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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

16 December 2024

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

Ricardo enters into an agreement to acquire E3 Advisory

Highlights

- Ricardo has entered into an agreement to acquire 85 per cent. of E3 Advisory for an aggregate consideration of approximately AUD \$101.4million (£51.0 million*), with completion of the transaction conditional upon the disposal of Ricardo Defense.
- Ricardo expects to purchase the remaining 15% of E3 Advisory by January 2028.
- The terms of the acquisition offer an attractive valuation for Ricardo at an adjusted c.8.6x EBITDA multiple based on FY23/24**.
- E3 Advisory's skilled team, strong track record and substantial growth potential are highly complementary to Ricardo's geographic focus and capability in energy and transport infrastructure.
- E3 Advisory advises both governments and private clients through the infrastructure project lifecycle, with particular expertise in transport, infrastructure, clean energy, water, and mining and resources.
- The acquisition is consistent with Ricardo's stated strategy to become a world-leading strategic and engineering consultancy in environmental and energy transition solutions.
- The Company has separately announced the conditional disposal of the Group's interests in Ricardo Defense today (the "Disposal Announcement"). Details of the Disposal are contained in the Disposal Announcement, which should be read in conjunction with this Announcement.
- Net disposal proceeds from Ricardo Defense, will fund all the cash consideration for the purchase of the initial 85 per cent holding and other associated acquisition costs.

Graham Ritchie, Chief Executive Officer of Ricardo, commented:

"E3 Advisory provides Ricardo with a compelling strategic opportunity for the Group, offering further scope to increase our mix of strategy consulting and advisory services. We are very much looking forward to working with the talented team at E3 Advisory and combining our capabilities to offer differentiated advisory and technical consulting solutions to our clients in the Australian market, and also internationally.

The acquisition of E3 Advisory, together with the sale of Ricardo Defense, will allow for Ricardo to materially accelerate its portfolio transformation, improving the quality of earnings to deliver a high-growth, high-margin and less capital-intensive business in the medium to long term."

Acquisition of E3 Advisory

Ricardo Australia has entered into a share purchase deed to acquire an initial 85% interest in E3 Advisory from the current shareholders of E3 Advisory (the "Sellers") for a consideration of approximately AUD \$101.4 million (£51.0 million*), subject to net debt, working capital and other transaction related adjustments the "Acquisition". The initial consideration will be paid in three instalments, with the first payment made in January 2025 and subsequent payments made on the first and second anniversaries of completion.

The remaining 15% shareholding will be held by key personnel of E3 Advisory and will be subject to a put option exercisable by management after a three-year period. If exercised on the third anniversary of completion of the Acquisition, the put option will require Ricardo Australia to acquire those shares at an acquisition price valuing the shares at a 9x EBITDA multiple for the 12-month period prior to the option exercise date (the "Option Price"). In the event that management have not exercised their options on the third anniversary of completion of the Acquisition, the Option Price will decrease over time. Ricardo Australia may also elect to mandatorily acquire these shares in certain other circumstances.

The Board believes that this deal structure creates a strong foundation to incentivise and retain key E3 Advisory personnel as they are integrated into the wider Group. E3 Advisory's skilled team, strong financial track record and substantial growth potential are highly complementary to the Group's geographic focus and capability in energy and transport infrastructure.

Strategic rationale

The Group's priority is to accelerate its organic growth plans, complemented by disciplined M&A that is focused on selectively investing in attractive environmental and technically led capabilities, which will help accelerate its portfolio transformation to a high-growth, high-margin business with lower capital intensity.

Since announcing its strategy in May 2022, the Group has successfully made three bolt-on acquisitions, divested its non-core adjacent software business and has today announced the sale of Ricardo Defense. The bolt-on acquisitions have enhanced the Group's service portfolio, increased its digital capabilities, created more scalable offerings with recurring revenue; and together they have strengthened the Group's geographic foothold in attractive markets and delivered profitable growth with increased synergies.

Through its two previous acquisitions in Australia, Ricardo has expanded and strengthened its Environmental and Energy Transition portfolio, specifically in water advisory and water infrastructure. With the aim of enhancing its operational and commercial scale in this growing market, Ricardo has invested significant time in seeking a company that can support its Australian expansion and has been in discussions with E3 Advisory for some time. Both companies have been engaged in ensuring that any potential transaction is of mutual benefit in respect to its cultural, commercial and financial alignment.

The Acquisition is expected to deliver a number of key benefits to Ricardo, including:

- **Portfolio offering:** E3 Advisory will increase the mix of strategy consulting and advisory services across the Group, whilst also increasing its capabilities for energy transition.
- **Market expansion:** E3 Advisory targets a similar client base to the Group for its government, utility, mining, and water sectors, whilst also offering an expanded end-use market in Australia, within the rail and road sectors, which represents 25% and 13% of E3 Advisory's FY 2024 revenue respectively. E3 Advisory's top twenty customers represented an aggregate of 73% of revenue in 2024, with the largest customer individually representing 13%.
- **Footprint in Australia:** E3 Advisory creates additional operational capabilities and scale in Australia. Public sector Infrastructure investment in Australia will be circa AUD 230 billion to 2027 whilst private sector energy investments will increase four-fold in the next five years to meet the target of 82% electricity generation from renewable energy by 2030 (currently 50% of electricity is generated from coal). The Group will be well placed to support the country with its renewable energy transition.
- **Strong financial track record:** E3 Advisory is a high growth, high margin business offering growth potential. E3 Advisory has been consistently profitable and generating strong operating cashflows.
- **Culture and expertise:** E3 Advisory provides a good cultural fit for Ricardo, with comparable values and a purpose-led approach. With the Acquisition of E3 Advisory, Ricardo will have close to 300 employees offering technical and strategic expertise across its key Australian locations.

The Acquisition of E3 Advisory is in line with the Group's shift to its core consulting capabilities in environmental and energy transition solutions and allows Ricardo to take a leading position within the Australian market and its chosen industries, specifically transport, energy, water, mining and technology.

Summary information on E3 Advisory

Founded in 2014, by Peter Byford, Peter Wood and Jason Malouf, E3 Advisory is an Australian infrastructure advisory firm, advising both government and private clients through the infrastructure project lifecycle, with expertise in transport, infrastructure (rail and road), clean energy, water, and mining and resources. E3 Advisory was established on a commitment to achieving and demonstrating value for money in capital investments and services.

Jason Malouf serves as board Chair and Sutina Tsang as Managing Principal.

E3 Advisory has approximately 100 advisory staff, most of whom are located across its four office locations in Brisbane, Sydney, Melbourne and Perth. Additionally, E3 Advisory has a presence in Hobart (the state capital of Tasmania, Australia), Auckland, New Zealand and Hong Kong.

E3 Advisory's purpose is to shape communities and improve society by solving complex problems across the spectrum of infrastructure decision-making development, delivery and commercial resolution. Through trusted advice, its advisory teams work in highly collaborative environments to analyse problems and develop solutions. For FY23/24, its revenue distribution was approximately 60% government and 40% private clients. Its top clients include a major transport infrastructure authority, a state capital agency, a state transport agency, the operator of an electricity transmission network and a desalination company.

E3 Advisory 's core services include:

- Strategy: Supporting clients to simplify complex problems and determine pathways to address difficult infrastructure and policy questions.
- Transaction management and planning: Developing delivery strategies for infrastructure projects through procurement strategies, from introducing alliances into public infrastructure to using artificial intelligence to aid the development of project documentation.
- Contract dispute and expert witness: Supporting clients in successfully managing and resolving disputes throughout the project lifecycle.
- Commercial delivery: E3 Advisory assists clients in project management by identifying and articulating the client's performance and operational requirements.

E3 Advisory's financial track record:

E3 Advisory is consistently profitable, generating a strong operating cash flow. The financial information below has been extracted from the following:

- IAS-GBP FY22 and FY23: audited E3 Advisory financial information adjusted for Ricardo accounting policies under IFRS
- AAS- AUD: E3 Advisory audited financial information for FY22 and FY23 and management accounts extraction for FY24, prepared under AAS

	FY22 A	FY23 A	FY23 YoY Growth %		
IAS - GBP (M)					
Revenue	19.8	22.3	12.6%		
Underlying Operating profit *	5.0	5.7	14.0%		
Underlying Operating profit %	25.2%	25.4%	0.2 pp		
Reported Operating profit	6.5	5.5	-15.8%		
Gross assets	9.7	9.0	(7.6) %		
	FY22 A	FY23 A	FY24 A	FY23 YoY Growth %	FY24 YoY Growth %
AAS - AUD (M)					
Revenue	36.4	39.9	46.2	9.6%	15.7%
Underlying Operating profit *	9.2	10.1	13.2	9.8%	30.4%
Underlying Operating profit %	25.2%	25.4%	28.5%	0.2 pp	3.1 pp
Reported Operating profit	12.0	9.8	12.5	-18.0%	27.5%
Gross assets	17.2	17.2	20.4	-0.1%	18.5%

* Underlying operating profit adjusts for changes in remuneration of key personnel from dividends to bonus and non-recurring items such as transaction related costs and COVID grant income.

Process and timetable

Ricardo Australia entered into a binding call option deed with the Sellers on 21 August 2024, pursuant to which it had been granted a call option, exercisable at its sole discretion, to acquire the ordinary shares held by the Sellers. Ricardo Australia confirms it has exercised its call option and entered into a share purchase deed with the Sellers ("Share Purchase Deed") on the 16 December 2024 with completion of the transaction conditional on the disposal of Ricardo Defense.

In addition to its ordinary shares, E3 Advisory has a number of redeemable preference shares ("RPS") in issue, which are held by RPS holders who are employees of E3 Advisory ("RPS Holders"). These RPS are to also be acquired by Ricardo Australia as part of the Acquisition, pursuant to the terms of the E3 Advisory RPS purchase deeds ("RPS Purchase Deeds").

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

The Acquisition has been approved by the Board and is not subject to Ricardo shareholder approval or any regulatory approvals. Completion is expected to occur in early January 2025.

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.

UK Listing Rules

The Acquisition, because of its size in relation to Ricardo, 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 Acquisition is not subject to shareholder approval.

Board's views on the acquisition

Considering all that is outlined above, the Board believes that the acquisition of E3 Advisory is in the best interests of Ricardo shareholders, offering accelerated commercial and operational scale in its energy transition portfolio and is immediately EPS accretive.

~ENDS~

Footnote:

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

** 12 months to June 2024 on an IFRS unaudited basis; excludes transaction fees, net debt, working capital and other transaction related adjustments

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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.

Appendix 1

PRINCIPAL TERMS OF THE ACQUISITION

(a) E3 Advisory Agreements

(b) E3 Advisory Call Option Deed, Share Purchase Deed and RPS Deed

(i) Introduction and overview

On 21 August 2024, Ricardo Australia entered into the E3 Advisory Call Option Deed with the Sellers granting Ricardo Australia a call option, to acquire all of the ordinary shares held by the Sellers in E3 Advisory. On the 16 December 2024, Ricardo Australia exercised its call option and entered into a share purchase deed with the Sellers ("Share Purchase Deed").

In addition to its ordinary shares, E3 Advisory has a number of RPS on issue, which are held by RPS Holders who are employees of E3 Advisory Pty Ltd (a wholly owned subsidiary of E3A Holdings Pty Ltd. These RPS are to also be acquired by Ricardo Australia as part of the Acquisition, pursuant to the terms of the E3 Advisory RPS Purchase Deeds.

Certain RPS Holders who are deemed to be key personnel of E3 Advisory will be issued new class B shares ("Class B Shares") (through their relevant individual investment vehicles) as part of their consideration pursuant to the terms of the E3 Advisory NKP RPS Purchase & Subscription Deeds and E3 Advisory New Class B Subscription Deeds ("E3 Advisory RPS Deeds") and subject to the terms of the E3 Advisory Shareholders' Deed ("E3 Advisory Shareholders' Deed").

E3 Advisory will also facilitate E3 Advisory Pty Ltd to pay a discretionary bonus (from its pre-Completion funds) to certain other key employees of E3 Advisory Pty Ltd. (who do not hold redeemable preference shares) to fund their subscription of Class B Shares in E3 Advisory on and from Completion and pursuant to the terms of the E3 Advisory New Class B Subscription Deed.

(ii) Consideration

The consideration payable from Ricardo Australia to the Sellers for the ordinary shares in E3 Advisory under the E3 Advisory Share Purchase Deed is the enterprise value of AUD \$119 million (£59.8 million) (which values E3 Advisory at a 8.6x EBITDA multiple for the 12 month period ended on 30 June 2024):

- (A) less the amount payable by Ricardo Australia for the purchase of all RPS to be paid separately under the E3 Advisory RPS Purchase Deeds;
- (B) plus, or minus an adjustment amount representing the net debt of E3 Advisory as at Completion as agreed between Ricardo Australia and the Sellers or, determined pursuant to completion account adjustments and other agreed adjustments as set out in the E3 Advisory Share Purchase Deed; and
- (C) plus, or minus an adjustment amount representing the difference between the actual net working capital of E3 Advisory and its target net working capital as agreed between Ricardo Australia and the Sellers or determined pursuant to customary completion account adjustments as set out in the E3 Advisory Share Purchase Deed, together, the "Purchase Price".

Approximately AUD \$58.6 million (£29.5 million) of the Purchase Price will be payable to the Sellers in cash at Completion (subject to net debt, working capital and other transaction related adjustments). Additionally, an amount of AUD \$10.4 million (£5.2 million) will be payable in cash at Completion to the RPS Holders (being AUD \$27.9 million (£14.0 million) for the first tranche of the RPS shares less a AUD \$17.5 million (£8.8 million) subscription for Class B Shares in E3 Advisory, equivalent to 15% of the outstanding equity). The remaining amount of the Purchase Price includes:

- (A) AUD \$3 million (£1.5 million), which will become payable to either Ricardo Australia or the Sellers, on the first anniversary of Completion, subject to conditions.
- (B) The balance of the consideration payable from Ricardo Australia to each RPS Holder under the E3 Advisory RPS Purchase Deeds is approximately AUD \$29.4 million (£14.8 million), which will be paid in two cash instalments (on the 12 and 24 month anniversaries of Completion).

(iii) Conditions, Warranties, indemnities and other terms

The Acquisition is conditional on completion of the Disposal.

The E3 Advisory Share Purchase Deed and E3 Advisory RPS Deeds include customary completion deliverables subject to waiver by Ricardo Australia.

The E3 Advisory Share Purchase Deed and E3 Advisory RPS Deeds each contain sets of warranties and indemnities given by the Sellers, Ricardo Australia and each RPS Holder respectively which are customary for a transaction of this nature.

The Sellers' liability for general warranties and indemnities is limited to 60 per cent. of the Purchase Price, except for (i) claims relating to a specific indemnity which are limited to 75 per cent. of the Purchase Price, and (ii) claims relating to a title and capacity warranty, or tax indemnity, which are limited to 100 per cent. of the Purchase Price.

Each RPS Holder's liability for any general claims will be limited to 75 per cent. of their respective RPS Price, except for any title and capacity claims which will be limited to an amount equal to their respective RPS Price.

The E3 Advisory Share Purchase Deed and E3 Advisory RPS Deeds contain customary non-compete provisions as well as several undertakings to protect goodwill for a period of up to 2 years from Completion. The undertakings relate to the solicitation of employees and customers, intellectual property, and E3 Advisory or E3 Advisory Pty Ltd.'s name and reputation. The undertakings are subject to certain customary exceptions, including where Ricardo Australia has provided its consent.

(c) **E3 Advisory Shareholders' Deed**

On Completion, Ricardo Australia, E3 Advisory and each Class B shareholder ("Class B Shareholder") will enter into and be bound by the E3 Advisory Shareholders' Deed that sets out the shareholders' rights and obligations in respect of E3 Advisory.

The Class B Shares to be issued to the Class B Shareholders will have the same rights as ordinary shares (on a pro rata basis), except for, among other things, having no right to dividends and having a put option in favour of the Class B Shareholders that is exercisable from the third anniversary of Completion (or earlier if Ricardo Australia is subject to an event of default under the E3 Advisory Shareholders' Deed). When exercised by a Class B Shareholder, the put option requires Ricardo Australia to purchase all of the shares held by that Class B Shareholder.

If a Class B Shareholder fails to exercise their put option within one month of the third anniversary of Completion, the Option Price will decrease over time. If a Class B Shareholder ceases their employment with E3 Advisory, then their Class B Shares may be compulsorily acquired by Ricardo Australia in accordance with the E3 Advisory Shareholders' Deed at the applicable Option Price at the time (with the timing of completion of the acquisition being dependent upon the nature of the cessation of employment). Ricardo Australia may be required to pay the difference between the Option Price and the price received by key personnel for the Class B Shares in certain circumstances (including a drag transaction, tag transaction or certain other trigger events where key personnel receive less than the Option Price for their Class B Shares).

Following Completion, Ricardo Australia will have the right to appoint as many directors as is required to hold a majority on the E3 Advisory board. Class B Shareholders will have the right to appoint one director, so long as they collectively hold at least a 10 per cent. interest in E3 Advisory.

The E3 Advisory Shareholders' Deed has a limited number of reserved matters, which require the approval of the Class B Shareholders' nominee director (for so long as the Class B Shareholders are entitled to appoint a director) or, otherwise, 50 per cent. of the Class B Shareholders entitled to vote. If a deadlock arises in respect of these matters that is not resolved in accordance with the terms of the E3 Advisory Shareholders' Deed, Ricardo has the right to compulsorily acquire the Class B Shareholders' Class B Shares for the Option Price at the relevant time.

(d) **Parent Company Guarantee**

Pursuant to the Parent Company Guarantee, Ricardo has agreed to guarantee certain deferred payment obligations of Ricardo Australia under the E3 Advisory Share Purchase Deed, E3 Advisory RPS Deeds and the E3 Advisory Shareholders' Deed for the benefit of the Sellers and Class B Shareholders, subject to an overall cap of approximately AUD\$ 54.3 million (£27.3 million). The liability reduces at the first and second anniversaries of the Completion date as deferred consideration payments are made.

Appendix 2

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 Acquisition, will be material new risk factors to the Group as a result of the Acquisition, or are existing material risk factors to the Group which will be impacted by the Acquisition. 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 Acquisition, may also have an adverse effect on the business, financial condition, operating results or prospects of the 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 Acquisition

The Acquisition may be delayed or may not proceed to Completion

Completion is subject to, amongst other things, completion of the Disposal. In the event that the conditions precedent are not satisfied by the Condition Precedent Date (or such later date as the parties may agree), the E3 Advisory Share Purchase Deed may be terminated by any party.

If the Acquisition does not proceed to Completion, the reputation of the Group may be adversely impacted as a result of media attention in connection with the attempted Acquisition and its ability to execute its strategy. In addition, the transaction and other costs incurred by the Group in connection with the Acquisition (including the costs of negotiating the E3 Advisory Acquisition Agreements, the E3 Advisory Call Option Deed, the E3 Advisory New Class B Subscription Deed and the E3 Advisory Shareholders' Deed) would have been incurred by the Group without Completion having occurred.

Any of these factors outlined above 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 Post-Completion Group's success will be dependent upon its ability to integrate E3 Advisory and deliver the value of the combined underlying businesses; the full financial benefits expected from the Post-Completion Group may not be fully achieved

The Group and E3 Advisory have operated and, until Completion, will continue to operate, independently and there can be no assurances that their businesses can be integrated successfully. The success of the Post-Completion Group will depend, in part, on the effectiveness of the integration process and the ability of the Post-Completion Group to realise the anticipated financial benefits from combining the respective businesses.

While the Directors believe that the financial benefits of the Acquisition and the costs associated with the Acquisition have been reasonably estimated, unanticipated events or liabilities, such as revenue loss as a result of change of control provisions in existing E3 Advisory contracts, may arise or become apparent which may, in turn, result in a delay or reduction in the benefits anticipated to be derived from the Acquisition, or in costs significantly in excess of those estimated. No assurance can be given that the integration process will deliver all or substantially all of the expected benefits or realise any such benefits within the assumed timeframe, or that the costs to integrate and achieve the financial benefits will not be higher than anticipated.

In addition, the success of the integration of E3 Advisory is dependent upon the retention of certain key personnel of E3 Advisory in order to sustain, develop and grow the Post-Completion Group and realise the benefits of the Acquisition. Key personnel include: Peter Byford, Peter Wood, Jason Malouf and Sutina Tsang. There can be no assurance that these employees will remain with the Post-Completion Group and, consequently, the successful execution of the Post-Completion Group's strategy and the operation of the Post-Completion Group's business will depend upon its ability to attract, motivate, develop, integrate and retain key personnel. The loss of key personnel or a substantial number of talented employees, or an inability to attract, motivate, develop and retain the calibre of employees the

Post-Completion Group's business requires could cause disruption and such disruption, or the loss of experience, skills or client relationships of such personnel, could adversely affect the Post-Completion Group's business, reputation, expertise, results of operations or financial condition.

Further, the demands that the integration process may have on management time could result in diversion of the attention of the Group's and E3 Advisory's management and employees from ongoing operations, pursuing other potential business opportunities and may cause a delay in other projects currently contemplated by each group.

To the extent that the Post-Completion Group is unable to efficiently integrate the operations of the Group and E3 Advisory, realise anticipated financial benefits, retain key personnel and avoid unforeseen costs or delay, there may be a material adverse effect on the business, financial condition, operating or financial results and/or prospects of the Enlarged Group.

There is no guarantee that Ricardo Australia will acquire a 100 per cent. interest in E3 Advisory

Under the terms of the E3 Advisory Shareholders' Deed, there is no call option in favour of Ricardo Australia to mandatorily acquire all of the Class B Shares. The circumstances in which Ricardo Australia can acquire the Class B Shares (or otherwise become the sole owner of E3 Advisory) are if: (a) the Class B Shareholders exercise their put option requiring Ricardo Australia to acquire their shares, (b) the Class B Shareholders become leavers or commits events of default and Ricardo Australia elects to acquire their Class B Shares, (c) a deadlock occurs under the E3 Advisory Shareholders' Deed and Ricardo Australia elects to acquire the Class B Shares, or (d) the Class B Shareholders otherwise agree to sell their Class B Shares to Ricardo Australia or agree to a corporate restructure (such as a share buyback or selective capital reduction) whereby any shares other than those held by Ricardo Australia are acquired and/or cancelled by E3 Advisory, leaving Ricardo Australia as the sole shareholder. Ricardo Australia also has a right to drag the Class B Shareholders into a third-party sale in certain circumstances under the E3 Advisory Shareholders' Deed.

If Ricardo Australia does not acquire 100 per cent. of E3 Advisory then it will remain partially owned by the Class B Shareholders and Ricardo Australia's ownership of E3 Advisory will remain subject to the rights of the Class B Shareholders under the E3 Advisory Shareholders' Deed and at law, which may lead to difficulties in integration into the Post-Completion Group and increased time and costs for Ricardo in engaging with the minority shareholders.]

Material new risks relating to the Group which result from or are impacted by the Acquisition

The Acquisition may have a disruptive effect on the Group

The Acquisition has required, and will continue to require, substantial amounts of time and focus from the management team and employees of the Group 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 Acquisition and, accordingly, decision-making by the Group may be delayed, deferred or otherwise impacted. This disruption could be prolonged if the Acquisition 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 Acquisition

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 Acquisition

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 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 Group and its operations and some which may affect the industry, markets and segments in which the Group operates or 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 Acquisition 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 Group or its competitors, (b) market fluctuations, (c) legislative or regulatory changes in the markets and segments in which the 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

Group

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) to which the Group or any other member of the 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 Group has any obligation or entitlement which is material to the Group as at the date of this announcement:

1. E3 Advisory Call Option Deed

A summary of the principal terms of the E3 Advisory Call Option Deed is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

2. E3 Advisory Share Purchase Deed

A summary of the principal terms of the E3 Advisory Share Purchase Deed is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

3. E3 Advisory Shareholders' Deed

A summary of the principal terms of the E3 Advisory Shareholders' Deed is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

4. E3 Advisory New Class B Subscription Deed

A summary of the principal terms of the E3 Advisory New Class B Subscription Deed is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

5. E3 Advisory RPS Purchase Deeds

A summary of the principal terms of the E3 Advisory RPS Purchase Deeds is set out in Appendix 1 (*Principal Terms of the Acquisition*) to this announcement.

6. 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.

7. 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).

8. Disposal of Ricardo Defense

On the 13 December, Ricardo signed an agreement on 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 "Buyers") for US \$85 million (£67.5 million) (the "Disposal"). Full details of the Disposal are contained in the Disposal Announcement, which should be read in conjunction with this Announcement.

E3 Advisory

No contracts (other than contracts entered into in the ordinary course of business) have been entered into by E3 Advisory: (i) within the period of two years immediately preceding the date of this announcement, which are or may be material to E3 Advisory; or (ii) at any time, which contain any provisions under which E3 Advisory has any obligation or entitlement which is, or may be, material to E3 Advisory as at the date of this announcement.

PART C – Legal or arbitration proceedings

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 Group's financial position or profitability.

E3 Advisory

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 E3 Advisory's financial position or profitability.

PART D – 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 3

DEFINITIONS

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

"Acquisition"	the purchase of all of the issued ordinary share capital from the ordinary shareholders of E3A Holdings Pty Ltd by Ricardo Australia pursuant to the E3A Holdings Pty Ltd Share Purchase Deed; and the purchase of all of the issued redeemable preference shares in E3A Holdings Pty Ltd from their holders by Ricardo Australia pursuant to the E3A Holdings Pty Ltd ARPS Purchase Deeds
"AUD"	the lawful currency of Australia
"Board"	the board of directors of the Group
"Class B Shareholder"	a holder of Class B Shares in E3A Holdings Pty Ltd
"Class B Shares"	the new class 'B' ordinary shares in E3 Advisory to be issued to Key Personnel under the E3 Advisory NKP RPS Purchase & Subscription Deed and E3 Advisory New Class B Subscription Deed and having the rights and obligations as set out in those documents
"Company"	Ricardo plc
"Completion"	the completion of the Acquisition in accordance with the terms of the E3 Advisory Acquisition Agreements

"Directors"	the directors of the Company and "Director" means any one of them
"Disposal"	the proposed sale of the Ricardo Defense Business to the Buyers on the terms and subject to the conditions set out in the Ricardo Defense Equity Purchase Agreement
"Disposal Announcement"	the announcement by the Company of the Disposal on 16 December 2024
"E3 Advisory"	E3A Holdings Pty Ltd (ACN 168 864 659), and its wholly owned subsidiary E3 Advisory Pty Ltd (ACN 168 865 334)
"E3 Advisory Acquisition Agreements"	the E3 Advisory Share Purchase Deed and the E3 Advisory RPS Purchase Deeds
"E3 Advisory Business"	the business conducted by E3 Advisory of providing infrastructure advisory services and solutions to private and public clients and stakeholders
"E3 Advisory Call Option Deed"	the call option deed between Ricardo Australia, E3 Advisory and the Sellers to grant Ricardo Australia a call option to acquire the Sellers' ordinary shares in E3 Advisory
"E3 Advisory New Class B Subscription Deed"	the subscription deed between Ricardo Australia, E3 Advisory and certain Key Personnel of E3 Advisory Pty Ltd. (who do not otherwise hold redeemable preference shares) to issue Class B Shares to those Key Personnel on and from Completion
"E3 Advisory NKP RPS Purchase & Subscription Deed"	a deed between Ricardo Australia, E3 Advisory and each NKP holder of an RPS in E3 Advisory for Ricardo Australia to purchase the RPS from those holders, and E3 Advisory to issue Class B Shares to those holders
"E3 Advisory Non NKPs RPS Purchase Deed"	a deed between Ricardo Australia, E3 Advisory and each non NKP holder of an RPS in E3 Advisory for Ricardo Australia to purchase the RPS from those holders
"E3 Advisory RPS Purchase Deeds"	E3 Advisory NKP RPS Purchase & Subscription Deed and the E3 Advisory Non NKPs RPS Purchase Deed
"E3 Advisory Share Purchase Deed"	the share purchase deed between Ricardo Australia and the Sellers, pursuant to which Ricardo Australia will acquire the Sellers' ordinary shares in E3 Advisory
"E3 Advisory Shareholders' Deed"	the shareholders' deed between Ricardo Australia, E3 Advisory and each Class B Shareholder that sets out the rights of the shareholders with respect to E3 Advisory post-Completion and the Class B Shareholders' rights and obligations
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Group"	the Company and its subsidiaries and subsidiary undertakings, prior to Completion
"NKP"	certain nominated Key Personnel of E3 Advisory as set out in the E3 Advisory Share Purchase Deed

"Option Price"	has the meaning give to such term in the section of this announcement titled <i>"Proposed acquisition of E3 Advisory"</i>
"Ordinary Shares"	ordinary shares of 25 pence each in the capital of the Company
"Parent Company Guarantee"	a deed poll of Ricardo in favour of the Sellers and Key Personnel who hold Class B Shares, whereby Ricardo will guarantee certain deferred payment obligations of Ricardo Australia under the E3 Advisory Acquisition Agreements and the E3 Advisory Shareholders' Deed, subject to an overall cap of approximately AUD \$54.3 million (£27.3 million)
"Post-Completion Group"	the Company and its subsidiaries and subsidiary undertakings, following Completion
"Related Party Transaction"	has the meaning given to such term in the UKLRs
"RPS"	redeemable preference share in E3 Advisory
"RPS Holder"	each holder of an RPS immediately prior to Completion
"RPS Price"	the total cash and scrip consideration payable to each RPS Holder under the E3 Advisory RPS Purchase Deeds, being in aggregate approximately AUD \$57.4 million (£28.8 million)
"Ricardo" or the "Group"	the Company and its subsidiary undertakings from time to time
"Ricardo Australia"	Ricardo Australia Pty Ltd (ACN 625 088 646), a wholly owned subsidiary of Ricardo
"Sellers"	the ordinary shareholders of E3 Advisory
"Shareholder"	a holder of Ordinary Shares
"UKLRs"	the UKLRs of the FCA made pursuant to Part VI of FSMA

Important Notice

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

This announcement contains inside information as defined under assimilated Regulation (EU) No. 596/2014 which is part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended). The person responsible for arranging the release of this announcement on behalf of Ricardo is Harpreet Sagoo (Company Secretary).

No representation or warranty, express or implied, is or will be made by, or in relation to, and no responsibility or liability is or will be accepted by any adviser to, the Company or by any of their respective affiliates or agents as to or in relation to the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any responsibility or liability therefore is expressly disclaimed.

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Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

This announcement includes statements that are, or may be deemed to be, forward-looking statements, beliefs or opinions, including statements with respect to the Company's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims",

"continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. These statements are made by the Company's directors in good faith based on the information available to them at the date of this announcement and reflect the Company's directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements speak only as at the date of this announcement and the Company and its advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.

No statement in this announcement is intended as a profit forecast or a profit estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per share of Ricardo, income or cash flow for Ricardo, the Post-Completion Group, or the E3 Advisory Business (as appropriate) for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share of Ricardo, income or cash flow for Ricardo, the Post-Completion Group, or the E3 Advisory Business (as appropriate).

Certain figures included in this announcement have been subjected to rounding adjustments.