Enovix Announces Pricing of $150.0 Million Offering of 3.00% Convertible Senior Notes Due 2028

April 18, 2023

FREMONT, Calif., April 18, 2023 (GLOBE NEWSWIRE) -- **Enovix Corporation ("Enovix") (NASDAQ: ENVX)**, an advanced silicon battery company, today announced the pricing of $150.0 million aggregate principal amount of 3.00% Convertible Senior Notes due 2028 (the "Notes") in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") (the "Offering") and in a concurrent private placement under Section 4(a)(2) of the Securities Act.

An entity affiliated with Thurman J. Rodgers, Chairman of Enovix, has agreed to purchase $10.0 million aggregate principal amount of the Notes in the concurrent private placement. The Notes purchased in the concurrent private placement are referred to as the "Affiliate Notes." In addition, an entity affiliated with John Doerr, Chairman of Kleiner Perkins, has agreed to purchase $10.0 million aggregate principal amount of the Notes in the Offering. Mr. Rodgers and Mr. Doerr have previously co-invested in various companies, including Enphase Energy, Inc.

"We are thrilled with the sale of these notes," said Dr. Raj Talluri, President and CEO of Enovix. "We believe the proceeds from these notes, together with the previously announced $70 million non-dilutive financing we are seeking to fund our planned next-generation manufacturing line in Malaysia, will enable us to build four production lines, all at approximately 7% dilution to our stockholders. With these lines, we expect to be able to manufacture between 38 million to 75 million batteries a year, depending on the size of the battery, to meet the strong customer demand we are seeing in the IoT, Mobile and Computing markets."

In connection with the Offering, Enovix granted the initial purchasers of the Notes an option to purchase, within a 13-day period beginning on, and including, the date on which the Notes are first issued, up to an additional $22.5 million aggregate principal amount of Notes. The Offering and sale of Affiliate Notes are expected to close on April 20, 2023, subject to customary closing conditions.

The Notes will be general unsecured obligations of Enovix and will accrue interest payable semiannually in arrears on May 1 and November 1 of each year, beginning on November 1, 2023, at a rate of 3.00% per year. The Notes will mature on May 1, 2028, unless earlier converted, redeemed or repurchased.

Enovix estimates that the net proceeds from the Offering will be approximately $133.9 million (or approximately $155.7 million if the initial purchasers exercise their option to purchase additional Notes in full) to Enovix after deducting the initial purchasers' discounts and commissions and estimated Offering expenses payable by Enovix. If consummated, Enovix expects that it will receive net proceeds from the sale of the Affiliate Notes of approximately $9.7 million. Enovix expects to use a portion of the net proceeds from the Offering and the sale of the Affiliate Notes to pay the cost of the capped call transactions described below. Enovix expects to use the remaining net proceeds to build out a second battery cell manufacturing facility and fund the acquisition of production lines of its second generation ("Gen2") manufacturing equipment, and for working capital and general corporate purposes. If the initial purchasers exercise their option to purchase additional Notes, Enovix expects to use a portion of the net proceeds from the sale of the additional Notes to enter into additional capped call transactions with the Option Counterparties (as defined below).

The Notes will be convertible at the option of the holders in certain circumstances. The Notes will be convertible into cash, shares of Enovix's common stock or a combination of cash and shares of Enovix's common stock, at Enovix's election. The initial conversion rate is 64.08 shares of Enovix's common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $15.61 per share of Enovix's common stock, which represents a conversion premium of approximately 15% to the last reported sale price of Enovix's common stock on the Nasdaq Global Select Market on April 17, 2023), and will be subject to customary anti-dilution adjustments.

Enovix may not redeem the Notes prior to May 6, 2026. Enovix may redeem for cash all or any portion of the Notes (subject to certain limitations), at its option, on or after May 6, 2026, if a certain liquidity condition has been satisfied and the last reported sale price of Enovix's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which Enovix provides notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If Enovix redeems less than all of the outstanding Notes, at least $100 million aggregate principal amount of Notes must be outstanding and not subject to redemption as of, and after giving effect to, delivery of the relevant redemption notice.

If Enovix undergoes a "fundamental change," then, subject to certain conditions and limited exceptions, holders may require Enovix to repurchase for cash all or any portion of their Notes in principal amounts of $1,000 or an integral multiple thereof at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date of the Notes or if Enovix delivers a notice of redemption, Enovix will, in certain circumstances, increase the conversion rate of the Notes for a holder who elects to convert its Notes in connection with such a corporate event or convert its Notes called (or deemed called) for redemption during the related redemption period, as the case may be.

In connection with the pricing of the Notes, Enovix entered into capped call transactions with certain of the initial purchasers or affiliates thereof and other financial institutions (the "Option Counterparties"). The capped call transactions cover, subject to customary adjustments, the number of shares of Enovix's common stock initially underlying the Notes (including the Affiliate Notes). The capped call transactions are expected generally to reduce the potential dilution to Enovix's common stock upon any conversion of Notes and/or offset any cash payments Enovix is required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap.

The cap price of the capped call transactions relating to the Notes will initially be approximately $21.17, which represents a premium of approximately 56% over the last reported sale price of Enovix's common stock on the Nasdaq Global Select Market on April 17, 2023, and is subject to certain adjustments under the terms of the capped call transactions.

In connection with establishing their initial hedges of the capped call transactions, Enovix expects the Option Counterparties or their respective affiliates will enter into various derivative transactions with respect to Enovix's common stock and/or purchase shares of Enovix's common stock

concurrently with or shortly after the pricing of the Notes, including with, or from, as the case may be, certain investors in the Notes. This activity could increase (or reduce the size of any decrease in) the market price of Enovix's common stock or the trading price of the Notes at that time.

In addition, the Option Counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to Enovix's common stock and/or purchasing or selling Enovix's common stock or other securities of Enovix in secondary market transactions following the pricing of the Notes and prior to the maturity of the Notes (and are likely to do so during the 40 trading day period beginning on the 41st scheduled trading day prior to the maturity date of the Notes, or, to the extent Enovix exercises the relevant election under the capped call transactions, following any repurchase, redemption or conversion of the Notes). This activity could also cause or avoid an increase or a decrease in the market price of Enovix's common stock or the Notes which could affect a noteholder's ability to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of Notes, this could affect the number of shares, if any, and value of the consideration that a noteholder will receive upon conversion of its Notes.

The Notes sold in the Offering were only offered to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A promulgated under the Securities Act by means of a private offering memorandum. The Notes and any shares of Enovix's common stock potentially issuable upon conversion of the Notes have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction, and unless so registered, may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

This press release is neither an offer to sell nor a solicitation of an offer to buy any of these securities nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to the registration or qualification thereof under the securities laws of any such state or jurisdiction.

Forward-Looking Statements
This press release contains forward-looking statements including statements concerning the timing and completion of the Offering of the Notes and the sale of the Affiliate Notes and the capped call transactions; the anticipated use of proceeds from the Offering and sale of the Affiliate Notes; the size, terms, timing and ability to consummate the $70 million financing sought by Enovix in connection with its planned next-generation manufacturing line in Malaysia; the dilutive impact of the above-mentioned financing, the Offering, and the Affiliate Notes to Enovix stockholders; and Enovix's ability to manufacture between 38 million to 75 million batteries a year, depending on the size of the battery. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "seek," "plan," "project," "target," "looking ahead," "look to," "move into," and similar expressions are intended to identify forward-looking statements. Forward-looking statements represent Enovix's current beliefs, estimates and assumptions only as of the date of this press release and information contained in this press release should not be relied upon as representing Enovix's estimates as of any subsequent date. These forward-looking statements are subject to risks, uncertainties, and assumptions. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Risks include, but are not limited to market risks, trends and conditions. These risks are not exhaustive. Further information on these and other risks that could affect Enovix's results is included in its filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K for the fiscal year ended January 1, 2023, and the future reports that it may file from time to time with the SEC. Enovix assumes no obligation to, and does not currently intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Enovix
Enovix is on a mission to power the technologies of the future. Everything from IoT, mobile and computing devices, to the vehicle you drive, needs a better battery. The company's disruptive architecture enables a battery with high energy density and capacity without compromising safety. Enovix is scaling its silicon-anode, lithium-ion battery manufacturing capabilities to meet customer demand.

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