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Horizon Robotics

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock Code: 9660)

(1) AMENDMENT TO CONVERTIBLE LOAN AGREEMENT; AND (2) VOLUNTARY 12-MONTHS LOCK-UP UNDERTAKING FROM CARIAD ESTONIA AS

BACKGROUND

Reference is made to the section headed "History, Reorganization and Corporate Structure – Convertible Loan" in the prospectus of Horizon Robotics (the "**Company**") dated October 16, 2024 (the "**Prospectus**") in relation to the convertible loan agreement dated November 17, 2022 entered into between the Company (as borrower) and CARIAD Estonia AS ("**CARIAD**") (as lender) (as subsequently amended on October 11, 2024) (the "**CLA**"). Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as defined in the Prospectus.

Pursuant to the CLA, the Company issued a convertible loan in the principal amount of US$924,855,491.33 on December 7, 2023, with a maturity date of December 7, 2026 unless extended in accordance with the terms and conditions of the CLA (the "**Maturity Date**"). The loan bears interest at (i) 2.67% per annum for the period from December 7, 2023 to December 7, 2025 and (ii) 5.67% per annum for the period from December 7, 2025 to the date of conversion or repayment, as applicable, and the interest accrued as at July 21, 2026 (the "**Reference Date**") amounted to approximately US$81.9 million. On the Maturity Date, the shares subject to the 9.9% Threshold (as defined below) will be mandatorily converted by the Company to CARIAD or its affiliates, and the remaining balance (the "**Remaining Tranche**") will be either repaid in cash or converted at the option of CARIAD, and subject to the terms of the CLA. The conversion price is HK$3.99 per share, which represents a discount to the closing price of HK$4.45 per share as at the Reference Date.

THE AMENDMENT AGREEMENT

Considering that the Conversion Price of HK$3.99 is below the prevailing market price of the Shares, the conversion on the Maturity Date of the relevant accrued amount into Shares in excess of the 9.9% Threshold may result in additional Shares being issued at a discount to the market price prevailing at that time, thereby potentially causing value dilution to the existing Shareholders. Accordingly, on July 22, 2026, the Company entered into an amendment agreement (the "**Amendment Agreement**") with CARIAD to amend the CLA, pursuant to which the Company will early repay the convertible loan and redeem the conversion rights held by CARIAD thereunder (the "**Early Redemption**").

The principal terms and conditions of the Amendment Agreement are set out below:

Issue of Shares up to the 9.9% Threshold:	The Company will issue 1,301,763,486 new Class B Ordinary Shares (the "**Conversion Shares**") to CARIAD (such that CARIAD and its affiliates' aggregate shareholding in the Company equals 9.9% of the total outstanding shares immediately following such issuance) ("**9.9% Threshold**"). The issuance of the Conversion Shares will satisfy and discharge an aggregate amount of US$662.4 million in outstanding principal and accrued interest under the CLA.
Cash Payment:	The Company will pay to CARIAD an aggregate amount of US$398.9 million, which comprises (i) a loan repayment amount of approximately US$344.4 million for such portion of the principal and accrued interest under the convertible loan that is not satisfied by the issuance of the Conversion Shares (the "**Excess Portion**"), and (ii) an additional cash payment of approximately US$54.5 million as consideration (the "**Additional Cash Payment**") for the redemption of the conversion right (the "**Conversion Right**") in respect of the approximately 716 million Class B Ordinary Shares that would otherwise be required to be issued on the Maturity Date, calculated by reference to the approximately US$1,026.9 million outstanding principal and interest that would have accrued up to the Maturity Date, after deducting the US$662.4 million principal and interest satisfied and discharged through the issuance of the Conversion Shares described above (the "**Redeemed Conversion Shares**").
Closing date:	Closing (including the issuance of the Conversion Shares, the payment for the Excess Portion and the making of the Additional Cash Payment) will occur on or before the eighth (8th) business day after the date of the Amendment Agreement, unless otherwise agreed between the Company and CARIAD.
Lock-up undertaking:	CARIAD will undertake a 12-month lock-up from closing of the Early Redemption in respect of the Conversion Shares and its existing 269,711,694 Class B Ordinary Shares (together, the "**Lock-up Shares**"), subject to customary exceptions.
Termination:	Upon closing of the Early Redemption, the CLA will terminate in its entirety and all rights and obligations of the parties thereunder will cease.

REASONS AND BENEFITS OF THE AMENDMENT AGREEMENT AND THE EARLY REDEMPTION FOR THE COMPANY

By entering into the Amendment Agreement rather than allowing the CLA to remain outstanding until the Maturity Date, the Board has taken into account the following factors, among others, the continuing interest accruals, the potential dilution arising from the settlement of the convertible loan under the CLA through issuance of Shares and the uncertainties associated with the Share price, foreign exchange rate at or around the Maturity Date.

In particular, pursuant to the Amendment Agreement and the Early Redemption, (i) compared with the potential settlement under the existing CLA at the Maturity Date, the Amendment Agreement enables the Company to be released from its obligation to issue the Redeemed Conversion Shares at the Conversion Price of HK$3.99 (representing approximately 4.9% of the total number of issued Shares of the Company as at the date of this announcement on a pre-conversion basis) for the Remaining Tranche, thereby reducing the potential dilution to existing Shareholders and mitigating the potential downward pressure on the Share price that would otherwise arise from such issuance, and (ii) the 12-month lock-up undertaken by CARIAD in respect of the Lock-up Shares restricts the immediate disposal of such Shares and supports share price stability, which is conducive to maintaining a fair and orderly market in the Shares.

The Company intends to fund the cash payments under the Amendment Agreement using internal resources and/or external financing, including equity fundraising, bank borrowings and bond issuances.

BASIS FOR DETERMINATION OF THE ADDITIONAL CASH PAYMENT

The Additional Cash Payment of US$54.5 million was determined after arm's length negotiations between the Company and CARIAD. In assessing the Additional Cash Payment, the Company has made reference to the indicative theoretical value of the Conversion Right, estimated using the Black-Scholes option pricing model, a benchmark closed-form model for valuing European-style options based on observable market data.

The Black-Scholes option pricing model was adopted by the Company taking into account of that, in economic substance, the Conversion Right are essentially equivalent to a European-style call option over the relevant Shares, exercisable at the Conversion Price upon the Maturity Date: they are exercisable only upon the Maturity Date and carry no early exercise or other path-dependent features, and the Company has not paid, and does not expect to pay, any dividend on the Shares prior to the Maturity Date.

The indicative theoretical value of the Conversion Right exercisable at the Conversion Price upon the Maturity Date as at the Reference Date is estimated to be approximately US$76.6 million, taking into account, among other things, the following major assumptions:

(i) the closing Share price of the Company as at the Reference Date of HK$4.45;

(ii) time to maturity of the CLA, being 0.381 years;

(iii) expected volatility of 53.6%, being the annualised historical volatility based on the change of the share prices of the Company over a period of 0.381 years as at the Reference Date, sourced from Bloomberg;

(iv) expected dividend yield of 0%, as the Company has not declared or paid any dividends since its listing;

(v) the risk-free rate of 2.78%, being the average yield accepted of the three-month and six-month Exchange Fund Bills tendered by the Hong Kong Monetary Authority on July 21, 2026, interpolated to match the 0.381 years remaining term of the CLA; and

(vi) the USD/HKD exchange rate of 7.8418 as at 05:00 p.m. on the Reference Date, sourced from Bloomberg.

Apart from the indicative theoretical value of the Conversion Right calculated using the Black-Scholes option pricing model, the Company has also considered the following additional factors: (i) the earlier settlement of the Convertible Loan receivable by CARIAD under the CLA Amendment; and (ii) the parties' long-standing strategic partnership, as exemplified by (a) the current and future deployment of intelligent driving products developed by CARIZON, the joint venture established by Horizon and CARIAD, in certain Volkswagen Group vehicle models for volume production in the PRC, and (b) Horizon's licensing of certain underlying autonomous driving technologies to CARIZON, and its intention to further cooperate with CARIZON in relation to intellectual property covering next-generation products. Taking these factors into account, the Company agreed to the consideration for the Conversion Right, which represents a discount of approximately 28.8% to the aforesaid indicative theoretical value.

In view of that the the Additional Cash Payment was determined after arm's length negotiations, the reasons and benefits of the Amendment Agreement as set out in the previous section, and having taking into account of the above quantitative analysis (including the theoretical value of the Conversion Right calculated pursuant to the Black-Scholes option pricing model), the Directors consider that the Additional Cash Payment, together with the terms of the Amendment Agreement, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

By Order of the Board
Horizon Robotics
Dr. Kai Yu
Chairman and Executive Director

Hong Kong, July 22 , 2026

As of the date of this announcement, the board of directors of the Company comprises (i) Dr. Kai Yu, Dr. Chang Huang, Dr. Jian Xu and Dr. Liming Chen as executive directors; (ii) Mr. Liang Li, Mr. Qin Liu, Dr. André Stoffels and Mr. Jianjun Zhang as non-executive directors; and (iii) Dr. Jun Pu, Mr. Yingqiu Wu, Dr. Katherine Rong Xin and Dr. Ya-Qin Zhang as independent non-executive directors.