



July 29, 2025

Fellow Enovix Shareholders:

Despite press releases, a special conference call, and an FAQ website, we're still getting questions about the **Enovix warrant dividend**. So, the management team asked me, as chairman, to write a letter to shareholders explaining the basics of the deal, although the word "basics" is misused on this complex deal.

Dividends

A dividend is a payment to a shareholder on a per-share basis, typically made in cash. At Cypress Semiconductor, my old company, like most high-tech companies, we paid no dividends because of the common investor mindset, "If they don't know how to re-invest their profits, I'll find a company that does." When Cypress became consistently cash flow positive, we used that as an advantage to woo shareholders with cash dividends and new logic, "We'll pay you a \$0.09-per-share quarterly dividend, equivalent to 3%, near-bank interest, to incentivize you to buy and hold our shares." And finally, we did a one-time stock dividend, "Here is one-half share of SunPower for every Cypress share you own, a total value of \$1.6 billion in SunPower shares that transfers the ownership of SunPower directly to Cypress shareholders." Unfortunately, there is no simple sentence that can capture the complexity of a warrant dividend.

What is a Warrant Dividend?

It is a per-share dividend of warrants (options to buy shares of stock) distributed at no cost to shareholders, in our case at the rate of 1 warrant per 7 shares of stock, which is equivalent to 14.3% of the total share count. The first point is **counterintuitive**: the transaction is **non-dilutive** because it is neutral to percent ownership. For example, if you own 70,000 shares of ENVX stock (out of 193.5 million total, or 0.0362%), you will receive 10,000 warrants and still own 0.0362%, if the warrants are exercised. That's because every other shareholder will get the same one-for-seven deal. In order to make some round-number calculations, in this example (and all others in this letter) assume ENVX is trading at \$14.75 per share with the warrant valued at the implied \$6.00 capital gain over the **\$8.75 warrant exercise price**.*



The Warrant Itself is Valuable and Tradeable

Let's use the round \$6.00 capital gain figure to do some what-if calculations. There are 193.5 million outstanding ENVX shares; therefore, one-seventh or 27.6 million ENVXW warrants have already been issued to shareholders on July 22 at no charge. The company also went to the trouble of making the warrants immediately tradable as ENVXW on the Nasdaq. The total value that has been directly transferred to shareholders is \$166 million when ENVXW is \$6.00.

You now have a choice to make between two alternatives before the warrants expire on Oct. 1, 2026: 1) to **sell** them for the approximate \$6.00 in the open market, or 2) to **exercise** them by paying \$8.75 in cash to receive a new full share of ENVX stock worth \$14.75, which captures the same \$6.00 warrant gain in the new ENVX share.

Warrant Exercising Scenarios

If you **exercise** your warrants, you will not only preserve the \$6.00 gain, but also invest an additional \$8.75 in Enovix (about \$242 million total) that will be used to scale our new battery factory, for example, it's enough to buy production lines 2, 3 and 4. If you **sell** your warrants, feel no guilt for buying that new 1,064-hp, 215-mph Chevrolet Corvette ZR1 – because you will pass along your warrant to the next investor, who will have the same choice to sell or exercise – and so on down the line until some investor does exercise his or her warrant before the expiration date of Oct. 1, 2026.

The deadline to make the sell-exercise choice will probably be sooner than Oct. 1, 2026, because the warrants can also expire if the market price for ENVX stock has traded at \$10.50 for any 20 of 30 trading days, where it has traded for the first week. Therefore, you and your broker should develop a plan, since that expiration date could be as early as Aug. 19 at 5:00pm ET. In your plan, will you sell your warrants now to capture the \$6.00, or hold the warrants to see if you can get a higher price? Will you exercise the warrants now to get a new ENVX share with a built-in \$6.00 capital gain, which you can always monetize later (even one year later to achieve a lower U.S. capital-gains tax rate).

We think it's obvious that you must sell or exercise to not lose the dividend value. The plan needs to address which choice to make and when to do it. We believe that based on other



similar offering deals, we will raise almost all of the \$242 million; i.e., almost every warrant will be exercised to capture the \$6.00 gain – but that’s obviously not guaranteed.

To summarize, if you owned Enovix shares on the record date of July 17, 2025, you have received warrants that:

- Now trade as ENVXW on Nasdaq
- Were granted at a rate of one warrant for each 7 shares of ENVX you own, rounded down to the nearest whole share (27.6 million warrants total)
- Were free
- Should already be transferred to your account
- Are **exercisable** to buy ENVX shares for \$8.75, which, in turn, will also be automatically transferred to your account upon exercise
- Are alternately **sellable** for about \$6.00 now on Nasdaq under ticker ENVXW
- Expire on Oct. 1, 2026 – unless ENVX trades above \$10.50 for 20 of 30 trading days, in which case they could expire as early as 5:00pm ET on August 19, 2025
- Were worth about \$166 million to shareholders on delivery, assuming an ENVX market price of \$14.75 per share

Good Guys and Bad Guys

As we have discussed, the Good Guys, that’s you, have been granted 27.6 million warrants worth \$166 million at \$6.00 per warrant.

There is another benefit of the warrant dividend in curtailing the short sellers that have been problematic to us for two years. As of the last Nasdaq “short report” on July 15, 2025, there were 44.2 million ENVX shares “shorted” to the market by individuals and hedge funds who borrowed ENVX shares from shareholders, sold them for cash, and kept the proceeds.

Assuming the “short sellers” sold the borrowed ENVX shares for \$10 per share (a common result), they took about \$442 million out of the market – without investing or owning a share.

Now they will have to pay back those shares by returning them to the real shareholders – who will certainly use their right to demand immediate share payback to collect their warrants.

Since at least Nov. 1, 2022, there has been a loosely coordinated group that has actively shorted ENVX stock with aggressive tactics: 1) to start, they short a large number of shares (up to 3.6 million) in hours, 2) use price-destructive high-volume trading tactics to drive the share price down, and 3) coordinate those large short sales to the day with planned company announcements to give the appearance of a negative market reaction. The Nasdaq short report gives the total number of shares shorted by company and comes out every two weeks. Whenever ENVX suffered a steep share-price drop, I would check the next short report to see if the number of shorted shares had also risen equivalently. If so, I labeled the cause of that drop a “short attack:” a rapid stock price drop, coupled with a significant rise in total shorted shares. We’ve seen that kind of market behavior as many as eight times, and it’s the reason I use the label “Bad Guys.”

The following excerpt is from an internal report I wrote in April 2024 on short attacks.

Enovix Corp



Enovix share price graph showing three short attacks on Enovix timed to coincide with quarterly reports, along with the increase of short shares in the next Nasdaq report, which also reported that the **total number of shorted shares rose from 2.9 million on January 15, 2022 to 34.3 million on June 30, 2023.**

As of last July 15, the short sellers owed 44.2 million shares, which they must buy or borrow from current shareholders to pay back stock loans – in our example at \$14.75 per share. That’s about \$658 million that they will need to pay back shareholders at today’s ENVX price in order to pay off the approximate \$442 million they took from the market earlier. The difference of \$652 million - \$442 million = \$210 million is an incremental loss they will suffer as a direct consequence of unethical shorting tactics. All \$652 million will go from the Bad Guys directly to



the Good Guys. And the story could get better as the short sellers try to find the shares to pay back the 44.2 million shares they owe. Interactive Brokers, which reports this type of data, showed that there were only about 2.1 million ENVX shares available to borrow on July 27 and that the interest rate to borrow ENVX shares is no longer a comfortable 0.5%, but 4.2%.

Back to Reality

While the scenario above, called a “short squeeze,” is fun to analyze, the real win-win stories on the warrants are made possible (certainly not guaranteed) because Enovix has built something real, our **Artificial Intelligence Class™** batteries, whose first member is the **AI-1™** will be built in our state-of-the-art factory. You can read (<https://ir.enovix.com>) about the **AI-1** and our new Malaysian plant, which will soon be shown with virtual tours on our website. Tell us what you think. To conclude, awarding these warrants to our shareholders actually reflects our belief in the future – and our appreciation for those who’ve supported us so far.

Contrary to my opening remarks, the term “warrant dividend” is perhaps amenable to a one-sentence summary: “The warrant dividend rewards shareholders directly for supporting us, and rightfully transfers incremental value from short sellers to shareholders. (That’s the G-rated description.)

Thank you again,

A handwritten signature in black ink, appearing to read "T.J. Rodgers", with a long horizontal flourish extending to the right.

T.J. Rodgers
Chairman
Enovix Corporation

P.S. You will find more information at www.enovix.com/enovix-warrant-dividend.

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Further Information Relating to the Warrants

For more information relating to the exercise mechanics and other terms of the warrants, please refer to the materials filed by the Company with the Securities and Exchange Commission (the "SEC") available at <https://www.sec.gov> and the information posted on the Enovix website at <https://www.enovix.com/enovix-warrant-dividend>.

No Offer or Solicitation

This letter is for informational purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. The issuance of the warrants has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), as the distribution of a warrant for no consideration does not constitute a sale of a security under Section 2(a)(3) of the Securities Act. A Form 8-A registration statement and prospectus supplement describing the terms of the warrants were filed with the SEC and are available on the SEC's website located at <https://www.sec.gov>. Holders of warrants should read the prospectus supplement carefully, including the Risk Factors section included and incorporated by reference therein. This letter contains a general summary of the warrants. Please read the Warrant Agreement filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on July 21, 2025 as it contains important information about the terms of the warrants.

NO INVESTMENT ADVICE

The letter is for informational purposes only, you should not construe any such information or other material as legal, tax, investment, financial, or other advice. The information in this letter is of a general nature and does not address the circumstances of any particular individual or entity. Nothing in this letter constitutes professional and/or financial advice, nor does any information in this letter constitute a comprehensive or complete statement of the matters discussed or the law relating thereto. You alone assume the sole responsibility of evaluating the merits and risks associated with the use of any information in this letter before making any decisions based on such information.

Forward-Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, about Enovix, the warrants and our business that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance and can be identified by words such as anticipate, believe, continue, could, estimate, expect, intend, may, might, plan, possible, potential, predict, should, would and similar expressions that convey uncertainty about future events or outcomes. Forward-looking statements in this letter include, without limitation, our expectations regarding the early expiration of the warrants, other terms applicable to the warrants and the anticipated trading prices of our common stock and the warrants. Actual results and outcomes could differ materially from these forward-looking statements as a result of certain risks and uncertainties, including, without limitation, those risks and uncertainties and other potential factors set forth in our filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our most recently filed annual report on Form 10-K and quarterly reports on Form 10-Q and other documents that we have filed, or that we will file, with the SEC. For a full discussion of these risks, please refer to Enovix's filings with the SEC, including its most recent Form 10-K and Form 10-Q, available at <https://ir.enovix.com> and www.sec.gov. Any forward-looking statements made by us in this letter speak only as of the date on which they are made and subsequent events may cause these expectations to change. We disclaim any obligations to update or alter these forward-looking statements in the future, whether as a result of new information, future events or otherwise, except as required by law.

*In the calculations, we assume the ENVX price is \$14.75, giving a warrant capital gain value of \$6.00.