

# Q2 2023 Update

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HIGHLIGHTS

|               |   |
|---------------|---|
| Profitability | 9.6% operating margin   |
|               | \$2.4B GAAP operating income  |
|               | \$2.7B GAAP net income  |
|               | \$3.1B non-GAAP net income <sup>1</sup>                                 |
| Cash          | Operating cash flow of \$3.1B   |
|               | Free cash flow <sup>2</sup> of \$1.0B                                   |
|               | \$0.7B increase in our cash and investments <sup>3</sup> QoQ to \$23.1B |
| Operations    | Cybertruck factory tooling on track; producing RC <sup>4</sup> builds   |
|               | Model Y became the best-selling vehicle globally in Q1                  |

SUMMARY

Q2-2023 was a record quarter on many levels with our best-ever production and deliveries and revenue approaching \$25B in a single quarter. We are excited that we were able to achieve such results given the macroeconomic environment we are currently in.

Our operating margin remained healthy at approximately 10%, even with price reductions in Q1 and early Q2. This reflects our ongoing cost reduction efforts, the continued production ramp success in Berlin and Texas and the strong performance of our Energy and Services & Other businesses.

Our commitment to being at the forefront of AI development entered a new chapter with the start of production of Dojo training computers. We are hopeful that our immense neural net training needs will be satisfied using our in-house designed Dojo hardware. The better the neural net training capacity, the greater the opportunity for our Autopilot team to iterate on new solutions.

In conclusion, we are focusing on cost reduction, new product development that will enable future growth, investments in R&D, better vehicle financing options, continuous product improvement and generation of free cash flow. The challenges of these uncertain times are not over, but we believe we have the right ingredients for the long-term success of the business through a variety of high potential projects.

<sup>(1)</sup> Excludes SBC (stock-based compensation)  
<sup>(2)</sup> Free cash flow = operating cash flow less capex  
<sup>(3)</sup> Includes cash, cash equivalents and investments  
<sup>(4)</sup> RC builds = release candidate builds

**FINANCIAL SUMMARY**  
(Unaudited)

| (\$ in millions, except percentages and per share data)                    | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | Q2-2023 | YoY     |
|--|---------|---------|---------|---------|---------|---------|
| Total automotive revenues  | 14,602  | 18,692  | 21,307  | 19,963  | 21,268  | 46%     |
| Energy generation and storage revenue                                      | 866     | 1,117   | 1,310   | 1,529   | 1,509   | 74%     |
| Services and other revenue   | 1,466   | 1,645   | 1,701   | 1,837   | 2,150   | 47%     |
| Total revenues   | 16,934  | 21,454  | 24,318  | 23,329  | 24,927  | 47%     |
| Total gross profit   | 4,234   | 5,382   | 5,777   | 4,511   | 4,533   | 7%      |
| Total GAAP gross margin  | 25.0%   | 25.1%   | 23.8%   | 19.3%   | 18.2%   | -682 bp |
| Operating expenses   | 1,770   | 1,694   | 1,876   | 1,847   | 2,134   | 21%     |
| Income from operations   | 2,464   | 3,688   | 3,901   | 2,664   | 2,399   | -3%     |
| Operating margin   | 14.6%   | 17.2%   | 16.0%   | 11.4%   | 9.6%    | -493 bp |
| Adjusted EBITDA  | 3,791   | 4,968   | 5,404   | 4,267   | 4,653   | 23%     |
| Adjusted EBITDA margin   | 22.4%   | 23.2%   | 22.2%   | 18.3%   | 18.7%   | -372 bp |
| Net income attributable to common stockholders (GAAP)                      | 2,259   | 3,292   | 3,687   | 2,513   | 2,703   | 20%     |
| Net income attributable to common stockholders (non-GAAP)                  | 2,620   | 3,654   | 4,106   | 2,931   | 3,148   | 20%     |
| EPS attributable to common stockholders, diluted (GAAP) <sup>(1)</sup>     | 0.65    | 0.95    | 1.07    | 0.73    | 0.78    | 20%     |
| EPS attributable to common stockholders, diluted (non-GAAP) <sup>(1)</sup> | 0.76    | 1.05    | 1.19    | 0.85    | 0.91    | 20%     |
| Net cash provided by operating activities                                  | 2,351   | 5,100   | 3,278   | 2,513   | 3,065   | 30%     |
| Capital expenditures   | (1,730) | (1,803) | (1,858) | (2,072) | (2,060) | 19%     |
| Free cash flow   | 621     | 3,297   | 1,420   | 441     | 1,005   | 62%     |
| Cash, cash equivalents and investments                                     | 18,915  | 21,107  | 22,185  | 22,402  | 23,075  | 22%     |

<sup>(1)</sup>EPS = earnings per share. Prior period results have been retroactively adjusted to reflect the three-for-one stock split effected in the form of a stock dividend in August 2022.

FINANCIAL SUMMARY

Revenue

Total revenue grew 47% YoY in Q2 to \$24.9B. YoY, revenue was impacted by the following items:

- + growth in vehicle deliveries
- + growth in other parts of the business
- reduced ASP YoY (excluding FX impact)
- negative FX impact of \$0.6B<sup>1</sup>

Profitability

Our operating income decreased slightly YoY to \$2.4B in Q2, resulting in a 9.6% operating margin. YoY, operating income was primarily impacted by the following items:

- reduced ASP due to mix and pricing
- cost of production ramp of 4680 cells and other related charges
- increase in Operating expenses driven by Cybertruck, AI and other large projects
- negative FX impact
- + growth in vehicle deliveries (despite margin headwind from underutilization of new factories)
- + lower cost per vehicle, which includes lower raw material costs and IRA credit
- + gross profit growth in Energy business as well as Services & Other

Other income (below operating income line) was positively impacted by FX movements on certain intercompany balances.

Cash

Quarter-end cash, cash equivalents and investments increased sequentially by \$0.7B to \$23.1B in Q2, driven mainly by free cash flow of \$1.0B, partially offset by other financing activities, including debt repayments.

5 <sup>(1)</sup> Impact is calculated on a constant currency basis. Actuals are compared against current results converted into USD using average exchange rates from Q2'22.

OPERATIONAL SUMMARY  
(Unaudited)

|  | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | Q2-2023 | YoY  |
|--|---------|---------|---------|---------|---------|------|
| Model S/X production                                     | 16,411  | 19,935  | 20,613  | 19,437  | 19,489  | 19%  |
| Model 3/Y production                                     | 242,169 | 345,988 | 419,088 | 421,371 | 460,211 | 90%  |
| Total production   | 258,580 | 365,923 | 439,701 | 440,808 | 479,700 | 86%  |
|  |         |         |         |         |         |      |
| Model S/X deliveries                                     | 16,162  | 18,672  | 17,147  | 10,695  | 19,225  | 19%  |
| Model 3/Y deliveries                                     | 238,533 | 325,158 | 388,131 | 412,180 | 446,915 | 87%  |
| Total deliveries   | 254,695 | 343,830 | 405,278 | 422,875 | 466,140 | 83%  |
| of which subject to operating lease accounting           | 9,227   | 11,004  | 15,184  | 22,357  | 21,883  | 137% |
|  |         |         |         |         |         |      |
| Total end of quarter operating lease vehicle count       | 131,756 | 135,054 | 140,667 | 153,988 | 168,058 | 28%  |
| Global vehicle inventory (days of supply) <sup>(1)</sup> | 4       | 8       | 13      | 15      | 16      | 300% |
|  |         |         |         |         |         |      |
| Solar deployed (MW)                                      | 106     | 94      | 100     | 67      | 66      | -38% |
| Storage deployed (MWh)                                   | 1,133   | 2,100   | 2,462   | 3,889   | 3,653   | 222% |
|  |         |         |         |         |         |      |
| Tesla locations <sup>(2)</sup>                           | 831     | 903     | 963     | 1,000   | 1,068   | 29%  |
| Mobile service fleet                                     | 1,453   | 1,532   | 1,584   | 1,692   | 1,769   | 22%  |
|  |         |         |         |         |         |      |
| Supercharger stations                                    | 3,971   | 4,283   | 4,678   | 4,947   | 5,265   | 33%  |
| Supercharger connectors                                  | 36,165  | 38,883  | 42,419  | 45,169  | 48,082  | 33%  |

<sup>(1)</sup>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).  
<sup>(2)</sup>Starting in Q1-2023, we revised our methodology for reporting Tesla’s physical footprint. This count now includes all sales, service, delivery and body shop locations globally.

VEHICLE CAPACITY

In Q2, we produced a record number of vehicles, thanks to ongoing ramps of our new factories as well as strong performance of Shanghai and Fremont. We remain committed to smoothing deliveries throughout the quarter by reducing the percentage of vehicles delivered in the 3rd month. Vehicles in-transit, test-drive and display vehicles account for a substantive majority of our total days of supply.

US: California, Nevada and Texas

At Gigafactory Texas, in addition to the continued success of the Model Y ramp, we are also working on equipment installation for Cybertruck production, which remains on track for initial deliveries this year. We have made notable progress on yield improvement of our 4680 cell production lines. We continue building capacity for cathode production and lithium refining in the U.S.

China: Shanghai

Since our Shanghai factory has been successfully running near full capacity for several months, we do not expect a meaningful increase in weekly production run rate. Gigafactory Shanghai remains our main export hub.

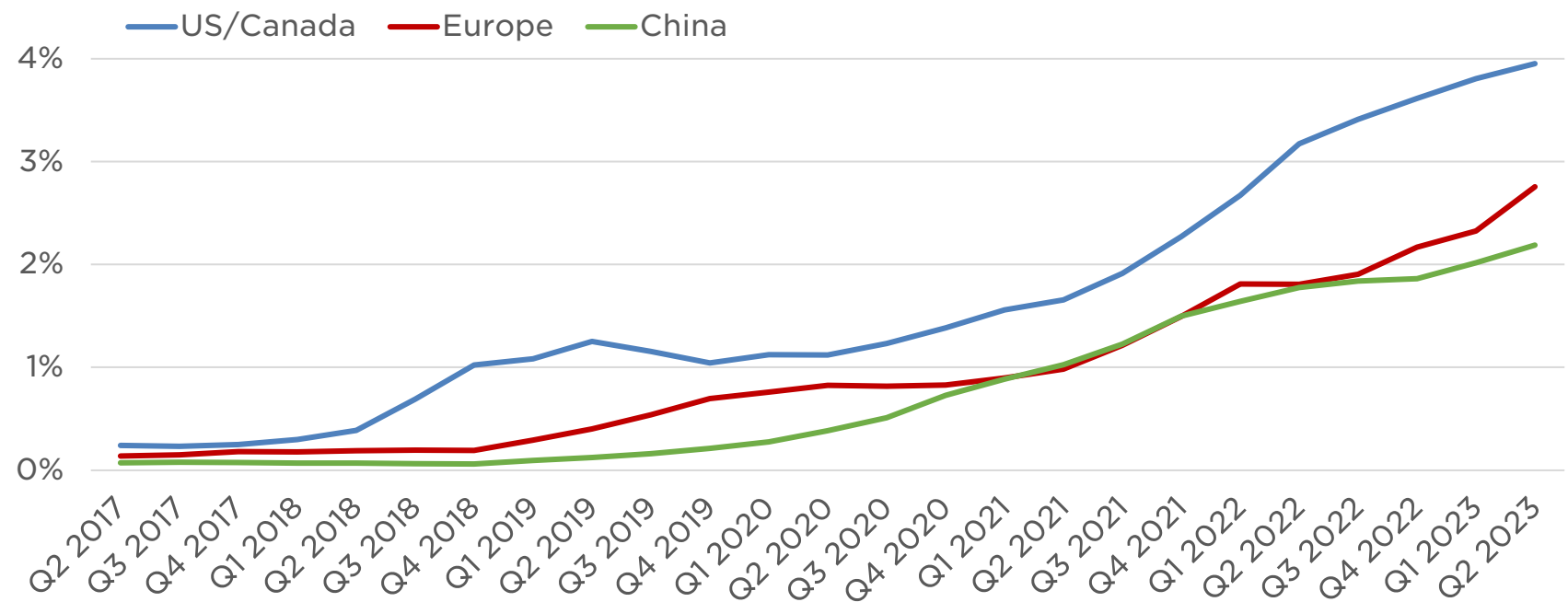
Europe: Berlin-Brandenburg

Our factory in Germany produced standard range Model Y vehicles in Q2 for the first time. Building off momentum from its success in Q1, Model Y was the best-selling vehicle of any kind in Europe year-to-date (based on the latest available data as of May).

Installed Annual Vehicle Capacity

| Region     | Model             | Capacity | Status           |
|------------|-------------------|----------|------------------|
| California | Model S / Model X | 100,000  | Production       |
|            | Model 3 / Model Y | 550,000  | Production       |
| Shanghai   | Model 3 / Model Y | >750,000 | Production       |
| Berlin     | Model Y           | 375,000  | Production       |
| Texas      | Model Y           | >250,000 | Production       |
|            | Cybertruck        | -        | Tooling          |
| Nevada     | Tesla Semi        | -        | Pilot production |
| Various    | Next Gen Platform | -        | In development   |
| TBD        | Roadster          | -        | 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; Autonews.com; CAAM - light-duty vehicles only TTM = Trailing twelve months