BOARD REPORT

on consolidated statements

Board Report

The following report has been established by the Board of Directors on 20 April 2022 for submission to the Annual General Shareholders' Meeting of 25 May 2022.

Dear MDxHealth Shareholder,

The present board report has been prepared in accordance with Article 3:32 of the Belgian Companies and Associations Code with respect to the consolidated financial statements for the financial year ended 31 December 2021. In accordance with the Belgian Companies and Associations Code and the articles of association of the Company, we report on the situation of MDxHealth SA (the "**Company**") and its subsidiaries for the fiscal year closed on 31 December 2021, and this on a consolidated basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS OF 2021 AND 2020

The following consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU ("EU-IFRS") and collectively "IFRS". The accounting policies and notes are an integral part of these consolidated financial statements. The following consolidated accounts differ from the non-consolidated statutory annual accounts of the Company, which have been prepared in accordance with Belgian GAAP.

The financial statements in this section of the Board Report have been approved and authorized for issue by the Board of Directors at its meeting of 20 April 2022.The financial statements have been signed by Koen Hoffman, Chair of the Board of Directors. The financial statements will be submitted to the shareholders for their final approval at the annual general shareholders' meeting of 25 May 2022.

Revenues

Total revenue for 2021 was $22.2million compared to total revenue of $18.5 million for 2020.

ConfirmMDx accounted for 91% of total services revenue in 2021 and 94% in 2020.

At the end of 2021, the Company had concluded agreements with 119 payors for ConfirmMDx (2020: 107) and 54 payors for SelectMDx (2020: 42). In 2018 Medicare established a Final Positive Local Coverage Determination for use of ConfirmMDx for Prostate Cancer.

In 2021, the Company earned 98.6% (2020: 97.9%) of its revenue from external customers from its clinical laboratory testing services and out-licensing of intellectual property. In 2021, the clinical laboratory testing in the U.S. CLIA laboratory represented 97% of the Company's revenue (2020: 95%), while the out-licensing of intellectual property revenue and grant income in Europe represented 1.5% (2020: 3%).

Cost of goods and services sold

Cost of goods includes royalties that MDxHealth must pay to third parties and the costs associated with providing testing services to customers. Cost of goods sold for 2021 amounted to $11.7 million, compared to $10.4 million in 2020.

Research and development expenses

Research and development expenses consist of costs incurred for the development of our products. These expenses consist primarily of labor costs (including salaries, bonuses, benefits, and stock-based compensation), reagents and supplies, clinical studies, outside services, patent expenses, depreciation of laboratory equipment, facility occupancy and information technology costs. Research and development expenses also include costs associated with assay improvements and automation workflow for our current suite of products. The Company expenses its research and development expenses in the period in which they are incurred.

A change in presentation for clinical validation expenses has been brought in 2021 to report clinical validation expenses in the amount of $842,000 under Research and Development, previously under Selling and Marketing expenses. Including clinical validation expenses in 2020 and excluding depreciation, amortization, and impairment expenses, total research and development expenses increased by 54% over 2021, to support our continuous product development and product pipeline.

THOUSANDS OF $ ***FOR THE YEARS ENDED DECEMBER 31***	***2021***	***2020***
Personnel costs	1,949	1,277
Depreciation and amortization	1,360	1,203
Impairment	0	273
Lab consumables	793	390
Patent expenses	577	396
External research and development collaborator fees	1,020	874
Clinical validation	842	0
Other expenses	132	130
Total research and development expenses	**6,673**	**4,543**

Selling and Marketing expenses

THOUSANDS OF $ ***FOR THE YEARS ENDED DECEMBER 31***	***2021***	***2020***
Personnel costs	13,402	12,839
Depreciation	796	603
Professional fees	523	497
Marketing expenses	1,761	1,315
Travel expenses	340	260
Offices & facilities expenses	436	503
Clinical validation	0	377
Other expenses	486	358
Total selling and marketing expenses	**17,744**	**16,752**

The Company's sales and marketing expenses are expensed as incurred and include costs associated with its sales organization, including its direct clinical sales force and sales management, medical affairs, client services, marketing and managed care, as well as technical lab support and administration. These expenses consist primarily of labor costs (including salaries, bonuses, benefits, and stock-based compensation), customer education and promotional expenses, market analysis expenses, conference fees, travel expenses and allocated overhead costs.

Excluding effect of reclassification of Clinical validation to R&D expenses, selling and marketing expenses increased by $1.0 million, or 6%, compared to 2020, primarily due to an increase in personnel costs as well as an increase marketing and travel expenses.

General and administrative expenses

General and administrative expenses include costs for certain executives, accounting and finance, legal, revenue cycle management, information technology, human resources, and administrative functions. These expenses consist primarily of labor costs (including salaries, bonuses, benefits, and stock-based compensation), professional service fees such as consulting, accounting, legal, general corporate costs, and public-company costs associated with the Company's European listing, as well as allocated overhead costs (rent, utilities, insurance, etc.)

THOUSANDS OF $ *FOR THE YEARS ENDED DECEMBER 31*	*2021*	*2020*
Personnel costs	9,009	9,209
Depreciation and amortization	880	1,526
Professional fees	2,018	1,522
Offices & facilities expenses	845	530
Royalties to third parties	152	107
Board fees & expenses	314	238
Other expenses	931	858
Total general and administrative expenses	**14,149**	**13,990**

Financial results

During 2019, the Company entered into a loan facility with Kreos Capital in the amount of €9.0 million, or approximately $10.2 million. The loan had a term of four years with the first 12 months of interest-only payments followed by 36 months of principal and interest payments. On 20 October 2020, MDxHealth and Kreos Capital executed an amendment to the 2019 loan facility, extending the interest-only period from 12 months to 18 months. As a result of this amendment, repayment of principal has been extended by 6 months, from November 2020 to May 2021. As part of the amendment, the Company agreed to increase the end-of-loan fee by €67,500 (approx. $80,000) as well as to provide for €180,000 of the €9 million loan to be convertible into shares of MDxHealth at a 25% premium to the 30-day volume weighted average price immediately prior to signing the amendment. If exercised, this amount will be reduced from the principal amount due under the loan agreement.

In April 2021, MDxHealth and Kreos Capital executed a second amendment to the loan facility, extending the interest-only period from 18 months to 27 months. As a result of this amendment, repayment of principal has been extended from May 2021 to February 2022. As part of the amendment, the Company agreed to increase the end-of-loan fee by an additional €67,500 (approx. $80,000) as well as to provide for an additional €202,500 of the €9 million loan to be convertible into shares of MDxHealth at a 25% premium to the 30-day volume weighted average price 10 days prior to signing the amendment. If exercised, this amount will be reduced from the principal amount due under the loan agreement.

In addition, the second amendment provided for a further six-month extension of the interest-only period in the event that the Company would receive gross proceeds for a minimum amount of $30 million in new equity financing. Following the completion of our Initial Public Offering of ADSs in the United States on 8 November 2021, whereby the Company received gross proceeds of $45 million in new equity financing, Kreos granted a six-month extension of the

interest-only period through July 2022. Beginning August 2022, until maturity in October 2023, the Company is required to make monthly interest and principal payments.

In April 2020, the Company announced that its U.S. subsidiary, MDxHealth, Inc., had qualified for a “Paycheck Protection Program” (PPP) loan with the U.S. Small Business Administration (SBA) in the amount of $2.3 million, as part of the U.S Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan has a term of five years and carries an interest rate of 1.0% per year. Payments on the loan are deferred for the first eighteen months following disbursement of the loan, with principal and interest payments beginning on the nineteenth month. Interest on the loan continues to accrue during the eighteen month deferment period. Cash proceeds from the loan were received in July 2020.

The financial results primarily relate to interest charges for the loan facility with Kreos Capital for a total of $1,175,000 and for the interest charges on right-of-use assets for $229,000.

Finally, the change in the fair value revaluation of the contingent consideration related to the acquisition of NovioGendix in 2015 represents a total of $196,000 in 2021, and $118,000 in 2020;

Other financial losses relate to bank costs incurred during the year.

Net loss

Total operating expenses in 2021 were $37.4 million, an increase of $2.2 million compared to same period in 2020. Excluding non-cash expenses such as depreciation, amortization and stock-based compensation, operating expenses for 2021 were $33.1 million, an increase of $2.8 million, or 9%, over 2020. Operating loss for 2021 was $26.8 million, a decrease of $0.3 million compared to an operating loss of $27.1 million for 2020.

Liquidity, working capital and capital resources

Year ended 31 December 2021

Cash collections from ConfirmMDx and SelectMDx amounted to $21.2 million, an increase of 1% compared to 2020. Total cash burn for 2021 was $25.5 million, representing an increase of $2.6 million in cash burn compared to $22.9 million in 2020, compensated by net proceeds from capital increases for $68.6 million. Cash and cash equivalents as of December 31, 2021 were $58.5 million.

Year ended 31 December 2020

Cash collections from ConfirmMDx and SelectMDx amounted to $21.0 million, a decrease of 12% compared to 2019, despite larger decreases in billable volume due to COVID-19. Total cash burn for 2020 was $22.9 million, representing a reduction of $0.6 million in cash burn compared to $23.5 million in 2019. Cash and cash equivalents as of 31 December 2020 were $16.0 million.

Balance sheet

The key ratios from balance sheet at 31 December 2021 in comparison with 2020 are presented in the following table :

FOR THE YEARS ENDED DECEMBER 31	2021	2020
Cash & cash equivalents as a % of total assets	78%	50%
Working capital as a % of total assets	67%	31%
Solvency ratio (equity/total assets)	62%	18%
Gearing ratio (Financial debt/equity)	33%	271%

Cash and cash equivalents of $58.5 million account for 78% of total assets at 31 December 2021. The other major assets are intangible and tangible assets ($8.5 million or 11% of total assets), and receivables over the period 2021 ($4.6 million or 6% of total assets).

Total equity of $46.9 million accounts for 62% of the total balance sheet at 31 December 2021. The other major liabilities are loans and borrowings ($12.1 million or 16% of total assets), lease liabilities ($3.5 million or 5% of total assets), trade payables ($7.5 million or 10% of total assets) and other liabilities (short term and long term for $5.2 million or 7% of total assets).

Taxation

The losses of the Company in the last three years imply that no income taxes are payable for these years. On 31 December 2021, the Company had net tax losses carried forward amounting to $305 million, implying a potential deferred tax asset of $76 million. Due to the uncertainty surrounding the Company's ability to realize taxable profits in the near future, the Company did not recognize any deferred tax assets on its balance sheet.

SUBSEQUENT EVENTS

There is no subsequent event at the date of this report.

2022 OUTLOOK

Michael K. McGarrity, CEO of MDxHealth, commented: "Even amidst the dynamics of the pandemic's impact on patient visits, we anticipate a return of patient flow and continued adoption of SelectMDx and ConfirmMDx, which are emerging as the standard of care in the diagnostic pathway of patients at risk for prostate cancer. We believe that these tests will take hold and drive growth into and beyond 2022.

In addition, we are developing solutions for active surveillance (AS) of prostate cancer with our AS-MDx and Monitor-MDx tests. These menu additions would provide clinically actionable results for urologists evaluating cancer patients considered for active surveillance, as well as regular monitoring of these patients where the current standard of care is an invasive and costly annual biopsy. This is a well-characterized market where urologist are seeking a less invasive actionable solution.

We believe these initiatives, coupled with our current menu, will position MDxHealth to be the market leader in providing urologists with advanced diagnostics to support a patient from an elevated PSA through the diagnostic continuum of care with increased clinical insight and confidence.

Finally, we are encouraged by the initial introduction of novel molecular UTI testing services into our focused urology channel. The market for UTI testing is well-defined, with urologists accounting for approximately 20% of the 10 million UTI tests ordered annually in the U.S." Based on these catalysts for growth, MDxHealth is providing the following guidance, with growth in 2022 driven by:

- Issuance of a final LCD for the SelectMDx test, supporting additional coverage from commercial payers and contributing to both revenue and gross margin growth in the second half of 2022;
- Achieving full year 2022 revenue of $25 million to $27 million, representing growth of 13%-21% over full year 2021 revenue of $22.2 million.

ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

In 2021, the Company conducted product development projects based on the discovery R&D performed in the prior years for both its clinical diagnostic product pipeline and clinical trials. Extensive work was performed in development of the Company's clinical solutions for prostate and bladder cancers.

OBLIGATIONS NOT REFLECTED IN THE 2021 FINANCIAL STATEMENTS

All known obligations are reflected in the 2021 financial statements.

GOING CONCERN

The Company has experienced net losses and significant cash used in operating activities since its inception in 2003, and as of December 31, 2021, had an accumulated deficit of $244.3 million, a net loss of $29.0 million, and net cash used in operating activities of $22.5 million. Management expects the Company to continue to incur net losses and have significant cash outflows for at least the next twelve months. While these conditions, among others, could raise doubt about its ability to continue as a going concern, these consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of its assets and the satisfaction of liabilities in the normal course of business. A successful transition to attaining profitable operations is dependent upon achieving a level of positive cash flows adequate to support the Company's cost structure.

As of December 31, 2021, the Company had cash and cash equivalents of $58.5 million. Taking into account the above financial situation and on the basis of the most recent business plan, the Company believes that it has sufficient cash to be able to continue its operations for at least the next twelve months from the date of issuance of these financial statements, and accordingly has prepared the consolidated financial statements assuming that it will continue as a going concern. This assessment is based on forecasts and projections within management's most recent business plan as well as the Company's expected ability to realize cost reductions should these forecasts and projections not be met.

RISKS RELATED TO THE USE OF FINANCIAL INSTRUMENTS

The functional currency changed from the EURO to the US Dollar as of 1 July 2014. In consequence, the currency risk is concentrated on European operations.

Virtually all of the Company's currency risk currently relates to Euro. At this time, the Company does not use hedging instruments to cover the exchange rate risk.

RISK FACTORS

In 2021, the Company was potentially subjected to the following risks:

Risks related to the Company's business and industry

- The ongoing outbreak of the novel coronavirus ("COVID-19") resulted in significant declines in sales of the Company's ConfirmMDx and SelectMDx tests during 2020, adversely affected sales in 2021, and could continue to impact volumes in 2022, and the business may experience other adverse effects as a result of the pandemic.

- MDxHealth has a history of losses and expect to incur net losses in the future and may never achieve profitability.

- MDxHealth might require substantial additional funding to continue its operations and to respond to business needs or take advantage of new business opportunities, which may not be available on acceptable terms, or at all.

- MDxHealth's term loan contains restrictions that limit its flexibility in operating its business, and if the Company fails to comply with the covenants and other obligations under its loan agreement, the lenders may be able to accelerate amounts owed under the facility and may foreclose upon the assets securing its obligations.

- MDxHealth's acceptance of a Paycheck Protection Program loan subjects the Company to a variety of federal regulations and although the Company may apply for forgiveness of this loan it may not be forgiven.

- The Company may engage in acquisitions that could disrupt its business, cause dilution to its stockholders and reduce its financial resources.

- The molecular diagnostics industry is highly competitive and characterized by rapid technological changes and the Company may be unable to keep pace with its competitors.

- The commercial success of MDxHealth will depend on the market acceptance and adoption of its current and future tests.

- MDxHealth's financial results are largely dependent on sales of one test, and it will need to generate sufficient revenues from this and other future solutions to grow its business.

- The Company faces uncertainties concerning the coverage and reimbursement of its tests by third-party payors.

Risks related to the Company's intellectual property

- If MDxHealth is unable to retain intellectual property protection in relation to its main test ConfirmMDx and its second test SelectMDx or if it is required to expend significant resources to protect its intellectual property position, its competitive position could be undercut.

- The Company may be subject to substantial costs and liabilities, or be prevented from using technologies incorporated in its ConfirmMDx and SelectMDx tests, as a result of litigation or other proceedings relating to patent rights.

- The Company relies on strategic collaborative and license arrangements with third parties to develop critical intellectual property. MDxHealth may not be able to successfully establish and maintain such intellectual property.

Risks related to the Company's operations

- Billing and collections processing for the Company's tests is complex and time-consuming, and any delay in transmitting and collecting for claims could adversely impact revenue.

- MDxHealth faces an inherent risk of product liability claims.

- Failure to attract or retain key personnel or to secure the support of key scientific collaborators could materially adversely impact the Company's business.

- MDxHealth's results of operations can be adversely affected by labor shortages, turnover and labor cost increases.

- The Company's business and reputation will suffer if it is unable to establish and comply with, stringent quality standards to assure that the highest level of quality is observed in the performance of its tests.

- The Company's laboratory facilities may become inoperable due to natural or man-made disasters or regulatory sanctions.

- MDxHealth relies on a limited number of third-party suppliers for services and items used in the production and operation of its testing solutions, and some of those services and items are supplied from a single source. Disruption of the supply chain, unavailability of third-party services required for the performance of the tests, modifications of certain items or failure to achieve economies of scale could have a material adverse effect on the Company.

- Failures in the Company's information technology, telecommunications or other systems could significantly disrupt its operations.

- Security breaches or loss of data may harm MDxHealth's reputation, expose it to liability and adversely affect its business.

- The Company expects to make significant investments to research and develop new tests, which may not be successful.

- MDxHealth's research and development efforts will be hindered if the Company is not able to obtain samples, contract with third parties for access to samples or complete timely enrollment in future clinical trials.

Risks related to Regulation of the Company's business

- Failure to comply with governmental payor regulations could result in MDxHealth being excluded from participation in Medicare, Medicaid or other governmental payor programs, which would adversely affect MDxHealth's business.

- MDxHealth conducts business in a heavily regulated industry, and changes in, or violations of, applicable regulations may, directly or indirectly, adversely affect its operational results and financial condition, which could harm its business.

- The Company's employees, independent contractors, consultants, commercial partners, and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

- The Company's expansion of its business beyond the United States has resulted in additional regulatory requirements with which the Company must comply.

- If the FDA were to take the position that the Company's tests are not within the scope of its policy on enforcement discretion for laboratory-developed tests, or Congress or FDA were otherwise to begin requiring approval or clearance of MDxHealth's tests, responding to such a development could lead to a halt in the commercial provision of MDxHealth's tests until the Company meets the requirements for premarket approval or clearance, enforcement action from FDA, and the Company could incur substantial costs and time delays associated with meeting FDA requirements for premarket clearance or approval.

- MDxHealth's operating results could be materially adversely affected by unanticipated changes in tax laws and regulations, adjustments to its tax provisions, exposure to additional tax liabilities, or forfeiture of its tax assets.

Risks related to ownership of the ADSs and ordinary shares

- The trading price of the Company's ordinary shares and ADSs may be volatile due to factors beyond its control, and purchasers of the ADSs could incur substantial losses.

- Certain of MDxHealth' significant shareholders may have different interests from the Company and may be able to control the Company, including the outcome of shareholder votes.

- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Company's business, the price of the ADSs and their trading volume could decline.

- MDxHealth intends to retain all available funds and any future earnings and, consequently, ADS holders' ability to achieve a return on their investment will depend on appreciation in the price of the ADSs.

- Holders of ADSs should be aware that the rights provided to the Company's ADS holders under Belgian corporate law and the Company's articles of association differ in certain respects from the rights that you would typically enjoy as a shareholder of a U.S. company under applicable U.S. federal and state laws.

- Concentration of ownership of the Company's ordinary shares (including ordinary shares in the form of ADSs) among its existing executive officers, directors and principal shareholders may prevent ADS holders from influencing significant corporate decisions.

- Future sales, or the perception of future sales, of a substantial number of the Company's ordinary shares could adversely affect the price of the ADSs, and actual sales of its equity will dilute ADS holders.

- If MDxHealth issues ordinary shares in future financings, shareholders may experience dilution and, as a result, the price of the ADSs may decline.

- It may be difficult for ADS holders outside Belgium to serve process on, or enforce foreign judgments against, the Company or its directors and senior management.

- MDxHealth is an "emerging growth company" and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, the ADSs may be less attractive to investors.

- As a foreign private issuer and as permitted by the listing requirements of Nasdaq, the Company relies on certain home country corporate governance practices rather than the corporate governance requirements of Nasdaq.

- The Company may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses.

- U.S. holders of ADSs may suffer adverse tax consequences if MDxHealth is characterized as a passive foreign investment company, or PFIC.

- If a U.S. Holder is treated as owning at least 10% of the Company's ordinary share capital, such holder may be subject to adverse U.S. federal income tax consequences.

- The Company incurs significant costs as a result of operating as a company that is publicly listed on both Nasdaq in the United States and Euronext Brussels in Belgium, and the Company's management is required to devote substantial time to new compliance initiatives.

- As a result of being a U.S. public company, the Company is subject to regulatory compliance requirements, including Section 404, and if the Company fails to maintain an effective system of internal controls, it may not be able to accurately report its financial results or prevent fraud.

- If the Company fails to implement and maintain effective internal controls over financial reporting, its ability to produce accurate financial statements on a timely basis could be impaired.

- MDxHealth may be subject to securities litigation, which is expensive and could divert management's attention.

- Investors resident in countries other than Belgium may suffer dilution if they are unable to participate in future preferential subscription rights offerings.

- ADS holders may not be able to exercise their right to vote the ordinary shares underlying their ADSs.

- Holders of ADSs may be subject to limitations on the transfer of their ADSs and the withdrawal of the underlying ordinary shares.

- ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiffs in any such action.

- Takeover provisions in the national law of Belgium may make a takeover difficult.

In 2021, risk management involved primarily the following:

- Credit risk: At the end of 2021, the Company operated with more than 1,000 different customers, representing a significant reduction in credit risk when compared to prior periods.
- Interest risk: The Company is not currently subject to material interest risk since its financial debts is subject to fixed interest rate.
- Currency risk: The functional currency changed from the EURO to the US Dollar as of 1 July 2014. In consequence, the currency risk is concentrated on European operations.
- Liquidity and investment risk: The Company has invested all of its cash and cash equivalents in highly-rated and highly-liquid bank savings or money market accounts. The Company has not invested in any derivative instruments or CDOs.

INDEPENDENCE AND COMPETENCE OF AN AUDIT COMMITTEE MEMBER

Article 7:99 of the Belgian Companies and Associations Code provides that the audit committee be composed of at least (i) one Independent Director and (ii) one member with the necessary competence in auditing and accounting, which is and has always been the case for MDxHealth's audit committee.

In January 2021, Regine Slagmulder BV, represented by its permanent representative, Dr. Regine Slagmulder, joined as a member and chair of the audit committee. At the date of this report, Regine Slagmulder BV, represented by its permanent representative, Dr. Regine Slagmulder, still serves as chair of the audit committee.

As required by law, Dr. Regine Slagmulder, is competent in accounting and auditing, as is evidenced by her role as professor in management accounting & control and strategy practice consultant at McKinsey & Company. In addition, both Regine Slagmulder BV and Dr. Regine Slagmulder meet the criteria to be qualified as Independent Director as provided by article 7:87 of the Belgian Companies and Associations Code and provision 3.5 of the 2020 Belgian Corporate Governance Code.

INTERNAL CONTROL AND RISK MANAGEMENT

A. Introduction

The Company operates a risk management and control framework in accordance with the Belgian Companies and Associations Code and the 2020 Code. MDxHealth is exposed to a wide variety of risks within the context of its business operations that can result in its objectives being affected or not achieved. Controlling those risks is a core task of the Board of Directors (including the audit committee), the executive management and all other employees with managerial responsibilities.
The risk management and control system has been set up to reach the following goals:

- achievement of the Company's objectives;
- achieving operational excellence;
- ensuring correct and timely financial reporting; and
- compliance with all applicable laws and regulations.

B. Control environment

Three lines of defense

The Company applies the 'three lines of defense model' to clarify roles, responsibilities and accountabilities, and to enhance communication within the area of risk and control. Within this model, the lines of defense to respond to risks are:

- First line of defense: line management is responsible for assessing risks on a day-to-day basis and implementing controls in response to these risks.
- Second line of defense: the oversight functions like Finance and Controlling and Quality and Regulatory oversee and challenge risk management as executed by the first line of defense. The second line of defense functions provide guidance and direction and develop a risk management framework.
- Third line of defense: independent assurance providers such as external accounting and external audit challenge the risk management processes as executed by the first and second line of defense.

Policies, procedures and processes

The Company fosters an environment in which its business objectives and strategy are pursued in a controlled manner.
This environment is created through the implementation of different Company-wide policies, procedures and processes such as the Company's values, the Quality Management System and the Delegation of Authorities rule set.
The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

C. Risk management

Sound risk management starts with identifying and assessing the risks associated with the Company's business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and minimize such risks, acknowledging that certain calculated risks are necessary to ensure that the Company achieves its objectives and continues to create value for its stakeholders. All employees of the Company are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

D. Control activities

Control measures are in place to minimize the effect of risks on the Company's ability to achieve its objectives. These control activities are embedded in the Company's key processes and systems to assure that the risk responses and the Company's overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and within all departments.

E. Information and communication

The Company recognizes the importance of timely, complete and accurate communication and information both top down as well as bottom-up. The Company therefore put several measures in place to assure amongst others:

- security of confidential information;
- clear communication about roles and responsibilities; and
- timely communication to all stakeholders about external and internal changes impacting their areas of responsibility.

F. Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively. The quality of the Company's risk management and control framework is assessed by the following functions:

- Quality and Regulatory: All employees of the Company are instructed on the rules and policies of the Company via a booklet of work rules, the terms of their employment arrangements, standard operating procedures defined by task/area, and by numerous documents (such as the Code of Business Conduct and Ethics and the Dealing Code) that are distributed and explained to the personnel.
- External Audit: In the Company's review of the annual accounts, the statutory auditor focuses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the audit committee.
- Audit Committee: The Board of Directors and the audit committee have the ultimate responsibility with respect to internal control and risk management.

In addition, the legal department of MDxHealth, under supervision of the CEO and together with the management team, has set up internal procedures in order to ensure that acts performed within or by the Company are in compliance with the existing laws and external regulations. The management is also responsible to comply with internal regulations and the Board of Directors is ensuring that the management is respecting the general policies and the corporate plans.
The Board of Directors has established a Code of Business Conduct and Ethics to aid MDxHealth's Directors, officers and employees in making ethical and legal decisions when conducting Company business and performing their day-to-day duties. The Code of Business Conduct and Ethics is available in its entirety on the Company's website (www.mdxhealth.com). In addition, the Board has appointed a Chief Compliance Officer to oversee ongoing compliance with the Code of Business Conduct and Ethics and existing laws and external regulations, and to report regularly to the Board of Directors and the Audit Committee on compliance matters.

G. Risk management and internal control with regard to the process of financial reporting

The accurate and consistent application of accounting rules throughout the Company is assured by means of set of control procedures, including:

- The audit committee reviews all financial information before it is released
- The Board of Directors reviews internal monthly financial information

- The financial auditors not only audit the year-end financial statements, but at the request of the Company they also perform a limited review of the Interim half-year financial statements
- The Company managers and finance department personnel explain all material variances in historical figures and between the budget and actual figures
- The Board of Directors, the Company managers and finance department personnel perform reviews and controls of the key financial figures at each reporting period, some of which are described below
- At the Board of Directors level, there is a periodic review and approval of the following main topics:
  - Overall strategy and strategic options;
  - Multi-year business plan and company goals;
  - Ensuing year budget and targets;
  - Comparison of actual results and budgeted figures;
  - Hiring, motivation, and retention of key talent;
  - Remuneration and benefits;
  - Financial statements; and
  - Internal controls.

Management of the Company is organized on the basis of plans, departments, projects, and corresponding budgets and targets. Progress on the core projects, budgets, and plans are reviewed on a periodic basis. The management has clearly aligned responsibilities as described in the job descriptions which are prepared for all employees of the Company.
A set of measures has been taken to assure the quality of the financial and management information, amongst others:

- The appointment of qualified personnel in key positions with all entities of the Company;
- The definition of a set of standard procedures for key activities such as steps for the approval, purchasing and payment of services and goods;
- The request for the external auditors to pay special attention to areas with specific company and industry risk;
- The request for specialized consultants to assist in designing and/or reviewing key procedures, systems, or reports;
- The audit committee or individual Directors periodically review and are consulted on key matters and procedures and when needed external specialist assistance is sought.

The Board periodically reviews and provides instructions to the management team on how to manage credit risks, interest risks, exchange risks, and liquidity risks. As an example, the Board has given instructions on what type of financial instruments the Company can place its cash and on which it is not allowed to do so. The management also seeks external specialized advice on managing such risks.

INFORMATION THAT HAS AN IMPACT IN CASE OF PUBLIC TAKEOVER BIDS

The Company provides the following information in accordance with article 34 of the Belgian Royal Decree dated 14 November 2007:

(i) The share capital of the Company amounts to EUR 118,662,067.69 and is fully paid-up. It is represented by 155,969,226 ordinary shares, each representing a fractional value of (rounded) EUR 0.7608 and representing one 155,969,226th of the share capital. The Company's shares do not have a nominal value.

(ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.

(iii) There are no holders of any shares with special control rights.

(iv) There are no share option plans for members of the personnel other than the share option plans disclosed elsewhere in this report. These share option plans contain provisions on accelerated vesting in case of change of control.

(v) Each shareholder of the Company is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.

(vi) There are no agreements between shareholders which are known by the Company that may result in restrictions on the transfer of securities and/or the exercise of voting rights.

(vii) The rules governing appointment and replacement of Board members and amendment to articles of association are set out in the Company's articles of association and the Company's Corporate Governance Charter.

(viii) The powers of the Board of Directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The Board of Directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e., to defend against public takeover bids). The Company's articles of association of association do not provide for any other specific protective mechanisms against public takeover bids.

(ix) At the date of this report, the Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can enter into force or, subject to certain conditions, as the case may be, can be amended, be terminated by the other parties thereto or give the other parties thereto a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:

- The Company has borrowed an amount equal to EUR 9,000,000, as of 1 November 2019, under a senior secured loan agreement with Kreos Capital, which was amended on 19 October 2020 and on 19 April 2021. The main characteristics of the loan agreement are:

  - Balance: As of 31 December 2021 the outstanding balance on the loan agreement was € 9.0 million ($ 10.5 million). In addition, in connection with the facility, a drawdown fee of € 630 thousand ($ 714 thousand) was due to Kreos Capital which was not payable in cash but remained outstanding as a "convertible loan" (the "Initial Convertible Loan");

  - Term: The Company is required to make monthly interest-only payments on the loan through July 2022. As of August 2022 until maturity, MDxHealth is required to make monthly interest and principal payments. The loan matures in October 2023;

  - Interest: The loan accrues interest at a rate of 9.5% per annum;

  - End-of-loan payment: Upon final repayment of the loan, an end-of-loan payment equal to € 585 thousand ($ 692 thousand) will be due to Kreos Capital;

  - Initial Convertible Loan: The Initial Convertible Loan does not accrue interest and is not required to be repaid. The Company will not have the right to prepay or otherwise terminate the Initial Convertible Loan. The Initial Convertible Loan expires on the earlier of (i) the tenth anniversary of the drawdown of the loan (i.e., 1 November 2029) and (ii) the sale of the entire issued share capital of MDxHealth (the "Expiration Date");

  - Conversion of the Initial Convertible Loan: Upon the Expiration Date, the Initial Convertible Loan will convert automatically into ordinary shares. Prior to the Expiration Date, Kreos Capital may at any time convert the Initial Convertible Loan into new ordinary shares at its election. Upon conversion of the Initial

Convertible Loan, the relevant shares of the Company will be valued at € 0.85 per share;

- Cancellation of the Initial Convertible Loan: In lieu of converting the Initial Convertible Loan, Kreos Capital may instead cancel the convertible loan at any time (but before the Expiration Date) after the earlier to occur of (i) a repayment or prepayment in full of the loan, and (ii) sale of the entire issued share capital of the Company. In such case, Kreos Capital will be paid an amount equal to 150% of the principal amount of the Initial Convertible Loan.

- Additional convertible amounts: In the framework of amendments to the loan after the initial signing date, it has been agreed that an additional € 180 thousand ($ 204 thousand) of the loan will be convertible into shares of the Company at a 25% premium to the 30-day volume weighted average price immediately prior to signing the amendment of 19 October 2020 (i.e., € 0.95) (rounded) and € 202,500 ($ 229 thousand) of the loan will be convertible into shares of the Company at a 25% premium to the 30-day volume weighted average price ten days prior to signing the amendment of 19 April 2021 (i.e., € 1.41) (rounded). These amounts form part of the loan and are thus subject to the amortization schedule and the voluntary prepayment provisions of the loan agreement. If exercised, these amounts will be reduced from the principal amount due under the loan agreement.

- Board observer: Kreos Capital has a non-voting board observer;

- Change of control: The loan agreement contains a change of control clause, which was approved by the Company's shareholders at the ordinary general shareholders' meeting that was held on 28 May 2020;

- Collateral: Security has been granted over all assets owned by the Company and its subsidiaries, including IP rights (but excluding any shares in, and IP rights licensed to, the Company or its subsidiaries);

- Contractual restrictions: The loan agreement does not contain financial covenants, but it does contain other customary restrictions on the business of the Company and its subsidiaries (such as limitations on future disposals, financial indebtedness, security and acquisitions subject to certain carve-outs and limitations).

• In addition, the Company's share option plans provide for an accelerated vesting of the subscription rights in case of a change of control event.

No takeover bid has been instigated by third parties in respect of the Company's equity during the current financial year.

STATUTORY AUDITOR

Services performed by the auditor and performance of exceptional activities or execution of special instructions (Article 3:65 Belgian Companies and Associations Code)

BDO Réviseurs d'Entreprises. SRL, a limited liability company (*société à responsabilité limitée/besloten vennootschap*) organized and existing under the laws of Belgium, with registered office at Da Vincilaan 9, 1930 Zaventem, Belgium, was re-appointed on 27 May 2020 as the statutory auditor of the Company for a term of 3 years ending immediately after the closing of the ordinary general shareholders' meeting to be held in 2024.

As Mr. Gert Claes had been the permanent representative of the statutory auditor for a period of 6 years, since 29 May 2015, in accordance with Belgian law, Mr. Gert Claes has been replaced by Mr. Bert Kegels as permanent representative of the statutory auditor of the Company with effect as of the closing of the ordinary general shareholders' meeting held on 27 May 2021 and for the remaining term of the mandate of the statutory auditor of the Company.

The statutory auditor and the auditor responsible for the audit of the consolidated financial statements, confirms annually in writing to the audit committee his or her independence from the Company, discloses annually to the audit committee any additional services provided to the Company, and discusses with the audit committee the threats to his or her independence and the safeguards applied to mitigate those threats as documented by him or her.
During the past fiscal year, in addition to their usual activity, the statutory auditor performed additional activities on behalf of the Company mainly for the issuance of special reports related to warrant plans, grant report certification, for participation to the audit committees and for participation to special projects.

The Company expensed $382,346 (€325,401) in fees to the auditor in 2021. The fees are broken down as follows:

- Audit fee for statutory and consolidated financials of $182,125 (€155,000)
- Audit related and other services $200,221 (€ 170,401)

Done on 20 April 2022
For the board of directors