

Note 6 - Inventory

Our inventory consisted of the following (in millions):

	December 31, 2022	December 31, 2021
Raw materials	\$ 6,137	\$ 2,816
Work in process	2,385	1,089
Finished goods (1)	3,475	1,277
Service parts	842	575
Total	<u>\$ 12,839</u>	<u>\$ 5,757</u>

- (1) Finished goods inventory includes vehicles in transit to fulfill customer orders, new vehicles available for sale, used vehicles and energy products available for sale.

For solar energy systems, we commence transferring component parts from inventory to construction in progress, a component of solar energy systems, once a lease or PPA contract with a customer has been executed and installation has been initiated. Additional costs incurred on the leased solar energy systems, including labor and overhead, are recorded within solar energy systems under construction.

We write-down inventory for any excess or obsolete inventories or when we believe that the netrealizable value of inventories is less than the carrying value. During the years ended December 31, 2022, 2021 and 2020 we recorded write-downs of \$144 million, \$106 million and \$145 million, respectively, in Cost of revenues in the consolidated statements of operations.

Note 7 - Solar Energy Systems, Net

Our solar energy systems, net, consisted of the following (in millions):

	December 31, 2022	December 31, 2021
Solar energy systems in service	\$ 6,785	\$ 6,809
Initial direct costs related to customer solar energy system lease acquisition costs	104	104
	6,889	6,913
Less: accumulated depreciation and amortization (1)	(1,418)	(1,187)
	5,471	5,726
Solar energy systems under construction	2	18
Solar energy systems pending interconnection	16	21
Solar energy systems, net (2)	<u>\$ 5,489</u>	<u>\$ 5,765</u>

- (1) Depreciation and amortization expense during the years ended December 31, 2022, 2021 and 2020 was \$235 million, \$236 million and \$232 million, respectively.
- (2) As of December 31, 2022 and 2021, there were \$802 million and \$1.02 billion, respectively, of gross solar energy systems under lease pass-through fund arrangements with accumulated depreciation of \$148 million and \$165 million, respectively.

Note 8 - Property, Plant and Equipment, net

Our property, plant and equipment, net, consisted of the following (in millions):

	December 31, 2022	December 31, 2021
Machinery, equipment, vehicles and office furniture	\$ 13,558	\$ 9,953
Tooling	2,579	2,188
Leasehold improvements	2,366	1,826
Land and buildings	7,751	4,675
Computer equipment, hardware and software	2,072	1,414
Construction in progress	4,263	5,559
	32,589	25,615
Less: Accumulated depreciation	(9,041)	(6,731)
Total	<u>\$ 23,548</u>	<u>\$ 18,884</u>