

**PROGRAMME: MASTER OF BUSINESS ADMINISTRATION**

**MODULE: FINANCIAL MANAGEMENT**

**MODULE CODE: LCMB7002**

**ASSIGNMENT TITLE: FINANCIAL PERFORMANCE AND  
MANAGEMENT OF TESLA**

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Word Count: 5014

Date of Submission: 24 April 2026

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## **1. Introduction**

Financial management is defined as the strategic planning, organising, directing, and focusing on controlling the financial resources which can help in achieving the individual goal of the organisation. The selected company for this assignment is Tesla. The company is recognised as an American multinational automotive and clean energy company with headquarter located in Austin, Texas. It can design, manufacture, and sell battery electric vehicles. The company registered itself as a Nasdaq 100 component (Tesla, 2025). The financial health is examined through ratio analysis, further the analysis for working capital management, and it can interpret the working capital management, assess the plan for financial restructuring and the concept for investment appraisal and capital budgeting is formulated in the study.

## **2. Financial health check**

### **2.1. Analysis of the financial performance in the last five years**

Tesla experiences a significant amount of improvement in their financial performance owing to the growth in sales and other parameters, which provides positive input in terms of assessing the business growth. The total sales of Tesla Plc are \$81462 million in FY 2022, further improved to \$96773 million in FY 2023 and later on the value improved to \$97690 in FY 2024 (Tesla, 2024). The company generated their revenue from automotive sales, which is the highest; apart from that, the revenue is generated from the automotive regulatory credits, along with the automotive leasing. Further, the revenue is also generated by the company from the energy generation and storage, along with the services and others.

The financial position is interpreted with the help of the balance sheet of the company. It indicates that the total assets of the company improved from \$62131 million to \$82338 million, respectively, for the period. The total liabilities of the company improved from \$30548 to \$36440 million, which is a negative sign for the business (Annualreports.com, 2022). These factors had an impact on the growth. The annual report of FY 2021 indicates that the performance improved for the company as compared to the previous two years (Annualreports.com, 2020). The total assets of the company are \$52148 million in FY 2020, indicating growth.

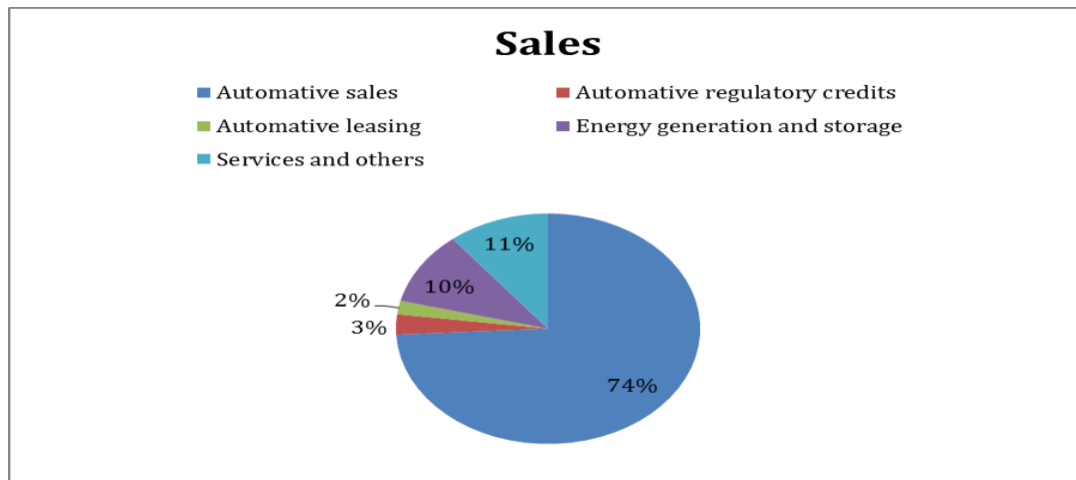


**Figure 1: Categorisation of sales for Tesla Inc in FY 2024**

(Source: Self-developed)

The total sales generated by Tesla Inc is \$97690 in FY 2024, and it has been categorised into different segments like automotive sales, automotive regulatory credits, automotive leasing, along with energy generation and storage. It also includes services and others. The majority of the income for the company is generated from automated sales, and the value is \$72480 million. The above graphical representation is determined to show this parameter.

## 2.2. Performing ratio analysis

The ratio analysis helps in the financial interpretation and further helps towards incorporating the decision making criteria for the business. It helps in determining the growth rate.

**Profitability ratios:** The profitability ratios help in determining the profit margin generated by the company for the respective period. The profitability ratio of the company is estimated through the help of the Gross profit ratio and operating profit ratio for Tesla Inc. The gross profit of the company deteriorated in the last two years, which indicates a negative sign for the business. The financial ratios are identical in terms of improving the quality of the reports (Qtaish and Mohammed Hassan Makhoulouf, 2024). Due to this, the performance is expected to be enhanced by a certain margin. The gross profit ratio is determined as 17.86% in the last year, and the value is highest in FY 2022. On the other hand, the operating profit also

deteriorates in the period, creating a negative impact on the business growth of Tesla Inc. The company is successful in terms of determining the profit margin generated for certain period.

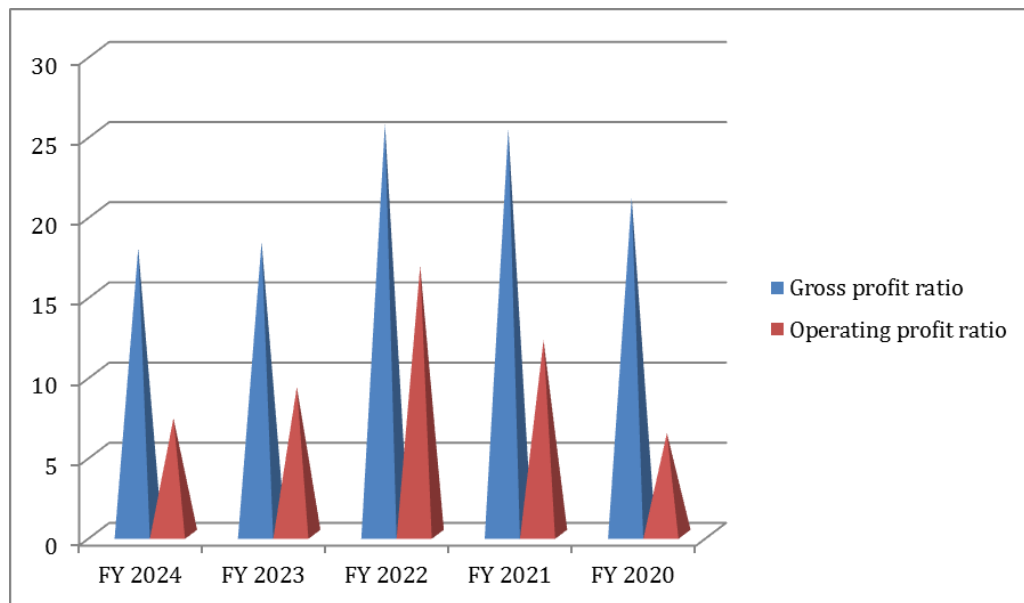


**Figure 2: Comparison of the profitability ratios of Tesla Inc in five years**

(Source: Self-developed)

The above figure determines the profitability ratios of the company for the five years. The performance is best in FY 2022, especially during the post-pandemic situation.

**Liquidity ratios:** The liquidity ratios help in the estimation of the financial position for the respective period. The liquidity aspect of the company helps in the estimation of current assets and current liabilities for the respective period. The traditional financial ratios help in estimating the performance of the company by a certain margin (Seretidou, Billios, and Stavropoulos, 2025). It implies driving growth. These categories of ratios confirm that the current ratio is more than 1 in each of the last five years for Tesla Inc. In the last year, the current ratio is 2.02 in FY 2024, followed by 1.73, 1.53, 1.38, and 3.66 in the next five years. **[Refer to Appendix]**. The quick ratio is more than 1 in each of the five years.

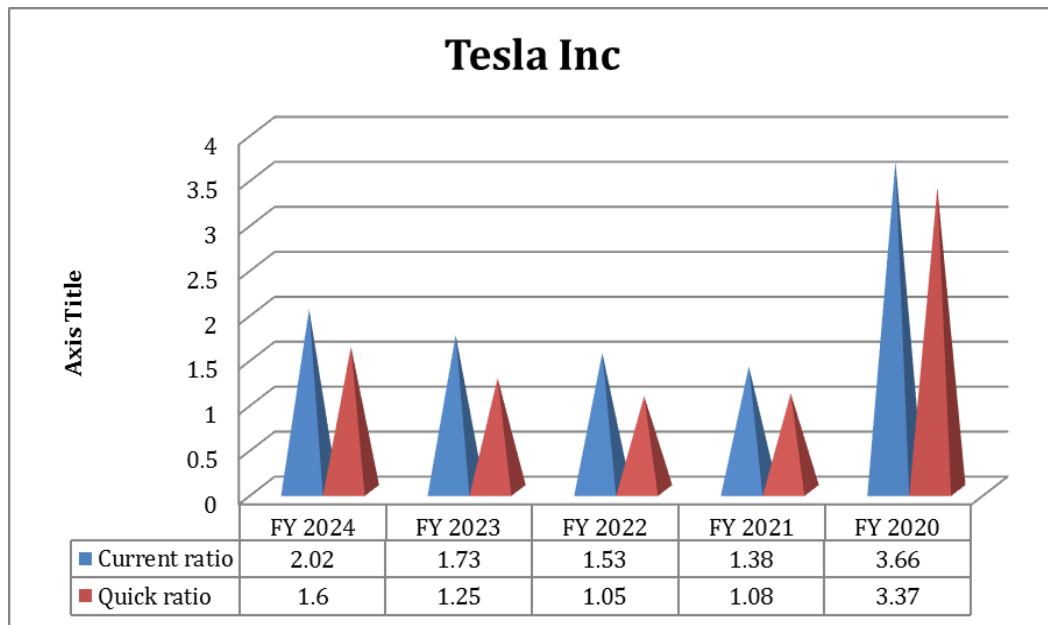


**Figure 3: Graphical representation of liquidity ratio for Tesla Inc**

(Source: Self-developed)

The above figure replicates the liquidity ratio of the company, which helps in estimating the financial position of the company for the contemporary period.

**Efficiency ratios:** The efficiency ratio helps in measuring how effectively the company can be able to utilise the assets and the revenue in terms of generating adequate income. The efficiency is determined through the help of the “Inventory turnover ratio”, which is determined through the help of the COGS amount and the average value of the inventory.

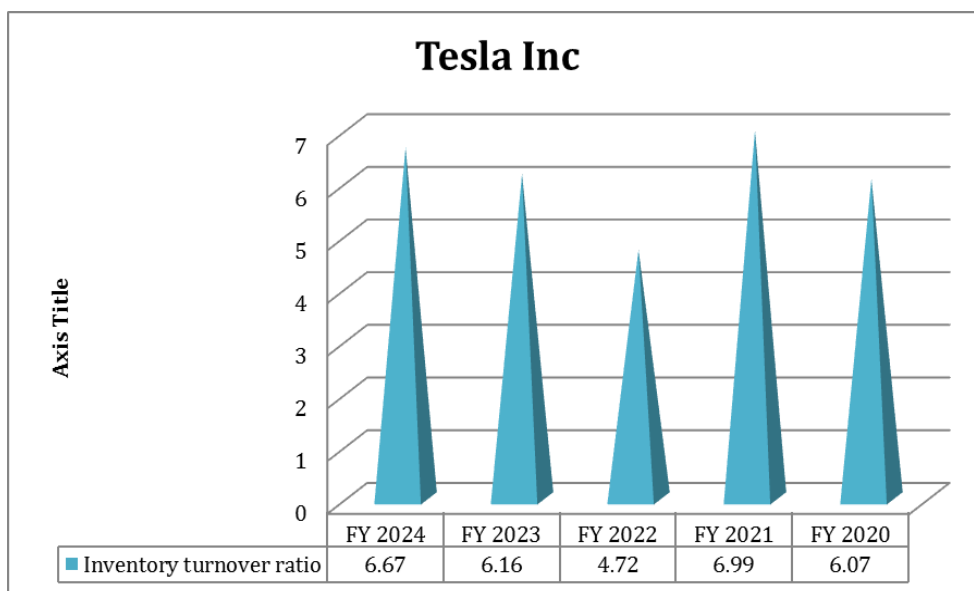


**Figure 4: Determination of inventory turnover ratio**

(Source: Self-developed)

The above figure indicates that, except in FY 2022, where the profitability margin is highest, the inventory turnover period is relatively similar in other years. The graphical representation is used to compare the performance for the period.

**Gearing ratio:** The gearing ratio is referred to as a financial metric which can compare the debt of the company with the equity. The values can help in determine the long-term financial stability as well as the leverage of the business. In the last three years, the “Debt to Equity” ratio has been less than 1, which has an impact towards the business.

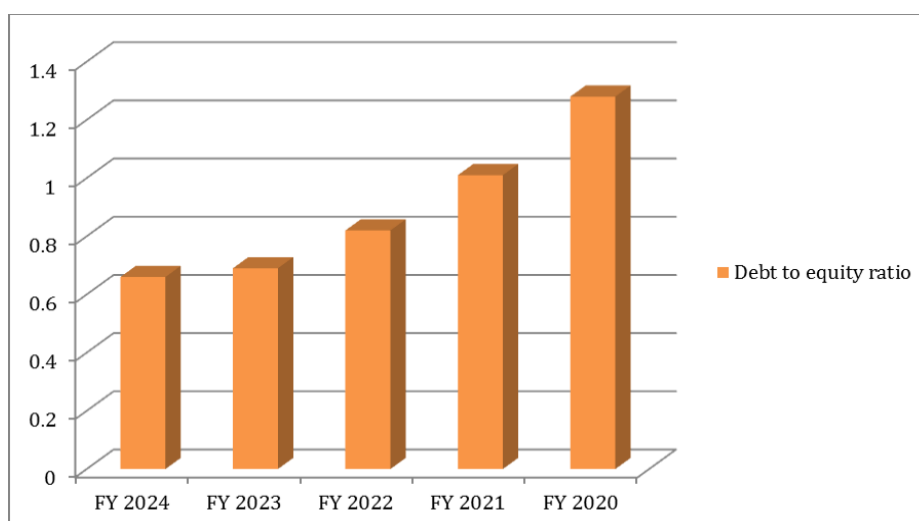


**Figure 5: Comparing the gearing ratio for two years**

(Source: Self-developed)

The performance is determined through the “Debt to Equity ratio”, where the value is, less than 1, which indicates that the debt amount does not provide challenges to the equity amount of the shareholder.

**Investment ratio:** The investment ratio helps in the evaluation of the profitability, efficiency and the value of investment, where it helps the investors in terms of comparing the performance and also focuses to identify the risk. The category of ratio analysis is identical for decision-making (Das, 2023). ROE has been determined for Tesla Inc in the last few years. In the last five years, the value of these categories of ratios is 9.81, 23.94, 28.76, 18.7 and 3.88, respectively, for the period. **[Refer to Appendix].**

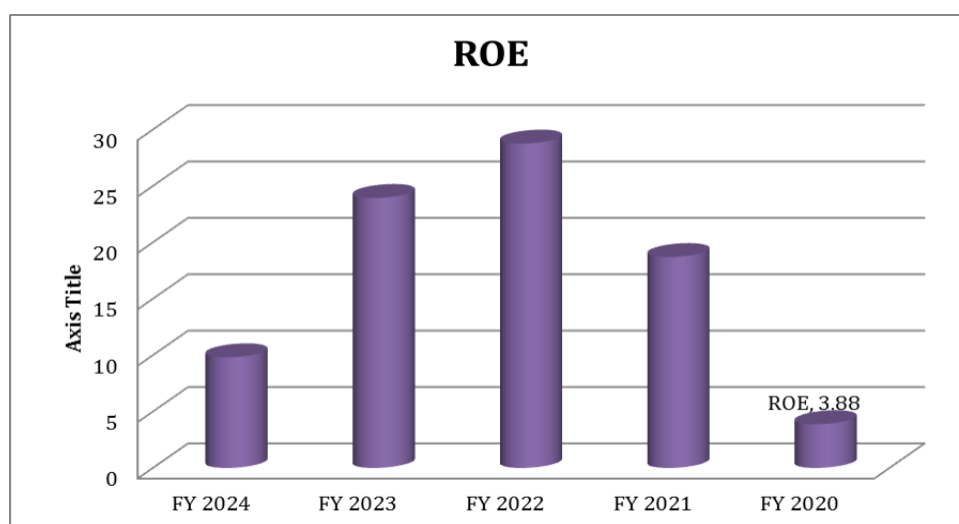


**Figure 6: Comparing the ROE of Tesla Inc. in five years**

(Source: Self-developed)

The above graphical representation indicates that the company experienced the highest ROE in FY 2022, while the lowest is in FY 2020.

**Cash flow:** The cash flow ratio helps in measuring the ability of the company where it can cover its current liabilities through interpreting the cash generated from its core operations. Cash flow ratio in the last five years is determined as 0.05, 0.03, 0.02, 0.03 and 0.03, respectively, in the period. **[Refer to Appendix].**

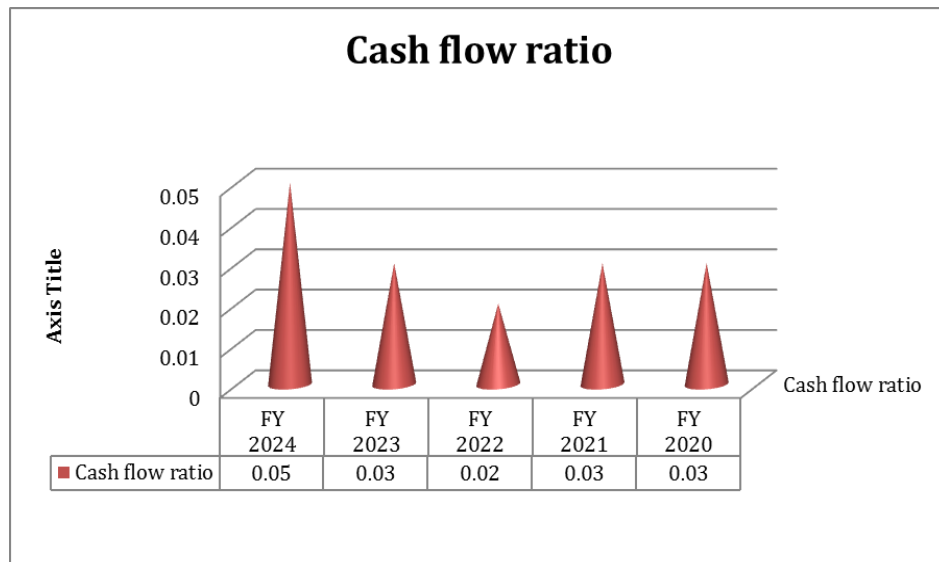


**Figure 7: Cash flow ratio in each of the last five years**

(Source: Self-developed)

The above figure replicates the cash flow ratio for Tesla Inc in the last five years and the graphical representation is intended to determine the performance for each year.

### 2.3. Identification of trends, strengths and threats

The threats to the company are that the total liabilities have improved by a certain margin, which may affect the growth of Tesla. Due to this, the options of the automobile brand in terms of granting loans from banks and other financial adversaries in considered to be challenging. The financial ratios provide an impact towards the stock price and the reputation of the business (Harinurdin, 2023). The financial performance of the company deteriorates in FY 2021 owing to the pandemic, as the overall sales of the company are expected to be hampered by a huge margin, providing a negative impact on Tesla.

The trends of Tesla Inc. are estimated through interpreting its earnings in the 1st quarter of FY 2026. The stock price of the company deteriorates owing to the price of the AI chip and the announcement of its development (Mourad, 2026). The EPS is determined as \$0.37 generated owing to the revenue of \$22.71 billion. It is determined that the development of energy-saving technologies is considered to be important and is arising as a promising market trend, which helps in terms of strengthening the protection of the environment. The approach is identical in terms of

helping in the zero emission for the transportation and also reducing the dependency towards oil (Zheng, 2024). The financial performance is affected by this approach.

Tesla Inc also ensures different types of financial strength for the respective period. The annual free cash flow is estimated as 6222, and the free cash flow for the current EV is examined as 994.81 (Reuters.com, 2022). Further, the current ratio of the company has been more than 2 in the last year, which provides stability to the business. It is examined that there are less amount of threat for Tesla Inc as the company is successful in terms of maintaining their brand value throughout their operation and it is able to generate consolidate growth through interpreting the expansion strategy.

### 3. Analysis of working capital management

#### 3.1 Assessment of Cash Operating Cycle

| <i>Year</i> | <i>Cash Operating Cycle (days)</i> |
|-------------|------------------------------------|
| <b>2021</b> | <b>94</b>                          |
| <b>2022</b> | <b>101</b>                         |
| <b>2023</b> | <b>94</b>                          |
| <b>2024</b> | <b>74</b>                          |
| <b>2025</b> | <b>72</b>                          |

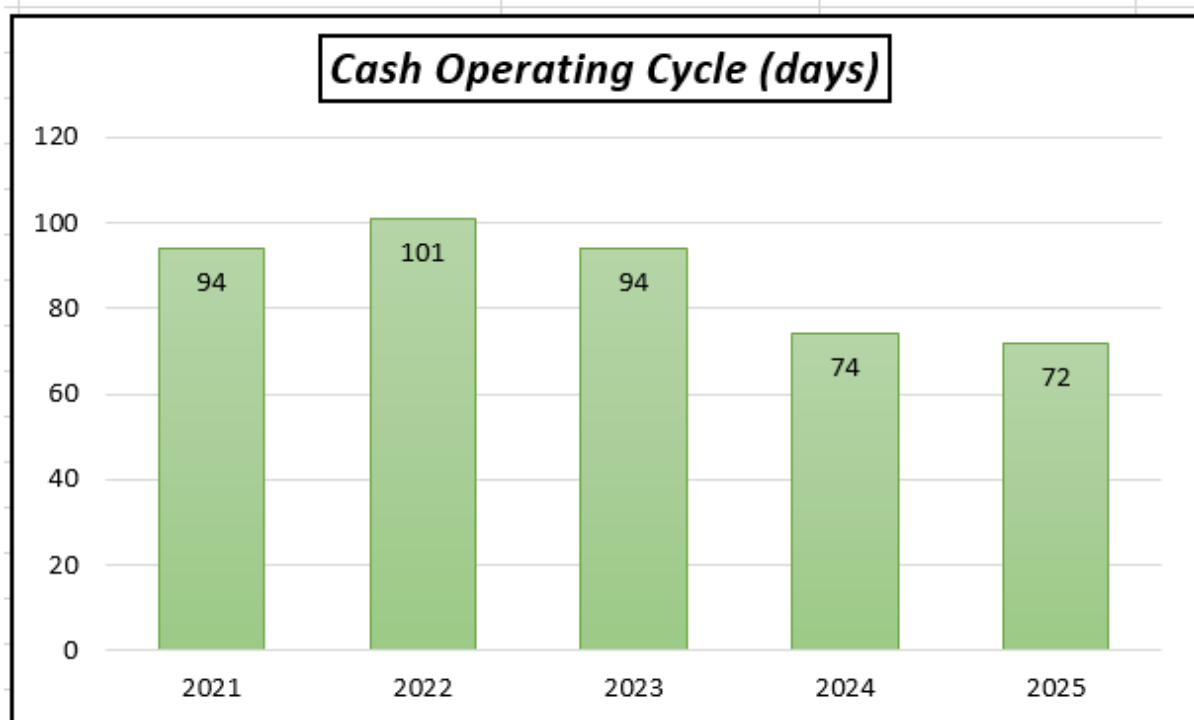


**Figure 8: Cash Operating Cycle**

**(Source: Excel)**

The Cycle of Cash Operations is a resource used to increase the efficiency of a business and its working capital. The Cash Operating Cycle shows the time when a business to convert the investments in the inventory and receivables into cash flows (Asman *et al.*, 2022). In observation of the cash operating cycle being short, it shows more efficiency and liquidity in business operations. Inability and a deficiency of cash flow can be shown by a longer Cash Operating Cycle.

The operating cycle follows the formula of

***[Operating Cycle = inventory period + Receivables Period]***

The Cash Conversion Cycle has come to the rescue of the payables on a few occasions by minimising the Period of Accounts Payable. The operating cycle can help assess a company to retrieve cash by their operations (Ishikawa *et al.*, 2025). At Tesla, effective management of working capital plays a factor since Tesla has a high cost of production, a high rate of development and capital-intensive operations. The operating cycle of Tesla has significantly enhanced over time. It reduced from 94 days in 2021 to 101 days in 2022, before significantly improving to 94 days in 2023, 74 days in 2024, and 72 days in 2025. This shows a greater efficiency in regulating inventory and receivables. This showed improved efficiency in production, made better decisions in inventory planning and developed a quicker inventory turnover.

The “Trade receivables period” is determined to fluctuate slightly, and it may be within relatively low levels within the period of 14 to 17 days during the past few years. It may reflect positively towards the credit and quick debt collection of Tesla Inc. The company is less cyclical and may be better off in terms of managing the liquidity and operational performance.

### **3.2 Recommended Strategies to enhance liquidity by working capital reforms**

In enhancing liquidity, Tesla could accept several working capital management options. This would deal with inventory, receivables, and payables.

First, Tesla should keep on enhancing inventory control in terms of advanced demand prediction and just-in-time (JIT) systems. Inventory turnover is better now, but additional optimisation through AI-based supply chain systems might result in a reduction in holding costs and minimise excess stock. This is especially considering that Tesla is subjected to the volatility of raw material prices and disruption of production.

Secondly, Tesla can evaluate the receivables management, secure a credit policy, and receive quicker payments from customers. As the receivables period is already low, paying early or on credit could enhance cash inflows even more, or use digital payment systems to leverage the situation. The growth of direct-to-consumer sales

opportunities is to enable a decrease in the use of intermediaries. This enhances quicker collection of cash.

Further, it can be suggested that Tesla Inc must focus to be strategic in terms of managing accounts payable by negotiating some of the longer payment terms with the majority of the suppliers. It may not degrade the relationships and further focus on increasing the duration of payment enables Tesla Inc in terms of developing “Cash in hand” and increase its liquidity.

Tesla could significantly use the cash flow forecasting systems to effectively forecast the requirement for liquidity. This prevents cash issues in the short term. This sustains financial flexibility, which is enhanced by effective financial management. Barnabas and Oloyede (2024) show that in financial management, there is also an increasing cash reserve and short-term investments.

The application of the technology, better coordination of the supply chain, supplier and customer relations, and Tesla can keep optimising its working capital. This enhances liquidity. This should support the long-term growth plan of Tesla.

### **3.3 Comparison of short-term and long-term financing options**

Tesla has used both short-term and long-term financing sources. This can help it to operate and grow with its own advantages and disadvantages.

Short-term financing has bank overdrafts, trade credit, and short-term loans (Koralun-Bereźnicka, 2025). These sources are utilised to satisfy transient liquidity requirements and to manage the variations of working capital. Their major strength is their flexibility and the availability of the funds. This would be appropriate in meeting temporary funding needs or operational costs. Short-term financing usually has high interest rates and refinancing risk in case market conditions change. Liquidity risk can also be increased by over-reliance on short-term debt.

Oganda (2023) shows that the long-term financing shows various factors like equity financing, long-term loans, and bonds. Tesla used equity and the allocation of debt to finance growth. The financial growth is observed by the purchase of Gigafactories and innovative ideas. Long-term financing of Tesla shows more stability and applies heavy capital investments without the requirement to repay. The equity financing does not require any specific repayments. This reduces financial risk. It can reduce

ownership of the current shareholders, and the long-term debt increases interest and leverage.

Tesla should apply a balanced financing approach from a strategic perspective. Daily financing operations and working capital should be done on a short-term basis. The long-term financing should be applied to capital-intensive projects and expansion planning.

Tesla has faced several significant developments. Tesla has increased its cash flow position by several business decisions. There are possibilities of developing a segmented different source of capital and long-term financing to reduce the use of external debt. This provides Tesla with financial stability.

## **4. Determination of strategic financial restructuring plan**

### **4.1 Recommend financial options for restructuring**

In terms of observing the operations of Tesla Inc, it is suggested that the company must focus to invest in the development of technological enhancements and further involves in increasing the production of the products. The scope is low for financial restructuring plan for sustaining the business growth and financial stability. The plan focus on financial restructuring and the concept for investment appraisal and capital budgeting is formulated in the study.

There are certain amounts of financial alternatives that can be applied and adopted. Equity financing is another option for Tesla to be implemented. Tesla has benefited from equity markets to raise capital with a low level of investor confidence (Huang, 2023). New shares could be a significant source of money for supporting the growth initiatives, like Gigafactories, battery technologies, and AI-made innovations. The financing can also be observed to be reduced by the existing shareholders. This shows lesser financial risk, and there is no requirement for payments to creditors. Secondly, Tesla Inc must focus to restructure long-term debt in terms of maximising the capital structure. The study of Zheng *et al.* (2024) indicate that Tesla Inc is becoming highly profitable and may be creditworthy and may be able to obtain the preferential borrowing conditions in the international capital markets.

Thirdly, Tesla could consider strategic partnerships and joint ventures. By cooperating with other companies, especially within the emerging markets or battery supply chains, cost-sharing and risk reduction are possible. Rejeb *et al.* (2025) Partnerships on the level of sourcing the raw materials, like lithium or cobalt, would stabilise the supply of the EV batteries and mitigate the risks of price fluctuations. Efficiency can be increased by the asset optimisation and diversification in a business (Chinedu, 2024). Tesla can look at lean or non-core assets and think about selling them with the purpose of releasing capital. This strategy permits Tesla should focus on the areas that have high growth opportunities. There are factors like electric vehicles, energy storage, and autonomous driving technologies.

Tesla should leverage their internal source of finance by increasing operational efficiency and profitability. Improved management of working capital, cost control, and improved margins is expected to lead to greater retained earnings, reducing the need to resort to outside funding.

These components of equity capital, debt reorganisation, strategic alliances, asset management, and internal cash generation are identical for this process. These also offer an all-rounded and flexible solution to the financial restructuring of Tesla. This combined approach specifies the long-term growth and financial stability.

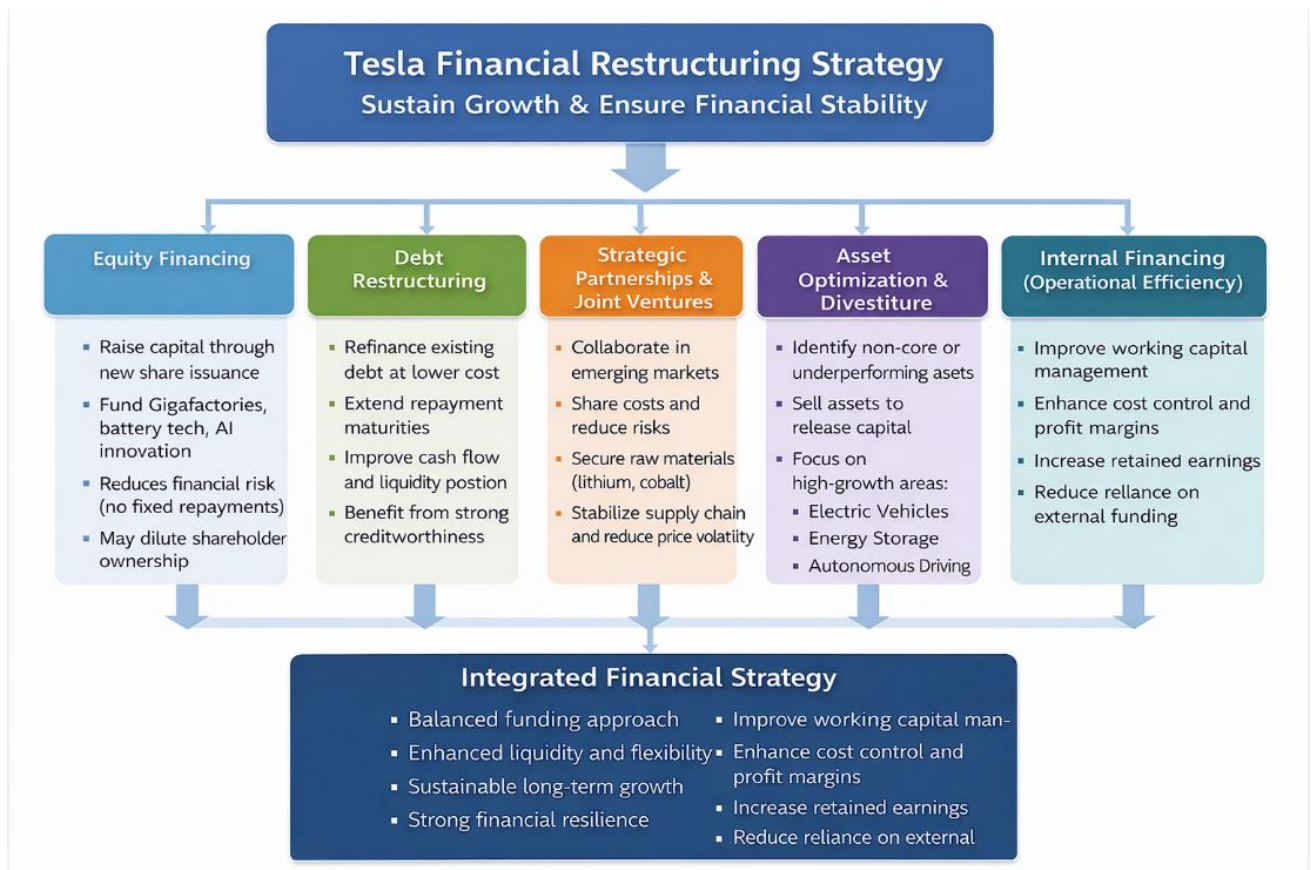


**Figure 9: Tesla’s Financial Restructuring Strategy and Alternative financial options**

(Source: Self-developed)

## 4.2 Evaluation of the impact on shareholder value, operational flexibility, and debt structure

The financial restructuring plans suggest considerable financial impacts to shareholders and operational extensiveness, and the entire Tesla debt arrangement. Equity financing could be beneficial and damaging to shareholder value. The issue of new shares might result in a dilution of current ownership. It can result in value addition in the long run if the new money is used in lucrative ventures. Tesla shows a track record of effective growth and makes additional gains. Investors can decide to invest in innovation and expansion to reap greater benefits, increasing the shareholder wealth (Liu and Zhou, 2025). Moreover, less use of expensive debt will result in fewer financial risks, which may lead to a positive impact on investor confidence and stock price.

Concerning operational flexibility and restructuring enables Tesla to be flexible in meeting dynamic market forces. The strategic partnerships may increase flexibility, and allowing resources which can be shared and focus towards reducing the large capital expenditure (GAO and Huang, 2025). Internal cash flow presents the independence of a business, and Tesla can adopt strategic projects without substantial reliance on external lenders.

There is a particular interest in the effect on the debt structure. Debt structuring in current liabilities and covering the maturities can increase the financial stability of Tesla since short-term liabilities are reduced. Balanced financial frameworks of equity and long-term debts reduce the chances of financial distress (Mensah *et al.*, 2025). The over dependency towards the debt may increase in leveraging and manage the interest payments. It may influence the credit rating and also focus to managing the biases during the economic issues. Thus, it is essential to have the best debt-to-equity ratio.

The restructuring plan presents value to shareholders by strategically investing to raise shareholder value. This enhances the operational flexibility, develops financial stability, and secures the debt structure by enhancing the financing sources. The measure is in finding a balance between financial risk management and growth opportunities.

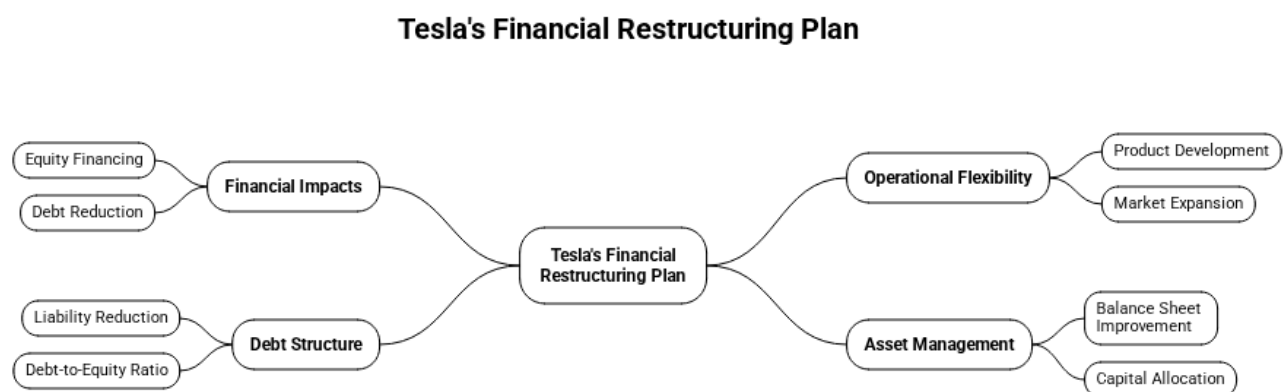


**Figure 10: Tesla's Financial Restructuring Plan**

(Source: Self-developed)

### **4.3 Inclusion of the ethical and international considerations**

Tesla should apply the ethical and international considerations in their strategy of financial restructuring. This is to assure the significant growth of sustainability and responsibility in an international business environment. Ethically, transparency and accountability are needed. Tesla should also make sure that all the financial matters, like the equity issues and debt restructuring, are reported to the stakeholders. One should also consider keeping the investors on side, especially where such practices as the dilution of shares would undermine shareholder interest. The management of finances ethically also needs to treat the employees, suppliers and customers equitably in restructuring operations.

Tesla has to take care of environmental, social, and governance (ESG) aspects. Being one of the major producers of electric vehicles, the company will be expected to have high environmental standards. The financial restructuring must focus on investments in green technologies, green energy services, and sustainable supply chains (Erdoğan *et al.*, 2025). Raw materials like lithium, cobalt, and others are especially important when for the ethical sourcing that results in terms of avoiding the violations of human rights and harmfulness to the environment.

Tesla has a global presence in different countries, and it tends to have currency, regulatory, and geopolitical driving factors. Financial restructuring should take into consideration the financial risk management of foreign exchange, where the foreign revenues and expenses are adequately enclosed (Bitar, 2021). Relying on one economy can also be minimised by diversifying the source of financing through international markets.

Additionally, Tesla has to be subjected to diverse taxation policies and legal policies across jurisdictions. The goal of the strategic financial planning must focus to ensure the maximum efficiency in terms of managing the taxes as it may not breaches the international laws or access the ethical codes. The tax avoidance measures can damage the image of the company and also focus to manage the trust of the stakeholders.

Corporate social responsibility, or CSR, is another significant factor. Tesla into the emerging markets must leave a positive influence on the local economies by employment, infrastructural growth, and sustainability. The ethical restructuring will ensure that there will be no growth at the cost of social or environmental welfare.

The application of ethical concepts and globalisation elements is in the financial restructuring plan of Tesla. This can increase the sustainability in the long run and legitimise the international brand image. This fulfils the regulatory and societal standards.

## 5. Investment appraisal and capital budgeting

### 5.1. Selected project

The investment appraisal methods provide input regarding the selection of the project. It is examined that the investment appraisal for Projects A, B, and C is determined by using “Payback Period” along with estimating the “Accounting rate of return”, which helps in estimating the “Net Present value” or NPV, along with the “Profitability Index” or PI), and the “Internal rate of return” or IRR as it can be able to provides better result in terms of incorporating the decision-making approach.

**Payback period** helps determine the process through which the initial investment for the selected project can be returned to the investors. In the case of Project A, it is examined that the “Cumulative cash flows” may reach £46m by the end of Year 4, and it is further observed that the remaining £4m can be recovered in Year 5.

Cash flow is determined as £8m, and further, the “Payback period” is estimated as  $4 + (4/8) = 4.5$  years. *[Refer to Appendix 2]*.

Similarly, the values are examined for Projects B and C, while for the former, it is examined that “Cumulative cash flows” may be able to reach the valuation of £44million by the end of Year 4. However, it is observed that the remaining £6m can be recovered in the Year 5, as it is examined that the cash flow is £11million, further the “Payback period” is estimated as  $4 + (6/11)$ , which is equivalent to 4.55 years.

In the case of Project C, the “Cumulative cash flows” may reach £ 35 million by the end of Year 3. It is examined that the remaining £15million may be recovered in Year 4. It is observed that the cash flow is £25million, and the “Payback period” is  $3 + (15/25)$ , where the value is determined as 3.6 years.

**“Accounting rate of return” or ARR** can be examined by the help of examining the annual depreciation for each year, and the value is determined as £10million for

each year. ARR further helps in the viability of the project for the non-financial managers (Baum, Crosby, and Devaney, 2021). The total cash inflows are examined for each of the three different projects.

| Name of the project | Average cash flow | Average net income             | ARR                    |
|---------------------|-------------------|--------------------------------|------------------------|
| Project A           | £10m per year     | £10.8million-£10million= £0.8m | £0.8m/50million= 1.6%. |
| Project B           | £11million        | £1million                      | £1m/50million= 2%      |
| Project C           | £13million        | £3m                            | £3m/50 million = 6%.   |

**Table 1: Determination of ARR for three different projects**

(Source: Self-developed)

Further, NPV is determined for three different projects, which assess the growth of the project.

#### ***NPV for Project A***

NPV= 41.32 million - 50million = -8.68 million

#### ***NPV for Project B***

NPV = 41.7-50 million = -8.3 million.

#### ***NPV for Project C***

NPV= 48.02NPV =million = -1.98 million.

Further, the values induced for estimating the value of PI.

“PI=PV of the future cash inflows/initial investment”. It is examined that PI needs to be greater than 1.0, which may indicate that the value can be added to the project, it incorporates towards the parameter that value is below 1.0, indicating the destruction of value.

Project A is projected to estimate the value of £41.32m/£50m = 0.8265, and the value is less than 1, so it can be rejected.

Project B has examined the value of PI as  $\text{£}41.7\text{m}/\text{£}50\text{m}=0.8340$  where the value is less than 1, and then it can be rejected. Project C estimates the PI of  $\text{£}48.02\text{million}/\text{£}50\text{m}=0.9603$  and the value is less than 1, but it is observed that the highest value can ensure the relatively efficient use of the capital.

The value of IRR for each of the three projects is considered to be below that of the hurdle rate. In the case of Project A, IRR is estimated as 2.72%, whereas for Project B, it is estimated as 3.26%. NPV and IRR help in a better way to analyse and assess the decision-making approach (Lai, 2024). Further, for Project C, it is examined as 8.59%.

Finally, it can be suggested that Project C is the best option for the selection.

## **5.2. Recommendation**

The recommendation for the selected project is based on the financial performance and the non-financial risk for the period. The non-financial considerations need to be acknowledged. It is identified that the energy storage business can be able to drive the financial stability till FY 2025 (Mezha.net, 2026). The uneven cash flow pattern for Project C has a significant return occurring in the next few years, as it can introduce a higher amount of uncertainty and the exposures made towards the market and the economic changes. The comparison is drawn, and it is found that Project B can offer more stability through the help of predictable cash inflows, as it can be able to reduce the operational risk and may further enhance the reliability for planning.

On the other hand, it is determined that under the capital rationing, the firm may focus towards investing an amount of around  $\text{£}100$  million, such that the optimal combination is selected as Projects B and C. The decision-making criteria are assessed for the project appraisal, which helps in overcoming the financial issues (Chrysafis and Papadopoulos, 2020). The financial performance of Tesla Inc can be improved through assessing economic health and inventory management, where it can access the growth of the electric vehicle industry. The humanoid robots manufactured in the gigafactory of Shanghai can be able to solve a huge number of problems (Aastocks.com, 2026). The combination may help in gaining the NPV of  $-\text{£}10.29$  million once the values are projected to be compared towards other

combinations, as it can focus towards balancing the risk effectively. The decline in the revenue for Tesla Inc occurs for the first time in 15 years, which may provide negative input in the business orientation and further creates challenges in the operations. The management focus to discontinue the Model S/X (Teslaplc.com, 2026). Project B can be able to provide steady cash flows, whereas Project C may be able to contribute towards generating higher growth potential and also manage the returns.

### **5.3. Assessment for further investment**

Among the three options, Project C consistently outperforms the others across most financial metrics, making it the most suitable choice for investment.

It is further examined that, based on the liquidity, Project C ensures the shortest PBP of around 3.6 years, where the values are determined once it is compared to 4.5 years for Project A and the value is examined as 4.55 years for Project B. It indicates that Project C may allow the firm in terms of recovering their initial investment as it can be able to reduce the exposure towards interpreting the risk and focus towards improving the stability related to cash flow. The problem arises for the management as there is a recent decline in the share in the electric vehicle market of the US (Liu, Boothman, and Graham, 2025). However, the profitability aspects indicate that Project C may also deliver the highest ARR of around 6%, which is observed to be significantly outperforming Project A of 1.6% and that of Project B, where the value is 2%. The market strategy for Tesla Inc can be induced through redefining the profitability, and it can be accomplished with the help of the sustainable energy solution, as it can be able to capture the emerging markets (Tesla.com, 2025). The combination of two different projects is interpreted for this assessment. The combination of B and C is interpreted as the value of -10.28 million.

## **6. Conclusion**

It can be concluded that the performance of Tesla Inc is estimated through the help of ratio analysis for five years. The financial performance indicates that after the pandemic, performance deteriorated, and the negative profitability is creating an issue for the business. The liquidity of the business is promising in that the current

assets are more than the current liabilities. The study also interpreted the working capital management for the automobile brand. The financial restructuring may have an impact towards the value of the shareholder, the debt structure and hamper the operational flexibility. The combination of B and C is selected as the investment project for this study.

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## Appendices

### Appendix 1: Ratio analysis

| Gross Profit Ratio (\$ million)             |                    |              |              |              |              |
|---------------------------------------------|--------------------|--------------|--------------|--------------|--------------|
| Tesla                                       |                    |              |              |              |              |
| Particulars                                 | 2024               | 2023         | 2022         | 2021         | 2020         |
| Revenue                                     | 97690              | 96,773       | 81,462       | 53823        | 31536        |
| Gross Profit                                | 17450              | 17,660       | 20,853       | 13606        | 6630         |
| <b>Gross Profit Ratio</b>                   | <b>17.86262668</b> | <b>18.25</b> | <b>25.60</b> | <b>25.28</b> | <b>21.02</b> |
| Gross Profit ratio = Gross Profit/Sales*100 |                    |              |              |              |              |
|                                             |                    |              |              |              |              |
|                                             |                    |              |              |              |              |
| Operating Profit Ratio (\$ million)         |                    |              |              |              |              |
| Tesla                                       |                    |              |              |              |              |
| Particulars                                 | 2024               | 2023         | 2022         | 2021         | 2020         |
| Revenue                                     | 97690              | 96,773       | 81,462       | 53823        | 31536        |
| Operating Profit/Loss                       | 7076               | 8,891        | 13,656       | 6523         | 1994         |

|                                                          |                    |                    |                    |                    |                    |
|----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Operating Profit Ratio</b>                            | <b>7.243320708</b> | <b>9.19</b>        | <b>16.76</b>       | <b>12.12</b>       | <b>6.32</b>        |
| Operating Profit ratio = Operating Profit/Sales*100      |                    |                    |                    |                    |                    |
|                                                          |                    |                    |                    |                    |                    |
|                                                          |                    |                    |                    |                    |                    |
| <b>Cash flow ratio</b>                                   |                    |                    |                    |                    |                    |
| <b>Tesla</b>                                             |                    |                    |                    |                    |                    |
| <b>Particulars</b>                                       | <b>2024</b>        | <b>2023</b>        | <b>2022</b>        | <b>2021</b>        | <b>2020</b>        |
| Operating cash flow                                      | 1450               | 1,084              | 754                | 616                | 456                |
| Current Liabilities                                      | 28821              | 28,748             | 26,709             | 19705              | 14248              |
| <b>Cash flow ratio</b>                                   | <b>0.050310537</b> | <b>0.037706971</b> | <b>0.028230185</b> | <b>0.031261101</b> | <b>0.032004492</b> |
| Cash flow ratio = Operating cashflow/current liabilities |                    |                    |                    |                    |                    |
|                                                          |                    |                    |                    |                    |                    |
|                                                          |                    |                    |                    |                    |                    |
| <b>Current Ratio (\$ million)</b>                        |                    |                    |                    |                    |                    |
| <b>Tesla</b>                                             |                    |                    |                    |                    |                    |

| Particulars                                                          | 2024               | 2023        | 2022        | 2021        | 2020        |
|----------------------------------------------------------------------|--------------------|-------------|-------------|-------------|-------------|
| Current Assets                                                       | 58360              | 49,616.00   | 40,917.00   | 27100       | 52148       |
| Current Liabilities                                                  | 28821              | 28,748      | 26,709      | 19705       | 14248       |
| <b>Current Ratio</b>                                                 | <b>2.02491239</b>  | <b>1.73</b> | <b>1.53</b> | <b>1.38</b> | <b>3.66</b> |
| Current Ratio = Current Assets / Current Liabilities                 |                    |             |             |             |             |
|                                                                      |                    |             |             |             |             |
|                                                                      |                    |             |             |             |             |
| <b>Acid-Test Ratio (\$ million)</b>                                  |                    |             |             |             |             |
| <b>Tesla</b>                                                         |                    |             |             |             |             |
| Particulars                                                          | 2024               | 2023        | 2022        | 2021        | 2020        |
| Current Assets                                                       | 58360              | 49,616.00   | 40,917.00   | 27100       | 52148       |
| Less: Inventories                                                    | 12017              | 13626.00    | 12839.00    | 5757        | 4101        |
|                                                                      | 46343              | 35,990.00   | 28,078.00   | 21,343.00   | 48,047.00   |
| Current liabilities                                                  | 28821              | 28,748      | 26,709      | 19705       | 14248       |
| <b>Acid test Ratio</b>                                               | <b>1.607959474</b> | <b>1.25</b> | <b>1.05</b> | <b>1.08</b> | <b>3.37</b> |
| Acid test Ratio = (Current Assets - Inventories)/Current liabilities |                    |             |             |             |             |

|                                                      |                    |              |              |              |             |
|------------------------------------------------------|--------------------|--------------|--------------|--------------|-------------|
|                                                      |                    |              |              |              |             |
|                                                      |                    |              |              |              |             |
| <b>Debt to Equity Ratio (\$ million)</b>             |                    |              |              |              |             |
| <b>Tesla</b>                                         |                    |              |              |              |             |
| <b>Particulars</b>                                   | <b>2024</b>        | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b> |
| Total Debt                                           | 48390              | 43,009.00    | 36,440.00    | 30548        | 28418       |
| Shareholder's Equity                                 | 72913              | 62,634.00    | 44,704.00    | 30189        | 22225       |
| <b>Debt to Equity Ratio</b>                          | <b>0.663667659</b> | <b>0.69</b>  | <b>0.82</b>  | <b>1.01</b>  | <b>1.28</b> |
| Debt/equity = Total debt/ total shareholder's equity |                    |              |              |              |             |
| <b>Return on Equity Ratio (€ million)</b>            |                    |              |              |              |             |
| <b>Tesla</b>                                         |                    |              |              |              |             |
| <b>Particulars</b>                                   | <b>2024</b>        | <b>2023</b>  | <b>2022</b>  | <b>2021</b>  | <b>2020</b> |
| Net Profit/Loss                                      | 7153               | 14,997       | 12,857       | 5644         | 862         |
| Shareholder's Equity                                 | 72913              | 62,634.00    | 44,704.00    | 30189        | 22225       |
| <b>Return on</b>                                     | <b>9.81032189</b>  | <b>23.94</b> | <b>28.76</b> | <b>18.70</b> | <b>3.88</b> |

|                                                                      |                   |             |             |             |             |
|----------------------------------------------------------------------|-------------------|-------------|-------------|-------------|-------------|
| <b>Equity Ratio</b>                                                  |                   |             |             |             |             |
| Return on Equity Ratio = (Net Profit/Loss/ Shareholder's Equity)*100 |                   |             |             |             |             |
|                                                                      |                   |             |             |             |             |
|                                                                      |                   |             |             |             |             |
| <b>Inventory Turnover Ratio (\$ million)</b>                         |                   |             |             |             |             |
| <b>Tesla</b>                                                         |                   |             |             |             |             |
| <b>Particulars</b>                                                   | <b>2024</b>       | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> |
| Cost of Goods Sold                                                   | 80240             | 79,113      | 60,609      | 40217       | 24906       |
| Average Inventory                                                    | 12017             | 13626.00    | 12839.00    | 5757        | 4101        |
| <b>Inventory Turnover Ratio</b>                                      | <b>6.67720729</b> | <b>6.16</b> | <b>4.72</b> | <b>6.99</b> | <b>6.07</b> |
| Inventory Turnover Ratio = Cost of Goods Sold/Average Inventory      |                   |             |             |             |             |

(Source: Excel)

## Appendix 2: Investment appraisal

|  |          |  |  |  |          |  |  |
|--|----------|--|--|--|----------|--|--|
|  | <b>A</b> |  |  |  | <b>B</b> |  |  |
|--|----------|--|--|--|----------|--|--|

| Year        | Net cash inflow                                | Discount factor<br>(10%) | Present<br>value | Year                                | Net cash<br>inflow | Discount<br>factor<br>(10%) | Present<br>value |
|-------------|------------------------------------------------|--------------------------|------------------|-------------------------------------|--------------------|-----------------------------|------------------|
| Year 1      | 10 million                                     | 0.9091                   | 9.09             | Year 1                              | 11 million         | 0.9091                      | 10 million       |
| Year 2      | 12 million                                     | 0.8264                   | 9.92             | Year 2                              | 11 million         | 0.8264                      | 9.09 million     |
| Year 3      | 14 million                                     | 0.7513                   | 10.51            | Year 3                              | 11 million         | 0.7513                      | 8.26 million     |
| Year 4      | 10 million                                     | 0.683                    | 6.83             | Year 4                              | 11 million         | 0.683                       | 7.51 million     |
| Year 5      | 8 million                                      | 0.6209                   | 4.97             | Year 5                              | 11 million         | 0.6209                      | 6.83 million     |
| Total<br>PV |                                                |                          | 41.32            | Total<br>PV                         |                    |                             | 41.7 million     |
|             |                                                |                          |                  |                                     |                    |                             |                  |
|             | NPV= 41.32 million - 50million = -8.68 million |                          |                  | NPV= 41.7- 50million = -8.3 million |                    |                             |                  |
|             | C                                              |                          |                  |                                     |                    |                             |                  |
| Year        | Net cash inflow                                | Discount factor<br>(10%) | Present<br>value |                                     |                    |                             |                  |

|             |                                          |        |                  |  |  |  |  |
|-------------|------------------------------------------|--------|------------------|--|--|--|--|
| Year<br>1   | 5 million                                | 0.9091 | 4.55<br>million  |  |  |  |  |
| Year<br>2   | 10 million                               | 0.8264 | 8.26<br>million  |  |  |  |  |
| Year<br>3   | 20 million                               | 0.7513 | 15.03<br>million |  |  |  |  |
| Year<br>4   | 25 million                               | 0.683  | 17.08<br>million |  |  |  |  |
| Year<br>5   | 5 million                                | 0.6209 | 3.1<br>million   |  |  |  |  |
| Total<br>PV |                                          |        | 48.02<br>million |  |  |  |  |
|             |                                          |        |                  |  |  |  |  |
|             |                                          |        |                  |  |  |  |  |
|             | NPV= 48.02 - 50 million = -1.98 million. |        |                  |  |  |  |  |

(Source: Excel)

### Appendix 3: Cash Operating Cycle (Detailed Calculation)

|                            | 2025            |                |              |                            | 2024            |                |              |
|----------------------------|-----------------|----------------|--------------|----------------------------|-----------------|----------------|--------------|
| Item                       | Initial Balance | Ending Balance | Average      | Item                       | Initial Balance | Ending Balance | Average      |
|                            | \$ (million)    | \$ (million)   | \$ (million) |                            | \$ (million)    | \$ (million)   | \$ (million) |
| Inventory                  | 12,017          | 12,392         | 12,205       | Inventory                  | 13,626          | 12,017         | 12,822       |
| Accounts Payable           | 12,474          | 13,371         | 12,923       | Accounts Payable           | 14,431          | 12,474         | 13,453       |
| Accounts Receivable        | 4,418           | 4,576          | 4,497        | Accounts Receivable        | 3,508           | 4,418          | 3,963        |
| Net Sales                  | 97,690          |                |              | Net Sales                  | 96,773          |                |              |
| Cost of Goods Sold         | 80,240          |                |              | Cost of Goods Sold         | 79,113          |                |              |
|                            |                 |                |              |                            |                 |                |              |
| Inventory Turnover         | 6.57            |                |              | Inventory Turnover         | 6.17            |                |              |
| Inventory Period           | 55.52           |                |              | Inventory Period           | 59.15           |                |              |
| Receivables Turnover       | 21.72           |                |              | Receivables Turnover       | 24.42           |                |              |
| Accounts Receivable Period | 16.80           |                |              | Accounts Receivable Period | 14.95           |                |              |
|                            |                 |                |              |                            |                 |                |              |
| Operating Cycle            | 72              |                |              | Operating Cycle            | 74              |                |              |

|                            | 2023            |                |              |                            | 2022            |                |              |                            | 2021            |                |              |
|----------------------------|-----------------|----------------|--------------|----------------------------|-----------------|----------------|--------------|----------------------------|-----------------|----------------|--------------|
| Item                       | Initial Balance | Ending Balance | Average      | Item                       | Initial Balance | Ending Balance | Average      | Item                       | Initial Balance | Ending Balance | Average      |
|                            | \$ (million)    | \$ (million)   | \$ (million) |                            | \$ (million)    | \$ (million)   | \$ (million) |                            | \$ (million)    | \$ (million)   | \$ (million) |
| Inventory                  | 12,839          | 13,626         | 13,233       | Inventory                  | 5,757           | 12,839         | 9,298        | Inventory                  | 4,101           | 5,757          | 4,929        |
| Accounts Payable           | 15,255          | 14,431         | 14,843       | Accounts Payable           | 10,025          | 15,255         | 12,640       | Accounts Payable           | 6,051           | 10,025         | 8,038        |
| Accounts Receivable        | 2,952           | 3,508          | 3,230        | Accounts Receivable        | 1,913           | 2,952          | 2,433        | Accounts Receivable        | 1,886           | 1,913          | 1,900        |
| Net Sales                  | 81,462          |                |              | Net Sales                  | 53,823          |                |              | Net Sales                  | 31,536          | 53,823         |              |
| Cost of Goods Sold         | 60,609          |                |              | Cost of Goods Sold         | 40,217          |                |              | Cost of Goods Sold         | 24,906          | 40,217         |              |
|                            |                 |                |              |                            |                 |                |              |                            |                 |                |              |
| Inventory Turnover         | 4.58            |                |              | Inventory Turnover         | 4.33            |                |              | Inventory Turnover         | 5.05            |                |              |
| Inventory Period           | 79.69           |                |              | Inventory Period           | 84.39           |                |              | Inventory Period           | 72.24           |                |              |
| Receivables Turnover       | 25.22           |                |              | Receivables Turnover       | 22.13           |                |              | Receivables Turnover       | 16.60           |                |              |
| Accounts Receivable Period | 14.47           |                |              | Accounts Receivable Period | 16.50           |                |              | Accounts Receivable Period | 21.98           |                |              |
|                            |                 |                |              |                            |                 |                |              |                            |                 |                |              |
| Operating Cycle            | 94              |                |              | Operating Cycle            | 101             |                |              | Operating Cycle            | 94              |                |              |

(Source: Excel)