

MDXHEALTH

Limited Liability Company

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Belgium

Registered with the Register of Legal Persons
VAT BE 0479.292.440 (RLP Liège, division Liège)

REMUNERATION POLICY

1. INTRODUCTION

This remuneration policy has been prepared by the board of directors on recommendation of the nomination and remuneration committee in accordance with article 7:89/1 of the Belgian Companies and Associations Code of 23 March 2019, as amended (the "**BCAC**") and the 2020 Belgian Code on Corporate Governance (the "**2020 Code**") and applies to the members of the board of directors and the executive management of MDxHealth SA (the "**Company**").

This remuneration policy will be submitted for approval to the ordinary general shareholders' meeting of the Company to be held on 27 May 2021 in order to align the current remuneration policy of the Company with the requirements of article 7:89/1 BCAC. If a significant proportion of the votes were to be cast against this revised remuneration policy, the Company will take the necessary steps to address the concerns of those voting against it, and will consider adapting its remuneration policy.

2. BACKGROUND AND OBJECTIVES

As a commercial stage innovative molecular diagnostics company, the Company aims at achieving a strategy involving researching, developing, testing and eventually (after obtaining the necessary regulatory and other approvals) commercializing (potential) solutions for urologists and clinicians to accurately identify clinically significant prostate cancer and other urologic diseases and conditions whilst minimizing the use of invasive procedures. Successful implementation of the aforementioned strategy requires an intense long term effort of highly qualified experts. Therefore it is important that the Company is able to attract and retain directors and members of the executive management with the talent, knowledge, ability, experience, skills, values and behaviour to deliver on the Company's long-term strategy and goals, to support the Company's purpose and to promote continuous improvement in the Company's business.

This remuneration policy is based on meritocracy and a sense of ownership and is designed to reward performance in order to motivate members of the board of directors and the executive management of the Company in order to deliver increased shareholder value through superior business results. Levels of fixed and, as the case may be, variable, remuneration should be sufficient to attract, reward and retain directors and members of the executive management who have the profile determined by the board of directors, to promote the achievements of strategic objectives in accordance with the Company's risk appetite and behavioural norms and to

promote sustainable value creation and enhance patients' well-being and life. Finally, it is also important that the remuneration policy of the Company is competitive in the (employment) markets in which the Company operates.

The board of directors determines the remuneration of the directors and the members of the executive management in accordance with the provisions of the BCAC and the 2020 Code, upon recommendation and proposal of the nomination and remuneration committee, while respecting the prerogatives of the general shareholders' meeting. The nomination and remuneration committee benchmarks (as the case may be with assistance of external advisors) the compensation of the members of the board of directors and the executive management against peer companies to ensure that it remains fair, competitive and in line with market practice. The remuneration of the members of the board of directors and the executive management is therefore market driven.

The specific powers and composition of the nomination and remuneration committee are set out in the corporate governance charter of the Company (approved by the board of directors on 14 April 2021).

In accordance with article 7:89/1, §5 of the BCAC, the Company may temporarily derogate from this remuneration policy in exceptional circumstances. These exceptional circumstances cover situations in which the derogation is necessary to serve the long term interests and sustainability of the Company as a whole or to assure its viability. Such derogation requires the approval of both the nomination and remuneration committee and the board of directors. The remuneration report relating to the relevant financial year will include information on any derogation, including its justification.

3. COMPONENTS OF THE REMUNERATION

3.1. Members of the board of directors

The level and structure of the remuneration of the members of the board of directors are determined based on their general and specific responsibilities and market practice.

(a) Independent directors

The remuneration of independent directors includes a pre-defined fixed annual retainer fee structured as (i) a base fee for each independent director, (ii) an additional flat fee for the chair of the board of directors and (iii) additional fees for their participation to one or more special committees of the board of directors or for each chairmanship of such committee. These additional fees are in addition to the base fee and can be combined, depending on whether the applicable eligibility criteria have been met. The remuneration can be reduced *pro rata temporis* depending on the duration of the mandate, chairpersonship or membership of an independent director during a given year.

A record of directors' attendance is maintained by the secretary to the board of directors. This record is then reviewed by the board of directors and confirmed by the approval of the minutes of the board of directors. Regular attendance at scheduled meetings of the board of directors, including committee meetings, is expected. In the event that a director fails to attend at least 75% of the scheduled meeting of the board of directors during a calendar year, the board of directors may reduce such independent director's pre-defined fixed annual retainer fee by a *pro rata* amount to reflect actual attendance.

(b) Non-independent non-executive directors

Non-executive directors that are not independent directors are not entitled to a remuneration in cash, but are each year entitled to receive share options for a maximum of 10,000 shares of the Company.

This is contrary to provision 7.6 of the 2020 Code, which provides that no share options should be granted to non-executive directors. The Company believes that this provision of the 2020 Code is not appropriate and adapted to take into account the realities of companies in the biotech and life sciences industry that are still in a development phase. Notably, the ability to remunerate non-executive directors (other than the non-executive independent directors) with share options allows the Company to limit the portion of remuneration in cash that the Company would otherwise need to pay to attract or retain renowned experts with the most relevant skills, knowledge and expertise. The Company is of the opinion that granting non-independent non-executive directors the opportunity to be remunerated in part in share-based incentives rather than all in cash enables the non-independent non-executive directors to link their effective remuneration to the performance of the Company and to strengthen the alignment of their interests with the interests of the Company's shareholders. The Company believes that this is in the interest of the Company and its stakeholders. Furthermore, the Company believes that this is customary for directors active in companies in the life sciences industry. For more information on the granting of share options to directors, see section 6 below.

(c) Non-executive directors

Apart from the above remunerations, the Company also reimburses reasonable out of pocket expenses of directors (including travel and accommodation expenses) incurred in performing the activity of director. Without prejudice to the powers granted by law to the general shareholders' meeting, the board of directors sets and revises the rules for reimbursement of directors' business-related out of pocket expenses.

Non-executive directors do not receive any form of pension plan benefits from the Company.

In accordance with provision 7.6 of the 2020 Code, non-executive directors should receive a part of their remuneration in the form of shares of the Company. The Company has however no distributable reserves and therefore does not meet the legal requirements to proceed to a shares buy-back. As a result, the Company does not own any treasury shares and is unable to grant existing shares to non-executive directors as part of their remuneration. The interests of the non-independent non-executive directors are however currently considered to be sufficiently oriented to the creation of long-term value for the company. Finally, independent directors are remunerated in cash, but leaving it at the own initiative of the independent directors whether or not they wish to use such funds (in whole or in part) to acquire existing shares of the company.

(d) Executive directors

The directors who are also a member of the executive management are remunerated for the executive management mandate (see section 3.2 below), but not for their director mandate.

(e) All directors

Directors are not entitled to any kind of performance cash bonus or other kind of variable remuneration. Directors are also not entitled to any kind of compensation when their mandate ends.

Furthermore, the Company has entered into indemnification arrangements with the directors and has implemented directors' and officers' insurance coverage in order to cover liability they may incur in the exercise of their functions.

As mentioned above, the Company may temporarily derogate from this remuneration policy in accordance with article 7:89/1, §5 of the BCAC.

3.2. Members of the executive management

Each member of the executive management is entitled to a basic fixed remuneration designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions. The majority of the annual remuneration is a fixed compensation amount. There is no minimum or maximum variable bonus.

The chief executive officer has a fixed remuneration, a fixed bonus and variable bonus linked to the performance of the Company and to his capacity to manage remuneration costs.

The other management team members receive a fixed remuneration plus a variable bonus that is linked to their personal achievements (i.e. experience, know-how, education, skills, responsibilities, and performance) and the achievements of the Company. The remuneration is closely linked to performance.

Bonuses, if any, are linked to identifiable objectives and to special projects and are set and measured on a calendar-year basis. Non-performers are not retained in the Company. The performance objectives of the management team members are primarily evaluated with regard to the following criteria: (i) respect of the board-approved annual budget, and (ii) meeting measurable operational targets. The various objectives and their weighting may differ for the individual managers.

The nomination and remuneration committee of the board of directors meets annually to review the performance of the executive managers, to compare the actual measurable results to the objectives that were pre-defined by the committee, and to establish the measurable objectives for the ensuing calendar year. For more information on the criteria for the award of variable remuneration, see section 5 below.

Each member of the executive management is in principle entitled to receive share options or subscription rights. For more information on the granting of share options to members of the executive management, see section 6 below.

Each member of the executive management who is a salaried employee may be entitled to a number of fringe benefits, which may include participating in a defined contribution pension or retirement scheme, disability insurance, a company car, a mobile telephone, internet access and/or a laptop computer according to general Company policy, and other collective benefits (such as hospitalization insurance and meal vouchers). Executive members who are engaged on the basis of a services contract do not receive fringe benefits, except that they may be provided with a mobile phone and laptop computer according to General Company policy, and they qualify for reimbursement of expenses incurred while carrying out their professional responsibilities.

Executive managers of the Company that are employed under employee contracts are entitled to enrol in defined-contribution type pension plans (such as 401K plans in the United States). Executive managers of the Company that are engaged on the basis of a service agreement are not entitled to any pension plans or pension plan contributions from the Company. For further information, please see section 7.3.

Furthermore, the Company has entered into indemnification arrangements with the members of the executive management and has implemented directors' and officers' insurance coverage in order to cover liability they may incur in the exercise of their mandates.

In accordance with provision 7.9 of the 2020 Code, the board of directors should set a minimum threshold of shares to be held by the members of the executive management. A part of the remuneration of the members of the executive management consists of options to subscribe for the Company's shares, which should allow the members of the executive management over time to acquire shares of the Company, in line with the objectives of the option plans.

As mentioned above, the Company may temporarily derogate from this remuneration policy in accordance with article 7:89/1, §5 of the BCAC.

4. CONSIDERATION OF PAY AND EMPLOYMENT CONDITIONS OF EMPLOYEES

The Company wants to attract talented employees who combine expertise and passion for the innovative molecular diagnostics business and strive to make the business grow, taking into account the governance and working procedures the Company has put in place. Therefore the Company pays competitive salaries.

For employees of the Company, the remuneration package is composed of a competitive fixed remuneration, rewarding their skills, expertise and experience, and if the results of the Company allow it, and depending on individual performance and the market practice, a variable remuneration, rewarding specific quantitative and qualitative targets. A yearly target setting and appraisal cycle, defines the targets for each employee. An intermediate appraisal and final year end appraisal process assesses the targets and actual results for all employees, which may lead to a variable remuneration, based on this process.

The nomination and remuneration committee takes into account the compensation of the employees when preparing the remuneration policy applicable to the directors and the members of the executive management. Particularly, the nomination and remuneration committee discusses and assesses key areas of remuneration policy for the wider workforce throughout the year, the annual bonus pool and resulting pay outcomes for employees across the workforce and any material changes to the structure of workforce compensation.

5. CRITERIA FOR THE AWARD OF VARIABLE REMUNERATION

The criteria for the award of variable remuneration are either of quantitative nature, either of qualitative nature. Each year the board of directors, upon recommendation and proposal of the nomination and remuneration committee, determines the criteria and parameters to be applied on the variable remuneration.

As mentioned, the applied criteria to determine the variable remuneration of the members of the executive management include the respect of the board-approved annual financial model as quantitative criterion and, on the other hand, some measurable operational targets, such as showing entrepreneurship and leadership, respecting the Company's governance and agreed processes and procedures, cash flow generation, net revenue growth, feeding the pipeline of projects, clinical trial progression, developing external partnerships and collaborations, obtaining external visibility (via peer reviewed and corporate publications, within the media, at conferences, ...), employee wellbeing, delivering projects on time, implement quality plan on a defined topic, improving business, financial, control or support processes, managing and improving sustainability aspects of the business (being it environmental, social or governance wise). The aforementioned criteria may change on a year-to-year basis. The metrics and the

relative weight attributed to each of them are set by the board of directors annually, taking into account the Company's strategic priorities.

The variable remuneration paid out to the members of the executive management is awarded unconditionally and is not subject to any vesting mechanisms.

Each year, upon recommendation and proposal of the nomination and remuneration committee, the board of directors decides on the objectives of the executive management for the coming financial year and evaluates their performance for the period ending, in conformity with the procedure currently in place. This performance evaluation is also used to determine the variable part of their annual remuneration.

In accordance with provision 7.12 of the 2020 Code, the board of directors should include provisions that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. The Company believes that this provision of the 2020 Code is not appropriate and adapted to take into account the realities of companies in the biotech and life sciences industry, including, notably, for management teams located in the United States. The share option plans set up by the Company do however contain bad leaver provisions that can result in the share options, whether vested or not, automatically and immediately becoming null and void. Notwithstanding the Company's position that share options are not to be qualified as variable remuneration, the board of directors is of the opinion that such bad leaver provisions sufficiently protect the Company's interests and that it is therefore currently no necessary to provide for additional contractual provisions that give the Company a contractual right to reclaim any (variable) remuneration from the members of the executive management. For that reason, there are no contractual provisions in place between the Company and the members of the executive management that give the Company a contractual right to reclaim from said executives any variable remuneration that would be awarded.

6. SHARE-BASED REMUNERATION

The Company may from time to time award share options (in the form of subscription rights) to members of the board of directors (other than independent non-executive directors) and executive management, at the discretion of the board of directors. On the date of this remuneration policy, the Company has the following outstanding plans:

- the "March 2012 Share Options" plan, issued on 15 March 2012 for staff members, directors and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options;
- the "May 2012 Share Options" plan, issued on 15 June 2012 for staff members, directors and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options;
- the "2014 Share Options" plan, issued on 23 June 2014 for staff members, directors and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options;
- the "2017 Share Options" plan, issued on 19 June 2017 for staff members, directors and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options; and

- the "2019 Share Options" plan, issued on 21 June 2019 for staff members, directors and consultants of the Company, entitling the holder thereof to acquire one share when exercising one of his, her or its share options.

In addition, the Company will submit a new share option plan (the "2021 Share Options" plan) for members of the members of the personnel of the Company, as defined under article 1:27 of the BCAC (with the exclusion of independent directors), entitling the holder thereof to acquire one share when exercising one of his or her share options, for approval by the extraordinary general shareholders' meeting of 27 May 2021.

For more information about the abovementioned share option plans, reference is made to the latest version of the Company's corporate governance statement.

The number of share options offered to each of the beneficiaries is freely determined by the board of directors, acting upon the recommendation of the nomination and remuneration committee. The number of share options to be granted is based on a benchmarking exercise which is regularly performed, to ensure that the grants are competitive and in line with market practice.

The granting or vesting of share options does not depend on variable objectives or performance criteria. The share options are therefore considered not to qualify as variable remuneration.

Pursuant to article 7:91 of the BCAC and provision 7.11 of the 2020 Code, shares should not vest and share options should not be exercisable within three years as of their granting. It has been expressly provided by the Company's general shareholders' meeting that the board of directors is explicitly authorised to deviate from the provisions of 7:91 of the BCAC, for all persons who fall within the scope of these provisions (whether directly or pursuant to articles 7:108 and 7:121 of the BCAC, or otherwise). The Company is of the opinion that this allows for more flexibility when structuring share-based awards. For example, it is customary for option plans to provide for a vesting in several instalments over a well-defined period of time, instead of vesting after three years only. This seems to be more in line with prevailing practice and has also been confirmed by the general shareholders' meeting.

The equity-linked remuneration intends to contribute to the Company's business strategy, long-term interests, and sustainability by incentivizing the beneficiaries to create shareholder value and enhance patients' well-being and life.

7. AGREEMENTS WITH THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

7.1. Non-executive directors

Each non-executive director exercises its mandates as self-employed workers. According to the articles of association of the Company, the term of a directors' mandate cannot exceed four (4) years, but may be renewed. The directors' mandates may be terminated "*ad nutum*" (at any time) without any form of compensation. There is no specific agreement between the Company and non-executive directors which waives or restrains this right of the Company to terminate "*ad nutum*" (at any time) the mandates of the directors.

7.2. Executive managers

In accordance with provision 7.12 of the 2020 Code, the board of directors approves, upon recommendation and proposal of the nomination and remuneration committee, the main terms and conditions of the contracts of the chief executive officer and the other members of the executive management.

Currently, all the members of the executive management are engaged on the basis of an employment agreement. The employment agreements are for an indefinite term, with a trial period. The employment agreements include, where appropriate, non-competition undertakings, as well as confidentiality and IP transfer undertakings (that will try to seek maximum protection of the Company's interests, under applicable laws and subject to the employee's agreement).

The Company hired Mr. Michael K. McGarrity, acting in the role of Chief Executive Officer, effective as of 18 February 2019. The executive employment agreement with Mr. McGarrity provides that if the Company terminates the employment agreement without cause or if Mr. McGarrity resigns for good reason, Mr. McGarrity shall be eligible to receive as severance an amount equal to twelve months of base salary in effect at the time of the separation. In addition, the Company has the right, exercisable at any time, to terminate the executive employment agreement with immediate effect for cause (as defined in the employment agreement) by providing written notice.

Acting under the direction of the board of directors, the Company hired Mr. Ron Kalfus, acting in the role of Chief Financial Officer, effective as of 22 July 2019. The executive employment agreement with Mr. Kalfus provides that if the Company terminates the employment agreement without cause or if Mr. Kalfus resigns for good reason, Mr. Kalfus shall be eligible to receive as severance an amount equal to six months of base salary in effect at the time of the separation, which amount will increase to twelve months of base salary for a termination that occurs after 22 July 2020. In addition, the Company has the right, exercisable at any time, to terminate the executive employment agreement with immediate effect for cause (as defined in the employment agreement) by providing written notice.

Acting under the direction of the board of directors, the Company hired Mr. John Bellano, acting in the role of Chief Commercial Officer, effective as of 19 June 2019. The executive employment agreement with Mr. Bellano provides that if the Company terminates the employment agreement without cause or if Mr. Bellano resigns for good reason, Mr. Bellano shall be eligible to receive as severance an amount equal to six months of base salary in effect at the time of the separation, which amount will increase to twelve months of base salary for a termination that occurs after 19 June 2020. In addition, the Company has the right, exercisable at any time, to terminate the executive employment agreement with immediate effect for cause (as defined in the employment agreement) by providing written notice.

The executive employment contract with Mr. Joe Sollee dates from before the entry into force of the Belgian Act of 6 April 2010 on corporate governance in public and listed companies and is in conformity with common employment law. The contract with Mr. Sollee provides that if his employment is terminated for a reason other than serious misconduct or if Mr. Sollee resigns for good reason, he will be entitled to a severance pay of nine (9) months gross remuneration and benefits. In addition, the Company has the right, exercisable at any time, to terminate the executive employment agreement with immediate effect for cause (as defined in the employment agreement) by providing written notice.

7.3. Pension and early retirement schemes

Executive managers of the Company that are employed under employee agreements are entitled to enrol in defined-contribution type pension plans (such as 401K plans in the United States). The assets of these pension plans are held and managed by third-party organisations and the Company only makes contributions to these plans during the term of service of the employee. Executive managers of the Company that are engaged on the basis of a service agreement are not entitled to any pension plans or pension plan contributions from the Company.

There is no specific early retirement scheme for the members of the executive management.

8. DECISION-MAKING PROCESS

The board of directors, upon recommendation and proposal of the nomination and remuneration committee, validates the remuneration policy and proposes the remuneration policy to the ordinary general shareholders' meeting for approval. The board of directors assesses, on a yearly basis, if the remuneration policy needs to be adapted.

The nomination and remuneration committee assesses on a yearly basis if all elements of the remuneration policy are in line with the strategic objectives of the Company and proposes improvements to the board of directors, where deemed appropriate.

As mentioned in the Company's corporate governance charter, the directors (thus members of the nomination and remuneration committee, or of any other concerned advisory committee) should act in such a manner that a conflict of interests, or the appearance of such a conflict, is avoided. Each board member should, in particular, be attentive to conflicts of interests that may arise between the Company, its board members, its significant or controlling shareholder(s) and other shareholders. The board members who are proposed by significant or controlling shareholder(s) should also ensure that the interests and intentions of these shareholder(s) are sufficiently clear and communicated to the board of directors in a timely manner.