

MDxHealth SA

LIMITED LIABILITY COMPANY

Tour 5 GIGA
Avenue de l'Hôpital 11
4000 Liège
Belgium

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

Report of the board of directors in accordance with
Article 604 of the Belgian Company Code

1. Article 604 of the Belgian Company Code

This special report has been prepared by the board of directors of the limited liability company (*société anonyme*) “MDxHealth” in accordance with article 604 of the Belgian Company Code. It relates to the proposal to renew the powers of the board of directors to increase the company’s share capital within the framework of the authorized capital. This proposal shall be submitted to an extraordinary general shareholders’ meeting of the company to be held on May 25, 2012.

In accordance with article 604 of the Belgian Company Code, the special circumstances in which the board of directors will be able to use its powers under the authorized capital, and the purposes the authorized capital can be used for, are further explained and clarified in this report.

2. Present authorized capital

By virtue of the resolution of the extraordinary general shareholders’ meeting held on February 18, 2011, the board of directors has been authorized to increase the share capital in one or more transactions with a total amount of ten million five hundred seventeen thousand six hundred and sixty six euro and ninety cents (€10,517,661.90) (the “Authorized Capital Amount”). The board of directors can exercise this power for a period starting as of the publication of such resolution in the Annexes to the Belgian Official Gazette until the annual general shareholders’ meeting to be held in 2012 which will resolve upon the annual accounts for the fiscal year ended on December 31, 2011.

The capital increases to which can be decided according to this authorization, can take place in accordance with the modalities as are to be decided by the board of directors, such as:

- by means of contribution in cash or in kind, within the limits as permitted by the Belgian Company Code,
- through conversion of reserves and issuance premiums,
- with or without issuance of new shares, with or without voting rights,
- through issuance of convertible bonds, subordinated or not,
- through issuance of warrants or bonds to which warrants or other tangible values are

attached, and/or

- through issuance of other securities, such as shares in the framework of a stock option plan.

In the framework of the use of its powers within the framework of the authorized capital, the board of directors can limit or cancel the preferential subscription right of the shareholders in the interest of the company, subject to the limitations and in accordance with the conditions provided for by the Belgian Company Code. This limitation or cancellation can also occur to the benefit of the employees of the company and its subsidiaries, and, to the extent permitted by law, to the benefit of one or more specific persons that are not employees of the company or its subsidiaries.

If, following a capital increase that has been decided within the framework of the authorized capital, an issuance premium is paid, the board of directors is authorized and obliged by the general meeting to book the amount of such issuance premium onto the account "Issuance Premiums", that shall serve as guarantee for third parties in the same manner as the company's share capital and which, apart from the possibility to convert this reserve into share capital, can only be disposed of in accordance with the rules provided by the Belgian Company Code for amendments to the articles of association.

By virtue of the resolution of the extraordinary general shareholders' meeting held on February 18, 2011, the board of directors has also been expressly authorized to increase the share capital in one or more transactions following a notification by the Belgian Banking, Finance and Insurance Commission that it has been informed of a public takeover bid on the company's financial instruments, through contributions in cash with cancellation or limitation of the preferential subscription rights of the shareholders (including for the benefit of one or more well defined persons who are not employees of the company) or through contributions in kind, with issuance of shares, warrants or convertible bonds, subject to the terms and conditions provided for in the Belgian Company Code. The board of directors can exercise this power for the same period as mentioned in article 6.1 of the articles of association, i.e. until the annual general shareholders' meeting to be held in 2012 which will resolve upon the annual accounts for the fiscal year ended on December 31, 2011.

The board of directors is authorized, with power of substitution, to amend the articles of association upon each capital increase realized within the framework of the authorized capital, in order to bring them in accordance with the new situation of the share capital and the shares.

The powers of the board of directors within the framework of the authorized capital are provided in article 6 of the company's articles of association.

Pursuant to article 6.3 of the company's articles of association, the power of the board of directors to increase the share capital in one or more transactions in the framework of the authorized capital is subject to the following special conditions:

- a) The board of directors is authorized within the framework of the authorized capital to increase the share capital in one or more transactions, for whatever purpose or whatever transaction that the board of directors deems appropriate or necessary (such opinion evidenced by the use which the board of directors makes of said power), to the extent that the total amount of funds raised (consisting of capital contribution and issuance premium) does not exceed € 18,000,000.
- b) As soon as the board of directors will have increased the share capital, within the framework of the authorized capital, in one or more transactions for an amount equal to the maximum amount provided above (be it subject to the condition precedent of realization of the capital increase or not), then the board of directors can only further increase the share capital in one or more transactions beyond this maximum amount, provided that such increase is approved by at least two thirds of the members of the board of directors, and provided that the increase takes place within the framework of any of the following transactions:

- the issuance of stock based remuneration or incentive plans, such as stock option plans, stock purchase plans or other plans, for directors, management and personnel of the company or its subsidiaries;
- the issuance of financial instruments in consideration of the acquisition of shares, assets and liabilities or combinations of shares, assets and liabilities of companies, undertakings, business and associations;
- the issuance of financial instruments in consideration of the acquisition of licenses or rights on intellectual property (whether registered or unregistered intellectual property rights, or applications thereof), such as patents, copyrights, data base rights and design rights, and know-how or trade secrets; and
- the issuance of financial instruments in consideration of entering into partnerships or other business associations.

The authorized capital has been used as follows since February 18, 2011:

- On April 4, 2011, the board of directors increased the company's share capital with €4,336,865.96 in the framework of the authorized capital through the issuance of 5,436,713 shares.

3. Proposal

The board of directors proposes to the general shareholders' meeting to renew and amend the powers of the board of directors in connection with the authorized capital and to set the amount of the authorized capital at the amount of the company's share capital on May 25, 2012, *i.e.* €14,854,527.86.

If the shareholders were to approve the proposal of the board of directors, then article 6 of the articles of association of the company, as amended, would read as follows:

<p><u>Article 6: Authorized capital</u></p> <p><u>6.1 Authorization</u></p> <p>By virtue of the resolution of the extraordinary general shareholders' meeting held on May 25, 2012, the board of directors has been expressly authorized to increase the share capital in one or more transactions with an amount of €14,854,527.86 (the "Authorized Capital Amount").</p> <p>The board of directors can exercise this power for a period starting on the date of the publication of the relevant resolution of the extraordinary general shareholders' meeting in the Annexes to the Belgian Official Gazette and ending on the date of the annual general shareholders' meeting to be held in 2015 which shall resolve on the annual accounts relating to the accounting year ending on December 31, 2014.</p> <p>This authorization may be renewed in accordance with the relevant legal provisions.</p> <p><u>6.2 General conditions</u></p> <p>a) The capital increases to which can be decided according to this authorization, can take place in accordance with the modalities as are to be decided by the board of directors, such as:</p> <ul style="list-style-type: none">- by means of contribution in cash or in kind, within the limits as permitted by the Belgian Company Code,- through conversion of reserves and issuance premiums,- with or without issuance of new shares, with or without voting rights,- through issuance of convertible bonds, subordinated or not,- through issuance of warrants or bonds to which warrants or other tangible values are attached, and/or
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- through issuance of other securities, such as shares in the framework of a stock option plan.

- b) In the framework of the use of its powers within the framework of the authorized capital, the board of directors can limit or cancel the preferential subscription right of the shareholders in the interest of the company, subject to the limitations and in accordance with the conditions provided for by the Belgian Company Code.

This limitation or cancellation can also occur to the benefit of the employees of the company and its subsidiaries, and, to the extent permitted by law, to the benefit of one or more specific persons that are not employees of the company or its subsidiaries.

- c) If, following a capital increase that has been decided within the framework of the authorized capital, an issuance premium is paid, the board of directors is authorized and obliged by the general meeting to book the amount of such issuance premium onto the account "Issuance Premiums", that shall serve as guarantee for third parties in the same manner as the company's share capital and which, apart from the possibility to convert this reserve into share capital, can only be disposed of in accordance with the rules provided by the Belgian Company Code for amendments to the articles of association.
- d) By virtue of the resolution of the extraordinary general shareholders' meeting held on May 25, 2012, the board of directors has also been expressly authorized to increase the share capital in one or more transactions following a notification by the Belgian Banking, Finance and Insurance Commission that it has been informed of a public takeover bid on the company's financial instruments, through contributions in cash with cancellation or limitation of the preferential subscription rights of the shareholders (including for the benefit of one or more well defined persons who are not employees of the company) or through contributions in kind, with issuance of shares, warrants or convertible bonds, subject to the terms and conditions provided for in the Belgian Company Code. The board of directors can exercise this power for a period of maximum three years starting as of the date of the publication of the relevant resolution of the extraordinary general shareholders' meeting in the Annexes to the Belgian Official Gazette.
- e) The board of directors is authorized, with power of substitution, to amend the articles of association upon each capital increase realized within the framework of the authorized capital, in order to bring them in accordance with the new situation of the share capital and the shares.

6.3. Temporary Provision

The board of directors has currently not made use of the powers provided in article 6.1. As a result, the available amount to increase the share capital within the framework of the authorized capital is equal to the Authorized Capital Amount.

4. Circumstances and purposes for the use of the authorized capital

Since the company is listed, the technique of the authorized capital offers the board of directors a degree of flexibility that may be necessary to ensure an optimal management of the company. The rather elaborate and time consuming procedure to convene an extraordinary general shareholders' meeting to effect a capital increase may in certain circumstances be incompatible with fluctuations on the capital markets or certain opportunities that would be presented to the company. This could be to the disadvantage of the company.

The board of directors intends to use the above powers under the authorized capital in circumstances where, in the interest of the company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities, in particular (but not exclusively) in order to finance (in whole or in part) partnerships or takeovers or acquisition of businesses and/or important assets (such as intellectual property rights),
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders,

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- a prior convening of a shareholders' meeting would lead to an untimely announcement of the transaction, which could be to the disadvantage of the company,
- the costs related to the convening of a general shareholders' meeting are not in balance with the amount of the proposed capital increase, or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorized capital is necessary in the interests of the company.

The board of directors can use its powers under the authorized capital to issue shares, stock options or warrants to the personnel, directors and specific consultants of the company and its subsidiaries.

Furthermore, the board of directors could, amongst other things, use its powers under the framework of the authorized capital in order to finance (in whole or in part) partnerships or takeovers or acquisitions of businesses and/or important assets (such as intellectual property rights), to attract possible new partners or important shareholders to the capital structure of the company, to strengthen the capital of the company, or to broaden the international dimension of the shareholders' structure.

In the event of an acquisition by a third party of more than twenty percent of the financial instruments of the company, the board of directors may use its powers within the framework of the authorized capital also when it deems that the policy, the growth and/or identity of the company would be jeopardized.

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Done in Brussels, on, 2012,

On behalf of the board of directors,

By: _____

Dr. Jan Groen
CEO