REFINITIV

DELTA REPORT

10-K

ICAD - ICAD INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	4184
CHANGES	284
DELETIONS	1905
ADDITIONS	1995

REFINITIV

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022 December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____to_____

Commission file number 001-09341

iCAD, INC.

(Exact name of registrant as specified in its charter)

Delaware	02-0377419
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
98 Spit Brook Road, Suite 100,Nashua, New Hampshire	03062
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (603) 882-5200

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	ICAD	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12 (g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price for the registrant's Common Stock on June 30, 2022 June 30, 2023 was $92,546,960. $38,675,432. Shares of voting stock held by each officer and director and by each person who, as of June 30, 2022 June 30, 2023, may be deemed to have beneficially owned more than 10% of the outstanding voting stock have been excluded. This determination of affiliate status for purposes of this calculation is not necessarily a conclusive determination of affiliate status for any other purpose.

As of March 22, 2023 March 22, 2024, the registrant had 25,446,407 26,540,030 shares of its common stock outstanding.

Documents Incorporated by Reference: Certain portions of the registrant's definitive Proxy Statement for its 2023 2024 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K.

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Special Note Regarding Forward Looking Statements

Certain information included in this Annual Report on Form 10-Kand 10-K and the documents incorporated by reference herein, that are not historical facts, contain "forward looking statements" within the meaning of the federal securities laws made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements involve a number of known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward looking statements. These risks and uncertainties include, but are not limited to, the continued impact of the COVID-19 pandemic, the ability to achieve business and strategic objectives, the risks of uncertainty of patent protection, the impact of supply and manufacturing constraints or difficulties, uncertainty of future sales levels, protection of patents and other proprietary rights, the impact of supply and manufacturing constraints or difficulties, product market acceptance, possible technological obsolescence of products, increased competition, litigation and/or government regulation, changes in Medicare reimbursement policies, risks relating to our existing and future debt obligations, competitive factors, the effects of a decline in the economy or markets served by the Company, cyber-attacks, acts of terrorism, acts of war, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other factors could disrupt the Company's operations and cause the Company to incur unanticipated losses and expense, and other risks detailed in this report and in the Company's other filings with the United States Securities and Exchange Commission (the "SEC"). The words "believe", "demonstrate", "intend", "expect", "estimate", "anticipate", "likely", "seek", "would", "could", "may", "consider", "confident" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Unless the context otherwise requires, the terms "iCAD", the "Company", "we", "our", "registrant", and "us" mean iCAD, Inc. and its consolidated subsidiaries.

PART I

Item1 1. Business.

General

Introduction

iCAD, Inc. is a global medical technology company providing innovative leader in AI-powered cancer detection whose laser focus is to create a world where cancer can't hide. Cancer can grow and therapy solutions. spread the longer it survives hidden and undetected. Remaining undetected, cancer poses one of the greatest threats to life. With iCAD's clinically validated, regulatory cleared industry-leading ProFound Breast Health Suite, cancer has no easy way to hide. The Company's ProFound Breast Health Suite enables medical providers and professionals to accurately and reliably identify where cancer may be hiding and because iCAD is able to find it earlier, it is more easily eliminated. The ProFound Breast Health Suite offers solutions for breast cancer detection, density assessment, one- or two-year breast cancer risk evaluation, and cardiovascular risk related to elevated levels of breast arterial calcifications.

Powered by the latest innovations in artificial intelligence ("AI"), and built on one the largest, most diverse US-based and global data sets, the ProFound Suite uniquely offers 360-degree solutions for cancer detection, density assessment, and personalized risk evaluation, all based on a 2D or 3D mammogram's collection of images. The ProFound Detection solution scores cases and suspicious lesions, helping radiologists identify and focus on areas of most concern and highest suspicion of cancer. The ProFound Density Assessment standardizes and simplifies breast density reporting, algorithmically examining a woman's breast anatomy from the mammogram image. The ProFound Risk solution provides a near-term probability for developing breast cancer in the next one or two years, making it more actionable and relevant than generalized lifetime risk scores. The ProFound Heart Health solution identifies the presence and quantity of breast arterial calcification which is proven to correlate with calcifications elsewhere in the body, raising concern for cardiovascular or heart health concerns.

The ProFound Breast Health Suite is cleared by the US Food & Drug Administration (the "FDA") and has received CE mark and Health Canada licensing. Used by thousands of providers serving millions of patients, ProFound is available in over 50 countries. iCAD estimates that ProFound has been used for more than 40 million mammograms worldwide in the last five years alone. With over 25 years of experience in AI cancer detection, iCAD has secured 45 patents, completed over 50 clinical studies, and trains its algorithms on one

of the largest most diverse data sets, pulling data regularly from over 100 global locations. iCAD's deep experience and un-matched set of capabilities differentiates iCAD from its competition and positions it as an industry leader with an AI solution that continually gets better as the Company reports continually refines its algorithm models using its extensive data set and research partners.

iCAD is increasing its leading position as the premiere breast AI solution by transitioning into a platform-based SaaS/DaaS (Software as a Service/Data as a Service) organization. This strategy will make our solutions more affordable and easier for leading medical providers to adopt. At the same time the company will benefit from a growing and more predictable revenue stream. iCAD is executing this strategy in three phases: Phase 1) Realigning our Base, Phase 2) Strengthening our Foundation and Phase 3) Investing in Growth Initiatives.

In 2023, the Company made good progress executing Phases 1 and 2, including:

- stabilized the business and reduced cash burn,
- continued the transition to a subscription-based annual recurring revenue model,
- expanded to fill key roles within the leadership team and recruitment of new board members; and,
- announced several new game-changing collaborations with esteemed partners.

The Company's next phase of transformation, Phase 3, will begin in 2024 and includes launching initiatives that strengthen and deepen business with existing accounts and growing through expanding its direct and indirect sales channels including expanding iCAD's geographic footprint.

On October 23, 2023, the Company sold its Xoft business line. Prior to completion of the sale, the Company had reported the results of two operating segments: Cancer Detection ("Detection" ("Detection") and Cancer Therapy ("Therapy" ("Xoft" or "Therapy"). Originally incorporated in Delaware in 1984 as Howtek, Inc., Upon completion of the Xoft sale, the Company changed its name to iCAD, Inc. is in 2002. a stronger financial position with a dedicated focus on a single operating segment.

The Company's headquarters are located in Nashua, New Hampshire. Xoft, Inc., Xoft Solutions LLC and iCAD France LLC are is a wholly owned subsidiaries subsidiary of iCAD, Inc., and are is consolidated for reporting purposes.

iCAD continues to evolve from a business focused on image analysis for the*AI in Mammography*

When diagnosing breast cancer, early detection of cancers matters. Identified in stage 1, cancer is more likely to a broader participant in the cancer therapy market. The Company's strategy is respond to provide patients treatment and clinicians with a broad portfolio of innovative clinical and workflow solutions and technologies that address the two primary stages of the cancer care cycle, namely detection and treatment. The Company believes that its products can enhance early cancer detection and earlier targeted intervention, which could result in better health outcomes, overall savings greater survival rates. In fact, according to the healthcare system, and increased market demand and adoption of iCAD's solutions. American Cancer Society, the relative 5-year survival rate from breast cancer is 99% when detected early.

Cancer Detection Segment

Background and Overview

However, the incidence of breast cancer is growing. According to the World Cancer Research Fund, Health Organization, breast cancer is the most common cancer in women worldwide, and the second most common recently surpassing lung cancer, overall, with more than two million 2.26 million new cases diagnosed worldwide in 2021. Approximately 40 million mammography procedures were performed 2020. One in eight women will get breast cancer in her lifetime, and every 14 seconds, a woman is diagnosed with breast cancer world-wide. Compounding the situation, 59% of women in the United States in 2022.

Although mammography is the most effective method US miss their recommended screening mammograms, and for early detection of those who regularly screen for breast cancer, studies have shown that an estimated 20% or more of all breast cancers go undetected in the screening stage. The American Cancer Society estimates that, overall, screening mammograms do not find approximately one in five breast cancers. Observational errors are responsible for more than half 20-40% of cancers are missed but products that utilize artificial intelligence ("AI") in mammogram screenings with up to 50% missed in women with dense breast tissue. Traditional risk assessment models have relied on family history of the disease as a leading risk factor when in fact, and computer-aided detection ("CAD") have been proven to reduce the risk most surprising, 89% of observational errors in mammography. These cancer detection solutions can improve interpretation workflow by using sophisticated deep learning AI algorithms designed to rapidly and accurately analyze image data and mark suspicious areas in the image that may warrant more attention or highlight the possibility that the area may contain a subtle, but significant abnormality. While women diagnosed with breast cancer has been have no direct family history of the primary focus of iCAD's detection technology, the underlying technology has potential applications disease and 90-95% are not related to aid in the diagnosis of many additional types of cancer. inherited gene mutation (American Cancer Society).

In the United States, digital breast tomosynthesis ("DBT") is rapidly replacing full-field digital mammography ("FFDM") in*Radiology Needs*

As breast cancer detection is becoming increasingly complex, AI can help radiologists spot cancer faster, with greater accuracy and save more lives. With the continuing migration from 2D (FFDM) reading systems to 3D (DBT or "Tomo") systems, radiologists are spending twice the amount of time reading hundreds more images per 3D case compared to the four images captured with 2D (two images per breast). This geometric increase in the number of images to read leads to stress – 50% of radiologists are overworked – and burnout is reported to be 49% (Medscape Radiologist Lifestyle, Happiness & Burnout Report 2022). Simultaneously, false-positives and unnecessary recalls for suspected cancers have continued at similar rates while hard-to-detect interval cancers are being missed or diagnoses are delayed.

Patient Needs

The rise in workload for radiologists is felt by the patient too. Anxiously waiting weeks for results, or receiving unnecessary recalls and biopsies leads to undue stress and anxiety, not to mention distrust of the healthcare system. On average, only 10% of women recalled back from a routine screening due mammogram for a diagnostic workup are ultimately found to DBT's have cancer, resulting in the patient being confused and frustrated with the process.

Additionally, a significant economic burden is placed upon patients and payors that extend throughout multiple years when a breast cancer diagnosis is at a later, more advanced stage. In addition to the associated clinical value benefits, reducing the proportion of the population with later-stage cancer diagnoses, finding and treating breast cancer earlier may limit the need for more intensive and expensive treatments, which can increase patient's health-related quality of life, have a significant impact in managing healthcare costs among cancer patients, and reduce caregiver and societal burden. iCAD calculates if diagnoses were shifted one stage earlier for 20% of the 280,000 women in the US diagnosed with breast cancer each year, a savings of approximately $3.7 billion across 2-years of patient treatment and healthcare costs. iCAD's positively find or predict more cancers up to 2-3 years earlier by circling and scoring suspicious lesions for radiologists.

iCAD Addresses Both Provider and Patient Needs

Our AI-powered mammograms are setting a new standard of care in cancer detection, density assessment, and lower recall rate. short-term risk evaluation. With iCAD's ProFound Breast Health Suite, radiologists' reading times may be cut in half with improved accuracy and specificity in finding suspicious cancerous lesions. Radiologists benefit from standard, objective, inclusive results measured by an algorithm built upon many millions of images. And, patients benefit from receiving timely personalized results, fact-based assessment of their breast density and short-term risk assessments that inform their screening plans.

As noted above, iCAD's mission is to create a world where cancer can't hide, because when cancer wins, we all lose. For the health of women everywhere, and the benefit of their communities, iCAD's AI-powered, image-based solutions help detect cancer faster, earlier and with greater accuracy as well as evaluate breast cancer and cardiovascular risk from a single mammogram.

The Market and Opportunity

The ProFound Breast Health Suite is cleared by the FDA and has received CE mark and Health Canada licensing. Used by thousands of providers serving millions of patients, ProFound is available in over 50 countries.

According to the United States Food and Drug Administration (the "FDA"), December 2023 report, approximately 40.5 million annual mammograms are conducted in the US across 8,834 certified facilities, as of February 1, 2023, measured by the United States alone had approximately 8,827 FDA Mammography Quality Standards Act ("MQSA") certified. Yet, only 37% of facilities which provide are using a CAD or advanced AI mammography screening. These facilities operate approximately 13,332 MQSA accredited FFDM and 11,342 DBT units with many of these units capable of both FFDM and DBT mammography and counted in both statistics. While many of these centers still use 2D FFDM systems, either alone or in combination with DBT systems, the Company believes that approximately 80-85% of imaging centers in the solution, according to Research & Markets United States use DBT based on February 2023 MQSA data. DBT greatly increases image data compared to FFDM, which creates significant workflow challenges Mammography and Breast Imaging Market Outlook Report 2022-2025, leaving room for radiologists who face growth. Of the additional workload and time required to accurately read all 3,268 facilities using AI, iCAD has an active customer base of 1,488, or approximately 46% of the image data contained in DBT cases. Further, as incidence rates of cancer continue to rise, it is becoming increasingly important to find cancer sooner, reduce unnecessary recalls resulting from false positives, AI market, and optimize radiologist efficiency. iCAD's technology addresses these challenges with a portfolio of AI solutions for cancer detection, breast density assessment, and short-term risk assessment for use with both 2D and 3D mammography, as well as colon polyp detection in Computed Tomography ("CT") virtual colonography imaging to enhance both detection and diagnosis stages approximately 17% of the cancer care cycle. The Company launched Profound AI, a DBT cancer detection and workflow solution built on deep learning AI, in total US market. In the European Union (the "EU") and Canada in 2016 and, after receiving FDA premarket approval in the United States in 2019. ProFound AI version 3.0, which offers clinical and workflow improvements over prior versions, received FDA 510(k) clearance in March 2021 for commercial use in the United States for last five years alone, iCAD estimates reading DBT exams generated using compatible DBT systems.

The Company's 2D FFDM breast density solution received FDA 510(k) clearance in December 2013. In December 2018, the Company also developed a breast density assessment product for tomosynthesis that assesses breast density using 2D synthetic images that are generated from 3D tomosynthesis datasets.

In July 2020, the Company received a CE mark in the European Economic Area (the "EEA") for ProFound AI Risk, the world's first image-based 2-year risk assessment model that assesses short-term breast cancer risk based primarily on information found in a 2D mammogram. In September 2020, ProFound AI Risk for 2D was introduced in the U.S. market as a decision support tool for radiologists. In September 2021, ProFound AI Risk for DBT was launched as a clinical decision support tool that provides an accurate short-term breast cancer risk estimation that is truly personalized for each woman, based only on a 2D or 3D mammogram. more than 40 million mammograms worldwide.

Based on the number of DBT units relative to the total units left to be converted to DBT, and the associated large number of installation opportunities, the Company believes that its cancer detection, breast density assessment and risk assessment solutions for DBT may represent a significant growth opportunity in the United States. The Company believes that there is also a growth opportunity for 2D mammography and DBT AI solutions in international markets, both from the analog to digital conversion and as more countries adopt the practice of each exam being read by a single radiologist using AI, rather than the alternative current practice of having two radiologists read each exam. Furthermore, additional western European countries have already implemented, or are planning to implement, mammography screening programs, which may increase the number of screening mammograms performed in those countries.

Breast Since having released its first FDA cleared product in 2002, iCAD has remained committed to innovation in artificial intelligence by continuously improving and releasing the highest performing and most widely available solutions in breast care with FDA clearances, CE marks, and Health Canada licenses. Data is the key to training robust machine learning and AI. In this regard iCAD is well positioned to continually improve our models as we train our algorithms on one of the largest, most diverse data sets, pulling data regularly from over 100 global locations resulting in an AI Suite solution that continually gets better as the Company continually refines its algorithm models using its extensive data set and research partners.

The Company's latest versions of iCAD ProFound Breast Health Suite solutions are under review with the FDA, including version 4.0 of our ProFound Detection solution, built on the newest deep-learning neural network AI for breast AI suite includes cancer, density and risk. Per regulatory test data, iCAD has observed Detection v4.0 will deliver significant improvements in specificity, sensitivity, and the highest AUC (area under the curve) for Specificity and Sensitivity for breast cancer detection automated density assessment, at

92.5%. Along with a new heart health solution measuring the level of calcification in breast arteries identifying cardiovascular concerns, and breast cancer risk assessment solutions for both 2D new cloud deployment options, iCAD's overall value and 3D mammography. These solutions are designed ease of implementation continue to enhance breast cancer screening by improving clinicians' clinical performance and efficiency. improve.

PowerLook Our Strategy

PowerLook As noted elsewhere, iCAD is increasing its leading position as the Company's back-end architecture platform, which hosts premiere breast AI algorithm solutions solution by transitioning into a platform-based SaaS/DaaS organization by implementing a three phased transformation: Phase 1) Realigning the Base, Phase 2) Strengthening the Foundation and manages the communications between (i) imaging acquisition systems ("Gantries"), and (ii) image storage and review systems such as Picture Archive and Communication Systems ("PACS") and (iii) breast imaging viewing and interpretation systems. Workflow efficiency is critical Phase 3) Investing in digital imaging environments and PowerLook was designed to streamline these processes. PowerLook includes a powerful and flexible DICOM (Digital Image and Communications in Medicine) compliant connectivity solution, which is designed to enable universal compatibility with leading PACS and review workstations. iCAD has worked with its industry partners to ensure optimal integration into the graphical user interface of their PACS and review workstations. The algorithms supported on the Powerlook platform have also been optimized for, and tested with, each supported digital imaging acquisition manufacturer based upon the characteristics of their unique components.

PowerLook v11.2 was commercially launched in late 2022. This latest version of the platform provides a scalable architecture that allows customers to optimize computing resources across an enterprise by automatically load balancing large data image processing.

Additionally, in 2022, the Company introduced a containerized version of its PowerLook platform to integrate more easily intothird party AI platform hosting environments. Several leading AI platform providers, including Sectra AB (Linköping, Sweden) and Arterys (Redwood Shores, CA), adopted the containerized environment and introduced integrated commercial offerings based on the Company's AI algorithms in 2022. Growth Initiatives.

SecondLook Phase 1: Realigning the Base

SecondLook is Management actions taken in early 2023 allowed the Company to end the year in a machine learning-based cancer detection algorithm that analyzes 2D FFDM images strong cash position, with $21.7 million on-hand as of December 31, 2023. In addition, the Company made progress in its transition to identify a subscription-based recurring revenue business model. The Company hired several key members to the management team and mark suspicious masses and calcifications. This technology provides radiologists also recruited new board members. Lastly, the Company announced several new collaborations with a "second look" that helps detect potentially actionable cancers earlier than screening mammography alone. SecondLook uses a sophisticated, patented machine learning algorithm designed to identify the masses and calcifications that are most likely to be malignant. The algorithm was trained using data from 2D mammography studies, enabling the product to distinguish between characteristics of cancerous and normal tissue. This differentiation results in earlier detection of hard-to-find cancers, improved workflow for radiologists, and higher quality patient care. SecondLook first received FDA premarket approval in 2002 and is currently primarily offered in the United States and select countries where the Company's latest 2D ProFound AI solution is not yet available. esteemed partners

Automated Density Assessment, 2D and 3D Phase 2: Strengthening iCAD's Foundation

PowerLook Density Assessment provides automated, consistent and standardized breast density assessments based on A new, strengthened leadership team accelerated the American College transformation further. First, was the transition of Radiology's BI-RADS 5th Edition density categorization system. Currently in the United States, corporate brand from one that was product focused to one that is patient centric, "Creating a World where Cancer Can't Hide," which was successfully introduced at least 38 states and the District of Columbia require some level of breast density notification to patients as part of their screening mammogram. In 2022 the European annual, global Radiological Society of Breast Imaging also announced recommendations that women should be informed about their breast density and recommends screening breast MRI every two to four years for women with extremely dense breasts. In July 2021, North America meeting in November 2023.

Second, the Company introduced secured a new and extended partnership with Google Health by signing a 20-year partnership to expand 2D AI solutions to encompass an application of AI as the latest version of the Company's automated density solution, a deep learning breast density assessment algorithm based on 2D synthetic images generated by DBT gantries from multiple vendors, including General Electric, Hologic and Siemens. independent, second reader. In addition, the product continues Company completed an integration with GE Health's MyBreastAI suite by embedding iCAD solutions within GE mammography machines.

And third, the divestiture of Xoft provides iCAD more cash and focus to support breast density assessment based on 2D FFDM images from leading manufactures. apply to the foundational Cancer Detection business segment.

ProFound AI, 2D and 3D

DBT was first FDA approved Phase 3: Investing in the United States in 2010 and has been demonstrated to offer multiple advantages compared to 2D mammography, including improved tissue visualization and detection that results in lower recall rates for patients. Clinical studies indicate that, when compared to 2D FFDM, DBT improves the ability to distinguish malignant from benign tumors and can better detect malignant lesions hidden by overlapping tissues, each of which can reduce the number of unnecessary biopsies and false positive recall rates. Initial studies have indicated that physicians using DBT have the ability to detect 41% more invasive cancers than those using 2D mammography, and also can reduce false-positive reads by up to 15%.

While DBT has been shown to offer clinical benefits for screening mammography, it can also significantly increase radiologist interpretation time compared to 2D mammography. AI-based solutions can significantly improve the efficiency and efficacy of reading breast tomosynthesis cases by identifying and highlighting suspicious breast masses and

calcifications.

In 2018, the Company received regulatory clearances in the EU, Canada, and the U.S. for its multi-vendor, DBT AI cancer detection and workflow solution, PowerLook Tomo Detection 2.0, which was subsequently rebranded ProFound AI for DBT.

ProFound AI for DBT is iCAD's deep-learning algorithm specifically designed to detect malignant soft-tissue densities and calcifications in DBT exams by analyzing each DBT image, or slice. In early 2018, the Company completed a large multi-reader, multi-case crossover design clinical reader study, which showed that ProFound AI can increase radiologist clinical performance by improving radiologist sensitivity by an average of 8%, improve radiologist specificity by an average of 6.9% and reduce recall rates in non-cancer cases by an average of 7.2%. The reader study also showed that the product can reduce DBT reading times by an average of 52.7%. Results from this reader study were published in the peer-reviewed journal *Radiology: Artificial Intelligence* *Growth Initiatives* in July 2019.

In 2019, the Company launched ProFound AI for 2D, a similar AI cancer detection and workflow solution for 2D mammography. ProFound AI for 2D is CE approved and primarily targets the European market, where 2D mammography remains the predominant procedure for breast cancer screening. In March 2021, Version 3.0 of ProFound AI for DBT cleared FDA 510(k) review for use in clinical reading of DBT exams from compatible DBT systems. ProFound AI for DBT Version 3.0 included algorithm changes that improved both sensitivity and specificity in reading DBT exams compared to prior versions. In May 2021, ProFound AI received expanded EU approval for use with Fuji and Hologic Clarity HD DBT systems. In the fall of 2021, ProFound AI 3.0 for DBT added support for Hologic's Clarity HD DBT in the US as well as adding support for highlighting suspicious findings in GE, Hologic, and Siemens systems' synthetic 2D images and in Hologic's 3D Quorum slab images.

In 2022, ProFound AI was granted an Authorization to Operate (ATO) from the Department of Defense (DoD). The DoD's Risk Management Framework (RMF) requires technologies be granted an ATO in order to be approved for use at a DoD healthcare facility. There are currently more than 500 DoD hospitals, inpatient facilities, ambulatory care and occupational health facilities worldwide.

In May 2022, real world evidence presented at the Society of Breast Imaging (SBI/ACR) Breast Imaging Symposium showed ProFound AI improved radiologists' screening performance, increased cancer detection rates and reduced abnormal interpretation rates.

iCAD is actively focused on revenue growth and market expansion initiatives using a three-phased, overlapping approach. Phase one, expanding existing accounts; phase two, growing channels, both direct and indirect; and phase three entering new markets. The first phase, expanding existing accounts, will take advantage of iCAD's sizable install base, including reengaging customers who've lapsed on annual maintenance service agreements, are behind and upgrading to new versions, including the transition to cloud, winning back lost or deeply lapsed customers and accelerating deployment across large national accounts. Large enterprise customers like Solis, Radiology Partners, SimonMed, Ascension and Cleveland Clinic, who collectively serve about 15% of the US mammography screening market, offer great potential for iCAD as many are in the early stages of rolling out iCAD's solutions and continue to expand into more sites and markets each month. The focus of this phase is to accelerate deployment across national and regional accounts as well as re-engage 1,000 of iCAD's 4,000 customers who've lapsed on their maintenance agreements or who are operating on older software versions.

The second phase is growing channels, direct and indirect, in both the US and globally through direct sales and establishing new distribution partnerships.

Globally, more than 31,000 mammography systems serve approximately 250 million women in the age range recommended for annual mammograms. Expanding to the 63% of the market that is not using AI, plus additional wins in the segment using AI but not ProFound, results in significant opportunity for new business. iCAD has added sales leadership, sales representatives, and sales operations team members, and plans to continue its add distribution partners to focus on (i) advancing new and expanded business given the performance large addressable market opportunity.

Phase three is focused on entering new markets with new solutions, most likely in fiscal year 2025. One example is the commercialization of its ProFound AI the Heart Health solution, which was previously referred to as Breast Arterial Calcification. In the fourth quarter of 2022, iCAD announced a development and commercial collaboration agreement with Solis. This collaboration is focused on using mammography to define cardiovascular risk, a new application that could identify millions of women at risk for DBT solution through algorithm improvements and additional training on larger datasets, and (ii) building clinical support heart disease using data obtained from their mammogram. With heart disease being the number one killer among women in the US, this collaboration not only offers the potential to address a significant unmet need in patient care, but also to penetrate a sizable new market. This product is currently available for and adoption of its products and solutions. iCAD has presented ProFound AI for DBT data from numerous studies at various prominent industry meetings and trade shows. The Company has Original Equipment Manufacturer ("OEM") relationships with General Electric Company ("GE"), Siemens AG ("Siemens"), and FUJIFILM Corporation ("Fuji") and expects to investigational use ProFound AI to expand its OEM partnerships with other mammography systems, PACS providers, and cloud-hosted AI platform providers. as we complete the FDA approval process.

ProFound Breast Health AI Suite ™

Risk, 2D

Backed by science, clinical evidence and 3D proven patient outcomes, iCAD's ProFound Breast Health Suite of cancer detection, density assessment and risk evaluation solutions, provides an unmatched approach to accurately detecting more cancers earlier, providing certainty and peace of mind to providers and patients. The Company's mission is to see that these solutions be deployed universally as part of a standard of care for breast health in order to achieve its vision of a world where cancer can't hide.

ProFound Breast Cancer Detection

ProFound Detection exposes cancer's hiding place. It's clinically proven to improve breast cancer detection and radiologist performance.

The current version, ProFound Detection V3.0, is built with the latest in deep-learning, 3rd generation artificial intelligence, and delivers unparalleled accuracy and efficiency for 2D and 3D mammography screening with up to 2X enhanced clinical performance compared to other AI platforms as accessed in January of 2023 and compared to FDA 510K submissions K182373 (iCAD), K201019 (Hologic) and K193229 (ScreenPoint).

A key competitive differentiator is the fact that iCAD's algorithms are trained on over 6 million images including one of the largest 3D image datasets gathered from over 100 sites from around the globe. Competitively, iCAD's algorithm training data includes the highest amount of sourcing from the US, providing diverse data that is ethnically, racially, and age

representative of the US population. The ProFound AI algorithm rapidly and accurately analyzes each individual image or slice to identify potentially malignant lesions. Analyzing for masses, distortion, calcifications, and asymmetry, it localizes, segments and classifies lesions giving them a score and a case score for the overall exam.

Offering clinical confidence, operational superiority, and proven patient outcomes, iCAD's ProFound Detection positively finds or predicts more cancers up to 2-3 years earlier by circling and scoring suspicious lesions for radiologists. With faster image processing vs. other AI solutions, radiologist cancer detection performance AUC rates improve by 6-7% compared to non-AI readers, reading times reduce by 53%, and reduced false positives improves patient satisfaction.

ProFound Detection is FDA cleared, CE marked, and Health Canada licensed. The next generation of ProFound Detection, V4.0, is under review with the FDA.

ProFound Breast Density Assessment

ProFound Density provides an objective and consistent breast density assessment, helping clinics align to the new FDA-MQSA notification requirement to patients, which take effect in September 2024.

Breast density is one of the strongest and most prevalent breast cancer risk factors. As breast density increases, the risk of developing and missing breast cancer increases. 50% of women over the age of 40 in the US have dense breasts, and, according to Susan G. Komen, women with very dense breasts are 4-5 times more likely to get breast cancer.

AI helps to remove the challenge of a subjective visual assessment by radiologists, as radiology-reviewed density metrics may swing wildly, between 6% to 85%, with clinicians even disagreeing with their own measurements from year to year. Inconsistency in density assessments can lead to additional unnecessary imaging, increase patient and facility costs, and patient anxiety.

Using mammographic images, iCAD's ProFound Density analyzes a woman's breast anatomy, measuring the adipose and fibroglandular tissue dispersion and texture, and categorizes her breast density within the appropriate BI-RADS® 5th edition density category. iCAD's ProFound Density solutions gives clinicians an integrated workflow for identifying and reporting breast density, allowing for personalized patient planning with supplemental screening and customized schedules when needed.

ProFound Density is FDA cleared, CE marked, and Health Canada licensed. The newest ProFound Density, V4.0, is under review by the FDA.

ProFound Breast Cancer Risk

iCAD's ProFound Risk is the first commercially available clinical decision support image-based, one-to-two-year risk assessment tool that provides an accurate and personalized estimation of short-term – based on reading a 2D or 3D mammogram. ProFound Risk uses a new model for predicting breast cancer during an annual mammogram screening that has been found to be 2.4X more accurate compared to traditional life-time models based on family and medical history. By evaluating several data points in a patient's scanned image, it calculates a more accurate short-term Risk Score for developing cancer in the near term one or two years. This capability for shorter-term insight for when cancer may appear opens the door for real change in standards of care. Rather than adjusting a patient's life-long screening plan based on lifetime models informed only from family history, genetic information and density scores, ProFound Risk can narrowly point to when that risk based solely on is present; making adjustments to a patient's screening mammogram. plans when appropriate. Saving the health care system and patients time, costs, and worry.

The Company worked with leading researchers at As the Karolinska Institute in Stockholm, Sweden, one field of the world's foremost medical research universities, mammography moves from age-based screening recommendations to develop and clinically validate ProFound AI Risk. Unlike existing risk models that focus on family history and lifestyle factors to estimate longer-term risk, ProFound AI Risk focuses on a short-term risk interval. The estimation of risk of cancer occurrence within the next one to two years provides potentially more accurate information on which to base further actions relative to breast cancer risk. iCAD believes short-term risk models such as ProFound AI Risk will enable risk-based personalized risk-adaptive screening approaches rather than the commonly used age-based approach of annual screening. The COVID-19 pandemic highlighted the benefit of risk-based screening as at the height of the pandemic in 2020, several medical societies recommended women of average risk postpone routine annual mammograms until the threat of COVID passed. As mammography screening begins to evolve from what has traditionally been an age-based annual screening paradigm to a short-term risk-based paradigm in the years ahead, guidelines, iCAD is on the leading edge leading-edge of this shift. exciting new realm that will enable clinicians to easily adapt to evolving screening practices and personalize patient care.

In July 2020 ProFound AI Risk is CE marked, Health Canada licensed, and available for 2D FFDM received a CE Mark in Europe, and in September 2020 iCAD announced the publication of data investigational use only in the peer-reviewed journal, *Radiology*, that confirmed US; ProFound AI Risk more accurately identifies is under review by the prospect of near-term development of breast-cancer than traditional risk models. FDA.

The October 2021 launch*ProFound Heart Health Risk*

Breast cancer and heart disease are the two leading causes of death among women. Clinical results have found calcifications in arterial vessels within the latest version of ProFound AI Risk was a significant achievement for iCAD, as this latest version offers the flexibility breast are proven to work correlate with 2D and 3D mammography images with high accuracy, showing over 10% improvement calcifications elsewhere in the Area Under the Receiver Operating Characteristics Curve (AUC), a commonly used statistical measure of clinical accuracy, when compared to the Gail and Tyrer-Cuzick conventional lifetime risk models. Designed body, which raises concern for global application, the latest version of ProFound AI can (i) provide a one, two cardiovascular or three-year risk estimation, (ii) factor in ethnic and racial backgrounds in the assessment of the score, and (iii) factor in country specific screening guidelines and incident and mortality rates. heart health issues.

In May 2022, a study published in Science Translational Medicine found iCAD's ProFound AI Risk accurately determined women who were at a higher Heart Health solution measures the presence and extent of breast arterial calcifications from the same mammogram used to identify breast cancer, breast density and breast cancer risk. From one mammogram, clinicians assess the patient's risk of developing breast cancer, with up to 2.4 times more accuracy than traditional lifetime risk models. heart disease and recommend further surveillance or review by other care teams.

In addition to superior accuracy, Breast arterial calcification assessment is pending regulatory licensing and available for investigational use only. iCAD's Heart Health solution is under review by the image-based ProFound AI Risk solution offers a simpler approach to breast cancer risk assessment for providers, as there is no requirement to collect and manage patient history and lifestyle information, which can be costly and inaccurate. FDA.

Expansion of Partnerships to Improve Access to Care, Streamline Workflow, and Foster Scientific Innovation

Recognized as a leader in breast AI-powered solutions, iCAD partners with industry leaders across platforms, technology, academic research, integration, and advocacy organizations to iterate and improve upon iCAD software and make solutions more accessible to customers. Interoperable with more than 50 PACS solutions worldwide, with 22 global distributors and growing, iCAD's market share is on the rise.

In 2023, iCAD continued its work with Duke University, Indiana University, University of Pennsylvania and Karolinska Institute on artificial intelligence advancements and clinical testing. Additionally, iCAD expanded its partnership with Google Health to enhance the Company's technology and expand access to millions of women and providers worldwide. iCAD's new 20-year research and development agreement includes co-development, testing, and integration of Google's AI technology with the ProFound Breast Health Suite for 2D mammography for worldwide commercialization to potentially ease radiologist workload and reduce healthcare disparities for women. The conventional double-read workflow used by most countries, where mammograms are assessed by two separate radiologists, has become increasingly challenging as there is a global radiologist workforce shortage. Leveraging AI as a viable alternative to current double reading by introducing iCAD as secondary independent reader can help radiology departments run more efficiently.

To make iCAD solutions more available to customers, iCAD expanded into new platform and channel partners, technology partners, and health system partners. In 2023, iCAD was the only breast cancer AI detection solution integrated into GE's new MyBreastAI Suite – an all-in-one platform made up of three workflow algorithms from iCAD's ProFound Breast Health Suite. GE has released MyBreast AI Suite first in the US and plans to release globally in 2024, simplifying the sales and implementation process for GE, and enabling AI use by customers across the globe. Additionally, iCAD developed several new partnerships and integrations with several AI distributors and marketplace aggregators to implement ProFound AI via cloud options, such as Ferrum, Change Healthcare, Blackford, and have several others currently under negotiation to further expand iCAD's footprint.

Looking forward, iCAD is dedicated to serving those in need by establishing free, equitable access to AI-read mammograms. To start, iCAD plans to bring ProFound Detection to Ghana and Guyana in partnership with RAD-AID, a nonprofit entity that works in over 30 countries to improve and optimize access to medical imaging and radiology in low-resource regions of the world. Together, iCAD and RAD-AID plan to improve diagnosis of breast cancer where breast cancer mortality rates are highest.

Flexibility in Software Licensing Model and Deployment Options for the Breast Health Solutions Suite

iCAD has historically offered solely perpetually-licensed its solution as perpetually licensed software, primarily pre-installed on and sold with an iCAD configured, off-the-shelf computer, capable of optimally running the software. As a result, customers using this model can only classify iCAD software and hardware as a capital purchase for accounting purposes and making an up-front capital purchase.

In 2022, iCAD began offering its full suite of breast AI solutions in a variety of more flexible and customer accessible options. First, iCAD uncoupled the purchase of iCAD software from the purchase of hardware, allowing customers to source their own computer hardware or use existing IT infrastructures. Second, iCAD launched several new software licensing models designed to accommodate leverage both capital and operating purchasing expense budgets for customers. In addition to offering perpetual licenses, the Company introduced a new SaaS subscription pricing model that allows customers to purchase a term-based subscription based on the number of imaging gantries or annual mammography exam volume.

To make iCAD's software more flexible, the Company's software has been developed to run as a self-contained software package, making it executable within a variety of infrastructure environments, including iCAD-configured computers alternatively sourced specification-compliant or servers, virtualized environments, and integrations into channel partner infrastructure and cloud-based hosting environments. In 2024, iCAD will continue plans to sell introduce more options including an iCAD configured servers to customers who prefer a single-vendor, turnkey solution with guaranteed compatibility cloud environment and support.

iCAD is committed to providing solutions that will enable as many customers as possible to purchase or utilize the Company's products. The Company's Therapy business and the services and hardware product portions of the Detection business are expected to remain unchanged in the coming year. The subscription licensing model is currently being evaluated and the short-term and long-term impacts on the Company's results of operations are being tested, although iCAD believes subscriptions will be relatively slow to accumulate over time and will be largely additive to the perpetual license business. Additive customers will have positive revenue impact and while the transition of perpetual license customers to subscription customers will have negative effects in the short term, iCAD expects this to impact a limited fraction of the overall revenue base of the Company in 2023. The Company is also currently evaluating the future potential of providing a SaaS subscription model with the Company additional hosting its software from the cloud.

Colon Cancer Screening Products

Colon cancer is the third most common cancer diagnosed globally, leading to almost one million deaths per year. CT is a well-established and widely used imaging technology that images cross-sectional "slices" of various parts of the human body. While the increased image quality and number of cross-sectional slices per scan offered by CT provides valuable diagnostic information, it adds to the challenge of managing and interpreting the large volume of data generated. CT Colonography ("CTC") is a less invasive technique for imaging the colon when screening for cancer than a traditional colonoscopy. However, the process of reading a CTC exam can be lengthy and tedious as the interpreting physician is often required to traverse the entire length of the colon multiple times. CAD technology can play an important role in improving the accuracy and efficiency of reading CTC images by automatically identifying and highlighting polyps that can progress into cancer.

VeraLook is the Company's FDA-cleared solution designed to support detection of colonic polyps in conjunction with CTC. Field testing of the product was initiated in 2008. Results of the Company's multi-reader clinical study demonstrated that the use of VeraLook improved reader sensitivity by 5.5% for patients with both small and large polyps, and slightly reduced specificity of readers by 2.5%. VeraLook was CE marked in 2009, received FDA 510(k) clearance in 2010 and is currently distributed with advanced visualization reading workstations and CTC applications manufactured by Canon Medical Systems and Philips Healthcare.

Potential Future Cancer Detection Products Development

The Company's current primary focus is on image analysis and workflow solutions leveraging AI in mammography, however, iCAD's core technologies and product development capabilities can be applied to any imaging modality, including x-ray, CT, ultrasound, and Magnetic Resonance Imaging ("MRI"). Additionally, the Company could develop products that can be applied to screening and/or diagnosis of various additional cancer types such as prostate, lung, and brain cancers, as well as screening and/or diagnosis of disease related to visually differentiated tissue abnormalities. The Company continues to evaluate the adjacent or complementary opportunities in image analysis workflow solutions for future product development and commercialization possibilities.

Cancer Therapy Segment

Background and Overview

Radiation therapy is the medical use of ionizing radiation, generally as part of cancer treatment to control or kill rapidly dividing malignant cells. Radiation therapy may be curative in numerous types of cancer if the cancer cells are localized to one area of the body. It may also be used as part of curative therapy to prevent tumor recurrence after surgical removal of a primary malignant tumor (for example, early-stage breast cancer). The clinical goal in radiation oncology is to deliver the highest radiation dose possible directly to the tumor to kill the cancer cells, while minimizing radiation exposure to healthy tissue surrounding the tumor to limit complications and side effects.

The three main types of radiation therapy are (i) external beam radiation therapy ("EBRT"), which involves a radiation source positioned outside the body (ii) brachytherapy, in which sealed radiation sources are temporarily or permanently inserted in the body, within the treatment area, and (iii) systemic radioisotopes, which are given by infusion or oral ingestion. Conventional EBRT typically involves up to 40 radiation treatment sessions for a tumor. Brachytherapy offers the benefit of reduced radiation exposure to healthy tissues further away from the radiation source. In addition, if the patient moves or if there is any tumor movement within the body during treatment, the radiation source retains its correct position in relation to the tumor. Thus, brachytherapy offers an advantage over EBRT in its ability to better direct high doses of radiation to the size and shape of the cancerous area while sparing healthy tissue and organs.

Brachytherapy is commonly used as an effective treatment for endometrial, cervical, prostate, breast, and skin cancer, and can also be used to treat tumors in many other body sites. Electronic Brachytherapy ("eBx") is a type of radiation therapy that utilizes a miniaturized, electronically stimulated, high dose rate X-ray source to apply radiation directly to the cancerous site. Unlike live isotope sources used in some brachytherapy, eBx only emits radiation when desired and the radiation dosage can be accurately controlled. eBx may also be used in Accelerated Partial Breast Irradiation ("APBI"), which concentrates the radiation therapy on a smaller focal point than conventional EBRT, allowing higher concentrations of radiation over fewer treatment sessions.

Cancer Therapy Products

The Xoft Axxent Electronic Brachytherapy System ("Xoft System") is iCAD's proprietary electronic brachytherapy platform designed to deliver isotope-free (non-radioactive) radiation treatment in virtually any clinical setting without the limitations of radionuclides. The Xoft System utilizes a miniaturized high dose rate, low energy X-ray source to apply the radiation dose directly to the size and shape of the cancerous area while sparing healthy tissue and organs. While delivering clinical dose rates similar to traditional radioactive systems, the electronic nature of the Xoft System technology provides a faster dose fall-off which lowers the radiation exposure outside of the targeted area and eliminates the need for dedicated shielded treatment environment such as that required with traditional isotope-based radiation therapy. As the Xoft System is relatively compact, it can easily be transported for use in virtually any clinical setting under radiation oncology supervision (including the operating room, where intraoperative radiation therapy ("IORT") is delivered).

The Xoft System is FDA-cleared, CE marked and licensed in an increasing number of countries for the treatment of cancer anywhere in the body. Active customers include university research and community hospitals, cancer care clinics, veterinary facilities, and dermatology offices with established options through strategic partnerships with radiation oncology service providers for supervised treatment delivery. The Company's commercial focus for the Xoft System has been the treatment of early-stage breast cancer, gynecological cancers, and non-melanoma skin cancer ("NMSC"). Emerging applications include a wide and growing array of cancers, including brain and rectal tumors. Given that the Xoft System has regulatory clearance for the treatment of cancer anywhere in the body, treatments for emerging applications may not require additional regulatory clearance.

The Company continues to make enhancements to the Xoft System controller (the "Controller") unit, including upgrades to the high voltage connection, and the Streamlined Module for Advanced Radiation Therapy ("SMART") platform which uses the Axxent Hub, iCAD's proprietary cloud-based oncology collaboration software solution. The SMART platform is an adaptive, patient-centric solution designed to improve the eBX program's workflow efficiency, flexibility, safety, and security. This comprehensive Wi-Fi enabled platform provides all members of a care team with a collaborative environment in which to manage patient workflow and eliminate challenges related to exchanging current, accurate patient data among providers.

In addition to the Controller unit, the Company offers a 50kV isotope-free energy source, indication-specific applicators, a comprehensive service warranty program, and various accessories such as the Axxent eBx Rigid Shield for internal IORT shielding. The 50kV energy source is typically sold under an annual contract and is customized to individual customer volume and usage requirements. The Company offers FDA-cleared applicators for the utilization of the Xoft System, including breast applicators for IORT and APBI in the treatment of breast cancer, vaginal applicators for the treatment of endometrial cancer, cervical applicators for the treatment of cervical cancer, and skin applicators for the treatment of NMSC. The flexible single-use breast and brain applicators are offered in a variety of sizes and lengths based on clinical need. The endometrial, cervical, rectal, and skin applicators are reusable and are manufactured in various sizes based on the anatomical requirements of the patient or the size of the lesion.

Cancer Therapy Indications partnerships.

Background How iCAD Markets and Overview to Whom

The Xoft System can be used Our aim is to treat create a wide world where cancer can't hide from AI-powered cancer detection and growing array of cancers, including breast cancer, NMSC, gynecological, recurrent glioblastoma ("GBM") and various other forms of brain cancer, and additional IORT indications.

Approximately 300,000 risk assessment solutions by reaching as many women are diagnosed with breast cancer every year in as possible across the United States. Currently, many early-stage breast cancer patients who are treated with radiation therapy follow a four-to-six-week daily protocol of traditional EBRT, while a small portion are treated with brachytherapy. Breast cancer therapy is one of globe. In the primary indications for the Xoft system. Xoft used in IORT aims to simplify radiation treatment for early-stage breast

cancer patients by delivering a single ten to fifteen-minute precise dose of radiation directly to the lumpectomy cavity in a single, safe and effective procedure. Xoft used in APBI may reduce the daily radiation treatment duration from weeks to days.

There are approximately 3.5 million cases of NMSC diagnosed annually in the United States. The Xoft System is a viable alternative treatment option for patients with lesions in cosmetically challenging locations (e.g., ear, nose, scalp, neck), locations last five years alone, iCAD estimates that experience difficulties in healing (e.g., lower legs, upper chest, fragile skin), patients on anticoagulants, and patients who are anxious about surgery. The Xoft System has been used to treat more than 10,000 NMSC lesions. Clinical data published from 2015 to 2017 demonstrates promising local control and supports eBx as a convenient, effective, nonsurgical treatment option offering minimal toxicity and improved cosmesis for eligible NMSC patients.

There are approximately 50,000 new cases 40 million mammograms were read worldwide, of endometrial cancer each year in the United States and more than 800,000 new cases worldwide. In 2017, the first-ever European analysis of eBx using the Xoft System for endometrial and cervical cancer treatment was presented that demonstrated improved outcomes in acute toxicity in 29 endometrial or cervical cancer patients treated with the Xoft System from September 2015 to September 2016. Additional research showed that compared to an iridium isotope, the Xoft System delivered a lower dose of radiation to surrounding healthy organs at risk, such as the bladder and rectum.

Approximately 297,000 cases of brain and nervous system tumors are diagnosed worldwide per year. GBM which nearly 30% were tomosynthesis. That patient reach is the most common and aggressive type of malignant primary brain tumor, with an estimated median survival of 10 to 12 months. The Company is continuing to develop clinical support for brain IORT, primarily in the GLIOX trial, an international multi-center trial designed to compare Xoft IORT plus Avastin® (bevacizumab) to the investigational arm of RTOG-1205 (EBRT plus bevacizumab).

Led buoyed by principal investigator and world-renowned oncologist, Santosh Kesari, MD, PhD, Chair and Professor, Department of Translational Neurosciences at the Saint John's Cancer Institute, Santa Monica, CA, the first patient in the GLIOX trial was treated in December 2021. In April 2022, the Company announced multiple patients have been treated in the GLIOX trial. Doctors at Cáceres University Hospital in Cáceres, Spain have also successfully treated multiple cases of recurrent GBM with the Xoft System, which were performed in preparation for the GLIOX trial, as well as brain metastases, recurrent rectal, and head and neck tumors. The Company also announced as of April 2022 clinicians at the Miguel Servet University Hospital in Zaragoza, Spain, have utilized Xoft IORT in their cancer treatment regimen for sarcomas and brain metastases, as well as more than 700 breast cancers and 200 gynecological cancers to date.

Researchers hope the GLIOX trial will validate the intriguing initial results from a prospective two center comparative study at the European Medical Center (the "EMC") in Moscow, Russia. The EMC study evaluated 15 patients with recurrent GBM who were treated with maximal safe resection and Xoft Brain IORT, and 15 patients with recurrent GBM treated with maximal safe resection and other modalities (control group), between June 2016 and June 2019. In October 2021, data supporting Xoft Brain IORT for the treatment of recurrent GBM were published with a subsequent erratum published in December 2021, in the peer-reviewed journal, Surgical Neurology International. The update reported that as of March 2021, patients treated in the EMC study with Xoft Brain IORT lived for up to 54 months after treatment without recurrence, whereas patients in the control group had a recurrence within 10 months and lived for up to 22.5 months after treatment. Researchers also found there were fewer complications, such as radionecrosis, in the IORT group. Radionecrosis refers to the breakdown of normal body tissue near the original tumor site after radiation therapy. One patient from the IORT group was still alive as of January 1, 2022, whereas none of the patients in the control group survived. Preliminary results from this study were presented in August 2021 at the American Association of Neurological Surgeons (AANS) 2021 annual scientific meeting.

Additionally, electronic brachytherapy is appropriate for use in other IORT clinical settings where surgical resection is unable to completely eliminate all cancer cells. The Company believes that IORT for prostate, pelvic, gastrointestinal, abdominal, spinal, and soft tissue sarcoma applications are potential markets given the minimal shielding requirements associated with this treatment modality. In September 2019, the Company unveiled new and updated advancements for the Xoft System at the American Society for Radiation Oncology ("ASTRO") annual meeting. This included an advanced prototype for early-stage rectal cancers, and extended-length balloon applicators, available in 25 cm and 50 cm lengths, which offer added versatility and the potential for additional applications for the Xoft System in different areas of the body. Based on these additional clinical applications and the potential to scale the Xoft System in the future to address other indications for use, the Company believes the Xoft System offers unique flexibility and opportunities for growth.

Additional Studies

In 2016, Melinda Epstein, PhD, of Hoag Memorial Hospital Presbyterian in Newport Beach, California and co-authors published two clinical papers on their experience with the Xoft System for the treatment of early-stage breast cancer with IORT. In June 2016, the *Annals of Surgical Oncology* published data on 702 patients treated from June 2010 to January 2016, demonstrating a 1.7% recurrence rate. Further, less than 5% of patients had significant complications, indicating that IORT allows some women who cannot (or decline to) undergo whole breast radiation to consider breast-conserving therapy rather than mastectomy. In August 2016, *The Breast Journal* published 20-month mean follow-up data on 146 patients with pure ductal carcinoma in situ treated with IORT. The data showed a 2.1% recurrence rate with relatively few complications and again concluded that x-ray based IORT has the potential to be a promising treatment modality that may simplify the delivery of post-excision radiation therapy.

In 2017, researchers from Hoag Memorial Hospital Presbyterian published another clinical paper in the *Annals of Surgical Oncology* on their experience with the Xoft System in treating 204 early-stage breast cancers in a prospective, X-ray IORT trial from June 2010 to September 2013. With a median follow-up of 50 months, results indicated there were seven ipsilateral breast tumor events, no regional or distant recurrences, and no breast cancer-related deaths. Kaplan-Meier analysis projects that 2.9% of patients will recur locally at 4 years. The site's low complication and recurrence rates support the cautious use and continued study of IORT in selected women with low-risk breast cancer. The Hoag Memorial Hospital Presbyterian IORT series is currently the largest single-facility IORT series with the Xoft System in the United States.

Also, in 2017, the Company announced results of a landmark study that demonstrated the economic benefits of IORT compared to EBRT in the treatment of early-stage breast cancer. The analysis demonstrated that IORT could result in direct cost savings for the U.S. healthcare system of more than $630 million over the lifetime of patients diagnosed annually with early-stage breast cancer, as well as could significantly benefit patient health by minimizing radiation exposure and offering a better quality of life. The results of the study were published in November 2017 in the peer-reviewed *Cost Effectiveness and Resource Allocation* and the study determined IORT to be the preferred method of treatment for early-stage breast cancer.

As the Company continues to focus on broadening global awareness and patient access to IORT, 2017 also brought meaningful progress in the area of international research. Physicians from Taiwan published a clinical paper in November 2017 in the peer-reviewed *PLOS One* journal. The multi-center study examined patient selection and the oncologic safety of IORT with the Xoft System for the management of early-stage breast cancer. From 2013 to 2015, 26 hospitals in Taiwan performed a total of 261 IORT procedures. With a mean follow-up of 15.6 months, locoregional recurrence was observed in 0.8% of patients. The study concluded that preliminary results of IORT in Taiwan showed it is well accepted by patients and clinicians.

Finally, in 2017, the Company announced that results of a matched-pair cohort study of 369 early-stage NMSC patients treated with the Xoft System or Mohs micrographic surgery showed that rates of recurrence of cancer were virtually identical at a mean follow-up of 3.4 years. Mohs micrographic surgery is accepted as the most effective technique for removing basal cell carcinoma and squamous cell carcinoma. The study results were published online in the peer-reviewed *Journal of Contemporary Brachytherapy*.

In 2018, several additional key pieces of clinical evidence supporting IORT with the Xoft System were published. With a mean follow-up of 55 months, outcomes published in *The American Journal of Surgery* showed that breast cancer recurrence rates of patients who were treated with IORT using the Xoft System and complied with adjuvant medical therapy were comparable to those seen in the cornerstone TARGIT-A study, which evaluated IORT but did not use the Xoft System. The study reviewed results of 184 patients with breast cancer from November 2011 to January 2016 completing Institutional Review Board ("IRB")-approved IORT protocol. The recurrence rate for the 184 total IORT patients was 5.4 percent at a mean follow-up of 55 months; however, the recurrence rate was 2 percent lower for the patients who complied with adjuvant medical therapy. The difference in recurrence rates between the group complying with versus declining adjuvant medical therapy was statistically significant. To date, this study presents the most long-term research of IORT using the Xoft System published in a peer-reviewed journal.

Further in 2018, a long-term study of 1,000 tumors performed at Hoag Memorial Hospital Presbyterian and in the *Annals of Surgical Oncology* showed that IORT is a clinically effective, faster and easier alternative to whole breast radiation therapy following breast-conserving surgery for selected low-risk patients at a median follow-up of 36 months. To date, this study presents analysis of the largest series of early-stage breast cancers treated with IORT using the Xoft System published in a peer-reviewed journal.

In 2019, study results from the first cervical cancer cases for eight patients treated with the Xoft System at the Hospital Universitario Miguel Servet in Zaragoza, Spain were published in the *Journal of Applied Clinical Medical Physics.* Researchers found the treatment offered promising results at 1 month follow up, with no recurrences and low toxicity. The study concluded that electronic brachytherapy is a good alternative to treating cervical cancer in centers without access to conventional high-dose-rate interstitial brachytherapy.

Clinical data supporting the Xoft System for the treatment of various gynecological cancers, including cervical and uterine, were also presented in 2019 at the European Society for Radiotherapy and Oncology meeting by researchers from the Hospital Universitario Miguel Servet and the Jewish General Hospital in Montreal, Québec, Canada. A study conducted by researchers from the Hospital Universitario Miguel Servet concluded that electronic brachytherapy is an alternative to high dose-rate brachytherapy with a good rate of overall survival and progression free disease. The retrospective study conducted by researchers at the Jewish General Hospital suggested that electronic brachytherapy could replace high-dose-rate brachytherapy in uterine cancer with similar target coverage, maximum dose to surrounding structures, and treatment times and that additional studies would be needed to evaluate efficacy.

Preliminary results of the Company's international, multi-center clinical trial in the Xoft System were unveiled during an oral presentation at the 60th ASTRO annual meeting at the Henry B. Gonzalez Convention Center in San Antonio, Texas on October 23, 2018. In the presentation, A.M. Nisar Syed, MD, Principal Study Investigator, Medical Director, Radiation Oncology & Endocurietherapy, MemorialCare Cancer Institute, Long Beach Memorial Medical Center, and Professor of Radiation Oncology, UCI Medical Center and Harbor-UCLA School of Medicine, detailed clinical techniques and outcomes of IORT using the Xoft System at the time of breast conserving surgery with findings based upon ASTRO suitability criteria. The trial enrolled 1,200 patients between May 2012 and July 2018 at 28 international and U.S.-based institutions. With a median follow up of 1.6 years, less than one percent of patients had cancer regrowth (ipsilateral recurrence) or developed new primary cancers in the other breast. Treatment was generally well tolerated with grade 3, 4 and 5 adverse events occurring in 37 patients. Mean treatment time was 10.5 minutes.

At the ASTRO Virtual Annual Meeting in October 2020, researchers presented new data supporting the Xoft System for the treatment of early-stage breast cancer and endometrial cancer. In a study involving 1,200 patients with early-stage breast cancer treated with the Xoft System from May 2012 to July 2018 across 27 institutions worldwide, researchers concluded that IORT with the Xoft System is safe, with low morbidity, low local recurrence and excellent cosmetic results. In a study of 236 patients with endometrial cancer from September 2015 to May 2020, with a median follow up of 34 months, researchers concluded the Xoft System is a feasible alternative to HDR brachytherapy for the treatment of endometrial cancer that offers long-term benefits for patients, staff and the overall healthcare system.

Researchers from Miguel Servet University Hospital in Spain presented several studies supporting the Xoft System at the European Society for Radiotherapy & Oncology (ESTRO) virtual meeting in November 2020. In a study analyzing 193 patients from 2015 to 2019, where one group was treated with the Xoft System combined with external radiation and one group was treated with the Xoft System, researchers established electronic brachytherapy for endometrial cancer as a feasible alternative to HDR brachytherapy, equal in effectiveness to Iridium 192, with long-term benefits for patients. Researchers concluded that the Xoft System provided the same dosimetric coverage in the area of treatment as traditional brachytherapy with a marked reduction in dosage to organs at risk.

In another study presented at ESTRO 2020, researchers created 3D printed anatomic models that allowed them to create simulations to measure possible radiation doses in nearby organs, such as the lung and heart, where it is not possible to place a detector to perform in vivo dosimetry. Results calculated the maximum doses to radiochromic film representing the left lung and heart of 20 patients treated from the left breast measured retrospectively. Researchers concluded it was possible to measure and verify doses in the lung and heart for IORT treatments, enabling more accurate recommendations for a particular type of treatment.

A third study presented at ESTRO 2020 examined the results of 480 patients treated with IORT from May 2015 to October 2019 with treatment verification and in vivo dose measurements to understand the in vivo dose in the skin. Researchers concluded the skin doses were low with less than 1% of the cases exhibiting early toxicity of acute grade 3 dermatitis and no cases of higher-grade dermatitis.

Researchers presented a study supporting Xoft Breast IORT at the American Brachytherapy Society (ABS) 2021 Annual Conference. In a study evaluating the efficacy and outcome of IORT for early-stage breast cancer, researchers found recurrence rates to be similar to those reported in the TARGIT-A trial. Preliminary results from the ExBRT trial were presented at the ASBrS Annual Meeting in 2021. The multi-institutional study found at median 4-year follow-up, 1,200 breast cancer patients enrolled in the ExBRT trial were successfully treated with a single fraction of IORT to the lumpectomy cavity following breast conserving surgery with a favorable local recurrence rate. At the ESTRO meeting in

2021, researchers presented a study evaluating body mass index (BMI) long-standing leadership position in breast cancer patients treated detection and the 1,500 facilities actively using iCAD solutions today. Nearly half of all US mammography sites reading with Xoft Breast IORT.

Sales and Marketing AI use iCAD's solutions.

Cancer Detection

The Company has now sold more than 1,300 ProFound AI licenses through December 31, 2022 and more than 2,000 total product licenses including ProFound AI, upgrades, and other products. In North America, iCAD sells its ProFound AI mammography products solutions through a direct regional sales force which grew by 50% in 2023, and through the Company's many channel partners which include including OEMs, Radiology Picture Archiving and Communication System (PACS) vendors, AI Platform vendors and distributors. The Company's OEM partners include: include GE Healthcare, focused on the manufacture and distribution of diagnostic imaging equipment, Fujifilm Medical Systems, a subsidiary of Fuji focused on the manufacture and distribution of X-rays and other imaging equipment, and Siemens Medical Systems. In Europe and the Middle East, the Company sells its AI mammography products through a direct sales force and has also developed 22 reseller relationships with regional distributors.

iCAD continues to build-out our PACS partners, including: partnerships with companies including Change Healthcare Inc. ("Change Healthcare"), a leading independent healthcare technology company focused on insights, innovation and accelerating the transformation of the U.S. US healthcare system; system, and Sectra AB ("Sectra"), an international medical imaging IT solutions and cybersecurity company; as well as the GE Healthcare division marketing GE PACS. company.

Additionally, the Company has expanded on partnerships with additional AI Platform solution vendors. iCAD has three AI Platform vendor distribution agreements including Arterys Inc. the world's leading cloud native, vendor-neutral AI platform; with Ferrum Health, who partners with global leaders of AI applications to provide a robust catalog of AI applications on a single, secure platform serving clinical service lines across healthcare enterprises; and Blackford, Analysis, a wholly owned subsidiary of Bayer AG – a platform built for integration with existing systems while simplifying integrations and the management of multiple disparate AI applications and algorithms.

In March 2022, iCAD became one of the first healthcare companies to validate its AI cancer detection solution with the NVIDIA software suite, enabling thousands of healthcare organizations worldwide to virtualize AI workloads within hospital data centers using VMware vSphere and industry-standard servers.

In October of 2022, iCAD and Solis Mammography (Solis) announced a collaboration to develop and commercialize AI to evaluate cardiovascular disease based on breast arterial calcifications. Multiple studies have shown a correlation between the amount of breast arterial calcifications, which are visibly detectable on mammograms, to cardiovascular risk. iCAD and Solis are working together to use AI to quantify the amount of breast arterial calcification in mammograms, correlated to the risk of disease, and define meaningful clinical pathways for high-risk women.

In November of 2022, iCAD announced a strategic development and commercialization agreement with Google Health to integrate Google's AI into iCAD's breast imaging portfolio. portfolio, and then extended this to a 20-year agreement in 2023. iCAD intends to use Google's 2D AI in its commercial product offerings, especially outside the U.S., US, where 2D mammography is primarily used for screening. The Company expects to release its first product leveraging the Google AI technology in the next 1-2 years. Additionally, iCAD also the Company announced plans to leverage the Google Health Cloud to launch its own cloud platform for the delivery of its breast AI offerings. The company has already received its first order from Radiology Partners, allowing hundreds of thousands of women to be screened at Radiology Partners' owned outpatient imaging center sites with iCAD's Breast AI Suite.

In November of 2022, iCAD and Radiology Partners, the largest radiology practice in the US, announced their intent to join forces to drive nationwide adoption of iCAD's Breast AI Suite. The Company has already received its first order from Radiology Partners, allowing hundreds of thousands of women to be screened at Radiology Partners' owned outpatient imaging center sites with iCAD's ProFound Breast AI Suite. The Company has not yet entered into a definitive agreement with Radiology Partners.

These partnerships greatly expand visibility and access to the Company's Breast AI suite – including ProFound AI Detection, ProFound AI Risk and PowerLook Density Assessment - for more hospitals and imaging centers across North America.

Additionally, as part of its sales and marketing efforts, the Company engages in a variety of public relations and local outreach programs with numerous customers and continues to cultivate relationships with industry leaders in breast cancer solutions, including at trade shows where the future of medical image analysis solutions is discussed.

Cancer Treatment

iCAD markets the Xoft System in the United States discussed, and select countries worldwide through its wholly-owned subsidiary, Xoft, Inc. a Delaware corporation ("Xoft"). In the United States, Xoft utilizes a direct sales force and selected distribution partners. Xoft has been granted regulatory approval and has established partnerships in the United States, many European Union countries, the United Kingdom, Australia, Taiwan, China, and numerous other countries. iCAD continues to evaluate regulatory and distribution opportunities throughout the world.

A comprehensive medical education program is a key part to the Company's eBx market development strategy. Xoft actively participates in key industry scientific conferences and independent venues in the United States and Europe webinars where the Company provides professional collaborates with thought-leaders providing free research and education programs and product demonstrations relating to eBx. The goal of these programs and demonstrations is to broaden physician awareness of the Xoft System and eBx technology. radiology professionals.

The Competition

The Company operates in a highly competitive and rapidly changing markets market with specific detection, density, or risk competitive products available from nationally and internationally recognized companies. Many of these competitors have significantly greater financial, technical, and human resources than iCAD and are well-established in the healthcare market. In addition to the existing technologies or products that compete with the Company's products, some companies may develop technologies or products that compete with the products the Company manufactures and distributes or that would may render the Company's products obsolete or noncompetitive. Moreover, competitors may achieve patent protection, regulatory approval, or product commercialization before iCAD does, which would limit the Company's ability to compete with them. iCAD believes that efficacy, safety profile, feature differentiation, cost, and reimbursement are the primary competitive factors that will affect the success of the Company's products.

Cancer Detection ProFound Breast AI Suite

The Company currently faces direct competition in its cancer detection and breast density assessment businesses from Hologic, Inc. (Marlborough, MA), Volpara Solutions Limited (Rochester, NY), ScreenPoint Medical (Nijmegen, Netherlands), Densitas Inc. (Halifax, Nova Scotia, Canada), Therapixel (Paris, France), and Lunit (Seoul, South Korea). The Company believes many factors, including breadth of innovative and clinically differentiated product offerings, ongoing development of clinical support, strong relationships with its strategic partners, and ability to provide the Company's solutions across a number of several platforms and payment structures will provide it with a competitive advantage in breast AI.

The Company's VeraLook product faces Future offerings in breast cancer risk and heart health face competition from the traditional imaging CT equipment manufacturers as others are developing similar solutions, and emerging CAD companies. Siemens Medical (Tarrytown, NY), GE Healthcare (Chicago, IL), and Philips Medical Systems (Andover, MA) currently offer polyp detection products outside the United States. A significant barrier to adoption in the United States has been case of heart health, CureMetrix received FDA clearance for cmAngio®, a lack of reimbursement similar solution for CTC for colon cancer screening. The Company expects that CT manufacturers will offer a colonic polyp detection solution as an advanced feature of their image management and display products typically sold with their CT equipment, but current reimbursement policies present a significant barrier to wide-spread adoption and the Company believes that its market leadership in mammography AI may provide it with a competitive advantage within the CTC community. detecting breast arterial calcification.

Cancer Treatment

The Company's eBx products face competition in breast IORT primarily from Carl Zeiss Meditec Inc. ("Zeiss") (Dublin, CA), which has an established base of breast IORT installations in Europe. Zeiss manufactures and sells eBx products for the delivery of IORT, for both breast and additional anatomical areas, including the spine, gastrointestinal tract, skin, and endometrial cancers. Sensus Healthcare Inc. (Boca Raton, FL) and IntraOp Medical Corporation (Sunnyvale, CA) are other competitors in the breast IORT market.

The expansion of the Company's gynecological product portfolio and new IORT applications beyond breast IORT have increased the competitive dynamic of the Company's business. Larger and more diversified radiation therapy companies offer a wide variety of clinical solutions for HDR brachytherapy, including Varian Medical Systems (Milpitas, CA) and Elekta (Stockholm, Sweden). These companies offer broad product portfolios, which include a full range of HDR brachytherapy after loaders and applicators, traditional radiation therapy solutions, treatment planning solutions, and workflow management capabilities.

The Company's NMSC products face competition from other mobile non-surgical treatment options (such as Sensus Healthcare's Surface Radiation Therapy system and Elekta's Esteya system), surgical treatment options and traditional radiation therapy.

In September 2020, Centers for Medicare & Medicaid Services ("CMS") issued a final rule establishing the Radiation Oncology Advanced Payment Model, a bundled payment model for radiotherapy treatment that incentivizes physician selection of high quality, lower cost treatment modalities like Xoft's electronic brachytherapy for treatment of breast and other cancers. In the final notice, CMS did not include IORT treatments (including CPT codes 77424 and 77425) within the new alternative payment model for radiation oncology. As a result, whether or not a particular physician practice or hospital is subject to the new radiation oncology payment model, IORT services covered by Medicare will continue to be subject to the existing payment systems for physician services and hospital outpatient services. The model was supposed to begin in 2021, but Congress passed legislation to delay the start of the new payment model until 2023. Stakeholders are encouraging CMS to make significant changes to the model before it takes effect. Medicare has not yet posted the final version of the rule outlining the details of the program.

Manufacturing and Professional Services

The Company manufactures and assembles its detection products. When a product sale is made to an end-customer by one of the Company's OEM partners, it is usually installed at the customer site by the OEM partner or the Company. When iCAD makes a product sale directly to the end-customer, the product is generally installed by iCAD personnel at the customer site.

iCAD's professional services staff provides comprehensive product support on a post-sale basis. Product support includes product demonstrations, product installations, applications training, and technical support. The Company's support center is a single point of contact for the end-customer, and provides remote diagnostics, troubleshooting, training, and service dispatch. Service repair efforts are generally performed at the customer site by third party service organizations or in the Company's repair depot by the Company's repair technicians.

Xoft's portable Xoft System is manufactured and assembled by contract manufacturers. Xoft's miniaturized eBx X-ray source is manufactured by the Company at its San Jose, CA facility. Once the product has shipped, it is typically installed by Xoft personnel at the customer site.

Xoft's professional services staff provides comprehensive product support, physician support, radiation therapist support and billing support on a post-sales basis. Field service staff is involved in product installation, maintenance, training and service repair.

Government Regulation

iCAD's operations, products and customers are subject to extensive government regulation by numerous government agencies. the Company's software, hardware systems and related accessories are regulated as medical devices in each of the jurisdictions where the Company operates, and iCAD's customers are subject to applicable provider quality standards.

Manufacturing and Sales

In the United States, numerous laws and regulations govern the processes by which iCAD's products are brought to market. These include the Federal Food, Drug, and Cosmetic Act ("FDCA") and its regulations, which govern, among other things, quality standards for product development, manufacturing, testing, labeling, storage, premarket clearance or approval, advertising and promotion, sales and distribution, and post-market surveillance of medical devices.

For devices in the United States, the FDA's premarket clearance or approval process controls the entry of products into the market, unless a device is exempt from premarket review. Whether a product requires clearance (510(k) premarket notification) or approval (premarket approval, "PMA") depends on the FDA's risk-based classification of the device. Some of the Company's products require submission of a premarket notification demonstrating that the device is at least as safe and effective, that is, "substantially equivalent", to a legally marketed device that is not required to be approved under a PMA. Once iCAD receives an order from the FDA declaring a device to be substantially equivalent, the iCAD product is "cleared" for commercial marketing in the United States. Other iCAD products require submission of a PMA, which requires non-clinical and clinical data supporting the safety and effectiveness of the device. Once the Company receives FDA approval of its PMA application based on the FDA's determination that the application contains sufficient, valid scientific evidence to assure that the device is safe and effective for its intended use(s), iCAD may market the device.

After our products enter the market, iCAD and our products continue to be subject to FDA regulation. For example, the FDA Quality System Regulations ("QSR") require manufacturers to establish a quality system including extensive design, testing, control, documentation and other quality assurance procedures designed to ensure that their products consistently meet applicable FDA requirements and manufacturer specifications. iCAD's third-party manufacturers are also required to comply with applicable parts of the QSR. Manufacturers are subject to periodic inspections by the FDA to determine compliance with QSR. If at the conclusion of an inspection, FDA has made any observations that may constitute violations of applicable requirements, it may issue an FDA Form 483 ("483") requiring corrective action within a limited amount of time. If any observations are not addressed and/or corrective action taken, FDA may issue a warning letter and or take other enforcement action. The Company also is subject to FDA regulations covering labeling and adverse event reporting as well as the FDA's general prohibition against promoting products for unapproved or "off-label" uses. Failure to comply fully with applicable regulations could lead to delayed marketing clearance or approval or enforcement action, including 483s, warning letters, product seizures, import/export refusal, civil or criminal penalties, injunctions, and criminal prosecution.

Similarly, medical device regulators in other jurisdictions require various levels of clearance, approval, certification, licensure and/or consent before regulated medical devices can be lawfully commercialized in those jurisdictions as well as ongoing compliance with manufacturing and other regulatory requirements. These approvals, the time required for regulatory review, and the continuing compliance requirements vary by jurisdiction. Obtaining and maintaining foreign regulatory approvals and maintaining compliance is an expensive and time-consuming process. Increasingly, medical device manufacturers are adopting globally harmonized quality standards as developed by the International Organization for Standardization, and risk management standards. Manufacturers of software as a medical device are further subject to specific security standards.

Additionally, the U.S. government regulates the transfer of information, commodities, technology and software considered to be strategically important to the United States in the interest of national security, economic and/or foreign policy concerns. A complicated network of federal agencies and inter-related regulations in the United States that govern exports, collectively referred to as "Export Controls." These regulate the shipment or transfer, by whatever means, of controlled items, software, technology, or services out of the United States. Exported medical products are also subject to the regulatory requirements of each country to which the medical product is exported.

Healthcare Laws

The Company is also subject to a variety of federal and state regulations in the United States and regulations in other jurisdictions that relate to iCAD's interactions with healthcare practitioners, government officials, purchasing decision makers, and other stakeholders across healthcare systems. These regulations, discussed in more detail below, include among others, the following:

- anti-kickback, false claims, and physician self-referral statutes;
- U.S. state laws and regulations regarding fee splitting and other relationships between healthcare providers and non-professional entities, such as companies that provide management and reimbursement support services;

- anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act, the UK Anti-Bribery Act, the Canadian Corruption of Foreign Public Officials Act, and guidance promulgated by certain multi-national groups, such as the United Nations Convention Against Corruption and the Organization for Economic Cooperation and Development Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions;

- laws regulating the privacy and security of health data, protected health information and personally identifiable information. These include the U.S. Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, the General Data Protection Regulation ("GDPR") in the EU, and the Personal Information Protection and Electronic Documents Act in Canada; and

- healthcare reform laws in the United States, such as the Affordable Care Act ("ACA") and the 21st Century Cures Act, which include new regulatory mandates and other measures designed to reduce the rate of medical inflation. These include, among other things, stringent new reporting requirements of financial relationships between device manufacturers and physicians and teaching hospitals. hospitals; and
- rules and regulations promulgated by the U.S. Food and Drug Administration (the "FDA") which impact the Company's current and future products, including but not limited to ProFound AI.

These laws and regulations are extremely complex, open to interpretation, and, in some cases, still evolving. If iCAD's operations are found to violate any of the foreign, federal, state or local laws and regulations which govern its activities, iCAD may be subject to litigation, government enforcement actions, and applicable penalties, which could include civil and criminal penalties, damages, fines, exclusion from participation in certain payer programs or curtailment of the Company's operations. Compliance obligations under these various laws are often detailed and onerous, further contributing to the risk that the Company could be found to be out of compliance with particular requirements. The risk of being found in violation of these laws and regulations is further increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations.

The FDA, CMS, the Department of Health and Human Services, Office of Inspector General ("HHS-OIG"), the Department of Justice, states' attorneys general and other governmental authorities actively enforce the laws and regulations discussed above. In the United States, medical device companies have been the target of numerous government prosecutions and investigations alleging violations of law, including claims asserting impermissible off-label promotion of medical devices, payments intended to influence the referral of federal or state healthcare business, and submission of false claims for government reimbursement. While iCAD makes every effort to comply with applicable laws, it cannot rule out the possibility that the government or other third parties could interpret these laws differently and challenge the Company's practices under one or more of these laws. The risk of liability under certain federal and state laws is increased by the right of individual plaintiffs, known as relators, to bring an action alleging violations of such laws and potentially be awarded a share of any damages or penalties ultimately awarded to the applicable government body. Violations of these laws may lead to civil and criminal penalties, damages, fines, exclusion from participation in certain payer programs or curtailment of the Company's operations.

iCAD is subject to numerous laws governing safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances, among others, both at the U.S. federal and state levels, and similar laws in other jurisdictions. iCAD may be required to incur significant costs to comply with these laws and regulations in the future, which may result in a material adverse effect upon the Company's business, financial condition and results of operations.

Federal, state, and foreign regulations regarding the manufacture and sale of medical devices and management services and software are subject to future change. iCAD cannot predict what impact, if any, such changes might have on the Company's business.

Anti-Kickback Laws

The federal Anti-Kickback Statute ("AKS") prohibits persons from knowingly or willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce:

- the referral of an individual for a service or product for which payment may be made by Medicare, Medicaid or other government-sponsored healthcare program; or

- purchasing, ordering, arranging for, or recommending the ordering of, any service or product for which payment may be made by a government-sponsored healthcare program.

The AKS is broad and prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. The statutory penalties for violating the AKS include imprisonment for up to ten years and fines of up to $100,000 per violation. In addition, through application of other laws, conduct that violates the AKS can also give rise to False Claims Act ("FCA") lawsuits and other penalties.

Congress and the HHS-OIG have established a large number of statutory exceptions and regulatory safe harbors. An arrangement that fits squarely into an exception or safe harbor is immune from prosecution under the AKS. iCAD trains and educates employees and marketing representatives on the AKS and their obligations thereunder, and the Company endeavors to comply with the applicable safe harbors. However, the failure to comply with the exceptions and safe harbor requirements does not always impose liability under the AKS, as long as the arrangement does not implicate the principal policy objectives. Thus, some of iCAD's arrangements that may not be covered by a safe harbor, like many other common and non-abusive arrangements, nevertheless likely do not pose a material risk of program abuse or warrant the imposition of sanctions because they do not implicate any of the AKS's principal policy objectives. However, iCAD cannot offer assurances that, with respect to any arrangements that do not squarely meet an exception or safe harbor, the Company will not have to defend against alleged violations of the AKS. Allegations of violations of the AKS also may be brought under the federal Civil Monetary Penalty Law, which requires a lower burden of proof than other fraud and abuse laws, including the AKS.

Government officials have focused recent kickback enforcement efforts on, among other things, the sales and marketing activities of healthcare companies, including medical device manufacturers, and have brought cases against individuals or entities with personnel who allegedly offered unlawful inducements to potential or existing customers in an attempt to procure their business. This trend is expected to continue. Settlements of these cases by healthcare companies have involved significant fines and/or penalties and in some instances criminal pleas or deferred prosecution agreements.

In addition to the federal AKS, many states have their own anti-kickback laws. Often, these laws closely follow the language of the federal law, although they do not always have the same scope, exceptions, safe harbors or sanctions. In some states, these anti-kickback laws apply not only to payment made by a government health care program but also with respect to other payers, including commercial insurance companies.

If iCAD is found to have violated the Anti-Kickback Statute or a similar state statute, it may be subject to civil and criminal penalties, including exclusion from the Medicare or Medicaid programs, or may be required to enter into settlement agreements with the government to avoid such sanctions. Typically, such settlement agreements require substantial payments to the government in exchange for the government to release its claims and may also require the Company to enter into a Corporate Integrity Agreement.

Physician Self-Referral Laws

iCAD is subject to federal and state laws and regulations that limit the circumstances under which physicians who have a financial relationship with entities that furnish certain specified healthcare services may refer to such entities for the provision of such services, including clinical laboratory services, radiology and other imaging services and certain other diagnostic services. These laws and regulations also prohibit such entities from billing for services provided in violation of the laws and regulations.

This federal ban on physician self-referrals, commonly known as the "Stark Law," prohibits, subject to certain exceptions, physician referrals of Medicare and Medicaid patients to an entity providing certain "designated health services" if the physician or an immediate family member of the physician has any financial relationship with the entity. The Stark Law also prohibits the entity receiving the referral from billing for any good or service furnished pursuant to an unlawful referral. It further obligates any person collecting any amounts in connection with an unlawful referral to refund these amounts. A person who engages in a scheme to circumvent the Stark Law's referral prohibition may be fined up to $170,000 for each such arrangement or scheme. The penalties for violating the Stark Law also include civil monetary penalties of up to $26,000 per service, and could result in denial of payment, disgorgements of reimbursement received under a non-compliant agreement, and possible exclusion from Medicare, Medicaid or other federal healthcare programs.

In addition to the Stark Law, many states have their own self-referral laws. Often, these laws closely follow the language of the federal law, although they do not always have the same scope, exceptions, safe harbors or sanctions. In some states these self-referral laws apply not only to payment made by a government health care program but also payments made by other payers, including commercial insurance companies. In addition, some state laws require physicians to disclose any financial interest they may have with a healthcare provider to their patients when referring patients to that provider, even if the referral itself is not prohibited.

iCAD has financial relationships with physicians in the form of equipment leases and services arrangements. The Company's financial relationships with referring physicians and their immediate family members must comply with the Stark Law by meeting an applicable exception. Unlike the AKS, failure to meet an exception under the Stark Law results in a violation of the Stark Law, even if such violation is technical in nature. iCAD attempts to structure relevant relationships to meet a Stark Law exception, but the regulations implementing the exceptions are detailed and complex, and underwent significant changes in 2020, and therefore, the Company cannot provide assurance that every relationship complies fully with the Stark Law.

Violation of these laws and regulations may result in the prohibition of payment for services rendered, significant fines and penalties, and exclusion from Medicare, Medicaid and other federal and state healthcare programs, any of which could have a material adverse effect on iCAD's business, financial condition and results of operations. In addition, expansion of the Company's operations to new jurisdictions, new interpretations of laws in iCAD's existing jurisdictions, or new physician self-referral laws could require structural and organizational modifications of the Company's relationships with physicians to comply with those jurisdictions' laws. Such structural and organizational modifications could result in lower profitability and failure to achieve iCAD's growth objectives.

If iCAD fails to comply with federal and state physician self-referral laws and regulations as they are currently interpreted or may be interpreted in the future, or if other legislative restrictions are issued, the Company could incur a significant loss of revenue and be subject to significant monetary penalties, or exclusion from participation in federal healthcare programs which could have a material adverse effect on iCAD's business, financial condition and results of operations.

False Claims Laws

The federal FCA prohibits any person from knowingly presenting, or causing to be presented, a false claim or knowingly making, or causing to made, a false statement to obtain payment from the federal government. If iCAD violates the AKS or Stark Law, improperly bills for services, retains overpayments longer than 60 days after identification, or fails to act with reasonable diligence to investigate credible information regarding potential overpayments, the Company may be found to violate the federal FCA.

Those found in violation of the FCA can be subject to fines and penalties of three times the damages sustained by the government, plus mandatory civil penalties of $11,803 to $23,607 per false claim or statement. The qui tam or "whistleblower" provisions of the FCA allow a private individual to bring actions on behalf of the federal government alleging that the defendant has submitted a false claim to the federal government, and to share in any monetary recovery. In recent years, the number of suits brought by private individuals has increased dramatically, causing greater numbers of healthcare companies, including medical device manufacturers, to defend false claim actions, pay damages and penalties or be excluded from Medicare, Medicaid or other federal or state healthcare programs.

In addition, various states have enacted false claim laws analogous to the FCA, and this legislative activity is expected to increase. Many of these state laws apply where a claim is submitted to any third-party payer and not merely a federal healthcare program.

Increased Regulatory Scrutiny of Relationships with Healthcare Providers

Certain state governments and the federal government have enacted legislation, including the Physician Payments Sunshine Act provisions under the ACA, aimed at increasing transparency of iCAD's interactions with healthcare providers. As a result, the Company is required by law to disclose payments, gifts, and other transfers of value to certain healthcare providers in certain states and to the federal government. Any failure to comply with these legal and regulatory requirements could result in a range of fines, penalties, and/or sanctions, and could affect iCAD's business. The company has devoted and will continue to devote substantial time and financial resources to develop and implement enhanced structure, policies, systems and processes to comply with these enhanced legal and regulatory requirements, which may also impact iCAD's business.

Artificial Intelligence

Domestic and global rules and regulations regarding AI are in their infancy. However, given the recent interest in AI and machine learning from global stakeholders, new laws, guidance, rules and regulations may take any number of forms, now or in the years to come.

At the federal level, the president of the United States recently issued an Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, which charges multiple agencies, including The National Institute of Standards and Technology, with producing guidelines in connection with the development and use of AI.

In the European Union, there is now political agreement on the EU Artificial Intelligence Act ("EU AI Act"), which establishes a comprehensive, risk-based governance framework for AI in the EU market. The EU AI Act is expected to enter into force in 2024, and the majority of the substantive requirements will apply two years later (beginning 2026). The EU AI Act will apply to companies that develop, use and/or provide AI in the European Union and includes requirements around transparency, conformity assessments and monitoring, risk assessments, human oversight, security, accuracy, general purpose AI and foundation models, and proposes fines for breach of up to 7% of worldwide annual turnover (revenue). Additionally, in September of 2022, the European Commission proposed two Directives seeking to establish a harmonized civil liability regime for AI in the European Union, in order to facilitate civil claims in respect of harm caused by AI and to include AI-enabled products within the scope of the European Union's existing strict liability regime. Once fully applicable, the EU AI Act will have a material impact on the way AI is regulated in the European Union, and together with developing guidance and/or decisions in this area, may affect our use of AI and our ability to provide, improve, or commercialize our services, and could require additional compliance measures and changes to our operations and processes.

For more information, see "Item 1A. Risks Related to Regulation of the Company's Industry – The Company is subject to complex and evolving U.S. and foreign laws and regulations regarding AI, machine learning, and automated decision making."

U.S. Coverage and Reimbursement

In the United States, the federal and state governments establish guidelines and pay reimbursements to hospitals, freestanding clinics (independent diagnostic treatment facilities), and medical professionals for diagnostic examinations and therapeutic procedures under the federal Medicare program and the joint federal/state Medicaid program. CMS reviews and adjusts Medicare and Medicaid coverage policies and reimbursement levels periodically and considers various Medicare and other healthcare reform proposals that could significantly affect private and public reimbursement for healthcare services. State governments determine Medicaid reimbursement pursuant to state law and regulations. Many third-party payers use coverage decisions and payment amounts determined by CMS to set their coverage and reimbursement policies.

Because iCAD expects to receive payment for its products directly from iCAD's customers, the Company does not anticipate relying directly on payment for any of iCAD's products from third-party payers, such as Medicare, Medicaid, commercial health insurers and managed care companies. However, iCAD's business will be affected by coverage and payment policies adopted by federal and state governmental authorities for Medicare and Medicaid, as well as private payers, which often follow the coverage policies of these

public programs. Such policies may affect which products customers purchase and the prices they are willing to pay for those products in a particular jurisdiction. For example, iCAD's business will be indirectly impacted by the ability of a hospital or medical facility to obtain coverage and third-party reimbursement for procedures performed using the Company's products. Third-party payers may deny coverage or pay an amount for the procedure that healthcare providers deem inadequate, which could cause such providers to use a lower-cost product from a competitor or perform a medical procedure without the Company's device.

Reimbursement decisions by individual third-party payers depend upon each third-party payer's evaluation of a number of factors, including some or all of the following:

- whether the product or service is a covered benefit under its health plan;
- whether the product or service is appropriate and medically necessary for the specific indication;
- cost effectiveness of the product or service;
- whether the product is being used in a manner consistent with its FDA-approved or cleared label (i.e., "on-label"); and
- a determination that the product or service is neither experimental nor investigational (e.g., that its use is supported by relevant evidence in the peer reviewed literature, its use is supported by medical professional society treatment guidelines).

In 2016, the American Medical Association ("AMA") implemented a skin-specific Category III CPT code for electronic brachytherapy for the treatment of NMSC. Reimbursement for the treatment delivery may be provided through the Category III CPT code, 0394T, defined as "high dose rate electronic brachytherapy, skin surface application, per fraction, and includes basic dosimetry, when performed". There are additional Category I CPT codes reportable with the service as determined by physician orders, medical necessity, and documentation.

Coverage policies and payment values associated with CPT code 0394T are determined by the regional Medicare Administrative Contractors (MACs) and the private payers. Coverage and payment for CPT code 0394T is individually determined by the MACs and private payers. Many of the MACs and some private payers cover and pay for 0394T.
Category III CPT codes are temporary codes for emerging technologies, services, and procedures that do not yet meet the criteria for Category I CPT codes. Without further action by the AMA, Category III CPT codes sunset five years after the initial publication or renewal of the code. The AMA has accepted the retention of CPT code 0394T, renewing the code through 2025. At that time, CPT code 0394T may be converted to a Category I CPT code. Alternatively, the AMA may determine the code should be further renewed or archived.
The healthcare industry in the United States is increasingly focused on cost containment as government and private insurers seek to control healthcare costs by imposing lower payment rates and negotiating reduced contract rates with third-party payers. The ACA went into effect in 2012. While iCAD believes that elements of the program including the shift to value-based healthcare and increased focus on patient satisfaction will benefit the Company in the future, there could be negative consequences on patient access to new technologies. Other elements of this legislation, including comparative effectiveness research, payment system reforms (such as shared savings pilots) and other provisions, could meaningfully change the way healthcare is delivered and paid for in the United States, and may materially impact numerous aspects of the Company's business, including the demand for and availability of iCAD's products, the reimbursement available for iCAD's products from governmental and third-party payers, and reduced medical procedure volumes.

On September 18, 2020, CMS finalized a rule regarding its new Radiation Oncology model (the "RO Model"), designed, according to CMS, to improve the quality of care for cancer patients receiving radiotherapy and reduce Medicare expenditures through bundled payments. In the final notice, CMS did not include IORT treatments (including CPT codes 77424 and 77425) within the new alternative payment model for radiation oncology. As a result, whether or not a particular physician practice or hospital is subject to the new radiation oncology payment model, IORT services covered by Medicare will continue to be subject to the existing payment systems for physician services and hospital outpatient services. On December 2, 2020, an interim final rule was published by CMS, to take effect no earlier than January 1, 2022, but was subsequently delayed until January 1, 2023 when it became effective.
iCAD is evaluating the effect that changes and proposed changes to the ACA and Biden Administration policies, and the adopted RO Model by the CMS, may have on the company's business. iCAD cannot predict whether the ACA will be repealed, replaced, or modified or how such repeal, replacement or modification may be timed or structured. As a result, the Company cannot quantify or predict the effect of such repeal, replacement, or modification might have on iCAD's business and results of operations. However, any changes that lower reimbursement for the Company's products or reduce medical procedure volumes could adversely affect iCAD's business and results of operations.

Reimbursement in Other Jurisdictions

Typically, coverage and payment for healthcare products and services in other jurisdictions is determined through a public tender process that takes into consideration the results of a cost-effectiveness or value analysis conducted by a federal government-level technology assessment group, and through reference to coverage and payment policies established for the same or similar product/service in comparable jurisdictions.

Market acceptance of iCAD's medical products in both the United States and other countries is dependent upon the purchasing and procurement practices of the Company's customers, patient demand for the Company's products and procedures, and the reimbursement policies of patients' medical expenses set by government healthcare programs, private insurers or other healthcare payers.

Intellectual Property

The Company primarily relies on a combination of patents, trade secrets and copyright law, third-party and employee confidentiality agreements, and other protective measures to protect its intellectual property rights pertaining to its products and technologies.

The Company has certain patents to its ongoing programs that expire between 2023 2024 and 2029. 2040. These patents help the Company maintain a proprietary position in its markets. The Company does not believe that the patents expiring in 2023 2024 are material to its business. Additionally, the Company has a number of patent applications pending domestically, some of which have been also filed internationally, and the Company plans to file additional domestic and foreign patent applications when it believes such protection will benefit the Company. These patents and patent applications relate to current and future uses of iCAD's cancer detection technologies and products, including cancer detection solutions for tomosynthesis, CAD for CT colonography and lung and CAD for MRI breast and prostate. The Company has also secured a non-exclusive patent license from the National Institute of Health which relates broadly to CAD in colonography, a non-exclusive patent license from Cytyc/Hologic which relates to balloon applicators for breast brachytherapy, and a non-exclusive license from Zeiss which relates to brachytherapy. colonography.

Sources and Availability of Materials

The Company depends upon a limited number of suppliers and manufacturers for its products, and certain components in its products may be available from a sole or limited number of suppliers. The Company's products are generally either manufactured and assembled by a sole manufacturer or a limited number of manufacturers or assembled by it from supplies it obtains from a limited number of suppliers. Critical components required to manufacture these products, whether by outside manufacturers or directly, may be available from a sole or limited number of component suppliers. The Company generally does not have long-term arrangements with any of its manufacturers or suppliers.

Engineering and Product Development

iCAD's products have been developed by its own research and development staff or were developed by the companies iCAD acquired. Research and development expenses are primarily attributable to personnel, consulting, subcontract, licensing and data collection expenses relating to the Company's new product development and clinical testing. iCAD believes its products are competitive and that none of the current versions of the Company's products are approaching obsolescence. iCAD has invested and expects to continue to invest in new research and development and enhancements of the Company's current products to maintain iCAD's competitive position. For the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, we incurred $8.7 million, $9.2 million, $5.2 million and $8.1 $5.5 million, of research and development expense, respectively.

Human Capital Resources

As of December 31, 2022 December 31, 2023, the Company had 109 69 employees, 108 67 of whom are full time employees, with 40 24 involved in sales and marketing, 20 16 in research and development, 34 12 in service, manufacturing, quality assurance, technical support and operations functions, and 14 15 in administrative functions. None of the Company's employees are represented by a labor organization. The Company considers its relations with employees to be good. On March 20, 2023, the Company committed to a restructuring plan intended to support its long term strategic goals and reduce operating expenses by further aligning its cost structure to focus on areas the Company believes are more likely to generate the best long-term results, in light of current industry and macroeconomic environments (the "RIF"). The Company plans to reduce its workforce by approximately 28%, decreasing its headcount by approximately 23 employees, predominantly from the Company's detection business unit. Xoft, Inc., a wholly-owned subsidiary of the Company, will also furlough 12 of its employees, or approximately 50% of its workforce. The Company currently estimates it will incur one-time cash pre-tax restructuring charges of an aggregate of approximately $0.3 million in the first half of 2023 as a result of the RIF, comprised primarily of one-time severance and benefits payments, and employee-related transition costs. Estimated amounts are subject to change until finalized and the Company may incur additional costs during the remainder of 2023.

The Company's human capital resource objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating our existing and future employees, advisors and consultants. In addition to competitive base salaries, the other competitive benefits that we provide to employees include incentive plans and paid vacation. The principal purposes of these employee benefits are to attract, retain, reward and motivate our personnel and to provide long-term incentives that align the interests of employees with the interests of our stockholders.

Foreign Regulations

International sales of the Company's products are subject to foreign government regulation, the requirements of which vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for FDA approval, and the requirements may differ. Obtaining and maintaining foreign regulatory approvals is an expensive and time-consuming process. We cannot be certain that we will be able to obtain the necessary regulatory approvals timely or at all in any foreign country in which we plan to market our CAD products and the Xoft System. products. If we fail to receive and maintain such approvals, our ability to generate revenue may be significantly diminished.

Available Information

The Company files annual, quarterly and current reports, proxy or stockholder information statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements, and certain other information that we may file electronically with the SEC (http://www.sec.gov). We also make available for download free of charge through our website our annual report reports on Form 10-K, our quarterly reports on Form 10-Q, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as soon as reasonably practicable after we have filed it electronically with, or furnished it to, the SEC. We maintain our corporate website at http://www.icadmed.com. Our website and the information contained therein or connected thereto are not incorporated into this Annual Report on Form 10-K.

Item 1A. Risk Factors.

The Company operates in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect its operations.
The following highlights some is a summary of the certain important factors that have affected, and/or in the future could affect, the Company's operations.
The following is a summary of certain important factors operations and that may make an investment in iCAD speculative or risky. You should carefully consider the fuller risk factor disclosure set forth in this Annual Report on Form 10-K, in addition to the other information herein, including the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's financial statements and related notes.

- The Company has incurred significant losses from inception through 2022 2023 and there can be no assurance that we will be able to achieve and sustain future profitability.
- The Company's quarterly and annual operating and financial results and gross margins are likely to fluctuate significantly in future periods.
- The Company continues has been informed by the FDA that our ProFound AI® Risk product is appropriate for classification through the De Novo pathway and have paused U.S. sales of the product until we obtain FDA regulatory clearance.
- The Company's use of AI, machine learning, and automated decision making, including through the ProFound Breast Health Suite, gives rise to be impacted by slowness in the overall economic recover related legal, business, and operational risks. Legal, regulatory, social and ethical issues relating to the COVID-19 pandemic. A continuation or worsening use of the pandemic will have a material adverse impact on iCAD's AI and machine learning technologies in our offerings and business results of operations may result in reputational harm and financial condition and on the market price of iCAD's common stock.

  liability.
- The markets for the Company's products and treatments and newly introduced enhancements to iCAD's existing products and treatments may not develop as expected, the Company may continue to face barriers to broad market acceptance.
- Sales and market acceptance of Company products is dependent upon the coverage and reimbursement decisions made by third-party payers, including carve-out radiology benefits managers. The failure of third-party payers to provide appropriate levels of coverage and reimbursement, and/or meeting prior authorization and other requirements for approval to use Company products and treatments facilitated by the Company's products could harm the Company's business and prospects.
- A limited number of customers account for a significant portion of the Company's total revenue. The loss of a principal customer could seriously hurt the Company's business.
- The markets for many of the Company's products are subject to changing technology.
- The Company is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, data protection, and other matters. The Company may be subject to criminal or civil sanctions if it fails to comply with privacy and security regulations regarding the use and disclosure of sensitive personally identifiable information.

- Revenue from the Company's new subscription license model may be difficult to predict.
- The Company distributes its products in highly competitive markets and the Company's sales may suffer as a result.
- The Company relies on intellectual property and proprietary rights to maintain its competitive position and may not be able to protect these rights.
- The Company's future prospects depend on its ability to retain current key employees and attract additional qualified personnel.
- The market price of the Company's common stock has been, and may continue to be volatile, which could reduce the market price of the Company's common stock.
- Future issuances of shares of the Company's common stock may cause significant dilution of equity interests of existing holders of common stock and decrease the market price of shares of the Company's common stock.

Risks Related to Financial Position, Operating Results and Need for Additional Capital

The rate at which the Company's shift is shifting to a subscription software as a service (SaaS) model is uncertain, and there has not been broad market acceptance of the Company's new products. The Company has further had difficulties migrating their applications to a cloud-based model. uncertain.

Our The Company's success in growing revenue and market share from our subscription-based offerings will depend, to a large extent, on the willingness of our the Company's customers and the markets we serve to accept this model for commercializing applications that they view as critical to the success of their businesses. Many companies have invested substantial effort and financial resources to integrate traditional enterprise software and IT staffing into their businesses and may be reluctant or unwilling to switch to a recurring fee model for our software applications or to migrate these applications to cloud-based services. Conversely, the rate of adoption of this model may occur faster than the Company forecasted resulting in a short term impact to revenue due to recognizing subscription-based licenses ratably as well as an impact to cash as cash is also collected ratably vs all up front with perpetual models. Other factors that may affect market acceptance of our products and cloud-based applications include:

- the security capabilities, reliability and availability of cloud-based services;
- customer concerns with entrusting a third party to store and manage their data, especially confidential or sensitive data;
- our ability to minimize invest the time and resources required to offer our software under this model;
- customer concerns with entrusting a third party to store and manage their data, especially confidential or sensitive data;
- our ability to maintain high levels of customer satisfaction, including with respect to maintaining uptime and system availability standards consistent with market expectations;
- our ability to implement upgrades and other changes to our software without disrupting our service;
- the level of customization or configuration we offer; and
- the price, performance and availability of competing products and services.

The market for these services may not develop further, or may develop at the rate we expect, meaning adoption occurs more slowly or more quickly than we expect, forecasted, either of which would harm our the Company's business. Our The Company's business model continues to evolve and we it may not be able to compete effectively, generate significant revenues or maintain profitability for our subscription-based offerings. We have The Company has and will continue to incur expenses associated with the infrastructures and marketing of our subscription offerings in advance of our its ability to recognize the revenues associated with these offerings. Demand for our subscription, cloud-based services may unfavorably impact demand for certain of our other products and services. With a continued shift away from the sale of perpetual software licenses to providing access to our software through subscription agreements we the Company may, in the near term, experience a deferral of revenues and to a lesser extent cash received from our customers.

The Company has incurred significant losses from inception through 2022 2023 and there can be no assurance that it will be able to achieve and sustain future profitability.

The Company has incurred significant losses since inception. The Company incurred a net loss of approximately $14 million $4.9 million in 2022 2023 and has an accumulated deficit of approximately $267 $272 million at December 31, 2022 December 31, 2023. The Company may not be able to achieve profitability. Substantially all of our operating losses have resulted from costs incurred in connection with research and development efforts, including clinical studies, and from general and administrative costs associated with our operations. We expect our operating expenses to significantly increase as we continue to invest in research and development efforts. We also continue to incur additional costs associated with operating as a public company. As a result, we expect to continue to incur substantial and increasing operating losses for the foreseeable future.

The Company's quarterly and annual operating and financial results and its gross margins are likely to fluctuate significantly in future periods.

The Company's quarterly and annual operating and financial results are difficult to predict and may fluctuate significantly from period to period. The Company's revenue and results of operations may fluctuate as a result of a variety of factors that are outside of the Company's control including, but not limited to, general economic conditions, the timing of orders from the Company's OEM partners, its OEM partners' ability to manufacture and ship their digital mammography systems, its timely receipt by the FDA for the clearance or approval to market Company products, its ability to timely engage other OEM partners for the sale of Company products, the timing of product enhancements and new product introductions by Company or its competitors, the pricing of Company products, changes in customers' budgets, changes to the economic strength of the Company's customers, economic changes in the markets served by the Company's customers, competitive conditions and the possible deferral of revenue under the Company's revenue recognition policies.

The Company may need to raise additional capital to fund its products, including manufacturing, sales and marketing activities, expand its investments in research and development, and commercialize new products and services.

As of December 31, 2022 December 31, 2023, the Company had cash and cash equivalents and investments in money market funds totaling $21.3 million. $21.7 million. The Company expects its cash and cash equivalents and investments in money market funds will be able to fund its operations for at least the next twelve months. However, this does not reflect the possibility that the Company may not be able to access a portion of our existing cash and cash equivalents and investments in marketable securities due to market conditions. For example, on March 10, 2023, the Federal Deposit Insurance Corporation, or the FDIC, took control and was appointed receiver of Silicon Valley Bank. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, the Company's ability to access its cash and cash equivalents and investments in money market funds may be threatened and could have a material adverse effect on its business and financial condition.

The Company may require additional capital to develop and commercialize its products and to develop new products. In addition, the Company's operating plans may change as a result of many factors that may currently be unknown, and the Company may need to seek additional funds sooner than planned.

The Company cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable, if at all. The terms of any future financing may adversely affect the holdings or the rights of the Company's stockholders and the issuance of additional securities, whether equity or debt, by the Company, or the possibility of such issuance, may cause the market price of the Company's common stock to decline. The incurrence of indebtedness could result in increased fixed payment obligations, and the Company may be required to agree to certain restrictive covenants, such as limitations on its ability to incur additional debt, limitations on its ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact its ability to conduct business. The Company could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable, and we may be required to relinquish rights to some of our technologies or products or otherwise agree to terms that are unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects. In addition, raising additional capital through the issuance of equity or debt securities would cause dilution to holders of the Company's equity securities and/or increased fixed payment obligations, and may affect the rights of then-existing holders of its equity securities. Furthermore, these securities may have rights senior to those of its common stock and could contain covenants that would restrict its operations and potentially impair its competitiveness, such as limitations on its ability to incur additional debt, limitations on its ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact its ability to conduct our business. Any of these events could significantly harm the Company's business, financial condition and prospects. Even if the Company believes that it has sufficient funds for our current or future operating plans, the Company may seek additional capital if market conditions are favorable or if it has specific strategic considerations.

Risks Related to the Company and its Business

We have been informed by the FDA that our ProFound AI® Risk product is appropriate for classification through the De Novo pathway and have paused U.S. sales of the product until we obtain FDA regulatory clearance.

We have been informed by the FDA through a 513(g) request for classification that, ProFound AI® Risk may be suitable for classification under section 513(f)(2) of the FDCA Act, also referred to as De Novo classification. Under the FDA Clinical Decision Support (CDS) Software Draft Guidance in effect in 2019 when the product was released, we believed that ProFound AI® Risk met the definition of a clinical decision support software and at that time, based on the FDA's then guidance, the FDA did not intend to enforce compliance with the applicable requirements of the FD&C Act, including, but not limited to, premarket clearance and premarket approval requirements. In September of 2022, the FDA issued their final CDS guidance which had several changes from the 2019 Draft Guidance that impacted iCAD's original decision. In May of 2023 iCAD sent the FDA a request for pre-submission meeting and in November of 2023 iCAD sent the FDA a 513(g) Request for Information submission regarding the requirements applicable to the product under the FDCA in order to determine the applicable regulatory pathway. In February of 2024, the Company received a response from the FDA indicating that ProFound AI Risk may be suitable for classification through the De Novo pathway. We have begun preparing our De Novo submission and expect to file the submission with the FDA later this year.

While there have been no adverse safety issues reported in the U.S. by our customers which have deployed ProFound AI Risk, we have paused sales of ProFound AI® Risk in the U.S. and will inform customers of our need to provide the FDA with additional information under their revised guidance. However, we do not currently intend to recall any licenses previously sold and granted as there is no risk of patient injury.

Sales of ProFound AI® Risk have not been significant to our aggregate sales and we have only made sales to a limited number of customers. Note that ProFound AI® Risk is, however, approved for use in countries outside of the U.S. including Canada and the European Union, and we have received no reports of safety issues from any users. We are presently determining the optimal regulatory strategy designed to satisfy applicable FDA requirements. The changes in FDA guidance applicable to ProFound AI® Risk do not affect sales of our other products which include our primary product ProFound AI® Detection as well as ProFound AI® Density.

We may not be able to complete all activities necessary to comply with FDA De Novo Request (21 CFR 860.220[DB4] [JG5]) under the FD&C Act on a timely basis or without expending significant resources. We are unable to control the timing of FDA action and we may be required to provide additional information within certain timeframes. We also may be required to gather and prepare additional clinical data that are relevant to support reasonable assurance of the safety and effectiveness of the device or non-clinical data including bench performance testing. If the FDA determines that we have not satisfied its requirements, any failure of ours to address such requirements or provide requested documentation could disrupt our business operations related to the ProFound AI® Risk product and the timing of our commercialization efforts and could have a material adverse effect on our financial condition and operating results. In addition, the FDA could take action against us for the period of time from the change in FDA guidance applicable to ProFound AI® Risk to the present time, in connection with our decision not to recall the licenses previously sold and granted and could require us to recall the product in the future. We may also be at risk from claims made by our customers who have commenced sales of ProFound AI® Risk to their customers.

The markets for the Company's products and treatments and newly introduced enhancements to the Company's existing products and treatments may not develop as expected, the Company continues to face barriers to broad market acceptance.

The successful commercialization of the Company's newly developed products and treatments and newly introduced enhancements to the Company's existing products and treatments are subject to numerous risks, both known and unknown, including:

- market acceptance of the Company's products;
- uncertainty of the development of a market for such product or treatment;
- trends relating to, or the introduction or existence of, competing products, technologies or alternative treatments or therapies that may be more effective, safer or easier to use than the Company's products, technologies, treatments or therapies;
- recommendation and support for the use of the Company's products or treatments by influential customers, such as hospitals, radiological practices, breast surgeons and radiation oncologists and treatment centers and U.S. and international medical professional societies;
- the availability and extent of data demonstrating the clinical efficacy of the Company's products or treatments;
- competition, including the presence of competing products sold by companies with longer operating histories, more recognizable names and more established distribution networks; and
- other technological developments. developments; and
- inherent risks related to AI, machine learning, and related fields.

Often, the development of a significant market for a product or treatment will depend upon the establishment of appropriate reimbursement for use of the product or treatment. Moreover, even if addressed, such reimbursement levels frequently are not established until after a product or treatment is developed and commercially introduced, which can delay the successful commercialization of a product or treatment.

If the Company is unable to successfully commercialize and create a significant market for the Company's newly developed products and treatments and newly introduced enhancements to the Company's existing products and treatments, the Company's business and prospects could be harmed.

The Company may be exposed to significant product liability for which the Company may not have sufficient insurance coverage or be able to procure sufficient insurance coverage.

The Company's product and general liability insurance coverage may be inadequate with respect to potential claims and adequate insurance coverage may not be available in sufficient amounts or at a reasonable cost in the future. If available at all, product liability insurance for the medical device industry generally is expensive. Future product liability

claims could be costly to defend and/or costly to resolve and could harm the Company's reputation and business.

Sales and market acceptance of the Company's products is dependent upon the coverage and reimbursement decisions made by third-party payers, including carve-out radiology benefits managers. The failure of third-party payers to provide appropriate levels of coverage and reimbursement, and/or meeting prior authorization and other requirements for approval to use the Company's products and treatments facilitated by the Company's products could harm the Company's business and prospects.

Sales and market acceptance of the Company's medical products and the treatments facilitated by Company products in the United States and other countries is dependent upon the coverage decisions and reimbursement policies established by government healthcare programs and private health insurers. Market acceptance of the Company's products and treatments has and will continue to depend upon the Company's customers' ability to obtain coverage for, and appropriate reimbursement from third-party payers for, these products and treatments. In the United States, The Centers for Medicare and Medicaid Services ("CMS") establishes coverage and reimbursement policies for healthcare providers treating Medicare and Medicaid beneficiaries. Under current CMS policies, varying reimbursement levels have been established for the Company's products and treatments. In the absence of a national coverage determination, coverage policies for Medicare patients may vary by regional Medicare Administrative Contractors. Reimbursement rates for treatments vary based on the geographic price index, the site of service, and other factors. Coverage and reimbursement policies and rates applicable to patients with private insurance are dependent upon individual private payer decisions which may not follow the policies and rates established by CMS. The use of Company products and treatments outside the United States is similarly affected by coverage and reimbursement policies adopted by foreign governments and, to a lesser extent, private insurance carriers. On September 29, 2020, CMS finalized a rule regarding its new RO Model, designed, according to CMS, to improve the quality of care for cancer patients receiving radiotherapy and reduce Medicare expenditures through bundled payments. In the final notice, CMS did not include IORT treatments (including CPT codes 77424, 77425, and 77469) within the new alternative payment model for radiation oncology. As a result, whether or not a particular physician practice or hospital is subject to the new radiation oncology payment model, IORT services covered by Medicare will continue to be subject to the existing payment systems for physician services and hospital outpatient services. On December 10, 2021, the Protecting Medicare and American Farmers from Sequestration Cuts Act delayed the RO Model implementation until no earlier than January 1, 2023, when it became effective. Management cannot provide assurance that government or private third-party payers will continue to reimburse the Company's products or services, nor can management provide assurance that the payment rates will be adequate. If providers and physicians are unable to obtain adequate reimbursement for the Company's products or services, this could have a material adverse effect on the Company's business and operations. In addition, in the event that the current methodology for calculating payment for these products or services changes, this could have a material adverse effect on the Company's business and business operations.

Management cannot guarantee that providers and physicians will be able to obtain adequate reimbursement for the Company's products or services.

The Company's use of AI, machine learning, and automated decision making, including through the ProFound Breast Health Suite, gives rise to legal, business, and operational risks. Legal, regulatory, social and ethical issues relating to the use of AI and machine learning technologies in our offerings and business may result in reputational harm and liability.

The rapid evolution of AI and machine learning will require the application of resources to develop, test, and maintain the Company's offerings, including but not limited to the ProFound Breast Health Suite, to help ensure that AI and machine learning are implemented responsibly in order to minimize unintended or harmful consequences. Uncertainty around new and emerging AI applications may require additional investment in the development of proprietary datasets, machine learning models, and systems to test for accuracy, bias, and other variables, which are often complex, may be costly, and could impact the Company's profit margin as we expand the use of AI technologies in our offerings. There are significant risks involved in developing, maintaining, and deploying these technologies and there can be no assurance that the usage of such technologies will always enhance the Company's products or services or be beneficial to our business, including our efficiency or profitability. In particular, AI or automated decision making technologies may be incorrectly designed or implemented; may be trained or reliant on incomplete, inadequate, inaccurate, biased, or otherwise poor quality data or on data to which the developer does not have sufficient rights; and/or may be adversely impacted by unforeseen defects, technical challenges, cyber security threats, or material performance issues.

The Company's ability to continue to develop or use such technologies may be dependent on access to technology offered by vendors and specific third-party software and infrastructure, such as processing hardware or third-party AI models, and the Company cannot control the quality of vendor offerings or the availability or pricing of such third-party software and infrastructure, especially in a highly competitive environment. The Company faces competition from other companies in its industry who use similar machine learning technologies to us. Failure to offer or deploy new AI technologies as effectively as the Company's competitors could adversely affect our business.

In addition, market acceptance and consumer perceptions of AI and machine learning technologies are uncertain. AI technologies, including generative AI, may create content or information that appears correct but is factually inaccurate or flawed. This may expose the Company to brand or reputational harm, competitive harm, consumer complaints, legal liability, and other adverse consequences, any of which could materially adversely affect the Company's business, results of operations, and financial condition. The use of AI technologies presents emerging ethical and social issues, and if the Company enables or offers solutions that draw scrutiny or controversy due to their perceived or actual impact on the Company's customers or on society as a whole, it may experience brand or reputational harm, competitive harm, consumer complaints, legal liability, and other adverse consequences, any of which could materially adversely affect the Company's business, results of operations, and financial condition.

The Company's business is dependent upon future market growth of full field digital mammography systems, digital computer aided detection products, and tomosynthesis as well as advanced image analysis and workflow solutions for use with MRI and CT and the market growth of electronic brachytherapy. analysis. This growth may not occur or may occur too slowly to benefit us.

The Company's future business is substantially dependent on the continued growth in the market for electronic brachytherapy, full field digital mammography systems, digital computer aided detection products and tomosynthesis as well as advanced image analysis and workflow solutions for use with MRI and CT. solutions. The market for these products may not continue to develop or may develop at a slower rate than the Company anticipates due to a variety of factors, including, general economic conditions, delays in hospital spending for capital equipment, the significant costs associated with the procurement of full field digital mammography systems and CAD products and MRI and CT systems and the reliance on third party insurance reimbursement. If the market for the products and technologies upon which the Company's products are dependent does not grow or grows too slowly, this could have a material adverse effect on the Company's business.

A limited number of customers and distribution partners account for a significant portion of the Company's total revenue. The loss of a principal customer could seriously hurt the Company's business.

A limited number of major customers have in the past and may continue in the future to account for a significant portion of the Company's revenue. The Company's principal sales distribution channel for its digital products is through its OEM partners. In 2022, 2023, the Company's OEM partners accounted for 26% 32% of its total revenue, with one major customer, partner, GE Healthcare, accounting for 16% 22% of the Company's revenue. In addition, in 2022, four customers, consisting of both OEM and 2023, one direct customers, customer, accounted for 29% 8% of the Company's total revenue. Other than GE Healthcare, no individual customer or partner accounted for greater than 10% of the Company's total revenue for the year ended December 31, 2023. The loss of the Company's relationships with principal customers or a decline in sales to principal customers could materially adversely affect its business and operating results.

Revenue from the Company's new subscription license model may be difficult to predict.

The Company is devoting resources to the development of transition to a new software license model to complement its traditional perpetual licensing models. This model allows the Company to license Detection its software through subscription licenses, generally for a three-year term, and that potentially may not be canceled at any time. renewed. The Company has limited operating history with subscription licensing models and may not be able to accurately predict initial subscription enrollment or future renewal or cancellation rates. Subscription renewal rates may decline or fluctuate as a result of a number of factors, including but not limited to customer satisfaction or dissatisfaction with Company products, the price of Company products, the prices of similar competitive products, or customer budget sensitivity. If any of the Company's assumptions about revenue from the subscription licensing model are incorrect, the Company's actual results may vary materially from those anticipated, estimated, or projected.

If goodwill and/or other intangible assets that the Company has recorded in connection with its acquisitions become impaired, the Company could have to take significant charges against earnings.

Under current accounting, management must assess, at least annually and potentially more frequently, whether the value of the Company's goodwill of $8.4 million at December 31, 2022 December 31, 2023 and its other intangible assets have been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings which could materially adversely affect the Company's reported results of operations in future periods.

The Company's effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of amounts that have been accrued.

As a global company, the Company is subject to taxation a variety of taxes in numerous countries, states and other jurisdictions. In preparing the Company's financial statements, the Company records the amount of tax payable in each of the countries, states and other jurisdictions in which the Company operates. The Company's future effective tax rate, however, may be lower or higher than prior years due to numerous factors, including a change in the Company's geographic earnings mix, changes in the measurement of the Company's deferred taxes, and recently enacted and future tax law changes in jurisdictions in which the Company operates. The Company is also subject to ongoing tax audits in various jurisdictions, and tax authorities may disagree with certain positions the Company has taken and assess additional taxes. Any of these factors could cause the Company to experience an effective tax rate significantly different from previous periods or the Company's current expectations, which could adversely affect the Company's business, results of operations and cash flows.

The Company's ability to use its net operating loss carryovers and certain other tax attributes may be limited.

Under the Internal Revenue Code of 1986, as amended (the "Code"), a corporation is generally allowed a deduction for net operating losses ("NOLs") carried over from a prior taxable year. Under that provision, the Company can carryforward its NOLs to offset future taxable income, if any, until such NOLs are fully utilized or expire. The same is true of other unused tax attributes, such as tax credits. Under the Tax Cut and Jobs Act of 2017 (the "Tax Act"), federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such federal net operating losses is limited. It is uncertain if and to what extent various states will conform to the federal Tax Act.

In addition, under Section 382 of the Code, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50 percent change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited. The Company may experience ownership changes in the future as a result of subsequent shifts in the

Company's stock ownership, some of which may be outside of the Company's control. If an ownership change occurs and the Company's ability to use its net operating loss carryforwards or other tax attributes is materially limited, it would harm the Company's future operating results by effectively increasing the Company's future tax obligations.

The markets for many of the Company's products are subject to changing technology.

The Company's business depends on its ability to adapt to evolving technologies and industry standards and introduce new technology solutions and services accordingly. If the Company cannot adapt to changing technologies, its technology solutions and services may become obsolete, and its business may suffer. Because the healthcare information technology market is constantly evolving, the Company's existing technology may become obsolete and fail to meet the requirements of current and potential customers. The Company's success will depend, in part, on its ability to continue to enhance its existing technology solutions and services, develop new technology that addresses the increasingly sophisticated and varied needs of its customers, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of the Company's proprietary technology entails significant technical and business risks. The Company may not be successful in developing, using, marketing, selling, or maintaining new technologies effectively or adapting its proprietary technology to evolving customer requirements or emerging industry standards, and, as a result, the Company's business and reputation could suffer. The Company may not be able to introduce new technology solutions on schedule, or at all, or such solutions may not achieve market acceptance. Moreover, competitors may develop competitive products that could adversely affect the Company's results of operations. The Company's failure to introduce new products or to introduce these products on schedule could have an adverse effect on its business, financial condition and results of operations.

The Company depends upon a limited number of suppliers and manufacturers for its products, and certain components in its products may be available from a sole or limited number of suppliers.

The Company's products are generally either manufactured and assembled for it by a sole manufacturer, by a limited number of manufacturers or assembled by the Company from supplies it obtains from a limited number of suppliers. Critical components required to manufacture the Company's products, whether by outside manufacturers or directly by the Company, may be available from a sole or limited number of component suppliers. The Company generally does not have long-term arrangements with any of its manufacturers or suppliers. The loss of a sole or key manufacturer or supplier could materially impair the Company's ability to deliver products to its customers in a timely manner and would adversely affect the Company's sales and operating results. The Company's business would be harmed if any of its manufacturers or suppliers could not meet its quality and performance specifications and quantity and delivery requirements.

Additionally, the Company's suppliers and manufacturers are, and will continue to be, subject to extensive government regulation in connection with the manufacture of any medical devices. The Company's suppliers and manufacturers must ensure that they are compliant with applicable quality systems and other regulatory requirements, as mandated by the FDA and other regulatory authorities. If the Company's materials suppliers or manufacturers face manufacturing or quality control problems this may lead to delays in product production or shipment or the Company's supplier or manufacturer no longer being able to continue operations. The Company's business would be harmed if any of its manufacturers or suppliers could not meet its quality and performance specifications and quantity and delivery requirements.

The Company distributes its products in highly competitive markets and its sales may suffer as a result.

The Company operates in highly competitive and rapidly changing markets that contain competitive products available from nationally and internationally recognized companies. Many of these competitors have significantly greater financial, technical and human resources than the Company and are well established. In addition, some companies have developed or may develop technologies or products that could compete with the products the Company manufactures and distributes or that would render the Company's products obsolete or noncompetitive. New business models, products and diagnostic tools are introduced on an ongoing basis and our present or future products could be rendered obsolete or uneconomical by internal or external technological advances, as we continue to innovate to address physician and patient needs, or by our existing competitors and new market entrants. Our existing competitors and new market entrants may respond more quickly to or integrate new or emerging technologies such as artificial intelligence and machine learning, undertake more extensive marketing campaigns, have greater access to clinical information to support ongoing product position in the market, have greater financial, marketing and other resources or be more successful in attracting potential customers, employees and strategic partners. There can be no assurance that any products now in development, or that we may seek to develop in the future, will achieve technological feasibility, obtain regulatory approval or gain market acceptance. If we are unable to develop and launch new products, our ability to maintain or expand our market position in the markets in which we participate may be negatively impacted. The Company's competitors may achieve patent protection, regulatory approval, or product commercialization that would limit the Company's ability to compete with them. These and other competitive pressures could have a material adverse effect the Company's business.

Disruptions in service or damage to the Company's third-party providers' data centers could adversely affect the Company's business.

The Company relies on third parties who provide access to data centers. The Company's information technologies and systems are vulnerable to damage or interruption from various causes, including (i) acts of God and other natural disasters, war and acts of terrorism and (ii) power losses, computer systems failures, internet and telecommunications or data network failures, operator error, losses of and corruption of data and similar events. The Company conducts business continuity planning and works with its third-party providers to protect against fires, floods, other natural disasters and general business interruptions to mitigate the adverse effects of a disruption, relocation or change in operating environment at the data centers the Company utilizes. In addition, the occurrence of any of these events could result in interruptions, delays or cessations in service to the Company's customers. Any of these events could impair or prohibit the Company's ability to provide its services, reduce the attractiveness of its services to current or potential customers and adversely impact its financial condition and results of operations.

In addition, despite the implementation of security measures, the Company's infrastructure, data centers, or systems that it interfaces with, including the Internet and related systems, may be vulnerable to physical break-ins, hackers, improper employee or contractor access, computer viruses, programming errors, denial-of-service attacks or other attacks by third-parties seeking to disrupt operations or misappropriate information or similar physical or electronic breaches of security. Any of these can cause system failure, including network, software or hardware failure, which can result in service disruptions. As a result, the Company may be required to expend significant capital and other resources to protect against security breaches and hackers or to alleviate problems caused by such breaches.

Instability in geographies where the Company has operations and personnel or where the Company derives revenue could have a material adverse effect on the Company's business, customers, operations and financial results.

Economic, civil, military and political uncertainty may arise or increase in regions where the Company operates or derives revenue. Further, countries from which the Company derives revenue may experience military action and/or civil and political unrest. For the fiscal year ended 2022, 2023, approximately 6.0% 13% of the Company's revenue was derived from customers located in Europe, and approximately 24.0% outside of the Company's export revenue was derived from customers located in U.S., primarily within Europe. In late February 2022, Russian military forces launched significant military action against Ukraine. Sustained conflict and disruption in the region is likely. In early October 2023, an armed conflict between Hamas-led Palestinian militant groups and Israeli military forces broke out with a Hamas attack on southern Israel, to which Israeli military forces retaliated. Sustained conflict and disruption in these regions is likely. The aggregate impact to Eastern Europe and Europe as a whole, and throughout the Middle East, as well as actions taken by other countries, including new and stricter sanctions by the United States, Canada, the United Kingdom, the European Union, and other countries and organizations against officials, individuals, regions, and industries in Russia, Belarus and Ukraine, and each country's potential response to such sanctions, tensions and military actions, is not knowable at this time, and could have a material adverse effect on the Company, its business and operations. Any such material adverse effect from the conflict and enhanced sanctions activity may disrupt the Company's sales to customers in the region. Prolonged unfavorable economic conditions or uncertainty may have an adverse effect on the Company's sales and profitability profitability.

If the Company's products fail to perform properly due to errors or similar problems, the Company's business could suffer.

Despite testing, complex software may contain defects or errors. Addressing software errors may delay development of the Company's solutions, and if discovered after deployment, may require the expenditure of substantial time and resources to correct. Errors in the Company's software could result in:

- harm to the Company's reputation;
- lost sales;
- delays in commercial releases;
- product liability claims;
- delays in or loss of market acceptance of the Company's solutions;
- license terminations or renegotiations;
- unexpected expenses and diversion of resources to remedy errors; and
- privacy and security vulnerabilities.

Furthermore, the Company's customers might use its software together with products from other companies or those that they have developed internally. As a result, when problems occur, it might be difficult to identify the source of the problem. Even when the Company's software does not cause these problems, the existence of these errors might cause the Company to incur significant costs, divert the attention of its technical personnel from the Company's solution development efforts or impact its reputation and cause significant customer relations problems.

Unfavorable results of legal proceedings could materially adversely affect the Company's financial results results.

From time to time, the Company is a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside the United States, arising in the ordinary course of business or otherwise. Legal proceedings are often lengthy, taking place over a period of years with interim motions

or judgments subject to multiple levels of review (such as appeals or rehearings) before the outcome is final. Litigation is subject to significant uncertainty and may be expensive, time- consuming, and disruptive to operations. For these and other reasons, the Company may choose to settle legal proceedings and claims, regardless of their actual merit.

A legal proceeding finally resolved against the Company, could result in significant compensatory damages, and in certain circumstances, punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief. If the Company's existing insurance does not cover the amount or types of damages awarded, or if other resolutions or actions taken as a result of the legal proceeding were to restrain the Company's ability to market one or more of the Company's material products or services, the Company's consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to the Company's reputation, which could adversely impact the Company's business.

If the Company is subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties, the Company could incur substantial expenses.

The Company employ individuals who were previously employed at other medical device and technology companies. The Company may be subject to claims that the Company or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of employees' former employers or other third parties. The Company may also be subject to claims that former employers or other parties have an ownership interest in patents or intellectual property. Litigation may be necessary to defend against these claims. The Company may not be successful in defending these claims, and if the Company is successful, litigation could result in substantial cost and be a distraction to its management and other employees.

Healthcare industry consolidation could impose pressure on the Company's prices, reduce potential customer base and reduce demands for the Company's systems.

Many hospitals and imaging centers have consolidated to create larger healthcare enterprises with greater market and purchasing power. When hospitals and imaging centers combine, they often consolidate infrastructure, and consolidation of the Company's customers could result in fewer overall customers. If this consolidation trend continues, it could reduce the size of the Company's potential customer base, reduce demand for the Company's systems, give the resulting enterprises greater bargaining or purchasing power, and may lead to erosion of the prices for the Company's systems or decreased margins for its systems, all of which would adversely affect the Company's ability to generate revenue.

Clinical trials are very expensive, lengthy, and difficult to design and implement and have uncertain outcomes, and, as a result, the Company may suffer delays or suspensions in current or future trials which would have a material adverse effect on the Company's ability to obtain regulatory approvals timely or at all, and if the Company fails to receive such approvals, on its ability to generate revenues.

Clinical trials involve a time-consuming and expensive process with an uncertain outcome, and the results of earlier trials are not necessarily predictive of future results. Human clinical trials are difficult to design and implement and very expensive, due in part to being subject to rigorous regulatory requirements.

Additionally, the Company may encounter problems at any stage of the trials that cause it to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including:

- non-approval of an investigational device exemption (IDE), which is required by the FDA for the study in humans of a significant risk device that is not approved for the indication being studied;
- failure to reach an agreement with contract research organizations or clinical trial sites;
- failure of third-party contract research organizations to properly implement or monitor the clinical trial protocols;
- failure of IRBs to approve the Company's clinical trial protocols or suspension or termination of the Company's clinical trial by the IRB, DSMB, or the FDA;
- slower than expected rates political or civil unrest or instability, terrorism or epidemic or pandemics (including any risks related to or resulting from future variants of patient recruitment COVID-19) and enrollment, which may be further negatively impacted by the COVID-19 global pandemic;
- inability to retain patients in clinical trials, which may be further negatively impacted by the COVID-19 lobal pandemic; other similar outbreaks or events;
- lack of effectiveness during clinical trials;

- unforeseen safety issues;
- inability or unwillingness of medical clinical investigators and institutional review boards to follow the Company's clinical trial protocols;
- failure of clinical investigators or sites to maintain necessary licenses or permits or comply with good clinical practices, or GCP, or other regulatory requirements; and
- lack of sufficient funding to finance the clinical trials.

In addition, the Company or regulatory authorities may suspend the Company's clinical trials at any time if it appears that the Company is exposing participants to unacceptable health risks or if the regulatory authorities find deficiencies in the Company's regulatory submissions or the conduct of these trials. Any suspension of clinical trials will delay possible regulatory approval, increase costs, and adversely impact the Company's ability to develop products and generate revenue.

The Company's future prospects depend on its ability to retain current key employees and attract additional qualified personnel.

The Company's success depends in large part on the continued service of its executive officers and other key employees. The Company may not be able to retain the services of its executive officers and other key employees. The loss of executive officers or other key personnel could have a material adverse effect on the Company. During the year ended December 31, 2022 December 31, 2023, the Company underwent changes in management, including changes to the Company's Chief Executive Officer, Chief Financial Officer and Chair of the Board.

In addition, in order to support its continued growth, the Company will be required to effectively recruit, develop and retain additional qualified personnel. If the Company is unable to attract and retain additional necessary personnel, it could delay or hinder its plans for growth. Competition for such personnel is intense, and there can be no assurance that the Company will be able to successfully attract, assimilate or retain sufficiently qualified personnel. The failure to retain and attract necessary personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's international operations expose it to various risks, any number of which could harm the Company's business.

The Company's revenue from sales outside of the United States represented approximately 25% 13% of the Company's revenue for 2022. 2023. The Company is subject to the risks inherent in conducting business across national boundaries, any one of which could adversely impact its business. In addition to currency fluctuations, these risks include, among other things: economic downturns; changes in or interpretations of local law, governmental policy or regulation; changes in healthcare practice patterns; restrictions on the transfer of funds into or out of the country; varying tax systems; and government protectionism. One or more of the foregoing factors could impair the Company's current or future operations and, as a result, harm the Company's overall business.

The requirements of being a publicly traded company may strain the Company's resources and divert management's attention.

As a publicly traded company, the Company has incurred, and will continue to incur, significant legal, accounting and other expenses that the Company did not incur as a private company. In addition, the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies. In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas such as "say on pay" and proxy access. Shareholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which the Company operates its business in ways the Company cannot currently anticipate. The Company's management and other personnel devote, and will continue to devote, a substantial amount of time to these compliance initiatives. Failure to comply with these requirements could subject the Company to enforcement actions by the SEC, divert management's attention, damage our reputation, and adversely affect the Company's business, results of operations, or financial condition. In particular, if the Company's independent registered public accounting firm is not able to render the required unqualified attestation, it could result in a loss of investor confidence in the accuracy, reliability, and completeness of our financial reports.

The Company may be unable to comply with the applicable continued listing requirements of Nasdaq.

The Company's common stock is currently listed on Nasdaq. In order to maintain this listing, the Company must satisfy minimum financial and other continued listing requirements and standards, including a minimum closing bid price requirement for our common stock of $1.00 per share. There can be no assurance that the Company we will be able to comply with the applicable listing standards. For example, if the Company were to fail to meet the minimum bid price requirement for 30 consecutive business days, the Company could become subject to delisting.

The Company expects the novel coronavirus (COVID-19) pandemic, including the emergence of new variants, to have a significant effect on the Company's results of operations. In addition, the pandemic has resulted in significant financial market volatility, and its impact on the global economy appears to be significant. A

continuation or worsening of the pandemic will have a material adverse impact on the Company's business, results of operations and financial condition and on the market price of the Company's common stock.

As a provider of devices and services to the health care industry, the Company's operations have been materially affected, and may continue to be impacted, by the COVID-19 pandemic. Beginning with the first quarter of 2020 through the year-ended December 31, 2022, the COVID-19 pandemic has presented a number of challenges and risks for the Company's business, including, but not limited to, decreased product demand due to reduced numbers of in-person meetings with potential clients; pandemic-related public health impacts, including significant shifts in workforce availability and priorities, on customer, supplier, and iCAD's business process; supply chain interruptions; disruptions to the Company's clinical trials; challenges operating in a virtual work environment; impacts resulting from travel limitations and mobility restrictions; and other challenges presented by disruptions to the Company's normal operations in response to the pandemic, as well as uncertainties regarding the duration and severity of the pandemic on the global economy and the Company's operations, and the unpredictable and periodic emergence of new variants of the COVID-19 virus.

Although the Company does not provide guidance to investors relating to the Company's results of operations, the Company's quarterly results for the quarter ending March 31, 2023, and possibly future quarters, could reflect a continued negative impact from the COVID-19 pandemic for similar or additional reasons.

The Company's exposure to trade accounts receivable losses may increase if its customers are adversely affected by changes in healthcare laws, coverage, and reimbursement, economic pressures or uncertainty associated with local or global economic recessions, disruption associated with the current COVID-19 pandemic, or other customer-specific factors. The Company has historically not experienced significant trade account receivable losses, but it is possible that there could be a material adverse impact from potential adjustments of the carrying amount of trade account receivables as hospitals' cash flows are impacted by their response to the COVID-19 pandemic.

Risks Related to Intellectual Property

The Company relies on intellectual property and proprietary rights to maintain its competitive position and may not be able to protect these rights.

The Company relies heavily on proprietary technology that it protects primarily through licensing arrangements, patents, trade secrets, proprietary know-how and non-disclosure agreements. There can be no assurance that any pending or future patent applications will be granted or that any current or future patents, regardless of whether the Company is an owner or a licensee of the patent, will not be challenged, rendered unenforceable, invalidated, or circumvented or that the rights will provide a competitive advantage to the Company. There can also be no assurance that the Company's trade secrets or non-disclosure agreements will provide meaningful protection of Company proprietary information. Further, the Company cannot assure that others will not independently develop similar technologies or duplicate any technology developed by the Company or that its technology will not infringe upon patents or other rights owned by others. Unauthorized third parties may infringe the Company's intellectual property rights or copy or reverse engineer portions of the Company's technology. In addition, because patent applications in the United States are not generally publicly disclosed until eighteen months after the application is filed, applications may have been filed by third parties that relate to the Company's technology. Moreover, there is a risk that foreign intellectual property laws will not protect the Company's intellectual property rights to the same extent as intellectual property laws in the United States. The rights provided by a patent are finite in time. The Company has certain patents that expire between 2023 2024 and 2029. 2040. In the absence of significant patent protection, the Company may be vulnerable to competitors who attempt to copy the Company's products, processes or technology.

In addition, in the future, the Company may be required to assert infringement claims against third parties, and there can be no assurance that one or more parties will not assert infringement claims against the Company. Any resulting litigation or proceeding could result in significant expense to the Company and divert the efforts of its management personnel, whether or not such litigation or proceeding is determined in the Company's favor. In addition, if any of the Company's intellectual property and proprietary rights are deemed to violate the proprietary rights of others, the Company may be prevented from using those intellectual property or proprietary rights, which could prevent it from being able to sell its products. Litigation could also result in a judgment or monetary damages being levied against the Company.

If the Company fails to obtain licenses to necessary intellectual property or does not comply with its obligations in license agreements, the Company could lose important rights.

The Company may need to obtain licenses from owners of intellectual property to advance its research and products or allow commercialization of its products, and the Company has done so from time to time. If the Company does not obtain any of these licenses at a reasonable cost and on reasonable terms, the Company would be unable to further develop and commercialize one or more of its products, which could harm the Company's business.

Risks Related to Regulation of the Company's Industry

The healthcare industry is highly regulated, and government authorities may determine that the Company has failed to comply with applicable laws, rules or regulations. Additionally, the Company may incur substantial costs defending its interpretations of U.S. federal and state government regulations, and if the Company loses, the government could force the Company to restructure its operations and subject it to fines, monetary penalties and possibly exclude the Company from participation in U.S. government-sponsored health care programs such as Medicare and Medicaid.

Both in the United States and in other jurisdictions, the healthcare industry is subject to extensive and complex federal, state and local laws, rules and regulations, compliance with which imposes substantial costs on the Company. Such laws and regulations include those that are directed at payment for services and the conduct of operations, preventing fraud and abuse, and prohibiting general business corporations, such as the Company's, from engaging in practices that may influence professional decision-making, such as splitting

fees with physicians. In addition, the Company believes that its business will continue to be subject to increasing regulation as legislatures and governmental agencies periodically consider proposals to revise or create new requirements, particularly in response to and following the COVID-19 pandemic, the scope and effect of which the Company cannot predict. Such proposals, if implemented, could impact the Company's operations, the use of its services, and its ability to market new services, and could create unexpected liabilities for the Company.

Many healthcare laws are complex, and their application to specific services and relationships may not be clear. The laws often have related rules and regulations that are subject to interpretation and may not provide definitive guidance as to their application to the Company's operations, including its arrangements with physicians and professional corporations. Further, healthcare laws differ from jurisdiction to jurisdiction and it is difficult to ensure the Company's business complies with evolving laws in all jurisdictions.

Consequently, the Company's operations, including its arrangements with healthcare providers, are subject to audits, inquiries and investigations from government agencies from time to time. The Company believes it is in substantial compliance with these laws, rules and regulations based upon what the Company believes are reasonable and defensible interpretations of these laws, rules and regulations. However, U.S. federal and state laws are broadly worded and may be interpreted or applied by prosecutorial, regulatory or judicial authorities in ways that the Company cannot predict. Accordingly, the Company may in the future become the subject of regulatory or other investigations or proceedings, and its interpretations of applicable laws, rules and regulations may be challenged. Any challenge to the Company's operations or arrangements with third parties that the Company has structured based upon its interpretation of these laws, rules and regulations could potentially disrupt business operations and lead to substantial defense costs and a diversion of management's time and attention, even if the Company successfully defends its interpretation. In addition, if the government successfully challenges the Company's interpretation of the applicability of these laws, rules and regulations as they relate to its operations and arrangements, such successful challenge may have a material adverse effect on the Company's business, financial condition, results of operations, cash flows, and the trading price of the Company's common stock.

In the event regulatory action were to limit or prohibit the Company from carrying on its business as it presently conducts it or from expanding its operations into certain jurisdictions, the Company may need to make structural, operational and organizational modifications to the Company or to its contractual arrangements with physicians and professional corporations. The Company's operating costs could increase significantly as a result. The Company could also lose contracts, or its revenues could decrease under existing contracts. Any restructuring would also negatively impact the Company's operations because its management's time and attention would be diverted from running its business in the ordinary course.

Compliance with the many laws and regulations governing the healthcare industry could restrict the Company's sales and marketing practices, and other relationships with healthcare professionals.

Once the Company's products are sold, the Company must comply with various U.S. federal and state healthcare fraud and abuse laws, rules and regulations pertaining false claims, kickbacks and physician self-referral. Violations of the fraud and abuse laws are punishable by criminal and civil sanctions, including, in some instances, exclusion from participation in federal and state healthcare programs, including Medicare, Medicaid, Veterans Administration health programs, workers' compensation programs and TRICARE. Compliance with these laws could restrict the Company's sales and marketing practices, and any challenge to the Company's practices could disrupt its operations and lead to substantial defense costs and a diversion of management's time and attention, even if the Company successfully defends its practices. If the Company is unable to successfully defend its practices, in addition to incurring significant expense in defending itself, the Company could be subject to a significant settlement, monetary penalties, and costs related to implementation of changes to its practices, which could have a material adverse effect on its business.

Healthcare reform legislation in the United States may adversely affect the Company's business and/or results of operations.

The Company is unable to predict what legislation or regulation relating to the health care industry or third-party coverage and reimbursement may be enacted in the future or what effect such legislation or regulation would have on the Company's business. Any cost containment measures or other health care system reforms that are adopted could have a material and adverse effect on the Company's ability to commercialize its existing and future products successfully. The Company cannot predict whether any existing or enacted legislation will be repealed, replaced, or modified or how such repeal, replacement or modification may be timed or structured.

As a result, the Company cannot quantify or predict the effect of such repeal, replacement, or modification might have on its business and results of operations. However, any changes that lower reimbursement for the Company's products or reduce medical procedure volumes could adversely affect its business and results of operations.

The Company's products and manufacturing facilities are subject to extensive regulation with potentially significant costs for compliance.

In the United States, the Company's CAD systems and Xoft Systems are medical devices subject to extensive regulation by the FDA under the FDCA. The FDA's regulation of the Company's products includes its manufacturing operations, product labeling, adverse event reporting, and the FDA's general prohibition against promoting products for unapproved or "off-label" uses.

The Company's failure to fully comply with applicable regulations could result in the issuance of warning letters, non-approvals, suspensions of existing approvals, civil penalties and criminal fines, product seizures and recalls, operating restrictions, injunctions, and criminal prosecution. Moreover, unanticipated changes in existing regulatory requirements or adoption of new requirements could increase the Company's operating and compliance burdens and adversely affect its business, financial condition and results of operations.

Sales of the Company's products in certain countries outside of the United States are also subject to extensive regulatory approvals. Obtaining and maintaining foreign regulatory approvals is an expensive and time-consuming process. The Company cannot be certain that it will be able to obtain the necessary regulatory approvals timely or at all in any foreign country in which the Company plans to market its CAD products, and Xoft Systems, and if the Company fails to receive such approvals, its ability to generate revenue may be significantly diminished.

The Company may not be able to obtain regulatory approval for any of the other products that we may consider developing.

The Company has received the required premarket approvals from FDA or the equivalent foreign authority in the relevant jurisdictions in which its currently offers its products. Before the Company is able to commercialize any new product or promote a new indicated use of an existing product, it must obtain the required regulatory approvals. The process for satisfying these regulatory requirements is lengthy and costly and will require the Company to comply with complex standards for research and development, clinical trials, testing, manufacturing, quality control, labeling, and promotion of products. Additionally, even if the Company receives regulatory approval for a new product or indicated use in one jurisdiction, its products may be subject to separate regulatory approval in each country or jurisdiction in which the Company plans to market its products. The Company cannot be certain that it will be able to obtain the necessary regulatory approvals timely or at all in any country or jurisdiction. Successfully obtaining regulatory approval in one jurisdiction does not guarantee approval in another; however, a delay or failure to obtain regulatory approval in one jurisdiction may negatively affect the regulatory process in another. If the Company is unable to obtain regulatory approval for other products or indicated uses, its ability to generate sufficient revenue to continue its business may be significantly impacted.

The Company's products may be recalled even after it has received FDA or other governmental approval or clearance.

If the safety or efficacy of any of the Company's products is called into question, the Company may initiate or the FDA and similar governmental authorities in other countries may press the Company to implement or even require a product recall, even if the Company's product received approval or clearance by the FDA or a similar governmental body. Such a recall would divert the focus of the Company's management and its financial resources and could materially and adversely affect the Company's reputation with customers and its financial condition and results of operations.

Strategic transactions, acquisitions or joint ventures could disrupt our business, cause dilution to our stockholders and otherwise harm our business and results of operations, and the Company may not receive the intended benefits of any such activities.

We may engage in strategic transactions, acquire other businesses, products or technologies as well as pursue strategic alliances, joint ventures, technology licenses or investments in complementary businesses. Any of these transactions could be material to our financial condition and operating results and expose us to many risks, including:

- disruption in our relationships with customers, distributors, manufacturers or suppliers as a result of such a transaction;
- unanticipated liabilities related to acquired companies;
- difficulties integrating acquired personnel, technologies and operations into our existing business;
- diversion of management's time and focus away from operating our business to acquisition integration challenges;
- increases in our expenses and reductions in our cash available for operations and other uses; and
- possible write-offs or impairment charges relating to acquired businesses.

In addition, the anticipated benefit of any transaction may not materialize. For example, in October 2023, the Company transferred substantially all of the assets and liabilities primarily related to the Company's Xoft business lines for total consideration of approximately $5.76 million dollars, in part, to allow the Company to capitalize and focus on the Company's Profound AI and related products and proposed products. Future transactions, including acquisitions or dispositions, could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of future joint ventures, acquisitions, or other transactions, if any, or the effect that any such transactions might have on our operating results.

The Company is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, data protection, and other matters. The Company may be subject to criminal or civil sanctions if it fails to comply with privacy and security regulations regarding the use and disclosure of sensitive personally identifiable information.

Numerous state and federal laws and regulations govern the collection, dissemination, use, privacy, confidentiality, security, availability and integrity of personally identifiable information, including HIPAA. In the provision of services to the Company's customers, the Company and its third-party vendors may collect, use, maintain and transmit patient health information in ways that are subject to many of these laws and regulations. The Company is also subject to laws and regulations in foreign countries covering data privacy and other protection of health and employee information that may be more onerous than corresponding U.S. laws, including in particular the laws of Europe.

The Company's customers are covered entities, and the Company is a business associate of its customers under HIPAA as a result of the Company's contractual obligations to perform certain functions on behalf of and provide certain services to those customers. In the ordinary course of business, the Company collects and stores sensitive data, including personally identifiable information received from its customers. The secure processing, maintenance and transmission of this information is critical to the Company's operations. Despite its security measures and business controls, the Company's information technology and infrastructure may be vulnerable to attacks by hackers, breached due to employee error, malfeasance or other disruptions or subject to the inadvertent or intentional unauthorized release of information. Any such occurrence could compromise the Company's networks and the information stored thereon could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information by the Company or its subcontractors could (i) result in legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties, (ii) disrupt the Company's operations and the services it provides to its customers and (iii) damage the Company's reputation, any of which could adversely affect the Company's profitability, revenue and competitive position.

Federal and state consumer laws are being applied increasingly by the Federal Trade Commission and state attorneys general to regulate the collection, use and disclosure of personal or patient health information, through web sites or otherwise, and to regulate the presentation of web site content. Numerous other federal and state laws protect the confidentiality, privacy, availability, integrity and security of personally identifiable information. These laws in many cases are more restrictive than, and not preempted by, HIPAA and may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for the Company and its customers and potentially exposing the Company to additional expense, adverse publicity and liability. The Company may not remain in compliance with the diverse privacy requirements in each of the jurisdictions in which it does business.

HIPAA and federal and state laws and regulations may require users of personally identifiable information to implement specified security measures. Evolving laws and regulations in this area could require the Company to incur significant additional costs to re-design its products in a timely manner to reflect these legal requirements, which could have an adverse impact on its results of operations.

New personally identifiable information standards, whether implemented pursuant to HIPAA, congressional action or otherwise, could have a significant effect on the manner in which the Company must handle healthcare related data, and the cost of complying with standards could be significant. If the Company does not properly comply with existing or new laws and regulations related to patient health information, it could be subject to criminal or civil sanctions.

The Company is subject to complex and evolving U.S. and foreign laws and regulations regarding AI, machine learning, and automated decision making.

The Company's business increasingly relies on machine learning, AI, and automated decision making. However, in recent years the use of personal data to train, or otherwise in connection with machine learning, AI and automated decision making, has come under increased regulatory scrutiny, and governments and regulators in the United States, European Union, and other places have announced the need for greater regulation regarding the use of machine learning and AI generally. New laws, guidance, and decisions in this area may limit the Company's ability to use machine learning and AI, or require the Company to make changes to its platform or operations that may decrease our operational efficiency, result in an increase to operating costs and/or hinder our ability to improve our services. For example, certain global privacy laws regulate the use of automated decision making and may require that the existence of automated decision making be disclosed to the data subject with a meaningful explanation of the logic used in such decision making in certain circumstances, and that safeguards must be implemented to safeguard individual rights, including the right to obtain human intervention and to contest any decision. Other global privacy laws allow individuals the right to opt out of certain automated processing of personal data and create other requirements that impact automated decision-making. At the federal level, the president of the United States recently issued an Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, which charges multiple agencies, including The National Institute of Standards and Technology, with producing guidelines in connection with the development and use of AI. In the European Union, there is now political agreement on the EU AI Act, which establishes a comprehensive, risk-based governance framework for AI in the EU market. The EU AI Act is expected to enter into force in 2024, and the majority of the substantive requirements will apply two years later (beginning 2026). The EU AI Act will apply to companies that develop, use and/or provide AI in the European Union and includes requirements around transparency, conformity assessments and monitoring, risk assessments, human oversight, security, accuracy, general purpose AI and foundation models, and proposes fines for breach of up to 7% of worldwide annual turnover (revenue). Additionally, in September of 2022, the European Commission proposed two Directives seeking to establish a harmonized civil liability regime for AI in the European Union, in order to facilitate civil claims in respect of harm caused by AI and to include AI-enabled products within the scope of the European Union's existing strict liability regime. Once fully applicable, the EU AI Act will have a material impact on the way AI is regulated in the European Union, and together with developing guidance and/or decisions in this area, may affect our use of AI and our ability to provide, improve, or commercialize our services, and could require additional compliance measures and changes to our operations and processes. Moreover, the intellectual property ownership and license rights, including copyright, surrounding AI technologies has not been fully addressed by courts or laws or regulations, and the use or adoption of AI technologies into our offerings may result in exposure to claims of copyright infringement or other intellectual property misappropriation. As the legal and regulatory framework for AI and automated decision making evolves, we may not always be able to anticipate how to respond to these laws or regulations, and compliance may adversely impact our operations and involve significant expenditure and resources. Any failure by us to comply may result in significant liability, potential increases in civil claims against us, negative publicity, an erosion of trust, and/or increased regulation and could materially adversely affect our business, results of operations, and financial condition.

Data protection laws in the United States, Europe and around the world may restrict the Company's activities and increase the Company's costs.

Various statutes and rules in the United States, Europe and around the world regulate privacy and data protection which may affect the Company's collection, use, storage, and transfer of information both abroad and in the United States. New laws and regulations are being enacted, so that this area remains in a state of flux. Monitoring and complying with these laws requires substantial financial resources. Failure to comply with these laws may result in, among other things, civil and criminal liability, negative publicity, restrictions on

further use of data, and/or liability under contractual warranties. In addition, changes in these laws (including newly released interpretations of these laws by courts and regulatory bodies) may limit the Company's data access, use and disclosure, and may require increased expenditures by us.

The European Union's General Data Protection Regulation ("GDPR") requires the Company to meet new and more stringent requirements regarding the handling of personal data about EU residents. Failure to meet the GDPR requirements could result in penalties of up to 4% of worldwide revenue.

Risk Risks Related to the Company's Common Stock

A substantial number of shares of the Company's common stock are eligible for future sale, and the sale of shares of common stock into the market, or the perception that such sales may occur, may depress the Company's stock price.

Sales of substantial additional shares of the Company's common stock in the public market, or the perception that these sales may occur, may significantly lower the market price of the Company's common stock. The Company is unable to estimate the amount, timing or nature of future sales of shares of its common stock. The Company has previously issued a substantial number of shares of common stock, which are eligible for resale under Rule 144 of the Securities Act of 1933, as amended (the "Securities Act"), and may become freely tradable. The Company has also registered shares that are issuable upon the exercise of options and warrants. If holders of options, or warrants choose to exercise or convert their securities and sell shares of common stock issued upon the such exercise or conversion in the public market or if holders of currently restricted common stock choose to sell such shares of common stock in the public market under Rule 144 or otherwise, or attempt to publicly sell such shares all at once or in a short time period, the prevailing market price for the Company's common stock may decline.

Provisions in the Company's Certificate of Incorporation and in Delaware law could make it more difficult for a third party to acquire the Company, discourage a takeover and adversely affect existing stockholders.

The Company's Certificate of Incorporation authorizes the Board of Directors (the "Board") to issue up to 1,000,000 shares of preferred stock. The preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by the Company's Board, of Directors, without further action by stockholders, and may include, among other things, voting rights (including the right to vote as a series on particular matters), preferences as to dividends and liquidation, conversion and redemption rights, and sinking fund provisions. Although there are currently no shares of preferred stock outstanding, future holders of preferred stock may have rights superior to the Company's common stock and such rights could also be used to restrict the Company's ability to merge with or sell its assets to a third party.

The Company is also subject to the provisions of Section 203 of the Delaware General Corporation Law, which could prevent the Company from engaging in a "business combination" with a 15% or greater stockholder for a period of three years from the date such person acquired that status unless appropriate board or stockholder approvals are obtained.

These provisions could deter unsolicited takeovers or delay or prevent changes in the Company's control or management, including transactions in which stockholders might otherwise receive a premium for their shares over the then current market price. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

The market price of the Company's common stock has been, and may continue to be volatile, which could reduce the market price of the Company's common stock.

The publicly traded shares of the Company's common stock have experienced, and may experience in the future, significant price and volume fluctuations. This market volatility could reduce the market price of the Company's common stock without regard to its operating performance. In addition, the trading price of the Company's common stock could change significantly in response to actual or anticipated variations in its quarterly operating results, announcements by the Company or its competitors, factors affecting the medical imaging industry generally, changes in national or regional economic conditions, changes in securities analysts' estimates for the Company or its competitors' or industry's future performance or general market conditions, making it more difficult for shares of the Company's common stock to be sold at a favorable price or at all. The market price of the Company's common stock could also be reduced by general market price declines or market volatility in the future or future declines or volatility in the prices of stocks for companies in the Company's industry.

Future issuances of shares of the Company's common stock may cause significant dilution of equity interests of existing holders of common stock and decrease the market price of shares of the Company's common stock.

The Company has previously issued options that are exercisable or convertible into a significant number of shares of its common stock. Should existing holders of options exercise their options for shares of the Company's common stock, it may cause significant dilution of equity interests of existing holders of the Company's common stock and reduce the market price of shares of the Company's common stock.

On August 11, 2023, the Company entered into an at-the-market issuance sales agreement (the "Sales Agreement") with Craig-Hallum Capital Group LLC whereby the Company, at its discretion, may issue and sell up to $25 million of shares of the Company's common stock, from time to time, by any method deemed to be an "at-the-market" offering, as defined in Rule 415 of the Securities Act, or any method specified in the Sales Agreement. During the year ended December 31, 2023, the Company sold 1,057,814 shares of its common

stock at a weighted average price of $2.18 per share resulting in cash proceeds of $2.0 million, net of issuance costs, pursuant to the Sales Agreement. Subsequent to December 31, 2023, the Company has not sold additional shares of its common stock. To the extent we raise additional capital by issuing equity securities (including but not limited to securities issued in connection with the Sales Agreement), our shareholders may experience substantial dilution.

General Risk Factors

Security breaches and other disruptions could compromise the Company's information and expose the Company to liability, which would cause its business and reputation to suffer and could subject it to substantial liabilities.

If the Company's security measures are breached or fail and unauthorized access is obtained to a customer's data, the Company's service may be perceived as insecure, the attractiveness of its services to current or potential customers may be reduced, and the Company may incur significant liabilities.

The Company's services involve the storage and transmission of customers' proprietary information and patient information, including health, financial, payment and other personal or confidential information. The Company relies on proprietary and commercially available systems, software, tools and monitoring, as well as other processes, to provide security for processing, transmission and storage of such information. Because of the sensitivity of this information and due to requirements under applicable laws and regulations, the effectiveness of such security efforts is very important. However, there can be no assurance that the Company will not be subject to cybersecurity incidents that bypass its security measures, impact the integrity, availability or privacy of personally identifiable information or other data subject to privacy laws or disrupt the Company's information systems, devices or business, including its ability to deliver services to its customers. As a result, cybersecurity, physical security and the continued development and enhancement of the Company's controls, processes and practices designed to protect its enterprise, information systems and data from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any cybersecurity vulnerabilities. The occurrence of any of these events could result in (i) harm to customers; (ii) business interruptions and delays; (iii) the loss, misappropriation, corruption or unauthorized access of data; (iv) litigation, including potential class action litigation, and potential liability under privacy, security and consumer protection laws or other applicable laws; (v) reputational damage; and (vi) federal and state governmental inquiries, any of which could have a material, adverse effect on the Company's financial position and results of operations and harm its business reputation.

See "Item IC. Cybersecurity" for more information.

Changes in interpretation or application of Accounting Principles Generally Accepted in the United States of America ("GAAP") may adversely affect the Company's operating results.

Management prepares the Company's consolidated financial statements to conform to GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board ("FASB"), American Institute of Certified Public Accountants, the SEC and various other regulatory or accounting bodies. A change in interpretations of, or management's application of, these principles can have a significant effect on the Company's reported results and may even affect the Company's reporting of transactions completed before a change is announced. In addition, when the Company is required to adopt new accounting standards, the Company's methods of accounting for certain items may change, which could cause the Company's results of operations to fluctuate from period to period and make it more difficult to compare the Company's financial results to prior periods.

As the Company's operations evolve over time, the Company may introduce new products or new technologies that require it to apply different accounting principles, including ones regarding revenue recognition, than the Company has applied in past periods. The application of different types of accounting principles and related potential changes may make it more difficult to compare the Company's financial results from quarter to quarter, and the trading price of the Company's common stock could suffer or become more volatile as a result.

The Company cannot be certain of the future effectiveness of its internal controls over financial reporting or the impact of the same on its operations or the market price for the Company's common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404"), the Company is required to include in its Annual Report on Form 10-K its assessment of the effectiveness of the Company's internal controls over financial reporting. The Company has dedicated a significant amount of time and resources to ensure compliance with this legislation for the year ended December 31, 2022 December 31, 2023 and will continue to do so for future fiscal periods. Although the Company believes that it currently has adequate internal control procedures in place, it cannot be certain that its internal controls over financial reporting will continue to be effective. If the Company cannot adequately maintain the effectiveness of its internal controls over financial reporting, it might be subject to sanctions or investigation by regulatory authorities, such as the SEC. Any such action could adversely affect the Company's financial results and the market price of its common stock.

Changes in credit markets or to the Company's credit rating could impact its ability to obtain financing for business operations or result in increased borrowing costs and interest expense.

The Company's credit ratings reflect each credit rating agency's opinion of its financial strength, operating performance and ability to meet its debt obligations at the time such opinion is issued. The Company utilizes the short- and long-term debt markets to obtain capital from time to time. Adverse changes in the Company's credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities and may limit financing options, including access to the unsecured borrowing market. Such changes may also breach restrictive covenants under current or future debt facilities or instruments, which could reduce the Company's operating flexibility. Macroeconomic conditions, such as continued or increased volatility or disruption in the credit markets, may adversely affect the Company's ability to refinance existing debt or obtain additional financing for working capital, capital expenditures or fund new acquisitions.

Future issuances of shares of the Company's common stock may cause significant dilution of equity interests of existing holders of common stock and decrease the market price of shares of the Company's common stock.

The Company has previously issued options that are exercisable or convertible into a significant number of shares of its common stock. Should existing holders of options exercise their options for shares of the Company's common stock, it may cause significant dilution of equity interests of existing holders of the Company's common stock and reduce the market price of shares of the Company's common stock. acquisitions

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 1C. Cybersecurity

Risk management and strategy

The Company recognizes the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of data.

Managing Material Risks & Integrated Overall Risk Management

The Company has strategically integrated cybersecurity risk management into our broader risk management framework to promote a company-wide culture of cybersecurity risk management. This integration ensures that cybersecurity considerations are an integral part of our decision-making processes at every level. Our management team works closely with our IT department to continuously evaluate and address cybersecurity risks in alignment with our business objectives and operational needs.

Engage Third-parties on Risk Management

Recognizing the complexity and evolving nature of cybersecurity threats, we engage with a range of external experts, including cybersecurity consultants, to evaluate and test our risk management systems. These partnerships enable us to leverage specialized knowledge and insights, and ensure our cybersecurity strategies and processes remain at the forefront of industry best practices. Our collaborations with these third-parties include threat assessments and security enhancement consultations.

Oversee Third-party Risk

Because we are aware of the risks associated with third-party service providers, we implement stringent processes to oversee and manage these risks. We conduct thorough security assessments of all third-party providers before engagement and maintain ongoing monitoring to ensure compliance with our cybersecurity standards. The monitoring includes ongoing assessments by our security analysts. This approach is designed to mitigate risks related to data breaches or other security incidents originating from third-parties.

Risks from Cybersecurity Threats

We have not encountered cybersecurity challenges that have materially impaired our operations or financial standing.

Governance

The Board is acutely aware of the critical nature of managing risks associated with cybersecurity threats. The Board has established robust oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity threats because we recognize the significance of these threats to our operational integrity and stakeholder confidence.

Board of Directors Oversight

The Audit Committee of the Board (the "Audit Committee") is central to the Board's oversight of cybersecurity risks and bears the primary responsibility for this domain. The Audit Committee is composed of board members with diverse expertise including, risk management, technology, and finance, equipping them to oversee cybersecurity risks effectively.

Management's Role Managing Risk

The Chief Product Officer (the "CPrO"), the Chief Technology Officer (the "CTO"), the Chief Operations Officer (the "COO"), and the Chief People Officer (the "CPO") form the Risk Management team (the "RMT"). The RMT and the Chief Executive Officer ("CEO") play a pivotal role in informing the Audit Committee on cybersecurity risks. They provide comprehensive briefings to the Audit Committee on a regular basis, with a minimum frequency of once per year. These briefings encompass a broad range of topics, including:

- Current cybersecurity landscape and emerging threats;
- Status of ongoing cybersecurity initiatives and strategies;
- Incident reports and learnings from any cybersecurity events; and
- Compliance with regulatory requirements and industry standards.

In addition to our scheduled meetings, the Audit Committee, RMT, and CEO maintain an ongoing dialogue regarding emerging or potential cybersecurity risks. Together, they receive updates on any significant developments in the cybersecurity domain, ensuring the Board's oversight is proactive and responsive. The Audit Committee actively participates in strategic decisions related to cybersecurity, offering guidance and approval for major initiatives. This involvement ensures that cybersecurity considerations are integrated into the broader strategic objectives of the Company. The Audit Committee conducts an annual review of the company's cybersecurity posture and the effectiveness of its risk management strategies. This review helps in identifying areas for improvement and ensuring the alignment of cybersecurity efforts with the overall risk management framework.

Risk Management Personnel

Primary responsibility for assessing, monitoring and managing our cybersecurity risks rests with the RMT. With deep experience in technology, operations, security, compliance and risk management, the RMT brings a wealth of expertise in enterprise cybersecurity and are instrumental in developing and executing our cybersecurity strategies. The RMT oversees our governance programs, tests our compliance with standards, remediates known risks, and leads our employee training program.

Monitor Cybersecurity Incidents

The RMT is continually informed about the latest developments in cybersecurity, including potential threats and innovative risk management techniques. This ongoing knowledge acquisition is crucial for the effective prevention, detection, mitigation, and remediation of cybersecurity incidents. The RMT implements and oversees processes for the regular monitoring of our information systems. This includes the deployment of advanced security measures and regular system audits to identify potential vulnerabilities. In the event of a cybersecurity incident, the RMT is equipped with a well-defined incident response plan. This plan includes immediate actions to mitigate the impact and long-term strategies for remediation and prevention of future incidents.

Reporting to Board of Directors

The RMT regularly informs the CFO and CEO of all aspects related to cybersecurity risks and incidents. This ensures that the highest levels of management are kept abreast of the cybersecurity posture and potential risks facing the Company Furthermore, significant cybersecurity matters, and strategic risk management decisions are escalated to the Board, ensuring that they have comprehensive oversight and can provide guidance on critical cybersecurity issues.

See “Item 1A. General Risk Factors – Security breaches and other disruptions could compromise the Company’s information and expose the Company to liability, which would cause its business and reputation to suffer and could subject it to substantial liabilities.” for more information.

Item 2. Properties.

The Company’s executive offices are leased pursuant to a lease originally entered into in December 2006. The lease covers approximately 11,000 square feet of office space located at 98 Spit Brook Road, Suite 100 in Nashua, New Hampshire. In November of 2022, the lease was extended through May 31, 2026 with monthly base rent payments of $16,983. Additionally, the Company is required to pay its proportionate share of the building and real estate tax expenses and obtain insurance for the facility.

The Company also leases warehouse space in Nashua, New Hampshire. In January 2024, in anticipation of the March 2024 end date of the lease for the Company’s then-current warehouse facility, the Company entered into a 36-month lease for a new warehouse facility, consisting of also located in Nashua, New Hampshire. The new facility is approximately 24,350 3,000 square feet, of office, manufacturing and warehousing space located at 101 Nicholson Lane, San Jose, CA. The lease commenced in September 2012 and in May 2022 was extended through March 31, 2028, with monthly base annual rent payments of $51,137 from April 1, 2023 until March 31, 2024, $52,598 from April 2024 until March 2025, $54,059 from April 2025 through March 2026, $55,737 from April 2026 through March 2027, and $57,468 from April 2027 through March 2028. Additionally, the Company is required to pay its proportionate share of the building and real estate tax expenses and obtain insurance totaling approximately $46,000 for the facility. entire term.

In addition to the foregoing leases relating to its principal properties, the Company also has a lease for an additional facility in Nashua, New Hampshire used for product repairs, manufacturing and warehousing and office space in Lyon, France.

If the Company is required to seek additional or replacement facilities, it believes there are adequate facilities available at commercially reasonable rates.

Item 3. Legal Proceedings.

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not currently a party to any material legal proceedings.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for our Common Stock

The Company’s common stock is traded on the NASDAQ Capital Market under the symbol “ICAD”.

Holders of Common Stock

As of March 13, 2023 March 22, 2024, there were 87 80 holders of record of the Company's common stock. We believe that there are a substantially greater number of beneficial owners of our common stock.

Dividends

The Company has not paid any cash dividends on its common stock to date, and the Company does not expect to pay cash dividends in the foreseeable future. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition, and other factors considered relevant by the Company's Board of Directors.

Securities Authorized for Issuance Under Equity Compensation Plans

Information with respect to the Company's equity compensation plans in effect at December 31, 2022 December 31, 2023 will be included in the Company's 2023 definitive Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for the Company's 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement") and is incorporated herein by reference.

Issuer's Issuer's Purchases of Equity Securities.

For the majority of restricted stock units granted to employees under the applicable stock incentive plan, the number of shares issued on the date that the restricted stock units vest is net of the minimum statutory tax withholding requirements that we pay in cash to the appropriate tax authorities on behalf of our employees. The Company did not have any repurchases of securities in the year ended December 31, 2022 December 31, 2023.

Recent Sales of Unregistered Securities

None.

Item 6 6. Reserved.

Item 7 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the Company's financial condition and results and of operations should be read in conjunction with the Company's consolidated financial statements and the related notes to those statements included elsewhere in this Annual Report on Form 10-K.

Results of Operations

Overview

iCAD, Inc. is a global medical technology company providing innovative leader in AI-powered cancer detection on a mission to create a world where cancer can't hide. Cancer wins when it hides. Remaining undetected, cancer poses one of the greatest threats to life. The Company's ProFound Breast Health Suite enables medical providers and therapy solutions. professionals to accurately and reliably identify where cancer may be hiding and when it might make its move. The ProFound Breast Health Suite offers solutions for breast cancer detection, density assessment, one or two years breast cancer risk evaluation, and cardiovascular risk related to elevated levels of breast arterial calcifications. Prior to the third quarter of 2023, the Company reports in had two reporting segments: Detection and Therapy. The Company completed the sale of its Xoft (Therapy) business line on October 23, 2023. Accordingly, the Company has only one reporting segment, Detection. The applicable assets and liabilities of the Xoft business have been classified as held for sale in the Consolidated Balance Sheet as of December 31, 2022, and the results of its operations for all periods presented are reflected as discontinued operations in the Consolidated Statements of Income. Unless otherwise indicated, all disclosures and amounts relate to the Company's continuing operations.

In Powered by the Detection segment, latest innovations in artificial intelligence (AI), and built on one of the Company's solutions include (i) advanced image analysis largest, most diverse US-based and workflow solutions that enable healthcare professionals to better serve patients by identifying pathologies and pinpointing global data sets, the most prevalent cancers earlier, and (ii) a comprehensive range of high-performance, Artificial Intelligence and Computer-Aided Detection (CAD) systems and workflow ProFound Suite uniquely offers 360-degree solutions for cancer detection, density assessment, and personalized risk evaluation, all based on a 2D or 3D mammogram's collection of images. The ProFound Detection solution scores cases and 3D mammography, Magnetic Resonance Imaging (MRI) suspicious lesions, helping radiologists identify and Computed Tomography (CT). focus on areas of most concern and highest suspicion of cancer. The ProFound Density Assessment standardizes and simplifies breast density reporting, algorithmically examining a woman's breast anatomy from the mammogram image. The ProFound Risk solution provides a near-term probability for developing breast cancer in the next one or two years, making it more actionable and relevant than generalized lifetime risk scores. The ProFound Heart Health solution identifies the presence and quantity of breast arterial calcification which is proven to correlate with calcifications elsewhere in the body, raising concern for cardiovascular or heart health concerns.

In The ProFound Breast Health Suite is cleared by the Therapy segment, the Company offers the Xoft System, an isotope-free cancer treatment platform technology. The Xoft System can be US Food & Drug Administration (FDA) and has received CE mark and Health Canada licensing. Used by thousands of providers serving millions of patients, ProFound is available in over 50 countries. iCAD estimates that ProFound has been used for more than 40 million mammograms worldwide in the treatment of early-stage breast cancer, endometrial cancer, cervical cancer and nonmelanoma skin cancer. last five years.

The Company's headquarters are located in Nashua, New Hampshire, with Hampshire. In addition, the Company has a separate manufacturing and warehousing facility, also located in Nashua, New Hampshire and an operations, research, development, manufacturing and warehousing facility in San Jose, California. In addition, Hampshire. Lastly, the Company has office space in Lyon, France.

Recent Reduction in Expenses

On March 20, 2023, the Company committed to a restructuring plan intended to support its long term strategic goals and reduce operating expenses by further aligning its cost structure to focus on areas the Company believes are more likely to generate the best long-term results, in light of current industry and macroeconomic environments (the "RIF"). The Company plans to reduce its workforce by approximately 28%, decreasing its headcount by approximately 23 employees, predominantly from the Company's detection business unit. Xoft, Inc., a wholly-owned subsidiary of the Company, will also furlough 12 of its employees, or approximately 50% of its workforce. The Company currently estimates it will incur one-time cash pre-tax restructuring charges of an aggregate of approximately $0.3 million in the first half of 2023 as a result of the RIF, comprised primarily of one-time severance and benefits payments, and employee-related transition costs. Estimated amounts are subject to change until finalized and the Company may incur additional costs during the remainder of 2023.

Discussion of Operating Results:

Year Ended December 31, 2022 December 31, 2023 compared to Year Ended December 31, 2021 December 31, 2022

Revenue. Revenue for the year ended December 31, 2022 December 31, 2023 was $27.9 $17.3 million compared with revenue of $33.6 $19.8 million for the year ended December 31, 2021 December 31, 2022, a decrease of $5.7 $2.5 million, or 16.9%. Detection revenue decreased by $2.2 million, or 10.1%, and Therapy revenue decreased by $3.5 million, or 29.9% 12.5%.

The table below presents the components of revenue for 2022 2023 and 2021 2022 (in thousands):

	For the year ended December 31,			
	2022	2021	$ Change	% Change
Detection revenue				
Product revenue	$ 12,492	$ 15,661	$ (3,169)	(20.2
Service and supplies revenue	7,310	6,358	952	15.0
Subtotal	19,802	22,019	(2,217)	(10.1
Therapy revenue				
Product revenue	2,777	5,530	(2,753)	(49.8
Service and supplies revenue	5,365	6,089	(724)	(11.9
Subtotal	8,142	11,619	(3,477)	(29.9
	$ 27,944	$ 33,638	$ (5,694)	(16.9

	For the year ended December 31,			
	2023	2022	$ Change	% Change
Detection revenue				
Product revenue	$ 9,930	$ 12,620	$ (2,690)	(21.3
Services revenue	7,388	7,182	206	2.9
Total	$ 17,318	$ 19,802	$ (2,484)	(12.5

Detection revenue decreased 10.1%, or $2.2 million, to $19.8 million for the year ended December 31, 2022 from $22.0 million for the year ended December 31, 2021.

Detection product Product revenue decreased by $3.0 $2.7 million and Detection service Services revenue increased by $1.0 million. $0.2 million. The Company has decrease is due primarily to reduced demand, a reduction in sales force which began in late 2022, our shift to a subscription model and continued weakness in recovery to pre-pandemic levels prior to Covid-19. During 2023, we have seen an increased customer demand for subscription licenses, which currently remains a small portion of the Company's our total license revenue. The Company believes We believe this trend could accelerate, and has we have begun to shift our marketing efforts to better promote a subscription model. An increase in subscription revenue would negatively impact revenue in the short term, because revenue from subscription licenses are recognized over time, as opposed to being recognized upon delivery for perpetual licenses. The Company is not able to predict how the COVID-19 pandemic will affect future

Cost of revenue and order volume. The $1.0 million increase in Detection service revenue was due primarily to an increase in service revenue from direct customers. The Company did not see significant impact of the COVID-19 pandemic on Detection service revenue in gross profit for 2023 and 2022 were as compared to 2021 but is not able to predict how the

COVID-19 pandemic could affect future Detection service revenue. follows (in thousands):

	For the year ended December 31,			
	2023	2022	Change	% Change
Products	$ 1,387	$ 1,658	$ (271)	(16.3
Services	1,060	1,217	(157)	(12.9
Amortization and depreciation	86	108	(22)	(20.4
Total cost of revenue	2,533	2,983	(450)	(15.1
Gross profit	$ 14,785	$ 16,819	$ (2,034)	(12.1
Gross profit %	85.4 %	84.9 %		

Therapy*Cost of Revenue*. Total cost of revenue decreased 29.9% by $0.5 million, or 15.1%, or $3.5 million, to $8.1 from $3.0 million for the year ended December 31, 2022 from $11.7 to $2.5 million in the year ended December 31, 2021.

Therapy product revenue decreased by $2.8 million and Therapy service and supplies revenue decreased by $0.7 million. Therapy product revenue is related to the sale of Axxent Controller systems and can vary significantly from year to year due to changes in the number of units sold and the average selling price.

Therapy product revenue for the year ended December 31, 2021 benefitted December 31, 2023. Cost of revenue for Products decreased $0.3, or 16.3%, from reimbursement and regulatory policy changes in the dermatology market that did not repeat during $1.7 million for the year ended December 31, 2022. In addition, to $1.4 million for the year ended December 31, 2021 December 31, 2023. Cost of revenue for Services decreased $0.2 million, or 12.9%, revenue was higher in international markets from $1.2 million for Intraoperative Radiation Therapy indications. Therapy product revenue is related to the sale of our Xoft Systems including the Controller unit and re-usable applicators. For the year ended December 31, 2021, Therapy service revenue was positively impacted by the additional controller placement leading December 31, 2022 to more service and source contracts and consumables usage that did not repeat during $1.1 million for the year ended December 31, 2022 December 31, 2023. The total decrease in Cost of revenue is consistent with the decrease in total Revenue.

Gross Profit. Gross profit was $19.8 $14.8 million for the year ended December 31, 2022 December 31, 2023 compared to $24.2 $16.8 million for the year ended December 31, 2021 December 31, 2022, a decrease of $4.4 $2.0 million, or 18.3% 12.1%. Detection gross Gross profit decreased by $1.7 million from $18.5 million as a percentage of revenue increased to 85.4% in the year ended December 31, 2021 to $16.8 million December 31, 2023 from 84.9% in the year ended December 31, 2022. Detection gross profit as a percentage of Detection revenue increased to 85% in the year ended December 31, 2022 from 84% in the year ended December 31, 2021. The increase was due primarily to the mix of products sold across the periods. Therapy gross profit decreased by $2.7 million from $5.7 million in the year ended December 31, 2021 to $3.0 million in the year ended December 31, 2022. Therapy gross profit as a percentage of Therapy revenue decreased to 37% in the year ended December 31, 2022 from 49% in the year ended December 31, 2021. The decrease was due primarily to revenue mix shifting to lower margin product revenues.

Gross profit as a percentage of revenue was 70.9% for the year ended December 31, 2022 compared to 72.1% for the year ended December 31, 2021. Gross profit as a percentage of revenue is dependent on product and service mix within each segment and segment mix.

The COVID-19 pandemic adversely affected revenues from both segments in the years ended December 31, 2022 and 2021, and as a result, gross profit in both segments. The primary impact of the COVID-19 pandemic started in the second quarter of 2020 and the Company undertook cost cutting measures to reduce operating expenses and manufacturing costs to offset some of the COVID-19 impact to gross profit. The Company lessened some of these cost control efforts, until COVID-19 negative impacts on revenues re-emerged in the second quarter of 2021, as the typical sales cycle and ordering patterns were disrupted due to supply chain issues, travel restrictions, and some healthcare facilities' reprioritization of resources to provide additional focus on COVID-19. The impact began in the second quarter and continued through the remainder of 2021, but was most acute in December. Starting in the second quarter of 2021, the Company re-introduced cost management strategies to minimize the effect of 2021 COVID-19 impacts on gross profit. For the year ended December 31, 2022, it appears that the worst of the disruptions have subsided, however, the Company continues to be impacted by slowness in the overall economic recovery. The Company is not able to predict how the COVID-19 pandemic, supply chain disruptions, macro-economic conditions and other factors will affect future gross profit.

Cost of revenue and gross profit for 2022 and 2021 were as follows (in thousands):

	For the year ended December 31,			
	2022	2021	Change	% Change
Products	$ 5,852	$ 5,653	$ 199	3.5
Service and supplies	1,983	3,425	(1,442)	(42.1
Amortization and depreciation	297	317	(20)	(6.3
Total cost of revenue	8,132	9,395	(1,263)	(13.4
Gross profit	$ 19,812	$ 24,243	$ (4,431)	(18.3
Gross profit %	70.9 %	72.1 %		

	For the year ended December 31,			
	2022	2021	Change	% Change
Detection gross profit	$ 16,824	$ 18,510	$ (1,686)	(9.1
Therapy gross profit	2,988	5,733	(2,745)	(47.9
Gross profit	$ 19,812	$ 24,243	$ (4,431)	(18.3

Operating Expenses:

Operating expenses for 2022 2023 and 2021 2022 were as follows (in thousands**):**

	For the year ended December 31,				For the year ended December 31,			
	2022	2021	Change	% Change	2023	2022	Change	% Change
Operating expenses:								
Engineering and product development	$ 8,593	$ 9,194	$ (601)	(6.5)%	$ 5,161	$ 5,493	$ (332)	(6.0)%
Marketing and sales	13,691	15,135	(1,444)	(9.5)%	7,740	10,790	(3,050)	(28.3)%
General and administrative	11,234	10,406	828	8.0%	9,324	10,517	(1,193)	(11.3)%
Amortization and depreciation	224	240	(16)	(6.7)%	249	217	32	14.7%
Total operating expenses	$ 33,742	$ 34,975	$ (1,233)	(3.5)%	$ 22,474	$ 27,017	$ (4,543)	(16.8)%

Operating expenses were $33.7 $22.5 million for the year ended December 31, 2023, compared to $27.0 million for the year ended December 31, 2022, compared to $35.0 million for the year ended December 31, 2021, a decrease of $1.2 $4.5 million or 3.5% 16.8%. Operating expenses as a percentage The decrease is due primarily to several cost savings initiatives that occurred in Q4 of sales was 121.0% in the year ended December 31, 2022, compared to 103.9% for the year ended December 31, 2021. In early 2021, the Company reduced cost-cutting programs implemented in 2020 in response to COVID-19, returning furloughed employees 2022 and hiring a number Q1 of employees for positions vacant in early 2021. When the impacts of COVID-19 re-emerged in the second quarter of 2021, the Company continued to remain focused on a disciplined approach to spending. In November 2022, the Company eliminated a number of positions, resulting in a charge of approximately $0.1 million, comprised of severance and related costs. 2023.

Engineering and Product Development. Engineering and product development costs for the year ended December 31, 2022 December 31, 2023 decreased by $0.6 $0.3 million, or 6.5% 6.0%, from $9.1 $5.5 million in 2021 2022 to $8.6 $5.2 million in 2022. 2023. The decrease was largely due primarily to timing as certain projects in 2023 met the timing of new personnel joining in 2022 and a reduction in consulting fees. criteria for capitalization.

Marketing and Sales. Marketing and sales expense for the year ended December 31, 2022 December 31, 2023 decreased by $1.4 million, $3.1 million, or 9.5% 28.3%, from $15.1 $10.8 million in 2021 2022 to $13.7 million $7.7 million in 2022. 2023. The decrease in marketing and sales expense was due primarily due to lower headcount reductions and additional cost savings initiatives that occurred in late 2022 and early 2023 as well as lower commission expense in 2022. 2023.

General and Administrative. General and administrative expenses for the year ended December 31, 2022 increased December 31, 2023 decreased by $0.8 $1.2 million, or 8.0% 11.3%, from $10.4 $10.5 million in 2021 2022 to $11.2 $9.4 million in 2022. 2023. The increase decrease was due primarily to consulting higher personnel costs related to use as the Company utilized higher cost third-parties in place of an interim CFO and other interim personnel. permanent roles throughout 2022.

Amortization and Depreciation. Amortization and depreciation expenses for the year ended December 31, 2022 decreased December 31, 2023 increased by $0.02, less than $0.1 million, or 6.7% 14.7%, from $0.24 $0.22 million in 2022 to $0.25 million in 2021 2023. The increase is due primarily to $0.22 million the deployment of a new enterprise resource planning ("ERP") system in 2022. The Company's depreciable and amortizable assets have remained relatively consistent between 2022 and 2021. early 2023.

*Other Income, Tax and Expense (in thousands**)**:*

	For the year ended December 31,				For the year ended December 31,			
	2022	2021	Change	Change %	2023	2022	Change	Change %
Interest expense	$ (10)	$ (141)	$ 131	(92.9)%	$ (16)	$ (10)	$ (6)	60.0%
Interest income	213	15	198	1320.0%	729	213	516	242.3%
Loss on extinguishment of debt	—	(386)	386	(100.0)%				
Loss on fair value of debentures	—	—	—	0.0%				

Other	(45)	—	(45)	(100.0)%	(14)	(39)	25	(100.0)%
Total other expense	$ 158	$ (512)	$ 670	(130.9)%				
Total other income					$ 699	$ 164	$ 535	326.2%
Income tax expense	$ 116	$ (1)	$ 117	(11700.0)%	$ (20)	$ 116	$ (136)	(117.2)%
Income (loss) from discontinued operations, net of tax					$ 2,163	$ (3,738)	$ 5,901	(157.9)%

Interest Expense. The Company recorded less than $0.01 million of interest expense in each of the year years ended December 31, 2022 as compared with $0.1 million in the year ended December 31, 2021. The Western Alliance debt facility was fully paid December 31, 2023 and extinguished in April 2021. December 31, 2022.

Interest income. Interest income of $0.2 million $0.7 million and $0.01 $0.2 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, reflects income earned from the Company's money market accounts. The increase year over year results from higher market interest rates on over the Company's money market accounts.

Loss on Extinguishment of Debt. The Company recorded a loss on extinguishment of debt of $0.4 million for the year ended December 31, 2021. The loss in 2021 was due to the April 27, 2021 extinguishment of the Loan and Security Agreement with Western Alliance Bank, originally issued on March 30, 2020. period.

Tax expense. The Company recorded tax expense of less than $0.01 million and a tax benefit of $0.1 million $0.1 million for the year ended December 31, 2022. December 31, 2023 and 2022, respectively. The amount of tax expense or benefit varies based on geographic mix of earnings and losses.

Discussion Income (loss) from discontinued operations: This reflects the net income of Operating Results: our former Xoft (

Therapy Year Ended December 31, 2021 compared to Year Ended December 31, 2020)

Revenue. Revenue for business, which was sold in October 2023. Upon the closing of the sale, the Company recorded a gain of approximately $2.6 million, which offset the operational losses incurred since the beginning of the year ended December 31, 2021 was $33.6 million compared with revenue of $29.7 million for December 31, 2023 through the year ended December 31, 2020, an increase of $3.9 million, or 13.3%. Detection revenue increased by 0.1% and Therapy revenue increased by $3.9 million, or 50.9%.

The table below presents the components of revenue for 2021 and 2020 (in thousands):

	For the year ended December 31,			
	2021	2020	$ Change	% Change
Detection revenue				
Product revenue	$ 15,661	$ 16,291	$ (630)	(3.9
Service and supplies revenue	6,358	5,706	652	11.4
Subtotal	22,019	21,997	22	0.1
Therapy revenue				
Product revenue	5,530	2,612	2,918	111.7
Service and supplies revenue	6,089	5,089	1,000	19.7
Subtotal	11,619	7,701	3,918	50.9
	$ 33,638	$ 29,698	$ 3,940	13.3

Detection revenues were flat as they were approximately $22.0 million for each date of the years ended December 31, 2021 and 2020, respectively.

Detection product revenue decreased by $0.6 million and Detection service revenue increased by $0.7 million. The Company believes that Detection product revenue was adversely affected sale in 2021 by the COVID-19 pandemic, as the typical sales cycle and ordering patterns were disrupted due to supply chain issues, travel restrictions, and some healthcare facilities' reprioritization of resources to provide additional focus on COVID-19. The impact on 2021 began in the second quarter and continued through the remainder of 2021 but was most acute in December. The Company is not able to predict how the COVID-19 pandemic will affect future revenue and order volume. The $0.7 million increase in Detection service revenue was due primarily to an increase in service revenue from direct customers. The Company did not see significant impact of the COVID-19 pandemic on Detection service revenue in 2021 as compared to 2020 but is not able to predict how the COVID-19 pandemic could affect future Detection service revenue.

Therapy revenue increased 50.9%, or $3.9 million, to $11.6 million October 2023. See Note 2, for the year ended December 31, 2021 from $7.7 million in the year ended December 31, 2020. Therapy product revenue increased by $2.9 million and Therapy service and supplies revenue increased by $1.0 million. Therapy product revenue for the year ended December 31, 2021 benefitted from reimbursement and regulatory policy changes in the dermatology market. Sales were also higher in international markets for Intraoperative Radiation Therapy indications. Therapy product revenue is related to the sale of our Xoft Systems including the Controller unit and re-usable applicators. Therapy service revenue was positively impacted by the additional controller placement leading to more service and source contracts and consumables usage.

Gross Profit. Gross profit was $24.2 million for the year ended December 31, 2021 compared to $21.4 million for the year ended December 31, 2020, an increase of $2.9 million, or 13.5%. Detection gross profit increased by $0.7 million from $17.9 million in the year ended December 31, 2020 to $18.5 million in the year ended December 31, 2021. Detection gross profit as a percentage of Detection revenue increased to 84% in the year ended December 31, 2021 from 81% in the year ended December 31, 2020. The increase was due primarily to an increase in high margin licenses added to existing servers rather than the lower margin license and server bundle. Therapy gross profit increased by $2.2 million from

$3.5 million in the year ended December 31, 2020 to $5.7 million in the year ended December 31, 2021. Therapy gross profit as a percentage of Therapy revenue increased to 49% in the year ended December 31, 2021 from 45% in the year ended December 31, 2020. The increase was due primarily to revenue mix shifting to higher margin product revenues relative to service revenues.

Gross profit as a percentage of revenue was 72.1% for the year ended December 31, 2021 compared to 71.9% for the year ended December 31, 2020. Gross profit as a percentage of revenue is dependent on product and service mix within each segment and segment mix. The lower margin Therapy segment growing as a percentage of total revenue largely offset the margin gains within each individual segment. The COVID-19 pandemic adversely affected revenues from both segments in the years ended December 31, 2021 and 2020, and as a result, gross profit in both segments. The primary impact of the COVID-19 pandemic started in the second quarter of 2020 and the Company undertook cost cutting measures to reduce operating expenses and manufacturing costs to offset some of the COVID-19 impact to gross profit. The Company lessened some of these cost control efforts, until COVID-19 negative impacts on revenues re-emerged in the second quarter of 2021, as the typical sales cycle and ordering patterns were disrupted due to supply chain issues, travel restrictions, and some healthcare facilities' reprioritization of resources to provide additional focus on COVID-19. The impact began in the second quarter and continued through the remainder of 2021, but was most acute in December. Starting in the second quarter of 2021, the company re-introduced cost management strategies to minimize the effect of 2021 COVID-19 impacts on gross profit. The Company is not able to predict how the COVID-19 pandemic, supply chain disruptions, macro-economic conditions and other factors will affect future gross profit.

Cost of revenue and gross profit for 2021 and 2020 were as follows (in thousands):

	For the year ended December 31,			
	2021	2020	Change	% Change
Products	$ 5,653	$ 5,000	$ 653	13.1
Service and supplies	3,425	2,965	460	15.5
Amortization and depreciation	317	379	(62)	(16.4
Total cost of revenue	9,395	8,344	1,051	12.6
Gross profit	$ 24,243	$ 21,354	$ 2,889	13.5
Gross profit %	72.1 %	71.9 %		

	For the year ended December 31,			
	2021	2020	Change	% Change
Detection gross profit	$ 18,510	$ 17,856	$ 654	3.
Therapy gross profit	5,733	3,498	2,235	63.
Gross profit	$ 24,243	$ 21,354	$ 2,889	13.

Operating Expenses:

Operating expenses for 2021 and 2020 were as follows (in thousands):

	For the year ended December 31,			
	2021	2020	Change	Change %
Operating expenses:				
Engineering and product development	$ 9,194	$ 8,114	$ 1,080	13.
Marketing and sales	15,135	13,312	1,823	13.
General and administrative	10,406	9,117	1,289	14.
Amortization and depreciation	240	199	41	20.
Total operating expenses	$ 34,975	$ 30,742	$ 4,233	13.

Operating expenses were $35.0 million for the year ended December 31, 2021, compared to $30.7 million for the year ended December 31, 2020, an increase of $4.3 million or 13.8%. Operating expenses as a percentage of sales was 104.0% in the year ended December 31, 2021, compared to 103.5% for the year ended December 31, 2020. In early 2021, the Company reduced cost-cutting programs implemented in 2020 in response to COVID-19, returning furloughed employees and hiring a number of employees for positions vacant in early 2021. When the impacts of COVID-19 re-emerged in the second quarter of 2021, the Company continued to remain focused on a disciplined approach to spending.

Engineering and Product Development. Engineering and product development costs for the year ended December 31, 2021 increased by $1.1 million, or 13.3%, from $8.1 million in 2020 to $9.2 million in 2021. The increase was largely due to increased personnel as a result of the resumption of hiring for prioritized positions in early 2021 and an increase in consulting fees.

Marketing and Sales. Marketing and sales expense for the year ended December 31, 2021 increased by $1.8 million, or 13.7%, from $13.3 million in 2020 to $15.1 million in 2021. The increase in marketing and sales expense was due primarily to increased personnel and trade show costs after resumption of sales and marketing activity after the 2020 cost-cutting measures prompted by the COVID-19 pandemic and some additional management costs being reclassified and sales and marketing.

General and Administrative. General and administrative expenses for the year ended December 31, 2021 increased by $1.3 million, or 14.1%, from $9.1 million in 2020 to $10.4 million in 2021. The increase was due primarily to an increase in consulting fees related to corporate strategic projects and the interim consulting CFO and to insurance

premium expenses as well as board of director related expenses. Employee compensation increased, but was offset by a decrease in external service expenses as multiple functions were brought in-house. information.

Amortization and Depreciation. Amortization and depreciation expenses for the year ended December 31, 2021 increased by $0.04 million, or 20.6%, from $0.20 million in 2020 to $0.24 million in 2021. The Company's depreciable and amortizable assets have remained relatively consistent between 2021 and 2020.

Other Income, Tax and Expense (in thousands):

	For the year ended December 31,			
	2021	2020	Change	Change %
Interest expense	$ (141)	$ (476)	$ 335	(70.4
Interest income	15	97	-82	(84.5
Loss on extinguishment of debt	(386)	(341)	(45)	13.2
Loss on fair value of debentures	—	(7,464)	7,464	(100.0
Total other expense	$ (512)	$ (8,184)	$ 7,672	(93.7
Income tax expense	$ 116	$ (1)	$ 117	(11700.0

*Interest Expense. T*he Company recorded $0.1 million of interest expense in the year ended December 31, 2021 as compared with $0.5 million of interest expense in the year ended December 31, 2020. The Western Alliance debt facility was fully paid and extinguished in April 2021.

Interest income. Interest income of $0 million and $0.1 million for the years ended December 31, 2021 and 2020, respectively, reflects income earned from our money market accounts.

Loss on fair value of debentures. The Company recorded a loss on extinguishment of debt of $0.4 million and $0.3 million for the years ended December 31, 2021 and 2020, respectively. The loss in 2021 was due to the April 27, 2021 extinguishment of the Loan and Security Agreement with Western Alliance Bank, originally issued on March 30, 2020. The loss in 2020 was due to the March 30, 2020, extinguishment of the amended Loan and Security Agreement with Silicon Valley Bank, entered into in August 2017.

*Tax expense. T*he Company had tax expense of $1,000 for the year ended December 31, 2021 as compared to tax expense of $38,000 for the year ended December 31, 2020.

Segment Analysis

The Company operates in and reports results for two segments: Detection and Therapy. Segment operating income (loss) includes cost of sales, engineering and product development, marketing and sales, and depreciation and amortization for the respective segment. A summary of Segment revenues, segment gross profit and segment operating income (loss) for the fiscal years ended December 31, 2022, 2021 and 2020 are below (in thousands):

	For the year ended December 31,		
	2022	2021	2020
Segment revenues:			
Detection	$ 19,802	$ 22,019	$ 21,997
Therapy	8,142	11,619	7,701
Total Revenue	$ 27,944	$ 33,638	$ 29,698
Segment gross profit:			
Detection	$ 16,824	$ 18,510	$ 17,856
Therapy	2,988	5,733	3,498
Total gross profit	$ 19,812	$ 24,243	$ 21,354

	For the year ended December 31,		
	2022	2021	2020
Segment operating income (loss):			
Detection	$ 902	$ 1,563	$ 2,719
Therapy	(3,767)	(1,835)	(3,028
Segment operating income (loss)	$ (2,865)	$ (272)	$ (309
General administrative	$ (10,852)	$ (10,460)	$ (9,079
Interest expense	(10)	(141)	(476
Loss on extinguishment of debt	—	(386)	(341
Other income	(45)	15	97
Fair value of convertible debentures	—	—	(7,464

Loss before income tax	$ (13,772)	$ (11,244)	$ (17,572

Detection gross profit decreased to approximately $16.8 million, or 85% of revenue, for the year ended December 31, 2022 from $18.5 million, or 84% of revenue, for the year ended December 31, 2021. The decreased dollars related to lower revenue while the higher percentage on those revenues was due primarily to product mix. Detection segment operating income for the year ended December 31, 2022 decreased by $2.6 million to $0.9 million from $1.6 million for the year ended December 31, 2021. The decrease in Detection segment operating income was due primarily to a decrease in revenues. Detection operating expenses decreased by $1.0 million to $15.9 million for the year ended December 31, 2022 from $16.9 million for the year ended December 31, 2021.

Detection gross profit increased to approximately $18.5 million, or 84% of revenue, for the year ended December 31, 2021 from $17.9 million, or 81% of revenue, for the year ended December 31, 2020. The increase in Detection gross profit was due primarily to the decrease in Detection cost of goods related to changes in product mix. Detection segment operating income for the year ended December 31, 2021 decreased by $1.1 million to $1.6 million from $2.7 million for the year ended December 31, 2020. The decrease in Detection segment operating income was due primarily to an increase in operating expenses relative to the increase in revenues. Detection operating expenses increased by $1.8 million to $16.9 million for the year ended December 31, 2021 from $15.1 million for the year ended December 31, 2020.

Therapy gross profit decreased by approximately $2.7 million to $3.0 million, or 37% of revenue, for the year ended December 31, 2022 from approximately $5.7 million or 49% of revenue for the year ended December 31, 2021. The decrease in Therapy gross profit was largely due to lower revenue. Therapy operating expenses decreased by $0.8 million to $6.8 million for the year ended December 31, 2022 from $7.6 million for the year ended December 31, 2021. Therapy segment operating loss increased to $3.8 million for the year ended December 31, 2022 from $1.8 million for the year ended December 31, 2021. The increase in Therapy segment operating loss was due primarily to lower revenue.

Therapy gross profit increased by approximately $2.2 million to $5.7 million, or 49% of revenue, for the year ended December 31, 2021 from approximately $3.5 million or 45% of revenue for the year ended December 31, 2020. The increase in Therapy gross profit was largely due to the $3.9 million increase in revenue. Therapy operating expenses decreased by $1.1 million to $7.6 million for the year ended December 31, 2021 from $6.5 million for the year ended December 31, 2020. Therapy segment operating loss decreased to $1.8 million for the year ended December 31, 2021 from $3.0 million for the year ended December 31, 2020. The decrease in Therapy segment operating loss was due primarily to the $2.2 million increase in gross profit partially offset by the increase in operating expenses.

Liquidity and Capital Resources

The Company believes that its cash and cash equivalents balance of $21.3 $21.7 million as of December 31, 2022 December 31, 2023 and projected cash balances are sufficient to sustain operations through at least the next 12 months following the filing of this Form 10-K. The Company's cash balance increased by approximately $0.4 million year-over-year due primarily to the sale of the Company's former Xoft (Therapy) business line in October 2023. In addition, the Company launched an At-the-Market ("ATM") equity program with Craig-Hallum Capital Group LLC to sell shares of the Company's common stock. See Note 2 and Note 13 respectively, for more information. Lastly, the Company took actions in early 2023 to cut costs and conserve cash. The Company's ability to generate cash adequate to meet its future capital requirements will depend primarily on operating cash flow. If sales or cash collections are reduced from current expectations, or if expenses and cash requirements are increased, the Company may require additional financing, although there are no guarantees that the Company will be able to obtain the financing if necessary. The Company will continue to closely monitor its liquidity and the capital and credit markets.

On March 2, 2021, the Company entered into an underwriting agreement with Guggenheim Securities, LLC, as representative of the several underwriters thereto, in connection with an underwritten public offering of 1,393,738 shares of the Company's common stock at an offering price of $18.00 per share. The Offering closed on March 5, 2021 for gross proceeds of approximately $25.1 million and net proceeds of approximately $23.2 million to the Company.

The Company had net working capital of $24.8 $24.3 million at December 31, 2022 December 31, 2023. The ratio of current assets to current liabilities at December 31, 2022 December 31, 2023 and 2021 2022 was 2.84 4.40 and 3.36, 2.28, respectively.

Net cash used for operating activities for the year ended December 31, 2022 December 31, 2023 was $12.8 $5.0 million, compared to $9.4 $12.8 million for 2021. 2022. This improvement of approximately 61% year over year is due primarily to cost savings initiatives commenced during the first quarter of 2023.

Net cash used for provided by investing activities for the year ended December 31, 2022 December 31, 2023 was $0.5 $3.3 million compared to $0.6 cash used of approximately $0.5 million for the year ended December 31, 2021 December 31, 2022. The sales of the former Xoft (Therapy) business in October 2023 provided $4.5 million of cash, net of transaction expenses, in 2023 which was partially offset by cash used for investing activities in both 2022 and 2021 was due investments, primarily to purchases of fixed assets. a new ERP system.

Net cash provided by financing activities for the year ended December 31, 2022 December 31, 2023 was $0.4 million. $2.0 million and consisted primarily of cash proceeds related to the ATM sales of common stock. Net cash provided by financing activities for the year ended December 31, 2021 December 31, 2022 was $17.1 $0.4 million which was related primarily related to the aforementioned public offering resulting in net proceeds of $23.2 million partially offset by the repayment of debt repayment (see below). cash received for employee equity plan activities.

The CARES Act allowed employers to defer the deposit and payment of employers share of Social Security payroll taxes that would otherwise have been owed from the date of enactment of the legislation. The legislation requires that the deferred taxes be paid over the two-year period, with half the amount required to be paid by December 31, 2021, and the other half by December 31, 2022. During 2022, the Company remitted $0.1 million which represented the second half of the amount due. As of December 31, 2022, the Company has repaid all amounts previously deferred.

On March 20, 2023, the Company committed to a restructuring plan intended to support its long term strategic goals and reduce operating expenses by further aligning its cost structure to focus on areas the Company believes are more likely to generate the best long-term results, in light of current industry and macroeconomic environments (the "RIF"). The Company plans to reduce its workforce by approximately 28%, decreasing its headcount by approximately 23 employees, predominantly from the Company's detection business unit. Xoft, Inc., a wholly-owned subsidiary of the Company, will also furlough 12 of its employees, or approximately 50% of its workforce. The Company currently estimates it will incur one-time cash pre-tax restructuring charges of an aggregate of approximately $0.3 million in the first half of 2023 as a result of the RIF, comprised primarily of one-time severance and benefits payments, and employee-related transition costs. Estimated amounts are subject to change until finalized and the Company may incur additional costs during the remainder of 2023.

Lease Obligations:

Operating Leases:

See item Item 2 of this annual report Annual Report on Form 10-K.

Settlement Obligations:

As a result of the acquisition of Xoft, the Company recorded a royalty obligation pursuant to a settlement agreement entered into between Xoft and Hologic, in August 2007. Xoft received a nonexclusive, irrevocable, perpetual, worldwide license, including the right to sublicense certain Hologic patents, and a non-compete covenant as well as an agreement not to seek further damages with respect to the alleged patent violations. In return, the Company had a remaining obligation to pay a minimum annual royalty payment of $250,000 payable through 2016. In addition to the minimum annual royalty payments, the litigation settlement agreement with Hologic also provided for payment of royalties based upon a specified percentage of future net sales on any products that practice the licensed rights. The estimated fair value of the patent license and non-compete covenant is $100,000 and was amortized over the estimated useful life of approximately four years. As of December 31, 2022 December 31, 2023, the remaining liability for minimum royalty obligations totaling $0.4 million is recorded within accrued expenses and accounts payable.

Notes Payable:

On March 30, 2020, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Western Alliance Bank (the "Bank") that provided an initial term loan ("Term Loan") facility of $7.0 million and a $5.0 million revolving line of credit.

Obligations to the Bank under the Loan Agreement were secured by a first priority security interest in the Company's assets, except for certain permitted liens that have priority to the Bank's security interest by operation of law.

On April 27, 2021, the Company repaid its obligations in the aggregate amount of $7,354,283 and terminated the Loan Agreement with the Bank, and the Company's collateral securing the facility was released. The Company accounted for this repayment and retirement as an extinguishment of the Loan Agreement. The Company recorded a loss on extinguishment of approximately $386,000 related to the repayment and retirement of the Loan Agreement. The loss on extinguishment was composed of approximately $140,000 for a prepayment fee, $122,000 for the unaccrued final payment, $65,000 termination and other fees, and $58,000 for the unamortized discount and other closing costs from origination of the loan.

Loan and Security Agreement – Silicon Valley Bank

On August 7, 2017, the Company entered into a Loan and Security Agreement with Silicon Valley Bank, which was subsequently amended several times (as amended, the "SVB Loan Agreement"). The SVB Loan Agreement provided an initial term loan facility of $6.0 million and a $4.0 million revolving line of credit.

On March 30, 2020, the Company elected to repay all outstanding obligations (including accrued interest) and retire the SVB Loan Agreement. The Company accounted for this repayment and retirement as an extinguishment of the SVB Loan Agreement. The Company also wrote off unamortized original closing costs as of the extinguishment date. The Company recorded a loss on extinguishment of approximately $341,000 related to the repayment and retirement of the SVB Loan Agreement. The loss on extinguishment was composed of approximately $185,000 for the unaccrued final payment, the $114,000 termination fee, and $42,000 of unamortized and other closing costs.

Convertible Debentures

On December 20, 2018, the Company entered into a Securities Purchase Agreement (the "SPA") with certain institutional and accredited investors (the "Investors"), including, but not limited to, all directors and executive officers of the Company at the time, pursuant to which the Investors purchased Convertible Debentures with an aggregate principal amount of approximately $7.0 million in a private placement.

On February 21, 2020 (the "Conversion Date"), the conditions permitting a forced conversion were met, and the Company elected to exercise its forced conversion right under the terms of the Convertible Debentures.

As a result of this election, all of the outstanding Convertible Debentures were converted, at a conversion price of $4.00 per share, into 1,742,500 shares of the Company's common stock. In accordance with the make-whole provisions in the Convertible Debentures, the Company also issued an additional 76,966 shares of its common stock. The make-whole amount represented the total interest which would have accrued through the maturity date of the Convertible Debentures, less the amounts previously paid, totaling $697,000. The conversion prices related to the make-whole amount were dependent on whether the Investors were related parties or unrelated third parties.

Accounting Considerations and Fair Value Measurements Related to the Convertible Debentures

The Company had previously elected to make a one-time, irrevocable election to utilize the fair value option to account for the Convertible Debentures as a single hybrid instrument at its fair value, with changes in fair value from period to period being recorded either in current earnings, or as an element of other comprehensive income (loss), for the portion of the change in fair value determined to relate to the Company's own credit risk. The Company believed that the election of the fair value option allowed for a more meaningful representation of the total fair value of its obligation under the Convertible Debentures and allowed for a better understanding of how changes in the external market environment and valuation assumptions impact such fair value.

As of the December 31, 2019 valuation and the prior measurement dates, the Company utilized a Monte Carlo simulation model to estimate the fair value of the Convertible Debentures. The simulation model was designed to capture the potential settlement features of the Convertible Debentures, in conjunction with simulated changes in the Company's stock price and the probability of certain events occurring. The simulation utilized 100,000 trials or simulations to determine the estimated fair value.

The simulation utilized the assumptions that if the Company was able to exercise its forced conversion right (if the requirements to do so were met), that it would do so in 100% of such scenarios. Additionally, if an event of default occurred during the simulated trial (based on the Company's probability of default), the Investors would opt to redeem the Convertible Debentures in 100% of such scenarios. If neither event occurred during a simulated trial, the simulation assumed that the Investor would hold the Convertible Debentures until the maturity date. The value of the cash flows associated with each potential settlement were discounted to present value in each trial based on either the risk-free rate (for an equity settlement) or the effective discount rate (for a redemption or cash settlement).

The Company also recorded a final adjustment to the Convertible Debentures based on their fair value on the Conversion Date, just prior to the forced conversion being completed. Given that the Company's prior simulation model included the assumption that the Company would elect to force conversion in 100% of scenarios when the requirements were met, the final valuation was based on the actual results of the forced conversion. As such, the Company based the final fair value adjustment of approximately $7.5 million to the Convertible Debentures just prior to conversion on the number of shares of common stock that were issued to the Investors upon conversion and the fair value of the Company's common stock as of the Conversion Date in 2020.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the U.S. requires management to make judgments, assumptions and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes.

The U.S. Securities and Exchange Commission ("SEC") requires companies Company considers an accounting estimate to provide additional disclosure and commentary on their most be critical accounting policies and estimates. The SEC has defined critical accounting estimates as the ones that are most important to the portrayal of a company's financial condition statements if the estimate is complex in nature, requires judgment, and operating if different estimates were used, the results and requires management to make its most significant estimates and judgments in the preparation of its Consolidated Financial Statements. The SEC has defined critical accounting estimates as those estimates made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to could have a material impact on the consolidated financial condition or results statements. On an ongoing basis, the Company evaluates its estimates and the application of operations of a company. its policies. The Company bases its estimates on historical experience, current conditions and on various other assumptions that are believed to be reasonable under the circumstances. The Company believes the following critical accounting estimates are the most significant to understanding the consolidated financial statements.

Revenue Recognition

The Company recognizes revenue under the provisions of ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606"). The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASC 606 explains that to achieve the core principle, an entity should take the following actions:

Step 1: Identify the contract with the customer customer.

Step 2: Identify the performance obligations in the contract contract.

Step 3: Determine the transaction price price.

Step 4: Allocate the transaction price price.

Step 5: Recognize revenue when or as the entity satisfies a performance obligation obligation.

The Company's contracts with customers may include promises to transfer multiple products and services to a customer. Identifying distinct performance obligations that should be accounted for separately versus together may require significant judgment. For arrangements with multiple performance obligations, the Company allocates revenue to each performance obligation based on its relative standalone selling price. Judgment is required to determine the standalone selling price for each distinct performance obligation. The Company generally determines standalone selling prices based on the prices charged to customers and uses a range of amounts to estimate standalone selling prices when the Company sells each of the products and services separately and need to determine whether there is a discount that needs to be allocated based on the relative standalone selling prices of the various products and services. The Company typically has more than one range of standalone selling prices for individual products and services due to the stratification

of those products and services by customers and circumstances. In these instances, the Company may use information such as the type of customer and geographic region in determining to determine the range of standalone selling prices.

Allowance for Doubtful Accounts Expected Credit Losses

The allowance for doubtful accounts expected credit losses represents management's estimate for potential uncollectible accounts receivable. This estimate is developed from management's ongoing credit evaluation of Company customers and a detailed review of its outstanding accounts receivable balances.

Inventory

Inventory consists of finished products, work-in-process, and raw materials. The Company values its inventory at the lower of cost or net realizable value. Cost includes materials, labor, and manufacturing overhead and is determined using the first-in, first-out (FIFO) method. On a quarterly basis, management reviews inventory quantities on hand and analyzes the provision for excess and obsolete inventory based primarily on product expiration dating and estimated sales forecast, which is based on sales history and anticipated future demand.

Goodwill

Goodwill represents the amount of consideration paid in connection with business acquisitions in excess of the fair value of assets acquired and liabilities assumed. The Company performs an annual impairment test each year on October 1 using both qualitative and quantitative methods and assumptions. The quantitative test utilizes a combination of both the market and income approach. The most significant estimates in the income approach relate to management's assumptions to calculate a present value of estimated future cash flows.

Stock Based Compensation

The Company uses the Black-Scholes option pricing model to value stock options which requires extensive use of accounting judgment and financial estimates, including estimates of the expected term participants will retain their vested stock options before exercising them, the estimated volatility of its common stock price over the expected term, and the number of options that will be forfeited prior to the completion of their vesting requirements.

Other Commitments

Other Commitments include non-cancelable purchase orders with key suppliers executed in the normal course of business.

Effect of New Accounting Pronouncements

See note 3 in the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We do not believe we are not subject to material foreign currency exchange rate fluctuations, as most of our sales and expenses are domestic and therefore are denominated in the U.S. dollar. For international sales, the majority of those customers pay in the U.S. dollar. We do not hold derivative securities and have not entered into contracts embedded with derivative instruments, such as foreign currency and interest rate swaps, options, forwards, futures, collars, and warrants, either to hedge existing risks or for speculative purposes.

Item 8. Financial Statements and Supplementary Data.

See Financial Statements attached hereto.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures.

The Company, under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this annual report Annual Report on Form10-K. Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) were effective as of December 31, 2022 December 31, 2023.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. The Company conducts periodic evaluations to enhance, where necessary its procedures and controls.

(b) Management's Annual Report on Internal Control Over Financial Reporting.

The Company, under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, is responsible for the preparation and integrity of the Company's Consolidated Financial Statements, establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the Company and all related information appearing in this Annual Report on Form 10-K.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 December 31, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on its assessment, our Chief Executive Officer and our Chief Financial Officer concluded that our internal control over financial reporting was effective as of December 31, 2022 December 31, 2023.

(c) Changes in Internal Control Over Financial Reporting.

The Company's principal executive officer and principal financial officer conducted an evaluation of the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) to determine whether any changes in internal control over financial reporting occurred during the fourth quarter of the year ended December 31, 2022 December 31, 2023, that have materially affected, or which are reasonably likely to materially affect internal control over financial reporting. Based on that evaluation there has been no such change during such period.

Item 9B. Other Information.

Not applicable.

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 the Company's 2023 Company's 2024 Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for the Company's 2023 Annual Meeting of Stockholders (the "2023 Proxy Statement") and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item 11 of Form 10-K will be included in the Company's 2023 2024 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 the Company's 2023 2024 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 the Company's 2023 2024 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item 14 of Form 10-K will be included in the Company's 2023 2024 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

a) The following documents are filed as part of this Annual Report on Form 10-K:

i. Financial Statements - See Index on pageF-1 page F-1

ii. Financial Statement Schedule - See Index on page F-1. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable and, therefore, have been omitted.

iii. Exhibits - the following documents are filed as exhibits to this Annual Report on Form 10-K:

1.1	At-The-Market Issuance Sales Agreement between iCAD, Inc. and Craig-Hallum Capital Group LLC dated August 11, 2023 (incorporated by reference to Exhibit 1.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 11, 2023).
2.1**	Asset Purchase Agreement dated October 22, 2023 by and among iCAD, Inc. Xoft Solutions, LLC, Xoft, Inc., Elekta Inc. and Nucletron Operations B.V. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on October 23, 2023).
3(a) 3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 6, 2015).
3(b) 3.2	Amended and Restated By-laws (incorporated by reference to Exhibit 3(b) to the Current Report on Form 10-K filed with the SEC on March 17, 2008.
3(c) 3.3	Amendment to Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on July 21, 2021).
4 4.1*	Description of Registrant's Securities Securities.
10(a) 10.1†	2016 Stock Incentive Plan as Amended as of July 2021 (incorporated by reference to Appendix B to the definitive proxy statement on Form DEF14A filed with the SEC on June 7, 2021).*
10(b) 10.2†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 of Quarterly Report on Form 10-Q filed with the SEC on November 15, 2014).
10(c) 10.3	Lease Agreement, dated December 6, 2006, between the Company and Gregory D. Stoyle and John J. Flatley, Trustees of the 1993 Flatley Family Trust, of Nashua, NH (incorporated by reference to Exhibit 10(mm) to the Annual Report on Form 10-K filed with the SEC on March 22, 2007).

10(d)	10.4†	Employment Agreement, dated May 26, 2020, between the Company and Stacey Stevens (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on May 29, 2020).*
10(e)	10.5†	Employment Agreement, dated May 26, 2020, between the Company and Jonathan Go (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on May 29, 2020).*
10(f)	10.6	First Amendment to Lease, dated September 19, 2016, between the Company and The Irvine Company (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on September 21, 2016).
10(g)	10.7†	2012 Stock Incentive Plan (incorporated by reference to Appendix B to the definitive proxy statement on Form DEF14A filed with the SEC on April 9, 2012).*
10(h)	10.8†	Amendment No. 1 to the 2012 Stock Incentive Plan (incorporated by reference to Appendix A to the definitive proxy statement on Form DEF14A filed with the SEC on April 2, 2014).*
10(i)	10.9	2019 Employee Stock Purchase Plan (incorporated by reference to Appendix A to the definitive proxy statement on Form DEF14A filed with the SEC on November 8, 2019).
10(j)	10.10**	Loan and Security Agreement, dated as of March 30, 2020, by and between Western Alliance Bank, iCAD, Inc., Xoft, Inc. and Xoft Solutions LLC (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on March 31, 2020).
10(k)	10.11**	First Amendment to Loan and Security Agreement, dated June 16, 2020, between iCAD, Inc., Xoft, Inc., Xoft Solutions LLC and Western Alliance Bank (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 7, 2020).
10(l)	10.12†	Employment agreement dated August 4, 2021, by and between iCAD, Inc. and Charles Carter (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on August 6, 2021).
10(m)	10.13	Lease between The Irvine Company LLC and iCAD, Inc. dated June 29, 2012, together with First Amendment to Lease dated September 19, 2016, Second Amendment to Lease dated August 12, 2019, and Third Amendment to Lease dated May 19, 2022 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 15, 2022).
10(n)	10.14	Lease between John J. Flatley Company and iCAD, Inc., dated December 6, 2006, together with First Amendment to Lease dated December 21, 2011, Second Amendment to Lease dated August 8, 2016, Third Amendment to Lease dated December 16, 2019, and Fourth Amendment to Lease dated November 22, 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 28, 2022).
10(o)	10.15	Consulting Agreement dated January 18, 2023, by and between iCAD, Inc. and Daniel Shea (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 24, 2023).
10(p)	10.16†	Employment agreement dated March 10, 2023, by and between iCAD, Inc. and Dana Brown(incorporated by reference to Exhibit 10.P to the Current Report on Form 10-K filed with the SEC on March 31, 2023.
10(q)	10.17†	Separation agreement dated March 10, 2023, by and between iCAD, Inc. and Stacey Stevens(incorporated by reference to Exhibit 10.Q to the Current Report on Form 10-K filed with the SEC on March 31, 2023.
	10.18†	Employment Agreement between iCAD, Inc. and Eric Lonnqvist, dated April 13, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K file with the SEC on April 17, 2023).
	10.19*	Lease between Anita R. Jacques Revocable Trust, dated January 6, 2024 and iCAD, Inc.
	19.1*	iCAD, Inc. Insider Trading Policy
21.1	21.1*	List of Subsidiaries
23.1	23.1*	Consent of BDO USA, LLP, P.C., Independent Registered Public Accounting Firm.

31.1 31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2 32.2*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	iCAD, Inc. Clawback Policy
101 101*	The following materials formatted in Inline XBRL (eXtensible Business Reporting Language); (i) Consolidated Balance Sheets as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, (ii) Consolidated Statements of Operations for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, (iii) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 December 31, 2023 and 2020, 2022, and (v) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

*† Denotes a management compensation plan or arrangement.

* Filed herewith.

** The Registrant has omitted certain schedules and exhibits pursuant to Item 601(b)(2) of Regulation S-K and shall furnish supplementally to the SEC copies any of the omitted schedules and exhibits upon request by the SEC.

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

iCAD, INC.

Date: March 31, 2023 March 29, 2024

By: /s/ Dana Brown

Dana Brown

Chief Executive Officer, President and Director

The undersigned officers and directors of iCAD, Inc., hereby severally constitute and appoint Dana Brown and Eric Lonnqvist, and each of them individually, with full power of ostitution and resubstitution, as their true and lawful attorneys and agents, to do any and all acts and things in their name and behalf in their capacities as directors and officers and to execute any and all instruments for them and in their names in the capacities indicated below, which said attorneys and agents, may em necessary or advisable to enable said corporation to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Annual Report on Form 10-K, including specifically but without limitation, power and thority to sign for them or any of them in their names in the capacities indicated below, any and all amendments hereto, and they do hereby ratify and confirm all that said attorneys and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date

/s/ Dana Brown Dana Brown	Chief Executive Officer, President, and Director (Principal Executive Officer)	March 31, 2023 29, 2024
/s/ Daniel J. Shea Eric Lonnqvist Daniel J. Shea Eric Lonnqvist	Chief Financial Officer (Interim) (Principal Financial and Accounting Officer)	March 31, 2023 29, 2024
/s/ Hedvig Hricak Hedvig Hricak, MD, Ph.D.	Director	March 29, 2024
/s/ Michael Klein John Doyle Michael Klein John Doyle	Director	March 31, 2023 29, 2024
/s/ Rakesh Patel Rakesh Patel, MD	Director	March 31, 2023 29, 2024
/s/ Andy Sassine Andy Sassine	Director	March 31, 2023 29, 2024
/s/ Susan Wood Susan Wood, Ph.D.	Director	March 31, 2023 29, 2024

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
iCAD, Inc.

Nashua, New Hampshire

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of iCAD, Inc. (the "Company") as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period then ended, December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period then ended December 31, 2022**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits 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. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter 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 matter below, providing a separate opinions opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition - Identification of distinct performance obligations in certain revenue contracts

As described in Note 2 3 to the consolidated financial statements, certain of the Company's revenue contracts with customers may include promises to transfer multiple products and services to a customer and identifying distinct performance obligations that should customer. To the extent a contract includes multiple promised products or services, the Company must apply judgment to determine whether the products or services meet the criteria to be accounted for separately versus together may require significant judgment. distinct. For these revenue contracts, the Company accounts for the individual products and services separately if they are distinct.

We identified the determination of distinct performance obligations within certain revenue contracts as a critical audit matter. The determination of whether multiple products and services within a contract are were distinct performance obligations that should be accounted for separately requires required management to exercise significant judgment and includes included a high degree of subjectivity. Auditing these elements involved especially challenging auditor judgment due to the nature and extent of effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Evaluating management's accounting policies and practices, including the reasonableness of management's judgments related to the identification of each distinct performance obligation.

- Testing certain revenue contracts together with their underlying documents to evaluate management's identification of each distinct performance obligation.

/s/ BDO USA, LLP P.C.

We have served as the Company's auditor since 1989.

Boston, Massachusetts

March 31, 2023

iCAD, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
	(in thousands except shares and per share data)		(in thousands except shares and per share data)	
Assets				
Current assets:				
Cash and cash equivalents	$ 21,313	$ 34,282	$ 21,670	$ 21,313
Trade accounts receivable, net of allowance for doubtful accounts of $922 in 2022 and $268 in 2021	8,898	8,891		
Trade accounts receivable, net of allowance for credit losses of $277 in 2023 and $100 in 2022			6,392	5,769
Inventory, net	5,389	4,171	917	2,054
Prepaid expenses and other current assets	2,641	2,962	699	1,571
Current assets held for sale			—	7,534
Total current assets	38,241	50,306	29,678	38,241
Property and equipment:				
Internal-use software			1,172	—
Equipment	3,076	7,121	1,482	1,421
Leasehold improvements	110	172	110	110
Furniture and fixtures	23	319		
Marketing assets	—	376		
	3,209	7,988		
Furniture and fixtures and other			104	23
Property and equipment			2,868	1,554
Less accumulated depreciation and amortization	2,135	7,106	1,045	850
Property and equipment, net	1,074	882	1,823	704
Other assets:				
Operating lease assets	3,361	1,059	461	670
Other assets	69	899	849	19
Intangible assets, net of accumulated amortization of $8,932 in 2022 and $8,724 in 2021	482	683		
Intangible assets, net of accumulated amortization of $8,488 in 2023 and $8,372 in 2022			148	264
Goodwill	8,362	8,362	8,362	8,362
Deferred tax assets	116	—	97	116
Total other assets	12,390	11,003		
Noncurrent assets held for sale			—	3,329
Total assets	$ 51,705	$ 62,191	$ 41,418	$ 51,705
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 1,973	$ 2,779	$ 712	$ 1,446
Accrued and other expenses	4,681	5,642	2,448	2,541
Lease payable, current	582	889	188	217
Deferred revenue, current	6,216	5,652	3,400	3,653
Current liabilities held for sale			—	5,595
Total current liabilities	13,452	14,962	6,748	13,452

Lease payable, long-term	2,803	266	273	455
Deferred revenue, long-term	542	441	974	393
Deferred tax	6	5	6	6
Noncurrent liabilities held for sale			—	2,497
Total liabilities	16,803	15,674	8,001	16,803
Commitments and contingencies (Note 15)				
Commitments and contingencies (Note 16)				
Stockholders' equity:				
Preferred stock, $ .01 par value: authorized 1,000,000 shares; none issued.	—	—	—	—
Common stock, $ .01 par value: authorized 60,000,000 shares; issued 25,446,407 in 2022 and 25,326,086 in 2021. Outstanding 25,260,576 in 2022 and 25,140,255 in 2021	254	253		
Common stock, $ .01 par value: authorized 60,000,000 shares; issued 26,540,030 in 2023 and 25,446,407 in 2022. Outstanding 26,354,199 in 2023 and 25,260,576 in 2022			265	254
Additional paid-in capital	302,899	300,859	306,250	302,899
Accumulated deficit	(266,836)	(253,180)	(271,683)	(266,836)
Treasury stock at cost, 185,831 shares in 2022 and 2021	(1,415)	(1,415)		
Treasury stock at cost, 185,831 shares in 2023 and 2022			(1,415)	(1,415)
Total stockholders' equity	34,902	46,517	33,417	34,902
Total liabilities and stockholders' equity	$ 51,705	$ 62,191	$ 41,418	$ 51,705

See accompanying notes to consolidated financial statements.

iCAD, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

	For the Years Ended December 31,			For the Years Ended December 31,	
	2022	2021	2020	2023	2022
	(in thousands except per share data)			(in thousands except per share data)	
Revenue:					
Products	$ 15,398	$ 21,191	$ 18,903	$ 9,930	$ 12,620
Service and supplies	12,546	12,447	10,795		
Services				7,388	7,182
Total revenue	27,944	33,638	29,698	17,318	19,802
Cost of Revenue:					
Products	5,852	5,653	5,000	1,387	1,658
Service and supplies	1,983	3,425	2,965		
Services				1,060	1,217
Amortization and depreciation	297	317	379	86	108
Total cost of revenue	8,132	9,395	8,344	2,533	2,983
Gross profit	19,812	24,243	21,354	14,785	16,819
Operating expenses:					
Engineering and product development	8,593	9,194	8,114	5,161	5,493
Marketing and sales	13,691	15,135	13,312	7,740	10,790
General and administrative	11,234	10,406	9,117	9,324	10,517
Amortization and depreciation	224	240	199	249	217

Total operating expenses	33,742	34,975	30,742	22,474	27,017
Loss from operations	(13,930)	(10,732)	(9,388)	(7,689)	(10,198)
Other income (expense)					
Interest expense	(10)	(141)	(476)	(16)	(10)
Interest income	213	15	97	729	213
Loss on extinguishment of debt	—	(386)	(341)		
Loss on fair value of convertible debentures	—	—	(7,464)		
Other	(45)	—	—	(14)	(39)
Other income (expense), net	158	(512)	(8,184)		
Other income, net				699	164
Loss before income tax expense	(13,772)	(11,244)	(17,572)	(6,990)	(10,034)
Benefit (provision) for income taxes	116	(1)	(38)	(20)	116
Loss from continuing operations				(7,010)	(9,918)
Income (loss) from discontinued operations				2,163	(3,738)
Net loss and comprehensive loss	$ (13,656)	$ (11,245)	$ (17,610)	$ (4,847)	$ (13,656)
Net loss per share:					
Basic	$ (0.54)	$ (0.45)	$ (0.80)		
Diluted	$ (0.54)	$ (0.45)	$ (0.80)		
Loss from continuing operations, basic and diluted				$ (0.27)	$ (0.39)
Loss from discontinued operations, basic and diluted				0.08	(0.15)
Net loss per share, basic and diluted				$ (0.19)	$ (0.54)
Weighted average number of shares used in computing net loss per share:					
Basic	25,202	24,778	22,140	25,613	25,202
Diluted	25,202	24,778	22,140	25,613	25,202

See accompanying notes to consolidated financial statements.

iCAD, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

(in thousands except shares)

	Common Stock		Additional				Common Stock		Additional			
	Number of Shares Issued	Par Value	Paid-in Capital	Accumulated Deficit	Treasury Stock	Stockholders' Equity	Number of Shares Issued	Par Value	Paid-in Capital	Accumulated Deficit	Treasury Stock	Stockholders' Equity
Balance at December 31, 2019	19,546,151	$ 196	$ 230,615	$ (224,325)	$ (1,415)	$ 5,071						
Issuance of common stock relative to vesting of restricted stock, net of 20,247 shares forfeited for tax obligations	97,830	—	(225)	—	—	(225)						
Issuance of common stock pursuant to stock option plans	155,149	1	728	—	—	729						

Issuance of common stock, net	2,033,204	20	18,264	—	—	18,284							
Issuance of common stock pursuant employee stock purchase plan	42,606	1	267	—	—	268							
Issuance of common stock upon conversion of debentures	1,819,466	18	21,146	—	—	21,164							
Stock-based compensation	—	—	2,844	—	—	2,844							
Net loss	—	—	—	(17,610)	—	(17,610)							
Balance at December 31, 2020	23,694,406	$ 236	$ 273,639	$ (241,935)	$ (1,415)	$ 30,525							
Issuance of common stock relative to vesting of restricted stock, net of 5,196 shares forfeited for tax obligations	44,706	1	(60)	—	—	(59)							
Issuance of common stock pursuant to stock option plans	168,450	2	1,025	—	—	1,027							
Issuance of common stock, net	1,393,738	14	23,215	—	—	23,229							
Issuance of common stock pursuant to employee stock purchase plan	24,786	—	257	—	—	257							
Stock-based compensation	—	—	2,783	—	—	2,783							
Net loss	—	—	—	(11,245)	—	(11,245)							
Balance at December 31, 2021	25,326,086	$ 253	$ 300,859	$ (253,180)	$ (1,415)	$ 46,517	25,326,086	$ 253	$ 300,859	$ (253,180)	$ (1,415)	$ 46,517	
Issuance of common stock relative to vesting of restricted stock, net of 150 shares forfeited for tax obligations	725	—	—	—	—	—	725	—	—	—	—	—	
Issuance of common stock pursuant to stock option plans	73,500	1	206	—	—	207	73,500	1	206	—	—	207	
Issuance of common stock pursuant to employee stock purchase plan	46,096	—	148	—	—	148	46,096	—	148	—	—	148	
Stock-based compensation	—	—	1,686	—	—	1,686	—	—	1,686	—	—	1,686	
Net loss	—	—	—	(13,656)	—	(13,656)	—	—	—	(13,656)	—	(13,656)	

Balance at December 31, 2022	25,446,407	$ 254	$ 302,899	$ (266,836)	$ (1,415)	$ 34,902	25,446,407	$ 254	$ 302,899	$ (266,836)	$ (1,415)	$ 34,902
Issuance of common stock, net of issuance costs of $338							1,057,814	11	1,955	—	—	1,966
Issuance of common stock pursuant to stock option plans							35,809	—	80	—	—	80
Stock-based compensation							—	—	1,316	—	—	1,316
Net loss							—	—	—	(4,847)	—	(4,847)
Balance at December 31, 2023							26,540,030	$ 265	$ 306,250	$ (271,683)	$ (1,415)	$ 33,417

See accompanying notes to consolidated financial statements.

iCAD, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the Years Ended December 31,			For the Years Ended December 31,	
	2022	2021	2020	2023	2022
	(in thousands)			(in thousands)	
Cash flow from operating activities:					
Net loss	(13,656)	$ (11,245)	$ (17,610)	(4,847)	$ (13,656)
Adjustments to reconcile net loss to net cash used for operating activities:					
Gain on sale of business				(2,592)	—
Amortization	211	230	309	170	211
Depreciation	310	327	268	239	310
Non-cash lease expense	708	778	752	462	708
Bad debt provision	732	167	94	177	732
Stock-based compensation expense	1,686	2,783	2,844	1,316	1,686
Amortization of debt discount and debt costs	—	17	78		
Loss on extinguishment of debt	—	386	341		
Deferred tax	(116)	1	1	20	(116)
Loss on disposal of assets	—	97	—		
Change in fair value of convertible debentures	—	—	7,464		
Other, net	9	—	—	(1)	9
Changes in operating assets and liabilities, net of acquisition:					
Accounts receivable	(739)	969	(302)	419	(739)
Inventory	(1,218)	(1,027)	(533)	1,489	(1,218)
Prepaid and other assets	1,152	391	(1,390)	840	1,152
Accounts payable	(806)	(90)	878	(811)	(806)
Accrued and other expenses	(961)	(2,123)	(207)	(1,554)	(961)
Lease liabilities	(767)	(778)	(752)	(484)	(767)
Deferred revenue	665	(291)	780	193	665
Total adjustments	866	1,837	10,625	(117)	866

Net cash used for operating activities	(12,790)	(9,408)	(6,985)		
Net cash provided by (used for) operating activities				(4,964)	(12,790)
Cash flow used for investing activities:					
Proceeds from sale of business, net of transaction costs				4,539	—
Additions to patents, technology and other	(10)	(24)	(13)	—	(10)
Additions to property and equipment	(524)	(563)	(461)	(922)	(524)
Net cash used for investing activities	(534)	(587)	(474)		
Capitalization of internal-use software development costs				(342)	—
Net cash provided by (used for) investing activities				3,275	(534)
Cash flow from financing activities:					
Issuance of common stock for cash, net	—	23,229	18,285	1,966	—
Issuance of common stock pursuant to Employee Stock Purchase Plan	148	257	266	—	148
Issuance of common stock pursuant to stock option plans	207	1,027	729	80	207
Taxes paid related to restricted stock issuance	—	(59)	(225)		
Proceeds from notes payable	—	—	6957		
Principal repayment of notes payable	—	(7,363)	(4,638)		
Debt issuance costs	—	—	(42)		
Proceeds from line of credit	—	—	775		
Repayment of line of credit	—	—	(2,775)		
Net cash provided by financing activities	355	17,091	19,332	2,046	355
Increase in cash and cash equivalents	(12,969)	7,096	11,873		
Increase (decrease) in cash and cash equivalents				357	(12,969)
Cash and cash equivalents, beginning of year	34,282	27,186	15,313	21,313	34,282
Cash and cash equivalents, end of year	$ 21,313	$ 34,282	$ 27,186	$ 21,670	$ 21,313
Supplemental disclosure of cash flow information:					
Interest paid	$ 9	$ 172	$ 272	$ 16	$ 9
Taxes paid	$ —	$ —	$ 38	$ —	$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	3,011	79	69	$ —	$ 3,011
Issuance of common stock upon conversion of debentures	$ —	$ —	$ 21,164		

See accompanying notes to consolidated financial statements.

iCAD, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 – **Organization and Business**

Unless otherwise noted, all amounts presented in these Notes to the Consolidated Financial Statements are in thousands of dollars. iCAD, Inc. and subsidiaries (the "Company" or "iCAD") is a global medical technology company providing innovative cancer detection and therapy solutions.

The As discussed in Note 2, the Company completed the sale of its Xoft business line in October 2023. Accordingly, the Company now operates in two one segments: segment: Cancer Detection ("Detection") and Cancer Therapy ("Therapy"). In the detection The Detection segment offered solutions include advanced artificial intelligence and image analysis workflow solutions that enable healthcare professionals to better serve patients by identifying pathologies and pinpointing the most prevalent cancers earlier, a comprehensive range of high-performance, upgradeable computer-aided detection systems and workflow solutions for digital breast tomosynthesis, full-field digital mammography, magnetic resonance imaging and computed tomography. In the Therapy segment, the Company offers the Xoft System, which is a cancer treatment platform technology incorporating a miniaturized, isotope-free radiation source. The Company's commercial products are cleared with the United States Food and Drug Administration and various global regulatory agencies and use of iCAD's products are reimbursable in the U.S. under federal and most third-party insurance programs. agencies. The Company sells its products throughout the world through its direct sales organization as well as through various OEM partners, distributors, technology platform partners, and resellers. See Note 14 15 of these consolidated financial statements for segment, major customer and geographical information.

The Company maintains its headquarters and a separate manufacturing facility in Nashua, New Hampshire an operations, research, development, manufacturing and warehousing facility in San Jose, California, and an office in Lyon, France.

Note 2– Discontinued Operations

On October 22, 2023, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement"), by and among (i) the Company, Xoft Solutions, LLC, a Delaware limited liability company, and Xoft, Inc., a Delaware corporation, each a wholly owned subsidiary of the Company (collectively with the Company, the "Sellers" and each, a "Seller"), and (ii) Elekta Inc., a Georgia corporation, and Nucletron Operations B.V., a company organized under the laws of the Netherlands (together, "Buyers" and each a "Buyer"), pursuant to which the Company agreed to transfer to the Buyers substantially all of the assets and liabilities primarily related to the Company's Xoft business lines (the "Business"), including with respect to employees, contracts, intellectual property and inventory, for total cash consideration of approximately $5.76 million dollars from the Buyers to the Company, and the assumption by Buyers of all liabilities relating to the Business (the "Transaction"). This payment is guaranteed by Elekta AB, a company organized under the laws of Sweden, the ultimate parent company of the Buyers. In accordance with the Purchase Agreement, the Company received a cash payment of approximately $5 million in November 2023 with the remaining $0.7 million held in escrow for a period of 15 months following October 22, 2023. The escrow balance is reflected in the caption Other assets in the long-term section of the Company's Consolidated Balance Sheet as of December 31, 2023.

The closing of the Transaction occurred simultaneously with the execution of the Purchase Agreement.

In connection with the Transaction, the parties entered into a transition services agreement pursuant to which the Company will provide certain migration and transition services to facilitate an orderly transition of the operation of the Business to the Buyers during the 5-month period following consummation of the Transaction, extendable at the option of the parties.

The Purchase Agreement contains certain representations, warranties, covenants and indemnification provisions, including for breaches of covenants and for losses resulting from the Company's liabilities specifically excluded from the Transaction.

The Business, which had previously been presented as a separate reporting segment, meets the criteria for being reported as a discontinued operation and has been segregated from continuing operations. The following table summarizes the results from discontinued operations (in thousands):

	For the period ended October 22, 2023	For the ye Decem 202
Revenue	$ 4,804	$
Total cost of sales	2,580	
Gross profit	$ 2,224	$
Total operating expenses	2,653	
Pre-tax loss from operations of discontinued business	(429)	
Provision for income taxes	—	
Loss from operations of discontinued business	$ (429)	$
Gain on sale of discontinued operations	2,592	
Provision for income taxes on gain on sale	—	
Income (loss) from discontinued operations, net of tax	$ 2,163	$

The following table summarizes the assets and liabilities held for sale in the Company's Consolidated Balance Sheets (in thousands):

	December 31, 202
Assets	
Accounts receivable, net of allowance for credit losses	$
Inventories, net	
Prepaid expenses and other current assets	
Total current assets held for sale	$
Net property and equipment	$
Operating lease assets	
Other assets	
Total noncurrent assets held for sale	$
Liabilities	
Accounts payable	$
Accrued and other expenses	
Lease payable - current portion	
Deferred revenue - current portion	

Total current liabilities held for sale	$
Lease payable, net of current	
Deferred revenue, net of current	
Noncurrent liabilities held for sale	$

Total operating expenses presented in the table above exclude amounts that had previously been allocated to the Business for certain shared marketing expenses. The previously allocated amounts were less than $0.1 million and $0.6 million for the years ended December 31, 2023 and 2022, respectively. The previously allocated expenses are included in the Marketing and sales line for all periods presented in the Condensed Consolidated Statements of Operations.

The Business is included in the Company's Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022. The Business generated less than $0.1 million of cash during the year ended December 31, 2023, primarily for operating activities. Estimated cash used by the Business during the year ended December 31, 2022 was approximately $3.6 million, primarily for operating activities.

Note 2 3 – Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to assets and liabilities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Xoft, Inc., Xoft Solutions, LLC, and subsidiary, iCAD France, LLC. As described in Note 2, the Company completed the sale of the Xoft business line in October 2023. Accordingly, the applicable assets and liabilities of the Xoft business have been classified as held for sales in the Consolidated Balance Sheet for periods prior to the date of sale, and the results of its operations for all periods presented are reflected as discontinued operations in the Consolidated Statements of Operations. Unless otherwise indicated, all disclosures and amounts in the Notes to the Consolidated Financial Statements relate to the Company's continuing operations. All material inter-company transactions and balances have been eliminated in consolidation.

Risk and Uncertainty

On March 12, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, the United States and most countries of the world imposed some level of unprecedented restrictions such as travel bans and business closures which caused substantial reductions in economic activity. As a provider of devices and services to the health care industry, the Company believes its operations have been materially affected in all periods presented. While the worst of the disruptions appear to have subsided as of December 31, 2022, 2023, the Company continues to be impacted by slowness in the overall economic recovery. The Company's expected results for future periods could reflect a continuing negative impact from the COVID-19 pandemic for similar or additional reasons.

In late February 2022, Russian military forces launched significant military action against Ukraine. In early October 2023, an armed conflict between Hamas-led Palestinian militant groups and Israeli military forces broke out with a Hamas attack on southern Israel, to which Israeli military forces retaliated.

Sustained conflict and disruption in the region these regions has continued through December 31, 2022 2023 and beyond. Economic, civil, military and political uncertainty may arise or increase in regions where the Company operates or derives revenue. Further, countries from which the Company derives revenue may experience military action and/or civil and political unrest; may be subject to government export controls, economic sanctions, embargoes, or trade restrictions; and experience currency, inflation, and interest rate uncertainties. While the impact to the Company has been limited to date, it is not possible to predict the potential outcome should the conflict expand and/or additional sanctions be imposed. For the fiscal year ended 2022, 2023, approximately 25%10% of the Company's total revenue and approximately 24% of the Company's export revenue was derived from customers located in Europe.

Cash and cash equivalents

The Company defines cash and cash equivalents as all bank accounts, money market funds, deposits and other money market instruments with original maturities of 90 days or less and which are unrestricted as to timing or method of withdrawal. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits of $250,000 per depositor. The money market investment account as described in Note 4 5 is not exposed to the federally insured limit as it is not a deposit account. As of December 31, 2022, 2023, the Company held cash at financial institutions in excess of the federally insured limit. Historically, the Company has not experienced any losses related to these balances.

Financial instruments

Financial instruments consist of cash and cash equivalents, trade accounts receivable, contract assets, accounts payable, accrued and other expenses and notes payable. Due to their short-term nature and market rates of interest, the carrying amounts of the financial instruments approximated fair value as of December 31, 2022 2023 and

2021 2022.

Accounts Receivable and Allowance for Doubtful Accounts Credit Losses

Accounts receivable are customer obligations due under normal trade terms. Credit limits are initially established through a process of reviewing the financial history and stability of each customer and the Company performs continuing credit evaluations of its customers' financial condition and generally does not require collateral. Included in accounts receivable at December 31, 2022 2023 are unbilled receivables of approximately $0.2 $0.9 million which are scheduled to be invoiced primarily in 2023 2024. Unbilled receivables of approximately $0.2 million were included in accounts receivable as of December 31, 2022. The unbilled receivables result primarily from the Company's sale of term licenses, which often provide for annual billing over a term of one to three years, where revenue is recognized upon delivery of a license with non-cancellable terms.

As described in Note 4, the Company adopted new accounting guidance effective January 1, 2023 that impacted its approach to calculating expected losses on its Accounts receivable balances. The Company maintains an allowance for expected credit losses associated with its Accounts receivable balance. The Company uses an expected credit loss model that uses historical loss rates of its accounts receivable for the previous twelve months as well as expectations about the future where the Company has been able to develop forecasts to support its estimates. Using the outputs of the model, the Company's policy is to maintain allowances for potential losses resulting from the inability of a portion of its customers to make required payments. The Company's senior management reviews accounts receivable on a periodic basis to determine if any receivables may potentially be uncollectible. The Company includes any accounts receivable balances that it determines may likely be uncollectible, along with a general reserve for estimated probable losses based on historical experience, in its allowance for doubtful accounts. losses. An amount is written off against the allowance for credit losses after all attempts to collect the receivable have failed. Based on the information available, the Company believes the allowance for doubtful accounts credit losses as of December 31, 2022 2023 and 2021 2022 is adequate.

Inventory

The Company uses the first-in, first-out method to track inventory, which is valued at the lower of cost or net realizable value. The Company regularly reviews inventory quantities on hand and records an inventory reserve for excess and/or obsolete inventory primarily based upon the estimated usage of its inventory, as well as other factors.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which is generally three to five years, except for leasehold improvements, which are depreciated over the shorter of the term of the lease, or useful life of the asset.

Goodwill

In accordance with FASB Accounting Standards Codification ("ASC") Topic 350-20, *"Intangibles—Goodwill and Other*" ("ASC 350-20"), the Company tests goodwill for impairment on an annual basis and between annual tests if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Factors the Company considers important, which could trigger an impairment of Goodwill, include the following:

- significant and sustained underperformance relative to historical or projected future operating results;
- significant changes in the manner or use of the Company's assets in the strategy for the Company's overall business;
- significant negative industry or economic trends;
- significant and sustained decline in the Company's stock price; and
- a decline in the Company's market capitalization below net book value.

The twoUpon the sale of its former Xoft business, the Company has one reporting units within iCAD are its segments, Detection and Therapy. unit: Detection.

The Company performs an annual impairment assessment as of October 1 of each year by comparing the fair value of its reporting unit to its carrying value as of this date. The Company records an impairment charge if such an assessment were to indicate that the fair value of a its reporting unit was less than the carrying value. When the Company evaluates potential impairments outside of its annual measurement date, judgment is required in determining whether an event has occurred that may impair the

value of goodwill or intangible assets. For 2023, the fair value of the reporting unit was based on the Company's market capitalization as of October 1,2023, which was in excess of the carrying value of the reporting unit. Accordingly, the Company concluded that no impairment charges were required. For years prior to 2023, the Company used the following approach in assessing fair value of its reporting unit.

Fair values for value of the reporting units are unit is based on a weighting of the income approach and the market approach. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk adjusted rate. The Company uses internal forecasts to estimate future cash flows and includes estimates of long-term future growth rates based on our most recent views of the long-term forecast for each segment. Accordingly, actual results can differ from those assumed in our forecasts. Discount rates are derived from a capital asset pricing model and by analyzing published rates for industries relevant to our reporting units to estimate the cost of equity financing. The Company uses discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts.

In the market approach, the Company uses a valuation technique in which values are derived based on market prices of publicly traded companies with similar operating characteristics and industries. A market approach allows for comparison to actual market transactions and multiples. It can be somewhat limited in its application because the population of potential comparable publicly-traded companies can be limited due to differing characteristics of the comparative business and ours, as well as the fact that market data may not be available for divisions within larger conglomerates or non-public subsidiaries that could otherwise qualify as comparable, and the specific circumstances surrounding a market transaction (e.g., synergies between the parties, terms and conditions of the transaction, etc.) may be different or irrelevant with respect to our business.

The Company corroborates the total fair values of the reporting units unit using a market capitalization approach; however, this approach cannot be used to determine the fair value of each since it now operates with only one reporting unit value. unit. The blend of the income approach and market approach is more closely aligned to our the Company's business profile, including markets served and products available. In addition, required rates of return, along with uncertainties inherent in the forecast of future cash flows, are reflected in the selection of the discount rate. Equally important, under the blended approach, reasonably likely scenarios and associated sensitivities can be developed for alternative future states that may not be reflected in an observable market price. The Company assesses each valuation methodology based upon the relevance and availability of the data at the time the valuation is performed and weights the methodologies appropriately.

The Company performed the annual impairment assessment at October 1,2022 and compared the fair value of each reporting unit to its carrying value as of this date. The fair value of the Detection reporting unit exceeded the carrying value. Accordingly, no impairment of goodwill was recorded. The carrying values of the reporting units were determined based on an allocation of our assets and liabilities through specific allocation of certain assets and liabilities, to the reporting units and an apportionment of the remaining net assets based on the relative size of the reporting units' revenues and operating expenses compared to the Company as a whole. The determination of reporting units also requires management judgment.

Long Lived Assets

In accordance with FASB ASC Topic 360, "Property, Plant and Equipment" ("ASC 360"), the Company assesses long-lived assets for impairment if events and circumstances indicate it is more likely than not that the fair value of the asset group is less than the carrying value of the asset group.

ASC 360-10-35 uses "events and circumstances" criteria to determine when, if at all, an asset (or asset group) is evaluated for recoverability. Thus, there is no set interval or frequency for recoverability evaluation. In accordance with ASC 360-10-35-21 the following factors are examples of events or changes in circumstances that indicate the carrying amount of an asset (asset group) may not be recoverable and thus is to be evaluated for recoverability.

- A significant decrease in the market price of a long-lived asset (asset group);
- A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition;
- A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator;
- An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group);
- A current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group);
- significant and sustained decline in the Company's stock price.

In accordance with ASC 360-10-35-17, if the carrying amount of an asset or asset group (in use or under development) is evaluated and found not to be fully recoverable (the carrying amount exceeds the estimated gross, undiscounted cash flows from use and disposition), then an impairment loss must be recognized. The impairment loss is measured as the excess of the carrying amount over the assets (or asset group's) fair value.

The Company did not record any impairment charges on its long-lived assets for the years ended December 31, 2022 2023 or December 31, 2021 2022.

Intangible assets subject to amortization consist primarily of patents, technology intangibles, trade names, customer relationships and distribution agreements purchased in the Company's previous acquisitions. These assets are amortized on a straight-line basis or the pattern of economic benefit over their estimated useful lives of 5 to 10 years.
Leases

In accordance with FASB ASC Topic 842, "Leases" ("ASC 842"), the Company determines if an arrangement contains a lease at inception. A lease is an operating or financing contract, or part of a contract, that conveys the right to control the use of an identified tangible asset for a period of time in exchange for consideration.

At lease inception, the Company recognizes a lease liability equal to the present value of the remaining lease payments, and a right of use asset equal to the lease liability, subject to certain adjustments, such as for lease incentives. In determining the present value of the lease payments, the Company uses its incremental borrowing rate, determined by estimating the Company's applicable, fully collateralized borrowing rate, with adjustment as appropriate for lease term. The lease term at the lease commencement date is determined based on the non-cancellable period for which the Company has the right to use the underlying asset, together with any periods covered by an extension option if the Company is reasonably certain to exercise that option.

Right-of-use assets and obligations for leases with an initial term of 12 months or less are considered short term and are a) not recognized in the consolidated balance sheet and b) recognized as an expense on a straight-line basis over the lease term. The Company does not sublease any of its leased assets to third parties and the Company's lease agreements do not contain any residual value guarantees or restrictive covenants. The Company has lessor agreements that contain lease and non-lease components, but the Company is accounting for the complete agreement under FASB ASC Topic 606, "Revenue from Contracts with Customers", ("ASC 606"), after determining that the non-lease component is the predominant component of these agreements.

ASC 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions. There were no impairment indicators identified during the year ended December 31, 2022 2023 that would require impairment testing of the Company's right-of-use assets.

Certain of the Company's leases include variable lease costs to reimburse the lessor for real estate tax and insurance expenses, and certain non-lease components that transfer a distinct service to the Company, such as common area maintenance services. The Company has elected to separate the accounting for lease components and non-lease components for real estate and equipment leases.

Stock-Based Compensation

The Company maintains stock-based incentive plans, under which it provides stock incentives to employees, directors and contractors. The Company grants to employees, directors and contractors, options to purchase common stock at an exercise price equal to the market value of the stock at the date of grant. The Company may grant restricted stock to employees and directors. The underlying shares of the restricted stock grant are not issued until the shares vest, and compensation expense is based on the stock price of the shares at the time of grant. The Company follows ASC 718, *"Compensation – Stock Compensation*", ("ASC 718"), for all stock-based compensation. The Company has granted performance based restricted stock based on achievement of certain revenue targets. Compensation cost for performance based restricted stock requires significant judgment regarding probability of the performance objectives and compensation cost is re-measured at every reporting period. As a result, compensation cost could vary significantly during the performance measurement period.

The Company uses the Black-Scholes option pricing model to value stock options which requires extensive use of accounting judgment and financial estimates, including estimates of the expected term participants will retain their vested stock options before exercising them, the estimated volatility of its common stock price over the expected term, and the number of options that will be forfeited prior to the completion of their vesting requirements. The Company estimates forfeitures based on historical experience with pre-vested forfeitures. To the extent actual forfeitures differ from the estimate, the difference is recorded to compensation expense in the period of the forfeiture. Fair value of restricted stock is determined based on the stock price of the underlying option on the date of the grant. Application of alternative assumptions could produce significantly different estimates of the fair value of stock-based compensation and consequently, the related amounts recognized in the Consolidated Statements of Operations.
Revenue Recognition

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods products or services and the amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods products or services and excludes any sales incentives or taxes collected from customers which are subsequently remitted to government authorities. The Company's revenue contracts with customers may include promises to transfer multiple products and services to a customer.

The Company applies the following five steps to guide revenue recognition:

1) **Identify the contract(s) with a customer**—A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the goods products or services to be transferred and identifies the payment terms related to those goods products or services, (ii) the contract has commercial substance and (iii) the Company determines that collection of substantially all consideration for goods products or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company's contracts are typically in the form of a purchase order. For certain large customers, the Company may also enter into master service agreements that define general terms but are not customer commitments to purchase until coupled with a purchase order. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or published credit and financial information pertaining to the customer.

2) **Identify the performance obligations in the contract**—Performance obligations promised in a contract are identified based on the goods products or services that will be transferred. A good product or service is distinct if both a) the customer can benefit from the good product or service either on its own or together with other resources that are readily available from third parties or from the Company, and b) is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods products or services, the Company must apply judgment to determine whether the goods products or services meet the criteria to be distinct. If these criteria are not met the promised goods products or services are accounted for as a combined performance obligation. While the Company does not typically sell options to purchase goods products or services at a predetermined price, doing so would represent a material right and require analysis to determine if the material right is a distinct performance obligation. The Company has sold one contract with a material right that is a distinct performance obligation.

3) **Determine the transaction price**—The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods products or services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

4) **Allocate the transaction price to the performance obligations in the contract**—If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation on a relative Stand-alone Sales Price ("SSP") basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct good product or service that forms part of a performance obligation. The Company determines SSP based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, the Company estimates the SSP taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

5) **Recognize revenue when (or as) the Company satisfies a performance obligation**—The Company satisfies performance obligations either over time or at a point in time as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised good product or service to a customer.

The Company recognizes revenue from its contracts with customers primarily from the sale of products and from the sale of services and supplies. services. Revenue is recognized when control of the promised goods or services is transferred to a customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. For iCAD's typical product revenue, control typically transfers upon shipment as title and risk of loss have passed to the customer. Services and supplies are considered to be transferred as the services are performed or over the term of the service or supply agreement. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Perpetual software licenses are accounted for as a single performance obligation and revenue is recognized at the point in time when ownership is transferred to the customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control of a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of revenue. The Company continues to provide for estimated warranty costs on original product warranties at the time of sale.

Goods and Services Classifications

Products. Product revenue consists of sales of cancer detection perpetual licenses, cancer therapy systems, cancer therapy applicators, cancer therapy disposable applicators and other accessories that are typically shipped with a cancer therapy system. or term licenses. The Company transfers control and recognizes a sale when the product is shipped from the manufacturing or warehousing facility to the customer.

Service Contracts. The Company sells service contracts in which the Company provides professional services including product installations, maintenance, training and service repairs, and in certain cases leases equipment to hospitals, imaging centers, radiological practices and radiation oncologists and treatment centers. repairs. The service contracts range from 12 months to 48 months. The Company typically receives payment at the inception of the contract and recognizes revenue on a straight-line basis over the term of the agreement.

Supply and Source Usage Agreements. Revenue from supply and source usage agreements is recognized on a straight-line basis over the term of the supply or source agreement.

Professional Services. Revenue from fixed fee service contracts is recognized on a straight-line basis over the term of the agreement. Revenue from professional service contracts entered into with customers on a time and materials basis is recognized over the term of the agreement in proportion to the costs incurred in satisfying the obligations under the contract.

Other. Other revenue consists primarily of miscellaneous products and services. The Company transfers control and recognizes a sale when the installation services are performed or when the Company ships the product from the Company's manufacturing or warehouse facility to the customer.

For all of contracts, payment terms are generally net 30 from the time of invoicing and consideration is fixed in nature. If the Company were to offer extended payment terms, it would assess whether a significant financing component existed.

Significant Judgments

The Company's contracts with customers may include promises to transfer multiple products and services to a customer and identifying distinct performance obligations that should be accounted for separately versus together may require significant judgment. For arrangements with multiple performance obligations, the Company allocates revenue to each performance obligation based on its relative standalone selling price. Judgment is required to determine the standalone selling price for each distinct performance obligation. The Company generally determines standalone selling prices based on the prices charged to customers and uses a range of amounts to estimate standalone selling prices when the Company sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative standalone selling prices of the various products and services. The Company typically has more than one range of standalone selling prices for individual products and services due to the stratification of those products and services by customers and circumstances. In these instances, the Company may use information such as the type of customer and geographic region in determining the range of standalone selling prices.

The Company may provide credits or incentives to customers, which are accounted for as variable consideration when estimating the transaction price of the contract and amounts of revenue to recognize. The amount of variable consideration to include in the transaction price is estimated at contract inception using either the estimated value method or the most likely amount method based on the nature of the variable consideration. These estimates are updated at the end of each reporting period as additional information becomes available and revenue is recognized only to the extent that it is probable that a significant reversal of any amounts of variable consideration included in the transaction price will not occur. The Company provides for estimated warranty costs on original product warranties at the time of sale.

Assets Recognized from the Costs to Obtain a Contract with a Customer

The Company recognizes incremental costs of obtaining a contract with a customer as an asset if the Company expects the benefit of those costs to be longer than one year and as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

Right to Invoice

Where applicable, the Company recognizes revenue from a contract with a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date and the amount to which the Company has a right to invoice.

Sales and Other Similar Taxes

The Company excludes sales taxes and similar taxes from the measurement of the transaction price and ensures compliance with the disclosure requirements of ASC 235.price.

Significant Financing Component

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Promised Goods or Services that are Immaterial in the Context of a Contract

The Company assesses materiality of promised goods or services as performance obligations in the context of a contract and the Company does not aggregate and assess immaterial items at the entity level. When determining whether a good or service is immaterial in the context of a contract, the assessment will be made based on the application of ASC 606 at the contract level.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

Cost of Revenue

Cost of revenue consists of the costs of products purchased for resale, cost relating to service including costs of service contracts to maintain equipment after the warranty period, inbound freight and duty, manufacturing, warehousing, material movement, inspection, scrap, rework, depreciation and in-house product warranty repairs, amortization of acquired technology and any applicable medical device tax.

Warranty Costs

The Company provides for the estimated cost of standard product warranty against defects in material and workmanship based on historical warranty trends, including the cost of product returns during the warranty period. Warranty costs have not historically been material to the Company's consolidated financial statements.

Engineering and Product Development Costs and Capitalized Internal-Use Software Costs

Engineering and product development costs relate to research and development efforts including Company sponsored clinical trials are expensed as incurred.

Capitalized costs include payroll and payroll-related costs for employees and external consulting fees in the Company's development directly associated with the Company's internal-use software projects. Capitalization begins when the planning stage is complete and the Company commits resources to the software project and capitalization continues during the application development stage. Capitalization ends when the software has been tested and is ready for its intended use. Costs incurred during the planning, training and post-implementation stages of the software development life-cycle are expensed as incurred. When placed into service, the Company amortizes completed internal-use software to cost of revenue over its estimated useful life.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2023 2021and 2020 2022 was approximately $659,000, $689,000, $0.2 million and $274,000, $0.4 million, respectively.

Income Taxes

The Company follows the liability method under ASC Topic 740 "*Income Taxes*", ("ASC 740"). The primary objectives of accounting for taxes under ASC 740 are to (a) recognize the amount of tax payable for the current year and (b) recognize the amount of deferred tax liability or asset for the future tax consequences of events that have been reflected in the Company's financial statements or tax returns. As of December 31, 2022 2023 and December 31, 2021, 2022, the Company has provided a valuation allowance for its U.S. federal and state net operating loss carryforwards due to the uncertainty of the Company's ability to generate sufficient taxable income in future years to obtain the benefit from the utilization of the net operating loss carryforwards. As of December 31, 2023 and 2022,the Company has not provided a valuation allowance for its foreign net operating loss carryforward. As of December 31, 2021, the Company had provided a valuation allowance for its foreign net operation loss carryforward. Any subsequent changes in the valuation allowance will be recorded through operations in the provision (benefit) for income taxes. See note 13 of these consolidated financial statements for detailed information.

Note 3 4 – Recently Issued Accounting Standards

Recently adopted accounting pronouncements

In June 2016,the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326)" ("ASU 2016-13"), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces replaced the existing then-existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. These changes will result

in earlier recognition of credit losses. In November 2019, the FASB elected to defer the adoption date of ASU 2016-13 for public business entities that meet the definition of a smaller reporting company to fiscal years beginning after December 15, 2022. Early adoption of the guidance in ASU 2016-13 is was permitted. The Company adopted ASU 2016-13 effective January 1, 2023. Adoption caused the Company to modify its approach to estimating its allowance for potentially uncollectable accounts receivable. Specifically, the Company began applying an expected credit loss model that uses historical loss rates of its accounts receivable for the previous twelve months as well as expectations about the future where the Company has been able to develop forecasts to support its estimates. Adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements.

Recently issued accounting pronouncements

In November 2023, the FASB issued ASU No.2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07). ASU 2023-07 is intended to improve reportable segment disclosure requirements, primarily through additional disclosures about significant segment expenses, including for single reportable segment entities. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. We are evaluating the disclosure requirements related to the new standard.

In December 2023, the FASB issued ASU No.2023-09, Improvements to Income Tax Disclosures (ASU 2023-09). ASU 2023-09 requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are evaluating the disclosure requirements related to the new standard.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes” (“ASU 2019-12”). ASU 2019-12 is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify US GAAP for other areas of Topic 740 by clarifying and amending existing guidance. ASU 2019-12 is effective for the Company for the fiscal year and interim periods therein beginning January 1,2021. The Company notes that the adoption of ASU 2019-12 resulted in the reclassification of an immaterial amount from income tax expense to non-income tax included in operating expenses related to the accounting for state and franchise taxes, with no impact to the Company's consolidated loss, equity or cash flows.

Note 4 5 – Fair Value Measurements

The Company follows the provisions of FASB ASC Topic 820, “*Fair Value Measurement and Disclosures*” (“ASC 820”), which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The Company applies the fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, which are the following:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value

The assigned level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Money market funds included in cash and cash equivalents in the accompanying balance sheet are considered a Level 1 measurement as they are valued at quoted market prices in active markets.

The following table sets forth the Company’s assets which are measured at fair value on a recurring basis by level within the fair value hierarchy (in thousand) thousands):

Fair Value Measurements (in thousands) as of December 31, 2022					**Fair Value Measurements (in thousands) as of December 31, 2023**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**

Assets								
Money market accounts	$ 15,067	$ —	$ —	$ 15,067	$ 15,475	$ —	$ —	$ 15,475
Total Assets	$ 15,067	$ —	$ —	$ 15,067	$ 15,475	$ —	$ —	$ 15,475

Fair Value Measurements (in thousands) as of December 31, 2021								
Fair Value Measurements (in thousands) as of December 31, 2022					**Fair Value Measurements (in thousands) as of December 31, 2022**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Money market accounts	$ 30,573	$ —	$ —	$ 30,573	$ 15,067	$ —	$ —	$ 15,067
Total Assets	$ 30,573	$ —	$ —	$ 30,573	$ 15,067	$ —	$ —	$ 15,067

There were no Level 3 instruments measured at fair value at December 31, 2022 2023 or December 31, 2021 2022.

Items Measured at Fair Value on a Nonrecurring Basis

Certain assets, including long-lived assets and goodwill, are measured at fair value on a nonrecurring basis. These assets are recognized at fair value when they are deemed to be impaired. There were no items measured at fair value on a nonrecurring basis as of or during the years ended December 31, 2022 2023 and 2021 2022.

Note 5 6 – Revenue

Disaggregation of Revenue

The following tables presents the Company's revenues disaggregated by major good product or service line, timing of revenue recognition and sales channel, reconciled to its reportable segments (in thousands).

	Year ended December 31, 2022			**Years ended December 31,**	
	Reportable Segments			**Reportable Segments**	
	Detection	**Therapy**	**Total**	**Detection**	
Major Goods/Service Lines					
				2023	**2022**
Major Product/Service Lines					
Products	$ 12,492	$ 2,777	$ 15,269	$ 9,930	$ 12,620
Service contracts	7,310	1,540	8,850		
Supply and source usage agreements	—	1,643	1,643		
Disposable applicators	—	1,776	1,776		
Professional services and other	—	406	406		
Services				7,388	7,182
	$ 19,802	$ 8,142	$ 27,944	$ 17,318	$ 19,802
Timing of Revenue Recognition					
Goods transferred at a point in time	$ 12,545	$ 4,969	$ 17,514	$ 8,015	$ 12,545
Services transferred over time	7,257	3,173	10,430	9,303	7,257
	$ 19,802	$ 8,142	$ 27,944	$ 17,318	$ 19,802
Sales Channels					
Direct sales force	$ 12,468	$ 3,543	$ 16,011	$ 11,634	$ 12,468
OEM partners	7,334	—	7,334	5,684	7,334
Channel partners	—	4,599	4,599		

$ 19,802	$ 8,142	$ 27,944	$ 17,318	$ 19,802	

	Year ended December 31, 2021		
	Reportable Segments		
	Detection	Therapy	Total
Major Goods/Service Lines			
Products	$ 15,661	$ 5,530	$ 21,1
Service contracts	6,358	1,608	7,9
Supply and source usage agreements	—	2,340	2,3
Disposable applicators	—	1,810	1,8
Professional services and other	—	331	3
	$ 22,019	$ 11,619	$ 33,6
Timing of Revenue Recognition			
Goods transferred at a point in time	$ 15,584	$ 8,012	$ 23,5
Services transferred over time	6,435	3,607	10,0
	$ 22,019	$ 11,619	$ 33,6
Sales Channels			
Direct sales force	$ 14,713	$ 4,421	$ 19,1
OEM partners	7,306	—	7,3
Channel partners	—	7,198	7,1
	$ 22,019	$ 11,619	$ 33,6

	Year ended December 31, 2020		
	Reportable Segments		
	Detection	Therapy	Total
Major Goods/Service Lines			
Products	$ 16,291	$ 4,535	$ 20,8
Service contracts	5,661	1,333	6,9
Supply and source usage agreements	—	1,804	1,8
Professional services	—	29	
Other	45	—	
	$ 21,997	$ 7,701	$ 29,6
Timing of Revenue Recognition			
Goods transferred at a point in time	$ 16,332	$ 4,624	$ 20,9
Services transferred over time	5,665	3,077	8,7
	$ 21,997	$ 7,701	$ 29,6
Sales Channels			
Direct sales	$ 13,809	$ 3,773	$ 17,5
OEM partners	8,188	—	8,1
Channel partners	—	3,928	3,9
	$ 21,997	$ 7,701	$ 29,6

Contract Balances

Contract liabilities are a component of deferred revenue, current contract assets are a component of prepaid and other assets and non-current contract assets are a component of other assets. The following table provides information about receivables, current and non-current contract assets, and contract liabilities from contracts with customers (in thousands).

	Balance at December 31, 2022	Balance at December 31, 2021	Balance at December 31, 2023	Balance at December 31, 2022	Balance at December 31, 2021
Receivables, which are included in 'Trade accounts receivable'	$ 8,898	$ 8,891	$ 6,392	$ 5,769	$ 4,263
Current contract assets, which are included in "Prepaid and other assets"	$ 759	$ 1,895	$ —	$ 748	$ 1,895
Non-current contract assets, which are included in "other assets"	$ 15	$ 844	$ 157	$ 15	$ 844
Contract liabilities, which are included in "Deferred revenue"	$ 6,758	$ 6,093	$ 4,374	$ 4,046	$ 3,621

The Company records a receivable when revenue is recognized prior to receipt of cash payments and the Company has the unconditional right to such consideration, or deferred revenue when cash payments are received or due in advance of performance. For multi-year agreements, the Company generally invoices customers annually at the beginning of each annual service period.

The Company records net contract assets or contract liabilities on a contract-by-contract basis. The Company records a contract asset for unbilled revenue when the Company's performance exceeds amounts billed or billable. The Company classifies the net contract asset as either current or non-current based on the expected timing of the Company's right to bill under the terms of the contract. The current contract asset balance primarily relates to the net unbilled revenue balances with two significant customers, which the Company expects to be able to bill for within one year. The non-current contract asset balance consists of net unbilled revenue balances with two customers which the Company expects to be able to bill for in more than one year.

Contract liabilities, or deferred revenue from contracts with customers, is primarily composed of fees related to long-term service arrangements, which are generally billed in advance. Deferred revenue also includes payments for installation and training that has not yet been completed and other offerings for which the Company has been paid in advance and earn earns the revenue when it transfers control of the product or service.

Changes in deferred revenue from contracts with customers were as follows (in thousands):

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2023	Year Ended December 31, 2022
Balance at beginning of period	$ 6,093	$ 6,384	$ 4,046	$ 3,621
Deferral of revenue	12,129	12,315	7,669	8,546
Recognition of deferred revenue	(11,464)	(12,606)	(7,341)	(8,121)
Balance at end of period	$ 6,758	$ 6,093	$ 4,374	$ 4,046

The Company expects to recognize estimated revenues related to performance obligations that are unsatisfied (or partially satisfied) in the amounts of approximately $4.0 $3.4 million in over the next 12 months. The remainder of the balances is expected to be recognized over the next 2023, two $1.6 million in to 2024, three and $1.2 million in 2025.years.

Assets Recognized from the Costs to Obtain a Contract with a Customer

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. Certain commission programs implemented by As of and for the Company require costs to be capitalized. The Company has classified the capitalized costs to obtain a contract as a component of prepaid expenses and other current assets as of years ending December 31, 2022 2023 and 2021 2022,, respectively.
Changes in the balance of capitalized costs to obtain a contract there were as follows (in thousands):

	Years Ended December 31,	
	2022	2021
Balance at beginning of period	$ 302	$
Deferral of costs to obtain a contract	120	
Recognition of costs to obtain a contract	(181)	
Balance at end of period	$ 241	$

no such assets.

Note 6 7 – Net Loss per Common Share

The Company follows FASB ASC 260-10, *"Earnings per Share"*, which requires the presentation of both basic and diluted earnings per share on the face of the statements of operations. The Company's basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period and, if there are dilutive securities, diluted income per share is computed by including common stock equivalents which includes shares issuable upon the exercise of stock options, net of shares assumed to have been purchased with the proceeds, using the treasury stock method.

A summary of the Company's calculation of net loss per share is as follows (in thousands, except per share amounts):

	2022	2021	2020	2023	2022
Loss from continuing operations				$ (7,010)	$ (9,918)
Income (loss) from discontinued operations				2,163	(3,738)
Net loss	$ (13,656)	$ (11,245)	$ (17,610)	$ (4,847)	$ (13,656)
Basic shares used in the calculation of earnings per share	25,202	24,778	22,140	25,613	25,202
Effect of dilutive securities:					
Stock options	—	—	—	—	—
Restricted stock	—	—	—	—	—
Diluted shares used in the calculation of earnings per share	25,202	24,778	22,140	25,613	25,202
Net loss per share:					
Basic	$ (0.54)	$ (0.45)	$ (0.80)		
Diluted	$ (0.54)	$ (0.45)	$ (0.80)		
Net loss per share (Basic and Diluted):					
Loss from continuing operations				$ (0.27)	$ (0.39)
Income (loss) from discontinued operations				0.08	(0.15)
Net loss per share (Basic and Diluted)				$ (0.19)	$ (0.54)

The following table summarizes the number of shares of common stock for convertible securities, warrants and restricted stock options that were not included in the calculation of diluted net loss per share because such shares are antidilutive:

	Year Ended December 31,		
	2022	2021	2020
Common stock options	2,610,659	2,486,511	1,869,507
Restricted Stock	—	875	29,166
	2,610,659	2,487,386	1,898,673

	Year Ended December 31,	
	2023	2022
Common stock options	2,897,663	2,610,659

Restricted common stock can be issued to directors, executives or employees of the Company and are subject to time-based vesting. These potential shares were excluded from the computation of basic loss per share as these shares are not considered outstanding until vested.

Note 7 8 – Allowance for Doubtful Accounts Receivable Reserves

The rollforward of the Company's allowance for doubtful credit losses related to its accounts receivable for the years ended December 31 is as follows (in thousands):

	2022	2021	2020	2023	2022
Balance at beginning of period	$ 268	$ 111	$ 136	$ 100	$ 97

Additions charged to costs and expenses	732	167	94	177	77
Reductions	(78)	(10)	(119)	—	(74)
Balance at end of period	$ 922	$ 268	$ 111	$ 277	$ 100

Note 8 9 – Inventories

Inventory balances at December 31, 2022 2023 and 2021 2022 were as follows (in thousands):

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Raw materials	$ 2,658	$ 2,962	$ 583	$ 1,427
Work in process	101	173	55	184
Finished Goods	2,892	1,279	324	488
Inventory Gross	5,651	4,414	962	2,099
Inventory Reserve	(262)	(243)	(45)	(45)
Inventory Net	$ 5,389	$ 4,171	$ 917	$ 2,054

Note 9 10 – Goodwill and Intangible assets

At December 31, 2022 2023 and 2021 2022, all of the Company's goodwill of $8,362,000 is allocated to its Detection reporting. single reporting unit: Detection. There were no additions, impairments or other changes to the Company's goodwill balance for either of the years ended December 31, 2022 2023 or 2021 2022.

Amortization expense related to intangible assets was approximately $211,000, $230,000 $116,000 and $309,000 $128,000 for the years ended December 31, 2022, 2023 2021 and 2020 2022,, respectively. Within Patents and licenses in the table below are amounts for pending patents which are not amortized until the issuance of the patent by the patent office (in thousands).

	2022	2021	2020	Weighted average useful life (in years)	2023	2022	Weighted average useful life (in years)
Gross Carrying Amount							
Patents and licenses	$ 626	$ 619	$ 595	5	$ 626	$ 626	5
Technology	8,257	8,257	8,257	10	7,477	7,477	10
Customer relationships	272	272	272	7	272	272	7
Tradename	259	259	259	10	261	261	10
Total amortizable intangible assets	9,414	9,407	9,383		8,636	8,636	
Accumulated Amortization							
Patents and licenses	$ 537	$ 534	$ 529		$ 540	$ 537	
Technology	7,947	7,769	7,571		7,471	7,387	
Customer relationships	189	162	135		217	189	
Tradename	259	259	259		260	259	
Total accumulated amortization	8,932	8,724	8,494		8,488	8,372	
Total amortizable intangible assets, net	$ 482	$ 683	$ 889		$ 148	$ 264	

Estimated remaining amortization of the Company's intangible assets is as follows (in thousands):

For the years ended	Estimated amortization	Estimated amortization

December 31:	expense	expense
2023	206	
2024	121	30
2025	119	29
2026	18	1
2027	18	1
2028 and thereafter		87
	$ 482	$ 148

Included within the line item "2028 and thereafter" above are amounts associated with pending patents which are not amortized until the issuance of the patent by the patent office.

Note 10 11 – Accrued and Other expenses

Accrued and other expenses consist of the following at December 31 (in thousands):

	2022	2021	2023	2022
Accrued salary and related expenses	$ 1,248	$ 2,016	$ 952	$ 725
Accrued accounts payable	2,913	2,838	1,036	1,307
Accrued professional fees	400	497	227	400
Accrued royalties and related			213	56
Other accrued expenses	120	291	20	53
	$ 4,681	$ 5,642	$ 2,448	$ 2,541

Note 11 12 – Leases

The Company has leases for office space, office equipment, and office equipment. a warehouse. The leases expire at various dates through 2028. 2027. In May 2022, the Company extended the term of its California facility lease, resulting in an increase of approximately $2.4 million to its right of use asset and related liability. In November 2022, the Company extended the term of its Nashua, NH office lease, resulting in an increase of approximately $0.6 million to its right of use asset and related liability. In October 2021, January 2024, in anticipation of the March 2024 end date of its leased warehouse in Nashua, NH, the Company extended entered into a 36 month lease for a new warehouse beginning February 1, 2024 through 2027. The new warehouse space, also in Nashua, NH, is for approximately 3,000 square feet with annual rent payments totaling approximately $46,000 for the term duration of its Nashua warehouse until 2024, resulting the lease. The tables below are presented in an increase of approximately $79,000 to its right of use asset and related lease liability. thousands, unless otherwise noted.

	Year Ended December 31,			Year Ended December 31,	
Lease Cost	Classification	2022	2021	Classification	2023	2022
Operating lease cost - Right of Use	Operating expenses	$ 859	$ 862	Operating expenses	$ 247	$ 209
Operating lease cost - Variable Costs	Operating expenses	277	186	Operating expenses	51	66
Total	Total	$ 1,136	$ 1,048	Total	$ 298	$ 275

	Year Ended December 31, 2022	
Cash paid for operating cash flows from operating leases	$ 931	$

	Year Ended December 31, 2023	
Cash paid for operating cash flows from operating leases	$ 257	$

	As of December 31,		As of December 31,	
	2022	2021	2023	2022
Weighted-average remaining lease term of operating leases (in years)	3.77	1.33	1.92	2.52
Weighted-average discount rate for operating leases	6.98%	5.50%	6.79%	6.79%

Maturities of the Company's lease liabilities as of December 31, 2022 2023 were as follows (in thousands):

Year Ended December 31:	Total	Total
2023	781	
2024	846	219
2025	848	204
2026	749	85
2027	685	
Thereafter	172	
Total lease payments	4,081	508
Less: effects of discounting	(696)	(47)
Total lease liabilities	3,385	461
Less: current portion of lease liabilities	(582)	(188)
Long-term lease liabilities	$ 2,803	$ 273

Note 12 13 – Stockholders' Equity

(a) Financing Activity

On April August 11, 2023, 27,2020, the Company issued 1,562,500 shares of common stock to several institutional investors at a price of $8.00 per share in a registered direct offering. The gross proceeds of the offering were approximately $12.5 million, and the Company received net proceeds of approximately $12.3 million. The Company also entered into an at-the-market offering program with JMP Securities (the "ATM") to provide for additional potential liquidity. The Company's ATM facility provided for the sale of common stock having a value of up to $25.0 million. On December 17,2020 the company sold 470,704 shares of common stock under the ATM facility. The gross proceeds were approximately $6.6 million, and the Company received net proceeds of approximately $6.1 million which is net of brokerage fees and offering costs to open the ATM. On March 2,2021, the Company terminated the ATM offering program with JMP Securities

On March 2,2021,the Company entered into an underwriting at-the-market issuance sales agreement (the "Underwriting "Sales Agreement") with Guggenheim Securities, Craig-Hallum Capital Group LLC as representative whereby the Company, at its discretion, may issue and sell up to $25 million of the several underwriters (the "Underwriters"), in connection with an underwritten public offering of 1,393,738 shares of the Company's Company's common stock, from time to time, by any method deemed to be an "at-the-market" offering, as defined in Rule 415 of the Securities Act, or any method specified in the Sales Agreement. During the year endedDecember 31, 2023, the Company sold 1,057,814 shares of its common stock at a public offering weighted average price of $18.00 $2.18 per share (the "Offering"). The Underwriting Agreement contained customary representations, warranties and covenants by resulting in cash proceeds of $2.0 million, net of issuance costs, pursuant to the Sales Agreement. Subsequent to December 31, 2023, the Company indemnification obligations of the Company and the Underwriters, including for certain liabilities other obligations of the parties and termination provisions. In exchange for the Underwriters' services, the Company agreed to sell the has not sold additional shares to the Underwriters at a purchase price of $16.92 per share and to reimburse the representative of the Underwriters for up to $125,000 of its expenses in connection with the Offering. The Offering closed March 5,2021. The net proceeds to the Company from the Offering were approximately $23.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. common stock.

(b) Stock Options

The Company's 2016 Stock Incentive Plan (the "2016 Plan") provides for the grant of any or all of the following types of awards: (a) stock options, (b) restricted stock, (c) deferred stock and (d) other stock-based awards. Awards may be granted singly, in combination, or in tandem. All awards granted under the 2016 Plan are required to be granted at not less than 100% of the fair market value of the related award on the respective grant date. Awards under the 2016 Plan may be granted to employees, directors and advisors to the Company and its subsidiaries.

At the Company's 2021 annual meeting, the 2016 Plan was amended to increase the number of shares of common stock available thereunder from 2,600,000 to 4,700,000. At December 31, 2022 2023, there were 1,448,471 882,176 shares available for issuance under the 2016 Plan.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding, December 31, 2020	1,869,507	$ 5.91				
Outstanding, December 31, 2022				2,610,992	$ 7.54	3.76
Granted	865,938	$ 16.33		1,467,574	$ 1.81	
Exercised	(168,450)	$ 6.10		(35,809)	$ 2.24	
Forfeited	(80,484)	$ 13.74		(1,145,094)	$ 5.35	
Outstanding, December 31, 2021	2,486,511	$ 9.27	5.42			
Granted	836,500	$ 4.92				
Exercised	(73,500)	$ 2.45				
Forfeited	(638,519)	$ 11.45				
Outstanding, December 31, 2022	2,610,992	$ 7.54	3.76			
Exercisable at December 31, 2020	1,540,287	$ 5.55				
Exercisable at December 31, 2021	1,619,855	$ 6.47				
Outstanding, December 31, 2023				2,897,663	$ 5.57	5.45
Exercisable at December 31, 2022	1,906,189	$ 7.59		1,906,189	$ 7.59	
Exercisable at December 31, 2023				1,593,935	$ 8.08	

The Company's stock-based compensation expense, including options and restricted stock by category is as follows (amounts in thousands):

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Cost of revenue	$ 3	$ 15	$ 30	$ 2	$ 3
Engineering and product development	220	356	376	222	220
Marketing and sales	518	785	657	308	518
General and administrative expense	945	1,627	1,781	784	945
	$ 1,686	$ 2,783	$ 2,844	$ 1,316	$ 1,686

As of December 31, 2022 2023, there was approximately $1.7 $1.3 million of total unrecognized compensation costs related to unvested options. That cost is expected to be recognized over a weighted average period of 1.9 1.8 years.

During the first quarter of the year ended December 31, 2023, the Company recorded incremental stock-based compensation of approximately $0.23 million as a result of modifications of certain stock option awards. The modifications related to extending the contractual life of certain stock options by five years for four grantees whose awards were scheduled to expire during 2023. In addition, the amount of time to exercise vested stock options upon termination forone grantee was extended from 60 days to 24 months.

Options granted under the stock incentive plans were valued utilizing the Black-Scholes model using the following assumptions and had the following fair values:

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Average risk-free interest rate	2.29%	0.42%	0.65%	4.36%	2.29%

Expected dividend yield	None	None	None	None	None
Expected life (in years)	3.5	3.5	3.5	2.9	3.5
Expected volatility	66.30 - 72.04%	65.57 - 67.42%	50.17 - 66.04%	72.69 -%	66.30 -%
Weighted average fair value	$ 2.33	$ 7.22	$ 4.37	$ 134.37	$ 72.04

The Company's 2022, 2021 2023 and 2020 2022 average expected volatility and average expected life is based on the Company's historical information. The risk-free rate is based on the rate of U.S. Treasury zero-coupon issues with a term most closely approximating the expected life of option grants. The Company has paid no dividends on its common stock in the past and does not anticipate paying any dividends in the future.

Intrinsic values of options (in thousands) and the closing market price used to determine the intrinsic values are as follows:

Intrinsic value of stock options

	Year Ended December 31,			Year Ended December 31,	
	2022	2021	2020	2023	2022
Outstanding	$ —	$ 3,820	$ 13,626	$ 252	$ —
Exercisable	$ —	$ 3,730	$ 11,786	$ 30	$ —
Exercised	$ —	$ 1,453	$ 1,037	$ 2	$ —
Company's stock price at December 31	$ 1.83	$ 7.20	$ 13.20	$ 1.77	$ 1.83

As of December 31, 2022, the exercise price of all outstanding stock options was higher than the Company's closing stock price. Accordingly, the intrinsic value is zero in the table above.

(c) Restricted Stock

The Company's restricted stock awards typically vest in either one year or three equal annual installments with the first installment vesting one year from grant date. All of the Company's restricted stock grants in 2021 and 2020 had time-based vesting requirements. The grant date fair value for restricted stock awards is based on the quoted market value of Company stock on the grant date.

A summary of unvested restricted stock activity for the Stock Plans is follows:

	Year Ended December 31,		
	2022	2021	2020
Beginning outstanding balance	875	29,166	150,909
Granted	—	22,488	—
Vested	(875)	(50,779)	(118,077)
Forfeited	—	—	(3,666)
Ending outstanding balance	—	875	29,166

(d) Employee Stock Purchase Program:

In December 2019, the Company's Board of Directors adopted, and the stockholders approved the 2019 Employee Stock Purchase Plan ("ESPP"), effective January 1, 2020. The ESPP provides for the issuance of up 950,000 shares of common stock, subject to adjustment in the event of a stock split, stock dividend or other change in the Company's capitalization. The ESPP may be terminated or amended by the Board of Directors at any time. Certain amendments to the ESPP require stockholder approval.

Substantially all of the Company's employees whose customary employment is for more than 20 hours a week are eligible to participate in the ESPP. Any employee who owns 5% or more of the voting power or value of the Company's shares of common stock is ineligible to participate in the ESPP.

Any eligible employee can enroll in the Plan as of the beginning of a respective quarterly accumulation period. Employees who participate in the ESPP may purchase shares by authorizing payroll deductions of up to 15% of their base compensation during an accumulation period. Unless the participating employee withdraws from participation, accumulated payroll deductions are used to purchase shares of common stock on the last business day of the accumulation period (the "Purchase Date") at a price equal to

85% of the lower of the fair market value on (i) the Purchase Date or (ii) the first day of such accumulation period. Under applicable tax rules, no employee may purchase more than $25,000 worth of common stock, valued at the start of the purchase period, under the ESPP in any calendar year.

The Company issued 46,096zero and 24,786 46,096 shares of common stock under the ESPP for the years ended December 31, 2022 2023 and 2021 2022, respectively. There are 836,824 shares of Company common stock reserved for issuance under the ESPP as of December 31, 2022 2023. In October 2022, the Company suspended the ESPP such that the accumulation period from October 1, 2022 through December 31, 2022 and beyond will not occur.

Note 13 14 – Income Taxes

Income Taxes

The components of income tax expense for the years ended December 31 are as follows (in thousands):

	2022	2021	2020
Current provision:			
Federal	$ —	$ —	$
State	—	—	
Foreign	—	—	
	$ —	$ —	$
Deferred provision:			
Federal	$ —	$ 1	$
State	—	—	
Foreign	(116)	—	
	$ (116)	$ 1	$
Total	$ (116)	$ 1	$

The Company adopted ASU 2019-12 as of January 1,2021. In accordance with this standard non-income and state franchise taxes are now classified as a component of operating expenses in General and Administrative expense. Income based tax expense will continue to be recognized as tax expense in the Consolidated Financial Statements. Tax expense for the year ended December 31, 2020 represents non-income and state franchise tax, however, the expense was not reclassified to operating expenses in accordance with ASU 2019-12 as it was immaterial.

	2023	**2022**
Current provision:		
Federal	$ —	$ —
State	—	—
Foreign	—	—
	$ —	$ —
Deferred provision:		
Federal	$ 1	$ —
State	—	—
Foreign	19	(11
	$ 20	$ (11
Total	$ 20	$ (11

A summary of the differences between the Company's effective income tax rate and the Federal statutory income tax rate for the years ended December 31 is as follows:

	2022	2021	2020	**2023**	**2022**
Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%
State income taxes, net of federal benefit	2.5%	5.2%	2.4%	3.7%	2.5%
Net state impact of deferred rate change	(1.0)%	0.8%	(0.7)%	0.2%	(1.0)%

Stock compensation expense	(0.7)%	1.3%	0.9%	(4.2)%	(0.7)%
Other permanent differences	(0.4)%	(0.1)%	(0.1)%	(0.6)%	(0.4)%
Change in valuation allowance	(13.7)%	(24.4)%	(13.4)%	0.6%	(13.7)%
Tax credits	2.0%	3.1%	1.4%	0.5%	2.0%
Accrual to tax return	0.0%	(1.4)%	0.0%	0.2%	0.0%
FV Mark to market on convertible notes	0.0%	0.0%	(9.0)%		
Foreign Rate Differential	0.0%	0.0%	0.0%	0.0%	0.0%
True Ups - NOL Expiration/162(m) limits	(8.9)%	(5.4)%	(2.8)%	(21.8)%	(8.9)%
Other				0.3%	0.0%
Effective income tax	0.8%	0.1%	(0.3)%	(0.1)%	0.8%

Deferred tax assets and liabilities are recognized for the expected future tax consequences of net operating loss carryforwards, tax credit carryforwards and temporary differences between the financial statement carrying amounts and the income tax basis of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on the available evidence, it is more likely than not that the deferred tax assets will not be realized.

Deferred income taxes reflect the impact of “temporary differences” between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. The Company has fully reserved the U.S. net deferred tax assets, as it is more likely than not that the deferred tax assets will not be utilized. The Company has not reserved the foreign net deferred tax assets, as it is more likely than not that the deferred tax assets will be utilized. Deferred tax assets (liabilities) are composed of the following at December 31, 2022 2023 and 2021 2022 (in thousands):

	2022	2021	**2023**	**2022**
Inventory (Section 263A)	$ 311	$ 276	$ 97	$ 311
Inventory reserves	61	61	15	61
Bad debt reserves	215	67	68	215
Other accruals	813	854	242	813
Deferred revenue	129	107	549	129
Accumulated depreciation/amortization	17	8	—	17
Stock options	1,108	795	1,127	1,108
Developed technology	976	1,242	205	976
Tax credits	4,427	4,176	4,480	4,427
NOL carryforward	38,234	38,383	38,263	38,234
Lease Liability	792	—	113	792
Section 174 R&D	1,749	290	2,425	1,749
Deferred tax assets	48,832	46,259	47,584	48,832
Valuation allowance	(47,930)	(45,994)	(47,364)	(47,930)
Right of Use Asset	(786)	(265)	(113)	(786)
Accumulated depreciation/amortization			(10)	—
Goodwill tax amortization	(6)	(5)	(7)	(6)
Net deferred tax asset (liability)	$ 110	$ (5)	$ 90	$ 110

The increase decrease in the net deferred tax assets and corresponding valuation allowance during the year ended December 31, 2022 2023 is primarily attributable to section 174 R&D capitalization. The movement in the valuation allowance during the year ended December 31, 2021 is primarily due to expiration of certain net operating losses loss and research and development credits. credit carryforwards.

As of December 31, 2022, 2023, the Company has federal net operating loss carryforwards totaling approximately $158.4 million. Federal net operating loss carryforwards totaling $116.3 $109.8 million will expire at various dates from 2023 2024 and 2037. The remaining $42.1 $48.6 million of the federal net operating losses generated since December 31, 2017 can be carried forward indefinitely. As of December 31, 2022, 2023, the Company has provided a valuation allowance for its federal and state net operating loss carryforwards due to the uncertainty of the Company’s ability to generate sufficient taxable income in future years to obtain the benefit from the utilization of the net operating loss carryforwards. As of December 31, 2022, 2023, the Company has foreign net operating loss carryforwards totaling approximately $0.5 million. $0.4 million. As of December 31, 2022, the Company has not provided a valuation allowance for its foreign net operating loss carryforward. In the event of a deemed change in control, an annual limitation imposed on the utilization of the net operating losses may result in the expiration of all or a portion of the net operating loss carryforwards.

The Company currently has approximately $4.6 million in net operating losses that are subject to limitations related to Xoft. its former Xoft business line. Approximately $656,000 can be used annually through 2029. The Company has available tax credit carryforwards (adjusted to reflect provisions of the Tax Reform Act of 1986) to offset future income tax liabilities totaling approximately $4.4 $4.5 million. The credits expire in various years through 2042. The Company has additional tax credits of $1.5 $1.4 million related to Xoft which have been fully reserved for and as a result no deferred tax asset has been recorded. These credits expire in various years through 2030.

ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

As of December 31, 2022 2023 and 2021 2022, the Company had no unrecognized tax benefits and no adjustments to liabilities or operations were required under ASC 740-10. The Company's practice is to recognize interest and penalty expenses related to uncertain tax positions in income tax expense, which was zero for the years ended December 31, 2022, 2023 2021and 2020 2022.. The Company files United States federal and various state income tax returns. The Company also files tax returns in France. Generally, the Company's three preceding tax years remain subject to examination by federal and state taxing authorities. The Company is not under examination by any other federal or state jurisdiction for any tax year.

The Company does not anticipate that it is reasonably possible that unrecognized tax benefits as of December 31, 2022 2023 will significantly change within the next 12 months.

Note 14 15 – Segment Reporting

(a) Segment Reporting

Operating segments are the components of our business for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our chief operating decision maker is our chief executive officer. Our operating segments are generally organized by the type of product or service offered and by geography. Each reportable segment generates revenue from the sale of medical equipment and related services and/or sale of supplies. The Company has determined there are two segments: manages and operates as one business: Detection, and Therapy.
The Detection segment which consists of the Company's Company's advanced image analysis and workflow products, and the Therapy segment consists of the Company's radiation therapy products, and related services. products. The primary factors used business operations are managed by a single executive leadership team, which is led by the Company's CODM chief executive officer, who the Company has concluded is the Chief Operating Decision Maker ("CODM"). The Company does not operate separate lines of business with respect to allocate resources are based on revenues, gross profit, operating income or loss, and earnings or loss before interest, taxes, depreciation, amortization, and other specific and non-recurring items any of each segment. Included in segment operating income are stock compensation, amortization its products nor does it prepare discrete financial information with respect to any of technology and depreciation expense. There are no intersegment revenues.
its products. The Company does not track its assets by operating segment and the CODM does not use asset information by segment to allocate resources or make operating decisions.
Segment revenues, gross profit, Accordingly, the Company views its business as one reportable operating segment operating income or loss, with operations in the US and a reconciliation outside of segment operating income or loss to GAAP loss before income tax is as follows (in thousands): the US.

	Year Ended December 31,		
	2022	2021	2020
Segment revenues:			
Detection	$ 19,802	$ 22,019	$ 21,997
Therapy	8,142	11,619	7,701
Total Revenue	$ 27,944	$ 33,638	$ 29,698
Segment gross profit:			
Detection	$ 16,824	$ 18,510	$ 17,856
Therapy	2,988	5,733	3,498
Total gross profit	$ 19,812	$ 24,243	$ 21,354
Segment operating income (loss):			
Detection	$ 902	$ 1,563	$ 2,719
Therapy	(3,767)	(1,835)	(3,028
Segment operating income (loss)	$ (2,865)	$ (272)	$ (309
General administrative	$ (10,852)	$ (10,460)	$ (9,079
Interest expense	(10)	(141)	(476

Loss on extinguishment of debt	—	(386)	(341
Other income	(45)	15	97
Fair value of convertible debentures	—	—	(7,464
Loss before income tax	$ (10,907)	$ (10,972)	$ (17,263

Segment depreciation and amortization included in segment operating income (loss) is as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Detection depreciation and amortization			
Depreciation	$ 109	$ 123	$
Amortization	$ 134	$ 158	
Therapy depreciation and amortization			
Depreciation	$ 129	$ 129	$
Amortization	$ 73	$ 73	

(b) Geographic Information

The Company's sales are made to customers distributors and dealers of mammography, electronic brachytherapy equipment and other medical equipment, and to foreign distributors of mammography and electronic brachytherapy medical equipment. Export revenue Outside of the US, revenues to a single country did not exceed 10% of total revenue in any year. Total export revenues outside the US were approximately $7.0 $2.3 million or 25% 13% of total revenue in 2023 and $3.3 million or 17% of total revenue in 2022, $7.5 million or 22% of total revenue in 2021, and $6.1 million or 20% of total revenue in 2020.

As of December 31, 2022 2023 and 2021 2022, the Company had outstanding receivables of $4.0 $0.8 million and $3.1 million, $1.5 million, respectively, from distributors and customers of its products who are located outside of the U.S.

	Percent of Export sales		
Region	2022	2021	2020
Europe	24 %	39 %	
Taiwan	14 %	12 %	
Israel	13 %	0 %	
Bangladesh	8 %	0 %	
Malaysia	4 %	0 %	
Canada	1 %	3 %	
China	18 %	35 %	
Australia	3 %	0 %	
Other	15 %	11 %	
Total	100 %	100 %	
Total Export Revenue	$ 6,976	$ 7,527	$

	Percent of Export sales	
Region	**2023**	**2022**
Europe	10 %	
All other	3 %	
Total	13 %	
Total Export Revenue	$ 2,333	$

Significant export sales in Europe are as follows:

Region	Percent of Export sales			Percent of Export sales	
	2022	2021	2020	**2023**	**2022**
France	45%	47%	41%	64%	52%
Belgium				13%	10%
Italy	11%	5%	8%	6%	12%
Spain	10%	17%	17%		
Germany	9%	4%	12%	4%	8%
Belgium	8%	0%	0%		
Switzerland	6%	8%	0%	4%	9%
Sweden	4%	0%	0%		
United Kingdom	1%	4%	6%		
Russia	0%	8%	0%		
	%	%	%		
	%	%	%		
All other				9%	9%

(c) Major Customers

The Company had one major OEM customer, GE Healthcare, with revenues of approximately $3.8 million in 2023 and $4.4 million in 2022,, $4.8 million in 2021 and $5.0 million in 2020 or 16%, 14% and 17% 22% of total revenue, respectively. revenues in each period. Cancer detection products are also sold through OEM partners including other than GE Healthcare, Fujifilm Medical Systems, Siemens Medical, and Vital Images. Healthcare. For the year ended December 31, 2022 2023, these four no OEM partners composed approximately 29% of Detection revenues and 21% partner other than GE Healthcare represented more than 5% of total revenue. Detection OEM partners in total composed approximately 37% 32% of Detection total revenue for the year ended December 31, 2023 and 26% 29% of total revenue for the year ended December 31, 2022, 40% of Detection revenue and 26% of total revenue for the year ended December 31, 2021 and 37% of Detection revenue and 28% of total revenue for the year ended December 31, 2020. The Company also had one major direct customer with revenues of approximately $.8 $1.4 million, or 2% 8% of total revenue for year ended December 31, 2022 2023 . and $0.8 million, or 4% of total revenue for the year ended December 31, 2022.

OEM partners represented $2.0 million $1.6 million or 22% 28% of outstanding receivables as of December 31, 2022 2023, with GE Healthcare accounting for $1.0 $1.2 million or 11% 74% of this amount. The four largest Therapy customers composed $2.1 direct customer represents $1.5 million or 24% 27% of outstanding receivables as of December 31, 2022 2023. The largest Detection direct customer represents $1.5 These customers in total represented $3.2 million or 17% 55% of outstanding receivables as of December 31, 2022. These customers in total represented $3.6 million or 40%of outstanding receivables as of December 31, 2022 2023.

Note 15 16 – Commitments and Contingencies

(a) Purchase Commitments

The Company has non-cancelable purchase orders with key suppliers executed in the normal course of business that total approximately $4.6 $0.7 million.

(b) Employment Agreements

The Company has entered into employment agreements with certain executives and key employees. The employment agreements provide for minimum severance payments, and performance-based annual bonus compensation, and accelerated vesting of equity awards upon certain provisions, as defined in their respective agreements, in the event that their employment is terminated without cause. cause and/or upon change in control.

(c) Royalty Obligations

In connection with prior litigation, the Company received a nonexclusive, irrevocable, perpetual, worldwide license, including the right to sublicense certain Hologic patents, and a non-compete covenant as well as an agreement not to seek further damages with respect to the alleged patent violations. In return, the Company had a remaining obligation to pay a minimum annual royalty payment of $250,000 payable through 2016. In addition to the minimum annual royalty payments, the litigation settlement agreement with Hologic also provides for payment of royalties if such royalties exceed the minimum payment based upon a specified percentage of future net sales on any products that practice the licensed rights. The estimated fair value of the patent license and non-compete covenant is $100,000 and was amortized over the useful life of

approximately four years. In addition, a liability has been recorded within accrued expenses and accounts payable for future payment and for minimum royalty obligations totaling $0.2 $0.4 million.

(d) Legal Matters

In December 2016, the Company entered into an Asset Purchase Agreement with Invivo Corporation (the "Asset Purchase Agreement"). In accordance with the Asset Purchase Agreement, the Company sold to Invivo all right, title and interest to certain intellectual property relating to the Company's VersaVue Software and DynaCAD product and related assets for $3.2 million. The Company closed the transaction on January 30,2017 less a holdback reserve of $350,000 for net proceeds of approximately $2.9 million.

On September 5,2018,third-party Yeda Research and Development Company Ltd. ("Yeda"), filed a complaint (the "Complaint") against the Company and Invivo in the United States District Court for the Southern District of New York, captioned Yeda Research and Development Company Ltd. v. iCAD, Inc. and Invivo Corporation, Case No.1:18-cv-08083-GBD, related to the Company's sale of the VersaVue software and DynaCAD product under the Asset Purchase Agreement. Yeda alleged, among other things, that the Company infringed upon Yeda's source code, which was originally licensed to the Company, by using it in the products that the Company sold to Invivo and that it is entitled to damages that could include, among other things, profits relating to the sales of these products. On April 13,2021, the Company and Yeda entered into a Settlement and Release Agreement (the "Settlement Agreement") whereby the Company furnished to Yeda a one-time cash payment of $85,000 and received a full, non-conditional release from Yeda of any and all claims related to the Complaint and the subject of the Complaint. Neither the Company nor Invivo acknowledged any wrongdoing at any point in connection with the Complaint or the subject matter thereof. The Escrowed Amount was reserved, in part, to cover any legal expenses related to the Asset Purchase Agreement and the transactions contemplated therein. The remaining balance of the Escrowed Amount following such expenses is due and payable to the Company in accordance with the terms of the Asset Purchase Agreement. The Company and Invivo agreed that Invivo would pay $50,000 of the Escrowed Amount and the Company expensed approximately $93,000 in the second quarter of 2021.

In addition to the foregoing, the Company may be a party to various legal proceedings and claims arising out of the ordinary course of its business. Although the final results of all such matters and claims cannot be predicted with certainty, the Company currently believes that there are no current proceedings or claims pending against it the ultimate resolution of which would have a material adverse effect on its financial condition or results of operations, other than as set forth above. However, should the Company fail to prevail in any legal matter or should several legal matters be resolved against the Company in the same reporting period, such matters could have a material adverse effect on the Company's operating results and cash flows for that particular period. The Company may be party to certain actions that have been filed against the Company which are being vigorously defended. The Company has determined that potential losses in these matters are neither probable or reasonably possible at this time. In all cases, at each reporting period, the Company evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, "Contingencies." Legal costs are expensed as incurred.

Note 16– Notes Payable

(a) Loan and Security Agreement – Western Alliance Bank

On March 30,2020, the Company entered into a Loan and Security Agreement (the "Loan Agreement") with Western Alliance Bank (the "Bank") that provided an initial term loan ("Term Loan") facility of $7.0 million and a $5.0 million revolving line of credit.

On April 27,2021, the Company repaid its obligations in the aggregate amount of $7,354,283 under and terminated the Loan Agreement with the Bank, and its collateral securing the facility was released. The Company accounted for this repayment and retirement as an extinguishment of the Loan Agreement. The Company recorded a loss on extinguishment of approximately $386,000 related to the repayment and retirement of the Loan Agreement. The loss on extinguishment was composed of approximately $140,000 for a prepayment fee, $122,000 for the unaccrued final payment, $65,000 termination and other fees, and $58,000 for the unamortized and other closing costs from origination of the loan.

(b) Loan and Security Agreement – Silicon Valley Bank

On August 7,2017, the Company entered into a Loan and Security Agreement, (as amended, the "SVB Loan Agreement"), with Silicon Valley Bank that provided an initial term loan facility of $6.0 million and a $4.0 million revolving line of credit.

On March 30,2020, the Company elected to repay all outstanding obligations (including accrued interest) and retire the SVB Loan Agreement. The Company accounted for this repayment and retirement as an extinguishment of the SVB Loan Agreement. In addition to the outstanding principal and accrued interest, the Company was required to pay the $510,000 final payment, a termination fee of $114,000 and other costs totaling $10,000. The Company also wrote off unamortized original closing costs as of the extinguishment date. In March 2020 the Company recorded a loss on extinguishment of approximately $341,000 related to the repayment and retirement of the SVB Loan Agreement. The loss on extinguishment was composed of approximately $185,000 for the unaccrued final payment, $114,000 termination fee, and $42,000 of unamortized and other closing costs.

(c) Convertible Debentures

On December 20,2018, the Company entered into a Securities Purchase Agreement (the "SPA") with certain institutional and accredited investors (the "Investors"), including, but not limited to, all directors and executive officers of the Company at the time, pursuant to which the Investors purchased unsecured subordinated convertible debentures (the "Convertible Debentures") with an aggregate principal amount of approximately $7.0 million in a private placement.

On February 21,2020 (the "Conversion Date"), the conditions permitting a forced conversion were met, and the Company elected to exercise its forced conversion right under the terms of the Convertible Debentures.

As a result of this election, all of the outstanding Convertible Debentures were converted, at a conversion price of $4.00 per share, into 1,742,500 shares of the Company's common stock. In accordance with the make-whole provisions in the Convertible Debentures, the Company also issued an additional 76,966 shares of its common stock. The make-whole amount represented the total interest which would have accrued through the maturity date of the Convertible Debentures, less the amounts previously paid, totaling $697,000. The conversion prices related to the make-whole amount were dependent on whether the Investors were related parties or unrelated third parties.

Accounting Considerations and Fair Value Measurements Related to the Convertible Debentures

The Company had previously elected to make a one-time, irrevocable election to utilize the fair value option to account for the Convertible Debentures as a single hybrid instrument at its fair value, with changes in fair value from period to period being recorded either in current earnings, or as an element of other comprehensive income (loss), for the portion of the change in fair value determined to relate to the Company's own credit risk. The Company believed that the election of the fair value option allowed for a more meaningful representation of the total fair value of its obligation under the Convertible Debentures and allowed for a better understanding of how changes in the external market environment and valuation assumptions impact such fair value. The Company utilized a Monte Carlo simulation model to estimate the fair value of the Convertible Debentures.

The Company recorded a final adjustment to the Convertible Debentures based on their fair value on the Conversion Date, just prior to the forced conversion being completed. Given that the Company's prior simulation model included the assumption that the Company would elect to force conversion in 100% of scenarios when the requirements were met, the final valuation was based on the actual results of the forced conversion. As such, the Company based the final fair value adjustment to the Convertible Debentures just prior to conversion on the number of shares of common stock that were issued to the Investors upon conversion and the fair value of the Company's common stock as of the Conversion Date.

The Company notes that the key inputs to the simulation model that were utilized to estimate the fair value of the Convertible Debentures at each valuation date included:

Input	December 31, 2019	February 21, 202
Company's stock price	$ 7.77	$
Conversion price	4.00	
Remaining term (years)	1.97	
Equity volatility	49.00 %	
Risk free rate	1.57 %	
Probability of default event[1]	0.45 %	
Utilization of Forced Conversion (if available)[1]	100.00 %	1
Exercise of Default Redemption (if available)[1]	100.00 %	
Effective discount rate[1]	18.52 %	

1 Represents a Level 3 unobservable input, as defined in Note 4 - Fair Value Measurements, below.

The Company's stock price is based on the closing stock price on the valuation date. The conversion price is based on the contractual conversion price included in the SPA.

The remaining term was determined based on the remaining time period to maturity of the Convertible Debentures.

The Company's equity volatility estimate was based on the Company's historical equity volatility, the Company's implied and observed volatility of option pricing, and the historical equity and observed volatility of option pricing for a selection of comparable guideline public companies.

The risk-free rate was determined based on U.S. Treasury securities with similar terms.

The probability of the occurrence of a default event was based on Bloomberg's one year estimate of default risk for the Company (extrapolated over the remaining term).

The utilization of the Forced Conversion right and the default redemption right is based on management's best estimate of both features being exercised upon the occurrence of the related contingent events.

The effective discount rate utilized at the December 31,2019 and February 21,2020 valuation dates was solved for utilizing the simulation model based on the principal value of the Convertible Debentures, as the transaction was determined to represent an 'arm's length' transaction. The effective discount was corroborated against market yield data which implied the Company's credit rating, and this implied credit rating will be utilized to determine the changes in the effective discount rate at future valuation dates. The effective discount rate utilized at the December 31,2019 valuation date was based on yields on CCC-rated debt instruments with terms equivalent to the remaining term of the Convertible Debentures. The credit rating estimate was based on the implied credit rating determined at issuance and no changes were identified by the Company that would impact this assessment.

The fair value and principal value of the Convertible Debentures as of December 31,2019 and the Conversion Date was as follows (in thousands):

Convertible Debentures	December 31, 2019	February 21, 2020
Fair value, in accordance with fair value option	$ 13,642	$ 21,164
Principal value outstanding	$ 6,970	$ 6,970

The Company recorded a loss from the change in fair value of the Convertible Debentures of approximately $7.5 million for the year ending December 31,2020. Upon the consummation of the forced conversion, the Company issued 1,816,466 shares of common stock with a fair value of approximately $21.2 million, which was reclassified to stockholders' equity.

Note 17 – **Employee Benefit Plan**

The Company has a 401(k) retirement plan (the "401(k) Plan") for the benefit of eligible employees, as defined. Each participant may elect to contribute up to 90% of his or her compensation to the 401(k) Plan each year, subject to certain Internal Revenue Service limitations. The Company makes a safe harbor matching contribution of 100% of every dollar contributed, not to exceed 3% of participants' eligible wages. The Company contributed approximately $0.6 million $0.4 million and $0.5 $0.6 million during the years ended December 31, 2022 2023 and 2021 2022, respectively.

Note 18 – **Subsequent Events**

On As more fully described in Note 12, in January 2024, in anticipation of the March 20, 2023, 2024 end date of its leased warehouse in Nashua, NH, the Company committed to entered into a restructuring plan intended to support its long term strategic goals and reduce operating expenses by further aligning its cost structure to focus on areas it believes are more likely to generate the best long-term results, in light of current industry and macroeconomic environments (the "RIF"). The Company plans to reduce its workforce by approximately 28%, decreasing its headcount by approximately 23 employees, predominantly from the Company's detection business unit. Xoft, Inc.,36 month lease for a wholly-owned subsidiary of the Company, or its Therapy business unit, will also furlough 12 of its employees, or approximately 50% of its workforce. The Company currently estimates it will incur new warehouse beginning one February 1, 2024 -time cash pre-tax restructuring charges of an aggregate of approximately $0.3 million in the through first 2027. half of 2023 as a result of the RIF, comprised primarily of one-time severance and benefits payments, and employee-related transition costs. Estimated amounts are subject to change until finalized and the Company may incur additional costs during the remainder of 2023.

The Company has evaluated all other events and transactions subsequent to the balance sheet date to the date of filing and is not aware of any events or transactions that occurred subsequent to the balance sheet date that would require recognition or disclosure in the consolidated financial statements.

Exhibit 4 4.1

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

As of December 31, 2022, 2023, iCAD, Inc. (the "Company," "we," "us" or "our") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, par value $0.01 per share ("Common Stock).

General

The following description of our capital stock and certain provisions of our certificate of incorporation, as amended (our "Certificate of Incorporation") and by-laws, as amended (our "Bylaws"), are summaries, and are qualified in their entirety by reference to our Certificate of Incorporation and Bylaws. Copies of these documents can be accessed through hyperlinks to those documents in the list of exhibits in our Annual Report on Form 10-K for the fiscal year ending December 31, 2022 (our 2023(our "Annual Report"). Capitalized terms used and not defined herein have the meanings ascribed to such terms in the Annual Report.2 Report.

Our authorized capital stock consists of 60,000,000 shares of Common Stock, and 1,000,000 shares of "blank check" preferred stock.

Common Stock

The rights, preferences and privileges of the holders of Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any then outstanding preferred stock.

Voting Rights

Each share of Common Stock is entitled to one vote on all matters to be voted on by stockholders. There are no cumulative voting rights in the election of directors, minority stockholders will not be able to elect directors on the basis of their votes alone.

Dividend Rights

The holders of Common Stock are entitled to receive dividends when, as and if declared by our Board of Directors out of funds legally available therefor.

No Preemptive or Similar Rights

Holders of shares of Common Stock have no conversion, preemptive or other subscription rights, and there are no redemption provisions applicable to the Common Stock. All outstanding shares of Common Stock are fully paid and nonassessable.

Right to Liquidation Distributions

In the event of liquidation, dissolution or winding up of our Company, the holders of Common Stock are entitled to share in all assets remaining, if any, which are available for distribution to them after payment of liabilities and after provision has been made for each class of stock, if any, having preference over the Common Stock.

Limitations on Liability and Indemnification of Officers and Directors

Section 102 of the DGCL allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware law or obtained an improper personal benefit.

Section 145 of the DGCL provides, among other things, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, agent or employee of the corporation or is or was serving at the corporation's request as a director, officer, agent, or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgment, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding. The power to indemnify applies (a) if such person is successful on the merits or otherwise in defense of any action, suit or proceeding or (b) if such person acted in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of defense expenses (including attorneys' fees but excluding amounts paid in settlement) actually and reasonably incurred and not to any satisfaction of judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication of negligence or misconduct in the performance of duties to the corporation, unless the court believes that in light of all the circumstances indemnification should apply.

We have entered into indemnification agreements with each of our directors and officers. Generally, these agreements attempt to provide the maximum protection permitted by Delaware law with respect of indemnification. The indemnification agreements provided that we will pay certain amounts incurred in connection with any action, suit, investigation or proceeding arising out of or relating to the performance of services by the director or officer, or by acting as a director, officer or employee.

Liability Insurance.

We have obtained directors' and officers' liability insurance which covers certain liabilities, including liabilities to us and our stockholders.

Certificate of Incorporation

The Certificate of Incorporation eliminates, to the fullest extent permitted by the DGCL, a director's personal liability to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director.

Bylaws

The Bylaws provide that the Company will indemnify its officers and directors to the full extent permitted by the laws of the State of Delaware and the employment agreements with the Company's executive officers and indemnification agreements between the Company and its directors and certain of its officers provide that the Company will indemnify them to the full extent provided by the DGCL.

Anti-Takeover Provisions

Our Certificate of Incorporation authorizes the Board of Directors to issue up to 1,000,000 shares of preferred stock. The preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by our Board of Directors, without further action by stockholders, and may include, among other things, voting rights (including the right to vote as a series on particular matters), preferences as to dividends and liquidation, conversion and redemption rights, and sinking fund provisions. Although there are currently no shares of preferred stock outstanding, future holders of preferred stock may have rights superior to our Common Stock and such rights could also be used to restrict our ability to merge with, or sell our assets to a third party.

Section 203 of the DGCL

We are also subject to the provisions of Section 203 of the DGCL, which could prevent us from engaging in a "business combination" with a 15% or greater stockholder" for a period of three years from the date such person acquired that status unless appropriate board or stockholder approvals are obtained. These provisions could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over the then current market price. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

The existence of the foregoing provisions of our certificate of incorporation and bylaws and the DGCL may have an anti-takeover effect and could delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of our Common Stock held by stockholders.

Transfer Agent

The transfer agent and registrar for the Common Stock is Continental Stock Transfer & Trust Company.

Listing

Our Common Stock is listed on The Nasdaq Stock Market under the symbol "ICAD."

Exhibit 10.p

EMPLOYMENT AGREEMENT 10.19

LeaseAgreement

THIS EMPLOYMENT AGREEMENT (

Under the "Agreement") is made ownership under the trust of *AnitaR.JacquesRevocableTrustDated03/31/1994*, of 211 Naticook Rd. Merrimack, NH. County of Hillsborough, and entered into as State of the th day of March, 2023 (the "Effective Date") New Hampshire, (Lessor), between hereby leases to iCAD, Inc., a corporation with a principal place of business at 98 Spit Brook Road Suite 100, #100, Nashua, NH 03062 (which hereinafter includes any parent, subsidiary and affiliate, and is collectively referred to as (Lessee). the "Company"), and Dana Brown (hereinafter referred to as "Executive" or "you"). In consideration of Premises on the promises and the mutual covenants herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows: following terms:

1. **Eligibility For Employment. PREMISES:** 3,054 +/- Square feet in the building located at 2 Townsend West – Suite 6,Nashua, New Hampshire 03063

2.TERM: The term of this lease shall be for Three Years (36 Months) beginning on February 1st, 2024, with tenant to begin paying rent on March 1, 2024, as outlined in the Letter of Intent, and ending on February 1st, 2027.

3. **OPTIONTORENEW:** Providing it is not at the time or thereafter in default in the payment of rent or in the performance of any of its obligations hereunder, which default is not cured pursuant to the terms of the lessee (if an actual occupation and not it's assignee or lessee) on not less than 6 months (180-days) written notice to lessor, shall have the right to renew said Lease for 2 (two), 1(one) year options on the termshereinafter set forth, provided that the annual rent for the for first renewal term shall be agreed upon between lessor and lessee.

The tenant shall have the option to elect an extension of the lease beyond the original 36 months, providing that the tenant is in good standing and not in default of the lease and its terms and conditions.

If the tenant chooses to extend the lease, the tenant has the right to do so in twelve (12) month intervals, the tenant shall notify the landlord no later than 180 days prior to February 1, 2027, to confirm its intent to extend for 12 months, the tenant will follow the same protocol to renew 180 days prior to

February 1, 2028, for the second extension. The extensions are at the discretion of the owner and tenant provided that the annual rent for the renewal term shall be agreed upon between the owner and the tenant.

4. **RENT:** Lessee shall pay an annual rent for the leased premises in equal monthly installments of Three Thousand Eight Hundred Seventeen Dollars and Fifty Cents($3,817.50) Dollars to Lessor at 209 Naticook Road, Merrimack, New Hampshire 03054 written out to Anita R. Jacques in advance on the first day of each month of the term. Common Area Maintenance (CAM) is included.

A Late Payment Fee of fifteen percent (15%) of the rent owed shall be assessed on any installment within (10) business days after the due date.

5. **SECURITYDEPOSIT:** Upon execution of this Lease, Lessee shall pay Lessor a security deposit of Three Thousand Eight Hundred Seventeen Dollars and Fifty Cents ($3,817.50) Dollars.

6. **ADDITIONALRENT:**

7. **UTILITIES:** Lessor shall provide, and Lessee shall pay for the water, sewer, electricity, and natural gas heat to the premises.

8. **USEOFLEASEDPREMISES:***Lesseeshallusetheleasedpremisesonlyforthepurposeofconductingitsbusinessknownasi*CAD*,intheordinarycourse,asallow*

9. **FIREINSURANCE:** Lessor shall procure and continue in force during the term, such amount of the fire and extended coverage insurance of the premises as in its judgements is adequate. Contents insurance shall be the responsibility of Lessee, and Lessor shall not be liable to Lessee for loss or damage from any cause whatsoever to machinery, equipment, appurtenances, furniture and furnishings, trade fixtures, goods, wares, merchandise, inventory, and other property or others in leased premises.

10. **LESSEE'S INSURANCE:** Lessee Shall maintain with respect to the leased premises comprehensive public liability insurance on an occurrence bases in the amount of Five Hundred Thousand Dollars ($500,000) per person and One Million Dollars ($1,000,000) per occurrence in case of personal injury or death and fire and extended coverage insurance in the amount of Two Hundred Fifty Thousand Dollars ($250,000) in case of loss, destruction or damage in the property. The Immigration Reform and Control Act requires all employees Lessee shall deposit with the Lessor certificates for such insurance at or prior to the expiration of any such policies. All such Insurance certificates shall provide that such policies shall not be cancelled without at least ten (10) days prior written notice to each assured therein. iCAD will maintain the level of insurance outlined in this agreement for duration of the lease with no interruption, which will specifically cover the property as a tenant at 2 Townsend West #6.

U.S. companies to have evidence of identity and authorization to work in the U.S. Executive represents and warrants that Executive has such authorization and will provide the Company with evidence thereof on or before the Effective Date of this Agreement. Executive further acknowledges that the Company may perform a background check on Executive for purposes relating to Executive's Company employment, after providing written notice to and obtaining written consent from Executive. At all times Company shall comply with the Fair Credit Reporting Act and any other applicable laws regarding background checks, and Executive agrees that if the results of said background check are unsatisfactory to the Company, the Company may terminate this Agreement immediately upon written notice, and Executive shall have no further rights or obligations hereunder.

2. Employment Period.Executive's employment hereunder shall be effective on the Effective Date and shall continue until terminated by either party in accordance with Section 7. The period during which Executive is employed under this Agreement shall be referred to herein as the "Employment Period." The date on which this Agreement terminates pursuant to Section 7 shall be referred to herein as the "Termination Date."

3. Employment Period Duties.During the Employment Period, the Executive shall be employed

11. **MAINTENANCEANDREPAIRS:** Lessor shall keep the exterior (including the roof) of the building in good condition and repair. Lessee shall, at its expense, except for damage caused by fire or other insured casualty and not by Lessee's negligence, maintain the premises and all mechanical and non-mechanical installations therein, in good condition and repair, by making normal repairs to, and performing normal maintenance of, the premises as needed, including, without limitation, the replacement of broken glass (including plate glass), interior repainting, the repair of floors and carpets, the keeping of windows and doors watertight and the

maintenance in good operating condition of all plumbing, electrical, heating, sprinkling, air conditioning and serve as Chief Executive Officer and President of the Company on a full-time basis reporting directly to the Company's Board of Directors ("Board"). As CEO and President, and subject to Board approval and election by the shareholders of Company, Executive will also serve as a member of the Board. The Executive shall perform such duties as are normally associated other utility systems with the position of Chief Executive Officer premises, and President of at the Company and Chief Executive Officer and President of a public company and such duties as are assigned to Executive from time to time and are consistent with those performed by the position of Chief Executive Officer and President of a public company. Executive hereby agrees and understands that the primary place of work is the Company office in Nashua, NH, and that Executive may also be required to travel, including travel overseas, in furtherance of the duties of the position.

4. Exclusive Service. Executive hereby agrees to devote all of his/her reasonable efforts and business time, attention, and energies to the performance of his/her duties under this Agreement and to the Company; provided that Executive may serve on the board of directors of purely philanthropic expiration or civic organizations or on the board of directors of one other company that is not competitive with the business of the Company ("Corporate Boards"), in each case only to the extent that such service or participation does not interfere with

Executive's employment with the Company or duties under this Agreement. Executive may serve on the board of directors of additional companies that are not competitive with the business of the Company to the extent that such service or participation does not interfere with Executive's employment with the Company or duties under this Agreement and Executive has advised the Company prior to commencing, and the Company has consented (which consent shall not be unreasonably withheld) to, such additional Corporate Board service.

5. Restrictive Covenants. Executive understands and acknowledges that Executive will have direct and indirect responsibility for managing and overseeing analysis throughout the Company, working directly with the executive team, and overseeing special projects. Executive understands and agrees that her duties extend to all geographic regions in which the Company operates and all other jurisdictions where the Company conducts business during the Employment Period in furtherance of the Company's business and relationships. Executive further understands and agrees that Executive will have and be given access to, solely for the purpose of furthering the Company's business, all of the Company's trade secrets, and proprietary and confidential information, Executive will become familiar with such trade secrets and information, and Executive's services will be special, unique and extraordinary to the Company in this regard. Consequently, the Executive agrees as follows:

5.1 During the Employment Period and during the one (1) year period following the Termination Date (the "Covenant Period"), Executive will not, directly or indirectly, individually or jointly, own any interest in, operate, join, control, promote, participate, engage or have any other interest (whether Executive is acting as owner, partner, stockholder, employee, broker, agent, principal, trustee, board member, corporate officer, director, advisor, consultant or in any other capacity), or enter into the employment of or perform any other services for any person or entity (other than the Company) that engages in any business activities that are competitive with the business in which the Company is engaged during the Employment Period, anywhere in the United States (the "Covenant Area"). Executive agrees and understands that the provisions described in this Section 5.1 are necessary to protect the good will and the confidential, proprietary and trade secret information belonging to the Company. Notwithstanding anything herein to the contrary, this Agreement will not prevent Executive from holding for investment up to 5%, or any amount provided by law, whichever is greater, of any class of stock or other securities of a publicly held company, if such stock is publicly traded and listed on any national or regional stock exchange.

5.2 Executive understands that the Company has spent considerable time, effort and expense developing proprietary information and has taken reasonable measures to protect its secrecy. Therefore, as a condition of employment with the Company, Executive shall execute the Non-Solicitation, Non-Disclosure and Inventions Assignment Agreement (the "NDA"), which is attached hereto as Exhibit A and incorporated by reference herein. The NDA is intended to survive and does survive the termination or expiration of this Agreement. The obligations, duties and liabilities of the Executive pursuant to this Section 5 and Exhibit A of this Agreement are continuing, absolute and unconditional, and shall remain in full force and effect, despite any earlier termination of this Agreement Lease for any reason whatsoever, with cause herein provided shall deliver up the premises to Lessor in the same condition and state or without Cause. repair as they were at the beginning or the term hereof, or as they may be put during the term, reasonable wear and tear and damage by insured casualty excepted. Lessee shall not permit the premises to be overloaded, damaged, stripped, or defaced, nor suffer any waste. Lessor shall maintain the heating, cooling, electrical, plumbing and sewer installations outside the premises; provided that Lessee shall reimburse Lessor as additional rent for the cost of repairs thereto caused by the intentional or deliberate act of Lessee or any person for which acts Lessee is responsible.

6. Compensation and Benefits.As compensation for the services to be performed by the Executive under this Agreement, the Company agrees to pay the Executive, and the Executive agrees to accept the following:

12. **ALTERATIONS-ADDITIONS:**

6.1 Salary. The Company shall pay to the Executive an annual base salary of Four Hundred Thousand US Dollars ($400,000) (the "Base Salary") commencing on the Effective Date of this Agreement, which shall be payable in equal installments, not less frequently than bi-weekly, in accordance with the Company's payroll practices; shall be subject to customary and required deductions and withholdings; and shall be reviewed by the Company in its sole discretion based upon the Executive's and the Company's performance and may be increased (but not decreased).

Lessee shall not make structural alterations or additions to the premises but may take non-structured alterations provided Lessor consent in writing, which consent shall not be unreasonable withheld or delayed. All such allowed alterations shall be at Lessee's expense and shall in quality at least equal to the present construction. Lessee shall not permit any mechanics' liens, or similar liens, to remain upon the premises for labor and material furnished to Lessee or claimed to have been furnished to Lessee in connection with work of any character performed or claimed to have been performed the direction of Lessee and shall cause any such lien to be released of record forthwith without cost to Lessor. Any alterations or improvements made by Lessee shall, at the option of Lessor, be removed by Lessee and the premises restored to their prior condition by Lessee, at its expense, or shall become the property of the Lessor at the termination of occupancy as provided herein.

6.2 Discretionary Bonus. Executive will be eligible to participate in Company's annual discretionary bonus plan for executives ("Bonus Plan"), subject to its terms and conditions, with the potential to

earn a cash and/or equity-based bonus up to thirty (30) percent of Executive's Base Salary, based upon achievement of corporate and individual goals under the Bonus Plan ("Discretionary Bonus") for the given calendar year to which such Discretionary Bonus relates ("Bonus Year"). Any Discretionary Bonus shall be paid in full in a single lump sum cash payment during the calendar year following the Bonus Year for which it is earned and vested ("Payment Calendar Year") and no later than the earlier of (i) December 31 of the Payment Calendar Year or (ii) fifteen (15) calendar days following the date on which the Company publicly announces its results of operations for such Bonus Year. No annual Discretionary Bonus is guaranteed, and its payment rests in the sole discretion of the Company.

6.3 Benefits. The Executive shall be entitled to participate in the Company's benefit plans, including but not limited to, medical, dental, vision, life and disability insurance plans, and 401k plan for its employees, subject to the eligibility and contribution requirements, enrollment criteria and the other terms and conditions of such plans. The Company reserves the right to modify, amend and eliminate any such plans, in its sole and absolute discretion.

6.4 Paid Time Off. Executive shall be entitled to paid time off ("PTO") and holidays pursuant to the terms of the Company's paid time off policy as may exist and be amended from time to time. Initially, Executive shall accrue up to eight weeks of PTO per calendar year.

6.5 Expense Reimbursement. The Company shall reimburse the Executive for any reasonable out-of-pocket business expense, including for

travel, marketing, entertaining or other similar business expenses incurred by the Executive during the Employment Period in the discharge of the position duties under this Agreement ("Expense"); provided that for each Expense, such Expense was incurred and the related reimbursement request was made, in compliance with the Company's expense reimbursement policy in effect and supported by relevant documentation.

6.6 Stock Options. Subject to approval by the Company's Board of Directors, you will be granted 250,000 iCAD incentive stock options, subject to a 3-year vesting schedule and a 10-year expiration period. The exercise price is determined by the fair market value of the Company's stock on the grant date. In addition, you will be eligible to receive an additional grant of stock options or other form of equity on each anniversary of the Effective Date.

7. Termination. Notwithstanding any other provision of this Agreement, the employment relationship between the Company and Executive shall be an at-will employment relationship. Either party may terminate Executive's employment under this Agreement at any time for any reason. For purposes of this Agreement, the "Termination Date" shall mean (a) if Executive's employment is terminated by death, the date of death;

(b) Signs: Lessee shall not affix any sign to any part of the Premises except at its cost, and with Lessor' consent; its name may appear on each door immediately servicing the Premises and on the directory in the size, style and color first approved in writing by Lessor, which approval shall not be unreasonably withheld or delayed.

13. **INDEMNIFICATIONANDLIABILITY:** Lessor shall not be liable to Lessee for any injury or damage to premises or to any property of Lessee or to any property of the third person, firm, association, or corporation, except by reason of Lessor' negligence. Lessee shall indemnify and save Lessor harmless from and against any and all liability and damages and from and against any and all suits, claims, and demands of any kind or nature, by and on behalf of any person, firm, association or corporation, arising out of, or based upon, any incident, occurrence, injury, or damage which shall or may happen on the premises and from and against any matter or thing growing out of the condition, maintenance, repair, alteration, use, occupation, or operation of the premises or the installation of any property therein, or the removal of any property therefrom.

Lessee shall obtain, with respect to Lessor, from its insurers a waiver of subrogation rights under policy or policies concerning any risk which is Lessee's responsibility.

14. **DESTRUCTION:WHOLEANDPARTIAL:** If the premises shall be totally destroyed by fire or other casualty, or shall be so damaged that repairs and restoration cannot be accomplished within a period on ninety (90) days from the start of such repairs and restoration, unless such destruction or damage is caused by Lessee or persons for whose conduct it is responsible and is not insured against by policy benefiting the Lessor, this Lease shall automatically terminate without further act of either party hereto, and each party shall be relieved of any further obligation to the other, except for the rights and obligations of the parties under Paragraph 17, and except Lessee shall be liable for and shall promptly pay Lessor rent then in arrears, or Lessor shall promptly rebate to Lessee a pro rata portion of any rent paid in advance. If the premises shall be so damaged that repairs and restoration can be accomplished within a period of ninety (90) days from the start of such repairs and restoration, this Lease shall continue in effect in accordance with its terms and Lessor diligently shall proceed to repair; provided, however, unless such damage is caused by Lessee or persons for whose conduct it is responsible and is not insured against by policy benefiting the Lessor, that until such repairs and restoration have been accomplished, a portion of the rent shall abate equal to the proportion of the premises rendered unusable by the damage. Lessor shall be entitled to all fire insurance proceeds except insurance specifically insuring property of Lessee and shall in no event be obligated to undertake repairs the cost which exceeds said proceeds. Lessor shall always maintain adequate fire insurance on the Premises, excluding all interior fit-up.

15. **EMINENTDOMAIN**: If the premises shall be lawfully condemned or taken by a public authority in their entirety, or in such proportion that they are no longer suitable for the intended use by Lessee, this Lease shall automatically terminate as in Paragraph 14.In either event, the award for the property so condemned or taken shall be payable solely to Lessor and Lessor shall in no event be obligated to undertake repairs the cost of which shall exceed the amount of the award.

16. **SUBORDINATION:** Lessee agrees that its Lease and all rights of Lessee hereunder are and shall be subordinate to the lien of (a) any mortgage constituting a first lien on the premises, or any part thereof, at the date hereof, and (b) the lien of any mortgage hereafter executed conveying the premises or any part thereof, and (c) any renewal, modification, consolidation or extension of any mortgage referred to in clause (a) or (b). Lessee shall, on demand at any time or times, execute, acknowledge and deliver to Lessor at the cost and expense of Lessor, any and all instruments that may be necessary or proper to subordinate this Lease and all rights of Lessee hereunder to the lien of any mortgage, or other instrument referred to in clause (c) above. Lessee agrees that, at the request of Lessor, it shall execute an estoppel certificate, provided by the Lessor, with respect to Lessor' performance hereunder.

17. **SURRENDER:** At the expiration or on the earlier termination of this Lease for any cause herein provided, Lessee shall peaceably and quietly quit the premises and deliver possession of the same to Lessor, together with all alterations and additions thereto, in the same condition as they were at the beginning or the term of as they were put during the term, fair wear and tear excepted, together with the keys and locks thereto. Lessee shall remove all its goods and effects from the premises including all signs and lettering. If Lessee fails to remove any of its property from the premises, Lessor is authorized, without liability to Lessee for loss or damage thereto, and at the sole risk of Lessee, to remove and store any of the property at Lessee's. expense, or to retain the same under Lessor' control, or to sell at public or private sale, without notice, any or all the property not so removed and to apply the net proceeds of such sale to the payment of any sum due, or to destroy such property.

18. **ASSIGNMENT-SUBLEASING:** Lessee shall not assign this Lease, nor assign or sublet the whole or any part of the premises, nor suffer such assignment or subletting by operation of Law without Lessor's written consent which shall not be unreasonably withheld. In the event of a change of control, a lease may be transferred if Executive's employment used for the same purpose with the terms and conditions surviving an event with the transfer of ownership.

19. **LESSOR'SACCESS:** Lessor or their representatives shall have access to the premises at reasonable intervals during normal business hours for the purpose of inspection, or for showing the premises to prospective purchasers or Lessees, or the purpose of making repairs which Lessee is terminated obligated to make hereunder but has failed or refused to make, by Disability, Lessor have no obligation to make repairs. Such right of access by the fifteenth (15th) Lessor shall in each instance be exercised in such a way as to interfere as little as possible with the conduct of Lessee's business. The Lessor shall notify the lessee with 24 hours' notice prior to entering the facility and be always escorted by an iCAD employee. No person may enter the facility without approval, with the exclusion of emergencies.

20. **HOLDINGOVER**: If Lessee shall hold over after the expiration of the term hereof, such holding over shall not extend the term of this Lease but shall create a month-to-month tenancy upon all terms and conditions of the Lease, except that the monthly rent shall be 150% of the last month's rent.

21. **ATTORNMENT:** Lessee shall in the event of sale or assignment of Lessor's interest in the premises of in the event of foreclosure of any mortgage to which this Lease is subject, on request of the purchaser attorn to him and recognize such purchaser as Lessor under this Lease. In the event of a change of ownership for the facility, the terms and conditions of the lease shall survive the full term, including the right to extend.

22. **NOTICE:** Any notice from Lessor to Lessee relating to this Lease shall be deemed duly served if mailed to the premises, registered or certified mail, return receipt requested, postage prepaid, addressed to Lessee. Any notice from the Lessee to Lessor relating to this Lease shall be deemed duly served if mailed to the Lessor by registered or certified mail, return receipt requested, postage prepaid, addressed to the Lessor at such address as the Lessor may from time to time advise in writing. All rent and notices at this time shall be paid and sent to Lessor at 209 Naticook Road, Merrimack, New Hampshire 03054 c/o Suzette J. Stevens and written out to Anita R. Jacques.

23. **COSTS:** Lessee agrees to pay Lessor as additional rent on the next rent day after Notice all costs and expenditures, including reasonable attorney's fees, incurred in institution, prosecuting or defending any action or proceeding with respect to the terms or performance hereof, if Lessor prevails. If Lessee prevails in any such action, then Lessor shall pay all Lessee's costs and expenses.

24. **Waiver:** Any consent, express or implied, by Lessor to any breach by Lessee of any covenant or condition of this Lease shall not constitute a waiver by Lessor of any prior or succeeding breach by Lessee of the same or any other covenant or condition of this Lease. Acceptance by Lessor of rent or other payment with knowledge of breach or of default under any term hereof by Lessee shall not constitute a waiver by Lessor of such breach or default.

25. **QUIETENJOYMENT**: Lessee, on paying the rents and performing all of the terms hereof, shall peaceably and quietly enjoy the premises, subject, nevertheless, to the terms of this Lease and any mortgage to which the lease is given; subordinate.

26. **GOVERNINGLAW:** This Lease is made in and shall be interpreted and be enforced according to the law of the State of New Hampshire.

27. **LESSEE'S USE:**Lessee shall not use the premises in any manner which will interfere. With Lessor's use or any other Lessee's use of the premises 2 Townsend West – Suite 6,Nashua, New Hampshire, nor shall Lessee use the premises in any manner which endangers the use by Lessor or any other Lessee of the well and septic systems which service the building of which the Premises are a part. Further Lessee shall not use the premises in any manner which will affect the aquifer of the Town of Nashua, NewHampshire, or in any manner which causes a hazard under New Hampshire RSA 147, 147-A, 147-B, 147-B, 147-C, or any similar natural resource conservation law, statute or ordinance, whether federal, state, or local.

Lessee hereby holds Lessor harmless and agrees to indemnify lessor for all loss, damage, injury, claims, and actions, causes of action, and judgments, including the cost

of defending against such claims suffered by Lessor as a result of Lessee's breach of the agreements contained in this paragraph 27.

IN WITNESS WHEREOF, the parties have set their hands hereto this 6th day of January.

Lessor: Anita R. Jacques Revocable Trust Dated 03/31/1994 By: Suzette J. Stevens

Lessor Signature: *<l-!«<j:: e ,ft*

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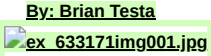
Title: Property Manager 9,

Lessee: iCAD, Inc.

By: Brian Testa



Title: Chief People Officer

!..essee Signature:

Exhibit 19.1

iCAD, INC.

INSIDER TRADING POLICY

and Guidelines with Respect to Certain Company Information

and Certain Transactions in Company Securities

Purpose

This Insider Trading Policy (this "*Policy*") provides guidelines with respect to transactions in the securities of iCAD, Inc., a Delaware corporation (including subsidiaries where applicable, the "*Company*") and the handling of material confidential information about the Company and the companies with which the Company engages in transactions or does business. The Company's Board of Directors (the "*Board*", and each member of the Board, a "director") has adopted this Policy to promote compliance with U.S. federal, state and foreign securities laws that prohibit certain persons who are aware of material nonpublic information about a company from: (i) trading in securities of that company; or (ii) providing material nonpublic information to other persons who may trade based on that information.

Persons Subject to the Policy

This Policy applies to (each of the following, a "*Covered Person*"):

- officers of the Company;
- the Board;

- employees of the Company;
- consultants of the Company who receive or have access to material nonpublic information;
- independent contractors of the Company who receive or have access to material nonpublic information;
- Family Members and Controlled Entities, each as defined below; and

(c) If Executive's employment

- any other persons who receive or have access to material nonpublic information that the Company designates as subject to this Policy.

Transactions Subject to the Policy

This Policy applies to transactions in the Company's securities (collectively referred to in this Policy as "*Company Securities*"), including but not limited to, the Company's common stock, par value $0.01 per share ("*common stock*"), options to purchase common stock, or any other type of securities that the Company may issue, including (but not limited to) preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company's Securities. Transactions subject to this Policy include purchases, sales and *bona fide* gifts of Company Securities.

Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while in possession of material nonpublic information. Persons subject to this policy must not engage in illegal trading and must avoid the appearance of improper trading.

Each individual is terminated responsible for making sure that he, she or they complies with Cause, without Cause, this Policy, and that any Family Member or Controlled Entity whose transactions are subject to this Policy, also comply with this Policy. In all cases, the responsibility for Good Reason determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer (as defined below), or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the later Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading "Consequences of Violations."

Administration of the date specified Policy

The Compliance Officer shall be responsible for administration of this Policy. For the purposes of this Policy, the Chief Financial Officer of the Company shall serve as the "*Compliance Officer*." In the absence of the Chief Financial Officer of the Company, the Chief Compliance Officer of the Company (or such other officer of the Company that has been designated by the Chief Financial Officer of the Company in advance of such absence) shall serve as the Notice "Compliance Officer" for purposes of this Policy during such absence. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

Statement of Policy

Company Securities. No director, officer, employee, consultant, or after expiration independent contractor of the Company (or any applicable cure periods, if any. No matter other person designated by this Policy or by the reason for termination, on or prior Compliance Officer as subject to the Termination Date, Executive shall return this Policy) who is aware of material nonpublic information relating to the Company may, directly, or indirectly through family members or other persons or entities:

1. Engage in transactions in Company Securities, except as otherwise specified in this Policy under the headings "Transactions Under Company Plans" and "Rule 10b5-1 Plans;"
2. Recommend that others engage in transactions in any Company Securities;
3. Disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information, or outside of the Company to other persons, including, but not limited to, family, friends, business associates, investors and expert consulting firms, unless any such disclosure is made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
4. Assist anyone engaged in the above activities.

Securities of Third Parties. In addition, it is the policy of the Company that no director, officer, employee, consultant, or independent contractor of the Company (or any and all Proprietary Information (as defined Exhibit A) other person designated as subject to this Policy) who, in the Executive's possession, together course of working for or with the Company, learns of material nonpublic information about another company (1) with which the Company does business, such as the Company's distributors, vendors, customers and suppliers, or (2) that is involved in a potential transaction or business relationship with Company, may engage in transactions in that other company's securities until the information becomes public or is no longer material.

Confidentiality Obligation. Each person associated with the Company has a duty to protect the confidential information, including material nonpublic information, of the Company. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. Accordingly, such information must be strictly safeguarded and not shared with unauthorized third parties including family members, household members and controlled entities, as described below. In the event any officer, director or employee of the Company receives any inquiry from outside the Company, such as a stock analyst, for information (particularly financial results and/or projections) that may be material nonpublic information, the inquiry should be referred to the Chief Executive Officer or Chief Financial Officer and all to the other property appropriate Company officers, as provided for in the Investor Relations Policy of the Company.

7.1 Notice Limited Exceptions. There are no exceptions to this Policy, except as specifically noted herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances, and, in any event, even the appearance of Termination. In an improper transaction must be avoided to preserve the event

this Agreement is terminated by Executive Company's reputation for any reason other than for Good Reason (as defined below), Executive shall provide the Company with a written notice ("Notice") of Executive's intent to terminate this Agreement at least thirty (30) days prior adhering to the Termination Date. In the event highest standards of conduct.

Definition of Material Nonpublic Information

Material Information. Information is considered "material" if a reasonable investor would consider that the Agreement information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect a company's stock price, whether it is terminated by the Executive positive or negative, should be considered material. There is no bright-line standard for Good Reason, Executive must satisfy the Good Reason Process and Good Reason Cure Period as defined below. In the event that this Agreement assessing materiality; rather, materiality is terminated by the Company without Cause (as defined below), the Company shall provide the Executive with Notice based on an assessment of its intent to terminate this Agreement at least thirty (30) days prior to the Termination Date. For purposes all of this Agreement, Notice shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances, claimed and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- a proposed acquisition of a significant business;
- a significant expansion or cutback of operations;
- internal financial information that departs from what the market would expect;
- a default or anticipated default under debt instruments or important contracts;
- a proposal for a merger or the purchase of substantial assets;
- a tender offer for Company Securities;
- an earnings estimate or revision of a previously released earnings estimate;
- major litigation or the threat of major litigation;
- significant management developments such as resignations or new appointments;
- a significant increase or decrease in sales or earnings;
- the receipt of FDA or other regulatory approvals; and
- the discovery of a new product or the issuance of an important patent.

The foregoing list is illustrative only and is not intended to provide a basis comprehensive list of all circumstances that could give rise to material information.

When Information is Considered Public. Information that has not been disclosed to the public is generally considered to be nonpublic information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it has been disclosed through the newswire services, a broadcast on widely-available news programs, publication in a widely-available news source, or public disclosure documents filed with the Securities and Exchange Commission (the "*SEC*") that are available on the SEC's website. By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to provide the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the market until after the second Trading Day after the day on which the information is publicly released. As used herein, the term "*Trading Day*" shall mean any day on which the Nasdaq Stock Market LLC (the "*Nasdaq*") or, if the Company's common stock is not then traded on the Nasdaq, the principal national securities exchange, automated quotation system or other trading market where the Company's common stock is then listed, quoted or traded, is open for termination trading. Nasdaq or such other principal national securities exchange, automated quotation system or other trading market where the Company's common stock is then listed, quoted or traded is herein referred to as the "*Principal Market*". If, for example, the Company were to make a public announcement of previously material nonpublic information on a Monday that is a Trading Day (at any time after market open), the information would not be considered fully absorbed by the market until the close of the second daily trading session on the Principal Market following such public announcement, i.e., the close of trading on Wednesday (assuming Tuesday and Wednesday are Trading Days). However, if, for example, the Company were to make an announcement pre-market on a Monday that is a Trading Day, the information would not be considered fully absorbed by the market until the close of the second daily trading session on the Principal Market following such public announcement, i.e., the close of trading on Tuesday (assuming Tuesday is also a Trading Day). Although such circumstances are likely to be rare, depending on the particular circumstances, the Compliance Officer may determine that a longer or shorter absorption period should apply following public release of specific material nonpublic information. For the avoidance of doubt, the persons designated by the Compliance Officer as being subject to pre-clearance procedures (as described under the provision so indicated. For heading "Additional Procedures") may not engage, or allow their Family Members or Controlled Entities to engage, in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer in accordance with the terms of this Policy, even after information is considered to be fully absorbed by the market, as set forth above.

Transactions by Family Members and Others

In addition to all directors, officers, employees, consultants, and independent contractors of the Company (or any other person designated as subject to this Policy) ("*you*"), this Policy applies to all family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities (collectively referred to as "*Family Members*"). You are responsible for the transactions of these other persons and therefore should make them

aware of the need to confer with you before they trade in Company Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or your Family Members.

Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, companies, partnerships or trusts (collectively referred to as "*Controlled Entities*"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

Transactions Under Company Plans

This Policy does not apply in the case of the following transactions, except as specifically noted:

Stock Option Exercises. This Policy does not apply to the *exercise* of an employee stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of this Section 7, "Cause" shall mean Executive: (i) fails generating the cash needed to pay the exercise price of an option.

Restricted Stock Awards. This Policy does not apply to the vesting of restricted stock, or refuses the exercise of a tax withholding right pursuant to substantially perform Executive's obligations which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The Policy does apply, however, to any market sale of restricted stock.

401(k) Plan. This Policy does not apply to purchases of Company Securities in the Company's 401(k) plan, if any, resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This Policy does apply, however, to certain elections you may make under this Agreement the 401(k) plan, if any, including: (a) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company (other than such failure directly resulting from a legally protected illness, condition Securities fund; (b) an election to make an intra-plan transfer of an existing account balance into or disability); provided, however, that out of the Company shall have provided Executive with written notice that such actions are occurring Securities fund; (c) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company Securities fund balance; and (d) an election to pre-pay a plan loan if the Executive has been afforded at least thirty (30) days to cure same; (ii) engaging pre-payment will result in illegal conduct, gross negligence or willful misconduct (including but not limited to, theft, fraud, embezzlement and securities law violations) that is, or is reasonably likely to be, injurious allocation of loan proceeds to the Company or its affiliates; (iii) violating stock fund. It should be noted that sales of Company Securities from a federal or state law or regulation applicable 401(k) account are also subject to Rule 144, and therefore affiliates should ensure that a Form 144 is filed when required.

Employee Stock Purchase Plan. This Policy does not apply to purchases of Company Securities in the Company's employee stock purchase plan, if any, resulting from your periodic contribution of money to the Company's business which violation is, or is reasonably likely to be, injurious plan pursuant to the Company; (iv) breaching election you made at the terms time of your enrollment in the plan, if any. This Policy also does not apply to purchases of Company Securities resulting from lump sum contributions to the plan, if any, restrictive covenant agreement, confidentiality agreement provided that you elected to participate by lump sum payment during the applicable enrollment period. This Policy does apply, however, to your sales of Company Securities purchased pursuant to the plan, if any.

Other Similar Transactions. Any other purchase of Company Securities from the Company or invention assignment agreement between Executive and the Company; (v) being convicted sales of or entering a plea of nolo contendere to, a felony, or committing any act of moral turpitude, dishonesty or fraud, or the misappropriation of property belonging Company Securities to the Company or its affiliates; (vi) engaging in any act that constitutes misconduct, theft, fraud, misrepresentation, conflict of interest, or breach of fiduciary obligations or duty of loyalty are not subject to the Company; this Policy.

(vii) possessing or use of illegal drugs,Special and Prohibited Transactions

The Company has determined that there is a prohibited substance heightened legal risk and/or alcohol, to such extent that it impairs Executive's ability to perform the duties or responsibilities or compromises appearance of improper conduct if the safety of Executive or others, persons subject to applicable law; or (viii) violating or failing to comply with this Policy engage in certain types of transactions. It therefore is the Company's policy that any securities law, rule or regulation, or stock exchange regulation or rule relating to or affecting the Company, including, but Covered Person may not limited to, Executive's failure or refusal to honestly provide a certificate engage in support of the Company or officer or employee of the Company as required under and in compliance with the Sarbanes-Oxley Act of 2002. In the event that Executive terminates this Agreement for any reason other than Good Reason, or the Company terminates this Agreement for Cause (as defined herein), the Agreement shall automatically terminate on the Termination Date and Executive shall only receive payment of any accrued but unpaid Base Salary through the Termination Date, reimbursement for any unpaid and approved expenses incurred pursuant to Section 6.6 through the Termination Date, and any accrued but unpaid vacation (collectively, the "Accrued Amounts"). "Good Reason" means that Executive has complied with the "Good Reason Process" (as defined below) following the occurrence of any of the following events: (a) the Company changing the Executive's position such that she is no longer the Chief Executive Officer and President of the Company, or materially diminishing transactions:

the Executive's authority, duties and/or responsibilities such that his/her authority, duties and/or responsibilities are no longer commensurate with those customarily associated with the titleShort-Term Trading. Short-term trading of Chief Executive Officer and President; (b) the Company reducing the Executive's compensation below the Base Salary; (c) the Company requiring the Executive, without his/her consent, to relocate more than fifty (50) miles from the Company's principal office to which she reports as of the Effective Date; or (d) any material breach by the Company of any of its obligations under this Agreement; or (e) the Company demonstrably demanding that Executive perform her duties in a manner that violates any applicable laws, the Company Code of

Business Conduct and Ethics, or any Company policies. "Good Reason Process" means that (a) the Executive reasonably determines in good faith that a Good Reason condition has occurred; (b) the Executive notifies the Company in writing of the occurrence of the Good Reason condition within forty-five (45) days of the occurrence of such condition; (c) the Executive cooperates in good faith with the Company's efforts, for a period not less than thirty (30) days following such notice (the "Good Reason Cure Period"), to remedy the condition; (d) notwithstanding such efforts, the Good Reason condition continues to exist; and (e) the Executive terminates his/her employment within thirty (30) days after the end of the Good Reason Cure Period.

7.2 Termination Upon Death or Disability. In the event of Executive's death or the Executive's incapacity due to Disability (as defined herein) during the Employment Period (as defined herein), the Agreement shall automatically terminate on the Termination Date and Executive shall only receive payment of the Accrued Amounts. In the event of Executive's death, those payments will Securities may be made distracting to the estate, legal representative or beneficiary, as applicable, of Executive person and any death benefits payable and due to may unduly focus the death of Executive under Company benefit plans or programs will also be paid. For the purpose of this Section 7.2, Disability shall be defined as the Executive being absent and unable to perform the essential functions of her position under this Agreement, with or without a reasonable accommodation, for either ninety (90) consecutive days or a total of 90 days out of any period of one hundred and eighty consecutive days, all as determined in good faith by the Company.

7.3 Severance Upon Termination of Employment Without Cause or for Good Reason. In the event that the Company terminates this Agreement or Executive's employment without Cause (as defined in Section 7.1), or Executive terminates this Agreement for Good Reason (as defined in Section 7.1 and subject to the satisfaction of the Good Reason Process and Good Reason Cure Period), then subject to the conditions set forth in this Section 7.3, the Executive shall receive the Accrued Amounts, as well as an amount equal to the pro rata share of the Discretionary Bonus for the employment year in which the Termination Date occurs, payable at such time the Discretionary Bonus, if any, would otherwise have been payable in accordance with Section 6.3 hereof. Additionally, the Company shall pay its share of the COBRA premiums necessary to continue Executive's health insurance coverage in effect for Executive and Executive's eligible dependents (as of the Termination Date) for twelve (12) months beyond the Termination Date, provided that Executive timely elects continued coverage under COBRA following the Termination Date. Executive's receipt of payments and benefits in this Section 7.3 is conditioned on and subject to (i) Executive signing and not rescinding this Agreement and the NDA attached hereto as Exhibit A (and incorporated herein), and (ii) Executive signing and not rescinding an effective, general release of all claims in favor of the Company and in a form acceptable to the Company within no greater than 60 days following Executive's Termination Date.

7.4 Termination Following Change in Control. Anything contained herein to the contrary notwithstanding, in the event the Executive's employment hereunder is terminated within nine (9) months

following a Change in Control (as defined below) by the Company without Cause or by the Executive for Good Reason, then the Company shall pay to the Executive in complete satisfaction of its obligations under this Agreement, the Accrued Amounts, as well as an amount equal to (i) (a) her Base Salary as then in effect for a period of six months (6) months from the Termination Date, payable in equal installments person on the Company's normal payroll dates for short-term stock market performance instead of the six-month (6) month period Company's long-term business objectives. For these reasons, any Covered Person who purchases Company Securities in the open market may not sell any Company Securities of the same class during the six months following the Termination Date; and (b) an amount equal to purchase (or vice versa), except where the Discretionary Bonus which would otherwise been payable in accordance with matching purchase or sale within six months is exempt from liability under Section

6.3 hereof for the employment year in which the Termination Date occurs, payable at such time the Discretionary Bonus, if any, would otherwise have been payable in accordance with Section 6.3 hereof; and

(c) the Company shall pay its share of the COBRA premiums necessary to continue Executive's health insurance coverage in effect for Executive and Executive's eligible dependents (as of the Termination Date) for eighteen (18) months beyond the Termination Date, provided that Executive timely elects continued coverage under COBRA following the Termination Date.; or (ii) except with regard to the payment of any amount that is a Section 409A Amount, the Company, in its sole discretion, may elect to make a lump sum cash payment equal to the present value of the payments otherwise due under clause (i); provided that if any severance payment payable after a "Change in Control" as defined in Section 280G of the Internal Revenue Code of 1986 (the "Code"), either alone or together with other payments or benefits, either cash or non-cash, that the Executive has the right to receive from the Company, including, but not limited to, accelerated vesting or payment of any deferred compensation, options, stock appreciation rights or any benefits payable to the Executive under any plan for the benefit of employees, which would constitute an "excess parachute payment" (as defined in Code Section 280G), then such severance payment or other benefit shall be reduced to the largest amount that will not result in receipt by the Executive of a parachute payment. The determination of the amount of the payment described in this subsection shall be made by the Company's independent auditors at the sole expense of the Company. For purposes of clarification the value of any options described above will be determined by the Company's independent auditors using a Black-Scholes valuation methodology.

For purposes of this Agreement, a "Change in Control" shall be deemed to occur (i) when any "person" as defined in Section 3(a)(9) 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Short Sales. Short sales of Company Securities (*i.e.*, the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and as used therefore have the potential to signal to the market that the seller lacks confidence in the Company's prospects. Furthermore, short sales may reduce a seller's incentive to seek to improve the Company's performance. In addition, Section 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) 16(c) of the Exchange Act but excluding prohibits Section 16 insiders from engaging in transactions that would render them net short. For these reasons, short sales of Company Securities by Covered Persons are prohibited.(Short sales arising from certain types of hedging transactions are governed by the Executive, paragraph below captioned "Hedging Transactions.")

Publicly-Traded Options. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a Covered Person is trading based on material nonpublic information and that the attention of persons associated with the Company is on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any

subsidiary other organized market, by Covered Persons are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the next paragraph below.)

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit a director, officer, employee, consultant, or independent contractor, to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, Covered Persons may no longer have the same objectives as the Company's other shareholders. Therefore, Covered Persons are prohibited from engaging in any affiliate such transactions.

Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company Securities, Covered Persons are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral for a loan. (Pledges of Company Securities arising from certain types of hedging transactions are governed by the paragraph above captioned "Hedging Transactions").

Additional Procedures

The Company has established additional procedures in order to assist the Company in the administration of this Policy, to facilitate compliance with laws prohibiting insider trading while in possession of material nonpublic information, and to avoid the appearance of any impropriety. These additional procedures are applicable only to those individuals described below.

Pre-Clearance Procedures for Deemed Insiders. Officers and directors, and employees of the Company, as well as the Family Members and Controlled Entities of such persons, and any other person that the Compliance Officer designates (collectively, "*Deemed Insiders*"), may not engage in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer. Any Deemed Insider seeking to request pre-clearance can obtain the Company's pre-clearance form upon request from the Compliance Officer. A request for pre-clearance should be submitted to the Compliance Officer at least two Trading Days in advance of the proposed transaction. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance based on insider trading concerns, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction and such pre-clearance is not received, then he or she should refrain from initiating any employee benefit plan sponsored transaction in Company Securities, and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether he or maintained she may be aware of any material nonpublic information about the Company. The requestor should also indicate whether he or she has effected any non-exempt "opposite-way" transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file a Form 144, if necessary, at the time of any sale, unless the broker has undertaken to make that filing.

Any pre-cleared transaction must be effected within the period of time indicated on the pre-clearance form as approved by the Compliance Officer (typically not to exceed 10 Trading Days), unless a different period of time is specified by the Compliance Officer. Transactions not effected within such specified period shall be subject to pre-clearance again before a trade can be effected.

Quarterly Trading Restrictions. No Covered Person may conduct any transactions involving the Company's Securities (other than as specified by this Policy), during a "*Quarterly Restricted Period*" beginning 14 calendar days prior to the end of each fiscal quarter and ending at the close of the second daily trading session on the Principal Market following the public release of the Company's earnings results for that quarter. In other words, Covered Persons may only conduct transactions in Company Securities during the "*Window Period*" beginning after the close of the second daily trading session on the Principal Market following the public release of the Company's earnings results for that quarter and ending 14 calendar days prior to the close of the next fiscal quarter. It should be noted that preliminary guidance with respect to the quarterly results generally will not suffice to end the Quarterly Restricted Period.

To illustrate the commencement of a Quarterly Restricted Period, if the Company's fourth fiscal quarter ends immediately following 11:59 p.m., Eastern time, on December 31st, the corresponding Quarterly Restricted Period would begin immediately following 11:59 p.m., Eastern time, on December 17th.

To illustrate the commencement of the Window Period, if the Company publicly announces its earnings results intra-day or post-market, for example, on March 8th (a Monday), then the Window Period shall begin after the close of the daily trading session on the Principal Market on March 10th (a Wednesday). However, if the Company publicly announces its earnings results pre-market, for example, on March 8th (a Monday), then the Window Period shall begin after the close of the daily trading session on the Principal Market on March 9th (a Tuesday).

The foregoing calculation of the two-daily trading session period required prior to commencement of a Window Period assumes all relevant days are Trading Days and is made using the same method of calculating the two-daily trading session period as set forth under the heading "When Information is Considered Public".

For the avoidance of doubt, all persons designated by the Compliance Officer as being subject to pre-clearance procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any subsidiary transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer in accordance with the terms of this Policy, even during a Window Period.

Under certain very limited circumstances, a person subject to a Quarterly Restricted Period may be permitted to trade during such Quarterly Restricted Period, but only if the Compliance Officer concludes that such person is not aware of material nonpublic information. Persons wishing to trade during a Quarterly Restricted Period must contact the Compliance Officer for approval at least two Trading Days in advance of any proposed transaction involving Company Securities.

Event-Specific Restricted Periods. From time to time, an event may occur that is material to the Company and is known by only a few directors, officers, employees, consultants, and independent contractors. So long as the event remains material and nonpublic (the "*Event-Specific Restricted Period*"), the

persons designated by the Compliance Officer may not engage in transactions in Company Securities. In addition, the Company's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should refrain from engaging in transactions in Company Securities even sooner than the Quarterly Restricted Period described above. In that situation, the Compliance Officer may notify these persons that they should not trade in the Company's Securities, without disclosing the reason for the restriction. The existence of an Event-Specific Restricted Period or the extension of a Quarterly Restricted Period will not be announced to the Company as a whole, and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not engage in transactions in Company Securities due to an Event-Specific Restricted Period, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an Event-Specific Restricted Period.

Exceptions. The quarterly trading restrictions and event-specific trading restrictions do not apply to those transactions to which this Policy does not apply, as described above under the heading "Transactions Under Company Plans." Further, the requirement for pre-clearance, the quarterly trading restrictions and event-specific trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described under the heading "Rule 10b5-1 Plans."

Rule 10b5-1 Plans

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in the Rule (a "*Rule 10b5-1 Plan*") and must be in accordance with the Company's "Guidelines for Rule 10b5-1 Plans." If the plan meets the requirements of Rule 10b5-1, transactions in Company Securities may occur even when the person who has entered into the plan is aware of material nonpublic information.

To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1 and the Company's "Guidelines for Rule 10b5-1 Plans," which may be obtained from the Compliance Officer. In general, a Rule 10b5-1 Plan must be entered into during a Window Period when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The plan must include a cooling-off period before trading can commence that, for directors or officers, ends on the later of 90 days after the adoption of the Rule 10b5-1 Plan or two Trading Days following the disclosure of the Company's financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or officers, 30 days following the adoption or modification of a Rule 10b5-1 Plan. A person may not enter into overlapping Rule 10b5-1 plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 Plan during any 12-month period. Directors and officers must include a representation in their Rule 10b5-1 Plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 Plan must act in good faith with respect to that plan.

Any Rule 10b5-1 Plan must be submitted for approval at least five days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

Notwithstanding anything contained herein to the contrary, it is the Company's policy that no officer or director, or Family Members or Controlled Entities of any such person, may enter into any transaction in Company Securities while such person has a Rule 10b5-1 Plan that is in effect; provided, however, that the foregoing shall only apply to a Rule 10b5-1 Plan adopted by such person on or after [DATE], 2024.

Post-Termination Transactions

This Policy continues to apply to transactions in Company Securities even after termination of service by a person to the Company. If an individual is in possession of material nonpublic information when his, her, or their service terminates, that individual may not engage in transactions in Company Securities until such information has been publicly announced or is no longer material. The pre-clearance procedures specified under the heading "Additional Procedures" above, however, will cease to apply to transactions in Company Securities upon the expiration of any Quarterly Restricted Period, Event-Specific Restricted Period, or other Company-imposed trading restrictions applicable at the time of the termination of service.

Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then engage in transactions in the Company's Securities, is prohibited by the federal and state laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities, as well as enforcement authorities in foreign jurisdictions. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish a person's reputation and irreparably damage a career.

Persons located or engaged in dealings outside the United States should be aware that laws regarding insider trading and similar offenses differ from country to country. Employees must abide by the laws in the country where they are located. However, all persons subject to this Policy are required to comply with this Policy even if applicable local law is less restrictive. If a local law conflicts with this Policy, consult the Compliance Officer.

Reporting

Consistent with the Company's Code of Conduct, it is the responsibility of all directors, officers and employees of the Company (including to report any trustee violation of such plan acting as trustee), becomes this Policy to the "beneficial owner" (as defined Compliance Officer. This reporting duty should be broadly

construed to include any inappropriate conduct by their Family Members and Controlled Entities in Rule 13(d)(3) under respect of trading in the Exchange Act) of securities of the Company, representing 50% as well as the sharing or more misuse of the combined voting power of the Company's then outstanding securities; or (ii) the sale of all or substantially all of the assets confidential information of the Company and any material nonpublic information.

Company Assistance

Any person who has a question about this Policy or (iii) its application to any proposed transaction may obtain additional guidance from the occurrence of a transaction requiring stockholder approval for the acquisition Compliance Officer.

Prior to disclosure to any third party, any officer, director or employee of the Company by an entity other than who is aware of any material nonpublic information concerning the Company or a subsidiary or an affiliated company of the Company through purchase of assets, or by merger, or otherwise.

If within nine (9) months after the occurrence of a Change in Control, the Company shall terminate the Executive's employment without Cause or Executive shall resign for Good Reason, then notwithstanding the vesting and exercisability schedule in any stock option or other equity award agreement between the Company and the Executive, all unvested stock options and other equity awards granted by the Company that has not been disclosed to the Executive pursuant public should report the intention to disclose such agreement shall immediately vest information promptly to the Compliance Officer and become exercisable and shall remain exercisable for not less than one year thereafter. obtain approval to do so, or otherwise act in accordance with the Company's Investor Relations Policy.

8. Injunctive Relief. CertificationExecutive and the Company: (i) intend that the provisions of Section 5 and Exhibit A be and become valid and enforceable; (ii) acknowledge and agree that the provisions of Section 5 and Exhibit A are reasonably necessary to protect the legitimate interests of the Company; and (iii) that any violation of Section 5 or Exhibit A will result in immediate and irreparable injury to the business and good will of the Company for which there exists no adequate remedy at law. Accordingly, Executive agrees that if she violates any of the provisions of Section 5 or Exhibit A then, in addition to any other remedy available at law or in equity, the Company shall be entitled to specific performance or injunctive relief without posting a bond, or other security, and without notice to Executive or the necessity of proving actual damages.

9. Warranties All Covered Persons must certify their understanding of, and Covenants.As an inducement intent to the Company to enter into comply with, this Agreement, Executive represents and warrants as follows: (i) there exist no impediments or restraints, contractual or otherwise on Executive's power, right or ability to enter into this Agreement and to perform her duties and obligations hereunder; and (ii) the performance of her obligations under this Agreement do not and will not violate or conflict with any agreement relating to confidentiality, non-competition or exclusive employment to which Executive is or was subject.

10. Indemnification.In the event that Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, (collectively, a "Proceeding") by reason of the fact that Executive is or was an employee, officer or director of the Company, or is or was serving at the request of the Company as a director, officer, member, employee or agent of another corporation or a partnership, joint venture, trust or other enterprise, Executive shall be indemnified and held harmless by the Company to the fullest extent permitted by, and except as prohibited under, applicable law from and against any liabilities, costs, claims and expenses, including all costs and expenses incurred in defense of any Proceeding (including attorneys' fees). Costs and expenses incurred by Executive in defense of such Proceeding (including attorneys' fees) shall be paid by the Company in advance of the final disposition of such litigation upon receipt by the Company of: (i) a written request for payment; (ii) appropriate documentation evidencing the incurrence, amount and nature of the costs and expenses for which payment is being sought; and (iii) an undertaking adequate under applicable law made by or on Executive's behalf to repay the amounts so paid if it shall ultimately be determined by a court of competent jurisdiction that Executive is not entitled to be indemnified by the Company under this Agreement. This indemnification provision shall not apply to any Proceeding initiated by Executive or the Company relating to a dispute between Executive and the Company with respect to this Agreement or Executive's employment under this Agreement.

11. Directors' and Officers' Insurance. The Company represents that it will maintain directors' and officers' liability insurance during the term of Executive's employment providing coverage to Executive on terms that are no less favorable than the coverage provided to the directors and senior most executives of the Company, subject to the terms and exclusions of the applicable policy.

12. Withholding. All sums payable to Executive shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

13. Code Section 409A; Six Month Holdback. It is intended that all of the payments and benefits payable under this Agreement satisfy, to the greatest extent possible, the exemptions from 409A, and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties

under Section 409A of the Code. To the extent (i) any payments to which Executive becomes entitled under this agreement, or any agreement or plan referenced herein, in connection with Executive's separation of service from the Company constitute deferred compensation subject to Section 409A of the Code and (ii) Executive is deemed by the Company at the time of such separation of service to be a "specified employee" under Section 409A of the Code, as determined by Company, by which determination Executive agrees to be bound, then such payment shall not be made or commence until the earliest of (i) the expiration of the six (6)- month period measured from the date of Executive's "separation from service" (as such term is defined below); (ii) the date Executive becomes "disabled" (as defined in Section 409A of the Code); or (iii) the date of Executive's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Executive in one lump sum. With respect to any determination that the payments or benefits provided for in this Agreement are subject to Section 409A, then each payment or installment is a separate and distinct payment and, to the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment shall be deemed a short- term deferral, even if it may also qualify for an exemption from Section 409A under

another provision of Section 409A. Each other payment that is not a "short-term deferral" is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A- 1(b)(9)(iii), et. seq., to the maximum extent permitted by that regulation. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect and (iii) such payments shall be made on or before the last day of the Executive's taxable year following the taxable year in which the expense was incurred. For purposes of this Agreement, separation or termination of Executive's employment with the Company shall mean "separation from service" within the meaning of Section 409A of the Code and Section 1.409A-l(h) of the regulations promulgated under the Code or any successor regulations. In any event, Company makes no representations or warranty and shall have no liability to Executive or any other person if any benefits or payments under this Agreement are determined to be deferred compensation subject to Code Section 409A and/or to not to satisfy the conditions of that section. No interest shall be due on amounts deferred. Policy.

14. Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been given: (i) when hand-delivered if delivered by personal delivery or by Federal Express or similar courier service; (ii) on the date of receipt, refusal or non-delivery indicated on the return receipt if deposited in the United States mail, registered or certified, return receipt requested and with proper postage prepaid; or (iii) when received, if sent by facsimile with a copy sent via regular U.S. mail. All notices shall be addressed to the Company or Executive at their respective addresses set forth below, or to such other address as either party may designate for itself or himself/herself by written notice to the other given from time to time in accordance with the provisions of this Agreement:

To Executive: Dana Brown
98 Spit Brook Road, Suite 100
Nashua, NH 03062

To Company: iCAD, Inc.
98 Spit Brook Road- Suite 100
Nashua, NH 03062
Attn: Chairman of the Board

15. Executive's Cooperation. During the Employment Period and thereafter, the Executive shall cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company (including, without limitation, the Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's request to give testimony without requiring service of a subpoena or other legal process, volunteering to the Company all pertinent information and turning over to the Company all relevant documents which are or may come into the Executive's possession, all at times and on schedules that are reasonably consistent with the Executive's other permitted activities and commitments). In the event the Company requires the Executive's cooperation in accordance with this section after the termination of the term of this Agreement, the Company shall reimburse the Executive for all of her reasonable costs and expenses incurred, in connection therewith, plus pay the Executive a reasonable amount per day for her time spent.

16. General Provisions.

16.1 Amendment. The provisions of this Agreement may be amended, modified, supplemented, or otherwise altered only if the Company's Chairman of the Board (or Compensation Committee Chairman) and the Executive have each duly executed and delivered to the other party a written instrument which states that it constitutes an amendment or modification (as applicable) to this Agreement and specifies the provision(s) that are being modified or amended (as applicable).

16.2 Representation by Counsel and Mutual Negotiation. Each party has had the opportunity to be represented by counsel of her or its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated, drafted and prepared at the joint request and direction of the parties, at arm's length, with the advice and participation of counsel, and shall be interpreted in accordance with its terms and without favor to any party.

16.3. Binding Effect and Assignment. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the Executive, his/her heirs, executors, and administrators, and the Company, its successors and assigns, except that the Executive may not assign any of his/her rights or duties hereunder without the prior written consent of the Company, which consent may be withheld by the Company in its sole discretion. Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business and assets; provided, however, that any such assignee assumes Company's obligations hereunder.

16.4. Waivers. The failure by either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way affect the right to require such performance or compliance at any time thereafter. The waiver by either party of a breach of any provision hereof shall not be taken or held to be a waiver of any preceding or succeeding breach of such provision or as a waiver of the provision itself. No waiver of any kind shall be effective or binding, unless it is in writing and is signed by the party against whom such waiver is sought to be enforced.

16.5. Entire Agreement. This Agreement, the documents referenced herein, and its Exhibit sets forth the entire Agreement between the Company and the Executive relating to its subject matter and supersedes all such prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement including but not limited to the Change of Control and Bonus Agreement entered into by the Company and the Executive in October 2015, which is terminated hereby.

16.6. Headings and Interchangeability. The headings of sections and subsections in this Agreement are merely for convenience of reference and shall not affect the interpretation of any of the provisions of this Agreement. Whenever appropriate, the singular form of a word shall be interpreted in the plural and vice versa. All words and phrases shall be construed as masculine, feminine or neuter gender, according to the context.

16.7. Further Assurances. Each party agrees to cooperate with the other, and to execute and deliver, or cause to be executed and delivered, all such other instruments and documents, and to take all such other actions as may be reasonably requested of him or it from time to time, in order to effectuate the provisions and purposes of this Agreement.

16.8. Severability. Whenever possible, each provision of this Agreement shall be construed and interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement or the application thereof to any party or circumstance shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition without invalidating the remainder of such provision or any other provision of this Agreement or the application of such provision to other parties or circumstances. Without limitation of the foregoing, the parties agree and acknowledge that the duration, scope and geographic area of the covenants described in Sections 5 and Exhibit A hereof are fair, reasonable and necessary in order to protect the goodwill and other legitimate interests of the Company, that adequate consideration has been received by the Executive for such obligations, and these obligations do not and will not prevent the Executive from earning a livelihood. If, however, for any reason any court of competent jurisdiction determines that such restrictions are not reasonable, that consideration is inadequate or that the Executive has been prevented unlawfully from earning a livelihood, such restrictions shall be interpreted, modified or rewritten to include as much of the duration, scope and geographic area identified in such provisions as will render such restrictions valid and enforceable.

16.9. Governing Law. This Agreement, the performance of the parties hereunder and any dispute arising out of or in connection with this Agreement shall be governed by the internal laws (and not the law of conflicts) of the State of Delaware. Any claim or controversy arising out of or in connection with this Agreement, or the breach thereof, shall be adjudicated exclusively by the state courts for the State of New Hampshire, or by a federal court sitting in New Hampshire. The parties hereto agree to the personal jurisdiction of such courts and agree to accept process by regular mail in connection with any such dispute.

17. Enforcement. In the event that any proceedings are brought to enforce this Agreement or remedy any breach hereof, then in addition to any and all damages resulting from any breach hereof, the prevailing party shall be entitled to recover its or his costs and expenses, including reasonable attorneys' fees, incurred in the proceedings relating to the terms and conditions of this Agreement.

18. Counterparts. This Agreement may be executed in any one or more counterparts, each of which shall constitute an original, no other counterpart needing to be produced, and all of which, when taken together, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, CERTIFICATION the parties hereto have executed this Agreement as of the day and year first written above.

EXECUTIVE: **COMPANY:**

[Embedded Table, Chart, Shape or Object can not be converted, please insert manually]

Dana R. Brown

By: Dana R. Brown (Mar 9, 2023 12:50 MST) **By:**

EXHIBIT A

iCAD, Inc.

Confidentiality, Invention Assignment and Non-Solicitation Agreement

In consideration of employment of the undersigned ("Employee") by or on behalf of iCAD, Inc. or its subsidiary (the "Company"), Employee covenants and agrees: I certify that:

1. **ACKNOWLEDGEMENTS AND EMPLOYEE ACCESS TO CONFIDENTIAL INFORMATION.** Employee I have read and understand the Policy. I understand that the Compliance Officer is available to answer any questions I have regarding the Policy.

acknowledges that: (a) Company is in a highly competitive industry; (b) from the outset of and during the course of Employee's employment with Company Employee will have access to Confidential Information (as such term is defined below) of Company and/or its client relationships and goodwill, which, are highly valuable to Company and if disclosed in an unauthorized manner, could be highly prejudicial to Company and/or its clients; (c) Company would be irreparably harmed by Employee's subsequent work for a competitor due to the possibility that there would be inadvertent or other disclosures of Company's to Confidential Information (as such term is defined below) or that there would be improper interference with its valuable client relationships and goodwill; (d) Employee was given adequate consideration for this Agreement, and that as additional consideration for signing this Agreement and the restrictions contained herein, Employee acknowledges that Employee was given access to Confidential Information (as such term is defined below), proprietary and trade secret information; and (e) the restrictions in this Agreement are reasonable and necessary to protect the Company's legitimate business interests.

2. **VALUE OF COMPANY BUSINESS, CLIENTS, AND CONFIDENTIAL INFORMATION.**Employee Since the date that the Policy became effective, or such shorter period of time that I have been an employee of the Company, I have complied with the Policy.

acknowledges that Company has created and developed Confidential Information (as such term is defined below). Additionally, Employee acknowledges that Company has entered into agreements with third parties whereby these third parties produce confidential, proprietary, and/or trade secret information for Company. Such information has independent actual or potential economic value from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use, and is not readily available through any source other than Company. Maintenance of confidentiality regarding such information and special knowledge is essential to preserving the competitive position and value of Company. Further, the specialized services provided by Company to its clients are such that potential clients might not be aware of the availability of such services from Company. This specialized business requires Company to develop confidential relationships with its clients, whereby Company and each client work together closely to develop customized services for each client. Therefore, information concerning both the nature and the fact that Company's client relationships has independent actual or potential economic value from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use.

3. **CONFIDENTIAL INFORMATION DEFINED**. "Confidential Information" of Company includes, but is not limited I will continue to proprietary and trade secret information; comply with the identity of Company clients; client information, Policy for as long as I am subject to the Policy.

Print name:

Signature:

Date:

Memorandum to Directors and Executive Officers

(and Employees, Consultants, and Independent Contractors)

[MONTH] [ ], 2024]

TO:Directors, Executive Officers, Employees, Consultants, and Independent Contractors

FROM:The Management of iCAD, Inc.

RE:Transactions Involving Company Securities—Our Pre-Clearance Procedures, Trading Restrictions and Broker Interface Procedures

As you know, the Company's board of directors recently adopted the Company's updated insider trading policy. The policy will go into effect on [MONTH] [ ], 202[ ]]. The policy is described in this memorandum to all employees, consultants, independent contractors, officers and directors dated [MONTH] [ ], 202[ ]]. The insider trading policy includes procedures governing transactions in Company Securities by directors, executive officers, employees, consultants, and independent contractors including procedures to address the two-day Form 4 filing requirement applicable to all directors and executive officers subject to Section 16. Certain of the procedures apply also to non-executive employees, consultants, and independent contractors who regularly become aware of earnings information or other material nonpublic information about the Company. This memorandum describes these procedures. Capitalized terms in this memorandum are defined in the Insider Trading Policy.

Pre-Clearance Procedures

Officers and directors[, and employees] of the Company, as well as the Family Members and Controlled Entities of such persons, and any other person that the Compliance Officer designates, may not engage in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer. Any person seeking to request pre-clearance can obtain the Company's pre-clearance form upon request from the Compliance Officer. A request for pre-clearance should be submitted to the Compliance Officer at least two Trading Days in advance of the proposed transaction. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction and such pre-clearance is not received, then he or she should refrain from initiating any transaction in Company Securities, and should not inform any other person of the restriction.

When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company, and should describe fully those circumstances to the Compliance Officer. The requestor should also indicate whether he or she has effected any non-exempt "opposite-way" transactions within the past six months, and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. The requestor should also be prepared to comply with SEC Rule 144 and file a Form 144, if necessary, at the time of any sale.

Any pre-cleared transaction must be effected within the period of time indicated on the pre-clearance form as approved by the Compliance Officer (typically not to exceed 10 Trading Days), unless a different period of time is specified by the Compliance Officer. Transactions not effected within such specified period shall be subject to pre-clearance again before a trade can be effected.

Quarterly Trading Restrictions

No Covered Person may conduct any transactions involving the Company's Securities (other than as specified by this Policy), during a "Quarterly Restricted Period" beginning 14 calendar days prior to the end of each fiscal quarter and ending at the close of the second daily trading session on the Principal Market following the public release of the Company's earnings results for that quarter. In other words, Covered Persons may only conduct transactions in Company Securities during the "Window Period" beginning after the close of the second daily trading session on the Principal Market following the public release of the Company's earnings results for that quarter and ending 14 calendar days prior to the close of the next fiscal quarter. It should be noted that preliminary guidance with respect to the quarterly results generally will not suffice to end the Quarterly Restricted Period.

To illustrate the commencement of a Quarterly Restricted Period, if the Company's fourth fiscal quarter ends immediately following 11:59 p.m., Eastern time, on December 31st, the corresponding Quarterly Restricted Period would begin immediately following 11:59 p.m., Eastern time, on December 17th.

To illustrate the commencement of the Window Period, if the Company publicly announces its earnings results intra-day or post-market, for example, on March 8th (Monday), then the Window Period shall begin after the close of the daily trading session on the Principal Market on March 10th (Wednesday). However, if the Company publicly announces its earnings results pre-market, for example, on March 8th (Monday), then the Window Period shall begin after the close of the daily trading session on the Principal Market on March 9th (Tuesday).

The foregoing calculation of the two-daily trading session period required prior to commencement of a Window Period assumes all relevant days are Trading Days and is made using the same method of calculating the two-daily trading session period as set forth under the heading "When Information is Considered Public".

For the avoidance of doubt, the persons designated by the Compliance Officer as being subject to pre-clearance procedures, as well as the Family Members and Controlled Entities of such persons, may not engage in any transaction in Company Securities without first obtaining pre-clearance of the transaction from the Compliance Officer in accordance with the terms of this Policy, even during a Window Period.

Under certain very limited circumstances, a person subject to a Quarterly Restricted Period may be permitted to trade during such Quarterly Restricted Period, but only if the Compliance Officer concludes that the person is not aware of material nonpublic information. Persons wishing to trade during a Quarterly Restricted Period must contact the Compliance Officer for approval at least two Trading Days in advance of any proposed transaction involving Company Securities.

Event-Specific Restricted Periods

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers, employees, consultants, and independent contractors. So long as the event remains material and nonpublic (the "*Event-Specific Restricted Period*"), the persons designated by the Compliance Officer may not engage in transactions in Company Securities. In addition, the Company's financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Compliance Officer, designated persons should refrain from engaging in transactions in Company Securities even sooner than the Quarterly Restricted Period described above. In that situation, the Compliance Officer may notify these persons that they should not trade in the Company's Securities, without disclosing the reason for the restriction. The existence of an Event-Specific Restricted Period or the extension of a Quarterly Restricted Period will not be announced to the Company as a whole, and should not be communicated to any other person. Even if the Compliance Officer has not designated you as a person who should not engage in transactions in Company Securities due to an Event-Specific Restricted Period, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an Event-Specific Restricted Period.

Exceptions

The quarterly trading restrictions and event-specific trading restrictions do not apply to those transactions to which the Policy does not apply, as described in the Policy under the headings "Transactions Under Company Plans." Further, the requirement for pre-clearance, the quarterly trading restrictions and event-specific trading restrictions do not apply to transactions conducted pursuant to approved Rule 10b5-1 plans, described in the Policy under the heading "Rule 10b5-1 Plans."

[Our Broker Interface Procedures

The reporting of transactions under Section 16(a) requires a tight interface with brokers handling transactions for our executives. A knowledgeable, alert broker can act as a gatekeeper, helping ensure compliance with our pre-clearance procedures and helping prevent inadvertent violations.

We have established a coordinated procedure with _____ of _____ brokerage firm. Those of you who are not currently using _____ as your broker are [encouraged/required] to enter all your Company Securities transactions through that broker.

Whether you choose to utilize _____ or your own broker, we will require that you and your broker sign the enclosed Broker Instruction/Representation, which imposes two requirements on the broker handling your transaction in company stock:

1. Not to enter any order (except for orders under pre-approved Rule 10b5-1 plans) without limitation, personal, financial, social, or business information, client lists, client addresses or phone numbers, client contracts, particular needs and preferences of each client, and the manner in which business is conducted with each client; business methods; devices; processes; compilation of information; computer software developed by or for Company; computer-aided cancer detection methods; records; sales techniques and figures; marketing strategies; pricing and pricing strategies; methods of data processing; codes; surveys; designs; questionnaires; reports; industry norms; models; forecasts; formulae; equations; studies or data developed in connection with any project or activity of Company, and Company financial information.

    a. Confidential Information shall not include: (a) information now and hereafter voluntarily disseminated by Company to the public or which otherwise becomes part of the public domain through lawful means; and

    (b) information already known to Employee as documented by written records which predate Employee's employment first verifying with Company.

4. **NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.** The Employee shall not, during or after Employee's employment with Company, use, publish, communicate, reproduce, disclose, remove from Company premises, or disseminate in any manner whatsoever any Confidential Information, either directly or indirectly, except as

required in the course of employment with Company, as expressly authorized in writing by an officer or manager of Company, or as is disclosed as part of a voluntary communication with the United States Securities and Exchange Commission or any other governmental agency about a good-faith belief that a securities law violation may have occurred. Nothing in this Agreement shall waive or release any rights or claims that Employee may have under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Nothing in this Agreement prohibits Employee from discussing terms and conditions of employment or engaging in other concerted activity protected by law. Further, nothing in this Agreement prohibits Employee from cooperating with governmental investigations or reporting possible violations of laws or regulations to any governmental agency or entity, as required by law.

5. **DUTY TO PREVENT DISCLOSURE.** Employee agrees to take all precautions reasonably necessary to prevent the unauthorized handling, use, access, disclosure, or dissemination of Confidential Information either during employment with Company or following termination of employment with Company for any reason whatsoever and Employee shall follow all applicable policies and procedures of the Company regarding maintenance that your transaction was pre-cleared; and protection of Confidential Information.

6. b. **CLIENT INFORMATION**. Employee agrees not to use, publish, communicate, reproduce, disclose, remove from Company premises, or disseminate in any manner whatsoever, for compensation or otherwise, any information, actions, events, behavior, or other conduct that Employee observes or hears from Company's clients, either directly or indirectly, either during employment with Company or following termination of employment, except as required in the course of employment with Company.

7. **REQUIRED DISCLOSURE.** Notwithstanding Sections 4, 5 and 6 above, in the event that Employee is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or other similar process in legal proceedings) to disclose any of the Confidential Information, Employee shall provide Company with prompt written notice of any such request or requirement so that Company may seek a protective order or other appropriate remedy, or waive compliance complying with the provisions of this Agreement. brokerage firm's compliance procedures (e.g., Rule 144);

8. 2. **RETURN OF MATERIALS UPON TERMINATION OF EMPLOYMENT.** Employee agrees that upon termination of Employee's employment with Company, for any reason whatsoever, Employee will To report immediately turn over to Company all Confidential Information, including but not limited to, any client lists, client contracts, or other client information in Employee's possession. Employee also agrees that upon Employee's termination of employment with Company, for any reason whatsoever, to return all other Company property or equipment, including but not limited to documents, computer software, and/or other materials related to the business, professional or personal affairs of Company or any of Company's clients. Further, Employee will not retain any copies of any of the above materials in hardcopy, electronic or other form.

9. INVENTIONS. company via

a. Employee has attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, telephone; and trade secrets which were made by him/her prior to his/her employment with the Company (collectively referred to as "Prior Inventions"), which belong to him/her, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, Employee represents that there are no such Prior Inventions. If in the course of Employee's employment with the Company, Employee incorporates into a Company product, process or service a Prior Invention owned by him/her or in which Employee has an interest, Employee hereby grants to the Company a nonexclusive, royalty- free, fully paid-up, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

b. Employee will promptly disclose to in writing the details of every transaction involving Company or any persons designated by it, Securities, including gifts, transfers, pledges, and all improvements, inventions, original works of authorship, developments, concepts, designs, discoveries, ideas, trademarks, trade secrets, formulae, processes, techniques, know-how and data, whether or not Rule 10b5-1 transactions.

patentable If you have not already done so, please sign and have your broker sign the enclosed Broker Instruction/Representation Form and return it to us as soon as possible so that we can work out with your broker a coordinated procedure.]

Post-Termination Transactions

The Policy continues to apply to transactions in Company Securities even after termination of service to the Company. If an individual is in possession of material nonpublic information when his or copyrightable, made her service terminates, that individual may not engage in transactions in Company Securities until that information has become public or conceived or reduced to practice or learned by Employee, either alone or jointly with others, during is no longer material. The pre-clearance procedures specified under the period of Employee's employment hereunder, which are related to or useful heading "Additional Procedures" in the business Policy, however, will cease to apply to transactions in Company Securities upon the expiration of any Restricted Period or other Company-imposed trading restrictions applicable at the time of the termination of service.

Company Assistance

Any person who has a question about this memorandum or result the Policy, or their application to any proposed transaction may obtain additional guidance from tasks assigned Employee the Compliance Officer.

Power of Attorney

In order to enable the Company to prepare and file the Forms 4 on a timely basis, it is imperative that you sign and return immediately the enclosed power of attorney.Memorandum to Department Heads Regarding Certifications

[MONTH] [ ], 202[ ]]

TO:Department Heads, Directors and Officers

FROM:Management of iCAD, Inc.

RE:Certification of Compliance

Under the insider trading laws, not only may companies have potential liability for failing to implement policies and procedures to prevent employees from engaging in insider trading, but other "controlling persons" may also have exposure.

It is therefore imperative that we all ensure that the employees we supervise have read, signed and returned the enclosed certification of compliance with the Company's Insider Trading Policy.

In that connection, please see that the signed certifications of all employees, consultants, and independent contractors in your department are returned to the office of the Compliance Officer.

In addition, the Human Resources Department should furnish the Insider Trading Policy to, and obtain signed certifications from, all new employees.

Guidelines for Rule 10b5-1 Plans

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities (as defined in the Insider Trading Policy) that meets certain conditions specified in the Rule (a "Rule 10b5-1 Plan"). If the plan meets the requirements of Rule 10b5-1, transactions in Company Securities may occur without regard to certain insider trading restrictions. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

A Rule 10b5-1 plan must include a cooling-off period before trading can commence that, for directors or officers, ends on the later of 90 days after the adoption of the Rule 10b5-1 plan or two Trading Days following the disclosure of the Company's financial results in an SEC periodic report for the fiscal quarter in which the plan was adopted (but in any event, the required cooling-off period is subject to a maximum of 120 days after adoption of the plan), and for persons other than directors or officers, 30 days following the adoption or modification of a Rule 10b5-1 plan. A person may not enter into overlapping Rule 10b5-1 plans (subject to certain exceptions) and may only enter into one single-trade Rule 10b5-1 plans during any 12-month period (subject to certain exceptions). Directors and officers must include a representation in their Rule 10b5-1 plan certifying that: (i) they are not aware of any material nonpublic information; and (ii) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions in Rule 10b-5. All persons entering into a Rule 10b5-1 plan must act in good faith with respect to that plan.

As specified in the Company's Insider Trading Policy, a Rule 10b5-1 Plan must be approved by the Company, or result from use Compliance Officer and meet the requirements of premises owned, leased or contracted Rule 10b5-1 and these guidelines. Any Rule 10b5-1 Plan must be submitted for by approval five days prior to the Company collectively referred entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to herein as "Inventions"), except as provided in section 8.f below. the Rule 10b5-1 Plan will be required.

The following guidelines apply to all Rule 10b5-1 Plans:

c. ● Employee agrees that all Inventions shall be the sole property You may not enter into, modify or terminate a trading program during a Restricted Period, or Event-Specific Restricted Period or otherwise while you are aware of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents and other rights in connection therewith. Employee hereby assigns to the Company any rights Employee may have or acquire in all Inventions. Employee further agrees, as to all Inventions, to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents and copyrights on and trade secrets relating to Inventions in any and all countries, and to that end Employee will execute all documents for use in applying for and obtaining such patents and copyrights thereon and enforcing same, as the Company may desire, together with any assignments thereof to the Company or persons designated by it. material nonpublic information.

d. ● Employee's obligation to assist the Company in obtaining All Rule 10b5-1 Plans must have a duration of at least six (6) months and enforcing patents and copyrights for and trade secrets relating to Inventions in any and all countries shall continue beyond the termination of Employee's employment, but the Company shall compensate Employee at a reasonable rate after such termination for time actually spent by Employee at the Company's request on such assistance. no more than two (2) years.

e. ● Employee agrees to keep For officers and maintain adequate and current written records directors, no transaction may take place under a Rule 10b5-1 Plan until the later of all Inventions made by him/her (solely (a) 90 days after adoption or jointly with others) during modification of the term Rule 10b5-1 Plan or (b) two Trading Days following the disclosure of his/her employment with the Company. The records will be Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter (the Company's fourth fiscal quarter in the form case of notes, sketches, drawings, and a Form 10-K) in which the Rule 10b5-1 Plan was adopted or modified (but in any other format that may be specified by event, the Company. The records will be available cooling-off period is subject to and remain the sole property a maximum of 120 days after adoption of the Company at all times. plan).

10. ● **THIRD PARTY INFORMATION.** Employee acknowledges For persons other than officers and agrees that Employee will not utilize any confidential, proprietary directors, no transaction may take place under a Rule 10b5-1 Plan until 30 days following the adoption or trade secret information modification of any other party in Employee's work for the Company, will not knowingly infringe on the patent, copyright or trademark of any other party in Employee's work for the Company, and is not bound or restricted in Employee's work for the company as a result of any non-competition or other agreement or agreements to which Employee is bound. Rule 10b5-1 plan.

11. • **PROHIBITION ON USE OF TRADE SECRET INFORMATION TO SOLICIT CLIENTS**. Employee agrees that

during his/her employment with Company and following termination of Employee's employment with Company, for any reason whatsoever, Employee shall not use any Company trade secrets to contact or solicit any clients or prospective clients of Company whom he/she served or whose names became known to him/her while in the employ of Company either on the Employee's behalf or on behalf of any other party engaged in a business which is competitive with Company.

12. **NON-SOLICITATION OF COMPANY EMPLOYEES**. Employee agrees that during his/her employment with Company and for a period of Subject to certain limited exceptions specified in Rule 10b5-1, you may not enter into more than one year following termination of his/her employment with Company, Employee shall refrain from interfering with Company's employees and shall not directly or indirectly, recruit or attempt to recruit, solicit or attempt to solicit, induce or attempt to induce, persuade or attempt to persuade any Company employee to leave Rule 10b5-1 Plan at the service of Company, whether or not the solicited employee would commit any breach of his or her own employment terms by so leaving.

13. **NO COMPETITION DURING EMPLOYMENT.** Employee agrees that during his/her employment with Company, Employee will not engage in any other employment or activity that might interfere with or be in competition with the interests of Company. same time;

14. • **NON-COMPETE AFTER EMPLOYMENT.** Employee agrees that for a period Subject to certain limited exceptions specified in Rule 10b5-1, you are limited to only one year following the termination of his/her employment with Company ("Restrictive Period"), he/she will not, directly Rule 10b5-1 designed to effect an open market purchase or indirectly work for a business directly competitive with the Company within the United States of America. This means

Employee will not engage in any activities involving computer-aided detection or diagnosis or treatment of cancer or other conditions as an employee, owner, investor, independent contractor, or consultant during the Restrictive Period.

15. **REMEDIES.** In the event Employee breaches any sale of the covenants contained herein, Employee acknowledges that total amount of securities subject to the Company's remedy at law for damages will be inadequate and that Rule 10b-1 Plan as a breach may cause irreparable injury to Company that could not be compensated by money damages. Therefore Company may enforce this Agreement by seeking injunctive relief, obtain a court order prohibiting Employee from breaching the Agreement and seek to recover single transaction in any and all costs and expenses incurred in enforcing this Agreement, in addition to any other relief provided by applicable law. The limitations in this Agreement, which apply for a period one year after termination, shall be enforced by a court from the date of the last breach or violation of the applicable restriction(s) up to twenty-four months after termination of employment. 12-month period;

16. • **TRADE SECRETS.** The Parties further recognize and acknowledge You must act in good faith with respect to a Rule 10b5-1 Plan. A Rule 10b5-1 Plan cannot be entered into as part of a plan or scheme to evade the prohibition of Rule 10b¬5. Therefore, although modifications to an existing Rule 10b5-1 Plan are not prohibited, a Rule 10b5-1 Plan should be adopted with the intention that neither the above provisions nor Company's exercise of any rights thereunder shall limit the rights of Company under applicable statutes and common law rules regarding trade secrets it will not be amended or limit the rights of Company terminated prior to seek damages relief. its expiration.

17. • **TERMINATION OF EMPLOYEE.** Violation by Employee of any of these provisions shall, in addition to any other remedy available to Company, be sufficient basis for immediate termination of Employee as an employee of the Company.

18. **SEVERABILITY AND REFORMATION**. The parties agree that in the event Officer and directors must include a court of competent jurisdiction finds any provision of this Agreement to be invalid or otherwise unenforceable, the remaining portions of this Agreement will retain their full force and effect. If a court decides that any provision of this Agreement is too broad, then the court may limit and/or reform that provision and enforce it as limited and/or reformed.

19. **ENTIRE AND SOLE AGREEMENT**. The parties agree that this Agreement contains their entire agreement and supersedes all other agreements and understandings, whether written or oral, covering the subject matter hereof. The parties warrant that there were no representations, agreements, arrangements or understandings, whether written or oral, between them relating representation to the subject matter contained Company at the time of adoption or modification of a Rule 10b5-1 Plan that (i) the person is not aware of material nonpublic information about the Company or Company Securities and (ii) the person is adopting the plan in this Agreement which are good faith and not fully expressed herein. No modification, amendment as part of plan or waiver scheme to evade the prohibitions of any of the provisions contained in this Agreement, or any future representations, promise, or condition in connection with the subject matter of this Agreement, shall be binding upon any party to this Agreement unless made in writing and signed by such party or by a duly authorized officer, partner, or agent of such party. Rule 10b-5.

20. **CHOICE OF LAW AND FORUM**. The parties agree that the laws of the State of New Hampshire shall govern the interpretation and enforcement of this Agreement, without giving effect to that state's choice of law rules and shall exclusively be enforced by any state or federal court of the State of New Hampshire, and the parties to this Agreement consent to the jurisdiction and venue of New Hampshire.

21. **INDEPENDENT REVIEW AND ADVICE**. By signing his/her name below, Employee expressly acknowledges that he/she has read this Agreement, has had the opportunity to ask Company representatives questions about it, has had the opportunity to consult with an attorney of his/her choice (at his/her own expense) before signing it, and understands the contents of this Agreement. Employee further agrees that signing this Agreement is a condition of his/her employment with Company and payment therefore, which he/she understood before accepting employment with Company.

22. **COSTS AND ATTORNEYS FEES.** In the event of any dispute, controversy, or other proceedings (including litigation or arbitration) arising out of or related to this Agreement, the prevailing party shall be entitled to reimbursement of all of its costs, including without limitation attorney and expert witness fees and costs.

23. **SUCCESSORS AND ASSIGNS**. All covenants, representations, warranties and agreements of the parties contained herein shall be binding upon and inure to the benefit of their respective successors and permitted assigns.

Dana R. Brown

EMPLOYEE SIGNATURE: Dana R. Brown (Mar 9, 2023 12:50 MST)

YOUR NAME PRINTED: Dana R. Brown

DATE: Mar 9, 2023

Exhibit-10.g

TRANSITION AND SEPARATION AGREEMENT

This Transition and Separation Agreement and General Release (the "SeparationAgreement") is entered into by and between Stacey Stevens ("Employee"), an individual residing in the State of Massachusetts, and iCAD, Inc., a Delaware corporation (the "Company"). The Employee and the Company's officers and directors must make certain disclosures in SEC filings concerning Rule 10b5-1 Plans. Officers and directors of the Company shall herein be referred must undertake to as the "Parties."

WHEREAS, Employee has been employed provide any information requested by the Company pursuant regarding Rule 10b5-1 Plans for the purpose of providing the required disclosures or any other disclosures that the Company deems to an Employment Agreement dated March 1, 2022 (the "Employment Agreement"); be appropriate under the circumstances.

WHEREAS, Employee's employment with Each director, officer and other Section 16 insider understands that the Company is ending as approval or adoption of a pre-planned selling program in no way reduces or eliminates such person's obligations under Section 16 of the Separation Date, set forth below; Exchange Act, including such person's disclosure and short-swing trading liabilities thereunder. If any questions arise, such person should consult with their own counsel in implementing a Rule 10b5-1 Plan.

WHEREAS, Employee and the Company wish to memorialize in writing the terms upon which the employment relationship is ending;

THEREFORE, in consideration of the mutual promises herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employee and the Company agree as follows:

PRE-CLEARANCE OF TRANSACTIONS IN iCAD, INC. COMMON STOCK

NAME: _____

Check if applicable: _____ Officer

DESCRIBE TRANSACTION:

_____

(# of shares and type of transaction (i.e., sale, purchase, gift, pledge or other disposition) _____

EXPECTED DATE OF TRANSACTION: _____

Date of Last Sale of ICAD stock in the last six months (including sale for payment of taxes): _____

Date of Last Purchase of ICAD stock in the last six months: _____

MATERIAL, NON-PUBLIC INFORMATION:

Are you in possession of any material, non-public Information about ICADor any of its Subsidiaries? 1._____

SIGNATURE: Separation From Employment _____.

(a) Transition of Role. As of March 9, 2023 (the "Transition Date"), Employee shall no longer be Chief Executive Officer and President of the Company and hereby resigns her position as a member of the Board of Directors of the Company (the "Board"). A press release and Q&A relating to Employee's separation is attached hereto as Exhibit A. The Parties agree that any future press release or public communication concerning Employee's transition, resignation, separation or by Employee, with respect to the business, operations or management of the Company, shall be substantially in the same form as Exhibit A and consistent with the Parties' obligations in Section 5. Employee shall serve in the role of Senior Advisor from the Transition Date until the Separation Date, and in such role Employee shall consult with the Board and with the new Chief Executive Officer on business matters as requested from time to time. During the transition period, Employee shall work remotely, except as mutually agreed.

(b) Separation Date. Employee's employment with the Company and all affiliated companies shall end on the earlier of (i) April 30, 2023 or (ii) the effective date of any resignation of employment by Employee (such earlier date being the "Separation Date"). Except as otherwise provided in this

Separation Agreement, Employee's active duties with the Company will cease on the Separation Date.

2. Date Compensation and Benefits .

(a) Base Compensation. Employee shall continue to receive Employee's current base salary through the Separation Date, in accordance with the Company's normal payroll practices.

(b) Accrued Paid Time Off. On or before the next regular payroll date following the Separation Date, Employee shall receive payment for five weeks of paid time off (PTO), less any PTO actually taken between January 1, 2023 and the Separation Date.

(c) Severance Payments. If Employee signs (and does not revoke) this Separation Agreement and the Supplemental Release, in accordance with the procedural requirements stated herein, Employee shall receive severance payments in the total amount of $433,333.33, equivalent to 13 months of Employee's current base salary, payable in the form of salary continuation over the 13 month period following the Separation Date in accordance with the Company's normal payroll practices. Severance payments shall begin on the next regular payroll date following the Supplemental Release Effective Date (defined in Exhibit B hereto).

****

BOTTOM PORTION TO BE FILLED OUT BY THE CHIEF FINANCIAL OFFICEROR DESIGNEE:

NAME OF OFFICER OR DESIGNEE:

Date:

Approved (d) Approval Expires: **(Bonus If you do not complete this transaction prior to. Employee acknowledges the expiration date, you must resubmit this form for approval)**

Not Approved

Approval is subject to the terms and conditions of the Company's Insider Trading Policy (the "Policy"), which provides that the Compliance Officer (as defined in the Policy) is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction and such pre-clearance is not received, then he or she will should refrain from initiating any transaction in Company Securities, and should not receive inform any further bonus other person of the restriction.

Forms required to be filed with the SEC:

payments.

Form 4: (e) Form must be filed with the SEC by 10:00 p.m. (Eastern Time) on the second business day following the transaction. To be timely filed, sufficient lead time is necessary for counsel to prepare the Form. Counsel needs all transaction and brokerage details as soon as possible after execution.

Form 144:

Equity. The post separation exercise period for all outstanding options to

acquire Common Stock held by Employee, listed on Exhibit C hereto, shall be extended to a date that is 24 months from the Separation Date.

(f) Employee Benefits. Form must be filed on or before you effectuate the transaction.

(i) Group Health Insurance Coverage. Employee's group health insurance shall continue through*Please contact* the Separation Date. After such date, *Chief Financial Officeror Dentons for assistance in filing* the *Employee may elect to continue group health insurance at Employee's own expense to the extent permitted by applicable law and in accordance with the group health insurance plan. Additional information about continuation coverage will be provided separately by the plan administrator.* appropriate SEC forms.

(ii) Other benefits. Except as otherwise expressly stated herein or as otherwise required by law, as of the Separation Date, Employee shall cease to participate in all employee benefits, plans, policies and practices provided by the Company.

(g) Legal Fee Reimbursement. The Company shall reimburse Employee up to **$7,500 for the legal fees incurred by her in connection with the review, negotiation and execution of this Agreement upon receipt of an invoice from Employee's legal representative.**

3. Cessation of Authority and Continuing Duties.

(a) Cessation of Authority. Except as provided in any such agreement between the parties, Employee understands and agrees that as of the Separation Date, Employee is no longer authorized to incur any expenses, obligations or liabilities, or to make any commitments on behalf of the Company.

(b) Transition. During the period of thirteen months following the Separation Date, Employee agrees to cooperate reasonably and at mutually convenient times and locations with the Company regarding any transitional assistance that may be requested by the Company, including (i) answering questions about matters relating to the business of the Company or its affiliates as to which Employee has knowledge; and (ii) forwarding to the appropriate person any email, voicemail message or other communication received by Employee after the Separation Date that relates to the business of the Company or its affiliates.

(c) Cooperation. Section 15 of the Employment Agreement is expressly incorporated herein by reference.

4. Return of Company Materials and Property. Employee understands and agrees that, no later than the Separation Date, Employee shall return any and all Company-owned computer equipment, including laptops and other computer accessories, cell phones, security cards, keys, credit cards, marketing materials; any Company customer files, and all documents, data, records, notes, passwords, drawings, manuals, and all other tangible information in whatever form which pertains to the Company or any of the Company's customers; and the Employee will not retain any such information or any reproduction or excerpt thereof, unless otherwise permitted by a consulting agreement or other agreed relationship between the parties.

5. Nondisparagement and Messaging. For a period from the Effective Date until five years after the Separation Date, Employee will not make any statements that are derogatory or disparaging toward the Company or the Company Parties, as defined below, or the Company's management, products or services. For a period from the Effective Date until five years after the Separation Date, the Company agrees that the members of Company's Board and senior management team will not make any statements that are derogatory or disparaging toward Employee. Nothing in this paragraph shall prohibit any person from making any truthful statement in accordance with a subpoena, a court order, a government agency investigation, or as otherwise required by law. The Company and Employee agree that Employee's separation shall be messaged in all settings (both internally and externally) as follows: "Stacey has elected to resign from employment for personal reasons." The Company agrees that no member of the Board or senior management team will deviate from this agreed-upon messaging with respect to any communication (written or verbal) with any person or entity regarding Employee's separation from employment. Furthermore, during the period in which Employee is receiving severance payments, Employee will not make, effect, initiate, cause or assist in any "solicitation" of "proxies" (as those terms are used in the proxy rules of the Securities and Exchange Commission) or consents with respect to any securities of the Company.

6. Restrictive Covenants. The restrictive covenants contained in Section 5.1 of the Employment Agreement are incorporated herein by reference and shall continue in full force and effect in accordance with their terms. The Non-Solicitation, Non-Disclosure and Inventions Assignment Agreement (the "NDA"), described in Section 5.2 of the Employment Agreement, shall also remain in full force and effect in accordance with its terms.

7. Indemnification. Section 10 of the Employment Agreement is expressly preserved and incorporated by reference herein.

8. General Release by Employee.

(a) Release. Except as provided in Section 8(d), Employee, on behalf of himself/herself and Employee's spouse, heirs, executors, administrators, assigns, insurers, attorneys and other persons or entities, acting or purporting to act on Employee's behalf (collectively, the "Employee Parties"), does hereby irrevocably and unconditionally release, acquit and forever discharge the Company, and each of its officers, directors, employees, agents, representatives, predecessors, successors, assigns, insurers, and attorneys (collectively, the "Company Parties"), from any and all actions, causes of action, suits, claims, obligations, liabilities, debts, demands, contentions, damages, judgments, levies and executions of any kind, whether in law or in equity, known or unknown, including but not limited to claims which the Employee Parties have or have had against the Company Parties by reason of, arising out of, related to, or resulting from Employee's employment with the Company or the termination thereof, existing as of the Effective Date (defined in Section 20 below).

(b) Specific Types of Claims Included in Release. The claims released herein specifically include, but are not limited to, the following types of claims:

(i) Claims for compensation or employee benefits, such as wages, salary, bonuses, commissions, incentive payments, overtime pay, vacation pay, holiday pay or reimbursement of expenses, or claims arising under applicable wage payment laws.

(ii) Claims relating to employment discrimination or harassment, such as discrimination or harassment based on race, sex, age, religion, national origin, handicap, disability, marital status, sexual orientation, gender identity, military service, veteran status or other characteristics

protected by law. This includes claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the civil rights statute codified at 42 U.S.C. § 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Equal Pay Act, the Older Workers Benefit Protection Act, the Lilly Ledbetter Fair Pay Act, the Genetic Information Nondiscrimination Act, and any other federal, state or local law of similar purpose or effect.

(iii) Claims relating to employee leave, such as the Family and Medical Leave Act and the Uniformed Services Employment and Reemployment Rights Act, or any other federal, state or local leave law.

(iv) Claims relating to retaliation or whistleblowing, such as the anti-retaliation provisions of the Sarbanes-Oxley Act or the Dodd-Frank Wall Street Reform and Consumer Protection Act; the anti-retaliation provisions of the federal employment discrimination statutes or the Fair Labor Standards Act; or any other federal or state law regarding whistleblower retaliation.

(v) Claims for wrongful discharge or based on laws otherwise restricting an employer's ability to terminate employees; claims arising in tort or based on personal injury, defamation, invasion of privacy, fraud, misrepresentation or infliction of emotional distress; claims based on breach of contract or breach of a covenant of good faith and fair dealing; or any other federal, state or local law governing the employer-employee relationship, such as the Employee Retirement Income Security Act; the Employee Polygraph Protection Act; the Worker Adjustment and Retraining Notification Act, or the Fair Credit Reporting Act.

(c) Release of Unknown Claims. Employee understands and acknowledges that the foregoing release may include claims that Employee may not know about. It is Employee's knowing and voluntary intent to release all such known and unknown claims, even though Employee recognizes that someday Employee might learn that facts Employee currently believes to be true are untrue and even though Employee might then regret having signed this Separation Agreement. Nevertheless, Employee is assuming that risk and Employee agrees that this Separation Agreement will remain effective in all respects in any such case. Employee expressly waives all rights Employee might have under any law that is intended to protect Employee from waiving unknown claims. Employee understands the significance of doing so.

(d) Exceptions to Release. The foregoing release does not release or impair:

(i) the Company's promises and obligations under this Separation Agreement; (ii) any rights Employee has under applicable workers compensation laws; (iii) any vested rights under a qualified retirement plan; (iv) any other claims that cannot lawfully be released; (v) Employee's ability to communicate with the Equal Employment Opportunity Commission or any other governmental agency, as long as Employee does not seek any personal relief for any claims released herein; or (vi) any claims arising after the date of Employee's execution of this Separation Agreement.

9. Release by the Company.

(a) Release. Except as provided in Section 9(b), the Company and the Company Parties do hereby irrevocably and unconditionally release, acquit and forever discharge Employee and the Employee Parties, from any and all actions, causes of action, suits, claims, obligations, liabilities, debts, demands, contentions, damages, judgments, levies and executions of any kind, whether in law or in equity, known or unknown, including but not limited to claims which the Company has or has had against the Employee Parties by reason of, arising out of, related to, or resulting from Employee's employment with the Company or the termination thereof, existing as of the Effective Date.

(b) Exceptions to Release. The foregoing release does not release or impair:

(i) Employee's promises and obligations under this Separation Agreement; (ii) any claims by the Company or its shareholders based on fraud, embezzlement or breach of fiduciary duty; (iii) any claims that cannot lawfully be released; (iv) any required clawback of incentive compensation in accordance with applicable securities regulations; or (v) any claims arising after the date of Employee's execution of this Separation Agreement. As of the date of the Company's execution of this Separation Agreement, the Company represents and warrants that it is not aware of any facts or circumstances supporting claims against Employee for fraud, embezzlement, breach of fiduciary duty or violation of her obligations under the Employment Agreement.

10. Employee Representations. Employee hereby acknowledges and agrees as follows:

(a) No litigation or other proceeding has been filed or is pending by the Employee Parties against the Company Parties; no person or entity other than Employee has or has had any interest in the matters released herein; Employee has the sole right, capacity, and exclusive authority to execute this Separation Agreement; and Employee has not sold, assigned,
transferred, conveyed or otherwise disposed of any of the claims, demands, obligations, or causes of action released herein.

(b) The release given by Employee in Section 8 of this Separation Agreement is given solely in exchange for the consideration set forth in Section 2 of this Separation Agreement, which is an express condition of receipt of severance under the Employment Agreement.

(c) By entering into this Separation Agreement, Employee does not waive rights or claims that may arise after the date this Separation Agreement is executed.

(d) Employee has been advised to consult an attorney prior to entering into this Separation Agreement, and has had the opportunity to do so.

(e) Employee has been given a period of at least twenty-one (21) days within which to consider the terms of this Separation Agreement, and if Employee chooses to sign and return this Separation Agreement in less than 21 days, Employee does so of Employee's own free will and volition.

(f) Employee may revoke this Separation Agreement by providing written notice of revocation to the Company's General Counsel, Patricia Padurean, within seven (7) days after the date on which Employee signs this Separation Agreement. In the event Employee revokes this Separation Agreement during the seven day revocation period, this Separation Agreement shall be entirely void and Employee shall not be entitled to any of the consideration provided in Paragraph 2 of this Separation Agreement.

11. [Section intentionally left blank]

12. No Other Representations. Employee represents and acknowledges that in executing this Separation Agreement Employee does not rely, and has not relied, upon any representation or statement not set forth herein made by any of the Company Parties or by any of the Company Parties' agents, representatives, or attorneys with regard to the subject matter, basis, or effect of this Separation Agreement or otherwise.

13. No Admission of Liability. This Separation Agreement shall not be construed as an admission of liability by the Company or the Employee or an admission that the Company or Employee has acted in any way wrongfully towards the other. The parties specifically deny and disclaim any such liability or wrongful conduct.

14. Taxation and Withholding. Employee acknowledges that payments and benefits hereunder may be taxable and that the Company makes no representation or warranty regarding the income tax effects of any payment or benefit provided hereunder. Employee shall be solely responsible for Employee's liability with respect to all payments and benefits provided under this Separation Agreement. Company may withhold from any amounts payable under this Separation Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

15. Knowledgeable Decision By Employee. Employee represents and warrants that Employee has read all the terms of this Separation Agreement. Employee understands the terms of this Separation Agreement and understands that this Separation Agreement releases forever the Company Parties from any legal action arising from Employee's employment relationship with the Company, and the termination of that relationship between Employee and the Company. Employee is voluntarily signing and delivering this Separation Agreement of Employee's own free will in exchange for the parties' mutual agreement to execute this Separation Agreement, which Employee acknowledges and agrees is adequate and satisfactory.

16. Severability. In the event any portion or clause of this Separation Agreement is deemed invalid or unenforceable in a court of law, the remainder of the Separation Agreement shall be severed from the invalid or unenforceable portion.

17. Entire Agreement. This Separation Agreement expresses the entire agreement of the parties with respect to its subject matter. Any prior agreement (whether written or oral) between the parties with respect to the subject matter of this Separation Agreement is null and void, except that the NDA, documents pertaining to Employee's equity ownership, and certain provisions of the Employment Agreement shall survive as further described in this Separation Agreement. This Separation Agreement may only be modified in a writing signed by both parties.

18. Assignment. This Separation Agreement shall accrue to the benefit of, and be binding upon, the Company and its successors and assigns, and shall be freely assignable to any entity with which the Company may merge or otherwise combine, or to which the Company may sell all or substantially all of its assets. No assignment of this Agreement by the Company shall be effective unless the successor or assign acknowledges its obligations to honor all of the Company's promises and obligations under this Separation Agreement, including (without limitation) the obligation to provide the compensation and benefits described in Section 2. This Separation Agreement is personal to the Employee and may not be assigned by Employee.

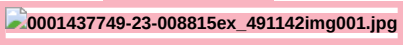
19. Governing Law. This Separation Agreement shall be construed in accordance with, and governed by, the laws of the State of Delaware.

20. Effective Date. For purposes of this Separation Agreement, the "Effective Date" of this Separation Agreement shall be the date on which this Separation Agreement becomes effective, which shall be the date which is exactly eight (8) days following the Execution Date, unless this Separation Agreement has been revoked by Employee prior to such date in accordance with the provisions of this Separation Agreement. The "Execution Date" shall mean that date on which this Separation Agreement is signed by Employee.

21. Offer Period. The signed original of this Separation Agreement must be returned to the Chief Legal Officer of the Company no later than March 9, 2023 or this offer will be considered withdrawn.

NOTICE: THIS SEPARATION AGREEMENT CONTAINS A WAIVER OF LEGAL RIGHTS. YOU SHOULD READ IT CAREFULLY AND CONSIDER SEEKING THE ADVICE OF AN ATTORNEY (AT YOUR OWN EXPENSE) BEFORE SIGNING IT.

IN WITNESS WHEREOF, the parties have executed this Separation Agreement, which shall be deemed effective as of the "Effective Date," as defined in Section 20 above.



iCAD, Inc.

By:

Printed Name: Dana Brown

Title: Executive Chairman

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Stacey Stevens

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Date of Signature

EXHIBIT A

PRESS RELEASE AND Q&A

March 10, 2023

iCAD Announces Leadership Transition

Stacey Stevens Resigns as President and CEO and as a Member of the Board

Dana Brown Named President and CEO and Chairman of the Board

NASHUA, N.H. – March 10, 2023 - iCAD, Inc. (NASDAQ: ICAD), a global medical technology leader providing innovative cancer detection and therapy solutions, today announced the Board of Directors has accepted the resignation, for personal reasons, of Stacey Stevens as President and CEO and named Dana Brown as President and Chief Executive Officer, effective immediately. Ms. Brown will also retain her position as Chairman of the Board.

The Board congratulates Ms. Stevens on her outstanding leadership and thanks her for her dedicated service of over 16 years that has led to numerous successes for the organization. Ms. Stevens joined iCAD as its Senior Vice President Marketing and Strategy in 2006. Since then, she helped to build important strategic partnerships, improve

and stabilize shareholder and customer relationships, usher in the transition from a perpetual license business model to a subscription approach among many other accomplishments. Her marketing and strategy, sales and partnership building skills have created a foundational structure that will serve iCAD for years to come and are a true testament to Ms. Stevens' skillset as a leader. "We cannot thank Ms. Stevens enough for the commitment, passion, creativity, and enthusiasm she has given iCAD during her tenure," said Dr. Susan Wood, member of iCAD's Board of Directors and Chairman of the Compensation Committee.

"Dana takes the reins of this great company at a time of transformation, and the Board has every confidence that she is the best leader to set the vision and drive the plans for the Company's continued success and growth. She has the right mix of skills and experience to lead us forward having run large, complex technology organizations, delivered strong financial and operational results in the face of turnarounds, and overseen strategy and innovation for the world's leading breast cancer organization," said Dr. Rakesh Patel, member of iCAD's Board of Directors and Chairman of the Nominating and Corporate Governance committee.

Ms. Brown said, "I'm thrilled to be leading this incredible company. Working alongside our talented team, our Board, our clients and partners, I am committed to upholding our vision to be the world's most pervasive and personalized suite of AI cancer detection solutions for our shareholders and stakeholders. Breast cancer is the most common cancer in women worldwide and the second leading cause of cancer death among women in the U.S. With iCAD's early detection technology, we have the ability to detect cancers early thereby giving individuals the opportunity for more positive outcomes and more lives saved. I am energized by this challenge and look forward to guiding iCAD's continued success."

iCAD expects to file its Annual Report on Form 10-K for the period ending December 31, 2023 by Tuesday, March 28, 2023.

About iCAD, Inc.

Headquartered in Nashua, NH, iCAD® is a global medical technology leader providing innovative cancer detection and therapy solutions. For more information, visit www.icadmed.com.

Forward-Looking Statements

Certain statements contained in this News Release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the expansion of access to the Company's products, improvement of performance, acceleration of adoption, expected benefits of ProFound AI®, the benefits of the Company's products, and future prospects for the Company's technology platforms and products. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited, to the

Company's ability to achieve business and strategic objectives, the willingness of patients to undergo mammography screening in light of risks of potential exposure to Covid-19, whether mammography screening will be treated as an essential procedure, whether ProFound AI will improve reading efficiency, improve specificity and sensitivity, reduce false positives and otherwise prove to be more beneficial for patients and clinicians, the impact of supply and manufacturing constraints or difficulties on our ability to fulfill our orders, uncertainty of future sales levels, to defend itself in litigation matters, protection of patents and other proprietary rights, product market acceptance, possible technological obsolescence of products, increased competition, government regulation, changes in Medicare or other reimbursement policies, risks relating to our existing and future debt obligations, competitive factors, the effects of a decline in the economy or markets served by the Company; and other risks detailed in the Company's filings with the Securities and Exchange Commission. The words "believe," "demonstrate," "intend," "expect," "estimate," "will," "continue," "anticipate," "likely," "seek," and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date the statement was made. The Company is under no obligation to provide any updates to any information contained in this release. For additional disclosure regarding these and other risks faced by iCAD, please see the disclosure contained in our public filings with the Securities and Exchange Commission, available on the Investors section of our website at http://www.icadmed.com and on the SEC's website at http://www.sec.gov.

Contact:

Media Inquiries: Jessica Burns, iCAD

+1-201-423-4492

jburns@icadmed.com

Investor Inquiries: iCAD Investor Relations ir@icadmed.com

Stacey's Resignation Q&AWas Stacey terminated or asked to resign?

No, Stacey made the decision to resign from her position for a variety of personal reasons. These reasons do not relate to her confidence in the business and future strategy and outlook for the company. She believes strongly in the direction of the company and the transformation of the AI business into a long- term recurring revenue model. The Board and the employees are very appreciative of Stacey's leadership and long-term contribution towards building a company that is making such a positive impact in the lives of so many women.

Was this all planned back in January when Dana became Executive Chair? No, Stacey's resignation is unrelated to that change.

Is Stacey leaving for another position? No, she is leaving for personal reasons.

How long will Stacey continue to work at iCAD/transition the role to Dana?

Stacey will continue to work as a senior advisor to the company through the end of April. After that, she will always be available to Dana or any employee for consultations or support as needed.

How will Stacey's relationships with customers, investors, analysts be transitioned?

Stacey has identified a comprehensive list of all key relationships and will work proactively with Dana to ensure a smooth transition.

Why did Tim Irish resign and are these resignations related?

Tim's reasons are documented in his resignation letter filed in the 8K. The decisions were made separately.

With respect to any public or private inquiry directed to Stacey relating to the Company'smanagement, products or services

I am not in a position to discuss with you any matter relating to the Company's management or business.

EXHIBIT B SUPPLEMENTAL RELEASE

(*to be executed by Employee no earlier than April 30, 2023 and no later than May 15, 2023*)

WHEREAS, Stacey Stevens ("Employee") has been an employee of iCAD, Inc. ("theCompany"); and

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WHEREAS, as a condition of receiving the severance payments and other consideration described in Section 2 of the Transition and Separation Agreement dated March , 2023 (the "Separation Agreement"), Employee must execute this supplemental full release of claims;

THEREFORE, in consideration of the receipt of the payments outlined in Section 2 of the Separation Agreement, Employee agrees as follows:

1. General Release by the Employee.

(a) Release. Employee, on behalf of himself/herself and Employee's spouse, heirs, executors, administrators, assigns, insurers, attorneys and other persons or entities, acting or purporting to act on Employee's behalf (collectively, the "Employee Parties"), does hereby irrevocably and unconditionally release, acquit and forever discharge the Company, and its officers, directors, members, employees, agents, representatives, predecessors, successors, assigns, insurers, and attorneys (collectively, the "the Company Parties"), from any and all actions, causes of action, suits, claims, obligations, liabilities, debts, demands, contentions, damages, judgments, levies and executions of any kind, whether in law or in equity, known or unknown, including but not limited to claims which the Employee Parties have or have had against the Company Parties by reason of, arising out of, related to, or resulting from Employee's employment with the Company or the termination thereof, existing as of the Supplemental Release Effective Date (defined in Section 6 below).

(b) Specific Types of Claims Included in Release. The claims released herein specifically include, but are not limited to, the following types of claims:

(i) Claims for compensation or employee benefits, such as wages, salary, bonuses, commissions, incentive payments, overtime pay, vacation pay, holiday pay or reimbursement of expenses, or claims arising under applicable wage payment laws.

(ii) Claims relating to employment discrimination or harassment, such as discrimination or harassment based on race, sex, age, religion, national origin, handicap, disability, marital status, sexual orientation, gender identity, military service, veteran status or other characteristics protected by law. This includes claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the civil rights statute codified at 42 U.S.C. § 1981, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Equal Pay Act, the Older Workers Benefit Protection Act, the Lilly Ledbetter Fair Pay Act, the Genetic Information Nondiscrimination Act, and any other federal, state or local law of similar purpose or effect.

(iii) Claims relating to employee leave, such as the Family and Medical Leave Act and the Uniformed Services Employment and Reemployment Rights Act, or any other federal, state or local leave law.

(iv) Claims relating to retaliation or whistleblowing, such as the anti- retaliation provisions of the Sarbanes-Oxley Act or the Dodd-Frank Wall Street Reform and Consumer Protection Act; the anti-retaliation provisions of the federal employment discrimination statutes or the Fair Labor Standards Act; or any other federal or state law regarding whistleblower retaliation.

(v) Claims for wrongful discharge or based on laws otherwise restricting an employer's ability to terminate employees; claims arising in tort or based on personal injury, defamation, invasion of privacy, fraud, misrepresentation or infliction of emotional distress; claims based on breach of contract or breach of a covenant of good faith and fair dealing; or any other federal, state or local law governing the employer-employee relationship, such as the Employee Retirement Income Security Act; the Employee Polygraph Protection Act; the Worker Adjustment and Retraining Notification Act, or the Fair Credit Reporting Act.

(c) Release of Unknown Claims. Employee understands and acknowledges that the foregoing release may include claims that Employee may not know about. It is Employee's knowing and voluntary intent to release all such known and unknown claims, even though Employee recognizes that someday Employee might learn that facts Employee currently believes to be true are untrue and even though Employee might then regret having signed this Supplemental Release. Nevertheless, Employee is assuming that risk and Employee agrees that this Supplemental Release will remain effective in all respects in any such case. Employee expressly waives all rights Employee might have under any law that is intended to protect Employee from waiving unknown claims. Employee understands the significance of doing so.

(d) Exceptions to Release. The foregoing release does not release or impair:

(i) the Company's promises and obligations under the Separation Agreement, including but not limited to the Company's obligation to pay severance payments and other consideration to Employee under Section 2 of the Separation Agreement; (ii) any rights Employee has under applicable workers compensation laws; (iii) any vested rights under a qualified retirement plan;

(iv) any other claims that cannot lawfully be released; (v) Employee's ability to communicate with the Equal Employment Opportunity Commission or any other governmental agency, as long as Employee does not seek any personal relief for any claims released herein; or (vi) any claims arising after the date of Employee's execution of this Supplemental Release.

2. Representations by Employee.Employee hereby acknowledges and agrees as follows:

(a) Employee has read this Supplemental Release and fully understands the effect hereof, Employee executes this Supplemental Release of Employee's own free will and accord for the consideration set forth herein, and Employee is not relying on any representations whatsoever of the Company, other than those set forth herein, as an inducement to enter into this Supplemental Release.

(b) No litigation or other proceeding has been filed or is pending by the Employee Parties against the Company Parties; no

person or entity other than Employee has or has had any interest in the matters released herein; Employee has the sole right, capacity, and exclusive authority to execute this Supplemental Release; and Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations, or causes of action released herein.

(c) The release given by Employee in this Supplemental Release is given solely in exchange for the consideration set forth in Section 2 of the Separation Agreement, which is an express condition of receipt of severance under the Employment Agreement.

(d) By entering into this Supplemental Release, Employee does not waive rights or claims that may arise after the date this Supplemental Release is executed.

(e) Employee has been advised to consult an attorney prior to entering into this Supplemental Release, and has had the opportunity to do so.

(f) Employee covenants and agrees that Employee has been given at least twenty-one (21) days to contemplate the terms of this Supplemental Release before executing it, and that if Employee chooses to execute it in fewer than 21 days, Employee does so voluntarily and of Employee's own free will and volition.

(g) Employee may revoke this Supplemental Release by providing written notice of revocation to the Company's Chief Legal Officer within seven (7) days after the date on which Employee signs this Supplemental Release. In the event Employee revokes this Supplemental Release during the seven day revocation period, this Supplemental Release shall be entirely void and Employee shall not be entitled to the consideration provided in Section 2(c) of the Separation Agreement. This Supplemental Release shall not become effective or enforceable until the Supplemental Release Effective Date (defined in Section 6 below).

3. No Admission of Liability. The Parties acknowledge that this Supplemental Release shall not be construed as an admission of liability by the Company or Employee or an admission that the Company or Employee has acted in any way wrongfully towards the other.

4. Governing Law. This Release shall be construed in accordance with, and governed by, the laws of the State of Delaware.

5. Effective Date. For purposes of this Release, the "Supplemental Release EffectiveDate" of this Release shall be the date on which this Release becomes effective, which shall be the date which is exactly eight (8) days following the date on which this Release is signed by Employee, unless this Supplemental Release has been revoked by Employee prior to such date in accordance with the provisions of Section 2(g) of this Supplemental Release.

THIS SUPPLEMENTAL RELEASE SHOULD BE SIGNED NO EARLIER THAN APRIL 30, 2023 AND NO LATER THAN MAY 15, 2023.

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Stacey Stevens

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Date of signature

EXHIBIT C

STOCK OPTION PLAN	OPTION TYPE	GRANT DATE/VESTING START DATE	SHARE BALANCE	VESTED BALANCE	GRANT PRICE
2012 Stock Inventive Plan	ISO	2/5/2015	20,658	20,658	$9.00
2012 Stock Inventive Plan	NQSO	2/5/2015	4,342	4,342	$9.00
2012 Stock Inventive Plan	ISO	3/25/2019	16,667	16,667	$4.38
2016 Stock Inventive Plan	NQSO	5/7/2020	18,231	18,231	$12.84
2016 Stock Inventive Plan	ISO	5/7/2020	4,945	4,945	$12.84
2016 Stock Inventive Plan	NQSO	2/15/2021	4,481	4,481	$18.00
2016 Stock Inventive Plan	NQSO	2/15/2021	29,500	19,667	$18.00
2016 Stock Inventive Plan	NQSO	2/15/2021	25,500	17,000	$18.00
2016 Stock Incentive Plan	NQSO	3/28/2022	200,000	66,667*	$4.15

EXHIBIT 21.1

Subsidiaries of iCAD, Inc.

Name	Jurisdiction of Incorporation/Organization
Xoft, Inc.	Delaware
Xoft Solutions, LLC	Delaware
iCad France, LLC	Delaware
iCad Italy, LLC	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

iCAD, Inc.
Nashua, New Hampshire

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-273459, 333-228514, 333-229452 and 333-235887) and Form S-8 (No. 333-201874, 333-187660, 333-99973, 333-119509, 333-139023, 333-144671, 333-161959, 333-211656, 333-229453 and 333-235580) and Form S-3MEF (No. 333-253808) of iCAD, Inc. and subsidiaries of our report dated March 31, 2023March 29, 2024, relating to the consolidated financial statements, which appear appears in this Annual Report on Form 10-K.

/s/ BDO USA, LLP P.C.
Boston, Massachusetts

March 31, 202329, 2024

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Dana Brown, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2022 2023 of iCAD, 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(s) 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.

5. The registrant's other certifying officer(s) 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: March 31, 2023March 29, 2024

/s/ Dana Brown

Dana Brown

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Daniel J. Shea, Eric Lonnqvist, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2022 2023 of iCAD, 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(s) 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.

5. The registrant's other certifying officer(s) 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: March 31, 2023March 29, 2024

/s/ Daniel J. Shea Eric Lonnqvist

Daniel J. Shea Eric Lonnqvist

Chief Financial Officer (Interim)

(Principal Financial Officer)

EXHIBIT 32.1

iCAD, Inc.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of iCAD, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 2023 (the "Report"), I, Dana Brown, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dana Brown

Dana Brown

Chief Executive Officer

(Principal Executive Officer)

Date: March 31, 2023March 29, 2024

EXHIBIT 32.2

iCAD, Inc.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of iCAD, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 2023 (the "Report"), I, Daniel J. Shea, Eric Lonnqvist, the Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel J. Shea Eric Lonnqvist

Daniel J. Shea Eric Lonnqvist

Chief Financial Officer (Interim)

(Principal Financial Officer)

Date: March 31, 2023March 29, 2024

Exhibit 97.1

iCAD, INC.
CLAWBACK POLICY

1. **Introduction**

iCAD, Inc. (the "Company") believes that it is in the best interests of the Company and its stockholders to create and foster a culture of business ethics, integrity and accountability, and that, among other purposes, reinforces the Company's incentive compensation philosophy.

The Board of Directors (the "Board") therefore adopts this policy to provide for the Company's recovery of certain compensation in the event of an accounting restatement of the Company's financial statements resulting from material noncompliance with applicable financial reporting requirements under the federal securities laws (this "Policy").

This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

2. **General Administration**

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee of the Board, in which case references herein to the Board shall be deemed to be references to the Compensation Committee of the Board. Any determinations made by the Board in respect of this Policy, or to matters as to this Policy's amendment, enforcement, or otherwise, shall be final and binding on all individuals governed under this Policy as well as any related actions or procedures carried out by the Company's Executive Officers (as defined herein) that are deemed necessary, appropriate, or advisable to effectuate the purposes of this Policy.

3. **Applicability**

This Policy applies to the Company's current and former Executive Officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed (such as Section 303A.14 of the New York Stock Exchange's listing standards or Rule 5608 of Nasdaq's listing rules, which are each approved by the U.S. Securities and Exchange Commission (the "SEC") to implement Rule 10D-1 promulgated under the Exchange Act).

For purposes of this Policy, "Executive Officer" means the Company's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller); any vice president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance); any other officer who performs a policy-making function; and any other person who performs a function similar to a policy-making function on behalf of the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed Executive Officers of the Company if they perform such policy-making or similar functions for or on behalf of the Company.

This Policy also applies to other senior executives, employees, or classes of employees of the Company as may be determined by the Board in its sole discretion from time to time (together with Executive Officers, "Covered Persons").

4. **Recoupment**

If the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with financial reporting requirements under the applicable federal securities laws (including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period) (an "Accounting Restatement"), without regard to any fault or misconduct of a Covered Person, then, the Board shall mandate the Company's recovery, in the form of reimbursement, or forfeiture, as applicable ("Recoupment"), of any Excess Incentive Compensation (as defined herein) received by a Covered Person, *provided that*:

(a) the receipt of any such Excess Incentive Compensation by a Covered Person occurred after the Covered Person became a Covered Person;

(b) the Covered Person served as a Covered Person at any time during the performance period applicable to the Covered Person's Incentive Compensation (as defined herein);

(c) the Company had a class of securities listed on a national securities exchange or a national securities association during the Covered Person's service as a Covered Person and during the performance period applicable to the Covered Person's Incentive Compensation; and

(d) the receipt of the Excess Incentive Compensation by the Covered Person occurred during the three completed fiscal years immediately preceding the date that the Company is required to prepare an Accounting Restatement, or during any transition period (that results from a change in the Company's fiscal year) within or immediately following such three completed fiscal years.

For purposes of this Policy, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months is a completed fiscal year.

For purposes of this Policy, any Incentive Compensation is deemed to be "received" by a Covered Person *at the point in time when a Financial Reporting Measure* (as defined herein), as specified in a Covered Person's incentive compensation agreement (or other equity or incentive compensation plan of the Company) providing for a Covered Person's compensation that is contingent upon or tied to the attainment of a Financial Reporting Measure, *is attained during the relevant fiscal period of the Company*.

Therefore, under this Policy, a Covered Person is deemed to receive Incentive Compensation even if, for instance, the payment or grant of Incentive Compensation occurs after the end of the relevant fiscal period of the Company.

For purposes of this Policy, the date on which the Company is required to prepare an Accounting Restatement is deemed to have occurred on the earlier of (i) the date the Board concludes, or reasonably should have concluded, that the Company's previously issued financial statements contain a material error and (ii) the date a court, regulator, or other legally authorized body directs the Company to restate its previously issued financial statements to correct a material error.

The Company's obligation to seek Recoupment of a Covered Person's Excess Incentive Compensation is *not* dependent on whether or when the restated financial statements are filed with the SEC.

5. **Incentive Compensation; Financial Reporting Measures**

For purposes of this Policy, "Incentive Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

Incentive Compensation includes (but is not limited to):

- Annual bonuses and other short- and long-term cash incentives;
- Stock options;
- Stock appreciation rights;
- Restricted stock;
- Restricted stock units;
- Performance shares; and
- Performance units.

For purposes of this Policy, "Financial Reporting Measure" means a measure that is determined and presented in accordance with the generally accepted accounting principles used in preparing the Company's financial statements, or any measure that is derived wholly or in part therefrom. For avoidance of doubt, a Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the SEC.

Financial Reporting Measures include (but are not limited to):

- Company stock price;
- Total shareholder return;
- Revenues;
- Net income;
- Earnings before interest, taxes, depreciation and amortization, EBITDA, or adjusted EBITDA;
- Funds from operations;
- Liquidity measures, such as working capital or operating cash flow;
- Return measures, such as return on invested capital or return on assets; and
- Earnings measures, such as earnings per share.

6. **Excess Incentive Compensation**

***The amount subject to Recoupment* is any Incentive Compensation received by a Covered Person that is determined by the Board, in good faith and upon the exercise of due care, to have been based on erroneous information that caused the Company's material noncompliance with financial reporting requirements under the federal securities laws (without regard to any fault or misconduct of a Covered Person), which would not have been received by a Covered Person had the Incentive Compensation of a Covered Person been based on the restated financial statements' results ("Excess Incentive Compensation").**

If the Board cannot calculate Excess Incentive Compensation received by a Covered Person from the information in an Accounting Restatement (i.e., the amount of Excess Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement), then, the Board shall determine such Excess Incentive Compensation based on a reasonable estimate of the effect of such Accounting Restatement on the applicable Financial Reporting Measures upon which the Excess Incentive Compensation was received and in consideration of all facts relevant to the Company's Recoupment of Excess Incentive Compensation received by a Covered Person in the circumstances.

The Company shall maintain documentation of any such reasonable estimates and provide such documentation, when and if reasonably requested, to the applicable national securities exchange on which the Company's securities are listed in accordance with the applicable standards or rules of the national securities exchange.

With respect to Incentive Compensation based in part or whole on stock price or measures of shareholder return, the Board shall calculate Excess Incentive Compensation relating thereto in such manner as the Board deems appropriate or reasonable.

In no event shall the Company be required to award a Covered Person additional Incentive Compensation if the restated financial statements' results would have resulted in the provision of Incentive Compensation that is higher in monetary value relative to the monetary value received by a Covered Person prior to the Accounting Restatement.

7. **Recoupment Method**

The Board shall determine in its sole discretion, to be exercised in good faith, and not inconsistent with applicable law, the method for Recoupment of a Covered Person's Excess Incentive Compensation, which may include, without limitation, one or more of the following acts:

(a) mandating reimbursement of cash-based Incentive Compensation previously paid to a Covered Person;

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based Incentive Compensation of a Covered Person;

(c) offsetting the recouped amount from any compensation otherwise owed by the Company to a Covered Person;

(d) cancelling outstanding vested or unvested equity-based Incentive Compensation of a Covered Person; and

(e) taking any other remedial and recovery action not disallowed by applicable law, as determined by the Board, consistent with Sections 4, 6, 10, and 13 under this Policy.

The Board shall, in the exercise of its fiduciary duty to safeguard the assets of the Company (including the time value of any potentially recoverable Incentive Compensation), and, in the light of the particular facts and circumstances of a Covered Person who is determined by the Board to owe Excess Incentive Compensation to the Company, pursue the most appropriate balance of cost and speed in determining the means to seek Recoupment of a Covered Person's Excess Incentive Compensation.

Consistent with this Section 7 and Rule 10D-1 of the Exchange Act, regardless of the means of Recoupment used, the Board intends that Recoupment of a Covered Person's Excess Incentive Compensation shall be effected by the Company reasonably promptly. The Board further intends that the administration of this Policy shall abide by the Company's recognition that what is reasonable may depend on the additional cost incident to Recoupment.

8. **No Indemnification**

In no event shall the Company indemnify any Covered Persons against the loss of any incorrectly awarded Incentive Compensation pursuant to Rule 10D-1 and applicable stock exchange listing rules.

9. **Cooperation**

Covered Persons shall facilitate the Company's compliance with its disclosure obligations relating to this Policy in accordance with the requirements of the federal securities laws and applicable stock exchange listing rules.

10. **Interpretation**

Consistent with Section 2 of this Policy, the Board shall be authorized to construe and interpret this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy in accordance with the Company's constitutional documents.

This Policy memorializes the Board's intention that this Policy be interpreted in a manner that is consistent with Section 10D of the Exchange Act and any applicable rules, regulations, or standards adopted by the SEC (such as Rule 10D-1) and those adopted by the national securities exchange on which the Company's securities are listed as well as any other relevant law, in each case as in effect from time to time (the "Applicable Rules").

To the extent the Applicable Rules require recovery of Incentive Compensation in additional circumstances beyond those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive Compensation to the fullest extent required by the Applicable Rules.

11. **Effective Date**

This Policy is effective as of October 2, 2023 (the "Effective Date") and shall be duly adopted by the Board in accordance with the Company's constitutional documents. This Policy shall apply to all Incentive Compensation that is received by Covered Persons on or after the Effective Date.

12. **Amendment; Termination**

Consistent with Section 2 of this Policy, the Board may amend this Policy from time to time in its sole discretion and shall amend this Policy as the Board deems necessary or proper to (i) reflect any modification to the rules and regulations adopted by the SEC interpreting Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations adopted by the SEC under Section 10D of the Exchange Act and to (ii) comply with any rules or standards adopted by a national securities exchange on which the Company's securities are listed.

The Board may, but is not required to, reassess the contents of this Policy on a yearly basis as part of the Company's analysis of material risks.

The Board may terminate this Policy at any time.

13. **Other Recoupment Rights**

The Board intends that this Policy shall be applied to the fullest extent of the law.

In the Board's good-faith determination, the Board may require that any employment agreement, equity award agreement, or similar enforceable agreement by and between the Company and a Covered Person entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, be amended and restated, or otherwise validly modified or supplemented, under the governing law of any such agreement, to require a Covered Person to agree to abide by the terms of this Policy.

All of the Company's actions or powers associated with Recoupment contemplated by this Policy are in addition to, and not in lieu of, any contract or other rights of a compensation-recovery nature that may be available to the Company (including, without limitation, any right of repayment, forfeiture, or right of offset against any employees that is required pursuant to any statutory repayment requirement (regardless of whether implemented at any time prior to or following the adoption or amendment of this Policy), including Section 304 of the Sarbanes-Oxley Act of 2002 ("SOX")).

Any amounts paid to the Company in accordance with Section 304 of SOX shall be considered by the Company in determining any amounts recovered under this Policy.

The application and enforcement of this Policy does not preclude the Company from taking any other action to enforce a Covered Person's obligations to the Company, including termination of employment or institution of legal proceedings. Nothing in this Policy restricts the Company from seeking Recoupment under any other compensation recoupment-based policy or any applicable provisions in plans, agreements, awards, or other arrangements that contemplate the recovery of compensation from a Covered Person.

If a Covered Person fails to repay Excess Incentive Compensation that is owed to the Company under this Policy, then, the Company shall take all appropriate action to recover such Excess Incentive Compensation from the Covered Person, and the Covered Person shall be required to reimburse the Company for all expenses (including legal expenses) incurred by the Company in recovering such Excess Incentive Compensation.

14. **Impracticability**

The Board shall mandate Recoupment of any Excess Incentive Compensation of a Covered Person in accordance with this Policy *unless* effecting Recoupment would be impracticable, as the Compensation Committee of the Board may so determine (i) in consistence with its fiduciary duties owed to the Company's shareholders and (ii) in accordance with Rule 10D-1 of the Exchange Act and the applicable listing standards of the national securities exchange on which the Company's securities are traded.

Under Rule 10D-1 of the Exchange Act, a company's obligation to recover any erroneously awarded compensation is subject only to the following limited instances in which recovery would be considered impracticable:

(a) The direct expense paid to a third party to assist in enforcing the policy would exceed the amount to be recovered after a company has made and documented a reasonable attempt to recover;

(b) Recovery would violate home country law where that law was adopted prior to November 28, 2022, and the issuer provides an opinion of home country counsel to the exchange; or

(c) Recovery would likely cause an otherwise tax-qualified retirement plan to fail to meet the requirements of the Internal Revenue Code of 1986, as amended.

Therefore, the Board intends that this Policy shall be implemented in a manner that follows the aforementioned exceptions (as applicable to the Company), and that Recoupment of any Excess Incentive Compensation of a Covered Person under this Policy shall be mandatory unless one of the exceptions under Rule 10D-1 apply.

15. **Severability**

If any provision of this Policy or the application of such provision to any Covered Person shall be adjudicated to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal, or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision (or the application of such provision) valid, legal or enforceable.

16. **Successors**

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators, or other legal representatives.

iCAD, INC.

CLAWBACK POLICY

ACKNOWLEDGEMENT AND AGREEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the iCAD, Inc. (the "Company") Clawback Policy (the "Policy").

By signing this Acknowledgement and Agreement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy, and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Excess Incentive Compensation (as defined in the Policy) reasonably promptly to the Company to the extent required by, and in a manner consistent with, the Policy. With respect to any person who has a clawback/recoupment provision term in his or her employment or incentive award agreement with the Company, this Acknowledgement and Agreement Form constitutes an express amendment of that agreement

In addition, by signing below, the undersigned acknowledges that the Policy applies to all Incentive Compensation (as defined in the Policy); agrees to waive any legal right that might conflict or otherwise interfere with the Company's Recoupment (as defined in the Policy) of any Excess Incentive Compensation in consistence with the terms of the Policy; and acknowledges that the Company may seek Recoupment of any Excess Incentive Compensation through any method of recovery it deems appropriate or necessary under the circumstances (which may include offsetting against any compensation payable to the undersigned, among other methods of recovery), as contemplated by Sections 7 and 13 under the Policy.

COVERED PERSON

Signature

Printed Name

Date

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

REFINITIV