
**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): July 26, 2021

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.)**

**3500 Deer Creek Road
Palo Alto, California 94304**
(Address of Principal Executive Offices, and Zip Code)

(650) 681-5000
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 July 26, 2021, Tesla, Inc. released its financial results for the quarter ended June 30, 2021 by posting its Second Quarter 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 be specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. **Description**

99.1 [Tesla, Inc. Second Quarter 2021 Update, dated July 26, 2021.](#)

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: July 26, 2021

Exhibit 99.1

Q2 2021 Update

tesla

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tesla

HIGHLIGHTS

Cash	Operating cash flow less capex (free cash flow) of \$619M in Q2 Net debt and finance lease repayments of \$1.6B in Q2 In total, \$912M decrease in our cash and cash equivalents in Q2 to \$16.2B
Profitability	\$1.3B GAAP operating income; 11.0% operating margin in Q2 \$1.1B GAAP net income; \$1.6B non-GAAP net income (ex-SBC ¹) in Q2 28.4% GAAP Automotive gross margin (25.8% ex-credits) in Q2
Operations	Record vehicle production and deliveries in Q2 Successful launch of FSD subscription in July Started delivering the new Model S to customers

SUMMARY

In the second quarter of 2021, we broke new and notable records. We produced and delivered over 200,000 vehicles, achieved an operating margin of 11.0% and exceeded \$1B of GAAP net income for the first time in our history.

Supply chain challenges, in particular global semiconductor shortages and port congestion, continued to be present in Q2. The Tesla team, including supply chain, software development and our factories, worked extremely hard to keep production running as close to full capacity as possible. With global vehicle demand at record levels, component supply will have a strong influence on the rate of our delivery growth for the rest of this year.

We successfully launched Tesla Vision in Q2, which was mainly possible due to our ability to use data from over a million Tesla vehicles to source a large, diverse and accurate dataset. Solving full autonomy is a difficult engineering challenge in which we continue to believe can only be solved through the collection of large, real-world datasets and cutting-edge AI.

Public sentiment and support for electric vehicles seems to be at a never-before-seen inflection point. We continue to work hard to drive down costs and increase our rate of production to make electric vehicles accessible to as many people as possible.

⁽¹⁾ SBC = stock-based compensation

FINANCIAL SUMMARY

(Unaudited)

(\$ in millions, except percentages and per share data)	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	YoY
Automotive revenues	5,179	7,611	9,314	9,002	10,206	97%
of which regulatory credits	428	397	401	518	354	-17%
Automotive gross profit	1,317	2,105	2,244	2,385	2,899	120%
Automotive gross margin	25.4%	27.7%	24.1%	26.5%	28.4%	298 bp
Total revenues	6,036	8,771	10,744	10,389	11,958	98%
Total gross profit	1,267	2,063	2,066	2,215	2,884	128%
Total GAAP gross margin	21.0%	23.5%	19.2%	21.3%	24.1%	313 bp
Operating expenses	940	1,254	1,491	1,621	1,572	67%
Income from operations	327	809	575	594	1,312	301%
Operating margin	5.4%	9.2%	5.4%	5.7%	11.0%	555 bp
Net income attributable to common stockholders (GAAP)	104	331	270	438	1,142	998%
Net income attributable to common stockholders (non-GAAP)	451	874	903	1,052	1,616	258%
EPS attributable to common stockholders, diluted (GAAP) ⁽¹⁾	0.10	0.27	0.24	0.39	1.02	920%
EPS attributable to common stockholders, diluted (non-GAAP) ⁽¹⁾	0.44	0.76	0.80	0.93	1.45	230%
Adjusted EBITDA	1,209	1,807	1,850	1,841	2,487	106%
Net cash provided by operating activities	964	2,400	3,019	1,641	2,124	120%
Capital expenditures	(546)	(1,005)	(1,151)	(1,348)	(1,505)	176%
Free cash flow	418	1,395	1,868	293	619	48%
Cash and cash equivalents	8,615	14,531	19,384	17,141	16,229	88%

⁽¹⁾Prior period results have been retroactively adjusted to reflect the five-for-one stock split effected in the form of a stock dividend in August 2020.

EPS = Earnings per share

L I A M L R

FINANCIAL SUMMARY

Revenue

Total revenue grew 98% YoY in Q2. This was primarily achieved through substantial growth in vehicle deliveries, as well as growth in other parts of the business. At the same time, vehicle ASP¹ declined by 2% YoY as Model S and Model X deliveries were reduced in Q2 due to the product updates and as lower ASP China-made vehicles became a larger percentage of our mix.

Profitability

Our operating income improved in Q2 compared to the same period last year to \$1.3B, resulting in an 11.0% operating margin. This profit level was reached while incurring SBC expense attributable to the 2018 CEO award of \$176M in Q2, driven by a new operational milestone becoming probable.

Operating income increased YoY mainly due to volume growth and cost reduction. Positive impacts were partially offset by growth in operating expenses including increased SBC, Model S/X ramp (negative margin in Q2), additional supply chain costs, lower regulatory credit revenue, Bitcoin-related impairment of \$23M and other items.

Quarter-end cash and cash equivalents decreased to \$16.2B in Q2, driven mainly by net debt and finance lease repayments of \$1.6B, partially offset by free cash flow of \$619M.

Cash

⁽¹⁾ASP = average selling price

OPERATIONAL SUMMARY
(Unaudited)

	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	YoY
Model S/X production	6,326	16,992	16,097	0	2,340	-63%
Model 3/Y production	75,946	128,044	163,660	180,338	204,081	169%
Total production	82,272	145,036	179,757	180,338	206,421	151%
Model S/X deliveries	10,614	15,275	18,966	2,030	1,895	-82%
Model 3/Y deliveries	80,277	124,318	161,701	182,847	199,409	148%
Total deliveries	90,891	139,593	180,667	184,877	201,304	121%
of which subject to operating lease accounting	4,716	10,014	13,636	13,602	14,492	207%
Total end of quarter operating lease vehicle count	54,519	61,638	72,089	83,032	95,491	75%
Global vehicle inventory (days of supply) ⁽¹⁾	17	14	11	8	9	-47%
Solar deployed (MW)	27	57	86	92	85	215%
Storage deployed (MWh)	419	759	1,584	445	1,274	204%
Store and service locations	446	466	523	561	598	34%
Mobile service fleet ⁽²⁾	816	833	894	1,013	1,091	34%
Supercharger stations	2,035	2,181	2,564	2,699	2,966	46%
Supercharger connectors	18,100	19,437	23,277	24,515	26,900	49%

(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).

6 (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.

1 2 3 4 5 6 7 8 9 A

VEHICLE CAPACITY

Global demand continues to be robust, and we are producing at the limits of available parts supply. While we saw ongoing semiconductor supply challenges in Q2, we were able to further grow our production.

US: California and Texas

Production ramp of Model S progressed over the course of Q2, and we expect it will continue to increase throughout the rest of the year. Given strong U.S. demand, the majority of all Model 3/Y production was delivered in North America. Buildout of Gigafactory Texas continued to progress in Q2 with commissioning having begun in some areas of the factory.

China: Shanghai

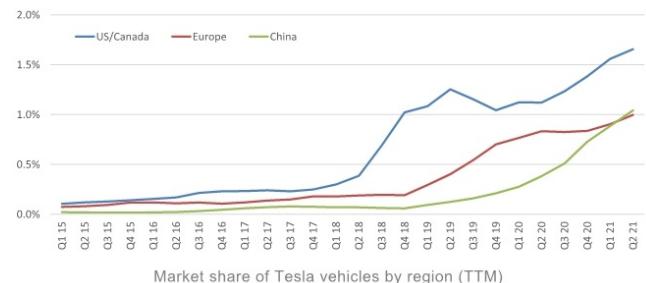
While we experienced minor interruptions due to supply chain challenges and factory upgrades, production in Shanghai remained strong. Per our planned roadmap, we recently introduced a standard range version of Model Y in China, which starts at ¥276,000 post incentives. Due to strong U.S. demand and global average cost optimization, we have completed the transition of Gigafactory Shanghai as the primary vehicle export hub.

Europe: Berlin-Brandenburg

While our global production lines continue to run as fast as possible, European demand remains well above supply, resulting in growing wait times for delivery. We continue installing equipment, have begun testing tools and are working as quickly as possible toward starting production in Berlin, while growing import volumes in the interim.

	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	-	Construction
Texas	Model Y	-	Construction
	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.



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

Autopilot and Full Self Driving (FSD)

After selling over a million vehicles equipped with radar, we have collected enough data to start removing it in some regions. The removal of radar, which is enabled by our collection of a vast dataset of corner cases, allows us to focus on vision and increase the pace of improvement. Our first customers downloaded FSD V9 Beta in July, prompting strong positive feedback from current users.

Vehicle Software

Our team has demonstrated an unparalleled ability to react quickly and mitigate disruptions to manufacturing caused by semiconductor shortages. Our electrical and firmware engineering teams remain hard at work designing, developing and validating 19 new variants of controllers in response to ongoing semiconductor shortages.

Battery and Powertrain

We have successfully validated performance and lifetime of our 4680 cells produced at our Kato facility in California. We are nearing the end of manufacturing validation at Kato: field quality and yield are at viable levels and our focus is now on improving the 10% of manufacturing processes that currently bottleneck production output. While substantial progress has been made, we still have work ahead of us before we can achieve volume production. Internal crash testing of our structural pack architecture with a single-piece front casting has been successful.



View from vehicle cameras



What the vehicle sees (FSD V9 Beta)

OTHER HIGHLIGHTS

Energy Storage

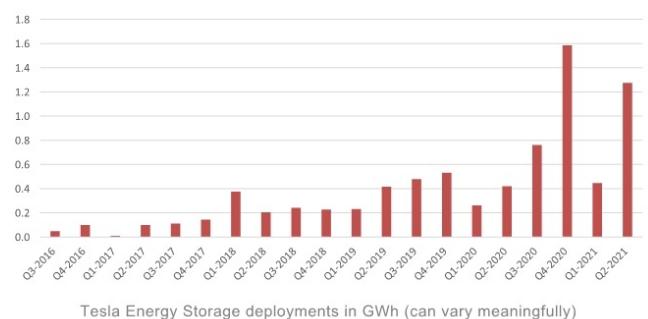
Energy storage deployments more than tripled YoY in Q2, driven mainly by recognition of several Megapack projects. Energy storage deployments can vary meaningfully quarter to quarter depending on the timing of specific project milestones. Powerwall remained exceptionally popular as deployments nearly doubled YoY. Energy storage production continues to be held back by supply chain challenges as our backlog remains long.

Solar Retrofit and Solar Roof

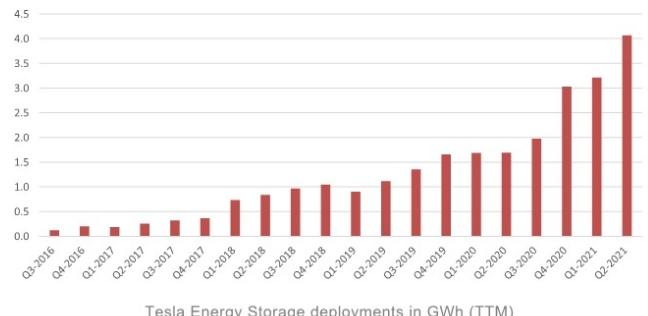
Solar deployments reached 85 MW in Q2, more than tripling YoY. Additionally, cash/loan solar deployments more than quadrupled YoY. Solar Roof deployments grew substantially both YoY as well as sequentially in Q2. Thus far, our solar + storage product remains very popular, and we continue to improve efficiency of our install crews.

Services and Other

Gross margin of the Services & Other business reached nearly breakeven in Q2, the best result in four years. This improvement was driven mainly by strong performance in used vehicles as well as our continued focus on cost efficiency.



Tesla Energy Storage deployments in GWh (can vary meaningfully)



Tesla Energy Storage deployments in GWh (TTM)

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. In some years we may grow faster, which we expect to be the case in 2021. The rate of growth will depend on our equipment capacity, operational efficiency, and the capacity and stability of the supply chain.

Cash

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

Profit

We expect our operating margin will continue to grow over time, continuing to reach industry-leading levels with capacity expansion and localization plans underway.

Product

We believe we remain on track to build our first Model Y vehicles in Berlin and Austin in 2021. The pace of the respective production ramps will be influenced by the successful introduction of many new product and manufacturing technologies, ongoing supply-chain related challenges and regional permitting. To better focus on these factories, and due to the limited availability of battery cells and global supply chain challenges, we have shifted the launch of the Semi truck program to 2022. We are also making progress on the industrialization of Cybertruck, which is currently planned for Austin production subsequent to Model Y.

PHOTOS

REUTERS

GIGAFACTORY BERLIN - MODEL Y FACTORY CONSTRUCTION



GIGAFACTORY BERLIN - PAINT SHOP



GIGAFACTORY TEXAS - MODEL Y FACTORY CONSTRUCTION



6 months ago

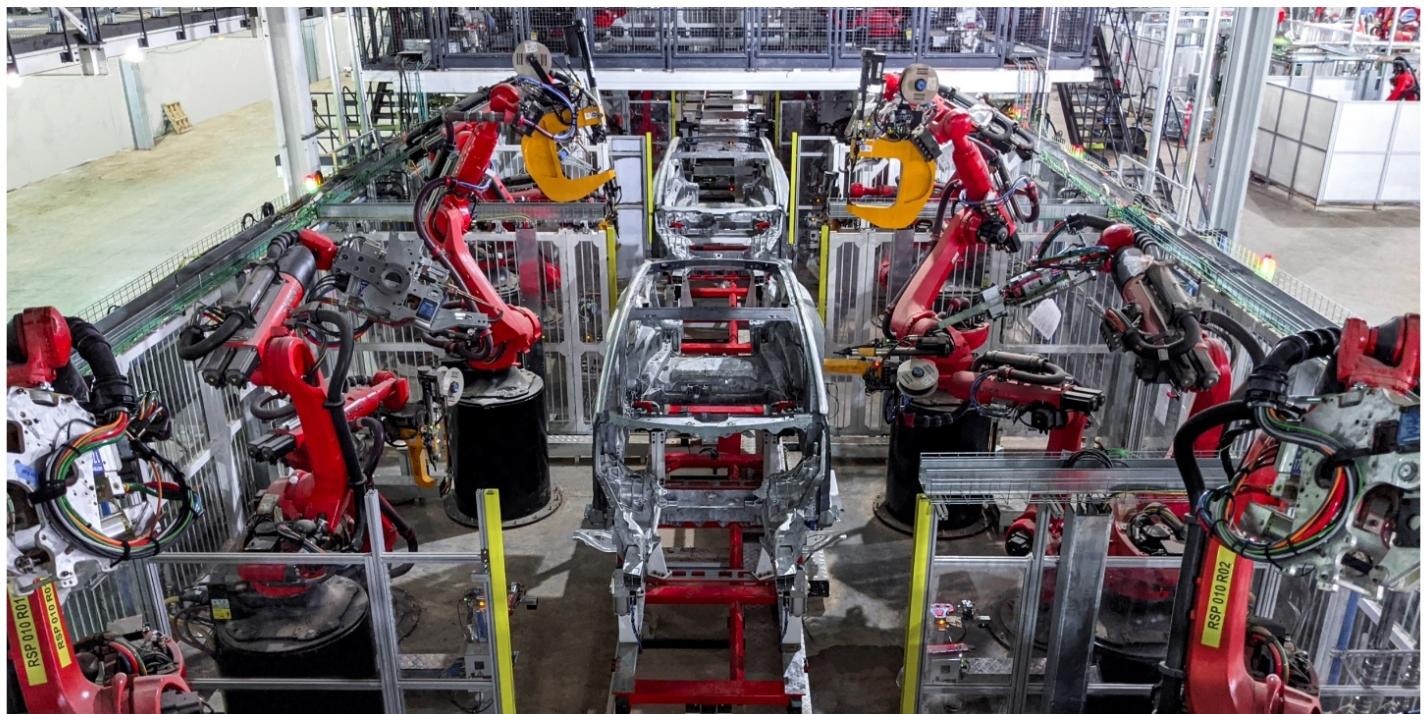


Present day

GIGAFACTORY TEXAS - STAMPING PRESS



GIGAFACTORY TEXAS - MODEL Y BODY SHOP



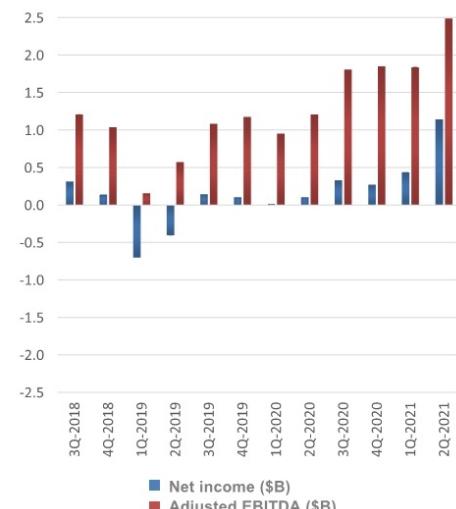
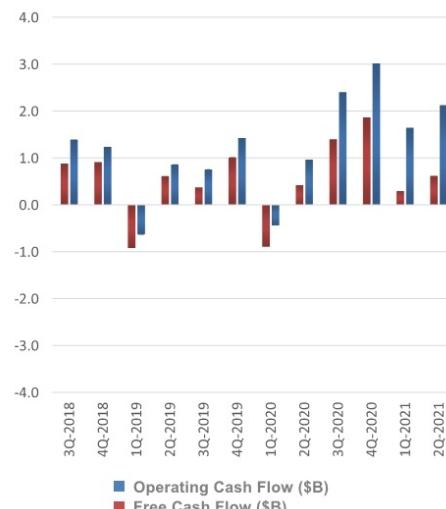
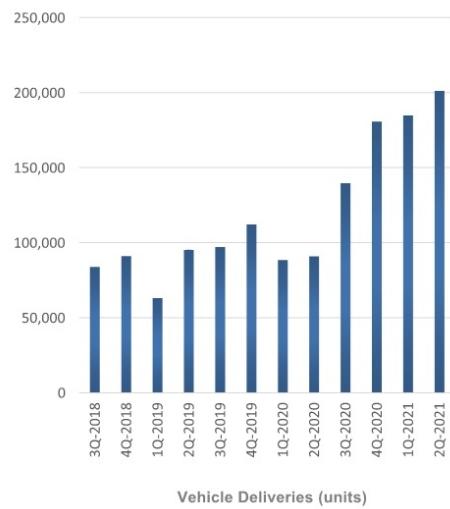
GIGAFACTORY TEXAS - MODEL Y FACTORY CONSTRUCTION



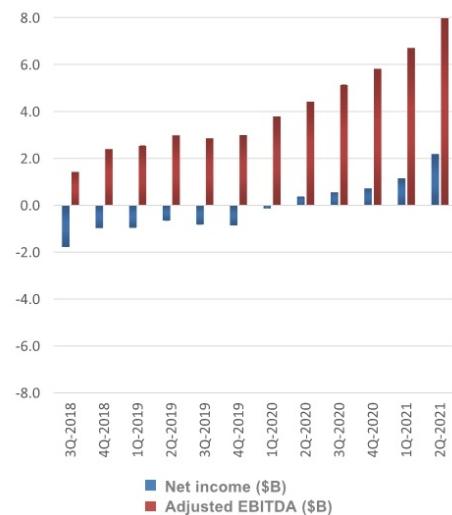
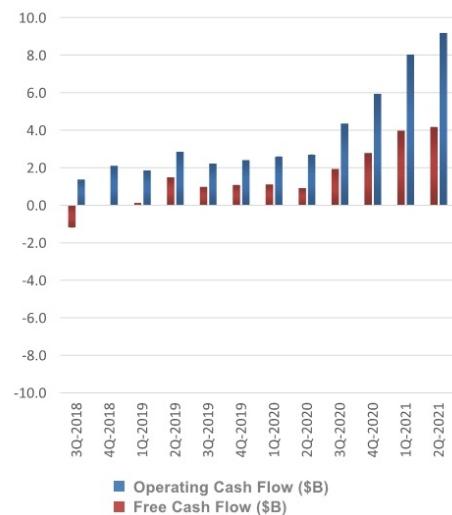
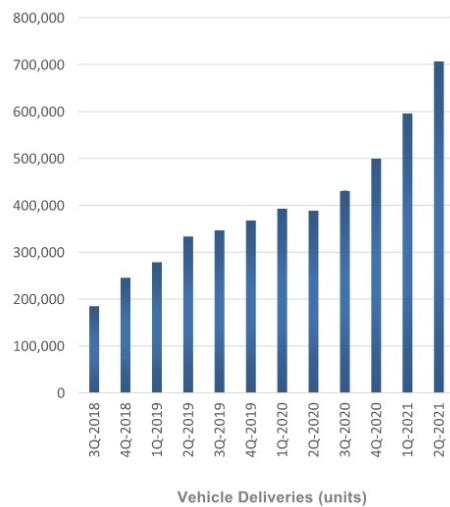
GIGAFACTORY SHANGHAI - EXPANSION CONTINUES



KEY METRICS QUARTERLY
(Unaudited)



KEY METRICS TRAILING 12 MONTHS (TTM)
(Unaudited)



FINANCIAL STATEMENTS

tesla

STATEMENT OF OPERATIONS
(Unaudited)

	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021
REVENUES					
Automotive sales	4,911	7,346	9,034	8,705	9,874
Automotive leasing	268	265	280	297	332
Total automotive revenue	5,179	7,611	9,314	9,002	10,206
Energy generation and storage	370	579	752	494	801
Services and other	487	581	678	893	951
Total revenues	6,036	8,771	10,744	10,389	11,958
COST OF REVENUES					
Automotive sales	3,714	5,361	6,922	6,457	7,119
Automotive leasing	148	145	148	160	188
Total automotive cost of revenues	3,862	5,506	7,070	6,617	7,307
Energy generation and storage	349	558	787	595	781
Services and other	558	644	821	962	986
Total cost of revenues	4,769	6,708	8,678	8,174	9,074
Gross profit	1,267	2,063	2,066	2,215	2,884
OPERATING EXPENSES					
Research and development	279	366	522	666	576
Selling, general and administrative	661	888	969	1,056	973
Restructuring and other	—	—	—	(101)	23
Total operating expenses	940	1,254	1,491	1,621	1,572
INCOME FROM OPERATIONS					
Interest income	327	809	575	594	1,312
Interest expense	8	6	6	10	11
Other (expense) income, net	(170)	(163)	(246)	(99)	(75)
INCOME BEFORE INCOME TAXES	150	555	379	533	1,293
Provision for income taxes	21	186	83	69	115
NET INCOME	129	369	296	464	1,178
Net income attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	25	38	26	26	36
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	104	331	270	438	1,142
Less: Buy-out of noncontrolling interest	—	31	—	—	—
NET INCOME USED IN COMPUTING NET INCOME PER SHARE OF COMMON STOCK	104	300	270	438	1,142
Net income per share of common stock attributable to common stockholders ⁽¹⁾					
Basic	\$ 0.11	\$ 0.32	\$ 0.28	\$ 0.46	\$ 1.18
Diluted	\$ 0.10	\$ 0.27	\$ 0.24	\$ 0.39	\$ 1.02
Weighted average shares used in computing net income per share of common stock ⁽¹⁾					
Basic	928	937	951	961	971
Diluted	1,036	1,105	1,124	1,133	1,119

²² ⁽¹⁾Prior period results have been retroactively adjusted to reflect the five-for-one stock split effected in the form of a stock dividend in August 2020.

BALANCE SHEET

(Unaudited)

In millions of USD

	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21
ASSETS					
Current assets					
Cash and cash equivalents	8,615	14,531	19,384	17,141	16,229
Accounts receivable, net	1,485	1,757	1,886	1,890	2,129
Inventory	4,018	4,218	4,101	4,132	4,733
Prepaid expenses and other current assets	1,218	1,238	1,346	1,542	1,602
Total current assets	15,336	21,744	26,717	24,705	24,693
Operating lease vehicles, net	2,524	2,742	3,091	3,396	3,748
Solar energy systems, net	6,069	6,025	5,979	5,933	5,883
Property, plant and equipment, net	11,009	11,848	12,747	13,868	15,665
Operating lease right-of-use assets	1,274	1,375	1,558	1,647	1,734
Digital assets, net	—	—	—	1,331	1,311
Goodwill and intangible assets, net	508	521	520	505	486
Other non-current assets	1,415	1,436	1,536	1,587	1,626
Total assets	38,135	45,691	52,148	52,972	55,146
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable	3,638	4,958	6,051	6,648	7,558
Accrued liabilities and other	3,110	3,252	3,855	4,073	4,778
Deferred revenue	1,130	1,258	1,458	1,592	1,693
Customer deposits	713	708	752	745	812
Current portion of debt and finance leases (1)	3,679	3,126	2,132	1,819	1,530
Total current liabilities	12,270	13,302	14,248	14,877	16,371
Debt and finance leases, net of current portion (1)	10,416	10,559	9,556	9,053	7,871
Deferred revenue, net of current portion	1,198	1,233	1,284	1,294	1,318
Other long-term liabilities	2,870	3,049	3,330	3,283	3,336
Total liabilities	26,754	28,143	28,418	28,507	28,896
Redeemable noncontrolling interests in subsidiaries	613	608	604	601	605
Convertible senior notes	44	48	51	—	—
Total stockholders' equity	9,895	16,031	22,725	23,017	24,804
Noncontrolling interests in subsidiaries	869	861	850	847	841
Total liabilities and equity	38,135	45,691	52,148	52,972	55,146
(1) Breakdown of our debt is as follows:					
Vehicle and energy product financing (non-recourse)	4,043	4,141	3,930	4,323	3,969
Other non-recourse debt	1,415	605	630	628	14
Recourse debt	7,106	7,448	5,660	4,483	3,977
Total debt excluding vehicle and energy product financing	8,521	8,053	6,290	5,111	3,991
Days sales outstanding	21	17	16	16	15
Days payable outstanding	73	59	58	70	71

STATEMENT OF CASH FLOWS

(Unaudited)

In millions of USD

CASH FLOWS FROM OPERATING ACTIVITIES

	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021
Net income	129	369	296	464	1,178
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and impairment	567	584	618	621	681
Stock-based compensation	347	543	633	614	474
Other	167	269	230	(46)	115
Changes in operating assets and liabilities, net of effect of business combinations	(246)	635	1,242	(12)	(324)
Net cash provided by operating activities	964	2,400	3,019	1,641	2,124
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures	(546)	(1,005)	(1,151)	(1,348)	(1,505)
Purchases of solar energy systems, net of sales	(20)	(16)	(13)	(12)	(10)
Purchase of intangible assets	—	(5)	(5)	—	—
Receipt of government grants	—	—	122	6	—
Purchases of digital assets	—	—	—	(1,500)	—
Proceeds from sales of digital assets	—	—	—	272	—
Business combinations, net of cash acquired	—	(13)	—	—	—
Net cash used in investing activities	(566)	(1,039)	(1,047)	(2,582)	(1,515)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash flows from other debt activities	164	(630)	(2,074)	(1,557)	(1,230)
Collateralized lease repayments	(71)	(56)	(16)	(6)	(2)
Net borrowings (repayments) under vehicle and solar financing	18	99	(215)	396	(356)
Net cash flows from noncontrolling interests – Auto	(3)	(31)	—	—	—
Net cash flows from noncontrolling interests – Solar	(42)	(49)	(46)	(32)	(31)
Proceeds from issuances of common stock in public offerings, net of issuance costs	—	4,973	4,987	—	—
Other	57	144	56	183	70
Net cash provided by (used in) financing activities	123	4,450	2,692	(1,016)	(1,549)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	38	86	234	(221)	42
Net increase (decrease) in cash and cash equivalents and restricted cash	559	5,897	4,898	(2,178)	(898)
Cash and cash equivalents and restricted cash at beginning of period	8,547	9,106	15,003	19,901	17,723
Cash and cash equivalents and restricted cash at end of period	9,106	15,003	19,901	17,723	16,825

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

In millions of USD or shares as applicable, except per share data	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021
Net income attributable to common stockholders (GAAP)	104	331	270	438	1,142
Stock-based compensation expense	347	543	633	614	474
Net income attributable to common stockholders (non-GAAP)	451	874	903	1,052	1,616
Less: Buy-out of noncontrolling interest	—	31	—	—	—
Less: Dilutive convertible debt	—	—	—	(5)	(2)
Net income used in computing diluted EPS attributable to common stockholders (non-GAAP)	451	843	903	1,057	1,618
 EPS attributable to common stockholders, diluted (GAAP)⁽¹⁾	0.10	0.27	0.24	0.39	1.02
Stock-based compensation expense per share ⁽¹⁾	0.34	0.49	0.56	0.54	0.43
EPS attributable to common stockholders, diluted (non-GAAP) ⁽¹⁾	0.44	0.76	0.80	0.93	1.45
Shares used in EPS calculation, diluted (GAAP and non-GAAP) ⁽¹⁾	1,036	1,105	1,124	1,133	1,119
 Net income attributable to common stockholders (GAAP)	104	331	270	438	1,142
Interest expense	170	163	246	99	75
Provision for income taxes	21	186	83	69	115
Depreciation, amortization and impairment	567	584	618	621	681
Stock-based compensation expense	347	543	633	614	474
Adjusted EBITDA (non-GAAP)	1,209	1,807	1,850	1,841	2,487
 Automotive gross margin (GAAP)	25.4%	27.7%	24.1%	26.5%	28.4%
Less: Total regulatory credit revenue recognized	6.7%	4.0%	3.4%	4.5%	2.6%
Automotive gross margin excluding regulatory credits (non-GAAP)	18.7%	23.7%	20.7%	22.0%	25.8%

⁽¹⁾ Prior period results have been retroactively adjusted to reflect the five-for-one stock split effected in the form of a stock dividend in August 2020.

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

In millions of USD	4Q-2017	1Q-2018	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
Net cash provided by (used in) operating activities (GAAP)	510	(398)	(130)	1,391	1,235	(640)	864	756	1,425	(440)	964	2,400	3,019	1,641	2,124
Capital expenditures	(787)	(656)	(610)	(510)	(325)	(280)	(250)	(385)	(412)	(455)	(546)	(1,005)	(1,151)	(1,348)	(1,505)
Free cash flow (non-GAAP)	(277)	(1,054)	(740)	881	910	(920)	614	371	1,013	(895)	418	1,395	1,868	293	619
In millions of USD	4Q-2017	1Q-2018	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
Net (loss) income attributable to common stockholders (GAAP)	(675)	(709)	(718)	311	140	(702)	(408)	143	105	16	104	331	270	438	1,142
Interest expense	146	149	164	175	175	158	172	185	170	169	170	163	246	99	75
Provision for income taxes	(9)	5	14	17	22	23	19	26	42	2	21	186	83	69	115
Depreciation, amortization and impairment	470	416	485	503	497	468	579	530	577	553	567	584	618	621	681
Stock-based compensation expense	134	142	197	205	205	208	210	199	281	211	347	543	633	614	474
Adjusted EBITDA (non-GAAP)	66	3	142	1,211	1,039	155	572	1,083	1,175	951	1,209	1,807	1,850	1,841	2,487
In millions of USD	3Q-2018	4Q-2018	1Q-2019	2Q-2019	3Q-2019	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021			
Net cash provided by operating activities - TTM (GAAP)	1,373	2,098	1,856	2,850	2,215	2,405	2,605	2,705	4,349	5,943	8,024	9,184			
Capital expenditures - TTM	(2,563)	(2,101)	(1,725)	(1,365)	(1,240)	(1,327)	(1,502)	(1,798)	(2,418)	(3,157)	(4,050)	(5,009)			
Free cash flow - TTM (non-GAAP)	(1,190)	(3)	131	1,485	975	1,078	1,103	907	1,931	2,786	3,974	4,175			
In millions of USD	3Q-2018	4Q-2018	1Q-2019	2Q-2019	3Q-2019	4Q-2019	1Q-2020	2Q-2020	3Q-2020	4Q-2020	1Q-2021	2Q-2021			
Net (loss) income attributable to common stockholders - TTM (GAAP)	(1,791)	(976)	(969)	(659)	(827)	(862)	(144)	368	556	721	1,143	2,181			
Interest expense - TTM	634	663	672	680	690	685	696	694	672	748	678	583			
Provision for income taxes - TTM	27	58	76	81	90	110	89	91	251	292	359	453			
Depreciation, amortization and impairment - TTM	1,874	1,901	1,953	2,047	2,074	2,154	2,239	2,227	2,281	2,322	2,390	2,504			
Stock-based compensation expense - TTM	678	749	815	828	822	898	901	1,038	1,382	1,734	2,137	2,264			
Adjusted EBITDA - TTM (non-GAAP)	1,422	2,395	2,547	2,977	2,849	2,985	3,781	4,418	5,142	5,817	6,707	7,985			

26 TTM = Trailing twelve months

ADDITIONAL INFORMATION

WEBCAST INFORMATION

Tesla will provide a live webcast of its second quarter 2021 financial results conference call beginning at 2:30 p.m. PT on July 26, 2021 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. "Net orders" means configured orders for vehicles in production minus cancellations. Average cost per vehicle is cost of revenues – automotive sales divided by 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.

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, demand and market growth, deliveries, deployment, service, availability, range 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, Tesla Semi, Cybertruck, Autopilot and Full Self Driving software, hardware and equipment, our energy storage and solar products and the battery and powertrain technologies we are developing; statements regarding operating margin, spending and liquidity; and statements regarding construction, expansion, improvements and/or ramp and related timing at the California Factory, Gigafactory Shanghai, Gigafactory Berlin and Gigafactory Texas 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 April 28, 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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