

TASER INTERNATIONAL, INC.
BALANCE SHEETS

	December 31,	
	2004	2003
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 14,757,159	\$ 15,878,326
Short-term investments	17,201,477	—
Accounts receivable, net of allowance	8,460,112	5,404,333
Inventory	6,840,051	3,125,974
Prepays and other assets	1,639,734	536,815
Income tax receivable	52,973	292,321
Deferred income tax asset	11,083,422	1,137,196
Total Current Assets	60,034,928	26,374,965
Long-term investments	18,071,815	—
Property and Equipment, net	14,756,512	3,946,881
Deferred Income Tax Asset	12,126,765	—
Intangible Assets	1,279,116	1,122,844
Total Assets	\$ 106,269,136	\$ 31,444,690
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	\$ —	\$ 250,000
Current portion of capital lease obligations	4,642	15,223
Accounts payable and accrued liabilities	8,432,066	3,444,346
Customer deposits	102,165	185,802
Total Current Liabilities	8,538,873	3,895,371
Capital Lease Obligations, net of current portion	—	3,655
Deferred Revenue	607,856	78,093
Deferred Income Tax Liability	—	40,121
Total Liabilities	9,146,729	4,017,240
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock, \$0.00001 par value per share; 25 million shares authorized; 0 shares issued and outstanding at December 31, 2004 and 2003	—	—
Common Stock, \$0.00001 par value per share; 200 million shares authorized; 60,992,156 and 50,698,824 shares issued and outstanding at December 31, 2004 and 2003	609	507
Additional Paid-in Capital	72,819,368	22,249,321
Retained Earnings	24,302,430	5,177,622
Total Stockholders' Equity	97,122,407	27,427,450
Total Liabilities and Stockholders' Equity	\$ 106,269,136	\$ 31,444,690

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

TASER INTERNATIONAL, INC.
STATEMENTS OF INCOME

	For the Year Ended	
	December 31,	
	2004	2003
Net Sales	\$ 67,639,879	\$ 24,455,506
Cost of Products Sold:		
Direct manufacturing expense	16,898,559	6,973,757
Indirect manufacturing expense	5,556,937	2,428,859
Total Cost of Products Sold	22,455,496	9,402,616
Gross Margin	45,184,383	15,052,890
Sales, general and administrative expenses	13,485,256	6,973,721
Research and development expenses	823,593	498,470
Income from Operations	30,875,534	7,580,699
Interest income	439,450	50,375
Interest expense	(1,485)	(9,307)
Other income (expense), net	2,309	(254,476)
Income before income taxes	31,315,808	7,367,291
Provision for income tax	12,191,000	2,913,601
Net Income	\$ 19,124,808	\$ 4,453,690
Income per common and common equivalent shares		
Basic	\$ 0.33	\$ 0.12
Diluted	\$ 0.31	\$ 0.10
Weighted average number of common and common equivalent shares outstanding		
Basic	57,232,329	37,889,640
Diluted	62,319,590	46,598,312

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