CONFIDENTIAL

T.J. RODGERS
Internal Correspondence

Date:	**7/23/2023**
To:	**[redacted]@nbcuni.com)**
Author:	**TJ Rodgers**
Author File #:	**TJR#1553**
SUBJECT:	**Enovix "Investigation"**
cc:	**Enovix Board, Enovix EStaff, Charlie Anderson, Matt Hemington [redacted], Ian Shapiro [redacted]**
Attachments:	**1. Special Presentation to Shareholders, 2. U.S. Army Press Release, 3(a-l). Targets & Ratings, 4. The Worldwide rechargeable Battery Market 2017-2030, 5. RHS-001B Rapid TAM Analysis Methodology and Process Changes, 6. canderson-16A Short Seller Claims**

I received multiple phone calls over the last two weeks from acquaintances who feared you were creating a "hit piece" on Enovix, based on the questions you asked them. The purpose of this memo is to openly give out the facts – good and bad – and use them to debunk the short-sellers' unsubstantiated and often wildly inaccurate rumors. The "confidential" label does not apply to you, it applies to Enovix employees. Use what you want from this memo.

You already know much of this, but I want to start with a coherent statement of who we are. I am the executive chairman of Enovix, an advanced silicon lithium-ion battery company. I have a PhD in Electrical Engineering from Stanford, graduated No. 1 in physics and chemistry in my Dartmouth class, won two back-to-back Best Paper Awards at the International Solid State Circuits Conference, founded Cypress Semiconductor, grew it to $1.8 billion in revenue over my 34-year tenure as CEO, and have invested in and worked with Enovix since 2012 on their advanced silicon lithium-ion technology. Enovix has 111 engineers and scientists, 43 of whom have PhDs, many of whom know a lot more about batteries than I do. Our new CEO, Raj Talluri, a PhD from the silicon industry, managed Micron Technology's $6 billion dollar mobile division, and is deeply connected to the same customers that buy batteries in our targeted markets (PCs, cell phones and wearables). **Enovix is a very technically competent company**.

Enovix is also an **ethical company that tells the truth to its shareholders**. My January 3, 2023 Special Presentation to Shareholders fully described the problems I saw and their solutions in greater detail than any report to shareholders I gave during my tenure as a pubic company CEO.

You should be aware that there are a staggering 34 million shares of Enovix stock shorted, and that those short sales were coordinated to fall on the very day after the last two Enovix analysts meetings and executed in such a way as to drive down price as much as possible:

Short Sale Record: 1/14/27-6/30/23

Short interest went from 2.9 million shares to 34.3 million shares →

3 → +3.6M shorts

2 → +3.6M shorts

1 → Longs sell, shorts hold

ENVX US $ C 19.48 -1.59 Q19.47/19.48Q 6x169
On 21 Jul d Vol 8,701,154 O 20.01Y H 20.3885D L 19.15Q Val 171.64

ENVX US Equity | Export

Exchange Reported | Markit Securities Finance - Daily | S3 BLACKLIGHT Market Composite Rate

Date 07/23/20 - 07/23/23

Short Interest	34,291,843	Short Interest Ratio	2.81	Markit SI Score	5	S3 Squeeze	
Change in Short Interest	2,384,712	Change in SI Ratio	-3.09	% Float	28.78	Currency	
				Change in % Float	2.10	Chart	

Date	Short Interest	Closing Price	Average Daily Volume	Short Interest Ratio
06/30/2023	34,291,843	18.04	12.20 M	2.811
06/15/2023	31,907,131	13.63	5.41 M	5.897
05/31/2023	31,324,662	13.27	3.88 M	8.064
05/15/2023	28,719,109	12.78	3.98 M	7.212
04/28/2023	29,462,167	10.82	9.25 M	3.186
04/14/2023	25,861,075	13.68	5.59 M	4.625
03/31/2023	25,345,198	14.91	7.05 M	3.596
03/15/2023	21,515,387	10.25	4.36 M	4.929
02/28/2023	19,843,679	9.22	4.51 M	4.398
02/15/2023	18,824,026	9.11	3.01 M	6.262
01/31/2023	18,733,909	7.94	3.34 M	5.606
01/13/2023	18,794,815	8.25	9.58 M	1.962
12/30/2022	15,220,067	12.44	3.35 M	4.540
12/15/2022	13,856,212	10.86	2.34 M	5.928
11/30/2022	14,267,236	13.05	2.53 M	5.648
11/15/2022	13,580,122	14.84	6.58 M	2.063
10/31/2022	13,925,304	18.87	2.90 M	4.809
10/14/2022	12,259,157	16.44	2.99 M	4.097
09/30/2022	13,499,207	18.34	4.56 M	2.961
09/15/2022	12,987,421	24.48	5.23 M	2.485
08/31/2022	13,049,116	22.12	6.92 M	1.887
08/15/2022	15,160,880	24.83	4.74 M	3.197
07/29/2022	13,567,528	13.32	1.80 M	7.554
07/15/2022	13,519,314	9.93	2.01 M	6.717
06/30/2022	12,837,507	8.91	4.38 M	2.930
06/15/2022	5,299,987	11.04	2.23 M	2.379
05/31/2022	8,597,154	12.03	2.39 M	3.599
05/13/2022	5,065,654	8.78	3.79 M	1.337
04/29/2022	4,578,764	9.04	878,616	5.211
04/14/2022	4,444,834	11.18	1.25 M	3.547
03/31/2022	3,679,581	14.27	1.09 M	3.377
03/15/2022	4,245,249	12.92	1.29 M	3.295
02/28/2022	4,022,673	16.66	948,172	4.243
02/15/2022	3,909,399	15.86	834,274	4.686
01/31/2022	3,210,547	16.11	1.44 M	2.230
01/14/2022	2,891,587	19.08	1.51 M	1.911

Share Price Record

The Enovix technology is a leading candidate to win the "silicon anode race" to upgrade the original lithium-ion battery commercialized by Sony in 1991 by replacing its graphite (carbon) anode with a higher performance **100% active silicon anode** – a rather monumental task Enovix has been working on since 2007. (The original graphite lithium-ion battery was invented by Nobel Laureate John Goodenough in 1980 and took 11 years to be commercialized in 1991 – this stuff is hard to do.)

I chose to invest in Enovix when its founders walked into my office in 2012 and showed me a lithium-ion battery fabricated in a silicon wafer. Only Enovix and competitor Amprius have been able to sell batteries with 100% active silicon anodes. As happened in the famous microprocessor "war" between Intel and Advanced Micro Devices, both of our companies would prosper as we argued whose battery technology is better. To my knowledge, no other battery competitor has ever sold a battery with a 100% active silicon anode. Our battery is protected by 141 patents.

As you know, we failed in our first fabrication plant (Fab1) in Fremont, California to produce our planned number of batteries, as I reported in detail in the January 3rd Special Presentation to Shareholders, which you said you have reviewed (https://vimeo.com/802004886). The automation (machine-to-machine transport mechanism) in our equipment was non-functional on day one and remains non-functional today due to the China COVID lockdown that prevented the equipment manufacturer from ever installing or even servicing its line in Fremont. We did our best with local consultants and Chinese-language manuals and got all the battery-making tools to work manually.

So, our stated plan to ramp up Fremont production on **two autolines**, each designed to produce 550 units per hour (uph), turned into a reality of ramping **one manual** line, currently running at 100 uph, equating to 9% of our planned capacity. The batteries we make are fine, but the economics are not, as we have 160 unplanned workers on four shifts hand-carrying the batteries from machine to machine.

We are now well along on the process of turning Enovix around from its Fab1 misadventure, consistent with the January 3rd shareholder report. Solving the problems we encountered on the first line led us to our design for the Gen2 autoline, which will operate at 1,350 uph and is nearing completion now, as CEO Raj Talluri reported during his personal inspection of autoline testing in the factory of our new autoline manufacturer (https://youtu.be/IC9VJvkKnPk).

I have experience doing turnarounds. Enphase, a Silicon Valley solar inverter electronics company was near bankruptcy in early 2017, when I was asked to invest and join their board. By 2020, Enphase was growing rapidly and honored with an invitation to join the S&P 500. It then became the first S&P 500 company ever to be named as the S&P's fastest growing company for three consecutive years, 2020, 2021 and 2022 – and now has a market capitalization of over $20 billion.

John Doerr, my co-investor in the Enphase turnaround, is chairman of the Sand Hill Road venture capital firm Kleiner Perkins. He can give details on how Enphase, a KP portfolio company, went from a market capitalization of less than $100 million to more than $20 billion today [redacted].

The turnaround at Enphase was achieved by replacing the founding management team with excellent managers from **silicon** companies, which, in my experience, are excellent manufacturing companies that operate to a much higher standard of excellence than do solar companies. I hired Enphase's current CEO, Badri Kothandaraman, who reported to me at Cypress and ran our $200 million Datacom division. Badri, whom I credit with the turnaround, later hired over 100 silicon people to bolster Enphase.

You told me that you are working on an investigative report on Enovix prompted by multiple inquiries that questioned the validity of our technology and the speed of our progress. This memo will provide you with perspective on our 16-year struggle to get silicon to work in a lithium-ion battery. Just so you understand, the problem with integrating silicon into batteries is that when a silicon lithium-ion battery is charged, the silicon anode swells – a lot – unlike the original graphite anode used since 1991. If the silicon is confined during charging, it builds up literally tons of pressure. Enovix keeps that pressure from destroying the battery with a physical constraint, a laser-cut, micro-welded piece of high-tensile-strength stainless steel about twice as thick as the aluminum foil in your kitchen. Yet that elegant solution is ridiculed by the anonymous Twitter short-seller, codenamed "Pig Farmer," as a "brute-force mechanical 'solution'."

That invention came from our excellent mechanical engineering team, which was assembled by Harrold Rust, the original Enovix CEO and a Stanford-educated mechanical engineer. To further mitigate the swelling, we also use silicon in the form of specially coated nanoparticles, replacing the silicon wafers Enovix first showed me. Amprius uses carbon-coated silicon nanoparticles – and is the only other company to my knowledge that has manufactured and sold batteries with 100% active silicon anodes. In an attempt to cut corners to get to silicon anodes, other companies have mixed silicon into their graphite anodes, but when the mix exceeds 5%-10% silicon, the pressures produced destroy the battery's physical structure.

You agreed to have your interview with our CEO, Raj Talluri, recorded, and that recording made me concerned that you are writing a hit piece. As you and I would probably agree, your job is to investigate and report on controversial business stories, especially cases in which companies may be misleading the public. The plethora of new lithium-ion battery companies in Silicon Valley (QuantumScape, Amprius, Group14, Sila Nano, Enevate, etc.) certainly produces controversy with the usual squabbling and technology hyping – all fair game. But, the questions you are asking seem to ask for answers beyond fair-game business questions with implications I've added in brackets below to show my concerns without attributing the words to you:

1. Do you have a paid promotion agreement with shareholders Marc Cohodes and Greg Reyes [to secretly and unethically promote your stock]? Absolutely not.

2. [Do you break securities laws to] give Cohodes and Reyes material non-pubic information? Absolutely not.

3. Cohodes and Reyes talk about Apple, Samsung and Meta as customers. Did this information [illegally and in violation of signed NDAs] come from Enovix? Absolutely not.

4. Will you ever get the technology to work at scale [given the Fab1 failure]? My answer is that it works now. We manufactured over 18,000 units last quarter and have 121 active opportunities at 91 unique customers, data we would share more extensively under NDA. Since our manufactured unit count is a verifiable fact, I suspect that the manufacturability question comes from former Enovix mid-level engineer, [redacted] who left Enovix well regarded over two and one-half years ago, before our fab was even built. He has connected to Tegas, a negative research firm that pays for interviews and sells the data to short-sellers. Why don't you just call him [redacted]? Back in the real world, Raj Talluri made videos of the Gen2 line working at speed in the Korean autoline factory (https://youtu.be/IC9VJvkKnPk) three weeks ago. Our new autoline will be shown in our analysts report on July 26 at 2:00p PDT (https://enovix-q22023-earnings.open-exchange.net/registration).

5. Has your YBS [Malaysia Fab2] letter of intent turned into a real deal yet [or is the YBS deal a "scam" as short-seller "ESG Hound" claims]? I will discuss YBS more later in this memo.

6. What are your revenue goals for this year [and are they low enough to show you can't really make the batteries]? We have promised $1 million in 2023 revenue, and we will achieve that number.

   We are now a little over one year into the standard two- to three-year sales cycle for lithium-ion battery design wins: year one, full due diligence and detailed battery sample characterization and deconstruction analysis; year two, reliability testing on large samples of batteries; year three, prototype product build and internal testing, often using employees. Our customers are engaging with us financially and we are part way through the long qual tunnel most of our competitors haven't even entered yet. That's why the cry, "Where's your big order" is not yet a valid credibility question for any of the competitors. Our $600,000 army vest order will be tested and literally shot at for quarters before the next step. In my direct experience, this long qual cycle is typical and very similar to semiconductor qualification at automotive companies. (Cypress's biggest reliability problem ever started with a BMW vice-president who could not turn off the headlights on his test BMW on a cold morning at the Munich airport.)

These questions seem to reflect the agenda of a small clique of Twitter short-sellers, and we are worried they may become the meat of a juicy hit piece which attacks our company with false claims that our batteries don't work and that we are lying about it. Pig Farmer has also written that Enovix is "a classic SPAC scam, with Rodgers its chief architect." I am 75 years old and have a life-long and well-deserved reputation for honesty and integrity. If the company or I am subject to false attacks on our integrity, we will not hesitate to defend ourselves vigorously by promptly bringing a claim for libel in which we establish that your statements against the company were made with a reckless disregard for the truth.

This is not an idle threat. Like you, I believe in revealing bad actors – genuine ones. Consider my proxy fight and lawsuits against Cypress Semiconductor, the company that I founded and ran for 34 years. After I retired from Cypress, Cypress's new executive chairman, [redacted] used political maneuvering to remove me from my own board after I told him that I would not tolerate having Cypress compete for acquisitions with our Executive Chairman's Chinese-funded company.

I had to fight that battle from outside Cypress, since I was no longer on the board. Despite my lawyers' estimate of a sub-10% chance of success, I ran a proxy contest to remove Bingham and the Lead Director, who ignored the conflict of interest. I spent 18 months and personally paid $5 million in legal fees. Insiders told me that Cypress spent over $20 million, including **funding a New York PR firm to disparage my reputation** in multiple letters to Cypress shareholders. I wrote my own shareholder letters – and succeeded in removing both directors in the proxy fight, which included victories in two Delaware trials. Cypress shareholders had watched me for decades and knew that they could trust me. For example, after a rough patch at Cypress in 1992, I published this statement prominently in our Annual Report:

> **No excuses. Cypress's management team received credit for building the Company, and in 1992 we took responsibility for our first losses as a public company. The problem was not Japanese competition or a lack of government programs; it was management. In this report, I have outlined how the Company's initial strategy and philosophy became out-of-sync with the competitive and rapidly changing semiconductor industry, and the strategic changes we have made to return to exemplary performance. Fortunately, most of our people, systems, and products fit squarely into our new strategy. We have adjusted, not abandoned, our development, financial, marketing and manufacturing strategies. Right now, Cypress is performing more efficiently than ever before. Soon investors will see the results on the bottom line. No excuses.**

Later, these same investors were among the group that oversubscribed my stock offerings to fund Enovix with $405 million. **I would never mislead these long-term supporters**. The Cypress board finally capitulated and paid me $3.5 million. I added $1.5 million of my own to the $3.5 million and donated the full $5 million to MIT to create the "Rodgers RLE Laboratory" – just to make it clear everybody knew I was fighting for principle, not money.

Here is my point: if you unfairly impugn my company's or my reputation using unreliable sources – without adequate investigation of the truth or in conscious disregard of evidence to the contrary – we will sue, and we won't stop until we are publicly vindicated.

That said, if you ever do find unethical behavior at Enovix, do me the favor by bringing it to my attention. The perpetrators will be removed, and you will have a great story. The statements above are not meant to be a threat to keep you from doing your job in the free press. I also accept your statements that your employer mandates truth in reporting and that we would have a chance to rebut any claims we believe to be false, but I thought your article on [redacted] was a hit piece and I assume that he also got the promise to fact-check negative statements.

Today, there are 12 professional stock analysts from real investment banks following Enovix. Until this week, they gave a unanimous "buy" rating, as shown below. This week Cowen moved to a "hold" rating – saying our share price had recently gone to the $20 level and that they believed "significant success is already priced in."

ENVX-US				
Targets & Ratings				
Broker	**Analyst**	**Rating**	**Tgt Pric**	**Synopsis of Last Report**
Cowen & Company	Gabriel J. Daoud Jr.	Hold	19.00	While we remain constructive on the LT investment case, further outperformance remains predicated on Gen2 success that won't become apparent before 2Q24/3Q24. Succinctly, at $20/sh significant success is already priced in. (7/21/23)
JP Morgan	Bill Peterson	Buy	24.00	We continue to think ENVX is ahead of advanced battery peers at this stage, having just successfully validated a standard cell for initial deployment into IoT devices with further TAM expansion opportunities while other upstarts continue to face manufacturing setbacks. (7/20/23)
B Riley Securities	Christopher Souther	Buy	25.00	We believe the positive updates on the 1Q23 earnings call convey confidence from management, and we expect confirmation of progress throughout 2023 as a key driver for potential upside in the stock's journey ahead and a catalyst for investor optimism and confidence. (7/20/23)
Cantor Fitzgerald	Derek Soderberg	Buy	25.00	We feel a premium is justified given the combination of technology leadership, strong management/BoD, and opportunity to take share of a $60B+ market for a critical technology. (07/18/23)
Canaccord Genuity	George Gianarikas	Buy	20.00	The company is matching expectations, managing expenses, and delivering on cell production — all of which have increased our conviction that this is the right team to lead Enovix. (4/26/23)
Janney Montgomery Scott	Sean Milligan	Buy	19.00	Hitting the quarterly production guidance of 18k cells in 2Q23 is an important milestone as it continues to provide confidence to investors that the new management team is delivering on expectations. (6/16/23)
Oppenheimer	Colin Rusch	Buy	36.00	We remain constructive on ENVX shares as the revamped management team continues to execute well against its strategic plan. (7/18/23)
Piper Sandler Companies	Alexander E. Potter	Buy	25.00	We were encouraged by the new management team's rising conviction that high-volume production can/will be achieved on schedule. With respect to funding and fundamental milestones (yields, production rates, etc.), Enovix is executing as planned. (4/27/23)
Loop Capital Markets	Ananda Baruah	Buy	100.00	ENVX reported a quarter in which it exceeded its battery production targets and provided incremental details about what we believe is shaping up to be a logical and efficient Fab 2 Gen 2 stand-up, but also an attractive event path over the next 8 - 12 Q's (i.e. through 2025). (4/27/23)
Craig Hallum Capital Group	Anthony J. Stoss	Buy	15.00	We continue to believe ENVX's battery technology shows massive upside, and we are finally seeing strides toward their mid-2024 production goal. (4/27/23)
Northland Securities	Gus Richard	Buy	25.00	ENVX is making progress. Fab 1 produced forecasted units as yields and equipment uptime improved...In our view, the team is executing, but there is more to do. (4/27/23)
EF Hutton Group	Chip Moore	Buy	21.00	The company has developed innovative intellectual property in both 3D cell architecture and related manufacturing capabilities (equally important, in our view) to introduce its better battery cells to the market, with first commercial sales just now occurring. Near-term, financial results stay less important than positioning for what we view as a massive longer-term opportunity. (4/27/23)
MEAN			**29.50**	
MEDIAN			**25.00**	
Sources: FactSet, sell-side analyst reports				

In contrast to those reports (all attached), there are four short-seller reports available:

1. **Compound248**: An anonymous writer with 56,300 Twitter followers. He is followed by some well-known buy-side investors, including Bill Ackman.

   He calls "Enovix a company that unequivocally admits things are going poorly."
   He must not have ever watched my two-hour January 3rd report to shareholders or Raj Talluri's first quarterly report – or have an agenda that mandates ignoring them.

   He says, "The TAM [total available market] is fairly small $4-$13 billion, not the $75 billion it previously claimed [by Enovix]." That is, we lied about market size.

> The total lithium-ion battery market is indeed $75 billion in 2025 according to Avicenne Research (attached). We've consistently claimed, starting with our IPO, that our market for portables (PCs, cell phones, wearables, etc.) has a $13 billion TAM in 2025 and that 7.7% penetration of that market will give us $1 billion in revenue." See the Jan 3rd report, which is still valid.

Compound248 also admits that he "may benefit from its [ENVX's] price movements."

2. **Pig Farmer Capital**: A completely anonymous writer with 503 Twitter followers on a site that was recently created for the purpose of attacking Enovix.

   He says of Enovix, "Its 'brakeflow' technology, which addresses thermal runaway is a silly stock promotion gambit."

   > You said you saw my Brakeflow video demonstration on the ENVX website https://www.enovix.com/video-library/. Did it look like a "gambit" to you when a competing battery taken from a new cell phone bursts into violent red-orange flames during the industry-standard stainless steel nail penetration test – while the Enovix battery with brakeflow merely swells and leaks fluid? That was a real, unrehearsed demonstration. This result was validated by military contractor Inventus prior to our recent prototype order for U.S. army electronic vest batteries.

   Pig Farmer also admits, "The writers of this report are short Enovix…"

3. **ESG Hound**: A pseudonym for Eric Roesch, a self-described "environmental policy expert" and a former project manager at a series of chemical companies, who has 5,686 Twitter followers.

   He challenges our Malaysian manufacturing site choice, "Malaysia is a legal black box to outsiders, so it's not shocking that fraudsters [referring to Enovix and T.J. Rodgers] have shown an affinity for using the country for their good old-fashioned stock promotes."

   > In reality, Malaysia is probably the second-best low-cost manufacturing country in the world after China. With all the tariff problems China currently has, Malaysia became our No. 1 choice. Malaysia's Penang Island is the epicenter of silicon assembly and test (read "competent manufacturing"). When I was the chairman of SunPower, we built our third solar-cell autoline plant in Malaysia, and it outperformed our first two Philippines plants. Enovix's new COO, Ajay Marathe, put a semiconductor assembly and test plant in Malaysia when he was the VP of Operations at AMD, and another big plant there when he was the COO of Lumileds. The chairman of the YBS group (a public company with 1,000 employees) worked for Ajay at both AMD and Lumileds. That's why he chose YBS to hire and manage the local workforce in our new Penang plant that we have now occupied with 32 experienced employees hired using YBS's knowledge of local talent.

   ESG Hound says, "assume I am short shares of ENVX and stand to make money...."

4. **Logphase research**: penned by Adrian Heilbut, a short seller with 2,536 Twitter followers.

   He opines on page 1: “THIS BULLSHIT NEEDS TO STOP.” And attaches numerous pages of tweets.

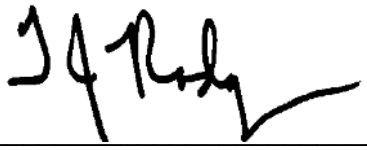
   He also says, “The author or related entities hold short positions in ENVX.”

This is my surmise: with the spate of recent Enovix good news: 1) the incremental $172.8 million convertible debenture funding, 2) record production, and 3) the Army vest order, our shares rose to $20. These Twitter short-sellers, who recommended shorting as low as $7, became desperate and created their most recent reports. I have attached a more comprehensive rebuttal of short-seller claims to this report in the form of a memo from Charlie Anderson, our IR director. Feel free to contact him directly.

Based on recent internet traffic, we believe Compound248, the first anti-Enovix site author, is the ringleader of the Twitter short-seller group, which would explain why their trades are so obviously coordinated. We also believe that Compound248 is [redacted] a former Investment Analyst for the University of Virginia Investment Management Company (UVIMCO). If this preliminary data is substantiated, we question his investment fund’s recent SEC Form ADV (https://reports.adviserinfo.sec.gov/reports/ADV/[redacted]) which represented that it does not have “website or accounts on publicly available social media platforms (including, but not limited to, Twitter, Facebook and LinkedIn).” Be careful how tightly you connect CNBC to these semi-anonymous Twitter short-sellers. And, frankly, [redacted] I don’t understand why you are questioning me, Enovix and 12 professional analysts based on arguments propagated by these clowns.

So, I have railed on about lawsuits because I am worried that you will use some points promoted by these short sellers, put them through the CNBC amplifier, and then quote “industry experts” as the source.

That would be a mistake.



T.J. Rodgers