iCAD Acquires DermEbx and Radion to Provide Powerful Comprehensive Skin Cancer Treatment Solution to the Dermatology Market

Acquisition to Expand Xoft’s Skin Electronic Brachytherapy Solutions and Lowers Barriers to Adoption; High-Margin Recurring Revenue Offering Now Includes Brachytherapy Equipment, Software, Services and Support

Conference call scheduled for Wednesday, July 16, 2014 at 8:30 a.m. Eastern time

NASHUA, N.H. (July 15, 2014) – iCAD, Inc. (Nasdaq: ICAD), an industry-leading provider of advanced image analysis, workflow solutions and radiation therapy for the early identification and treatment of cancer, today announced the signing of a definitive agreement to acquire DermEbx™, a leading electronic brachytherapy services and technology provider, and Radion, Inc., a cloud-based oncology collaboration software solution. Total consideration at closing is approximately $12.6 million, consisting of $3.8 million in cash and 1.2 million shares of iCAD common stock.

The acquired companies are expected to be immediately accretive to revenues and operating cash flow. The current annual recurring revenue run-rate for DermEbx and Radion is between $12 to $14 million, with EBITDA margins greater than 25%. DermEbx and Radion currently service 23 locations with an active backlog of new customers.

The acquisition closed July 15, 2014 and will expand the Company’s Xoft® Electronic Brachytherapy (eBx®) System® offering to include all the necessary components to enable dermatologists and radiation oncologists to develop, launch and expand their electronic brachytherapy programs for the treatment of non-melanoma skin cancer (NMSC).

iCAD and DermEbx entered into a strategic alliance in 2013, through which DermEbx offered the Xoft® System to treat NMSC throughout its growing customer base of dermatology centers. This acquisition will expand the Xoft offerings to include physics support, billing support, assistance with radiation oncology provider selection, as well as the Radion Hub cloud-based oncology collaboration software solution. The Radion Hub is a web-based platform that enables centers to improve patient safety, conduct treatment planning, enhance and monitor workflow, and improve communication between clinical specialists. The Radion Hub contains the largest repository of clinical evidence supporting the use of the Xoft System for NMSC, and is growing daily.

iCAD will become the only electronic brachytherapy company to offer a comprehensive solution to radiation oncology and dermatology practices that includes electronic brachytherapy equipment, software, services and support. iCAD’s acquisition of these two companies is expected to increase iCAD’s profitability and cash position through enhanced recurring revenue opportunities driven by the new platform of comprehensive eBx solutions.

“Since we began our alliance with DermEbx in early 2013, we have experienced great momentum with the adoption of our eBx technology for the treatment of non-melanoma skin cancer, which resulted in a record number of systems placed that year. We are pleased to see this positive trend continuing well into 2014. The strategic rationale for these acquisitions is clear and its potential to iCAD and the treatment of non-melanoma skin cancer is significant as we expand our comprehensive solution offering to radiation oncology and dermatology practices,” said Ken Ferry, President and CEO of iCAD, Inc.
For dermatologists who are interested in starting an eBx practice, one of the biggest barriers has been access to the radiation oncology services and support necessary to begin treating with this innovative treatment modality.

“We have been impressed with the total solution and workflow benefits DermEbx and Radion have provided to their customers. By streamlining these solutions and services into one seamless offering, we expect to accelerate market adoption. We are very excited to be enhancing our eBx offering and strengthening our leadership position in eBx skin radiation therapy,” added Mr. Ferry.

“We have worked well with iCAD during our partnership, in large part, because we share a commitment to increasing market access to skin eBx as an alternative to MOHS surgery for the treatment of non-melanoma skin cancer,” said Kamal Gogineni, President of DermEbx and Radion, Inc. “This transaction builds upon our established collaborative foundation to provide state-of-the-art technology supported by patient-centric solutions and services through a proprietary oncology solution.”

The Xoft System is a U.S. Food and Drug Administration-cleared and CE-marked isotope-free radiation treatment approved for use anywhere in the body, including for the treatment of early-stage breast cancer, gynecological cancers and NMSC. It utilizes a proprietary miniaturized x-ray as the radiation source that delivers precise treatment directly to cancerous areas while sparing healthy tissue and organs. The Xoft System requires only minimal shielding and therefore does not require room redesign or construction investment. Minimal shielding also allows medical personnel to remain in the room with the patient during treatment. The mobility of the Xoft System makes it easy to treat patients at multiple locations and to conveniently store the system when not in use. The Xoft System is the only eBx system with clinical data published in peer-reviewed journals supporting its use in NMSC patients, including data that demonstrate excellent cosmesis, low toxicity levels and no recurrences at three years post-treatment.

Conference Call
iCAD management will host a conference call for investors on Wednesday, July 16th at 8:30 a.m. Eastern time to discuss this announcement and answer questions. Shareholders and other interested parties may participate in the conference call by dialing (855) 217-4501 (domestic) or (716) 220-9431 (international) and entering passcode 74754571. Slides relating to the acquisitions will be posted at 8:00 a.m. Eastern time on July 16, 2014 to the homepage of the Company’s website at www.icadmed.com. The call also will be broadcast live on the Internet at www.streetevents.com and www.icadmed.com.

A replay of the conference call will be accessible two hours after its completion through July 22, 2014 by dialing (855) 859-2056 (domestic) or (404) 537-3406 (international) and entering passcode 74754571. The call will also be archived for 90 days at www.streetevents.com and www.icadmed.com.

About Non-Melanoma Skin Cancer (NMSC)
NMSC, identified as either basal cell carcinoma or squamous cell carcinoma, is not only the most common type of skin cancer, it is also the most common type of cancer in humans. These cancers commonly appear on sun-exposed areas of the body such as the face, ears, neck, lips and backs of the hands. More than 3.5 million cases of basal and squamous cell skin cancer are diagnosed in the United States each year.

About DermEbx
Founded in January 2013, DermEbx is a leading healthcare services and technology company dedicated to offering skin electronic brachytherapy programs to dermatology and oncology networks. This program includes collaboration with clinical care teams and management staff in successfully integrating equipment and software into a patient-centric workflow model. DermEbx helps its customers with scalability and operational efficiencies in delivering programs that meet quality and standards for improving patient care.
About Radion, Inc.
Radion, Inc., founded in 2008, has created products and solutions to bridge the gaps in cancer patient-care paths so more patients receive timely, effective, quality treatments. Radion is committed to the highest quality of care to hospitals and patients, and aligns its products and services for an end-to-end solution for cancer program management.

About iCAD, Inc.
iCAD is an industry-leading provider of advanced image analysis, workflow solutions and radiation therapies for the early identification and treatment of common cancers. iCAD offers a comprehensive range of high-performance, upgradeable CAD solutions for mammography and advanced image analysis and workflow solutions for Magnetic Resonance Imaging, for breast and prostate cancers and Computed Tomography for colorectal cancer. iCAD’s Xoft® Axxent® Electronic Brachytherapy (eBx®) System®, offers radiation treatment for early-stage breast cancer that can be administered in the form of intraoperative radiation therapy or accelerated partial breast irradiation. The Xoft System is also cleared for the treatment of non-melanoma skin cancer and gynecological cancers. For more information, call 877-iCADnow, or visit www.icadmed.com.

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995
Certain statements contained in this News Release constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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 defend itself in litigation matters, 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 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.

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