

Adeza Announces 2005 Fourth Quarter and Full Year Financial Results

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Achieves 14th Consecutive Quarter of Profitability on Record Product Sales

SUNNYVALE, Calif.--(BUSINESS WIRE)--March 2, 2006--Adeza (NASDAQ:[ADZA](#) - [News](#)) today announced financial results for the fourth quarter and year ended December 31, 2005.

For the fourth quarter of 2005 Adeza reported record quarterly product sales of \$11.9 million, an increase of 30% from product sales of \$9.2 million for the fourth quarter of 2004. This increase is primarily attributable to higher sales volume of FullTerm(TM), The Fetal Fibronectin Test.

Adeza announced its 14th consecutive profitable quarter with income before income taxes of \$2.1 million, compared with income before income taxes of \$1.7 million in the 2004 fourth quarter. Net income for the fourth quarter of 2005 was \$6.9 million, compared with net income of \$1.6 million for the fourth quarter of 2004. The company reported a one-time benefit from income taxes of \$4.8 million in the fourth quarter of 2005 primarily related to a positive impact from recording a tax asset.

Diluted earnings per share for the fourth quarter of 2005 was \$0.38 based on 18.1 million shares outstanding, which includes the one-time income tax benefit of \$0.27 per diluted share. This compares with diluted earnings per share of \$0.11 based on 14.5 million shares outstanding for the fourth quarter of 2004. The increase in share count is primarily the result of the company's initial public offering of 4.3 million common shares in December 2004.

Selling and marketing expenses for the 2005 fourth quarter were \$5.7 million, up from \$4.3 million for the comparable quarter in 2004, reflecting expansion of the company's direct sales force and marketing programs. General and administrative expenses for the quarter increased to \$2.1 million from \$1.4 million in the comparable quarter of the prior year, due primarily to costs associated with operating as a public company. Research and development expenses were \$1.4 million for the fourth quarter of 2005, compared with \$0.7 million in the comparable quarter of the prior year, with the increase largely due to costs related to expanded product development efforts.

For the year ended December 31, 2005, product sales totaled \$43.6 million, an increase of 30% from product sales of \$33.6 million for the year ended December 31, 2004. Adeza reported 2005 net income of \$12.3 million, or \$0.69 per diluted share based on 17.9 million shares outstanding, which includes a one-time benefit from income taxes of \$4.5 million, or \$0.25 per diluted share. This compares with 2004 net income of \$8.9 million, or \$0.65 per diluted share based on 13.6 million shares outstanding, which included a one-time decrease in royalty expenses of \$2.7 million.

As of December 31, 2005, Adeza had cash and cash equivalents of \$89.7 million, an increase of \$9.6 million compared with December 31, 2004. The increase was due primarily to income from operations. Stockholders' equity as of December 31, 2005 was \$97.4 million. Working capital as of December 31, 2005 was \$96.7 million.

"Our performance throughout 2005 was solid as we reported revenue growth of 30% compared with 2004," said Emory V. Anderson, president and chief executive officer of Adeza. "In addition, we have added 10 sales representatives, bringing our direct sales force to approximately 87 to further support increasing utilization of FullTerm, The Fetal Fibronectin Test in our 'signs-and-symptoms' and 'high risk' markets. We continue the implementation of marketing programs that support testing women in both of these markets."

Adeza today introduced 2006 revenue guidance in the range of \$54 million to \$57 million.