material to the Group, but which will not result from or be impacted by the Disposal, may also have an adverse effect on the business, financial condition, operating results or prospects of the Continuing Group. In such cases, the market price of the Ordinary Shares may decline, and investors may lose all or part of their investment.

#### **Risks relating to the proposed Disposal**

The proposed Disposal may be delayed or may not proceed to Completion

Completion is subject to, amongst other things, as per Appendix 1 paragraph (4). Whilst the Seller and the Buyer have obligations in relation to the satisfaction of these conditions to the Disposal, there can

be no assurance that they will be obtained, nor any guarantee that the Buyer will be able to pay the cash consideration amount on Completion. The Disposal may, therefore, be delayed or not complete at all. Completion is also subject to the Seller and the Buyer having delivered certain deliverables prior to or on the date of Completion. Any failure on the part of the Seller and/or the Buyer to comply with any of the aforementioned obligations could result in the Disposal being delayed or not completing at all.

Having considered a range of options as part of the Company's strategic review, the Directors believe that the Disposal currently provides the best opportunity to maximise value for Shareholders and realise an attractive and certain value for the Ricardo Defense Business. There can be no guarantee of another transaction involving the Ricardo Defense Business on terms more favourable than, or equivalent to, the Disposal.

The net proceeds from the Disposal will be used to satisfy all of the aggregate consideration for the Acquisition (assuming it proceeds). As a result, completion of the Acquisition is conditional upon the Disposal Completion. Accordingly, in the event the Disposal does not complete in accordance with its terms, the Acquisition will not be completed

If the Disposal does not proceed to Completion, the reputation of the Company and/or the Ricardo Defense Business may be adversely impacted as a result of media attention in connection with the attempted Disposal. This could, in turn, have a material adverse effect on the business, financial condition, operating results or prospects of the Group, as well as the market price of the Ordinary Shares.

**If the Disposal does not complete, the Group would forfeit the benefits of the sale proceeds, forfeit the benefits of the Acquisition and incur transaction costs**

If the Disposal does not complete, the Group will not receive the cash proceeds from, nor realise any of the potential benefits of, the Disposal. In such circumstances, the transaction and other costs incurred by the Group in connection with the Disposal (including the costs of negotiating the Ricardo Defense Equity Purchase Agreement as well as the costs associated with the aborted Acquisition) would not be offset by such cash proceeds. This would then result in the Group having higher leverage and, therefore, potentially having less financial headroom in executing its strategy.

Furthermore, the Company's ability to deliver Shareholder value may be prejudiced such that (i) the Company will not be able to deploy the proceeds from the Disposal and as a result the Acquisition will not complete and (ii) it may impact the perceived value of the Ricardo Defense Business to investors. This could have a material adverse effect on the business, financial condition, operating results or prospects of the Group, as well as the market price of the Ordinary Shares.

**The Continuing Group may incur liability under the Ricardo Defense Equity Purchase Agreement**

The Ricardo Defense Equity Purchase Agreement contains customary warranties, indemnities and other contractual protections given by the Seller in favour of the Buyer, with representations and warranties provided in respect of Ricardo Defense Business. The Buyer has obtained insurance in respect of the representations and warranties under the Ricardo Defense Equity Purchase Agreement, and this is the Buyer's sole recourse for breach of the representations and warranties under the Equity Purchase Agreement other than in the case of fraud.

There is also the potential for other claims to be made against the Seller under the Ricardo Defense Equity Purchase Agreement, including in respect of a breach of contract claim or, breach of confidentiality claim or a claim under the commercial indemnities.

Any liability to make a payment arising from a successful claim by the Buyer under any of the relevant provisions of the Ricardo Defense Equity Purchase Agreement would reduce the Net Disposal Proceeds and could have an adverse effect on the business, financial condition, cash flow or prospects of the Group.

**Material new risks relating to the Continuing Group which result from or are impacted by the Proposed Disposal**

The Disposal involves a material change to the Group's business. The Continuing Group will be less diversified following completion and its revenue stream will be reduced, which may be less attractive to investors following Completion. The Continuing Group will be more susceptible to adverse developments in the segments where the Group continues to operate, in particular Environment and Energy Transitions. In addition, the Group will no longer have the benefit of the revenue stream from

the Ricardo Defense Business, resulting in greater exposure to the cyclical nature of its other portfolio segments. A material change in the trading, operations or outlook of the Environment and Energy Transitions portfolio may have an adverse effect on the business, financial condition, operating results or prospects of the Continuing Group.

This could have a significant impact on the Company's share price and may mean that the Company is less attractive to investors. This could also result in the Company being more vulnerable to a takeover approach, which may have adverse consequences for Shareholders (whether by reason of resulting share price fluctuation or a change in ownership of the Company on terms unfavourable or potentially unfavourable to existing Shareholders).

### **The Proposed Disposal may have a disruptive effect on the Group**

The Disposal has required, and will continue to require, substantial amounts of time and focus from the management team and employees of the Company and the central functions of the Group which could otherwise be spent operating the Group's business in the ordinary course. Key managers and employees may become distracted by the Disposal and, accordingly, decision-making by the Company may be delayed, deferred or otherwise impacted. This disruption could be prolonged if the Disposal does not proceed to Completion. The circumstances described above may have an adverse effect on the business, financial condition, operating results or prospects of the Group

### **Existing material risks to the Group that will be impacted by the Disposal**

#### **The Group may not be able to realise its strategy**

There is no certainty, and no representation or warranty is given by any person that the Group will be able to achieve its strategy. The Group's strategy to transition its portfolio to focus on the Group's core consulting services is acquisition-led. An inability by the Group to identify suitable target entities or to execute such transactions would negatively impact this strategy and may have an adverse effect on the business, financial condition, operating results or prospects of the Group.

#### **The market price of Ordinary Shares may fluctuate on the basis of market sentiment surrounding the Disposal**

The value of an investment in the Ordinary Shares may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted, the price which investors may realise for their Ordinary Shares and general liquidity in the market for the Ordinary Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the industry, markets and segments in which the Group operates as a whole, other comparable companies or publicly traded companies as a whole. The sentiment of the stock market (both over the long and short-term) regarding the Disposal is one such factor which could lead to the market price of the Ordinary Shares going up or down as well as impacting liquidity in the Ordinary Shares. The other factors that may affect the Group's share price include, but are not limited to, (a) actual or anticipated fluctuations in the financial performance of the Continuing Group or its competitors, (b) market fluctuations, (c) legislative or regulatory changes in the markets and segments in which the Continuing Group operates, and (d) the fluctuation in national and global political, economic and financial conditions (including the Ukraine-Russia conflict and the Middle East conflict).

## **PART B – Material contracts**

### **Continuing Group**

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) to which the Company or any other member of the Continuing Group is or has been a party: (i) within the two years immediately preceding the date of this announcement which is, or may be, material; or (ii) at any time, which contains provisions under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this announcement:

1. Ricardo Defense Equity Purchase Agreement

A summary of the principal terms of the Ricardo Defense Equity Purchase Agreement is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

2. Transitional Services Agreement



A summary of the principal terms of the Transitional Services Agreement is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

3. Sale and Purchase Deed for the Aither acquisition

On 10 March 2023, Ricardo plc entered into a share purchase deed with the Fargher Aither Family Trust and the Olszak Aither Family Trust to purchase 90 per cent. of Aither Pty Ltd. ("Aither") a leading Australian consultancy in water and natural resources (the "Aither SPA"). The first tranche of the Aither acquisition completed on 13 March 2023. Under the Aither SPA, the initial consideration paid at completion was £9 million, with the total cash consideration being up to £17 million. Since completion of the Aither acquisition, 90 per cent. of this additional consideration has been paid with a further 10 per cent. to follow, (subject to EBITDA performance).

4. Sale and Purchase Agreement for the E3 Modelling acquisition

On 24 January 2023, Ricardo Investments Limited entered into a share purchase agreement with Mr. Pantelis Capros and Mr. Leonidas Paroussos to purchase a 93 per cent. shareholdings of E3-Modelling S.A. ("E3 Modelling"), a consultancy specialising in delivering advanced empirical modelling of the energy-economy-environment nexus (the "E3 Modelling SPA"). The E3 Modelling acquisition completed on 24 January 2023. Under the E3 Modelling SPA, the initial consideration paid at completion was £19 million which could increase by a further £5 million based on the business achieving certain performance targets for the 12 months ending 31 December 2023 and the retention of key management. Since completion of the E3 Modelling acquisition, 100 per cent. of this additional consideration has been paid.

5. Acquisition of E3 Advisory

On the 16 December 2024, Ricardo signed an agreement to acquire 85 percent of E3 Advisory for an aggregate consideration of approximately AUD \$101.4 million. Ricardo expects to purchase the remaining 15% of E3 Advisory by January 2028. Net disposal proceeds from Ricardo Defense, fund all the cash consideration for the purchase of the initial 85 per cent holding and other associated acquisition costs.

### **Ricardo Defense**

No contracts (other than contracts entered into in the ordinary course of business) have been entered into by the Ricardo Defense Business: (i) within the period of two years immediately preceding the date of this announcement, which are or may be material to the Ricardo Defense Business; or (ii) at any time, which contain any provisions under which the Ricardo Defense Business has any obligation or entitlement which is, or may be, material to the Ricardo Defense Business as at the date of this announcement.

### **PART C – Legal or arbitration proceedings**

#### **Continuing Group**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during a period covering at least the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the Continuing Group's financial position or profitability.

#### **Ricardo Defense**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the Ricardo Defense Business' financial position or profitability.

### **PART D – Significant Change**

#### **Group**

There has been no significant change in the financial position or financial performance of the Continuing Group since 30 June 2024, being the end of the last financial period for which financial information has been published.

## Ricardo Defense

There has been no significant change in the financial position or financial performance of the Ricardo Defense Business since 30 June 2024, being the end of the last financial period for which the Ricardo Defense Business' financial information has been published

### **PART E – Related Party Transactions**

Other than those matters disclosed previously in the published Annual Report and Accounts of Ricardo and/or otherwise disclosed in this announcement (including its Appendices), there were no related party transactions entered into by Ricardo during the period since 30 June 2024.

## Appendix 4

### DEFINITIONS

The following definitions apply in this announcement unless the context otherwise requires:

"ABS"	Antilock Brake System
"Acquisition"	the purchase of all of the issued ordinary share capital from the ordinary shareholders of E3 Advisory by Ricardo Australia announced on 16 December 2024
"Acquisition Announcement"	the announcement by the Company of the Acquisition on 16 December 2024
"Board"	the board of directors of the Company
"Buyer"	GPD Acquisition Inc.
"Company"	Ricardo plc
"Completion"	the completion of the Disposal
"Companies Act"	Companies Act 2006, as amended from time to time
"Continuing Group"	the Group following Completion
"Directors"	the directors of the Company and "Director" means any one of them
"Disposal"	the proposed sale of the Ricardo Defense Business to the Buyer on the terms and subject to the conditions set out in the Ricardo Defense Equity Purchase Agreement
"FCA"	the Financial Conduct Authority
"IFRS"	as applicable, either (i) International Financial Reporting Standards as adopted by the European Union for financial years beginning before 1 January 2021, or (ii) United Kingdom adopted international accounting standards for financial years beginning on or after 1 January 2021
"Ricardo" or the "Group"	the Company and its subsidiary undertakings from time to time
"Seller"	Ricardo Investments Limited
"Ricardo Defense Business"	Ricardo US Holdings LLC and its subsidiary undertakings
"Ricardo Defense Equity Purchase Agreement"	the sale and purchase agreement between the Company and the Buyer as described in Appendix 1 of this announcement

"UKLR"	the UK Listing Rules
"US\$"	the lawful currency of the United States

## Important Notice

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This announcement has been issued by, and is the sole responsibility of Ricardo plc.

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