

Cost of automotive leasing revenue includes the depreciation of operating lease vehicles, cost of goods sold associated with lease buyouts and direct sales-type leases, and servicing of leased vehicles.

Costs of services and other revenue includes cost of used vehicles including refurbishment costs, labor and material costs associated with providing non-warranty maintenance services and collision, operating costs of paid Supercharging sessions, claim costs associated with providing automotive insurance, and costs associated with our part sales and retail merchandise sales.

2025 compared to 2024

Cost of automotive sales revenue decreased \$5.60 billion, or 9%, in the year ended December 31, 2025 as compared to the year ended December 31, 2024 due to the decrease in deliveries year over year as discussed above and lower average cost per unit due to sales mix and lower material costs, partially offset by lower fixed cost absorption and an increase in tariffs compared to the prior year.

Cost of services and other revenue increased \$1.68 billion, or 17%, in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to increases in used vehicle sales volume and cost, cost of paid Supercharging sessions, cost related to our automotive insurance business, and cost related to our non-warranty maintenance services and collision revenue.

Gross margin for total automotive decreased from 18.4% to 17.8% in the year ended December 31, 2025 as compared to the year ended December 31, 2024 primarily due to a decrease in regulatory credits revenue as well as the changes in automotive sales revenue and cost of automotive sales revenue, as discussed above.

Gross margin for total automotive & services and other segment decreased from 16.9% to 16.2% in the year ended December 31, 2025 as compared to the year ended December 31, 2024 primarily due to a decrease in regulatory credits revenue, partially offset by an improvement in services and other margins.

Energy Generation and Storage Segment

Cost of energy generation and storage revenue includes direct and indirect material, tariffs, labor costs, manufacturing overhead, including depreciation costs of tooling and machinery, shipping and logistic costs, warranty expense and cost of servicing. Cost of energy generation and storage revenue also includes charges to write down the carrying value of our inventory when it exceeds its estimated net realizable value and to provide for obsolete and on-hand inventory in excess of forecasted demand. Additionally, cost of energy generation and storage revenue benefits from manufacturing credits earned. In agreements for energy generation and storage systems and PPAs where we are the lessor, the cost of revenue is primarily comprised of depreciation of the cost of leased energy generation and storage systems, maintenance costs associated with those systems and amortization of any initial direct costs.

2025 compared to 2024

Cost of energy generation and storage revenue increased \$1.52 billion, or 20%, in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily from increases in Megapack and Powerwall deployments, partially offset by a decrease in average cost per unit for Megapack and Powerwall from lower raw material costs, lower manufacturing costs for Megapack in part from the ramp of Shanghai Megafactory, partially offset by higher tariffs.

Gross margin for energy generation and storage increased from 26.2% to 29.8% in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due the changes in energy generation and storage revenue and cost of energy generation and storage revenue, as discussed above.

Research and Development Expense

(Dollars in millions)	Year Ended December 31,			2025 vs. 2024 Change		2024 vs. 2023 Change	
	2025	2024	2023	\$	%	\$	%
Research and development	\$ 6,411	\$ 4,540	\$ 3,969	\$ 1,871	41 %	\$ 571	14 %
As a percentage of revenues	7 %	5 %	4 %				

Research and development ("R&D") expense consists primarily of personnel costs for our teams in engineering and research, facilities costs such as data center depreciation, prototyping expense, and professional and contract services.

R&D expense increased \$1.87 billion, or 41%, in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to increases in costs related to AI and other programs as we continue to expand our product roadmap and technologies and an increase in stock-based compensation of \$500 million. R&D expense as a percentage of revenue increased from 5% to 7% in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to higher R&D expense and a decrease in total revenue as compared to the prior year.

Selling, General and Administrative Expense

(Dollars in millions)	Year Ended December 31,			2025 vs. 2024 Change		2024 vs. 2023 Change	
	2025	2024	2023	\$	%	\$	%
Selling, general and administrative	\$ 5,834	\$ 5,150	\$ 4,800	\$ 684	13 %	\$ 350	7 %
As a percentage of revenues	6 %	5 %	5 %				

Selling, general and administrative (“SG&A”) expense generally consist of personnel and facilities costs related to our stores, marketing, sales, executive, finance, human resources, information technology and legal organizations, as well as fees for professional and contract services, litigation settlements, bank charges and marketing fees.

SG&A expenses increased \$684 million, or 13%, in the year ended December 31, 2025 as compared to the year ended December 31, 2024 driven by a \$354 million increase in operating expenses including legal charges, a \$256 million increase in employee and labor costs, including professional services, a \$235 million increase in stock-based compensation, partially offset by an \$83 million decrease in marketing expenses and a \$78 million decrease in facilities related expenses.

Restructuring and Other

(Dollars in millions)	Year Ended December 31,			2025 vs. 2024 Change		2024 vs. 2023 Change	
	2025	2024	2023	\$	%	\$	%
Restructuring and other	\$ 494	\$ 684	\$ —	\$ (190)	(28)%	\$ 684	Not meaningful

In the second quarter of 2024, we initiated and substantially completed certain restructuring actions to reduce costs and improve efficiency. As a result, we recognized \$583 million of employee termination expenses in Restructuring and other in our consolidated statement of operations.

In the third quarter of 2025, we initiated certain actions in order to reduce costs and improve efficiency through convergence of AI chip design efforts. As a result, we recognized \$390 million of expenses within our automotive segment in the second half of 2025, related to charges for supercomputer assets, contract terminations and employee terminations.

Interest Income

(Dollars in millions)	Year Ended December 31,			2025 vs. 2024 Change		2024 vs. 2023 Change	
	2025	2024	2023	\$	%	\$	%
Interest income	\$ 1,680	\$ 1,569	\$ 1,066	\$ 111	7 %	\$ 503	47 %

Interest income increased \$111 million, or 7%, in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to higher interest earned on our cash and cash equivalents and short-term investments due to an increase in our average portfolio balance, partially offset by a lower average interest rate.

Other Income (Expense), Net

(Dollars in millions)	Year Ended December 31,			2025 vs. 2024 Change		2024 vs. 2023 Change	
	2025	2024	2023	\$	%	\$	%
Other (expense) income, net	\$ (419)	\$ 695	\$ 172	\$ (1,114)	Not meaningful	\$ 523	304%

Other (expense) income, net, consists of foreign exchange gains and losses related to our foreign currency-denominated monetary assets and liabilities and fair value remeasurements of our digital assets following the adoption of ASU 2023-08 effective January 1, 2024. See Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

Other (expense) income, net, changed unfavorably by \$1.11 billion in the year ended December 31, 2025 as compared to the year ended December 31, 2024 primarily due to mark-to-market on our bitcoin digital assets and fluctuations in foreign currency exchange rates on our intercompany balances. As our intercompany balances are significant in nature and we do not typically hedge foreign currency risk, we can experience significant fluctuations in foreign currency exchange rate gains and losses from period to period.

Provision for (Benefit from) Income Taxes

(Dollars in millions)	Year Ended December 31,			2025 vs. 2024 Change		2024 vs. 2023 Change	
	2025	2024	2023	\$	%	\$	%
Provision for (benefit from) income taxes	\$ 1,423	\$ 1,837	\$ (5,001)	\$ (414)	(23)%	\$ 6,838	Not meaningful
Effective tax rate	27 %	20 %	(50)%				

Our provision for (benefit from) income taxes decreased by \$414 million in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to a reduction in income before income taxes. Our effective tax rate increased from 20% to 27% in the year ended December 31, 2025 as compared to the year ended December 31, 2024, primarily due to changes in the mix of our jurisdictional earnings, a decrease in foreign income deductions resulting from lower taxable income attributable to the OBBBA and the remeasurement of our deferred tax assets related to net controlled foreign corporation tested income (“NCTI”) under the OBBBA.

See Note 12, *Income Taxes*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details.

Liquidity and Capital Resources

As discussed in Part II, Item 9B, Other Information—xAI Investment of this Annual Report on Form 10-K, the Company entered into an agreement in January 2026 to make a minority equity investment.

We generally expect to continue to generate net positive operating cash flow. The cash we generate from our core operations enables us to fund ongoing operations and production, our research and development projects for new products and technologies including our proprietary battery cells, additional manufacturing ramps at existing manufacturing facilities, the construction of future factories, and the continued expansion of our retail and service locations, body shops, Mobile Service fleet, Supercharger, energy product installation capabilities and autonomy and other artificial intelligence enabled products.

In addition, because a large portion of our future expenditures will be to fund our growth, we expect that if needed we will be able to adjust our capital and operating expenditures by operating segment. For example, if our near-term manufacturing operations decrease in scale or ramp more slowly than expected, including due to global economic, tax, trade or business conditions, we may choose to correspondingly slow the pace of our capital expenditures. Finally, we continually evaluate our cash needs and may decide it is best to raise additional capital or seek alternative financing sources to fund the rapid growth of our business, including through drawdowns on existing or new debt facilities or financing funds. Conversely, we may also from time to time determine that it is in our best interests to voluntarily repay certain indebtedness early.

Accordingly, we believe that our current sources of funds will provide us with adequate liquidity during the 12-month period following December 31, 2025, as well as in the long-term.

See the sections below for more details regarding the material requirements for cash in our business and our sources of liquidity to meet such needs.

Material Cash Requirements

From time to time in the ordinary course of business, we enter into agreements with vendors for the purchase of components and raw materials to be used in the manufacture of our products. However, due to contractual terms, variability in the precise growth curves of our development and production ramps, and opportunities to renegotiate pricing, we generally do not have binding and enforceable purchase orders under such contracts beyond the short-term, and the timing and magnitude of purchase orders beyond such period is difficult to accurately project.

As discussed in and subject to the considerations referenced in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations—Management Opportunities, Challenges and Uncertainties and 2026 Outlook—Cash Flow and Capital Expenditure Trends* in this Annual Report on Form 10-K, we currently expect our capital expenditures to exceed \$20 billion in 2026 driven by our AI initiatives, including investments in compute infrastructure and data centers, the expansion and ramp of our manufacturing and R&D production lines and facilities, and growth in our fleet of company-operated AI-enabled assets and our retail, service and charging footprint. Changes in trade policy may necessitate adjustments to our project timelines, potentially impacting our capital expenditure expectations.

As of December 31, 2025, we and our subsidiaries had outstanding \$8.18 billion in aggregate principal amount of indebtedness, of which \$1.58 billion is current. As of December 31, 2025, our total minimum lease payments was \$7.96 billion, of which \$1.32 billion is due in the succeeding 12 months. For details regarding our indebtedness and lease obligations, refer to Note 9, *Debt*, and Note 10, *Leases*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Sources and Conditions of Liquidity

Our sources to fund our material cash requirements are predominantly from our deliveries and servicing of new and used vehicles, deployments and servicing of our energy storage products, interest income, and proceeds from debt facilities and equity offerings, when applicable.

As of December 31, 2025, we had \$16.51 billion and \$27.55 billion of cash and cash equivalents and short-term investments, respectively. Balances held in foreign currencies had a U.S. dollar equivalent of \$4.37 billion and consisted primarily of Chinese yuan and euro. We had \$6.43 billion of unused committed credit amounts as of December 31, 2025. For details regarding our indebtedness, refer to Note 9, *Debt*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

We continue adapting our strategy to meet our liquidity and risk objectives, such as investing in U.S. government securities and other investments, investing in autonomy, further vertically integrating our supply chain, expanding our product roadmap and providing financing options to our customers.

Summary of Cash Flows

(Dollars in millions)	Year Ended December 31,		
	2025	2024	2023
Net cash provided by operating activities	\$ 14,747	\$ 14,923	\$ 13,256
Net cash used in investing activities	\$ (15,478)	\$ (18,787)	\$ (15,584)
Net cash provided by financing activities	\$ 1,139	\$ 3,853	\$ 2,589

Cash Flows from Operating Activities

Our cash flows from operating activities are significantly affected by our cash investments to support the growth of our business in areas such as research and development and selling, general and administrative and working capital. Our operating cash inflows include cash from vehicle sales and related servicing, sales of energy generation and storage products, customer lease and financing payments, sales of regulatory credits and interest income on our cash and investments portfolio. These cash inflows are offset by our payments to suppliers for production materials and parts used in our manufacturing process, operating expenses, operating lease payments and interest payments on our financings.

Net cash provided by operating activities decreased by \$176 million to \$14.75 billion during the year ended December 31, 2025 from \$14.92 billion during the year ended December 31, 2024. This decrease was primarily due to a decrease in net income excluding non-cash expenses, gains and losses of \$737 million, partially offset by favorable changes in net operating assets and liabilities of \$561 million.

Cash Flows from Investing Activities

Net cash flows from investing activities and their variability across each period related primarily to capital expenditures, which were \$8.53 billion and \$11.34 billion for the years ended December 31, 2025 and 2024, respectively, mainly for global AI and operational infrastructure and factory expansion, as well as machinery and equipment as we expand and enhance our product roadmap. We also purchased \$6.95 billion and \$7.45 billion of investments, net of proceeds from maturities and sales, for the years ended December 31, 2025 and 2024, respectively.

Cash Flows from Financing Activities

Net cash flows from financing activities decreased by \$2.71 billion to \$1.14 billion during the year ended December 31, 2025 from \$3.85 billion during the year ended December 31, 2024. The decrease was primarily due to a \$3.05 billion increase in repayments of debt and a \$158 million decrease in proceeds from issuances of debt. See Note 9, *Debt*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for further details regarding our debt obligations. Additionally, the decrease was partially offset by a \$277 million decrease in principal payments on finance leases, a \$133 million decrease in payments for buy-outs of noncontrolling interests in subsidiaries and \$101 million of proceeds received from directors in shareholder settlement net of payment for related legal fees during the year ended December 31, 2025.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We transact business globally in multiple currencies and hence have foreign currency risks related to our revenue, costs of revenue and operating expenses denominated in currencies other than the U.S. dollar (primarily the Chinese yuan and euro in relation to our current year operations). In general, we are a net receiver of currencies other than the U.S. dollar for our foreign subsidiaries. Accordingly, changes in exchange rates affect our operating results as expressed in U.S. dollars as we do not typically hedge foreign currency risk.

We have also experienced, and will continue to experience, fluctuations in our net income as a result of gains (losses) on the settlement and the re-measurement of monetary assets and liabilities denominated in currencies that are not the local currency (primarily consisting of our intercompany and cash and cash equivalents balances).

We considered the historical trends in foreign currency exchange rates and determined that it is reasonably possible that adverse changes in foreign currency exchange rates of 10% for all currencies could be experienced in the near-term. These changes were applied to our total monetary assets and liabilities denominated in currencies other than our local currencies at the balance sheet date to compute the impact these changes would have had on our net income before income taxes. These changes would have resulted in a gain or loss of \$1.70 billion at December 31, 2025 and \$1.15 billion at December 31, 2024, assuming no foreign currency hedging.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID: 238)	46
Consolidated Balance Sheets	49
Consolidated Statements of Operations	50
Consolidated Statements of Comprehensive Income	51
Consolidated Statements of Redeemable Noncontrolling Interests and Equity	52
Consolidated Statements of Cash Flows	53
Notes to Consolidated Financial Statements	54

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Tesla, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Tesla, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of redeemable noncontrolling interests and equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for digital assets in 2024.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Automotive Warranty Reserve

As described in Note 2 to the consolidated financial statements, total accrued warranty, which primarily relates to the automotive segment, was \$8,607 million as of December 31, 2025. The Company provides a manufacturer's warranty on all new and used Tesla vehicles. A warranty reserve is accrued for these products sold, which includes management's best estimate of the projected costs to repair or replace items under warranty and recalls if identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims.

The principal considerations for our determination that performing procedures relating to the automotive warranty reserve is a critical audit matter are (i) the significant judgment by management in determining the automotive warranty reserve for certain Tesla vehicle models; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the nature, frequency and costs of future claims for certain Tesla vehicle models; and, (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimate of the automotive warranty reserve for certain Tesla vehicle models, including controls over management's significant assumptions related to the nature, frequency and costs of future claims and controls over the completeness and accuracy of actual claims incurred to date. These procedures also included, among others, (i) testing the completeness and accuracy of historical vehicle claims processed and testing that such claims were appropriately used by management in the estimation of future claims and (ii) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of management's estimate by (a) developing an independent estimate of the automotive warranty reserve for certain Tesla vehicle models and (b) comparing the independent estimate to management's estimate. Developing the independent estimate involved evaluating the appropriateness of management's significant assumptions related to the nature and frequency of future claims.

2025 CEO Performance Award

As described in Notes 2 and 11 to the consolidated financial statements, the Company granted the 2025 CEO performance award with market, service and performance conditions and a required holding period. The award consists of 12 tranches of performance-based restricted stock, each containing a market capitalization milestone and an operational milestone that must be met in order for the tranche to vest, in addition to the service condition. With the assistance of a third-party valuation specialist, management determined the fair value of the award on the grant date, using a Monte Carlo valuation model, which included significant assumptions such as expected share price volatility, illiquidity discount and dilution adjustment. To estimate the required holding period illiquidity discount applied to the fair value, management utilized significant assumptions relating to expected share price volatility and expected employee tax rate. The Company recognizes stock-based compensation expense on a straight-line basis over the expected performance achievement period of individual performance milestones when the achievement of each individual performance milestones becomes probable. As of December 31, 2025, the Company had unrecognized stock-based compensation expense of \$10.23 billion for the operational milestone that was considered probable of achievement, which will be recognized over 9.7 years, and unrecognized stock-based compensation expense of \$105.82 billion to \$120.37 billion for the operational milestones that were considered not probable of achievement. For the year ended December 31, 2025, the Company recorded stock-based compensation expense of \$162 million related to the award.

The principal considerations for our determination that performing procedures relating to the 2025 CEO performance award is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the award and determining whether performance conditions are probable; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to expected share price volatility, dilution adjustment, and estimated employee tax rate used in the fair value measurement of the award and evaluating audit evidence related to management's assessment of whether certain performance conditions were probable; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimate of fair value of the 2025 CEO performance award, including controls over management's significant assumptions related to the stock price volatility, dilution adjustment, and estimated employee tax rate, and controls over management's assessment of the probability of certain performance conditions. These procedures also included, among others, (i) testing the completeness and accuracy of the underlying data used in the Monte Carlo model, (ii) the involvement of professionals with specialized skill and knowledge to assist in evaluating the reasonableness of management's estimate by (a) developing an independent estimate of the grant date fair value of the award, including evaluating the appropriateness of management's significant assumptions related to expected share price volatility, dilution adjustment, and estimated employee tax rate, and (b) comparing the independent estimate to management's estimate, (iii) testing management's process for determining the achievement of certain performance conditions, and (iv) evaluating the appropriateness of the probability of achievement of certain performance conditions by considering the current, past, and expected future performance of the Company, and whether management's assessment was consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP

San Jose, California
January 28, 2026

We have served as the Company's auditor since 2005.

Tesla, Inc.
Consolidated Balance Sheets
(in millions, except per share data)

	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 16,513	\$ 16,139
Short-term investments	27,546	20,424
Accounts receivable, net	4,576	4,418
Inventory	12,392	12,017
Prepaid expenses and other current assets	7,615	5,362
Total current assets	68,642	58,360
Operating lease vehicles, net	4,912	5,581
Energy generation and storage systems, net	4,604	4,924
Property, plant and equipment, net	40,643	35,836
Operating lease right-of-use assets	6,027	5,160
Digital assets	1,008	1,076
Deferred tax assets	6,925	6,524
Other non-current assets	5,045	4,609
Total assets	\$ 137,806	\$ 122,070
Liabilities		
Current liabilities		
Accounts payable	\$ 13,371	\$ 12,474
Accrued liabilities and other	13,279	10,723
Deferred revenue	3,424	3,168
Current portion of debt and finance leases	1,640	2,456
Total current liabilities	31,714	28,821
Debt and finance leases, net of current portion	6,736	5,757
Deferred revenue, net of current portion	3,631	3,317
Other long-term liabilities	12,860	10,495
Total liabilities	54,941	48,390
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests in subsidiaries	58	63
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 6,000 shares authorized; 3,751 and 3,216 shares issued and outstanding as of December 31, 2025 and 2024, respectively	3	3
Additional paid-in capital	42,770	38,371
Accumulated other comprehensive income (loss)	361	(670)
Retained earnings	39,003	35,209
Total stockholders' equity	82,137	72,913
Noncontrolling interests in subsidiaries	670	704
Total liabilities and equity	\$ 137,806	\$ 122,070

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in millions, except per share data)

	Year Ended December 31,		
	2025	2024	2023
Revenues			
Automotive sales	\$ 65,821	\$ 72,480	\$ 78,509
Automotive regulatory credits	1,993	2,763	1,790
Automotive leasing	1,712	1,827	2,120
Total automotive revenues	69,526	77,070	82,419
Energy generation and storage	12,771	10,086	6,035
Services and other	12,530	10,534	8,319
Total revenues	94,827	97,690	96,773
Cost of revenues			
Automotive sales	56,267	61,870	65,121
Automotive leasing	898	1,003	1,268
Total automotive cost of revenues	57,165	62,873	66,389
Energy generation and storage	8,969	7,446	4,894
Services and other	11,599	9,921	7,830
Total cost of revenues	77,733	80,240	79,113
Gross profit	17,094	17,450	17,660
Operating expenses			
Research and development	6,411	4,540	3,969
Selling, general and administrative	5,834	5,150	4,800
Restructuring and other	494	684	—
Total operating expenses	12,739	10,374	8,769
Income from operations	4,355	7,076	8,891
Interest income	1,680	1,569	1,066
Interest expense	(338)	(350)	(156)
Other (expense) income, net	(419)	695	172
Income before income taxes	5,278	8,990	9,973
Provision for (benefit from) income taxes	1,423	1,837	(5,001)
Net income	3,855	7,153	14,974
Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	61	62	(23)
Net income attributable to common stockholders	\$ 3,794	\$ 7,091	\$ 14,997
Net income per share of common stock attributable to common stockholders			
Basic	\$ 1.18	\$ 2.23	\$ 4.73
Diluted	\$ 1.08	\$ 2.04	\$ 4.30
Weighted average shares used in computing net income per share of common stock			
Basic	3,225	3,197	3,174
Diluted	3,528	3,498	3,485

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Comprehensive Income
(in millions)

	Year Ended December 31,		
	2025	2024	2023
Net income	\$ 3,855	\$ 7,153	\$ 14,974
Other comprehensive income (loss):			
Foreign currency translation adjustment	1,038	(539)	198
Unrealized net (loss) gain on investments, net of tax	(7)	12	16
Net loss realized and included in net income	—	—	4
Total other comprehensive income (loss):	1,031	(527)	218
Comprehensive income	4,886	6,626	15,192
Less: Comprehensive income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	61	62	(23)
Comprehensive income attributable to common stockholders	\$ 4,825	\$ 6,564	\$ 15,215

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.

Consolidated Statements of Redeemable Noncontrolling Interests and Equity
(in millions)

	Redeemable Noncontrolling Interests	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income		Retained Earnings	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
		Shares	Amount							
Balance as of December 31, 2022	\$ 409	3,164	\$ 3	\$ 32,177	\$ (361)	\$ 12,885	\$ 44,704	\$ 785	\$ 45,489	
Issuance of common stock for equity incentive awards	—	21	—	700	—	—	700	—	700	
Stock-based compensation	—	—	—	2,013	—	—	2,013	—	2,013	
Distributions to noncontrolling interests	(32)	—	—	—	—	—	—	(108)	(108)	
Buy-outs of noncontrolling interests	(39)	—	—	2	—	—	2	(17)	(15)	
Net (loss) income	(96)	—	—	—	—	14,997	14,997	73	15,070	
Other comprehensive income	—	—	—	—	218	—	218	—	218	
Balance as of December 31, 2023	\$ 242	3,185	\$ 3	\$ 34,892	\$ (143)	\$ 27,882	\$ 62,634	\$ 733	\$ 63,367	
Adjustments for prior periods from adopting ASU 2023-08, net of tax	—	—	—	—	—	236	236	—	236	
Settlements of warrants	—	11	—	—	—	—	—	—	—	
Issuance of common stock for equity incentive awards	—	20	—	1,241	—	—	1,241	—	1,241	
Stock-based compensation	—	—	—	2,199	—	—	2,199	—	2,199	
Distributions to noncontrolling interests	(13)	—	—	—	—	—	—	(85)	(85)	
Buy-outs of noncontrolling interests	(172)	—	—	39	—	—	39	—	39	
Net income	6	—	—	—	—	7,091	7,091	56	7,147	
Other comprehensive loss	—	—	—	—	(527)	—	(527)	—	(527)	
Balance as of December 31, 2024	\$ 63	3,216	\$ 3	\$ 38,371	\$ (670)	\$ 35,209	\$ 72,913	\$ 704	\$ 73,617	
Issuance of common stock for equity incentive awards, net of issuance costs	—	535	—	1,193	—	—	1,193	—	1,193	
Stock-based compensation	—	—	—	3,096	—	—	3,096	—	3,096	
Distributions to noncontrolling interests	(9)	—	—	—	—	—	—	(91)	(91)	
Shareholder settlement, net	—	—	—	110	—	—	110	—	110	
Net income	4	—	—	—	—	3,794	3,794	57	3,851	
Other comprehensive income	—	—	—	—	1,031	—	1,031	—	1,031	
Balance as of December 31, 2025	\$ 58	3,751	\$ 3	\$ 42,770	\$ 361	\$ 39,003	\$ 82,137	\$ 670	\$ 82,807	

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2025	2024	2023
Cash Flows from Operating Activities			
Net income	\$ 3,855	\$ 7,153	\$ 14,974
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment	6,148	5,368	4,667
Stock-based compensation	2,825	1,999	1,812
Inventory and purchase commitments write-downs	362	335	463
Foreign currency transaction net unrealized loss (gain)	452	(73)	(144)
Deferred income taxes	123	477	(6,349)
Non-cash interest and other operating activities	272	172	81
Digital assets loss (gain), net	68	(589)	—
Changes in operating assets and liabilities:			
Accounts receivable	(261)	(1,083)	(586)
Inventory	(630)	937	(1,195)
Operating lease vehicles	(25)	(590)	(1,952)
Prepaid expenses and other assets	(3,181)	(3,273)	(2,652)
Accounts payable, accrued and other liabilities	4,376	3,588	2,605
Deferred revenue	363	502	1,532
Net cash provided by operating activities	14,747	14,923	13,256
Cash Flows from Investing Activities			
Purchases of property and equipment excluding finance leases, net of sales	(8,527)	(11,342)	(8,899)
Purchases of investments	(37,109)	(35,955)	(19,112)
Proceeds from maturities of investments	30,158	28,310	12,353
Proceeds from sales of investments	—	200	138
Business combinations, net of cash acquired	—	—	(64)
Net cash used in investing activities	(15,478)	(18,787)	(15,584)
Cash Flows from Financing Activities			
Proceeds from issuances of debt	5,586	5,744	3,931
Repayments of debt	(5,546)	(2,500)	(1,351)
Proceeds from exercises of stock options and other stock issuances, net of issuance costs	1,186	1,241	700
Principal payments on finance leases	(104)	(381)	(464)
Proceeds received from directors in shareholder settlement	277	—	—
Payment of legal fees associated with shareholder settlement	(176)	—	—
Debt issuance costs	(6)	(14)	(29)
Distributions paid to noncontrolling interests in subsidiaries	(78)	(104)	(144)
Payments for buy-outs of noncontrolling interests in subsidiaries	—	(133)	(54)
Net cash provided by financing activities	1,139	3,853	2,589
Effect of exchange rate changes on cash and cash equivalents and restricted cash	171	(141)	4
Net increase (decrease) in cash and cash equivalents and restricted cash	579	(152)	265
Cash and cash equivalents and restricted cash, beginning of period	17,037	17,189	16,924
Cash and cash equivalents and restricted cash, end of period	\$ 17,616	\$ 17,037	\$ 17,189
Supplemental Non-Cash Investing and Financing Activities			
Acquisitions of property and equipment included in liabilities	\$ 1,913	\$ 1,410	\$ 2,272
Supplemental Disclosures			
Cash paid during the period for interest	\$ 292	\$ 277	\$ 126

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.

Notes to Consolidated Financial Statements

Note 1 - Overview

Tesla, Inc. (“Tesla”, the “Company”, “we”, “us” or “our”) was incorporated in the State of Delaware on July 1, 2003 and converted to a Texas corporation on June 13, 2024. We are focused on bringing artificial intelligence (“AI”) into the real world, through products and services like Full Self-Driving (“FSD”) (Supervised) and Robotaxi, as well as working to develop and commercialize AI robots (“Bots”) (including Optimus). We intend to leverage our current operations, in which we design, develop, manufacture, sell and lease high-performance fully electric vehicles and energy generation and storage systems that increasingly deliver AI-related and enhanced software and services to our customers, to achieve that objective.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with GAAP and reflect our accounts and operations and those of our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of ASC 810, *Consolidation* (“ASC 810”), we consolidate any variable interest entity (“VIE”) of which we are the primary beneficiary. We have formed VIEs with financing fund investors in the ordinary course of business in order to facilitate the funding and monetization of certain attributes associated with energy generation systems and leases under our direct vehicle leasing programs. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. We do not consolidate a VIE in which we have a majority ownership interest when we are not considered the primary beneficiary. We have determined that we are the primary beneficiary of all the VIEs (see Note 14, *Variable Interest Entity Arrangements*). We evaluate our relationships with all the VIEs on an ongoing basis to ensure that we continue to be the primary beneficiary. All intercompany transactions and balances have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures in the accompanying notes. The estimates used for, but not limited to, determining significant economic incentive for resale value guarantee arrangements, sales return reserves, resale value guarantee liabilities, income taxes, the collectability of accounts and finance receivables, fair value and probability assessments of stock-based awards, inventory valuation, warranties, fair value of long-lived assets, fair value of financial instruments, fair value and residual value of operating lease vehicles and energy generation and storage systems subject to leases could be impacted. We have assessed the impact and are not aware of any specific events or circumstances that required an update to our estimates and assumptions or materially affected the carrying value of our assets or liabilities as of the date of issuance of this Annual Report on Form 10-K. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation in the consolidated financial statements and the accompanying notes.

Revenue Recognition

Revenue by source

The following table disaggregates our revenue by major source (in millions):

	Year Ended December 31,		
	2025	2024	2023
Automotive sales	\$ 65,821	\$ 72,480	\$ 78,509
Automotive regulatory credits	1,993	2,763	1,790
Energy generation and storage sales	12,270	9,564	5,515
Services and other	12,530	10,534	8,319
Total revenues from sales and services	92,614	95,341	94,133
Automotive leasing	1,712	1,827	2,120
Energy generation and storage leasing	501	522	520
Total revenues	\$ 94,827	\$ 97,690	\$ 96,773

Automotive Segment

Automotive Sales

Automotive sales revenue includes revenues related to cash and financing deliveries of new vehicles, and specific other features and services that meet the definition of a performance obligation under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), including internet connectivity, access to our FSD (Supervised) features and their ongoing maintenance, free Supercharging programs and over-the-air software updates. We recognize revenue on automotive sales, net of any discounts or financial subsidies, upon delivery to the customer, which is when the control of a vehicle transfers. Payments are typically received at the point control transfers or in accordance with payment terms customary to the business, except sales we finance for which payments are collected over the contractual loan term. We also recognize a sales return reserve based on historical experience plus consideration for expected future market values when we offer resale value guarantees or similar buyback terms. Other features and services such as access to our internet connectivity, unlimited free Supercharging and over-the-air software updates are provisioned upon transfer of control of a vehicle and recognized over time on a straight-line basis as we have a stand-ready obligation to deliver such services to the customer. Other limited free Supercharging incentives are recognized based on actual usage or expiration, whichever is earlier. We recognize revenue related to these other features and services over the performance period, which is generally the expected ownership life of the vehicle. Revenue related to FSD (Supervised) features is recognized when functionality is delivered to the customer and their ongoing maintenance is recognized over time. For our obligations related to automotive sales, we estimate standalone selling price by considering costs used to develop and deliver the service, third-party pricing of similar options and other information that may be available. Customers may purchase subscriptions, including FSD (Supervised) and premium connectivity, after taking delivery of their vehicles. Revenue from subscriptions is recognized either over time or point in time depending on the nature of contractual terms.

Any fees or financial subsidies that are paid or payable by us to a customer's lender when we arrange the financing are recognized upfront as an offset against automotive sales revenue. As our contract costs related to automotive sales are typically fulfilled within one year, the costs to obtain a contract are expensed as incurred. Amounts billed to customers related to shipping and handling are classified as automotive sales revenue, and we have elected to recognize the cost for freight and shipping when control over vehicles, parts or accessories have transferred to the customer as an expense in cost of automotive sales revenue. Our policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

We offer resale value guarantees to our commercial banking partners in connection with certain vehicle leasing programs. Under these programs, we originate the lease with our end customer and immediately transfer the lease and the underlying vehicle to our commercial banking partner, with the transaction being accounted for as a sale under ASC 606.

We receive upfront payment for the vehicle, do not bear casualty and credit risks during the lease term, and we provide a guarantee capped to a limit if they are unable to sell the vehicle at or above the vehicle's contractual or determined residual value at the end of the lease term. We estimate a guarantee liability in accordance with ASC 460, *Guarantees* and record it within other liabilities on our consolidated balance sheets. On a quarterly basis, we assess the estimated market value of vehicles sold under these programs to determine whether there have been changes to the amount of expected resale value guarantee liabilities. As we accumulate more data related to the resale values of our vehicles or as market conditions change, there may be material changes to their estimated values. The total recorded guarantee liabilities on vehicles sold under these programs were immaterial as of December 31, 2025 and 2024. Our maximum exposure on the guarantees we provide if they are unable to sell the vehicle at or above the vehicle's contractual residual value at the end of the lease term was \$3.45 billion and \$1.45 billion as of December 31, 2025 and 2024, respectively.

Deferred revenue related to internet connectivity, access to our FSD (Supervised) features and their ongoing maintenance, free Supercharging programs and over-the-air software updates primarily on automotive sales consisted of the following (in millions):

	Year Ended December 31,	
	2025	2024
Deferred revenue — beginning of period	\$ 3,599	\$ 3,536
Additions	1,083	1,343
Net changes in liability for pre-existing contracts, including foreign exchange impact	141	(92)
Revenue recognized	(956)	(1,188)
Deferred revenue — end of period	<u>\$ 3,867</u>	<u>\$ 3,599</u>

Deferred revenue is equivalent to the total transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, as of the balance sheet date. Revenue recognized from the deferred revenue balances as of December 31, 2024 and 2023 was \$815 million and \$872 million for the years ended December 31, 2025 and 2024, respectively. Of the total deferred revenue balance as of December 31, 2025, we expect to recognize \$904 million of revenue in the next 12 months. The remaining balance will be recognized at the time of transfer of control of the product or over the performance period as discussed above in Automotive Sales.

We have financing receivables on our consolidated balance sheets related to loans we provide for financing our automotive deliveries. As of December 31, 2025 and 2024, we had current net financing receivables of \$247 million and \$247 million, respectively, in Accounts receivable, net, and \$554 million and \$821 million, respectively, in Other non-current assets for the long-term portion.

Automotive Regulatory Credits

We earn tradable credits in the operation of our automotive business under various regulations. We sell these credits globally to other regulated entities who can use the credits to comply with emission standards and other regulatory requirements.

Payments for automotive regulatory credits are typically received at the point control transfers to the customer, or in accordance with payment terms customary to the business. We recognize revenue on the sale of automotive regulatory credits, which have negligible incremental costs associated with them, at the time control of the regulatory credits is transferred to the purchasing party. Deferred revenue related to sales of automotive regulatory credits was immaterial as of December 31, 2025 and 2024. Revenue recognized from the deferred revenue balance as of December 31, 2024 and 2023 was immaterial for the years ended December 31, 2025 and 2024. We have elected the practical expedient to omit disclosure of the amount of the transaction price allocated to remaining performance obligations for contracts with an original expected contract length of one year or less. As of December 31, 2025, total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied for contracts with an original expected length of more than one year was \$841 million. Of this amount, we expect to recognize \$738 million in the next 12 months and the rest over the remaining performance obligation period. Changes in regulations on automotive regulatory credits may significantly impact our remaining performance obligations and revenue to be recognized under these contracts. In 2025, governmental and regulatory actions, such as OBBBA, have restricted certain regulatory credit programs tied to our products, contributing to the \$3.84 billion decrease in our remaining performance obligations as of December 31, 2025 compared to December 31, 2024.

Automotive Leasing Revenue

Direct Vehicle Operating Leasing Program

We have outstanding leases under our direct vehicle operating leasing programs in the U.S., Canada and in certain countries in Europe. Qualifying customers are permitted to lease a vehicle directly from Tesla for up to 48 months. At the end of the lease term, customers may opt to return the vehicles to us or purchase the vehicles when contractually permitted. We account for these leasing transactions as operating leases. We record leasing revenues to automotive leasing revenue on a straight-line basis over the contractual term, and we record the depreciation of these vehicles to cost of automotive leasing revenue. For the years ended December 31, 2025, 2024 and 2023, we recognized \$1.68 billion, \$1.78 billion and \$1.86 billion of direct vehicle leasing revenue, respectively. As of December 31, 2025 and 2024, we had deferred \$282 million and \$394 million, respectively, of lease-related upfront payments, which will be recognized on a straight-line basis over the contractual terms of the individual leases.

Our policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

Direct Sales-Type Leasing Program

We have outstanding direct leases and vehicles financed by us under loan arrangements accounted for as sales-type leases under ASC 842, *Leases* ("ASC 842"), in certain countries in Asia and Europe. Our arrangements under these programs can have terms for up to 72 months. We recognize all revenue and costs associated with the sales-type lease as automotive leasing revenue and automotive leasing cost of revenue, respectively, upon delivery of the vehicle to the customer. Interest income based on the implicit rate in the lease is recorded to automotive leasing revenue over time as customers are invoiced on a monthly basis. For the years ended December 31, 2025, 2024 and 2023, we recognized \$10 million, \$12 million and \$215 million, respectively, of sales-type leasing revenue and \$5 million, \$7 million and \$164 million, respectively, of sales-type leasing cost of revenue.

Services and Other Revenue

Services and other revenue consists of sales of used vehicles, non-warranty maintenance services and collision, paid Supercharging sessions, insurance services revenue, part sales and retail merchandise sales.

Revenues related to repair, maintenance and vehicle insurance services are recognized over time as services are provided and extended service plans are recognized over the performance period of the service contract as the obligation represents a stand-ready obligation to the customer. We sell used vehicles, services, service plans, vehicle components and merchandise separately and thus use standalone selling prices as the basis for revenue allocation to the extent that these items are sold in transactions with other performance obligations. Payment for used vehicles, services, vehicle components, and merchandise are typically received at the point when control transfers to the customer or in accordance with payment terms customary to the business. Payments received for prepaid plans are refundable upon customer cancellation of the related contracts and are included within Accrued liabilities and other on the consolidated balance sheets. We record in Deferred revenue any non-refundable prepayment amounts that are collected from customers and unearned insurance premiums, which is recognized as revenue ratably over the respective customer contract term. Deferred revenue excluding unearned insurance premiums was not material as of December 31, 2025 and 2024.

Energy Generation and Storage Segment

Energy Generation and Storage Sales

Energy generation and storage sales revenue consists of the sale of energy generation and storage systems to residential, small commercial, large commercial and utility grade customers. Sales of energy generation and storage systems to residential and small-scale commercial customers consist of the engineering, design and installation of the system. Residential and small-scale commercial customers pay the full purchase price of the system upfront. Revenue for the design and installation obligation is recognized when control transfers, which is when we install a system and the system passes inspection by the utility or the authority having jurisdiction.

We also sell storage systems to channel partners. These sales are recognized when the product has been delivered. Payment for such storage systems is made upon invoice or in accordance with payment terms customary to the business.

For large commercial and utility grade energy storage system sales, customers make milestone payments that are consistent with contract-specific phases of a project. Revenue from the sale of such systems is recognized when control transfers, which is when the product has been delivered. For certain sales contracts which consist of the engineering, design and installation of the system, revenue related to those services is recognized over time based on their estimated standalone selling price and applying the percentage of completion method using cost incurred as a percentage of total estimated service costs.

In instances where there are multiple performance obligations in a single contract, we allocate the consideration to the various obligations in the contract based on the relative standalone selling price method. Standalone selling prices are estimated based on estimated costs plus margin or by using market data for comparable products. Costs to obtain a contract relate mainly to commissions paid to our sales personnel related to the sale of energy storage systems. As our contract costs related to energy storage system sales are typically fulfilled within one year, the costs to obtain a contract are expensed as incurred.

As part of certain energy storage system contracts, we may provide the customer with performance guarantees that warrant that the underlying system will meet or exceed the minimum energy performance requirements specified in the contract. If an energy storage system does not meet the performance guarantee requirements, we may be required to pay liquidated damages. Other forms of variable consideration related to our large commercial and utility grade energy storage system contracts include variable customer payments that will be made based on our energy market participation activities. Such guarantees and variable customer payments represent a form of variable consideration and are estimated at contract inception at their most likely amount and updated at the end of each reporting period as additional performance data becomes available. Such estimates are included in the transaction price only to the extent that it is probable a significant reversal of revenue will not occur.

We record as deferred revenue any non-refundable amounts that are primarily related to prepayments from customers, which is recognized as revenue as or when the performance obligations are satisfied. As of December 31, 2025 and 2024, deferred revenue related to such customer payments amounted to \$2.04 billion and \$1.77 billion, respectively, mainly due to contractual payment terms. Revenue recognized from the deferred revenue balance as of December 31, 2024 and 2023 was \$1.45 billion and \$1.27 billion for the years ended December 31, 2025 and 2024, respectively. We have elected the practical expedient to omit disclosure of the amount of the transaction price allocated to remaining performance obligations for contracts with an original expected contract length of one year or less and the amount that we have the right to invoice when that amount corresponds directly with the value of the performance to date. As of December 31, 2025, total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied for contracts with an original expected length of more than one year was \$10.42 billion. Of this amount, we expect to recognize \$4.96 billion in the next 12 months and the rest over the remaining performance obligation period. Changes in government and economic incentives or tariffs may impact the transaction price or our ability to execute these existing contracts.

We have financing receivables on our consolidated balance sheets related to loans we provide for financing our energy products. As of December 31, 2025 and 2024, we had current net financing receivables of \$38 million and \$34 million, respectively, in Accounts receivable, net, and \$731 million and \$658 million, respectively, in Other non-current assets for the long-term portion.

Energy Generation and Storage Leasing

For the arrangements where we are the lessor for energy generation and storage systems, we have determined that these agreements should be accounted for as operating leases. We record lease revenue from minimum lease payments, assuming all other revenue recognition criteria have been met. The difference between the payments received and the revenue recognized is recorded as deferred revenue or deferred asset on the consolidated balance sheets.

For energy generation and storage systems where customers purchase electricity from us under PPAs, we have determined that these agreements should be accounted for as operating leases. Revenue is recognized based on the amount of electricity delivered at rates specified under the contracts, assuming all other revenue recognition criteria are met.

We record as deferred revenue any amounts that are collected from customers, including lease prepayments, in excess of revenue recognized, which is recognized as revenue ratably over the respective customer contract term. As of December 31, 2025 and 2024, deferred revenue related to such customer payments amounted to \$151 million and \$164 million, respectively. Deferred revenue also includes the portion of rebates and incentives received from utility companies and various local and state government agencies, which is recognized as revenue over the lease term. As of December 31, 2025 and 2024, deferred revenue from rebates and incentives was immaterial.

We capitalize initial direct costs from the execution of lease and PPA agreements for energy generation and storage systems, which include the referral fees and sales commissions, as an element of energy generation and storage systems, net, and subsequently amortize these costs over the term of the related agreements.

Cost of Revenues

Automotive Segment

Automotive Sales

Cost of automotive sales revenue includes direct and indirect materials, labor costs, manufacturing overhead, including depreciation costs of tooling and machinery, shipping and logistic costs, tariffs, vehicle connectivity costs, FSD (Supervised) ongoing maintenance costs, electricity costs for our free Supercharging programs and reserves for estimated warranty expenses. Cost of automotive sales revenues also includes adjustments to warranty expense and charges to write down the carrying value of our inventory when it exceeds its estimated net realizable value and to provide for obsolete and on-hand inventory in excess of forecasted demand. Additionally, cost of automotive sales revenue benefits from manufacturing credits earned, amounting to \$565 million, \$625 million and \$359 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Automotive Leasing

Cost of automotive leasing revenue includes the depreciation of operating lease vehicles, cost of goods sold associated with direct sales-type leases and servicing of leased vehicles.

Services and Other

Costs of services and other revenue includes cost of used vehicles including refurbishment costs, labor and material costs associated with providing non-warranty maintenance services and collision, operating costs of paid Supercharging sessions, claim costs associated with providing automotive insurance, and costs associated with our part sales and retail merchandise sales.

Energy Generation and Storage Segment

Energy Generation and Storage

Cost of energy generation and storage revenue includes direct and indirect material, tariffs, labor costs, manufacturing overhead, including depreciation costs of tooling and machinery, shipping and logistic costs, warranty expense, and cost of servicing. Cost of energy generation and storage revenue also includes charges to write down the carrying value of our inventory when it exceeds its estimated net realizable value and to provide for obsolete and on-hand inventory in excess of forecasted demand. Additionally, cost of energy generation and storage revenue benefits from manufacturing credits earned, amounting to \$1.12 billion, \$756 million and \$115 million for the years ended December 31, 2025, 2024 and 2023, respectively. In lease agreements and PPAs for energy generation and storage systems where we are the lessor, the cost of revenue is primarily comprised of depreciation of the cost of leased energy generation and storage systems, maintenance costs associated with those systems and amortization of any initial direct costs.

Research and Development Costs

Research and development costs are expensed as incurred.

Income Taxes

We are subject to income taxes in the U.S. and in many foreign jurisdictions. Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets that are not more likely than not to be realized. We monitor the realizability of our deferred tax assets taking into account all relevant factors at each reporting period. In completing our assessment of realizability of our deferred tax assets, we consider our history of income (loss) measured at pre-tax income (loss) adjusted for permanent book-tax differences on a jurisdictional basis, volatility in actual earnings, excess tax benefits related to stock-based compensation in recent prior years and impacts of the timing of reversal of existing temporary differences. We also rely on our assessment of the Company's projected future results of business operations, including uncertainty in future operating results relative to historical results, volatility in the market price of our common stock and its performance over time, variable macroeconomic conditions impacting our ability to forecast future taxable income, and changes in business that may affect the existence and magnitude of future taxable income. Our valuation allowance assessment is based on our best estimate of future results considering all available information.

We record liabilities related to uncertain tax positions when, despite our belief that our tax return positions are supportable, we believe that it is more likely than not that those positions may not be fully sustained upon review by tax authorities. Accrued interest and penalties related to unrecognized tax benefits are classified as income tax expense.

The Tax Cuts and Jobs Act subjects a U.S. shareholder to tax on global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The OBBBA renamed GILTI to NCTI for taxable years beginning after December 31, 2025. Under GAAP, we can make an accounting policy election to either treat taxes due on the GILTI or NCTI inclusion as a current period expense or factor such amounts into our measurement of deferred taxes. We elected the deferred method, under which we recorded the corresponding deferred tax assets and liabilities in our consolidated balance sheets.

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (loss). Other comprehensive income (loss) consists of foreign currency translation adjustments and unrealized net gains and losses on investments that have been excluded from the determination of net income.

Stock-Based Compensation

We use the fair value method of accounting for our restricted stock, stock options and RSUs granted to employees and for our ESPP to measure the cost of employee services received in exchange for the stock-based awards. Stock-based compensation expense for equity awards is a non-cash expense and is recorded in Cost of revenues, Research and development expense and Selling, general and administrative expense in the consolidated statements of operations based on the function of the employee.

Equity awards with service and/or performance conditions

The fair value of stock option awards with service and/or performance conditions and the ESPP is estimated on the grant or offering date using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires inputs such as the risk-free interest rate, expected award term and expected share price volatility. The fair value of RSUs with service and/or performance conditions is measured on the grant date based on the closing fair market value of our common stock. The resulting stock-based compensation expense for stock options, RSUs and the ESPP is recognized over the period during which an employee is required to provide service in exchange for the awards, usually the vesting period, which is generally four years for stock options and RSUs and six months for the ESPP.

The fair value of restricted stock granted to our CEO with service and/or performance conditions is measured on the grant date based on the closing fair market value of our common stock, adjusted to take into account the illiquidity discount due to any applicable required holding requirement that is in effect post-vesting, less any purchase price or offset amount. The illiquidity discount is determined using a valuation model that requires inputs such as expected share price volatility and the employee's expected tax rate. The inputs used in the valuation models, which are subjective and generally require significant judgment, are unique to each award based on the best available information at the valuation date.

Stock-based compensation expense for equity awards with performance conditions is recognized over the requisite service period when the vesting of the award becomes probable. Stock-based compensation expense is recognized on a straight-line basis for equity awards with only a service condition and on a graded vesting basis for equity awards with a performance condition, net of actual forfeitures in the period.

Equity awards with market, service and performance conditions

The fair value and derived service period of performance-based awards granted to our CEO with market, service and performance conditions are estimated on the grant date using a Monte Carlo simulation model. A Monte Carlo simulation model requires inputs such as the risk-free interest rate, expected award term, expected share dilution and expected share price volatility. For awards with a holding requirement that is in effect post-vesting, the fair value is adjusted to take into account an illiquidity discount, which is determined using a valuation model that requires inputs such as expected share price volatility and the employee's expected tax rate. These inputs, which are subjective and generally require significant judgment, are unique to each award based on the best available information at the valuation date.

For such awards, stock-based compensation expense is recognized on a straight-line basis over the expected performance achievement period of individual performance milestones when the achievement of each individual performance milestone becomes probable. As applicable, stock-based compensation expense for such awards is recognized over the longer of (i) the expected service period, (ii) the expected achievement period for the operational milestone (performance condition) and (iii) the expected achievement period for the related market capitalization milestone determined on the grant date, with recognition beginning at the point in time that the relevant operational milestone is considered probable of achievement. If such operational milestone becomes probable any time after the grant date or the expected achievement period changes, we will recognize a cumulative expense adjustment from the grant date to that point in time. Stock-based compensation expense will continue to be recognized over the expected achievement period for the operational milestone (if applicable) regardless of whether the market capitalization milestone is achieved earlier than its expected achievement period or achieved at all, as long as the service condition continues to be satisfied. If an operational milestone is subsequently determined to be improbable of achievement, stock-based compensation expense previously recognized would be reversed in the period the condition is deemed improbable.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests and redeemable noncontrolling interests represent third-party interests in the net assets under certain funding arrangements, or funds, that we have entered into to finance the costs of energy generation systems. We have determined that the contractual provisions of the funds represent substantive profit-sharing arrangements. We have further determined that the methodology for calculating the noncontrolling interest and redeemable noncontrolling interest balances that reflects the substantive profit-sharing arrangements is a balance sheet approach using the hypothetical liquidation at book value ("HLBV") method. We, therefore, determine the amount of the noncontrolling interests and redeemable noncontrolling interests in the net assets of the funds at each balance sheet date using the HLBV method, which is presented on the consolidated balance sheets as noncontrolling interests in subsidiaries and redeemable noncontrolling interests in subsidiaries. Under the HLBV method, the amounts reported as noncontrolling interests and redeemable noncontrolling interests in the consolidated balance sheets represent the amounts the third parties would hypothetically receive at each balance sheet date under the liquidation provisions of the funds, assuming the net assets of the funds were liquidated at their recorded amounts determined in accordance with GAAP and with tax laws effective at the balance sheet date and distributed to the third parties. The third parties' interests in the results of operations of the funds are determined as the difference in the noncontrolling interest and redeemable noncontrolling interest balances in the consolidated balance sheets between the start and end of each reporting period, after taking into account any capital transactions between the funds and the third parties. However, the redeemable noncontrolling interest balance is at least equal to the redemption amount. The redeemable noncontrolling interest balance is presented as temporary equity in the mezzanine section of the consolidated balance sheets since these third parties have the right to redeem their interests in the funds for cash or other assets.

Net Income per Share of Common Stock Attributable to Common Stockholders

Basic net income per share of common stock attributable to common stockholders is calculated by dividing net income attributable to common stockholders by the weighted-average shares of common stock outstanding for the period. Potentially dilutive shares, which are based on the weighted-average shares of common stock underlying outstanding stock-based awards, warrants and convertible senior notes using the treasury stock method or the if-converted method, as applicable, are included when calculating diluted net income per share of common stock attributable to common stockholders when their effect is dilutive. Equity awards classified as RSAs are treated as issued shares when granted and approved; however, these shares are not included in the computation of basic weighted average shares outstanding until vested.

The following table presents the reconciliation of net income attributable to common stockholders to net income used in computing basic and diluted net income per share of common stock (in millions):

	Year Ended December 31,		
	2025	2024	2023
Net income attributable to common stockholders	\$ 3,794	\$ 7,091	\$ 14,997
Less: Buy-outs of noncontrolling interests	—	(39)	(2)
Net income used in computing basic and diluted net income per share of common stock	<u>\$ 3,794</u>	<u>\$ 7,130</u>	<u>\$ 14,999</u>

RSAs will be excluded from the computation of diluted weighted average shares until the shares have been deemed to be earned. The following table presents the reconciliation of basic to diluted weighted average shares used in computing net income per share of common stock attributable to common stockholders (in millions):

	Year Ended December 31,		
	2025	2024	2023
Weighted average shares used in computing net income per share of common stock, basic	3,225	3,197	3,174
Add:			
Stock-based awards	303	292	298
Convertible senior notes	—	1	2
Warrants	—	8	11
Weighted average shares used in computing net income per share of common stock, diluted	<u>3,528</u>	<u>3,498</u>	<u>3,485</u>

The following table presents the potentially dilutive shares that were excluded from the computation of diluted net income per share of common stock attributable to common stockholders, because their effect was anti-dilutive (in millions):

	Year Ended December 31,		
	2025	2024	2023
Stock-based awards	4	15	12

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less at the date of purchase are considered cash equivalents.

Restricted Cash

We maintain certain cash balances restricted as to withdrawal or use. Our restricted cash is comprised primarily of cash held as collateral for sales to lease partners with a resale value guarantee, cash held to service certain payments under various secured debt facilities, and deposits held for our insurance services. We record restricted cash as other assets in the consolidated balance sheets and determine current or non-current classification based on the expected remaining duration of the restriction.

Our total cash and cash equivalents and restricted cash, as presented in the consolidated statements of cash flows, was as follows (in millions):

	December 31, 2025	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 16,513	\$ 16,139	\$ 16,398
Restricted cash included in prepaid expenses and other current assets	389	494	543
Restricted cash included in other non-current assets	714	404	248
Total as presented in the consolidated statements of cash flows	<u>\$ 17,616</u>	<u>\$ 17,037</u>	<u>\$ 17,189</u>

Investments

Our investments are all designated as available-for-sale and reported at estimated fair value, with unrealized gains and losses recorded in accumulated other comprehensive income (loss) which is included within stockholders' equity. Available-for-sale marketable securities with maturities greater than three months at the date of purchase are included in short-term investments in our consolidated balance sheets. Interest, dividends, amortization and accretion of purchase premiums and discounts on these investments are included within Interest income in our consolidated statements of operations. Interest income on our short-term investments for the years ended December 31, 2025, 2024 and 2023 was \$879 million, \$763 million and \$388 million, respectively.

The cost of available-for-sale investments sold is based on the specific identification method. Realized gains and losses on the sale of available-for-sale investments are recorded in Other (expense) income, net.

We regularly review all of our investments for declines in fair value. The review includes but is not limited to (i) the consideration of the cause of the decline, (ii) any currently recorded expected credit losses and (iii) the creditworthiness of the respective security issuers. The amortized cost basis of our investments approximates its fair value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily include amounts related to receivables from sales of energy generation and storage products, financial institutions and leasing companies offering various financing products to our customers, sales of regulatory credits to other automotive manufacturers, and government rebates already passed through to customers. We provide an allowance against accounts receivable for the amount we expect to be uncollectible. We write-off accounts receivable against the allowance when they are deemed uncollectible.

Depending on the day of the week on which the end of a fiscal quarter falls, our accounts receivable balance may fluctuate as we are waiting for certain customer payments to clear through our banking institutions and receipts of payments from our financing partners, which can take up to approximately two weeks based on the contractual payment terms with such partners. Our accounts receivable balances associated with sales of energy storage products are dependent on billing milestones and payment terms negotiated for each contract, and our accounts receivable balances associated with our sales of regulatory credits are dependent on contractual payment terms. These various factors may have a significant impact on our accounts receivable balance from period to period. As of December 31, 2025 and 2024, government rebates receivable was \$108 million and \$315 million, respectively, in Accounts receivable, net.

Financing Receivables

We provide financing options to our customers for our automotive and energy products. Financing receivables are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain the allowance for loan losses at levels considered adequate to cover expected credit losses on the financing receivables. In determining expected credit losses, we consider our historical level of credit losses, current economic trends, and reasonable and supportable forecasts that affect the collectability of the future cash flows. Interest income on financing receivables is recognized over the loan term as revenue in the consolidated statements of operations.

When originating consumer receivables, we review the credit application, the proposed contract terms, credit bureau information (e.g., FICO score) and other information. Our evaluation emphasizes the applicant's ability to pay and creditworthiness focusing on payment, affordability, and applicant credit history as key considerations. Generally, all customers in this portfolio have strong creditworthiness at loan origination.

After origination, we review the credit quality of retail financing based on customer payment activity and aging analysis. For all financing receivables, we define “past due” as any payment, including principal and interest, which is at least 31 days past the contractual due date. As of December 31, 2025 and 2024, the vast majority of our financing receivables were at current status with an immaterial balance being past due. As of December 31, 2025, the majority of our financing receivables, excluding MyPower notes receivable, were originated in the past four years. As of December 31, 2024, the majority of these receivables were originated in 2023 and 2022.

We have customer notes receivable under the legacy MyPower loan program, which provided residential customers with the option to finance the purchase of an energy generation system through a 30-year loan and were all originated prior to year 2018. The outstanding balances, net of any allowance for expected credit losses, are presented on the consolidated balance sheets as a component of Prepaid expenses and other current assets for the current portion and as Other non-current assets for the long-term portion. As of December 31, 2025 and 2024, the total outstanding balance of MyPower customer notes receivable, net of allowance for expected credit losses, was \$241 million and \$248 million, respectively, of which immaterial amounts were due in the next 12 months as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the allowance for expected credit losses was \$26 million and \$33 million, respectively.

Concentration of Risk

Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk consist of cash, cash equivalents, investments, restricted cash, accounts receivable and other finance receivables. Our cash and investments balances are primarily on deposit at high credit quality financial institutions or invested in highly rated, investment-grade securities. These deposits are typically in excess of insured limits. As of December 31, 2025 and 2024, no entity represented 10% or more of our total receivables balance.

Supply Risk

We are dependent on our suppliers, including single source suppliers, and the inability of these suppliers to deliver necessary components of our products in a timely manner at prices, quality levels and volumes acceptable to us, or our inability to efficiently manage these components from these suppliers, could have a material adverse effect on our business, prospects, financial condition and operating results.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost for vehicles and energy products, which approximates actual cost on a first-in, first-out basis. We record inventory write-downs for excess or obsolete inventories based upon assumptions about current and future demand forecasts. If our inventory on-hand is in excess of our future demand forecast, the excess amounts are written-off.

We also review our inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires us to determine the estimated selling price of our products less the estimated cost to convert the inventory on-hand into a finished product. Once inventory is written-down, a new, lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Should our estimates of future selling prices or production costs change, additional and potentially material write-downs may be required. A small change in our estimates may result in a material charge to our reported financial results.

Operating Lease Vehicles

Vehicles that are leased as part of our direct vehicle leasing program are classified as operating lease vehicles at cost less accumulated depreciation. We generally depreciate their cost, less residual value, using the straight-line-method to cost of automotive leasing revenue over the contractual period. The gross cost of operating lease vehicles as of December 31, 2025 and 2024 was \$6.12 billion and \$7.03 billion, respectively. Operating lease vehicles on the consolidated balance sheets are presented net of accumulated depreciation of \$1.21 billion and \$1.45 billion as of December 31, 2025 and 2024, respectively.

Digital Assets

We account for all digital assets held as crypto assets, a subset of indefinite-lived intangible assets in accordance with ASC 350-60, *Intangibles - Goodwill and Other - Crypto Assets*. We have ownership of and control over our digital assets and we may use third-party custodial services to secure it. The digital assets are initially recorded at cost and are subsequently remeasured on the consolidated balance sheets at fair value.

We determine and record the fair value of our digital assets in accordance with ASC 820, *Fair Value Measurement* ("ASC 820"), based on quoted prices on the active exchange(s) that we have determined is the principal market for such assets (Level I inputs). We determine the cost basis of our digital assets using the specific identification of each unit received. Realized and unrealized gains and losses are recorded to Other (expense) income, net in our consolidated statement of operations.

See Note 3, *Digital Assets*, for further information regarding digital assets.

Energy generation and storage systems, net

We are the lessor of energy generation and storage systems, which are stated at cost less accumulated depreciation. Depreciation of energy generation and storage systems is calculated using the straight-line method over the estimated useful lives of 15 to 35 years. The gross cost of energy generation and storage systems as of December 31, 2025 and 2024 was \$6.66 billion and \$6.79 billion, respectively. Energy generation and storage systems on the consolidated balance sheets are presented net of accumulated depreciation of \$2.06 billion and \$1.86 billion as of December 31, 2025 and 2024, respectively.

Property, Plant and Equipment, Net

Property, plant and equipment, net, including leasehold improvements, are recognized at cost less accumulated depreciation. Depreciation is generally computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Machinery, equipment, vehicles and office furniture	3 to 15 years
Tooling	4 to 7 years
Building and building improvements	15 to 30 years
Computer equipment and software	3 to 6 years
AI infrastructure	5 to 30 years

Leasehold improvements are depreciated on a straight-line basis over their estimated useful lives. AI infrastructure includes our owned data centers.

Upon the retirement or sale of our property, plant and equipment, the cost and associated accumulated depreciation are removed from the consolidated balance sheets, and the resulting gain or loss is reflected on the consolidated statement of operations. Maintenance and repair expenditures are expensed as incurred while major improvements that increase the functionality, output or expected life of an asset are capitalized and depreciated ratably over the identified useful life.

Long-Lived Assets Including Acquired Intangible Assets

We review our property, plant and equipment, energy generation and storage systems, long-term prepayments and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. We measure recoverability by comparing the carrying amount to the future undiscounted cash flows that the asset is expected to generate. If the asset is not recoverable, its carrying amount would be adjusted down to its fair value. For the years ended December 31, 2025, 2024 and 2023, we have recognized no material impairments of our long-lived assets.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives, which range from three to thirty years. The net carrying value of our intangible assets decreased from \$150 million as of December 31, 2024 to \$124 million as of December 31, 2025 mainly from amortization. Intangible assets are included in Other non-current assets on the consolidated balance sheets.

Goodwill

Goodwill increased \$13 million within the automotive segment from \$244 million as of December 31, 2024 to \$257 million as of December 31, 2025. Goodwill is included in Other non-current assets on the consolidated balance sheets.

We assess goodwill for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that it might be impaired, by comparing its carrying value to the reporting unit's fair value. For the years ended December 31, 2025, 2024, and 2023, we did not recognize any impairment of goodwill. There were no accumulated impairment losses as of December 31, 2025 and 2024.

Capitalization of Software Costs

We capitalize costs incurred in the development of internal use software, during the application development stage to Property, plant and equipment, net on the consolidated balance sheets. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Such costs are amortized on a straight-line basis over their estimated useful life of three to five years.

Software development costs incurred in development of software to be sold, leased, or otherwise marketed, incurred subsequent to the establishment of technological feasibility and prior to the general availability of the software are capitalized when they are expected to become significant. Such costs are amortized over the estimated useful life of the applicable software once it is made generally available to our customers.

We evaluate the useful lives of these assets on an annual basis, and we test for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. For the years ended December 31, 2025, 2024 and 2023, we have recognized no impairments of capitalized software costs.

Foreign Currency

We determine the functional and reporting currency of each of our international subsidiaries and their operating divisions based on the primary currency in which they operate. In cases where the functional currency is not the U.S. dollar, we recognize a cumulative translation adjustment created by the different rates we apply to current period income or loss and the balance sheet. For each subsidiary, we apply the monthly average functional exchange rate to its monthly income or loss and the month-end functional currency rate to translate the balance sheet.

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency of the respective subsidiary. Transaction gains and losses are recognized in Other (expense) income, net, in the consolidated statements of operations. For the years ended December 31, 2025, 2024 and 2023, we recorded a net foreign currency transaction loss of \$407 million, gain of \$57 million and gain of \$122 million, respectively.

Warranties

We provide a manufacturer's warranty on all new and used vehicles and a warranty on the installation and components of the energy generation and storage systems we sell for periods typically between 1 to 25 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls if identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected service costs associated with our vehicles subject to operating lease accounting and our energy generation and storage systems under lease contracts or PPAs, as these service costs are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within Accrued liabilities and other, while the remaining balance is included within Other long-term liabilities on the consolidated balance sheets. For liabilities that we are entitled to receive indemnification from our suppliers, we record receivables for the contractually obligated amounts on the consolidated balance sheets as a component of Prepaid expenses and other current assets for the current portion and as Other non-current assets for the long-term portion. Warranty expense is recorded as a component of Cost of revenues in the consolidated statements of operations. Due to the magnitude of our automotive business, our accrued warranty balance is primarily related to our automotive segment. Accrued warranty activity consisted of the following (in millions):

	Year Ended December 31,		
	2025	2024	2023
Accrued warranty—beginning of period	\$ 6,716	\$ 5,152	\$ 3,505
Warranty costs incurred	(1,723)	(1,453)	(1,225)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	1,127	287	539
Provision for warranty	2,487	2,730	2,333
Accrued warranty—end of period	<u>\$ 8,607</u>	<u>\$ 6,716</u>	<u>\$ 5,152</u>

Customer Deposits

Customer deposits primarily consist of refundable cash payments from customers at the time they place an order or reservation for a vehicle or an energy product and any additional payments up to the point of delivery or the completion of installation. Customer deposits also include prepayments on contracts that can be cancelled without significant penalties, such as vehicle maintenance plans. Customer deposits are included in Accrued liabilities and other on the consolidated balance sheets until refunded, forfeited or applied towards the customer's purchase balance.

Government Assistance Programs and Incentives

Globally, the operation of our business is impacted by various government programs, incentives, and other arrangements. Government incentives are recorded in our consolidated financial statements in accordance with their purpose as a reduction of expense, or an offset to the related capital asset. The benefit is generally recorded when all conditions attached to the incentive have been met or are expected to be met and there is reasonable assurance of their receipt.

The IRA Incentives Modified by the OBBBA

On August 16, 2022, the IRA was enacted into law and is effective for taxable years beginning after December 31, 2022. The IRA includes multiple incentives to promote clean energy, electric vehicles, battery and energy storage manufacture or purchase. The IRA incentives were subsequently modified by the OBBBA enacted on July 4, 2025, which imposes more stringent eligibility requirements, accelerated phase-outs, and the termination of certain provisions. Some of these measures are expected to materially affect our consolidated financial statements. For the years ended December 31, 2025, 2024 and 2023, the impact from our IRA incentive was primarily a reduction of our costs of revenue in our consolidated statements of operations as discussed above in Cost of Revenues.

Nevada Tax Incentives

In connection with the construction of Gigafactory Nevada, we entered into agreements in 2014 with the State of Nevada and Storey County in Nevada that provide abatements for specified taxes, discounts to the base tariff energy rates and transferable tax credits of up to \$195 million in consideration of capital investment and hiring targets that were met at Gigafactory Nevada.

Gigafactory Texas Tax Incentives

In connection with the construction of Gigafactory Texas, we entered into a 20-year agreement in 2020 with Travis County in Texas pursuant to which we would receive grant funding equal to 70-80% of property taxes paid by us to Travis County and a separate 10-year agreement in 2020 with the Del Valle Independent School District in Texas pursuant to which a portion of the taxable value of our property would be capped at a specified amount, in each case subject to our meeting certain minimum economic development metrics through our construction and operations at Gigafactory Texas. This incentive is recorded as a reduction of the related expenses within the Cost of automotive revenues and operating expense line items of our consolidated statements of operations. For the years ended December 31, 2025, 2024 and 2023, the grant funding related to property taxes paid were immaterial.

Defined Contribution Plan

We have a 401(k) savings plan in the U.S. that is intended to qualify as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code and a number of savings plans internationally. Under the 401(k) savings plan, participating employees may elect to contribute up to 90% of their eligible compensation, subject to certain limitations. Beginning in January 2022, we began to match 50% of each employee's contributions up to a maximum of 6% (capped at \$3,000) of the employee's eligible compensation, vested upon one year of service. During the years ended December 31, 2025, 2024 and 2023, we recognized \$103 million, \$107 million and \$99 million, respectively, of expenses related to employer contributions for the 401(k) savings plan.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU No. 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40). The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. This ASU also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will likely result in the required additional disclosures being included in our consolidated financial statements, once adopted. We are currently evaluating the provisions of this ASU.

In July 2025, the FASB issued ASU No. 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current classified accounts receivable and contract assets. This update is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date; or follow a modified transition approach that is based on the status of the respective projects and whether software costs were capitalized before the date of adoption; or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities. The ASU establishes authoritative guidance in GAAP about accounting for government grants received by business entities, clarifies the appropriate accounting, in an effort to reduce diversity in practice, and increase consistency of application across business entities. The ASU is effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Adoption of this ASU can be applied a modified prospective approach, a modified retrospective approach, or a retrospective approach. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. The ASU clarifies interim disclosure requirements and the applicability of Topic 270. The objective of the amendments is to provide further clarity about the current interim disclosure requirements. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Adoption of this ASU can be applied either a prospective or a retrospective approach. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-12, Codification Improvements. The ASU addresses thirty-three items, representing the changes to the Codification that (1) clarify, (2) correct errors, or (3) make minor improvements. Generally, the amendments in this Update are not intended to result in significant changes for most entities. The ASU is effective for interim reporting periods within annual reporting periods beginning after December 15, 2026. The adoption method of this ASU may vary, on an issue-by-issue basis. Early adoption is permitted. We are currently evaluating the provisions of this ASU and do not expect this ASU to have a material impact on our consolidated financial statements.

Recently adopted accounting pronouncements

ASU 2023-08

In December 2023, the FASB issued ASU No. 2023-08, Accounting for and Disclosure of Crypto Assets (Subtopic 350-60) (“new crypto assets standard”). The new crypto assets standard requires certain crypto assets to be measured at fair value separately on the balance sheet with changes reported in the statement of operations each reporting period. The new crypto assets standard also enhances the other intangible asset disclosure requirements by requiring the name, cost basis, fair value, and number of units for each significant crypto asset holding. We adopted the new crypto assets standard on a modified retrospective approach effective January 1, 2024. The cumulative effect of the changes made on our January 1, 2024 consolidated balance sheet for the adoption of the new crypto assets standard was as follows (in millions):

	Balances at December 31, 2023	Adjustments from Adoption of the New Crypto Assets Standard	Balances at January 1, 2024
Assets			
Digital assets, net	\$ 184	\$ 303	\$ 487
Deferred tax assets	6,733	(67)	6,666
Stockholders' equity			
Retained earnings	27,882	236	28,118

ASU 2023-09

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. We adopted this ASU on a prospective basis effective January 1, 2025. Refer to Note 12, *Income Taxes* for the inclusion of new disclosures required.

On July 4, 2025, the U.S. H.R.1, an act to provide for reconciliation pursuant to title II of H. Con. Res. 14. (the “OBBBA”) was enacted. The OBBBA introduces multiple tax law and other legislative changes, including modifications to income tax provisions such as domestic research and development expenses, capital expenditures, and U.S. taxation of international earnings; the repeal or acceleration of the sunset of certain tax credits under the 2022 Inflation Reduction Act and elimination of certain penalties for violations of certain regulatory credit programs. We have recognized the effects of the OBBBA provisions in our financial results to the extent they are applicable to the year ended December 31, 2025. We will continue to evaluate the impact of these provisions on our 2026 and subsequent consolidated financial statements, including loss of certain regulatory credit sales tied to our products and changes to the costs of our products.

Note 3 - Digital Assets

During the years ended December 31, 2025 and 2024, we purchased and/or received immaterial amounts of digital assets. During the year ended December 31, 2023, we recorded an immaterial amount of impairment losses on digital assets. Refer to Note 2, *Summary of Significant Accounting Policies* for additional information regarding the Company’s adoption of the new crypto assets standard.

The table below summarizes the amounts shown on our consolidated balance sheets as of December 31, 2025 and 2024 (in millions except units of digital assets).

	December 31, 2025			December 31, 2024		
	Units	Cost Basis	Fair Value	Units	Cost Basis	Fair Value
Digital assets held:						
Bitcoin	11,509	\$ 386	\$ 1,007	11,509	\$ 386	\$ 1,074
Other		1	1		1	2
Total		\$ 387	\$ 1,008		\$ 387	\$ 1,076

The following table provides details of the activities related to our digital assets for the years ended December 31, 2025 and 2024 (in millions):

	Year Ended December 31,	
	2025	2024
Beginning balance at fair value	\$ 1,076	\$ 487
Unrealized (loss) gain, net	(68)	589
Ending balance at fair value	\$ 1,008	\$ 1,076

Note 4 - Fair Value of Financial Instruments

ASC 820, *Fair Value Measurement*, states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The three-tiered fair value hierarchy, which prioritizes which inputs should be used in measuring fair value, is comprised of: (Level I) observable inputs such as quoted prices in active markets; (Level II) inputs other than quoted prices in active markets that are observable either directly or indirectly and (Level III) unobservable inputs for which there is little or no market data. The fair value hierarchy requires the use of observable market data when available in determining fair value. Our assets and liabilities that were measured at fair value on a recurring basis were as follows (in millions):

	December 31, 2025				December 31, 2024			
	Fair Value	Level I	Level II	Level III	Fair Value	Level I	Level II	Level III
Certificates of deposit and time deposits	\$ 14,600	\$ —	\$ 14,600	\$ —	\$ 12,767	\$ —	\$ 12,767	\$ —
Commercial paper	5,617	—	5,617	—	3,919	—	3,919	—
U.S. government securities	7,321	—	7,321	—	3,620	—	3,620	—
Corporate debt securities	8	—	8	—	118	—	118	—
Money market funds	1,890	1,890	—	—	1,753	1,753	—	—
Digital assets	1,008	1,008	—	—	1,076	1,076	—	—
Total	\$ 30,444	\$ 2,898	\$ 27,546	\$ —	\$ 23,253	\$ 2,829	\$ 20,424	\$ —

Our assets classified within Level I of the fair value hierarchy were valued using quoted prices in active markets and our assets classified within Level II of the fair value hierarchy utilized the market approach to determine fair value of the investments.

Our cash, cash equivalents and investments classified by security type as of December 31, 2025 and 2024 consisted of the following (in millions):

December 31, 2025						
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Investments
Cash	\$ 14,623	\$ —	\$ —	\$ 14,623	\$ 14,623	\$ —
Certificates of deposit and time deposits	14,598	2	—	14,600	—	14,600
Commercial paper	5,619	—	(2)	5,617	—	5,617
U.S. government securities	7,318	5	(2)	7,321	—	7,321
Corporate debt securities	8	—	—	8	—	8
Money market funds	1,890	—	—	1,890	1,890	—
Total cash, cash equivalents and short-term investments	\$ 44,056	\$ 7	\$ (4)	\$ 44,059	\$ 16,513	\$ 27,546

December 31, 2024						
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-Term Investments
Cash	\$ 14,386	\$ —	\$ —	\$ 14,386	\$ 14,386	\$ —
Certificates of deposit and time deposits	12,767	—	—	12,767	—	12,767
Commercial paper	3,908	11	—	3,919	—	3,919
U.S. government securities	3,618	3	(1)	3,620	—	3,620
Corporate debt securities	117	1	—	118	—	118
Money market funds	1,753	—	—	1,753	1,753	—
Total cash, cash equivalents and short-term investments	\$ 36,549	\$ 15	\$ (1)	\$ 36,563	\$ 16,139	\$ 20,424

As of December 31, 2025 and 2024, investments held and restricted for our insurance business were \$254 million and \$286 million, respectively.

As of December 31, 2025, the majority of our short-term investments had contractual maturity dates within one year.

Disclosure of Fair Values

Our financial instruments that are not re-measured at fair value include accounts receivable, financing receivables, other receivables, accounts payable, accrued liabilities, customer deposits and debt. The carrying values of these financial instruments materially approximate their fair values.

Note 5 - Inventory

Our inventory consisted of the following (in millions):

	December 31, 2025	December 31, 2024
Raw materials	\$ 4,522	\$ 5,242
Work in process	1,725	1,532
Finished goods (1)	4,849	3,940
Service parts	1,296	1,303
Total	\$ 12,392	\$ 12,017

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

We write-down inventory for any excess or obsolete inventory or when we believe that the net realizable value of inventory is less than the carrying value. During the years ended December 31, 2025, 2024 and 2023, we recorded write-downs of \$310 million, \$190 million and \$233 million, respectively, in Cost of revenues in the consolidated statements of operations.

Note 6 - Property, Plant and Equipment, Net

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

	December 31, 2025	December 31, 2024
Machinery, equipment, vehicles and office furniture	\$ 20,864	\$ 18,339
Land and buildings	11,837	10,677
AI infrastructure	6,816	5,152
Tooling	4,868	3,883
Leasehold improvements	4,439	3,688
Computer equipment, hardware and software	3,206	2,902
Construction in progress	8,786	6,783
Property, plant and equipment	60,816	51,424
Less: Accumulated depreciation	(20,173)	(15,588)
Property, plant and equipment, net	<u>\$ 40,643</u>	<u>\$ 35,836</u>

Construction in progress is primarily comprised of ongoing construction and expansion of our facilities, equipment and tooling related to the manufacturing of our products as well as AI-related assets which have not yet been placed in service. Completed assets are transferred to their respective asset classes and depreciation begins when an asset is ready for its intended use.

Depreciation expense during the years ended December 31, 2025, 2024 and 2023 was \$5.03 billion, \$4.12 billion and \$3.33 billion, respectively.

Note 7 - Accrued Liabilities and Other

Our accrued liabilities and other current liabilities consisted of the following (in millions):

	December 31, 2025	December 31, 2024
Accrued purchases (1)	\$ 2,577	\$ 2,253
Accrued warranty reserve, current portion	2,475	1,917
Payroll and related costs	1,907	1,532
Taxes payable (2)	1,594	1,367
Customer deposits	1,311	993
Operating lease liabilities, current portion	954	807
Sales return reserve, current portion	529	305
Other current liabilities	1,932	1,549
Total	<u>\$ 13,279</u>	<u>\$ 10,723</u>

- (1) Accrued purchases primarily reflects receipts of goods and services for which we had not yet been invoiced. As we are invoiced for these goods and services, this balance will reduce and accounts payable will increase.
- (2) Taxes payable primarily includes value added tax, income tax, sales tax, property tax and use tax payables.

Note 8 - Other Long-Term Liabilities

Our other long-term liabilities consisted of the following (in millions):

	December 31, 2025	December 31, 2024
Accrued warranty reserve	\$ 6,132	\$ 4,799
Operating lease liabilities	5,389	4,603
Other non-current liabilities	1,339	1,093
Total other long-term liabilities	<u>\$ 12,860</u>	<u>\$ 10,495</u>

Note 9 - Debt

The following is a summary of our debt and finance leases as of December 31, 2025 (in millions):

	Net Carrying Value		Unpaid Principal Balance	Unused Committed Amount (1)	Contractual Interest Rates	Contractual Maturity Date
	Current	Long-Term				
Recourse debt:						
RCF Credit Agreement	—	—	—	5,000	Not applicable	January 2028
Other	1	2	3	—	4.70-5.75%	January 2026-January 2031
Total recourse debt	1	2	3	5,000		
Non-recourse debt:						
Automotive Asset-backed Notes	1,492	1,745	3,249	—	2.47-6.57%	October 2026-June 2035
China Working Capital Facility	—	4,288	4,288	1,429	2.01-2.11%	March 2026-December 2026 (2)
Energy Asset-backed Notes	55	337	397	—	5.08-6.25%	June 2050
Cash Equity Debt	21	212	240	—	5.25-5.81%	July 2034-January 2035
Total non-recourse debt	1,568	6,582	8,174	1,429		
Total debt	1,569	6,584	<u>\$ 8,177</u>	<u>\$ 6,429</u>		
Finance leases	71	152				
Total debt and finance leases	<u>\$ 1,640</u>	<u>\$ 6,736</u>				

The following is a summary of our debt and finance leases as of December 31, 2024 (in millions):

	Net Carrying Value		Unpaid Principal Balance	Unused Committed Amount (1)	Contractual Interest Rates	Contractual Maturity Date
	Current	Long-Term				
Recourse debt:						
RCF Credit Agreement	—	—	—	5,000	Not applicable	January 2028
Other	4	3	7	—	4.70-5.75%	March 2025-January 2031
Total recourse debt	4	3	7	5,000		
Non-recourse debt:						
Automotive Asset-backed Notes	2,255	2,059	4,329	—	3.45-6.57%	September 2025-June 2035
China Working Capital Facility	—	2,740	2,740	—	1.92 %	April 2025 (2)
Energy Asset-backed Notes	54	434	493	—	4.80-6.25%	December 2025-June 2050
Cash Equity Debt	30	299	338	—	5.25-5.81%	July 2033-January 2035
Total non-recourse debt	2,339	5,532	7,900	—		
Total debt	2,343	5,535	<u>\$ 7,907</u>	<u>\$ 5,000</u>		
Finance leases	113	222				
Total debt and finance leases	<u>\$ 2,456</u>	<u>\$ 5,757</u>				

- Refer to the respective sections below for restrictions on draw-down or use for general corporate purposes with respect to any available committed funds under our debt facilities, as applicable.
- As we have the intent and ability to refinance the loan on a long-term basis, we recorded it in Debt and finance leases, net of current portion in the consolidated balance sheets.

Recourse debt refers to debt that is recourse to our general assets. Non-recourse debt refers to debt that is recourse to only assets of our subsidiaries. The differences between the unpaid principal balances and the net carrying values are due to debt discounts or deferred issuance costs. As of December 31, 2025, we were in material compliance with all financial debt covenants.

Credit Agreement

In January 2023, we entered into a 5-year senior unsecured revolving credit facility (the “RCF Credit Agreement”) with a syndicate of banks. The RCF Credit Agreement contains two optional one-year extensions and has a total commitment of up to \$5.00 billion, which could be increased up to \$7.00 billion under certain circumstances. The underlying borrowings may be used for general corporate purposes. Borrowed funds accrue interest at a variable rate equal to: (i) for dollar-denominated loans, at our election, (a) Term SOFR (the forward-looking secured overnight financing rate) plus 0.10%, or (b) an alternate base rate; (ii) for loans denominated in pounds sterling, SONIA (the sterling overnight index average reference rate); or (iii) for loans denominated in euros, an adjusted EURIBOR (euro interbank offered rate); in each case, plus an applicable margin. The applicable margin will be based on the rating assigned to our senior, unsecured long-term indebtedness (the “Credit Rating”) from time to time. The fee for undrawn amounts is variable based on the Credit Rating and is currently 0.125% per annum. There are no restrictions on draw-down or use for general corporate purposes with respect to any available committed funds under our RCF Credit Agreement, except certain specified conditions prior to draw-down.

Automotive Asset-backed Notes

From time to time, we transfer receivables and/or beneficial interests related to certain vehicles (either leased or financed) into special purpose entities (“SPEs”) and issue Automotive Asset-backed Notes, backed by these automotive assets to investors. The SPEs are consolidated in the financial statements. The cash flows generated by these automotive assets are used to service the principal and interest payments on the Automotive Asset-backed Notes and satisfy the SPEs’ expenses, and any remaining cash is distributed to the owners of the SPEs. The SPEs’ assets and cash flows are not available to our other creditors, and the creditors of the SPEs, including the Automotive Asset-backed Note holders, have no recourse to our other assets.

In 2025, we transferred beneficial interests related to certain leased vehicles and/or financing receivables into SPEs and issued \$1.41 billion in aggregate principal amount of Automotive Asset-backed Notes, with terms similar to our other previously issued Automotive Asset-backed Notes.

Energy Asset-backed Notes

In 2024, we transferred certain financing receivables into an SPE and issued \$499 million in aggregate principal amount of Energy Asset-backed Notes, backed by these financing receivables. The proceeds from issuance, net of debt issuance costs, were \$494 million. The SPE is wholly owned by us and is consolidated in the financial statements. The cash flows generated by these financing receivables are used to service the principal and interest payments on the Energy Asset-backed Notes and satisfy the SPE’s expenses, and any remaining cash is distributed to us. The SPE’s assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Energy Asset-backed Notes holders, have no recourse to our other assets.

Cash Equity Debt

In connection with the cash equity financing deals closed in 2016, our subsidiaries issued \$502 million in aggregate principal amount of debt that bears interest at fixed rates. This debt is secured by, among other things, our interests in certain financing funds and is non-recourse to our other assets.

China Working Capital Facility

In 2024, one of our subsidiaries entered into a loan agreement (the “China Working Capital Facility”) with lenders in China for an unsecured revolving facility of up to RMB 20.00 billion to be used for certain production expenditures as well as repayment of certain finance facilities.

In March 2025, the China Working Capital Facility was amended to extend the availability of funds through April 2028. In addition, the maturity date for each borrowing is the earlier of one year from the date the funds are drawn or April 2029.

In September 2025, the China Working Capital Facility was further amended to increase the aggregate lender commitment by RMB 20.00 billion. Borrowings bear interest at a rate equal to the Loan Prime Rate published by the People’s Bank of China minus 0.89% or 0.99%, as applicable under the terms of the agreement.

Pledged Assets

As of December 31, 2025 and 2024, we had pledged or restricted \$3.89 billion and \$5.16 billion, respectively, of our assets (consisting principally of operating lease vehicles, financing receivables, restricted cash, and equity interests in certain SPEs) as collateral for our outstanding debt.

Schedule of Principal Maturities of Debt

The future scheduled principal maturities of debt as of December 31, 2025 were as follows (in millions):

	Recourse debt	Non-recourse debt	Total
2026	\$ 1	\$ 1,575	\$ 1,576
2027	—	1,233	1,233
2028	—	649	649
2029	—	4,386	4,386
2030	2	87	89
Thereafter	—	244	244
Total	\$ 3	\$ 8,174	\$ 8,177

Note 10 - Leases

We have entered into various operating and finance lease agreements for certain of our offices, manufacturing and warehouse facilities, retail and service locations, data centers, equipment, vehicles, and energy generation and storage systems, worldwide. We determine if an arrangement is a lease, or contains a lease, at inception and record the lease in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

We have lease agreements with lease and non-lease components, and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the consolidated balance sheets as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of our leases do not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

Our leases, where we are the lessee, often include options to extend the lease term for up to 10 years. Some of our leases also include options to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as cost of revenues or operating expenses depending on the nature of the leased asset. Certain operating leases provide for annual increases to lease payments based on an index or rate. We calculate the present value of future lease payments based on the index or rate at the lease commencement date for new leases. Differences between the calculated lease payment and actual payment are expensed as incurred. Amortization of finance lease assets is recognized over the lease term as cost of revenues or operating expenses depending on the nature of the leased asset. Interest expense on finance lease liabilities is recognized over the lease term within Interest expense in the consolidated statements of operations.

The balances for the operating and finance leases where we are the lessee are presented as follows (in millions) within our consolidated balance sheets:

	December 31, 2025	December 31, 2024
Operating leases:		
Operating lease right-of-use assets	\$ 6,027	\$ 5,160
Accrued liabilities and other	\$ 954	\$ 807
Other long-term liabilities	5,389	4,603
Total operating lease liabilities	<u>\$ 6,343</u>	<u>\$ 5,410</u>
Finance leases:		
Energy generation and storage systems, net	\$ 19	\$ 21
Property, plant and equipment, net	229	350
Total finance lease assets	<u>\$ 248</u>	<u>\$ 371</u>
Current portion of long-term debt and finance leases	\$ 71	\$ 113
Long-term debt and finance leases, net of current portion	152	222
Total finance lease liabilities	<u>\$ 223</u>	<u>\$ 335</u>

The components of lease expense are as follows (in millions) within our consolidated statements of operations:

	Year Ended December 31,		
	2025	2024	2023
Operating lease expense:			
Operating lease expense (1)	\$ 1,766	\$ 1,500	\$ 1,153
Finance lease expense:			
Amortization of leased assets	\$ 118	\$ 409	\$ 506
Interest on lease liabilities	12	21	45
Total finance lease expense	<u>\$ 130</u>	<u>\$ 430</u>	<u>\$ 551</u>
Total lease expense	<u>\$ 1,896</u>	<u>\$ 1,930</u>	<u>\$ 1,704</u>

(1) Includes short-term leases and variable lease costs, which are individually immaterial.

Other information related to leases where we are the lessee is as follows:

	December 31, 2025	December 31, 2024
Weighted-average remaining lease term:		
Operating leases	7.7 years	7.9 years
Finance leases	4.3 years	4.4 years
Weighted-average discount rate:		
Operating leases	5.0 %	5.3 %
Finance leases	4.7 %	4.7 %

Supplemental cash flow information related to leases where we are the lessee is as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash outflows from operating leases	\$ 1,743	\$ 1,450	\$ 1,084
Operating cash outflows from finance leases (interest payments)	\$ 12	\$ 21	\$ 47
Leased assets obtained in exchange for finance lease liabilities	\$ —	\$ 144	\$ 10
Leased assets obtained in exchange for operating lease liabilities	\$ 1,643	\$ 1,808	\$ 2,170

As of December 31, 2025, the maturities of our operating and finance lease liabilities (excluding short-term leases) are as follows (in millions):

	Operating Leases	Finance Leases
2026	\$ 1,241	\$ 80
2027	1,127	72
2028	1,012	27
2029	879	22
2030	787	22
Thereafter	2,668	23
Total minimum lease payments	7,714	246
Less: Interest	1,371	23
Present value of lease obligations	6,343	223
Less: Current portion	954	71
Long-term portion of lease obligations	\$ 5,389	\$ 152

As of December 31, 2025, we have excluded from the table above additional operating leases that have not yet commenced with aggregate rent payments of \$849 million. These operating leases will commence between fiscal year 2026 and 2028 with lease terms of 2 years to 20 years.

In July 2025, we entered into a supply agreement for semiconductor contract manufacturing of our AI chips, which is expected to commence in 2027 or later. If and when product specifications are met and production commences, we expect to account for the chipmaking machinery and equipment as leased assets as the terms of the arrangement convey a finance lease under ASC 842 *Leases*.

Operating Lease and Sales-type Lease Receivables

We are the lessor of certain vehicle and energy generation and storage systems as described in Note 2, *Summary of Significant Accounting Policies*. As of December 31, 2025, maturities of our operating lease and sales-type lease receivables from customers for each of the next five years and thereafter were as follows (in millions):

	Operating Leases	Sales-type Leases
2026	\$ 1,045	\$ 144
2027	709	83
2028	363	27
2029	210	5
2030	203	—
Thereafter	1,077	—
Gross lease receivables	\$ 3,607	\$ 259

The above table does not include vehicle sales to customers or leasing partners with a resale value guarantee as the cash payments were received upfront. For our energy generation PPA arrangements, customers are charged solely based on actual power produced by the installed energy generation system at a predefined rate per kilowatt-hour of power produced. The future payments from such arrangements are not included in the above table as they are a function of the power generated by the related energy generation systems in the future.

Net Investment in Sales-type Leases

Net investment in sales-type leases, which is the sum of the present value of the future contractual lease payments, is presented on the consolidated balance sheets as a component of Prepaid expenses and other current assets for the current portion and as Other non-current assets for the long-term portion. Lease receivables relating to sales-type leases are presented on the consolidated balance sheets as follows (in millions):

	December 31, 2025	December 31, 2024
Gross lease receivables	\$ 259	\$ 484
Unearned interest income	(14)	(38)
Allowance for expected credit losses	(5)	(6)
Net investment in sales-type leases	<u>\$ 240</u>	<u>\$ 440</u>
Reported as:		
Prepaid expenses and other current assets	\$ 130	\$ 152
Other non-current assets	110	288
Net investment in sales-type leases	<u>\$ 240</u>	<u>\$ 440</u>

Note 11 - Equity Incentive Plans

In June 2019, we adopted the 2019 Equity Incentive Plan (the "2019 Plan"). The 2019 Plan provides for the grant of stock options, RSAs, RSUs, stock appreciation rights, performance units and performance shares to our employees, directors and consultants. Stock options granted under the 2019 Plan may be either incentive stock options or nonstatutory stock options. Incentive stock options may only be granted to our employees. Nonstatutory stock options may be granted to our employees, directors and consultants. Generally, our stock options and RSUs vest over four years and our stock options are exercisable over a maximum period of 10 years from their grant dates. Vesting typically terminates when the employment or consulting relationship ends.

In November 2025, we adopted the Amended and Restated 2019 Equity Incentive Plan (the "A&R 2019 Plan"). The A&R 2019 Plan has similar terms to the 2019 Plan, but increased the general shares reserved and available for issuance by 60.0 million shares and created a new special share reserve for our CEO of approximately 208.0 million shares.

As of December 31, 2025, 64.7 million shares were reserved and available for general issuance under the A&R 2019 Plan.

The following table summarizes our stock option and RSU activity for the year ended December 31, 2025:

	Stock Options				RSUs	
	Number of Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in billions)	Number of RSUs (in thousands)	Weighted-Average Grant Date Fair Value
Beginning of period	344,535	\$ 40.41			18,661	\$ 233.02
Granted	13,128	\$ 338.43			8,444	\$ 360.99
Exercised or released	(7,289)	\$ 112.43			(7,089)	\$ 241.62
Cancelled	(6,268)	\$ 187.47			(3,004)	\$ 254.57
End of period	<u>344,106</u>	\$ 47.58	2.68	\$ 138.38	<u>17,012</u>	\$ 289.15
Vested and expected to vest, December 31, 2025	340,111	\$ 43.98	2.60	\$ 138.00	16,628	\$ 286.47
Exercisable and vested, December 31, 2025	320,430	\$ 29.62	2.22	\$ 134.61		

The weighted-average grant date fair value per share of RSUs granted in the years ended December 31, 2025, 2024 and 2023 was \$360.99, \$223.98 and \$228.33, respectively. The aggregate release date fair value of RSUs in the years ended December 31, 2025, 2024 and 2023 was \$2.42 billion, \$1.75 billion and \$2.50 billion, respectively.

The aggregate intrinsic value of options exercised during the years ended December 31, 2025, 2024 and 2023 was \$1.73 billion, \$1.77 billion and \$1.33 billion, respectively.

ESPP

Our employees are eligible to purchase our common stock through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The purchase price would be 85% of the lower of the fair market value on the first and last trading days of each six-month offering period. During the years ended December 31, 2025, 2024 and 2023, under the ESPP we issued 1.9 million, 2.2 million and 2.1 million shares, respectively. As of December 31, 2025, there were 93.6 million shares available for issuance under the ESPP.

2025 CEO Interim Award

On August 3, 2025, the Board of Directors granted and issued 96.0 million shares of restricted stock to our CEO (the "2025 CEO Interim Award"), which will vest on the second anniversary of the grant date, assuming his continued employment as either the CEO or as an executive responsible for product development or operations (as approved by disinterested members of the Board of Directors) through the vesting date. Our CEO must pay the Company \$23.34 per share (the "Purchase Price") of restricted stock that vests, which is equal to the exercise price per share of the stock-based compensation plan awarded to Elon Musk in 2018 (the "2018 CEO Performance Award").

Restricted stock under the 2025 CEO Interim Award will be immediately forfeited and returned (an “Early Forfeiture”) to the Company to preclude a “double dip” or windfall if, prior to vesting, there is a final, non-appealable judgment, order or decision of the Delaware courts with respect to the action captioned *Tornetta v. Elon Musk et al.*, C.A. No. 2018-0408-KSJM (Del. Ch.), or any pending or future appeal, including *In re Tesla, Inc. Derivative Litigation*, Nos. 10, 2025, 11, 2025 (Del.) (a “Tornetta Decision Event”) (see Note 13, *Commitments and Contingencies*), that results in our CEO becoming able to exercise in full the 2018 CEO Performance Award. If a Tornetta Decision Event results in our CEO becoming able to exercise options covered by the 2018 CEO Performance Award, but does not result in Early Forfeiture, then, if the Tornetta Decision Event occurs before the 2025 CEO Interim Award vests, shares covered by the 2025 CEO Interim Award will be reduced to the extent that (a) the sum of the 2025 CEO Interim Award shares and any amount of options exercisable under the 2018 CEO Performance Award exceeds (b) the total number of options subject to the 2018 CEO Performance Award in full (the “Excess Amount”), and if the Tornetta Decision Event occurs after the 2025 CEO Interim Award vests, then our CEO will return or otherwise repay us for shares issued under the 2025 CEO Interim Award (with us returning or repaying the Purchase Price) or forfeit options underlying the 2018 CEO Performance Award equal to the Excess Amount. The “no double dip” provision means that if our CEO gains the ability to exercise the 2018 CEO Performance Award, there will be no material additional benefit to him because the total number of shares awarded under the 2025 CEO Interim Award together with the 2018 CEO Performance Award cannot exceed the number of shares underlying the 2018 CEO Performance Award.

Our CEO must hold shares covered by the 2025 CEO Interim Award for five years from the date of grant, subject to certain exceptions, including to satisfy taxes due in respect of vesting of the 2025 CEO Interim Award and/or to pay the Purchase Price. The 2025 CEO Interim Award will vest on an accelerated basis prior to the second anniversary of the grant date if our CEO is in continued eligible service upon a change in control or his death.

Stock-based compensation expense associated with the 2025 CEO Interim Award is recognized over the requisite service period, based on the grant date fair value determined on August 15, 2025 (the date the issuance of the shares of restricted stock was no longer subject to conditionality or the “accounting grant date”), but only if and when the vesting of the award becomes probable. Additionally, our CEO stock-based compensation expense represents a non-cash expense and is recorded as a selling, general and administrative operating expense in our consolidated statement of operations. The grant date fair value of the 2025 CEO Interim Award is \$26.06 billion. The grant date fair value is based upon the closing market price of our common stock as of the accounting grant date, less the Purchase Price, adjusted to take into account an illiquidity discount due to the required holding period.

As of December 31, 2025, no stock-based compensation expense has been recorded related to the 2025 CEO Interim Award as vesting was not deemed probable. Following the Delaware Supreme Court’s recent decision reversing the Court of Chancery’s rescission order and reinstating Mr. Musk’s 2018 compensation package, the Special Committee, consistent with its general purpose, continues to consider, evaluate and determine all aspects of the retention and incentivization of Mr. Musk and any methods, approaches or manners for doing so, including the 2018 CEO Performance Award and the 2025 CEO Interim Award. If the 2025 CEO Interim Award is cancelled before vesting is deemed probable, no expense will be recognized relating to the award.

2025 CEO Performance Award

On September 3, 2025 (the “2025 CEO Performance Award Grant Date”), the Board of Directors granted approximately 423.7 million shares of performance-based restricted stock to our CEO (the “2025 CEO Performance Award”), which was approved on November 6, 2025 by our shareholders (the “2025 CEO Performance Award Accounting Grant Date”).

Until such time as there are no shares under the 2025 CEO Performance Award that are not earned (the “Unearned Shares”), our CEO’s Unearned Shares will vote proportionately to the votes of all other shares of our capital stock that are present and entitled to vote at any annual or special meeting (or similar action) of our shareholders (including our CEO). Generally, each of the 12 tranches of the 2025 CEO Performance Award will become “Earned Shares” upon our CEO remaining in Eligible Service (as defined below) and the certification by disinterested directors that the following have been achieved: (i) the market capitalization milestone for such tranche and (ii) any one of the twelve operational milestones (clauses (i) and (ii), together the “Performance Milestones”). Our CEO will be able to direct the vote of such Earned Shares.

Tranche #	Number of Shares Subject to Tranche	Market Capitalization Milestones (2)	Operational Milestones	Achievement Status
1	35,311,992	\$2.0 trillion	Achievement of any 1 of the 12 Operational Milestones	-
2	35,311,992	\$2.5 trillion	Achievement of any 2 of the 12 Operational Milestones	-
3	35,311,992	\$3.0 trillion	Achievement of any 3 of the 12 Operational Milestones	-
4	35,311,992	\$3.5 trillion	Achievement of any 4 of the 12 Operational Milestones	-
5	35,311,992	\$4.0 trillion	Achievement of any 5 of the 12 Operational Milestones	-
6	35,311,992	\$4.5 trillion	Achievement of any 6 of the 12 Operational Milestones	-
7	35,311,992	\$5.0 trillion	Achievement of any 7 of the 12 Operational Milestones	-
8	35,311,992	\$5.5 trillion	Achievement of any 8 of the 12 Operational Milestones	-
9	35,311,992	\$6.0 trillion	Achievement of any 9 of the 12 Operational Milestones	-
10	35,311,992	\$6.5 trillion	Achievement of any 10 of the 12 Operational Milestones	-
11	35,311,992	\$7.5 trillion	Achievement of any 11 of the 12 Operational Milestones (1)	-
12	35,311,992	\$8.5 trillion	Achievement of any 12 of the 12 Operational Milestones (1)	-
Total	423,743,904			

- The 11th and 12th tranches are earned upon the later of (i) the date on which the last Performance Milestone applicable to such tranche is completed and (ii) the date on which the CEO succession framework developed by our CEO is approved by the Board of Directors.
- Market capitalization milestones are measured on a trailing average basis over both a six-month period and a 30-day period. Achievement may also be measured over a one-year period in connection with the deemed achievement of certain product goals.

The operational milestones generally required for any shares to become Earned Shares are defined as follows:

Milestone #	Operational Milestones (3)
1	20 million Tesla vehicles delivered
2	10 million active FSD subscriptions
3	1 million bots delivered
4	1 million Robotaxis in commercial operation
5	\$50 billion of Adjusted EBITDA
6	\$80 billion of Adjusted EBITDA
7	\$130 billion of Adjusted EBITDA
8	\$210 billion of Adjusted EBITDA
9	\$300 billion of Adjusted EBITDA
10	\$400 billion of Adjusted EBITDA (4)
11	\$400 billion of Adjusted EBITDA (4)
12	\$400 billion of Adjusted EBITDA (4)

- Adjusted EBITDA is defined as net income (loss) attributable to common stockholders before interest expense, provision (benefit) for income taxes, depreciation, amortization and impairment, stock-based compensation and digital assets gains and losses for the four consecutive quarters that immediately precede such determination date.
- Meeting the last three Adjusted EBITDA operational milestones requires achieving Adjusted EBITDA of \$400 billion in three non-overlapping periods, each made up of four consecutive quarters.

The vesting date for each tranche of shares depends on when such shares become Earned Shares, which is based on the achievement of Performance Milestones. Generally, shares earned prior to the 5th anniversary of the 2025 CEO Performance Award Grant Date vest on the 7.5th anniversary, and shares that are earned after the 5th anniversary of the 2025 CEO Performance Award Grant Date vest on the 10th anniversary (each such 7.5 and 10-year period, a "Post-Milestone Service Period"), in each case our CEO must maintain continued employment either as our CEO or as an executive officer responsible for product development or operations through the applicable Post-Milestone Service Period ("Eligible Service"). Upon vesting, the vested shares will be reduced by an offset amount of \$334.09 per share, unless our CEO elects to pay such amounts in cash.

Unearned Shares will be forfeited and returned upon the 10-year anniversary of the 2025 CEO Performance Award Grant Date. Unvested shares (including any Earned Shares that have not vested) will be forfeited upon cessation of Eligible Service. Any stock-based compensation expense related to forfeited shares will be reversed during the period in which such a forfeiture occurs.

Our CEO must hold shares for five years after they become Earned Shares (regardless of whether such Earned Shares vest), subject to exceptions on or after vesting for (i) a change in control, (ii) satisfying taxes due in respect of vesting or (iii) transfers for estate planning purposes that involve a mere change of form or as may be permitted by our disinterested directors in their discretion consistent with our internal policies.

Stock-based compensation expense recognition commences when an operational milestone is considered probable of achievement regardless of the progress made towards achieving the next market capitalization milestone. The probability of meeting an operational milestone is based on a subjective assessment of the product roadmap, regulatory environment, industry and adoption trends, competitive environment, macroeconomic conditions and risks, and our future financial projections, among other estimates and assumptions. These inputs, which are subjective and generally require significant judgment, are based on historical experience, as appropriate, and on various other assumptions that we believe to be reasonable under the circumstances. Changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. As of December 31, 2025, we determined that the operational milestone involving the delivery of 20 million Tesla vehicles, is probable over the term of the award based on our current assumptions.

Once an operational milestone is considered probable of achievement, stock-based compensation expense associated with the tranche will be recognized over the relevant Post-Milestone Service Period, which is based on the expected achievement date of the operational milestone. By design of this award, the recognition period will be approximately 7.5 or 10 years from the 2025 CEO Performance Award Accounting Grant Date. Stock-based compensation expense associated with this award is recorded as Selling, general and administrative expense on our consolidated statement of operations.

As of December 31, 2025, based on our current estimate of the achievement date, we had unrecognized stock-based compensation expense of \$10.23 billion for the operational milestone that was considered probable of achievement over the term of the award, which we expect to be recognized over 9.7 years. As of December 31, 2025, we had unrecognized stock-based compensation expense of \$105.82 billion to \$120.37 billion for the operational milestones that were considered not probable of achievement. From the 2025 CEO Performance Award Accounting Grant Date to December 31, 2025, we recorded stock-based compensation expense of \$162 million related to the 2025 CEO Performance Award.

Fair Value Assumptions

We use the fair value method in recognizing stock-based compensation expense. Under the fair value method, we estimate the fair value of each stock option award with service or service and performance conditions and the ESPP on the grant date generally using the Black-Scholes option pricing model. The weighted-average assumptions used in the Black-Scholes model for stock options are as follows:

	Year Ended December 31,		
	2025	2024	2023
Risk-free interest rate	3.95 %	3.92 %	3.90 %
Expected term (in years)	4.7	4.3	4.5
Expected volatility	60 %	59 %	63 %
Dividend yield	— %	— %	— %
Grant date fair value per share	\$ 178.36	\$ 114.29	\$ 121.62

The risk-free interest rate is based on the U.S. Treasury yield for zero-coupon U.S. Treasury notes with maturities approximating each grant's expected life. We use our historical data in estimating the expected award term of our employee grants. The expected share price volatility is based on the average of the implied volatility of publicly traded options for our common stock and the historical volatility of our common stock.

The fair value of restricted stock-based awards that have market, service and performance conditions is estimated on the grant date using a Monte Carlo simulation model. The weighted-average assumptions used in the Monte Carlo simulation model for the purpose of determining the grant date fair value of the 2025 CEO Performance Award is as follows:

Expected award term (in years) (1)	9.8
Expected share price volatility	60 %
Dividend yield	— %
Risk-free rate of return	4.06 %
Dilution adjustment	15 %
Illiquidity discount (2)	0% - 14%
Grant date fair value per share (3)	\$284.24 - \$337.74

- (1) The expected award term is the period from the shareholder approval date to the end of the performance period.
- (2) The illiquidity discount was determined using a valuation model that uses the same expected share price volatility applied in the Monte Carlo simulation model and tax rates utilized are equal to the federal tax rate, plus our best estimate of personal tax rates based on available payroll information.
- (3) The stock-based compensation expense recognized will depend on the date a given tranche vests if at all. The range in grant date fair value per share reflects differences in any applicable holding period that may be in effect post-vesting for each tranche.

The fair value of RSAs and RSUs with service or service and performance conditions is measured on the grant date based on the closing fair market value of our common stock less any purchase price or offset amount, adjusted to take into account any illiquidity discounts due to applicable required holding periods that are in effect post-vesting.

Other Performance-Based Grants

From time to time, the Compensation Committee of our Board of Directors grants certain employees performance-based RSUs and stock options. For the year ended December 31, 2025, we granted 8.4 million shares of other performance awards with grant date fair value, net of forfeitures, of \$1.70 billion. For the years ended December 31, 2024 and 2023, the shares granted were not material.

As of December 31, 2025, we had unrecognized stock-based compensation expense of \$1.79 billion under these grants to purchase or receive an aggregate 13.0 million shares of our common stock. For awards probable of achievement, we estimate the unrecognized stock-based compensation expense of \$831 million will be recognized over a weighted-average period of 3.3 years.

For the year ended December 31, 2025, we recorded \$323 million of stock-based compensation expense related to these grants, net of forfeitures. For the years ended December 31, 2024 and 2023, stock-based compensation expense related to these grants, net of forfeitures, were immaterial.

Summary Stock-Based Compensation Information

The following table summarizes our stock-based compensation expense by line item in the consolidated statements of operations (in millions):

	Year Ended December 31,		
	2025	2024	2023
Cost of revenues	\$ 870	\$ 776	\$ 741
Research and development	1,332	832	689
Selling, general and administrative	623	389	382
Restructuring and other	—	2	—
Total	\$ 2,825	\$ 1,999	\$ 1,812

Income tax benefits recognized from stock-based compensation expense during the years ended December 31, 2025, 2024 and 2023 were \$517 million, \$371 million and \$326 million, respectively. During the years ended December 31, 2025, 2024 and 2023, stock-based compensation expense capitalized to our consolidated balance sheets was \$238 million, \$198 million and \$199 million, respectively. As of December 31, 2025, we had \$5.82 billion of total unrecognized stock-based compensation expense related to non-performance awards, which will be recognized over a weighted-average period of 2.6 years.

Note 12 - Income Taxes

Our income before provision for (benefit from) income taxes for the years ended December 31, 2025, 2024 and 2023 was as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Domestic	\$ 4,766	\$ 2,292	\$ 3,196
Noncontrolling interest and redeemable noncontrolling interest	61	62	(23)
Foreign	451	6,636	6,800
Income before income taxes	\$ 5,278	\$ 8,990	\$ 9,973

A provision for (benefit from) income taxes of \$1.42 billion, \$1.84 billion and \$(5.00) billion has been recognized for the years ended December 31, 2025, 2024 and 2023, respectively. The components of the provision for (benefit from) income taxes for the years ended December 31, 2025, 2024 and 2023 consisted of the following (in millions):

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ —	\$ —	\$ 48
State	5	45	57
Foreign	1,295	1,315	1,243
Total current	1,300	1,360	1,348
Deferred:			
Federal	434	831	(5,246)
State	21	(49)	(653)
Foreign	(332)	(305)	(450)
Total deferred	123	477	(6,349)
Total provision for (benefit from) income taxes	\$ 1,423	\$ 1,837	\$ (5,001)

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as described in Note 2, *Summary of Significant Accounting Policies*, the reconciliation of taxes at the federal statutory rate to our provision for (benefit from) income taxes for the year ended December 31, 2025 was as follows (in millions, except for percentages):

	Amount	Percent
U.S. federal statutory tax rate	\$ 1,108	21.0 %
Foreign tax effects		
China		
Statutory tax rate difference between China and United States	60	1.1
Withholding tax	361	6.8
Other	(37)	(0.7)
Other foreign jurisdictions	331	6.3
Tax credits		
Research and development tax credits	(352)	(6.7)
Foreign tax credits	(327)	(6.2)
Changes in valuation allowances	389	7.5
Nontaxable or nondeductible items		
Nontaxable manufacturing credits	(354)	(6.7)
Stock-based compensation	(172)	(3.3)
Other	83	1.6
Changes in unrecognized tax benefits	194	3.7
Other adjustments	139	2.6
Effective tax rate	<u>\$ 1,423</u>	<u>27.0 %</u>

The reconciliation of taxes at the federal statutory rate to our provision for (benefit from) income taxes for the years ended December 31, 2024 and 2023 in accordance with the guidance prior to the adoption of ASU 2023-09 was as follows (in millions):

	Year Ended December 31,	
	2024	2023
Tax at statutory federal rate	\$ 1,887	\$ 2,094
State tax, net of federal benefit	8	(372)
Excess tax benefits related to stock-based compensation	(267)	(288)
Nontaxable manufacturing credit	(291)	(101)
Foreign income rate differential	(545)	(816)
U.S. tax credits	(317)	(593)
GILTI and Subpart F inclusion	882	670
Unrecognized tax benefits	144	183
Change in valuation allowance	163	(5,962)
Other	173	184
Provision for (benefit from) income taxes	<u>\$ 1,837</u>	<u>\$ (5,001)</u>

Upon adoption of ASU 2023-09, Improvements to Income Tax Disclosures, as described in Note 2, *Summary of Significant Accounting Policies*, cash paid for income taxes, net of refunds, during the year ended December 31, 2025 was as follows (in millions):

Federal	\$	28
State		
California		86
Other states		65
Foreign		
China		751
Other countries		302
Total cash paid for income taxes, net of refunds	<u>\$</u>	<u>1,232</u>

Cash paid for income taxes, net of refunds, during the years ended December 31, 2024 and 2023 was \$1.33 billion and \$1.12 billion, respectively.

Deferred tax assets (liabilities) as of December 31, 2025 and 2024 consisted of the following (in millions):

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Deferred tax assets:		
Net operating loss carry-forwards	\$ 1,083	\$ 1,295
Research and development credits	2,030	1,735
Other tax credits and attributes	2,090	1,325
Deferred revenue	999	1,101
Inventory and warranty reserves	2,269	1,769
Operating lease right-of-use liabilities	1,376	1,186
Capitalized research and development costs	2,365	2,448
Deferred GILTI tax assets	709	691
Other	570	412
Total deferred tax assets	<u>13,491</u>	<u>11,962</u>
Valuation allowance	(1,765)	(1,224)
Deferred tax assets, net of valuation allowance	<u>11,726</u>	<u>10,738</u>
Deferred tax liabilities:		
Depreciation and amortization	(3,146)	(2,658)
Operating lease right-of-use assets	(1,267)	(1,097)
Other	(514)	(561)
Total deferred tax liabilities	<u>(4,927)</u>	<u>(4,316)</u>
Deferred tax assets (liabilities), net of valuation allowance	<u>\$ 6,799</u>	<u>\$ 6,422</u>

As of December 31, 2025, we maintained valuation allowances of \$1.77 billion for deferred tax assets that are not more likely than not to be realized, which primarily included our California deferred tax assets, U.S. foreign tax credits and certain capitalized foreign expenses. The valuation allowance on our net deferred tax assets increased by \$541 million and \$332 million during the years ended December 31, 2025 and 2024, respectively, and decreased by \$6.46 billion during the year ended December 31, 2023. The changes in valuation allowances during the years ended December 31, 2025 and 2024 were primarily due to the changes of our California deferred tax assets, U.S. foreign tax credits and certain capitalized foreign expenses. The change in valuation allowance during the year ended December 31, 2023 was primarily due to the release of our valuation allowance with respect to our U.S. federal and certain state deferred tax assets. In the fourth quarter of 2023, based on the relevant weight of positive and negative evidence, including the amount of our taxable income in recent years which was objective and verifiable, and consideration of our expected future taxable earnings, we concluded that it is more likely than not that most of our U.S. federal and certain state deferred tax assets are realizable and released the valuation allowance on these deferred tax assets. Our deferred tax assets without a valuation allowance are more likely than not to be realized given the expectation of future earnings in the respective jurisdictions.

As of December 31, 2025, we had \$3.56 billion of federal and \$8.22 billion of state net operating loss carry-forwards available to offset future taxable income, an immaterial amount of which, if not utilized, will begin to expire in 2026. Federal and state laws can impose substantial restrictions on the utilization of net operating loss and tax credit carry-forwards in the event of an "ownership change," as defined in Section 382 of the Internal Revenue Code. We have determined that no significant limitation would be placed on the utilization of our net operating loss and tax credit carry-forwards due to prior ownership changes or expirations.

As of December 31, 2025, we had federal research and development tax credits of \$1.83 billion, federal renewable energy tax credits of \$1.38 billion, and state research and development tax credits of \$1.21 billion. Most of our state research and development tax credits were in the state of California. If not utilized, some of the federal tax credits may expire in various amounts beginning in 2036. However, California research and development tax credits can be carried forward indefinitely.

As of December 31, 2025, we intend to indefinitely reinvest our foreign earnings and cash unless such repatriation results in no or minimal tax costs. We have recorded the taxes associated with the foreign earnings we intend to repatriate in the future. For the earnings we intend to indefinitely reinvest, no deferred tax liabilities for foreign withholding or other taxes have been recorded. The estimated amount of such unrecognized withholding tax liability associated with the indefinitely reinvested earnings is approximately \$371 million.

Uncertain Tax Positions

The changes to our gross unrecognized tax benefits were as follows (in millions):

December 31, 2022	\$	870
Increases in balances related to prior year tax positions		59
Decreases in balances related to settlement with tax authorities		(6)
Increases in balances related to current year tax positions		255
Decreases in balances related to expiration of the statute of limitations		(4)
December 31, 2023		1,174
Increases in balances related to prior year tax positions		51
Decreases in balances related to prior year tax positions		(27)
Increases in balances related to current year tax positions		227
Decreases in balances related to settlement with tax authorities		(4)
Decreases in balances related to expiration of the statute of limitations		(4)
December 31, 2024		1,417
Increases in balances related to prior year tax positions		64
Decreases in balances related to prior year tax positions		(24)
Increases in balances related to current year tax positions		305
Decreases in balances related to settlement with tax authorities		(3)
Decreases in balances related to expiration of the statute of limitations		(13)
December 31, 2025	\$	1,746

We include interest and penalties related to unrecognized tax benefits in income tax expense. We recognized net interest and penalties related to unrecognized tax benefits in provision for (benefit from) income taxes line of our consolidated statements of operations of \$10 million, \$23 million and \$17 million for the years ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, and 2024, we have accrued \$79 million and \$69 million, respectively, related to interest and penalties on our unrecognized tax benefits. Unrecognized tax benefits of \$1.41 billion, if recognized, would affect our effective tax rate.

We file income tax returns in the U.S. and various state and foreign jurisdictions. We are currently under examination by the Internal Revenue Service (“IRS”) for the years 2015 to 2018. Additional tax years within the periods 2004 to 2014 and 2019 to 2024 remain subject to examination for federal income tax purposes. All net operating losses and tax credits generated to date are subject to adjustment for U.S. federal and state income tax purposes. Our returns for 2004 and subsequent tax years remain subject to examination in U.S. state and foreign jurisdictions.

Note 13 - Commitments and Contingencies

Legal Proceedings

Litigation Relating to 2018 CEO Performance Award

On June 4, 2018, a purported Tesla stockholder filed a putative class and derivative action in the Delaware Court of Chancery against Elon Musk and the members of Tesla’s board of directors as then constituted, alleging corporate waste, unjust enrichment and that such board members breached their fiduciary duties by approving the 2018 CEO Performance Award. Trial was held November 14-18, 2022. On January 30, 2024, the Court issued an opinion finding that the 2018 CEO Performance Award should be rescinded. Plaintiff’s counsel filed a brief seeking a fee award of 29,402,900 Tesla shares, plus expenses of \$1,120,115.50. Tesla opposed the fee request, and at Tesla’s 2024 Annual Meeting of Stockholders, 72% of the disinterested voting shares of Tesla, excluding shares owned by Mr. Musk and Kimbal Musk, voted to ratify the 2018 CEO Performance Award. Because Tesla’s disinterested stockholders voted to ratify the 2018 CEO Performance Award, Mr. Musk and the other director defendants, joined by Tesla, filed a brief seeking to revise the Court’s January 30, 2024 opinion. On December 2, 2024, the Court issued an opinion denying the motion to revise the Court’s January 30, 2024 opinion and awarded Plaintiff’s counsel fees in the amount of \$345 million. A final judgment was entered by the Court, and the director defendants and Tesla appealed the decisions to the Delaware Supreme Court. Tesla and the Director Defendants filed their response briefs on March 11, 2025. Plaintiffs filed their opening brief on April 25, 2025, and reply briefs were filed on May 16, 2025. Oral argument occurred on October 15, 2025. On December 19, 2025, the Delaware Supreme Court reversed the Court of Chancery’s rescission order, reinstating Mr. Musk’s 2018 compensation package, and awarded \$1 in nominal damages. The Court also significantly reduced the attorney fee award.

Litigation Related to Directors’ Compensation

On June 17, 2020, a purported Tesla stockholder filed a derivative action in the Delaware Court of Chancery, purportedly on behalf of Tesla, against certain of Tesla’s current and former directors regarding compensation awards granted to Tesla’s directors, other than Elon Musk, between 2017 and 2020. The suit asserts claims for breach of fiduciary duty and unjust enrichment and seeks declaratory and injunctive relief, unspecified damages and other relief. Defendants filed their answer on September 17, 2020.

On July 14, 2023, the parties filed a Stipulation and Agreement of Compromise and Settlement, which does not involve an admission of any wrongdoing by any party. Pursuant to the terms of the agreement, Tesla provided notice of the proposed settlement to stockholders of record as of July 14, 2023. The Court held a hearing regarding the settlement on October 13, 2023, after which it took the settlement and Plaintiff’s counsel fees request under advisement. On January 8, 2025, the Court approved the settlement and awarded Plaintiff’s counsel fees in the amount of approximately \$176 million. A final judgment was entered by the Court on January 13, 2025.

The Company disagrees with the amount of attorneys’ fees awarded by the court. On February 10, 2025, Tesla appealed the attorneys’ fee award amount to the Delaware Supreme Court. Tesla did not appeal the Delaware Court of Chancery’s approval of the underlying settlement. Also on February 10, 2025, a single shareholder appealed the approval of the settlement. This shareholder’s appeal does not seek to alter any material terms (e.g., financial contributions or the defendants’ obligations under the Settlement Agreement). The Delaware Court of Chancery had previously rejected this shareholder’s objections when approving the Settlement Agreement. Tesla’s appeal of the attorneys’ fee award and the single shareholder’s appeal have been fully briefed. Oral argument occurred on October 29, 2025, and the parties are awaiting a decision.

Because neither Tesla’s appeal nor the shareholder’s appeal seeks to vacate the Settlement Agreement or materially modify its terms, the Company implemented the provisions of the Settlement Agreement in May 2025 by cancelling the options requiring cancellation under its terms.

In connection with the settlement, Tesla received \$277 million from certain directors and paid Plaintiff’s counsel fees of \$176 million (which, as noted above, the Company is appealing) in the three months ended March 31, 2025. We recorded a \$31 million reversal of previously recognized stock-based compensation expense in association with the returned awards and increased our provision for income taxes in relation to the return of directors’ compensation. As the settlement was an equity transaction, the net impact to additional paid-in-capital was \$110 million in the three months ended March 31, 2025.

Litigation Relating to Potential Going Private Transaction

Between October 17, 2018 and March 8, 2021, seven derivative lawsuits were filed in the Delaware Court of Chancery, purportedly on behalf of Tesla, against Mr. Musk and the members of Tesla’s board of directors, as constituted at relevant times, in relation to statements made and actions connected to a potential going private transaction, with certain of the lawsuits challenging additional Twitter posts by Mr. Musk, among other things. Several of those actions were consolidated. All the non-consolidated cases have been dismissed with prejudice through a stipulation and order. A stipulation for dismissal with prejudice of the consolidated case was filed on December 24, 2025, and the parties are waiting for the court to approve it. In addition to these cases, two derivative lawsuits were filed on October 25, 2018 and February 11, 2019 in the U.S. District Court for the District of Delaware, purportedly on behalf of Tesla, against Mr. Musk and the members of the Tesla board of directors as then constituted. Those cases were also consolidated, and on April 25, 2025, were dismissed with prejudice through a stipulation and order.

On October 21, 2022, a lawsuit was filed in the Delaware Court of Chancery by a purported shareholder of Tesla alleging, among other things, that board members breached their fiduciary duties in connection with their oversight of the Company’s 2018 settlement with the SEC, as amended. Among other things, the plaintiff seeks reforms to the Company’s corporate governance and internal procedures, unspecified damages, and attorneys’ fees. The lawsuit has been stayed.

Certain Derivative Lawsuits in Delaware

Before converting from a Delaware to Texas corporation on June 13, 2024, three separate derivative actions brought by purported Tesla stockholders were filed in the Delaware Court of Chancery on May 24, June 10 and June 13, 2024, purportedly on behalf of Tesla, against current and former directors regarding topics involving Elon Musk and others, X Corp. (formerly Twitter) and xAI. These suits assert various claims, including breach of fiduciary duty and breach of contract, and seek unspecified damages and other relief. On August 6, 2024, the plaintiffs in these three actions moved to consolidate the matters into a single case. The Court consolidated two of the three cases. Tesla and the directors filed motions to dismiss, and oral argument on those motions occurred on October 22, 2025.

Litigation and Investigations Relating to Alleged Discrimination and Harassment

On February 9, 2022, the California Civil Rights Department (“CRD,” formerly “DFEH”) filed a civil complaint against Tesla in Alameda County, California Superior Court, alleging systemic race discrimination, hostile work environment and pay equity claims, among others. CRD’s amended complaint seeks monetary damages and injunctive relief. The trial is currently set for July 20, 2026.

Additionally, on June 1, 2022 the Equal Employment Opportunity Commission (“EEOC”) issued a cause finding against Tesla that closely parallels the CRD’s allegations. On September 28, 2023, the EEOC filed a civil complaint against Tesla in the United States District Court for the Northern District of California asserting claims for race harassment and retaliation and seeking, among other things, monetary and injunctive relief. The case is in discovery with no trial date set.

Other Litigation Related to Our Products and Services

We are also subject to various lawsuits that seek monetary and other injunctive relief. These lawsuits include proposed class actions and other consumer claims that allege, among other things, purported defects and misrepresentations related to our products and services. For example, on September 14, 2022, a proposed class action was filed against Tesla, Inc. and related entities in the U.S. District Court for the Northern District of California, alleging various claims about the Company's driver assistance technology systems under state and federal law. This case was later consolidated with several other proposed class actions, and a Consolidated Amended Complaint was filed on October 28, 2022, which seeks damages and other relief on behalf of all persons who purchased or leased from Tesla between January 1, 2016, to the present. On March 22, 2023, the plaintiffs filed a motion for a preliminary injunction to order Tesla to (1) cease using the term "Full Self-Driving Capability" (FSD Capability), (2) cease the sale and activation of FSD Capability and deactivate FSD Capability on Tesla vehicles, and (3) provide certain notices to consumers about proposed court-findings about the accuracy of the use of the terms Autopilot and FSD Capability. Tesla opposed the motion. On September 30, 2023, the Court denied the request for a preliminary injunction, compelled four of five plaintiffs to arbitration, and dismissed the claims of the fifth plaintiff with leave to amend the complaint. On October 31, 2023, the remaining plaintiff filed an amended complaint, which Tesla moved to dismiss, and on May 15, 2024, the Court granted in part and denied in part Tesla's motion. On May 6, 2025, the plaintiff filed a motion for class certification, which Tesla opposed, and on August 18, 2025, the Court certified a limited class comprised of California consumers who are not subject to an arbitration agreement. On September 1, 2025, Tesla filed a petition in the United States Court of Appeals for the Ninth Circuit for permission to appeal the class certification order, and on December 18, 2025, the Ninth Circuit granted Tesla's petition. On January 5, 2026, the district court stayed the case pending resolution of the proceedings before the Ninth Circuit. Tesla's opening brief in the Ninth Circuit is due on March 12, 2026. On October 2, 2023, a similar proposed class action was filed in San Diego County Superior Court in California. Tesla subsequently removed the San Diego County case to federal court and on January 8, 2024, the federal court granted Tesla's motion to transfer the case to the U.S. District Court for the Northern District of California. Tesla moved to compel arbitration, which the plaintiff did not oppose, and on June 27, 2024, the Court stayed the case pending arbitration.

On February 27, 2023, a proposed class action was filed in the U.S. District Court for the Northern District of California against Tesla, Inc., Elon Musk and certain current and former Company executives. The complaint alleges that the defendants made material misrepresentations and omissions about the Company's Autopilot and FSD Capability technologies and seeks money damages and other relief on behalf of persons who purchased Tesla stock between February 19, 2019, and February 17, 2023. An amended complaint was filed on September 5, 2023, naming only Tesla, Inc. and Elon Musk as defendants. On November 6, 2023, Tesla moved to dismiss the amended complaint. On September 30, 2024, the Court granted Tesla's motion to dismiss without prejudice. On November 26, 2024, the court issued a final judgment in Tesla's favor, and on December 23, 2024, the plaintiffs filed a notice of appeal to the United States Court of Appeals for the Ninth Circuit. Oral argument occurred on November 20, 2025, and on December 2, 2025, the Ninth Circuit issued a memorandum decision affirming the district court's dismissal of the amended complaint. On December 29, 2025, the Court's clerk issued a mandate closing the case.

On August 4, 2025, a proposed class action was filed in the U.S. District Court Western District of Texas against Tesla, Inc., Elon Musk, and certain current and former Company executives. The complaint alleges that the defendants violated federal securities laws through alleged material misrepresentations in public filings regarding the effectiveness of Autopilot, Full-Self Driving (Supervised), and Robotaxi. The complaint seeks monetary damages and other relief on behalf of persons who purchased Tesla stock between April 19, 2023, and June 22, 2025.

The Company intends to vigorously defend itself in these matters; however, we cannot predict the outcome or impact. We are unable to reasonably estimate the possible loss or range of loss, if any, associated with these claims, unless noted.

Benavides v. Tesla, Inc.

On August 1, 2025, a jury in the U.S. District Court for the Southern District of Florida reached a verdict in a product liability trial relating to certain allegations regarding the use of our Autopilot technology in a 2019 accident that resulted in a fatality and injuries. The jury awarded \$129 million in total compensatory damages, finding the driver 67% at fault and the Company 33% at fault. The jury also awarded \$200 million in punitive damages. On September 15, 2025, the Company filed a post-trial motion for judgment as a matter of law or, in the alternative, a new trial on all issues or an amended judgment to lesser compensatory and punitive damages. Although we believe that the facts and law do not justify the damages awarded, the Company has recorded an immaterial accrual.

We have experienced, and we expect to continue to face, claims and regulatory scrutiny arising from or related to misuse or claimed failures or alleged misrepresentations of new technologies that we are pioneering. We are unable to reasonably estimate the possible loss or range of loss, if any, associated with these claims, unless noted. An unfavorable outcome in some or all of these proceedings could have a material adverse impact on results of operations or cash flows for a particular period. Our view of these matters is subject to inherent uncertainties and may change in the future.

Certain Investigations and Other Matters

We regularly receive requests for information, including subpoenas, from regulators and governmental authorities such as the National Highway Traffic Safety Administration, the National Transportation Safety Board, the SEC, the Department of Justice (“DOJ”), and various local, state, federal, and international agencies. The ongoing requests for information include topics such as operations, technology (e.g., vehicle functionality, vehicle incidents, Autopilot and FSD Capability and Robotaxi), compliance, finance, data privacy, and other matters related to Tesla’s business, its personnel, and related parties. We routinely cooperate with such formal and informal requests for information, investigations, and other inquiries. To our knowledge no government agency in any ongoing investigation has concluded that any wrongdoing occurred. We cannot predict the outcome or impact of any ongoing matters. Should the government decide to pursue an enforcement action, there exists the possibility of a material adverse impact on our business, results of operations, prospects, cash flows, financial position or brand.

We are also subject to various other legal proceedings, risks and claims that arise from the normal course of business activities. For example, on August 5, 2023, a putative class action was filed in the United States District Court for the Northern District of California, purportedly on behalf of all U.S. individuals impacted by a data misappropriation incident earlier that year. Several additional lawsuits followed, each asserting claims under various state laws and seeking monetary damages and other relief. If an unfavorable ruling or development were to occur in these or other possible legal proceedings, risks and claims, there exists the possibility of a material adverse impact on our business, results of operations, prospects, cash flows, financial position or brand.

Letters of Credit

As of December 31, 2025, we had \$556 million of unused letters of credit outstanding.

Note 14 - Variable Interest Entity Arrangements

We have entered into various arrangements with investors to facilitate the funding and monetization of our energy generation systems and vehicles. In particular, our wholly owned subsidiaries and fund investors have formed and contributed cash and assets into various financing funds and entered into related agreements. We have determined that the funds are VIEs and we are the primary beneficiary of these VIEs by reference to the power and benefits criterion under ASC 810, *Consolidation*. We have considered the provisions within the agreements, which grant us the power to manage and make decisions that affect the operation of these VIEs, including determining the energy generation systems and the associated customer contracts to be sold or contributed to these VIEs, redeploying energy generation systems and managing customer receivables. We consider that the rights granted to the fund investors under the agreements are more protective in nature rather than participating.

As the primary beneficiary of these VIEs, we consolidate in the financial statements the financial position, results of operations and cash flows of these VIEs, and all intercompany balances and transactions between us and these VIEs are eliminated in the consolidated financial statements. Cash distributions of income and other receipts by a fund, net of agreed upon expenses, estimated expenses, tax benefits and detriments of income and loss and tax credits, are allocated to the fund investor and our subsidiary as specified in the agreements.

Generally, our subsidiary has the option to acquire the fund investor’s interest in the fund for an amount based on the market value of the fund or the formula specified in the agreements.

Upon the sale or liquidation of a fund, distributions would occur in the order and priority specified in the agreements.

Pursuant to management services, maintenance and warranty arrangements, we have been contracted to provide services to the funds, such as operations and maintenance support, accounting, lease servicing and performance reporting. In some instances, we have guaranteed payments to the fund investors as specified in the agreements. A fund's creditors have no recourse to our general credit or to that of other funds. Certain assets of the funds have been pledged as collateral for their obligations.

The aggregate carrying values of the VIEs' assets and liabilities, after elimination of any intercompany transactions and balances, in the consolidated balance sheets were as follows (in millions):

	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 109	\$ 49
Accounts receivable, net	11	18
Prepaid expenses and other current assets	198	276
Total current assets	318	343
Operating lease vehicles, net	456	392
Energy generation and storage systems, net	2,177	2,310
Other non-current assets	183	183
Total assets	<u>\$ 3,134</u>	<u>\$ 3,228</u>
Liabilities		
Current liabilities		
Accrued liabilities and other	\$ 49	\$ 32
Deferred revenue	6	6
Current portion of debt and finance leases	1,364	2,114
Total current liabilities	1,419	2,152
Deferred revenue, net of current portion	60	71
Debt and finance leases, net of current portion	1,679	1,834
Total liabilities	<u>\$ 3,158</u>	<u>\$ 4,057</u>

Note 15 - Related Party Transactions

Tesla periodically does business with certain entities with which its CEO and directors are affiliated, such as xAI, SpaceX, The Boring Company and Redwood Materials, in accordance with our Related Person Transactions Policy. During the year ended December 31, 2025, we recognized \$430 million of revenues and \$285 million of cost of revenues from xAI for its purchase of our Megapack products in the ordinary course of business. Other transactions with xAI and other related parties during the year ended December 31, 2025 were immaterial. During the years ended December 31, 2024 and 2023, transactions with related parties were immaterial.

In January 2026, the Company entered into an agreement with xAI to invest approximately \$2 billion to acquire shares of Series E Preferred Stock of xAI. As the investment is not in-substance common stock and the fair value is not readily determinable, we will account for the equity investment using the measurement alternative in accordance with ASC 321, *Investments - Equity Securities*. The equity investment will be initially recorded at cost on our consolidated balance sheet as a long-term investment subsequently adjusted only for observable price changes for identical or similar securities, net of any potential impairment, which will be evaluated quarterly. We will recognize any changes in the basis of the equity investment in Other (expense) income, net in the consolidated statements of operations.

Note 16 - Segment Reporting and Information about Geographic Areas

Our Chief Executive Officer, as the CODM, organizes our company, manages resource allocations and measures performance among two operating and reportable segments: (i) automotive and (ii) energy generation and storage. The automotive segment includes the design, development, manufacturing, sales and leasing of electric vehicles as well as sales of automotive regulatory credits. Additionally, the automotive segment also includes services and other, which includes sales of used vehicles, non-warranty maintenance services and collision, paid Supercharging sessions, automotive insurance business revenue, part sales and retail merchandise sales. The energy generation and storage segment includes the design, manufacture, installation, sales and leasing of energy generation and storage products and related services and sales of energy generation incentives.

Our CODM does not evaluate operating segments using asset or liability information. The CODM uses gross profit to allocate operating and capital resources and assesses performance of each segment by comparing actual gross profit results to historical results and previously forecasted financial information. The following table presents revenues, cost of revenues and gross profit by reportable segment (in millions):

	Year Ended December 31,		
	2025	2024	2023
Automotive segment			
Revenues	\$ 82,056	\$ 87,604	\$ 90,738
Cost of revenues (1)	\$ 68,764	\$ 72,794	\$ 74,219
Gross profit	\$ 13,292	\$ 14,810	\$ 16,519
Energy generation and storage segment			
Revenues	\$ 12,771	\$ 10,086	\$ 6,035
Cost of revenues (2)	\$ 8,969	\$ 7,446	\$ 4,894
Gross profit	\$ 3,802	\$ 2,640	\$ 1,141

(1) Depreciation and amortization included in Cost of revenues for the automotive segment for the years ended December 31, 2025, 2024 and 2023 was \$3.78 billion, \$3.68 billion and \$3.45 billion, respectively.

(2) Depreciation and amortization included in Cost of revenues for the energy generation and storage segment for the years ended December 31, 2025, 2024 and 2023 was \$355 million, \$377 million and \$343 million, respectively.

The following table presents revenues by geographic area based on the sales location of our products (in millions):

	Year Ended December 31,		
	2025	2024	2023
United States	\$ 47,627	\$ 47,725	\$ 45,235
China	20,962	20,944	21,745
Other international	26,238	29,021	29,793
Total	\$ 94,827	\$ 97,690	\$ 96,773

The following table presents long-lived assets by geographic area (in millions):

	December 31,	December 31,
	2025	2024
United States	\$ 35,847	\$ 32,461
Germany	4,775	4,175
Other international	4,625	4,124
Total	\$ 45,247	\$ 40,760

The following table presents inventory by reportable segment (in millions):

	December 31, 2025	December 31, 2024
Automotive	\$ 9,678	\$ 9,988
Energy generation and storage	2,714	2,029
Total	\$ 12,392	\$ 12,017

Note 17 - Restructuring and Other

In 2025, we initiated certain actions in order to reduce costs and improve efficiency through convergence of AI chip design efforts. As a result, we recognized \$390 million of expenses, within our automotive segment, related to charges for supercomputer assets, contract terminations and employee terminations.

In the second quarter of 2024, we initiated and substantially completed certain restructuring actions to reduce costs and improve efficiency. As a result, we recognized \$583 million of employee termination expenses in Restructuring and other in our consolidated income statement.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that our management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2025, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2025, as stated in their report which is included herein.

Limitations on the Effectiveness of Controls

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2025, which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended December 31, 2025, as such terms are defined under Item 408(a) of Regulation S-K, except as follows:

On November 17, 2025, Vaibhav Taneja, Chief Financial Officer, adopted a Rule 10b5-1 trading arrangement for the potential sale of up to 84,000 shares of our common stock, subject to certain conditions. The arrangement's expiration date is January 31, 2027.

On November 26, 2025, Kathleen Wilson-Thompson, one of our directors, adopted a Rule 10b5-1 trading arrangement for the potential sale of up to 120,948 shares of our common stock, subject to certain conditions. The arrangement's expiration date is May 8, 2026.

Investment in xAI

On January 16, 2026, following review in a manner consistent with the Board's fiduciary duties and the Company's related party transactions policy (the "RPT Policy"), Tesla entered into an agreement to invest approximately \$2 billion to acquire shares of Series E Preferred Stock of xAI as part of xAI's recent publicly-disclosed financing round. Tesla's investment was made on market terms consistent with those already received by other investors in the financing, including with respect to price, customary information rights and registration rights. Completion of the investment is subject to customary limited closing conditions, including applicable regulatory approvals.

As previously disclosed, Tesla and xAI have certain ongoing commercial relationships that are described in the Company's proxy statement for its 2025 Annual Meeting of Shareholders (the "2025 Proxy Statement"). In connection with the investment, Tesla and xAI also entered into certain framework agreement that, among other things, builds upon the existing relationship between Tesla and xAI by providing a framework for evaluating potential collaborations, with any specific projects to be implemented through separate negotiations, all of which will be subject to applicable approval processes (including the RPT Policy) and in a manner consistent with the Board's fiduciary duties.

As previously disclosed, Tesla shareholders had made a shareholder proposal regarding a potential investment in xAI for Tesla's 2025 Annual Meeting of Shareholders (the "xAI Proposal"). The Board did not recommend for or against the xAI Proposal. As also previously disclosed, at that shareholders' meeting, more votes were cast in favor of the xAI Proposal than against, but there were also a significant number of shares held by shareholders who abstained. Because the vote was advisory and no specific transaction was proposed at that time, the Board determined and disclosed in the 2025 Proxy Statement that it would examine next steps in light of the voting results (including the number of abstentions) and retain responsibility for any decisions regarding a potential investment in xAI, which would be evaluated under the RPT Policy. The 2025 Proxy Statement also disclosed that the Board would ultimately determine and implement strategies related to artificial intelligence (including any potential investment in xAI) in a manner consistent with its fiduciary duties and the RPT Policy, all of which it did in approving the xAI investment.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 of Form 10-K will be included in our proxy statement to be filed with the SEC in connection with the solicitation of proxies for our 2026 Annual Meeting of Shareholders (the "2026 Proxy Statement") and is incorporated herein by reference. The 2026 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 of Form 10-K will be included in our 2026 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 of Form 10-K will be included in our 2026 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item 13 of Form 10-K will be included in our 2026 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 of Form 10-K will be included in our 2026 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial statements (see *Index to Consolidated Financial Statements* in Part II, Item 8 of this report)
2. All financial statement schedules have been omitted since the required information was not applicable or was not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or the accompanying notes
3. The exhibits listed in the following *Index to Exhibits* are filed or incorporated by reference as part of this report

INDEX TO EXHIBITS⁽¹⁾

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<u>Certificate of Formation of the Registrant</u>	10-Q	001-34756	3.1	July 24, 2024	
3.2	<u>Amended and Restated Bylaws of the Registrant.</u>	8-K	001-34756	3.1	May 16, 2025	
4.1	<u>Specimen common stock certificate of the Registrant.</u>	10-K	001-34756	4.1	January 30, 2025	
4.2	<u>Fifth Amended and Restated Investors' Rights Agreement, dated as of August 31, 2009, between Registrant and certain holders of the Registrant's capital stock named therein.</u>	S-1	333-164593	4.2	January 29, 2010	
4.3	<u>Amendment to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 20, 2010, between Registrant and certain holders of the Registrant's capital stock named therein.</u>	S-1/A	333-164593	4.2A	May 27, 2010	
4.4	<u>Amendment to Fifth Amended and Restated Investors' Rights Agreement between Registrant, Toyota Motor Corporation and certain holders of the Registrant's capital stock named therein.</u>	S-1/A	333-164593	4.2B	May 27, 2010	
4.5	<u>Amendment to Fifth Amended and Restated Investor's Rights Agreement, dated as of June 14, 2010, between Registrant and certain holders of the Registrant's capital stock named therein.</u>	S-1/A	333-164593	4.2C	June 15, 2010	
4.6	<u>Amendment to Fifth Amended and Restated Investor's Rights Agreement, dated as of November 2, 2010, between Registrant and certain holders of the Registrant's capital stock named therein.</u>	8-K	001-34756	4.1	November 4, 2010	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.7	<u>Waiver to Fifth Amended and Restated Investor's Rights Agreement, dated as of May 22, 2011, between Registrant and certain holders of the Registrant's capital stock named therein.</u>	S-1/A	333-174466	4.2E	June 2, 2011	
4.8	<u>Amendment to Fifth Amended and Restated Investor's Rights Agreement, dated as of May 30, 2011, between Registrant and certain holders of the Registrant's capital stock named therein.</u>	8-K	001-34756	4.1	June 1, 2011	
4.9	<u>Sixth Amendment to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 15, 2013 among the Registrant, the Elon Musk Revocable Trust dated July 22, 2003 and certain other holders of the capital stock of the Registrant named therein.</u>	8-K	001-34756	4.1	May 20, 2013	
4.10	<u>Waiver to Fifth Amended and Restated Investor's Rights Agreement, dated as of May 14, 2013, between the Registrant and certain holders of the capital stock of the Registrant named therein.</u>	8-K	001-34756	4.2	May 20, 2013	
4.11	<u>Waiver to Fifth Amended and Restated Investor's Rights Agreement, dated as of August 13, 2015, between the Registrant and certain holders of the capital stock of the Registrant named therein.</u>	8-K	001-34756	4.1	August 19, 2015	
4.12	<u>Waiver to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 18, 2016, between the Registrant and certain holders of the capital stock of the Registrant named therein.</u>	8-K	001-34756	4.1	May 24, 2016	
4.13	<u>Waiver to Fifth Amended and Restated Investors' Rights Agreement, dated as of March 15, 2017, between the Registrant and certain holders of the capital stock of the Registrant named therein.</u>	8-K	001-34756	4.1	March 17, 2017	
4.14	<u>Waiver to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 1, 2019, between the Registrant and certain holders of the capital stock of the Registrant named therein.</u>	8-K	001-34756	4.1	May 3, 2019	
4.15	<u>Voting Agreement, dated as of September 3, 2025</u>	8-K	001-34756	10.3	November 7, 2025	
4.16	<u>Indenture, dated as of May 22, 2013, by and between the Registrant and U.S. Bank National Association.</u>	8-K	001-34756	4.1	May 22, 2013	
4.17	<u>Description of Registrant's Securities</u>	—	—	—	—	X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1**	<u>Form of Indemnification Agreement between the Registrant and its directors and officers.</u>	8-K	3000-34756	10.1	September 5, 2025	
10.2**	<u>2003 Equity Incentive Plan.</u>	S-1/A	333-164593	10.2	May 27, 2010	
10.3**	<u>Form of Stock Option Agreement under 2003 Equity Incentive Plan.</u>	S-1	333-164593	10.3	January 29, 2010	
10.4**	<u>Amended and Restated 2010 Equity Incentive Plan.</u>	10-K	001-34756	10.4	February 23, 2018	
10.5**	<u>Form of Stock Option Agreement under 2010 Equity Incentive Plan.</u>	10-K	001-34756	10.6	March 1, 2017	
10.6**	<u>Form of Restricted Stock Unit Award Agreement under 2010 Equity Incentive Plan.</u>	10-K	001-34756	10.7	March 1, 2017	
10.7**	<u>Amended and Restated 2010 Employee Stock Purchase Plan, effective as of February 1, 2017.</u>	10-K	001-34756	10.8	March 1, 2017	
10.8**	<u>Tesla, Inc. Amended and Restated 2019 Equity Incentive Plan</u>	8-K	001-34756	10.1	November 7, 2025	
10.9**	<u>Form of Stock Option Agreement under Amended and Restated 2019 Equity Incentive Plan.</u>					X
10.10**	<u>Form of Restricted Stock Unit Award Agreement under Amended and Restated 2019 Equity Incentive Plan.</u>					X
10.11**	<u>Employee Stock Purchase Plan, effective as of June 12, 2019.</u>	S-8	333-232079	4.5	June 12, 2019	
10.12**	<u>2012 SolarCity Equity Incentive Plan and form of agreements used thereunder.</u>	S-1(1)	333-184317	10.3	October 5, 2012	
10.13**	<u>Offer Letter between the Registrant and Elon Musk dated October 13, 2008.</u>	S-1	333-164593	10.9	January 29, 2010	
10.14**	<u>Performance Stock Option Agreement between the Registrant and Elon Musk dated January 21, 2018.</u>	DEF 14A	001-34756	Appendix A	February 8, 2018	
10.15	<u>Indemnification Agreement, effective as of June 23, 2020, between Registrant and Elon R. Musk.</u>	10-Q	001-34756	10.4	July 28, 2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.16**	<u>2025 CEO Interim Restricted Stock Agreement, dated August 3, 2025</u>	8-K	001-34756	10.1	August 4, 2025	
10.17**	<u>Tesla, Inc. 2025 CEO Performance Award Agreement, dated as of September 3, 2025</u>	S-8	333-291402	4.4	November 10, 2025	
10.18†	<u>Agreement for Tax Abatement and Incentives, dated as of May 7, 2015, by and between Tesla Motors, Inc. and the State of Nevada, acting by and through the Nevada Governor's Office of Economic Development.</u>	10-Q	001-34756	10.1	August 7, 2015	
10.19††	<u>Grant Contract for State-Owned Construction Land Use Right, dated as of October 17, 2018, by and between Shanghai Planning and Land Resource Administration Bureau, as grantor, and Tesla (Shanghai) Co., Ltd., as grantee (English translation).</u>	10-Q	001-34756	10.2	July 29, 2019	
10.20	<u>Credit Agreement, dated as of January 20, 2023, among Tesla, Inc., the Lenders and Issuing Banks from time to time party thereto, Citibank, N.A., as Administrative Agent and Deutsche Bank Securities, Inc., as Syndication Agent</u>	10-K	001-34756	10.59	January 31, 2023	
19	<u>Insider Trading Policy</u>	10-K	001-34756	19	January 30, 2025	
21.1	<u>List of Subsidiaries of the Registrant</u>	—	—	—	—	X
23.1	<u>Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm</u>	—	—	—	—	X
31.1	<u>Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer</u>	—	—	—	—	X
31.2	<u>Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer</u>	—	—	—	—	X
32.1*	<u>Section 1350 Certifications</u>	—	—	—	—	X
97	<u>Tesla, Inc. Clawback Policy</u>	10-K	001-34756	97	January 29, 2024	
101.INS	Inline XBRL Instance Document	—	—	—	—	X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	—	—	—	—	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	—	—	—	—	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	—	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—	—	—	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	—	X
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					

* Furnished herewith

** Indicates a management contract or compensatory plan or arrangement

† Confidential treatment has been requested for portions of this exhibit

†† Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10).

(1) The Registrant has excluded from the exhibits long-term debt that does not exceed 10 percent of the Company's total assets and agrees to furnish a copy of the instrument to the Commission upon request.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: January 28, 2026

Tesla, Inc.

/s/ Elon Musk

Elon Musk
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Elon Musk</u> Elon Musk	Chief Executive Officer and Director (Principal Executive Officer)	January 28, 2026
<u>/s/ Vaibhav Taneja</u> Vaibhav Taneja	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 28, 2026
<u>/s/ Robyn Denholm</u> Robyn Denholm	Director	January 28, 2026
<u>/s/ Ira Ehrenpreis</u> Ira Ehrenpreis	Director	January 28, 2026
<u>/s/ Joseph Gebbia</u> Joseph Gebbia	Director	January 28, 2026
<u>/s/ Jack Hartung</u> Jack Hartung	Director	January 28, 2026
<u>/s/ James Murdoch</u> James Murdoch	Director	January 28, 2026
<u>/s/ Kimbal Musk</u> Kimbal Musk	Director	January 28, 2026
<u>/s/ JB Straubel</u> JB Straubel	Director	January 28, 2026
<u>/s/ Kathleen Wilson-Thompson</u> Kathleen Wilson-Thompson	Director	January 28, 2026

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of January 28, 2026, Tesla, Inc. had one class of common stock registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The following description of our common stock is a summary and does not purport to be complete. It is subject to and

qualified in its entirety by reference to our certificate of formation (the "Certificate of Formation") and our bylaws (the "Bylaws"), each of which is incorporated herein by reference as an exhibit to the Annual Report on Form 10-K filed with the Securities and Exchange Commission, of which this Exhibit 4.17 is a part. We encourage you to read our Certificate of Formation, our Bylaws and the applicable provisions of the Texas Business Organizations Code (the "TBOC") for additional information.

Authorized Capital Stock

Our authorized capital stock consists of 6,100,000,000 shares, with a par value of \$0.001 per share, of which 6,000,000,000 shares are designated as common stock.

The holders of common stock are entitled to one vote per share on all matters submitted to a vote of our shareholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors have the power to elect all of the directors standing for election. Subject to preferences that may be applicable to any preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive ratably any dividends declared by our board of directors out of assets legally available. Upon our liquidation, dissolution or winding up, holders of our common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock. Holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock.

We have certain outstanding securities that may be converted, exercised or exchanged into shares of our common stock.

Registration Rights

Certain holders of unregistered common stock purchased in private placements, or their permitted transferees, are entitled to rights with respect to the registration of such shares under the Securities Act of 1933, as amended, or the Securities Act. These rights are provided under the terms of an investors' rights agreement between us and the holders of these shares, or the investors' rights agreement, and include demand registration rights, short-form registration rights and piggyback registration rights. All fees, costs and expenses of underwritten registrations will be borne by us and all selling expenses, including underwriting discounts and selling commissions, will be borne by the holders of the shares being sold.

The registration rights terminate with respect to an individual holder after the date that is five years following such time when the holder can sell all of the holder's shares in any three month period under Rule 144 or another similar exemption under the Securities Act, unless such holder holds at least 2% of our voting stock.

Listing

Our common stock is listed on the Nasdaq Global Select Market under the symbol "TSLA."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Anti-Takeover Effects of Texas Law and Our Certificate of Formation and Bylaws

Our Certificate of Formation and our Bylaws contain certain provisions that could have the effect of delaying, deterring or preventing another party from acquiring control of us. These provisions and certain provisions of Texas law, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate more favorable terms with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Limits on Ability of Shareholders to Act by Written Consent or Call a Special Meeting

Our Certificate of Formation provides that our shareholders may act by written consent only if all holders of shares entitled to vote on such action adopts a resolution by unanimous written consent. This may deter action by written consent or lengthen the amount of time required to take shareholder actions. As a result, even a holder controlling a majority of our capital stock would not be able to amend our Bylaws or remove directors without holding a meeting of our shareholders called in accordance with our Bylaws.

In addition, our Certificate of Formation provides that special meetings of shareholders may be called by the chairperson of the board, the chief executive officer, the president (to the extent required by the TBOC), our board of directors, or by shareholders holding not less than 50% (or the highest percentage of ownership that may be set under the TBOC) of the Corporation's then outstanding shares of capital stock entitled to vote at such meeting. The threshold required for shareholders to call a special meeting may delay the ability of our shareholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Shareholder Nominations and Proposals

Our Bylaws establish advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. These provisions may have the effect of

precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Board Classification

Our board of directors is divided into three classes, one of which classes is elected each year by our shareholders to serve for a three-year term. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time-consuming for shareholders to replace a majority of the directors on a classified board.

No Cumulative Voting

Our Certificate of Formation and Bylaws do not permit cumulative voting in the election of directors. Cumulative voting allows a shareholder to vote a portion or all of its shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the shareholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority shareholder to gain a seat on our board of directors to influence our board's decision regarding a takeover.

Amendment of Certificate of Formation Provisions

The amendment of our Certificate of Formation requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

Texas Anti-Takeover Statute

We are subject to the provisions of Section 21.606 of the TBOC regulating corporate takeovers. In general, Section 21.606 prohibits a publicly held Texas corporation from engaging, under certain circumstances, in a business combination with an affiliated shareholder for a period of three years following the date the person became an affiliated shareholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the shareholder becoming an affiliated stockholder; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the affiliated stockholder at a meeting of shareholders called for that purpose not less than six months after the affiliated shareholder's share acquisition date.

Generally, a business combination includes a merger, share exchange, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested shareholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination

of interested shareholder status did own, 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 21.606 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by shareholders.

The provisions of Texas law and the provisions of our Certificate of Formation and Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that shareholders might otherwise deem to be in their best interests.

4

Exhibit 10.9

TESLA, INC.
AMENDED AND RESTATED 2019 EQUITY INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

Unless otherwise defined herein, the terms defined in the Tesla, Inc. Amended and Restated 2019 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Award Agreement (the "Award Agreement").

NOTICE OF STOCK OPTION GRANT

Participant Name:

Address:

Participant has been granted an Option to purchase Common Stock of Tesla, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Vesting Commencement Date

Exercise Price per Share

Total Number of Shares Granted

Total Exercise Price

Type of Option

Term/Expiration date

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Option may be exercised, in whole or in part, in accordance with the following schedule:

[insert vesting schedule]

Termination Period:

The Option will be exercisable for three (3) months after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case the Option will be exercisable for twelve (12) months after Participant ceases to be a Service Provider. Notwithstanding the forgoing, in no event may the Option be exercised after the Term/Expiration date as provided above and may be subject to earlier termination as provided in Section 14 of the Plan.

By Participant's acceptance of this Award Agreement either electronically through the electronic acceptance procedure established by the Company or through a written acceptance delivered to the Company in a form satisfactory to the Company, Participant agrees that the Option is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as final and binding and non-reviewable and non-appealable all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

In witness whereof, Tesla, Inc. has caused this Agreement to be executed on its behalf by its duly-authorized officer on the day and year first indicated above.

TESLA, INC.

By:

Title

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. **Grant of Option.** The Company hereby grants to Participant named in the Notice of Grant attached as Part I of this Award Agreement (“Participant”) an option (the “Option”) to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the “Exercise Price”), subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

If designated in the Notice of Grant as an Incentive Stock Option (“ISO”), the Option is intended to qualify as an ISO under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”). However, if the Option is intended to be an ISO, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it will be treated as a Nonstatutory Stock Option (“NSO”). Further, if for any reason the Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

2. **Vesting Schedule.** Except as provided in Section 3, the Option awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Award Agreement unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

3. **Administrator Discretion.** The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. **Exercise of Option.**

(a) **Right to Exercise.** The Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

(b) **Method of Exercise.** The Option is exercisable by delivery of an exercise notice, in the form attached as **Exhibit B** (the “Exercise Notice”) or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the “Exercised Shares”), and such other representations and agreements as may be required by the Company

pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together with any applicable tax withholding. The Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Withholding Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of income, employment and other taxes which the Company determines must be withheld with respect to such Shares. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(b) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Grant Date, or (ii) the date one (1) year after the date of exercise, Participant will immediately notify the Company in writing (which, for clarity, includes electronic communications) of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(c) Code Section 409A. Under Code Section 409A, an option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the Fair Market Value of a Share on the date of grant (a "Discount Option") may be considered "deferred compensation." A Discount Option

may result in (i) income recognition by Participant prior to the exercise of the option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The Discount Option may also result in additional state income, penalty and interest charges to Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of the Option equals or exceeds the Fair Market Value of a Share on the Date of Grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant will be solely responsible for Participant's costs related to such a determination.

7. Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Tesla, Inc., Attention: Stock Administrator, 1 Tesla Road, Austin, TX 78725, or at such other address as the Company may hereafter designate in writing (which, for clarity, includes electronic communications).

10. Non-Transferability of Option. The Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

11. Binding Agreement. Subject to the limitation on the transferability of the Option contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

12. Additional Conditions to Issuance of Stock. If at any time the Administrator will determine, in its sole discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate), such issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Administrator. The Company will make all reasonable efforts to meet the requirements of any such state or federal law or securities exchange and to obtain any such consent or approval of any such governmental authority. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date the Option is exercised with respect to such Exercised Shares.

13. Recoupment. Notwithstanding any other provision herein, the Option and any Shares or other amount or property that may be issued, delivered or paid in respect of the Option, as well as any consideration that may be received in respect of a sale or other disposition of any such Shares or property, shall be subject to any recoupment, "clawback" or similar provisions of applicable law, as well as any recoupment or "clawback" policies of the Company that may be in effect from time to time. In addition, the Company may require Participant to deliver or otherwise repay to the Company the Option and any Shares or other amount or property that may be issued, delivered or paid in respect of the Option, as well as any consideration that may be received in respect of a sale or other disposition of any such Shares or property, if the Company reasonably determines that one or more of the following has occurred:

(a) during the period of Participant's status as a Service Provider with the Company or any of its Subsidiaries (the "Service Period"), Participant has committed a felony (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction);

(b) during the Service Period or at any time thereafter, Participant has committed or engaged in a breach of confidentiality, or an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information of the Company or any of its Subsidiaries; or

(c) during the Service Period or at any time thereafter, Participant has committed or engaged in an act of theft, embezzlement or fraud, or materially breached any agreement to which Participant is a party with the Company or any of its Subsidiaries.

14. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

15. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the

Administrator in good faith will be final and binding and non-reviewable and non-appealable upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Options awarded under the Plan or future options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

18. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

19. Modifications to the Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Code Section 409A in connection to the Option.

20. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

21. Governing Law. This Award Agreement will be governed by the laws of the State of Texas, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under the Option or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, and agree that such litigation will be conducted in the courts of Travis County, Texas, or the federal courts for the United States District Court for the Western District of Texas, Austin Division, and no other courts, where the Option is made and/or to be performed.

EXHIBIT B
TESLA, INC.
AMENDED AND RESTATED 2019 EQUITY INCENTIVE PLAN
EXERCISE NOTICE

ATTN: Stock Administrator
Tesla, Inc.
1 Tesla Road
Austin, Texas 78725

1. Exercise of Option. Effective as of today, _____, _____, the undersigned (“Purchaser”) hereby elects to purchase _____ shares (the “Shares”) of the Common Stock of Tesla, Inc. (the “Company”) under and pursuant to the Amended and Restated 2019 Equity Incentive Plan (the “Plan”) and the Stock Option Award Agreement dated _____ (the “Award Agreement”). The purchase price for the Shares will be per Share, as required by the Award Agreement.

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any required tax withholding to be paid in connection with the exercise of the Option.

3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Award Agreement and agrees to abide by and be bound by their terms and conditions.

4. Rights as Shareholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a shareholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 of the Plan.

5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser’s purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. Entire Agreement; Governing Law. The Plan and Award Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to Purchaser's interest except by means of a writing (which, for clarity, includes electronic communications) signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of Texas.

PARTICIPANT:

TESLA, INC.

Signature

By:

Print Name

Title

Exhibit 10.10

**TESLA, INC.
AMENDED AND RESTATED 2019 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT**

Unless otherwise defined herein, the terms defined in the Tesla, Inc. Amended and Restated 2019 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Agreement (the "Award Agreement"), which includes the Notice of Restricted Stock Unit Grant (the "Notice of Grant") and Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A.

NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant Name:

Address:

Participant has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number

Date of Grant

Date of Hire

Vesting Commencement Date

Number of Restricted Stock Units

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Units will vest in accordance with the following schedule:

[insert vesting schedule]

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted

Stock Units, the Restricted Stock Units and Participant's right to acquire any Shares hereunder will immediately terminate.

By Participant's signature and the signature of the representative of Tesla, Inc. (the "Company") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, including the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges and agrees that by accepting this Award Agreement on the E*TRADE on-line grant agreement response page, such acceptance will act as Participant's electronic signature to this Agreement and will constitute Participant's acceptance of and agreement with all of the terms and conditions

of this Award Agreement and the Plan. Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Award Agreement and fully understands all provisions of the Plan and Award Agreement. Participant hereby agrees to accept as final and binding and non-reviewable and non-appealable all decisions or interpretations of the Administrator upon any questions relating to the Plan and Award Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT:

TESLA, INC.

Signature

By:

Print Name

Title

Residence Address:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. **Grant.** The Company hereby grants to the individual named in the Notice of Grant (“Participant”) under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan will prevail.

2. **Company’s Obligation to Pay.** Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Sections 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Units will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Any Restricted Stock Units that vest in accordance with Sections 3 or 4 will be paid to Participant (or in the event of Participant’s death, to his or her estate) in whole Shares, subject to Participant satisfying any applicable tax withholding obligations as set forth in Section 7. Subject to the provisions of Section 4, such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within the period of sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of the payment of any Restricted Stock Units payable under this Award Agreement.

3. **Vesting Schedule.** Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Award Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. **Administrator Discretion.** The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. The payment of Shares pursuant to this Section 4 shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Code Section 409A.

Notwithstanding anything in the Plan or this Award Agreement to the contrary, if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant’s termination as a Service Provider (provided that such termination is a “separation from service” within the meaning of Code Section 409A, as

determined by the Company), other than due to death, and if (x) Participant is a "specified employee" within the meaning of Code Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Code Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless the Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this Award Agreement that it and all payments and benefits hereunder be exempt from, or comply with, the requirements of Code Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Code Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

5. Forfeiture upon Termination of Status as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, the balance of the Restricted Stock Units that have not vested as of the time of Participant's termination as a Service Provider for any or no reason and Participant's right to acquire any Shares hereunder will immediately terminate.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Withholding of Taxes. Notwithstanding any contrary provision of this Award Agreement, no certificate representing the Shares will be issued to Participant, unless and until satisfactory arrangements (as determined by the Company) will have been made by Participant with respect to the payment of income, employment, social insurance, payroll and other taxes which the Company determines must be withheld with respect to such Shares. Prior to vesting and/or settlement of the Restricted Stock Units, Participant will pay or make adequate arrangements satisfactory to the Company and/or Participant's employer (the "Employer") to satisfy all withholding and payment obligations of the Company and/or the Employer. In this regard, Participant authorizes the Company and/or the Employer to withhold all applicable tax withholding obligations legally payable by Participant from his or her wages or other cash compensation paid to Participant by the Company and/or the Employer or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under applicable local law, the Company, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy such tax withholding obligation, in whole or in part, (without limitation) by (a) paying cash, (b) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the amount required to be

withheld, (c) delivering to the Company already vested and owned Shares having a Fair Market Value equal to the amount required to be withheld, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any tax withholding obligations by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required tax withholding obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4 or tax withholding obligations related to Restricted Stock Units otherwise are due, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

8. Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant. After such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Tesla, Inc. Attention: Stock Administrator, Tesla, Inc. 1 Tesla Road, Austin, TX 78725, or at such other address as the Company may hereafter designate in writing (which, for clarity, includes electronic communications).

11. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Award Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Stock. If at any time the Administrator will determine, in its sole discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or foreign law, the tax code and related regulations or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Administrator. Where the Administrator determines that the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer delivery until the earliest date at which the Administrator reasonably anticipates that the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority or securities exchange.

14. Recoupment. Notwithstanding any other provision herein, the Restricted Stock Units and any Shares or other amount or property that may be issued, delivered or paid in respect of the Restricted Stock Units, as well as any consideration that may be received in respect of a sale or other disposition of any such Shares or property, shall be subject to any recoupment, "clawback" or similar provisions of applicable law, as well as any recoupment or "clawback" policies of the Company that may be in effect from time to time. In addition, the Company may require Participant to deliver or otherwise repay to the Company the Restricted Stock Units and any Shares or other amount or property that may be issued, delivered or paid in respect of the Restricted Stock Units, as well as any consideration that may be received in respect of a sale or other disposition of any such Shares or property, if the Company reasonably determines that one or more of the following has occurred:

(a) during the period of Participant's status as a Service Provider with the Company or any of its Subsidiaries (the "Service Period"), Participant has committed a felony (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction);

(b) during the Service Period or at any time thereafter, Participant has committed or engaged in a breach of confidentiality, or an unauthorized disclosure or use of inside

information, customer lists, trade secrets or other confidential information of the Company or any of its Subsidiaries; or

(c) during the Service Period or at any time thereafter, Participant has committed or engaged in an act of theft, embezzlement or fraud, or materially breached any agreement to which Participant is a party with the Company or any of its Subsidiaries.

15. Plan Governs. This Award Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Award Agreement and one or more provisions of the Plan, the provisions of the Plan will govern. Capitalized terms used and not defined in this Award Agreement will have the meaning set forth in the Plan.

16. Administrator Authority. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding and non-reviewable and non-appealable upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Award Agreement.

17. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

19. Agreement Severable. In the event that any provision in this Award Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Award Agreement.

20. Modifications to the Award Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A

or to otherwise avoid imposition of any additional tax or income recognition under Code Section 409A in connection to this Award of Restricted Stock Units.

21. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law. This Award Agreement will be governed by the laws of the state of Texas, but without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Award of Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, and agree that such litigation will be conducted in the courts of Travis County, Texas or the federal courts for the United States District Court for the Western District of Texas, Austin Division, and no other courts, where this Award of Restricted Stock Units is made and/or to be performed.

Exhibit 21.1

SUBSIDIARIES OF TESLA, INC.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Alabama Service LLC	Delaware
All EV Holdings, LLC	Delaware
Allegheny Solar 1, LLC	Delaware
Allegheny Solar Manager 1, LLC	Delaware
Alset Transport GmbH	Germany
Alset Warehouse GmbH	Germany
Ancon Holdings II, LLC	Delaware
Ancon Holdings III, LLC	Delaware
Ancon Holdings, LLC	Delaware
Ancon Solar Corporation	Delaware
Ancon Solar I, LLC	Delaware
Ancon Solar II Lessee Manager, LLC	Delaware
Ancon Solar II Lessee, LLC	Delaware
Ancon Solar II Lessor, LLC	Delaware
Ancon Solar III Lessee Manager, LLC	Delaware
Ancon Solar III Lessee, LLC	Delaware
Ancon Solar III Lessor, LLC	Delaware
Ancon Solar Managing Member I, LLC	Delaware
Arpad Solar Borrower, LLC	Delaware
Arpad Solar I, LLC	Delaware
Arpad Solar Manager I, LLC	Delaware
AU Solar 1, LLC	Delaware
AU Solar 2, LLC	Delaware
Banyan SolarCity Manager 2010, LLC	Delaware
Banyan SolarCity Owner 2010, LLC	Delaware
Barbacoa Battery Storage, LLC	Texas
Basking Solar Manager II, LLC	Delaware
Beatrix Solar I, LLC	Delaware
Bernese Solar Manager I, LLC	Delaware
Blue Skies Solar I, LLC	Delaware
Blue Skies Solar II, LLC	Delaware
BT Connolly Storage, LLC	Texas
BT Smith Storage, LLC	Texas
Caballero Solar Managing Member I, LLC	Delaware
Caballero Solar Managing Member II, LLC	Delaware
Caballero Solar Managing Member III, LLC	Delaware
Castello Solar I, LLC	Delaware
Castello Solar II, LLC	Delaware
Castello Solar III, LLC	Delaware
Chaparral SREC Borrower, LLC	Delaware
Chaparral SREC Holdings, LLC	Delaware
Chestnut Storage, LLC	North Carolina
Chompie Solar I, LLC	Delaware
Chompie Solar II, LLC	Delaware
Chompie Solar Manager I, LLC	Delaware

Chompie Solar Manager II, LLC	Delaware
Colorado River Project, LLC	Delaware
Community Solar Partners, LLC	Delaware
Compass Automation Incorporated	Illinois
Connecticut Auto Repair and Service LLC	Delaware
Corpus Battery Storage, LLC	Texas
El Rey EV, LLC	Delaware
Falconer Solar Manager I, LLC	Delaware
Firehorn Solar I, LLC	Cayman Islands
Firehorn Solar Manager I, LLC	Delaware
FocalPoint Solar Borrower, LLC	Delaware
FocalPoint Solar I, LLC	Delaware
FocalPoint Solar Manager I, LLC	Delaware
Fontane Solar I, LLC	Delaware
Fotovoltaica GI 4, S. de R.L. de C.V.	Mexico
Fotovoltaica GI 5, S. de R.L. de C.V.	Mexico
FP System Owner, LLC	Delaware
Giga Insurance Texas, Inc.	Texas
Giga Texas Energy, LLC	Delaware
Goldilocks Battery Storage, LLC	Texas
Tesla Automation (Shanghai) Co. Ltd.	China
Guilder Solar, LLC	Delaware
Hamilton Solar, LLC	Delaware
Harborfields LLC	Delaware
Harpoon Solar I, LLC	Delaware
Harpoon Solar Manager I, LLC	Delaware
Haymarket Holdings, LLC	Delaware
Haymarket Manager 1, LLC	Delaware
Haymarket Solar 1, LLC	Delaware
Hibar Systems Europe GmbH	Germany
Hive Battery Inc.	Delaware
Ikehu Manager I, LLC	Delaware
IL Buono Solar I, LLC	Delaware
Iliosson, S.A. de C.V.	Mexico
Industrial Maintenance Technologies, Inc.	California
Kansas Repair LLC	Delaware
Klamath Falls Solar 1, LLC	Delaware
Knight Solar Managing Member I, LLC	Delaware
Knight Solar Managing Member II, LLC	Delaware
Knight Solar Managing Member III, LLC	Delaware
Landlord 2008-A, LLC	Delaware
Lincoln Auto Repair and Service LLC	Delaware
Louis Solar II, LLC	Delaware
Louis Solar III, LLC	Delaware
Louis Solar Manager II, LLC	Delaware
Louis Solar Manager III, LLC	Delaware
Louis Solar Master Tenant I, LLC	Delaware
Louis Solar MT Manager I, LLC	Delaware
Louis Solar Owner I, LLC	Delaware
Louis Solar Owner Manager I, LLC	Delaware

Master Tenant 2008-A, LLC	Delaware
Matterhorn Solar I, LLC	Delaware
Maxwell Technologies, Inc.	Delaware
Megalodon Solar, LLC	Delaware
MISO 1 Battery Storage, LLC	Texas
Monte Rosa Solar I, LLC	Delaware
Mound Solar Manager V, LLC	Delaware
Mound Solar Manager VI, LLC	Delaware
Mound Solar Manager X, LLC	Delaware
Mound Solar Manager XI, LLC	Delaware
Mound Solar Manager XII, LLC	Delaware
Mound Solar Master Tenant IX, LLC	Delaware
Mound Solar Master Tenant V, LLC	California
Mound Solar Master Tenant VI, LLC	Delaware
Mound Solar Master Tenant VII, LLC	Delaware
Mound Solar Master Tenant VIII, LLC	Delaware
Mound Solar MT Manager IX, LLC	Delaware
Mound Solar MT Manager VII, LLC	Delaware
Mound Solar MT Manager VIII, LLC	Delaware
Mound Solar Owner IX, LLC	Delaware
Mound Solar Owner Manager IX, LLC	Delaware
Mound Solar Owner Manager VII, LLC	Delaware
Mound Solar Owner Manager VIII, LLC	Delaware
Mound Solar Owner V, LLC	California
Mound Solar Owner VI, LLC	Delaware
Mound Solar Owner VII, LLC	Delaware
Mound Solar Owner VIII, LLC	Delaware
Mound Solar Partnership X, LLC	Delaware
Mound Solar Partnership XI, LLC	Delaware
Mound Solar Partnership XII, LLC	Delaware
MS SolarCity 2008, LLC	Delaware
MS SolarCity Commercial 2008, LLC	Delaware
MS SolarCity Residential 2008, LLC	Delaware
New Mexico Sales and Vehicle Service LLC	Delaware
NBA SolarCity AFB, LLC	California
NBA SolarCity Commercial I, LLC	California
NBA SolarCity Solar Phoenix, LLC	California
Northern Nevada Research Co., LLC	Nevada
Oranje Solar I, LLC	Delaware
Oranje Solar Manager I, LLC	Delaware
Palmetto Auto Repair and Service LLC	Delaware
Paramount Energy Fund I Lessee, LLC	Delaware
Paramount Energy Fund I Lessor, LLC	Delaware
PEF I MM, LLC	Delaware
Perbix Machine Company, Inc.	Minnesota
Presidio Solar I, LLC	Delaware
Presidio Solar II, LLC	Delaware
Presidio Solar III, LLC	Delaware
Pukana La Solar I, LLC	Delaware
R9 Solar 1, LLC	Delaware

Roadster Automobile Sales and Service (Beijing) Co., Ltd.	China
Roadster Finland Oy	Finland
SA VPP Holding Trust	Australia
Sealy Power LLC	Delaware
Sequoia Pacific Holdings, LLC	Delaware
Sequoia Pacific Manager I, LLC	Delaware
Sequoia Pacific Solar I, LLC	Delaware
Sequoia SolarCity Owner I, LLC	Delaware
Sierra Solar Power (Hong Kong) Limited	Hong Kong
SiiLion, Inc.	Delaware
Silevo, LLC	Delaware
Smith II Battery Storage, LLC	Texas
Solar Aquarium Holdings, LLC	Delaware
Solar Energy of America 1, LLC	Delaware
Solar Energy of America Manager 1, LLC	Delaware
Solar Explorer, LLC	Delaware
Solar Gezellig Holdings, LLC	Delaware
Solar House I, LLC	Delaware
Solar House II, LLC	Delaware
Solar House III, LLC	Delaware
Solar House IV, LLC	Delaware
Solar Integrated Fund I, LLC	Delaware
Solar Integrated Fund II, LLC	Delaware
Solar Integrated Fund III, LLC	Delaware
Solar Integrated Fund IV-A, LLC	Delaware
Solar Integrated Fund V, LLC	Delaware
Solar Integrated Fund VI, LLC	Delaware
Solar Integrated Manager I, LLC	Delaware
Solar Integrated Manager II, LLC	Delaware
Solar Integrated Manager III, LLC	Delaware
Solar Integrated Manager IV-A, LLC	Delaware
Solar Integrated Manager V, LLC	Delaware
Solar Integrated Manager VI, LLC	Delaware
Solar Services Company, LLC	Delaware
Solar Ulysses Manager I, LLC	Delaware
Solar Ulysses Manager II, LLC	Delaware
Solar Voyager, LLC	Delaware
Solar Warehouse Manager I, LLC	Delaware
Solar Warehouse Manager II, LLC	Delaware
Solar Warehouse Manager III, LLC	Delaware
Solar Warehouse Manager IV, LLC	Delaware
SolarCity Alpine Holdings, LLC	Delaware
SolarCity Amphitheatre Holdings, LLC	Delaware
SolarCity Arbor Holdings, LLC	Delaware
SolarCity Arches Holdings, LLC	Delaware
SolarCity AU Holdings, LLC	Delaware
SolarCity Cruyff Holdings, LLC	Delaware
SolarCity Electrical, LLC	Delaware
SolarCity Electrical New York Corporation	Delaware
SolarCity Finance Company, LLC	Delaware

SolarCity Finance Holdings, LLC	Delaware
SolarCity Foxborough Holdings, LLC	Delaware
SolarCity FTE Series 1, LLC	Delaware
SolarCity FTE Series 2, LLC	Delaware
SolarCity Fund Holdings, LLC	Delaware
SolarCity Grand Canyon Holdings, LLC	Delaware
SolarCity Holdings 2008, LLC	Delaware
SolarCity International, Inc.	Delaware
SolarCity Leviathan Holdings, LLC	Delaware
SolarCity LMC Series I, LLC	Delaware
SolarCity LMC Series II, LLC	Delaware
SolarCity LMC Series III, LLC	Delaware
SolarCity LMC Series IV, LLC	Delaware
SolarCity LMC Series V, LLC	Delaware
SolarCity Mid-Atlantic Holdings, LLC	Delaware
SolarCity Nitro Holdings, LLC	Delaware
SolarCity Orange Holdings, LLC	Delaware
SolarCity Series Holdings I, LLC	Delaware
SolarCity Series Holdings II, LLC	Delaware
SolarCity Series Holdings IV, LLC	Delaware
SolarCity Steep Holdings, LLC	Delaware
SolarCity Ulu Holdings, LLC	Delaware
SolarCity Village Holdings, LLC	Delaware
SolarRock, LLC	Delaware
SolarStrong, LLC	Delaware
Sparrowhawk Solar I, LLC	Delaware
SREC Holdings, LLC	Delaware
Swanson Battery Storage, LLC	Texas
TALT Holdings, LLC	Delaware
TEO Engineering, Inc.	California
TES 2017-1, LLC	Delaware
TES Holdings 2017-1, LLC	Delaware
Tesla Auto Lease Trust 2021-B	Delaware
Tesla Auto Lease Trust 2023-B	Delaware
Tesla Auto Lease Trust 2024-A	Delaware
Tesla Auto Lease Trust 2024-B	Delaware
Tesla Electric Vehicle Trust 2023-1	Delaware
Tesla Autobidder International B.V.	Netherlands
Tesla Automation GmbH	Germany
Tesla Automobile Information Service (Dalian) Co., Ltd.	China
Tesla Automobile Management and Service (Haikou) Co., Ltd.	China
Tesla Automobile Sales and Service (Beijing) Co., Ltd.	China
Tesla Automobile Sales and Service (Changchun) Co., Ltd.	China
Tesla Automobile Sales and Service (Changsha) Co., Ltd.	China
Tesla Automobile Sales and Service (Chengdu) Co., Ltd.	China
Tesla Automobile Sales and Service (Chongqing) Co., Ltd.	China
Tesla Automobile Sales and Service (Dalian) Co., Ltd.	China
Tesla Automobile Sales and Service (Fuzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Guangzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Guangzhou Panyu District) Co., Ltd.	China

Tesla Automobile Sales and Service (Guiyang) Co., Ltd.	China
Tesla Automobile Sales and Service (Haerbin) Co., Ltd.	China
Tesla Automobile Sales and Service (Hangzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Hefei) Co., Ltd.	China
Tesla Automobile Sales and Service (Hohhot) Co., Ltd.	China
Tesla Automobile Sales and Service (Jinan) Co., Ltd.	China
Tesla Automobile Sales and Service (Kunming) Co., Ltd.	China
Tesla Automobile Sales and Service (Lanzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Nanchang) Co., Ltd.	China
Tesla Automobile Sales and Service (Nanjing) Co., Ltd.	China
Tesla Automobile Sales and Service (Nanning) Co., Ltd.	China
Tesla Automobile Sales and Service (Ningbo) Co., Ltd.	China
Tesla Automobile Sales and Service (Ningbo) Co., Ltd.	China
Tesla Automobile Sales and Service (Ordos City) Co., Ltd.	China
Tesla Automobile Sales and Service (Qingdao) Co., Ltd.	China
Tesla Automobile Sales and Service (Shanghai) Co., Ltd.	China
Tesla Automobile Sales and Service (Shenyang) Co., Ltd.	China
Tesla Automobile Sales and Service (Shenzhen) Co., Ltd.	China
Tesla Automobile Sales and Service (Shijiazhuang) Co., Ltd.	China
Tesla Automobile Sales and Service (Suzhou) Co. Ltd.	China
Tesla Automobile Sales and Service (Taiyuan) Co., Ltd.	China
Tesla Automobile Sales and Service (Tianjin) Co. Ltd.	China
Tesla Automobile Sales and Service (Urumqi) Co. Ltd.	China
Tesla Automobile Sales and Service (Wenzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Wuhan) Co., Ltd.	China
Tesla Automobile Sales and Service (Wuxi) Co., Ltd.	China
Tesla Automobile Sales and Service (Xi'an) Co., Ltd.	China
Tesla Automobile Sales and Service (Xiamen) Co., Ltd.	China
Tesla Automobile Sales and Service (Xining) Co., Ltd.	China
Tesla Automobile Sales and Service (Yinchuan) Co., Ltd.	China
Tesla Automobile Sales and Service (Zhengzhou) Co. Ltd.	China
Tesla Automobiles Sales and Service Mexico, S. de R.L. de C.V.	Mexico
Tesla (Beijing) New Energy R&D Co., Ltd.	China
Tesla Belgium BV	Belgium
Tesla Canada Finance ULC	Canada
Tesla Canada Lease Finance GP ULC	Canada
Tesla Canada Lease Finance LP	Canada
Tesla LLC	Delaware
Tesla Chile SpA	Chile
Tesla Construction Inc.	Texas
Tesla Construction (Shanghai) Co., Ltd.	China
Tesla Czech Republic s.r.o.	Czech Republic
Tesla Energia Macau Limitada	Macau
Tesla Engineering Germany GmbH	Germany
Tesla Energy d.o.o.	Slovenia
Tesla Energy Management LLC	Delaware
Tesla Energy Operations, Inc.	Delaware
Tesla Energy Ventures Australia Pty Ltd	Australia
Tesla Energy Ventures France S.à r.l.	France
Tesla Energy Ventures Limited	United Kingdom

Tesla Energy Ventures, LLC	Delaware
Tesla Energy Ventures Holdings B.V.	Netherlands
Tesla Estonia OÜ	Estonia
Tesla EV Vault, LLC	Texas
Tesla Finance LLC	Delaware
Tesla Financial Leasing (China) Co., Ltd.	China
Tesla Financial Services GmbH	Germany
Tesla Financial Services Holdings B.V.	Netherlands
Tesla Financial Services Limited	United Kingdom
Tesla Financial Services France S.à r.l.	France
Tesla Fleet Operations LLC	Texas
Tesla France S.à r.l.	France
Tesla Germany GmbH	Germany
Tesla General Insurance (TX)	Texas
Tesla General Insurance, Inc.	Arizona
Tesla Greece Single Member P.C.	Greece
Tesla Gulf Limited Company	Saudi Arabia
Tesla Hrvatska d.o.o.	Croatia
Tesla Hungary Kft.	Hungary
Tesla India Motors and Energy Private Limited	India
Tesla Insurance Brokers (China) Co., Ltd.	China
Tesla Insurance Holdings, LLC	Delaware
Tesla Insurance, Inc.	Delaware
Tesla Insurance Company	California
Tesla Insurance Company of Hawaii, LLC	Hawaii
Tesla Insurance Services, Inc.	California
Tesla Insurance Services of Texas, Inc.	Texas
Tesla International B.V.	Netherlands
Tesla Italy S.r.l.	Italy
Tesla Jordan Car Trading LLC	Jordan
Tesla Korea Limited	Republic of Korea
Tesla Latvia SIA	Latvia
Tesla Lease Electric Vehicle Securitization 2025-A, LLC	Texas
Tesla Lease Trust	Delaware
Tesla Lithuania UAB	Lithuania
Tesla LLC	Delaware
Tesla Manufacturing Brandenburg SE	Germany
Tesla Manufacturing Mexico, S. de R.L. de C.V.	Mexico
Tesla Manufacturing Mexico Holding, S. de R.L. de C.V.	Mexico
Tesla Michigan, Inc.	Michigan
Tesla Mississippi LLC	Delaware
Tesla Morocco SARL	Morocco
Tesla Motors Australia, Pty Ltd	Australia
Tesla Motors Austria GmbH	Austria
Tesla Motors (Beijing) Co., Ltd.	China
Tesla Motors Canada ULC	Canada
Tesla Motors Colombia S.A.S	Colombia
Tesla Motors Holding B.V.	Netherlands
Tesla Motors Denmark ApS	Denmark
Tesla Motors FL, Inc.	Florida

Tesla Motors HK Limited	Hong Kong
Tesla Motors Iceland ehf.	Iceland
Tesla Motors Ireland Limited	Ireland
Tesla Motors Israel Ltd.	Israel
Tesla Motors Japan GK	Japan
Tesla Motors Limited	United Kingdom
Tesla Motors Luxembourg S.à r.l.	Luxembourg
Tesla Motors MA, Inc.	Massachusetts
Tesla Motors Netherlands B.V.	Netherlands
Tesla Motors New York LLC	New York
Tesla Motors NL LLC	Delaware
Tesla Motors NV, Inc.	Nevada
Tesla Motors PA, Inc.	Pennsylvania
Tesla Motors Philippines Inc.	Philippines
Tesla Motors Romania S.R.L.	Romania
Tesla Motors Sales and Service LLC	Turkey
Tesla Motors Singapore Holdings Pte. Ltd.	Singapore
Tesla Motors Singapore Private Limited	Singapore
Tesla Motors Stichting	Netherlands
Tesla Motors Taiwan Limited	Taiwan
Tesla Motors TN, Inc.	Tennessee
Tesla Motors TX, Inc.	Texas
Tesla Motors UT, Inc.	Utah
Tesla Nambe LLC	Delaware
Tesla New Zealand ULC	New Zealand
Tesla Norway AS	Norway
Tesla Poland sp. z o.o.	Poland
Tesla Power Marketing, Inc.	Texas
Tesla Property & Casualty, Inc.	California
Tesla Portugal, Sociedade Unipessoal LDA	Portugal
Tesla Puerto Rico LLC	Puerto Rico
Tesla Qatar LLC	Qatar
Tesla Rental LLC	Delaware
Tesla Residential Energy Holdings, LLC	Texas
Tesla Residential Energy Leasing, LLC	Texas
Tesla Robotaxi, LLC	Texas
Tesla Sales, Inc.	Delaware
Tesla Sdn. Bhd.	Malaysia
Tesla (Shanghai) Co., Ltd	China
Tesla (Shanghai) New Energy Co., LTD.	China
Tesla Slovakia s.r.o.	Slovakia
Tesla Spain, S.L. Unipersonal	Spain
Tesla Solar Systems, LLC	Delaware
Tesla Sustainable Energy Holdings, LLC	Delaware
Tesla Sustainable Energy Trust 2024-1	Delaware
Tesla Switzerland GmbH	Switzerland
Tesla (Thailand) Ltd.	Thailand
Tesla TH1 LLC	Delaware
Tesla Toronto Automation ULC	Canada
Tesla US Property Holdings, LLC	Texas

Tesla Wholesale Energy Holdings, LLC	Delaware
The Big Green Solar I, LLC	Delaware
The Big Green Solar Manager I, LLC	Delaware
Three Rivers Solar 1, LLC	Delaware
Three Rivers Solar 2, LLC	Delaware
Three Rivers Solar 3, LLC	Delaware
Three Rivers Solar Manager 1, LLC	Delaware
Three Rivers Solar Manager 2, LLC	Delaware
Three Rivers Solar Manager 3, LLC	Delaware
TM International C.V.	Netherlands
TM Sweden AB	Sweden
TSET Holdings, LLC	Delaware
Tesla Uruguay S.A.S.	Uruguay
USB SolarCity Manager IV, LLC	Delaware
USB SolarCity Owner IV, LLC	California
Visigoth Solar 1, LLC	Delaware
Visigoth Solar Holdings, LLC	Delaware
Visigoth Solar Managing Member 1, LLC	Delaware
VPP Project 1 (SA) Pty Ltd.	Australia
Weisshorn Solar I, LLC	Cayman Islands
Weisshorn Solar Manager I, LLC	Delaware
Zep Solar LLC	California

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-291402, 333-232079, 333-223169, 333-216376, 333-209696, 333-198002, 333-187113, 333-183033, and 333-167874) of Tesla, Inc. of our report dated January 28, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California
January 28, 2026

Exhibit 31.1

CERTIFICATIONS

I, Elon Musk, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tesla, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this

report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2026

/s/ Elon Musk

Elon Musk

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Vaibhav Taneja, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tesla, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 28, 2026

/s/ Vaibhav Taneja

Vaibhav Taneja
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATIONS

I, Elon Musk, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the Annual Report of Tesla, Inc. on Form 10-K for the annual period ended December 31, 2025, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Tesla, Inc.

Date: January 28, 2026

/s/ Elon Musk

Elon Musk
Chief Executive Officer
(Principal Executive Officer)

I, Vaibhav Taneja, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the Annual Report of Tesla, Inc. on Form 10-K for the annual period ended December 31, 2025, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Tesla, Inc.

Date: January 28, 2026

/s/ Vaibhav Taneja

Vaibhav Taneja
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)