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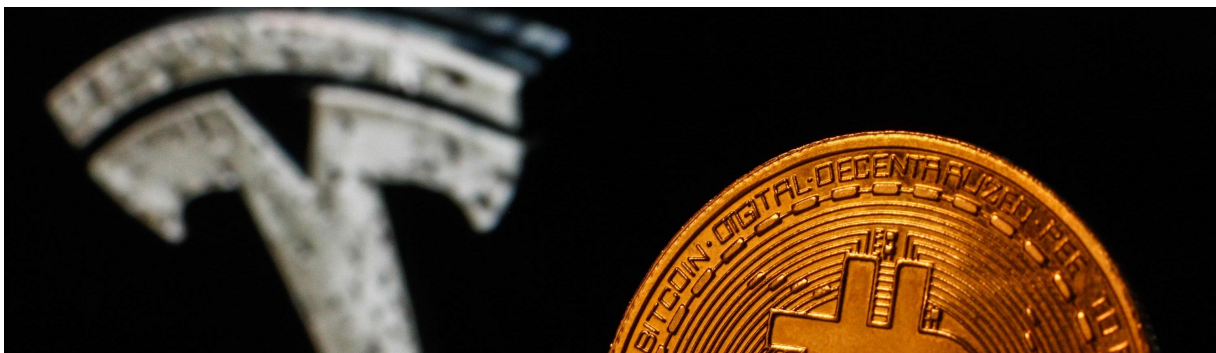
Tesla's Bitcoin Investment Hits Nearly \$2 Billion—Here's How That Compares To Billionaire Novogratz's Galaxy, Dorsey's Square And More



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Investing

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TOPLINE Electric carmaker Tesla revealed in a public filing Monday that the value of its bitcoin holdings ballooned to nearly \$2 billion by the end of December, confirming the firm helmed by billionaire Elon Musk sold no cryptocurrency in the latter half of last year and cementing its position as the U.S. corporation with the second-largest bitcoin stash.



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Despite a \$101 million impairment loss last year, Tesla's crypto stash is worth more than the ... [+]

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KEY FACTS

- In its annual report [released](#) Monday, Tesla disclosed the market value of its bitcoin holdings skyrocketed to \$1.99 billion as of December 31 after its \$1.5 billion investment in the first quarter, representing roughly 10% of its liquid assets (including cash and marketable securities).
- Despite revealing an accounting loss of \$101 million spurred by bitcoin's volatility last year, the firm reported \$272 million in profits from the sale of digital assets last year and said it "believes in the long-term potential of digital assets, both as an investment and also as a liquid alternative to cash."
- With about 43,200 bitcoins, Tesla owns more of the world's largest cryptocurrency than eight of the top 10 corporate holders, according to [Bitcoin Treasuries](#), but pales in comparison to MicroStrategy, the data analytics firm led by staunch bitcoin bull Michael Saylor, which owns 125,051 coins worth about \$5.4 billion.
- As of January 1, cryptocurrency mining firm Marathon Digital [held](#) 8,133 bitcoins valued at \$375.8 million and billionaire Jack Dorsey's Square, which [started](#) buying bitcoin shortly before Tesla in October 2020, owned 8,027 coins worth about \$350 million.
- Remaining top 10 holders include crypto-exchange Coinbase (owning

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including Hut 8 Mining, [Bitfarms](#), Riot and Hive Blockchain, which collectively own nearly \$800 million in bitcoin.



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LIST

1. **MicroStrategy:** 125,051 bitcoins
2. **Tesla:** 43,200 bitcoins
3. **Marathon Digital Holdings:** 8,133 bitcoins
4. **Square Inc.:** 8,027 bitcoins
5. **Hut 8 Mining Corp:** 5,242 bitcoins
6. **Bitfarms Limited:** 4,600 bitcoins
7. **Coinbase:** 4,487 bitcoins
8. **Riot Blockchain:** 4,464 bitcoins
9. **Hive Blockchain:** 4,032 bitcoins
10. **Galaxy Digital Holdings:** 4,000 bitcoins

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according to London-based crypto firm Nickel Digital Asset Management.

KEY BACKGROUND

Growing institutional adoption and heightened inflationary fears have lifted cryptocurrencies to meteoric highs during the pandemic, but not without bouts of crippling volatility. Shortly after Tesla lifted bitcoin to new price highs after announcing its \$1.5 billion investment in February, prices crashed nearly 20% when Musk said prices seemed “a little high” on Twitter. Though bitcoin reached a new peak of \$69,000 in November, the cryptocurrency has experienced several 20% drawbacks over the past year, including in May when the Tesla **announced** it would stop investing in bitcoin—and accepting it as a form of payment for its vehicles—because of the industry's toll on the environment. At about \$43,888 on Monday, the price of bitcoin is up 13% over the past year, but down 35% from its all-time high.

WHAT WE DON'T KNOW

Whether—or when—Tesla will once again invest in bitcoin, or accept it as a form of payment. On Monday, the firm said it “may increase or decrease our holdings of digital assets at any time” based on market and environmental conditions, but it gave no further details about its cryptocurrency future.

CONTRA

“Investing in bitcoin puts a company’s cash at risk of unnecessary volatility and potential losses,” Jerry Klein, the managing director of \$19 billion advisory Treasury Partners, wrote in emailed comments last week. Accounting rules require corporations to treat bitcoin as an intangible asset, Klein says, meaning firms must write down the value if the price declines, but can’t write up the value if the price appreciates. “This creates a no-win situation from an accounting standpoint,” he notes.

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Billionaire Saylor's MicroStrategy Bought \$25 Million In Bitcoin During Last Month's \$500 Billion Crypto Market Crash (*Forbes*)

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