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Internal Correspondence

Date: 4/16/2024
To: All Complete Solaria Employees
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Author File #: TJR#1579
SUBJECT: Short Attack on CSLR Stock
cc: Board of Directors
Attachments:

A lot of you asked me why our stock dropped precipitously on Monday, April 15. The answer is that CSLR stock was the victim of a short attack. First, I will explain some basics of shorting stock.

Basic Facts About Shorting Stock

Selling stock “short” means that you borrow stock from a shareholder at perhaps 1% interest, sell the shares, and keep the money. Short selling is legal and often used for good purposes. For example, some investors will short stock and use the proceeds to buy “warrants,” stock options that give their owner the right to buy a company’s stock anytime in a five-year period at a predetermined price. This transaction, called a “convertible debenture,” is typical in Silicon Valley, where investors go into debt to buy a piece of a company’s future without spending upfront cash.

Sometimes investors borrow and short-sell stock to attack a company and drive its shares down – so they can later buy back the shares at a lower price to make a profit. This happened to Enphase Energy, the Silicon Valley maker of solar system inverters and batteries, in 2018 when Prescience Point Capital issued a false report saying employees from the company’s accounting division in India were cooking the books – despite the fact our books were pristine and we did not even have an accounting division in India. The judge dismissed their complaint without a trial. Often “Research” firms like this will ask for a “settlement” to end their attacks.

The most extreme case of short selling is a “short attack” in which a short seller borrows and sells millions of shares to deliberately drive a company’s stock down over longer periods of time. For example, this has been happening to Enovix, a Silicon Valley company that makes state-of-the-art silicon lithium ion batteries, where I have been a board member for 12 years. The company has suffered multiple short attacks, coinciding precisely with their quarterly reports, since at least the third quarter of 2022, as shown on the next page.

The short attackers’ strategy is to color all news as bad news (if the stock goes down, something must be wrong). During this period, the bi-weekly NASDAQ exchange short report on Enovix shows an increase from 4 million shorted shares to 39 million shares, also shown on the next page. We don’t have to guess who is doing this. These short attackers are a noisy, visible bunch who promote selling the company short on their websites. That’s not true with the CSLR short sellers who remain anonymous by using “street names.”

Enovix Corp



Figure 1. Enovix share price graph showing three short attacks on Enovix timed to coincide with quarterly reports.

Date	Short Interest	Short Interest Ratio	% Float	Market SI Score	S3 Squeeze	Currency
06/30/2023	34,291,843	2.81	28.78	5	100	USD
06/15/2023	31,907,131	2.81	28.78	5	100	USD
05/31/2023	31,324,662	2.81	28.78	5	100	USD
05/15/2023	28,719,109	2.81	28.78	5	100	USD
04/28/2023	29,462,167	2.81	28.78	5	100	USD
04/14/2023	25,861,075	2.81	28.78	5	100	USD
03/31/2023	25,345,198	2.81	28.78	5	100	USD
03/15/2023	21,515,387	2.81	28.78	5	100	USD
02/28/2023	19,843,679	2.81	28.78	5	100	USD
02/15/2023	18,824,026	2.81	28.78	5	100	USD
01/31/2023	18,733,909	2.81	28.78	5	100	USD
01/13/2023	18,794,815	2.81	28.78	5	100	USD
12/30/2022	15,220,067	2.81	28.78	5	100	USD
12/15/2022	13,856,212	2.81	28.78	5	100	USD
11/30/2022	14,267,236	2.81	28.78	5	100	USD
11/15/2022	13,580,122	2.81	28.78	5	100	USD
10/31/2022	13,925,304	2.81	28.78	5	100	USD
10/14/2022	12,259,157	2.81	28.78	5	100	USD
09/30/2022	13,499,207	2.81	28.78	5	100	USD
09/15/2022	12,987,421	2.81	28.78	5	100	USD
08/31/2022	13,049,116	2.81	28.78	5	100	USD
08/15/2022	15,160,880	2.81	28.78	5	100	USD
07/29/2022	13,567,528	2.81	28.78	5	100	USD
07/15/2022	13,519,314	2.81	28.78	5	100	USD
06/30/2022	12,837,507	2.81	28.78	5	100	USD
06/15/2022	5,299,987	2.81	28.78	5	100	USD
05/31/2022	8,597,154	2.81	28.78	5	100	USD
05/13/2022	5,065,654	2.81	28.78	5	100	USD
04/29/2022	4,578,764	2.81	28.78	5	100	USD
04/14/2022	4,444,834	2.81	28.78	5	100	USD
03/31/2022	3,679,581	2.81	28.78	5	100	USD
03/15/2022	4,245,249	2.81	28.78	5	100	USD
02/28/2022	4,022,673	2.81	28.78	5	100	USD
02/15/2022	3,909,399	2.81	28.78	5	100	USD
01/31/2022	3,210,547	2.81	28.78	5	100	USD
01/14/2022	2,891,587	2.81	28.78	5	100	USD

Figure 2. NASDAQ short sale record for ENVX. Column 2 shows the total number of Enovix shares shorted rose from 2.9 million on January 14, 2022 to 34.3 million on June 30, 2023.

On this Monday, April 15, Complete Solaria (CSLR) suffered a short attack in which currently nameless investors dumped 17.7 times the usual trading volume of our shares in one day. That cut our share price in half from \$0.50 at market opening to \$0.26 at market close. This seems to have been a deliberate act to harm our share price, as the trading data below shows:

COMPLETE SOLARIA SHORT ATTACK DATA

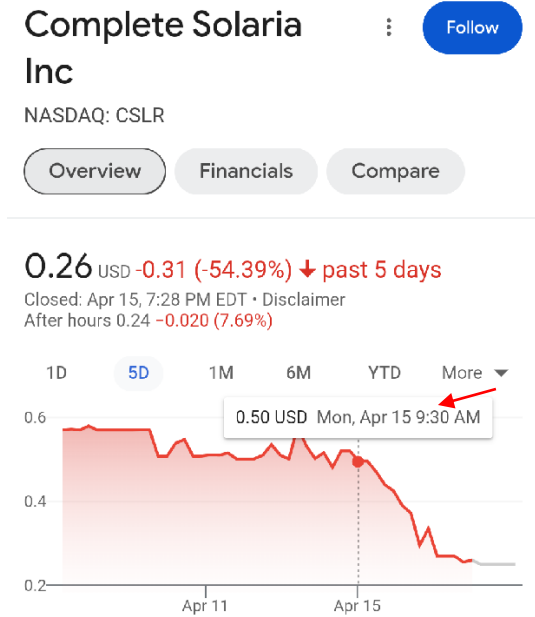


Figure 3. On Monday April 15, CSLR stock dropped rapidly from its opening price of \$0.50 to \$0.26 at the end of the day (-48%), despite having been stable for the prior four days.

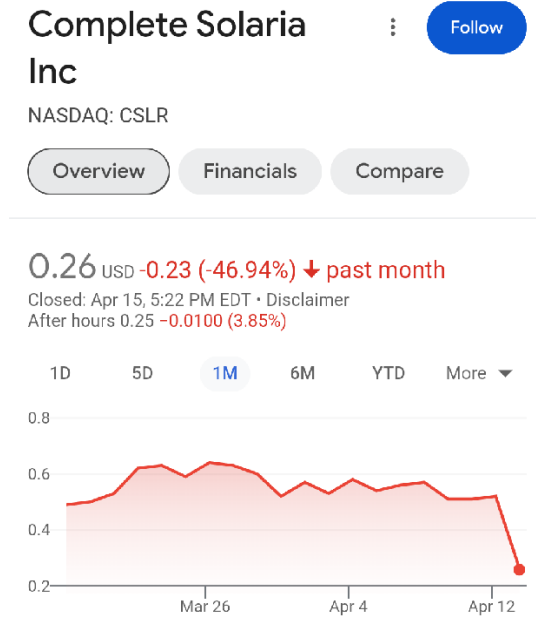


Figure 4. Indeed, CSLR stock price had been stable for the whole month prior to April 15.

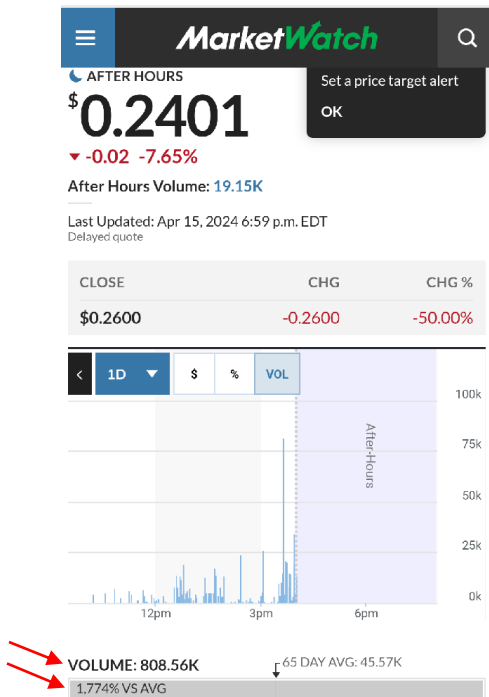


Figure 5. The trading volume on Monday was 808K shares, 17.7 times the quarterly average. Note the four large trading spikes after 1:50pm.

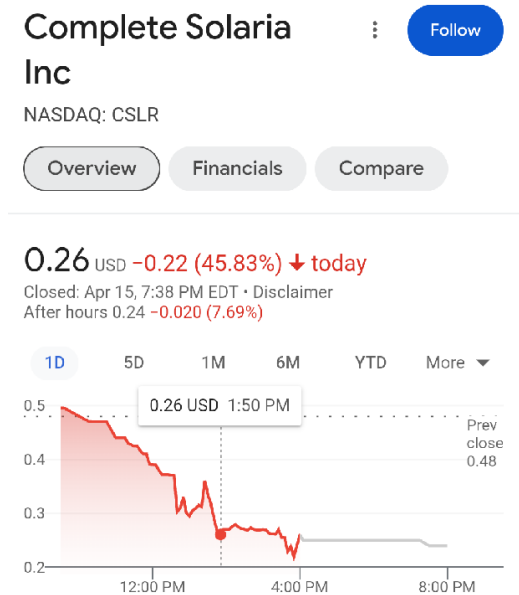


Figure 6. Those four big trading spikes occurred after the stock price had already been beaten down. This is not the behavior of a big shareholder trying to get out of the market. They would have controlled the trade volume and spread the trading over days. It is the tactic of a hitman firing extra shots to make sure the victim stays down.

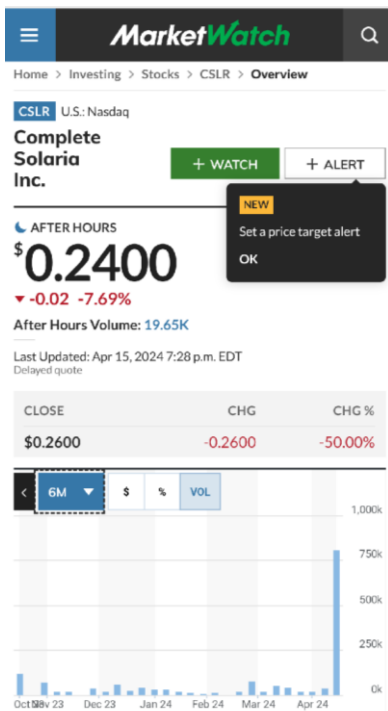


Figure 7. On Monday, April 15, the trading volume of shares skyrocketed, dwarfing the volume of the last six months.

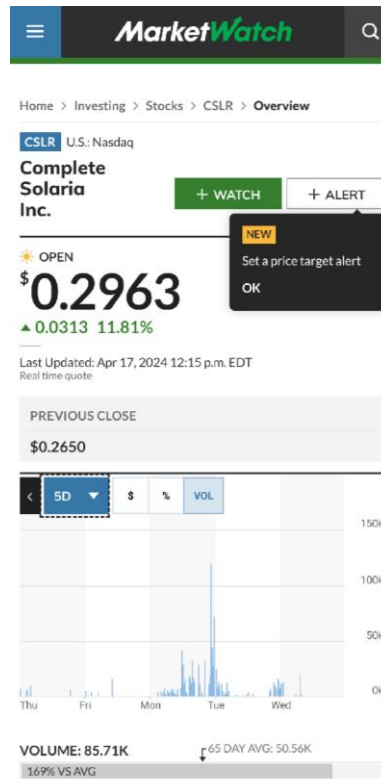


Figure 8. Then, after the damage was done, the market returned to low volume.

Investors often try to correlate stock price shifts to information they are given. Their reverse logic is that if the stock went down something bad must have happened.

To summarize: CSLR trading on April 15, 2024 suffered an unprecedented selloff in one day that

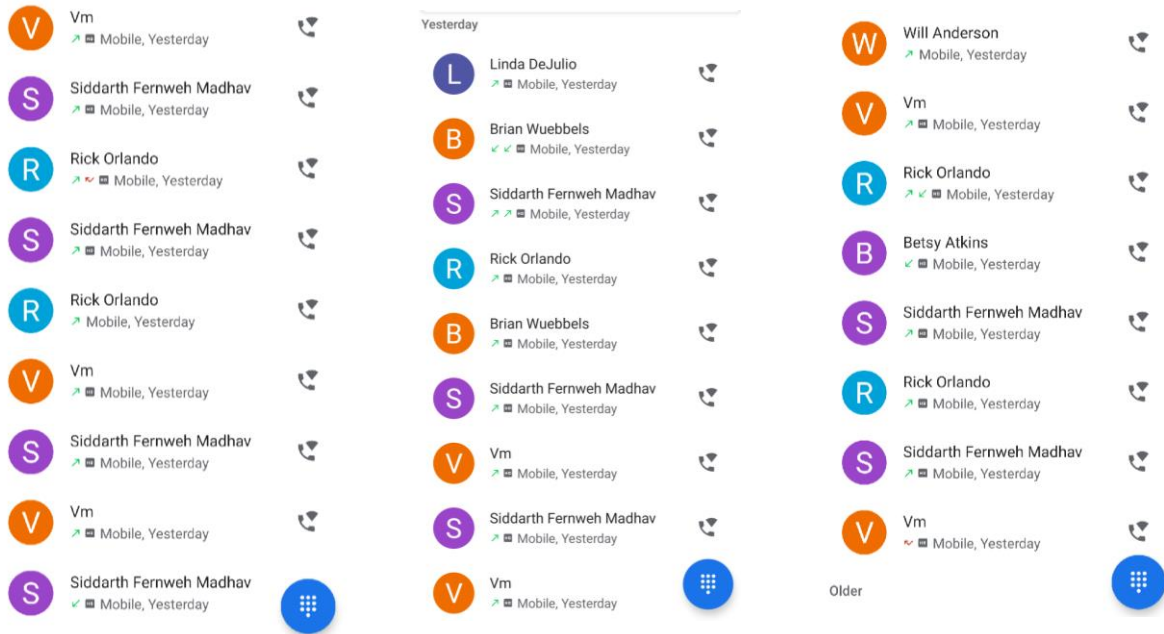
- cut share price in half
- started promptly at the opening bell on Monday after a weekend
- and showed the trading patterns of a short attack, not a shareholder selloff

Why?

On the Friday before the short attack, I issued a press release saying that our board had granted 2.1 million options to employees as a reward to our remaining 110 employees. The board granted you those stock options at a market price of \$0.51. One working day later – for the first time – our stock suffered a massive short attack that cut our share price in half and put all employee options under water.

Who would do such a thing to us? A big investor who just wanted some money back would have traded in such a way to get as much money back as possible, not to drive the price down, unless, for example, there was a sense of urgency based on **new information**.

The selling started precisely at market opening on Monday. Who decided to sell aggressively during the weekend? I've shown below the list of all 26 calls I made on Sunday:



They include my wife (Vm), Siddarth, our principle Fernweh consultant, Brian Wuebbels, our CFO and Will Anderson, our Founder. Rick Orlando is the only outsider on the list. He is a consultant with Kline-Hill, one of the private equity companies with whom we are locked in negotiations.

On Sunday, I told Rick Orlando that our company was being squeezed to death by Carlyle and his private equity fund – firms that were supposed to be helping us. I pointed out that our revenue had dropped from \$20.6 million in the fourth quarter to just \$10 million in Q1, because – despite having the orders – we did not have the working capital to buy solar panels to install. What investor would be foolish enough to invest working capital in a company with Carlyle keeping it in an ongoing state of default?

On Sunday, I told Rick Orlando something new – in confidence and covered by our non-disclosure agreement – that unless we could free the company from this suffocating private equity control, I would resign and turn over the company to Carlyle, and see if they could run it. Rick confirmed that, as I asked him to do, he communicated my thinking to our Carlyle contact, Andrew Kapp, who has threatened to veto critical deals for us on more than one occasion and is the architect and manager of our current financial limbo status.

The point is that these two private equity people were the only people to have this inside information before the attack was launched at 9:30am Monday. Of course, this strong circumstantial evidence does not prove that Kline-Hill or Carlyle did this to us or enabled others to do it. Their firms have Compliance Departments to prevent these problems. And although these departments have thick rule books to prevent trading without permission, they cannot prevent someone having a cocktail with a friend who owns a million shares from saying, “I don’t think TJ is going to stick around at Complete Solaria.” Thus, we will also request an investigation by the Security and Exchange Commission, which has the subpoena power to scan phones.