

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 29, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Enovix Corporation

(Exact Name of Registrant as Specified in Charter)

(Successor to RODGERS SILICON VALLEY ACQUISITION CORP.)

Delaware	001-39753	85-3174357
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
3501 W Warren Avenue		
<u>Fremont, California 94538</u>		
(Address of Principal Executive Offices)		
<u>(510) 695-2350</u>		
(Registrant's Telephone Number)		

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	ENVX	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 28, 2024, 177,977,204 shares of common stock, par value \$0.0001 per share, were issued and outstanding.

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FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements. 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, project, should, would and similar expressions that convey uncertainty about future events or outcomes. In addition, any statements that refer to projections, forecasts, management's expectations, hopes, beliefs, intentions or strategies regarding the future, are forward-looking statements. Examples of forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, statements about our:

- ability to build and scale manufacturing lines for our lithium-ion batteries, including completion of site acceptance testing of our High-Volume Line, as well as production and commercialization timelines;
- ability to meet milestones and execute on our product development strategy, including our ability to ship batteries from our Agility Line to customers, our expectations regarding EX-1M production and market readiness, and the effectiveness of our product design team;
- expectations and estimations of the total addressable market for our batteries, including the demand for more energy dense batteries and the suitability of our products to address this demand, and the impact of artificial intelligence features on the demand for energy dense batteries and the suitability of our products to address this demand;
- ability to manage our expenses and realize our annual cost savings goals;
- ability to manage and achieve the benefits of our ongoing restructuring efforts;
- products, technologies, business model and growth strategy, including commercialization opportunities, market opportunity and the expansion of our customer base;
- product strategy for Routejade's portfolio of conventional lithium-ion battery products;
- ability to meet the expectations of new and current customers, including safety and qualification requirements, and our ability to achieve market acceptance for our products;
- financial performance, including revenue from the sale of batteries and battery pack products and engineering revenue contracts, as well as expenses and projections thereof;
- operational capabilities of our manufacturing lines, including the anticipated growth and benefits of our growing R&D teams to support product innovation;
- ability to attract and hire additional personnel, including for our international locations and to facilitate the build-out of existing and additional production lines;
- ability to optimize our manufacturing process and execute on our future product development strategy and roadmap to profitability, including projected improvements in our commercialization and R&D activities in support of our manufacturing operations;
- expectations regarding our development and other collaboration agreements with potential customers, including in the smartphone and virtual reality categories; and
- ability to validate the advantages of our cell architecture in the portable electronics and electric vehicle battery customer segments through our recent development agreements, as well as our expectations relating to the recognition of revenue from these markets, and our ability to expand our relationships with partners in the electric vehicle battery space.

The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements, and the assumptions underlying such statements, involve a number of risks and uncertainties, some of which are beyond our control. These risks and uncertainties include, but are not limited to, those described in Part II, Item 1A. "Risk Factors" of this Quarterly Report on Form 10-Q. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may differ materially from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ENOVIX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value amounts)
(Unaudited)

	September 29, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 200,912	\$ 233,121
Short-term investments	—	73,694
Accounts receivable, net	1,911	909
Notes receivable, net	—	1,514
Inventory	9,564	8,737
Prepaid expenses and other current assets	11,598	5,202
Total current assets	<u>223,985</u>	<u>323,177</u>
Property and equipment, net	157,680	166,471
Customer relationship intangibles and other intangibles, net	37,583	42,168
Operating lease, right-of-use assets	13,810	15,290
Goodwill	12,217	12,098
Other assets, non-current	2,746	5,100
Total assets	<u>\$ 448,021</u>	<u>\$ 564,304</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,046	\$ 21,251
Accrued expenses	13,855	13,976
Accrued compensation	8,038	10,731
Short-term debt	11,555	5,917
Deferred revenue	6,206	6,708
Other liabilities	4,760	2,435
Total current liabilities	<u>59,460</u>	<u>61,018</u>
Long-term debt, net	168,744	169,099
Warrant liability	23,265	42,900
Operating lease liabilities, non-current	14,346	15,594
Deferred revenue, non-current	3,774	3,774
Deferred tax liability	8,178	10,803
Other liabilities, non-current	12	13
Total liabilities	<u>277,779</u>	<u>303,201</u>
Commitments and Contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.0001 par value; authorized shares of 1,000,000,000; issued and outstanding shares of 177,591,877 and 167,392,315 as of September 29, 2024 and December 31, 2023, respectively	18	17
Additional paid-in-capital	951,237	857,037
Accumulated other comprehensive loss	(42)	(62)
Accumulated deficit	<u>(783,621)</u>	<u>(598,845)</u>
Total Enovix's stockholders' equity	<u>167,592</u>	<u>258,147</u>
Non-controlling interest	2,650	2,956
Total equity	<u>170,242</u>	<u>261,103</u>
Total liabilities and equity	<u>\$ 448,021</u>	<u>\$ 564,304</u>

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Revenue	\$ 4,317	\$ 200	\$ 13,357	\$ 263
Cost of revenue	4,959	16,809	16,454	43,292
Gross margin	(642)	(16,609)	(3,097)	(43,029)
Operating expenses:				
Research and development	24,220	13,508	102,073	53,810
Selling, general and administrative	20,744	17,245	61,176	61,207
Impairment of equipment	—	—	—	4,411
Restructuring cost	3,661	3,021	41,807	3,021
Total operating expenses	48,625	33,774	205,056	122,449
Loss from operations	(49,267)	(50,383)	(208,153)	(165,478)
Other income (expense):				
Change in fair value of common stock warrants	29,899	31,320	17,359	4,140
Interest income	2,859	4,326	9,745	9,942
Interest expense	(1,718)	(1,557)	(5,068)	(2,827)
Other income (loss), net	(2,217)	109	(1,509)	129
Total other income, net	28,823	34,198	20,527	11,384
Loss before income tax benefit	(20,444)	(16,185)	(187,626)	(154,094)
Income tax expense (benefit)	2,194	—	(2,544)	—
Net loss	(22,638)	(16,185)	(185,082)	(154,094)
Net loss attributable to non-controlling interests	(102)	—	(306)	—
Net loss attributable to Enovix	\$ (22,536)	\$ (16,185)	\$ (184,776)	\$ (154,094)
Net loss per share attributable to Enovix shareholders, basic	\$ (0.13)	\$ (0.10)	\$ (1.07)	\$ (0.98)
Weighted average number of common shares outstanding, basic	176,680,578	159,829,716	172,393,869	157,559,138
Net loss per share attributable to Enovix shareholders, diluted	\$ (0.30)	\$ (0.29)	\$ (1.07)	\$ (1.00)
Weighted average number of common shares outstanding, diluted	176,872,382	161,371,417	172,393,869	158,260,393

See accompanying notes to these condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)*(In thousands)**(Unaudited)*

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Net loss	\$ (22,638)	\$ (16,185)	\$ (185,082)	\$ (154,094)
Other comprehensive income (loss), net of tax				
Change in net foreign currency translation adjustments	(61)	—	34	—
Net unrealized gain (loss) on available-for-sale securities	4	11	(14)	(13)
Other comprehensive income (expense), net of tax	(57)	11	20	(13)
Comprehensive loss	(22,695)	(16,174)	(185,062)	(154,107)
Comprehensive loss attributable to non-controlling interest	(102)	—	(306)	—
Comprehensive loss attributable to Enovix	\$ (22,593)	\$ (16,174)	\$ (184,756)	\$ (154,107)

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Additional			Accumulated Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Paid-in Capital	Accumulated Other Comprehensive Loss						
Balance as of December 31, 2023	167,392,315	\$ 17	\$ 857,037	\$ (62)	\$ (598,845)	\$ 258,147	\$ 2,956	\$ 261,103		
Net loss	—	—	—	—	(46,368)	(46,368)	(129)	(46,497)		
Issuance of common stock upon exercise of stock options	43,041	—	96	—	—	96	—	96		
Issuance of common stock, net of issuance costs	639,138	—	5,756	—	—	5,756	—	5,756		
RSU vested, net of shares withheld	1,683,618	—	(2,223)	—	—	(2,223)	—	(2,223)		
Vesting of early exercised stock options	—	—	9	—	—	9	—	9		
Repurchase of unvested restricted common stock	(19,638)	—	—	—	—	—	—	—		
Stock-based compensation	—	—	13,852	—	—	13,852	—	13,852		
Other comprehensive income, net	—	—	—	9	—	9	—	9		
Balance as of March 31, 2024	169,738,474	17	874,527	(53)	(645,213)	229,278	2,827	232,105		
Net loss	—	—	—	—	(115,872)	(115,872)	(75)	(115,947)		
Issuance of common stock upon exercise of stock options	316,554	—	2,697	—	—	2,697	—	2,697		
Issuance of common stock, net of issuance costs	3,719,881	1	34,203	—	—	34,204	—	34,204		
Issuance of common stock under employee stock purchase plan	148,371	—	1,145	—	—	1,145	—	1,145		
RSUs vested, net of shares withheld	1,380,079	—	(1,093)	—	—	(1,093)	—	(1,093)		
Vesting of early exercised stock options	—	—	6	—	—	6	—	6		
Repurchase of unvested restricted common stock	(665)	—	—	—	—	—	—	—		
Stock-based compensation	—	—	19,878	—	—	19,878	—	19,878		
Other comprehensive income, net	—	—	—	68	—	68	—	68		
Balance as of June 30, 2024	175,302,694	\$ 18	\$ 931,363	\$ 15	\$ (761,085)	\$ 170,311	\$ 2,752	\$ 173,063		

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Additional			Accumulated Deficit	\$ 170,311	\$ 2,752	Non- controlling Interests	Total Equity
	Shares	Amount	Paid-in Capital	Accumulated Other Comprehensive Loss	15					
Balance as of June 30, 2024	175,302,694	\$ 18	\$ 931,363	\$ 15		\$ (761,085)	\$ 170,311	\$ 2,752		\$ 173,063
Net loss	—	—	—	—	—	(22,536)	(22,536)	(102)	(22,638)	
Issuance of common stock upon exercise of stock options	193,447	—	1,532	—	—	—	1,532	—	—	1,532
Issuance of common stock upon exercise of Private Warrants	153,822	—	2,276	—	—	—	2,276	—	—	2,276
Vesting of early exercised stock options	—	—	5	—	—	—	5	—	—	5
RSUs vested, net of shares withheld	1,985,662	—	(2,286)	—	—	—	(2,286)	—	(2,286)	
Repurchase of unvested restricted common stock	(43,748)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	18,347	—	—	—	18,347	—	—	18,347
Other comprehensive income, net	—	—	—	(57)	—	—	(57)	—	(57)	
Balance as of September 29, 2024	177,591,877	\$ 18	\$ 951,237	\$ (42)		\$ (783,621)	\$ 167,592	\$ 2,650		\$ 170,242

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Continued)
(In thousands, except share amounts)
(Unaudited)

	Common Stock		Additional			Accumulated Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Paid-in Capital	Accumulated Other Comprehensive Loss						
Balance as of January 1, 2023	157,461,802	\$ 15	\$ 741,186	\$ —	\$ (384,774)	\$ 356,427	\$ —	\$ 356,427	\$ —	\$ 356,427
Net loss	—	—	—	—	—	(73,603)	(73,603)	(73,603)	—	(73,603)
Issuance of common stock upon exercise of stock options	86,654	—	328	—	—	—	328	328	—	328
Vesting of early exercised stock options	—	1	82	—	—	—	83	83	—	83
RSUs vested, net of shares withheld	679,606	—	(777)	—	—	—	(777)	(777)	—	(777)
Repurchase of unvested restricted common stock	(138,599)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	29,653	—	—	—	29,653	29,653	—	29,653
Balance as of April 2, 2023	158,089,463	16	770,472	—	(458,377)	312,111	—	312,111	—	312,111
Net loss	—	—	—	—	(64,306)	(64,306)	(64,306)	(64,306)	—	(64,306)
Issuance of common stock upon exercise of stock options	93,921	—	643	—	—	—	643	643	—	643
Issuance of common stock under employee stock purchase plan	146,278	—	1,170	—	—	—	1,170	1,170	—	1,170
Vesting of early exercised stock options	—	—	14	—	—	—	14	14	—	14
RSUs vested, net of shares withheld	650,202	—	(448)	—	—	—	(448)	(448)	—	(448)
Repurchase of unvested restricted common stock	(68,445)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	15,374	—	—	—	15,374	15,374	—	15,374
Purchase of Capped Calls	—	—	(17,250)	—	—	(17,250)	—	(17,250)	—	(17,250)
Other comprehensive income, net	—	—	—	(24)	—	(24)	—	—	—	(24)
Balance as of July 3, 2023	158,911,419	16	769,975	(24)	(522,683)	247,284	—	247,284	—	247,284
Net loss	—	—	—	—	(16,185)	(16,185)	(16,185)	(16,185)	—	(16,185)
Issuance of common stock upon exercise of stock options	954,674	—	8,260	—	—	—	8,260	8,260	—	8,260
Issuance of common stock subject to return	1,304,954	—	—	—	—	—	—	—	—	—
Early exercised stock options vested	—	—	22	—	—	—	22	22	—	22
RSUs vested, net of shares withheld for taxes	656,367	—	(1,762)	—	—	—	(1,762)	(1,762)	—	(1,762)
Repurchase of unvested restricted common stock	(161,737)	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	14,845	—	—	—	14,845	14,845	—	14,845
Other comprehensive income, net	—	—	—	11	—	—	11	11	—	11
Balance as of October 1, 2023	161,665,677	\$ 16	\$ 791,340	\$ (13)	\$ (538,868)	\$ 252,475	\$ —	\$ 252,475	\$ —	\$ 252,475

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023
Cash flows used in operating activities:		
Net loss	\$ (185,082)	\$ (154,091)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation, accretion and amortization	37,417	10,000
Stock-based compensation	48,630	57,833
Changes in fair value of common stock warrants	(17,359)	(4,124)
Impairment and loss on disposal of long-lived assets	38,249	4,414
Others	174	-
Changes in operating assets and liabilities:		
Accounts and notes receivables	494	16
Inventory	(827)	41
Prepaid expenses and other assets	(3,913)	54
Accounts payable	(10,018)	4,333
Accrued expenses and compensation	3,175	3,111
Deferred revenue	(502)	-
Deferred tax liability	(3,303)	-
Other liabilities	190	0
Net cash used in operating activities	<u>(92,675)</u>	<u>(77,401)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(59,830)	(32,971)
Purchases of investments	(31,812)	(115,733)
Maturities of investments	106,621	16,700
Net cash provided by (used in) investing activities	<u>14,979</u>	<u>(132,014)</u>
Cash flows from financing activities:		
Proceeds from loan borrowing and issuance of Convertible Senior Notes	4,572	172,500
Repayment of debt	(180)	-
Payments of debt issuance costs	—	(5,250)
Purchase of Capped Calls	—	(17,250)
Payroll tax payments for shares withheld upon vesting of RSUs	(5,601)	(2,981)
Proceeds from the exercise of stock options and issuance of common stock, net of issuance costs	44,285	9,233
Proceeds from issuance of common stock under employee stock purchase plan	1,145	1,166
Repurchase of unvested restricted common stock	(4)	(2)
Net cash provided by financing activities	<u>44,217</u>	<u>157,388</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,303	-
Change in cash, cash equivalents, and restricted cash	(32,176)	(52,033)
Cash and cash equivalents and restricted cash, beginning of period	235,123	322,971
Cash and cash equivalents, and restricted cash, end of period	<u>\$ 202,947</u>	<u>\$ 270,944</u>

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(*In thousands*)
(*Unaudited*)

	Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 2,951	\$ —
Cash paid for income taxes	164	—
<i>Supplemental non-cash investing and financing activities:</i>		
Purchase of property and equipment included in liabilities	\$ 14,478	\$ 19,324
Cashless warrant exercise	2,276	—
Accrued acquisition costs	—	1,115
Accrued debt issuance costs	—	666

The following presents our cash, cash equivalents and restricted cash by category in the Condensed Consolidated Balance Sheets:

	Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023
Cash and cash equivalents	\$ 200,912	\$ 270,817
Restricted cash included in prepaid expenses, other current assets and other assets, non-current	2,035	125
Total cash, cash equivalents, and restricted cash	\$ 202,947	\$ 270,942

See accompanying notes to these condensed consolidated financial statements.

ENOVIX CORPORATION
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Organization and Basis of Presentation

Organization

Enovix Corporation ("we," "us," "our," or "Enovix" or the "Company") was incorporated in Delaware in 2006. We develop, manufacture, and commercialize next generation Lithium-ion, or Li-ion, battery cells that significantly increase the amount of energy density and storage capacity relative to conventional battery cells. Our batteries' mechanical design, or "architecture," allows us to use high performance chemistries while enabling safety and charge time advantages. Enovix is headquartered in Silicon Valley with facilities in India, South Korea, and Malaysia.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States ("GAAP"). The condensed consolidated financial statements include our accounts, our wholly-owned subsidiaries and majority-owned subsidiaries, the business combinations from the closing dates and a variable interest entity ("VIE") under the variable interest model. All intercompany balances and transactions have been eliminated in consolidation.

Liquidity and Capital Resources

We have incurred operating losses and negative cash flows from operations since our inception through September 29, 2024 and expect to incur operating losses for the foreseeable future. As of September 29, 2024, we had working capital of \$164.5 million and an accumulated deficit of \$783.6 million. During the fiscal year-to-date ended September 29, 2024, we received net proceeds of \$40.0 million from the issuance of our common stock through an at-the-market ("ATM") offering. Based on the anticipated spending and timing of expenditures, we currently expect that our cash will be sufficient to meet our funding requirements over the next twelve months. Going forward, we may require additional financing for our future operations and expansion. The accompanying condensed consolidated financial statements have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Unaudited Interim Condensed Financial Statements

These accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial reporting. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring items, considered necessary to present fairly our financial condition, results of operations, comprehensive income (loss), stockholders' equity and cash flows for the periods presented above. The results of operations for the quarter and fiscal year-to-date ended September 29, 2024 are not necessarily indicative of the operating results for the full year, and therefore should not be relied upon as an indicator of future results. The Condensed Consolidated Balance Sheet as of December 31, 2023 included herein was derived from the audited consolidated financial statements as of that date and the accompanying consolidated financial statements and related notes are included in our Annual Report on Form 10-K.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the condensed consolidated financial statements and accompanying notes during the reporting periods. Estimates and assumptions include but are not limited to: depreciable lives for property and equipment and intangible assets, valuation for inventory, valuation allowance on deferred tax assets, assumptions used in income tax provisions, valuation for assets acquired and liabilities assumed in business combination, valuation of goodwill and intangible assets, assumptions used in stock-based compensation, incremental borrowing rate for operating right-of-use assets and lease liabilities, restructuring costs and estimates to fair value common stock warrants. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that it believes to be reasonable under the circumstances.

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Summary of Significant Accounting Policies

There have been no changes to our significant accounting policies disclosed in Note 2 "Summary of Significant Accounting Policies," of the notes to the consolidated financial statements for the fiscal year ended December 31, 2023, included in Part II, Item 8 of our Form 10-K.

Revenue

We recognize revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. We generate revenue from our product revenue and service revenue for the development of lithium-ion battery technology.

Product Revenue

Our product revenue is primarily generated from selling lithium-ion batteries or battery packs to commercial customers and military contractors. Product revenue is recognized once we have satisfied the performance obligations as defined in the sales agreement, which is generally satisfied upon transfer of control of goods. Control is transferred upon delivery for our products. For certain customized products with customer acceptance criteria specified in the sales agreement, the performance obligations is generally satisfied upon our customer's acceptance. Payment terms can vary depending on the contract and it is generally required within 90 days or less from the delivery date or the acceptance date of our product. The amounts of revenue recognized reflects the consideration for the product sold.

For the quarter and fiscal year-to-date ended September 29, 2024, our product revenue were \$4.3 million and \$13.4 million, respectively. Of our total product revenue for the quarter and fiscal year-to-date ended September 29, 2024, approximately 42% and 41%, respectively, were from South Korea based on the billing location of the customers. For the quarter and fiscal year-to-date ended October 1, 2023, our product revenue were immaterial.

Service Revenue

Service revenue contracts generally include the design and development efforts to conform our existing battery technology with customers' required specifications. Consideration for service revenue contracts generally become payable when we meet specific contractual milestones, which include the design and approval of custom cells, procurement of fabrication tooling to meet the customer's specifications, and fabrication and delivery of custom cells from our pilot production line. Within the existing service revenue contracts, the amount of consideration is fixed, the contracts contain a single performance obligation, and revenue is recognized at the point in time the final milestone is met (i.e., a final working prototype meeting all required specifications) and the customer obtains control of the deliverable. There was no service revenue recognized the quarters and fiscal years-to-date ended September 29, 2024 and October 1, 2023

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of significant segment expenses and other segment items on an annual and interim basis. This ASU will be effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We do not expect the adoption of this ASU to have a material impact on our financial statement disclosures and plan to adopt it for the fiscal year ended December 29, 2024.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topics 740): Improvements to Income Tax Disclosures*, which expanded the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for the annual periods beginning December 15, 2024, with early adoption permitted. We are currently evaluating the potential impact of the adoption of this ASU on our financial statement disclosures.

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Note 3. Business Combinations**Routejade Acquisition**

On October 31, 2023, we acquired 95.8% of the outstanding shares of Routejade, Inc. ("Routejade"). The following table summarizes the considerations for the acquisition.

Cash paid, net of acquisition-related seller expense	\$ 15,448
Issuance of Enovix common stock (5,923,521 shares)	52,779
Total purchase consideration	68,227
Less: net assets acquired	
Net assets acquired, excluding liability assumed for acquisition-related seller expense	56,367
Liability assumed for acquisition-related seller expense	(357)
Net assets acquired	56,010
Goodwill	\$ 12,217

This acquisition (the "Routejade Acquisition") constituted a business acquisition in accordance with FASB Accounting Standards Codification ("ASC") (*Topic 805*), *Business Combinations* ("ASC 805") for business combinations and, therefore, was accounted for as a business combination using the acquisition method of accounting. The tangible and intangible assets acquired and liabilities assumed were recorded based on their estimated fair values at the acquisition date.

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The following table summarizes the final purchase price allocation based on the fair values of the assets acquired and liabilities assumed as of the acquisition date (in thousands).

Cash, cash equivalents and restricted cash acquired	\$ 5,481
Accounts and notes receivable, net ⁽¹⁾	1,796
Inventory	12,613
Prepaid expenses and other current assets	1,715
Property and equipment, net	28,579
Intangible assets	41,948
Goodwill	12,217
Other non-current assets	365
Debt assumed	(7,426)
Deferred revenue	(10,568)
Liabilities assumed	(3,182)
Deferred income tax liabilities	(12,294)
Fair value of net assets acquired	71,244
Less: non-controlling interest ⁽²⁾	(3,017)
Total purchase consideration	68,227
Less: Cash, cash equivalents, restricted cash acquired	(5,481)
Total purchase price, net of cash acquired	\$ 62,746

(1) The gross amount of the acquired accounts and notes receivable was \$1.9 million, of which an immaterial amount was expected to be uncollectible.

(2) The fair value of non-controlling interest is measured based on the fair values of net assets acquired at the acquisition date and the price for the equity shares and the portion of ownership not held by the acquirer.

Goodwill

The excess of the purchase price over the fair value of net assets acquired was recorded to goodwill. Goodwill is primarily attributable to the expected synergies from future expected economic benefits, including integrating electrode coating and battery pack manufacturing. Goodwill from this acquisition is not expected to be deductible for tax purposes.

The following table summarizes the change in goodwill (in thousands) during the fiscal year-to-date ended September 29, 2024.

	Goodwill
Balances as of December 31, 2023	\$ 12,098
Routejade Acquisition - measurement period adjustments ⁽¹⁾	119
Balances as of September 29, 2024	\$ 12,217

⁽¹⁾ Our purchase price allocation was finalized in the first quarter of 2024, which included a net adjustment of \$0.1 million to goodwill and immaterial adjustments to other assets.

Intangible Assets

Intangible assets consist of customer relationships, developed technology and trade names and trademarks. Customer relationships relate to Routejade's existing customer relationships for current and future business. Developed

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technology relates to Routejade's technology for manufacturing standard lithium-ion batteries with varying chemistries, which allows for design flexibility and the production of customized battery cells.

The following table summarizes the intangible assets subject to amortization, net (in thousands) as of September 29, 2024.

	Gross	Accumulated amortization	Net Carrying Amount	Weighted-average Useful Lives
Customer relationships	\$ 29,933	\$ (2,737)	\$ 27,196	10 years
Developed technology	11,680	(1,526)	10,154	7 years
Trade Names and Trademarks	335	(102)	233	3 years
Total intangible assets	\$ 41,948	\$ (4,365)	\$ 37,583	

We acquired these intangible assets through the Routejade Acquisition in October 2023. For the quarter and fiscal year-to-date ended September 29, 2024, amortization of the intangible assets were \$1.2 million and \$3.6 million, respectively. As of September 29, 2024, the weighted average remaining useful lives for intangible assets was approximately 8.3 years.

The following is a schedule of expected amortization for the intangible assets as of September 29, 2024 (in thousands).

	As of September 29, 2024
2024 (remaining 3 months)	\$ 1,188
2025	4,757
2026	4,829
2027	4,645
2028	4,645
Thereafter	17,519
Total estimated amortization expense	\$ 37,583

Revenue and net loss from operations

For the quarter ended September 29, 2024, our results of operations included \$ 4.3 million of Routejade's revenue and \$ 2.3 million of Routejade's net operating loss from operations. For the fiscal year-to-date ended September 29, 2024, our results of operations included \$13.3 million of Routejade's revenue and \$7.4 million of Routejade's net operating loss from operations.

Proforma information

The condensed consolidated unaudited proforma revenue for the quarters ended of September 29, 2024 and October 1, 2023, which included Routejade assuming the acquisition occurred on January 1, 2023, were approximately \$4.3 million and \$3.9 million, respectively. The condensed consolidated unaudited proforma revenue for fiscal years-to-date ended September 29, 2024 and October 1, 2023, which included Routejade assuming the acquisition occurred on January 1, 2023, were approximately \$13.4 million and \$12.9 million, respectively.

The condensed consolidated unaudited proforma net income related to this acquisition was not included because the impact on our consolidated results of operations was not material for the quarters and fiscal years-to-date ended September 29, 2024 and October 1, 2023.

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Note 4. Fair Value Measurement

The fair value of our financial assets and liabilities are determined in accordance with the fair value hierarchy established in ASC 820, *Fair Value Measurements*, issued by the FASB. The fair value hierarchy of ASC 820 requires an entity to maximize the use of observable inputs when measuring fair value and classifies those inputs into three levels:

- Level 1: Observable inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2: Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable, notes receivable, accounts payable, short-term and long-term debt, and warrant liabilities. Cash and cash equivalents are reported at their respective fair values on our Condensed Consolidated Balance Sheets. As of September 29, 2024 and December 31, 2023, the carrying values of accounts and notes receivables, accounts payable, short-term debt and accrued liabilities approximated the fair value based on the short maturity of those instruments. As of September 29, 2024 and December 31, 2023, we had cash and cash equivalents of \$200.9 million and \$233.1 million, respectively.

The following table details the fair value measurements of assets and liabilities that were measured at fair value on a recurring basis based on the following three-tiered fair value hierarchy per ASC 820, *Fair Value Measurement*, as of September 29, 2024 and December 31, 2023 (in thousands).

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	Fair Value Measurement using					Total Fair Value				
	Level 1	Level 2	Level 3							
As of September 29, 2024										
Assets:										
Cash equivalents:										
Money Market Funds	\$ 101,362	\$ —	\$ —	\$ 101,362	\$ —	\$ 101,362				
U.S. Treasuries	—	9,982	—	—	9,982	9,982				
Total assets measured at fair value	<u>\$ 101,362</u>	<u>\$ 9,982</u>	<u>\$ —</u>	<u>\$ 101,362</u>	<u>\$ 9,982</u>	<u>\$ 111,344</u>				
Liabilities:										
Private Placement Warrants	\$ —	\$ —	\$ 23,265	\$ 23,265	\$ —	\$ 23,265				
As of December 31, 2023										
Assets:										
Cash equivalents:										
Money Market Funds	\$ 19,312	\$ —	\$ —	\$ 19,312	\$ —	\$ 19,312				
U.S. Treasuries	—	45,175	—	—	45,175	45,175				
Short-term investments:										
U.S. Treasuries	—	73,694	—	—	73,694	73,694				
Total assets measured at fair value	<u>\$ 19,312</u>	<u>\$ 118,869</u>	<u>\$ —</u>	<u>\$ 19,312</u>	<u>\$ 118,869</u>	<u>\$ 138,181</u>				
Liabilities:										
Private Placement Warrants	\$ —	\$ —	\$ 42,900	\$ 42,900	\$ —	\$ 42,900				
Cash Equivalents and Short-term Investments:										
The following is a summary of cash equivalents and short-term investments (in thousands).										
					Reported as					
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value	Cash Equivalents	Short-term Investments				
As of September 29, 2024										
Money Market Funds	\$ 101,362	\$ —	\$ —	\$ 101,362	\$ 101,362	\$ —				
U.S. Treasuries	9,980	2	—	9,982	9,982	—				
Total	<u>\$ 111,342</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 111,344</u>	<u>\$ 111,344</u>	<u>\$ —</u>				
As of December 31, 2023										
Money Market Funds	\$ 19,312	\$ —	\$ —	\$ 19,312	\$ 19,312	\$ —				
U.S. Treasuries	118,854	15	—	118,869	45,175	73,694				
Total	<u>\$ 138,166</u>	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 138,181</u>	<u>\$ 64,487</u>	<u>\$ 73,694</u>				

As of December 31, 2023, the short-term investments had contractual maturity due within one year.

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Private Placement Warrants

Our liabilities are measured at fair value on a recurring basis, including 6,000,000 warrants that were held by Rodgers Capital, LLC (the "Sponsor") and certain of its members (the "Private Placement Warrants"). The fair value of the Private Placement Warrants is considered a Level 3 valuation and is determined using the Black-Scholes valuation model. Each whole Private Placement Warrant became exercisable for one whole share of our common stock at a price of \$11.50 per share on December 5, 2021.

During the third quarter of 2024, there was a cashless exercise of 500,000 shares of the Private Placement Warrants with an exercise price of \$11.50 per share and we issued 153,822 shares of our common stock.

As of September 29, 2024 and December 31, 2023, we had 5,500,000 and 6,000,000 Private Placement Warrants outstanding, respectively. The fair value of the Private Placement Warrants was \$4.23 per share as of September 29, 2024. The following tables summarize the changes for Level 3 items measured at fair value on a recurring basis using significant unobservable inputs (in thousands).

	Private Placement Warrants
Fair value as of December 31, 2023	\$ 42,900
Cashless warrant exercise	(2,276)
Change in fair value	(17,359)
Fair value as of September 29, 2024	\$ 23,265
<hr/>	
Fair value as of January 1, 2023	\$ 49,080
Change in fair value	(4,140)
Fair value as of October 1, 2023	\$ 44,940

The following table summarizes the key assumptions used for determining the fair value of the Private Placement warrants.

	Private Placement Warrants	Private Placement Warrants
	Outstanding as of September 29, 2024	Outstanding as of December 31, 2023
Expected term (in years)	1.8	2.5
Expected volatility	95.0%	90.0%
Risk-free interest rate	3.6%	4.1%
Expected dividend rate	0.0%	0.0%

Convertible Senior Notes and Long-term Loans

We consider the fair value of our convertible senior notes to be a Level 2 measurement as they are not actively traded in the market. As of September 29, 2024, the fair value of the convertible senior notes was approximately \$157.0 million. As of September 29, 2024, our long-term loans are approximately close to their carrying value of \$0.7 million.

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Note 5. Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Property and equipment as of September 29, 2024 and December 31, 2023, consisted of the following (in thousands).

	September 29, 2024	December 31, 2023
Machinery and equipment	\$ 63,540	\$ 100,335
Building and leasehold improvements	32,443	36,651
Office equipment and software	5,324	2,561
Furniture and fixtures	16,679	898
Land	1,433	1,433
Construction in process	53,670	68,958
Total property and equipment	173,089	210,836
Less: accumulated depreciation	(15,409)	(44,365)
Property and equipment, net	\$ 157,680	\$ 166,471

The following table summarizes the depreciation and amortization expenses related to property and equipment, which are recorded within cost of revenue, research and development expense and selling, general and administrative expense in the Condensed Consolidated Statements of Operations (in thousands).

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Depreciation expense	\$ 4,683	\$ 3,588	\$ 32,643	\$ 10,566

In the fourth quarter of 2023, we announced our strategic realignment of our first production line ("Fab1") in Fremont, California and transformed our Fremont location to "Center for Innovation," focused on new product development. In connection with this strategic realignment, we recognized accelerated depreciation expenses of approximately \$18.4 million for Fab1 equipment in the first quarter of 2024, of which approximately \$ 18.3 million and \$0.1 million were recorded as research and development expense, and selling, general and administrative expense, respectively, in the Condensed Consolidated Statements of Operations. We did not record any accelerated depreciation expenses in the second quarter of 2024 and the third quarter ended September 29, 2024.

Fab1 Long-Lived Asset Disposals

During the quarter and fiscal year-to-date ended September 29, 2024, we recorded \$ 3.1 million and \$38.2 million, respectively, of loss on disposal of our Fab1 long-lived assets, including machinery and equipment, leasehold improvements and other assets located in Fremont, California as a part of the 2024 Restructuring Plan (as defined below) and it was recorded as Restructuring Cost in the Condensed Consolidated Statements of Operations. See Note 12 "Restructuring Costs" for more information.

Equipment Impairment

During the second quarter of 2023, we disposed a group of machinery and equipment and recorded an impairment charge of \$4.4 million. There was no impairment charge recorded in the quarter ended October 1, 2023 and the impairment charge for the fiscal year-to-date ended October 1, 2023 was \$4.4 million. These impaired assets were previously capitalized as "Machinery and equipment" category of property and equipment, net on the Condensed Consolidated Balance Sheets. There was no impairment charge recorded in the quarter ended and fiscal year-to-date ended September 29, 2024.

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Note 6. Inventory

Inventory consists of the following components (in thousands).

	September 29, 2024	December 31, 2023
Raw materials	\$ 1,811	\$ 1,926
Work-in-process	6,595	6,687
Finished goods	1,158	124
Total inventory	\$ 9,564	\$ 8,737

Inventory is stated at the lower of cost or net realizable value ("NRV") on a first-in and first-out basis. Inventory costs include direct materials, direct labor, and manufacturing overhead. When the estimated net realizable values are below the manufacturing costs, a charge to cost of revenue is recorded for finished goods and work in process inventories.

For the quarter and fiscal year-to-date ended September 29, 2024, we had recorded immaterial amounts of inventory reserve, including excess or obsolete inventory reserve, in the Condensed Consolidated Statement of Operations. As of December 31, 2023, we did not have excess or obsolete inventory reserve.

In connection with the restructuring plan as described in the Note 12 "Restructuring Costs," we wrote off \$ 0.6 million of raw materials as Restructuring cost in the Condensed Consolidated Statement of Operations for the quarter and fiscal year-to-date ended October 1, 2023.

Note 7. Leases

We have operating lease agreements primarily for offices and manufacturing spaces located in various locations with lease periods expiring between 2024 and 2030, some of which include options to extend the leases for up to five years.

The components of lease costs were as follows (in thousands):

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Operating lease cost	\$ 1,347	\$ 478	\$ 3,192	\$ 1,428

Supplemental lease information:

	As of	
	September 29, 2024	December 31, 2023
Operating leases		
Weighted-average remaining lease term	5.3 years	6.0 years
Weighted-average discount rate	8.5%	8.5%

Supplemental cash flow information related to leases are as follows (in thousands):

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	Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 2,687	\$ 1,053

Maturities of Lease Liabilities

The following is a schedule of maturities of lease liabilities as of September 29, 2024 (in thousands).

	Operating leases
2024 (remaining 3 months)	\$ 913
2025	3,698
2026	3,702
2027	3,743
2028	3,804
Thereafter	3,834
Total	19,694
Less: imputed interest	(2,700)
Present value of lease liabilities	\$ 16,994

Note 8. Borrowings**Short-Term Debt**

In connection with the Routejade Acquisition, we assumed asset secured loans with fixed and floating interest rates. These loans have various maturity dates. As of September 29, 2024, short-term debt was \$11.6 million, which comprised of \$11.4 million of short-term loans with less than one-year term and \$0.2 million of the current portion of long-term loans. From time to time, we renew our short-term loans once they reach the maturity dates. During the fiscal year-to-dated ended September 29, 2024, we obtained \$4.6 million of short-term loans with less than one-year term. As of December 31, 2023, short-term debt was \$5.9 million, which comprised of \$4.3 million of short-term loans with less than one-year term and \$1.6 million of the current portion of long-term loans. The current portion of long-term debt is recorded as short-term debt based on time remaining until maturity. As of September 29, 2024 and December 31, 2023, the weighted average interest rates on the short-term loans were approximately 5.2% and 5.3%, respectively.

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Long-Term Debt

Our long-term debt, net consists of the following (in thousands).

	Annual Interest Rate	Maturity Date	As of	
			September 29, 2024	December 31, 2023
Convertible Senior Notes	3.0 %	May 1, 2028	\$ 172,500	\$ 172,500
Long-term loans				
Floating rate	3.4 %	June 30, 2027	348	385
Floating rate	3.4 %	June 30, 2028	380	385
Fixed rate	5.2 %	February 1, 2025	—	1,036
Fixed rate	5.3 %	September 19, 2024	—	1,540
Total Convertible Senior Notes and other borrowings			173,228	175,846
Less: unamortized debt issuance costs			(4,325)	(5,142)
Long-term debt			168,903	170,704
Current portion of long-term debt			(159)	(1,605)
Long-term debt, net			<u>\$ 168,744</u>	<u>\$ 169,099</u>

Long-term Loans

In connection with the Routejade Acquisition, we assumed long-term loans. These long-term loans are either with fixed rate or floating rate loans as stated in the table above. As of September 29, 2024, total long-term loans outstanding was \$0.7 million, including a current portion of the long-term loans of \$0.2 million. As of December 31, 2023, total long-term loans outstanding was \$ 3.3 million, including a current portion of the long-term loans of \$ 1.6 million.

Convertible Senior Notes

On April 20, 2023, we issued \$ 172.5 million aggregate principal amount of 3.0% convertible senior notes due 2028 (the "Convertible Senior Notes"), including \$10.0 million principal amount of the Convertible Senior Notes (the "Affiliate Notes") issued to an entity affiliated with Thurman John Rodgers, Chairman of our Board of Directors, in a concurrent private placement. As of both periods ended September 29, 2024 and December 31, 2023, total outstanding Convertible Senior Notes was \$172.5 million.

The Convertible Senior Notes are unsecured obligations of the Company and bear interest at a rate of 3.0% per year from April 20, 2023, and will be payable semiannually in arrears on May 1 and November 1 of each year, beginning on November 1, 2023. The Convertible Senior Notes will mature on May 1, 2028 unless earlier converted, redeemed or repurchased.

The following table summarizes the interest expenses related to Convertible Senior Notes and loans, which are recorded within Interest expense in the Condensed Consolidated Statements of Operations (in thousands).

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	Quarter Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Coupon interest	\$ 1,294	\$ 1,283	\$ 3,881	\$ 2,326
Amortization of debt issuance costs	275	275	817	497
Total interest expense on Convertible Senior Notes	1,569	1,558	4,698	2,823
Loan interest	148	—	369	—
Total interest expenses related to Convertible Senior Notes and loans	<u>\$ 1,717</u>	<u>\$ 1,558</u>	<u>\$ 5,067</u>	<u>\$ 2,823</u>

As of September 29, 2024 and December 31, 2023, we had \$ 2.2 million and \$0.9 million of accrued interest liability, respectively.

Debt Maturity

The following table summarizes our long-term debt maturities, based on outstanding principal by years (in thousands).

	September 29, 2024
2024 (remaining 3 months)	\$ 32
2025	190
2026	253
2027	190
2028	172,563
Total gross amount of long-term debt	<u>\$ 173,228</u>

Note 9. Commitments and Contingencies

Purchase Commitments

As of September 29, 2024 and December 31, 2023, our commitments included approximately \$ 24.6 million and \$62.5 million, respectively, of our open purchase orders and contractual obligations that occurred in the ordinary course of business, including commitments with contract manufacturers and suppliers for which we have not received goods or services, commitments for capital expenditures and construction-related activities for which we have not received the goods or services. Although open purchase orders are considered enforceable and legally binding, the terms generally allow us an option to cancel, reschedule, and adjust its requirements based on our business needs prior to the delivery of goods or performance of services. For lease obligations, please refer to Note 7 "Leases" for more details. For the Convertible Senior Notes obligation and other borrowings, please refer to Note 8 "Borrowings" for more details.

Performance Obligations

As of September 29, 2024, we had \$ 10.0 million of performance obligations, which comprised of total deferred revenue and customer order deposits. We currently expect to recognize approximately 62% of deferred revenue as revenue within the next twelve months.

Litigation

From time to time, we are subject to a variety of claims, lawsuits, investigations, and proceedings concerning matters arising in connection with our business activities, including product liability, intellectual property, commercial,

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insurance, securities laws, contract disputes, and employment matters. Certain of these lawsuits and claims are described in further detail below. We intend to vigorously defend against each of these allegations.

A liability and related charge to earnings is recorded in the condensed consolidated financial statements for legal contingencies when the loss is considered probable and the amount can be reasonably estimated. The assessment is re-evaluated each accounting period and is based on all available information, including the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to each case. The outcomes of outstanding legal matters are inherently unpredictable and subject to uncertainties. While there can be no assurance of favorable outcome of these legal matters, we currently believe that the outcome of these matters will not have a material adverse effect on our results of operations, liquidity or financial position.

Former Employee Class Action Lawsuits

On January 21, 2022, two former machine operator employees filed a putative wage and hour class action lawsuit against Enovix and co-defendant Legendary Staffing, Inc. in the Superior Court of California, County of Alameda. The case is captioned *Sopheak Prak & Ricardo Pimentel v Enovix Corporation and Legendary Staffing, Inc.*, 22CV005846 (the "Prak Complaint"). The Prak Complaint alleged, among other things, on a putative class-wide basis, that the defendants failed to pay all overtime wages and committed meal period, rest period and wage statement violations under the California Labor Code and applicable Wage Orders. The plaintiffs sought unpaid wages, statutory penalties and interest and reasonable costs and attorney fees. We began the mediation process in September 2022 and on June 6, 2024, a final settlement was approved by the court. All settlement funds were distributed in July 2024.

On March 8, 2023, a former employee filed a putative class action lawsuit against Enovix in the Superior Court of California, County of Alameda. The case is captioned *Kody Walker v. Enovix Corporation*, 23CV028923 (the "Walker Complaint"). The Walker Complaint alleges, among other things, on a putative class-wide basis, that we failed to pay minimum wages, overtime and sick time wages, failed to reimburse employees for required expenses, failed to provide meal and rest periods and issued inaccurate wage statement under the California Labor Code and applicable Wage Orders. The Walker Complaint asserts on an individual basis that Walker was constructively discharged. The plaintiff seeks unpaid wages, statutory penalties and interest and reasonable costs and attorney fees. We have a mediation scheduled on October 30, 2024 with plaintiff's counsel in the Walker matter.

Securities Class Action Complaint

On January 6, 2023, a purported Company stockholder filed a securities class action complaint in the U.S. District Court for the Northern District of California against Enovix and certain of our current and former officers and directors (collectively, the "defendants"). The complaint alleges that the defendants violated Sections 10(b) and 20(a) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making material misstatements or omissions in public statements related to our manufacturing scale-ups and testing of new equipment. A substantially identical complaint was filed on January 25, 2023 by another purported Company stockholder. Following consolidation of the cases and court appointment of two purported Company stockholder lead plaintiffs, a consolidated complaint alleging substantially similar claims, including allegations that the defendants made material misstatements or omissions in public statements related to testing of new equipment, was filed on July 7, 2023.

The court granted the motion to dismiss the consolidated complaint on January 30, 2024. The plaintiffs filed a second amended complaint on March 19, 2024, which seeks unspecified damages, interest, fees and costs on behalf of all persons and entities that purchased and/or acquired shares of Enovix or its predecessor entity's common stock between June 24, 2021 and October 3, 2023. On July 23, 2024, the court issued an order granting in part and denying in part defendants' motion to dismiss. We and the other defendants intend to vigorously defend against the remaining claims in this action.

In September, 2024, we received two Section 220 book and records demand notices from two separate defendants related to this case.

Guarantees and Indemnifications

In the normal course of business, we enter into contracts and agreements that contain a variety of representations and warranties and provide for general indemnifications. In addition, we purchased performance bonds for guarantee of our performance obligations for certain projects. Our exposure under these agreements is unknown because it involves claims that may be made against us in the future but have not yet been made. To date, we have not paid any claims or

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been required to defend any action related to our indemnification obligations. However, we may record charges in the future as a result of these indemnification obligations.

We also have indemnification obligations to our officers and directors for specified events or occurrences, subject to some limits, while they are serving at our request in such capacities. There have been no claims to date and we have director and officer insurance that may enable us to recover a portion of any amounts paid for future potential claims. We believe the fair value of these indemnification agreements is minimal. Accordingly, we have not recorded any liabilities relating to these obligations for the period presented.

Note 10. Net Loss per Share

The following table sets forth the computation of our basic and diluted net EPS of common stock for the periods presented below (in thousands, except share and per share amount).

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Numerator:				
Net loss attributable to common stockholders - basic	\$ (22,536)	\$ (16,185)	\$ (184,776)	\$ (154,094)
Decrease in fair value of Private Placement Warrants	(29,899)	(31,320)	—	(4,140)
Net loss attributable to common stockholders - diluted	<u>\$ (52,435)</u>	<u>\$ (47,505)</u>	<u>\$ (184,776)</u>	<u>\$ (158,234)</u>
Denominator:				
Weighted-average shares outstanding used in computing net loss per share of common stock, basic	176,680,578	159,829,716	172,393,869	157,559,138
Dilutive effect of Private Placement Warrants	191,804	1,541,701	—	701,255
Weighted-average shares outstanding used in computing net loss per share of common stock, diluted	<u>176,872,382</u>	<u>161,371,417</u>	<u>172,393,869</u>	<u>158,260,393</u>
Net loss per share of common stock:				
Basic	\$ (0.13)	\$ (0.10)	\$ (1.07)	\$ (0.98)
Diluted	\$ (0.30)	\$ (0.29)	\$ (1.07)	\$ (1.00)

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The following table discloses shares of the securities that were not included in the diluted EPS calculation above because they are anti-dilutive for the periods presented above.

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Stock options outstanding	1,835,751	3,075,138	1,835,751	3,075,138
Restricted stock units and performance restricted stock units outstanding	15,126,611	12,602,239	15,126,611	12,602,239
Assumed conversion of Convertible Senior Notes	11,053,800	11,053,800	11,053,800	6,608,868
Private Placement Warrants outstanding	—	—	5,500,000	—
Employee stock purchase plan estimated shares	229,671	243,474	229,671	243,474

Note 11. Stock-based Compensation

We issue equity awards to our employees and non-employees in the form of stock options, restricted stock units ("RSUs") and performance based RSUs ("PRSUs"). Additionally, we also offer an employee stock purchase plan ("ESPP") to our eligible employees. We use Black-Scholes option pricing model to value our stock options granted and the estimated shares to be purchased under the ESPP. For both RSUs and PRSUs, we use our common stock price, which is the last reported sales price on the grant date to value those securities.

In general, we recognize stock-based compensation expense on a straight-line basis over the requisite service period and records forfeitures as they occur. For PRSUs, we use the graded vesting method to calculate the stock-based compensation expense. At each reporting period, we would recognize and adjust the stock-based compensation expense based on its probability assessment in meeting its PRSUs' performance conditions.

Stock-based Compensation Expense

The following table summarizes the total stock-based compensation expense, by operating expense category, recognized in the Condensed Consolidated Statements of Operations for the periods presented below (in thousands).

	Quarters Ended		Fiscal Years-to-Date Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Cost of revenue	\$ 101	\$ 2,396	\$ 196	\$ 5,001
Research and development	5,914	4,949	19,771	22,072
Selling, general and administrative ⁽¹⁾	10,707	5,929	27,447	30,400
Restructuring cost	111	359	1,216	359
Total stock-based compensation expense	\$ 16,833	\$ 13,633	\$ 48,630	\$ 57,832

(1) During the quarter ended June 30, 2024, we engaged a consulting company for its services and issued RSUs in exchange for its services. In connection with this service agreement, we recorded approximately \$4.4 million and \$9.1 million of stock-based compensation expense for the quarter and fiscal year-to-date ended September 29, 2024, respectively.

For the fiscal years-to-date ended September 29, 2024 and October 1, 2023, we capitalized \$ 2.4 million and \$0.8 million, respectively, of stock-based compensation as property and equipment, net on the Condensed Consolidated Balance Sheet. There was no recognized tax benefit related to stock-based compensation for the periods presented. In

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addition, we accrued an immaterial amount of bonus to be settled in equity awards as accrued compensation on the Condensed Consolidated Balance Sheet as of September 29, 2024.

As of September 29, 2024, there was approximately \$ 123.5 million of total unrecognized stock-based compensation expense related to unvested equity awards, which are expected to be recognized over a weighted-average period of 3.2 years. As of September 29, 2024, there was approximately \$ 0.5 million of total unrecognized stock-based compensation related to the ESPP, which is expected to be recognized over a period of 1.1 years.

Equity Award Modification

In connection with the 2024 Restructuring Plan (as defined in Note 12 "Restructuring Costs"), there was one equity award modification, which accelerated the vesting condition of a former executive's RSUs as a part of his consulting and separation agreement. During the third quarter of 2024, we recognized an immaterial amount of stock-based compensation expense related to the equity modifications. For the fiscal year-to-date ended September 29, 2024, we recognized \$1.3 million of stock-based compensation expense related to the modifications.

For the quarter ended October 1, 2023, there was no equity award modification. For the fiscal year-to-date ended October 1, 2023, we recognized \$21.1 million of stock-based compensation expense related to the modifications in connection with the retirement or resignation of several of our former officers and executives, which impacted the vesting conditions as the term of equity award exercise period was extended and certain of the equity awards were accelerated and vested immediately.

Stock Option Activity

The following table summarizes stock option activities for the fiscal year-to-date ended September 29, 2024 (in thousands, except share and per share amount).

	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value ⁽¹⁾⁽²⁾
Balances as of January 1, 2024	2,615,199	\$ 9.71		
Exercised	(553,042)	7.82		\$ 3,631
Forfeited	(226,406)	11.46		
Balances as of September 29, 2024	<u>1,835,751</u>	<u>\$ 10.06</u>	6.6	\$ 823

⁽¹⁾ The intrinsic value of options exercised is based upon the value of our stock at exercise.

⁽²⁾ The aggregate intrinsic value of the stock options outstanding as of September 29, 2024 represents the value of our closing stock price at \$0.55 on the last trading day of the quarter ended September 29, 2024 in excess of the exercise price multiplied by the number of options outstanding.

Unvested early exercised stock options which are subject to repurchase by us are not considered participating securities as those shares do not have non-forfeitable rights to dividends or dividend equivalents. Unvested early exercised stock options are not considered outstanding for purposes of the weighted average outstanding share calculation until they vest.

Early Exercise of Options

As of September 29, 2024, 91,620 shares remained subject to our right of repurchase as a result of early exercised stock options. The remaining liability related to early exercised shares as of September 29, 2024 was immaterial and was recorded in other current and non-current liabilities in the Condensed Consolidated Balance Sheet.

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Restricted Stock Unit and Performance Restricted Stock Unit Activities

The following table summarizes RSUs and PRSUs activities for the fiscal year-to-date ended September 29, 2024 (in thousands, except share and per share amount).

	RSUs		PRSUs	
	Number of Shares Outstanding	Weighted Average Grant Date Fair Value	Number of Shares Outstanding	Weighted Average Grant Date Fair Value
Issued and unvested shares balances as of January 1, 2024	10,893,271	\$ 11.58	531,469	\$ 13.16
Granted	11,297,839	7.99	2,505,023	7.39
Vested	(5,505,400)	9.20	(63,298)	13.41
Forfeited	(3,847,380)	11.11	(684,913)	10.24
Issued and unvested shares outstanding as of September 29, 2024	<u><u>12,838,330</u></u>	<u><u>\$ 9.58</u></u>	<u><u>2,288,281</u></u>	<u><u>\$ 7.67</u></u>

Note 12. Restructuring Costs

2024 Restructuring Plan

In May 2024, our Board of Directors approved a restructuring plan (the "2024 Restructuring Plan") designed to reduce operating costs and support the Company's strategic goals. As part of the 2024 Restructuring Plan, we relocated our manufacturing operations from our Fab1 facility in Fremont, California to Malaysia, resulting in a plan of workforce reduction in the U.S. as well as long-lived asset disposals related to Fab1. Currently, we expect the 2024 Restructuring Plan to be substantially complete by the end of 2024.

In connection with the 2024 Restructuring Plan, we recorded estimated pre-tax restructuring and related charges of \$ 3.7 million and \$41.8 million for the quarter ended and fiscal year-to-date ended September 29, 2024, respectively. These restructuring costs were reflected in Restructuring cost in the Condensed Consolidated Statements of Operations.

The restructuring costs for the fiscal year-to-date ended September 29, 2024 included non-cash charges of \$ 38.2 million of loss on disposals of Fab1 long-lived asset in Fremont, California and \$1.2 million of stock-based compensation expense, and cash charges of \$ 1.6 million of severance and termination benefits and \$0.8 million of other charges. We may incur additional restructuring charges and costs in the fourth quarter of 2024.

During the third quarter of 2024, we paid \$ 1.2 million of cash costs related to the restructuring costs. As of September 29, 2024, we had \$ 1.1 million of the restructuring liability, which was included in Other current liability on the Condensed Consolidated Balance Sheets.

2023 Restructuring Plan

On October 3, 2023, we announced a strategic realignment (the "2023 Restructuring Plan") of our first production line ("Fab1") in Fremont designed to refocus the facility from a manufacturing hub to our "Center for Innovation," focused on new product development, including a plan of workforce reduction.

In connection with the 2023 Restructuring Plan, we recorded approximately \$ 3.0 million of restructuring costs for the quarter and fiscal year-to-date ended October 1, 2023, which consisted of severance, termination benefits, stock-based compensation expense and inventory costs. These restructuring costs were reflected in Restructuring cost in the Condensed Consolidated Statements of Operations. As of October 1, 2023, we did not pay any of the restructuring costs and had \$2.1 million of the restructuring liability was included in Accrued compensation on the Condensed Consolidated Balance Sheet.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 13. Variable Interest Entity

On July 26, 2023, we entered into a manufacturing agreement (the "Agreement") with YBS International Berhad ("YBS"). We concluded that Orifast Solution Sdn Bhd ("OSSB"), a subsidiary of YBS, is considered a VIE and we are the primary beneficiary of OSSB based on certain assumptions and judgments made by us. In accordance with GAAP, we consolidate 100% of OSSB's financials. During the quarter and fiscal year-to-date ended September 29, 2024, OSSB had immaterial operating activities. As of September 29, 2024, we did not have an equity investment in OSSB.

OSSB entered into a \$70.0 million of foreign currency term loan agreement (the "Term Loan") with OCBC Bank (Malaysia) Berhad ("OCBC") in July 2023, for the purpose of financing its manufacturing operations. The Term Loan is expected to be repaid within five years. On September 13, 2023, we entered into a cash deposit agreement with OCBC to collateralize the Term Loan.

As of September 29, 2024, we had no outstanding balance on the Term Loan and we had not made any deposits to OCBC for collateralization. We invested \$70.0 million on deposit in an interest-bearing account with OCBC as of September 29, 2024.

Note 14. Related Party**Employment Relationship**

As of September 29, 2024, we employed one family member of our Chief Executive Officer, who assists with sales in North America.

Affiliate Notes

On April 20, 2023, we issued \$ 172.5 million aggregate principal amount of Convertible Senior Notes, which included \$ 10.0 million principal amount of the Affiliate Notes that were issued to an entity affiliated with Thurman John "T.J." Rodgers, our Chairman, in a concurrent private placement. The Affiliate Notes were recorded in Long-term debt, net on our Condensed Consolidated Balance Sheets. For the quarter and fiscal year-to-date ended September 29, 2024, we recorded \$0.1 million and \$0.2 million, respectively, of interest expense related to the Affiliate Notes in our Condensed Consolidated Statements of Operations. For the quarter and fiscal year-to-date ended October 1, 2023, we recorded \$0.1 million of interest expense related to the Affiliate Notes in our Condensed Consolidated Statements of Operations. See Note 8 "Borrowings" for more information.

Note 15. Subsequent Event

On October 29, 2024, we entered into an amendment (the "Amendment") to the Agreement with YBS dated July 26, 2023 in which Enovix and YBS agreed to share responsibility for the Gen2 Line 1 equipment and facilitization costs. Pursuant to the terms of the initial Agreement, we contributed 30% of the initial investment and YBS had the obligation to finance the remaining 70%. Pursuant to the Amendment, Enovix shall be fully responsible for the initial investment of \$100.0 million for the Gen2 Line 1 equipment and facilitization costs at 100% instead of 30%. YBS shall be fully responsible for obtaining and managing its working capital requirements to fulfill its obligations to provide manufacturing services to us, including direct and indirect materials, direct labor utilities and repair and maintenance. As a part of the Amendment, YBS shall purchase the tooling and fixtures for manufacturing of the products as designed by Enovix.

Pricing under the Agreement is set on a cost-plus basis and we are subject to a minimum commitment pursuant to the Agreement, which provisions were modified under the terms of the Amendment. The Agreement has an initial ten-year term with eight years and nine months remaining as of October 2024, which will automatically renew for one successive five-year period unless earlier terminated.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provide information that the management of Enovix Corporation (referred to as "we," "us," "our" and "Enovix") believes is relevant to an assessment and understanding of Enovix's condensed consolidated results of operations and financial condition as of September 29, 2024 and for the quarter and fiscal year-to-date ended September 29, 2024 and should be read together with the condensed consolidated financial statements that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion and analysis contain forward-looking statements based upon our current expectations, estimates and projections that involve risks and uncertainties. Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q.

Business Overview

Enovix Corporation is on a mission to deliver high-performance batteries that unlock the full potential of technology products. Everything from Internet-of-Things ("IoT"), mobile, and computing devices, to the vehicle you drive, needs a better battery. Enovix partners with original equipment manufacturers ("OEMs") worldwide to usher in a new era of user experiences. Our innovative, materials-agnostic approach to building a higher performing battery without compromising safety keeps us flexible and on the cutting-edge of battery technology innovation.

Enovix is headquartered in Silicon Valley with facilities in India, South Korea and Malaysia.

Key Trends, Opportunities and Uncertainties

We generate revenue from the sale of (a) lithium-ion batteries and battery pack products ("Product Revenue") and (b) engineering revenue contracts ("Service Revenue") for the development of lithium-ion battery technology. Our performance and future success depend on several factors that present significant opportunities, but also pose risks and challenges as described in the section titled "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q.

Q3 2024 Highlights:

Following is a summary of the activities in the third quarter of 2024:

- In July 2024, we signed a collaboration agreement with a Fortune 200 company to provide silicon batteries for a fast-growing IoT product category.
- In July 2024, we signed a non-binding Memorandum of Understanding with a high-performance, global automotive OEM aimed at scaling the Enovix cell architecture for the EV market.
- In August 2024, we formally opened our high-volume production facility ("Fab2") in Penang, Malaysia and invited stakeholders to tour the facility. We subsequently commenced shipping batteries to customers from our Agility Line and expect to complete Site Acceptance Testing ("SAT") of our second generation ("Gen2") high-volume manufacturing line ("High-Volume Line") by the end of 2024.
- In September 2024, we achieved UN38.3 certification for our EX-1M product, marking a critical milestone for market entry.

Product Development

We have developed and delivered standardized sample (i.e., prototype) silicon anode lithium-ion batteries to multiple, industry leading consumer electronics manufacturers with energy densities higher than industry standard batteries of similar size. "Energy density" is measured as the product of the power a battery puts out in watts times the number of hours the battery can put out that power, divided by the volume (size) of the battery measured in liters. The units of energy density are thus watt-hours per liter or Wh/l. Additionally, we estimate that our batteries can deliver higher storage capacity (measured in milliampere-hour, or mAh) compared to industry standard batteries of similar size.

Our product development strategy is tightly aligned with the goals of meeting the market needs of higher energy density, cycle life, and fast charge while delivering breakthroughs in safety.

In the fourth quarter of 2023, we added a conventional lithium-ion battery business through the acquisition of Routejade, Inc. ("Routejade"). The product portfolio of our conventional battery business is targeted at end markets such as wearables, hearables, medical, industrial, and military applications. Our product strategy with this business is to increase energy density by using small blends of silicon in the anode.

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In addition to the R&D headcount growth in Korea from our Routejade acquisition, we grew our core R&D team significantly in 2023. Our lab in India is focused on evaluating next-generation battery materials for future technology nodes and battery modeling. We anticipate that our R&D team in Malaysia will be double by the end of fiscal 2024.

Commercialization

We approach our commercialization strategy by identifying customer requirements and determining where our battery architecture will offer the greatest value. In 2023, we added a product management team to interface with customers, collect these requirements, and feed these learnings into our technology roadmap. In 2024, we added a product design team in Penang, Malaysia to support our high-volume manufacturing lines in meeting customer product requirements.

Prior to 2023, our go-to-market strategy was to sample many customers across a broad set of end markets with a standard size battery while selectively considering customized batteries by size for certain customers. This is referred to as a horizontal business strategy. In 2023, we shifted our go-to-market strategy to a vertical business strategy based on our determination that it is more efficient to work with a smaller number of large customers and build highly customized batteries to their needs. With the shift to a vertical business strategy, we have put a particular emphasis on the largest end markets for portable electronics batteries such as smartphones and computing devices, and in 2024, have made progress with securing development and collaboration agreements with potential customers in the portable electronics market. We are also exploring incremental growth opportunities in the conventional battery business, with allied military customers, among other markets.

Market Focus and Expansion Strategy

Within the portable electronics market, we have simplified our market focus to three categories: **IoT** (wearables, AR/VR, medical, industrial, power tools, etc.), **Mobile** (smartphones, land mobile radios, enterprise devices, etc.), and **Computing** (laptops, tablets).

We believe focusing on these categories ahead of electric vehicles ("EVs") is the right strategy for an advanced battery company because of the economic and time-to-market advantages. Entering the EV battery market requires billions of dollars of capital to build Gigafactories, offers lower prices per kWh than mobile electronics and demands long qualification cycles. We believe the best approach is to start in premium markets where we can leverage our differentiated technology and solidify our manufacturing process while driving toward profitability. At the same time, we are seeding our entry into the EV battery market by sampling batteries to EV OEMs and continuing work on our three-year grant with the U.S. Department of Energy to demonstrate batteries featuring our silicon anode paired with EV-class cathode materials. Our goal is to translate this work into partnerships (e.g., joint ventures or licensing) with EV OEMs or battery OEMs in order to commercialize our technology in this end market. We have entered into agreements with two major automakers to develop customized products for the EV battery market. In the fourth quarter of 2024, we expect to complete our first milestone pursuant to the agreement with one of the major automakers in the EV market, which is a major milestone in our efforts to enter and grow within the EV market. In 2025, we plan to focus on expanding these relationships, leveraging a capital-efficient, licensing-based business model that aligns with the long-term scalability of our technology.

Access to Capital

Assuming we experience no significant delays in the research and development and manufacture of our battery nor any deterioration in capital efficiency, we believe we will meet longer-term expected future cash requirements and obligations through a combination of available cash, cash equivalents and future debt financings, projected revenues and access to other public or private equity offerings as well as potential strategic arrangements.

Regulatory Landscape

We operate in an industry that is subject to many established environmental regulations, which have generally become more stringent over time, particularly in hazardous waste generation and disposal and pollution control. Potential regulations, if adopted, could result in additional operating costs associated with compliance.

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Components of Results of Operations

Revenue

In 2022, we began to generate revenue from our planned principal business activities and, in October 2023, we acquired Routejade, an electrode coating and battery pack manufacturer for customers worldwide. We recognize revenue within the scope of Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. We generate revenue from our Product Revenue and Service Revenue for the development of lithium-ion battery technology.

Our Product Revenue is primarily generated from selling lithium-ion batteries or battery packs to commercial customers and military contractors. Product Revenue is recognized once we have satisfied the performance obligations as defined in the sales agreement, which is generally satisfied upon transfer of control of goods. Control is transferred upon delivery for our products. For certain customized products with customer acceptance criteria specified in the sales agreement, the performance obligations is generally satisfied upon our customer's acceptance. Payment terms can vary depending on the contract and it is generally required within 90 days or less from the delivery date or the acceptance date of our product. The amounts of revenue recognized reflects the consideration for the product sold.

Service Revenue contracts generally include the design and development efforts to conform our existing battery technology with customers' required specifications. Consideration for Service Revenue contracts generally become payable when we meet specific contractual milestones, which include the design and approval of custom cells, procurement of fabrication tooling to meet the customer's specifications, and fabrication and delivery of custom cells from our pilot production line. Within the existing Service Revenue contracts, the amount of consideration is fixed, the contracts contain a single performance obligation, and revenue is recognized at the point in time the final milestone is met (i.e., a final working prototype meeting all required specifications) and the customer obtains control of the deliverable.

Cost of Revenue

Cost of revenue includes materials, labor, depreciation and amortization expense, inventory, freight costs and other direct costs related to manufacturing our products and service contracts. Labor consists of personnel-related expenses such as salaries and benefits, and stock-based compensation. We anticipate that cost of revenue will continue to increase as we optimize and bring-up our production line.

Our inventory is stated at the lower of cost or net realizable value ("NRV") on a first-in and first-out basis. Determining net realizable value of finished goods and work in process inventories involves projecting average selling prices. When the estimated net realizable values are below the manufacturing costs, a charge to cost of revenue is recorded.

Capitalization of certain costs are recognized as an asset if they relate directly to a customer contract, generate or enhance resources of the entity that will be used in satisfying future performance obligations, and are expected to be recovered. If these three criteria are not met, the costs are expensed in the period incurred. Deferred costs are recognized as cost of revenue in the period when the related revenue is recognized.

Operating Expenses

Research and Development Expenses

Research and development expenses consist of engineering services, allocated facilities costs, depreciation, development expenses, materials, labor and stock-based compensation related primarily to our (i) technology development, (ii) design, construction, and testing of preproduction prototypes and models, and (iii) certain costs related to the design, construction and operation of our pilot plant that are not of a scale economically feasible to us for commercial production. Research and development costs are expensed as incurred.

To date, research and development expenses have consisted primarily of personnel-related expenses for scientists, experienced engineers and technicians as well as costs associated with the expansion and ramp up of our engineering and manufacturing facility, including the material and supplies to support the product development and process engineering efforts. As we ramp up our engineering operations to complete the development of batteries and required process engineering to meet customer specifications, we anticipate that research and development expenses will continue to increase for the foreseeable future as we expand hiring of scientists, engineers and technicians and continue to invest in additional plant and equipment for product development, building prototypes and testing of batteries. We established a

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research and development center in India that focuses on developing machine learning algorithms. We also established an operations team in Malaysia.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of personnel-related expenses, marketing expenses, allocated facilities expenses, depreciation expenses, travel expenses, acquisition costs, and professional services expenses, including legal, human resources, audit, accounting and tax-related services. Personnel related costs consist of salaries, benefits and stock-based compensation. Facilities costs consist of rent and maintenance of facilities.

We are expanding our personnel headcount to support the ramping up of commercial manufacturing. Accordingly, we expect our selling, general and administrative expenses to increase significantly in the near term and for the foreseeable future.

Impairment of Equipment and Restructuring Cost

Impairment of equipment results from our disposal of machinery and equipment that were identified to have no future or alternative usage.

Restructuring cost resulted from the 2024 Restructuring Plan approved in May 2024 and the relocation of our Fab1 manufacturing operations from Fremont, California to Malaysia. The 2024 Restructuring Plan also included a workforce reduction and disposals of our long-lived assets located in Fremont. Please refer to Note 12 "Restructuring Costs" of the notes to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for further details.

Other Income (Expense)

Other income and expense primarily consists of dividends, interest income, interest expense, foreign currency transaction gain or loss and fair value adjustments for outstanding common stock warrants.

Income Tax Expense (Benefit)

Our income tax provision consists of an estimate for U.S. federal, state and foreign income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities, and changes in the tax law. We maintain a valuation allowance against the full value of our U.S. and state net deferred tax assets because we believe the recoverability of the tax assets is not more likely than not. Since our acquisition of Routejade and our establishment of operations in Malaysia, we became subject to taxation based on the foreign statutory rates in the countries where the sales or income took place.

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Results of Operations

Comparison of Quarter Ended September 29, 2024 to Prior Year's Quarter Ended October 1, 2023

The following table sets forth our condensed consolidated operating results for the periods presented below (in thousands):

	Quarters Ended			Change (\$)	% Change
	September 29, 2024	October 1, 2023			
Revenue	\$ 4,317	\$ 200	\$ 4,117		N/M
Cost of revenue	4,959	16,809	(11,850)		(70) %
Gross margin	(642)	(16,609)	15,967		(96) %
Operating expenses:					
Research and development	24,220	13,508	10,712	79 %	
Selling, general and administrative	20,744	17,245	3,499	20 %	
Restructuring cost	3,661	3,021	640	21 %	
Total operating expenses	48,625	33,774	14,851	44 %	
Loss from operations	(49,267)	(50,383)	1,116		(2) %
Other income (expense):					
Change in fair value of common stock warrants	29,899	31,320	(1,421)	(5) %	
Interest income	2,859	4,326	(1,467)	(34) %	
Interest expense	(1,718)	(1,557)	(161)	10 %	
Other income (expense), net	(2,217)	109	(2,326)	N/M	
Total other income, net	28,823	34,198	(5,375)	(16) %	
Income tax expense	2,194	—	2,194		N/M
Net loss	\$ (22,638)	\$ (16,185)	\$ (6,453)		40 %

N/M – Not meaningful

Revenue

Revenue for the quarter ended September 29, 2024 was \$4.3 million, which primarily resulted from our product shipments, including \$1.4 million to a South Korea military contractor. Revenue for the quarter ended October 1, 2023 was immaterial.

As of September 29, 2024 and December 31, 2023, we had \$10.0 million and \$10.5 million of deferred revenue on our Condensed Consolidated Balance Sheets, respectively.

Cost of Revenue

Cost of revenue for the quarter ended September 29, 2024 was \$5.0 million, compared to \$16.8 million during the quarter ended October 1, 2023. The decrease in cost of revenue of \$11.9 million, or 70%, was primarily attributable to the fact that there was no production generated from Fab1 and Fab2 during the third quarter of 2024, as well as we ceased our manufacturing operations in Fab1 and shifted it to Fab2 in Malaysia. Accordingly, no cost of revenue associated with Fab1 and Fab2 was recorded in the third quarter of 2024. This decrease was partially offset by \$4.8 million of manufacturing costs associated with the revenue recognized in the third quarter of 2024.

As of both September 29, 2024 and December 31, 2023, we had \$0.8 million of deferred contract costs on our Condensed Consolidated Balance Sheets.

Research and Development Expenses

Research and development ("R&D") expenses for the quarter ended September 29, 2024 were \$24.2 million, compared to \$13.5 million during the quarter ended October 1, 2023. The increase of \$10.7 million, or 79%, was primarily attributable to \$7.6 million of overhead costs being recorded as R&D expenses (previously recorded as cost of

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revenue) as there was no production generated from both Fab1 and Fab2 in the third quarter of 2024. In addition, there was a \$2.3 million net increase in salaries, employee benefits and stock-based compensation expense due to an increase in headcount in Asia, a \$1.5 million increase in technology and facilities costs with new office locations, a \$1.5 million increase in material costs for factory acceptance and site acceptance testings and increases in other miscellaneous expenses. These increases were partially offset by a one-time severance, benefits and stock-based compensation expense of \$1.7 million in the third quarter of 2023 and a \$1.2 million decrease in salaries, employee benefits and stock-based compensation expense in U.S. mainly due to the 2024 Restructuring Plan in the third quarter of 2024.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the quarter ended September 29, 2024 were \$20.7 million, compared to \$17.2 million during the quarter ended October 1, 2023. The increase of \$3.5 million, or 20%, was primarily attributable to a \$4.8 million increase of stock-based compensation expense, a \$0.9 million increase in salaries and benefits due to increased headcount in Asia, and a \$0.8 million increase of intangible amortization for the acquired intangible assets from the acquisition of Routejade and increases in other miscellaneous expenses. These increases were partially offset by a one-time severance, benefits and stock-based compensation expense of \$2.1 million in connection with the resignation of our former Chief Financial Officer ("CFO") in the third quarter of 2023 and a \$1.1 million of acquisition costs incurred for the acquisition of Routejade.

Restructuring Cost

In May 2024, we initiated the 2024 Restructuring Plan to relocate our Fab1 manufacturing operations in Fremont, California to Malaysia. For the quarter ended September 29, 2024, we recorded additional pre-tax restructuring charges of \$3.7 million, which primarily consisted of non-cash charges of \$3.1 million of loss on disposals of Fab1 long-lived assets in Fremont and \$0.2 million of other charges.

On October 3, 2023, we had a strategic realignment ("2023 Restructuring Plan") of our Fab1 in Fremont, including a restructuring plan with workforce reduction. We recorded \$3.0 million of restructuring costs during the quarter ended October 1, 2023, which consisted of \$2.4 million of severance and termination benefits and stock-based compensation expense and \$0.6 million of inventory costs.

Other income (expense), net

Other expense, net for the quarter ended September 29, 2024 was \$2.2 million, which primarily consists foreign currency loss and it was mainly due to the strengthening of Malaysian ringgits to US dollars.

Income Tax Expense

Income tax benefit for the quarter ended September 29, 2024 was \$2.2 million, which was calculated based on the estimated annualized effective tax rate and was due to the income tax in foreign jurisdictions. There was no income tax expense for the same period last year.

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Comparison of Fiscal Year-to-date Ended September 29, 2024 to Prior Fiscal Year-to-date Ended October 1, 2023

The following table sets forth our condensed consolidated operating results for the periods presented below (in thousands):

	Fiscal Years-to-Date Ended				
	September 29,		Change (\$)	% Change	
	2024	October 1, 2023			
Revenue	\$ 13,357	\$ 263	\$ 13,094		N/M
Cost of revenue	16,454	43,292	(26,838)	(62) %	
Gross margin	(3,097)	(43,029)	39,932	(93) %	
Operating expenses:					
Research and development	102,073	53,810	48,263	90 %	
Selling, general and administrative	61,176	61,207	(31)	— %	
Impairment of equipment	—	4,411	(4,411)	N/M	
Restructuring cost	41,807	3,021	38,786	N/M	
Total operating expenses	205,056	122,449	82,607	67 %	
Loss from operations	(208,153)	(165,478)	(42,675)	26 %	
Other income (expense):					
Change in fair value of common stock warrants	17,359	4,140	13,219	N/M	
Interest income	9,745	9,942	(197)	(2) %	
Interest expense	(5,068)	(2,827)	(2,241)	79 %	
Other income (expense), net	(1,509)	129	(1,638)	N/M	
Total other income, net	20,527	11,384	9,143	80 %	
Income tax benefit	(2,544)	—	(2,544)	N/M	
Net loss	\$ (185,082)	\$ (154,094)	(30,988)	20 %	

N/M – Not meaningful

Revenue

Revenue for the fiscal year-to-date ended September 29, 2024 was \$13.4 million, which primarily resulted from our product shipments, including \$4.5 million to a South Korea military contractor. Revenue for the fiscal year-to-date ended October 1, 2023 was immaterial.

As of September 29, 2024 and December 31, 2023, we had \$10.0 million and \$10.5 million of deferred revenue on our Condensed Consolidated Balance Sheets.

Cost of Revenue

Cost of revenue for the fiscal year-to-date ended September 29, 2024 was \$16.5 million, compared to \$43.3 million during the prior fiscal year-to-date ended October 1, 2023. The decrease in cost of revenue of \$26.8 million, or 62%, was primarily attributable to the fact that there was no production generated from Fab1 and Fab2 during the fiscal year-to-date ended September 29, 2024. In the third quarter of 2024, we ceased our Fab1 manufacturing operations and shifted it to Fab2 in Malaysia. Accordingly, no cost of revenue associated with Fab1 and Fab2 was recorded during the fiscal year-to-date ended September 29, 2024. This decrease was partially offset by a one-time inventory step-up amortization of \$1.9 million in the current year related to the acquisition of Routejade and \$13.8 million of manufacturing costs associated with the revenue recognized for the fiscal year-to-date ended September 29, 2024.

As of both September 29, 2024 and December 31, 2023, we had \$0.8 million of deferred contract costs on our Condensed Consolidated Balance Sheets.

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Research and Development Expenses

Research and development expenses for the fiscal year-to-date ended September 29, 2024 were \$102.1 million, compared to \$53.8 million during the prior fiscal year-to-date ended October 1, 2023. The increase of \$48.3 million, or 90%, was primarily attributable to \$24.7 million increase in depreciation expense, which included a \$18.3 million of accelerated depreciation in connection with the strategic realignment in October 2023, and \$14.4 million of overhead costs being recorded as R&D expenses (previously recorded as cost of revenue) as a result of Fab1 became a R&D focus center in 2024 and there were no production generated from Fab1 and Fab2. In addition, there were a \$6.5 million increase in salaries and employee benefits due to an increase in headcount in Asia, a \$5.3 million increase in material costs, a \$5.1 million increase in technology and facilities costs with new office locations, a \$1.2 million increase in utilities, a \$1.2 million increase of intangible amortization for the acquired technology from the acquisition of Routejade and increases in professional fees and other costs. These increases were partially offset by a one-time severance, benefits and stock-based compensation expense of \$10.6 million in connection with the departures of certain executives and senior management in 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for both fiscal years-to-date periods ended September 29, 2024 and October 1, 2023 were \$61.2 million. Although the level of selling, general and administrative expenses remained the same, we had the following increases for the fiscal year-to-date ended September 29, 2024: a \$13.0 million increase in stock-based compensation expense, a \$3.0 million increase in salaries, benefits and stock-based compensation due to increased headcount in Asia, a \$2.3 million increase of intangible amortization for the acquired intangible assets from the acquisition of Routejade, and a \$1.2 million increase in facilities costs and increases in technology costs and professional fees, which were partially offset by one-time expenses in the corresponding period in 2023, including a one-time severance, benefits and stock-based compensation expense of \$17.9 million in connection with the departures of our former officers and certain executives and \$1.1 million of acquisition costs incurred for the acquisition of Routejade.

Impairment of Equipment

There was no impairment of equipment recorded for the fiscal year-to-date ended September 29, 2024, while we recorded \$4.4 million of impairment charges in the same period last year. See Note 5 "Property and Equipment" for more information.

Restructuring Cost

In May 2024, we initiated the 2024 Restructuring Plan to relocate our Fab1 manufacturing operations in Fremont, California to Malaysia. As a result, we recorded pre-tax restructuring charges of \$41.8 million, which consisted of non-cash charges of \$38.2 million of loss on disposals of Fab1 long-lived assets located in Fremont and \$1.2 million of stock-based compensation expense, and cash charges of \$1.6 million of severance and termination benefits and \$0.8 million of other charges.

On October 3, 2023, we had the 2023 Restructuring Plan and recorded \$3.0 million of restructuring costs during the fiscal year-to-date ended October 1, 2023, which consisted of \$2.4 million of severance and termination benefits and stock-based compensation expense and \$0.6 million of inventory costs.

Change in Fair Value of Common Stock Warrants

The change in fair value of common stock warrants of \$17.4 million for the fiscal year-to-date ended September 29, 2024 was attributable to a decrease in the fair value of the 5,500,000 Private Placement Warrants. The decrease in fair value of Private Placement Warrants was primarily due to a decrease in our common stock price during the year.

The change in fair value of common stock warrants of \$4.1 million for the fiscal year-to-date ended October 1, 2023 was attributable to a decrease in the fair value of the Private Placement Warrants. The decrease in fair value of Private Placement Warrants was primarily due to an increase in our common stock price during 2023.

Interest Expense

Interest expense for the fiscal year-to-date ended September 29, 2024 was \$5.1 million, compared to \$2.8 million for the fiscal year-to-date ended October 1, 2023. The increase of \$2.2 million, or 79%, was primarily attributable to the fact that the Convertible Senior Notes were issued in April 2023. Accordingly, we recognized nine months of interest

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expense in the current year as compared to approximately 5.5 months of interest expense recognized for the fiscal year-to-date ended October 1, 2023.

Income Tax Benefit

Income tax benefit for the fiscal year-to-date ended September 29, 2024 was \$2.5 million, which was calculated based on the estimated annualized effective tax rate and was due to the income tax benefit in foreign jurisdictions. There was no income tax benefit for the same period last year.

Liquidity and Capital Resources

We have incurred operating losses and negative cash flows from operations since inception through September 29, 2024 and expect to incur operating losses for the foreseeable future. As of September 29, 2024, we had cash, cash equivalents, restricted cash, and short-term investments of \$202.9 million, working capital of \$164.5 million and an accumulated deficit of \$783.6 million. For the fiscal year-to-date ended September 29, 2024, we received net proceeds of \$40.0 million from the issuance of our common stock under our ATM facility.

Material Cash Requirements

As of September 29, 2024, we had cash, cash equivalents, restricted cash, and short-term investments of \$202.9 million. We use cash to fund operations, meet working capital requirements and fund our capital expenditures. For the remainder of fiscal year 2024, we expect that our spending in cost of revenues and operating expenses will continue to increase as we ramp up our operations.

For the fiscal year-to-date ended September 29, 2024, we used \$59.8 million of our cash to fund our acquisitions of property and equipment. We will continue to increase our property and equipment purchases in the near future to support the build-out of our manufacturing facilities and our battery manufacturing production. For more information regarding our purchase commitments, please see the contractual obligations and commitments section below.

Based on the anticipated spending and timing of expenditures, we currently expect that our cash will be sufficient to meet our funding requirements over the next twelve months from the date this Quarterly Report on Form 10-Q is filed. We believe we will meet longer-term expected future cash requirements and obligations through a combination of available cash, cash equivalents and future debt financings, projected revenues and access to other public or private equity offerings as well as potential strategic arrangements. We have made our estimates on historical experience and various other relevant factors and we believe that they are reasonable. Actual results may differ from our estimates, and we could utilize our available capital resources sooner than we expect.

Summary of Cash Flows

The following table provides a summary of cash flow data for the periods presented below (in thousands).

	Fiscal Years-to-Date Ended		
	September 29, 2024	October 1, 2023	Change (\$)
Net cash used in operating activities	\$ (92,675)	\$ (77,408)	\$ (15,267)
Net cash provided by (used in) investing activities	14,979	(132,015)	146,994
Net cash provided by financing activities	44,217	157,389	(113,172)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,303	—	1,303
Change in cash, cash equivalents, and restricted cash	\$ (32,176)	\$ (52,034)	\$ 19,858

Fiscal Year-to-date Ended September 29, 2024 Compared to Prior Year-to-date Ended October 1, 2023

Operating Activities

Our cash flows used in operating activities to date have been primarily comprised of cost of revenue and operating expenses. We continue to increase hiring for employees in supporting the ramping up of commercial manufacturing. We

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expect our cash used in operating activities to increase before we start to generate any material cash inflows from commercially manufacturing and selling our batteries.

Net cash used in operating activities was \$92.7 million for the fiscal year-to-date ended September 29, 2024. Net cash used in operating activities consists of net loss of \$185.1 million, adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments primarily include the change in fair value of the Private Placement Warrants of \$17.4 million, stock-based compensation expense of \$48.6 million, depreciation and amortization expense, net of accretion of \$37.4 million and impairment and disposals of Fab1 long-lived assets of \$38.2 million.

Net cash used in operating activities was \$77.4 million for the fiscal year-to-date ended October 1, 2023. Net cash used in operating activities consists of net loss of \$154.1 million, adjusted for non-cash items and the effect of changes in working capital. Non-cash adjustments primarily include the change in fair value of Private Placement Warrants of \$4.1 million, stock-based compensation expense of \$57.8 million, depreciation and amortization expense, net of accretion of \$10.0 million and impairment of equipment of \$4.4 million.

Investing Activities

Our cash flows used in investing activities to date have been primarily comprised of purchases of property and equipment, as well as purchases of short-term investments. We expect the costs to acquire property and equipment to increase as we continue to build-out and develop our battery manufacturing production lines in Fab2. Net cash provided by investment activities was \$15.0 million for the fiscal year-to-date ended September 29, 2024, which primarily consisted of maturities of \$106.6 million of short-term investments, partially offset by \$59.8 million of equipment purchases and \$31.8 million of short-term investment purchases.

Net cash used by investing activities for the fiscal year-to-date ended October 1, 2023 was \$132.0 million, which primarily consisted of \$33.0 million of equipment purchases and \$115.7 million of short-term investment purchases, which was partially offset by maturities of \$16.7 million of short-term investments.

Financing Activities

Net cash provided by financing activities was \$44.2 million for the fiscal year-to-date ended September 29, 2024, which primarily consisted of \$4.6 million of gross proceeds from the loans, \$40.0 million of proceeds from issuance of our common stock through an ATM offering, \$4.3 million of proceeds from the exercise of stock options to purchase our common stock and \$1.1 million of proceeds from our employee stock purchase plan ("ESPP") to purchase our common stock, partially offset by \$5.6 million of payroll tax payments for shares withheld upon vesting of restricted stock units.

Net cash used in financing activities was \$157.4 million for the fiscal year-to-date ended October 1, 2023, which was primarily consisted of \$172.5 million of gross proceeds from the Convertible Senior Notes, \$9.2 million of proceeds from the exercise of stock options to purchase our common stock, and \$1.2 million of proceeds from our ESPP to purchase our common stock, partially offset by \$17.3 million of capped call transaction costs, \$5.3 million of debt issuance costs, and \$3.0 million of payroll tax payments for shares withheld upon vesting of restricted stock units.

Contractual Obligations and Commitments

As of September 29, 2024, we had \$172.5 million aggregate principal amount of 3.0% Convertible Senior Notes outstanding, which will mature on May 1, 2028 unless earlier converted, redeemed or repurchased. Please see Note 8 "Borrowings" of the notes to our condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q for further information.

In connection with our manufacturing agreement with YBS International Berhad ("YBS"), we have a cash deposit agreement with OCBC Bank (Malaysia) Berhad ("OCBC") to collateralize \$70.0 million of foreign currency term loan (the "Term Loan") in financing for its manufacturing operations. The Term Loan is expected to be repaid within five years. As of September 29, 2024, we had no outstanding balance of the Term Loan and we had not made any deposits to OCBC for collateralization. As of September 29, 2024, we had \$70.0 million on deposit in an interest-bearing account with OCBC. For more information on the variable interest entity, please see Note 13 "Variable Interest Entity" of the notes to our condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q.

We lease our headquarters in Fremont, California and Malaysia, and offices in the Asia Pacific region. For the lease payment schedule, please see Note 7 "Leases" of the notes to our condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q.

We expect to enter into other commitments to support our product development, the build-out of our manufacturing facilities, and our business development, which are generally cancellable upon notice. Additionally, from time to time,

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we enter into agreements in the normal course of business with various vendors, which are generally cancellable upon notice. Payments due upon cancellation consist only of payments for services provided or expenses incurred, including non-cancellable obligations of service providers, up to the date of cancellation. As of September 29, 2024, our commitments included approximately \$24.6 million of our open purchase orders, including equipment purchase orders, and contractual obligations that occurred in the ordinary course of business. For contractual obligations, please See Note 9 "Commitments and Contingencies" of the notes to our condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q for further information.

As of September 29, 2024, there is no outstanding balance of the Term Loan and no deposit was applied as a collateral for the Term Loan. See Note 8 "Borrowings" and Note 13 "Variable Interest Entity" of the notes to our condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q for further information.

Critical Accounting Policies and Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities in our consolidated financial statements and accompanying notes. We base these estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates. These estimates and assumptions include but are not limited to: depreciable lives for property and equipment, the valuation allowance on deferred tax assets, valuation for assets and liabilities assumed in business combination, valuation of goodwill and intangible assets, assumptions used in stock-based compensation and estimates to fair value of the Private Placement Warrants. Certain accounting policies have a more significant impact on our condensed consolidated financial statements due to the size of the financial statement elements and prevalence of their application.

There have been no material changes to our critical accounting policies and estimates disclosed in Part II, Item 7 of the Annual Report on Form 10-K, except for the additions to the accounting policies on investments as noted in Note 2 "Summary of Significant Accounting Policies" of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

See Note 2 "Summary of Significant Accounting Policies" of the notes to our condensed consolidated financial statements in Part I of this Quarterly Report on Form 10-Q for further information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market and other risks, including the effects of changes in interest rates, and inflation, as well as risks to the availability of funding sources, hazard events, and specific asset risks.

Interest Rate Risk

The market risk inherent in our financial instruments and financial position represents the potential loss arising from adverse changes in interest rates. As of September 29, 2024, we had cash, cash equivalents, restricted cash, and short-term investments totaling \$202.9 million. Our cash, cash equivalents, and restricted cash are held in cash deposits, money market funds and U.S. treasury bills. The primary objectives of our investment activities are the preservation of capital and the fulfillment of liquidity needs. Our short-term investments consist of highly liquid fixed-income securities and we do not enter into investments for trading or speculative purposes. Due to the short-term nature of these instruments, we do not believe that an immediate 10% increase or decrease in interest rates would have a material effect on the fair value of our investment portfolio.

As of September 29, 2024, we had \$172.5 million of Convertible Senior Notes with an annual interest rate of 3.0%, which accounted for approximately 93% of our total debt before debt issuance costs, and the other borrowings are mostly with fixed interest rates. As such, we do not believe that we are exposed to any material interest rate risk as a result of our borrowing activities.

Uncertain financial markets could result in a tightening in the credit markets, a reduced level of liquidity in many financial markets, and extreme volatility in fixed income and credit markets.

Foreign Currency Risk

For the fiscal year-to-date ended September 29, 2024, we conducted operations primarily in the U.S. and in Asia. The majority of our expenses, and capital purchasing activities are transacted in U.S. dollars. Our operations outside of

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the U.S. are subject to risks typical of operations outside of the U.S. including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. If a hypothetical 10% adverse change in foreign currency exchange rate was applied to our monetary assets and liabilities as of September 29, 2024, the effect of such change would not be material to our condensed consolidated financial condition or our results of operations.

Given the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency should become more significant. As our international operations grow, we will continue to reassess our approach to managing risk relating to fluctuations in foreign currency rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of September 29, 2024, our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on the evaluation, our Chief Executive Officer and our Chief Financial Officer concluded, as of September 29, 2024, that our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

In October 2023, we completed the Routejade Acquisition and are currently integrating Routejade into our operations, compliance programs and internal control processes. As permitted by Securities and Exchange Commission rules and regulations, we exclude the acquired operations of Routejade from our assessment of the internal control over financial reporting for the first year after the acquisition.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 16d-15(d) under the Exchange Act) that occurred during the quarter ended September 29, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls, will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to the heading "Litigation" in Note 9 "Commitments and Contingencies" of the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for information regarding our legal proceedings.

Item 1A. Risk Factors.

Investing in our securities involves a high degree of risk. Before you make a decision to buy our securities, you should carefully consider the risks and uncertainties described below together with all of the other information contained in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and related notes and in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." If any of the events or developments described below were to occur, our business, prospects, operating

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results and financial condition could suffer materially, the trading price of our securities could decline and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. The risks facing our business have not changed substantively from those discussed in our Annual Report on Form 10-K, except for those risks marked with an asterisk ().*

SUMMARY OF RISK FACTORS

Below is a summary of material factors that make an investment in our securities speculative or risky. Importantly, this summary does not address all of the risks and uncertainties that we face.

- We will need to improve our energy density, cycle life, fast charging, capacity roll off and gassing metrics in order to stay ahead of competition over time, which is difficult and we may not be able to do.
- We rely on a new and complex manufacturing process for our operations: achieving volume production involves a significant degree of risk and uncertainty in terms of operational performance such as yield and costs.
- If we cannot successfully build and develop our manufacturing facilities to produce our lithium-ion battery cell in sufficient quantities to meet expected demand, improve productivity and bring additional facilities online, we may be unable to achieve our profitability targets.
- We rely on a manufacturing agreement with a Malaysia-based company for many of the facilities, procurement, personnel and financing needs of our operations. Changes to our relationship with such third-party contract manufacturer, expected or unexpected, may result in delays or disruptions that could harm our business.
- Our operations in international markets, including our manufacturing operations, expose us to operational, financial and regulatory risks.
- We may not be able to source or establish supply relationships for necessary components or may be required to pay costs for components that are more expensive than anticipated, which could delay the introduction of our product and negatively impact our business.
- We may be unable to adequately control the costs associated with our operations and the components necessary to build our lithium-ion battery cells.
- Lengthy sales cycles, unpredictable safety risks and certain provisions of military and other customer contracts may negatively impact our ability to maintain and grow our customer base, which could adversely affect our business and future prospects.
- If our batteries fail to perform as expected, our ability to develop, market and sell our batteries could be harmed.
- We have a concentration of customer accounts in the military sector and dependence on these customer accounts may create a risk to our financial stability.
- Our future growth and success depend on our ability to qualify new customers and the customer qualification cycles can take years to complete.
- We have a history of financial losses and expect to incur significant expenses and continuing losses for the foreseeable future.
- If we are unable to develop our business and effectively commercialize our products as anticipated, we may not be able to generate revenue or achieve profitability.
- We have acquired and may continue to acquire other businesses, which could require significant management attention, disrupt our business, and dilute stockholder value.
- Fluctuations in foreign currency exchange rates or interest rates have had, and could continue to have, an adverse impact on our financial condition and results of operations.
- Operational problems with our manufacturing equipment subject us to safety risks which, if not adequately addressed, could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects.

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- The battery market continues to evolve and is highly competitive, and we may not be successful in competing in this industry or establishing and maintaining confidence in our long-term business prospects among current and future partners and customers.
- If we are unable to attract and retain key employees and qualified personnel on a global basis, our ability to compete could be harmed.
- We may not have adequate funds to finance our operating needs and our growth, and may need to raise additional capital, which we may not be able to do.
- Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.
- We rely heavily on our intellectual property portfolio. If we are unable to protect our intellectual property rights, our business and competitive position would be harmed.
- The trading price of our common stock may be volatile, and the value of our common stock may decline.

Item 1A. Risk Factors

Risks Related to Our Manufacturing and Scale-Up

We will need to improve our energy density, cycle life, fast charging, capacity roll off and gassing metrics in order to stay ahead of competition over time, which is difficult, and we may not be able to do.

Our roadmap to improve our energy density, cycle life, fast charging, capacity roll off and gassing metrics requires us to implement higher energy density materials for both cathodes and anodes. To successfully use these materials, we will have to optimize our cell designs including, but not limited to formulations, thicknesses, geometries, materials, chemistries and manufacturing tolerances and techniques. It could take us longer than we anticipate to incorporate these new materials, or we might not be able to achieve certain cell performance specifications required by customers. Further, we will need to make improvements in packaging technology to achieve our energy density, cycle life, fast charge, capacity roll off and gassing metrics improvement roadmap. These improvements may not be possible, or could take longer, or be more difficult than forecasted. If we are unable to improve our packaging technology, this could reduce the performance of our products and delay the availability of products to customers, which would negatively impact our competitive potential.

We rely on a new and complex manufacturing process for our operations: achieving volume production involves a significant degree of risk and uncertainty in terms of operational performance such as yield and costs.

Although we have developed our lithium-ion battery technology, we rely heavily on a new and complex manufacturing process for the production of our lithium-ion battery cells, which has not yet been qualified to operate at large-scale manufacturing volumes. To meet our projected future demand, we believe we need to increase our manufacturing throughput and yield metrics. We expect that meeting our goals to improve throughput and yield will be a multi-quarter endeavor. We have in the past, and may in the future, experience delays in meeting these goals. In addition, it may take longer than expected to install, qualify and release the second generation ("Gen2") manufacturing lines at our facility in Malaysia ("Fab2") to achieve our goals for throughput and yield.

The work required to develop these manufacturing processes and integrate equipment into the production of our lithium-ion battery cells, including achieving our goals for throughput and yield, is time intensive and requires us to work closely with developers and equipment providers to ensure that the equipment works properly for our unique battery technology. The integration of new equipment into our production process involves a significant degree of uncertainty and risk, and we have not in the past and may not in the future be able to achieve our goals for throughput and yield. Further, the integration work may result in the delay in the scaling up of production or result in additional costs to our battery cells, particularly if we encounter issues with performance or if we are unable to customize products for certain of our customers. We expect that certain customers may require several months or more to complete technology qualification before accepting a product that is manufactured at high volume on the Gen2 lines, if at all. In addition, even if we are able to achieve volume production for the existing uses of our batteries, we may face challenges relating to the scaling up of production for new uses of our batteries, including in the EV market.

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Our large-scale Gen2 manufacturing lines require large-scale machinery. Such machinery has in the past suffered, and is likely to in the future suffer, unexpected malfunctions from time to time and will require repairs and spare parts to resume operations, which may not be available when needed.

In addition, unexpected malfunctions of our production equipment have in the past significantly affected, and may in the future significantly affect, the intended operational efficiency. Qualified labor is needed to remedy any such equipment malfunction, which may not be readily available. Because this equipment has not previously been used to build lithium-ion battery cells, the operational performance and costs associated with the maintenance and repair of this equipment can be difficult to predict and may be influenced by factors outside of our control, such as, but not limited to, (i) failures by suppliers to deliver necessary components of our products in a timely manner and at prices and volumes acceptable to us, (ii) environmental hazards and remediation, (iii) difficulty or delays in obtaining governmental permits, (iv) damages or defects in systems, (v) cybersecurity intrusion and related disruptions; and (vi) industrial accidents, fires, seismic activity and other natural disasters. Further, we have in the past experienced power outages at our facilities, and if these outages are more frequent or longer in duration than expected, it could impact our ability to manufacture batteries in a timely manner. If our production equipment does not achieve the projected levels of its output or our production equipment becomes obsolete, it may be necessary to record an impairment charge to reduce the carrying value of our machinery and equipment, which would adversely affect our results of operations and financial condition.

Even if we are able to successfully complete development of and modify, as necessary, this new and complex manufacturing process, we may not be able to produce our lithium-ion batteries in commercial volumes in a cost-effective manner.

If we cannot successfully build and develop our manufacturing facilities to produce our lithium-ion battery cell in sufficient quantities to meet expected demand, improve productivity and bring additional facilities online, we may be unable to achieve our profitability targets and our business will be negatively impacted and could fail.*

In May 2024, we initiated a restructuring plan to relocate our Fab1 manufacturing operations in Fremont, California to Malaysia and accelerate manufacturing operations at Fab2 in Malaysia. In the second quarter of 2024, we completed site acceptance testing ("SAT") and began production of batteries on our Agility Line, and completed factory acceptance testing ("FAT") for our High-Volume Line in Malaysia. However, our profitability targets rely on our ability to aggressively reduce the capital costs of our production lines and implement productivity improvements. If such efficiency gains are unsuccessful, we may be unable to achieve our target margin and profitability goals. We expect that our current manufacturing lines will be sufficient to produce batteries in commercial scale, but not in high enough volumes to meet our expected customer demand. Therefore, we anticipate bringing additional facilities online at Fab2. If we are unable to successfully build and manage such additional manufacturing lines, our business will be negatively impacted and could fail.

Even if we overcome the manufacturing challenges and achieve volume production of our lithium-ion battery, if the cost, performance characteristics or other specifications of the battery fall short of our or our customers' expectations and targets, our sales, product pricing and margins would likely be adversely affected. Our long-term target economics at scale assume we are able to obtain certain pricing levels for our batteries. If these assumptions are incorrect and/or customer demand is lower than expected, we may fail to achieve our target revenue and profitability goals.

We rely on a manufacturing agreement with a Malaysia-based company for many of the facilities, procurement, personnel and financing needs of our operations. Changes to our relationship with such third-party contract manufacturer, expected or unexpected, may result in delays or disruptions that could harm our business.*

In July 2023, we entered into a 10-year manufacturing agreement (the "Agreement") with YBS International Berhad ("YBS"), a Malaysia-based investment holding company with operational segments including electronic manufacturing and assembly, high-precision engineering, precision machining and stamping, among others. If we are able to overcome the challenges in designing and refining our manufacturing process, YBS will have multiple lines to produce commercial volumes of our lithium-ion batteries to meet our expected customer demands.

On October 29, 2024, we entered into an amendment (the "Amendment") to the Agreement with YBS, which modified certain payment terms and responsibilities of the parties relating to, among other things, responsibility for equipment and facilities costs. Under the original Agreement, YBS and Enovix agreed to share the investment costs for the equipment for the Gen2 Line 1 and facilitation costs. Under the Amendment, we are responsible for the full \$100 million initial investment for the Gen2 Line 1 equipment and facilities costs, and YBS is responsible for obtaining and managing its working capital requirements needed to provide manufacturing services under the Agreement.

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Pricing under the Agreement is set on a cost-plus basis and we are subject to a minimum commitment under the Agreement, including as modified by the Amendment. Accordingly, regardless of the level of manufacturing services YBS provides to us under the Agreement, we are obligated to pay a certain threshold amount each month during the term of the Agreement. There initial ten-year term of the Agreement expires in July 2033, subject to customary termination provisions.

Our manufacturing arrangement with YBS creates risks because we will rely on YBS for manufacturing facilities, procurement, and personnel, among others. Further, manufacturing in Malaysia is subject to possible disruptions due to power outages, equipment malfunction and failures, and supply chain disruptions relating to raw materials or components, among others. Our manufacturing operations may also be adversely affected by natural disasters and climate change. Other events, including political or public health crises, may affect our production capabilities or that of our suppliers, including as a result of quarantines, closures of production facilities, lack of supplies, or delays caused by restrictions on travel or shipping. As a result, in addition to disruptions to operations, our insurance premiums may increase, or we may not be able to fully recover any sustained losses through insurance. If this manufacturing arrangement does not perform as expected, it may materially and adversely affect our results of operations, financial condition and prospects.

In addition, our Agreement with YBS exposes us to significant risks and limits our control and oversight over the management of manufacturing processes, capacity constraints, delivery timetables, product quality assurance and costs. If we fail to effectively manage our relationship with YBS, or if YBS is unable to meet our manufacturing requirements in a timely manner, or if we experience delays, disruptions or quality control problems, it may materially and adversely affect our business, prospects, financial condition and results of operations.

Our operations in international markets, including our manufacturing operations, expose us to operational, financial and regulatory risks.*

In 2023 we acquired Routejade, a battery manufacturer in Korea, and established a research and development center in Hyderabad, India, which supports the product and manufacturing teams in our other locations. In the second half of 2024, we relocated all manufacturing activities to Malaysia and initiated entity formation activities for a subsidiary in Shenzhen, China. Following the shift of our manufacturing facilities to Malaysia and a reduction in force that primarily affected our U.S. operations, a higher percentage of our employees are located overseas, while our leadership team is primarily located in the U.S. While we are continuing to adapt to and develop strategies to address international markets and to manage our international activities and geographically diverse workforce, there is no guarantee that such efforts will have the desired effect. We have in the past and may continue to experience operational challenges associated with global business operations and a globally dispersed workforce, such as coordinating activities across multiple time zones and cultures and maintaining consistent operations standards across diverse locations. In addition, effective collaboration between R&D teams located overseas, and other parts of the organization, may be hindered by distance and cultural differences, which may have a negative impact on product innovation.

We expect that our international activities will continue to grow for the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant dedication of management attention and financial resources. For example, in June 2024 we signed a memorandum of understanding with Elentec, a leading consumer electronic battery pack manufacturing company based in South Korea that has operations throughout Asia, including China, India, Malaysia and Vietnam.

International operations, including any manufacturing operations, are subject to a number of risks, including:

- burdens of complying with a wide variety of laws and regulations;
- unexpected changes in regulatory requirements;
- exposure to political or economic instability and general economic fluctuations in the countries we operate;
- risks resulting from changes in currency exchange rates;
- changes in diplomatic and trade relationships;
- trade restrictions;
- terrorist activities, natural disasters, epidemics, pandemics and other outbreaks, including the regional or local impacts of any such activity;

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- political, economic and social instability, war or armed conflict;
- differing employment practices and laws and labor disruptions, including strikes and other work stoppages, strains on the available labor pool, labor unrest, changes in labor costs and other employment dynamics;
- the imposition of government controls;
- lesser degrees of intellectual property protection;
- tariffs and customs duties, or other barriers to some international markets, and the classifications of our goods by applicable governmental bodies; and
- a legal system subject to undue influence or corruption.

The occurrence of any of these risks could negatively affect our international business operations, divert management's attention, and increase our costs, which would adversely affect our business, operating results and financial condition.

We may not be able to source or establish supply relationships for necessary components or may be required to pay costs for components that are more expensive than anticipated, which could delay the introduction of our product and negatively impact our business.

We rely on third-party suppliers for components necessary to develop and manufacture our lithium-ion batteries, including key supplies, such as our anode, cathode, electrolyte, and separator materials. If we are unable to enter into commercial agreements with these suppliers on beneficial terms, or these suppliers experience difficulties ramping up their supply of materials to meet our requirements, or delays in providing or developing the necessary materials, or cease providing or developing the necessary materials, we could experience delays in delivering on our timelines.

The unavailability of any equipment component could result in delays in constructing the manufacturing equipment, idle manufacturing facilities, product design changes and loss of access to important technology and tools for producing and supporting our lithium-ion batteries production, as well as impact our capacity. Moreover, significant increases in our production or product design changes by us may in the future require us to procure additional components in a short amount of time. We have faced in the past, and may face in the future, suppliers who are unwilling or unable to sustainably meet our timelines or our cost, quality and volume needs, or to do so may cost us more, which may require us to replace them with other sources, which may further impact our timelines and costs. While we believe that we will be able to secure additional or alternate sources for most of our components, there is no assurance that we will be able to do so quickly or at all. Any inability or unwillingness of our suppliers to deliver necessary product components at timing, prices, quality and volumes that are acceptable to us could have a material impact on our business, prospects, financial condition, results of operations and cash flows.

Our business depends on the continued supply of certain materials for our products and we expect to incur significant costs related to procuring materials required to manufacture and assemble our batteries. The cost of our batteries depends in part upon the prices and availability of raw materials such as lithium, silicon, nickel, cobalt, copper and/or other metals. The prices for these materials fluctuate and their available supply has been, and may continue to be, unstable depending on market conditions and global demand for these materials, including as a result of increased global production of EVs and energy storage products, recent inflationary pressures, supply chain disruption caused by pandemics or other outbreaks, and war or other armed conflicts, including Russia's invasion of Ukraine and the Israel-Hamas war. We also have experienced a need for expedited freight services associated with supply chain challenges, resulting in higher logistics costs. Moreover, we may not be able to negotiate purchase agreements and delivery lead-times for such materials on advantageous terms. In addition, several large battery companies are developing and manufacturing key supplies such as cathode material on their own, and as a result such supplies may be proprietary to these companies. Reduced availability of these materials or substantial increases in the prices for such materials has increased, and may continue to increase, the cost of our components and consequently, the cost of our products. There can be no assurance that we will be able to recoup increasing costs of our components, including as a result of recent inflationary pressures, by increasing prices, which in turn would increase our operating costs and negatively impact our prospects.

Any disruption in the supply of components or materials could temporarily disrupt production of our batteries until an alternative supplier is able to supply the required material. Changes in business conditions, unforeseen circumstances, governmental changes, labor shortages, the effects of pandemics or other outbreaks and other factors beyond our control

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or which we do not presently anticipate, could also affect our suppliers' ability to deliver components to us on a timely basis. Our suppliers may go into bankruptcy or receivership based on conditions associated with their business. For example, one of our equipment suppliers went into receivership in the first half of 2024, which may disrupt our production timelines, impact our ability to successfully configure the equipment to run at its target performance and limit our ability to operate our equipment. While we have made plans to operate the equipment with support from the supplier and other third party vendors, there is no assurance that we will be able to continue to operate the equipment, which may result in a disposal of this equipment.

Currency fluctuations, trade barriers, trade sanctions, export restrictions, tariffs, embargoes or shortages and other general economic or political conditions may limit our ability to obtain key components for our lithium-ion batteries or significantly increase freight charges, raw material costs and other expenses associated with our business, which could further materially and adversely affect our results of operations, financial condition and prospects. For example, our factories are located in Malaysia and Korea and our products require materials and equipment manufactured outside these countries, including China. If tariffs are placed on these materials and equipment, it could materially impact our ability to obtain materials on commercially reasonable terms.

Any of the foregoing could materially and adversely affect our results of operations, financial condition and prospects.

We may be unable to adequately control the costs associated with our operations and the components necessary to build our lithium-ion battery cells.*

We will require significant capital to develop and grow our business and expect to incur significant expenses, including those relating to raw material procurement, leases, sales and distribution as we build our brand and market our batteries, and general and administrative costs as we scale our operations. Our ability to become profitable in the future will not only depend on our ability to successfully market our lithium-ion batteries and services, but also to control our costs. A large fraction of the cost of our battery, like most commercial batteries, is driven by the cost of component materials, such as anode and cathode powder, separator, pouch material, and current collectors. It also includes machined parts that are part of the package. We have assumed based on extensive discussions with vendors, customers, industry analysts and independent research, target costs at startup of production and an assumed cost reduction over time. These estimates may prove inaccurate, which would adversely affect the expected profitability margins for our batteries.

If we are unable to cost-efficiently manufacture, market, sell and distribute our lithium-ion batteries and services, our margins, profitability and prospects would be materially and adversely affected. We have not yet produced any lithium-ion battery cells at significant volume, and our forecasted cost advantage for the production of these cells at scale, compared to conventional lithium-ion cells, will require us to achieve certain goals in connection with rates of throughput, use of electricity and consumables, yield and rate of automation demonstrated for mature battery, and battery material and manufacturing processes, that we have not yet achieved and may not achieve in the future. We intend to improve productivity and reduce the costs of our production lines relative to the first line we built. In addition, we are planning continuous productivity improvements going forward. If we are unable to achieve these targeted rates or productivity improvements, our business will be adversely impacted.

Additionally, we have previously undertaken restructuring plans to manage our operating expenses and we may do so again in the future. For example, in October 2023 we initiated a strategic realignment of Fab1 in Fremont to refocus the facility from a manufacturing hub to a facility focused on new product development, which resulted in a plan of workforce reduction. We subsequently accelerated our manufacturing operations in Malaysia and discontinued manufacturing operations at our Fab1 facility beginning in May 2024, resulting in a second plan of workforce reduction. We incurred significant restructuring charges associated with equipment disposals in connection with the relocation of manufacturing operations from Fab1 in California, to Fab2 in Malaysia, and may in the future incur, material costs and charges in connection with restructuring plans and initiatives. There can be no assurance that any restructuring plans and initiatives, including the 2024 Restructuring Plan, will be successful in managing our operating expenses. Any restructuring plans, including the 2024 Restructuring Plan, may adversely affect our operations and ability to recruit and retain skilled and motivated personnel, result in a loss of continuity and accumulated knowledge, or inefficiency during the transition period, and will likely require a significant amount of employees' time and focus, all of which may divert attention away from operating and growing our business. For more information, see Note 12 "Restructuring Costs" in Part I of this Quarterly Report on Form 10-Q and Note 15 "Restructuring Costs" of the notes to our consolidated financial statements in Part II, Item 8 of the Annual Report on Form 10-K.

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If we fail to achieve some or all of the expected benefits of any restructuring plans, including the 2024 Restructuring Plan, which may be impacted by factors outside of our control, our business, operating results, and financial condition could be adversely affected.

Risks Related to Our Customers

Lengthy sales cycles, unpredictable safety risks and certain provisions of military and other customer contracts may negatively impact our ability to maintain and grow our customer base, which could adversely affect our business and future prospects.

Our customers' products are typically on yearly or longer refresh cycles. Due to the lengthy sales cycles, if we miss qualification timing by even a small amount, the impact to our production schedule, revenue and profits could be large. While we intend to meet all qualification criteria, some field reliability risks remain such as cycle life, long-term high-temperature storage capacity and swelling, among others. Batteries are known in the market to have historically faced risks associated with safety, and therefore customers can be reluctant to take risks on new battery technologies. Since new battery technologies have not been widely adopted by customers in the battery market, it may be difficult for us to overcome customer risk objections. If unanticipated product safety problems arise, it may raise warranty costs and adversely affect revenue and profit.

Our sales to military customers often involve standard form contracts, which may not be subject to negotiation. In particular, certain of these contracts involve unlimited damages provisions that could result in large-scale liabilities. In addition, one of our customers has exclusive rights to purchase our batteries for use in the augmented reality and virtual reality space through 2024, which could limit our ability to sell batteries to other customers and grow our business in such space through 2024.

If our batteries fail to perform as expected, our ability to develop, market and sell our batteries could be harmed.

We have experienced a limited number of returns of batteries that have failed to perform as expected. As commercial production of our lithium-ion battery cells increases, our batteries have in the past and may in the future contain defects in design and manufacture that may cause them to not perform as expected or that may require repairs, recalls and design changes. Our batteries are inherently complex and incorporate technology and components that have not been used for other applications and that may contain defects and errors, particularly when first introduced. We have a limited frame of reference from which to evaluate the long-term performance of our lithium-ion batteries. There can be no assurance that we will be able to detect and fix any defects in our lithium-ion batteries prior to the sale to potential consumers. If our batteries fail to perform as expected, we could lose design wins and customers may delay deliveries, terminate further orders or initiate product recalls, each of which could adversely affect our sales and brand and could adversely affect our business, prospects and results of operations.

Our cell architecture is different than other batteries and may behave differently in certain customer use applications that we have not evaluated. This could limit our ability to deliver to certain applications, including, but not limited to action cameras, portable gaming and smartwatches designed for children. In addition, we have limited historical data on the performance and reliability of our batteries over time. If our batteries fail unexpectedly in the field, such failures could result in significant warranty costs and/or reputational harm. For example, the electrodes and separator structure of our battery are different from traditional lithium-ion batteries and therefore could be susceptible to different and unknown failure modes, leading our batteries to fail and cause a safety event in the field, which could further result in the failure of our end customers' products as well as the loss of life or property. Any safety event in the field, but in particular, one in which the end product failure results in significant loss, could result in severe financial penalties for us, including the loss of revenue, cancellation of supply contracts and the inability to win new business due to the reputational harm that results. In addition, some of our supply agreements require us to fund some or all of the cost of a recall and replacement of end products affected by our batteries.

We have a concentration of customer accounts in the military sector and dependence on these customer accounts may create a risk to our financial stability.

We face risks associated with customer concentration, which could adversely affect our financial condition, results of operations, and business prospects. As a result of our Routejade acquisition in October 2023, our current revenue stream is derived largely from a limited number of key customers, including military contractors. A single customer, who is a military subcontractor in South Korea, accounted for approximately 75% of our total revenue for the fiscal year 2023. Any adverse changes in the purchasing behavior, financial stability, or strategic direction of these key customers

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could significantly impact our revenue. The terms and conditions of contracts with these key customers may not provide us with sufficient protection against fluctuations in demand, changes in pricing, or competitive pressures. For example, we rely on a single supplier for components to manufacture products for our military customers and any disruption in the supply of components would negatively impact our ability to perform under such contracts and significantly negatively impact our revenues and profit margin. Further, should we have to replace our single supplier, or renegotiate the terms of our current supplier agreement, we may be unable to establish or obtain competitively favorable terms, which would also negatively impact our revenues and profit margin under our military customer contracts.

Moreover, the expiration, termination, or renegotiation of contracts, whether from the integration of these customers as a result of the acquisition or otherwise, could lead to uncertainty and volatility in our revenue stream. Lack of diversification increases our susceptibility to adverse events affecting our key customers. The loss of a significant customer or a substantial reduction in business volume from key accounts could have a material adverse effect on our financial performance, cash flows, and ability to fund our operations, capital expenditures, and strategic initiatives. While we may seek to mitigate the risks associated with customer concentration through diversification efforts, expanded market reach, and enhanced customer relationship management, there can be no assurance that such measures will be successful in offsetting the potential adverse impacts of customer concentration.

Furthermore, such government contracts may be subject to procurement laws relating to the award, administration and performance of those contracts. Additionally, governmental entities are variously pursuing policies that may affect our ability to sell our products and services. Changes in government procurement policy, priorities, regulations, technology initiatives and/or technical and compliance requirements may negatively impact our ability to continue to earn revenue from government and military customers.

Our future growth and success depend on our ability to qualify new customers and the customer qualification cycles can take years to complete.

Our growth will depend in large part on our ability to qualify new customers. We have invested heavily in qualifying our customers and plan to continue to do so. We are in the early stages of growth in our existing markets, and we expect to substantially raise brand awareness by connecting directly with our customers. We anticipate that these activities will lead to additional deliveries, and, as a result, increase our base of our qualified customers. An inability to attract new customers would substantially impact our ability to grow revenue or improve our financial results.

Customer qualification cycles are long and it can take many years for our products to qualify for customer shipment. There are numerous and rigorous safety, performance and other tests that we need to pass in order to achieve a customer design win. If we fail to qualify new customers in a timely manner, our business, financial condition and operating results may be harmed.

Our future growth and success depend on our ability to sell effectively to, and manage relationships with, large enterprise customers and the military.

Our potential customers are manufacturers of products that tend to be large enterprises and organizations, including the military. Therefore, our future success will depend on our ability to effectively sell our products to such large customers. Sales to these end-customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller customers. These risks include, but are not limited to, increased purchasing power and leverage held by large customers in negotiating contractual arrangements with us and longer sales cycles and the associated risk that substantial time and resources may be spent on a potential end-customer that elects not to purchase our lithium-ion battery solutions.

Large organizations often undertake a significant evaluation process that results in a lengthy sales cycle. In addition, product purchases by large organizations are frequently subject to budget constraints, multiple approvals and unanticipated administrative, processing and other delays. Finally, large organizations typically have longer implementation cycles, require greater product functionality and scalability, require a broader range of services, demand that vendors take on a larger share of risks, require acceptance provisions that can lead to a delay in revenue recognition and expect greater payment flexibility. All of these factors can add further risk to business conducted with these potential customers.

We may not be able to accurately estimate the future supply and demand for our batteries, which could result in a variety of inefficiencies in our business and hinder our ability to generate revenue. If we fail to accurately predict our manufacturing requirements, we could incur additional costs or experience delays.

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It is difficult to predict our future revenue and therefore appropriately budget for our expenses, and we may have limited insight into trends that may emerge and affect our business. We anticipate being required to provide forecasts of our demand to our current and future suppliers prior to the scheduled delivery of products to potential customers. Currently, there is no historical basis for making judgments on the demand for our batteries or our ability to develop, manufacture and deliver batteries, or our profitability in the future. If we overestimate our requirements, our suppliers may have excess inventory, which would indirectly increase our costs. If we underestimate our requirements, our suppliers may have inadequate inventory, which could interrupt manufacturing of our products and result in delayed shipments and revenue. Factors outside our control may also affect the demand for our batteries. For example, many of the expected end products for our batteries are manufactured in China. If the political situation between China and the U.S. were to deteriorate, it could prevent our customers from purchasing our batteries.

Lead times for materials and components that our suppliers order may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each component at a given time. If we fail to order sufficient quantities of product components in a timely manner, the delivery of batteries to our potential customers could be delayed, which would harm our business, financial condition and operating results.

Increases in sales of our lithium-ion battery cells may expose us to the risks associated with manufacturing batteries for unique customer specifications and increase our dependency upon specific customers, including due to the costs to develop and qualify our system solutions.

The development of our lithium-ion battery cells is dependent, in part, upon successfully identifying and meeting our customers' specifications for those products. Developing and manufacturing lithium-ion batteries with specifications unique to a customer increases our reliance upon that customer for purchasing our products at sufficient volumes and prices in a timely manner. If we fail to identify or develop products on a timely basis, or at all, that comply with our customers' specifications or achieve design wins with customers, we may experience a significant adverse impact on our revenue and margins. Even if we are successful in selling lithium-ion batteries to our customers in sufficient volume, we may be unable to generate sufficient profit if per-unit manufacturing costs exceed per-unit selling prices. Manufacturing lithium-ion batteries to customer specifications requires a longer development cycle, as compared to discrete products, to design, test and qualify, which may increase our costs and could harm our business, financial condition and operating results.

Risks Related to Our Business

We have a history of financial losses and expect to incur significant expenses and continuing losses for the foreseeable future.

We incurred net loss attributable to Enovix of approximately \$184.8 million and \$154.1 million, respectively, for the fiscal year-to-date ended September 29, 2024 and October 1, 2023 and an accumulated deficit of approximately \$783.6 million as of September 29, 2024. We believe that we will continue to incur operating and net losses each quarter until at least the time we begin significant production of our lithium-ion batteries.

We expect the rate at which we will incur losses to be significantly higher in future periods as we, among other things: (i) continue to incur significant expenses in connection with the development of our manufacturing process and the manufacturing of our batteries; (ii) secure additional manufacturing facilities and invest in manufacturing capabilities; (iii) build up inventory of components for our batteries; (iv) increase our sales and marketing activities; (v) develop our distribution infrastructure; and (vi) increase our general and administrative functions to support our growing operations. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in substantial revenue, which would further increase our losses.

If we are unable to develop our business and effectively commercialize our products as anticipated, we may not be able to generate revenue or achieve profitability.

The growth and development of our operations will depend on the successful commercialization and market acceptance of our products and our ability to manufacture products at scale while timely meeting customers' demands. We are in the early stages of commercialization and certain aspects of our technology have not been fully field tested. For example, there is no certainty that, once shipped, our products will operate as expected, and we may not be able to generate sufficient customer confidence in our latest designs and ongoing product improvements. There are inherent uncertainties in our ability to predict future demand for our products and, as a consequence, we may have inadequate

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production capacity to meet demand, or alternatively, have excess available capacity. Our inability to predict the extent of customer adoption of our proprietary technologies makes it difficult to evaluate our future prospects.

We have made limited numbers of commercial shipments of lithium batteries to certain customers since the second quarter of 2022. Our customer base has been expanded through our Routejade Acquisition. If we experience significant delays or order cancellations from these customers, or if we fail to develop our products in accordance with contract specifications, then our operating results and financial condition will be adversely affected. In addition, there is no assurance that if we alter or change our products in the future, that the demand for these new products will develop, which could adversely affect our business and any possible revenue. If our products are not deemed desirable and suitable for purchase and we are unable to establish a customer base, we may not be able to generate revenue or attain profitability. In addition, if we are unable to deliver our engineering services on a timely basis, we may be unable to attract and engage new or existing customers for engineering service contracts and we may not be able to generate revenue or attain profitability.

We face significant barriers in our attempts to produce our products, our products are still under development, and we may not be able to successfully develop our products at commercial scale. If we cannot successfully overcome those barriers, our business will be negatively impacted and could fail.*

Producing lithium-ion batteries that meet the requirements for wide adoption by industrial and consumer applications is a difficult undertaking. We are still in the early stage of commercialization and face significant challenges achieving the long-term energy density targets for our products and producing our products in commercial volumes. Some of the challenges that could prevent the widespread adoption of our lithium-ion batteries include difficulties with (i) increasing the volume, yield and reliability of our cells, (ii) increasing manufacturing capacity to produce the volume of cells needed to meet demand, (iii) installing and optimizing higher volume manufacturing equipment, (iv) packaging our batteries to ensure adequate cycle life, (v) material cost reductions, (vi) qualifying new vendors, (vii) expanding supply chain capacity, (viii) the completion of rigorous and challenging battery safety testing required by our customers or partners, including but not limited to, performance, cycle life and abuse testing and (x) the development of the final manufacturing processes.

We have accelerated our manufacturing operations at Fab2 in Malaysia. In the second quarter of 2024, we completed SAT and began production of batteries on our Agility Line, and in the third quarter of 2024, shipped samples to customers. We also completed FAT for our High-Volume Line, and expect to complete SAT for our High-Volume Line by the end of 2024. We may encounter yield, material cost, performance and manufacturing process challenges to be solved when we shift into the production stage prior to volume commercial production. We are likely to encounter further engineering challenges as we increase the capacity of our batteries and efficiency of our manufacturing process. If we are unable to overcome these challenges in producing our batteries, our business could fail.

The Gen2 manufacturing equipment requires qualified labor to inspect the parts to ensure proper assembly. We have already experienced equipment malfunctions during the scaling up of the manufacturing process, and the lack of qualified labor to inspect our batteries may further slow our production and impact our manufacturing costs and production schedule.

Even if we complete development and achieve volume production of our lithium-ion batteries, if the cost, performance characteristics or other specifications of the batteries fall short of our targets, our sales, product pricing and margins will be adversely affected.

We have acquired and may continue to acquire other businesses, which could require significant management attention, disrupt our business, and dilute stockholder value.

In October 2023, we acquired Routejade, a manufacturer of lithium-ion batteries. Although we have limited experience with acquisitions, we may in the future undertake acquisitions of other companies, products or technologies for the ongoing development and expansion of our operations. We may be unable to identify suitable acquisition candidates and/or complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by existing and potential customers, vendors, suppliers, business partners or investors. In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected.

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Any integration process will require significant time and resources, attention from management and will likely disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could harm our business. In addition, we may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges. We may not be able to fully realize the anticipated profits or other benefits of any particular transaction in the timeframe we expect or at all due to competition, market trends, additional costs or investments, the actions of advisors, suppliers or other third parties, or other factors. The Routejade acquisition resulted in, and future acquisitions may result in, significant costs and expenses. Further, if we fail to identify significant issues with any acquisition target during the due diligence process, we may be liable for significant and unforeseen liabilities.

We have previously, and may in the future, pay cash, incur debt or issue equity securities to pay for any such acquisition, any of which could negatively affect our financial condition or the value of our capital stock. The sale of our equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it will result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business.

Fluctuations in foreign currency exchange rates or interest rates have had, and could continue to have, an adverse impact on our financial condition and results of operations.

Changes in the value of foreign currencies relative to the U.S. dollar and related changes in interest rates have adversely affected our results of operations and financial position and could continue to do so. In recent periods, as the value of the U.S. dollar has strengthened in comparison to certain foreign currencies, such as Malaysia, and in particular, Korea, where we derived a substantial portion of our revenue for fiscal year 2023, our reported international revenue has been reduced or costs associated with manufacturing increased, because foreign currencies translate into fewer U.S. dollars. As approximately all of our revenue is denominated in foreign currencies, these exchange rate fluctuations have impacted, and we expect will continue to impact, our revenue results.

Operational problems with our manufacturing equipment subject us to safety risks which, if not adequately addressed, could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects.

Operational problems with our manufacturing equipment subject us to safety risks which, if not adequately addressed, could result in the personal injury to or death of workers, the loss of production equipment, damage to manufacturing facilities, monetary losses, delays and unanticipated fluctuations in production. For example, from time to time we may experience fires at our manufacturing facilities, causing equipment damage and resulting in production delays. While we have retained industry experts and designed our factories with appropriate safety precautions to address the fire risk of manufacturing batteries and to minimize the impact of any such event, if these precautions are inadequate or an event larger than expected, we could have significant equipment or facility damage that would impact our ability to deliver product and require additional cash to recover.

In addition, operational problems may result in environmental damage, administrative fines, increased insurance costs and potential legal liabilities. All of these operational problems could have a material adverse effect on our business, results of operations, cash flows, financial condition or prospects. Further, if other battery manufacturers experience fire hazards that result in personal injury or death, it may lead to unfavorable conditions for the battery manufacturing industry as a whole.

Lithium-ion battery modules in the marketplace have been observed to catch fire or vent smoke and flame, and such events have raised concerns over the use of such batteries.

We develop lithium-ion battery cells for industrial and consumer equipment and intend to supply these lithium-ion battery cells for industrial and consumer applications. Historically, lithium-ion batteries in laptops and cellphones have been reported to catch fire or vent smoke and flames, and more recently, news reports have indicated that several EVs that use high-power lithium-ion batteries have caught on fire. Any such adverse publicity or reports reflecting fire and other safety hazards associated with the use of high-power batteries in automotive or other industrial or consumer applications will negatively affect our business and prospects. In addition, any failure of our battery cells may cause damage to the industrial or consumer equipment or lead to personal injury or death and may subject us to lawsuits.

Our risks in this area are particularly pronounced given our lithium-ion batteries and BrakeFlow™ technology have not yet been commercially tested or mass produced. We may have to recall our battery cells, which would be time-

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consuming and expensive. A product liability claim could generate substantial negative publicity about our batteries and business and inhibit or prevent commercialization of other future battery candidates, which would have a material adverse effect on our brand, business, prospects and operating results. Our insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages either in excess of our coverage, or outside of our coverage, may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we do face liability for our products and are forced to make a claim under our policy.

Further, product liability claims, injuries, defects or other problems experienced by other companies in the lithium-ion battery market could lead to unfavorable market conditions for the industry as a whole, and may have an adverse effect on our ability to attract new customers, thus harming our growth and financial performance.

The battery market continues to evolve and is highly competitive, and we may not be successful in competing in this industry or establishing and maintaining confidence in our long-term business prospects among current and future partners and customers.

The battery market in which we compete continues to evolve and is highly competitive. To date, we have focused our efforts on our silicon anode technology, which has been, and is being, designed to outperform conventional lithium-ion battery technology and other battery technologies. However, lithium-ion battery technology has been widely adopted, and our current competitors have, and future competitors may have, greater resources than we do and may also be able to devote greater resources to the development of their current and future technologies. These competitors also may have greater access to customers and may be able to establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and competitive positioning. Furthermore, existing and potential customers have developed, and may in the future develop, their own lithium-ion battery technology and other battery technologies. In addition, lithium-ion battery manufacturers may make improvements in energy density faster than they have historically and what we have assumed, continue to reduce cost and expand supply of conventional batteries and therefore reduce our energy density advantage and price premium, which would negatively impact the prospects for our business or negatively impact our ability to sell our products at a market-competitive price and sufficient margins.

There are a number of companies seeking to develop alternative approaches to lithium-ion battery technology. We expect competition in battery technology to intensify. Developments in alternative technologies, improvements in batteries technology made by competitors, or changes in our competitors' respective business models may materially adversely affect the sales, pricing and gross margins of our batteries. For example, large battery companies are becoming increasingly vertically integrated with respect to cathode materials, with the consequence being that next generation LCO material development will be proprietary to large battery companies. If a competing technology is developed that has superior operational or price performance, our business will be harmed. Further, our financial modeling assumes that, in addition to improving our core architecture over time, we are able to retain access to state-of-the-art industry materials as they are developed. If industry battery competitors develop their own proprietary materials, we would be unable to access these and would lose our competitive advantage in the market. If we fail to accurately predict and ensure that our battery technology can address customers' changing needs or emerging technological trends, or if our customers fail to achieve the benefits expected from our lithium-ion batteries, our business will be harmed.

We must continue to commit significant resources to develop our battery technology in order to establish a competitive position, and these commitments will be made without knowing whether such investments will result in products potential customers will accept. There is no assurance we will successfully identify new customer requirements or develop and bring our batteries to market on a timely basis, or that products and technologies developed by others will not render our batteries obsolete or noncompetitive, any of which would adversely affect our business and operating results. Further, if we are unable to improve our energy density at a rate faster than the industry, our competitive advantage will erode. In addition, if we fail to produce batteries in large scale volume production at reduced unit cost, it may negatively impact our competitive advantage in the industry.

Customers will be less likely to purchase our batteries if they are not convinced that our business will succeed in the long term. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed in the long term. Accordingly, in order to build and maintain our business, we must maintain confidence among current and future partners, customers, suppliers, analysts, ratings agencies and other parties in our long-term financial viability and business prospects.

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Maintaining such confidence may be particularly complicated by certain factors including those that are largely outside of our control, such as our limited operating history, market unfamiliarity with our products, any delays in scaling manufacturing, delivery and service operations to meet demand, competition and uncertainty regarding our production and sales performance compared with market expectations. In addition, due to competition, we may face pricing pressure and may not be able to charge the prices we would like or achieve profitability on the timeline we plan.

We could face state-sponsored competition from overseas and may not be able to compete in the market on the basis of price.

One or more foreign governments, including the Chinese government, have concluded that battery technology and battery manufacturing is a national strategic priority and therefore have instituted official economic policies meant to support these activities. These policies may provide our competitors with artificially lower costs. If these lower costs materialize and enable competitive products to be sold into our markets at prices that, if applied to us, would cause us to become unprofitable, our ability to continue operating could be threatened.

Our failure to keep up with rapid technological changes and evolving industry standards may cause our batteries to become less marketable or obsolete, resulting in a decrease in demand for our batteries and harm our ability to grow revenue and expand margins.

The lithium-based battery market is characterized by changing technologies and evolving industry standards, which are difficult to predict. This, coupled with frequent introduction of new products and models, has shortened product life cycles and may render our batteries less marketable or obsolete. Also, our ability to grow revenue and expand margins will depend on our ability to develop and launch new product designs. If we fail to invest in the development of new products and technologies, we may lose the opportunity to compete effectively or at all, particularly in the EV space, which has been the subject of significant progress in recent years. Third parties, including our competitors, may improve their technologies or even achieve technological breakthroughs that could decrease the demand for our batteries. Our ability to adapt to evolving industry standards and anticipate future standards and market trends will be a significant factor in maintaining and improving our competitive position and our prospects for growth.

If we are unable to attract and retain key employees and qualified personnel on a global basis, our ability to compete could be harmed.*

Our success depends on our ability to attract and retain our executive officers, key employees and other qualified personnel on a global basis, and, as a relatively small company with key talent residing in a limited number of employees, our operations and prospects may be severely disrupted if we lose any one or more of their services. There have been, and from time to time, there may continue to be, changes in our management team resulting from the hiring or departure of executives and key employees, or the transition of executives within our business, which could disrupt our business. For example, three of our four executive officers joined us in 2023 and have been serving in such roles for less than two years, while other members of our management team have been with us for shorter periods of time, and we continue to develop key functions within various aspects of our business. Such changes in our executive management team or workforce may be disruptive to our business, result in a loss of knowledge and negatively impact employee morale.

If we continue to experience high turnover of, fail to implement succession plans for, or encounter difficulties associated with the transition or departure of our executive officers and key employees, or if we are unsuccessful in recruiting new personnel or in retaining and motivating existing personnel, our operations may be disrupted, which could harm our business. We are also dependent on the continued service of our other senior technical and management personnel because of the complexity of our products. Our senior management and key employees are employed on an at-will basis. We cannot ensure that we will be able to retain the services of any member of our senior management or other key employees or that we will be able to timely replace members of our senior management or other key employees should any of them depart. The loss of one or more of our senior management or other key employees could harm our business.

Further, as we locate, build out and bring online our new manufacturing facilities, we will need to hire personnel to staff and maintain such facilities with the requisite technical qualifications, which we may not be able to do in the location at which a facility is located, including Malaysia, India and South Korea. Labor is subject to external factors that are beyond our control, including our industry's highly competitive market for skilled workers and leaders, cost inflation, and workforce participation rates. As we build our brand and become more well known and grow globally, there is increased risk that competitors or other companies will seek to hire our personnel. While some of our employees are

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bound by non-competition agreements, these may prove to be unenforceable. The failure to attract, integrate, train, motivate and retain these personnel could seriously harm our business and prospects.

If we are unable to maintain effective internal control over financial reporting in the future, or implement or integrate effective internal control over financial reporting with respect to any acquired entities or subsidiaries, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our common stock may be materially adversely affected.

In the past, we and our independent registered public accounting firm identified two material weaknesses in our internal control over financial reporting, all of which have since been remediated. We did not identify any material weakness for the fiscal year-to-date ended September 29, 2024. In addition, we are in the process of integrating Routejade, the battery manufacturing entity we acquired in October 2023, into our existing internal controls and procedures processes. If such integration process takes longer than anticipated, or we encounter unexpected challenges, our ability to effectively report on our internal controls may be negatively impacted. If we are unable to successfully integrate Routejade, or any future acquisition, into our existing internal control over financial reporting processes in a timely manner, our ability to accurately report our financial results could be negatively impacted.

Furthermore, if, in the future, we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We or our independent registered public accounting firm may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of our stock to fall. In addition, as a public company, we are required to file accurate and timely quarterly and annual reports with the SEC under the Exchange Act. Any failure to report our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of our shares from the Nasdaq Global Select Market or other adverse consequences that would materially harm our business. In addition, we could become subject to investigations by the stock exchange on which our securities are listed, the SEC and other regulatory authorities and litigation from investors and stockholders, which could harm our reputation and our financial condition, and/or divert financial and management resources from our core business.

We have incurred and will continue to incur significant increased expenses and administrative burdens as a public company, which could negatively impact our business, financial condition and results of operations.

We face increased legal, accounting, administrative and other costs and expenses as a public company that we would not incur as a private company. The Sarbanes-Oxley Act of 2002, including the requirements of Section 404, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements will increase costs and make certain activities more time consuming. A number of those requirements require us to carry out activities that we had not done previously. For example, we have created new board committees and adopted new internal controls and disclosure controls and procedures. In addition, expenses associated with SEC reporting requirements have been and will be incurred.

Furthermore, if any issues in complying with those requirements are identified (for example, if we identify a material weakness or significant deficiency in the internal control over financial reporting), we could incur additional costs rectifying those issues, and the existence of those issues could adversely affect our reputation or investor perceptions of us. It may also be more expensive to obtain director and officer liability insurance. Risks associated with our status as a public company may make it more difficult to attract and retain qualified persons to serve on our board of directors or as executive officers. The additional reporting and other obligations we are subject to as a public company have increased and will increase legal and financial compliance costs and the costs of related legal, accounting and administrative activities. These increased costs will require us to divert a significant amount of money that could otherwise be used to expand the business and achieve strategic objectives. Advocacy efforts by stockholders and third parties may also prompt additional changes in governance and reporting practices, which could further increase our compliance costs.

In addition, we implemented an enterprise resource planning ("ERP"), system for our company. An ERP system is intended to combine and streamline the management of our financial, accounting, human resources, sales and marketing and other functions, enabling us to manage operations and track performance more effectively. However, an ERP system will likely require us to complete many processes and procedures for the effective use of the system or to run our

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business using the system, which may result in substantial costs. Additionally, in the future, we may be limited in our ability to convert any business that we acquire to the ERP. Any disruptions or difficulties in using an ERP system could adversely affect our controls and harm our business, including our ability to forecast or make sales and collect our receivables. Moreover, such disruption or difficulties could result in unanticipated costs and diversion of management attention.

We have expended significant resources as a public company to comply with Section 404(a) of the Sarbanes-Oxley Act of 2002, which compliance costs may increase as our operations expand. Any failure to maintain effective controls and procedures could negatively impact our business.*

We are subject to Section 404 of the Sarbanes-Oxley Act of 2002. The standards required for a public company under Section 404(a) of the Sarbanes-Oxley Act of 2002 are significantly more stringent than those that were required of us as a privately held company. Management may not be able to maintain effective controls and procedures that adequately respond to these increased regulatory compliance and reporting requirements. Further, any entity we acquire, such as our Routejade acquisition in 2023, will need to be incorporated into our existing system of internal controls and procedures, which will further increase our compliance costs, may require additional staff, and will likely divert the attention of management in the transition and integration period. If we are not able to maintain the requirements of Section 404(a) in a timely manner or with adequate compliance, we may not be able to assess whether our internal controls over financial reporting are effective, which may subject us to adverse regulatory consequences and could harm investor confidence and the market price of our securities.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. Our compliance with Section 404 requires that we incur substantial expenses and expend significant management efforts. As we continue to expand our operations, including into international locations, we use a combination of our in-house Internal Audit team and third party service providers to assess and improve effectiveness of our internal controls over financial reporting, and we will likely expend more resources to hire additional accounting and finance staff with appropriate public company experience, technical accounting knowledge, and local knowledge, to update and refine the process documentation and internal controls for Section 404 compliance at each of our operational locations.

We have previously been, currently are, and may in the future be involved in class-action lawsuits and other litigation matters that are expensive and time-consuming. If resolved adversely, lawsuits and other litigation matters could seriously harm our business.

We have previously been, currently are, and may in the future be subject to litigation such as putative class action and shareholder derivative lawsuits brought by stockholders. We anticipate that we will be a target for lawsuits in the future, as we have been in the past.

On January 6, 2023, a purported Company stockholder filed a securities class action complaint in the U.S. District Court for the Northern District of California against us and certain of our then-current and former officers and directors. The complaint alleges that the Company and individual defendants (collectively, the "defendants") violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by making material misstatements or omissions in public statements related to our manufacturing scale-ups and testing of new equipment. A substantially identical complaint was filed on January 25, 2023 by another purported Company stockholder. Following consolidation of the cases, a consolidated complaint alleging substantially similar claims, including allegations that the defendants made material misstatements or omissions in public statements related to testing of new equipment, was filed in July 2023. The court granted the motion to dismiss the consolidated complaint on January 30, 2024. The plaintiffs filed a second amended complaint on March 19, 2024, which seeks unspecified damages, interest, fees and costs on behalf of all persons and entities who purchased and/or acquired shares of Enovix or its predecessor entity's common stock between June 24, 2021 and October 3, 2023. On July 23, 2024, the court issued an order granting in part and denying in part defendants' motion to dismiss.

We and the individual defendants intend to vigorously defend against the remaining claims in this action. Any litigation to which we are a party may result in an onerous or unfavorable judgment that may not be reversed on appeal, or we may decide to settle lawsuits on similarly unfavorable terms. Any such negative outcome could result in payments

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of substantial monetary damages and accordingly our business could be seriously harmed. The results of lawsuits and claims cannot be predicted with certainty. Regardless of the final outcome, defending these claims, and the associated indemnification obligation, is costly and can impose a significant burden on management and employees. We have in the past, and may in the future, receive unfavorable preliminary, interim, or final rulings in the course of litigation, which could seriously harm our business.

Risks Related to Our Capital Needs and Capital Strategy

We may not have adequate funds to finance our operating needs and our growth, and may need to raise additional capital, which we may not be able to do.

The design, manufacture and sale of batteries is a capital-intensive business. As a result of the capital-intensive nature of our business, we can be expected to continue to sustain substantial operating expenses without generating sufficient revenue to cover expenditures. We may need to raise additional capital to acquire additional manufacturing facilities, including the build-out of such facilities, as well as to support our manufacturing agreement with YBS and our cash deposit agreement with OCBC. Adequate additional funding may not be available to us on acceptable terms or at all, and if the financial markets become difficult or costly to access, including due to rising interest rates, fluctuations in foreign currency exchange rates or other changes in economic conditions, our ability to raise additional capital may be negatively impacted. Our failure to raise capital in the future would have a negative impact on our ability to complete our existing manufacturing facilities, our financial condition and our ability to pursue our business strategies. The amount of capital that we will be required to raise, and our ability to raise substantial additional capital, will depend on many factors, including, but not limited to:

- our ability and the cost to develop our new and complex manufacturing process that will produce lithium-ion batteries in a cost-effective manner;
- our ability to continue to build-out and scale our Malaysia manufacturing facility in a timely and cost-effective manner;
- our ability to locate and acquire new, larger manufacturing facilities on commercially reasonable terms;
- our ability to build out our new, larger manufacturing facilities in a cost-effective manner;
- the cost of preparing to manufacture lithium-ion batteries on a larger scale;
- the costs of commercialization activities including product sales, marketing, manufacturing and distribution;
- our ability to hire additional personnel;
- the demand for our lithium-ion batteries and the prices for which we will be able to sell our lithium-ion batteries;
- the emergence of competing technologies or other adverse market developments; and
- volatility in the equity markets, including as a result of rising interest rates, inflation or war or other armed conflict, such as Russia's invasion of Ukraine and the Israel-Hamas war.

Our long-term financial model assumes we expand both on our own and by partnering with other battery companies. Should we not be able to achieve these partnering goals we would have to expand purely on our own. This would require additional capital and could impact how fast we can ramp revenue and achieve profitability. It could also impact our ability to service some customers that require second sources for supply. Additionally, if we can achieve these partnerships but not on the financial terms we are assuming, it could impact our financial performance.

Further, we cannot guarantee that our business will generate sufficient cash flow from operations to fund our capital expenditures or other liquidity needs. Over time, we expect that we will need to raise additional funds through the issuance of equity, equity-related or debt securities or through obtaining credit from financial institutions to fund, together with our principal sources of liquidity, ongoing costs such as research and development relating to our batteries, any significant unplanned or accelerated expenses and new strategic investments.

As discussed in the condensed consolidated financial statements, in Part I, Item 1 of this Quarterly Report on Form 10-Q, we are not profitable and have incurred losses in each year since our inception. We incurred net loss attributable to

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Enovix of \$184.8 million and \$154.1 million, respectively, for the fiscal years-to-date ended September 29, 2024 and October 1, 2023. As of September 29, 2024, we had an accumulated deficit of \$783.6 million. We expect to continue to incur losses for the foreseeable future, and we anticipate these losses will increase as we continue our manufacturing scale up, add additional manufacturing capacity, continue commercialization and continue to operate as a public company and comply with legal, accounting and other regulatory requirements. We cannot be certain that additional capital will be available on attractive terms, if at all, when needed, which could be dilutive to stockholders, and our financial condition, results of operations, business and prospects could be materially and adversely affected.

Raising additional funds may cause dilution to existing stockholders and/or may restrict our operations or require us to relinquish proprietary rights.

To the extent that we raise additional capital by issuing equity or convertible debt securities, our existing stockholders may experience substantial dilution, and the terms of these issued securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. For example, we may issue debt or equity securities under our shelf registration statement filed with the SEC in August 2023, including in an at-the-market ("ATM") offering under our ATM facility. Any agreements for future debt or preferred equity financings, if available, may involve covenants limiting or restricting our ability to take specific actions, such as raising additional capital, incurring additional debt, making capital expenditures or declaring dividends. In addition, if we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies or future revenue streams. If we incur additional debt, the debt holders, together with holders of our outstanding Convertible Senior Notes, would have rights senior to holders of common stock to make claims on our assets, and the terms of any future debt could restrict our operations, including our ability to pay dividends on our common stock.

Risks Related to Our Convertible Senior Notes

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the Convertible Senior Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, including the Convertible Senior Notes.

The conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Convertible Senior Notes is triggered, holders of the Convertible Senior Notes will be entitled to convert their notes at any time during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Senior Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Certain provisions in the indenture governing the Convertible Senior Notes may delay or prevent an otherwise beneficial takeover attempt of us.

Certain provisions in the indenture governing the Convertible Senior Notes may make it more difficult or expensive for a third party to acquire us. For example, the indenture governing the Convertible Senior Notes will require us to repurchase the Convertible Senior Notes for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Convertible Senior Notes and/

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or increase the conversion rate, which could make it costlier for a potential acquirer to engage in such takeover. Such additional costs associated with these and other provisions of the indenture governing our Convertible Senior Notes may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

Conversion of the Convertible Senior Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of the Convertible Senior Notes may dilute the ownership interests of our stockholders. Upon conversion of the Convertible Senior Notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Senior Notes may encourage short selling by market participants because the conversion of the Convertible Senior Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Senior Notes into shares of our common stock could depress the price of our common stock.

The accounting method for the Convertible Senior Notes could adversely affect our reported financial condition and results.

The accounting method for reflecting the Convertible Senior Notes, including our Affiliate Notes (each as defined in Note 8 "Borrowings" in the notes to our condensed consolidated financial statements in Part I of this Report) on our condensed consolidated balance sheet, accruing interest expense for the Convertible Senior Notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.

In August 2020, the Financial Accounting Standards Board published Accounting Standards Update 2020-06 ("ASU 2020-06"), which simplified certain of the accounting standards that apply to convertible notes. ASU 2020-06 eliminated the cash conversion and beneficial conversion feature modes used to separately account for embedded conversion features as a component of equity. Instead, an entity would account for convertible debt or convertible preferred stock securities as a single unit of account, unless the conversion feature requires bifurcation and recognition as derivatives. Additionally, the guidance requires entities to use the "if-converted" method for all convertible instruments in the diluted earnings per share calculation and to include the effect of potential share settlement for instruments that may be settled in cash or shares. ASU 2020-06 became effective for us beginning on January 1, 2022.

In accordance with ASU 2020-06, we recorded the Convertible Senior Notes as a liability on our condensed consolidated balance sheets, with the initial carrying amount equal to the principal amount of the Convertible Senior Notes, net of issuance costs. The issuance costs are treated as a debt discount for accounting purposes, which are amortized into interest expense over the term of the Convertible Senior Notes. As a result of this amortization, the interest expense that we recognize for the Convertible Senior Notes for accounting purposes is greater than the cash interest payments we will pay on the Convertible Senior Notes, which will result in lower reported income.

In addition, the shares of common stock underlying the Convertible Senior Notes are reflected in our diluted earnings per share using the "if converted" method, if dilutive, in accordance with ASU 2020-06. Under that method, diluted earnings per share are generally calculated assuming that all the Convertible Senior Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. The application of the if-converted method may reduce our reported diluted earnings per share to the extent we are profitable in the future, and accounting standards may change in the future in a manner that may adversely affect our diluted earnings per share.

Furthermore, if any of the conditions to the convertibility of the Convertible Senior Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the Convertible Senior Notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders or holders of Affiliate Notes convert their Convertible Senior Notes or Affiliate Notes, respectively, following the satisfaction of those conditions and could materially reduce our reported working capital.

The capped call transactions may affect the value of the Convertible Senior Notes and our common stock.

In connection with the pricing of the Convertible Senior Notes and the exercise by the initial purchasers of their option to purchase additional Convertible Senior Notes, we entered into capped call transactions (the "Capped Call

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Transactions") with certain of the initial purchasers or affiliates thereof and/or other financial institutions (the "Option Counterparties"). The Capped Call Transactions will cover, subject to customary adjustments, the number of shares of our common stock initially underlying the Convertible Senior Notes. The Capped Call Transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of notes and/or offset any cash payments we are 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.

In connection with establishing their initial hedges of the Capped Call Transactions, the Option Counterparties or their respective affiliates likely entered into various derivative transactions with respect to our common stock and/or purchased shares of our common stock concurrently with or shortly after the pricing of the Convertible Senior Notes, including with, or from, as the case may be, certain investors in the Convertible Senior Notes.

In addition, the Option Counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Convertible Senior Notes (and are likely to do so on each exercise date of the Capped Call Transactions, or, to the extent we exercise the relevant election under the Capped Call Transactions, following any repurchase, redemption, or conversion of the Convertible Senior Notes).

We cannot make any prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Convertible Senior Notes or the shares of our common stock. Any of these activities could adversely affect the value of the Convertible Senior Notes and our common stock.

We are subject to counterparty risk with respect to the Capped Call Transactions.

The Option Counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the Capped Call Transactions. Our exposure to the credit risk of the Option Counterparties will not be secured by any collateral.

If an Option Counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transaction with such Option Counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an Option Counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the Option Counterparties.

Risks Related to Our Intellectual Property

We rely heavily on our intellectual property portfolio. If we are unable to protect our intellectual property rights, our business and competitive position would be harmed.

We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position. We rely upon a combination of the intellectual property protections afforded by patent, copyright, trademark and trade secret laws in the U.S. and other jurisdictions, as well as license agreements and other contractual protections, to establish, maintain and enforce rights in our proprietary technologies. In addition, we seek to protect our intellectual property rights through nondisclosure and invention assignment agreements with our employees and consultants and through non-disclosure agreements with business partners and other third parties. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or be able to design around our intellectual property. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or will take to prevent misappropriation may not be sufficient. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive and could divert management's attention, which could harm our business, results of operations and financial condition. Moreover, our intellectual property is stored on computer systems that could be penetrated by intruders and potentially misappropriated. There is no guarantee that our efforts to protect our computer systems will be effective. In addition, existing intellectual property laws and contractual remedies may afford less protection than needed to safeguard our intellectual property portfolio.

Patent, copyright, trademark and trade secret laws vary significantly throughout the world. A number of foreign countries do not protect intellectual property rights to the same extent as do U.S. laws. Therefore, our intellectual property rights may not be as strong or as easily enforced outside the U.S., and efforts to protect against the unauthorized use of our intellectual property rights, technology and other proprietary rights may be more expensive and difficult.

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outside the U.S. Further, we have not established our intellectual property rights in all countries in the world, and competitors may copy our designs and technology and operate in countries in which we have not prosecuted our intellectual property. Failure to adequately protect our intellectual property rights could result in our competitors using our intellectual property to offer products, and competitors' ability to design around our intellectual property would enable competitors to offer similar or better batteries, in each case potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue, which would adversely affect our business, prospects, financial condition and operating results.

We may need to defend ourselves against intellectual property infringement claims, which may be time-consuming and could cause us to incur substantial costs.

Companies, organizations or individuals, including our current and future competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop or sell our products, which could make it more difficult for us to operate our business. From time to time, we may receive inquiries from holders of patents or trademarks inquiring whether we are infringing their proprietary rights and/or seek court declarations that they do not infringe upon our intellectual property rights. Companies holding patents or other intellectual property rights relating to batteries, electric motors or electronic power management systems may bring suits alleging infringement of such rights or otherwise asserting their rights and seeking licenses. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling, incorporating or using products that incorporate the challenged intellectual property;
- pay substantial damages;
- obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all; or
- redesign our batteries.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs and diversion of resources and management's attention.

We also license patents and other intellectual property from third parties, and we may face claims that our use of this intellectual property infringes the rights of others. In such cases, we may seek indemnification from our licensors under our license contracts with them. However, our rights to indemnification may be unavailable or insufficient to cover our costs and losses, depending on our use of the technology, whether we choose to retain control over conduct of the litigation and other factors.

Our patent applications may not result in issued patents or our patent rights may be contested, circumvented, invalidated or limited in scope, any of which could have a material adverse effect on our ability to prevent others from interfering with our commercialization of our products.

Our patent applications may not result in issued patents, which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours. The status of patents involves complex legal and factual questions and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued or that our patents and any patents that may be issued to us will afford protection against competitors with similar technology. Numerous patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. In addition to those who may claim priority, any of our existing or pending patents may also be challenged by others on the basis that they are otherwise invalid or unenforceable. Furthermore, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those in the U.S., and thus we cannot be certain that foreign patent applications related to issued U.S. patents will be issued.

Even if our patent applications succeed and we are issued patents in accordance with them, it is still uncertain whether these patents will be contested, circumvented, invalidated or limited in scope in the future. The rights granted under any issued patents may not provide us with meaningful protection or competitive advantages, and some foreign countries provide significantly less effective patent enforcement than in the U.S. In addition, the claims under any

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patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. The intellectual property rights of others could also bar us from licensing and exploiting any patents that issue from our pending applications. In addition, patents issued to us may be infringed upon or designed around by others, and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, prospects, financial condition and operating results.

Risks Related to Our Regulatory Compliance

We may encounter regulatory approval difficulties which could delay our ability to launch our lithium-ion battery cells, and compliance with regulatory laws may limit their usefulness.

Any delay in the development and manufacturing scale-up of our lithium-ion battery cells would negatively impact our business as it will delay time to revenue and negatively impact our customer relationships. For example, although we plan to successfully pass all required regulatory abuse testing, because our design is new and has very high energy density, there may be unanticipated failure modes that occur in the field which could delay or prevent us from launching our batteries. Further, there are current limits on the amount of energy that can be transported using different delivery methods, particularly air travel. These limits on battery transportation have historically been based on the energy of batteries currently on the market. If battery transportation regulations remain static or the energy capacity of new batteries is deemed unsafe at certain levels, our transportation options may be limited, which could increase the costs and duration of shipping of our finished product and reduce customer use of our batteries in certain locations. This could increase our inventory costs and limit sales of our batteries in some markets.

We are subject to substantial regulation, and unfavorable changes to, or our failure to comply with, these regulations could substantially harm our business and operating results.

Our batteries are subject to substantial regulation under international, federal, state and local laws, including export control laws. We expect to incur significant costs in complying with these regulations. Regulations related to the battery and alternative energy are currently evolving, and we face risks associated with changes to these regulations.

To the extent the laws change, our products may not comply with applicable international, federal, state or local laws, which would have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition and operating results would be adversely affected.

Internationally, there may be laws in jurisdictions we have not yet entered or laws we are unaware of in jurisdictions we have entered that may restrict our sales or other business practices. The laws in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles that may interfere with our ability to commercialize our products could have a negative and material impact on our business, prospects, financial condition and results of operations.

We are subject to a variety of laws and regulations related to the safety and transportation of our batteries. Our failure to comply with these laws and regulations may have a material adverse effect on our business and results of operations.

Many federal, state and local authorities require certification by Underwriters Laboratory, Inc., an independent, not-for-profit corporation engaged in the testing of products for compliance with certain public safety standards, or other safety regulation certification prior to marketing battery cells. Foreign jurisdictions also have regulatory authorities overseeing the safety of consumer products. Our products may not meet the specifications required by these authorities. A determination that any of our products are not in compliance with these rules and regulations could result in the imposition of fines or an award of damages to private litigants.

In addition, lithium batteries have been identified as a Class 9 dangerous good during transport. To be safely transported (by air, sea, rail or roadways), they must meet various international, national, state and local authorities, including, for example, the provisions laid out in United Nations standard UN 38.3. This standard applies to batteries transported either on their own or installed in a device. UN 38.3 has been adopted by regulators and competent authorities around the world, thus making it a requirement for global market access. Any failure to fully comply with such international or other transportation safety standards could subject us to increased costs or future liabilities.

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We are subject to requirements relating to environmental and safety regulations and environmental remediation matters which could adversely affect our business, results of operations and reputation.

We are subject to numerous federal, state and local environmental laws and regulations governing, among other things, solid and hazardous waste storage, treatment and disposal and remediation of releases of hazardous materials. There are significant capital, operating and other costs associated with compliance with these environmental laws and regulations. Environmental laws and regulations may become more stringent in the future, which could increase costs of compliance or require us to manufacture with alternative technologies and materials.

Federal, state and local authorities also regulate a variety of matters, including, but not limited to, health, safety and permitting in addition to the environmental matters discussed above. New legislation and regulations may require us to make material changes to our operations, resulting in significant increases to the cost of production.

Our manufacturing process will have hazards such as, but not limited to, hazardous materials, machines with moving parts and high voltage and/or high current electrical systems typical of large manufacturing equipment and related safety incidents. There may be safety incidents that damage machinery or product, slow or stop production or harm employees. Consequences may include litigation, regulation, fines, increased insurance premiums, mandates to temporarily halt production, workers' compensation claims or other actions that impact the company brand, finances or ability to operate.

A failure to properly comply (or to comply properly) with foreign trade zone laws and regulations could increase the cost of our duties and tariffs.

Our initial manufacturing facility in Fremont, California has been established as a foreign trade zone through qualification with U.S. Customs. Materials received in a foreign trade zone are not subject to certain U.S. duties or tariffs until the material enters U.S. commerce. We benefit from the adoption of foreign trade zones by reduced duties, deferral of certain duties and tariffs and reduced processing fees, which help us realize a reduction in duty and tariff costs. However, the operation of our foreign trade zone requires compliance with applicable regulations and continued support of U.S. Customs with respect to the foreign trade zone program. If we are unable to maintain the qualification of our foreign trade zones, or if foreign trade zones are limited or unavailable to us in the future, our duty and tariff costs would increase, which could have an adverse effect on our business and results of operations.

Risks Related to Ownership of Our Securities

The trading price of our common stock may be volatile, and the value of our common stock may decline.

Historically, our stock price has been volatile and the trading price of our securities could continue to be volatile. The trading price of our common stock is subject to wide fluctuations in response to various factors, many of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in our securities and our securities may trade at prices significantly below the price you paid. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of our securities:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market's expectations about our operating results;
- market perception and speculation regarding announcements of new product or customer agreements;
- success of competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning us or the market in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to develop product candidates;
- changes in laws and regulations affecting our business;

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- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our securities available for public sale;
- any major change in our board of directors or management;
- sales of securities convertible into shares of our capital stock by us;
- sales of substantial amounts of common stock by our directors, executive officers or significant stockholders or the perception that such sales could occur; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations and acts of war or other armed conflict or terrorism.

Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general and the Nasdaq Global Select Market in particular have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, are not predictable. A loss of investor confidence in the market for battery company stocks or the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

Furthermore, short sellers may engage in manipulative activity intended to drive down the market price of target company stock. We have in the past been the subject of a short seller report containing certain allegations against us. While we reviewed the allegations in such report and believe them to be unsubstantiated, we may in the future become subject to additional unfavorable reports, which may cause us to expend a significant number of resources to investigate such allegations and may lead to increased volatility in the price of our common stock.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our securities adversely, the price and trading volume of our securities could decline.

The trading market for our securities is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. If any of the analysts who currently cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst who currently covers us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline. If we obtain additional coverage and any new analyst issues an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our operating results fail to meet the expectations of analysts, our stock price could decline.

The future sales of shares by existing stockholders may adversely affect the market price of our common stock.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline. We have a total of 177,977,204 shares of common stock outstanding as of October 28, 2024. All of our outstanding shares are eligible for sale in the public market, other than shares and options held by directors, executive officers, and other affiliates that are subject to volume limitations under Rule 144 of the Securities Act, various vesting agreements, and restrictive legends that limit sales other than under an effective registration statement. Additionally, the shares of common stock subject to outstanding options and restricted stock unit awards under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market upon issuance, subject to the applicable provisions of our insider trading policy.

Private Placement Warrants are exercisable for our common stock, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

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In connection with the initial public offering of our predecessor entity, Rodgers Silicon Valley Acquisition Corp. ("RSVAC"), RSVAC issued and sold 6,000,000 private placement warrants (the "Private Placement Warrants") to Rodgers Capital, LLC, which entity subsequently distributed the Private Placement Warrants to its Series B Unit holders. Each Private Placement Warrant is exercisable for one share of common stock at an exercise price of \$11.50 per share. There are 5,500,000 Private Placement Warrants outstanding following the exercise of warrants by one warrant holder in July 2024.

To the extent Private Placement Warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to our existing common stockholders, and increase the number of our shares eligible for resale in the public market.

Sales of a substantial number of these shares in the public market, or the perception of such sales, could adversely affect the market price of our common stock. The Private Placement Warrants expire on July 14, 2026, or earlier upon redemption or liquidation, as more fully described in the Warrant Agreement, dated July 31, 2021, filed as an exhibit to our Annual Report on Form 10-K.

An active trading market for our securities may not continue, which would adversely affect the liquidity and price of our securities.

The price of our securities may fluctuate significantly due to general market and economic conditions and an active trading market for our securities may not be sustained. In addition, the price of our securities can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. If our securities are not listed on, or for any reason become delisted from, the Nasdaq Global Select Market and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities will be adversely affected. You may be unable to sell your securities if an active trading market for our securities cannot be sustained and/or the securities are no longer listed on the Nasdaq Global Select Market or other national securities exchange.

There can be no assurance that we will be able to comply with the continued listing standards of the Nasdaq Global Select Market.

If the Nasdaq Global Select Market delists our securities from trading on its exchange for failure to meet the listing standards, we and our stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- a determination that our common stock is a "penny stock" which will require brokers trading in our common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;
- a limited amount of analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and U.S. federal district courts will be the exclusive forums for certain disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders;

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- any action asserting a claim against us by any of our current or former directors, officers or other employees to us or our stockholders arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws;
- any action or proceeding to interpret, apply, enforce or determine the validity of the amended and restated certificate of incorporation or the amended or restated bylaws (including any right, obligation or remedy thereunder);
- any action or proceeding as to which the General Corporation Law of the State of Delaware confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us or any of our current or former directors, officers or other employees that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court's having personal jurisdiction over the indispensable parties named as defendants.

This exclusive-forum provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, or the Securities Act. In addition, to prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such claims. As noted above, our amended and restated certificate of incorporation provides that U.S. federal district courts will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. Due to the concurrent jurisdiction for federal and state courts created by Section 22 of the Securities Act over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, there is uncertainty as to whether a court would enforce the exclusive forum provision. Our amended and restated certificate of incorporation further provides that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. Investors also cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us or our directors, officers or other employees in a venue other than in U.S. federal district courts. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and we cannot assure you that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could harm our business.

General Risk Factors

We have been, and may in the future be, involved in legal proceedings and commercial or contractual disputes, which could have an adverse impact on our profitability and consolidated financial position.

We may be involved in legal proceedings and commercial or contractual disputes that, from time to time, are significant. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes, including warranty claims and other disputes with potential customers and suppliers, intellectual property matters, personal injury claims, environmental issues, tax matters and employment matters. For example, on January 21, 2022, two former machine operator employees filed a putative wage and hour class action lawsuit against Enovix and co-defendant Legendary Staffing, Inc. in the Superior Court of California, County of Alameda. The case is captioned *Sopheak Prak & Ricardo Pimentel v Enovix Corporation and Legendary Staffing, Inc.*, 22CV005846. The Prak complaint alleges, among other things, on a putative class-wide basis, that the defendants failed to pay all overtime wages and committed meal period, rest period and wage statement violations under the California

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Labor Code and applicable Wage Orders. In September 2022, we began the mediation process and the court approved a settlement in this matter in June 2024.

It is difficult to predict the outcome, duration or ultimate financial exposure, if any, represented by these matters, and there can be no assurance that any such exposure will not be material. Such contractual disputes and claims may also divert management's attention away from our business operations and negatively affect our reputation.

Global conflicts could adversely impact our business, costs, supply chain, sales, financial condition or results of operations.

Recent global conflicts, such as the Russia's invasion of Ukraine, the Israel-Hamas war, and the war in Yemen, have led the U.S. and certain other countries to impose significant sanctions and trade actions or have slowed down shipping options, and the U.S. and certain other countries could impose further sanctions, trade restrictions and other retaliatory actions, and affect shipment of products. It is not possible to predict the broader consequences of the conflicts, including related geopolitical tensions, and the measures and retaliatory actions taken by the U.S. and other countries in respect thereof, as well as any counter measures or retaliatory actions taken in response, have caused and are likely to continue to cause regional instability and geopolitical shifts. Further, such conflicts have in the past, and will likely continue to, materially adversely affected global trade, currency exchange rates, regional economies and the global economy. While it is difficult to anticipate the impact of any of the foregoing on the Company, such conflicts, and any similar future conflicts, including as a result of rising tensions between China and Taiwan, and actions taken in response to the conflict, could increase our costs, disrupt our supply chain, reduce our sales and earnings, impair our ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect our business, financial condition and results of operations.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

Highly publicized incidents of laptop computers and cell phones bursting into flames have focused attention on the safety of lithium-ion batteries. If one of our products were to cause personal injury or property damage, including as a result of product malfunctions, defects or improper installation leading to a fire or other hazardous condition, we may become subject to product liability claims, even those without merit, which could harm our business, prospects, operating results and financial condition. We face inherent risk of exposure to claims in the event our batteries do not perform as expected or malfunction resulting in personal injury or death. Our risks in this area are particularly pronounced given our batteries have a limited history of commercial testing and mass production. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our batteries and business and inhibit or prevent commercialization of other future battery product candidates, which would have material adverse effect on our brand, business, prospects and operating results. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages either in excess of our coverage, or outside of our coverage, may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we do face liability for our products and are forced to make a claim under our policy.

If our batteries, our website, systems or data we maintain are or were compromised we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, and sensitive third-party data. cyberattacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our sensitive information and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities.

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During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services.

We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, attacks facilitated or enhanced by artificial intelligence, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. In particular, severe ransomware attacks are becoming increasingly prevalent – particularly for companies like ours that are engaged in manufacturing – and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate any acquired companies into our information technology environment and security program.

We rely on third-party service providers and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, and other functions. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. For example, the CrowdStrike-Microsoft outage in July 2024 caused temporary disruptions to our systems and servers at our U.S., Malaysia and India locations. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, or we may be entitled to reimbursement under our insurance policies, any award may be insufficient to cover our damages, or we may be unable to recover such award.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our products. We may expend significant resources or modify our business activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive information.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties upon which we rely), but we may not be able to detect and remediate all vulnerabilities on a timely basis because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. These vulnerabilities pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. For example, new SEC rules require disclosure on Form 8-K of the nature, scope and timing of any material cybersecurity incident and the reasonably likely impact of such incident. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to

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adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may cause customers to stop using our products, deter new customers from using our products, and negatively impact our ability to grow and operate our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

Additionally, sensitive information of the Company or our customers could be leaked, disclosed, or revealed as a result of or in connection with the use by our employees, personnel, or vendors of generative artificial intelligence ("AI") technologies.

We are subject to stringent and evolving U.S. and foreign laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, and sensitive third-party data. Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the U.S., federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws such as Section 5 of the Federal Trade Commission Act, and other similar laws such as wiretapping laws. In the past few years, numerous U.S. states—including California, Virginia, Colorado, Connecticut, and Utah—have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 ("CPRA") (collectively, "CCPA") applies to personal data of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Similar laws are being considered in several other states, as well as at the federal and local levels, and we expect more states to pass similar laws in the future. These developments further complicate compliance efforts and increase legal risk and compliance costs for us and the third parties upon whom we rely. We may be subject to new laws governing the privacy of consumer health data. For example, Washington's My Health My Data Act broadly defines consumer health data, places restrictions on processing consumer health data (including imposing stringent requirements for consents), provides consumers certain rights with respect to their health data, and creates a private right of action to allow individuals to sue for violations of the law. Other states are considering and may adopt similar laws. Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our data processing practices may be challenged under wiretapping laws, if we obtain consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. These practices may be subject to increased challenges by class action plaintiffs. Our inability or

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failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Outside the U.S., an increasing number of laws, regulations, and industry standards may govern data privacy and security, for example, the European Union's General Data Protection Regulation ("EU GDPR") and the United Kingdom's GDPR ("UK GDPR"). Under the GDPR, companies may face temporary or definitive bans on data processing and other corrective actions; fines of up to 20 million Euros the EU GDPR, 17.5 million pounds sterling under the UK GDPR, or, in each case, 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. We also target process data in Asia and may be or become subject to new and emerging data privacy regimes in Asia, including India's new privacy legislation, the Digital Personal Data Protection Act.

Our employees and personnel use generative AI and machine learning ("ML") technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages. We use AI/ML to assist us in making certain decisions, which is regulated by certain privacy laws. Due to inaccuracies or flaws in the inputs, outputs, or logic of the AI/ML, the model could be biased and could lead us to make decisions that could bias certain individuals, or classes of individuals, and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits.

In the ordinary course of business, we may transfer personal data from Europe and other jurisdictions to the U.S. or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area ("EEA") and the United Kingdom ("UK") have significantly restricted the transfer of personal data to the U.S. and other countries whose privacy laws it believes are inadequate. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the U.S. in compliance with law, such as the EEA standard contractual clauses, , the UK's International Data Transfer Agreement/Addendum, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the U.S. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the U.S., or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the U.S., are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR's cross-border data transfer limitations.

We are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. We publish privacy policies, marketing materials and other statements regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on whom we rely may fail to comply with such obligations, which could negatively impact our business operations. If we or the third

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parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions, including investigations, fines, penalties, audits, and inspections); litigation such as class-action claims; additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including, but not limited to, loss of customers; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

Our facilities or operations could be damaged or adversely affected as a result of natural disasters and other catastrophic events.

Our facilities or operations could be adversely affected by events outside of our control, such as natural disasters, wars or other armed conflicts, health epidemics, pandemics and other outbreaks, the long-term effects of climate change and other calamities. Our headquarters and initial manufacturing facilities are located in Fremont, California, which is prone to earthquakes. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, financial condition and results of operations.

Global economic conditions have impacted, and will likely continue to impact, businesses around the world, including ours. Inflation and other macroeconomic pressures in the U.S. and global economy such as rising interest rates and recession fears are creating a complex and challenging environment for us and our customers.

The U.S. and certain foreign governments have taken actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If the actions taken by these governments are not successful, the return of adverse economic conditions may negatively impact the demand for our lithium-ion battery cells and may negatively impact our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

Our ability to utilize our net operating losses and certain other tax attributes to offset future taxable income and taxes may be subject to certain limitations.

Under the Internal Revenue Code of 1986, as amended, (the "Code"), a corporation is generally allowed a deduction for net operating losses ("NOLs") carried over from a prior taxable year. Under the Code, we can carryforward our NOLs to offset our future taxable income, if any, until such NOLs are used or expire. The same is true of other unused tax attributes, such as tax credits. Under current U.S. federal income tax law, U.S. federal NOLs generated in taxable years beginning after December 31, 2017, may be carried forward indefinitely, but the deductibility of such U.S. federal NOLs is limited to 80 percent of taxable income. It is uncertain if and to what extent various states will conform to current U.S. federal income tax law, and there may be periods during which states suspend or otherwise limit the use of NOLs for state income tax purposes.

In addition, under Sections 382 and 383 of the Code and corresponding provisions under state law, a corporation that undergoes an "ownership change" is subject to limitations on its ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset future taxable income and taxes. The limitations apply if a corporation undergoes an "ownership change," which is generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period. We have experienced ownership changes and are subject to limitations on our ability to utilize a portion of our NOLs and other tax attributes to offset taxable income or tax liability. In addition, future changes in our stock ownership, which may be outside of our control, may trigger additional ownership changes and further limitations. Similar provisions of state tax law may also apply to suspend or otherwise limit our use of accumulated state tax attributes. As a result, even if we earn net taxable income in the future, our ability

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to use our or Legacy Enovix's NOL carryforwards and other tax attributes to offset such taxable income or tax liability may be subject to limitations, which could potentially result in increased future income tax liability to us.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, the legislation enacted in Tax Cuts and Jobs Act of 2017, the Coronavirus Aid, Relief, and Economic Security Act of 2020 and the Inflation Reduction Act of 2022 enacted many significant changes to U.S. tax laws. Further guidance from the Internal Revenue Service and other tax authorities with respect to such legislation may affect us, and certain aspects of such legislation could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to federal tax laws. Future tax reform legislation could have a material impact on the value of our deferred tax assets and could increase our future U.S. tax expense.

In addition, effective January 1, 2022, the Tax Cuts and Jobs Act of 2017 requires taxpayers to capitalize and subsequently amortize research and development expenses over five years for research activities conducted in the U.S. and over 15 years for research activities conducted outside the U.S. Unless the U.S. Department of the Treasury issues regulations that narrow the application of this provision to a smaller subset of our research and development expenses or the provision is deferred, modified, or repealed by Congress, it could harm our future operating results by effectively increasing our future tax obligations. The actual impact of this provision will depend on multiple factors, including the amount of research and development expenses we will incur, whether we achieve sufficient income to fully utilize such deductions and whether we conduct our research and development activities inside or outside the U.S.

In 2021, the Organization for Economic Cooperation and Development announced an Inclusive Framework on Base Erosion and Profit Shifting including Pillar Two Model Rules defining the global minimum tax, which calls for the taxation of large multinational corporations at a minimum rate of 15%. Subsequently multiple sets of administrative guidance have been issued. Many non-US tax jurisdictions have either recently enacted legislation to adopt certain components of the Pillar Two Model Rules beginning in 2024 (including the European Union Member States) with the adoption of additional components in later years or announced their plans to enact legislation in future years. We are continuing to evaluate the impacts of enacted legislation and pending legislation to enact Pillar Two Model Rules in the non-US tax jurisdictions in which we operate.

We are subject to anti-corruption, anti-bribery, anti-money laundering, import and export controls, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, import and export controls, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct or in the future may conduct activities, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act 2010 and other anti-corruption laws and regulations. The FCPA and the U.K. Bribery Act 2010 prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from directly or indirectly corruptly offering, promising, authorizing or providing anything of value to foreign government officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. The U.K. Bribery Act also prohibits non-governmental "commercial" bribery and soliciting or accepting bribes. A violation of anti-corruption laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible.

We are also subject to import and export control laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, and similar laws in other jurisdictions in which we conduct business. Exports of our products must be made in compliance with these laws and regulations. In addition, these laws

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may restrict or prohibit altogether the provision or supply of certain of our products to certain governments, persons, entities, countries, and territories, including those that are the target of comprehensive sanctions, unless there are license exceptions that apply or specific licenses are obtained. Any changes in import, export control, or sanctions laws and regulations, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons, or technologies targeted by such laws and regulations, could result in decreased ability to export our products internationally.

Significant increases in import and excise duties or other taxes on, as well as any tariffs, particularly on our products to China, could materially increase our costs of our products and have an adverse effect on our business, liquidity, financial condition, and/or results of operations.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering, import and export control, or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

Our insurance coverage may not be adequate to protect us from all business risks.

We may be subject, in the ordinary course of business, to losses resulting from products liability, accidents, acts of God and other claims against us, for which we may have no insurance coverage. As a general matter, the policies that we do have may include significant deductibles or self-insured retentions, and we cannot be certain that our insurance coverage will be sufficient to cover all future losses or claims against us. A loss that is uninsured or which exceeds policy limits may require us to pay substantial amounts, which could adversely affect our financial condition and operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

The following table provides information about purchases we made during the quarter ended September 29, 2024 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act (in thousands, except per share data):

Fiscal periods	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
July 1 - July 28, 2024	27,506	\$ 0.06	—	—
July 29 - August 25, 2024	14,799	0.06	—	—
August 26 - September 29, 2024	1,443	0.06	—	—
Total	43,748	\$ 0.06	—	—

(1) We repurchased 43,748 shares from former employees for the early exercised stock options, which were unvested on the termination date, at the exercise price.

(2) We did not have a repurchase program in place.

Item 3. Defaults Upon Senior Securities

None.

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Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Amendment to Manufacturing Agreement

On October 29, 2024, we entered into an amendment (the "Amendment") to the manufacturing agreement with YBS International Berhad ("YBS") dated July 23, 2023 (the "Agreement"). The Agreement provides that YBS shall manufacture products specified in purchase orders and under our direction and supervision. The Amendment modifies certain payment terms and responsibilities of the parties, effective as of September 1, 2024. Pursuant to the Amendment, we are responsible for the \$100 million initial investment for the Gen2 Line 1 equipment and facilities costs, YBS is responsible for obtaining and managing its working capital requirements needed to provide manufacturing services under the Agreement, the markup fee percentage is reduced, and monthly invoices under a certain threshold are subject to adjustment. The Agreement's initial ten-year term has eight years and nine months remaining as of October 2024, after which the Agreement will automatically renew for one successive five-year period unless earlier terminated. Each party has normal and customary termination rights, including for material breach, upon mutual agreement or upon change in business circumstances.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment attached as Exhibit 10.1 to this Quarterly Report on Form 10-Q.

Insider Trading Arrangements

During the quarter ended September 29, 2024, no directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as defined in Item 408(a) of Regulation S-K, other than as follows:

On August 30, 2024, Dr. Raj Talluri, Chief Executive Officer and a member of our board of directors, terminated a Rule 10b5-1 trading arrangement that had been adopted on June 12, 2024, and was intended to satisfy the affirmative defense in Rule 10b5-1(c). The trading arrangement had provided for the sale of an aggregate of up to 639,624 shares of our common stock until January 15, 2025, or earlier if all transactions under the trading arrangement had been completed. No shares were sold under the trading arrangement.

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Item 6. Exhibits.

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are incorporated by reference or are filed or furnished with this Quarterly Report on Form 10-Q, in each case as indicated therein:

Exhibit Number	Description	Incorporated by Reference				
		Schedule/Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation	8-K	001-39753	3.1	July 19, 2021	
3.2	Amended and Restated Bylaws	8-K	001-39753	3.2	July 19, 2021	
4.1	Indenture, dated as of April 20, 2023, by and between Enovix Corporation and U.S. Bank Trust Company, National Association, as Trustee	8-K	001-39753	4.1	April 21, 2023	
4.2	Form of Global Note, representing Enovix Corporation's 3.00% Convertible Senior Notes due 2028 (included as Exhibit A to the Indenture filed as Exhibit 4.1)	8-K	001-39753	4.2	April 21, 2023	
10.1†	Amendment No.2 to Manufacturing Agreement dated October 29, 2024, by and between Enovix Corporation and YBS International Berhad					X
31.1	Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
32.2*	Certification of Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X

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101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)	

† The Company has omitted portions of the referenced exhibit pursuant to Item 601(b) of Regulation S-K because it is (a) not material and (b) the type of information that the Registrant both customarily and actually treats as private and confidential.

* The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and are not filed with the SEC for purposes of the Exchange Act nor shall they be deemed incorporated by reference into any filing of Enovix Corporation under the Exchange Act or the Securities Act whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 30, 2024

Enovix Corporation

By: /s/ Raj Talluri
Dr. Raj Talluri
President and Chief Executive Officer
(*Principal Executive Officer*)

By: /s/ Farhan Ahmad
Farhan Ahmad
Chief Financial Officer
(*Principal Financial Officer and Principal Accounting Officer*)

Certain identified information marked by [*****] has been excluded from this exhibit because it is both (i) not material and (ii) the type of information that the Registrant both customarily and actually treats as private and confidential

AMENDMENT NO. 2 TO MANUFACTURING AGREEMENT

This Amendment No. 2 to Manufacturing Agreement ("Amendment No. 2") is made and entered into as of the last date of signature, by and between Enovix Corporation, a Delaware corporation, 3501 W. Warren Avenue, Fremont, California 94538, U.S.A including its subsidiary in Malaysia, Enovix Malaysia Sdn. Bhd. (collectively "Enovix") and YBS International Berhad, a Malaysian corporation, with a place of business at No 978 (also known as PT830), Lorong Perindustrian Bukit Minyak 20, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang ("YBS"). As used herein, each of Enovix and YBS is individually referred to as "party" and collectively as "parties" in this Amendment No. 2.

RECITALS

- A. WHEREAS, the parties entered into the Manufacturing Agreement dated July 27 2023 (MSA"), whereupon subject to the terms and conditions of the MSA and exhibits thereto, YBS shall manufacture and produce the quantity of products specified by Enovix pursuant to purchase orders established by Enovix and shall do so under the direction and supervision of Enovix.
- B. WHEREAS, the parties entered into Amendment No. 1 to Manufacturing Agreement dated December 18 2023 ("Amendment No. 1"), to further clarify the parties' responsibilities with respect to the financing arrangements under the MSA.
- C. WHEREAS, the parties wish to further amend the MSA terms for assignment, obligation of purchase of Gen2 Line 1 and payment terms for the Markup Fee (defined herein) and related matters.
- D. WHEREAS, the terms used in this Amendment No. 2 shall have the same meanings as defined in the MSA unless expressly stated otherwise in this Amendment No. 2.
- E. NOW, THEREFORE, in consideration of the mutual covenants and representations set forth herein, Enovix and YBS agree as follows:

1. EFFECTIVE DATE

This Amendment No. 2 shall be effective as of September 1 2024.

2. ASSIGNMENT

Section 16.3 of MSA is hereby amended and restated in its entirety as follows:

"Both parties shall not assign or transfer, in whole or in part, this Amendment No. 2 or any of its rights or obligations arising hereunder ("Assignment of Rights") without the prior written consent of the other party save for the Assignment of Rights of YBS to any of its subsidiaries ("YBS Assignment"). Save for the YBS Assignment, any purported assignment without such consent shall be null and void. No change of control or sale of partially or substantially all of the assets of one party to a competitor of the other party is permitted without the prior written consent of the other. In the event of any such assignment by any party to this Amendment No. 2 without prior written consent of the other party, save for the YBS Assignment, the other party shall have the right to terminate this Amendment No. 2."

3. EXHIBITS A, B, AND C AND AMENDMENT NO. 1

Exhibit A of MSA is hereby deleted and amended and restated in its entirety by Exhibit I, attached hereto.

Exhibits B and C of MSA and Amendment No. 1 are hereby deleted in their entirety.

4. YBS OBLIGATIONS

Section 2.5 of MSA is hereby amended and restated in its entirety as follows:

"(a) As requested by Enovix from time to time, YBS shall purchase the tooling and fixtures for supply of Products to Enovix ("Tooling and Fixtures"). YBS shall provide or acquire all Materials from pre-approved vendors to meet Forecast at the pricing set by Enovix. YBS is responsible for maintaining all Tooling and Fixtures and Materials in good working condition for proper manufacturing of Products. Enovix will provide engineering support for manufacturing process of the Products. YBS shall ensure continuous availability of the Tooling and Fixtures and Materials."

5. Definition of Manufacturing Equipment

All references to "Manufacturing Equipment" in the MSA are hereby deleted in their entirety and replaced with "Tooling and Fixtures".

6. PAYMENT

Section 7.1 of MSA is hereby deleted and amended and restated in its entirety as follows:

"(a) The markup fee to be paid to YBS by Enovix for the services provided under this Amendment No. 2 (the **Markup Fee**) is [*****] marked up on the direct and indirect materials, direct labor, utilities and repair and maintenance directly related to manufacturing services performed by YBS for Enovix for the existing and future lines contemplated by Enovix.

YBS shall have the right to charge Enovix for other incidental costs reasonably incurred for its production, shipping, transportation and operation. Such costs may include, but are not limited to, non-facility rental expenses (related to the foregoing incidental costs specified), administration fees, distribution charges, insurance premiums, and other costs that are deemed reasonably necessary for the best interest of Enovix. Notwithstanding the foregoing, the determination of these additional incidental costs shall be subject to prior approval by Enovix in writing and which should not be unduly withheld. Any charges related to these costs shall be passed through to Enovix on a strictly pass-through basis without any markup. In the event of termination or retrenchment of workers directly related to manufacturing services for Enovix requested by Enovix, Enovix undertakes to reimburse YBS on all termination or retrenchment costs and expenses incurred inclusive but not limited to any legal costs or any applicable penalty ("Costs") and to pay YBS the estimated Costs prior to the said termination or retrenchment, provided that YBS uses good faith efforts to minimize Costs to the extent possible.

(b) Enovix shall be fully responsible for the initial investment of one hundred million (USD\$100,000,000) United States Dollars for the equipment for the Gen2 Line 1 and facilitization costs and all subsequent production Lines. YBS shall be fully responsible for obtaining and maintaining working capital requirements to sustain compliance with the terms of this Amendment No. 2, including, without limitation, for purchase of materials to fulfill Enovix purchase requirements.

(c) Both parties agree that the following shortfall (if any) of the Markup Fee shall be payable by Enovix to YBS, based on the monthly Markup Fees invoiced by YBS:

Monthly Markup Fees invoiced by YBS USD (\$)	Shortfall of monthly Markup Fees to be paid by Enovix to YBS - all USD (\$)			
	September 1 2024 to June 30 2025	July 1 2025 onwards	Upon installation of Line 2	Upon installation of Line 3
[*****]	[*****]	[*****]	[*****]	[*****]
[*****] to [*****]	[*****]	[*****]	[*****]	[*****]
[*****] to [*****]	[*****]	[*****]	[*****]	[*****]
[*****] to [*****]	Nil	Nil	[*****]	[*****]
[*****] onwards	Nil	Nil	Nil	Nil

Both parties agree that the monthly invoice amounts shall be converted to USD for purposes of the monthly shortfall payment determination. Such conversion shall be calculated using the USD/MYR exchange rate based on the London 4 p.m. Fix Rate ("FX rate") (as published by Bloomberg), averaged over the prior calendar month, meaning the arithmetic mean of the daily London FX rate during the immediately preceding calendar month. For example, if the average daily London FX rate is 4.5 MYR to 1 USD for September, that exchange rate will apply to the monthly invoices for September.

For clarity, in the event the monthly payment from Enovix to YBS is more than [*****] for one Line, no shortfall payments are required.

The shortfall calculation shall be based on the current month's invoice of Markup Fees (not the month prior). For instance, the shortfall billing for September 2024 shall be calculated based on the invoiced Markup Fees for September 2024. All shortfall payments shall be exclusive of any direct or indirect taxes prevailing at the time, which shall be the responsibility of Enovix.

On September 1 2025, and for every year thereafter during the term of this Amendment No. 2, shortfall payments paid by Enovix to YBS in each of the previous twelve (12) months will be adjusted, as applicable, based on the shortfall that would have been due based on the average monthly invoice amount in that time period. Such shortfall adjustments shall be reflected in the subsequent monthly invoice as a debit or credit to Enovix.

Both parties agree that the payment term of the invoice is [*****] calendar days, provided that the invoice is valid and not disputed. A late payment interest of [*****] percent ([*****]%) per annum shall be imposed on any outstanding payment starting from the day after two (2) reminders with [*****] calendar days each given have been sent to Enovix, until the full settlement of such invoice is received by YBS, provided however, that in the case of a disputed invoice, which the parties agree to work cooperatively in good faith to resolve, the [*****]-day payment term will reset at such time as Enovix receives a valid and undisputed invoice."

7. Definition of Manufacturing Fee

All instances of "Manufacturing Fee" in the MSA are hereby deleted in their entirety and replaced with "Markup Fee" including the definition of "Order" in Section 1.8, Section 7.3(a) Payment and Section 9.2 Treatment of Certain Losses.

8. YBS REPRESENTATIONS AND WARRANTIES

Section 10.1(iv) of MSA is hereby amended and restated in its entirety as follows:

“(iv) it will perform its services hereunder in accordance with industry standards and the Enovix Code of Business Conduct for Suppliers;”

The Enovix Code of Business Conduct for Suppliers is attached hereto as Exhibit II.

9. OFFER TO PURCHASE

During the term of this Amendment No. 2, Enovix may issue a letter of intent to purchase the factory building located at No 978 (also known as PT830), Lorong Perindustrian Bukit Minyak 20, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang at the then prevailing market rate, less any leasehold improvement costs made by Enovix on the said factory building with the prior written consent from YBS during the term of this Amendment No. 2, subject to the acceptance and approvals of the Penang Development Corporation, board of directors and shareholders of YBS, the relevant authorities, and bankers, and other terms and conditions to be mutually agreed by both parties.

10. NEGOTIATION WITH SUPPLIERS

Enovix agrees to assist YBS in identifying, negotiating, and securing the supply of materials necessary for the production of the Products. This assistance may include, but is not limited to, facilitating introductions, participating in discussions with suppliers, and leveraging Enovix's existing relationships with suppliers to obtain favorable terms.

11. EFFECT OF AMENDMENT

Except as expressly modified herein, all other terms and conditions of the MSA shall remain in full force and effect.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties have caused this Amendment No. 2 to be executed by their duly authorized representatives as of the last date of signature.

ENOVIX CORPORATION

By: /s/ Ajay Marathe

Name: Ajay Marathe

Title: Chief Operating Officer

Date: __

w/ copy to: [*****]

YBS INTERNATIONAL BERHAD

By: /s/ Jackie Yong

Name: Jackie Yong

Title: Managing Director and CEO

Date: __

Email Address: [*****]

Exhibit I

[*****]

Exhibit II

[*****]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Raj Talluri, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enovix Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

By: /s/ Raj Talluri

Raj Talluri

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Farhan Ahmad, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Enovix Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2024

By: /s/ Farhan Ahmad

Farhan Ahmad

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Enovix Corporation (the “Company”) on Form 10-Q for the quarterly period ended September 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Raj Talluri, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report, to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2024

/s/ Raj Talluri

Raj Talluri
President and Chief Executive Officer
(*Principal Executive Officer*)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Enovix Corporation (the “Company”) on Form 10-Q for the quarterly period ended September 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Farhan Ahmad, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) the Report, to which this Certification is attached as Exhibit 32.2, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2024

/s/ Farhan Ahmad

Farhan Ahmad
Chief Financial Officer
(*Principal Financial Officer and Principal Accounting Officer*)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.