

MDXHEALTH SA

**Statutory auditor's report
to the general meeting
on the annual accounts for the year
ended December 31, 2018**

***Free Translation
The original report is in French***

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Statutory auditor's report to the general meeting of MDxHealth SA on the annual accounts for the year ended 31 December 2018

In the context of the statutory audit of the annual accounts of MDxHealth SA (the Company), we hereby present our statutory auditor's report. It includes our report on the audit of the annual accounts as well as our report on the other legal and regulatory requirements. These reports form part of an integrated whole and are indivisible.

We have been appointed as statutory auditor by the general meeting of 26 May 2017, following the proposal formulated by the board of directors and issued upon recommendation of the audit committee. Our statutory auditor's mandate expires on the date of the general meeting deliberating on the annual accounts closed on 31 December 2019. We performed the statutory audit of the annual accounts of MDxHealth SA for sixteen consecutive years.

Report on the audit of the annual accounts

Unqualified opinion

We have audited the annual accounts of the Company, which comprise the balance sheet as at 31 December 2018, the profit and loss account for the year then ended and notes to the annual accounts, characterised by a balance sheet total of 160.977.935 EUR and a profit and loss account showing a profit for the year of 505.672 EUR.

In our opinion, the annual accounts give a true and fair view of the Company's net equity and financial position as at 31 December 2018, as well as of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Basis for unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Our responsibilities under those standards are further described in the 'Statutory auditor's responsibilities for the audit of the annual accounts' section in this report. We have complied with all the ethical requirements that are relevant to the audit of annual accounts in Belgium, including those concerning independence.

We have obtained from the board of directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note C20 in the financial statements, which indicates that the Group to which the Company belongs experienced recurring net losses and negative cash flows from operations, and is expecting the same for at least the next twelve months. As stated in note C20, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, which in turn may affect the entity's ability to realize its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current year. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- **Revenue recognition**

Discussion of the matter

The company's revenues mainly consist of royalties based on a significant part of the underlying recognized revenues of its US subsidiary MdxHealth Inc. This underlying revenue recognition model includes critical accounting estimates based on management judgment. These estimates and judgments are continuously revisited based on updated historical experience and new expected future evolutions.

Revenue recognition was significant to our audit procedures, because of the important financial impact and the significant level of management judgment in making the accounting estimates.

Procedures performed

Our audit procedures included, amongst others:

- We tested the proper calculation of the royalties based on the relevant underlying recognized revenues of the US subsidiary.
- We tested the internal control procedures on revenues which are the basis for the royalty calculations, and evaluated the assumptions and estimates used in assessing this revenue recognition, in particular with respect to completeness, existence and accuracy.
- We tested the existence of persuasive evidence of underlying agreements and contracts and we substantively tested and challenged the underlying calculations, key assumptions and estimates used in the revenue model.
- We evaluated the reasonability of the calculations regarding the percentage claims collected versus percentage claims billed and the trend of the of percentage collected versus billed.
- We considered the historical accuracy of accrued revenue amounts and used the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year including how these compare to the experience in previous years.

Responsibilities of the board of directors for the annual accounts

The board of directors is responsible for the preparation of annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current year, and are therefore the key audit matters. We describe these matters in our statutory auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the management report as well as for compliance with the legal and regulatory requirements regarding bookkeeping, with the Company Code and with the Company's by-laws.

Responsibilities of the statutory auditor

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, it is our responsibility to verify, in all material aspects, the management report and compliance with certain provisions of the Company Code and of the Company's by-laws, as well as to report on these elements.

Aspects related to the management report

In our opinion, after having performed specific procedures in relation to the management report, the management report is consistent with the annual accounts for the same financial year, and it is prepared in accordance with articles 95 and 96 of the Company Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge we have obtained during the audit, whether the management report contains any material misstatements, i.e. any information which is inadequately disclosed or otherwise misleading. Based on the procedures we have performed, there are no material misstatements we have to report to you.

We do not express any form of assurance whatsoever on the management report.

Statement related to the social balance sheet

The social balance sheet, to be deposited at the National Bank of Belgium in accordance with article 100, § 1, 6° /2 of the Company Code, includes, both in terms of form and content, the information required by the said Code, and does not present any material inconsistencies with the information that we have at our disposition during the performance of our mandate.

Statement related to independence

- Our audit firm and our network did not provide services which are incompatible with the statutory audit of annual accounts, and we remained independent of the Company throughout the course of our mandate.
- The fees related to additional services which are compatible with the statutory audit of annual accounts as referred to in article 134 of the Company Code were duly itemised and valued in the notes to the annual accounts.

Other statements

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the Company's by-laws.
- There are no transactions undertaken or decisions taken in breach of the by-laws or of the Company Code that we have to report to you.
- This report is in compliance with the contents of our additional report to the Audit Committee as referred to in article 11 of Regulation (EU) No 537/2014.
- The decision of the board of directors on 21 February 2018 relating to Dr. Jan Groen, Director and Chief Executive Officer of the Company, indicates that he had a financial interest conflicting with the contemplated decision by the Board of Directors with respect to the assessment of Dr. Jan Groen's bonus as well as the grant of options to purchase shares of the Company to Dr. Jan Groen. The financial consequences cannot be determined yet.
- The decision of the board of directors on 20 March 2018 relating to the discussion and approval of the proposed capital increase by the Company within the framework of the authorized capital through the issuance of new shares in consideration of contribution in cash through a private placement with institutional, qualified and professional investors, indicated the following:
Gengest BVBA, with Mr. Rudi Mariën as permanent representative, and Valiance Advisors LLP, with Mr. Jan Pensaert as permanent representative, informed the board of directors that they are affiliated persons of respectively Biovest Comm. VA and Valiance Asset Management LTD, both shareholders of the Company. Gengest BVBA and Valiance Advisors LLP informed the board of directors that the agenda refers to a new fund raising via the proposed Private Placement and that Biovest and Valiance respectively support the private placement and intent to submit an order (directly or indirectly) to the Joint Global Coordinators to subscribe for the transaction. The financial consequences cannot be determined yet.

Zaventem, 29 April 2019



BDO Réviseurs d'Entreprises SCRL
Statutory auditor
Represented by Gert Claes