
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): January 26, 2022

Tesla, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-34756
(Commission
File Number)

91-2197729
(I.R.S. Employer
Identification No.)

**13101 Tesla Road
Austin, Texas 78725**
(Address of Principal Executive Offices, and Zip Code)

(512) 516-8177
Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	TSLA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

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. ☐

Item 2.02 Results of Operations and Financial Condition.

On January 26, 2022, Tesla, Inc. released its financial results for the fiscal quarter and year ended December 31, 2021 by posting its Fourth Quarter and Full Year 2021 Update on its website. The full text of the update is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

This information is intended to be furnished under Item 2.02 of Form 8-K, “Results of Operations and Financial Condition” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Tesla, Inc. Fourth Quarter and Full Year Update, dated January 26, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

TESLA, INC.

By: /s/ Zachary J. Kirkhorn
Zachary J. Kirkhorn
Chief Financial
Officer

Date: January 26, 2022

Exhibit 99.1

Q4 and FY2021 Update

T E S L A

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HIGHLIGHTS

Cash Operating cash flow less capex (free cash flow) of \$2.8B in Q4
In total, \$1.5B increase in our cash and cash equivalents in Q4 to \$17.6B

Profitability \$2.6B GAAP operating income; 14.7% operating margin in Q4
\$2.3B GAAP net income; \$2.9B non-GAAP net income (ex-SBC⁽¹⁾) in Q4
30.6% GAAP Automotive gross margin (29.2% ex-credits) in Q4

Operations Record vehicle deliveries of 0.94 million in 2021
Annualized vehicle production run-rate of over 1.22 million in Q4-2021

SUMMARY

2021 was a breakthrough year for Tesla. There should no longer be doubt about the viability and profitability of electric vehicles. With our deliveries up 87% in 2021, we achieved the highest quarterly operating margin among all volume OEMs, based on the latest available data⁽²⁾, demonstrating that EVs can be more profitable than combustion engine vehicles.

Additionally, we generated \$5.5B of GAAP net income and \$5.0B of free cash flow in 2021 – after spending \$6.5B to build out new factories and on other capital expenditures.

After a successful 2021, our focus shifts to the future. We aim to increase our production as quickly as we can, not only through ramping production at new factories in Austin and Berlin, but also by maximizing output from our established factories in Fremont and Shanghai. We believe competitiveness in the EV market will be determined by the ability to add capacity across the supply chain and ramp production.

Full Self-Driving (FSD) software remains one of our primary areas of focus. Over time, our software-related profit should accelerate our overall profitability. More importantly, FSD is a key component to improve automobile safety as well as further accelerating the world's transition to sustainable energy through higher utilization of our vehicles.

While 2021 was a defining year for our company, we believe we are just at the very early stages of our journey. Thank you for being part of it.

⁽¹⁾ SBC = stock-based compensation.

⁽²⁾ Calendar Q3-2021 was the last widely reported quarter across OEMs

FINANCIAL SUMMARY
(Unaudited)

(\$ in millions, except percentages and per share data)	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	YoY
Automotive revenues	9,314	9,002	10,206	12,057	15,967	71%
of which regulatory credits	401	518	354	279	314	-22%
Automotive gross profit	2,244	2,385	2,899	3,673	4,882	118%
Automotive gross margin	24.1%	26.5%	28.4%	30.5%	30.6%	648 bp
Total revenues	10,744	10,389	11,958	13,757	17,719	65%
Total gross profit	2,066	2,215	2,884	3,660	4,847	135%
Total GAAP gross margin	19.2%	21.3%	24.1%	26.6%	27.4%	813 bp
Operating expenses	1,491	1,621	1,572	1,656	2,234	50%
Income from operations	575	594	1,312	2,004	2,613	354%
Operating margin	5.4%	5.7%	11.0%	14.6%	14.7%	940 bp
Adjusted EBITDA	1,850	1,841	2,487	3,203	4,090	121%
Adjusted EBITDA margin	17.2%	17.7%	20.8%	23.3%	23.1%	586 bp
Net income attributable to common stockholders (GAAP)	270	438	1,142	1,618	2,321	760%
Net income attributable to common stockholders (non-GAAP)	903	1,052	1,616	2,093	2,879	219%
EPS attributable to common stockholders, diluted (GAAP) ⁽¹⁾	0.24	0.39	1.02	1.44	2.05	754%
EPS attributable to common stockholders, diluted (non-GAAP) ⁽¹⁾	0.80	0.93	1.45	1.86	2.54	218%
Net cash provided by operating activities	3,019	1,641	2,124	3,147	4,585	52%
Capital expenditures	(1,151)	(1,348)	(1,505)	(1,819)	(1,810)	57%
Free cash flow	1,868	293	619	1,328	2,775	49%
Cash and cash equivalents	19,384	17,141	16,229	16,065	17,576	-9%

⁽¹⁾EPS = earnings per share.

FINANCIAL SUMMARY
(Unaudited)

(\$ in millions, except percentages and per share data)	2017	2018	2019	2020	2021	YoY
Automotive revenues	9,642	18,515	20,821	27,236	47,232	73%
of which regulatory credits	360	419	594	1,580	1,465	-7%
Automotive gross profit	2,209	4,341	4,423	6,977	13,839	98%
Automotive gross margin	22.9%	23.4%	21.2%	25.6%	29.3%	368 bp
Total revenues	11,759	21,461	24,578	31,536	53,823	71%
Total gross profit	2,223	4,042	4,069	6,630	13,606	105%
Total GAAP gross margin	18.9%	18.8%	16.6%	21.0%	25.3%	426 bp
Operating expenses	3,855	4,430	4,138	4,636	7,083	53%
(Loss) income from operations	(1,632)	(388)	(69)	1,994	6,523	227%
Operating margin	-13.9%	-1.8%	-0.3%	6.3%	12.1%	580 bp
Adjusted EBITDA	644	2,395	2,985	5,817	11,621	100%
Adjusted EBITDA margin	5.5%	11.2%	12.1%	18.4%	21.6%	315 bp
Net (loss) income attributable to common stockholders (GAAP)	(1,962)	(976)	(862)	721	5,519	665%
Net (loss) income attributable to common stockholders (non-GAAP)	(1,495)	(227)	36	2,455	7,640	211%
EPS attributable to common stockholders, diluted (GAAP) ⁽¹⁾	(2.37)	(1.14)	(0.98)	0.64	4.90	666%
EPS attributable to common stockholders, diluted (non-GAAP) ⁽¹⁾	(1.80)	(0.27)	0.03	2.24	6.78	203%
Net cash (used in) provided by operating activities	(61)	2,098	2,405	5,943	11,497	93%
Capital expenditures	(3,415)	(2,101)	(1,327)	(3,157)	(6,482)	105%
Free cash flow	(3,476)	(3)	1,078	2,786	5,015	80%
Cash and cash equivalents	3,368	3,686	6,268	19,384	17,576	-9%

⁽¹⁾EPS = earnings per share.

FINANCIAL SUMMARY

Revenue

Total revenue grew 65% YoY in Q4 to \$17.7B. YoY, revenue was impacted by the following items:

- + growth in vehicle deliveries
- + growth in other parts of the business

Profitability

Our operating income improved to \$2.6B in Q4 compared to the same period last year, resulting in a 14.7% operating margin. This profit level was reached while incurring SBC expense attributable to the 2018 CEO award of \$245M in Q4, driven by the final two operational milestones becoming probable. YoY, operating income was primarily impacted by the following items:

- + further per vehicle cost (COGS) reduction
- + growth in vehicle deliveries
- + improved profitability of automotive leasing and Service & Other business
- increase in SG&A driven mainly by \$340M payroll tax on 2012 CEO award option exercise
- rising raw material, commodity, logistics and expedite costs
- increased warranty and recall cost related to a specific batch of vehicles

Cash

Quarter-end cash and cash equivalents increased sequentially by \$1.5B to \$17.6B in Q4, driven mainly by free cash flow of \$2.8B, partially offset by net debt and finance lease repayments of \$1.5B. Our total debt excluding vehicle and energy product financing has fallen to just \$1.4B at the end of 2021.

OPERATIONAL SUMMARY
(Unaudited)

	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	YoY
Model S/X production	16,097	0	2,340	8,941	13,109	-19%
Model 3/Y production	163,660	180,338	204,081	228,882	292,731	79%
Total production	179,757	180,338	206,421	237,823	305,840	70%
Model S/X deliveries	18,966	2,030	1,895	9,289	11,766	-38%
Model 3/Y deliveries	161,701	182,847	199,409	232,102	296,884	84%
Total deliveries	180,667	184,877	201,304	241,391	308,650	71%
of which subject to operating lease accounting	13,636	13,602	14,492	16,658	16,160	19%
Total end of quarter operating lease vehicle count	72,089	83,032	95,491	108,757	120,342	67%
Global vehicle inventory (days of supply) ⁽¹⁾	11	8	9	6	4	-64%
Solar deployed (MW)	86	92	85	83	85	-1%
Storage deployed (MWh)	1,584	445	1,274	1,295	978	-38%
Store and service locations	523	561	598	630	655	25%
Mobile service fleet ⁽²⁾	894	1,013	1,091	1,190	1,281	43%
Supercharger stations	2,564	2,699	2,966	3,254	3,476	36%
Supercharger connectors	23,277	24,515	26,900	29,281	31,498	35%

⁽¹⁾Days of supply is calculated by dividing new car ending inventory by the relevant quarter's deliveries and using 75 trading days (aligned with Automotive News definition).

7 ⁽²⁾In Q2 2021, we began including mobile service vehicles dedicated to tire repair in our mobile service fleet total. Prior period totals have been adjusted to reflect this change.

OPERATIONAL SUMMARY
(Unaudited)

	2017	2018	2019	2020	2021	YoY
Model S/X production	98,339	101,553	62,931	54,805	24,390	-55%
Model 3/Y production	2,686	152,977	302,301	454,932	906,032	99%
Total production	101,025	254,530	365,232	509,737	930,422	83%
Model S/X deliveries	101,417	99,451	66,771	57,085	24,980	-56%
Model 3/Y deliveries	1,764	146,055	300,885	442,562	911,242	106%
Total deliveries	103,181	245,506	367,656	499,647	936,222	87%
of which subject to operating lease accounting ⁽¹⁾	23,250	11,034	25,439	34,470	60,912	77%
Total end of year operating lease vehicle count ⁽¹⁾	66,752	37,134	49,901	72,089	120,342	67%
Global vehicle inventory (days of supply) ⁽²⁾	28	22	13	15	6	-60%
Solar deployed (MW)	523	326	173	205	345	68%
Storage deployed (MWh)	358	1,041	1,651	3,022	3,992	32%
Store and service locations	330	378	433	523	655	25%
Mobile service fleet ⁽³⁾	218	411	758	894	1,281	43%
Supercharger stations	1,075	1,421	1,821	2,564	3,476	36%
Supercharger connectors	9,069	12,002	16,104	23,277	31,498	35%

⁽¹⁾ Before we adopted the new revenue accounting standard ASC 606 on January 1, 2018, operating leases included vehicle sales to customers or leasing partners with a resale value guarantee.

⁽²⁾ Days of supply is calculated by dividing new car ending inventory by the relevant year's deliveries and using 300 trading days (aligned with Automotive News definition).

8 ⁽³⁾ In 2021, we began including mobile service vehicles dedicated to tire repair in our mobile service fleet total. Prior period totals have been adjusted to reflect this change.

1 2 3 4 5

VEHICLE CAPACITY

In Q4, we saw a continuation of global supply chain, transportation, labor and other manufacturing challenges, limiting our ability to run our factories at full capacity.

US: California and Texas

Builds of Model Ys started in late 2021 at Gigafactory Texas. After final certification of Austin-made Model Y, we plan to start deliveries to customers.

Fremont factory achieved record production in 2021. We believe there is potential to extend overall capacity beyond 600,000 per year. We aim to maximize output from our Fremont factory while ramping new factories.

China: Shanghai

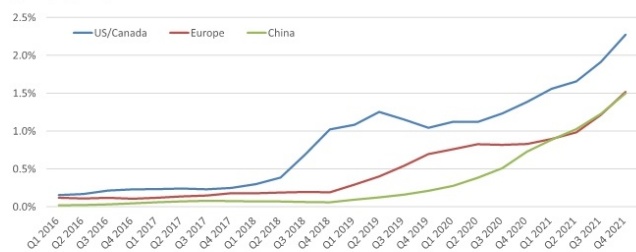
Production of both Model 3 and Model Y continued to ramp further throughout 2021. Local production is essential for reducing the cost per vehicle and improving the stability of the global supply chain. Gigafactory Shanghai continues to be our main export hub.

Europe: Berlin-Brandenburg

Equipment testing through the vehicle production process started late 2021. We are still in the process of finalizing the manufacturing permit from local authorities, which will allow us to start delivering German-made vehicles in Europe. These first vehicles will be built using 2170 cells.

Installed Annual Capacity		Current	Status
California	Model S / Model X	100,000	Production
	Model 3 / Model Y	500,000	Production
Shanghai	Model 3 / Model Y	>450,000	Production
Berlin	Model Y	-	Equipment test
Texas	Model Y	-	Equipment test
	Cybertruck	-	In development
TBD	Tesla Semi	-	In development
	Roadster	-	In development
	Future Product	-	In development

Installed capacity ≠ current production rate and there may be limitations discovered as production rates approach capacity. Production rates depend on a variety of factors, including equipment uptime, component supply, downtime related to factory upgrades, regulatory considerations and other factors.



Market share of Tesla vehicles by region (TTM)

Source: Tesla estimates based on ACEA; Autoneuws.com; CAAM – light-duty vehicles only

Autopilot and Full Self-Driving (FSD)

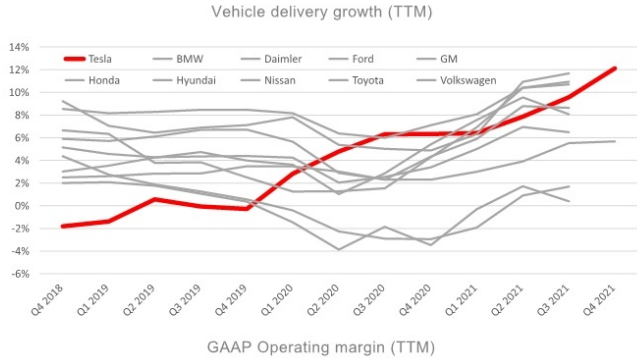
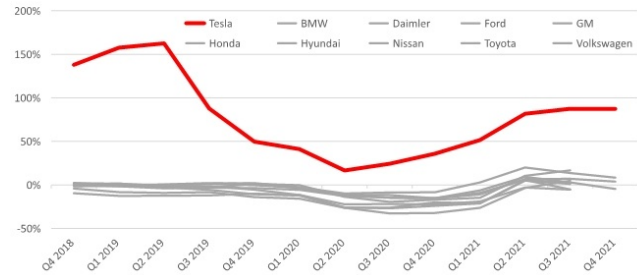
The team continued to iterate on FSD Beta software, releasing seven updates throughout the quarter. We successfully increased the number of FSD Beta vehicles from a couple of thousand in Q3 to nearly 60,000 vehicles in the US today. IIHS awarded the vision-only version Model 3 and Model Y a score of "superior" in collision-avoidance functionality and Top Safety Pick+, the highest possible rating.

Vehicle Software

In Q4, we released a new user interface, featuring a customizable app launcher, simplified controls menu and support for a dark mode appearance. Additional features included a live view of the car's blind spot when turn signals are active, editable navigation waypoints and a host of new games, entertainment and audio features. Earlier in the quarter, we added a live view of the car's cameras to the mobile app when Sentry Mode is active.

Battery, Powertrain & Manufacturing

Manufacturing is Tesla's critical core competency. While EVs were often deemed structurally unprofitable due to expensive batteries, we were convinced that manufacturing innovation, purpose-built vehicles and factories would solve cost concerns. In Q3-2021 (the last widely reported quarter), Tesla achieved the highest operating margin across all volume OEMs. Cost (COGS) per vehicle dropped to ~\$36,000 in both Q3 and Q4 2021. We believe our current projects, including large castings, structural battery pack, 4680 cells and many others, should help us continue to minimize our product cost.



Source: Tesla, OEM reports

OTHER HIGHLIGHTS

Energy Storage

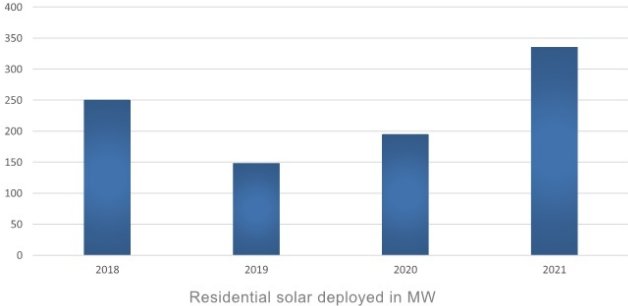
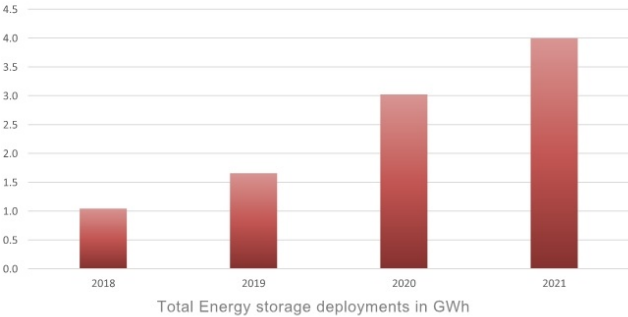
Energy storage deployments increased by 32% YoY in 2021, mainly driven by strong Megapack deployments. As demand remains substantially above capacity, growth has been limited by supply. We are in the process of building a dedicated Megapack factory to address the growing demand.

Solar Retrofit and Solar Roof

Solar deployments were 345 MW in 2021, increasing by 68% YoY, with cash/loan purchases accounting for nearly all solar deployments. Solar Roof deployments nearly tripled YoY in 2021 and continued to grow sequentially in Q4. We are making further cost improvements, particularly on installation, to increase energy profitability.

Services and Other

In 2021, Services and Other gross margin increased to -2.7%, the best performance in five years, nudging above break-even in Q4-2021. While used car sales remained strong in 2021, profit contribution from other parts of the business, such as service, merchandise and parts sales have improved as well.



OUTLOOK

Volume

We plan to grow our manufacturing capacity as quickly as possible. Over a multi-year horizon, we expect to achieve 50% average annual growth in vehicle deliveries. The rate of growth will depend on our equipment capacity, operational efficiency and the capacity and stability of the supply chain. Our own factories have been running below capacity for several quarters as supply chain became the main limiting factor, which is likely to continue through 2022.

Cash

We have sufficient liquidity to fund our product roadmap, long-term capacity expansion plans and other expenses.

Profit

While we continue to execute on innovations to reduce the cost of manufacturing and operations, over time, we expect our hardware-related profits to be accompanied with an acceleration of software-related profits.

Product

The pace of production ramps in Austin and Berlin will be influenced by the successful introduction of many new product and manufacturing technologies in new locations, ongoing supply-chain related challenges and regional permitting. We are making progress on the industrialization of Cybertruck, which is currently planned for Austin production subsequent to Model Y.



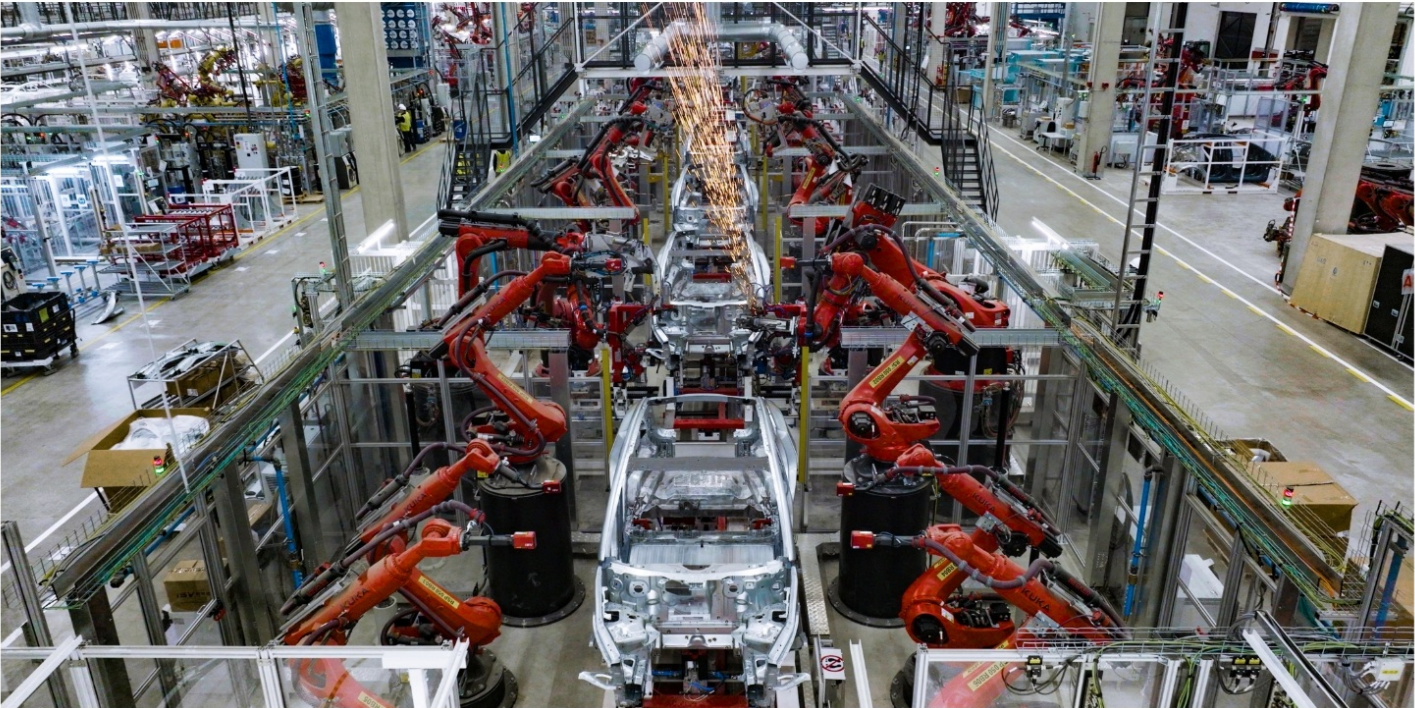
PHOTOS & CHARTS

TESLA















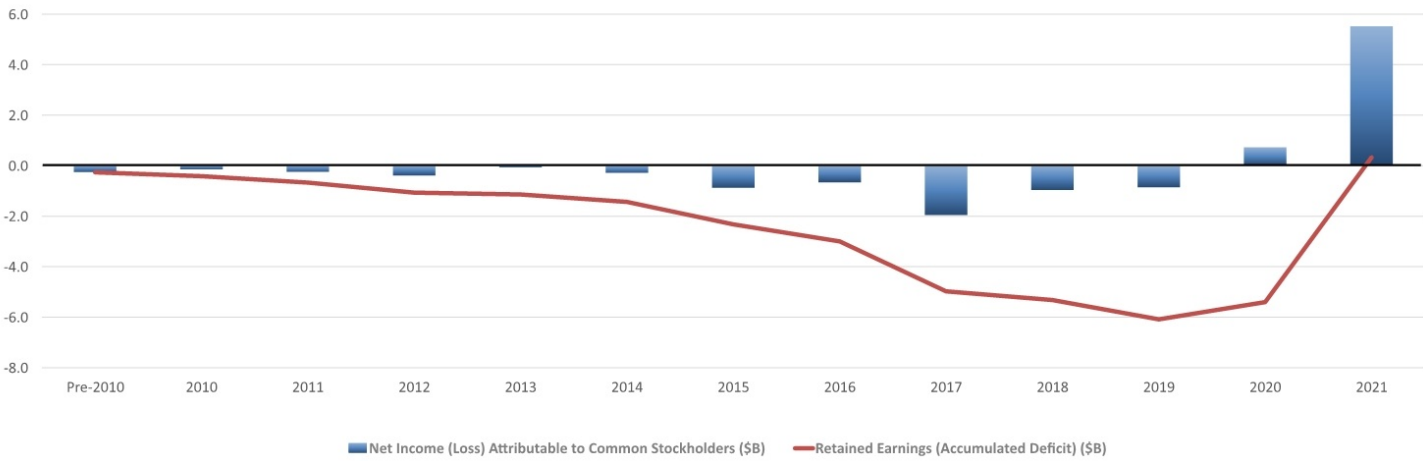




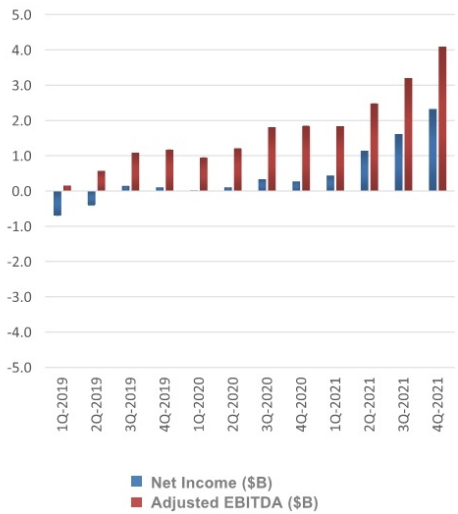
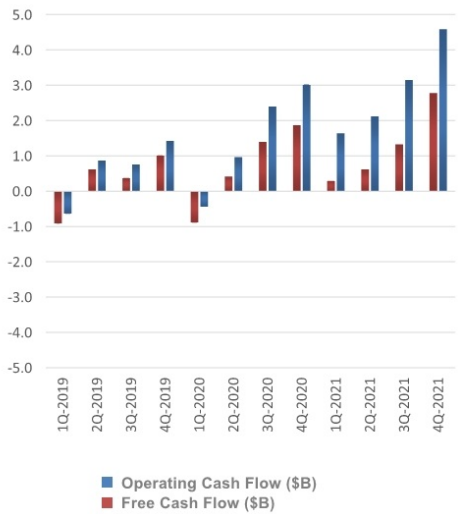
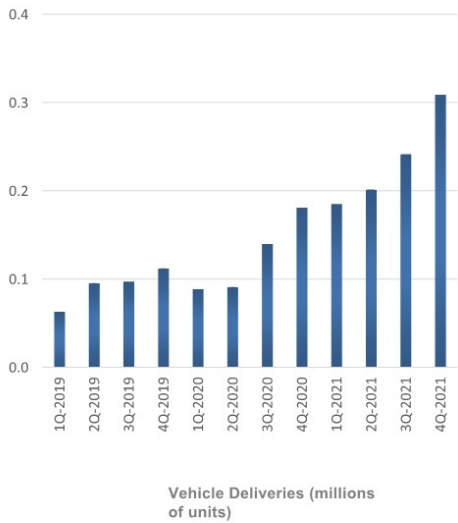




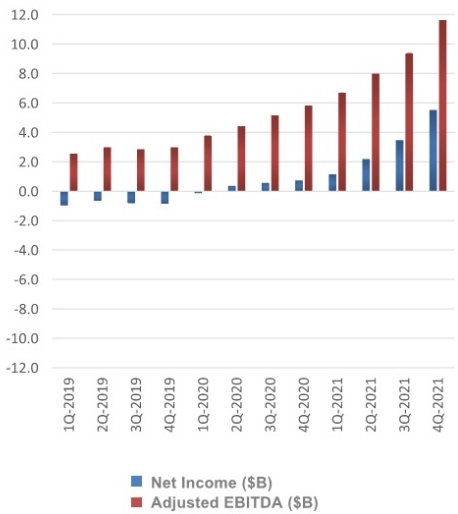
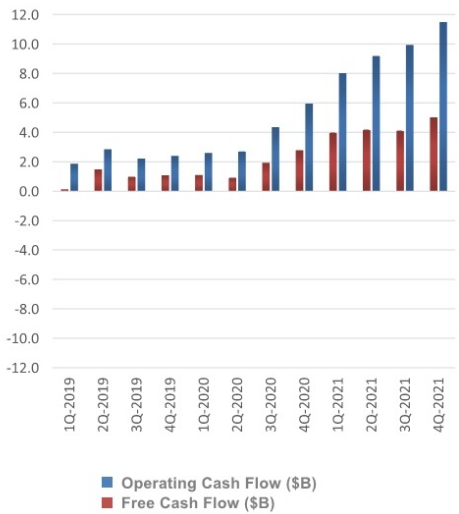
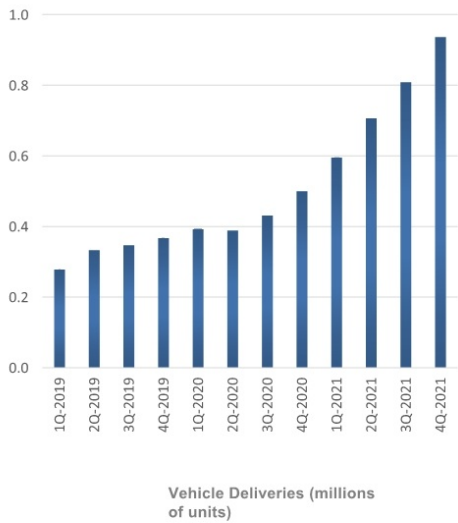
CUMULATIVE PROFITABILITY SINCE INCEPTION
(Unaudited)



KEY METRICS QUARTERLY
(Unaudited)



KEY METRICS TRAILING 12 MONTHS (TTM)
(Unaudited)



FINANCIAL STATEMENTS

T E S L A

STATEMENT OF OPERATIONS
(Unaudited)

In millions of USD or shares as applicable, except per share data

	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021
REVENUES					
Automotive sales	9,034	8,705	9,874	11,672	15,339
Automotive leasing	280	297	332	385	628
Total automotive revenue	9,314	9,002	10,206	12,057	15,967
Energy generation and storage	752	494	801	806	688
Services and other	678	893	951	894	1,064
Total revenues	10,744	10,389	11,958	13,757	17,719
COST OF REVENUES					
Automotive sales	6,922	6,457	7,119	8,150	10,689
Automotive leasing	148	160	188	234	396
Total automotive cost of revenues	7,070	6,617	7,307	8,384	11,085
Energy generation and storage	787	595	781	803	739
Services and other	821	962	986	910	1,048
Total cost of revenues	8,678	8,174	9,074	10,097	12,872
Gross profit	2,066	2,215	2,884	3,660	4,847
OPERATING EXPENSES					
Research and development	522	666	576	611	740
Selling, general and administrative	969	1,056	973	994	1,494
Restructuring and other	—	(101)	23	51	—
Total operating expenses	1,491	1,621	1,572	1,656	2,234
INCOME FROM OPERATIONS	575	594	1,312	2,004	2,613
Interest income	6	10	11	10	25
Interest expense	(246)	(99)	(75)	(126)	(71)
Other income (expense), net	44	28	45	(6)	68
INCOME BEFORE INCOME TAXES	379	533	1,293	1,882	2,635
Provision for income taxes	83	69	115	223	292
NET INCOME	296	464	1,178	1,659	2,343
Net income attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	26	26	36	41	22
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	270	438	1,142	1,618	2,321
Net income per share of common stock attributable to common stockholders					
Basic	\$ 0.28	\$ 0.46	\$ 1.18	\$ 1.62	\$ 2.29
Diluted	\$ 0.24	\$ 0.39	\$ 1.02	\$ 1.44	\$ 2.05
Weighted average shares used in computing net income per share of common stock					
Basic	951	961	971	998	1,015
Diluted	1,124	1,133	1,119	1,123	1,135

BALANCE SHEET

(Unaudited)

In millions of USD	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21	31-Dec-21
ASSETS					
Current assets					
Cash and cash equivalents	19,384	17,141	16,229	16,065	17,576
Short-term marketable securities	—	—	—	30	131
Accounts receivable, net	1,886	1,890	2,129	1,962	1,913
Inventory	4,101	4,132	4,733	5,199	5,757
Prepaid expenses and other current assets	1,346	1,542	1,602	1,746	1,723
Total current assets	26,717	24,705	24,693	25,002	27,100
Operating lease vehicles, net	3,091	3,396	3,748	4,167	4,511
Solar energy systems, net	5,979	5,933	5,883	5,821	5,765
Property, plant and equipment, net	12,747	13,868	15,665	17,298	18,884
Operating lease right-of-use assets	1,558	1,647	1,734	1,962	2,016
Digital assets, net	—	1,331	1,311	1,260	1,260
Goodwill and intangible assets, net	520	505	486	470	457
Other non-current assets	1,536	1,587	1,626	1,854	2,138
Total assets	52,148	52,972	55,146	57,834	62,131
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable	6,051	6,648	7,558	8,260	10,025
Accrued liabilities and other	3,855	4,073	4,778	5,443	5,719
Deferred revenue	1,458	1,592	1,693	1,801	1,447
Customer deposits	752	745	812	831	925
Current portion of debt and finance leases (1)	2,132	1,819	1,530	1,716	1,589
Total current liabilities	14,248	14,877	16,371	18,051	19,705
Debt and finance leases, net of current portion (1)	9,556	9,053	7,871	6,438	5,245
Deferred revenue, net of current portion	1,284	1,294	1,318	1,365	2,052
Other long-term liabilities	3,330	3,283	3,336	3,486	3,546
Total liabilities	28,418	28,507	28,896	29,340	30,548
Redeemable noncontrolling interests in subsidiaries	604	601	605	605	568
Convertible senior notes	51	—	—	—	—
Total stockholders' equity	22,225	23,017	24,804	27,053	30,189
Noncontrolling interests in subsidiaries	850	847	841	836	826
Total liabilities and equity	52,148	52,972	55,146	57,834	62,131
(1) Breakdown of our debt is as follows:					
Vehicle and energy product financing (non-recourse)	3,930	4,323	3,969	4,531	3,952
Other non-recourse debt	630	628	14	14	14
Recourse debt	5,660	4,483	3,977	2,101	1,376
Total debt excluding vehicle and energy product financing	6,290	5,111	3,991	2,115	1,390
Days sales outstanding	16	16	15	14	10
Days payable outstanding	58	70	71	72	65

STATEMENT OF CASH FLOWS
(Unaudited)

In millions of USD	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	296	464	1,178	1,659	2,343
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and impairment	618	621	681	761	848
Stock-based compensation	633	614	474	475	558
Other	230	(46)	115	253	(19)
Changes in operating assets and liabilities, net of effect of business combinations	1,242	(12)	(324)	(1)	855
Net cash provided by operating activities	3,019	1,641	2,124	3,147	4,585
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(1,151)	(1,348)	(1,505)	(1,819)	(1,810)
Purchases of solar energy systems, net of sales	(13)	(12)	(10)	(6)	(4)
Purchases of digital assets	—	(1,500)	—	—	—
Proceeds from sales of digital assets	—	272	—	—	—
Purchases of marketable securities	—	—	—	(30)	(102)
Receipt of government grants	122	6	—	—	—
Purchase of intangible assets	(5)	—	—	—	—
Net cash used in investing activities	(1,047)	(2,582)	(1,515)	(1,855)	(1,916)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash flows from other debt activities	(2,074)	(1,557)	(1,230)	(2,091)	(860)
Collateralized lease repayments	(16)	(6)	(2)	(1)	—
Net (repayments) borrowings under vehicle and energy product financing	(215)	396	(356)	562	(596)
Net cash flows from noncontrolling interests - Solar	(46)	(32)	(31)	(43)	(63)
Proceeds from issuances of common stock in public offerings, net of issuance costs	4,987	—	—	—	—
Other	56	183	70	192	262
Net cash provided by (used in) financing activities	2,692	(1,016)	(1,549)	(1,381)	(1,257)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	234	(221)	42	(42)	38
Net increase (decrease) in cash and cash equivalents and restricted cash	4,898	(2,178)	(898)	(131)	1,450
Cash and cash equivalents and restricted cash at beginning of period	15,003	19,901	17,723	16,825	16,694
Cash and cash equivalents and restricted cash at end of period	19,901	17,723	16,825	16,694	18,144

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (Unaudited)

In millions of USD or shares as applicable, except per share data	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021
Net income attributable to common stockholders (GAAP)	270	438	1,142	1,618	2,321
Stock-based compensation expense	633	614	474	475	558
Net income attributable to common stockholders (non-GAAP)	903	1,052	1,616	2,093	2,879
Less: Buy-out of noncontrolling interest	—	—	—	—	(5)
Less: Dilutive convertible debt	—	(5)	(2)	(1)	(1)
Net income used in computing diluted EPS attributable to common stockholders (non-GAAP)	903	1,057	1,618	2,094	2,885
EPS attributable to common stockholders, diluted (GAAP)	0.24	0.39	1.02	1.44	2.05
Stock-based compensation expense per share	0.56	0.54	0.43	0.42	0.49
EPS attributable to common stockholders, diluted (non-GAAP)	0.80	0.93	1.45	1.86	2.54
Shares used in EPS calculation, diluted (GAAP and non-GAAP)	1,124	1,133	1,119	1,123	1,135
Net income attributable to common stockholders (GAAP)	270	438	1,142	1,618	2,321
Interest expense	246	99	75	126	71
Provision for income taxes	83	69	115	223	292
Depreciation, amortization and impairment	618	621	681	761	848
Stock-based compensation expense	633	614	474	475	558
Adjusted EBITDA (non-GAAP)	1,850	1,841	2,487	3,203	4,090
Total revenues	10,744	10,389	11,958	13,757	17,719
Adjusted EBITDA margin (non-GAAP)	17.2%	17.7%	20.8%	23.3%	23.1%
Automotive gross margin (GAAP)	24.1%	26.5%	28.4%	30.5%	30.6%
Less: Total regulatory credit revenue recognized	3.4%	4.5%	2.6%	1.7%	1.4%
Automotive gross margin excluding regulatory credit sales (non-GAAP)	20.7%	22.0%	25.8%	28.8%	29.2%

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (Unaudited)

In millions of USD or shares as applicable, except per share data	2017	2018	2019	2020	2021
Net (loss) income attributable to common stockholders (GAAP)	(1,962)	(976)	(862)	721	5,519
Stock-based compensation expense	467	749	898	1,734	2,121
Net (loss) income attributable to common stockholders (non-GAAP)	(1,495)	(227)	36	2,455	7,640
Less: Buy-out of noncontrolling interest	—	—	8	31	(5)
Less: Dilutive convertible debt	—	—	—	—	(9)
Net (loss) income used in computing diluted EPS attributable to common stockholders (non-GAAP)	(1,495)	(227)	28	2,424	7,654
EPS attributable to common stockholders, diluted (GAAP)	(2.37)	(1.14)	(0.98)	0.64	4.90
Stock-based compensation expense per share	0.57	0.87	1.01	1.60	1.88
EPS attributable to common stockholders, diluted (non-GAAP)	(1.80)	(0.27)	0.03	2.24	6.78
Shares used in EPS calculation, diluted (GAAP and non-GAAP)	829	853	887	1,083	1,129
Net (loss) income attributable to common stockholders (GAAP)	(1,962)	(976)	(862)	721	5,519
Interest expense	471	663	685	748	371
Provision for income taxes	32	58	110	292	699
Depreciation, amortization and impairment	1,636	1,901	2,154	2,322	2,911
Stock-based compensation expense	467	749	898	1,734	2,121
Adjusted EBITDA (non-GAAP)	644	2,395	2,985	5,817	11,621
Total revenues	11,759	21,461	24,578	31,536	53,823
Adjusted EBITDA margin (non-GAAP)	5.5%	11.2%	12.1%	18.4%	21.6%
Automotive gross margin (GAAP)	22.9%	23.4%	21.2%	25.6%	29.3%
Less: Total regulatory credit revenue recognized	3.0%	1.7%	2.3%	4.6%	2.3%
Automotive gross margin excluding regulatory credit sales (non-GAAP)	19.9%	21.7%	18.9%	21.0%	27.0%

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION (Unaudited)

In millions of USD	2Q-2018	3Q-2018	4Q-2018	1Q-2019	2Q-2019	3Q-2019	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021
Net cash (used in) provided by operating activities (GAAP)	(130)	1,391	1,235	(640)	864	756	1,425	(440)	964	2,400	3,019	1,641	2,124	3,147	4,585
Capital expenditures	(610)	(510)	(325)	(280)	(250)	(385)	(412)	(455)	(546)	(1,005)	(1,151)	(1,348)	(1,505)	(1,819)	(1,810)
Free cash flow (non-GAAP)	(740)	881	910	(920)	614	371	1,013	(895)	418	1,395	1,868	293	619	1,328	2,775
In millions of USD	2Q-2018	3Q-2018	4Q-2018	1Q-2019	2Q-2019	3Q-2019	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021
Net (loss) income attributable to common stockholders (GAAP)	(718)	311	140	(702)	(408)	143	105	16	104	331	270	438	1,142	1,618	2,321
Interest expense	164	175	175	158	172	185	170	169	170	163	246	99	75	126	71
Provision for income taxes	14	17	22	23	19	26	42	2	21	186	83	69	115	223	292
Depreciation, amortization and impairment	485	503	497	468	579	530	577	553	567	584	618	621	681	761	848
Stock-based compensation expense	197	205	205	208	210	199	281	211	347	543	633	614	474	475	558
Adjusted EBITDA (non-GAAP)	142	1,211	1,039	155	572	1,083	1,175	951	1,209	1,807	1,850	1,841	2,487	3,203	4,090
In millions of USD				1Q-2019	2Q-2019	3Q-2019	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021
Net cash provided by operating activities - TTM (GAAP)				1,856	2,850	2,215	2,405	2,605	2,705	4,349	5,943	8,024	9,184	9,931	11,497
Capital expenditures - TTM				(1,725)	(1,365)	(1,240)	(1,327)	(1,502)	(1,798)	(2,418)	(3,157)	(4,050)	(5,009)	(5,823)	(6,482)
Free cash flow - TTM (non-GAAP)				131	1,485	975	1,078	1,103	907	1,931	2,786	3,974	4,175	4,108	5,015
In millions of USD				1Q-2019	2Q-2019	3Q-2019	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021	3Q-2021	4Q-2021
Net (loss) income attributable to common stockholders - TTM (GAAP)				(969)	(659)	(827)	(862)	(144)	368	556	721	1,143	2,181	3,468	5,519
Interest expense - TTM				672	680	690	685	696	694	672	748	678	583	546	371
Provision for income taxes - TTM				76	81	90	110	89	91	251	292	359	453	490	699
Depreciation, amortization and impairment - TTM				1,953	2,047	2,074	2,154	2,239	2,227	2,281	2,322	2,390	2,504	2,681	2,911
Stock-based compensation expense - TTM				815	828	822	898	901	1,038	1,382	1,734	2,137	2,264	2,196	2,121
Adjusted EBITDA - TTM (non-GAAP)				2,547	2,977	2,849	2,985	3,781	4,418	5,142	5,817	6,707	7,985	9,381	11,621

ADDITIONAL INFORMATION

WEBCAST INFORMATION

Tesla will provide a live webcast of its fourth quarter 2021 financial results conference call beginning at 4:30 p.m. CT on January 26, 2022 at ir.tesla.com. This webcast will also be available for replay for approximately one year thereafter.

CERTAIN TERMS

When used in this update, certain terms have the following meanings. Our vehicle deliveries include only vehicles that have been transferred to end customers with all paperwork correctly completed. Our energy product deployment volume includes both customer units installed and equipment sales; we report installations at time of commissioning for storage projects or inspection for solar projects, and equipment sales at time of delivery. "Adjusted EBITDA" is equal to (i) net income (loss) attributable to common stockholders before (ii)(a) interest expense, (b) provision for income taxes, (c) depreciation, amortization and impairment and (d) stock-based compensation expense, which is the same measurement for this term pursuant to the performance-based stock option award granted to our CEO in 2018. "Free cash flow" is operating cash flow less capital expenditures. Average cost per vehicle is cost of automotive sales divided by new vehicle deliveries (excluding leases). "Days sales outstanding" is equal to (i) average accounts receivable, net for the period divided by (ii) total revenues and multiplied by (iii) the number of days in the period. "Days payable outstanding" is equal to (i) average accounts payable for the period divided by (ii) total cost of revenues and multiplied by (iii) the number of days in the period. "Days of supply" is calculated by dividing new car ending inventory by the relevant quarter's deliveries and using 75 trading days.

NON-GAAP FINANCIAL INFORMATION

Consolidated financial information has been presented in accordance with GAAP as well as on a non-GAAP basis to supplement our consolidated financial results. Our non-GAAP financial measures include non-GAAP automotive gross margin, non-GAAP net income (loss) attributable to common stockholders, non-GAAP net income (loss) attributable to common stockholders on a diluted per share basis (calculated using weighted average shares for GAAP diluted net income (loss) attributable to common stockholders), Adjusted EBITDA, Adjusted EBITDA margin and free cash flow. These non-GAAP financial measures also facilitate management's internal comparisons to Tesla's historical performance as well as comparisons to the operating results of other companies. Management believes that it is useful to supplement its GAAP financial statements with this non-GAAP information because management uses such information internally for its operating, budgeting and financial planning purposes. Management also believes that presentation of the non-GAAP financial measures provides useful information to our investors regarding our financial condition and results of operations, so that investors can see through the eyes of Tesla management regarding important financial metrics that Tesla uses to run the business and allowing investors to better understand Tesla's performance. Non-GAAP information is not prepared under a comprehensive set of accounting rules and therefore, should only be read in conjunction with financial information reported under U.S. GAAP when understanding Tesla's operating performance. A reconciliation between GAAP and non-GAAP financial information is provided above.

FORWARD-LOOKING STATEMENTS

Certain statements in this update, including statements in the "Outlook" section; statements relating to the future development, ramp, production capacity and output rates, supply chain, demand and market growth, deliveries, deployment, availability and other features and improvements and timing of existing and future Tesla products and technologies such as Model 3, Model Y, Model X, Model S, Cybertruck, our equipment, our Autopilot, Full Self-Driving and other vehicle software, energy storage and solar products and the battery and powertrain technologies we are developing; statements regarding operating margin, operating profits, spending and liquidity; and statements regarding construction, expansion, improvements and/or ramp and related timing at the California Factory, Gigafactory Shanghai, Gigafactory Berlin, Gigafactory Texas and Megapack factory are "forward-looking statements" that are subject to risks and uncertainties. These forward-looking statements are based on management's current expectations, and as a result of certain risks and uncertainties, actual results may differ materially from those projected. The following important factors, without limitation, could cause actual results to differ materially from those in the forward-looking statements: uncertainties in future macroeconomic and regulatory conditions arising from the current global pandemic; the risk of delays in launching and manufacturing our products and features cost-effectively; our ability to grow our sales, delivery, installation, servicing and charging capabilities and effectively manage this growth; consumers' demand for electric vehicles generally and our vehicles specifically; the ability of suppliers to deliver components according to schedules, prices, quality and volumes acceptable to us, and our ability to manage such components effectively; any issues with lithium-ion cells or other components manufactured at Gigafactory Nevada; our ability to build and ramp Gigafactory Shanghai, Gigafactory Berlin and Gigafactory Texas in accordance with our plans; our ability to procure supply of battery cells, including through our own manufacturing; risks relating to international expansion; any failures by Tesla products to perform as expected or if product recalls occur; the risk of product liability claims; competition in the automotive and energy product markets; our ability to maintain public credibility and confidence in our long-term business prospects; our ability to manage risks relating to our various product financing programs; the status of government and economic incentives for electric vehicles and energy products; our ability to attract, hire and retain key employees and qualified personnel and ramp our installation teams; our ability to maintain the security of our information and production and product systems; our compliance with various regulations and laws applicable to our operations and products, which may evolve from time to time; risks relating to our indebtedness and financing strategies; and adverse foreign exchange movements. More information on potential factors that could affect our financial results is included from time to time in our Securities and Exchange Commission filings and reports, including the risks identified under the section captioned "Risk Factors" in our quarterly report on Form 10-Q filed with the SEC on October 25, 2021. Tesla disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

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